

# FINANCIAL RESULTS 2019

FEBRUARY 27, 2020

# DISCLAIMER

## **Cautionary Note Regarding Forward-Looking Statements**

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## **No duty to update**

The company assumes no obligation to update any information contained herein.



## AGENDA

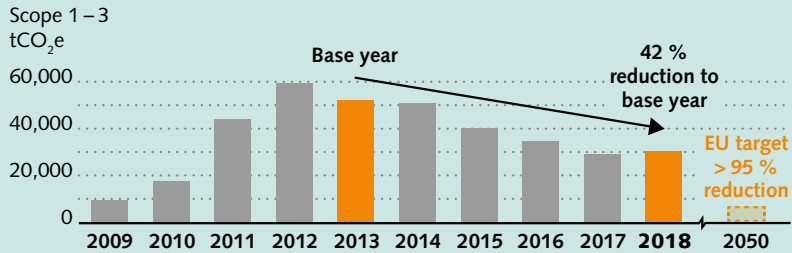
- **Green dividend**
- Financials
- Operations
- Appendix



# LEADING IN SUSTAINABILITY

## SUSTAINABLE OPERATIONS

### 10-YEAR VIEW OF ALSTRIA'S CARBON EMISSIONS



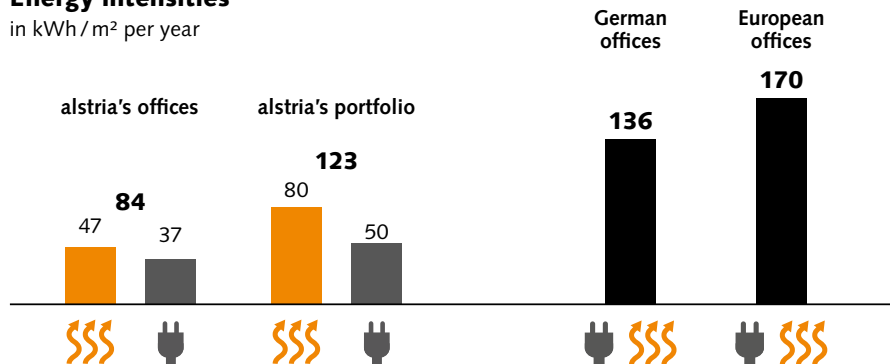
## AT THE HEART OF OUR APPROACH TO VALUE CREATION

- Sustainability at alstria goes beyond day-to-day operations
- Using a simplistic rule applied to real estate: **Reduce, Reuse, Recycle**
  - **Reduce:** No Green Field development, low tech buildings
  - **Reuse/recycle:** Refurbishment of existing assets

## LEADERSHIP IN NUMBERS

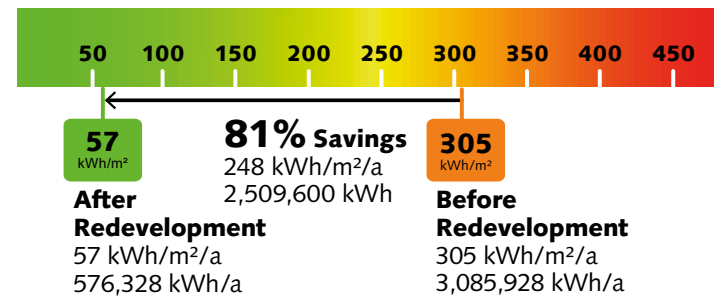
### Energy intensities

in kWh/m<sup>2</sup> per year



## THE EXAMPLE OF THE MUNDSBURG OFFICE TOWER

### Metered energy consumption 2013



# OUR FOCUS IS MAXIMIZING FINANCIAL RETURNS

- › Our pace of improving the portfolio is decided by the underlying business needs, not by a CO<sub>2</sub> improvement target
  - Within the constraints of regulation and environmental norms, we maximize returns
  - Our refurbishment approach is to use the Best Available Technology at No Extra Cost (BATNEC)
  - We do not try to do better than the regulation if 'better' means extra costs (i. e. no impact on returns)
- › Average UIRR on EUR 1.5 billion of assets sold since 2007: 8.0 %
- › Current target underwriting IRR : between 6 % and 7 %

**»It is not mathematically possible to maximize for two (or more) variables.«**

Neumann and Morgensen  
(Theory of games and  
economic behaviours, 1947)



# COULD WE GO FASTER? YES IF...

- › For a refurbishment to take place and produce acceptable risk-adjusted returns we need both following conditions to be met:
  - The building needs to be vacant AND we have capacity on our balance sheet for the risk
  - On average we turn around 5 % to 7 % of the portfolio every year (current refurbishment is around 12.2 % of the portfolio by area)
  - We are already moving between 2 to 3 times faster than the market
- › In order to go faster we would need to relax on one of our two constrains: Work on an occupied building or increase our balance sheet exposure



Hamburger Str. 1, Hamburg

# INVESTING IN AN OCCUPIED ASSET? WHY NOT?

***Climate change did not have an impact on the real estate ground rule:***

***Value is only added when the asset is vacant.***

***Working on an occupied asset implies the acceptance of lower returns.***

## NO OBLIGATION TO ACT (LEGAL OR CONTRACTUAL)

- › There is usually:
  - No legal obligation to act (grand fathering rules)
  - No contractual obligation to act
- › Implies limited additional cash flow potential (at least up until the time where the existing tenant leaves)

# CLIMATE CHANGE IS NOT ANTONYMOUS WITH CAPITAL DISCIPLINE

- › Green bond impact report<sup>1)</sup> analysis shows similar numbers for real estate: EUR 28,700 per tCO<sub>2</sub>e avoided
- › Green bond impact report<sup>1)</sup> tends to show that one ton of CO<sub>2</sub> invested in real estate is on average **81 times less effective** than a ton of CO<sub>2</sub> invested in renewable
- › This raises the question: 'If climate change is the target, is real estate the right asset class to invest in?'

<sup>1)</sup>Based on the analysis of green bond impact reports which represent a total investment pool of around EUR 10 billion, of which EUR 4.5 billion in real estate and EUR 5.5 billion in renewable.





IN THEORY DIVIDEND SIGNALS  
THE LACK OF PROFITABLE INVESTMENT  
**OPPORTUNITIES,**  
AND THEREFORE THE RETURN OF  
**CAPITAL** TO SHAREHOLDERS

# GREEN ⚡ REGULAR

GREEN DIVIDEND SIGNALS THE  
EXISTENCE OF CLIMATE  
CHANGE MITIGATION  
OPPORTUNITIES.  
HOWEVER THESE ARE  
OUTSIDE THE FINANCIAL RETURNS  
EXPECTATIONS



# A NEW DIALOGUE WITH OUR SHAREHOLDERS

- › **The main aim of the Green Dividend is to:**
  - Identify and make apparent the marginal cost of doing more than justified by a financial view
  - Understand how this marginal cost compares with other opportunities we do not have access to
  
- › **We are therefore using the Green Dividend help us fill the information gap; we are asking our shareholders:**
  - Should we do more ?
  - Are we best positioned to do more?
  
- › **And providing them with the information they need to benchmark our proposal against other investment opportunities they see elsewhere in their investment universe**

# OUR FIRST PROPOSAL

- › **EUR 0.01 per share**  
(or EUR 1.77 million in total)
- › **Shareholders can either:**
  - take the dividend and invest in more efficient green projects
  - refuse the dividend and give us a mandate to execute our proposal
- › **Average marginal cost of EUR 17,500 per tCO<sub>2</sub>e avoided**



**Hammer Steindamm 129, Hamburg**



## AGENDA

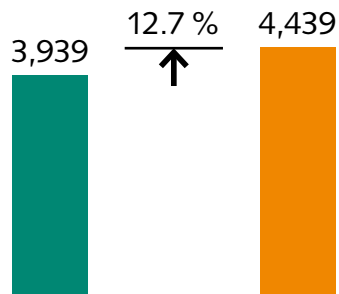
- › Green dividend
- › **Financials**
- › Operations
- › Appendix





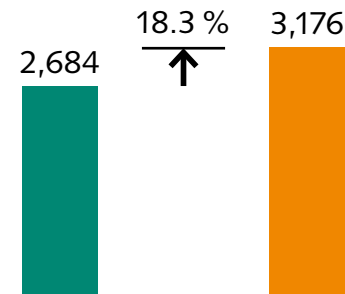
# SELECTED BALANCE SHEET POSITIONS

## INVESTMENT PROPERTY in EUR million



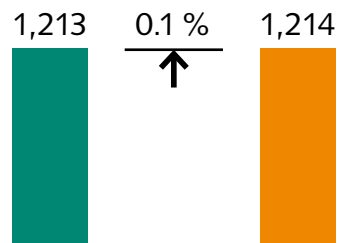
Dec. 31, 2018    Dec. 31, 2019

## EQUITY in EUR million



Dec. 31, 2018    Dec. 31, 2019

## NET FINANCIAL DEBT in EUR million



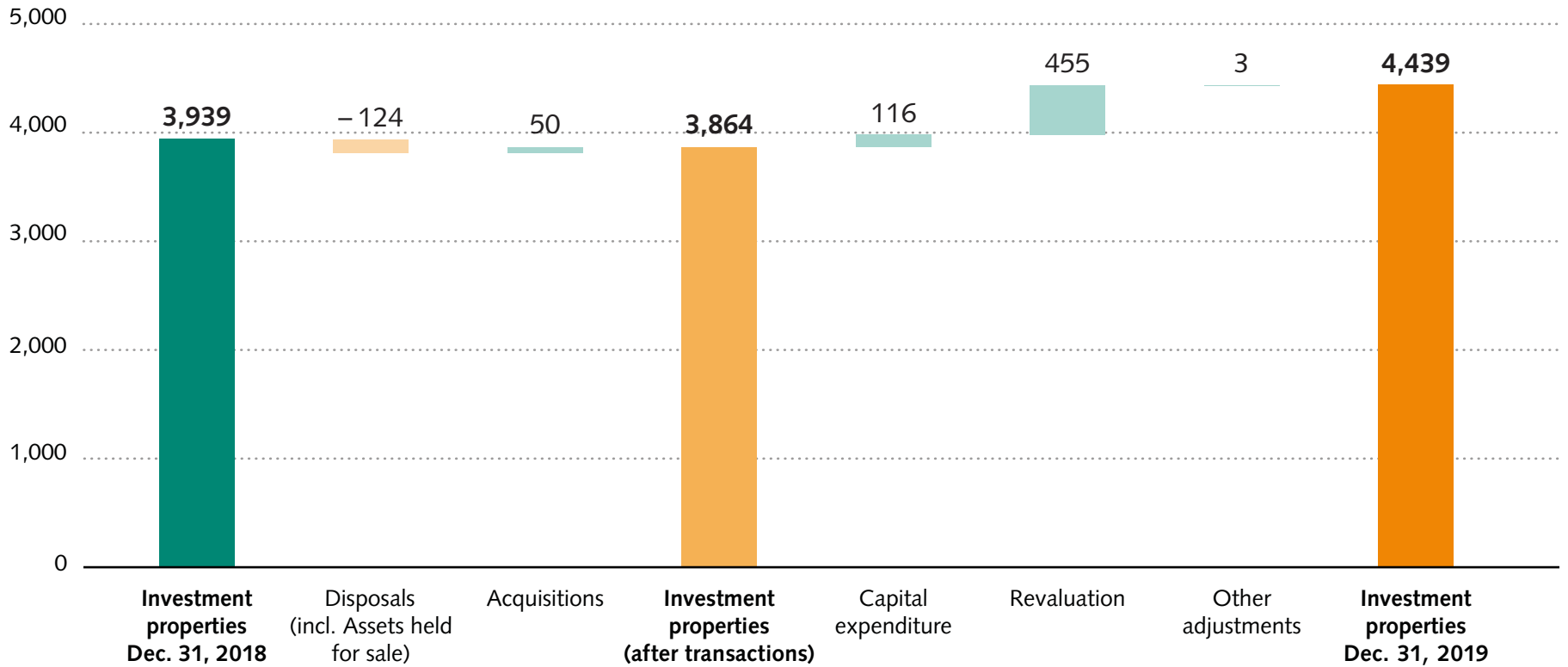
Dec. 31, 2018    Dec. 31, 2019

## RATIOS

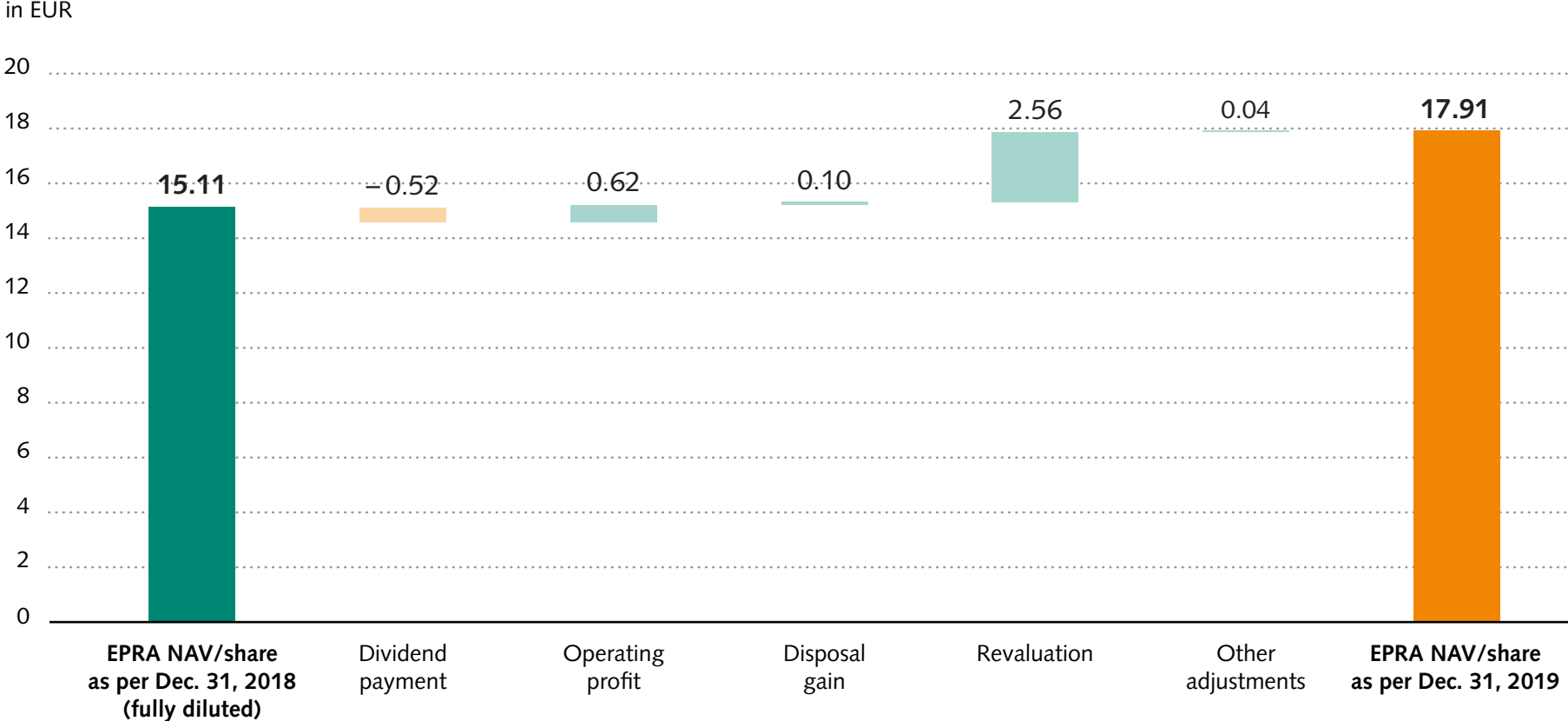
- › **G-REIT equity ratio: 70.9 %**
- › **Net LTV: 27.1%**
- › **EPRA NAV per share: up by 18.3 % (EUR 2.77) to EUR 17.91**
- › **EPRA NAV in line with EPRA NTA**

# INVESTMENT PROPERTIES BRIDGE

in EUR million

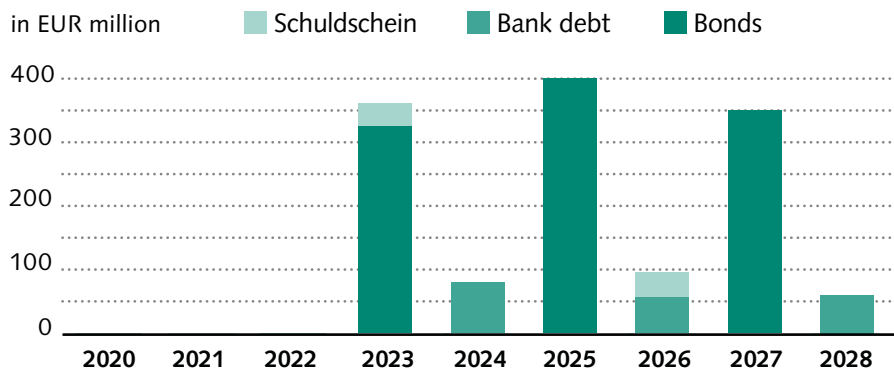


# EPRA NAV PER SHARE UP TO EUR 17.91



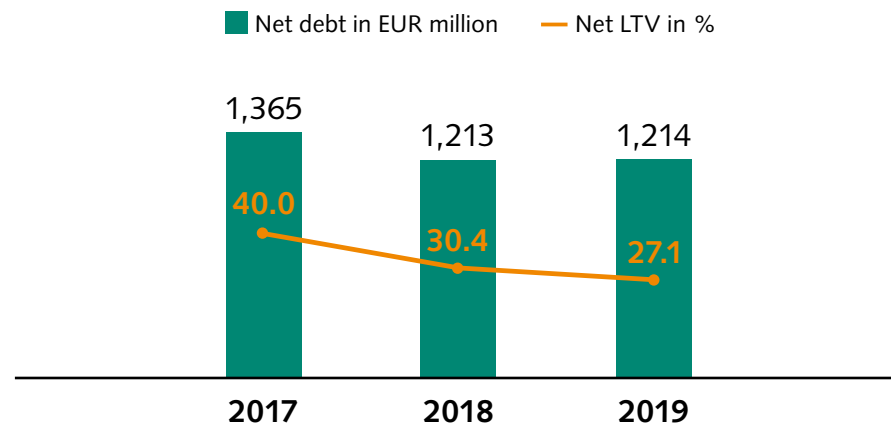
# LTV FURTHER DOWN

## DEBT MATURITY PROFILE<sup>1)</sup>



<sup>1)</sup>Assuming repayment of Schuldschein (EUR 37 m) and bond (EUR 327 m) maturing in 2020/21 using available cash.

## NET DEBT AND NET LTV

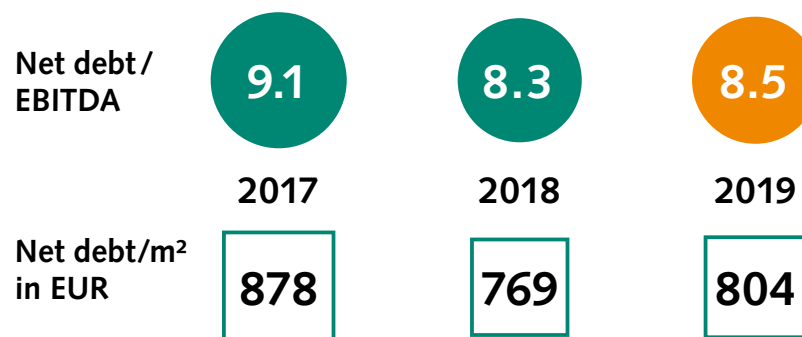


## COMPOSITION OF DEBT<sup>1)</sup>

	Nominal amount (EUR k)	Cost of debt (%)	Average maturity (years)
Bonds	1,075,000	1.3	5.7
Bank debt	195,900	1.1	6.3
Schuldschein	77,000	2.5	5.0
<b>Total</b>	<b>1,347,900</b>	<b>1.3</b>	<b>5.8</b>

<sup>1)</sup>Assuming repayment of Schuldschein (EUR 37 m) and bond (EUR 327 m) maturing in 2020/21 using available cash.

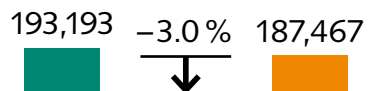
## ALTERNATIVE KPI'S ON INDEBTEDNESS





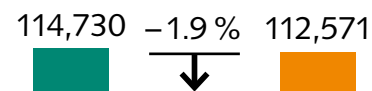
# FINANCIALS: SELECTED PROFIT & LOSS POSITIONS

## GROSS RENTAL INCOME in EUR k



Dec. 31, 2018      Dec. 31, 2019

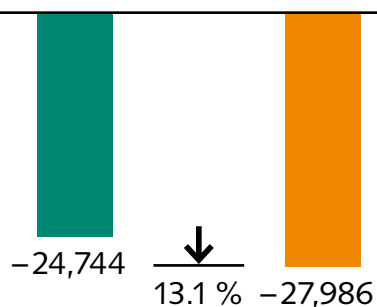
## FUNDS FROM OPERATIONS (FFO) in EUR k



Dec. 31, 2018      Dec. 31, 2019

## SG&A in EUR k

Dec. 31, 2018      Dec. 31, 2019

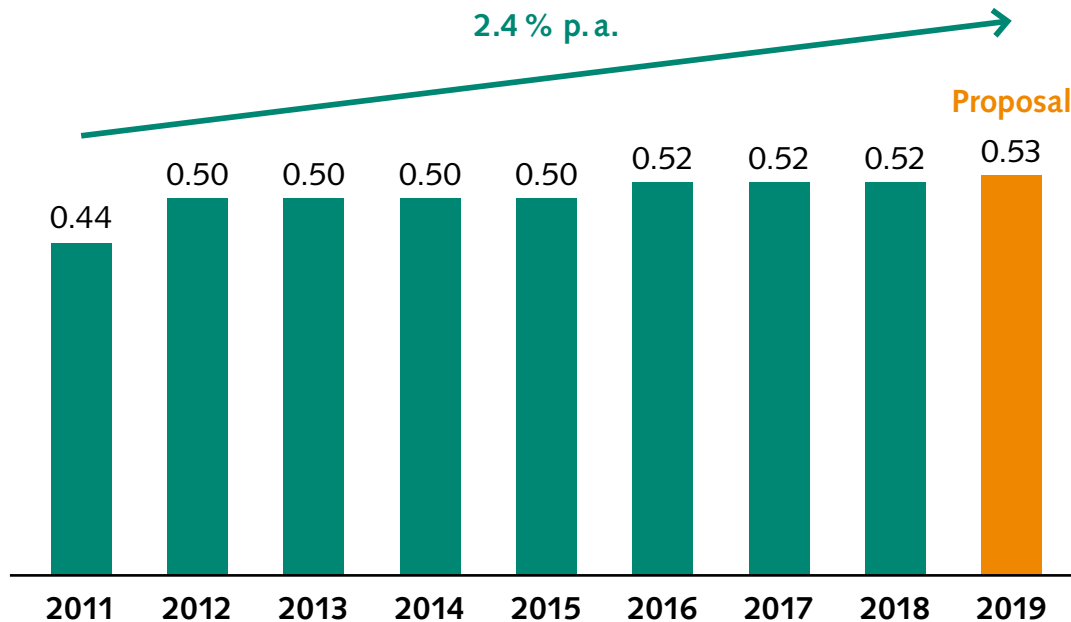


## RATIOS

- › FFO: EUR 0.63 per share
- › FFO margin: 60.0 %
- › EPRA cost ratio: 21.7 %

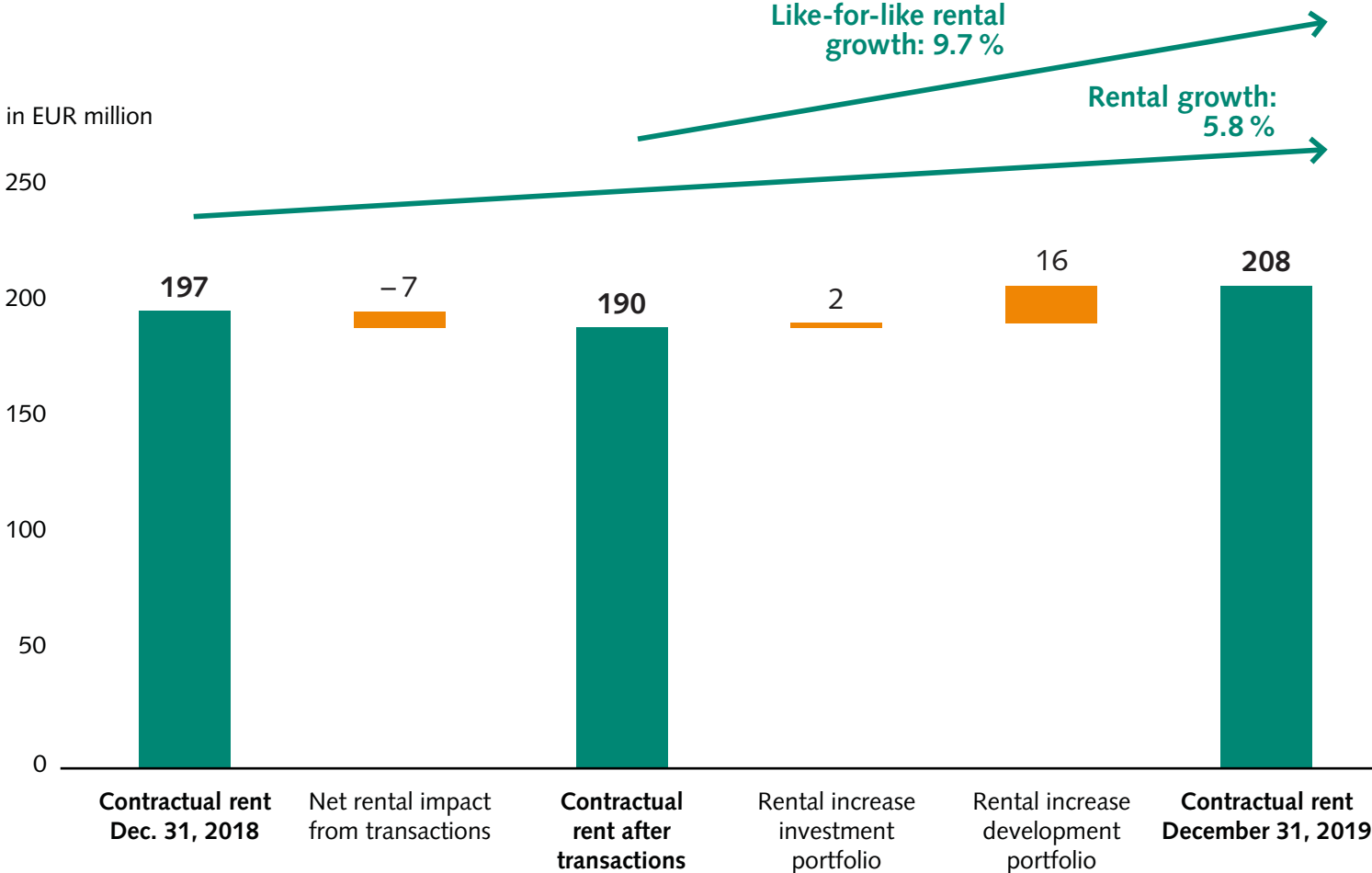
# DIVIDEND OF EUR 0.53 PER SHARE

DIVIDEND PER SHARE in EUR



- › Proposal of a dividend of EUR 0.53
- › 1 cent per share 'Green Dividend'
- › Dividend payout of EUR 92.3 m (+ EUR 1.8 m 'Green Dividend')
- › Payout of 82.5 % (resp. 84.1 %) of FFO

# LIKE-FOR-LIKE RENT UP 9.7 %



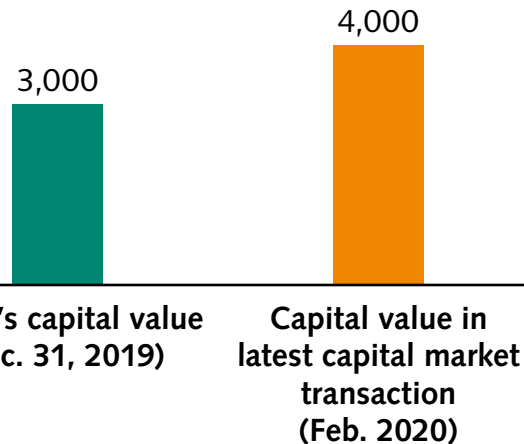
# WHERE DOES FUTURE GROWTH COME FROM?

## BALANCE SHEET

### NAV PER SHARE

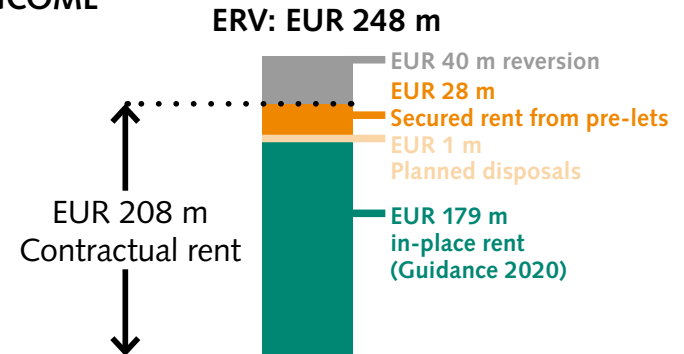


### CAPITAL VALUE per m<sup>2</sup> in EUR

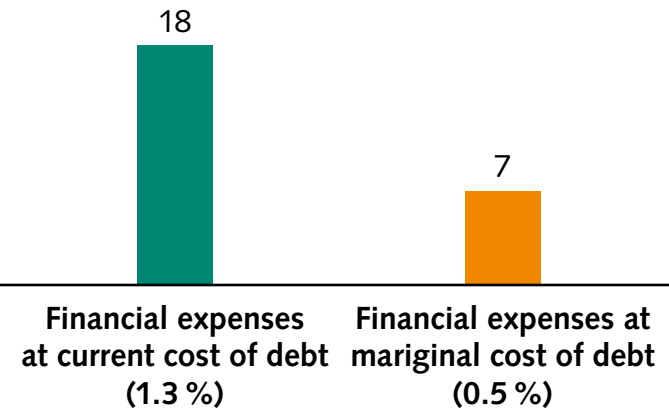


## P&L

### RENTAL INCOME



### MARGINAL COST OF DEBT in EUR million

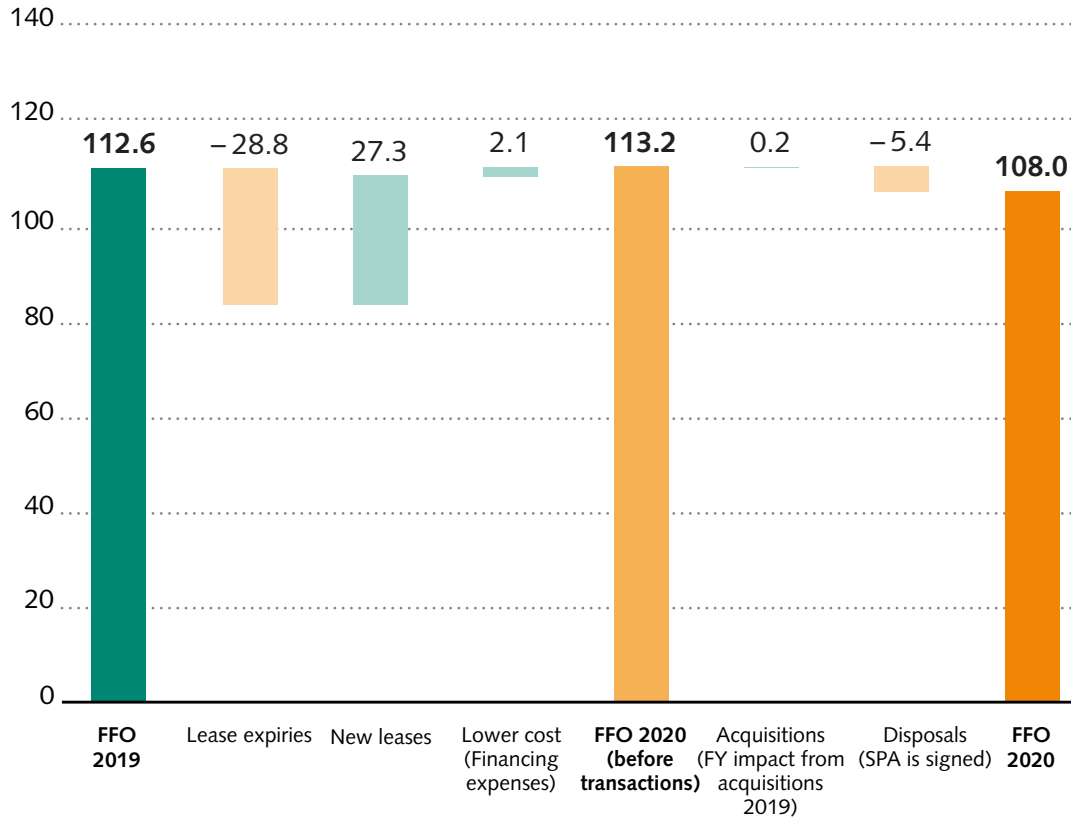




# GUIDANCE 2020

## FFO GUIDANCE BRIDGE

in EUR million



### > Revenues: EUR 179 m

- Lower revenues mainly due to disposal of non-core properties

### > FFO: EUR 108 m

- Lower cost will partly compensate for decline of revenues
- FFO margin c. 60%
- FFO per share: EUR 0.61

## AGENDA

- › Green dividend
- › Financials
- › **Operations**
- › Appendix

# HIGHLIGHTS 2019



**Georg-Glock-Str. 18, Düsseldorf**

## MAIN ACHIEVEMENTS 2019

- › Results 2019 in line with plan
- › Exceptionally strong letting result
- › Strong growth of contractual rent
- › Developments delivering strong results
- › Further de-risking of the portfolio

# PORTFOLIO AS OF DEC. 31, 2019

## CONCENTRATION ON MAJOR OFFICE MARKETS



## PORTFOLIO KEY FACTS

	Dec. 31, 2019	Dec. 31, 2018	Change
Portfolio value (EUR m)	4,476	3,985	12.3 %
Avg. value per m <sup>2</sup> (EUR)	2,966	2,525	17.5 %
Contractual rent (EUR m)	208.3	197.0	5.7 %
Valuation yield (%)	4.7	4.9	-20 bp
ERV (EUR m)	248.5	240.3	3.4
ERV yield (%)	5.6	6.0	-40 bp

# OUTSTANDING LETTING RESULT

## LETTING VOLUME in m<sup>2</sup>

### › Letting volume:

- New leases: 197,600 m<sup>2</sup>  
(5-year average: 111,900 m<sup>2</sup>)
- Renewed leases: 171,300 m<sup>2</sup>  
(5-year average: 126,000 m<sup>2</sup>)

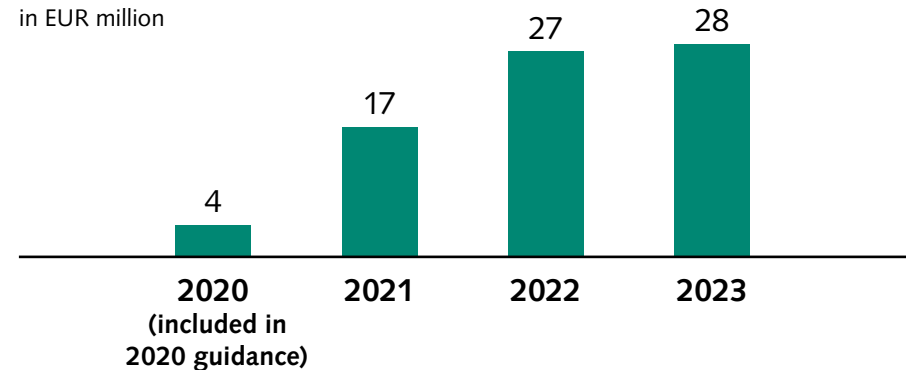
## KPI'S

### › Average rent per m<sup>2</sup> / WAULT:

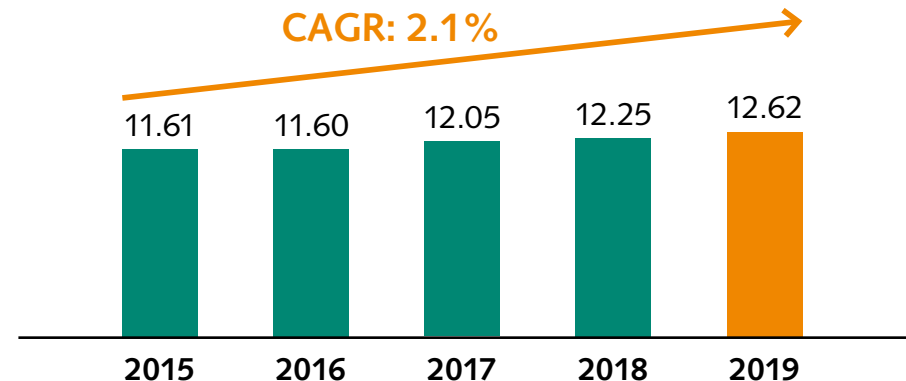
- Total portfolio: EUR 12.62 / 6.3 years
- New leases: EUR 16.20 / 11.0 years
- Extended leases: EUR 11.80 / 3.6 years

## SECURED RENTS WILL TRANSLATE IN TOP-LINE GROWTH

in EUR million



## AVERAGE RENT in EUR per m<sup>2</sup>



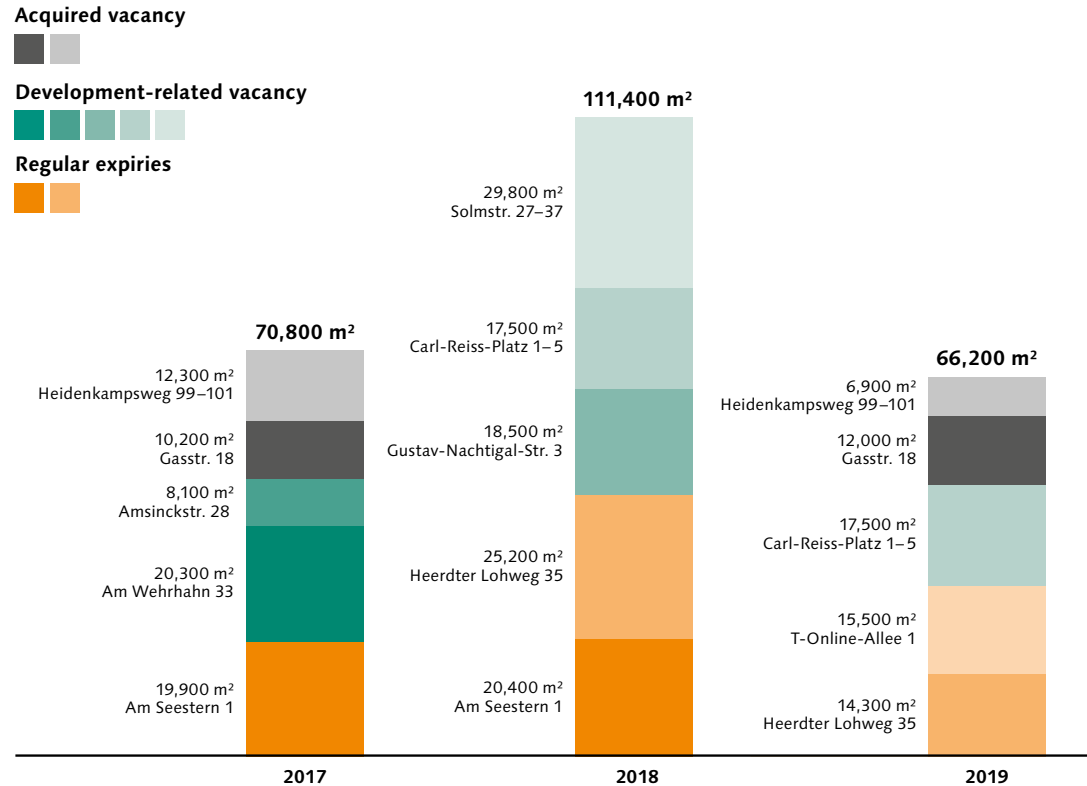


# VACANCY SUBSTANTIALLY DOWN

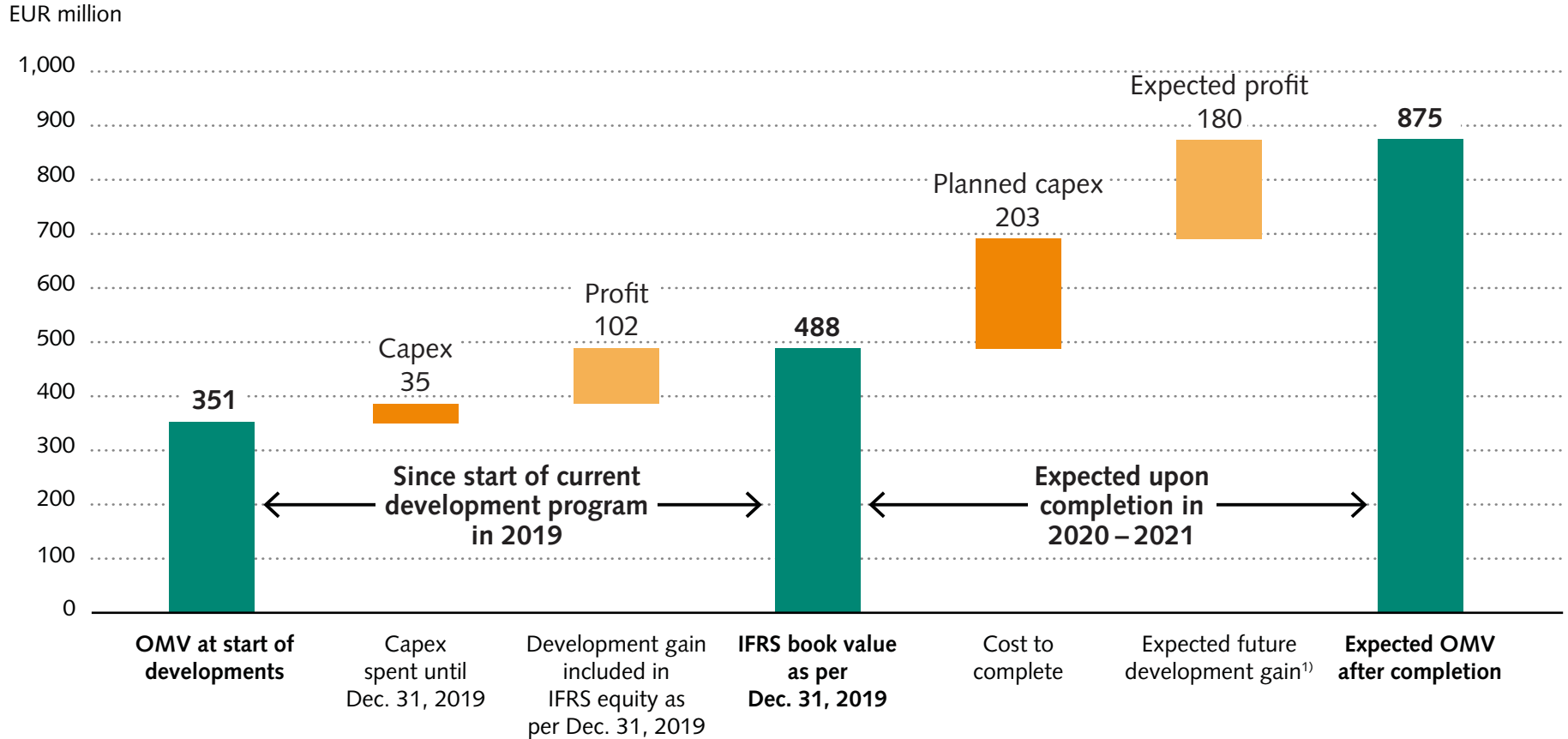
## KEY FACTS

- › EPRA vacancy rate at 8.1 %  
(– 160 bps)
- › Net absorption of 83,900 m<sup>2</sup>

## 'TOP 5' VACANT ASSETS 2017–2019



# CURRENT DEVELOPMENTS DELIVERING EUR 1.60 NAV GROWTH PER SHARE



<sup>1)</sup> Expected OMV assuming yields of 4.0% for assets in Hamburg, Stuttgart, Frankfurt and Wiesbaden, 4.5% for assets in Darmstadt and Mannheim

# SELLING THE PERIPHERY

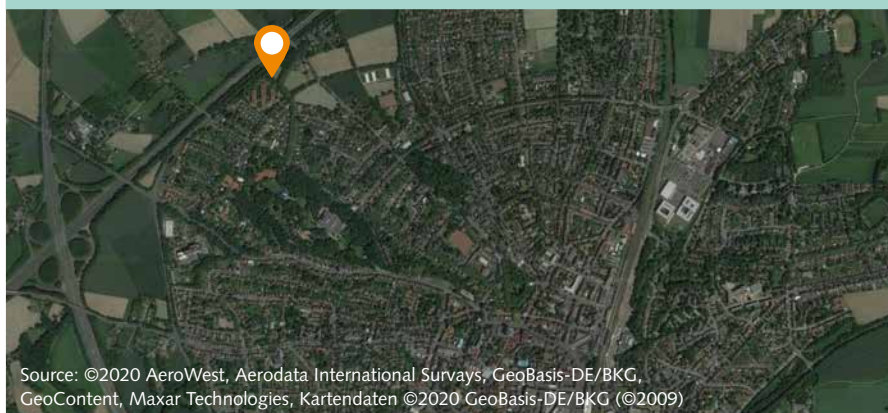
## STIFTSPLATZ 5, KAISERSLAUTERN



## WERNER-VON-SIEMENS-PLATZ 1, LAATZEN



## JOSEF-WULFF-STR. 75, RECKLINGHAUSEN



## KEY DATA

	2019	2020 ytd
Assets	6	3
Disposal price (EUR m)	139.7	62.6
Lettable area (m <sup>2</sup> )	85,800	33,600
In-place rent (EUR m)	8.6	4.0
Disposal price per m <sup>2</sup> (EUR)	1,641	1,863
Gain to book value (%)	11.2 <sup>1)</sup>	10.0 <sup>2)</sup>

<sup>1)</sup> Based on book value as per Dec. 31, 2018.

<sup>2)</sup> Based on book value as per Dec. 31, 2019.



# BUYING THE CENTER

HAUPTSTR. 98–99, BERLIN



MAXSTR. 3 A, BERLIN



ADLERSTR. 63, DÜSSELDORF



## KEY DATA

<b>Assets:</b>	5
<b>Total value:</b>	EUR 49.3 m
<b>Lettable area:</b>	17,600 m <sup>2</sup>
<b>Capital value:</b>	EUR 2,800
<b>In-place rent / m<sup>2</sup>:</b>	9.20 EUR
<b>Market rent (EUR):</b>	13.80 EUR

# STRATEGIC OUTLOOK

**YOU ARE STILL HERE**

## BUILDING OPPORTUNITIES

### ECB STIMULUS CONTINUES

- › **Opportunity:** 1.6 million m<sup>2</sup> of office space
- › **Portfolio value:** ↗
- › **Yield:** ↘
- › **Cash-flow growth:** Refurbishment projects
- › **Equity:** Follow capital market signals
- › **Debt:** keep leverage low

### RENTAL GROWTH DECORRELATES FROM GDP

- › **Opportunity:** 1.6 million m<sup>2</sup> of office space
- › **Portfolio value:** ↗
- › **Yield:** ↘
- › **Cash-flow growth:** Rent reversion
- › **Equity:** Follow capital market signals
- › **Debt:** keep leverage low

### CAPITAL VALUES REVERT TO FUNDAMENTALS

- › **Opportunity:** Strong balance sheet
- › **Portfolio value:** ↘
- › **Yield:** ↗
- › **Cash-flow growth:** accretive acquisitions
- › **Equity:** Follow capital market signals
- › **Debt:** Increase leverage to buy more

### GDP GROWTH ACCELERATE

- › **Opportunity:** 1.6 million m<sup>2</sup> of office space
- › **Portfolio value:** ↗
- › **Yield:** ↘
- › **Cash-flow growth:** Rent reversion, accretive acquisitions
- › **Equity:** Follow capital market signals
- › **Debt:** Increase leverage to buy more

- › **What happened in the past 12 months?**
  - Portfolio capital value increased by 12.4 %
  - Development portfolio is delivering cash flow growth
  - Disposal of non-core assets improves risk return profile
  - Public markets are still trailing private markets
- › **What did not change over the last 12 months?**
  - Office capital value growth is still substantially ahead of office rental value growth
  - Interest environment is still at historical lows
  - Desperation for yield is still high



# ALSTRIA'S SHARE

## SHARE

ISIN	DE000A0LD2U1
Symbol	AOX
Market segment	Financial Services
Industry group	Real Estate
Indizes	FTSE EPRA / NAREIT Global Real Estate Index Series, FTSE EPRA / NAREIT Europe Real Estate Index Series, MDAX, RX REIT Index, GPR 250 Index Series, GPR 250 REIT Index Series, EURO STOXX 600
Number of shares	177.6 million
Free float	100 %

## CONTACT

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## AGENDA

- › Green dividend
- › Financials
- › Operations
- › **Appendix**



# NEW LEASES

## Main new leases in 2019 (> 1,500 m<sup>2</sup>)

Address	City	Lettable area (m <sup>2</sup> )	Lease start	Net rent p. a. (EUR k)	Net rent per m <sup>2</sup> (EUR) <sup>1)</sup>	Lease length (years)	Rent free (in % of lease length)
Solmsstr. 27–37	Frankfurt	30,900	July 01, 2021	6,081	16.50	20.0	1.7
Gustav-Nachtigal-Str. 3 & 5	Wiesbaden	26,000 <sup>2)</sup>	Sep 01, 2022	8,714	28.00	15.0	0.0
Am Seestern 1	Düsseldorf	15,000	Oct 01, 2020	3,338	16.59	10.0	1.7
Heerdter Lohweg 35	Düsseldorf	13,500	May 01, 2020	1,894	11.70	12.0	7.6
T-Online-Allee 1	Darmstadt	13,300	May 01, 2020	2,242	12.00	5.0	5.0
Georg-Glock-Str. 18	Düsseldorf	6,500	May 01, 2020	1,613	21.50	12.0	2.8
Rotebühlstr. 98–100	Stuttgart	6,300	Oct 01, 2021	1,627	19.95	15.0	1.7
Gustav-Nachtigal-Str. 5	Wiesbaden	5,400	Jun 01, 2019	1,415	20.00	1.6	0.0
Kanzlerstr. 8	Düsseldorf	5,000	Mar 01, 2020	865	13.61	10.0	5.2
Platz der Einheit 1	Frankfurt	4,200	July 01, 2019	1,100	21.00	3.0	8.3
Platz der Einheit 1	Frankfurt	2,900	July 01, 2019	850	24.00	10.0	5.8
Amsinckstr. 28	Hamburg	2,900	May 01, 2020	524	14.10	5.0	0.0
Amsinckstr. 28	Hamburg	2,700	July 01, 2020	529	16.50	10.0	0.0
Schinkestr. 20	Berlin	2,400	Jan 01, 2020	444	21.60	5.0	0.0
Amsinckstr. 34	Hamburg	2,200	Sep 01, 2019	424	14.75	5.0	1.7
Maarweg 165	Cologne	2,000	Jan 01, 2020	364	14.55	10.0	3.3
Pempelfurtstr. 1	Ratingen	1,700	Apr 01, 2019	179	7.50	10.0	0.0
Epplestr. 225	Stuttgart	1,700	July 01, 2020	370	16.00	5.0	0.0
Süderstr. 23	Hamburg	1,600	Oct 01, 2019	294	15.30	10.0	2.5
<b>New Leases &gt; 1,500 m<sup>2</sup></b>		<b>146,100</b>					
<b>Others</b>		<b>51,500</b>					
<b>Total</b>		<b>197,600</b>					

<sup>1)</sup> Disregarding parking, storage and other supplementary spaces.

<sup>2)</sup> Lease start for 18,400 m<sup>2</sup> on Sept. 1, 2021 and for 7,600 m<sup>2</sup> on Sept. 1, 2022.

# DEVELOPMENT PORTFOLIO

## Key data

Adress	City	Lettable area (m <sup>2</sup> )	OMV at start of development	Total capex	Cost to complete	Target rent on completion	All-in-cost yield
			(EUR k)	(EUR k)	(EUR k)	(EUR k)	(%)
			(A)	(B)		(C)	(C/A+B)
Besenbinderhof 41	Hamburg	5,000	6,500	11,300	10,100	1,198	6.7
Carl-Reiß-Platz 1–5, TG	Mannheim	17,500	16,900	40,600	38,000	3,400	5.9
Deutsche Telekom Allee 7	Darmstadt	24,700	40,100	16,800	16,800	3,500	6.2
Georg-Glock-Str. 18	Düsseldorf	10,800	28,800	14,900	3,400	2,649	6.1
Gustav-Nachtigal-Str. 3 & 5	Wiesbaden	26,100	28,800	63,700	53,700	8,710	9.4
Rotebühlstr. 98–100	Stuttgart	8,400	22,000	15,700	14,000	2,059	5.5
Solmsstr. 27–37	Frankfurt	30,900	68,000	43,600	37,500	6,081	5.4
T-Online-Allee 1	Darmstadt	60,600	140,100	31,800	29,900	9,500	5.5
<b>Total</b>		<b>184,000</b>	<b>351,200</b>	<b>238,400</b>	<b>203,400</b>	<b>37,097</b>	<b>6.3</b>

## Pre-let status

Adress	City	Lettable area (m <sup>2</sup> )	Pre-letting (% of Target rent)	Secured rent (EUR m)	Target rent on completion	Status	Forecast completion date
					(EUR k)		
					(C)		
Besenbinderhof 41	Hamburg	5,000	0	0	1,198	Construction	Q2 2021
Carl-Reiß-Platz 1–5, TG	Mannheim	17,500	0	0	3,400	Construction	Q4 2022
Deutsche Telekom Allee 7	Darmstadt	24,700	0	0	3,500	Planning	n/a
Georg-Glock-Str. 18	Düsseldorf	10,800	100	2,649	2,649	Construction	Q2 2020
Gustav-Nachtigal-Str. 3–5	Wiesbaden	26,100	100	8,710	8,710	Construction	Q3 2022
Rotebühlstr. 98–100	Stuttgart	8,400	100	2,059	2,059	Construction	Q3 2021
Solmsstr. 27–37	Frankfurt	30,900	100	6,081	6,081	Construction	Q3 2021
T-Online-Allee 1	Darmstadt	60,600	68	6,461	9,500	Planning	n/a
<b>Total</b>		<b>184,000</b>	<b>70</b>	<b>25,960</b>	<b>37,097</b>		



# APPENDIX: RECONCILIATION FROM IFRS TO FFO

## IFRS P & L AND FFO from January 1 to December 31, 2019

EUR k	P&L	Adjustments	FFO
Revenues	187,467	0	187,467
Service charge income	37,038	0	37,038
Real estate operating expenses	-61,601	0	-61,601
<b>Net rental income</b>	<b>162,904</b>	<b>0</b>	<b>162,904</b>
Administrative expenses	-9,545	1,106	-8,439
Personnel expenses	-18,441	2,544	-15,897
Other operating income	16,185	-13,644	2,541
Other operating expenses	-15,230	13,824	-1,406
Net result from fair value adjustments on investment property	454,767	-454,767	0
Gain on disposal of investment property	17,350	-17,350	0
<b>Net operating result</b>	<b>607,990</b>	<b>-468,287</b>	<b>139,703</b>
Net financial result	-27,460	3,331	-24,129
Share of the result of joint ventures	-170	126	-44
Net result from fair value adjustments on financial derivatives	0	0	0
<b>Pre-tax income (EBT)</b>	<b>580,360</b>	<b>-464,830</b>	<b>115,531</b>
Income tax expense	861	-861	0
<b>Consolidated profit/loss for the period</b>	<b>581,221</b>	<b>-465,691</b>	<b>115,531</b>
Minorities	0	-2,959	-2,959
<b>Consolidated profit after minorities / Funds from operations (FFO)</b>	<b>581,221</b>	<b>-468,649</b>	<b>112,572</b>
Maintenance capex			-14,276
<b>Adjusted funds from operations (AFFO)</b>			<b>98,296</b>
Number of shares outstanding (k)			177,593
<b>FFO per share (EUR)</b>			<b>0.63</b>
<b>AFFO per share (EUR)</b>			<b>0.55</b>

## FFO ADJUSTMENTS

- › EUR 454.8 m non-cash valuation impact on investment properties
- › EUR 17.4 m non-recurring disposal gains
- › **Other operating income:**
  - EUR 10.5 m release of accruals
  - EUR 3.2 m one-off compensation payments
- › **Other operating expenses:**
  - EUR 8.5 m non-cash increase in minority share of alstria office prime portfolio GmbH & Co. KG
  - EUR 5.2 m provision for legal disputes
- › **Financial expenses:**
  - EUR 2.5 m non-recurring interest for bond 2015
- › **Personnel expenses:**
  - EUR 2.5 m non-cash share based compensation