

Q1



2020

**CONSOLIDATED
INTERIM STATEMENT**

as of March 31, 2020

GROUP FINANCIALS

EUR k	Jan. 1– March 31, 2020	Jan. 1– March 31, 2019	Change
Revenues and earnings			
Revenues	44,325	46,757	– 5.2 %
Net rental income	37,765	39,766	– 5.0 %
Consolidated profit for the period	28,248	54,636	– 48.3 %
FFO ¹⁾	29,404	28,627	2.7 %
Earnings per share (EUR)	0.16	0.31	– 48.3 %
FFO per share (EUR) ¹⁾	0.17	0.16	2.7 %

¹⁾ Excluding minorities.

EUR k	March 31, 2020	Dec. 31, 2019	Change
Balance sheet			
Investment property	4,415,890	4,438,597	– 0.5 %
Total assets	5,066,882	5,029,328	0.7 %
Equity	3,204,383	3,175,555	0.9 %
Liabilities	1,862,499	1,853,773	0.5 %
Net asset value (NAV) per share (EUR)	18.04	17.88	0.9 %
Net loan-to-value (Net LTV, %)	26.1	27.1	– 1.0 pp

G-REIT figures	March 31, 2020	Dec. 31, 2019	Change
G-REIT equity ratio (%)	71.9	70.9	1.0 pp
Revenues including other income from investment properties (%)	100	100	0.0 pp

EPRA figures ¹⁾	Jan. 1– March 31, 2020	Jan. 1– March 31, 2019	Change
EPRA earnings per share (EUR)	0.15	0.20	– 25.0 %
EPRA cost ratio A (%) ²⁾	31.5	27.3	4.2 pp
EPRA cost ratio B (%) ³⁾	27.0	22.7	4.3 pp

	March 31, 2020	Dec. 31, 2019	Change
EPRA NAV per share (EUR)	18.08	17.91	0.9 %
EPRA NNNNAV per share (EUR)	18.11	17.61	2.8 %
EPRA net initial yield (%)	3.3	3.3	0.0 pp
EPRA 'topped-up' net initial yield (%)	3.7	3.8	– 0.1 pp
EPRA vacancy rate (%)	8.1	8.1	0.0 pp

¹⁾ For further information, please refer to EPRA Best Practices Recommendations, www.epra.com.

²⁾ Including vacancy costs.

³⁾ Excluding vacancy costs.

PORTFOLIO OVERVIEW

Key metrics	March 31, 2020	Dec. 31, 2019
Number of properties	112	116
Market value (EUR bn) ¹⁾	4.4	4.5
Annual contractual rent (EUR m)	201.1	208.3
Valuation yield (% , contractual rent/market value)	4.5	4.7
Lettable area (m ²)	1,455,400	1,509,200
EPRA vacancy rate (%)	8.1	8.1
WAULT (years)	6.6	6.3
Average value per m ² (EUR)	3,037	2,966
Average rent/m ² (EUR/month)	12.79	12.62

¹⁾Including fair value of owner-occupied properties.

Real Estate Operations

Letting metrics (m ²)	01.01. – 31.03.2020	01.01. – 31.03.2019	Veränderung
New leases	29,000	36,500	-7,500
Renewals of leases	23,400 ¹⁾	52,300	-28,900
Total	52,400	88,800	-36,400

¹⁾ Including option drawings from existing tenants.

The letting volume (measured in terms of new leases and lease extensions) was lower in the first quarter of 2020 compared to the same period of the previous year.

The signing of the following lease contracts had a substantial impact on the development of the new leases:

Asset	City	Let area (m ²)	Net rent/m ² (EUR)	Net rent p. a. ¹⁾ (EUR k)	Lease length (years)	Rent free ²⁾ (%)
Bamlerstr. 1–5	Essen	3,100	11.50	500	10.5	5.6
Gasstr. 18	Hamburg	6,100	15.90	1,200	10.0	0.0
Berliner Str. 91–101	Ratingen	9,200	10.20	1,400	6.9	7.2

¹⁾ Rounded to the nearest hundred thousand euro.

²⁾ In % of lease length.

Transactions

alstria performed the following transactions in the financial year 2020:

Disposals

Asset	City	Disposal price (EUR k)	Gain to book value ^{1), 2)} (EUR k)	Signing SPA	Transfer of benefits & burdens
Werner-von-Siemens- Platz 1	Laatzen	16,680	-700	Dec. 13, 2019	Mar. 31, 2020
Balgebrückstr. 13–15	Bremen	2,900	-800	Dec. 19, 2019	Feb. 29, 2020
Earl-Bakken-Platz 1	Meerbusch	20,700	525	Jan. 29, 2020	May 01, 2020
Josef-Wulff-Str. 75	Recklinghausen	32,500	4.800	Jan. 30, 2020	Mar. 12, 2020
D2 Park 5	Ratingen	9,400	180	Feb. 12, 2020	Mar. 31, 2020
Total disposals		82,180	4,005		

¹⁾ Different from the position 'Net result from the disposal of investment property' in the income statement. This position only contains contracts, which have an impact on 2020 financial year and their transaction costs.

²⁾ Rounded to the nearest five thousand euro.

EARNINGS POSITION

TEUR k	IFRS P&L	Adjust- ments	FFO Jan. 1 – Mar. 31, 2020	FFO Jan. 1 – Mar. 31, 2019
Revenues	44,325	0	44,325	46,757
Revenues from service charge income	15,307	0	15,307	14,435
Real estate operating expenses	-21,867	1,105	-20,762	-20,297
Net rental income	37,765	1,105	38,870	40,895
Administrative expenses	-2,038	292	-1,746	-1,792
Personnel expenses	-5,369	990	-4,379	-3,631
Other operating income	1,982	0	1,982	875
Other operating expenses	-1,082	1,010 ²⁾	-72	-488
Net gain/loss from fair value adjustments on investment property	-48	48	0	0
Gain/loss on disposal of investment properties	4,425	-4,425	0	0
Net operating result	35,635	-980	34,655	35,859
Net financial result	-7,127	2,349	-4,778	-6,466
Share of the result of joint venture	-10	0	-10	-37
Net result from fair value adjustments on financial derivatives	0	0	0	0
Pre-tax income / FFO (before minorities)¹⁾	28,498	1,369	29,867	29,356
Income tax expenses	-250	250	0	0
Consolidated profit	28,248	1,619	29,867	29,356
Minority interest	0	-463	-463	-729
Consolidated profit / FFO (after minorities)	28,248	1,156	29,404	28,627
Number of outstanding shares (k)			177,593	177,416
FFO per share (EUR)			0.17	0.16

¹⁾FFO is not a measure of operating performance or liquidity under generally accepted accounting principles, in particular IFRS, and it should not be considered an alternative to the Company's income or cash flow measures as determined in accordance with IFRS. Furthermore, there is no standard definition for FFO. Thus, alstria's FFO values and the measures with similar names presented by other companies may not be comparable.

²⁾The other operating expenses are adjusted by the expenses for the valuation of the limited partner capital and for the expenses from a lease repayment and for the expenses from a lease repayment.

Revenues and operating result (FFO) developed as planned in the first three months of 2020 and were affected by the COVID-19 pandemic only to a minor extent. Rental income amounted to EUR 44,325 k in the first quarter of 2020, which is EUR 2,432 k below the level of the first quarter of the previous year (EUR 46,757 k). The decline of rental income was primarily due to the sale of properties and planned lease terminations.

In contrast, the operating result (FFO) increased to EUR 29,867 k before minorities (previous year: EUR 29,356 k) and EUR 29,404 k after minorities (previous year: EUR 28,627 k) in the reporting period. This increase was primarily due to an increase in other operating income of around EUR 1,100 k related to compensation payments and an improvement in net financial result of around EUR 1,700 k due to more favourable refinancing conditions.

The consolidated profit for the period amounted to EUR 28,248 k in the reporting period and was thus below the result of the first quarter of 2019 (EUR 54,636 k). The main reasons for the decline were the lower net result from the sale of investment properties of EUR 13,687 k due to the lower disposal volume and a decrease in other operating income of approx. EUR 11,042 k due to the reversal of accruals for land transfer tax in the previous year.

FINANCIAL AND ASSET POSITION

Investment properties

The fair value of investment properties amounted to EUR 4,415,890 k at March 31, 2020 (December 31, 2019: EUR 4,438,597 k). Due to the portfolio and tenant structure, the COVID-19 pandemic is not currently expected to have a significant impact on the value of the property portfolio.

The next external property valuation is scheduled to take place as part of the half-year financial report as of June 30, 2020.

EUR k

Investment properties as of December 31, 2019	4,438,597
Investments	34,261
Acquisitions	0
Acquisition costs	0
In prior-period advance payments	0
Disposals	-36,920
Transfers to assets held for sale	-20,000
Net loss/gain from the fair value adjustment on investment property	-48
Investment portfolio as of March 31, 2020	4,415,890
Advance payments	0
Investment property as of March 31, 2020	4,415,890
Carrying amount of owner-occupied properties	17,146
Fair value of assets held for sale	20,700
Interest in joint venture	1,012
Carrying amount of immovable assets	4,454,748

For a detailed description of the investment properties, please refer to the Group Management Report 2019.

Further key figures of the financial and asset position

As of March 31, 2020, alstria's cash and cash equivalents amounted to EUR 349,667 k (December 31, 2019: EUR 298,219 k). Furthermore, the Company held short-term financial assets in the amount of EUR 199,750 k.

The total equity increased by EUR 28,828 k to EUR 3,204,383 k as of March 31, 2020 (December 31, 2019: EUR 3,175,555 k). The consolidated profit for the period of EUR 28,248 k contributed significantly to an increase in equity.

Loans

The loan facilities in place as of March 31, 2020, are as follows:

Liabilities	Maturity	Principal amount drawn as of March 31, 2020 (EUR k)	LTV as of March 31, 2020 (%)	covenant LTV (%)	Principal amount drawn as of Dec. 31, 2019 (EUR k)
Loan #1	June 28, 2024	34,000	14.9	65.0	34,000
Loan #2	Mar. 28, 2024	45,900	31.5	75.0	45,900
Loan #3	June 30, 2026	56,000	27.6	65.0	56,000
Loan #4	Sept. 29, 2028	60,000	33.6	n/a	60,000
Total secured loans		195,900	26.0	-	195,900
Bond #1	Mar. 24, 2021	326,800	-	-	326,800
Bond #2	Apr. 12, 2023	325,000	-	-	325,000
Bond #3	Nov. 15, 2027	350,000	-	-	350,000
Bond #4	Sept. 26, 2025	400,000	-	-	400,000
Schuldschein 10y/fix	May 6, 2026	40,000	-	-	40,000
Schuldschein 7y/fix	May 8, 2023	37,000	-	-	37,000
Schuldschein 4y/fix	May 6, 2020	37,000	-	-	37,000
Revolving credit line	Sept. 14, 2022	-	-	-	-
Total unsecured loans		1,515,800	-	-	1,515,800
Total		1,711,700	38.4		1,711,700
Net LTV			26.1		

COVENANT REPORT

Compliance with and calculation of the Covenants referring to §11 of the Terms and Conditions *

In case of the incurrance of new Financial Indebtedness that is not drawn for the purpose of refinancing existing liabilities, alstria needs to comply with the following covenants:

- › The ratio of the Consolidated Net Financial Indebtedness over Total Assets will not exceed 60%.
- › The ratio of the Secured Consolidated Net Financial Indebtedness over Total Assets will not exceed 45%.
- › The ratio of Unencumbered Assets over Unsecured Consolidated Net Financial Indebtedness will be more than 150%.

In the first quarter of 2020, alstria did not incur any Financial Indebtedness.

Furthermore, alstria needs to maintain a ratio of the Consolidated Adjusted EBITDA over Net Cash Interest of no less than 1.80 to 1.00. The calculation and publication of the ratio should be done at every reporting date following the issuance of the bond, starting after the fifth reporting date.

EUR k	Q2 2019 – Q1 2020 cumulative
Earnings Before Interest and Taxes (EBIT)	582,437
Net profit/loss from fair value adjustments to investment property	-454,779
Net profit/loss from fair value adjustments to financial derivatives	0
Profit/loss from the disposal of investment property	-3,663
Other adjustments ¹⁾	20,041
Fair value and other adjustments in joint venture	126
Consolidated Adjusted EBITDA	144,162
Cash interest and other financing charges	-23,770
One-off financing charges	0
Net Cash Interest	-23,770
Consolidated Coverage Ratio (min. 1.80 to 1.00)	6.1

¹⁾ Depreciation and amortization and nonrecurring or exceptional items.

As of March 31, 2020, no covenants under the loan agreements and/or the terms and conditions of the bonds and Schuldschein were breached.

*The following section refers to the Terms and Conditions of the Fixed Rate Notes, issued on November 24, 2015, April 12, 2016, and on November 15, 2017, as well as to the Terms and Conditions of the Schuldschein, issued on May 6, 2016 (for further information, please refer to www.alstria.de). Capitalized terms have the meanings defined in the Terms and Conditions.

RECENT DEVELOPMENTS AND OUTLOOK

Recent developments

Please refer to the table on page 3 for more details regarding the transactions that have an impact on financial year 2020.

Outlook

The global COVID-19 pandemic and the resulting restrictions on public life have a significant negative impact on the German economy. According to the assessment of the German government, a recession in the course of 2020 as a result of the temporary standstill of important economic sectors is unavoidable. Depending on the severity and duration of the macroeconomic crisis, negative consequences for alstria's rental income cannot be ruled out. Based on current data, however, the economic consequences for alstria are limited. As of May 1, 2020, alstria has agreed to rent reductions and waivers with 43 tenants over a period of three months in the total amount of EUR 690 k, which will have a negative impact on second quarter revenues.

With the law to mitigate the consequences of the COVID-19 pandemic of March 27, 2020, the German legislature has adopted a new legal framework which temporarily suspends landlords' ability to terminate a lease due to rent arrears for the period from April 1 to June 30, 2020, if the non-payment is due to the effects of the COVID-19 pandemic. If the COVID-19 pandemic continues to cause significant adverse effects, the period for which the restriction on termination applies may be extended by statutory order.

Under the current legal situation, alstria would be entitled to terminate leases after two months of payment arrears. However, under the new law, the rent remains due and payable, and all unpaid rent would have to be paid by June 30, 2022, at the latest. As of the reporting date, alstria has registered lease suspensions of EUR 1,300 k per month for the period from April 1, 2020 to June 30, 2020, which will have a direct impact on the Company's cash flow.

As part of the postponement of the annual general meeting and to strengthen the current liquidity due to the uncertainties caused by the COVID-19 pandemic, alstria has provisionally withdrawn its dividend proposal of EUR 0.52 per share with a total payout of approx. EUR 92.3 million. A new dividend proposal will be made at the time of the invitation to the annual general meeting.

In addition, alstria has drawn on a credit line of EUR 100 million after the reporting date to improve the company's liquidity.

Considering that even after the introduction of the new legal framework, around 89% of the contractual rents in alstria's portfolio were paid on time and the loss of rent in the second quarter of 2020 is limited to EUR 690 k, alstria confirms its full-year 2020 guidance of expected revenues of around EUR 179 million and an operating result (FFO) of EUR 108 million. However, as no reliable assessment of the severity and duration of the expected global recession is possible at this point, adjustments during the course of the year cannot be completely excluded.

Risk management

alstria is exposed to various risks through its business activities. Please refer to the detailed descriptions in the Annual Report 2019.

The COVID-19 pandemic has added to alstria's risk situation. The management board is informed daily through internal monitoring about the impact on rental income and on development projects.

PRINCIPLES OF THE CONSOLIDATED INTERIM STATEMENT

The consolidated interim statement of the alstria office REIT-AG was prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB), which the European Union adopted as European law.

Although no explanatory notes are disclosed, the requirements of IAS 34 (interim financial reporting) have been considered.

The consolidated interim statement contains the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flow, and the consolidated statement of changes in equity.

DISCLAIMER

The management report contains statements relating to anticipated future developments. These statements are based on current assessments and are, by their very nature, exposed to risks and uncertainty. Actual developments may differ from those predicted in these statements.

GROUP NUMBERS

CONSOLIDATED INCOME STATEMENT

for the Period ended March 31, 2020

EUR k	Q1 2020	Q1 2019
Net rental revenues	44,325	46,757
Service charge income	15,307	14,435
Real estate operating costs	-21,867	-21,426
Net Rental Income	37,765	39,766
Administrative expenses	-2,038	-2,046
Personnel expenses	-5,369	-4,741
Other operating income	1,982	13,024
Other operating expenses	-1,082	-3,011
Net result from fair value adjustments on investment property	-48	-60
Gain on disposal of investment property	4,425	18,112
Net Operating Result	35,635	61,044
Net financial result	-7,127	-6,466
Share of the result of joint venture	-10	-37
Pre-Tax Income (EBT)	28,498	54,541
Income tax result	-250	95
Consolidated profit for the period	28,248	54,636
Attributable to:		
Owners of the company	28,248	54,636
Earnings per share in EUR		
<i>based on the profit attributable to alstria's shareholders</i>		
Basic earnings per share	0.16	0.31
Diluted earnings per share	0.16	0.31

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Period from January 1 to March 31, 2020

EUR k	Q1 2020	Q1 2019
Consolidated profit for the period	28,248	54,636
Other comprehensive result for the period	0	0
Total comprehensive result for the period	28,248	54,636
Total comprehensive income		
Owners of the company	28,248	54,636

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of March 31, 2020

ASSETS

EUR k	March 31, 2020	Dec. 31, 2019
Non-Current Assets		
Investment property	4,415,890	4,438,597
Equity-accounted investments	1,012	1,070
Property, plant and equipment	18,930	19,055
Intangible assets	195	232
Financial assets	39,102	39,108
Total Non-Current Assets	4,475,129	4,498,062
Current Assets		
Trade receivables	8,622	3,877
Financial assets	199,750	199,750
Tax receivables	1,230	1,231
Other financial receivables	11,784	8,601
Cash and cash equivalents	349,667	298,219
Assets held for sale	20,700	19,588
Total Current Assets	591,753	531,266
Total Assets	5,066,882	5,029,328

EQUITY AND LIABILITIES

EUR k	March 31, 2020	Dec. 31, 2019
Equity		
Share capital	177,593	177,593
Capital surplus	1,449,289	1,448,709
Retained earnings	1,574,016	1,545,768
Revaluation surplus	3,485	3,485
Total Equity	3,204,383	3,175,555
Non-Current Liabilities		
Liabilities minority interests	71,178	70,504
Long-term loans, net of current portion	1,335,601	1,661,080
Other provisions	1,499	1,226
Other financial liabilities	12,394	11,532
Total Non-Current Liabilities	1,420,672	1,744,342
Current Liabilities		
Liabilities minority interests	22	24
Short-term loans	375,429	50,590
Trade payables	6,925	4,611
Profit participation rights	457	457
Liabilities of current tax	5,980	5,793
Other provisions	790	2,505
Other current financial liabilities	52,224	45,451
Total Current Liabilities	441,827	109,431
Total Liabilities	1,862,499	1,853,773
Total Equity and Liabilities	5,066,882	5,029,328

CONSOLIDATED STATEMENT OF CASH FLOW

for the Period ended March 31, 2020

EUR k	Q1 2020	Q1 2019
1. Operating activities		
Consolidated profit	28,248	54,636
Interest income	-290	-184
Interest expense	7,417	6,649
Result from income taxes	250	-95
Unrealized valuation movements	740	2,576
Other non-cash expenses (+)/income (-)	316	-5,335
Gain (-)/Loss (+) on disposal of fixed assets	-4,425	-18,112
Depreciation and impairment of fixed assets (+)	292	254
Decrease (-)/increase (+) in trade payables and other liabilities that are not attributed to investing or financing activities	-2,779	-3,783
Zunahme (+)/Abnahme (-) der Verbindlichkeiten aus Lieferungen und Leistungen sowie anderer Verbindlichkeiten, die nicht der Investitions- oder Finanzierungstätigkeit zuzuordnen sind	3,836	-6,892
Cash generated from operations	33,605	29,714
Interest received	290	184
Interest paid	-8,058	-8,041
Income tax received (+)/paid (-)	-249	-8
Net cash generated from operating activities	25,588	21,849

EUR k	Q1 2020	Q1 2019
2. Investing activities		
Acquisition of investment properties	-34,621	-35,317
Proceeds from sale of investment properties	61,480	99,936
Payment of transaction cost in relation to the sale of investment properties	-887	-29
Acquisition of other property, plant and equipment	-129	-165
Proceeds from the equity release of interests in joint ventures	46	7,350
Net cash generated from/used in investing activities	25,889	71,775
3. Financing activities		
Payments for the acquisition of limited partnerships of minority shareholders	-3	-43
Payments of transaction costs	-26	0
Payments of the redemption of bonds and borrowings	0	-34,000
Net cash used in/generated from financing activities	-29	-34,043
4. Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents (subtotal of 1 to 3)	51,448	59,581
Effect of changes in consolidated group on cash and cash equivalents	298,219	132,899
Cash and cash equivalents at the beginning of the period <i>(thereof restricted: EUR 0; previous year: EUR 0)</i>	349,667	192,480

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to March 31, 2020

EUR k	Share capital	Capital surplus	Retained earnings	Revaluation surplus	Total Equity
As of December 31, 2019	177,593	1,448,709	1,545,768	3,485	3,175,555
Changes Q1 2020					
Consolidated profit	0	0	28,248	0	28,248
Other comprehensive income	0	0	0	0	0
Total comprehensive income	0	0	28,248	0	28,248
Share-based remuneration	0	580	0	0	580
As of March 31, 2020	177,593	1,449,289	1,574,016	3,485	3,204,383

for the period from January 1 to March 31, 2019

EUR k	Share capital	Capital surplus	Retained earnings	Revaluation surplus	Total Equity
As of December 31, 2018	177,416	1,538,632	964,554	3,485	2,684,087
First-time adoption from IFRS 16	0	0	-7	0	-7
As of January 1, 2019	177,416	1,538,632	964,547	3,485	2,684,080
Changes Q1 2019					
Consolidated profit	0	0	54,636	0	54,636
Other comprehensive income	0	0	0	0	0
Total comprehensive income	0	0	54,636	0	54,636
Share-based remuneration	0	440	0	0	440
As of March 31, 2019	177,416	1,539,072	1,019,183	3,485	2,739,156

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