

# FIRST HALF OF 2017

AUGUST 8, 2017



# DISCLAIMER

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

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, general economic conditions, including in particular economic conditions in the alstria's core business and core markets, general competitive factors, the impact of acquisitions, including related integration issues, and reorganization measures. Furthermore, the development of financial markets, interest rate levels, currency exchange rates, as well as national and international changes in laws and regulations, in particular regarding tax matters, can have a corresponding impact. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

## **No duty to update**

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

# HIGHLIGHTS H1 2017



Ernst-Merck-Strasse 9, Hamburg

## › Operating business

- Revenues: EUR 93.3 million
- FFO: EUR 56.6 million (after minorities)
- FFO per share: EUR 0.37

## › Leasing

- New leases: 46,500 m<sup>2</sup>
- Extended leases: 108,400 m<sup>2</sup>
- EPRA vacancy rate: 9.3 %

## › Transactions

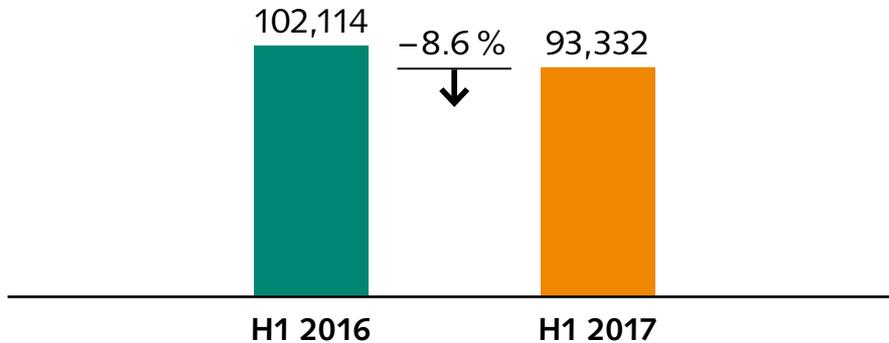
- Acquisition of 13 assets for a total AIC of EUR 188 million, yield of 6.1 %
- Disposal of Kaisergalerie for a total consideration on EUR 170 million, buyers' yield of 2.9 %

## › Financing

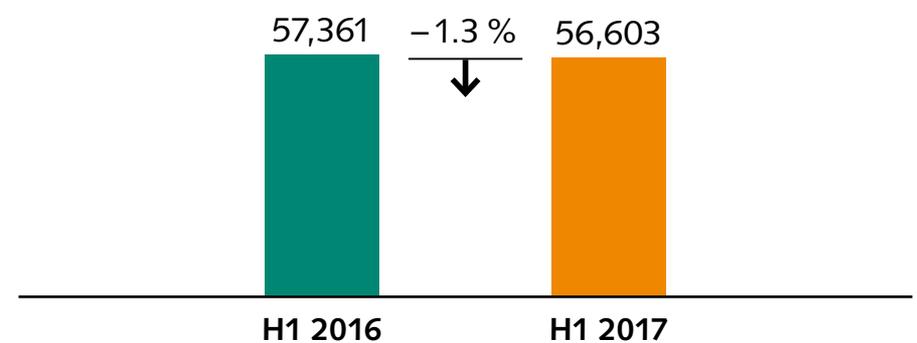
- Agreement on a EUR 100 million revolving credit facility provides financial flexibility

# SELECTED PROFIT & LOSS POSITIONS

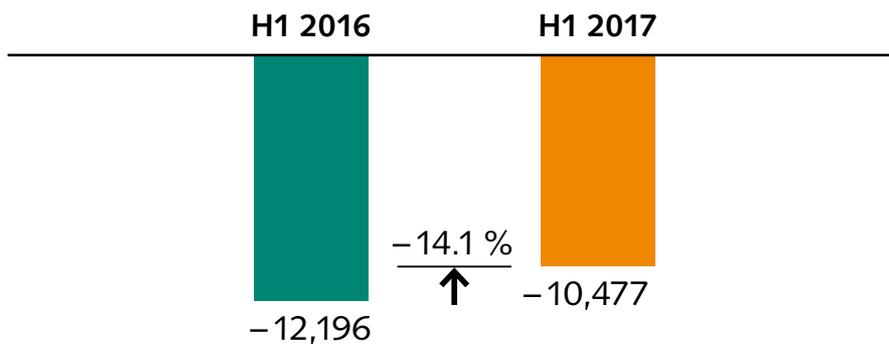
## GROSS RENTAL INCOME in EUR k



## FUNDS FROM OPERATIONS (FFO) in EUR k



## SG&A in EUR k



## RATIOS

- > FFO per share: EUR 0.37
- > FFO margin: 60.6 %
- > EPRA cost ratio: 15.9 %

# SELECTED BALANCE SHEET POSITIONS

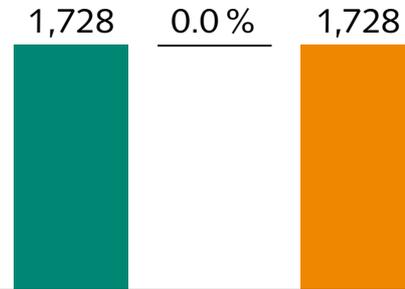
## INVESTMENT PROPERTY in EUR million



Dec. 31, 2016

June 30, 2017

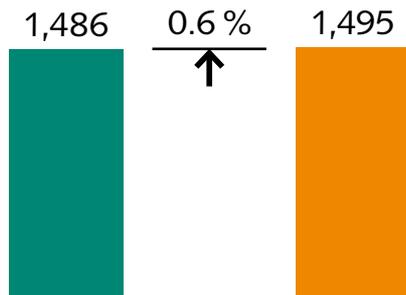
## EQUITY in EUR million



Dec. 31, 2016

June 30, 2017

## FINANCIAL DEBT in EUR million



Dec. 31, 2016

June 30, 2017

## RATIOS

- › G-REIT equity ratio: 52.8 %
- › Net LTV: 45.0 %
- › EPRA NAV per share: EUR 11.30

# PORTFOLIO UPDATE

## PORTFOLIO DATA (June 30, 2017)

- › Portfolio value: EUR 3.2 billion
- › EPRA vacancy rate: 9.3 %
- › WAULT: 4.9 years
- › Contractual rent: EUR 203.5 million
- › Valuation yield: 6.4 %
- › Value per m<sup>2</sup>: EUR 1,972

## CLEAR FOCUS ON GERMAN OFFICE INVESTMENTS

### Total portfolio\*

- Investment volume: EUR 3.2 billion
- 🏠 Number of assets: 120
- ☒ Lettable space: 1.6 million m<sup>2</sup>

- 🎯 Headquarters
- Local offices

### Hamburg

- EUR 931 m
- 🏠 40 assets
- ☒ 383,000 m<sup>2</sup>

### Rhine / Ruhr

- EUR 930 m
- 🏠 35 assets
- ☒ 512,000 m<sup>2</sup>

### Rhine / Main

- EUR 695 m
- 🏠 21 assets
- ☒ 316,000 m<sup>2</sup>

### Stuttgart

- EUR 425 m
- 🏠 11 assets
- ☒ 264,000 m<sup>2</sup>

### Berlin

- EUR 122 m
- 🏠 6 assets
- ☒ 63,000 m<sup>2</sup>

### Others

- EUR 141 m
- 🏠 7 assets
- ☒ 107,000 m<sup>2</sup>



\*Incl. Joint venture.

# OPERATIONS: LEASING

## NEW LEASES 46,500 m<sup>2</sup>

- 72 new leases
- Avg. lettable area: 646 m<sup>2</sup>
- Avg. rent: EUR 12.30 m<sup>2</sup>/month
- WAULT: 7.4 years
- Future cashflow: EUR 51 million

## RENEWALS 108,400 m<sup>2</sup>

- 37 lease extensions
- Avg. lettable area: 2,929 m<sup>2</sup>
- Avg. rent: EUR 9.50 m<sup>2</sup> / month
- WAULT: 4.7 years
- Future cashflow: EUR 58 million

## NEW LEASES > 1,500 m<sup>2</sup>

Adress	City	Tenant	Lettable area	Net rent/m <sup>2</sup> (EUR)	Net rent p.a. (EUR k)	Lease length (years)	Rent free (in % of lease length)
Am Seestern 1	Düsseldorf	Atos Origin	7,600	14.64	1,336	10.0	3.8 %
Ernst-Merck-Str. 9	Hamburg	Publicis Pixelpark	5,650	18.94	1,284	10.0	2.5 %
Platz der Einheit 1	Frankfurt	ING-DiBa AG	2,251	19.00	514	5.0	8.3 %
Jagenbergstr. 1	Neuss	Yanfeng Europe	2,000	7.50	180	10.5	7.9 %
Washingtonstr. 16/16a	Dresden	Hönigsberg & Düvel	1,630	7.87	154	4.3	1.9 %
<b>Total</b>			<b>19,131</b>		<b>3,467</b>		

## RENEWALS > 5,000 m<sup>2</sup>

Adress	City	Tenant	Lettable area	Net rent/m <sup>2</sup> (EUR)	Net rent p.a. (EUR k)	Lease length (years)	Rent free (in % of lease length)
Vaihinger Str. 131	Stuttgart	Daimler	21,400	14.74	3,785	4.0	0 %
Breitwiesenstr. 5-7	Stuttgart	Daimler	15,400	9.55	1,765	7.5	4.0 %
Werner-v.-Siemens-Platz 1	Laatzten	Siemens	17,200	6.31	1,302	2.0	0 %
Jagenbergstr. 1	Neuss	Yanfeng Europe	6,700	6.64	462	10.5	7.9 %
Nagelsweg 41-45	Hamburg	HUK Coburg	5,200	11.79	736	5.0	0 %
<b>Total</b>			<b>65,900</b>		<b>8,050</b>		

# OPERATIONS: LEASING



Hauptstätter Strasse 65–67, Stuttgart

## CASE STUDY HAUPTSTÄTTER STR. 65–67, STUTT GART

- › Building was acquired in 2013 for EUR 20 million with a WAULT of 3.5 years
- › New 10 year lease as per Jan. 1, 2018 with State of Baden-Württemberg
- › Rent of EUR 1.7 million p. a., in-line with ERV
- › Current book value: EUR 20.6 million
- › Current valuation yield of 8.2 %

# OPERATIONS: TRANSACTIONS



Grosse Bleichen 23–27, Hamburg

- › Transfer of benefits and burden of Office First portfolio as per July 1, 2017
- › Disposal of Kaisergalerie, Hamburg, to a Swiss pension fund
  - Disposal price: EUR 170 million
  - Buyer's yield: 2.9 %
  - Book gain (49 % share): ca. EUR 24 million
  - Annual FFO contribution on alstria level of EUR 1.6 million
  - alstria's cash inflow of ca. EUR 50 million will be used to fund further development projects

# SALE OF KAISER GALERIE

## RETURNS

- UIRR: 17 %
- Lfl growth yield: 16 %\*
- NAV per share growth: EUR 0.24

### 2006

Acquisition  
from City of HH



Grosse Bleichen 23–27, Hamburg

- AIC: EUR 64 m
- Rent 2006: EUR 1.8 m p.a.
- Vacancy of 30 %
- Rent per m<sup>2</sup>: EUR 10.20

### 2010

Establishment of  
Joint venture

- Sale of 51% of the asset to Quantum at book value

### 2012

Start of  
repositioning



Bieberhaus – new home  
of Ohnsorg theatre

- Relocation of Ohnsorg Theatre to alstria's Bieberhaus
- Conversion of theatre into high-end retail space

### 2014

End of refurbish-  
ment and lease-up



Kaisergalerie

- Total capex: EUR 22 m
- Rent 2015: EUR 5.2 m
- Rent per m<sup>2</sup>: 28.90 EUR
- Valuation uplift to EUR 121 m

### 2017

Disposal  
to AIFFA



Prime inner city  
shopping galerie

- Price: EUR 170 m
- Rent 2017: EUR 5.4 m p.a.
- Disposal yield: 3.1%
- Book gain: EUR 50 m

\* Incremental yield/capex

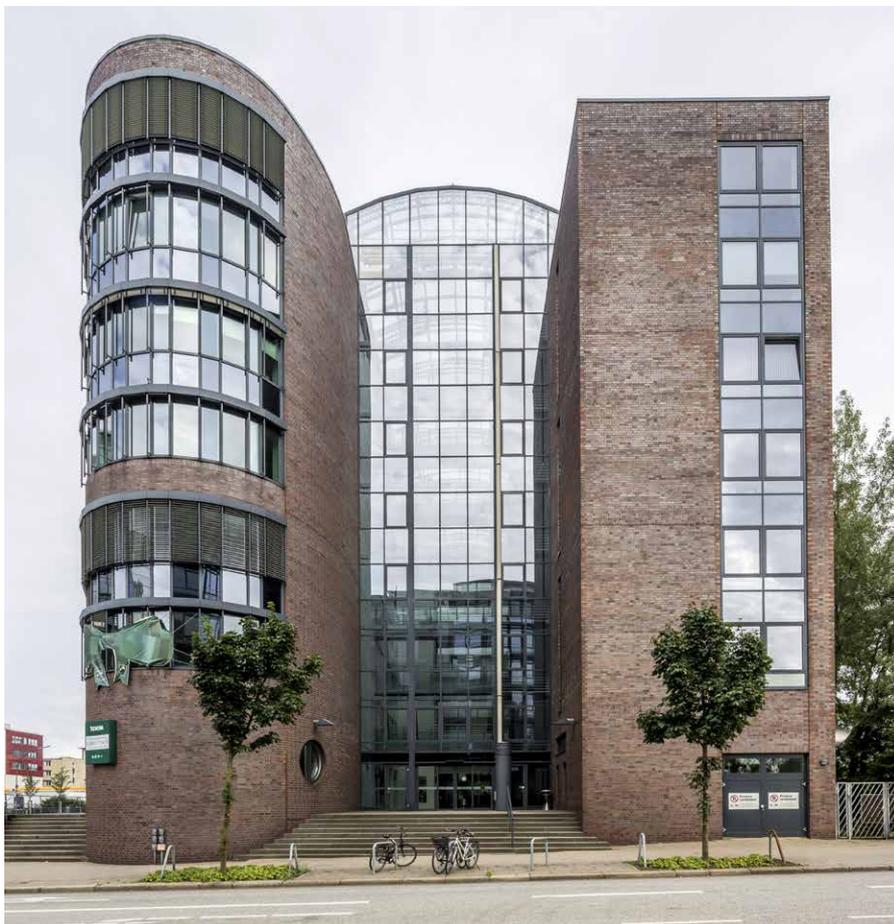
# INVESTMENT MARKET



**Am Seestern 1, Düsseldorf**

- › All transactions are going through a bidding process
- › Spread between highest offers and lowest offer in these processes go as high as 50 %, with an average at 25–30 %
- › This level of spread screams for caution and increased discipline in the underwriting
- › It is more likely than not that alstria will refrain from buying in such a market

# OUTLOOK



Heidenkampsweg 51–57, Hamburg

## Increase of guidance FY 2017

REVENUES



**193**

EUR million

FFO



**113**

EUR million

# 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
Number of shares	153.3 million
Free float	100 %

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# APPENDIX: RECONCILIATION FROM IFRS TO FFO

## IFRS P&L AND FFO H1 2017

TEUR	IFRS Adjustments		FFO
<b>Revenues</b>	<b>93,332</b>	<b>0</b>	<b>93,332</b>
Income less expenses from passed on operating expenses	-271	0	-271
Real estate operating expenses	-9,960	419	-9,541
<b>Net rental income</b>	<b>83,101</b>	<b>419</b>	<b>83,520</b>
Administrative expenses	-4,232	255	-3,977
Personnel expenses	-6,245	242	-6,003
Other operating income	7,280	-5,000	2,280
Other operating expenses	-5,833	4,228	-1,605
Gain on disposal of investment properties	1,177	-1,177	0
<b>Net operating result</b>	<b>75,248</b>	<b>-1,034</b>	<b>74,214</b>
Net financial result	-17,599	1,339	-16,260
Share of the result of joint venture	24,111	-23,303	808
Net loss from fair value adjustments on financial derivatives	-2,884	2,884	0
Pretax income / FFO	78,876	-20,115	58,761
Tax	-297	304	7
Minorities	0	-2,165	-2,165
<b>Pretax income / FFO (after minorities)</b>	<b>78,579</b>	<b>-21,976</b>	<b>56,603</b>

## ADJUSTMENTS

- EUR 23,303 k non-recurring disposal gain JV
- EUR 5,000 k non-recurring tenant compensation payments
- EUR 4,228 k mainly increase in minority share of alstria office prime portfolio GmbH & Co. KG
- EUR 2,884 k non-cash valuation movement on financial derivatives
- EUR 2,165 k minority interest not attributable to alstria's shareholders
- EUR k 1,339 non-cash financing costs mainly related to convertible bond
- EUR k 1,177 non-recurring gain from disposal of investment properties