

## Annual result 2014

- **Funds from operations (FFO) of EUR 47.6 m (+5.1%)**
- **EPRA NAV per share up by 2.3% to EUR 11.22**
- **Strong letting result: New leases doubled to 55,300 sqm**
- **Management proposes to pay a dividend of EUR 0.50 per share for FY 2014**
- **Guidance for 2015: FFO expected to grow to EUR 49 m**

**Hamburg, February 26, 2015** – alstria office REIT-AG (symbol: AOX, ISIN: DE000A0LD2U1), the leading German office REIT, announces its result for the financial year 2014.

### **Revenues of EUR 101.8 m and FFO of EUR 47.6 m in line with full-year guidance**

In 2014 alstria's revenues amounted to EUR 101.8 m (-2.3%) and were fully in line with alstria's guidance of EUR 102 m. Despite a lower year-on-year revenue base funds from operations for the same period increased in line with the Company's guidance to EUR 47.6 m (+5.1% compared to FY 2013) due to a better operating result and lower financing costs. alstria's FFO-margin further improved by 330 bps to 46.8%. The FFO per share increased by 5.0% to EUR 0.60 (2013: EUR 0.57). alstria's net profit for the year 2014 was EUR 37.0 m.

The annual valuation led to a slight increase of EUR 824 k in the market value of alstria's investment property portfolio. Furthermore, alstria's joint venture 'Kaisergalerie' (49% share) experienced a valuation gain of EUR 12.3 m after the completion of its refurbishment, leading to a positive total valuation effect of EUR 13.1 m on alstria's balance sheet.

### **Strong balance sheet: Net LTV of 50.4%**

As per year-end 2014 alstria's balance sheet reflected a total equity position of EUR 846.6 m (capital ratio: 47.8%) and was slightly up from EUR 844.1 m compared to December 31, 2013. The EPRA NAV per share increased by 2.3% to EUR 11.22. alstria's G-REIT equity ratio, which is defined as total equity divided by immovable assets, was 50.2% (December 31, 2013: 50.9%). Following the repayment of debt alstria's Net LTV improved by 30 bps to 50.4% and underlines the Company's conservative financing structure.

### **Net seller in 2014**

The value of alstria's investment properties increased to EUR 1,646 m as of December 31, 2014 (December 31, 2013: 1,632 m). The increase in investment property reflects the net effect of the acquisitions and disposals (EUR -21 m), the capital expenditures (EUR 33 m) that have been spent on the portfolio as well as a positive valuation result (EUR 0.8 m). In 2014 alstria took advantage from the high

demand for real estate assets and disposed five properties worth EUR 68 m at a premium of 8.1% to the FY 2013 appraised value. The unlevered IRR on the disposed assets over their holding period amounted to 9.1% and is reflecting the strong value creation of the Company.

### **Strong demand for office space in Germany**

alstria has taken advantage of the very liquid German letting market and doubled the amount of new leases to 55,300 sqm compared to 2013. Mainly as a result of the planned expiry of two assets comprising more than 20,000 sqm each and the disposal of fully let properties, the EPRA vacancy rate increased to 11.0% as of December 31, 2014. As alstria has proven over the last years, the creation and subsequent reduction of vacancy offers opportunities, as real estate operations are a key element of alstria's strategy to create value. In the first weeks of 2015, alstria has continued to take advantage of the strong market and has leased-up around 10,000 sqm of the new vacancy mentioned above.

### **Stable dividend of EUR 0.50 per share**

The Company will propose to the next Annual General Meeting a dividend payment of EUR 0.50 per share, representing a 5.1% dividend yield based on a 2014 VWAP (Volume-weighted average price) of EUR 9.78<sup>1</sup>.

### **Outlook 2015: further increase of FFO expected**

Based on its current portfolio and the contractually agreed rent, alstria currently expects revenues of EUR 98 m and funds from operations (FFO) to grow by 3% to EUR 49 m in the financial year 2015. The revenue guidance reflects the recent disposal of properties. The expected increase in FFO is mainly due to lower costs of debt, which will drop to 2.1% (cash cost of debt) from mid-2015.

'2014 was another good year for alstria and its shareholders,' said Olivier Elamine, CEO of alstria. 'We increased our operating result, were successful in leasing up space and improved the quality of the overall portfolio. The strong financial structure of our balance sheet will continue to allow us to secure substantial financial cost savings that will further support our FFO growth in 2015. Our continuous work on the assets and successful lease-up will further add to both our top-line and FFO going forward. The first weeks of 2015 have been very successful on the leasing front and we expect the overall environment to remain extremely supportive to our business looking forward'.

### **Invitation to the analyst and press conference on February 27, 2015**

The alstria management board, CEO Olivier Elamine and CFO Alexander Dexne, will present the 2014 financial results in a press conference for analysts and journalists at 10:00 am (CET) in Hamburg which will also be webcasted on our website. The full Annual report (Company report and Audited Financial Statements) are available for download on our website.

---

<sup>1</sup> Source : Bloomberg

**About alstria:**

alstria office REIT-AG is an internally managed Real Estate Investment Trust (REIT) focused solely on acquiring, owning and managing office real estate in Germany. alstria was founded in January 2006 and was converted into the first German REIT in October 2007. Its headquarters are in Hamburg. The Company owns a diversified portfolio of properties across attractive German office real estate markets. As of today its portfolio comprised 74 properties with an aggregate lettable space of approx. 875,100 sqm and was valued at approximately EUR 1.7 bn. The alstria office REIT-AG strategy is based on active asset and portfolio management as well as on establishing and maintaining good relationships with key customers and decision makers. alstria focuses on long-term real estate value creation.

**Contact:**

Ralf Dibbern, IR/PR  
Phone: +49 (0) 40 / 226 341-329  
Email: rdibbern@alstria.de

More information on:

[www.alstria.com](http://www.alstria.com)  
[www.alstria.blogspot.com](http://www.alstria.blogspot.com)  
[www.twitter.com/alstria\\_REIT](http://www.twitter.com/alstria_REIT)

**Disclaimer:**

This release constitutes neither an offer to sell nor a solicitation of an offer to buy any shares. As far as this press release contains forward-looking statements with respect to the business, financial condition and results of operations of alstria office REIT-AG (alstria), these statements are based on current expectations or beliefs of alstria's management. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or performance of the Company to differ materially from those reflected in such forward-looking statements. Apart from other factors not mentioned here, differences could occur as a result of changes in the overall economic situation and the competitive environment – especially in the core business segments and markets of alstria. Also, the development of the financial markets and changes in national as well as international provisions particularly in the field of tax legislation and financial reporting standards could have an effect. Terrorist attacks and their consequences could increase the likelihood and the extent of differences. alstria undertakes no obligation to publicly release any revisions or updates to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

**Portfolio highlights\***

	<b>Dec. 31, 2014</b>	<b>Dec. 31, 2013</b>
Number of properties	74	76
Number of properties in JV's	1	1
Market value (EUR m)*	1,652	1,632
Contractual rent (EUR m)	99.7	106.7
Valuation yield	6.0%	6.5%
Lettable area (sqm)	875,100	894,400
Contractual vacancy (% of lettable area)	12.6%	9.1%
Lease length (years)	6.8	6.8
Average value per sqm (EUR)	1,887	1,832
Average rent per sqm (EUR per month)	10.9	10.9

\* Excluding joint venture

## Key figures

EUR m	2014	2013
Revenues	101.8	104.2
Net result for the period	37.0	38.9
Funds from operations (FFO)	47.6	45.3
FFO per share (EUR)	0.60	0.57

EUR m	Dec. 31, 2014	Dec. 31, 2013
Investment properties	1,646	1,632
Cash at the end of the period	63.1	82.8
NAV per share (EUR)	10.71	10.69
G-REIT equity ratio	50.2%	50.9%
Net LTV ratio	50.4%	50.7%

## EPRA KPI's

EUR	2014	2013
EPRA Earnings per share	0.59	0.57
EPRA cost ratio A (incl. vacancy costs)	23.3%	21.7%
EPRA cost ratio B (excl. vacancy costs)	20.1%	18.6%

EUR	Dec. 31, 2014	Dec. 31, 2013
EPRA NAV per share	11.22	10.97
EPRA NNNAV per share	10.58	10.55
EPRA Net Initial Yield (NIY)	4.8%	5.6%
EPRA 'topped-up' NIY	5.0%	5.8%
EPRA Vacancy rate	11.0%	6.8%

## FFO

EUR k	2014	2013
Pre-tax income (EBT)	36,972	38,983
Net profit/loss from fair value adjustments on investment property	-824	-27
Net profit/loss from fair value adjustments on financial derivatives	27,461	7,554
Profit/loss on disposal of investment property	-4,566	-1,398
Other adjustments	762	545
Fair value adjustments in joint ventures	-12,179	-329
<b>Funds from operations (FFO)</b>	<b>47,626</b>	<b>45,328</b>

## Consolidated income statement

EUR k	2014	2013
<b>Revenues</b>	<b>101,782</b>	<b>104,224</b>
Income less expenses from passed on operating expenses	-632	-513
Real estate operating expenses	-12,190	-10,462
<b>Net rental income</b>	<b>88,960</b>	<b>93,249</b>
Administrative expenses	-4,755	-5,325
Personnel expenses	-7,807	-7,790
Other operating income	6,141	3,932
Other operating expenses	-965	-111
Net result from fair value adjustments on investment property	824	27
Gain on disposal of investment property	4,566	1,398
<b>Net operating result</b>	<b>86,964</b>	<b>85,380</b>
Net financial result	-35,329	-39,116
Share of the result of joint venture companies accounted for at equity	12,798	273
Net loss from fair value adjustments on financial derivatives	-27,461	-7,554
<b>Pre-tax income (EBT)</b>	<b>36,972</b>	<b>38,983</b>
Income tax expense	-19	-38
<b>Consolidated profit</b>	<b>36,953</b>	<b>38,945</b>

## Consolidated balance sheet

EUR k	Dec. 31, 2014	Dec. 31, 2013
<b>Assets</b>		
<b>Non-current assets</b>		
Investment property	1,645,840	1,632,362
Equity-accounted investments	34,534	21,001
Property, plant and equipment	5,085	5,156
Intangible assets	344	472
Derivatives	6,643	32,474
<b>Total non-current assets</b>	<b>1,692,446</b>	<b>1,691,465</b>
<b>Current assets</b>		
Trade receivables	3,498	3,708
Accounts receivable from joint ventures	88	89
Derivatives	0	644
Other receivables	10,127	6,991
Cash and cash equivalents	63,145	82,782
<i>thereof restricted</i>	0	252
<b>Total current assets</b>	<b>76,858</b>	<b>94,214</b>
<b>Total assets</b>	<b>1,769,304</b>	<b>1,785,679</b>
<b>Equities and liabilities</b>		
<b>Equity</b>		
Share capital	79,018	78,933
Capital surplus	691,693	730,486
Hedging reserve	-3,095	-7,329
Retained earnings	78,977	42,024
<b>Total equity</b>	<b>846,593</b>	<b>844,114</b>
<b>Non-current liabilities</b>		
Long-term loans, net of current portion	874,025	822,486
Derivatives	13,488	25,963
Provisions	3,628	3,244
Other liabilities	2,036	1,052
<b>Total non-current liabilities</b>	<b>893,177</b>	<b>852,745</b>
<b>Current liabilities</b>		
Short-term loans	7,702	73,886
Trade payables	4,389	3,474
Profit participation rights	424	468
Derivatives	6,198	0
Provisions	461	2,015
Other current liabilities	10,360	8,977
<b>Total current liabilities</b>	<b>29,534</b>	<b>88,820</b>
<b>Total liabilities</b>	<b>922,711</b>	<b>941,565</b>
<b>Total equity and liabilities</b>	<b>1,769,304</b>	<b>1,785,679</b>

## Consolidated cash flow statement

EUR k	2014	2013
<b>1. Cash flows from operating activities</b>		
Consolidated profit for the period	36,953	38,945
Unrealised valuation movements	13,937	7,254
Interest income	-113	-317
Interest expense	35,442	39,432
Result from income taxes	19	38
Other non-cash expenses (+)	-731	708
Gain (-)/loss (+) on disposal of investment properties	-4,566	-1,398
Depreciation and impairment of fixed assets (+)	179	549
Decrease (+)/Increase (-) in trade receivables and other assets that are not attributed to investing or financing activities	844	-270
Decrease (-)/increase (+) in trade payables and other liabilities that are not attributed to investing or financing activities	1,435	-1,652
<b>Cash generated from operations</b>	<b>83,399</b>	<b>83,289</b>
Interest received	113	317
Interest paid	-30,604	-33,454
Income tax paid	-19	-38
<b>Cash flows generated from operating activities</b>	<b>52,889</b>	<b>50,114</b>
<b>2. Cash flows from investing activities</b>		
Acquisition of investment properties	-75,264	-58,506
Proceeds from sale of investment properties	65,467	51,040
Payment of transaction cost in relation to the sale of investment properties	-291	-272
Acquisition of other property, plant and equipment	22	-376
Proceeds from the equity release of interests in joint ventures	1,470	826
Payments for capital contribution in joint ventures	-2,205	-3,370
<b>Cash flows used in investing activities</b>	<b>-10,801</b>	<b>-10,658</b>
<b>3. Cash flows financing activities</b>		
Cash received from equity contributions	170	0
Proceeds from the issue of bonds and borrowings	173,823	544,100
Proceeds from the issue of a convertible bond	0	79,400
Payments of dividends	-39,467	-39,467
Payments from the acquisition/termination of financial derivatives	-2,882	-46,512
Payments of the redemption of bonds and borrowings	-192,629	-606,592
Payment of transaction costs	-740	-6,151
<b>Cash flows generated from financing activities</b>	<b>-61,725</b>	<b>-75,222</b>
<b>Cash and cash equivalents at the end of the period</b>		
Change in cash and cash equivalents (subtotal of 1 to 3)	-19,637	-35,766
Cash and cash equivalents at the beginning of the period	82,782	118,548
<b>Cash and cash equivalents at the end of the period</b> <i>(thereof restricted: EUR 0 k; previous year: EUR 252 k)</i>	<b>63,145</b>	<b>82,782</b>