

# First half of 2016

AUGUST 9, 2016



## 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.



**Heidenkampsweg, Hamburg**

## › Operating business

- Revenues: EUR 102.1 million
- FFO: EUR 57.4 million (after minorities)
- FFO per share: EUR 0.37

## › Leasing

- New leases: 38,000 m<sup>2</sup>
- Extended leases: 42,800 m<sup>2</sup>
- EPRA vacancy rate: 9.8 %

## › Financing

- Net LTV at 49.4 % (44.9 % excl. assets held for sale)
- Placement of EUR 500 million corporate bond
- Placement of EUR 150 million Schuldschein
- Extension of EUR 123 million of bank debt

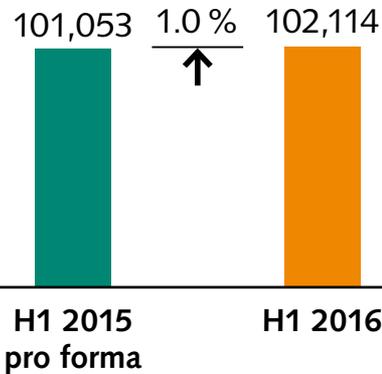
## › Corporate structure

- Establishment of local offices in Frankfurt and Stuttgart

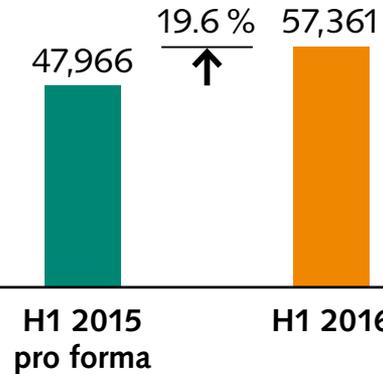
# Financials: Selected profit & loss positions



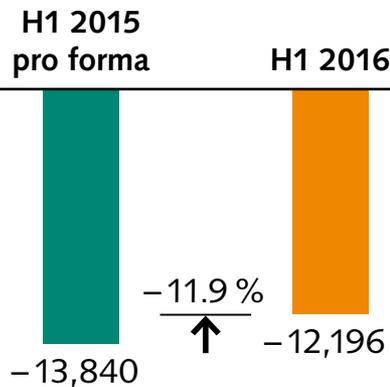
## GROSS RENTAL INCOME in EUR k



## FUNDS FROM OPERATIONS (FFO) in EUR k



## SG&A in EUR k

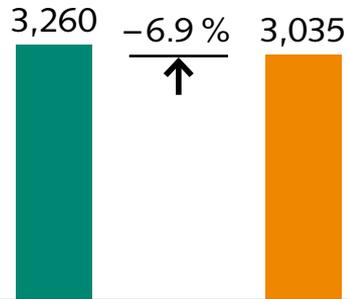


## RATIOS

- › FFO per share: EUR 0.37
- › FFO margin: 56.2 %
- › EPRA cost ratio: 18.1 %

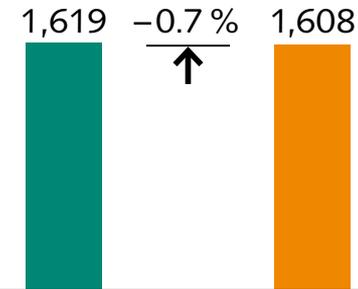
# Financials: Selected balance sheet positions

## INVESTMENT PROPERTY in EUR million



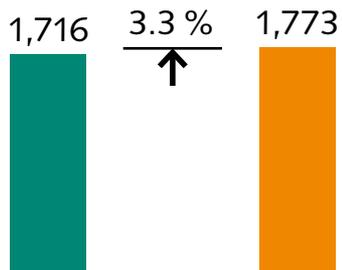
Dec. 31, 2015    June 30, 2016

## EQUITY in EUR million



Dec. 31, 2015    June 30, 2016

## LONG-TERM-FINANCIAL DEBT in EUR million

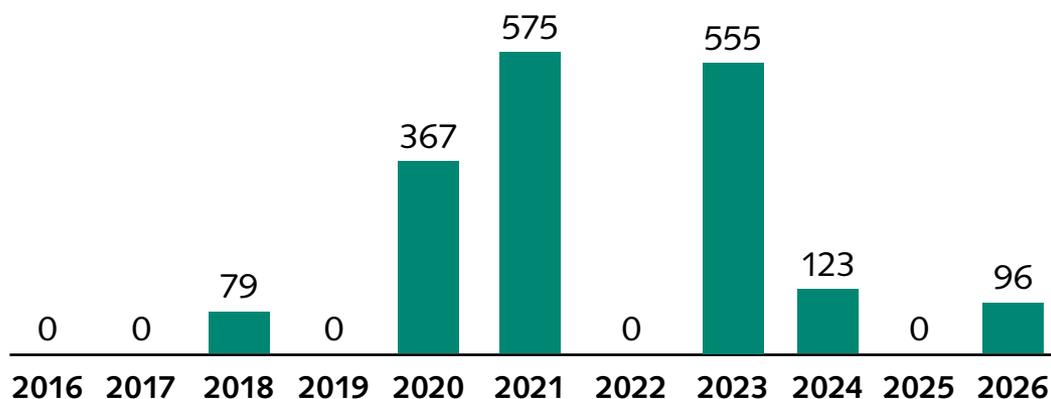


Dec. 31, 2015    June 30, 2016

## RATIOS

- › G-REIT equity ratio: 50.4 %
- › Net LTV: 49.4 %
- › EPRA NAV per share: EUR 10.80

## MATURITY PROFILE AS PER JUNE 30, 2016 in EUR million



## STRUCTURE OF TOTAL DEBT

	Nominal volume (EUR million)	Coupon / Margin (%)
Bonds	1,000.0	2.19
Schuldschein	150.0	2.10
Convertible bond	79.2	2.75
Bank loans	565.9	1.40
<b>Total</b>	<b>1,795.1</b>	<b>1.96</b>

- **Issuance of second corporate bond**
  - Nominal amount EUR 500 million
  - 7 year maturity
  - Coupon: 2.125 %
- **Issuance of first Schuldschein**
  - Nominal amount EUR 150 million
  - 7.1 years average maturity
  - Coupon: 2.1%
- **Extension of bank debt**
  - Volume: EUR 123 million
  - Maturity extended from 3 to 9 years
  - Avg. margin reduced from 1.29 bps to 0.84 bps
- **Average cash cost of debt: ~2.0 %**
- **Average debt maturity: 5.6 years**

# Operations: Portfolio update

## PORTFOLIO DATA (June 30, 2016)

- › Investment property: EUR 3.0 billion
- › EPRA vacancy rate: 9.8 %
- › WAULT: 4.8 years
- › Contractual rent: EUR 210.7 million
- › Valuation yield: 6.5 %

## CLEAR FOCUS ON GERMAN OFFICE INVESTMENTS\*

as per June 30, 2016



\* Including joint venture.



An den Treptowers 3, Berlin



Taurusstrasse 34-36, Munich



Wandsbeker Chaussee 220, Hamburg

## TRANSACTION UPDATE H1 2016

- Transfer of benefits and burden of assets-held-for-sale as per Dec. 31, 2015 in the course of H1 2016
- Disposal volume of EUR 261 million in H1 2016
- Average gain to book value of 9.3%
- Average disposal yield of 6.0%

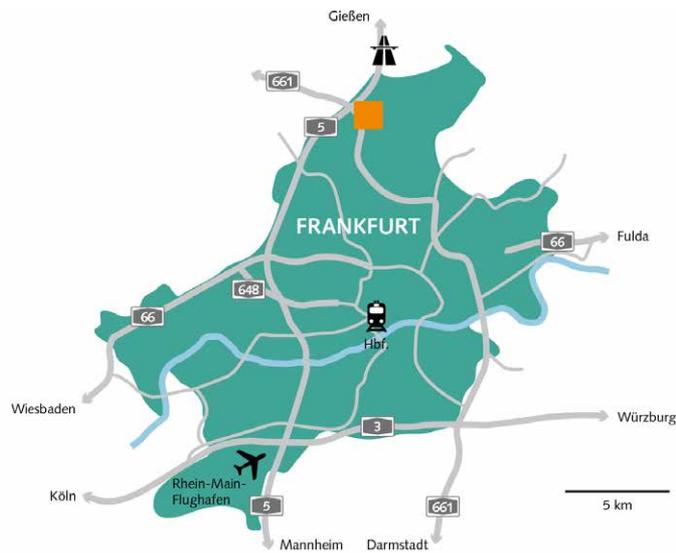
Asset	Appraised value as per Dec. 31, 2015 (EUR k)	Lettable area (m <sup>2</sup> )	Contractual rent (EUR k)	Disposal price* (EUR k)	Gain to book value (EUR k)
An den Treptowers 3, Berlin	209.300	85.400	13.921	228.431	19.131
Taurusstr. 34-36, Munich	26.400	11.200	1.774	26.830	430
Wandsbeker Chaussee 220, Hamburg	3.300	3.200	78	5.920	2.620
<b>Total</b>	<b>239.000</b>	<b>99.800</b>	<b>15.773</b>	<b>261.181</b>	<b>22.181</b>

\* Excluding transaction costs.



**An den Treptowers, Berlin**

- › **Rationale: De-risking of alstria's portfolio**
  - Disposal price: EUR 230 million
  - Gain to recent appraised value: 9.1 %
  - Disposal yield: 6.1 %
- › **Our view on the Berlin market**
  - Market is dynamic, but demand is driven by public / public-related tenants and small start-ups, who are not leasing up at prime-rent levels
- › **Use of proceeds**
  - Approx. EUR 100 million repayment of debt
  - Approx. EUR 128 million reinvestment mainly in the Berlin market, but in smaller assets with lower rents
  - EUR 2 million transaction costs



## Berner Strasse 119, Frankfurt

### MAIN NEW LEASES IN H1 2016:

- › Platz der Einheit 1, Frankfurt: 9,100 m<sup>2</sup>
- › Maarweg 165, Cologne: 2,500 m<sup>2</sup>
- › Washingtonstrasse 16, Dresden: 2,000 m<sup>2</sup>
- › Berliner Strasse 91, Ratingen: 1,700 m<sup>2</sup>
- › Kaistrasse 16, Düsseldorf: 1,600 m<sup>2</sup>
- › Harburger Ring 17, Hamburg: 1,500 m<sup>2</sup>

### CASE STUDY BERNER STRASSE 119, FRANKFURT

- › Building located at the fringe of Frankfurt in a secondary office area
- › No leases signed between 2013 and end of 2015
- › Leasing expectation redefined after the takeover of DO by alstria
- › New leases of 1,600 m<sup>2</sup> in H1 2016
- › Average office rent: EUR 7.10 per m<sup>2</sup> / month
- › Average WAULT: 7.4 years



## Darwinstrasse 14–18, Berlin

### › Character of the building

- Construction year: 1992 / 93
- Lettable area: 22,200 m<sup>2</sup>
- Location: Berlin Charlottenburg

### › Leasing history

- Building was leased up to Deutsche Rentenversicherung until mid-2014
- Office rent of EUR 11.90 per m<sup>2</sup> / month
- Re-letting of 4,800 m<sup>2</sup> to a media company in January 2015

### › New leasing contract

- Tenant: City of Berlin
- Lease-term: 10 years, starting in February 2017
- Capex requirement of EUR 8–9 million
- Office rent of EUR 13.50 per m<sup>2</sup> / month
- Like-for-like increase in rental income due to capex and improved quality of the building

### › Valuation

- Book value as per Dec. 31, 2015: EUR 30.6 million
- New contractual rent: EUR 3.4 million

## › Next steps on corporate structure

- Conversion of Deutsche Office into KG expect by year-end (approval by Deutsche Office AGM on July 12, 2016)
- Subsequent delisting

## › Shareholder structure

- Oaktree reduced its stake in alstria from 25.4 % to below 5.0 %
- Largest shareholder GIC holds 12.7 % in alstria
- Free-float increased to 95 %

## › Guidance confirmed

- Revenues EUR 200 million
- FFO EUR 115 million (after minorities)

### MINORITY STAKE IN DEUTSCHE OFFICE

Date	Event	alstria's share in DO (%)	Minorities (%)
Dec. 2015	alstria's share in DO	94.6	5.4
May 2016	Sale of 5.1 % to a third party investor	89.5	10.5
May 2016	Acquisition of additional 1.4 % from Oaktree	90.9	9.1
H2 2016	Conversion of DO into KG – alstria will acquire up to 1.5 % DO shares from minority shareholders	up to 92.4	up to 7.6



**Platz der Einheit, Frankfurt**

EUR million	Anticipated costs in June 2015	Realised costs by Dec 31, 2015	Realised costs by June 30, 2016	Expected costs
Real estate transfer tax	20	0	0	–
Transaction costs	15	10.8	10.8	–
o/w Cost bridge loan		3.8	3.8	–
o/w Advisory fees		7	7	–
Restructuring costs	15	14.2	21.2	–
o/w Prepayment fees loans		9.2	13.4	–
o/w Reorganisation DO		5	7.8	2.0
Swap breakage costs	50	35.7	36.8	–
<b>Total costs</b>	<b>100</b>	<b>60.7</b>	<b>68.8</b>	<b>70.8</b>

# Appendix: Pro-forma Profit & Loss



**Deutsche Telekom Allee, Darmstadt**

TEUR	H1 2016	H1 2015	%
<b>Revenues</b>	<b>102,114</b>	<b>101,053</b>	<b>1.0</b>
Income less expenses from passed on operating expenses	-346	-195	77.4
Real estate operating expenses	-11,898	-10,169	17.0
<b>Net rental income</b>	<b>89,870</b>	<b>90,689</b>	<b>-0.9</b>
Administrative expenses	-5,571	-4,771	16.8
Personnel expenses	-6,625	-9,069	-26.9
Other operating income	2,321	2,049	13.3
Other operating expenses	-7,129	-4,262	67.3
Net gain/loss from fair value adjustments on investment property	0	1,683	n/a
Gain/loss on disposal of investment properties	22,973	1,105	n/a
<b>Net operating result</b>	<b>95,839</b>	<b>77,424</b>	<b>23.8</b>
Net financial result	-27,549	-34,609	-20.4
Share of the result of joint venture	978	-45	n/a
Net loss from fair value adjustments on financial derivatives	-12,793	2,041	n/a
<b>Pretax income</b>	<b>56,475</b>	<b>44,811</b>	<b>26.0</b>
Income tax	-21	-2,601	n/a
<b>Consolidated profit for the period</b>	<b>56,454</b>	<b>42,210</b>	<b>33.7</b>
Minority interest	-3,630	0	n/a
<b>Consolidated profit for the period (after minorities)</b>	<b>52,824</b>	<b>42,210</b>	<b>25.1</b>

# Appendix: Reconciliation from IFRS to FFO



## IFRS P&L AND FFO in EUR m

	IFRS	Adjustments	FFO
<b>Revenues</b>	<b>102,114</b>	<b>0</b>	<b>102,114</b>
Income less expenses from passed on operating expenses	-346	0	-346
Real estate operating expenses	-11,898	602	-11,296
<b>Net rental income</b>	<b>89,870</b>	<b>602</b>	<b>90,472</b>
Administrative expenses	-5,571	335	-5,236
Personnel expenses	-6,625	1,092	-5,533
Other operating income	2,321	0	2,321
Other operating expenses	-7,129	5,446	-1,683
Net gain/loss from fair value adjustments on investment property	0	0	0
Gain/loss on disposal of investment properties	22,973	-22,973	0
<b>Net operating result</b>	<b>95,839</b>	<b>-15,498</b>	<b>80,341</b>
Net financial result	-27,549	6,394	-21,155
Share of the result of joint venture	978	0	978
Net loss from fair value adjustments on financial derivatives	-12,793	12,793	0
<b>Pretax income / FFO</b>	<b>56,475</b>	<b>3,689</b>	<b>60,164</b>
Income tax	-21	21	0
<b>Consolidated profit for the period</b>	<b>56,454</b>	<b>3,710</b>	<b>60,164</b>
Minority interest	-3,630	827	-2,803
<b>Consolidated profit for the period (after minorities)</b>	<b>52,824</b>	<b>4,537</b>	<b>57,361</b>

## ADJUSTMENTS

- EUR 22,973 k disposal gains (non-recurring)
- EUR 12,793 k valuation result derivatives (non-cash movements)
- EUR 6,394 k financing costs (double payment of interest and effective interest on convertible bond), thereof EUR 3,685 k related to DO
- EUR 5,446 k other operating expenses (mainly non-recurring costs related to DO transaction), thereof EUR 5,169 related to DO
- EUR 1,092 k personnel expenses (non-cash portion of virtual shares and non-cash profit participation rights)

## 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, German REIT Index, GPR 250 Index Series, GPR 250 REIT Index Series
Number of shares	153.2 million
Free float	95 %

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