09

ANNUAL REPORT

Hahn Group

Good ideas for large sales areas.

key figures

Group Data in thousand Euro	2009	2008	2007
Revenue	92,402	428,107	129,956
EBITDA	– 2,837	13,905	22,986
EBIT	– 3,250	13,566	22,688
EBT	– 11,444	– 10,964	10,953
Net annual result	– 6,134	– 9,866	7,062
Cash flow from operating activities	1,813	– 13,239	5,537
Equity ratio in %	16.3	12.9	9.1
Employees number	84	82	75

Segments Data in thousand Euro	2009	2008	2007
Trading			
Revenue	40,516	406,086	115,642
EBIT	– 2,322	9,067	17,796
Management			
Revenue	7,955	8,045	13,065
EBIT	2,518	837	5,895
Investment			
Revenue	44,358	14,904	2,508
EBIT	1,446	7,652	2,112

Share	2009	2008	2007
Number of shares	12,000,000	12,000,000	12,000,000
Share price on December 31 in Euro	1.95	3.62	7.73
Result per share in Euro	– 0.51	– 0.82	0.59
Dividend per share in Euro	–	–	0.18
Market capitalization on December 31 in million Euro	23.40	43.44	92.76
WKN / ISIN	600670 / DE0006006703		

Assets under Management	2009	2008	2007
Investment volume in billion Euro	2.02	2.01	2.16
Managed rental space in m²	1,307,000	1,287,000	1,449,000
Annual rental volume under management in thousand Euro	142,006	141,712	155,194

Hahn Group

What We Stand For

The Hahn Group has been a leading asset manager in retail real estate for more than 25 years. We design fund products for both private and institutional investors, and manage external real estate portfolios. Assets under management at the Hahn Group come to more than Euro 2 billion. With the experience we have gained in the issues of more than 150 closed-end real estate funds and institutional fund products, we aim for safe investments and high yields. Our extensive management services tap a property's full potential for income, and thus maximize added value for our investors.

FOCUS

Retail properties in Germany, with an emphasis on the large-scale retail segment.

ADDED VALUE

Our integrated range of services covers the full life cycle of a real estate investment – from acquisition to disposal.

CUSTOMER ORIENTATION

Our work centers on our clients, our partners, and our investors – if they are successful, so are we.

Hahn Group

Asset Management at the Capital Market

The Hahn Group represents the link between the world of real estate and the capital market. As an asset manager, we care for real estate assets for our own investors and third-party investors. The crucial quality criterion behind our work is always our proximity to retail real estate as a product, and our coverage of the full range of services needed to provide professional care of investments throughout their life cycle and beyond.

PRIVATE FUND BUSINESS

"Pluswertfonds" (PWF): closed-end real estate funds, more than 2,500 private clients and semi-professional investors since 1982

Historical investment volume:	> Euro 1.8 billion
Funds placed:	159
Real estate assets under management:	Euro 1,270 million

INSTITUTIONAL FUND BUSINESS

HAHN FCP Umbrella Fund, a Fonds commun de placement under Luxembourg law, since 2008

Subscribed capital:	Euro 165 million
Funds placed:	HAHN FCP-FIS – German Retail Fund
Real estate assets under management:	Euro 255 million

OTHER INSTITUTIONAL ASSETS

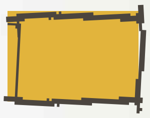
Institutional engagements, including MEAG (German Superstores Fund), since 2004

Real estate assets under management:	Euro 436 million

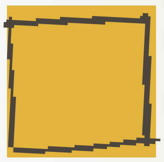
Hahn Group services: Real estate management Fund management

Total investment volume for real estate under management is about Euro 2 billion.
Our broad investor diversification makes us very largely independent of market cycles.

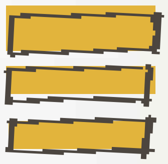
Hahn properties



Superstore / hypermarket > 1,500 – 5,000 m² A large-scale retail operation whose sales emphasize merchandise for everyday needs and numerous non-food merchandise groups (hypermarkets), mostly offered on a self-service basis at automobile-oriented locations.

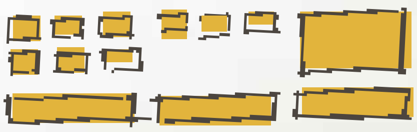


DIY market > 8,000 m² and above A large-scale retail operation whose sales specialize in materials for construction, home craft and gardening needs, with incidental lines. Usually on the outskirts of town, with good transportation connections.

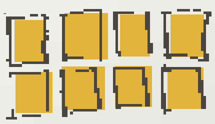


Retail warehouse agglomeration > 3,000 m² and above A collection of retailers, each with more than 700 m² of sales floor space, selling a non-food line limited to one merchandise group, with a price orientation and using various service concepts. The businesses may use shared parking lots, but there is no uniform management.

Retail warehouse center > 5,000 m² and above A retail property that integrates businesses from different segments, of different sizes, and with different types of operation, at a car-friendly location, with a predominance of retail warehouse stores with active pricing, as a rule under uniform site management within a mall that is generally indoors.



Shopping center > 10,000 m² and above A retail property that integrates retail operations from different segments, of different sizes, and with different forms of operation, usually within an indoor mall, with uniform planning and management.



High street locations with sales areas on one or more floors. The location is very central, downtown. The property enjoys maximum foot traffic and maximum retail density. All available space is generally available for retail use.

The Segments

TRADING

This segment markets real estate funds for private and institutional investors. Trading also buys and sells properties and shares of special purpose entities.

Revenue Trading — Data in thousand Euro	2009	2008	2007
Revenue	40,516	406,086	115,642
thereof commissions	1,025	1,090	3,194
thereof income from property held for sale	4,475	29,412	15,955

MANAGEMENT

The Management segment covers all the Hahn Group's asset, property and fund management activities. This is where the company's real estate know-how is concentrated. A complete package of services covering all aspects of real estate embraces all stages of the value chain.

Revenue Management — Data in thousand Euro	2009	2008	2007
Asset Management	1,859	2,186	4,767
Property Management	4,448	4,234	4,148
Fund Management	1,635	1,578	1,950

INVESTMENT

This segment generates its income from co-investments in investment vehicles that are managed by the Hahn Group. The future growth of the Investment segment will be determined by the performance of our own investments to date, and our intent to expand our co-investments further.

Total investment volume — Data in million Euro	2009	Hahn share
MEAG portfolio	253	3.3 %
HAHN FCP portfolio	255	8.3 %

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To Our Shareholders

Dear Shareholders,
Dear friends and partners of our Group,

At the height of the financial crisis back in 2008, it was already evident that 2009 would not be an easy year for business. As had been feared, economic performance in Germany deteriorated significantly last year, in the worst recession since the postwar era. Although the downswing slowed in the second half, all market participants remain skittish. It is impossible to foresee as yet how long it will take the real economy to return to normal. This economic environment was also hardly favorable for the real estate industry and the market for investment models. Nevertheless, the capital markets showed highly visible tendencies toward recovery in the second half.

Business with private clients revives significantly
Amid that setting, our fund business with private clients was extremely successful last year. By setting up four Pluswertfonds funds and a secondary market fund, we boosted our sales volume by about 70 percent and outperformed our own plans. We attracted Euro 33 million in equity capital. Investors increasingly relied on high-quality commodity investments. Because of its long-term investment horizon, the current investment market phase is considered a good opportunity to buy. The focus was clearly on core properties with long-term leases. The large-scale retail properties that we market, with long-term leases to international retail corporations with high credit ratings, met these requirements especially well.

Institutional investors: Still "wait and see"
Compared to the business with private clients, institutional demand for real estate fund products was less enthusiastic. The potential subscribers for our HAHN FCP fund – insurance companies, pension funds and banks – were still in a "wait and see" mode for new investments last year. Nevertheless, we attracted significant new subscription commitments in this segment as well. Particularly compared to competing products, we became established as a successful fund manager in the retail real estate segment in Germany through our HAHN FCP-FIS – German Retail Fund, an institutional fund we had founded jointly with LRI Invest S.A. in 2008.

Reduction in real estate holdings and valuation allowances pull down earnings
Although the sales situation for our fund products was very positive in some areas, the Group's earnings situation was less than satisfactory. In deconsolidating investment properties and in reducing our properties held for sale, we incurred losses that had a substantial adverse impact on our profitability. Valuation adjustments on financial assets also led to losses. When combined with below-average non-recurring income from the placement of fund shares and from Asset Management, these factors resulted in a substantial loss for the Hahn Group in 2009. Moreover, restatements were necessary for 2008 that had a retrospective adverse impact on our earnings for that year.

Minimizing risks
Last year, we sold our principal investment properties and reduced our properties held for sale. This change is reflected in a substantial improvement in our equity ratio. At the same time, we carried out a highly conservative reassessment of all known risks in measuring our receivables and liabilities. We will systematically maintain that policy in the future. The process of establishing our institutional fund business, which in its start-up phase caused large expenses and entailed higher balance-sheet risks because of the need to provide a start-up portfolio, has now come to a successful close. No comparable risks are foreseeable for the future, especially in connection with expanding our business model. In the project development business, which is especially rich in both opportunities and risk, we will furthermore limit ourselves from now on exclusively to development for our investors, without conducting development – and thus incurring risk – in our own portfolio.

Strategic cooperation and capital increase
One step toward the future was the cooperative arrangement with the UNIMO Group, announced at the end of January 2010. This cooperative relationship gives the Hahn Group access to top-quality retail properties. Such openings will support the further expansion of the Hahn Group's institutional and private fund business. We will do this while avoiding additional risk, since the UNIMO Group will handle project development work, and we will be under no obligation to accept the properties. The cooperation agreement includes cash capital increases for a total subscription volume of Euro 12.65 million. The substantial premium that the subscription price represented over the trading price of our stock at the date of the announcement emphasizes how convinced our new partner is about the Hahn Group's earning power. Once the capital increase has been completed, the Hahn Group's financial strength will be substantially greater.

2010: Concentrating on our strengths
We have adopted a clear-cut guiding principle for the current year. We will systematically focus on making the most of the strengths of our business model. In indirect real estate investments, we expect demand to remain stable or increase. As a specialized asset manager with access to high-quality retail properties and two established sales channels, we will be able to profit from this development through rising placement figures. Here we will concentrate on expanding our assets under management and on providing services for all aspects of a property. That will improve our earnings situation significantly without adding further risk.

Ladies and Gentlemen, we want to thank you for your confidence in the Hahn Group. Our new Board of Management will work very hard in the current 2010 business year to justify that confidence, and to present you with a significantly more appealing result by year-end. We will do everything in our power to achieve our goals, and to document the progress of our efforts with the greatest possible transparency during the current year. We also very much want to take this occasion to thank our employees for their dedication and accomplishments during a very demanding year.

Dr. Michael Nave
(CEO)

Thomas Kuhlmann
(Member of the Board of Management)

Report of the Supervisory Board of HAHN-Immobilien-Beteiligungs AG to the Shareholders' Meeting for the 2009 Fiscal Year

Dear Shareholders,
The results for fiscal 2009 were anything but satisfactory to both you and the Supervisory Board, and did not meet expectations. Nor could the revival of our sales business last year compensate for the change. Although the company reduced its real estate assets substantially, it was only able to do so at a loss. A further factor was the reassessment of future risks, which led the company to recognize larger valuation allowances.

Nevertheless, we have very positive expectations about the future because we will be rigorously pursuing the good start that we have made in sales, and this core business has not been affected. Investor demand for the kind of indirect investments in retail properties that the company distributes still remains strong, and in the real estate business, we were able to recruit a recognized expert, Dr. Michael Nave, as our CEO at the beginning of the current year.

In 2009, the Supervisory Board performed the duties incumbent upon it by law, under the Articles of Incorporation, and under its own rules of procedure. The two members of the Board of Management also remained in close contact with the Chairman of the Supervisory Board between meetings of the Supervisory Board, and always promptly and regularly informed the Supervisory Board – again, sometimes between regular meetings – both in writing and orally, about events of fundamental significance, planned strategic measures, and structural or organizational changes, as well as about the course of business. The Supervisory Board supported the Board of Management with its advice, and in parallel also regularly supervised that Board's work. The Supervisory Board became involved at an early stage in significant decisions, especially where the law, the Articles of Incorporation, or the rules of procedure required its consent for decisions or measures on the part of company management. It reviewed the Board of Management's proposed resolutions on the basis of oral and written information, and adopted those resolutions after due deliberation. The Supervisory Board also arranged to be informed about the company's risk situation and risk management.

The Board's deliberations focused not only on the company's revenue, liquidity and earnings performance, but also on the design and marketing of four Pluswertfonds funds and one secondary market fund, and the associated sale of three investment properties and two properties held for sale. Other important topics for deliberation were the deputation, dismissal and reappointment of the Board of Management, and the associated change in the distribution of duties within that Board. Additionally, in consultation with the Board of Management, the Supervisory Board adopted numerous amendments to the Articles of Incorporation in compliance with impending changes resulting from the Act Implementing the Shareholders' Rights Directive, and also reduced the number of members of the Supervisory Board.

The December meeting addressed the new version of the Corporate Governance declaration.

The declaration of conformity with the German Corporate Governance Code, of December 8, 2009, together with further explanation of this point, is available on the Internet at www.hahnag.de and also on page 13 of this Annual Report. In that declaration, the Supervisory Board joins the Board of Management in welcoming the principles proposed by the Government Commission on the German Corporate Governance Code. In any resolutions of the Supervisory Board pertaining to contracts between a member of the Supervisory Board, or a related party of that member, and the company or its subsidiaries, the member in question abstained from voting, or did not participate in the adoption of the resolution. These transactions, which particularly included acquisitions and sales of various shares in closed-end real estate funds and compensation for sales activities, were carried out on arm's-length market terms, as though between unrelated third parties. Details of these transactions and the associated compensation for personal services by the members of the Supervisory Board are provided on page 12 of this Corporate Governance Report. Other details of the compensation paid to the Supervisory Board, as well as to the Board of

Management, appear in the Notes to the Consolidated Financial Statements on pages 117 – 118 of the Annual Report, and these details are likewise an integral part of the Corporate Governance Report.

Meetings of the Supervisory Board and its committees
The Supervisory Board and the Audit Committee each met four times in fiscal 2009. Since Mr. Robert Löer's departure from the Supervisory Board in compliance with Article 6 of the amended Articles of Incorporation, the Audit Committee has consisted of Dr. Eckart John von Freyend, as Chairman, Dr. Reinhard Frhr. von Dalwigk, and Mr. Michael Hahn. The Supervisory Board adopted seven resolutions by correspondence vote. All members of the Board of Management regularly attended the meetings of the Audit Committee and the Supervisory Board during the year. No member of the Supervisory Board or of the Audit Committee was absent from the meetings. The Nominating Committee did not meet during the year.

Financial statements and consolidated financial statements for 2009
The Board of Management prepared the parent-company and consolidated financial statements for HAHN-Immobilien-Beteiligungs AG and its consolidated corporate Group, together with the associated management reports, as of December 31, 2009. These were audited by auditors Ernst & Young Aktiengesellschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, of Düsseldorf, and received an unqualified audit opinion. The financial statements of the parent company were prepared in accordance with the German Commercial Code (HGB), and the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs), as well as the supplementary requirements applicable under Sec. 315a (1) of the German Commercial Code. In accordance with the exemption option under Sec. 315a HGB, no consolidated financial statements were prepared under the German Commercial Code.

The meeting of the Supervisory Board to discuss the financial statements, and prior to that, the meeting of the Audit Committee, were held on March 18, 2010. The auditors participated in each of these meetings, reported in detail on the principal results of their audit, and were available to answer additional questions or provide further information. They also reported that the Board of Management had taken appropriate steps as required under Sec. 91 (2) of the Stock Corporation Act, especially in regard to setting up a monitoring system, and that this system was capable of detecting at an early stage any developments that might pose a threat to the company's continuing existence. Apart from the error from the previous year, that has been adressed in this report on page 78 f., no material weaknesses were identified in the accounting-based internal controlling and risk management system. Key aspects of the audit were the measurement of shares, real estate and receivables, the principal additions to and disposals from the real estate portfolio and of fund shares, and the risks resulting from furnishing collateral. The Audit Committee and the full Supervisory Board took note of the auditors' reports, and discussed them. After further deliberation on the commentary in the management reports during

MICHAEL HAHN
Chairman of the Supervisory Board

a conference call on March 30, 2010, and following its own audit of the parent-company financial statements, the consolidated financial statements, and the management reports for the parent company and the consolidated Group, the Supervisory Board found no objections, and it shares the opinions of the Board of Management as expressed in those management reports. The full Supervisory Board approved the parent-company and consolidated financial statements, so that the financial statements have now been adopted.

After due review, the Supervisory Board concurred in the Board of Management's proposal not to distribute a dividend.

Report on relations with affiliated companies for 2009

The auditors Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, of Düsseldorf, also audited the report on 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 statements of fact in the report are correct, that the company's performance in the legal transactions listed in the report was not unduly high, or that any disadvantages were compensated, and that in regard to the measures listed in the report, no circumstances speak for an evaluation substantially different from that of the Board of Management."

The Supervisory Board likewise examined this report by the Board of Management on relations with affiliated companies. It raised no objections to the final statement of the Board of Management and the result of the auditors' examination.

Changes in the governing boards

The membership of the Supervisory Board and the Board of Management was not without changes in fiscal 2009. On February 25, 2009, under Sec. 105 (2) of the German Stock Corporation Act, the Supervisory Board appointed its member Robert Löer to take over temporarily for Norbert Kuhn, a member of the Board of Management who was impeded by illness from performing his duties. This appointment ended on July 31, 2009. As of August 1, 2009, Thomas Kuhlmann was appointed a new member of the Board of Management, after Mr. Kuhn was relieved of his duties as of that date. In connection with the reduction of the size of the Supervisory Board that was resolved at the Shareholders' Meeting on May 26, 2009, and recorded in the Commercial Register on August 7, 2009, Robert Löer offered to vacate his seat on the Supervisory Board, and left the Board as of August 7, 2009. His seat on the Audit Committee was taken by Mr. Michael Hahn, while Dr. John von Freyend remained as Chair of the committee. The Supervisory Board wishes to express its gratitude to the members of the Board of Management who served in 2009, and to the departing member of the Supervisory Board, Mr. Robert Löer, and to every employee, for their personal dedication and hard work.

On behalf of the Supervisory Board

Michael Hahn, Chairman
Bergisch Gladbach, March 30, 2010

Corporate Governance Report

The Board of Management and the Supervisory Board of HAHN-Immobilien-Beteiligungs AG give constant attention to extending compliance with the requirements of the German Corporate Governance Code, and welcome its new recommendations. In that same spirit, during the year they gave their attention and consideration to the amendments adopted on June 18, 2009, by the Government Commission on the German Corporate Governance Code, concerning the composition of the Supervisory Board and the compensation of the Board of Management. HAHN-Immobilien-Beteiligungs AG is also implementing the Code's new rules on D&O insurance for the Board of Management and Supervisory Board, and had already provided earlier for the requisite diversity of professional skills on the Supervisory Board. The declaration of conformity was updated in December 2009, and HAHN-Immobilien-Beteiligungs AG continues to comply with all recommendations of the Code. The full text of the latest declarations is printed at the end of this report, and is also published on the company's Web site. The declarations of conformity from previous years are also available there.

Under Sec. 15a of the Securities Trading Act, members of the Board of Management and Supervisory Board are obligated to disclose their acquisition or sale of stock of HAHN-Immobilien-Beteiligungs AG or related financial instruments. The company's directors' dealings were published immediately upon receipt and were kept available on the company's Web site for at least one month.

Members who sat on the Supervisory Board during the year directly or indirectly held a total of 9,724,902 shares at December 31, 2009, equivalent to 81.04 percent of the share capital of HAHN-Immobilien-Beteiligungs AG. Members of the Board of Management held 140,000 shares as of the same date, equivalent to 1.16 percent. Related party transactions and the directors' dealings mentioned above are presented on pages 115 ff of the Notes to the Consolidated Financial Statements.

Remuneration of the Supervisory Board and Board of Management

The members of the Supervisory Board receive a fixed annual remuneration of Euro 40 thousand, payable after the end of the fiscal year. Additionally, the members of the Supervisory Board receive a variable component of Euro 1,000 for each percentage point by which the dividend paid out to the shareholders for the preceding fiscal year exceeds five percent of the share capital entitled to a dividend. The Chairman receives three times the fixed and variable components; the Vice-Chairman receives one and a half times the fixed and variable components. The company reimburses the members of the Supervisory Board for their reasonable expenses and for the value-added tax payable on their compensation, if the members can invoice them separately. The company also provides the Supervisory Board members with appropriate D&O insurance coverage.

The employment agreements of the Board of Management provide for a fixed salary, the use of a company car, and direct insurance in the amount of the nontaxable sum under income tax regulations. The company also pays the cost of accident insurance in the event of disability or death for the duration of the Board members' contracts, as well as D&O insurance. On top of the fixed annual salary, a profit-sharing bonus is to be paid, contingent on the profit target to be achieved for each year. The profit target for each Board member in office at the end of the year is computed on the basis of the earnings before tax (EBT) for the given year as shown in the consolidated income statement prepared under IFRSs. It is 5 percent of the portion of the profit in excess of 20 percent of the company's subscribed capital. The entitlement to the resulting bonuses arises as follows:

The first portion of the bonus is limited to 100 percent of the annual fixed component of compensation for the year in question, and becomes due and payable on March 31 of the subsequent year, but in no case before the company's annual financial statements for the pertinent year have been adopted by the Supervisory Board.

The portion of the bonus in excess of the annual fixed component will be paid only if for each of the next two fiscal years, the company has earnings before tax (EBT) that exceed 20 percent of the company's current subscribed capital. The second part of the bonus is limited to 50 percent of the annual fixed component of compensation. Payment becomes due and payable on March 31 of the third year after the year in question, but in no case before the adoption of the annual financial statements. There was no bonus entitlement for fiscal 2009.

Norbert Kuhn's contract provides for a profit-sharing bonus, in addition to his fixed salary, that is contingent on meeting the business plan for the profit achieved during the year. This profit target is decided jointly with the Chairman of the Supervisory Board at the end of the previous fiscal year, in accordance with the annual budget plan. The bonus is Euro 120 thousand if the target is met in full. If the result is below or above the target, the bonus is decreased or increased by an equivalent percentage. The increase is capped at twice the profit-sharing bonus.

While standing in for Mr. Norbert Kuhn on the Board of Management because of illness, under Sec. 105 (2) Sentence 3 of the Stock Corporation Act, Mr. Robert Löer received a compensation of Euro 3,000 per day of attendance, in return for an invoice. He is entitled to three percent of the profit-sharing bonus that accrued to Norbert Kuhn, whom he represented on the Board. Neither Mr. Norbert Kuhn nor Mr. Robert Löer were entitled to any profit-sharing bonus for the year under review. For more details on the compensation of the members of the Supervisory Board and Board of Management, see the Consolidated Financial Statements (p. 117 – 118).

Declaration of conformity

In December 2009, the Board of Management and the Supervisory Board adopted the following declaration of conformity in accordance with Sec. 161 of the German Stock Corporation Act:

The Board of Management and the Supervisory Board of HAHN-Immobilien-Beteiligungs AG hereby declare that since the last declaration of conformity dated December 17, 2008, HAHN-Immobilien-Beteiligungs AG has complied with the recommendations of the German Corporate Governance Code in the version dated June 6, 2008, up to the time of announcement of the new version of the German Corporate Governance Code in the electronic version of the Federal Gazette on August 5, 2009, as well as with the recommendations of the German Corporate Governance Code in the version dated June 18, 2009, as of its announcement in the electronic version of the Federal Gazette on August 5, 2009, and that henceforward HAHN-Immobilien-Beteiligungs AG will also comply with the recommendations of the German Corporate Governance Code in the version dated June 18, 2009.

Hahn-Immobilien-Beteiligungs AG
December 8, 2009

On behalf of the Supervisory Board
Michael Hahn
Chairman of the Supervisory Board

Board of Management
Bernhard Schoofs (CEO)
Thomas Kuhlmann

The Share

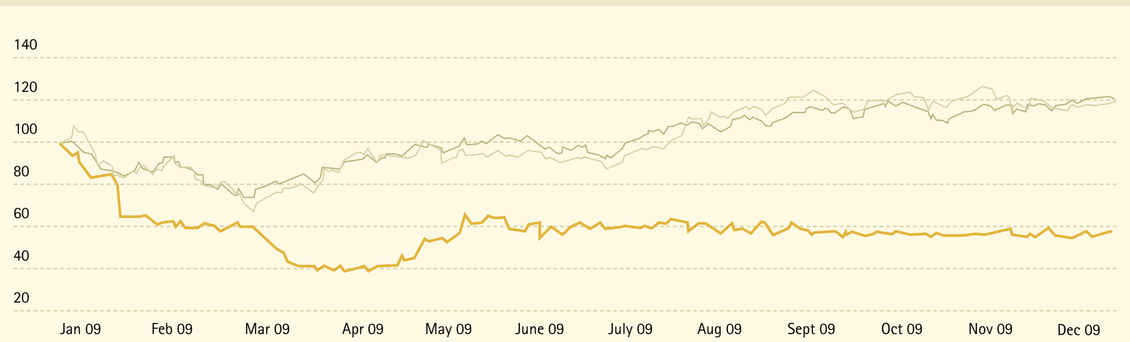
World stock markets perform surprisingly well

The world's stock markets staged a substantial recovery in 2009 – however unlikely that seemed in the first quarter. At that point, the DAX 30 leading index was still in a steep downtrend, reaching its low for the year of just 3,589 on March 9. This slump was accompanied by a steady stream of new negative reports, and by a public assumption that this was an economic crisis of historic dimensions. Negative economic growth of – 6.7 percent in Germany for the first quarter of the year lent further credence to the belief that the impact of the financial crisis was only now becoming fully evident. Yet by April a sustained recovery of the stock markets had already set in. Over the course of the year, the DAX 30 gained about 65 percent from its low, to close at 5,957. For the year as a whole, the index gained 24 percent. This sharp climb surprised many market participants. Corporate confidence has certainly risen substantially since spring, but many still do not trust the upswing to last. The rise in stock markets is viewed less as a harbinger of a sustained economic upswing than as a symptom of the high liquidity produced in the market by the central banks' low interest-rate policies. However, this "cheap money" policy has yet to reach its intended addressee – the real economy. Banks are still very reticent about lending.

Hahn stock cannot fully regain lost ground

Hahn stock was unable to imitate the stock market's recovery. After closing at Euro 3.62 at the end of 2008, it lost significant value again at the beginning of 2009. The low of Euro 1.30 came in April. After that, our stock recovered 50 percent, but the rise was less than the average for the market as a whole. The annual performance for the stock, which closed at Euro 1.95, was unsatisfactory at – 46.13 percent. The comparison index, EPRA / NAREIT Europe, which reflects the price performance of the largest European real estate stocks, performed significantly better during the period, rising 28.86 percent for the year.

Price development of the Hahn share, indexed



Shareholder structure – foreign shareholders sell
Michael Hahn and his family, either directly or indirectly through HAHN-Holding GmbH, hold a total of 82.43 percent of the outstanding stock of HAHN-Immobilien-Beteiligungs AG. By Deutsche Börse's definition, this yields a free float of 17.57 percent. According to the readily accessible sources of information, the percentage of foreign investors decreased against 2008. Some institutional investors located in the Netherlands and the United Kingdom reduced their stockholdings last year. On the other hand, a tendency to build up holdings was evident among German retail investors.

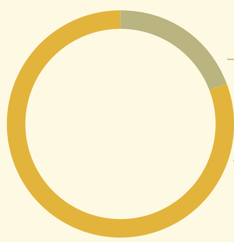
Communication with the capital market
Corporate transparency and market transparency in every market phase are the first commandment in investor relations work. For that reason, we maintained a detailed dialog with capital market participants again last year. Investor meetings, road shows, and participation in capital market conferences, such as Initiative Immobilien-Aktie and Deutsche Börse's Equity Forum, were among the important components of our communications strategy. However, because of the contraction in institutional demand for small-cap stocks, we participated somewhat less than in 2008 in events involving personal participation.

Happily, private shareholders' interest rose significantly during the year. A willingness to engage in dialog, up-to-date Web content, and regular news releases were the focus of our professional IR work with this investor group.

Our supplementary regular releases of no-charge market studies and expert surveys about the retail and retail real estate segment enable our investors to form a knowledgeable opinion about our company and our industry environment.

Key figures		12/31/2009	12/31/2008
Price at year-end	in Euro	1.95	3.62
Annual high	in Euro	3.40	8.25
Annual low	in Euro	1.30	2.15
Number of shares	in units	12,000,000	12,000,000
Market capitalization	in mill. Euro	23.40	43.44
Earnings per share	in Euro	– 0.51	– 0.82
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 Deutsche Börse

Supporting Structural Change – the Erkrath Example

Although retail performed very stably in Germany, there was also negative news from prominent retailers last year. Karstadt (or Arcandor), Hertie, Woolworth and Quelle were the most important names that had to announce insolvency. On closer examination, it is clear that all these companies were operating in very difficult retail segments. For many years now, classic department store and classic catalog sales operations have often been unable to adapt to changing customer expectations. Because of largely deficient profiling, they increasingly find themselves threatened by specialized competitors with a price and innovation orientation – such as retail warehouse stores and chain retailers.

But this structural change also offers opportunities – enabling new, higher-performance concepts to open at the same location. One good example is our Erkrath Retail Warehouse Center project development. The former Hertie store was shut down early in 2009.

By summer 2010, the dated department store property from the seventies will give way to an up-to-date retail warehouse center. The property is centrally located – immediately adjacent to a pedestrian zone – and will significantly upgrade the downtown area of Erkrath. This type of property might also be an interesting solution for repurposing former Hertie properties in other cities and towns.

"Like many other small and medium-sized towns, last year Erkrath had to contend with the Hertie bankruptcy's impact on downtown retail services. In coming up with a solution, our goal from the outset was to find an investor and real-estate expert who was interested in a result that would be viable for the long term. The Hahn Group developed a concept that allows us to do more than merely close a gap in retail."

Erkrath Mayor Arno Weber

"As a former Hertie sublessee, we're well aware of this location's merits. But we have not been happy with the overall situation for the past few years. In the search for a new use, it was important to us to be able to rely on a real estate partner who could put together the right complete package, with strong retail partners, so as to offer customers a broad range of attractive merchandise. We're very pleased with the tenant mix, the spatial organization and the architecture of the new retail warehouse center."

Stefan Koof, Manager, Full Line Expansion National, REWE Group

FACTS AND DATA

Before

Property type:	Department store with superstore
Year built:	1973
Rental space:	6,200 m^2
Operators:	Hertie and REWE
Parking spaces:	220

Lease terminated

A first step into prime locations

"We're taking a new tack with the Erkrath Retail Warehouse Center. The property is very centrally located, at the city's downtown marketplace. Projects like this tap new opportunities in the prime location segment, for ourselves and our large principal tenants. We're also looking at other comparable projects in downtown locations."

Lars Heese, Managing Director, HAHN Asset Management GmbH

After

Property type:	Retail warehouse center
Opening:	June / July 2010
Rental space:	5,700 m^2
Principal tenants:	REWE, C&A, Ernsting's Family, dm
Parking spaces:	210
Revitalization period:	February – June 2010
Total investment:	Euro 12.5 million
Advance occupancy:	90 percent
Remaining term of lease:	12 years
Investor:	HAHN FCP

Hahn Group

Specialized Asset 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

MAXIMUM ADDED VALUE

The Hahn Group is an asset manager for retail properties. Its services cover the full value-added process of a real estate investment: acquisition, management and disposal are all handled by a single organization. The work of the Hahn Group's specialized management teams maximizes results for private and institutional investors.

RETAIL PROPERTIES
A VERY RELIABLE INVESTMENT

We place our investors' capital exclusively in retail properties. Our emphasis here is in the large-scale retail segment, meaning properties with at least 800 m^2 of sales floor space. We specialize in hypermarkets, superstores, retail warehouse stores, specialty retail chains, and discounters. Except for a few large hypermarkets and DIY stores, we invest only in agglomerated forms of retail, which may be retail warehouse centers, shopping center, or downtown business buildings. We choose only properties that offer a very high level of reliability as an investment. Outside city limits, we achieve this by way of the building codes, which limit new permits and in a sense provide protection for existing conditions and fair competition. In downtown areas, further security can be achieved by focusing on prime locations or locations that dominate the market.

Most of our primary tenants are leading retail groups that operate internationally in both the food and non-food segments. They include EDEKA, Lidl & Schwarz, METRO, REWE and Tengelmann. These large retail corporations all have high credit ratings, and generally sign long-term leases with terms of more than ten years. This means sustainably reliable income flows for investors.

SPECIALIZATION
BRINGS ADVANTAGES

We manage about 1.3 million m^2 of rental space all over Germany. Our day-to-day experience and professional research enable us to pick up trends in retail, developments in customer preferences and shifts in the competitive landscape at an early point. Our tenants benefit from the fact that we understand them so well. In the Hahn Group they have a partner that can help them achieve their goals with active real estate management right on location. We work with retailers to find solutions that make a property more customer-friendly. Parking lots, pathway layout, location marketing – the interaction between the tenants and the property manager has many aspects. Solutions that build foot traffic make for happy tenants, which in turn is also in our investors' best interest. In this way, we preserve the value of the location, and of the investment, and by creating the potential for rent increases we lay the groundwork for sustainable appreciation.

OUR GUIDELINES

Maximum added value

Our management services cover the entire value chain in a property's life cycle. From complete site appraisals and the decision to purchase, all the way to asset and property management during the operating phase, and even revitalization – which in turn initiates a new life cycle – we can cover every component of managing a property, from a single source.

Specialization

The Hahn Group has made specialization its business for more than 25 years. We focus our real estate skills on retail, and thus respond to the needs of domestic and international investors who are looking for strong regional and professional expertise in their property manager.

Full-service fund business

The Hahn Group is a full-service fund manager for private and institutional investors. Hahn offers fund-based investment products in the retail property segment that are not just professionally designed, but also managed for maximum value after placement.

Making the most of the opportunities of change

From an asset manager's perspective, investments in retail properties always have a viable future, as long as the properties are regularly updated to the changing needs of the retail segment and of customers. Major revitalization projects, combined with a commensurate need for new investments, offer interesting opportunities for new investors to enter the market. This means that existing investors are assured a profitable exit, and there is also the option of placing a new investment property.

Safeguarding and expanding earnings

As a manager, Hahn optimizes added value, and in return, through ongoing management of the assets, assures itself a very long-term earnings base. In the institutional segment, the Hahn Group also acts as a co-investor. This strengthens our alliance of interests with investors, and provides the Hahn Group with additional investment income.

Growth by expanding assets under management

The Hahn Group's management model can be scaled as needed from its basic structures. Though every investor exit causes a change in the investor base, Hahn, as the manager, generally continues to receive a share of the flow of income from the property. Growth takes place by adding new properties for our clients, which in turn leads to a sustainable increase in income from Asset, Property and Fund Management.

REPOSITIONED

Still focusing on well-tested model

An interview with the two members of the Hahn Group's Board of Management, Dr. Michael Nave and Thomas Kuhlmann

DR. MICHAEL NAVE
CEO
MBA, born 1960

Responsible for real estate management and central functions

Dr. Michael Nave was appointed the company's new CEO at the beginning of the new fiscal year. A cooperative arrangement with Switzerland's UNIMO Group was also approved. Here both members of the Board of Management, Dr. Nave and Thomas Kuhlmann, discuss the Hahn Group's future strategy.

Dr. Nave, you took over as CEO on February 1, 2010. What makes this new job appealing?

Nave: Well, the Hahn Group is of course not an entirely unknown quantity to me. We've been business partners in the past. The UNIMO Group developed some of the properties that Hahn manages today. What impressed me then, and still impresses me now, is the quality with which the Hahn Group covers the various stages of the value chain in managing retail properties. The logic behind that is simple. If you place properties in your own investment vehicles, it means that you have to, and want to, work with those properties for the long term. That takes a high level of professionalism. Real estate problems have to be solved early – otherwise they'll turn back on you sooner or later.

How do you mean that?

Kuhlmann: Our goal as an asset manager is to build real estate assets for the long term. When a property is placed with private or institutional investors, that's just the start of the work. Complete real estate management – comprising asset management, property management, and center management, if that applies – is necessary if you want to maintain and increase an investment's value. The owner's representatives are the fund managers, who gather all the information and take any steps that are necessary. The principle is clear – the client, or the investor, is the focus of our work. That's the only way we can be successful for the long term.

THOMAS KUHLMANN
Member of the Board of Management
MBA, born 1970

Responsible for fund management and central functions

Nave: Precisely. It's not about taking advantage of short-term opportunities. If we placed a problem property with our clients, it might conceivably increase revenues for the short term – but for the long term, we'd be risking our good customer relations, because we'd have to answer for the property's performance in later years.

But UNIMO, the company's new cooperating partner and property developer, has a business model that aims more for short-term appreciation.

Nave: By its nature, the project development business relies more on short-term success, because the properties aren't kept under management for the long term. The planning horizon is different. But not the tools of the trade. In regularly required optimization – whether you're talking about revitalization or redimensioning – the requirements in real estate know-how are similarly rigorous.

How will the strategic cooperation with UNIMO actually work?

Nave: We view the cooperative arrangement as the foundation for long-term, successful collaboration. We're less concerned with taking short-term advantage of synergies than with making the most of growth opportunities for the Hahn Group. Large retail properties are a very successful investment. And that will remain so in the future. But the availability of suitable properties is limited. Working with UNIMO will give the Hahn Group an optional access to additional procurement volumes – in large-scale retail properties, and especially in the segment of downtown properties and shopping center.

Kuhlmann: It's a logical step. It allows us to design additional fund products and address new investor groups without raising questions about our core competence in retail. We've set a rapid pace of growth in the past few years. By now we've placed investment volumes of Euro 300 – 400 million through our fund business. There's little room left for further growth in our established segment. Transaction volumes in large-scale retail properties are limited. In no case did we want to accept any reduction in property quality. And investments in other countries don't look attractive to us at the moment. As an alternative, we decided to expand our acquisition criteria to new types of retail properties. Thus, our products still stand for secure long-term cash flows from tenants with good credit ratings. Of course, we'll still be creating funds that include only large-scale retail properties.

Do you plan to achieve a market lead in the new property types as well?

Nave: We have to be realistic. We won't be able to do that in the foreseeable future. But it's also not necessary. It's enough if we have the necessary real estate skills in-house to work successfully with these properties for our investors. We also know how to negotiate with tenants. And incidentally, many of them are the same as for our previous properties.

Will the Hahn Group's business model remain unchanged?

Nave: Absolutely. Nothing will change. We rely on continuity and growth. That's in the best interest of our shareholders and business partners. The continuous expansion of assets under management makes the Hahn Group a broad-based, financially strong, high-earning asset manager for retail properties.

Will UNIMO, as a future major shareholder, be asserting its own interests more forcefully?

No, that's out of the question. Of course, we'll comply with the necessary corporate governance guidelines, so that we'll always be sure to act in the Hahn Group's best interest. And the purchase prices for the funds will allow outside comparisons through appraisals.

What do you foresee for sales volumes of your real estate funds in 2010?

Kuhlmann: The demand situation is very promising. Business with private clients already developed very well last year. Our clientele – semi-professional investors who can subscribe for large sums – took advantage of last year to make anticyclic investments.

"The last two years were absolutely unsatisfactory in terms of earnings. Our top priority this fiscal year will be to return the Hahn Group to profitability."

This year, the recovery trends in real estate prices should become more evident. That will lead to a greater return of institutional fund clients.

What about the economic crisis?

Nave: German retail held its own really very well by international comparison. Unexpectedly stable customer demand and strong competitiveness in retail meant that hardly any business was lost. And accordingly, rents remained similarly stable. But there will always be structural change. Our successful revitalization of the former Hertie site in Erkrath, for example, shows that you can address those changes successfully on the real estate end. We still have four months to go before the scheduled opening date, and the redesigned Retail Warehouse Center is already almost entirely leased out.

How would you sum up the Group's medium-term earnings performance?

Nave: The last two years were absolutely unsatisfactory in terms of earnings. Our top priority this fiscal year will be to return the Hahn Group to profitability. We have what it takes. But we have to improve our efficiency. Short decision-making channels, a clear distribution of duties, and better intermeshing of Property Management and Fund Management are important goals here. If we make those our strengths, we'll be even more successful in the future.

Won't those prospects be reflected in the price of the stock? What do you think is a fair price?

Nave: First of all, I'll do everything I can to make the company demonstrably more successful. An increase in assets under management, in recurring management income, and finally in profits – those are important parameters by which we want to be measured in the future. In the coming months we'll be rethinking and revising our segment arrangement. We want to enable our investors, with the greatest possible transparency, to get an even better idea of our business performance. And in that way we want to build up trust for the long term. But it's also clear that we have to get firmly back into the profit zone to get a lastingly higher valuation. The fact that UNIMO, and I personally, believe in Hahn stock is evident from the subscription price of Euro 5.50 for the capital increase that has been approved for this year and the next.

Gentlemen, thank you for the interview.

"In 2010, the recovery trends in real estate prices should become more evident. That will lead to a greater return of institutional fund clients."

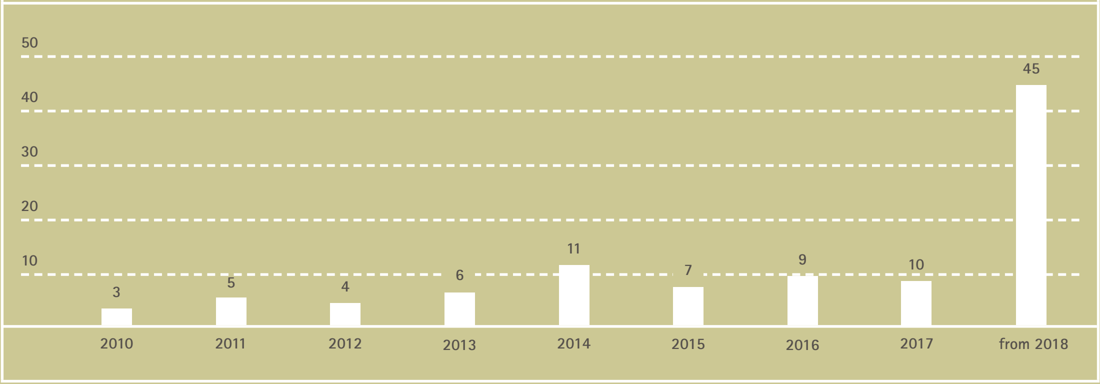
REAL ESTATE ASSETS *under Management*

At December 31, 2009, the Hahn Group had a total of 14 properties under management, with an investment volume of about Euro 2.02 billion. Rental space under management came to more than 1.3 million m^2, and yielded annual total rental income of Euro 142 million.

The occupancy rate at year-end was 97.6 percent. New leases and follow-on leases for the past calendar year covered about 47,200 m^2.

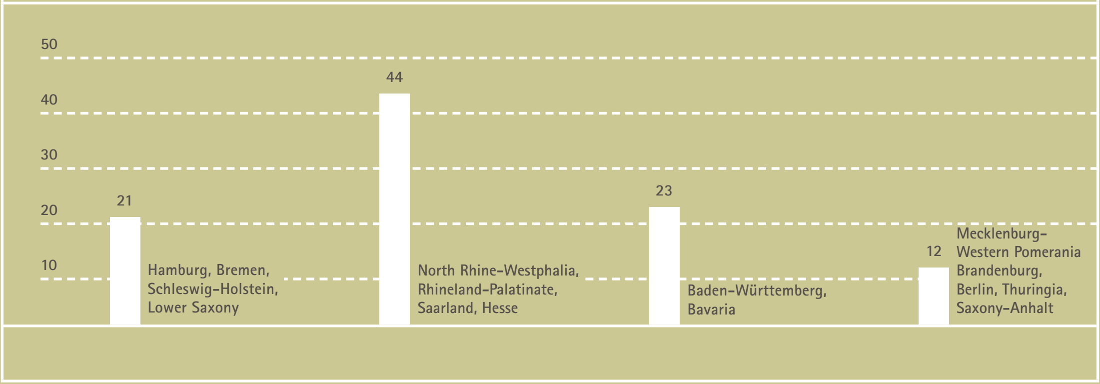
Total portfolio acc. to due date of lease contracts before option exercise (basis: rental volume)

Share in %



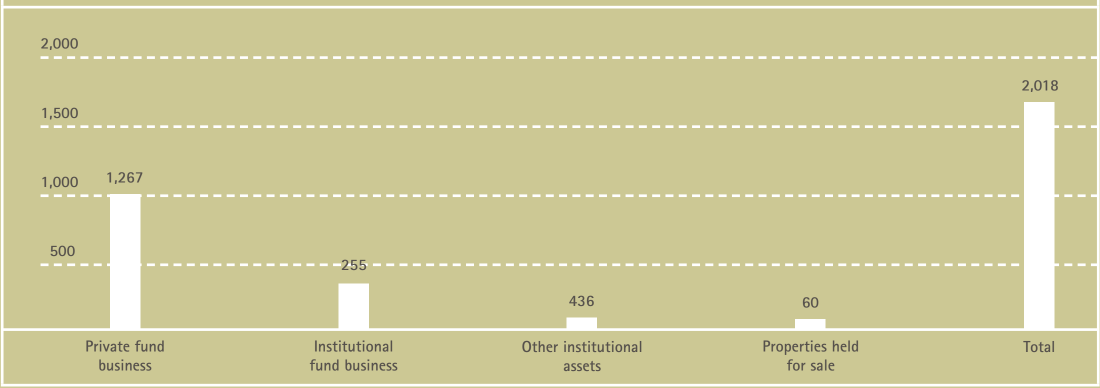
Total portfolio acc. to regions (basis: investment volume)

Share in %



Assets under management (divided acc. to portfolios)

Data in million Euro



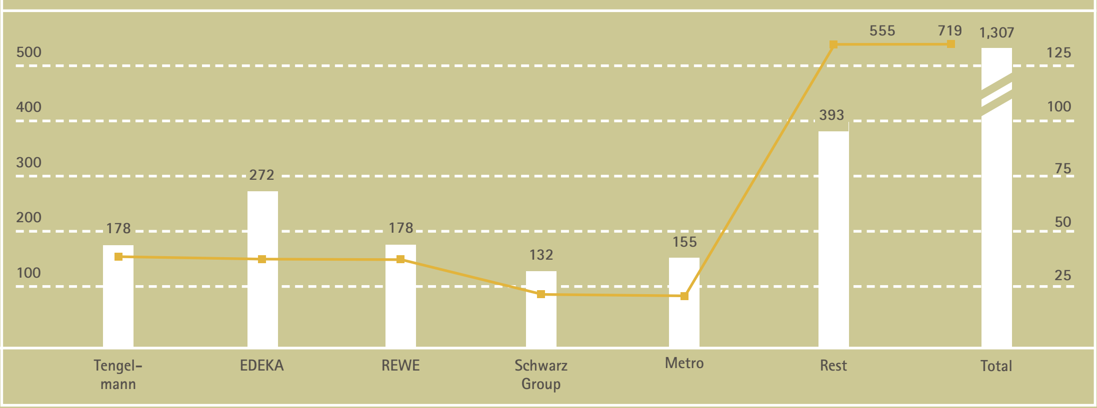
The five largest locations

Property	Type of property	Managed rental space in m²	Occupancy rate in %	Addition	Year of construction/last refurbishment	Investment in million Euro
Friedrichshafen Bodenseecenter	Retail warehouse center	40,000	100	2003	2003	40–50
Fulda Kaiserwiesen	Retail warehouse center	36,000	100	2004	2004	50–60
Rathaus Center Dietzenbach	Shopping center	22,000	99.7	2007	2008	50–60
Nordhorn	Retail warehouse center	33,000	100	2008	2008	40–50
Oberhausen	Retail warehouse center	16,000	98.1	1987	1987	40–50

Total portfolio acc. to branch of industry (basis: rental volume)	in %
Hypermarkets/superstores	53
DIY stores	25
Retail warehouses/retail trade/services	17
Miscellaneous (office/dwellings)	5
Total	100

Key figures real estate portfolio		12/31/2009	12/31/2008	12/31/2007
Occupancy rate	in %	97.6	98.2	96.8
Managed rental space	in m²	1,307,000	1,287,000	1,449,000
Annual rental volume managed	in thousand Euro	142,006	141,712	155,194
Locations	number	147	144	163
Assets under management	in billion Euro	2.02	2.01	2.16

Top five tenants



About 47 percent of the rental space under management is in the food sector. Another roughly 31 percent is used by DIY markets. Another 13 percent is for other retail warehouse stores. The remaining 9 percent is spread among other types of use, like gastronomy, shops, offices and residential space. The average weighted remaining term of all leases is more than eight years.

Management Report 2009

Business and Operating Environment

Group structure and operating activity

HAHN-Immobilien-Beteiligungs AG, together with its subsidiaries (jointly, the Hahn Group), is an asset manager for retail real estate. It designs real estate funds for private and institutional investors. For that purpose, the Hahn Group acquires and sells properties and ownership interests in properties. As part of its comprehensive asset management, the Hahn Group takes charge of real estate investments over their entire life cycle. An extensive range of services is needed for that purpose, and is provided by the Group's various specialized units. The company's goal is to continuously increase its assets under management, since that represents the basis for generating both recurring and non-recurring management income. For extra earnings opportunities, the Hahn Group also participates in the real estate funds it establishes, by way of co-investments.

The Group comprises three business segments: Trading, Management, and Investment.

The Trading segment acquires and sells properties and ownership interests in properties. While a fund is being organized, the properties are temporarily classified as properties held for sale. The Trading segment also handles marketing of real estate funds. All its activities are covered by HAHN Trading GmbH.

The Management segment provides all property-related services, and also manages the real estate funds. Its functions are performed by three companies: HAHN Asset Management GmbH, HAHN Property Management GmbH and HAHN Fonds Management GmbH.

The Investment segment pools the Hahn Group's co-investments and minority interests in the properties that are managed by Fund Management. In addition to these co-investments, this segment also holds a small portfolio of the company's own consolidated real estate investments. Assets are held through HAHN Investment GmbH.

Structure
HAHN-Immobilien-Beteiligungs AG is the Group's holding company, and performs central management functions that include Portfolio Management. Accounting, Financing, Legal, Human Resources, IT and Investor Relations.

The holding company forms the umbrella for three operating subsidiaries: HAHN Asset Management GmbH, HAHN Property Management GmbH, and HAHN Fonds Management GmbH. All of their shares are held by HAHN-Immobilien-Beteiligungs AG. There are also additional nonoperating subsidiaries. Real estate is held by way of special-purpose vehicles. A complete, detailed list of shareholdings is provided in the Notes to the Consolidated Financial Statements.

The duties of HAHN Asset Management GmbH include all work for maintaining and increasing the long-term value of the properties under management. It is responsible for signing new and follow-on leases, and also handles property development (usually in cooperation with major-name project developers) and revitalization. Asset Management also includes Center Management, which is offered for selected larger properties such as retail warehouse centers and shopping centers. Finally, the Purchase & Sales team is responsible for all acquisition and sales activities.

HAHN Property Management GmbH is in charge of the commercial, technical and infrastructure management of properties. Commercial property management especially includes providing ongoing tenant assistance, keeping accounts for the property, and carrying out dunning activities, as well as negotiating service agreements. Technical property management includes coordinating maintenance and repair work, technical business management, and energy management. Infrastructure property management takes care of such general services as waste disposal and parking area management.

HAHN Fonds Management GmbH handles the conceptual design, management and ongoing investor support for private and institutional funds that invest in both individual properties and portfolios. Fund Management is in charge of investment decisions and reporting for fund products. It is also responsible for customer care and support for investors and all sales partners. HAHN Fonds Management GmbH furthermore acts as a broker for fund financing and equity financing.

Changes in the membership of management and supervisory bodies
The Supervisory Board appointed its then-member Robert Löer to take over temporarily for Norbert Kuhn, a member of the Board of Management who was impeded by illness from performing his duties. The appointment began on February 25, and ended on July 31, 2009. Thomas Kuhlmann of the Supervisory Board was appointed as a new member of the Board of Management as of August 1, 2009. Mr. Kuhlmann was most recently managing director at HAHN Fonds Management GmbH, in charge of the private and institutional real estate fund business. Former member Norbert Kuhn left the Board of Management as of July 31, 2009.

By a resolution adopted at the Shareholders' Meeting on May 26, 2009, the Supervisory Board was reduced to three members. Effective as of the registration of the change in the Articles of Incorporation on August 7, 2009, Robert Löer left the Supervisory Board.

Enterprise management
Hahn AG is guided on the basis of a management information system that supports both Group management and the operating units with the necessary quantitative and qualitative data. The management information system condenses real estate data provided by Portfolio Management and Property Management, together with financial key performance indicators, at short intervals to form guidance parameters for management in both operations and strategy.

The system is under constant scrutiny in the effort to improve it. All major units of the company are included in this optimization process.

Analyses for the real estate business are performed by the central Portfolio Management department. Performance is measured at the level of individual properties and full portfolios, using the HAHN Portfolio Management System. Data on locations, markets, and properties, together with macroeconomic assessments, are incorporated into the Group's risk management system, and also provide an informational foundation for the operating subsidiaries in Asset, Property and Fund Management.

The economic environment

In 2009, economic growth in Germany contracted for the first time in six years, because of the worldwide economic and financial crisis. The economy had gone into the most severe recession since the postwar era in 2008, but slowly began to stabilize in the second quarter of 2009. Nevertheless, according to the Federal Statistical Office, adjusted gross domestic product (GDP) for 2009 decreased a total of 5.0 percent. In previous years – 2008 and 2007 – GDP had still grown, respectively by 1.3 percent and 2.5 percent. The last year with negative economic growth was 2003, when the German economy contracted only 0.2 percent.

The 2008 collapse of foreign trade continued in 2009, when it still exerted a braking effect on economic growth. This time, however, exports were lower against the prior year in real terms for the first time since 1993. Exports had still risen an adjusted 3.9 percent in 2008, but plummeted 14.7 percent against the prior year in 2009. Imports were down 8.9 percent, after adjustment for inflation, against the prior year (+ 5.2 percent). All in all, foreign trade contributed negative growth again in 2009, with an adjusted – 3.4 percentage points (2008: – 0.3 percentage points).

The contribution of domestic consumption to the growth of GDP came to – 1.7 percentage points. Apart from the slump in foreign trade, the negative contribution of gross capital spending contributed – 2.4 percentage points to the decline in 2009, falling 12.5 percent against a year earlier after adjustment for inflation. Gross capital spending in 2008 had still been up 6.1 percent against the previous year. Equipment spending was down for the first time in seven years, falling 20 percent. It had grown 5.3 percent against the prior year in 2008, and 6.9 percent in 2007. Construction investment was down slightly in 2009, by 0.7 percent.

Spending on consumption in 2009 was an adjusted 0.9 percent higher than the year before, thus making a positive contribution of 0.7 percentage points to GDP growth. Government consumption was up substantially from the prior year, by 2.7 percent. Adjusted private consumer spending was up 0.4 percent from 2008. However, here one can see the effect of the "scrapping premium" for old cars, which is included in this figure. State support for car purchases came to Euro 5 billion for the year. Consequently, private households bought some Euro 74 billion worth of automobiles, a 23 percent increase against the year before. After this effect is deducted, private consumer spending was down 0.5 percent.

In 2008, employment had reached its highest level since Reunification in 1990, but in 2009 it decreased for the first time since 2005. The average economic output for 2009 was provided by a workforce of 40.24 million people, down 37,000 persons, or 0.1 percent, against the year before. In 2008, the number of persons employed had increased 582,000 persons (+1.5 percent) against the prior year. However, given the recession, the 2009 decrease was still relatively moderate, particularly thanks to the expedient of substantial cutbacks in working hours. According to preliminary results of workforce surveys, average unemployment for 2009 rose by 169,000, to 3.31 million persons – a 5.4 percent increase.

The consumer price index for 2009 increased only 0.4 percent on average against the prior year in Germany. This was the lowest inflation rate since Reunification. Inflation in 2008 had been the highest since 1994, at an average of 2.6 percent, but in 2009 price reductions, especially in energy and food, put the brakes on inflation.

Hahn Group

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

German GDP performance

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Change over the previous year, shown in %, price and calendar-adjusted, linked	+ 1.9	+ 3.5	+ 1.4	+ 0.0	– 0.2	+ 0.7	+ 0.9	+ 3.4	+ 2.6	+ 1.0	– 5.0

Source: (German) Federal Statistical Office, January 2010 (Press Release 012 of January 13, 2010)

The retail market

According to preliminary figures from the Federal Statistical Office, German retail sales in 2009 were nominally 2.4 percent below the figure for 2008. In real terms, 2009 sales were down 1.8 percent against the year before.

German retail sales performance in 2009 was dominated by uncertainty among private consumers in the face of the recession. The real decrease of 1.8 percent against the prior year was more substantial than the 2008 figure (–0.4 percent) because of the low increase in consumer prices, which rose only 0.4 percent during 2009. In contrast to 2008 and 2007, consumer spending by private households rose 0.5 percent, calculated in nominal prices, and thus somewhat faster than disposable income, which rose 0.4 percent. The savings rate remained high and unchanged from the prior year, at 11.2 percent.

Non-food retail sales were especially hard hit by the adverse economic environment, falling 1.9 percent in real terms and 2.2 percent in nominal terms from the previous year. The largest revenue losses, with a real decline of 6.7 percent, were in the other retail segment selling miscellaneous merchandise, such as department stores. Internet and mail-order sales were down 5.6 percent in real terms against the previous year. Retail in textiles, apparel, shoes and leather goods (– 2.1 percent) and other specialty retail (– 2.0 percent) also declined in real terms in 2009. Retail sales in home furnishings, household appliances and construction materials were down 0.7 percent in real terms. However, retail in cosmetics and in pharmaceutical and medical products did see higher revenues, with gains of 2.3 percent (nominal) and 1.2 percent (real).

Retailers in food, beverages and tobacco goods also brought in less revenue in 2009 than the year before. Sales were down 1.8 percent in nominal terms and 1.6 percent in real terms from 2008. The sharpest decrease was in single-category food retailing, where sales fell 3.4 percent in real terms and 2.6 percent nominally against the previous year. Retailers selling a varied assortment of goods (such as supermarkets, hypermarkets and superstores) remained relatively stable, with a real decrease of 1.4 percent against 2008.

The real estate investment market

International

Development in the global real estate investment markets continued to be dominated in 2009 by the international financial and economic crisis. The Real Capital Analytics (RCA) independent research institute put the global real estate investment volume for 2009 at roughly US Dollar 241 billion – a 35 percent decrease against the year before, and only a little more than one quarter of the record transaction volume from 2007.

The transaction volume for 2009 was higher than the year before in only a few countries. Yet despite the sharp drop from the prior year, some positive tendencies were evident. Global transaction volume fell to its lowest value during the first quarter, but rose again in each of the subsequent quarters. In half of the countries that RCA analyzed, the second half saw stronger activity than the first.

In Europe, transaction volume also grew for three quarters in a row. According to Jones Lang LaSalle (JLL), it came to nearly Euro 70 billion for all of 2009, Euro 25 billion of which was generated in the fourth quarter alone. This is viewed as a sign that investor confidence has improved significantly since hitting a historic low at the beginning of 2009.

Germany

According to JLL, the revival that had become evident in the German real estate investment market since summer continued in the fourth quarter, without actually leading to a year-end rally. Transaction volume for the fourth quarter, at Euro 3.2 billion, was down somewhat from the third quarter. Total investment revenue in Germany for 2009 came to Euro 10.35 billion, a significant decrease of 47 percent against the previous year.

In terms of type of use, office properties held the largest share of total transaction volume, at roughly 42 percent (Euro 4.3 billion). Retail properties followed in second place, with 28 percent (Euro 2.9 billion). Properties for mixed use had only 7 percent, and warehouse and logistics properties had only 5 percent.

Almost 90 percent of the capital invested in 2009 came from German investors. Foreign investors bought about Euro 1.2 billion worth of property in Germany, but in parallel also disposed of properties worth a total of nearly Euro 2.7 billion, so that the net percentage held by foreign investors in Germany declined substantially.

The average transaction size, according to JLL, declined again to about Euro 16 million. About Euro 9 billion, or 87 percent of the total volume, was transactions in single properties. Portfolio transactions totaled a volume of only Euro 1.3 billion.

Investment market for retail properties

International
According to JLL, investment revenues for single retail properties in continental European countries came to Euro 7.3 billion in 2009, more than 40 percent below the figure for 2008. However, what is remarkable is the large revenues for the fourth quarter – nearly 40 percent above the third quarter, at roughly Euro 2.5 billion. The analysis covered all investments in shopping centers, retail warehouse centers and factory outlets, but did not include business buildings on shopping streets or transactions for less than Euro 5 million.

Investors focused again on shopping centers, which accounted for Euro 4.8 billion, or 66 percent of the transaction volume. JLL identified institutional investors as the strongest investor group. Fund companies were especially active, investing Euro 1.8 billion in retail properties – Euro 500 million of this in Germany alone, the year's most active continental European retail investment market. The seller side was dominated mainly by project developers and real estate companies not listed on a stock exchange; they sold a total of Euro 2.9 billion worth of property. The percentage of cross-border transactions decreased again to only 40 percent in 2009, although JLL projects a turnaround in this aspect for 2010.

Germany
According to JLL analyses, the transaction volume in retail properties in the German real estate investment market for 2009 came to about Euro 2.92 billion, less than half the prior-year figure (Euro 6.05 billion). All categories of retail properties were included here, such as business buildings in prime downtown locations, shopping centers, and retail warehouse store products.

Irrespective of the sharp year-on-year decline, however, the analysts' estimates show an unmistakable uptrend since mid-2009. Sixty percent of the transaction volume was realized in the second half. The third quarter was the strongest in terms of revenue, and also the first time in four quarters that the transaction volume surpassed the Euro 1 billion limit.

The strongest-selling asset class in real estate properties in Germany for 2009 was business buildings in prime downtown locations, whose transaction volume came to Euro 993 million, and thus nearly doubled from the previous year's Euro 508 million. The transaction volume in shopping centers dropped a full quarter, to about Euro 819 million (2008: Euro 1.11 billion). In this segment, where transaction sizes typically run above Euro 50 million, the inhibiting effect of difficult financing conditions was especially severe. However, because of several transactions that were about to close at the end of 2009, JLL assumes that the first quarter of 2010 will show strong sales.

Among retail warehouse products, the analysts found the greatest demand in large retail warehouse centers. Nevertheless, transaction volume in these properties – which investors continue to prize because of their defensive quality – was down more than half, to about Euro 475 million (2008: Euro 1.05 billion). This is thought to be the consequence of a shortage of suitable properties on offer. In supermarkets and discounters, transaction volume was initially slow in the first three quarters, but rose substantially in the fourth and ultimately reached about Euro 340 million for the year as a whole (2008: Euro 548 million).

Despite the Karstadt and Woolworth insolvencies, there were no major portfolio transactions in department stores. Instead, single sales dominated the market. The result for the year, at Euro 205 million, was not even a tenth of the transaction volume of Euro 2.2 billion from 2008, though that figure was greatly influenced by the Arcandor transaction.

Investor groups represented in the retail property market included open-end public funds – the most active category, with an investment volume of about Euro 775 million – followed by asset and fund managers (Euro 360 million), closed-end funds (Euro 255 million), private investors and family offices (Euro 249 million), corporations (Euro 239 million), and project developers (Euro 231 million). Nearly 90 percent of the transaction volume in 2009 came from investors from within Germany, while foreign investors had accounted for the majority in 2008, with 60 percent.

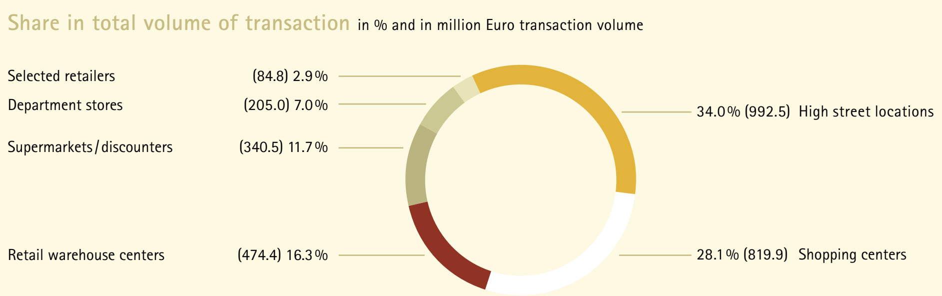
JLL found that the peak returns in prime locations in all four quarters of 2009 were consistently 5.75 percent for shopping centers and 4.25 percent for business buildings. For retail warehouse centers there was a slight increase from 6.50 to 6.75 percent from the first to the second quarter, and individual retail warehouse stores rose from 6.75 to 7.00 percent. The second level then remained constant until year-end in both cases.

Commercial real estate transaction volume 2009 by property type

Usage	Share in total volume of transaction in %
Office properties	42
Retail properties	28
Properties with mixed usage	7
Logistics / industrial properties	5
Others (land plots, hotels, and special properties)	18

Source: Jones Lang LaSalle, 2010

Transaction volume for retail properties in 2009, by object type



Source: Jones Lang LaSalle, 2010

Indirect property investment market

Closed-end real estate funds

The performance of the market for equity investment models in Germany was dominated in 2009 by a drastic plunge in equity capital placed, to Euro 5.5 billion, a 46.3 percent decrease against the previous year (source: Feri EuroRating Services AG, "Full Market Study of Investment Models 2010"). But if one differentiates by individual asset classes and initiators, the decrease in the market as a whole turns out not be uniform, revealing a large number of different and sometimes even contradictory development trends.

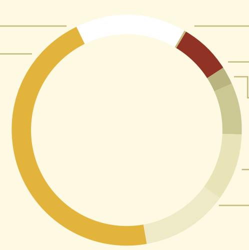
The real estate fund segment performed significantly more robustly in 2009 than the market as a whole. To be sure, placement volume for real estate funds was down to Euro 2.5 billion, compared to Euro 3.5 billion in 2008. But this decline, at 27.4 percent, was significantly more moderate than for the overall market in closed-end funds. The total investment volume in closed-end real estate funds, including borrowings, decreased about one-fifth in 2009, to Euro 4.4 billion (previous year: Euro 5.6 billion).

Real estate funds' share of the total market rose substantially. Where real estate funds accounted for 34 percent of total equity capital placed in 2009, the figure for 2009 went up to 45.6 percent. New energy funds also increased their market share substantially, from 2.9 percent in 2008 to 7.3 percent in 2009. The market in specialty funds grew from 10.8 percent to 12.1 percent. The largest losses in market share were in shipping funds, whose share was cut nearly in half to only 15.7 percent in 2009. Private equity funds' share of the total market decreased from 10.6 percent to 9.3 percent.

Closed-end real estate funds that invest in Germany showed a remarkably stable performance. Here the equity capital placed, at Euro 0.96 billion, was again at a historic low taken in a long-term comparison, but was down only slightly from the previous year's level (2008: Euro 1.02 billion). In fact, the fund volume of German real estate funds actually rose again in 2009, after a substantial decline in 2008. At Euro 1.9 billion, it was almost 4 percent above the previous year's figure.

Market for equity investment models 2009 – share in total market by product types (according to equity placed)

Product type / share in total market in %



Source: Feri EuroRating AG, "Gesamtmarktstudie der Beteiligungsmodelle 2010"

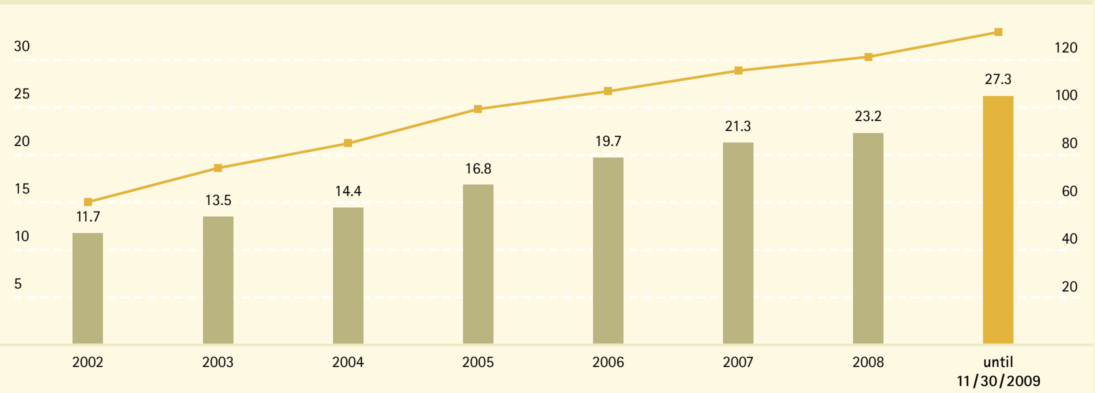
The net number of initiators who became involved in the market segment of closed-end German real estate funds changed only slightly in 2009. There was only one more initiator than in 2008; 22 new providers entering the market were countered by 21 entities that were no longer active in 2009.

There were sharp changes in the shares of various types of use for investment properties in closed-end German real estate funds. The clear winner here was funds investing in retail properties, whose share more than trebled from 10.5 percent to 32.2 percent.

Office properties' share of total investment volume receded again, reaching only 26.2 percent in 2009 (2008: 27,4 percent). There was a substantial decline in residential properties after the vigorous growth of previous years; their share shrank from 26.1 percent to 12.5 percent. Properties for social welfare facilities, which were very heavily represented in 2008, with 24.8 percent, accounted for only 9.1 percent in 2009. Hotels represented a 4.3 percent share (previous year: 5.8 percent).

Specialized real estate funds for institutional investors
According to Deutsche Bundesbank's capital market statistics, domestic specialized real estate funds had a net cash inflow of about Euro 4.3 billion in the period from January 1 through November 30, 2009, and thus more than twice the volume from the same period of the previous year (Euro 1.7 billion). Fund assets under management grew nearly 17 percent in the same period, from Euro 23.4 billion to Euro 27.3 billion. The number of specialized real estate funds in Germany grew to 135. Thus, as in the previous year, the segment of specialized real estate funds did more than perform robustly in a crisis-ridden environment – this market actually grew substantially, indicating ongoing strong demand among institutional investors for indirect real estate investments.

Fund volume and number of special real estate funds



Source: Deutsche Bundesbank, capital market statistics

Results of Operations, Financial Position and Net Assets

Revenue and earnings performance

Group

The Group's revenues came to Euro 92.40 million. The reasons for the decrease against the previous year (Euro 428.11 million) were lower transaction volume and lower rental income, combined with a substantial decrease in properties held for sale. The cost of sales, at Euro 82.22 million (previous year: Euro 400.71 million) and interest expenses decreased proportionately. Personnel expenses increased from Euro 6.72 million to Euro 7.41 million. This figure for 2009 includes non-recurring restructuring expenses of about Euro 1 million that were associated with a moderate staff reduction.

Other operating expenses decreased to Euro 7.19 million, compared to Euro 8.79 million for the year before. Despite the decrease, this expense was higher than in normal years, particularly because of a non-recurring expense of Euro 1.16 million associated with the placement of the HAHN FCP fund.

The operating earnings (EBIT) decreased to Euro – 3.25 million (previous year: profit of Euro 13.57 million). This decrease corresponds with lower rental income as a consequence of a substantial reduction in the Group's property asset holdings on average for the year. Rental income came to Euro 7.91 million, compared to Euro 32.85 million for the prior year. The net finance expense improved from Euro – 24.53 million to Euro – 8.19 million. It is characterized by lower interest expenses in conjunction with the reduction in properties held for sale and investment properties. A negative effect came from a reappraisal of other financial assets, which resulted in a valuation allowance of Euro 4 million. The loss before taxes, at Euro – 11.44 million, was on a comparable level with the previous year (Euro – 10.96 million). Income taxes came to Euro + 5.31 million (previous year: Euro 1.10 million). The consolidated after-tax loss was Euro – 6.13 million (previous year: Euro – 9.87 million), equivalent to earnings per share of Euro – 0.51 (previous year: Euro – 0.82).

Trading segment

Revenue in the Trading segment came to Euro 40.52 million (previous year: Euro 406.09 million). Revenue from the sale of real estate and current asset securities decreased to Euro 34.82 million. The comparable prior-year figure of Euro 380.08 million was greatly increased by the placement of the start-up portfolio for the HAHN FCP fund. Rental income decreased from Euro 29.41 million to Euro 4.48 million. Although placement activity was successful, sales commissions in the business with private clients were down 5.5 percent, to Euro 1.03 million (previous year: Euro 1.09 million). The reason was lower commission margins.

In the private client business in 2009, shares in closed-end real estate funds were placed for a total volume of about Euro 86 million. This figure is equivalent to placed equity capital of Euro 33 million. The HAHN FCP fund acquired new subscription commitments on the order of Euro 40 million. Subscribed equity capital came to Euro 165 million at year-end. A non-recurring exceptional expense and marketing costs were incurred as part of the HAHN FCP placement. The total expense came to Euro 1.8 million.

Lower rental income and exceptional HAHN FCP expenses lowered the operating profit (EBIT) of the Trading segment to Euro – 2.32 million (previous year: Euro +9.07 million). The net finance expense was pulled down by valuation allowances of Euro 4 million for noncurrent assets. The pretax loss (EBT) was Euro – 11.02 million, compared to Euro – 6.28 million a year earlier.

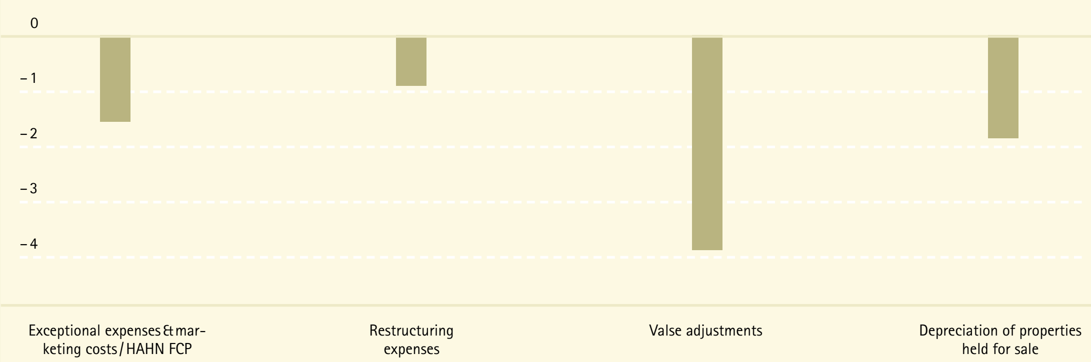
Consolidated earnings

Data in thousand Euro

	2009	2008	2007
Revenue	**92,402**	**428,107**	**129,956**
Other operating income	1,591	2,021	1,280
Cost of sales	82,222	400,719	88,948
Personnel expenses	7,413	6,716	6,080
Other operating expenses	7,195	8,788	13,222
EBITDA	**– 2,837**	**13,905**	**22,986**
Depreciation and amortization	414	338	298
Financial results	– 8,194	– 24,531	– 11,735
Earnings before income tax	**– 11,444**	**– 10,964**	**10,953**
Income taxes	5,310	1,098	3,891
Loss after income tax	**– 6,134**	**– 9,866**	**7,062**

Negative exceptional influences

Data in million Euro



Segment Trading

Data in thousand Euro

	2009	2008
Sales	40,516	406,086
EBIT	– 2,322	9,067
EBT	– 11,018	– 6,281
Properties held for sale	60,346	68,568

Management segment
Revenue in the Management segment was almost unchanged at Euro 7.96 million (previous year: Euro 8.05 million). This stable performance was supported by a rise in recurring secure income. Non-recurring income from Asset Management, however, decreased.

Revenue in Asset Management decreased 15.0 percent, to Euro 1.86 million (previous year: Euro 2.19 million). New and follow-on lease placements increased substantially, from 34,500 m^2 to 47,200 m^2. The increase in take-up was only partially relevant to revenue, because this service is included in the flat-rate property management remuneration under older fund management agreements in the private client business. Occupancy was kept at a reassuringly high level of 97.6 percent.

The Purchase & Sales business, which is a part of Asset Management, earned lower acquisition fees than in the prior year. A total of four properties or equity interests in property companies were acquired by third parties in fiscal 2009. These were a retail warehouse center in Giengen, a former department store in Erkrath, and two DIY markets in Idstein and Recklinghausen. Only the Giengen retail warehouse center was acquired directly by the Hahn Group and later placed as a public fund. The other three properties were acquired by the HAHN FCP investment vehicle. Total investments for all properties came to about Euro 51 million (previous year: Euro 241 million). The comparable figure from 2008 was very high because that was the year when the launch portfolio for the HAHN FCP fund was placed.

In revitalization and project developments under a partnership model, numerous smaller modernization projects were in the process of being implemented in 2009. Moreover, the former Hertie site in Erkrath was acquired, a promising revitalization property for HAHN FCP. The property will be modernized by HAHN Asset Management by summer 2010, yielding corresponding fee income. Revenue performed especially well in the Hahn Group's Center Management: the number of properties under management grew from five to eight during the year. An expansion of activities to other portfolio properties is under examination. Since the Hahn Center Management platform is easily scalable, we also offer this service on the external market.

Revenue in Property Management increased 5.1 percent, to Euro 4.45 million (previous year: Euro 4.23 million). At December 31, 2009, the Hahn Group managed 147 properties, with a total rental space of 1,307 million m^2 (previous year: 1,287 m^2). The annual rental volume that determines Property Management compensation was roughly Euro 142 million (previous year: Euro 141.7 million). Organizational measures were taken during the year to optimize the management of the portfolio. Internal steps are planned for the current fiscal year to further improve the quality and guidance of technical property management. A new controlling system will be set up for that purpose, which will particularly monitor maintenance and repair work more closely.

Revenue in Fund Management increased to Euro 1.64 million (previous year: Euro 1.58 million). The revenue driver was the increase in institutional fund management fees. These benefited from the further growth of the HAHN FCP-FIS – German Retail Fund, the Hahn Group's first institutional fund, which was set up jointly with LRI Invest S.A. In spite of the difficult capital market environment, the fund attracted additional subscribers. The subscribed equity capital at year-end came to Euro 165 million, about 55 percent of the target volume of Euro 300 million. The fund's investment volume at December 31, 2009, was about Euro 255 million (previous year: Euro 179 million). The fund, which reports under internationally recognized INREV standards, benefits from its clear focus on the large retail segment. Traditional institutional investor groups – pension and benefits

KPIs for private fund business		2009	2008	2007
Number of funds established (cumulative)		159	154	151
Investment volume placed	in million Euro	86	50	80
Equity placed	in million Euro	33	22	35

Revenues Management divisions	Data in thousand Euro	2009	2008
Asset Management		1,859	2,186
Property Management		4,448	4,234
Fund Management		1,635	1,578

Segment Management	Data in thousand Euro	2009	2008
Revenue		7,955	8,045
EBIT		2,518	837
EBT		3,746	– 2,100
Rental performance (new and follow-up leases)	in m²	47,200	34,500
Rental volume under management (annualized)		142,006	141,712
Managed total space	in m²	1,307,000	1,287,000

You can download the chart at www.hahnag.de

funds and insurance companies – set great store on professional management with many years of experience. The Hahn Group can ensure that kind of management in both the institutional and private-client segments.

Demand for closed-end real estate funds for private clients performed better than expected. With placed investment volume rising 72 percent against the previous year, to Euro 86 million, we outperformed our projections by about 10 percent. Well-to-do and semi-professional investors who decided to subscribe for Hahn Pluswertfonds funds or private placements viewed the retail real estate segment – with its long-term leases and credit-worthy tenants – as a stabilizing investment in the current highly uncertain market phase.

A total of five new closed-end real estate funds were set up in 2009 (see table).

During the year, numerous steps were taken to further improve the quality of our real estate fund products. For the first time, in-house workshops were held over several days to analyze the entire portfolio of managed private-client funds jointly with the participating property managers. The aim of the series of events was to identify potential problems even more precisely at an early stage, and to initiate the necessary actions directly with the attending experts. Networking their specialized fields helped the participating experts focus even more clearly on the needs and views of the property owners that Fund Management represents. Investor communications will also be improved further during the current year. In addition to steps concerning regular reporting, Fund Management will conduct an extensive client survey on the subject.

EBIT in the Management segment was Euro 2.52 million, well above the prior year (Euro 0.84 million). Pretax earnings (EBT) improved from a loss of Euro – 2.10 million to a profit of Euro 3.75 million.

Sales in private client business at December 31, 2009

Real estate fund	Type	Location	Property type	2009 sales volume (Euro million)	2009 subscribed equity capital (Euro million)	Placement rate (%)
PWF 147	Sec. 6b fund	Erftstadt	Hypermarket	13.8	4.8	55
PWF 148	Income fund	Giengen	Retail warehouse center	19.8	7.8	Fully placed
PWF 149	Private placement	Haltern / Passau	DIY store / hypermarket	11.1	4.7	Fully placed
PWF 150	Income fund	Voerde / Kitzingen	DIY store / hypermarket	22.7	11.1	71
Secondary market fund 8	Private placement	Diez / Lübbecke	DIY store / hypermarket	18.7	5	Fully placed

Investment segment
The Hahn Group disposed of all its own major real estate investments during the year. This sale completed a change of strategy. In the future, the Hahn Group plans to focus its long-term real estate investments entirely on co-investments. Apart from the attractive opportunities for earnings, this type of investment strengthens the alliance of interests between institutional fund investors and the Hahn Group.

The Hahn Group currently acts as a co-investor in the HAHN FCP fund and in the property portfolio it manages for institutional client MEAG, the asset management subsidiary of Munich Re and ERGO.

The HAHN FCP fund invested in three more core properties and a revitalization property during the year. The Erding retail warehouse center, which the Hahn Group had already put under contract in 2008 with an investment volume of about Euro 50 million, was acquired in the first half of 2009. In the second half, two DIY markets were acquired in Idstein and Recklinghausen, for a total volume of about Euro 25 million. The acquisition of a former department store in Erkrath – also in the second half – opens up extraordinary opportunities for income for our institutional fund clients: higher property value will be tapped in 2010 by signing attractive, long-term leases in combination with the revitalization of the property. All told, the HAHN FCP portfolio included thirteen properties at year-end, with a total volume of about Euro 255 million. The Hahn Group holds a co-investment of Euro 13.7 million in equity, equivalent to a share of about Euro 21.2 million of the investment volume. Once the HAHN FCP fund has been fully marketed, the Hahn Group's targeted co-investment share will be 10 percent.

No real estate investments were carried out in the joint portfolio with MEAG during 2009. The total investment remained unchanged at Euro 253 million. The portfolio comprises a total of eleven commercial properties. The Hahn Group's co-investment share is 3.3 percent. Following the pause in investment, property additions for about Euro 30 million are planned for 2010.

Revenue in the Investment segment came to Euro 44.36 million (previous year: Euro 14.90 million). This figure includes proceeds of Euro 40.91 from the sale of the Lübbecke, Erftstadt and Diez properties. This deconsolidation yielded a loss of Euro 2.64 million. Rental income from portfolio properties remained on a par with the prior year at Euro 3.44 million. The operating profit (EBIT) decreased from Euro 7.65 million to Euro 1.45 million. After deducting interest expenses and adding Euro 1.79 million in equity investment income from co-investments (previous year: Euro 1.65 million), the resulting pre-tax profit (EBT) was Euro 1.85 million (previous year: Euro 1.47 million).

Financial position and net assets

Cash flow

The decrease in cash flow resulted from the planned reduction of liabilities. In connection with the sale of investment properties and properties held for sale, it was possible to retire a number of loans. Lendings to project companies resulted in an additional cash outflow.

Consolidated statement of financial position

The balance sheet was shortened as a result of the strategically planned marketing of properties that the Group owned in former years. The decrease in investment properties is associated with the sale of three fund properties in connection with Pluswertfonds products. Long-term debt was reduced accordingly. The other noncurrent financial assets include scheduled increases of shares in the HAHN FCP fund, at Euro 7.3 million, and an increase in a loan to a project company, at Euro 11.2 million. As a consequence of the disposal of fund properties and current asset securities, inventories also decreased. Assets classified as held to sale are a fund project that is partially being wound up.

As a consequence of the consolidation of activities in the balance sheet, total assets also decreased. Consequently, the equity ratio improved against the prior year, from 12.91 percent to 16.30 percent.

Finance management

The Hahn Group's finance management is organized centrally. Within defined Group guidelines, this area is the responsibility of the Financing department. Generalized finance management for the Group and all subsidiaries permits a coordinated financing policy. Cost-cutting synergies are tapped, and interest rate and liquidity risks can be monitored centrally. An important component of finance management is ongoing risk reporting, which we practice across the board. Real estate acquisitions are normally financed at matching maturities with the intended holding periods. In these cases, as a rule, the real estate loans are taken out at the level of the property company. Our financing partners, many of them long-established business contacts, are primarily regional and national banks.

Investments in the HAHN FCP portfolio

Property	Rental space in m²	Investment volume in million Euro	Letting rate in %
Retail warehouse center Erding	33,000	50 – 60	100
Erkrath	5,700	10 – 20	90
Idstein	11,000	10 – 20	100
Recklinghausen	10,000	10 – 20	100
Total portfolio per 12 / 31 / 2009	**146,000**	**255**	**99.7**

Segment Investment

Data in thousand Euro	2009	2008
Rental income sole investments	3,437	3,435
Income from equity investments	1,790	1,648
EBT	1,849	1,467

Co-Investments

Data in million Euro	Volume of investments	Share of Hahn
MEAG portfolio	253	3,3
HAHN FCP portfolio	255	8,3
Total	**508**	**5,8**

Cash flow statement

Data in thousand Euro	2009	2008
Consolidated loss for the year	– 6,134	– 9,866
Net cash generated / used in operating activities	1,813	– 13,239
Net cash used in investment activities	– 13,469	– 1,503
Net cash generated / used in financing activities	– 2,413	11,334
Cash changes in cash and cash equivalents	– 14,069	– 3,408

You can download the chart at www.hahnag.de

Capital structure

The Hahn Group is pursuing a long-term program of optimizing its capital structure so as to ensure it can achieve its strategic goals in institutional and private funds, as well as in management (Asset Management, Property Management and Fund Management). The top priority here is ensuring that funds are available for purchases, equity investment models, and ongoing operating activities.

With a few exceptions refinanced at the fund level in Swiss francs, the Group's debt is in Euros. In this connection, interest rate hedges in the form of interest rate swaps are also used for refinancing.

In absolute terms, equity was below the figure from the year before. However, the equity ratio rose further, as planned. Equity was reduced in particular by further costs of entering the market in the institutional investor segment, losses on the disposal of real estate, and valuation allowances for noncurrent assets.

The continuing sale of investment properties significantly reduced financial debt. Current financial debt comprises current account credit lines and real estate financing at the fund and Group level, at variable interest rates (either Euribor or the bank's cost of funds plus a margin of between 0 and 1.35 percent), or at fixed interest rates of between 4.95 and 6.72 percent. Long-term financial debt has maturities to no later than 2019. The interest rates for the variable-interest loans here are the Euribor plus a margin of between 0 and 1.2 percent. The fixed interest rates are between 4.95 and 6.72 percent.

Guarantees at December 31, 2009, came to Euro 29.8 million (previous year: Euro 24.6 million). They serve as security for individual commitments to banks.

General assessment of the Group's economic position at the preparation date of this report

Fiscal 2009 was characterized by many exceptional influences that in the aggregate resulted in a loss for the period. The reduction of the portfolio of investment properties and the valuation allowance for assets addressed significant factors that represented a burden to the company. The moderate staff cuts will lower costs in the future.

The sale of real estate assets improved the financial position and net assets. The equity ratio of 16.30 percent at December 31, 2009, was well above the previous year's 12.91 percent. At present, we foresee no limitations on financing activity for the Hahn Group's core business because the private and institutional investment vehicles we manage operate at high equity ratios of between 35 and 50 percent.

In summary, this is a sound foundation for servicing current and future obligations, and for achieving the Group's strategic goals.

Assets	12/31/2009		31/12/2008	
	in thousand Euro	in %	in thousand Euro	in %
Intangible assets	287	0.22	393	0.20
Investment property	522	0.41	49,369	25.36
Property, plant and equipment, financial investments and other noncurrent financial assets	45,101	35.25	37,363	19.19
Inventories	61,463	48.03	75,770	38.91
Accounts receivable and other assets and cash and bank balances	16,632	13.00	31,816	16.34
Assets classified as held for sale	3,954	3.09	0	0.00
Total assets	**127,959**	**100.00**	**194,711**	**100.00**

Liabilities and shareholders' equity	12/31/2009		31/12/2008	
	in thousand Euro	in %	in thousand Euro	in %
Shareholders' equity	20,860	16.30	25,145	12.91
Noncurrent liabilities	24,418	19.08	63,239	32.48
Current liabilities	82,681	64.62	106,327	54.61
Total liabilities and shareholders' equity	**127,959**	**100.00**	**194,711**	**100.00**

Capital structure	12/31/2009		31/12/2008	
	in thousand Euro	in % of total capital	in thousand Euro	in % of total capital
Shareholders' equity	20,860	20.5	25,145	16.0
Long-term financial debts	14,473	14.2	51,508	32.8
Short-term financial debts	66,389	65.3	80,587	51.3
Total financial debts	80,862	79.5	132,095	84.0
Total capital (financial debts and shareholders' equity)	101,722	100.0	157,240	100.0
Cash and bank balances	5,028	4.9	19,098	12.1

Employees

The Hahn Group's employees are the foundation for all the Group's future successes. They apply their extensive skills and personal dedication to put our company's business model into action. In that process, we count on flat hierarchies and open communications. That sets us apart from large corporations and is the foundation for our employees' strong personal initiative, confidence, and achievements. Even amid the difficulties of the past two fiscal years, our employees' dedication, willingness to pitch in and help, and readiness to take responsibility were undiminished.

As an integral part of our human resources development work, the Group offers its employees opportunities to continue their professional and personal education. Language courses, IT training and property-specific teaching events are offered for employees from all levels of the hierarchy, outside core work hours. To discover new talent, we not only make the most of our contacts with institutions of higher learning, but also regularly train young employees in-house. During the current fiscal year, we will work together for the first time with Freiburg's International University of Cooperative Education to place students in dual-study programs for practical knowledge in the real estate business. At year-end, the Group had two trainees.

Under a structured target-agreement and assessment process, each employee regularly has a meeting with his or her supervisor. Analyses of results and definitions of personal goals are used to identify areas for potential development that are incorporated in setting medium- and long-term personal developmental goals. Thus, our staff's qualifications continuously rise – a necessity, if we are to keep outperforming our competitors in service to our clients, in job areas that grow ever more complicated.

Staff adjustments were initiated under the restructuring program carried out during the year. The consequence was a substantial reduction in the work force. A comparison between reporting dates makes the reduction clear: at January 1, 2010, the Group had 72 active employees (not including those on parental leave). The figure a year earlier was 82. Most of this staff reduction was in administrative areas, and is intended to make a lasting improvement in the company's cost structure.

Information under Sec. 315 (4) of the German Commercial Code

The subscribed capital of Hahn-Immobilien-Beteiligungs AG, in the amount of Euro 12,000,000, is composed entirely of 12,000,000 bearer shares of no-par stock. Each share has a notional value of Euro 1.00. All shares carry the same rights. As of the reporting date, the Board of Management was aware of only one interest in the company's capital that exceeds 10 percent of the voting rights: the 78.98 percent interest held by HAHN-Holding GmbH. Michael Hahn holds 79 percent of HAHN-Holding GmbH. In addition, as of the reporting date Michael Hahn held 173,613 shares personally, and his wife, Andrea Hahn, held another 239,763 shares.

All told, this represents an ownership interest of 82.42 percent of HAHN-Immobilien-Beteiligungs AG. There are no special rights, and especially no such rights that confer control. The employees of Hahn-Immobilien-Beteiligungs AG and the Group companies do not hold interests in Hahn-Immobilien-Beteiligungs AG in such a way that the employees' rights to monitor voting rights would be exercised other than directly. Because its stock is in bearer shares, the company has no reliable information about its shareholders, and thus about any shares that may be held by its employees privately. The members of the company's Board of Management are appointed and dismissed by the Supervisory Board in accordance with Secs. 84 and 85 of the German Stock Corporation Act.

Under Article 5 of the Articles of Incorporation, the Board of Management must have at least two members. In deviation from the statutory default rule established in Sec. 179 (2) of the Stock Corporation Act, Article 16 (1) of the Articles of Incorporation provides that unless a larger majority is required by law, the Shareholders' Meeting may amend the Articles of Incorporation by a simple majority of the votes cast. Where the law prescribes not only a majority of the votes cast but a majority of the capital represented at the vote, a simple majority of the share capital represented at the vote suffices, so far as the law permits. Additionally, Article 10 (2) of the Articles of Incorporation authorizes the Supervisory Board to adopt amendments to the Articles of Incorporation that concern only the wording.

By allowing in its Articles for a smaller capital majority in the adoption of amendments of the Articles of Incorporation, the company and the Shareholders' Meeting gain greater flexibility. This arrangement is also in keeping with common practice in corporate law. Resolutions of the Shareholders' Meetings on August 17 and September 11, 2006, amended the Articles of Incorporation (Article 4 (4)) to allow capital increases out of authorized capital. Accordingly, the Board of Management is authorized, subject to the consent of the Supervisory Board, to increase the company's share capital during the period ending August 16, 2011, by up to Euro 5,000,000, in a single amount or multiple partial amounts, by issuing new bearer shares of no-par stock in return for contributions in cash or in kind. Generally, the shareholders will have preemptive rights. However, the Board of Management is authorized to exclude the shareholders' preemptive rights under certain conditions, subject to the consent of the Supervisory Board. A resolution of the Shareholders' Meeting on May 26, 2009, again authorized the Board of Management to acquire treasury stock in the amount of up to 10 percent of the share capital in existence at the date of the resolution. The authorization expires at the end of the day on November 25, 2010.

Related Party Transactions with Individuals

During the year, Michael Hahn sold shares of three of the closed-end real estate funds established by the company to HAHN Fonds Geschäftsführungs GmbH and HAHN Fonds Management GmbH, for a total purchase price of Euro 1 thousand. Furthermore, Michael Hahn Vertriebs GmbH acquired from various Hahn Group companies a number of shares of the closed-end real estate funds established by the company, for a total purchase price of Euro 2,939 thousand.

HAHN Property Management GmbH provides real estate management services for residential buildings owned by Michael Hahn and his family. The Hahn Group received compensation of Euro 7 thousand (2008: Euro 7 thousand) for these management services in fiscal 2009. The company also provides real estate management services at no charge for an office building owned by a member of Michael Hahn's family.

Michael Hahn has furnished personal guarantees for liabilities of the Hahn Group and the real estate funds it manages, with the values shown in the following table as of the end of the period:

In fiscal 2009, Michael Hahn received a commission of Euro 2 thousand (2008: Euro 13 thousand) from the Hahn Group for assuming this guarantee.

During the year, Michael Hahn extended loans of Euro 568 thousand to HAHN-Immobilien-Beteiligungs AG, at an interest rate of 3.5 percent p.a. HAHN-Immobilien-Beteiligungs AG in its turn extended a loan of Euro 119 thousand to Michael Hahn, at the onr-year Euribor rate plus 200 basis points. A total of Euro 15 thousand in interest expenses to Michael Hahn and Euro 1 thousand in interest income from Michael Hahn are recognized.

The law firm of one member of the Supervisory Board of the Hahn Group provided legal advisory services to the Hahn Group companies during the year for a total of Euro 20 thousand (2008: Euro 87 thousand).

During the year, Michael Hahn Vertriebs GmbH received a sales commission of Euro 303 thousand (2008: Euro 90 thousand).

Data in thousand Euro	12/31/2009	12/31/2008
Liabilities of associated companies	–	1,010
Liabilities of the property funds established and administered by the Hahn Group	210	210
Total	**210**	**1,220**

The following reportable securities transactions under Sec. 15a of the German Securities Trading Act (Directors' Dealings) were carried out during the period:

On November 19, 2009, Michael Hahn acquired 153,613 shares at a purchase price of Euro 1.30 per share. On November 19, 2009, Dr. John von Freyend acquired a total of 60,000 shares at a price of Euro 1.30 per share. Also on November 19, 2009, Thomas Kuhlmann acquired 40,000 shares at a price of Euro 1.30 per share. Anita Schoofs, the wife of Bernhard Schoofs, acquired a total of 60,000 shares on November 19, 2009, at a price of Euro 1.30 per share.

On December 18, Andrea Hahn, the wife of Michael Hahn, acquired 19,763 shares at a price of Euro 2.50 per share.

Further explanatory information is provided in the Notes to the Consolidated Financial Statements.

Compensation Report

The Compensation Report explains the principles, structure and amount of the compensation paid to the members of the Board of Management and the Supervisory Board. The report is governed by the recommendations of the German Corporate Governance Code. The Compensation Report is included in the Corporate Governance Report on pages 14 – 15, and as such is a part of the Management Report. Further information is provided in the Notes to the Consolidated Financial Statements.

Risk Report

Risk management is an integral part of the implementation of our business strategies. In the Group's fields of core competence, we knowingly take appropriate, foreseeable and manageable risks, and continue to bear them as long as they also offer the expectation of an appropriate appreciation in value. Speculative transactions and any other undertakings of a speculative nature are prohibited on principle. Our guidelines ensure that our dealings with our business partners and clients will always be fair and responsible. As part of this risk management, the various business segments report on a bottom-up basis, with graduated limit values, by way of proposals for decisions on potential risks associated with the properties.

Our risk policy is consistent with our endeavor to grow sustainably and enhance corporate value, while at the same time largely avoiding or controlling any inappropriate risks.

Risk management

As a corporation that operates in the capital market within the meaning of Sec. 264d of the German Commercial Code, we are obligated under Sec. 289 (5) of the Commercial Code to describe the main features of our internal controlling and risk management system with regard to the reporting process. We view the internal controlling and risk management system as a comprehensive system, and draw on the definitions of the Institute of Public Auditors in Germany (the IDW) for accounting-based internal control systems (IDW PS 261, Item 19 f.) and for the risk management system (IDW PS 340, Item 4). Here an internal control system means the principles, procedures and measures introduced by management for the organizational implementation of its decisions, so as:

- to ensure the efficacy and cost-effectiveness of business activities;
- to ensure the correctness and reliability of internal and external reporting; and
- to comply with the requirements of law that pertain to the company.

The risk management system includes the totality of all organizational provisions and measures for risk detection and for handling the risks of business activity.

The Board of Management, on its own responsibility, has designed the Hahn Group's accounting-based internal controlling system and risk management system on the basis of the company's own specific needs. The existing accounting and reporting processes are intended:

- to ensure that the financial statements are prepared in compliance with reporting standards;
- to limit known risks; and
- to review how known risks may affect the consolidated financial statements, and to reflect these risks appropriately.

A clearly defined management and reporting organization incorporates all companies and strategic lines of business included in the financial statements. The principles, structure and procedural organization, as well as the processes for the accounting-based internal controlling and management system are laid down in a manual. The tasks and responsibilities in preparing the consolidated and single-entity financial statements are defined and allocated by the accounting manager. The accounting manager monitors that the scheduled tasks are completed on time.

The accounts of the consolidated individual companies are handled with a certified standardized software, but the implemented consolidation system, which is compatible with the standard software, focuses on the subsidiaries' needs. Both data processing systems include access measures intended to protect against unauthorized access.

The consolidated accounting is performed by a different staff from the accounting of the consolidated entities. The size of the staff for consolidated accounting and for accounting at the consolidated individual entities is consistent with the needs of the Hahn Group. The professional knowledge of the employees engaged in accounting and in preparing the financial statements is furthered by selective external continuing professional education. Additionally, the employees are regularly informed by the accounting manager about current developments in accounting.

The single-entity and consolidated reporting process is overseen by the accounting manager, who ensures that Group-wide reporting standards are observed. The consolidated financial statements are also discussed with the Board of Management.

The accounting employees and their manager report to Mr. Kuhlmann, the member of the Board of Management in charge of accounting and reporting. There are regular weekly exchanges of information between the Board member and the accounting manager.

In addition to the organizational structure of the accounting and reporting process, the Hahn Group also makes use of the services of outside experts in preparing the single-entity and consolidated financial statements.

External and internal riskss

All of the following risks are associated with the opportunities that arise in our business activities. The risks were determined in a risk inventory.

Sector and industry risks
Once again in fiscal 2009, the capital and credit markets were subject to considerable fluctuations and distortions that took on hitherto unparalleled dimensions. The financial crisis resulted in fluctuations and distortions that may also affect the Hahn Group's assets and liabilities, financial position and profit or loss, and especially its ability to raise capital in the market.

As one of the significant participants in the market, the Hahn Group too is exposed to stiff competition in regard to buying, selling and leasing properties. If competition becomes even more intense, and especially if other market participants hold high levels of free liquidity, the Hahn Group might be unable to find attractive acquisition opportunities or solvent tenants for follow-on leases. To minimize these risks, the Hahn Group has established an extensive network of contacts with different market participants, and engages in intensive exchanges with existing and potential anchor tenants. Our well-capitalized investment vehicles, such as the HAHN FCP fund, still have the possibility of using equity for acquisitions.

Fund products for private and institutional investors likewise compete with a large number of alternative forms of capital investment. The demand behavior of investment groups may change over time, and is furthermore contingent on such external influences as general levels of interest rates.

The Hahn Group's innovative strength enables it to design fund products that are tailored to the current demand situation. In that regard, it successfully counteracts selling risks.

Financing risk and risk of interest rate changes
The central Financing department continuously records and monitors credit risks at Group companies and at the properties under management. Depending on the underlying product, it applies a variety of concepts for dealing with an individual credit risk. A central program synthesizes the data with current planning to arrive at an estimate that can be used as a basis in determining bad debt allowances for default risks. The general environment for financing real estate acquisitions is subject to constant change. The appeal of financing possibilities is contingent on a wide variety of constantly changing factors that are beyond the company's control. These include, for example, the levels of interest rates for financing, the volume to be financed, the tax environment, and also banks' assessment of the value and recoverability of properties that serve as collateral for loans, and their assessment of the general economic climate. An adverse change in the supply of financing could significantly restrict the Hahn Group's ability to acquire and market real estate, and thus adversely affect its assets and liabilities, financial position, and profit or loss. In some cases, where there is a suitable underlying transaction, derivative hedging instruments like interest swaps are used selectively to hedge interest rate risks.

Liquidity and credit risks
A negative trend in the capital markets may increase the Hahn Group's borrowing costs. The collapse of the US subprime mortgage market had an impact on capital markets worldwide, with follow-on losses and a deterioration of the solvency of numerous financial institutions. Initial signs suggest that an economic recovery is in progress that could also affect our borrowing costs as a consequence of a shortage of funds. The Financing department is responsible for financing the property companies. An adverse development in the capital markets would raise financing costs and might restrict financial flexibility. Such developments may limit the Group's borrowing options.

Currency risk
All of the company's financial liabilities are denominated in Euros. Loans have been taken out in Swiss Franc only for a few smaller investment companies, but no noteworthy risks are to be expected here.

Loss of rent risk
As a specific company policy, properties in retail are leased to companies with good credit standing. Since German zoning regulations restrict the number of building permits for new retail properties, demand for space will continue as retail companies continue to expand. Additionally, the Hahn Group monitors loss of rent risk by constantly analyzing markets and locations, and by keeping a watchful eye on the credit standing of the operators and on their operating and strategic focus.

IT security risks
The information technologies that we use are constantly reviewed to determine whether they ensure secure handling of computer-assisted business processes. They are updated as necessary. The further development of our IT structures and systems is a high priority, to ensure that they are available without interruption.

Our in-house IT department is supported by external IT service providers. Besides expanding the interfaces between the controlling systems that we employ, such as Customer Relation Management (CRM), the Portfolio Management System (PMS), and the Management Information System (MIS), we particularly expanded and refined data access and connections to vendor systems. Additionally, the Property Management unit established a data room to optimize property management, along with a systematic dunning process. Our integrated networking of the IT packages customized to our requirements has proved its worth very well on the whole, and provides decision makers with up-to-date information at all times. At the same time, we have increased our employees' skills in using these IT systems through extensive training programs.

Personnel risks
We continue to expand our service business. For that reason, dedicated employees and executives, specializing in our industry, are a core success factor for the Hahn Group. Consequently, there is a risk that we might not be able to find such high performers to fill vacant positions in our Group, or that we might be unable to retain them. We were able to successfully fill additional management and staff positions during the year. We position ourselves as an attractive employer and foster long-term employee loyalty to the Group.

However, competition in the specialized real estate industry remains very tough when it comes to recruiting highly qualified executives, as well as commercial and technical employees. Future success will depend in part on the extent to which we can lastingly integrate the requisite specialists and ensure their long-term loyalty to the company.

Compliance risks
Hahn works with many real estate sellers and major-name lenders, and is also involved in projects financed by banks. If it were found that the Group was involved in illegal acts, or that it took no effective action against fraudulent practices within the company, this might adversely affect the Group's business. For many years now, management has implemented measures to implement the internal controlling systems, and these measures also address the problem of corruption and the compliance risk.

Legal situation
It is possible in principle that the Group might be exposed to risks arising from litigation or legal proceedings at some time in the future. The company recognizes provisions for risks arising from litigation and other proceedings if (a) a present obligation has arisen as a result of a past event, (b) it is probable that payment will be necessary to meet that obligation, and (c) the potential amount of the obligation can be estimated reliably. In addition, the Group has taken out liability insurance for specific risks with an amount of coverage that management considers sufficient and that is consistent with common practice in the industry.

Regulatory risks
Present or future environmental or other rules laid down by the authorities, as well as their amendments, may increase the operating costs of the property companies. These could constitute grounds for prospectus liability if the legal time bars have not yet fallen. The Group might also incur obligations as a result of environmental pollution or for the decontamination of properties that the Group has acquired or may acquire in the future. The company recognizes provisions for environmental risks if, for the Group,

(a) a present obligation arises as a result of a past event,

(b) it is probable that an outflow of economic resources will be required to settle the obligation, and

(c) the amount of the obligation can be estimated reliably.

For certain environmental risks, liability insurance is taken out for specific properties, with coverage that management deems appropriate and customary in the industry.

Summary of the risk situation

In addition to the overall economic risks associated with the global financial crisis, the most important individual risks are procurement and sales risks, as well as financing risks resulting from the financial crisis.

All units conduct prompt reporting that enables the Board of Management at all times to take appropriate countermeasures to correct for any deviations from plans. Risk management is an integral part of all business processes. The Board of Management is of the opinion that the risks listed above do not threaten the continued existence of the Hahn Group. Rather, the objective is to increase sustainable earnings as a basis for the Group's further expansion in the private sector and – increasingly – in the institutional sector of real estate funds.

Opportunities for future company development

An increasing demand for low-risk investments in commodities, such as retail properties often are, would further strengthen demand for our fund products.

The substantial slumps in sales volumes for some classes of commodities have weakened competitors' revenue and earnings situation. The Hahn Group could profit from the resulting consolidation process through acquisitions and cooperative arrangements.

Future financing might entail greater requirements for equity and collateral. As a company that has been in the market for more than 25 years, listed on the stock exchange and one of the market leaders in our segment, we have advantages over our competitors in financing new acquisitions. We also have well-capitalized investment vehicles that can generally obtain more advantageous financing terms than opportunistic investors.

By focusing Fund Management on private and institutional investors, we achieve a greater diversification of client groups, which lends our company greater stability in earnings performance.

Because of our specialization in one investment segment, and the extensive integration of our services, we can conceive new fund products in a shorter time than many of our competitors. In the current market situation, where investment opportunities also open up on very short notice, this can be a crucial advantage. By tapping new sales channels, the Hahn Group could grow more than proportionately, especially in the private client business.

On the procurement side, we believe the expansion of our acquisition criteria to prime downtown locations and shopping centers will give us a chance to acquire higher volumes, and thus also to conceive more fund products.

Material Events after the Reporting Date

On January 28, 2010, the Hahn Group entered into a strategic cooperation arrangement with UNIMO Group, a real estate developer and investor specializing in retail properties. As part of the cooperation agreement, the parties agreed that in the next few years UNIMO, or its shareholder, Dr. Michael Nave, would subscribe for a total of at least Euro 2.3 million shares of HAHN-Immobilien-Beteiligungs AG at a price of at least Euro 5.50, by way of capital increases in return for cash. Of this amount, at least 1 million shares are to be subscribed by no later than December 31, 2010. The subscription price of Euro 5.50 per share represents a substantial premium over the closing price on January 22, 2010 (Euro 2.07). The total capital increase will bring the Hahn Group additional funds of at least roughly Euro 12.5 million, which will be used to finance further growth.

The Hahn Group's majority shareholder, Michael Hahn, and the UNIMO Group, or Dr. Michael Nave, also plan to establish equal ownership shares within the next three to five years.

Effective February 1, 2010, the Supervisory Board appointed Dr. Michael Nave as CEO. Dr. Nave succeeds the former CEO, Bernhard Schoofs, who left the company at his own request as of January 28, 2010.

Outlook

Economic and legal conditions

Following the severe recession in Germany, an economic stabilization set in during 2009 in Germany, and after several quarters of contraction the German economy returned to a growth track. Global economic performance likewise has begun showing a friendlier face than a year ago. According to estimates released at the end of January 2010 by the International Monetary Fund (IMF), the global economy is expected to recover faster than originally assumed, after two years of crisis. For Germany, the IMF expects growth of 1.5 percent – a substantially better performance than the average for the Euro zone, where GDP is expected to grow only 1 percent. Deutsche Bank Research sees positive signals for the German economy in its economic outlook for 2010, and bases its optimistic assessment on the expectation that the upswing, hitherto supported primarily by monetary and fiscal policy measures, will become increasingly self-sustaining. Because of the tax relief for households, the still-low inflation rate, and the still-mild decrease in employment because of a wide use of the official program for shortened work schedules, consumer spending is expected to grow 0.75 percent.

International brokerages estimate that 2010 will see a continuing strong demand for retail space, especially in prime locations. Even if the pace of expansion of retail companies has slowed, and lease negotiations may take more time, the general expectation is also that peak rents in the more heavily trafficked locations will largely stabilize. This development will enhance retail properties' attractions for investors. As a result, we expect that initial rents for retail properties will tend to recede, unless there is a significant deterioration in the economic environment. Because of many investors' risk aversion, and their preference for investments with sustainable cash flows that are as predictable as possible, we assume that large retail properties in particular, such as retail warehouse centers, will meet with lively investor demand in both the direct and indirect real estate investment segment. Long-term leases with retail corporations that have excellent credit standing, such as are typical in this segment, offer investors a comparatively high income reliability, which meets many real estate investors' current requirement profiles.

In the market for equity investment models, we expect the trends that became established in 2009 to continue. Once again in 2010, private investors are very likely to primarily favor conservatively calculated products, with transparent, readily understandable structures. Among closed real estate funds, offerings of equity interests in retail properties, which sharply increased their share of the total market in 2009, will very likely play an important role again in 2010. Here – similarly to the case with institutional investors – comparatively long lease terms, tenants with good credit, and relatively predictable cash flows are likely to prompt many investors to decide in favor of retail real estate funds

Business performance

We foresee good opportunities for positive business performance in 2010, even though we are aware that significant risks remain. For example, banks are still very reluctant to lend, so that financing costs and the availability of real estate loans could keep our fund business from expanding as planned.

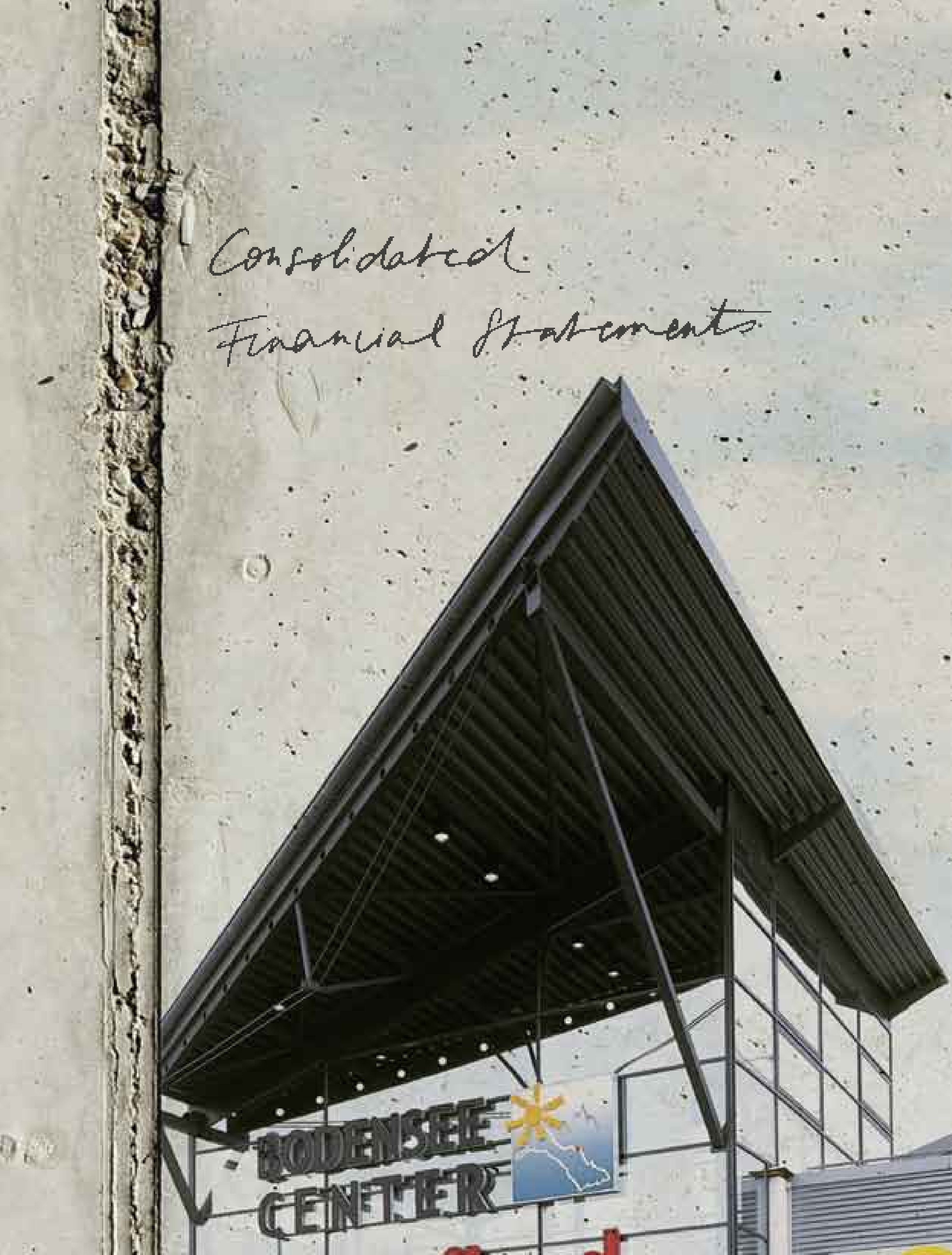
In the Trading segment, we expect a volume of about Euro 90 million in sales in our private fund business in 2010. In the institutional fund business, we intend to build subscriptions for the HAHN FCP fund to more than Euro 200 million. At present, we are also actively examining the possibility of tapping new sales channels.

The growth of our fund vehicles will lead to an expansion of real estate assets under management, and thus to an increase in management fees in the Management segment. We also expect non-recurring commissions from Asset Management and sales to grow in 2010.

The Investment segment will presumably generate growing investment income from its co-investments. Since almost all investment properties were sold in fiscal 2009, this segment will earn no more rental income in 2010.

As one of Germany's leading asset managers for retail properties, the Hahn Group is very well positioned. The Board of Management and the Hahn Group's employees will set a high priority in 2010 on making the Group more competitive, so that we can take even better advantage of our strong market position. Given the optimization measures that have already been initiated, our reduction in real estate assets, and systematic cost management, we expect to show a consolidated profit for the current year. We expect the general economic environment to brighten further in 2011, with even better sales of our fund products. This will have a corresponding effect on revenue and earnings.

Consolidated Financial Statements



Consolidated Statement of Comprehensive Income

Data in Euro	2009	2008 restated*	[Notes]
Revenue	92,402,218	428,107,416	[1]
Other operating income	1,590,776	2,020,907	[2]
Total operating income	93,992,994	430,128,323	
Cost of sales	– 82,222,194	– 400,719,608	[3]
Personnel expenses	– 7,412,614	– 6,716,266	[4]
Other operating expenses	– 7,194,824	– 8,787,572	[5]
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**– 2,836,638**	**13,904,877**	
Depreciation and amortization	– 413,605	– 338,396	
Earnings before interest and taxes (EBIT)	**– 3,250,243**	**13,566,481**	
Share of profit / loss from associates	– 102,947	1,944,149	
Shares of fund profit or loss attributable to minority interests	– 264,180	– 212,231	
Financial income	2,748,801	3,432,859	[6]
Financial expenses	– 10,575,340	– 29,695,479	[7]
Earnings before taxes (EBT)	**– 11,443,909**	**– 10,964,221**	
Income taxes	5,310,387	1,098,404	[8]
Consolidated loss for the year	**– 6,133,522**	**– 9,865,817**	
Net losses / gains on available-for-sale financial assets	– 611,992	201,000	[9]
Net gains / losses on interest rate swaps	3,320,047	– 3,995,358	[9]
Income tax relating to components of other comprehensive income	– 859,497	1,204,908	
Other comprehensive income after tax	**1,848,558**	**– 2,589,450**	
Total comprehensive income after tax	**– 4,284,964**	**– 12,455,267**	
Earnings per share (Euro)	– 0.51	– 0.82	[10]

*Because of restatements, some of the amounts shown differ from the amounts in the consolidated financial statements for fiscal 2008 (for details see Notes V. [1], [3] and [5]).

Consolidated Statement of Financial Position (Balance Sheet) as of December 31, 2009

Assets Data in Euro	12/31/2009	12/31/2008 restated	01/01/2008	[Notes]
Noncurrent assets				
Intangible assets	287,146	393,502	346,492	[11]
Investment property	521,785	49,368,871	49,016,871	[12]
Property, plant and equipment	3,461,038	3,735,021	3,784,436	[13]
Investments in associates	2,604,465	3,056,410	1,206,795	[14]
Income tax receivables	295,127	346,019	382,127	
Other financial assets	33,726,514	26,567,910	14,363,255	[15]
Deferred tax assets	5,014,000	3,657,097	1,903,713	[16]
	45,910,075	**87,124,830**	**71,003,689**	
Current assets				
Inventories				
Property held for sale	60,346,388	68,568,232	316,731,146	[17]
Current asset securities	1,116,756	4,298,306	3,622,070	[18]
Advance payments made	–	2,903,744	2,970,343	[18]
	61,463,144	**75,770,282**	**323,323,559**	
Accounts receivable and other assets				
Trade accounts receivable	1,268,489	3,933,817	12,073,933	[19]
Related-party receivables	4,285,884	4,494,463	3,371,235	[20]
Receivables from minority shareholders	242,259	25,491	25,491	
Income tax receivables	3,444,800	868,834	262,573	
Other financial assets	2,312,998	3,094,957	5,708,682	[21]
Sundry other assets	48,797	300,175	96,301	[22]
	11,603,227	**12,717,737**	**21,538,215**	
Cash and bank balances	**5,028,332**	**19,098,048**	**22,506,177**	[23]
	78,094,703	**107,586,067**	**367,367,951**	
Assets classified as held for sale	**3,954,388**	**–**	**–**	[24]
	127,959,166	**194,710,897**	**438,371,640**	

You can download the chart at www.hahnag.de

Liabilities and shareholders' equity — Data in Euro	12/31/2009	12/31/2008 restated	01/01/2008	[Notes]
Shareholders' equity				
Issued capital	12,000,000	12,000,000	12,000,000	[25]
Additional paid-in capital	17,038,944	17,038,944	17,038,944	
Retained earnings	3,748,331	3,748,331	3,747,443	
Accumulated other comprehensive income	– 740,892	– 2,589,450	–	
Distributable profit/loss	– 11,186,047	– 5,052,525	6,973,393	
	20,860,336	**25,145,300**	**39,759,780**	
Liabilities				
Noncurrent liabilities				
Provisions	2,025,299	2,168,821	2,240,303	[26]
Liabilities to banks	14,473,229	51,507,985	44,055,162	[27]
Other financial liabilities	4,772,173	5,741,717	103,538	[28]
Deferred tax liabilities	3,147,000	3,820,511	5,224,512	[16]
	24,417,701	**63,239,034**	**51,623,515**	
Current liabilities				
Provisions	592,701	631,179	786,800	[26]
Liabilities to banks	66,389,409	80,586,858	326,444,868	[27]
Trade accounts payable	3,896,097	4,058,950	1,575,631	[29]
Related-party liabilities	5,395,102	5,879,601	738,483	[30]
Liabilities to minority shareholders	13,133	2,393,492	2,527,981	[31]
Income tax liabilities	235,936	1,436,886	1,319,781	
Other financial liabilities	5,664,048	10,713,857	12,652,765	[32]
Sundry other liabilities	494,703	625,740	942,036	[33]
	82,681,129	106,326,563	346,988,345	
	107,098,830	**169,565,597**	**398,611,860**	
	127,959,166	**194,710,897**	**438,371,640**	

Consolidated Statement of Changes in Equity

Data in thousand Euro	Issued capital	Additional paid-in capital	Retained earnings	Reserve for interest rate swaps	Reserve for available-for-sale financial assets	Net profit/loss	Total
2008							
As of 01/01/2008	12,000	17,039	3,748	–	–	6,973	39,760
Dividends	–	–	–	–	–	– 2,160	– 2,160
Consolidated loss for the year	–	–	–	–	–	– 5,366	– 5,366
Other net income/expense	–	–	–	– 2,726	137	–	– 2,589
Total comprehensive income for the period	**–**	**–**	**–**	**– 2,726**	**137**	**– 5,366**	**– 7,955**
As of 12/31/2008 before restatement	**12,000**	**17,039**	**3,748**	**– 2,726**	**137**	**– 553**	**29,645**
Restatement						– 4,500	– 4,500
As of 12/31/2008 after restatement	**12,000**	**17,039**	**3,748**	**– 2,726**	**137**	**– 5,053**	**25,145**
2009							
As of 01/01/2009	12,000	17,039	3,748	– 2,726	137	– 5,053	25,145
Consolidated loss for the year	–	–	–	–	–	– 6,133	– 6,133
Other net income/expense	–	–	–	2,656	– 147	–	1,848
Total result for the period under review	**–**	**–**	**–**	**2,656**	**– 147**	**– 6,133**	**– 4,285**
As of 12/31/2009	**12,000**	**17,039**	**3,748**	**– 461**	**– 280**	**– 11,186**	**20,860**

You can download the chart at www.hahnag.de

Consolidated Statement of Cash Flows

Data in thousand Euro	2009	2008 restated
Consolidated loss for the year	**– 6,134**	**– 9,866**
Depreciation and amortization of noncurrent assets	414	606
Share of profit / loss from associates	103	– 1,944
Change in long-term provisions	– 144	– 71
Gain / loss on fair valuation of investment property	–	– 352
Other non-cash expenses / income	6,446	2,132
Changes in deferred taxes recognized in profit or loss	1	– 4,133
Gain / loss on disposal of noncurrent assets	– 3,039	– 1,952
Changes in real estate holdings and current asset securities	57,955	247,553
Changes in liabilities to banks attributable to real estate holdings and current asset securities	– 48,819	– 247,289
Changes in liabilities and other financial assets	– 223	1,977
Changes in current liabilities, excluding liabilities to banks	– 4,747	100
Net cash generated / used in operating activities	**1,813**	**– 13,239**
Investments in intangible assets	– 10	– 157
Investments in property, plant and equipment	– 24	– 179
Changes in investments in associates	– 651	–
Payments received from the sale of other long-term financial assets	5,858	12,109
Investments in other long-term financial assets	– 18,642	– 13,276
Net cash used in investing activities	**– 13,469**	**– 1,503**
Payments to shareholders (dividends)	–	– 2,160
Payments received from (financial) borrowings	4,820	13,494
Payments made for the repayment of (financial) borrowings	– 7,233	–
Net cash used / generated in financing activities	**– 2,413**	**11,334**
Cash changes in cash and cash equivalents	**– 14,069**	**– 3,408**
Cash and cash equivalents at 01 / 01	19,098	22,506
Cash and cash equivalents at 12 / 31	**5,028**	**19,098**

Segment Report

2009 Data in thousand Euro	Trading	Management	Investment	Transition	Group
Revenue	40,516	7,955	44,358	– 427	92,402
thereof: with other segments	118	309	—	– 427	—
EBITDA	– 1,914	2,523	1,446	– 4,892	– 2,837
Segment profit / loss (EBIT)	– 2,322	2,518	1,446	– 4,892	– 3,250
Profit / loss from associates	– 103	—	—	—	– 103
Depreciation and amortization	409	5	—	—	414
Financial income	2,502	1,704	1,031	– 2,488	2,749
thereof: interest income	1,883	384	53	– 1,361	959
Financial expenses	– 8,169	– 809	– 2,958	1,361	– 10,575
thereof: interest expenses	– 3,976	– 809	– 2,958	1,361	– 6,382
Other noncash income and expenses	– 2,345	—	– 4,101	—	– 6,446
Earnings before taxes (EBT)	– 11,018	3,746	1,849	– 6,021	– 11,444
Segment assets	101,429	2,103	16,502	7,925	127,959
thereof: investments in associates	2,604	—	—	—	2,604
Segment liabilities	41,924	—	8,629	56,546	107,099
Operating investments	—	—	18,410	—	18,410

You can download the chart at www.hahnag.de

2008 (restated) Data in thousand Euro	Trading	Management	Investment	Transition	Group
Revenue	406,086	8,045	14,904	– 928	428,107
thereof: with other segments	–	928	–	– 928	–
EBITDA	9,404	839	7,652	– 3,990	13,905
Segment profit / loss (EBIT)	9,067	837	7,652	– 3,990	13,566
Profit / loss from associates	1,944	–	–	–	1,944
Depreciation and amortization	337	2	–	–	339
Financial income	3,524	1,027	317	– 1,435	3,433
thereof: interest income	2,383	648	128	– 1,374	1,784
Financial expenses	– 26,849	– 1,337	– 2,884	1,374	– 29,695
thereof: interest expenses	– 26,265	– 1,337	– 2,884	1,374	– 29,112
Other noncash income and expenses	– 3,708	–	–	–	– 3,708
Earnings before taxes (EBT)	– 6,281	– 2,100	1,467	– 4,050	– 10,964
Segment assets	116,197	5,731	67,107	5,676	194,711
thereof: investments in associates	3,056	–	–	–	3,056
Segment liabilities	54,907	–	6,768	107,891	169,566
Operating investments	642	46	– 9,556	–	10,244

You can download the chart at www.hahnag.de

HAHN-Immobilien-Beteiligungs AG
Consolidated Financial Statements as of December 31, 2009

Notes to the Consolidated Financial Statements

I. ACCOUNTING POLICIES

The consolidated financial statements as of December 31, 2009, for HAHN-Immobilien-Beteiligungs AG, of Bergisch Gladbach (hereinafter the "Hahn Group" or the "Group") were prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted and published by the International Accounting Standards Board (IASB). Under a regulation of the European Union (EU), all entities domiciled in the EU whose securities are admitted for trading on a regulated market within the EU must prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The requirements of the IFRSs in effect at the end of the reporting period were met in full, and result in the presentation of a true and fair view of the assets and liabilities, financial position, and profit or loss of the Hahn Group.

HAHN-Immobilien-Beteiligungs AG, which has its registered office and principal place of business at Buddestrasse 14, in Bergisch Gladbach, Germany, is an entity established exclusively in Germany. As an independent real estate manager for large retail properties, the Group and its subsidiaries cover the full value chain in this market segment.

The Hahn Group's consolidated financial statements for fiscal 2009 were forwarded by the Board of Management to the Supervisory Board for publication on March 18, 2010.

Some items of the statement of comprehensive income and in the statement of financial position (balance sheet) have been combined for greater clarity. These items, together with the associated accounting policies, are explained in the Notes. The statement of comprehensive income is organized using the total cost format.

The consolidated financial statements have been prepared in Euro. Unless indicated otherwise, all amounts are stated in thousands of Euro (Euro 000).

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

II. BASES OF CONSOLIDATION AND OF PREPARATION

Basis of consolidation

Basis of consolidation as of January 1, 2009
The consolidated financial statements include the financial statements of HAHN-Immobilien-Beteiligungs AG and its subsidiaries as of December 31, 2009.

Subsidiaries are fully consolidated as of their acquisition date, i.e., the date on which the Group obtains control. They are deconsolidated as soon as the parent company no longer holds control. The subsidiaries' financial statements are prepared using uniform accounting policies, and for the same period as the financial statements of the parent company. All intra-Group balances, income and expenses, as well as unrealized gains and losses and dividends from intra-Group transactions, are eliminated in full.

Any change in the level of ownership in a subsidiary that does not entail a loss of control is recognized as an equity transaction.

Losses are attributed to noncontrolling interests even if the consequence is a negative balance.

When the parent company no longer controls a subsidiary,
- it derecognizes the subsidiary's assets (including goodwill) and liabilities,
- it derecognizes the carrying amount of all noncontrolling interests in the former subsidiary,
- it derecognizes cumulative foreign currency translation differences formerly recognized in equity,
- it recognizes the consideration received in return at fair value,
- it recognizes the remaining ownership interest at fair value,
- it recognizes any profits or losses in the profit or loss for the period,
- it reclassifies the components of other income attributable to the parent company to the income statement, or where required, to revenue reserves.

Basis of consolidation prior to January 1, 2009
In comparison with the above requirements, which were applied prospectively for the year under review, the following different principles applied in the past:

- Noncontrolling interests represented the share of profit or loss and of net assets that was not attributable to the Group. Consequently, any profits or losses attributable to these interests were recognized in the income statement separately from the share in profits or losses attributable to the owners of the parent company. These interests were recognized in equity in the balance sheet, separately from the equity attributable to owners of the parent company. Losses were attributed to the noncontrolling interests until their balance reached zero. Any losses in excess of that amount were attributed to the parent company, except in those cases where the noncontrolling interests had assumed an obligation to compensate for losses.

- In the event of a loss of control, the Group recognized the remaining ownership interest in the amount of the associated share of net assets at the date of the loss of control.

As a rule, acquisitions of real estate funds are not treated under the principles of IFRS 3, Business Combinations, but as an acquisition of assets.

Because limited partnership interests in these funds are classified as borrowings under IAS 32, the shares of capital attributable to outside limited partners are recognized as borrowings, and the associated shares of earnings are recognized as an expense or as income, as the case may be.

Investments in an associate

The Group's investments in an associate are accounted for using the equity method. An associate is an entity over which the Group has significant influence.

Under the equity method, investments in an associate are recognized in the balance sheet at cost plus any adjustments to reflect changes in the Group's share of the net assets of the associate after its acquisition. The goodwill connected with the associate is included in the carrying amount of the investment, and undergoes neither scheduled amortization nor a separate impairment test.

The income statement includes the Group's share of the associate's profit or loss for the period. Changes recognized directly in the associate's equity are recognized by the Group proportionately to the Group's ownership interest, and if necessary are presented in the statement of changes in equity. Unrealized gains and losses from transactions between the Group and the associate are eliminated proportionately to the Group's ownership interest in the associate.

The share of profits of an associate is recognized in profit or loss. This is the profit attributable to the owners of the associate, and thus it is the profit after taxes and minority interests in the associate's subsidiaries.

The associate's financial statements are prepared as of the same reporting date as those of the parent company. Where necessary, adjustments are made to comply with the uniform Group accounting policies.

After applying the equity method, the Group determines whether it is necessary to recognize an additional impairment loss for the Group's investments in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in an associate may be impaired. If this is the case, the difference between the recoverable amount of the investment in the associate and the carrying amount of that investment is recognized in profit or loss as an impairment loss.

If the Group loses its significant influence, it measures all interests it holds in the former associate at fair value. Differences between the carrying amount of the investment in the associate at the date of the loss of significant influence, and the fair value of the retained investment, together with the proceeds from disposal, are recognized in profit or loss.

Bases of preparation

The applied accounting policies are substantially the same as those applied for the previous year, with the following exceptions:

As of January 1, 2009, the Group applied the following new and revised IFRSs:

- IFRS 3, Business Combinations (Revised) and IAS 27, Consolidated and Separate Financial Statements (Revised), including the related revisions to IFRS 7, IAS 21, IAS 28, IAS 31 and IAS 39, took effect on July 1, 2009 (applied early).
- IFRS 7, Financial Instruments: Disclosures, took effect on January 1, 2009.
- IFRS 8, Operating Segments, took effect on January 1, 2009.
- IAS 1, Presentation of Financial Statements, took effect on January 1, 2009.
- IAS 23, Borrowing Costs (Revised), took effect on January 1, 2009.
- IAS 32, Financial Instruments: Presentation, and IAS 1, Presentation of Financial Statements: Puttable Instruments and Obligations Arising on Liquidation, took effect on January 1, 2009.
- Annual Improvements to IFRSs 2008.

Where the application of a standard or interpretation affects the presentation of the Group's assets and liabilities, financial position, and profit or loss, the details of those effects are explained below.

IFRS 3, Business Combinations (Revised), and IAS 27, Consolidated and Separate Financial Statements (Revised)

The Group applied both standards as of January 1, 2009. IFRS 3 (Revised) makes significant changes in the recognition of business combinations that take place after the application date. It affects the measurement of noncontrolling interests, the recognition of transaction costs, the initial recognition and subsequent measurement of contingent consideration, and step acquisitions. These new provisions will affect the measurement of goodwill, the profit or loss for the period in which a business combination takes place, and future profits and losses.

IAS 27 (Revised) requires that a change in an investment in a subsidiary that does not result in a loss of control is to be accounted for as an equity transaction with owners, in their capacity as owners. Therefore such a transaction cannot result in either goodwill or a gain or loss. The new standard also includes amended provisions about the application of losses to owners of the parent company and to minority interests, and changes in the rules for the recognition of transactions that result in a loss of control. The new provisions of IFRS 3 (Revised) and IAS 27 (Revised) will affect future acquisitions or losses of control of subsidiaries and transactions with noncontrolling interests.

This change in reporting rules was applied early, and had no material impact on earnings per share.

IFRS 7, Financial Instruments: Disclosures
The revised standard calls for additional disclosures about fair valuation and liquidity risk. The revision calls for a quantitative analysis of the determination of fair values on the basis of a three-level hierarchy for each class of financial instruments that are fair-valued. Additionally, in fair valuations for Level 3, a reconciliation between initial and ending balances is now required, as well as the disclosure of significant reclassifications between Levels 1 and 2 of the hierarchy. The revision furthermore clarifies the requirements for disclosures of liquidity risks deriving from business transactions relating to derivatives, and of assets used for purposes of liquidity management. The disclosures about fair valuation are provided in Note IX. The new rule causes no material change in disclosures about liquidity risk; these appear in Note IX.

IFRS 8, Operating Segments
As of its effective date, IFRS 8 supersedes IAS 14, Segment Reporting. The Group has found that the operating segments identified under IFRS 8 are equivalent to the segments identified previously under IAS 14. Disclosures under IFRS 8, including revised information for comparison, are provided in Note VIII.

IAS 1, Presentation of Financial Statements
The revised standard calls for a separate presentation of changes in equity that result from transactions with owners in their capacity as owners, and other changes in equity. Consequently, the statement of changes in equity includes only details on transactions with owners, while other changes in equity are shown in the aggregate in the form of a reconciliation item for individual components of equity. Moreover, the standard introduces a statement of comprehensive income that includes all income and expense items covered by the income statement, together with all components of earnings that are recognized in equity with no effect on profit or loss; this information is to be presented either as a single statement or as two interrelated statements. The Group has decided to present the statement of comprehensive income as a single statement.

IAS 32, Financial Instruments: Presentation, and IAS 1, Presentation of Financial Statements: Puttable Instruments and Obligations Arising on Liquidation
The changes in these standards permit limited exceptions under which puttable financial instruments can be classified as equity if they meet certain criteria. The application of these changes had no impact on the Group's assets, liabilities, financial position, and profit or loss.

Annual Improvements to IFRSs
In May 2008, the IASB issued an aggregate standard on changes to 20 IFRSs, with the primary goal of rectifying inconsistencies and clarifying wording. The aggregate standards include a separate transitional provision for each revised IFRS. In some cases the application of the new rules resulted in changes in reporting methods, but there was no impact on the Group's assets and liabilities, financial position, and profit or loss.

In preparing the consolidated financial statements, we found that certain contractual obligations in the amount of Euro 4,500 thousand connected with the disposal of three real estate companies to a strategic investor had been overlooked in the consolidated financial statements at December 31, 2008. The consolidated financial statements for the previous year were restated to correct the omission. The correction resulted in an associated reduction in revenue and an increase in the consolidated loss, as well as an increase in other financial liabilities and a reduction of consolidated equity. We refer the reader to the discussion under V (1).

Moreover, we changed the presentation of certain items in the statement of comprehensive income, the balance sheet, and the cash flow statement, to improve clarity in comparisons with the previous year. The comparable prior-year figures were revised accordingly.

Financial assets

Financial assets within the meaning of IAS 39 are classified either as financial assets at fair value through profit or loss, as loans and receivables, as held-to-maturity financial assets, as available-for-sale financial assets, or as derivatives that are formally designated and effective as hedges. The Group decides the classification of its financial assets at the time of their initial recognition.

Financial assets are measured at fair value at their initial recognition. In the case of financial assets that are not classified at fair value through profit or loss, transaction costs directly associated with the acquisition of the assets are also taken into account.

Acquisitions or disposals of financial assets that call for the asset to be surrendered within a period determined by the regulations or conventions of the market concerned (regular way purchases) are recognized as of the trade date, i. e., the date on which the Group undertook the commitment to buy or sell.

The Hahn Group's financial assets comprise shares of closed-end real estate funds, investments in associates, trade accounts receivable, related-party receivables, receivables from minority interests and other financial assets, other receivables, and cash.

The subsequent measurement of financial assets depends on their classification in the following measurement categories.

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated at fair value through profit or loss on initial recognition. Financial assets are classified as held for trading if they are acquired in order to be sold in the near future. This category includes derivative financial instruments that the Hahn Group enters into and that do not meet the criteria for recognition as hedges under IAS 39. Financial assets at fair value through profit or loss are recognized at fair value in the balance sheet; gains and losses are recognized in profit or loss.

The fair value of financial instruments that are traded on organized financial markets is determined by the quoted market price at the end of the reporting period (bid price). The fair value of financial instruments for which there is no active market is determined by applying valuation techniques. These techniques incorporate recent transactions between knowledgeable, willing parties in an arm's length transaction, comparisons with the current fair value of another financial instrument that is substantially the same, the use of discounted cash flow methods, and other measurement models.

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognized at amortized cost, using the effective interest method. Gains and losses are recognized in the profit or loss for the period in which the loans and receivables are derecognized or impaired.

At the end of each reporting period, the Group assesses whether there is objective evidence of impairment of a financial asset or group of financial assets. A financial asset or group of financial assets is considered impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets (a "loss"), and this loss will have a reliably determinable effect on the estimated future cash flows from the financial asset or group of financial assets. Evidence of impairment may exist if there are signs that the debtor or group of debtors is in significant financial difficulty, has defaulted or is delinquent in payments of interest or principal, if it has become probable that they will enter insolvency or other financial reorganization, or if observable data indicate a measurable decrease in estimated future cash flows (such as a change in arrears or economic conditions that correlate with defaults).

Financial liabilities

Financial liabilities within the meaning of IAS 39 are classified as either financial liabilities at fair value through profit or loss, as loans, or as derivatives formally designated and effective as hedging instruments. The Hahn Group designates the classification of its financial liabilities at the time of their first recognition.

Financial liabilities are measured at fair value at initial recognition; in the case of loans, directly attributable transaction costs are added.

The Group's financial liabilities comprise liabilities to banks, trade accounts payable, advance payments received, liabilities to related parties and minority interests, as well as financial guarantees, derivative financial instruments, and other financial liabilities.

Interest-bearing loans are measured at amortized cost in subsequent valuations, using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized.

The financial guarantees that the Group extends are agreements to make payments to compensate the recipient of the guarantee for a loss that occurs because a given debtor fails to comply in a timely way with payment obligations under the terms of a debt instrument. The financial guarantees are recognized as a liability at fair value at their initial recognition, less the transaction costs directly associated with extending the guarantee. They are subsequently measured by a best estimate of the expense that will be needed to meet the present obligation as of the end of the reporting period, or, if higher, the recognized amount less cumulative amortization.

A financial liability is derecognized when the underlying obligation is discharged, canceled, or expires.

Financial assets and financial liabilities are not netted against one another.

Transactions in foreign currencies

Assets and liabilities in foreign currencies are converted to the functional currency at the exchange rate in effect at the end of the reporting period. The foreign currency translation gains and losses resulting from these conversions are recognized in profit or loss.

Use of estimates

An explanation is provided below of the most important forward-looking assumptions and other key sources of estimation uncertainties at the end of the reporting period that give rise to a substantial risk that a significant adjustment of the carrying amounts of assets and liabilities may be necessary in the next fiscal year.

The Group has entered into leases for the commercial leasing of its investment properties. The risks and opportunities to the Hahn Group resulting from these leases remain as a discretionary assessment until the strategically planned exit from these properties.

The Hahn Group measures investment properties at fair value, and changes in fair value are recognized in profit or loss. Fair values are determined by internal appraisals by Portfolio Management. By their nature, investment properties have no comparable market data available, and therefore their appraisals are based on a discounted cash flow method. The calculated fair value of investment properties depends heavily on useful life, expected payment flows, and discount factors, as well as long-term vacancy rates. The basic assumptions used in determining the fair value of investment properties are explained in more detail in the discussion of investment properties. The Hahn Group's many years of experience in this segment of the real estate industry have enabled it to develop an extensive body of data materials and expertise, so that these basic assumptions can be made realistically.

Development in the real estate investment markets continued to be dominated in 2009 by the financial and economic crisis. The transaction volume generated in retail properties in the German real estate investment market was down by half against the previous year. Measurements as of December 31, 2009, called for a knowledge of the market and professional understanding, because it was not possible to rely solely on historical transaction parameters. Under these circumstances, measurements are subject to greater uncertainty than in phases of an active market.

Investments in closed-end investment funds that are not quoted publicly are measured at the valuation dates on the basis of a simplified measurement method. Their measurement is subject to estimates as to future rents, which may differ from the future conditions that actually occur.

Concerning estimates in regard to the calculation of the net recoverable value of properties held for sale, the reader is referred to the measurement methods described for investment properties above, which are used as an indicator of the possibility of a lower appraisal for purposes of a loss-free measurement.

Assumptions and estimates are also made as to the possibility of reaping future tax advantages in the potential recognition of deferred tax assets on tax loss carryforwards. The actual taxable earnings situation in future fiscal years, and thus the actual usability of these deferred tax assets, may differ from the estimate made at the time when these deferred taxes were capitalized.

In regard to contingent liabilities, estimates are made for financial guarantees on the basis of profitability analyses of real estate funds. Actual future developments may differ from the assumptions on which the profitability analyses were based.

III. NEW IASB ACCOUNTING REQUIREMENTS

Accounting standards that had been published but were not mandatory before the publication date of the consolidated financial assets are listed below.

IFRS 9, Financial Instruments: Classification and Measurement
This standard is mandatory for fiscal years beginning on or after January 1, 2013, but may be applied earlier. It is part of the project to supersede IAS 39 that is to be completed in 2010. The standard governs the classification and measurement of financial assets. IFRS 9 replaces the former categories of loans and receivables, held-to-maturity assets, available-for-sale assets, and assets at fair value through profit and loss, with two categories, amortized cost and fair value. Whether an instrument can be measured at amortized cost depends in part on the company's business model, and in part on the product features of the specific instrument concerned. Instruments that do not qualify for measurement at amortized cost are to be measured at fair value through profit or loss. Selected equity instruments may be measured at fair value through other comprehensive income. The Group has not yet completed its analysis of the impact on the consolidated financial statements.

IFRIC 17, Distributions of Noncash Assets to Owners
This interpretation is mandatory for fiscal years beginning on or after July 1, 2009, but may be applied earlier. It includes guidelines for recognizing distributions of noncash assets to owners. The interpretation clarifies the date for recognition of a liability, the amount of the liability and the assets concerned, as well as the date at which these assets and the applicable debt should be derecognized. The Group does not expect the application of IFRIC 17 to affect the consolidated financial statements, since in the past the Group has not made any distributions of noncash assets to owners.

IV. CONSOLIDATED COMPANIES

Including HAHN-Immobilien-Beteiligungs AG, the companies consolidated in the Hahn Group changed as follows:

	Hahn Group companies		Fund & property companies		
	fully consolidated	at equity	fully consolidated	at equity	Total
As of 12/31/2008	16	–	17	4	37
Additions	–	–	–	1	1
Disposals	–1	–	–5	–	–6
As of 12/31/2009	15	–	12	5	32

The consolidated companies are explained under IX (4).

Four fund companies (2008: 4) in which the company held a majority interest were not included in the consolidated financial statements because of the absence of a possibility of control by the Hahn Group. In these cases, the Hahn Group no longer decided financial and business policies because the fund companies had fallen into arrears in repaying the financing of their real estate, due to their business situation; the lender bank has canceled the financing, which had been secured solely with the fund assets, and was intending to initiate, or had already initiated, an execution of judgment against the fund assets.

If control is gained over fund companies or real estate funds, this change is not recognized under the principles of IFRS 3, Business Combinations, but as an acquisition of individual assets and liabilities. No real estate funds were taken over during the year (2008: 7 real estate funds, with assets of Euro 115.4 million).

Because of the acquisition of additional shares in one company, that company is accounted for at equity for the year under review.

During the year, several funds – IbR SB-Warenhaus Lübbecke GbR, City-Center Schwerte GbR, SB-Warenhaus Erftstadt GbR, SB-Warenhaus Dietz GbR and Hahn Verbrauchermarkt Passau GmbH & Co. KG (all domiciled in Bergisch Gladbach) – were deconsolidated as a result of the sale of equity interests and the consequent loss of possibility of control.

The balance sheet values of the funds sold in 2008 and 2009 were as follows as of their disposal date:

Data in thousand Euro	2009	2008
Assets		
Investment properties	48,847	0
Properties held for sale	6,300	396,535
Other current assets	319	2,278
Cash and bank balances	2,665	9,905
Liabilities		
Liabilities for the financing of properties held for sale	42,825	338,548
Current provisions and liabilities	2,884	37,607

Proceeds from the sale of deconsolidated real estate funds in 2009 came to Euro 14,444 thousand.

V. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

[1] Revenue

Revenue comprises the following:

Data in thousand Euro	2009	2008 restated
Sale of real estate and current asset securities	75,725	387,054
Rental income from properties held for sale	4,475	29,412
Rental income from investment properties	3,437	3,435
Property Management commissions	4,139	3,306
Asset Management commissions	1,859	2,186
Fund Management commissions	1,635	1,578
Sales commissions	1,025	1,090
Other revenue	107	46
Total revenue	**92,402**	**428,107**

Revenue is recognized at the time of performance of the service, if the amount of revenue can be measured reliably and it is probable that any future economic benefit will flow to the Group. Services connected with the sale of funds are considered provided at the time when the investor signs the membership application and the statutory time limit for withdrawal expires.

From the Group's perspective, a sale of all shares of a fund company or real estate fund constitutes a transfer of all the included assets and liabilities, for consideration. Therefore, for purposes of deconsolidation, the transaction can be treated as a single sale. Accordingly, for the sale of fund companies and real estate funds, the share of proceeds from the sale pertaining to the sold property is recognized under revenue. The associated carrying amount of the sold property is included under cost of sales. The share of proceeds from the sale pertaining to the sold bank debt is recognized as a repayment of the debt. Revenue from the sale of current asset securities is recognized at the date of transfer.

Management commissions for trustee services and other services are recognized over the term of the service concerned. Non-recurring compensation to be paid by limited partners or by a fund at the signing date of the pertinent trust agreement or service agreement is recognized in income at fair value, if the Hahn Group provides an identifiable service and direct costs can be attributed to the service.

Sales commissions are earned in connection with the recruitment of limited partners. The revenue is realized at the time of subscription of the shares.

Under the purchase agreements for the sale of three real estate companies to a strategic investor, the Hahn Group assumed various obligations to hold the purchaser harmless from tax liabilities. These obligations represent a reduction of the purchase price, and to that extent result in a reduction of the revenue from the sale of properties and current asset securities. These contractual obligations of Euro 4,500 thousand were not recognized at December 31, 2008. The consolidated financial statements for the previous year have been restated to that extent.

[2] Other Operating Income

The other operating income comprises the following:

Data in thousand Euro	2009	2008
Income from the reversal of provisions and valuation allowances, and other income not related to the period	669	519
Income from the change in the fair value of current asset securities	156	670
Income from the changes in the fair value of investment properties	–	432
Sundry operating income	766	400
Other operating income	**1,591**	**2,021**

[3] Cost of Sales

The cost of sales comprises the following:

Data in thousand Euro	2009	2008 restated
Cost of real estate acquisitions	73,120	387,100
Cost for sales of asset securities and properties	3,403	17
Cost of real estate appraisals	1,925	4,011
Property operating costs	1,443	4,334
Fund setup costs	1,004	4,588
Property maintenance costs	672	605
Cost for measurement of current asset securities held for sale	388	0
Prospectus costs	158	62
Other	109	3
Total cost of sales	**82,222**	**400,720**

The presentation has been changed from the previous year in accordance with IAS 8 (14) to reflect the earnings situation more transparently. Here all expenses directly associated with generating revenue have been reclassified to cost of sales. The figure from the previous year has been restated accordingly, by reclassifying Euro 9,592 thousand from other operating expenses to cost of sales (formerly "cost of materials").

[4] Personnel Expenses

The personnel expenses comprise the following:

Data in thousand Euro	2009	2008
Salaries	6,554	5,895
Social security contributions	831	792
Cost of retirement benefits	1	1
Other employee benefits	27	28
Total personnel expenses	**7,413**	**6,716**

In fiscal 2009, the Group had an average of 84 employees (2008: 82). During the year, Euro 844 thousand (2008: Euro 829 thousand) in pension insurance contributions were paid.

[5] Other Operating Expenses

The other operating expenses comprise the following:

Data in thousand Euro	2009	2008 restated
Marketing and formation costs for the FCP-FIS – German Retail Fund	1,160	–
Legal, auditing and consulting costs (not including special-purpose vehicles)	1,450	1,927
Non-deductible input tax	742	1,002
Rental and lease expenses	698	570
Motor vehicle expenses	483	482
Compensation of the Supervisory Board	243	261
Postage, telephone, office supplies	195	235
Valuation allowances and losses on receivables	188	2,173
Personnel recruitment	187	214
IT expenses	146	254
Selling costs	115	356
Repairs and maintenance, operating needs	68	88
Other taxes	–	25
Sundry expenses	1,520	1,201
Total other operating expenses	**7,195**	**8,788**

Other operating expenses are recognized in profit and loss at the time when the service is requested or incurred.

Rental and lease expenses relate to contracts for the rental or lease of real estate, vehicles and office equipment, for those contracts that are classified as operating leases.

The presentation has been changed from the previous year in accordance with IAS 8 (14) to reflect the earnings situation more transparently. Here all expenses directly associated with generating revenue have been reclassified to cost of sales. The figure from the previous year has been restated accordingly, by reclassifying Euro 9,592 thousand from other operating expenses to cost of sales (formerly "cost of materials").

[6] Financial Income

Data in thousand Euro	2009	2008
Investment income from funds	1,790	1,648
Interest income	959	1,785
Total	**2,749**	**3,433**

[7] Financial Expenses

Data in thousand Euro	2009	2008
Interest	– 6,382	– 29,112
Valuation allowances on long-term loans to real estate fund companies	– 4,000	—
Guarantees	– 2	– 4
Write-downs of financial investments	– 191	– 268
Fees	—	– 311
Total	**– 10,575**	**– 29,695**

Interest income and expenses are accrued. Dividends are recognized as of the distribution date, and the period of the distribution regularly matches the period in which a legal entitlement arises.

For valuation allowances on long-term loans, please see the comments on other noncurrent financial assets (V (15)).

[8] Income Taxes

Income taxes comprise taxes paid or owed on income, and deferred taxes. Here income taxes comprise local business income tax ("trade tax"), federal corporate income tax, and the reunification surtax ("solidarity surcharge").

The income tax expense comprises the following:

Data in thousand Euro	2009	2008
Actual tax income (–) / expense (+)	–2,271	854
Deferred tax income (–)	–3,039	–1,952
Income taxes	**–5,310**	**–1,098**

Deferred tax income comprises local business income tax and federal corporate income tax of Euro –3,660 thousand capitalized on tax loss carryforwards (prior year: net consumption of Euro 511 thousand of tax loss carryforwards). This is countered by a deferred tax expense for temporary differences totaling Euro 621 thousand (prior year: Euro –2,464 thousand).

The income tax expense that would have resulted if the tax rate of 31.75 % (2008: 31.75 %) for the Group's parent company, HAHN-Immobilien-Beteiligungs AG, had been applied to the consolidated pretax result under IFRSs can be reconciled with the income taxes as shown in the income statement as follows:

Data in thousand Euro		2009	2008
Earnings before taxes on income (EBT)		–11,444	–10,964
Group tax rate	in %	31.75	31.75
Expected tax income / expense		**–3,633**	**–3,481**
Income taxes for prior years		–1,920	–85
Nontaxable adjustment of proceeds from the disposal of investments		–	1,429
Nondeductible operating expenses		39	45
Additions and deductions relating to local business income tax ("trade tax")		271	346
Effect of intercorporate privilege on local business income tax ("trade tax")		–13	39
Intra-Group profit distribution		–	21
Nontaxable dividend distributions		–49	–
No capitalization of deferred taxes on tax loss carryforwards		50	–
Use of carryforwards due to interest expense deduction limit		–	544
Credit on corporate income tax dividends		–31	–12
Other effects		–24	56
Tax income according to statement of comprehensive income		**–5,310**	**–1,098**

Companies domiciled in Germany having the legal form of a corporation are subject to federal corporate income tax at a rate of 15 % (2008: 15 %), and to a reunification surtax (often called the "solidarity surcharge") of 5.5 % of the corporate income tax liability. Additionally, these companies, as well as their subsidiaries that are legally organized as partnerships and generate commercial income, are subject to local business income tax (often called "trade tax"). As of the 2005 assessment period, allowance must be made for a limitation on the use of loss carryforwards for corporate income tax and local business income tax. Here an existing loss carryforward can be deducted in full from a positive tax assessment basis of up to Euro 1,000 thousand, and up to a maximum of 60 % from any greater amount.

Tax effects on property funds are recognized in the consolidated financial statements only up to the amount in which the Hahn Group holds an interest in those funds, since the profits of real estate funds are taxed at the level of the limited partners, and thus apply to the limited partners outside the Hahn Group.

[9] Constituents of Other Comprehensive Income

Data in thousand Euro	2009	2008
Available-for-sale financial assets:		
(Losses) / gains arising during the period	– 452	201
Reclassification adjustments for amounts reclassified to profit or loss	– 160	–
	– 612	**201**
Interest rate swaps:		
Losses arising during the period	– 503	– 3,995
Reclassification adjustments for amounts reclassified to profit or loss	3,823	–
	3,320	**– 3,995**

[10] Earnings per Share

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

		2009	2008 restated
Portion of consolidated net loss attributable to the Group	Data in thousand Euro	– 6,133	– 9,866
Weighted average number of shares outstanding	Data in thousands of shares	12,000	12,000
Portion of the consolidated net loss per share attributable to the Group	Data in Euro	**– 0.51**	**– 0.82**

VI. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

[11] Intangible Assets

Data in thousand Euro	2009	2008
Acquisition and production costs		
As of 01/01	**656**	**499**
Additions	10	157
Disposals	17	–
As of 12/31	**649**	**656**
Amortization		
As of 01/01	**263**	**153**
Additions	115	110
Disposals	16	–
As of 12/31	**362**	**263**
Net carrying amount at 12/31	**287**	**393**

The intangible assets primarily comprise purchased software.

Purchased intangible assets that were not acquired as part of a business combination are recognized at their acquisition cost at the time of initial recognition.

Acquired intangible assets that have a determinable useful life are recognized as of their date of availability, at the cost of acquisition or production less scheduled amortization (straight-line) in accordance with their expected useful life, and/or less impairment losses. Software is amortized over a useful life of 5 years; industrial property rights are amortized over a useful life of 15 years. The amortization period and amortization 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 indeterminate useful life.

Gains or losses on the derecognition of intangible assets are calculated as the difference between the net proceeds from disposal and the carrying amount of the asset, and are recognized in profit or loss for the period in which the asset was derecognized.

The Group has no self-created intangible assets.

[12] Investment Property

Data in thousand Euro	2009	2008
As of 01/01	**49,369**	**49,017**
Disposals	48,847	–
Unrealized changes in market value	–	352
As of 12/31	**522**	**49,369**

Investment property comprises land and buildings that are held in order to generate rental income, or for economic appreciation, and that are not used for delivering goods or providing services, or for administrative purposes, and are not held for sale in the course of normal operating activities. At its date of addition, investment property is measured at its acquisition cost, including incurred incidental acquisition costs. The carrying amount does not include the cost of ongoing maintenance of the property. In subsequent periods, investment property is measured at fair value. Fair values are determined using the DCF method. In the DCF method, expected future cash flows from a property are discounted to the measurement date. For this purpose, the cash flows received from a given property are calculated over a detailed planning period of 10 to 15 years. They are obtained by netting expected inpayments against expected outpayments. While inpayments as a rule consist of net rents, outpayments particularly comprise the facility management costs that are borne by the owner. Rental income is calculated on the basis of the applicable leases or realistic market rents over a period of 10 to 15 years, including an adjustment for inflation. The cash flows for each period are discounted to the measurement date, applying a property-specific discount rate. For the measurement at December 31, 2008, the assumed inflation rate was 2.0 %, the property-specific discount rates were between 6 % and 8 %, vacancies were attributed individually over time, and maintenance and repair costs were determined with individual scheduled values on the basis of Euro per m^2. This yielded the net present value of the cash flows for the period. A residual value of the property was projected for the end of the detailed planning period (10 or 15 years). This value reflected the most probable price that could be obtained at the end of the detailed planning period. For this purpose, the cash flows for the years after the first 10 or 15 years were capitalized as a perpetual annuity at a capitalization rate of 6 % to 8 %. The residual value was then likewise discounted to the measurement date using the discount rate. The total of the discounted cash flows and the discounted residual value yielded the fair value of the particular property.

Gains or losses on changes in the fair value of investment properties are recognized in profit or loss for the year when they arise, as other operating income or other operating expenses.

Investment property is derecognized when it is sold, or if it becomes permanently unusable and its disposal is unlikely to produce any further economic benefit. The difference between the net proceeds from disposal and the carrying amount of the asset is recognized in profit or loss for the period in which the property is derecognized.

Changes in fair value during the year are recognized in the disposals item as the net gain or loss on disposal.

At December 31, 2009, this item included only one piece of land, which had been recognized in 2008 at its unchanged standard land value.

[13] Property, Plant and Equipment

2008 Data in thousand Euro	Land and buildings	Other facilities and office equipment	Total
Acquisition and production 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 carrying amount at 12/31/2007	3,059	725	3,784
Net carrying amount at 12/31/2008	2,967	768	3,735

2009 Data in thousand Euro	Land and buildings	Other facilities and office equipment	Total
Acquisition and production costs			
As of 01/01	5,468	1,324	6,792
Additions	–	24	24
As of 12/31	5,468	1,348	6,816
Depreciation			
As of 01/01	2,501	556	3,057
Additions	167	131	298
As of 12/31	2,668	687	3,355
Net carrying amount at 12/31/2008	2,967	768	3,735
Net carrying amount at 12/31/2009	2,800	661	3,461

Property, plant and equipment is normally recognized at cost less scheduled depreciation (straight-line) and / or cumulative impairment losses. Buildings are depreciated on the basis of a useful life of 50 years, which is applied uniformly throughout the Group. For other facilities and office equipment, the service life is between 3 and 13 years. Costs of maintenance and upkeep are recognized immediately in profit or loss.

An item of property, plant and equipment is derecognized either on disposal, or if no economic benefit is expected from its further use or sale. Gains or losses on the derecognition of these assets are calculated as the difference between the net proceeds from disposal and the carrying amount of the asset, and are recognized in profit or loss for the period in which the asset was derecognized.

Residual values, useful lives and depreciation methods for these assets are reviewed at the end of each fiscal year and revised looking forward as needed.

Impairment of intangible assets and property, plant and equipment

At the end of each reporting period, the Group determines whether there is evidence of impairment of non-financial assets. Where such evidence exists, or if an annual impairment test of an asset is required, the Group estimates the recoverable amount for the asset. The recoverable amount of an asset is the higher of the fair value of the asset or cash-generating unit (CGU) less costs to sell, and its value in use. The recoverable amount must be determined for each asset individually, unless an asset generates no cash inflows that are largely independent of the cash flows from other assets or groups of assets. If the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is impaired and is written down to its recoverable amount. To determine value in use, expected future cash flows are discounted to their net present value, using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An appropriate valuation model is used to determine fair value less costs to sell. This is based on valuation multiples, the market prices of traded shares in subsidiaries, or other available indicators of fair value.

Impairment losses in continuing operations are recognized in profit or loss in the expense categories that correspond to the impaired asset's function within the company. Assets other than goodwill are tested at the end of each reporting period as to whether there is evidence that a previous impairment loss no longer exists or has decreased. If such evidence exists, the Group estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if the assumptions on which the recoverable amount was based have changed since the last impairment loss was recognized. The reversal of an impairment is limited, in that the carrying amount of an asset cannot exceed either its recoverable amount or the carrying amount that would have resulted after scheduled depreciation if no impairment loss had been recognized on the asset in previous years. The reversal of an impairment is recognized in profit or loss.

No impairment losses were recognized on intangible assets or property, plant and equipment in fiscal 2008 or 2009.

Leases
The decision whether an agreement constitutes a lease is made on the basis of the economic content of the agreement at the date of its formation, and requires an estimation of whether the performance of the contractual agreement is contingent on the use of a specified asset or specified assets, and whether the agreement grants a right to use the asset.

The Group as lessee
Lease payments for operating leases are recognized in the profit or loss for the period as an expense, on a straight-line basis, over the term of the lease.

The Group as lessor
Leases that do not entail a transfer by the Group to the lessee of substantially all the risks and rewards incident to ownership are classified as operating leases. Initial direct costs incurred in the negotiation and signing of an operating lease are added to the carrying amount of the leased asset, and are recognized as expenses over the term of the lease, in correspondence with the rental income. Contingent rental payments are recognized as income for the period in which they are generated.

[14] Investments in Associates

Data in thousand Euro	2009	2008
As of 01/01	**3,056**	**1,207**
Additions	810	22
Gains on associates recognized at equity	340	1,944
Losses on associates recognized at equity	443	–
Disposals	1,159	117
As of 12/31	**2,604**	**3,056**

Investments in associates are accounted for in the financial statements using the equity method in accordance with IAS 28. In 2009, there were 5 (previous year: 4) such companies.

Associates accounted for using the equity method generated total profits for the year of Euro 632 thousand (2008: Euro 6,174 thousand), losses for the year of Euro 831 thousand (2008: Euro 148 thousand), and revenue of Euro 2,429 thousand (2008: Euro 1,836 thousand). The assets of these companies at December 31, 2009, came to Euro 31,854 thousand (December 31, 2008: Euro 22,353 thousand), and their liabilities came to Euro 25,846 thousand (December 31, 2008: Euro 17,180 thousand).

[15] Other Financial Assets, Noncurrent

Data in thousand Euro	12/31/2009	12/31/2008
Investments in closed-end real estate funds	24,817	19,232
Loans to real estate fund companies	7,200	–
Other long-term financial assets	1,710	7,336
	33,727	**26,568**

"Investments in closed-end real estate funds" are available-for-sale financial assets. They include interests in companies that are held long-term, and over whose business and financial policies the Group has no significant influence.

The investments in closed-end real estate funds pertain to minority interests in closed-end real estate funds. They are measured at fair value. When there is no active market for financial assets, or the assets are not quoted on a market, the fair values are determined using a simplified valuation method.

As a precaution, a value adjustment of Euro 4.0 million for loans to real estate fund companies was recognized as part of a risk analysis.

The other noncurrent financial assets include Euro 1.30 million (previous year: Euro 7.16 million) in fixed-term and other deposits pledged to banks.

The other financial assets available for sale pertain to long-term interests (with over one year remaining to maturity) in loans to funds and to subscribers of real estate funds.

The Hahn Group normally recognizes financial assets at the time of delivery, i. e., on the settlement date.

[16] Deferred Taxes

Deferred tax assets and liabilities result from temporary differences and tax loss carryforwards, as follows

Data in thousand Euro	12/31/2009 Deferred tax assets	12/31/2009 Deferred tax liabilities	12/31/2008 Deferred tax assets	12/31/2008 Deferred tax liabilities
Property, plant and equipment				
Land and buildings	–	277	–	226
Investment property	–	81	–	1,081
Financial investments				
Investments in associates	–	446	–	834
Investments in closed-end real estate funds	391	819	382	815
Inventories				
Property held for sale	149	261	1,287	86
Current asset securities	556	828	677	384
Accounts receivable and other assets				
Trade accounts receivable	12	–	12	–
Current liabilities				
Advance payments received on orders	–	292	–	314
Other liabilities	246	–	1,268	–
Other provisions	–	143	–	81
Temporary differences	1,354	3,147	3,624	3,821
Loss carryforwards	3,660	–	33	–
Total/amount recognized	5,014	3,147	3,657	3,821

Deferred tax items are recognized to allow for the future tax impact of temporary differences between the tax assessment bases of assets and liabilities and their values recognized in the financial statements under IFRS, as well as for loss carryforwards. The deferred taxes are calculated on the basis of the rules enacted by lawmakers as of the end of the fiscal year, for fiscal years in which the differences will balance out or loss carryforwards are likely to be used.

Deferred taxes are recognized for temporary differences that result from the fair valuation of assets and liabilities in corporate acquisitions. Deferred tax assets and liabilities are not netted against one another.

Deferred taxes were recognized for temporary differences and loss carryforwards of the real estate funds only for that portion attributable to the Group, since these companies' profits and losses are taxable only at the shareholder level, and thus the portions of the deferred taxes attributable to the outside limited partners accrue outside the Group.

Deferred tax items were recognized at Euro 9,445 thousand for local business income tax loss carryforwards, and Euro 13,623 thousand for federal corporate income tax carryforwards.

Deferred tax assets recognized outside profit or loss came to Euro 131 thousand on available-for-sale financial assets (investments in closed-end real estate funds), and Euro 214 thousand for interest rate swaps among other financial liabilities.

[17] Properties Held for Sale

In accordance with IAS 2, this item includes a total of 5 (previous year: 7) properties held for sale, which are attributable to the Trading segment. These are assets intended for sale to institutional or private investors. In comparison with the previous year, one property was sold to a strategic investor and one was placed with private investors.

These are measured at cost, including incidental costs of acquisition. If the projected net realizable value is below the acquisition cost, the property is measured at the lower of cost or net realizable value, in accordance with IAS 2.9.

The net realizable value is the estimated selling price in the ordinary cores of business, less the estimated costs to sell. The carrying amount of properties measured at fair value comes to Euro 60,346 thousand (previous year: Euro 68,568 thousand).

Impairment of inventories recognized in expenses totals Euro 1,925 thousand (2008: Euro 4,011 thousand). This expense is recognized as part of the cost of sales.

[18] Current Asset Securities and Advance Payments Made

"Current asset securities" are financial assets recognized at fair value through profit or loss. They include investments in companies intended for sale that are not consolidated because the Group has no possibility of significant influence.

This item includes 28 (previous year: 35) investments in closed-end real estate funds intended for sale. Fair value adjustments for 2009 came to Euro – 232 thousand (net) (2008: Euro + 670 thousand). The fair values were determined in the same way as for the investments in closed-end real estate funds (Note 15).

Advance payments made for the previous year primarily comprised advance payments made by the Hahn Group for the acquisition of current asset securities.

[19] Trade Accounts Receivable

The trade accounts receivable comprise the following:

Data in thousand Euro	12/31/2009	12/31/2008
Trade accounts receivable, gross	1,325	3,989
Valuation allowances on trade accounts receivable	– 57	– 55
Trade accounts receivable	**1,268**	**3,934**
Doubtful debt allowance at 01/01	55	108
Additions	2	9
Dissolution	–	35
Disposals	–	27
Doubtful debt allowance at 12/31	**57**	**55**

Trade accounts receivable are recognized at amortized cost.

At December 31, the maturity structure of trade accounts receivable was as follows:

Data in thousand Euro	12/31/2009	12/31/2008
Trade accounts receivable, gross	1,268	3,934
of which: neither overdue nor impaired	219	2,376
Overdue but not impaired	–	–
up to 3 months	824	598
between 3 months and 6 months	36	105
between 6 months and 1 year	33	372
over 1 year	156	483
Total overdue	**1,049**	**1,558**

[20] Related-Party Receivables

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

Data in thousand Euro	12/31/2009	12/31/2008 restated
Receivables to HAHN-Holding GmbH, its shareholders, or companies controlled by them	5,204	5,680
Receivables due from associated companies	2,755	2,483
Related-party receivables (gross)	**7,959**	**8,163**
Valuation allowances on receivables from related individuals	– 1,222	– 1,218
Valuation allowances on receivables from associates	– 2,451	– 2,451
Related-party receivables (net)	**4,286**	**4,494**
Doubtful debt allowance at 01/01	3,669	3,552
Additions	4	117
Doubtful debt allowance at 12/31	**3,673**	**3,669**

The presentation of valuation allowances for related-party receivables for the previous year was restated, in that an amount of Euro 80 thousand was reclassified from other financial assets. The valuation allowance is now associated with the correct receivable.

At December 31, the maturity structure of related-party receivables was as follows:

Data in thousand Euro	12/31/2009	12/31/2008 restated
Related-party receivables	4,286	4,494
of which: neither overdue nor impaired	3,770	3,762
Overdue but not impaired		
Up to 3 months	39	39
Between 3 months and 6 months	–	–
Between 6 months and 1 year	–	–
Over 1 year	477	693
Total overdue	**516**	**732**

[21] Other Financial Assets, current

The other financial assets comprise the following:

Data in thousand Euro	12/31/2009	12/31/2008 restated
Loans	385	434
Receivables from funds	2,156	2,953
Other	391	977
Valuation allowances	– 619	– 1,269
Other financial assets	**2,313**	**3,095**
Doubtful debt allowance at 01/01	1,269	1,141
Release	650	–
Additions	–	128
Doubtful debt allowance at 12/31	**619**	**1,269**

The other financial assets are recognized at amortized cost.

Default risks are recognized with appropriate valuation allowances, which are calculated on the basis of experience and individual risk assessments.

The loans shown are primarily short-term bridge financing provided by the Hahn Group for fund companies. The receivables from funds relate to loans that bear interest at 5.0% for new agreements and 6.0% for old agreements.

The presentation of valuation allowances on other financial assets for the previous year was restated, in that an amount of Euro 80 thousand was reclassified to related-party receivables. The valuation allowance is now associated with the correct receivable.

The maturities are as follows:

Data in thousand Euro	12/31/2009	12/31/2008 restated
Other financial assets	2,313	3,095
of which: neither overdue nor impaired	1,925	1,960
Overdue but not impaired		
Up to 3 months	364	515
Between 3 months and 6 months	–	–
Between 6 months and 1 year	–	–
Over 1 year	24	540
Total overdue	**388**	**1,055**

[22] Sundry Other Assets

Data in thousand Euro	12/31/2009	12/31/2008
Accruals	49	56
Miscellaneous tax receivables	–	244
Sundry other assets	**49**	**300**

[23] Cash and Bank Balances

Data in thousand Euro	12/31/2009	12/31/2008
Bank balances	5,028	19,098
Cash and bank balances	**5,028**	**19,098**

[24] Assets Classified as Held for Sale

This item reflects a company that was fully consolidated in the previous year but was deconsolidated as of December 31, 2009, as a consequence of the sale of the majority of its shares, since the remaining shares will also be sold within the next twelve months.

Noncurrent assets classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. Noncurrent assets are classified as held for sale if the associated carrying amount is realized primarily through a disposal and not through continuing use. This is the case only when the disposal is highly probable and the asset in its present condition is available for immediate sale. Management must have committed to a plan to sell that it expects to recognize as a completed sale within one year from the date of classification.

[25] Shareholders' Equity

The company's share capital entered in the Commercial Register is Euro 12,000,000, unchanged from the previous year. The share capital comprises 12,000,000 no-par bearer shares and has been fully paid in. The authorized capital at December 31, 2009, was Euro 5.0 million (December 31, 2008: Euro 5.0 million).

Resolutions of the Shareholders' Meetings on August 17 and September 11, 2006, amended the Articles of Incorporation to allow capital increases out of authorized capital. Accordingly, the Board of Management is authorized, subject to the consent of the Supervisory Board, to increase the company's share capital during the period ending August 16, 2011, by up to Euro 5,000 thousand, in a single amount or multiple partial amounts, by issuing new bearer shares of no-par stock in return for contributions in cash or in kind. Generally, the shareholders will have preemptive rights. At the same time, the Shareholders' Meeting resolved to convert the company's registered shares to bearer shares.

A resolution of the Shareholders' Meeting on May 26, 2009, again authorized the Board of Management to acquire treasury stock in the amount of not more than 10 percent of the share capital in existence at the date of the resolution. This authorization expires at the end of the day on November 25, 2010.

The change in components of shareholders' equity is shown in the consolidated statement of changes in equity.

The additional paid-in capital comprises the premium from the capital increase, less transaction costs adjusted for income tax advantages.

Retained earnings pertain to the statutory reserve and the amounts allocated to other reserves.
The accumulated other comprehensive income includes the fair value changes in available-for-sale financial assets and in derivative financial instruments (interest rate swaps).

The item for distributable profit or loss includes past accrued losses and earned profits that have not yet been allocated to reserves or distributed, or that must be recognized as liabilities according to IAS 32 under the item for liabilities to minority interests, because they are attributable to the limited partners or shareholders of real estate funds.

In the previous year, a dividend of Euro 0.18 per share (Euro 2,160 thousand) was paid out to shareholders for 2007.

[26] Provisions

The noncurrent and current provisions comprise the following:

Data in thousand Euro	As of 01/01/2009	Use	Release	Allocation	As of 12/31/2008	Of which long-term	Discount factor
Rent compensation obligation	1,690	104	–	154	1,740	1,635	5.0
Encumbrance agreement	370	158	–	8	220	60	5.0
Other guarantees	740	73	85	76	658	330	5.0
Provisions	**2,800**	**335**	**85**	**238**	**2,618**	**2,025**	

The other provisions allow for all the Group's recognizable current legal and constructive liabilities to third parties if those liabilities arise from a past event, their settlement is expected to result in an outflow of resources with economic benefits, and their amount can be measured reliably. In accordance with IAS 37, provisions are recognized at their expected settlement amount. Noncurrent provisions are recognized at their settlement amount discounted to the end of the period, on the basis of appropriate market interest rates. The expense for the recognition of a provision is recognized in the profit or loss for the period. In the event of a discount, the increase in the provisions necessitated over the course of time is recognized as a financial expense.

The provisions include an obligation entered into, on behalf of a fund, to provide reimbursement for unpaid rents if certain conditions do not come about. Since the conditions had not come about by the end of the reporting period, and the company also considers it unlikely that those conditions will come about in the future, a provision was recognized for the compensation risk.

The encumbrance agreement is a general lease agreement that the company entered into with a real estate fund it sells. The rented space has not yet been fully leased to new tenants at present. The provision corresponds to the charge that will result from this situation in the future.

The provision for other guarantees includes assorted rent guarantees, as well as assumptions of cost that are not required by law but that have been accorded as a goodwill gesture.

The maturities of the provisions are as follows:

Data in thousand Euro	12/31/2009	12/31/2008
Total provisions	2,618	2,800
with maturities of:		
Up to 1 year	593	631
1 to 3 years	69	240
Over 3 years	1,956	1,929

[27] Liabilities to Banks

Liabilities are recognized using the effective interest method, with allowance for transaction costs, premiums and discounts.

Liabilities to banks comprise the following:

Maturity	Type	Type of interest	Maturity	Interest rate	12/31/2009 thousand Euro	12/31/2008 thousand Euro
Noncurrent						
	Loans	variable	2013	Euribor + 1.75 margin	–	4,267
		fixed *	2012	5.83 %	2,590	2,890
		fixed *	2013	6.33 %	8,628	–
		fixed *	2012	4.95 %	581	689
		fixed	2012	6.72 %	849	1,819
		fixed	2011	5.60 %	–	4,781
		fixed *	2019	5.27 %	1,825	–
		fixed *	2017	5.54 %	–	7,676
		fixed *	2017	5.74 %	–	28,201
		fixed	2010	5.62 %	–	1,185
Total noncurrent		–	–	–	**14,473**	**51,508**
Total current						
	Current account	variable			7,637	5,952
	Loans	variable	2009	Euribor + 1.20 margin	–	2,500
		variable	2010	Euribor + 1.25 margin	16,040	25,663
		variable	2009	Euribor + 1.75 margin	–	4,839
		variable	2010	Euribor + 1.35 margin	13,322	13,322
		variable	2010	Bank's cost of funds + 1.35 margin	24,936	25,911
		variable	2010	3M Euribor + 2.0 margin	2,456	–
		fixed *	2010	5.83 %	150	–
		fixed	2009	3.69 %	–	651
		fixed *	2010	4.95 %	54	–
		fixed *	2010	5.27 %	144	–
		fixed	2009	5.04 %	–	1,749
		fixed	2010	6.72 %	485	–
		fixed	2010	5.62 %	1,165	–
Total current					**66,389**	**80,587**

* fixed due to interest rate hedging agreement

At December 31, 2009, at the fund level, mortgages were entered into for properties in the amount of Euro 72,317 thousand (previous year: Euro 114,653 thousand) as collateral for liabilities. The carrying amounts of the associated properties came to Euro 63,069 thousand (previous year: Euro 118,115 thousand). In the loans, the Group's liability and that of the outside shareholders of each of the applicable real estate funds is limited to that fund's assets.

Some of the current loans were taken out to acquire investments. They are each secured by an assignment of the investment interests and by an assignment of the registered mortgage rights to the bank providing the financing at the level of the special-purpose vehicle.

Shares in closed-end real estate funds, in the amount of Euro 16,944 thousand (previous year: Euro 7,644 thousand) were assigned to the bank as collateral for the corresponding financing loan..

[28] Other Financial Liabilities, Noncurrent

Data in Euro	12/31/2009	12/31/2008 restated	01/01/2008
Purchase price adjustments	3,890	4,500	–
Interest swaps – effective hedges	610	–	–
Interest adjustment obligations	176	–	–
Loans	96	1,242	–
Other	–	–	104
Other financial liabilities	**4,772**	**5,742**	**104**

The purchase price adjustments result from certain contractual obligations in the amount of Euro 4,500 thousand in connection with the sale of three real estate funds to a strategic investor. These were overlooked at December 31, 2008. The consolidated financial statements for the previous year were restated to that extent. The portion due in 2010 was recognized under current other financial liabilities at December 31, 2009.

[29] Trade Accounts Payable

Trade accounts payable pertain primarily to purchase price obligations and commission obligations.

[30] Related-Party Liabilities

The related-party liabilities comprise the following:

Data in thousand Euro	12/31/2009	12/31/2008
Liabilities to HAHN-Holding GmbH, its shareholders, or companies controlled by them	4,366	4,717
Liabilities to members of the governing bodies of the Hahn Group or companies controlled by them	9	153
Liabilities to associates	1,020	1,010
Related-party liabilities	**5,395**	**5,880**

Further explanations of related-party transactions are provided in Note IX (4).

[31] Liabilities to Minority Shareholders

The liabilities to minority shareholders include those portions of the net assets of the real estate funds that must be recognized as liabilities under IAS 32, because of the anticipated dissolution of the funds and because of the rights of withdrawal of the limited partners in a limited partnership or the partners in a civil-law partnership.

The shares of the partners who are not members of the Group in the net assets of the real estate funds include the limited partners' investments or capital contributions and other equity obligations (in the case of a civil-law partnership), and the earnings for past and current periods from the real estate funds included in the consolidated financial statements.

These investments do not bear interest and are due to be paid out when the individual partners withdraw or the fund company is dissolved.

Financial instruments that give the bearer a right to repayment of the capital furnished to the company must be classified as liabilities under IAS 32. The Hahn Group's real estate funds are organized legally as partnerships in which the partner can require the entity to pay out capital contributions and the associated shares of profits by exercising a statutory or contractual right of withdrawal, which the partnership agreement cannot preclude. Moreover, because of their nature as an investment vehicle, these companies are not established as permanent entities, so that the partners will have a claim against the investment company at the time of its expected dissolution. For that reason, the Hahn Group's consolidated financial statements under IFRS recognize the outside partners' claim against the real estate funds' net assets, which is determined primarily by the fair value of the properties held, as a liability under the item "liabilities to minority shareholders". The allocations of profit or loss to outside partners are recognized as expenses or income in the profit or loss for the period.

[32] Other Financial Liabilities, Current

The other financial liabilities comprise the following:

Data in thousand Euro	12/31/2009	12/31/2008
Pending invoices received	1,544	1,496
Compensation payment obligation	1,159	–
Liabilities to employees	922	549
Loans	614	4,000
Purchase price adjustments	610	–
Interest swaps – effective hedges	65	3,995
Other liabilities	750	674
Other financial liabilities	**5,664**	**10,714**

The loans were extended by various business partners, and bear interest at 10% (previous year: mostly at an interest rate of 5–6%). They are for indeterminate periods and may be terminated at any time, including in part, by either the Hahn Group or the lender, on up to six months' notice.

The liabilities to employees are primarily unused vacation and obligations to terminated employees.

[33] Sundry Other Liabilities

Data in thousand Euro	12/31/2009	12/31/2008
Other tax liabilities	492	617
Accruals	3	9
Sundry other liabilities	**495**	**626**

VII. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The statement of cash flows shows how the Hahn Group's cash funds have changed during the year due to the inflow and outflow of funds. In accordance with IAS 7, a distinction is made among operating activities, investing activities, and financing activities.

The decrease in cash flow resulted primarily from investments in other noncurrent assets.

The cash flow from operating activities includes the effects from the placement of funds with private investors and the sale of current investment securities out of assets held for sale, of properties held for sale, and investment properties.

The cash used in investing activities results primarily from the grant of loans to real estate funds sold to a strategic investor in the previous year, as well as the planned increase in shares in the FCP fund.

The cash and cash equivalents are the same as the cash and bank balances shown in the balance sheet, and primarily comprise bank balances.

The cash flow from operating activities includes the following income tax payments, interest, and income from equity investments:

Data in thousand Euro	2009	2008
Interest paid	3,952	26,630
Interest received	1,035	1,406
Taxes paid	1,316	708
Tax refunds received	129	241
Investment income received	1,790	1,648

VIII. EXPLANATORY NOTES TO THE SEGMENT REPORT

The segment reporting follows the internal management of the Hahn Group's lines of business, in accordance with IFRS 8. The Hahn Group operates only in Germany, so that there is no secondary segmentation.

The Trading segment comprises the sale of properties or interests in special purpose vehicles, whether on the Group's own behalf or on behalf of others.

The Management segment includes Asset Management, Property Management, and Fund Management.

The Investment segment includes the Group's own ownership interests and its investment properties.

The reconciliation column includes the Group management functions that are not attributable to the segments, non-attributable assets (receivables from associates and from other investment interests, as well as tax receivables), and liabilities (financial liabilities, liabilities to associates and to other investment interests, and tax liabilities), together with consolidation items.

Revenue in the Trading segment represents revenues from trading in properties as part of trading in fund shares, revenues from direct trading in properties, and rental income from properties held for sale. Revenue in the Management segment includes commissions from Asset Management, Property Management and Fund Management. Revenue for the Investment segment derives from trading of investment interests and rental income from investment property.

Expenses for the various segments represent costs directly associated with the revenue indicated for the segment.

EBITDA represents the operating earnings (EBIT) before depreciation and amortization.

The segment assets in the Trading segment comprise all properties held for sale, as well as the shares of closed-end real estate funds held for sale as current assets. They also include shares in associates. Investment properties are recognized in the Investment segment.

The segment liabilities comprise the various segments' operating liabilities and provisions. Liabilities to banks, liabilities for the financing of investment properties, and liabilities for current and deferred income taxes are shown in the reconciliation column.

Operating investments comprise additions to intangible assets and to property, plant and equipment.

IX. OTHER DISCLOSURES

1. Financial Instruments

The Hahn Group applies the provisions of IAS 39 for cash flow hedge accounting. By definition, a cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction, and that may affect profit or loss for the period. For cash flow hedges, changes in the value of the underlying instruments, provided the hedge relationships are effective, are initially recognized outside profit or loss as a separate item in equity (cash flow hedge reserve). The associated amounts are not reclassified from the cash flow hedge reserve to profit or loss until the period when the underlying transaction affects profit or loss. The Hahn Group uses cash flow hedges to hedge its exposure to variability in interest cash flows from variable-rate liabilities in the amount of Euro 13,972 thousand (previous year: Euro 39,455 thousand). Additionally, an interest swap is entered into any time the Group undertakes a variable-interest liability. At that time the relationship between the underlying instrument and the hedge, the risk management objective, and the risk management strategy are documented. Moreover, the effectiveness of hedging relationships is evaluated at the contract date and at the end of each reporting period.

As of the end of the reporting period on December 31, 2009, the fair value of interest swaps designated as hedging instruments for cash flow hedging purposes came to Euro – 675 thousand (previous year: Euro – 3,995 thousand), and was recognized in equity. No ineffective hedges were recognized in profit or loss for the period.

The following interest swaps were entered into:

		Interest swap 1	Interest swap 2	Interest swap 3	Interest swap 4
Nominal amount	in thousand Euro	770	3,040	9,133	2,066
Beginning of term		07/16/2007	09/01/2008	03/31/2009	04/30/2009
End of term		06/30/2012	12/31/2012	12/31/2013	04/30/2019
Interest rate incl. margin		4.95 %	5.83 %	6.33 %	5.27 %
Measurement date		12/31/2009	12/31/2009	12/31/2009	12/31/2009
Market value	in thousand Euro	– 43	– 201	– 173	– 258
Reference amount at 12/31/2009		635	2,740	8,629	1,969
Type of loan		Interest swap	Interest swap	Interest swap	Interest swap
Basis		6M Euribor	3M Euribor	3M Euribor	1M Euribor
Margin		0	1.25	1.75	1.4

2. Categories of Financial Instruments

In accordance with IFRS 7, the following categories of financial instruments existed for the year:

	Financial assets held for trading		Loans and receivables		Available-for-sale assets		Maximum credit risk	
Data in thousand Euro	2009	2008	2009	2008	2009	2008	2009	2008
Noncurrent assets								
Other (noncurrent) financial assets	–	–	8,910	7,336	24,817	19,232	33,727	**26,568**
Current assets								
Current asset securities	1,117	4,298	–	–	–	–	1,117	4,298
Accounts receivables and other assets								
Trade accounts receivable	–	–	1,268	3,934	–	–	1,268	3,934
Related-party receivables	–	–	4,286	4,494	–	–	4,286	4,494
Receivables from minority shareholders	–	–	242	25	–	–	242	25
Other (noncurrent) financial assets	–	–	2,313	3,095	–	–	2,313	3,095
Cash and bank balances	–	–	5,028	19,098	–	–	5,028	**19,098**
Noncurrent liabilities								
Liabilities to banks	–	–	14,473	51,508	–	–	–	–
Other financial liabilities	–	–	4,162	5,742	–	–	–	–
Current liabilities								
Liabilities to banks	–	–	66,389	80,587	–	–	–	–
Trade accounts payable	–	–	3,896	4,059	–	–	–	–
Related-party liabilities	–	–	5,395	5,880	–	–	–	–
Liabilities to minority shareholders	–	–	13	2,393	–	–	–	–
Other financial liabilities	–	–	5,599	6,719	–	–	–	–
Net gain or loss								
Recognized in profit or loss	**+ 1,269**	**+ 1,937**	**– 9,611**	**– 23,899**	**– 191**	**0**		
Recognized outside profit or loss	**0**	**0**	**0**	**0**	**– 612**	**+ 201**		

The carrying amounts of loans and receivables represent a reasonable approximation of their fair value.

Otherwise, the fair values of the underlying financial instruments are the same as their carrying amounts.

Hierarchy of fair values
At December 31, 2009, the Group held the following fair-valued financial instruments:

The Group applies the following hierarchy in determining and recognizing the fair values of financial instruments for each valuation method:

Level 1: Quoted (unadjusted) prices on active markets for similar assets or liabilities.

Level 2: Methods in which all inputs that significantly affect the recognized fair value are observable either directly or indirectly.

Level 3: Methods using inputs that significantly affect the recognized fair value and that are not based on observable market data.

Data in thousand Euro	12/31/2009	Level 1	Level 2	Level 3
Financial assets recognized at fair value				
a) Investments in closed-end real estate funds (recognized at fair value outside profit or loss)	24,817		24,817	
b) Current asset securities (assets held for sale) (recognized at fair value in profit or loss)	1,117		1,117	
c) Interest rate swaps	– 675		– 675	

3. Financial Risks

a) Credit risk

The Hahn Group is exposed to the risk that parties to transactions, primarily real estate funds, may not be able to fulfill their obligations to the Group. These obligations consist primarily in settling receivables for brokerage services and for trust management and other services. The maximum default risk in these cases corresponds to the nominal values recognized under the applicable categories of financial assets.

Recognizable default risks that particularly arise for trade accounts receivable are reflected in corresponding valuation allowances.

The quantitative credit risk is discussed under IX (2), Categories of Financial Instruments. The Group held no collateral for the reporting periods.

b) Liquidity risk

The general environment for financing real estate acquisitions is subject to constant change. The appeal of financing possibilities is contingent on a wide variety of constantly changing factors that are beyond the company's control. These include, for example, the levels of interest rates for financing, the volume to be financed, the tax environment, and also banks' assessment of the value and recoverability of properties that serve as collateral for loans, and their assessment of the general economic climate. An adverse change in the supply of financing could significantly restrict the Hahn Group's ability to acquire and market real estate, and thus adversely affect its assets and liabilities, financial position, and profit or loss.

The Financing department is responsible for financing the property companies. An adverse development in the capital markets would raise financing costs and might restrict financial flexibility. Current developments in the mortgage market in the USA have affected capital markets worldwide. Such developments could limit the Group's ability to borrow funds.

The quantitative liquidity risk is shown in further detail below, in the form of a breakdown of remaining terms to maturity, as well as in Note (27), Liabilities to Banks.

Data in thousand Euro	1 to 3 years	Over 3 years	Total
Noncurrent financial liabilities	12,649	1,824	14,473
Noncurrent other financial liabilities	4,596	176	4,772
Noncurrent liabilities	**17,245**	**2,000**	**19,245**

c) Interest rate risk

To assess market price resulting from variable interest rates, changes of one percentage point at a time, in Euro, were examined in a sensitivity analysis. The analysis included final maturities of loans and fixed-interest periods.

At the end of the reporting period, this analysis yielded a market risk to earnings and equity of Euro 0.5 million (2008: Euro 0.9 million).

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

The Hahn Group manages its financial substance by way of its equity ratio and liquidity. These key performance indicators changed as follows:

Data in thousand Euro		12/31/2009	12/31/2008 restated	01/01/2008
Shareholders' equity		20,860	25,145	39,760
Total assets		127,959	194,711	438,372
Equity ratio	in %	16.30	12.91	9.07
Cash and bank balances		5,028	19,098	22,506

No changes in goals, guidelines or methods were made at either December 31, 2009, or December 31, 2008.

4. Related Party Transactions

For the Hahn Group, related parties according to IAS 24 are persons or entities that control the Group or have a significant influence over it, or that are controlled or significantly influenced by the Group. HAHN-Holding GmbH holds 78.98 % of HAHN-Immobilien-Beteiligungs AG, and is in turn held 78.95 % by Michael Hahn. Accordingly, HAHN-Holding GmbH and its shareholders, the entities controlled or significantly influenced by HAHN-Holding GmbH or its shareholders, the members of the Board of Management and Supervisory Board of HAHN-Immobilien-Beteiligungs AG, and the subsidiaries and associates of the Hahn Group are defined as related parties.

Subsidiaries and associates included in the consolidated financial statements are as follows:

Consolidated Subsidiaries and Associates at December 31, 2009*

Companies	Share of equity held in %
I. Consolidated entities	
HAHN Fonds Management 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
GRO Ground Fondsbesitz GmbH, Bergisch Gladbach	100.00
HAHN Asset Management GmbH, Bergisch Gladbach	100.00
HAHN Fondsbeteiligungsgesellschaft mbH, Bergisch Gladbach	100.00
HAHN Trading GmbH, Bergisch Gladbach	100.00
HAHN Grundbesitz GmbH & Co. KG, Bergisch Gladbach	100.00
HAHN Property Management GmbH, Bergisch Gladbach	100.00
HAHN Investment GmbH, Bergisch Gladbach	100.00
DFD Finanzdienstleistungen & Service GmbH, Bergisch Gladbach	100.00
CuV Consulting & Verwaltungs GmbH, Bergisch Gladbach	100.00
Bürohaus Bensberg GbR, Bergisch Gladbach	97.00
VM GbR Wolfsburg, Bergisch Gladbach	53.00
Grundstücksgesellschaft Herrenberg GbR, Bergisch Gladbach	100.00
Hahn EKZ Bergisch Gladbach Beteiligungs 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 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	
Bürohaus Marsdorf GbR, Bergisch Gladbach	34.66
Hahn Büro- und Geschäftshaus Cottbus Spremberger Str. 13 – 15 GmbH & Co. KG, Bergisch Gladbach	28.97
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 full list of holdings is filed with the Commercial Register.

In addition to transactions with subsidiaries fully consolidated in the consolidated financial statements, the following related party transactions existed:

a) Transactions with HAHN-Holding GmbH, its shareholders, or companies controlled by them
Please see Notes [20] and [30].

b) Transactions with associates
The following transactions took place in fiscal 2009 and 2009 with entities over which the Hahn Group, together with other partners, has a significant influence:

Balance sheet item — Data in thousand Euro	12/31/2009	12/31/2008
Receivables from associates	304	32
Liabilities to associates	1,020	1,010

Earnings for period — Data in thousand Euro	2009	2008
Profit/loss from associates	– 103	1,944

There was one suretyship obligation to associates at the end of the reporting period, in the amount of Euro 1,000 thousand (12/31/2008: Euro 0 thousand).

Concerning the changes in receivables from and liabilities to associates, please see Notes [20] and [30].

c) Related party transactions with individuals
The compensation paid to the Supervisory Board was as follows:

Compensation (fixed) of the Supervisory Board — Data in thousand Euro	2009	2008
Michael Hahn	120	120
Dr. Eckart John von Freyend	60	60
Dr. Reinhard Frhr. von Dalwigk	40	40
Robert Löer	23	40
Total	**243**	**260**

The compensation paid to the Board of Management was as follows:

Compensation of the Board of Management Data in thousand Euro	2009 Fixed component	2008 Fixed component
Bernhard Schoofs	261	261
Norbert Kuhn[1)]	640	231
Robert Löer	60	0
Thomas Kuhlmann	80	0
Total	**1,041**	**492**

[1)] Including Euro 410 thousand in provisions for salary to September 30, 2011

The following other related party transactions existed:

During the year, Michael Hahn sold shares of three of the closed-end real estate funds established by the company to HAHN Fonds Geschäftsführungs GmbH and Hahn Fonds Management GmbH, for a total purchase price of Euro 1 thousand. Furthermore, Michael Hahn Vertriebs GmbH acquired from various Hahn Group companies a number of shares of the closed-end real estate funds established by the company, for a total purchase price of Euro 2,939 thousand.

HAHN Property Management GmbH provides real estate management services for residential buildings owned by Michael Hahn and his family. The Hahn Group received compensation of Euro 7 thousand (2008: Euro 7 thousand) for these management services in fiscal 2009. The company also provides real estate management services at no charge for an office building owned by a member of Michael Hahn's family.

Michael Hahn has furnished personal guarantees for liabilities of the Hahn Group and the real estate funds it manages, with the following values as of the end of the period:

Data in thousand Euro	12/31/2009	12/31/2008
Liabilities of associates	–	1,010
Liabilities of real estate funds established and administered by the Hahn Group	210	210
Total	**210**	**1,220**

In fiscal 2009, Michael Hahn received a commission of Euro 2 thousand (2008: Euro 13 thousand) from the Hahn Group for assuming this guarantee.

During the year, Michael Hahn extended loans of Euro 568 thousand to HAHN-Immobilien-Beteiligungs AG, at an interest rate of 3.5% p.a. HAHN-Immobilien-Beteiligungs AG in its turn extended a loan of Euro 119 thousand to Michael Hahn, at the 1-year Euribor rate plus 200 basis points. A total of Euro 15 thousand in interest expenses to Michael Hahn and Euro 1 thousand in interest income from Michael Hahn are recognized.

The law firm of one member of the Supervisory Board of the Hahn Group provided legal advisory services to the Hahn Group companies during the year for a total of Euro 20 thousand (2008: Euro 87 thousand).

During the year, Michael Hahn Vertriebs GmbH received a sales commission of Euro 303 thousand (2008: Euro 90 thousand).

On November 19, 2009, Thomas Kuhlmann acquired 40,000 shares, Michael Hahn acquired 153,613 shares, Dr. John von Freyend acquired 60,000 shares, and Anita Schoofs acquired 60,000 shares, at a purchase price of Euro 1.30 per share. On December 18, 2009, Andrea Hahn acquired 19,763 shares at a price of Euro 2.50 per share.

5. Audit Fees

Total fees billed in fiscal 2009 by Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft (formerly: Ernst & Young AG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft), of Düsseldorf, came to Euro 265 thousand (previous year: Euro 243 thousand). Of this amount, Euro 225 thousand (previous year: Euro 243 thousand) was for auditing the parent-company and consolidated financial statements, and Euro 40 thousand was for other services.

6. Contingent Liabilities

Group contingencies comprise the following:

Data in thousand Euro	12/31/2009	12/31/2008
Bank guarantees	24,525	23,577
Other guarantees	63	63
Resale guarantees	97	1,140

At December 31, 2009, Euro 1,302 thousand (December 31, 2008: Euro 7,160 thousand) in bank balances and Euro 6 thousand (previous year: Euro 6 thousand) in outstanding receivables were pledged to banks.

The bank guarantees, at Euro 10 million, include a guarantee to a German bank from previous years. It was extended as part of a package sale to a strategic investor. As a consequence of the financial crisis, the financing bank felt it was important to include the seller in the exit strategy. The guarantee will be gradually retired as the sales successes of the strategic investor progress.

7. Other Financial Liabilities

Future payment obligations under rental and lease agreements exist only for operating leases, and break down as follows as of the reporting date:

Data in thousand Euro	12/31/2009	12/31/2008
Future payments on operating leases	1,914	2,262
Due within 1 year	1,070	1,259
Due in 2 – 5 years	843	1,003
Due in > 5 years	1	–

There is an obligation to one strategic partner to subscribe for Euro 1.6 million in shares of a special fund under certain circumstances. There is a subscription obligation of Euro 30.0 million for the initiated FCP-FIS-German Retail Fund; Euro 13.7 million of this amount (previous year: Euro 6.4 million) has already been met.

8. Medium- and Long-Term Rental Income

No medium- or long-term rental income is expected, due to the sale of investment properties other than one piece of land, as the piece of land has not yet been developed.

9. Declaration on the Corporate Governance Code

The Board of Management and Supervisory Board of HAHN-Immobilien-Beteiligungs AG issued the declaration on the Corporate Governance Code under Sec. 161 of the German Stock Corporation Act on December 8, 2009, and made it available to shareholders on the Internet.

10. Events after the Reporting Date

Former CEO Bernhard Schoofs resigned as of January 28, 2010. The Supervisory Board consented to his resignation on the same date. At the same time, Dr. Michael Nave was appointed CEO, effective February 1, 2010.

As part of a cooperation agreement, the parties have agreed that in the next few years UNIMO, or its shareholder, Dr. Michael Nave, will subscribe for a total of at least Euro 2.3 million shares of HAHN-Immobilien-Beteiligungs AG at a price of at least Euro 5.50, by way of capital increases against cash. Of this amount, at least 1 million shares are to be subscribed for no later than December 31, 2010. The subscription price of Euro 5.50 per share represents a substantial premium over the closing price on January 22, 2010 (Euro 2.07). The total capital increase will bring the Hahn Group additional funds of at least roughly Euro 12.5 million, which will be used to finance further growth.

Furthermore, the Hahn Group's majority shareholder, Michael Hahn, and the UNIMO Group, or Dr. Michael Nave, also plan to establish equal ownership shares within the next 3 to 5 years.

Bergisch Gladbach, March 17, 2010

The Board of Management

Dr. Michael Nave	Thomas Kuhlmann
CEO	Member of the Board of Management

Governing Bodies of the Company

Supervisory Board

Michael Hahn, Bergisch Gladbach
Graduate in business economics
Chairman of the Supervisory Board
Managing partner of Michael Hahn Vertriebs GmbH, Bergisch Gladbach
Member of the Supervisory Board, deboka Deutsche Grund & Boden Kapital AG, Düsseldorf
Member of the Advisory Committee, WGF Westfälische Grundbesitz und Finanzverwaltung AG, Düsseldorf

Dr. Eckart John von Freyend, Bad Honnef
Vice-Chairman of the Supervisory Board
Partner, Gebr. John von Freyend Verwaltungs- und Beteiligungsgesellschaft m. b. H., Bad Honnef
Finum AG, Essen (Chairman) (to November 26, 2009)
Finum.Finanzhaus AG, Essen (Chairman) (from November 27, 2009)
Hamborner AG, Duisburg (Chairman)
IVG Immobilien AG, Bonn (from October 15, 2009)
Konzeptplus AG, Berlin (Chairman to March 26, 2009)
Litos AG, Munich (to March 26, 2009)
VNR Verlag für die Deutsche Wirtschaft AG, Bonn
Investment AG für langfristige Investoren TGV, Bonn (since March 30, 2009)

Dr. Reinhard Frhr. von Dalwigk, Düsseldorf
Attorney-at-law and Managing Partner of Aderhold Rechtsanwaltsgesellschaft mbH (until December 31, 2010)
Chairman of the Supervisory Board, analyticon Biotechnologies AG, Lichtenfels (until September 30, 2009)
CEO, analyticon Biotechnologies AG, Lichtenfels (from October 1, 2009)

Robert Löer, Bergisch Gladbach (to February 24, 2009, and from August 1 to August 7, 2009)
Managing Partner, Löer Immobilien Management GmbH
Member of the Supervisory Board, Herkules Grundbesitz AG, Hamburg (since January 21, 2009)
Representative of Board of Management member Norbert Kuhn, who was ill, pursuant to Sec. 105 (2) German Stock Corporation Act (from February 25, 2009, to July 31, 2009).)

Committees of the Supervisory Board

Audit Committee	Dr. Eckart John von Freyend, Chairman
	Dr. Reinhard Frhr. von Dalwigk
	Michael Hahn
Nominating Committee	Michael Hahn
	Dr. Eckart John von Freyend (Vice-Chairman)

Board of Management

Dr. Michael Nave, Kilchberg (Switzerland; from February 1, 2010)
Graduate in business administration
CEO

Bernhard Schoofs, Overath (to January 31, 2010)
Graduate in business administration
CEO

Thomas Kuhlmann, Düsseldorf (from August 1, 2009)
Graduate in business economics
Member of the Board of Management

Norbert Kuhn, Overath (to July 31, 2009)
Attorney-at-law
Member of the Board of Management

Robert Löer, Bergisch Gladbach
Graduate in business economics
Managing Partner, Löer Immobilien Management GmbH
Member of the Supervisory Board, Herkules Grundbesitz AG, Hamburg (since January 21, 2009)
Representative of Board of Management member Norbert Kuhn, who was ill, pursuant to Sec. 105 (2) German Stock Corporation Act (from February 25, 2009, to July 31, 2009).
Mr. Löer refrained from acting as a member of the Supervisory Board during this period of representation, in accordance with Sec. 105 (2) Sentence 3 of the Stock Corporation Act.

Declaration by the Board of Management

These consolidated financial statements and this Group 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 members of the Board of Management hereby confirm that the consolidated financial statements for 2009 were prepared according to the best of their knowledge.

The consolidated financial statements were prepared using International Financial Reporting Standards (IFRSs) as adopted by the EU.

The information contained in the consolidated financial statements and the Group management report is based on the uniform Group-wide reporting of the companies, fund companies, and special-purpose vehicles 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.

"To the best of our knowledge and belief, 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 profit or loss of the Group, and the Group management report provides an appropriate review of the development and results of operations and the position of the Group, suitably presenting the principal opportunities and risks associated with the expected future development of the Group."

Bergisch Gladbach, March 17, 2010

The Board of Management

Dr. Michael Nave Thomas Kuhlmann

Audit Opinion

"We have audited the consolidated financial statements prepared by HAHN-Immobilien-Beteiligungs AG, Bergisch Gladbach, comprising the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, segment report, and notes to the consolidated financial statements, together with the Group management report, for the fiscal year from January 1, 2009, to December 31, 2009. 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 the 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 assets, liabilities, financial position and profit or loss 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 and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB, and give a true and fair view of the assets, liabilities, financial position and profit or loss 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 18, 2010

Ernst & Young GmbH

Wirtschaftsprüfungsgesellschaft

Hollweg	Schlüter
German Public Auditor	German Public Auditor

HAHN-Immobilien-Beteiligungs AG

Abridged version of the individual financial statements (HGB)

Income statement Data in Euro	2009	2008
Sales	4,151,476	467,702
Change in inventories of finished goods and work in progress	2,817,360	2,042,732
Other operating income	6,968,836	2,510,434
Total operating performance	– 22,320,909	– 3,729,537
Operating expenses and financial results	– 15,352,073	– 1,219,103
Earnings before taxes	– 5,085,006	161,250
Taxes	**– 10,267,067**	**– 1,380,353**

Balance sheet: Assets Data in Euro	12/31/2009	12/31/2008
Noncurrent assets	12,384,038	13,698,732
Inventories	498,860	831,762
Accounts receivable and other assets	26,291,902	27,165,976
Cash on hand, bank balances	4,689,739	19,568,152
Prepaid expenses and accrued income	48,797	55,450
Deffered tax assets	1,879,912	–
Total	**52,793,248**	**61,320,072**

Balance sheet: Liabilities Data in Euro	12/31/2009	12/31/2008
Shareholders' equity	20,819,099	31,086,165
Provisions	4,513,456	5,320,997
Liabilities	27,457,881	24,908,718
Accruals and deferred income	2,812	4,192
Total	**52,793,248**	**61,320,072**

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's own portfolio.

Closed-end fund
Closed-end funds issue a fixed number of shares for a predefined 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 m², 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 Interest 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 the 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 m² and focusing on goods of daily demand as well as countless nonfood goods for self-service shopping, mainly located at sites easily accessible for motor vehicles.

Leverage effect
If an investor can raise borrowed capital at a 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.

Pluswertfonds
The closed-end funds issued by HAHN Fonds GmbH are sold under the name "Pluswertfonds".

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 nonfood 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 robacco, 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.

Multi-Year Statement

Data in thousand Euro		2009	2008	2007	2006
Sales		92,402	428,107	129,956	127,850
EBITDA		-2,837	13,905	22,986	8,508
EBIT		-3,250	13,566	22,688	8,293
EBT		-11,444	-10,964	10,953	6,251
Consolidated result		-6,134	-9,866	7,062	4,118
Cash flow from operating activities		-14,927	-13,239	5,537	4,597
Equity ratio	in %	16.3	12.9	9.07	40.0
Rental volume under management		142,006	141,712	155,194	133,665
Assets under management	in billion Euro	2.02	2.01	2.16	2.0
Earnings per share	in Euro	-0.51	-0.82	0.59	0.40
Dividend per share	in Euro	–	–	0.18	0.12
Employees	number	84	82	75	58

Financial Calendar

05/14/2010	Publication of interim notification
06/08/2010	Shareholders' Meeting
08/13/2010	Publication of semi-annual report
11/12/2010	Publication of interim notification

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Publishing Details

Responsible for the content
according to Sec. 10 Para. 3 MDStV:
Board of Management of
HAHN-Immobilien-Beteiligungs AG

Overall concept and design
FIRST RABBIT GmbH, Cologne

Photographs
Frank Reinhold, Manuel Frauendorf

Prepress
FIRST RABBIT GmbH, Cologne

Printing
druckpartner, Essen

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