



Press release

Annual results 2017

- **Corporate development in line with guidance: Revenues of EUR 193.7 m and FFO of EUR 113.8 m**
- **Strong letting result: 245,400 sqm letting volume and EPRA like-for-like rental growth of 6.3%**
- **Value accretion: EPRA NAV up by 12.4% to EUR 12.71 per share**
- **Net LTV down to 40.0%**
- **Attractive dividend: Management proposes dividend of EUR 0.52 per share for FY 2017**

Hamburg, March 1, 2018 - alstria office REIT-AG (symbol: AOX, ISIN: DE000AOLD2U1) announces its result for the financial year 2017.

Efficient operations drove FFO margin to 58.8%

Based on a very supportive leasing market alstria can report on a successful year 2017. Revenues amounted to EUR 193.7 m (guidance: EUR 193 m) and were slightly lower compared to the prior year period (EUR 202.7 m) as a result of the full year impact of the disposal of non-core assets in prior periods. Despite lower revenues the FFO of EUR 113.8 m remained broadly stable compared to FY 2016 (EUR 116.4 m) while the FFO margin further improved to 58.8% (2016: 57.4%). The increase in the FFO margin by another 140 bps was mainly driven by lower financing costs. The EPRA cost ratio remained stable at 16.7% and average cost of debt fell to 1.9% as per December 31, 2017. Due to strong operations and a valuation gain of EUR 181.5 m (EUR 1.18 per share) following the yearly external valuation alstria's consolidated profit for the period grew by 67.9% to EUR 297.0 m.

Growing balance sheet: EPRA NAV up by 12.4% to EUR 12.71 per share and net LTV down to 40.0%

As per December 31, 2017 alstria's IFRS equity increased by EUR 226.2 m (EUR 1.47 per share) to EUR 1,955 m. The EPRA NAV per share amounted to EUR 12.71 and was up by 12.4% year-on-year (December 31, 2016: EUR 11.31). alstria's net LTV improved further to 40.0% (2016: 40.9%) and the G-REIT equity ratio, which is defined as total equity divided by immovable assets, was 57.1% (2016: 56.7%), underlining the Company's balance sheet quality. alstria holds a BBB rating by Standard & Poors, the ICR stood at 4.9 in 2017.

Investment properties of EUR 3.3 bn, gross valuation yield of 5.9%

The value of alstria's investment properties amounted to EUR 3,332 m as per December 31, 2017 and grew by 11.1% (EUR 333 m) in the course of 2017. The valuation yield amounted to 5.9%. In 2017 alstria successfully recycled capital and

sold six assets (including 49% JV “Kaisergalerie”) for a total consideration of EUR 187.8 m and bought 15 buildings in its core regions for EUR 259.5 m. The disposed assets were sold at an average book gain of 29.2% compared to the year-end valuation 2016 and generated on average an unlevered return (UIRR) of 14.4% over their holding period.

Strong letting result: EPRA like-for-like rental growth of 6.3% and like-for-like growth yield of 11.9%

The very liquid German letting market allowed alstria to lease up 245,400 sqm (thereof 98,300 sqm of new leases), which is a new record level in the company’s history and represents 16% of the total portfolio. Despite the acquisition of 19,900 sqm of vacancy, which offers further growth potential going forward, the EPRA vacancy rate was only slightly up to 9.4% in the reporting period. The EPRA like-for-like rental growth was 6.3% (2 year period), mainly driven by vacancy reduction and rent increases following alstria’s capex measures. Over a two-year period (2015-2017) the Company invested EUR 90.1 m capex into the portfolio and increased its rental income by EUR 10.8 m. This represents a like-for-like growth yield of 11.9%.

Dividend proposal: EUR 0.52 per share

The Management will propose to the Annual General Meeting a dividend payment of EUR 0.52 per share, representing a 4.3% dividend yield based on a 2017 VWAP (Volume-weighted average price) of EUR 12.08¹. The EUR 0.52 of dividend corresponds to a pay-out ratio of 70 %.

Outlook 2018: Revenues of EUR 187 m, FFO of EUR 110 m

Based on the current portfolio and the contractually agreed rent, alstria expects revenues of EUR 187 m and funds from operations (FFO) of EUR 110 m for FY 2018. The guidance reflects the loss in rental income following the disposal of non-core properties (EUR 5 m) and the termination of lease contracts (EUR 16 m) as the company rebuilt its development pipeline. These effects are almost offset by the income from new acquisitions (EUR 8 m), new lettings (EUR 7 m) and lower costs (EUR 2 m). The FFO margin is expected to remain broadly stable at around 59%. alstria intends to further de-lever the balance sheet mainly as a result of the conversion of the outstanding convertible bond.

“The long-term opportunity we see in the German market is not so much a glimpse in the crystal ball of future rental growth. It is the much-needed transformation of the office stock to adapt it to the change of behaviour of the corporate environment. Real estate operators that have access to capital and a good understanding of the new requirements of corporate tenants will be successful regardless of market rent volatility,” said Olivier Elamine, CEO of alstria. “alstria has time and time demonstrated its ability to turn around assets. We have closed with a record year of leasing, a 6.3% EPRA like-for-like rental growth and a new cycle of asset repositionings which started at the time of the acquisition of Deutsche Office. We will now rebuild our pipeline of opportunities that we will need to procure future rental growth.”

¹ Source : Bloomberg, AOX GY.

Invitation to the telephone conference on March 2, 2018

The alstria management board, CEO Olivier Elamine and CFO Alexander Dexne, will present the 2017 financial results in a telephone conference at 10:00 am (CET) which will also be webcasted on our website (www.alstria.com). The full Annual report (Company report and Audited Financial Statements) are available for download on our website.

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About alstria:

alstria office REIT AG is the leading real-estate operator focusing solely on German office property in selected German markets. Our strategy is based on the ownership and an active management of our properties throughout their entire life cycle, strong added-value services to our customers and deep knowledge of the markets in which we operate. alstria strives for sustainable long-term value creation while taking advantage of short-term arbitrage of inefficiencies in the real estate markets. The portfolio comprises 116 buildings with a lettable area of 1.6 million sqm and a total portfolio value of EUR 3.4 billion.

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.

Key figures

EUR m	2017	2016	Change (%)
Revenues	193.7	202.7	-4.4
Net result for the period	297.0	176.9	67.9
Funds from operations (FFO)	113.8	116.4	-2.2
FFO per share (EUR)	0.74	0.76	-2.6

EUR m	Dec. 31, 2017	Dec. 31, 2016	Change (%)
Investment properties	3,332	2,999	11.1
Cash at the end of the period	102.1	247.5	-58.7
NAV per share (EUR)	12.70	11.28	12.6
G-REIT equity ratio	57.1%	56.7%	0.4 pp
Net LTV	40.0%	40.9%	-0.9 pp

EPRA KPI's

EUR	2017	2016	Change (%)
EPRA earnings per share	0.65	0.57	14.0
EPRA cost ratio A (incl. vacancy costs)	20.0%	20.6%	-0.6 pp
EPRA cost ratio B (excl. vacancy costs)	16.7%	16.6%	0.1 pp

EUR	Dec. 31, 2017	Dec. 31, 2016	Change (%)
EPRA NAV per share	12.71	11.31	12.4
EPRA NNNNAV per share	12.45	10.81	15.2
EPRA net initial yield	4.6%	5.0%	-0.4 pp
EPRA 'topped-up' NIY	5.0%	5.4%	-0.4 pp
EPRA vacancy rate	9.4%	9.2%	0.2 pp

Portfolio highlights

	Dec. 31, 2017	Dec. 31, 2016	Change
Number of properties	116	108	8
Number of properties in JV's	0	1	-1
Market value (EUR m)	3,409	3,022	12.8
Contractual rent (EUR m)	202.0	188.4	7.2
Valuation yield	5.9%	6.2%	-0.3 pp
Lettable area (sqm)	1,570,100	1,524,300	3.0
EPRA vacancy rate	9.4%	9.2%	0.2 pp
Lease length (years)	4.7	4.9	-0.2
Average rent per sqm (EUR per month)	12.06	11.61	3.9

Funds from operations

EUR k	2017	2016	Change (%)
Pre-tax income (EBT)	299,084	193,694	54.4
Net profit from fair value adjustments investment property	-181,492	-72,806	149.3
Net profit/loss from fair value adjustments on financial	9,334	8,101	15.2
Profit/loss on disposal of investment property	-19,693	-25,464	-22.7
Fair value adjustments in joint ventures	-30,121	-3,852	682.0
Other adjustments	40,438	21,885	84.8
Funds from operations (FFO)	117,550	121,558	-3.3
Minority interest	-3,716	-5,148	-27.8
Funds from operations (FFO) after minorities	113,834	116,410	-2.2

Income statement

EUR k	2017	2016	Change (%)
Revenues	193,680	202,663	-4.4
Income less expenses from passed on operating expenses	236	-204	n/a
Real estate operating expenses	-21,637	-23,445	-7.7
Net rental income	172,279	179,014	-3.8
Administrative expenses	-8,033	-8,464	-5.1
Personnel expenses	-13,823	-12,683	9.0
Other operating income	10,771	5,417	98.8
Other operating expenses	-14,371	-14,445	-0.5
Net result from fair value adjustments on investment property	181,492	72,806	149.3
Gain on disposal of investment property	19,693	25,464	-22.7
Net operating result	348,008	247,109	40.8
Net financial result	-67,708	-50,794	33.3
Share of the result of joint venture companies accounted	28,118	5,480	413.1
Net loss from fair value adjustments on financial derivatives	-9,334	-8,101	15.2
Pre-tax income (EBT)	299,084	193,694	54.4
Income tax expense	-2,097	-11,318	-81.5
Consolidated profit	296,987	182,376	62.8
Minority interest	0	-5,504	-100.0
Consolidated profit (after minorities)	296,987	176,872	67.9

Balance sheet

EUR k	Dec. 31, 2017	Dec. 31, 2016	Change (%)
Assets			
Non-current assets			
Investment property	3,331,858	2,999,099	11.1
Equity-accounted investments	8,659	30,381	-71.5
Property, plant and equipment	22,442	6,858	227.2
Intangible assets	313	329	-4.9
Financial assets	36,567	34,803	5.1
Derivatives	14	109	-87.2
Total non-current assets	3,399,853	3,071,579	10.7
Current assets			
Trade receivables	7,153	7,257	-1.4
Accounts receivable from joint ventures	0	5	-100.0
Tax receivables	25	25	0.0
Other receivables	14,760	41,578	-64.5
Cash and cash receivables	102,078	247,489	-58.8
Assets held for sale	60,200	14,700	309.5
Total current assets	184,216	311,054	-40.8
Total assets	3,584,069	3,382,633	6.0
Equities and liabilities			
Equity			
Share capital	153,962	153,231	0.5
Capital surplus	1,363,316	1,434,812	-5.0
Retained earnings	437,382	140,395	211.5
Total equity	1,954,660	1,728,438	13.1
Non-current liabilities			
Limited partnership capital noncontrolling interest	53,834	58,458	-7.9
Long-term loans, net of current portion	1,381,965	1,466,521	-5.8
Derivatives	0	20,099	-100.0
Provisions	1,499	1,313	14.2
Other liabilities	4,408	2,808	57.0
Total non-current liabilities	1,441,706	1,549,199	-6.9
Current liabilities			
Limited partnership capital noncontrolling interest	47	12,966	-99.6
Short-term loans	86,450	19,330	347.2
Trade payables	7,268	4,584	58.6
Profit participation rights	538	421	27.8
Derivatives	27,529	0	n/a
Liabilities of current tax	13,675	20,104	-32.0
Other provisions	2,992	2,257	32.6
Other current liabilities	49,204	45,334	8.5
Total current liabilities	187,703	104,996	78.8
Total equity and liabilities	3,584,069	3,382,633	6.0