

Financial results 2016

MARCH 3, 2017



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.

Agenda

- **General Business Update**
- Key financials
- Operations
- Outlook



- › Very supportive leasing market with strong liquidity
- › Strong investment market, still driven by accommodative interest rate policy of the ECB



Platz der Einheit 1, Frankfurt

One cause – three trends – creating an opportunity



REDUCED BUSINESS CYCLE OF OUR TENANTS

SIEMENS
UNIFY
Atos



FUTURE DISRUPTION OF 'SAFE' AREAS



INCREASE OF SPEED OF OBSOLESCENCE OF ASSETS



Being an operator is the only way forward

CLIENT DEMANDS

- › More flexibility
- › New work concepts
- › Less space

ASSET REQUIRES

- › More adaptability
- › More capex

IMPACT ON REAL ESTATE

- › Increased complexity in leasing
- › Increased revenue pressures as client flexibility increases
- › Increase effort in keeping the asset up-to-date
- › Similar needs in terms of financing skills



SMALLER ASSETS

- › Lower leasing risk
- › Lower obsolescence risk
- › Increases management complexity

LIMITED NUMBER OF MARKETS

- › Reduces management complexity
- › Increases efficiency of resources
- › Increases granularity of market analysis

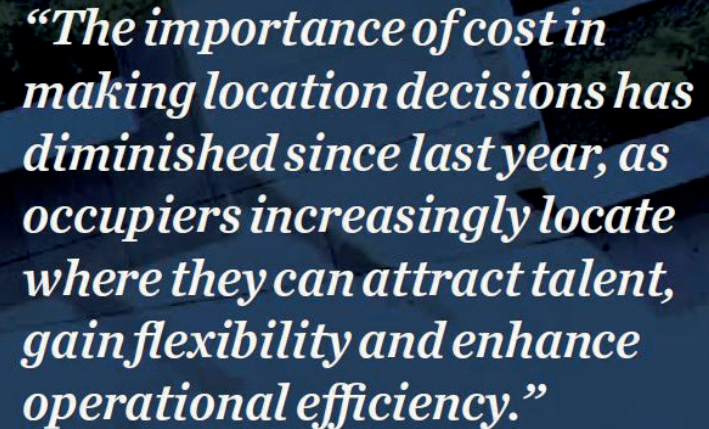
INCREASE SERVICE COMPONENT

- › Understand new work concepts
- › Increase added value services to tenants
- › Adopt industrial management approaches
- › Move focus from developer cost analysis into user / life cycle cost analysis



The lazy landlord opportunity

- › Buy and hold is still the dominant approach in the market
- › Although changes in the underlying market do not support this approach
- › It is likely that these landlords will enter into an increased period of stress as the market moves away from the current comfortable situation



“The importance of cost in making location decisions has diminished since last year, as occupiers increasingly locate where they can attract talent, gain flexibility and enhance operational efficiency.”

Source: CoreNET Global Survey 2016. Cushman and Wakefield

- › Vacancy rate is a static indicator for a fixed income buy and hold approach
- › Vacancy rate loses its value in the new real estate environment, where vacancy is the primary good needed to create value
- › Vacancy indicator shall capture:
 - The dynamic nature of the business
 - The liquid nature of vacancy

→ A more appropriate indicator for an active real estate company is the 'average down-period'

AVERAGE DOWN-PERIOD

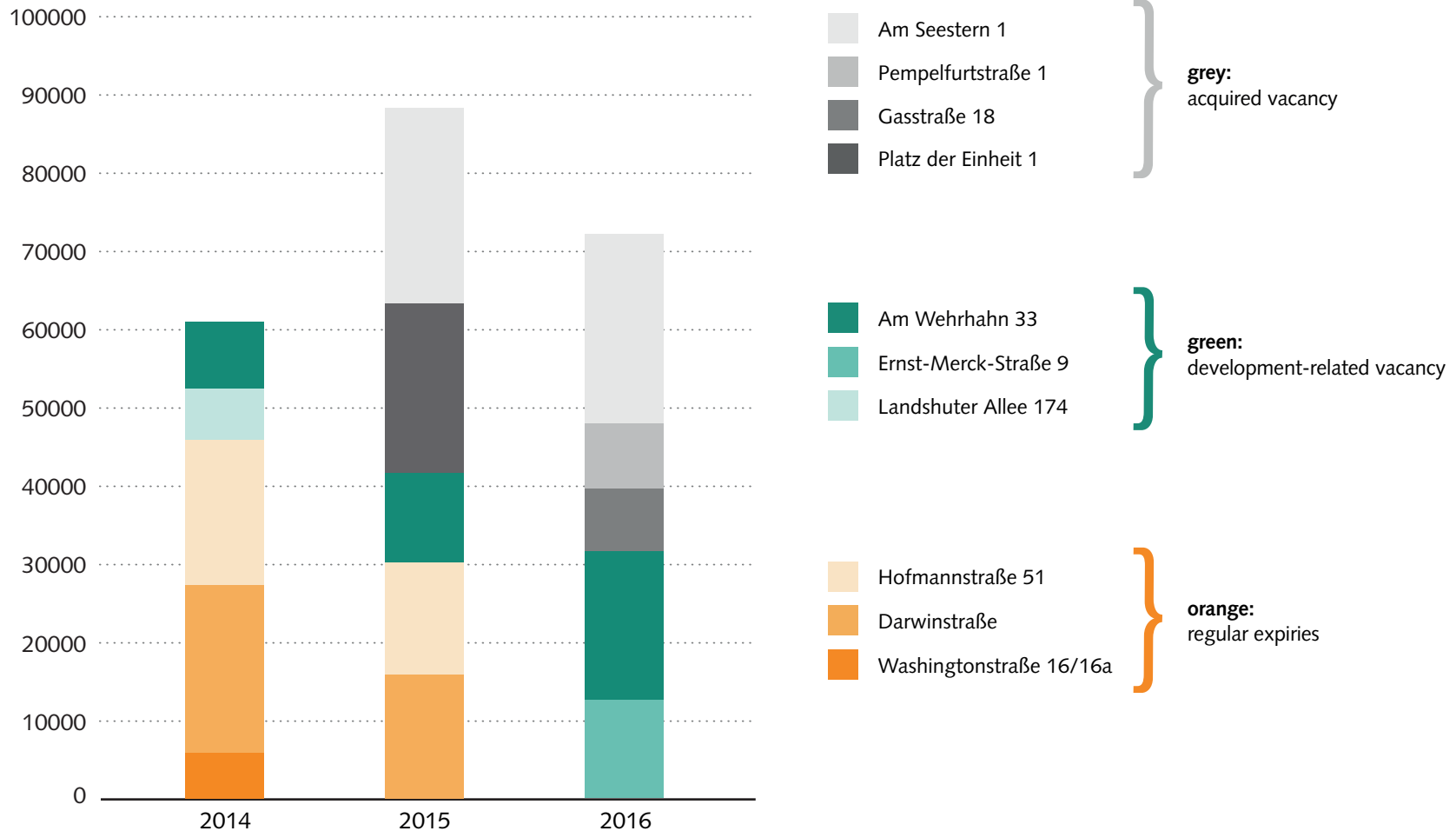
15.5 months

DEFINITION:

Average time the Company needs to lease space after it was vacated by a tenant.

What is the average down period?

'TOP 5 VACANT' ASSETS IN EACH REPORTING PERIOD



- › Like-for-like rental growth is a poor indicator of value creation
 - › Like-for-like growth is a commodity that can be acquired through capex / incentives
- **A better indicator is the 'like-for-like growth yield'**

LIKE-FOR-LIKE GROWTH YIELD

10.4%

DEFINITION:

Like-for-like rental growth over two years / Total capex spend over the same period.

L-f-L growth yield 2016

LIKE-FOR-LIKE RENTAL GROWTH (2 YEAR PERIOD¹⁾)

	EUR k	%
Contractual rent as per Dec. 31, 2014	203,936	100.0
Transactions (Dec. 31, 2014–Dec. 31, 2016)	–23,069	–11.3
o/ w Rents from acquired assets	7,128	3.5
o/ w Rents from disposed assets	–30,197	–14.8
Development portfolio (Dec. 31, 2014–Dec. 31, 2016)	–2,669	–1.3
o/ w New leases ²⁾	923	0.5
o/ w Lease terminations ³⁾	–3,591	–1.8
Investment portfolio (Dec. 31, 2014–Dec. 31, 2016)	10,228	5.0
o/ w New leases	14,110	6.9
o/ w Lease expiries	–3,882	–1.9
Contractual rent as per Dec. 31, 2016	188,426	92.4

¹⁾ alstria and Deutsche Office combined (see company report 2016, page 20).

²⁾ Completed development assets in 2015 and 2016.

³⁾ Development assets 2015 and 2016 vacated for refurbishment purposes.

$$\begin{aligned}
 & \text{EUR } -2,669 \text{ k} \\
 & + \text{EUR } 10,228 \text{ k} \\
 & \hline
 & = \text{EUR } 7,559 \text{ k}
 \end{aligned}$$

PROPERTY RELATED CAPEX / OPEX

EUR k	2016	2015
Development capex	9,050	29,952
Like-for-like portfolio capex (re-letting)	22,226	11,733
o/ w Tenant fit-outs	11,527	9,582
o/ w Broker fees	3,298	744
o/ w capitalised interest	0	0
o/ w other cost	7,401	1,407
Capital expenditure	31,277	41,686
Maintenance expenses ¹⁾	8,056	4,280
Running repairs ¹⁾	4,357	1,605
Operating expenditure	12,413	5,885
Total Capex / Opex	43,690	47,570

¹⁾ Incl. in P&L and FFO.

$$\begin{aligned}
 & = \text{EUR } 72,963 \text{ k}
 \end{aligned}$$

L-f-L-growth yield
10.4%

- › Over the past ten years alstria acquired, managed and sold a portfolio worth EUR 1 billion (25 % of the total acquisition volume)
 - Average achieved UIRR was 7.3 %
 - Actively managed assets delivered an outperformance of 180 basis points and achieved UIRR of 9.1 %
 - Traded assets underperformed by 150 basis points and achieved UIRR of 5.8 %

DEFINITION UIRR:

Discounted sum of unlevered cashflow (including gross acquisition costs, capex, rent collected, disposal proceeds) to equal the initial investment.

ACTIVE ASSET MANAGEMENT IS KEY

Total portfolio sold 2006–2016

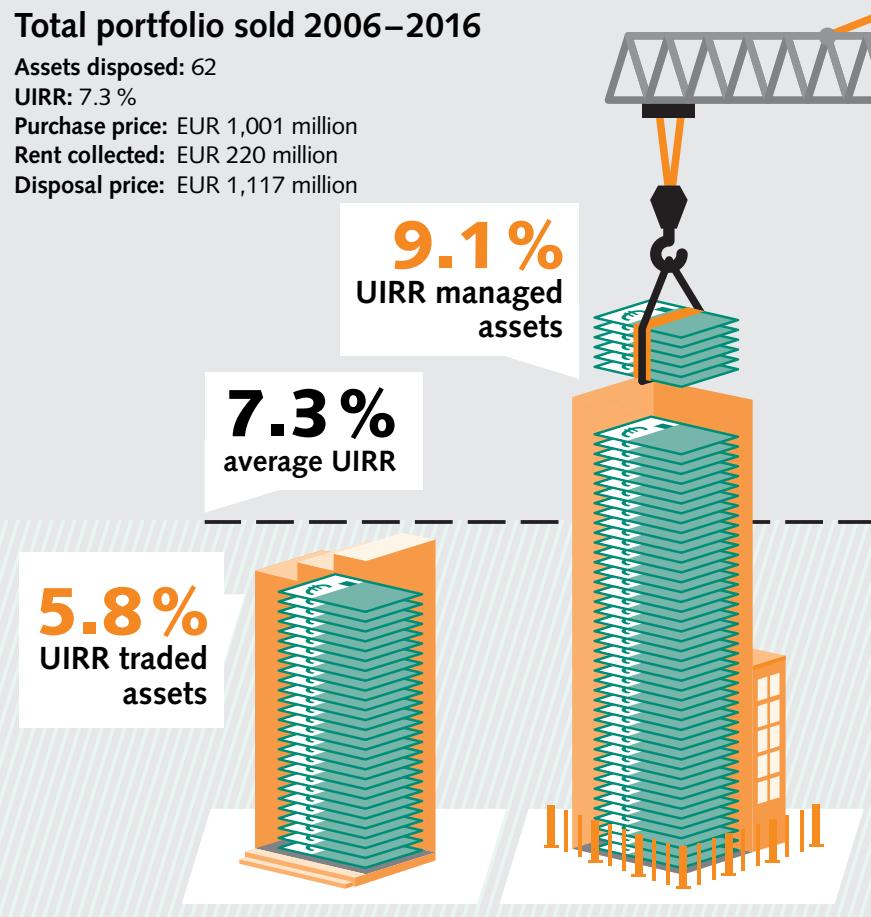
Assets disposed: 62

UIRR: 7.3 %

Purchase price: EUR 1,001 million

Rent collected: EUR 220 million

Disposal price: EUR 1,117 million

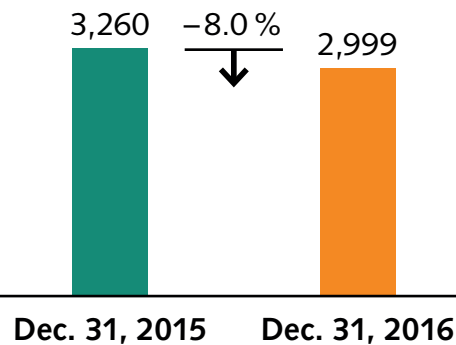


Agenda

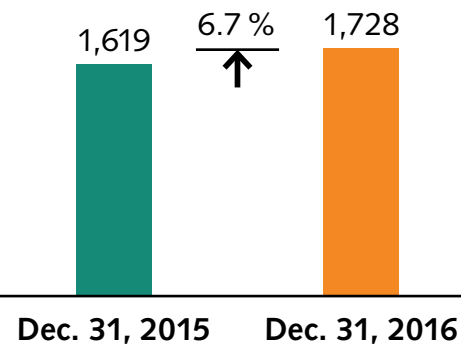
- › General Business Update
- › **Key financials**
- › Operations
- › Outlook

Selected balance sheet items

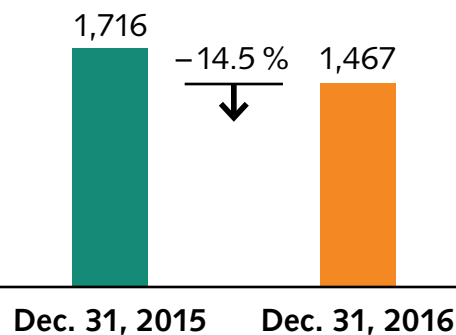
INVESTMENT PROPERTY in EUR million



EQUITY in EUR million



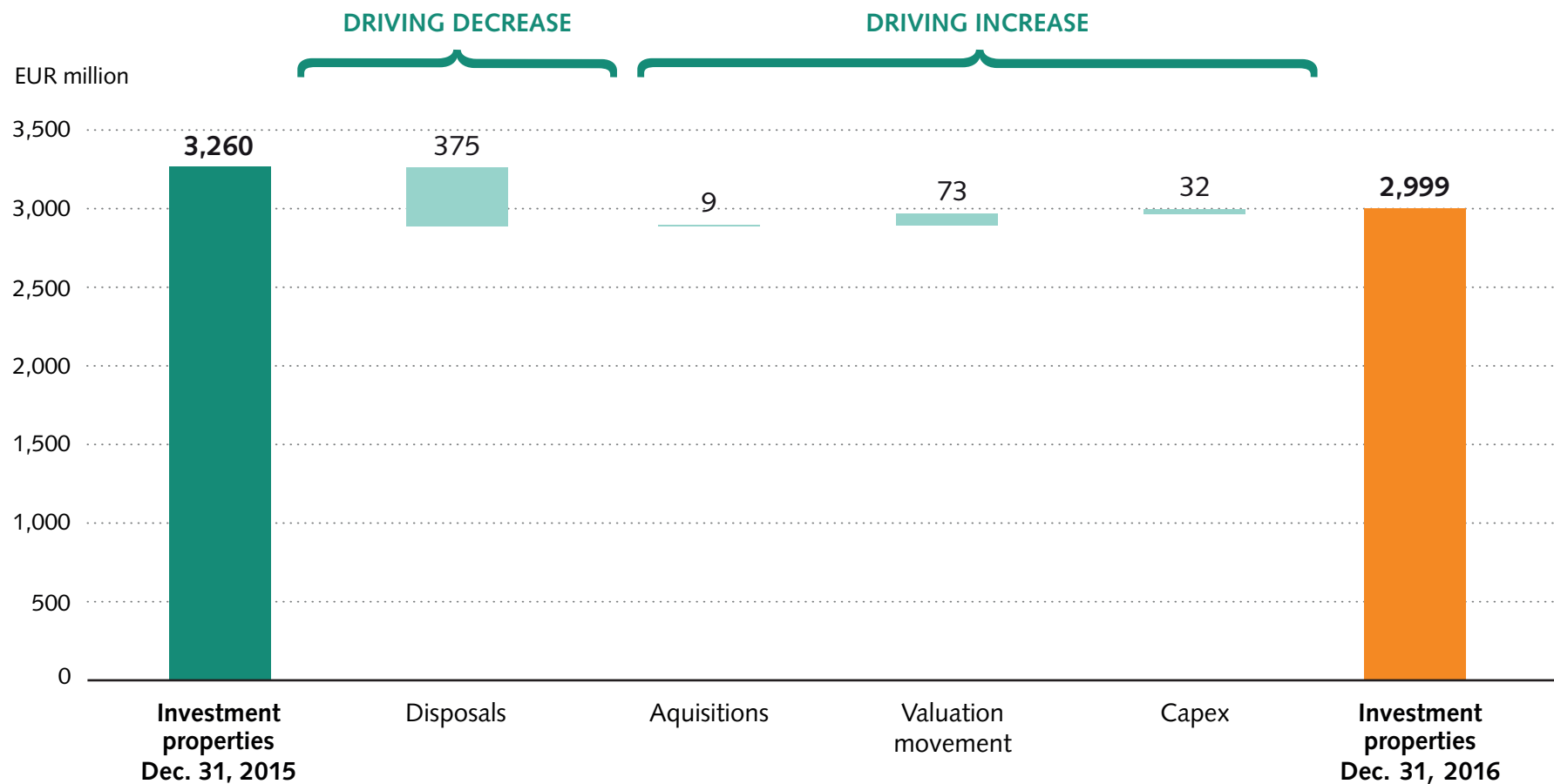
LONG-TERM DEBT in EUR million



RATIOS

- › G-REIT equity ratio: 56.7 %
- › Net LTV: 40.9 %
- › EPRA NAV per share: EUR 11.31

INVESTMENT PROPERTY BRIDGE



Top 5 assets with valuation increase/decrease

VALUATION RESULT

	EUR million
TOP 5	
Darwinstrasse 14–18, Berlin	32.9
Platz der Einheit 1, Frankfurt	21.1
Alter Steinweg 4, Hamburg	5.2
Grosse Bleichen 23–27 (JV), Hamburg	5.2
Drehbahn 36, Hamburg	4.7
⋮	
Total uplift	119.2
TOP 5	
Solmsstrasse 27–37, Frankfurt	–8.1
Epplestrasse 225, Stuttgart	–5.0
Heerdter Lohweg 35, Düsseldorf	–3.2
Am Seestern 1, Düsseldorf	–3.1
T-Online-Allee 1, Darmstadt	–3.0
⋮	
Total devaluation	–42.5
Total net valuation gain	76.7

HIGHEST VALUATION GAIN



Darwinstraße 14–18, Berlin

Location: Berlin

Main tenant: City of Berlin

WAULT: 10 years

HIGHEST DEVALUATION



Solmsstrasse 27–37, Frankfurt

Location: Frankfurt

Tenant: Zurich

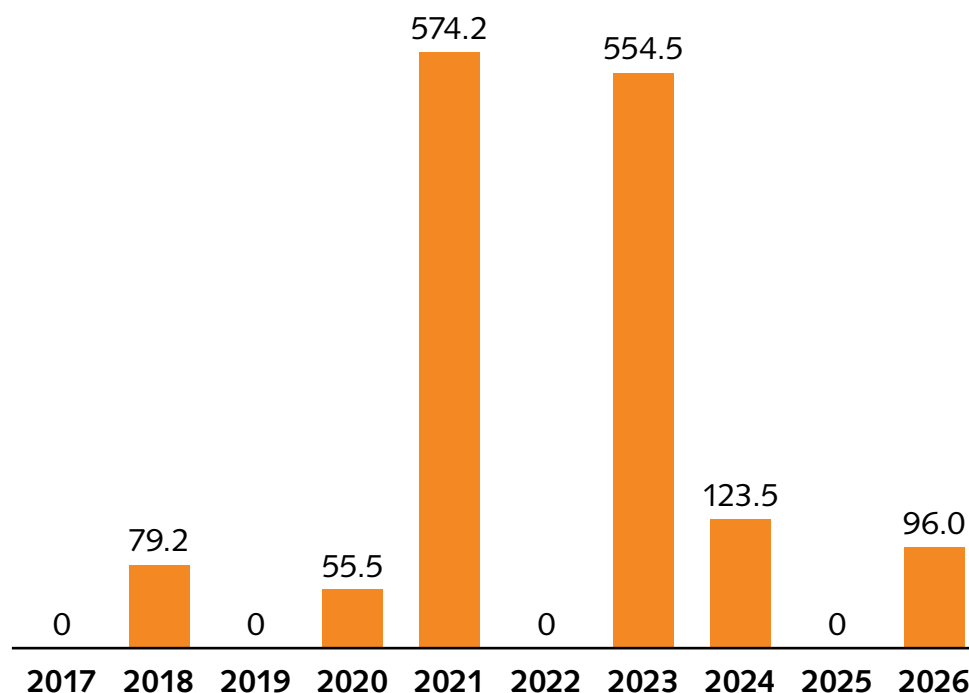
WAULT: 1.2 years

- › **Average debt maturity: 5.4 years**
- › **Net LTV: 40.9 %**
- › **Average cost of debt: 2.0 %**

LONG-TERM DEBT in EUR million (DEC. 31, 2016)

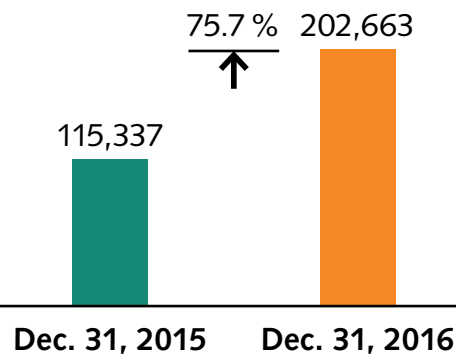
	Nominal amount (EUR k)	Cost of debt (%)	Average maturity (years)
Bank of debt	253.7	1.43	7.0
Bond	1,000.0	2.19	5.3
Schuldschein	150.0	2.11	6.0
Convertible bond	79.2	2.75	1.5
Total	1,482.9	2.04	5.4

DEBT MATURITY PROFILE in EUR million

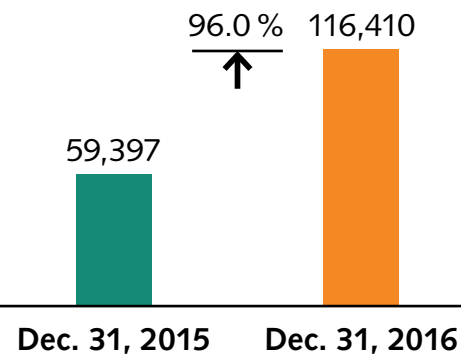


Selected profit & loss positions

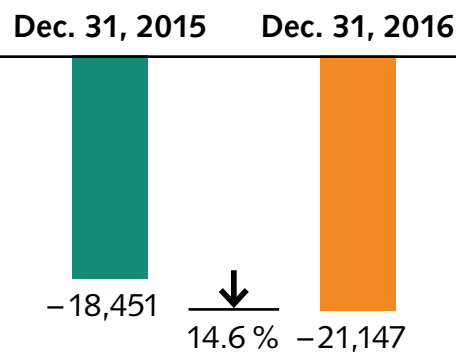
GROSS RENTAL INCOME in EUR k



FUNDS FROM OPERATIONS (FFO) in EUR k



SG&A in EUR k



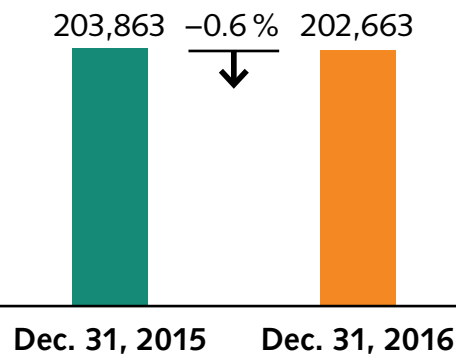
RATIOS

- › FFO per share: EUR 0.76
- › FFO margin: 57.6 %
- › EPRA cost ratio: 16.6 %

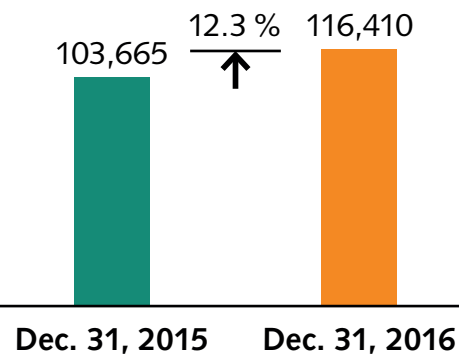
Selected profit & loss positions – pro forma



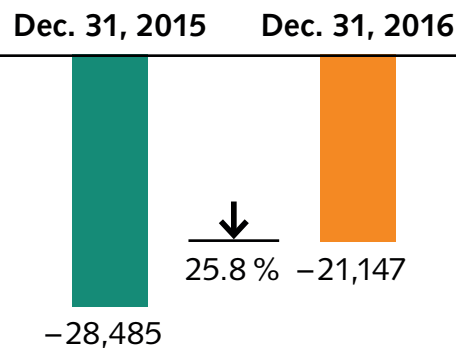
GROSS RENTAL INCOME in EUR k



FUNDS FROM OPERATIONS (FFO) in EUR k



SG&A in EUR k

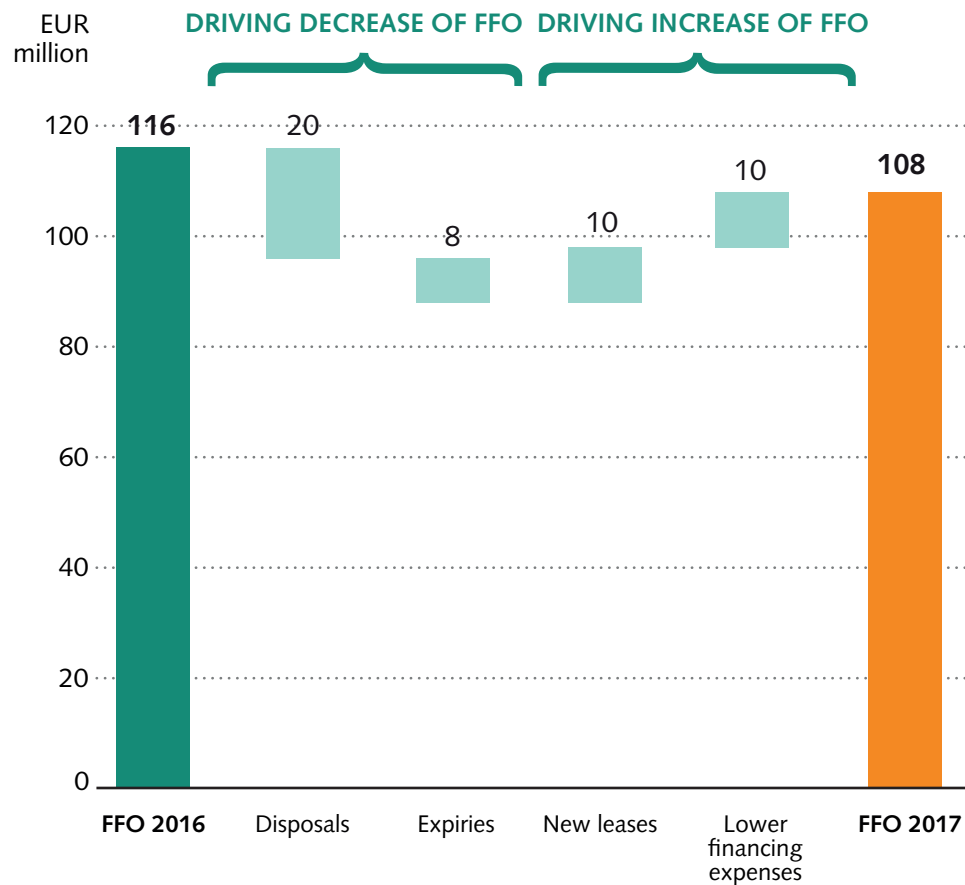


RATIOS

- › FFO per share: EUR 0.76
- › FFO margin: 57.6 %
- › EPRA cost ratio: 16.6 %

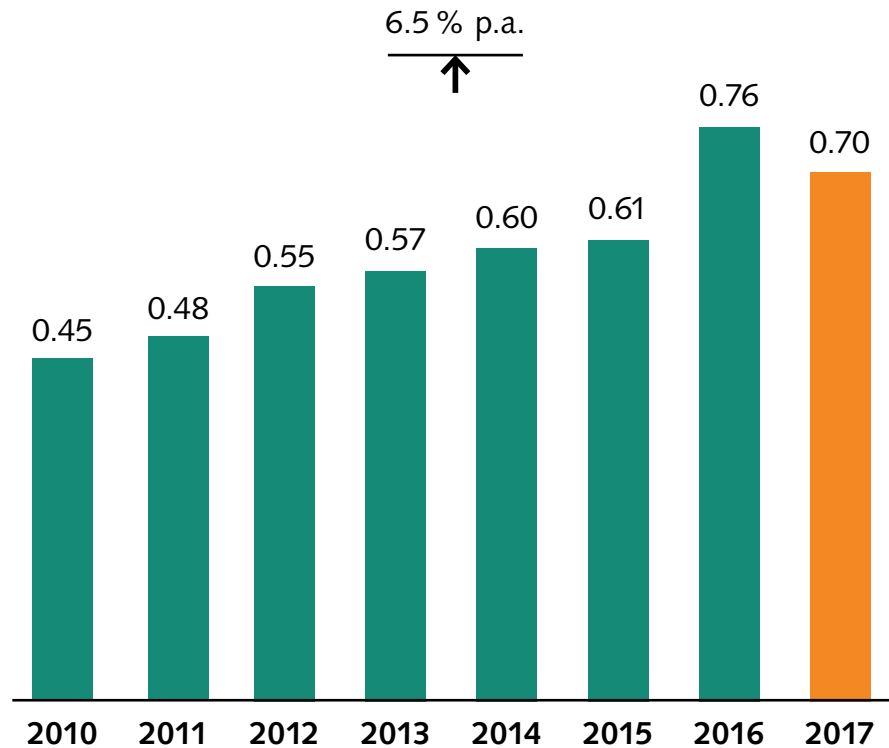
- › Expected revenues: EUR 185 million
- › Expected FFO: EUR 108 million
EUR 0.70 per share
- › Increase of FFO margin to 58 %
- › Average FFO / share growth
2010–2017: 6.5 % p. a.

FFO GUIDANCE BRIDGE



FFO development 2010 – 2017

FFO PER SHARE in EUR

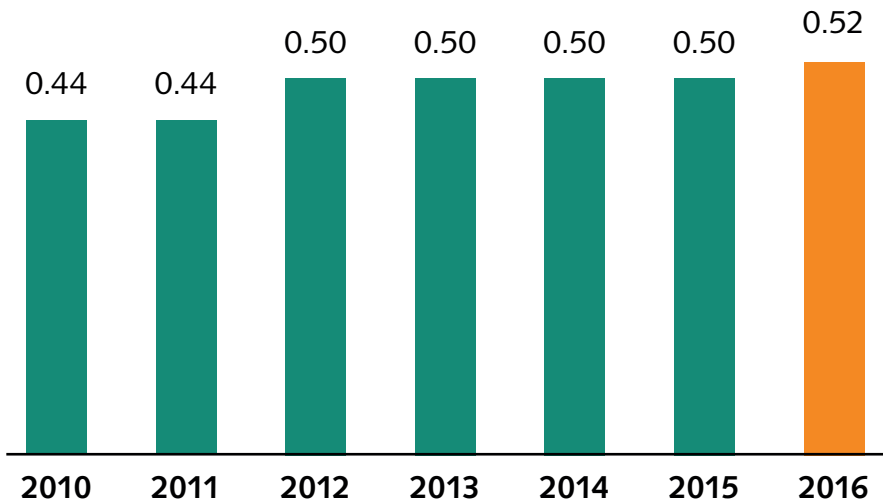


Emanuel-Leutze-Straße 11, Düsseldorf

Dividend increase to EUR 0.52 per share

DIVIDEND PER SHARE in EUR

2.8 % p.a.
↑



Ernst-Merck-Straße 9, Hamburg

Agenda

- › General Business Update
- › Key financials
- › **Operations**
- › Outlook



GEOGRAPHIC PORTFOLIO SPLIT AND PORTFOLIO VALUE

as per December 31, 2016

- ⊙ Headquarters
- Local offices

Total portfolio

- Investment volume: EUR 3.0 billion
- Number of assets: 108
- ☒ Lettable space: 1.5 million m²

Hamburg

- EUR 818 million
- 32 assets
- ☒ 335,000 m²

Rhine / Ruhr

- EUR 844 million
- 31 assets
- ☒ 456,000 m²

Rhine / Main

- EUR 658 million
- 19 assets
- ☒ 290,000 m²

Stuttgart

- EUR 425 million
- 11 assets
- ☒ 262,000 m²

Berlin

- EUR 80 million
- 3 assets
- ☒ 34,000 m²

Others

- EUR 196 million
- 12 assets
- ☒ 148,000 m²

PORTFOLIO KEY FACTS

	Dec. 31, 2016	Dec. 31, 2015
Number of properties	108	120
Number of joint venture properties	1	1
Market value (EUR m) ¹⁾	3,022	3,296
Contractual rent (EUR m)	188.4	208.3
Valuation yield (%)	6.2	6.3
Approx. lettable area (m ²)	1,524,300	1,724,100
Vacancy (% of lettable area)	11.3	11.8
Lease length (years)	4.9	5.2
Average value per m ² (EUR)	1,982	1,912
Average rent per m ² (EUR per month)	11.61	11.53

¹⁾ Excl. joint venture.

TOTAL DISPOSALS 2016

It needs local knowledge
to turn opportunities into
value

Total disposals 2016

- € Disposal volume: EUR 402 million
- 📈 Gain to book value: 7.8 %
- Average UIRR: 8.8 %

Hamburg

- € EUR 6 million
- 📈 79 %

Rhine / Ruhr

- € EUR 4 million
- 📈 11 %

Rhine / Main

- € EUR 7 million
- 📈 10 %

Stuttgart

- € EUR 34 million
- 📈 18 %

Berlin

- € EUR 228 million
- 📈 9 %

Leipzig

Dresden

Nuremberg

Erlangen

- € EUR 64 million
- 📉 -4 %

Munich

- € EUR 59 million
- 📈 6 %

- › EUR 402 million of disposal volume
- › Average gain to book value of 7.8 %
- › UIRR of 8.8 %

AN DEN TREPTOWERS 3, BERLIN



Case study 'Wandsbeker Chaussee', Hamburg alstria



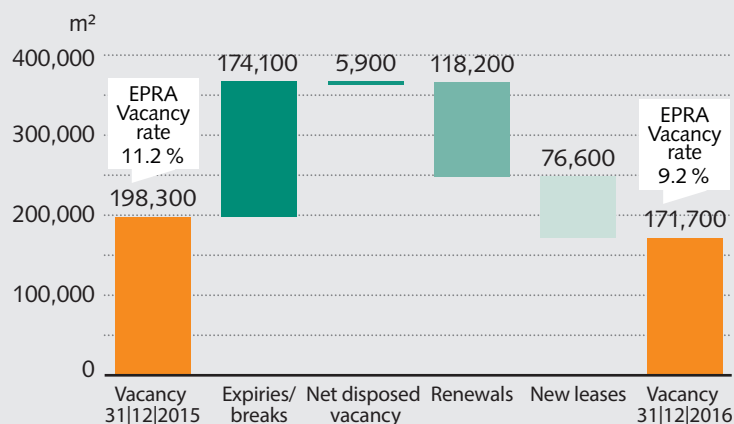
- › 3,200 m² building located in Hamburg-Wandsbek
- › Acquired by alstria in 2007
- › Usage: mixed used office and retail
- › Tenant left in 2014
- › Application for a permission to convert the building into residential
- › Disposal to a developer for EUR 5.9 million with a gain to recent book value of 79 %
- › UIRR 6.4 %



EPRA vacancy rate further down

- EPRA vacancy rate down by 200 bps to 9.2 %
- EPRA vacancy rate down by more than 500 bps since the acquisition of DO
- Net absorption of 25,400 m²
- New leases: 76,600 m²
- Extended leases: 118,200 m²

NET ABSORPTION OF 25,400 m²



VACANCY SCHEDULE

Investment property		m ²	Vacancy rate ¹⁾ (%)
Total lettable area – Jan. 1, 2016	(A)	1,684,900	
+ Acquired space ²⁾		29,500	
– Disposed space ²⁾		–189,200	
+ Net new built space		700	
– Remeasurements		–1,600	
Total lettable area – Dec. 31, 2016	(C)	1,524,300	
Vacancy – Jan. 1, 2016	(B)	198,300	11.8 (B/A)
+ Acquired vacancy		9,100	
– Disposed vacancy		–15,000	
+ Expiries		173,900	
– Renewals		–118,200	
– New leases		–76,600	
= Vacancy – Jan. 1, 2016	(D)	171,700	11.3 (D/C)
of which developments		35,200	
EPRA vacancy rate⁴⁾			9.2

¹⁾ Excluding joint venture.

²⁾ Including assets held for sale as per Dec. 31, 2015.

EPRA like-for-like rental growth of 4.6%

- › EPRA like-for-like rental growth of 4.6 %
- › Rental growth 2016 including developments of 2.1 %
- › Effective rent up to EUR 9.98 per m²
 - New leases started for 53,600 m² in 2016
 - Average lease term of 5 years
 - EUR 38 m of future rents generated in 2016

LIKE-FOR-LIKE RENTAL INCOME (1 YEAR)

	EUR k	Change
Investment portfolio	6,971	3.3 %
Development portfolio	-2,598	-1.2 %
Additional contractual rent	4,373	2.1 %

EPRA LIKE-FOR-LIKE RENTAL CHANGE (2 YEAR PERIOD)

	EUR k	%
Contractual rent as per Dec. 31, 2014	99,652	100.0
Transactions (Dec. 31, 2014–Dec. 31, 2016)	-3,527	-3.5
o/w Rents from acquired assets	3,340	3.4
o/w Rents from disposed assets	-6,868	-6.9
Development portfolio (Dec. 31, 2014–Dec. 31, 2016)	-2,669	-2.7
o/w New leases ¹⁾	923	0.9
o/w Lease terminations ²⁾	-3,591	-3.6
Investment portfolio (Dec. 31, 2014–Dec. 31, 2016)	4,626	4.6
o/w New leases	6,821	6.8
o/w Lease expiries	-2,196	-2.2
Contractual rent as per Dec. 31, 2016	98,081	98.4

¹⁾ Completed development assets in 2015 and 2016.

²⁾ Development assets 2015 and 2016 vacated for refurbishment purposes.

WEIGHTED AVERAGE EFFECTIVE RENT

per m ² in EUR (new lease)	2016	2015
Base rent	12.08	11.55
Tenant fit-outs	-1.29	-1.28
Broker fees	-0.52	-0.08
Rent concessions	-0.29	-0.32
Effective rent	9.98	9.87
Weighted average lease term (in years)	5.0	7.5

Case study 'Am Platz der Einheit 1', Frankfurt



- › 30,600 m² office building located in Frankfurt CBD was part of the Deutsche Office portfolio acquired by alstria in 2015
- › Vacancy rate at acquisition: 75 %
- › Annual rent of EUR 2.1 million
- › Lease-up after implementation of new leasing strategy
- › Vacancy rate as per end of 2016: 26 %
- › Annual rent of EUR 5.8 m
- › Main new tenants:
 - Mercer (3,500 sqm)
 - DZ Bank (5,600 sqm)
 - Stroer (4,300 sqm)

Concluded developments

› Mundsburg Center and Harburger Ring completed and transferred to the Investment Portfolio

- Capex: EUR 16.2 m
- Incremental rent: EUR 1.0 m
- Incremental yield: 6.3 %
- Development margin: 9.2 %

PROPERTY RELATED CAPEX / OPEX

EUR k	2016	2015
Acquisitions	46,350	11,576
Development capex	9,050	29,952
Like-for-like portfolio capex (re-letting)	22,226	11,733
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Operating expenditure	12,413	5,885
Total Capex / Opex	43,690	47,570

¹⁾ Incl. in P&L and FFO.

MUNDSBURG CENTER



HARBURGER RING



WEHRHAHN CENTER



BIEBERHAUS



- › Am Wehrhahn, Düsseldorf
 - Refurbishment of a 23,200 m² office building
- › Bieberhaus, Hamburg
 - Refurbishment of 12,000 m² of office space
- › Capex:
 - Capex 2017/2018: EUR 53.5 million
 - Rent expected to grow by 80 % to EUR ~ 7.5 m
 - Incremental yield: 6.5 %

DEVELOPMENTS

Asset name	City	Status	Acquisition price ¹⁾ (EUR k)	Rent collected ¹⁾ (EUR k)	Cost to date (EUR k)	Book value as per Dec. 31, 2016 (EUR k)	Cost to complete (EUR k)	Total capex (EUR k)	Forecast total cost (EUR k)	ERV on completion (EUR k)	Forecast completion date
Am Wehrhahn 33	Düsseldorf	Construction	29,400	10,076	3,500	55,250	31,600	35,100	64,500	4,640	Q1 2018
Ernst-Merck-Str. 9	Hamburg	Construction	44,600	16,657	700	32,835	18,000	18,700	63,300	2,700	Q1 2018
Amsinckstr. 28	Hamburg	Planning	14,000	8,331	0	12,975	n/a	n/a	n/a	n/a	n/a
Amsinckstr. 34	Hamburg	Planning	10,700	6,303	0	9,620	n/a	n/a	n/a	n/a	n/a
Total			98,700	41,366	4,200	110,680	49,600	53,800	127,800	7,340	

¹⁾ Incl. transaction costs of 6 % and real estate operating expenses of 5 %.

Share ownership guideline

- › First German real estate company to introduce a share ownership guideline
- › Three years worth of base salary to be invested in shares of the company over time



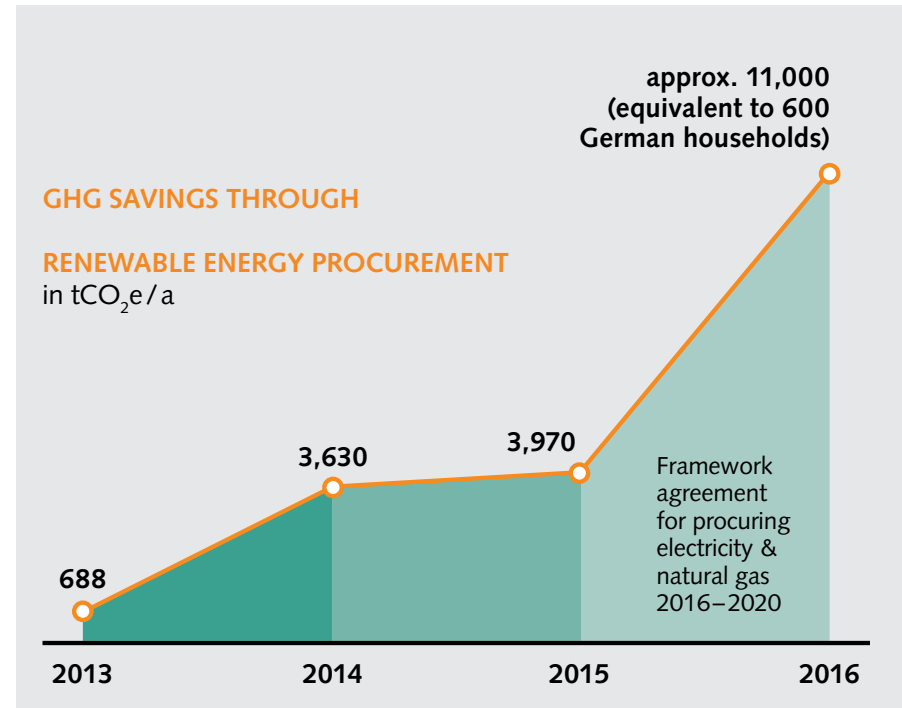
Alfredstraße 236, Essen

ACHIEVEMENTS 2016



- › Sector and country leader in environmental performance (CDP)
- › Centralized procurement of renewable energy
- › Implementation of ISO 50001 standard in our own offices

GHG SAVINGS



Agenda

- › General Business Update
- › Key financials
- › Operations
- › **Outlook**

- › Leasing market is expected to remain liquid and supportive
- › We are scouting the market for new acquisition opportunities, but will stick to our strict underwriting discipline
- › Guidance 2017
 - Revenues: EUR 185 m
 - FFO: EUR 108 m



Gasstraße 18, Hamburg

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	153.2 million
Free float	100 %

CONTACT

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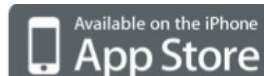
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Appendix – Reconciliation from IFRS to FFO



FFO FOR THE PERIOD from January 1 to December 31, 2016

EUR k	IFRS P&L 2016	Adjustments	FFO 2016
Revenues	202,663	0	202,663
Income less expenses from passed on operating expenses	-204	0	-204
Real estate operating expenses	-23,445	0	-23,445
Net rental income	179,014	0	179,014
Administrative expenses	-8,464	678	-7,786
Personnel expenses	-12,683	488	-12,195
Other operating income	5,417	-931	4,486
Other operating expenses	-14,445	11,607	-2,838
Net gain / loss from fair value adjustments on investment property	72,806	-72,806	0
Gain / loss on disposal of investment properties	25,464	-25,464	0
Net operating result	247,109	-86,428	160,681
Net financial result	-50,794	10,042	-40,752
Share of the result of joint venture	5,480	-3,852	1,628
Net loss from fair value adjustments on financial derivatives	-8,101	8,101	0
Pretax income / FFO	193,694	-72,137	121,557
Income tax	-11,318	11,318	0
Consolidated profit for the period	182,376	-60,819	121,557
Minority interest	-5,504	356	-5,148
Consolidated profit for the period (after minorities)	176,872	-60,463	116,410
Maintenance and reletting			-22,226
Adjusted funds from operations (AFFO)			94,184
Number of shares outstanding (k)			153,231
FFO per share (EUR)			0.76
AFFO per share (EUR)			0.61

ADJUSTMENTS

- › EUR 76.7 m non-cash property valuation gains (incl. JV)
- › EUR 25.5 m non-recurring disposal gains
- › EUR 11.6 m non-recurring other operating expenses mainly related to the integration of Deutsche Office
- › EUR 10 m non-cash or non recurring financial expenses
- › EUR 8.1 m non-cash valuation movements on financial derivatives