

# Q1 2020 AND BUSINESS UPDATE ON COVID-19

MAY 5, 2020



# DISCLAIMER

## 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.

The current COVID-19 outbreak is creating substantial uncertainty in the marketplace. Although alstria has diligently reviewed the information contained in this release it is based on its own analysis and estimate, as well as available public sources and not on active discussion with tenants. As such the current liquidity risk of the tenants can materially differ from alstria's own estimate, and the actual impact of the COVID 19 outbreak may differ substantially from the current previsions.

### No duty to update

The company assumes no obligation to update any information contained herein.

# ALSTRIA WELL PREPARED TO NAVIGATE UNCERTAINTY

- ***Strong pre-covid first quarter result – operating development in line with plan***
- ***High degree of uncertainty regarding further economic development***
- ***Fully funded and 70% pre-let development pipeline, EUR 120 million of free cash and 26.1 % LTV***



# Q1 2020 BUSINESS IN LINE WITH PLAN



Steinstr. 7, Hamburg

## › Operating business in line with plan

- Revenues: EUR 44.3 million
- FFO: EUR 29.4 million
- FFO per share: EUR 0.17

## › Solid balance sheet

- EPRA NAV: 18.08 per share (EUR +0.17)
- Net LTV: 26.1% (– 1.0 pp)

## › Leasing

- New leases: 29,000 m<sup>2</sup>
- Extended leases: 23,400 m<sup>2</sup>
- EPRA vacancy rate: 8.1 %

## › Guidance unchanged

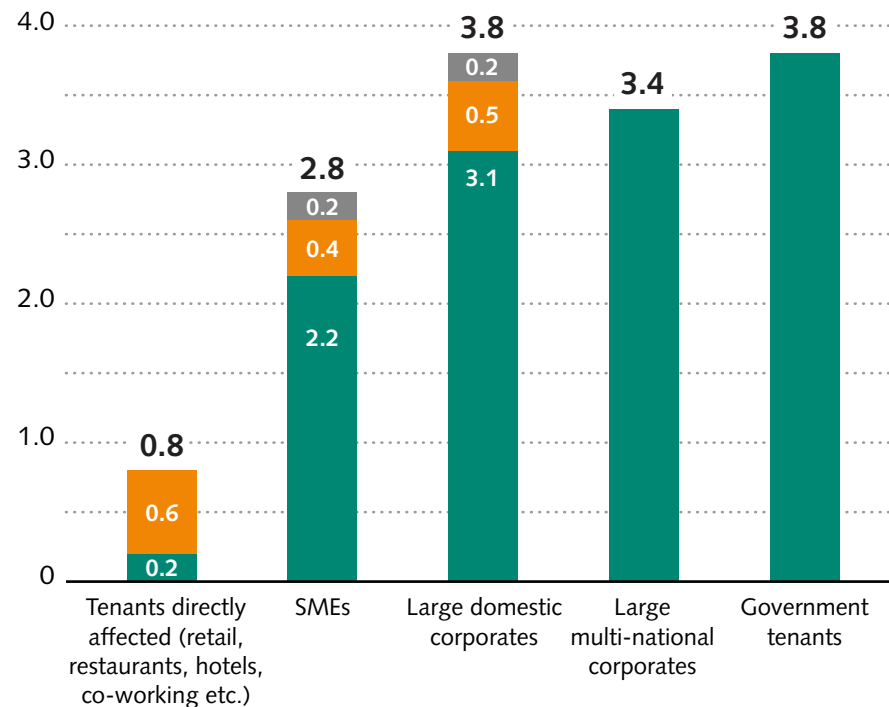
- Revenues: EUR 179 million
- FFO: EUR 108 million

# 89 % RENTAL COLLECTION IN APRIL 2020

## COMPOSITION OF CURRENT MONTHLY RENT ROLL (NRI)

■ Monthly rent collected   ■ Rent suspensions as per April 2, 2020 (recent update on COVID-19)   ■ Rent suspensions April 3 – May 1, 2020

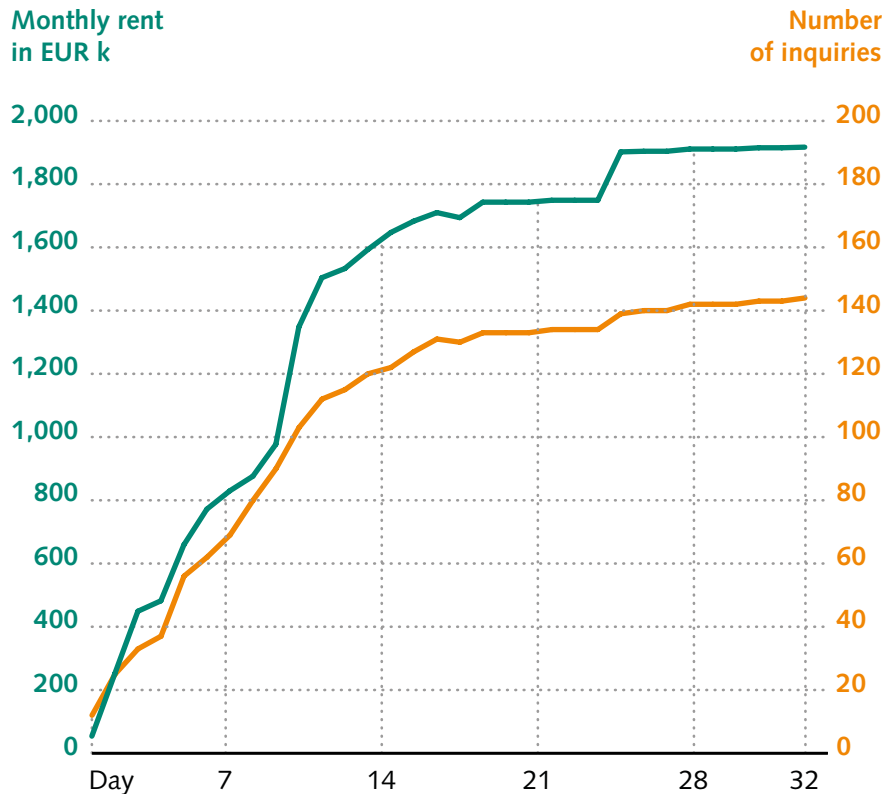
in EUR million



- As of May 1, 2020 alstria has received request from 144 tenants to suspend the rent for EUR 1.9 million of rental income per month
- Thereof rent has been waived for 47 tenants representing a total loss of income of EUR 0.22 million per month (EUR 0.66 million over a three months waiver period, which represents the impact on alstria's P & L)
- EUR 1.7 million of suspended rent remains due (impact on short term cashflow but not on P & L)
- April 2020 rent collection rate of 89 %

# HIGH DEGREE OF UNCERTAINTY

## INQUIRIES FOR SUSPENSION OF RENT



## V SHAPE, U SHAPE OR I SHAPE RECOVERY ?

- German government is expecting GDP to slump by 6.3 % in FY 2020
- Ifo business climate index fell by 10 points to 86.1 in March, which is the strongest decline ever measured in reunited Germany and the lowest value since July 2009
- Berenberg: '...the current sharp downturn will be followed by a somewhat flatter upturn that ultimately goes beyond the pre-corona level of GDP.'<sup>1)</sup>
- JPM Asset Management: 'Our core scenario is a modest, rather U-shaped recovery.'<sup>2)</sup>
- Nouriel Roubini: 'Everyone believes it's going to be a V-shaped recession, but people don't know what they are talking about. This crisis will spill over and result in a disaster.'<sup>3)</sup>

<sup>1)</sup> Source: Coronavirus: the key issues – economics slidepack, April 9, 2020.

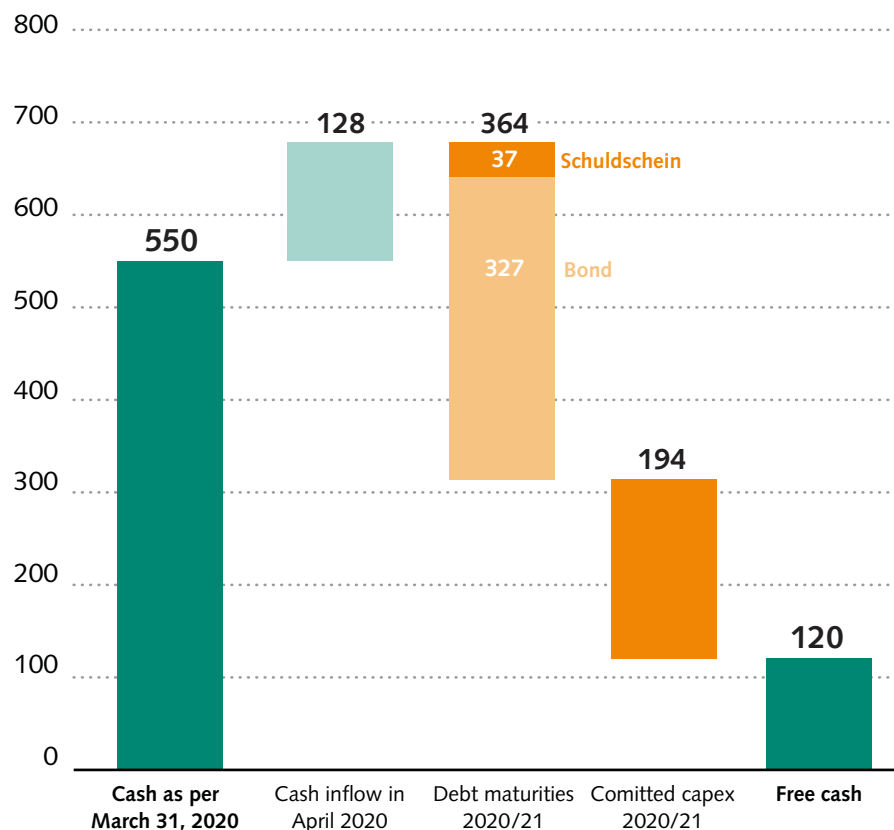
<sup>2)</sup> Source: JPM Asset Management, April 24, 2020.

<sup>3)</sup> Source: Nouriel Roubini, A greater depression, March 24, 2020.

# EUR 120 MILLION OF FREE CASH

## LIQUIDITY POSITION

in EUR million



## KEY FACTS

- **Cash level of EUR 550 million (March 31, 2020)**
  - Cash & cash equivalents: EUR 350 million
  - Short-term financial assets: EUR 200 million
- **Cash inflow of EUR 128 million in April 2020**
  - Drawn credit line: EUR 100 million
  - Disposal proceeds: EUR 21 million
  - Operating cash flow: EUR 7 million
- **Cash outflow 2020/21 of EUR 558 million**
  - Repayment of debt maturities 2020/21: EUR 364 million
  - Committed capex: EUR 194 million
- **Free cash: EUR 120 million**

# SUBSTANTIAL HEADROOM IN COVENANTS

## FINANCIAL COVENANTS

Bonds / Schuldschein	Covenant	Actual (as per Dec. 31, 2019)
EBITDA / Net cash interest	> 1.8	5.8
Net LTV	< 60 %	27 %
Secured net financial debt / Total assets	< 45 %	3 %
Unencumbered assets / net debt	> 150 %	319 %

Bank debt		Loan amount (EUR m)	Covenant	Actual (as per Dec. 31, 2019)
<i>Loan I</i>	LTV	34.0	< 65 %	15 %
<i>Loan II</i>	LTV	45.9	< 75 %	32 %
<i>Loan III</i>	LTV	56.0	< 65 %	35 %
<i>Loan IV</i>	Debt / rent	60.0	< 12	9.2

## PUBLIC DEBT COVENANTS

### > LTV covenants breach if:

- Portfolio devaluation by ca. 48 % to 2.4 bn
- This is equivalent to EUR 1,650 per m<sup>2</sup>

### > EBITDA covenants breach if:

- Permanent loss of rental income by more than 40 %



# DEVELOPMENTS FULLY FUNDED

## UPDATE

- Current development pipeline is fully funded
- Capex to be spend in 2020 / 21: EUR 194 million
- Development assets are 70 % pre-let
- Rental income from new leases starting in 2020 / 21: EUR 28 million
  - Public tenants: 50.2 %
  - Corporate tenants: 49.8 %

## NEW LEASES STARTING IN 2020

Delivery	Number of tenants	Let area (m²)	Monthly rent (EUR k)	Cumulative monthly rent (EUR k)
Q2	10	44,512	702	702
Q3	8	9,437	170	872
Q4	5	17,180	307	1,179
<b>Total</b>	<b>23</b>	<b>71,129</b>	<b>1,179</b>	

# ALSTRIA'S SHARE

## 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, EURO STOXX 600
Number of shares	177.6 million
Free float	100 %

## CONTACT

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# APPENDIX





# PORTFOLIO UPDATE

## PORTFOLIO DATA (March 31, 2020)

- › **Investment property:** EUR 4.4 billion
  - Avg. size per asset: 13,000 m<sup>2</sup>
  - Avg. value per asset: EUR 39.5 million
- › **Valuation yield:** 4.5 %
- › **Value per m<sup>2</sup>:** EUR 3,037
- › **EPRA vacancy rate:** 8.1 %
- › **WAULT:** 6.6 years
- › **Contractual rent:** EUR 201.1 million

## ALSTRIA'S INVESTMENT MARKETS

as of March 31, 2020

### Total portfolio

- Investment volume: EUR 4.4 billion
- 🏠 Number of assets: 112
- ☒ Lettable space: 1.5 million m<sup>2</sup>
- 📍 Headquarters
- Local offices

### Hamburg

- EUR 1,429 million
- 🏠 36 assets
- ☒ 386,200 m<sup>2</sup>

### Düsseldorf

- EUR 1,200 million
- 🏠 33 assets
- ☒ 453,200 m<sup>2</sup>

### Frankfurt

- EUR 833 million
- 🏠 18 assets
- ☒ 260,700 m<sup>2</sup>

### Stuttgart

- EUR 536 million
- 🏠 10 assets
- ☒ 213,800 m<sup>2</sup>

### Berlin

- EUR 319 million
- 🏠 11 assets
- ☒ 86,100 m<sup>2</sup>

### Others

- EUR 103 million
- 🏠 4 assets
- ☒ 55,400 m<sup>2</sup>



# LETTING OVERVIEW

LETTING VOLUME Q1 2020: 52,400 m<sup>2</sup>

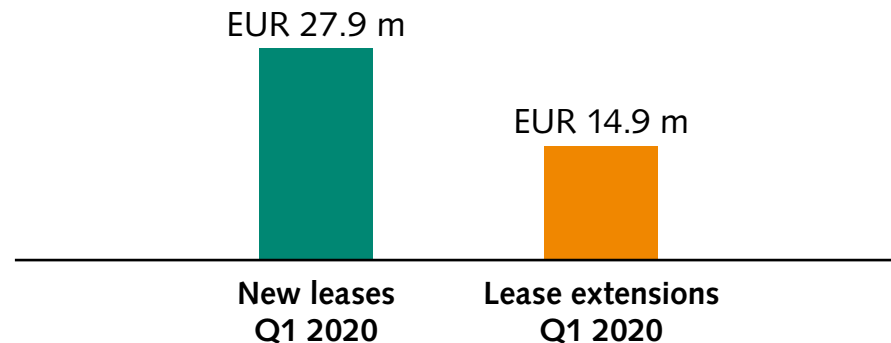
## New leases



## Lease extensions



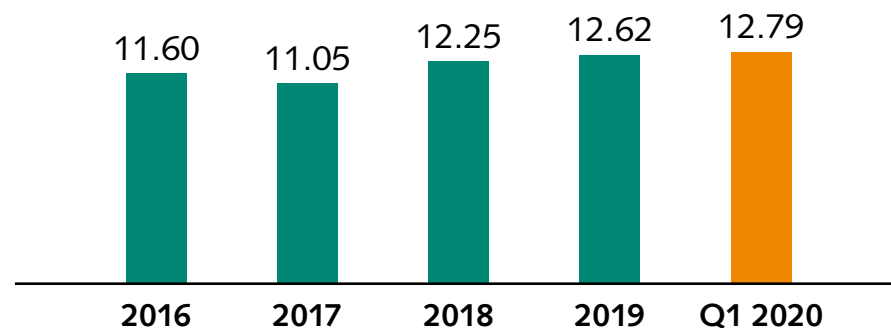
FUTURE INCOME GENERATED: EUR 42.8 million



## KPI'S

- › EPRA vacancy rate: 8.1 %
- › Average rent per m<sup>2</sup> / WAULT:
  - Total portfolio: EUR 12.79 / 6.6 years
  - New leases: EUR 11.35 / 6.3 years
  - Extended leases: EUR 11.49 / 4.5 years

## AVERAGE RENT per m<sup>2</sup> in EUR

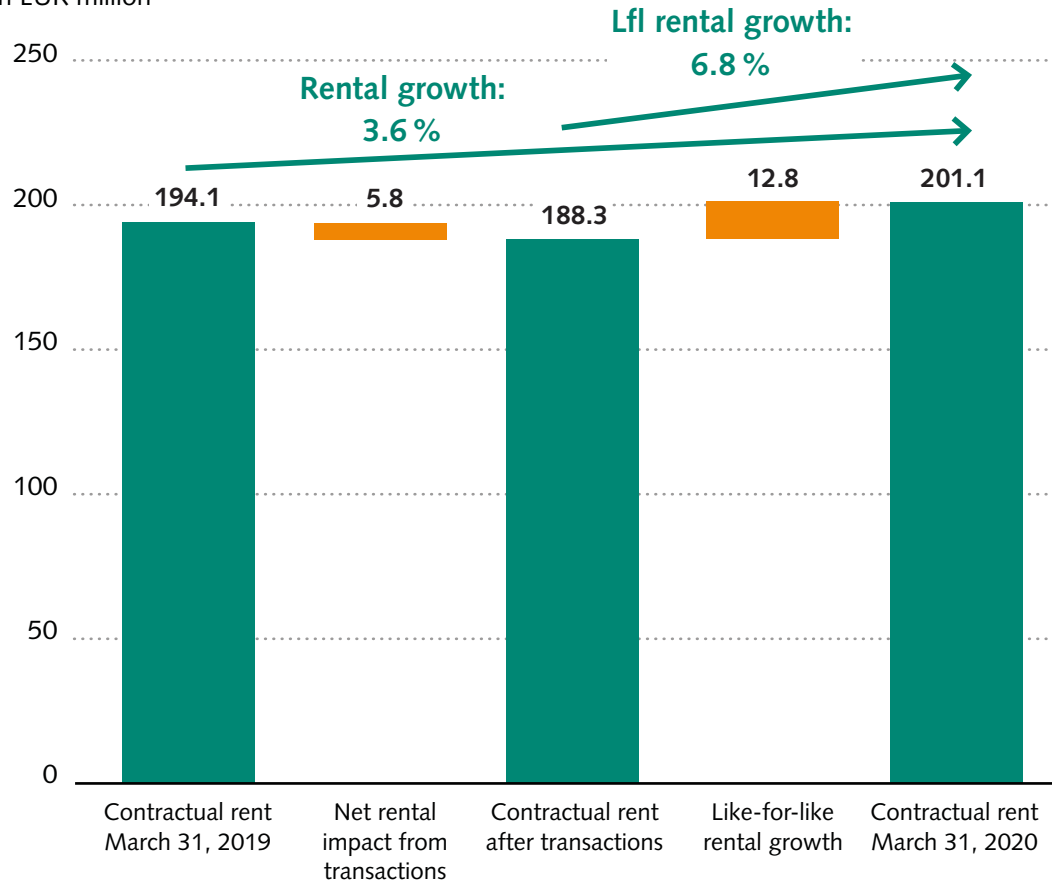




# LIKE-FOR-LIKE RENTAL GROWTH

## DEVELOPMENT OF CONTRACTUAL RENT IN 9M 2019

in EUR million



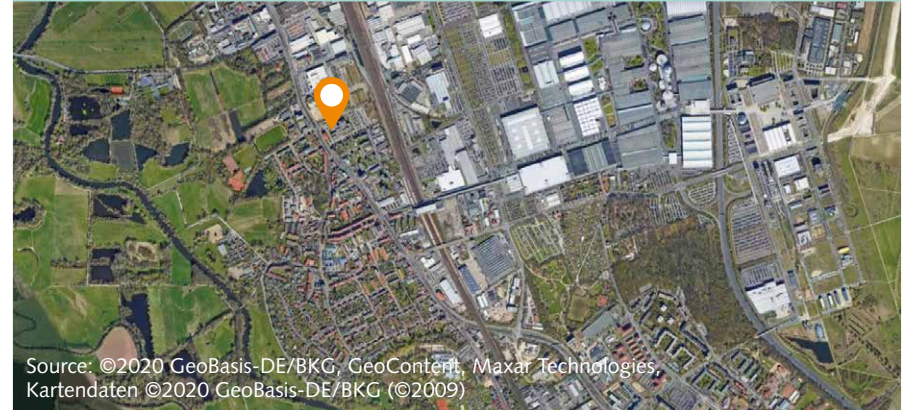
- Like-for-like rental growth of 6.8 % (EUR 12.8 million)
- Rental growth driven by significant lease-up over the past 12 months
  - Solmsstr. 27–37, Frankfurt (GRI: 6.1 million)
  - Gustav-Nachtigal-Str. 3 & 5, Wiesbaden (GRI: EUR 8.7 million)
  - Am Seestern 1, Düsseldorf: (GRI: EUR 3.5 million)
- Major lease expiries over the past 12 months
  - Telekom-Allee 9, Darmstadt (GRI: 6.2 million)
  - Telekom-Allee 7, Darmstadt (GRI: 3.8 million)

# SELLING THE PERIPHERY

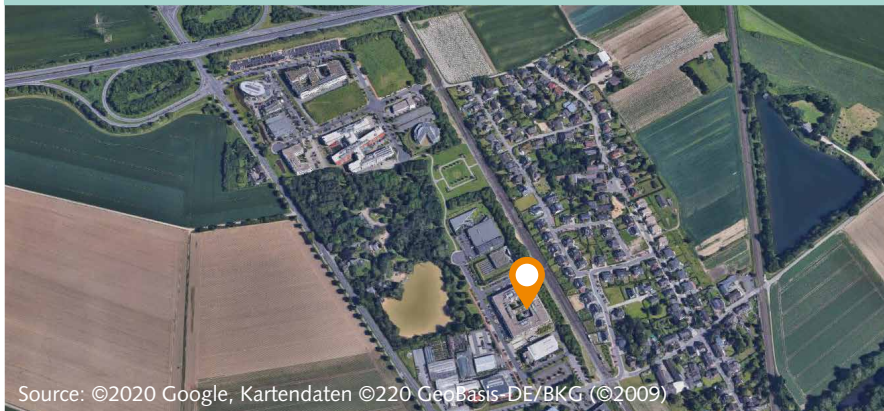
JOSEF-WULFF-STR. 75, RECKLINGHAUSEN



WERNER-VON-SIEMENS-PLATZ 1, LAATZEN



EARL-BAKKEN-PLATZ 1, MEERBUSCH

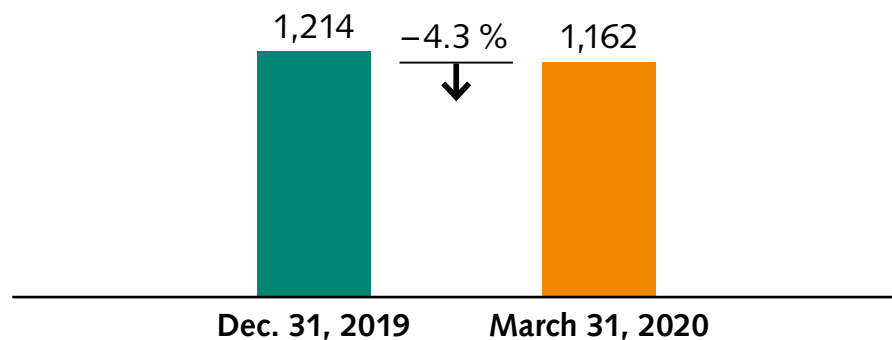


## KEY DATA

- › Disposed assets: 5
- › Disposal proceeds: EUR 82.2 m
- › Gain to Dec. 31, 2019 appraised value: EUR 4.0 m
- › Lettable area: 58,700 m<sup>2</sup>
- › In-place rent: EUR 6,048 k
- › Vacancy: 2.4 %

# NET LTV OF 26.1 %

## FINANCIAL DEBT in EUR million

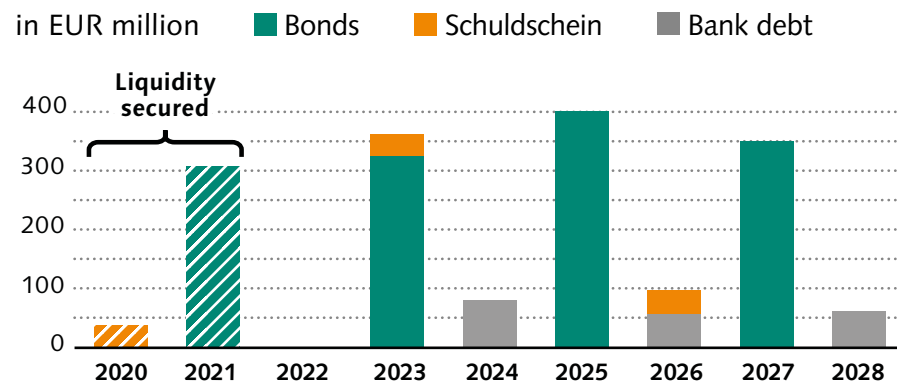


## COMPOSITION OF DEBT in EUR million

	Nominal amount (EUR m)	Cost of debt (%)	Average maturity (years)
Bonds	1,402	1.5	4.4
Bank debt	196	1.1	6.1
Schuldschein	114	2.2	3.2
<b>Total</b>	<b>1,712</b>	<b>1.5</b>	<b>4.5</b>
Cash <sup>1)</sup>	550		
<b>Net debt</b>	<b>1,162</b>		

<sup>1)</sup> Cash & short-term financial assets.

## DEBT MATURITY PROFILE



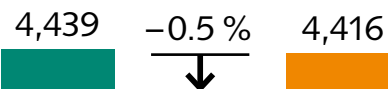
## RATIOS

- › Cost of debt: 1.5 % (1.5 %\*)
- › Net LTV: 26.1 % (27.1 %\*)
- › Net debt/EBITDA: 8.0 × (8.5 ×\*)
- › Avg. debt maturity: 4.5 years (4.8 years\*)

\* as per Dec. 31, 2019.

# SELECTED BALANCE SHEET POSITIONS

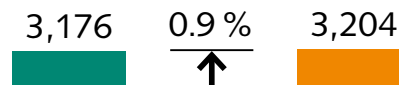
## INVESTMENT PROPERTY in EUR million



Dec. 31, 2019

Mar. 31, 2020

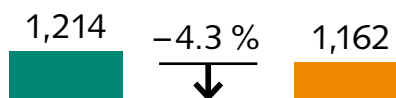
## EQUITY in EUR million



Dec. 31, 2019

Mar. 31, 2020

## FINANCIAL DEBT in EUR million



Dec. 31, 2019

Mar. 31, 2020

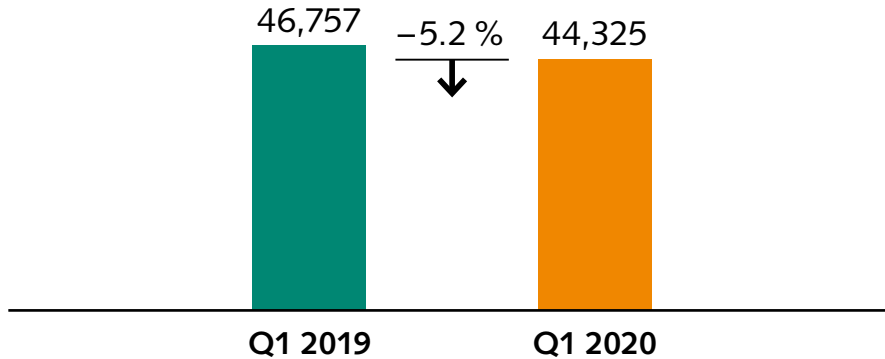
## RATIOS

- **G-REIT equity ratio:** 71.9 % (70.9 %\*)
- **Net LTV:** 26.1 % (27.1 %\*)
- **EPRA NAV per share:** EUR 18.08 (EUR 17.91\*)

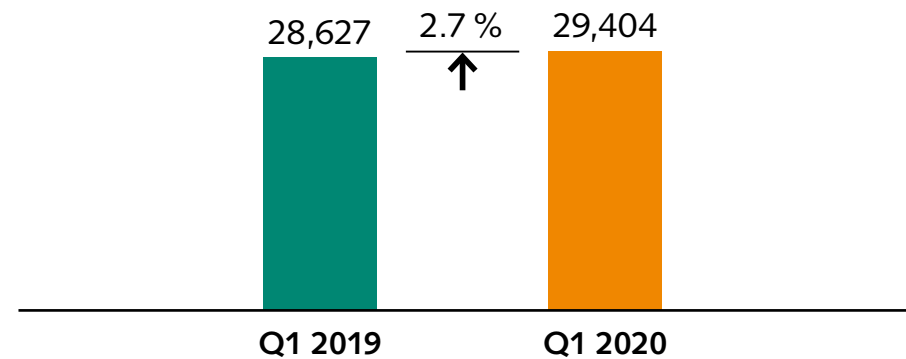
\* as per Dec. 31, 2019.

# SELECTED PROFIT & LOSS POSITIONS

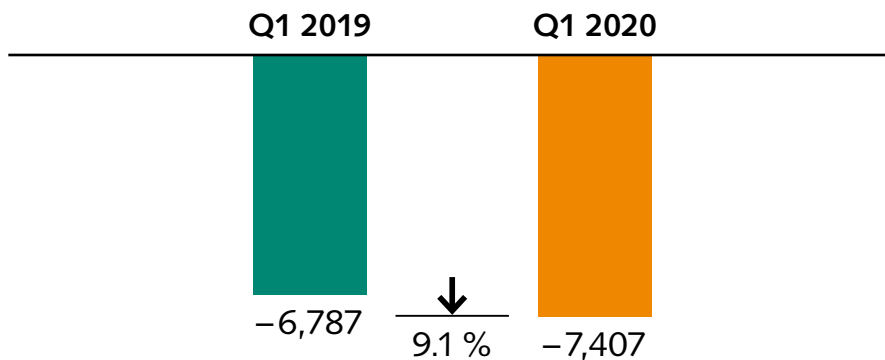
## GROSS RENTAL INCOME in EUR million



## FUNDS FROM OPERATIONS (FFO) in EUR million



## SG&A in EUR k



## RATIOS

- › FFO per share: EUR 0.17 (EUR 0.16\*)
- › FFO margin: 66.3 % (61.2 %\*)
- › EPRA cost ratio: 27.0 % (22.7 %\*)

\* as per March 31, 2019.



# RECONCILIATION FROM IFRS TO FFO

## IFRS P&L AND FFO

EUR k	IFRS P&L	Adjustments	FFO Q1 2020	FFO Q1 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
<b>Net rental income</b>	<b>37,765</b>	<b>1,105</b>	<b>38,870</b>	<b>40,895</b>
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	-72	-488
Gain on disposal of investment properties	-48	48	0	0
Gain from disposal of properties	4,425	-4,425	0	0
<b>Net operating result</b>	<b>35,635</b>	<b>-980</b>	<b>34,655</b>	<b>35,859</b>
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
<b>Pretax income / FFO</b>	<b>28,498</b>	<b>1,369</b>	<b>29,867</b>	<b>29,356</b>
Income tax	-250	250	0	0
Net profit	28,248	1,619	29,867	29,356
Minorities	0	-463	-463	-729
<b>Net profit / FFO after minorities</b>	<b>28,248</b>	<b>1,156</b>	<b>29,404</b>	<b>28,627</b>

## ADJUSTMENTS

- › EUR 4.4 m non-recurring disposal gains
- › Financial expenses:
  - EUR 2.3 m non-recurring interest bond 1
- › Personnel expenses:
  - EUR 1.0 m non-cash share based compensation
- › Other operating expenses:
  - EUR 0.5 m minority share of alstria office prime portfolio GmbH & Co. KG
  - EUR 0.3 m non-periodic expense