

# FINANCIAL RESULTS 2020

FEBRUARY 25, 2021



# 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.

## **No duty to update**

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



## AGENDA

- **General business update**
- Operations
- Financials
- Appendix



# WHERE SHOULD WE FOCUS ?

Office Market  
2020

Pandemic  
*How long?*

Economic  
impact of pandemic  
*How deep?*

Long term trends  
*What impact?*

Office Market  
202X

**We are  
(still) here**

Unexpected, unpreparedness, stress  
Unknown, volatility, uncertainty, fear  
Focus on immediate risk, impatience

# WHERE SHOULD WE FOCUS ?

Office Market  
2020

Pandemic  
*How long?*

Economic  
impact of pandemic  
*How deep?*

Long term trends  
*What impact?*

Office Market  
202X

**We will  
go here**

Experienced, prepared, known risk and mitigants  
Manageable uncertainty  
Readiness, opportunity

# WHERE SHOULD WE FOCUS ?

Office Market  
2020

Pandemic  
*How long?*

Economic  
impact of pandemic  
*How deep?*

Long term trends  
*What impact?*

Office Market  
202X

**What we  
need to focus  
on is this**

Identify trends, not hypes.  
What will matter?  
How much will it matter?

# ACCELERATING EXISTING TRENDS

## FOCUS ON WHAT YOU CAN CONTROL

### PREPARE FOR THE TIDE, DON'T PREDICT IT

- › You cannot control the market, but you can prepare to navigate its ups and downs
- › Operational excellence leads to superior asset performance
- › Full control of the value chain for maximum operating efficiency
- › Understanding the clients needs is a key factor of success
- › One day or another, assets need someone to upgrade them



### 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

FINANCIAL RESULTS 2016

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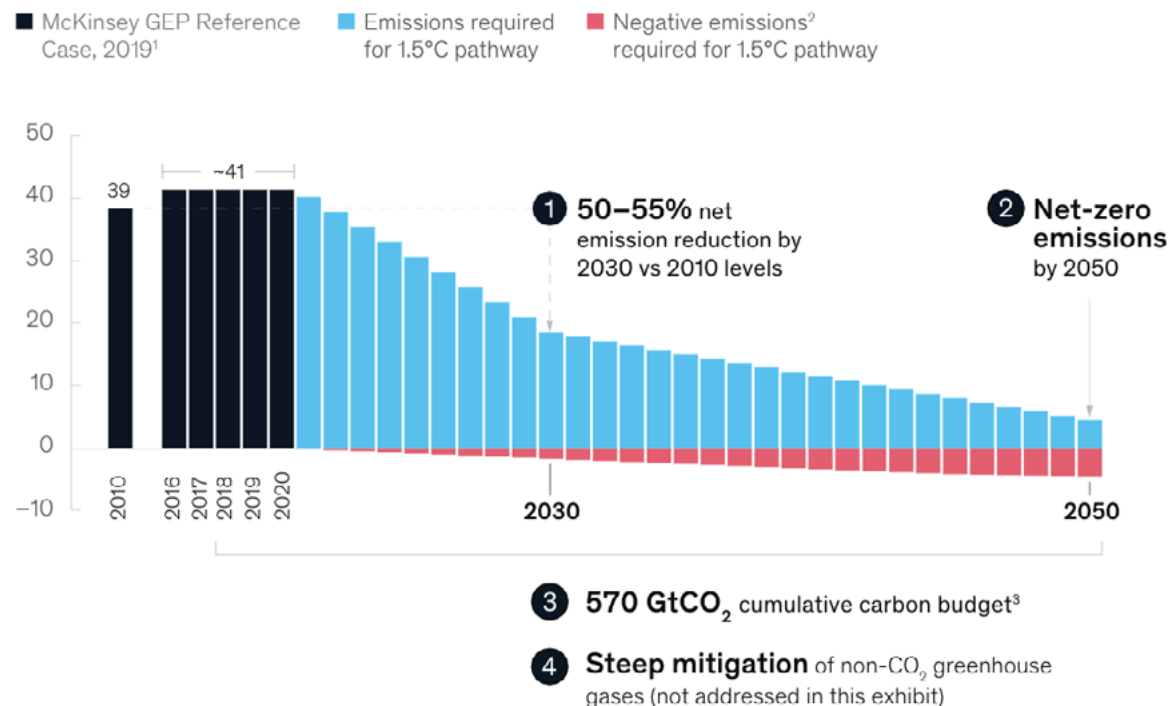
MARCH 3, 2017

- › Trajectory of office markets is not fundamentally evolving
- › The current situation only reinforces the fact that real estate is not (only) about finance, but it is (essentially) about operations

# ANTICIPATE

A paced transition to a 1.5°C pathway has four requirements.

Cumulative global CO<sub>2</sub> emissions, current and historical, metric gigatons of CO<sub>2</sub> (GtCO<sub>2</sub>) per year



<sup>1</sup>GEP = Global Energy Perspective reference case.

<sup>2</sup>Achieved, for example, from reforestation and carbon-removal technologies such as bioenergy with carbon capture and storage (BECCS) and direct air carbon capture and storage (DACCS).

<sup>3</sup>Budget of 570 GtCO<sub>2</sub> emissions from 2018 onward offers a 66% chance of limiting global warming to 1.5°C, when assessing historical temperature increases from a blend of air and sea-surface temperatures.

Source: Corinne Le Quéré et al., Global Carbon Budget 2018, *Earth Systems Science Data*, 2018, Volume 10, Number 4, doi.org; IPCC; McKinsey *Global Energy Perspective 2019: Reference Case*; McKinsey 1.5°C scenario analysis

- › Negative emissions are not addressed by real estate
- › Current real estate pathway ignores embedded carbon which represent the bulk of the industry emissions
- › There is currently no viable technology to address this for the real estate industry
- › Net zero pledges feel good, but cannot be delivered, absent massive compensation
- › Regulation will catch up faster and stronger than we think



# REAL ESTATE CARBON ACCOUNTING PRINCIPLES



*Does alstria have an internal carbon pricing model?*



*If carbon has a price, does it have a value?*

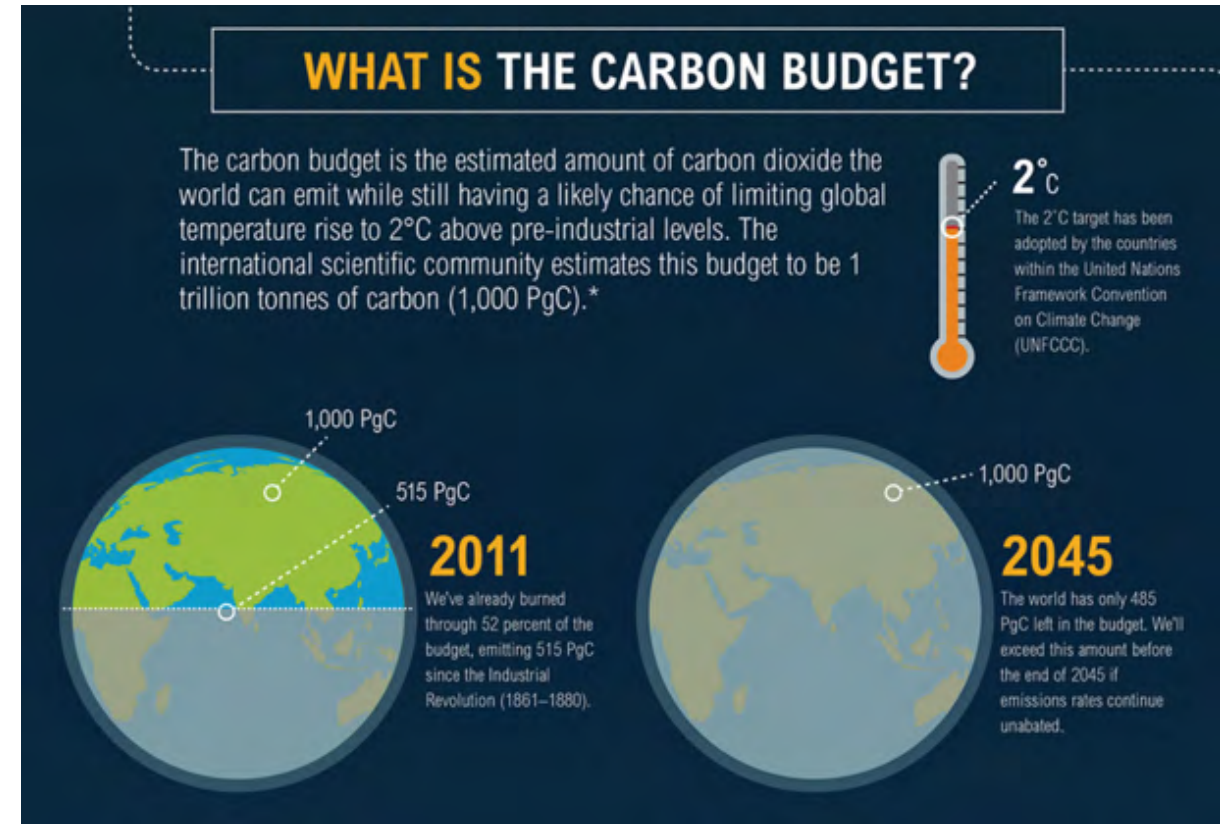


*If we want to track the price/value of carbon for alstria, we would need to implement a double entry accounting system that goes beyond a simple ledger.*

We developed the **Real Estate Carbon Accounting Principles (RECAP)** tool to help us understand and manage our carbon exposure.

# TCFD “WHAT ARE THE FINANCIAL CONSEQUENCE OF CLIMATE CHANGE”

- › Global net zero is not about balancing annual flows but about balancing assets (the carbon budget) and liabilities (the carbon emissions)
- › In real estate focussing on flows translates into focussing on operational carbon, and missing embedded carbon
- › Internal carbon pricing without a balance sheet ignores the value of the existing carbon which might lead to wrong (financial) decisions
- › It helps quantify the relative impact of carbon on the company (ignoring the systemic impact)



Source: World Resource Institute

# WHAT DO WE LEARN? QUANTIFYING THE ISSUE\*



## *How valuable is carbon to alstria?*

Carbon Asset within alstria portfolio is **EUR 34.9 million**.

It is our 41st most valuable asset.



## *What is our past, current and future exposure?*

Our Future Operational Carbon liability is **EUR 19.2 million**.

**EUR 37.3 million** is the value of the CO<sub>2</sub> we benefit from and have not paid for.



## *What impact on cash position?*

Last year, the company emitted **EUR 2.3 million** worth of carbon it did not had to pay for.

We are proposing that **EUR 1.7 million** is used as green dividend.



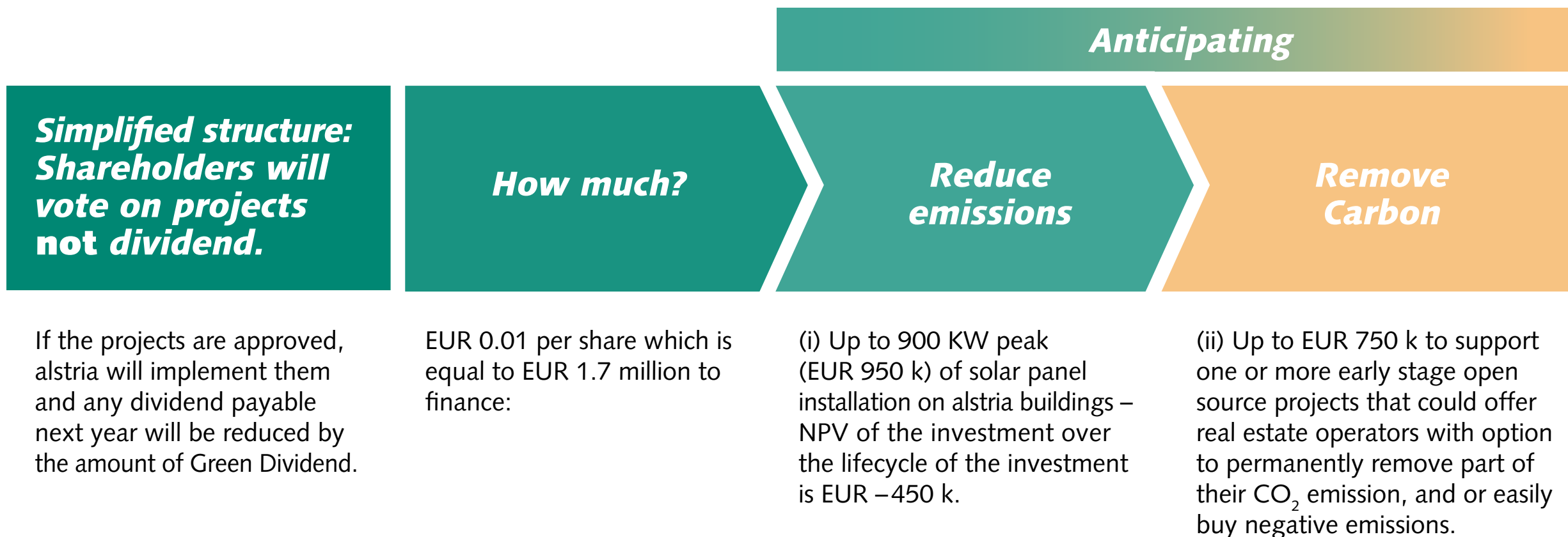
## *What impact on total profitability?*

**EUR 4.4 million** would be the carbon P&L gain made by alstria in 2020.

\* See alstria 2020 Carbon Accounts for details and disclaimer available on [www.alstria.com/investor](http://www.alstria.com/investor)



# GREEN DIVIDEND – SIMPLE AND PRAGMATIC



NONE OF THE PREVIOUS SLIDES WOULD BE NEEDED



***If only there was a  
proper **carbon tax** paid at  
the point of emission.***

# INTERESTED? WE WOULD BE GLAD TO SPEAK

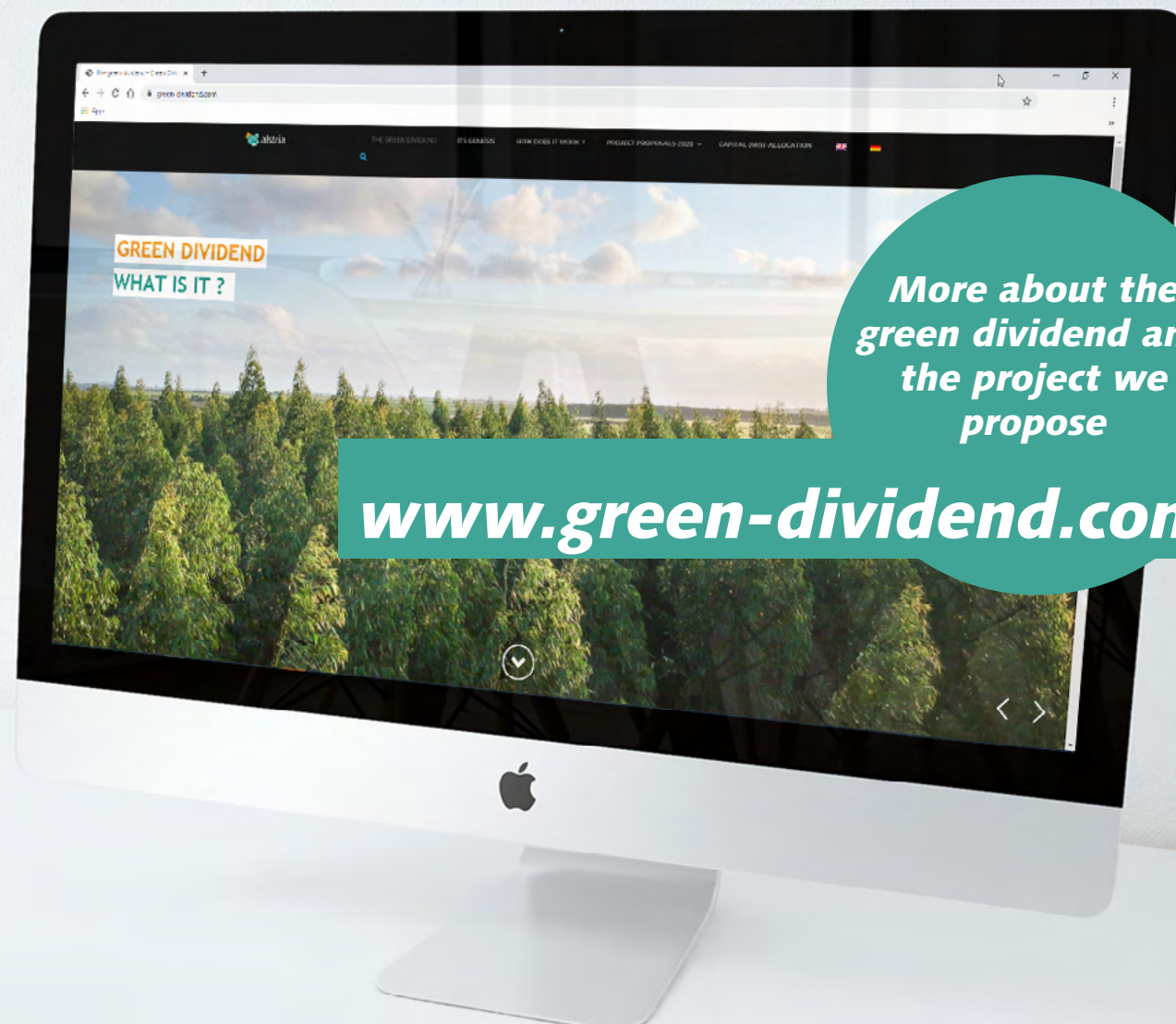
**RECAP Framework is  
available for download.**

**[recap.wiki](https://www.recap.wiki)** 



**alstria 2020  
carbon accounts**

**[www.alstria.com/carbon](https://www.alstria.com/carbon)** 





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# HIGHLIGHTS 2020



Georg-Glock-Str. 18, Düsseldorf

## MAIN ACHIEVEMENTS 2020

- › Rental income and FFO 2020 in line with plan despite economic turbulences
- › Payment of EUR 0.53 of dividend
- › Signed leases of 117,000 m<sup>2</sup>
- › Refurbishment projects progressed according to plan
- › Further de-risking of the portfolio

# 2020 PERFORMANCE UNAFFECTED

- › In 2020, 76 tenants received assistance for total value of 1.37 million (0.77 % of revenues), 56 % waived and 44 % deferred
- › So far in 2021, 48 tenants have requested assistance. The company will provide assistance to 40 of these tenants for a total volume of around EUR 0.75 million (or 0.41 % of guided revenues)
- › Rent waivers related to retail and F&B, while rent deferral related to hospitality and leisure
- › We had conversation with 13 office tenants regarding early hand-over of space, for a total amount of 8,900 m<sup>2</sup> (or 0.6 % of the total portfolio). We agreed in total to 4,500 m<sup>2</sup> early hand-back of space (approx. EUR 750 k of annual rent, or 0.4 % of annual guided revenues)

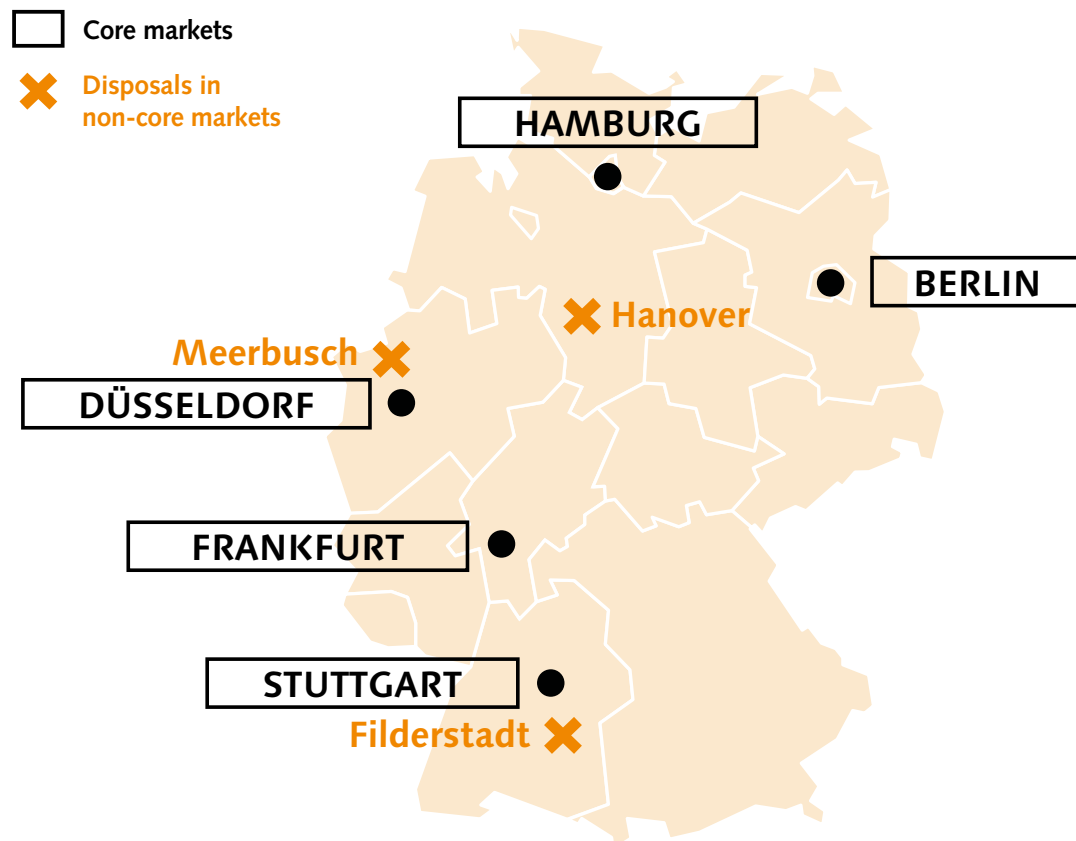


**Mainzer Landstr. 33a, Frankfurt am Main**



# PORTFOLIO AS OF DECEMBER 31, 2020

## CONCENTRATION ON MAJOR OFFICE MARKETS



## PORTFOLIO KEY FACTS

	Dec. 31, 2020	Dec. 31, 2019	Change
Portfolio value (EUR million)	4,576	4,476	2.2 %
Avg. value per m <sup>2</sup> (EUR)	3,205	2,966	8.0 %
Contractual rent (EUR million)	199.1	208.3	4.4 %
Valuation yield (%)	4.4	4.7	–30 bp
ERV (EUR million)	244.5	248.5	–1.6
ERV yield (%)	5.3	5.6	–30 bp

## INSTERBURGER STR. 16, FRANKFURT AM MAIN



# OPERATIONAL LETTING RESULTS

## LETTING VOLUME in m<sup>2</sup>

### › Letting volume:

- New leases: 59,500 m<sup>2</sup>
- Renewed leases: 57,500 m<sup>2</sup>

## KPI'S

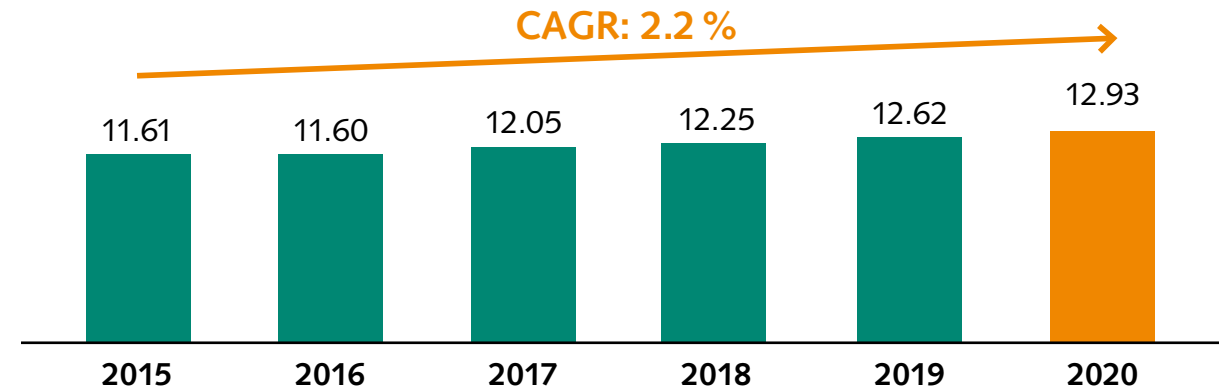
### › Average rent per m<sup>2</sup> / WAULT:

- Total portfolio: EUR 12.93 / 6.1 years
- New leases: EUR 11.81 / 6.2 years
- Extended leases: EUR 12.10 / 3.4 years

## HEIDENKAMPSWEG 97–101, HAMBURG



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



# EPRA VACANCY FURTHER DOWN

## KEY FACTS

› EPRA vacancy rate at 7.6 % (–50 bps)

› Development of EPRA vacancy rate

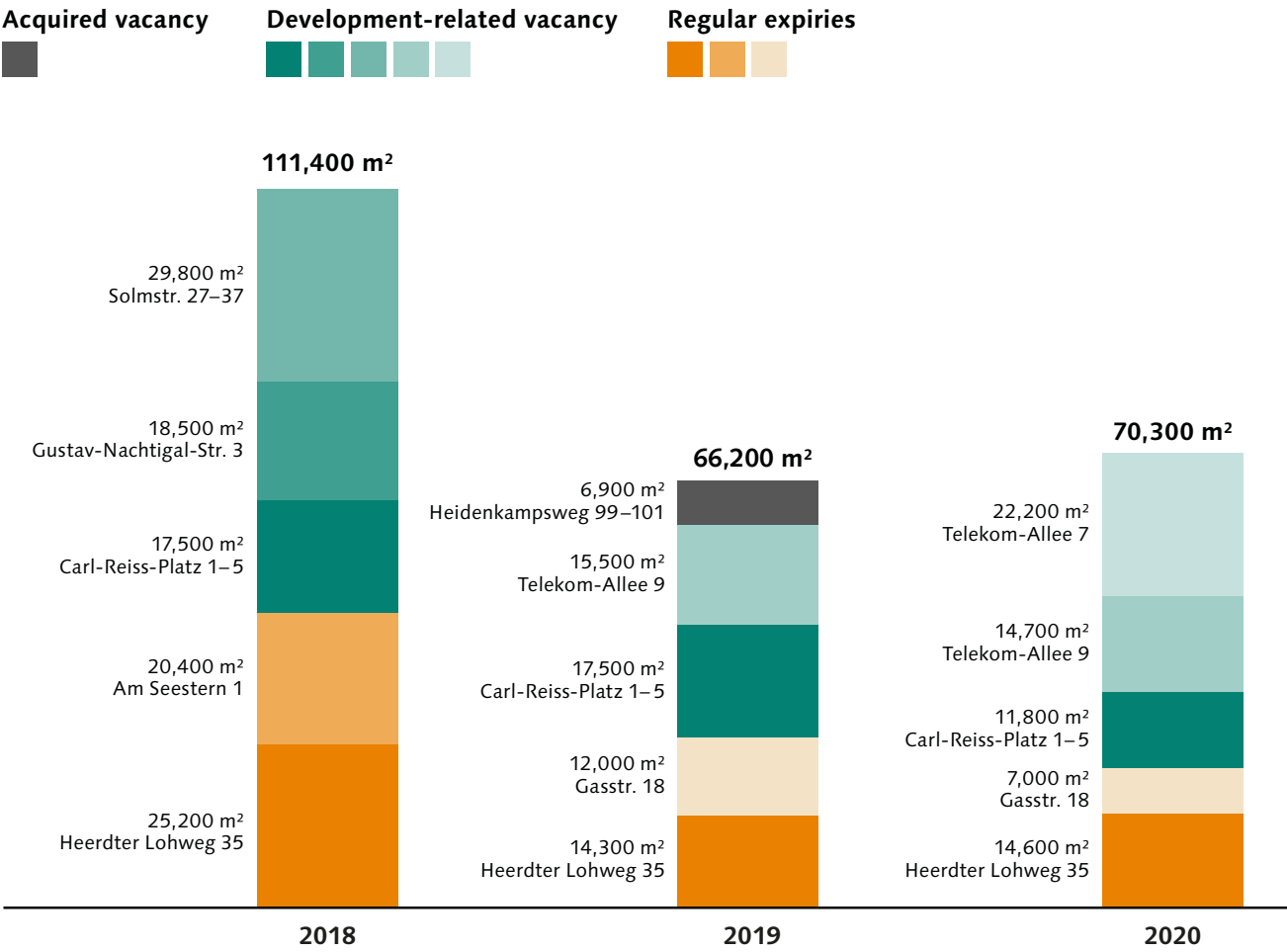
2016	2017	2018	2019	2020
9.2 %	9.4 %	9.7 %	8.1 %	7.6 %

› Lfl-growth yield: 6.5 %

› Effective rent: + 3.2 %

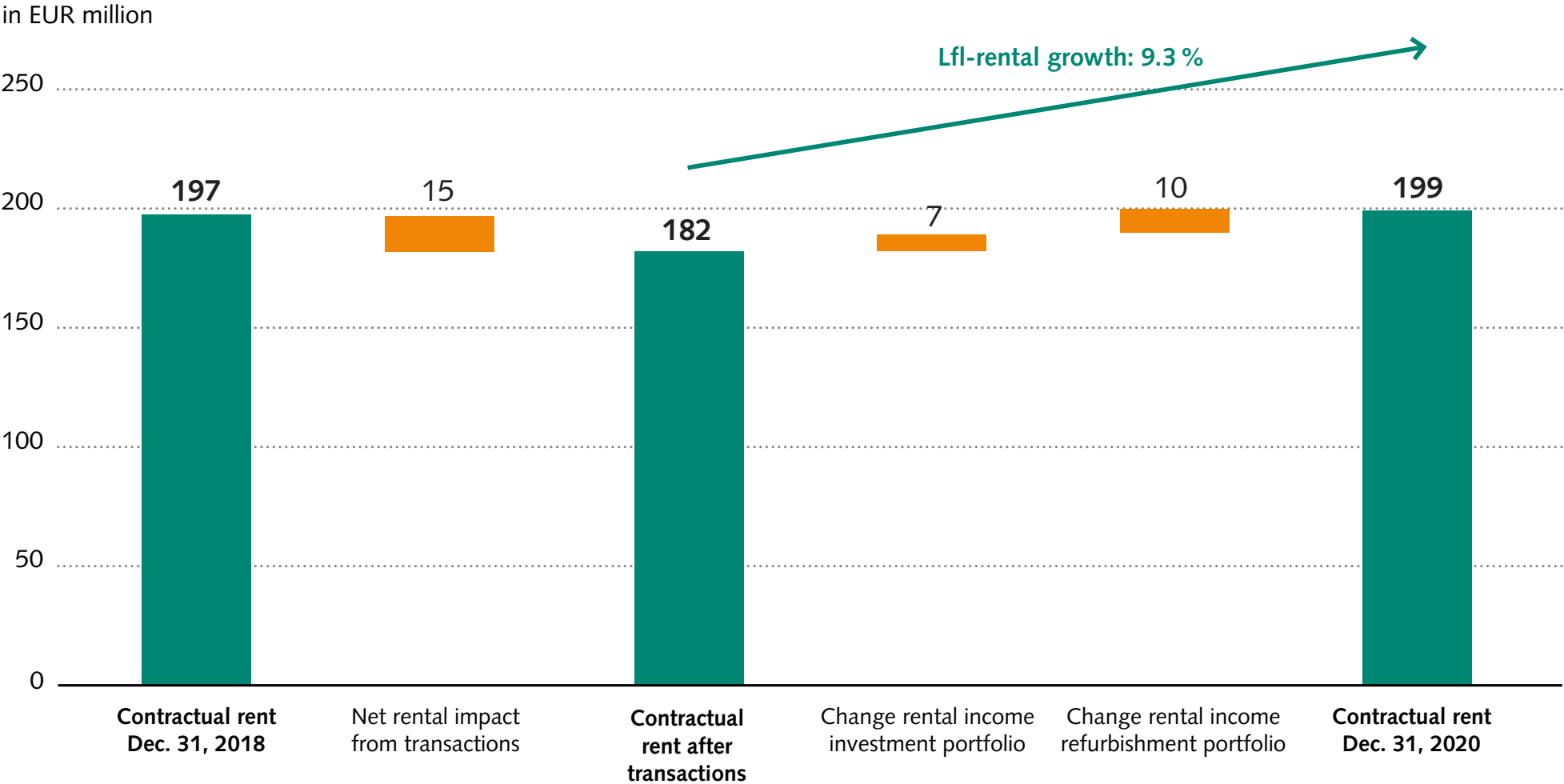
› Secured rent for leases that started in 2020:  
EUR 162.8 million

## 'TOP 5' VACANT ASSETS 2018–2020

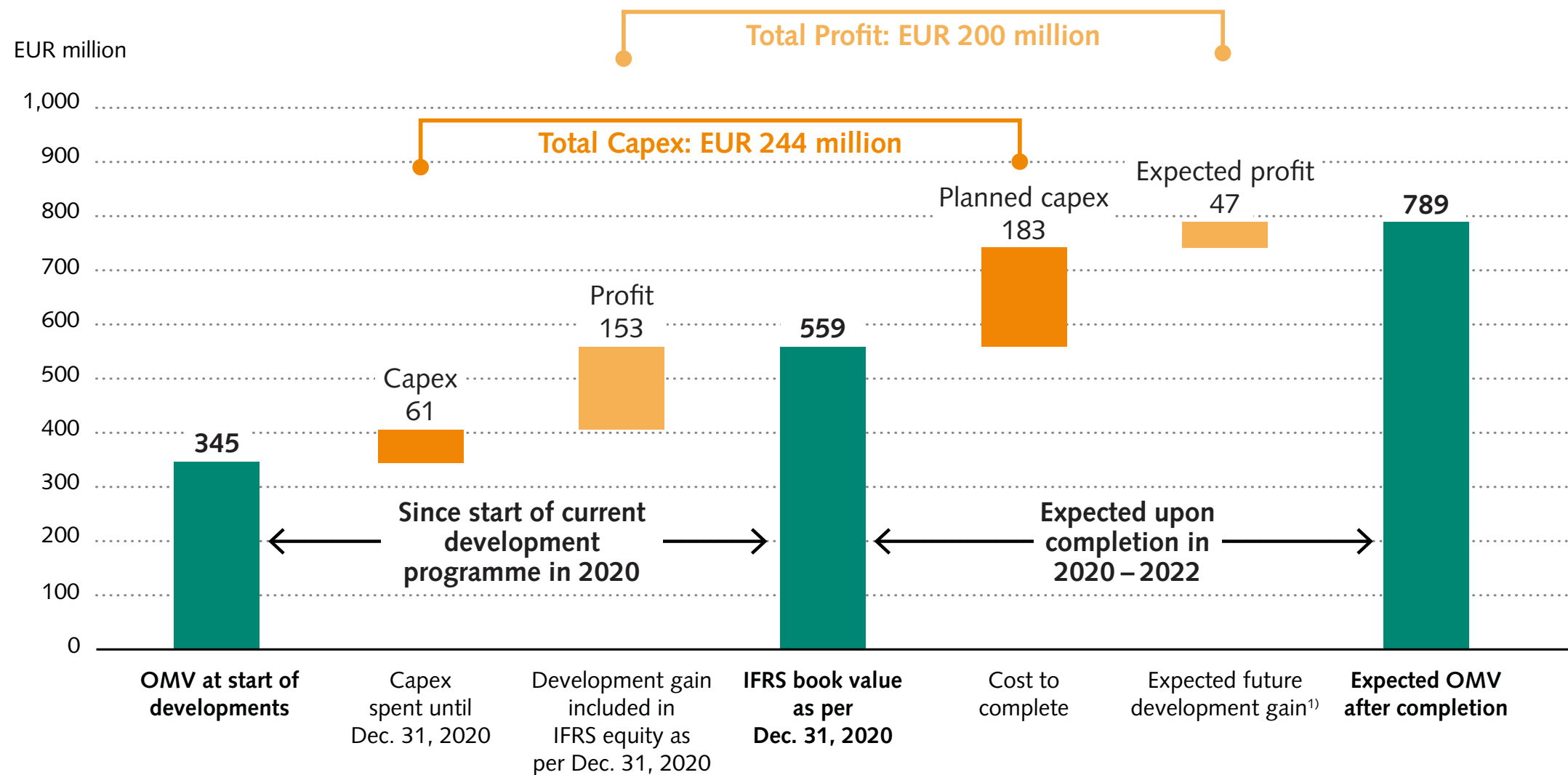




# LIKE-FOR-LIKE CONTRACTUAL RENT OVER DEVELOPMENT CYCLE



# CURRENT DEVELOPMENTS DELIVERING EUR 1.10 NAV GROWTH PER SHARE



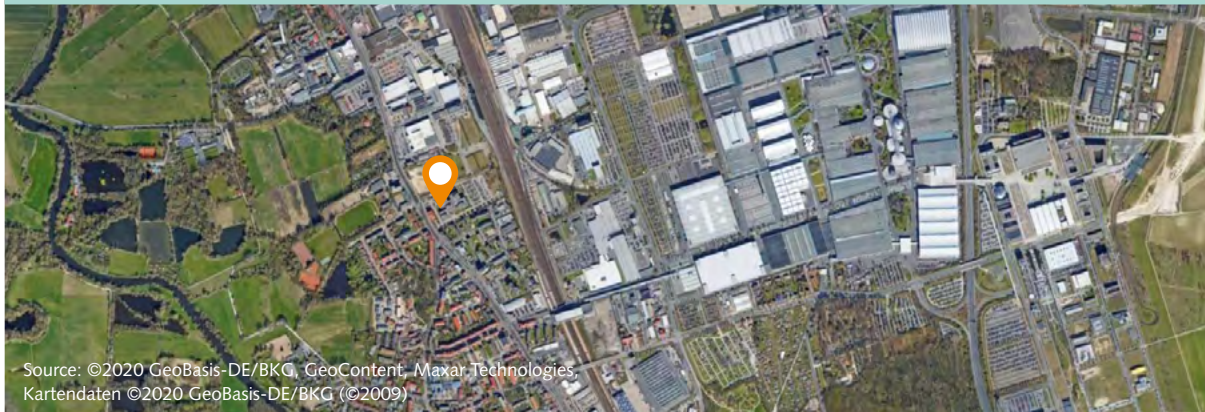
<sup>1)</sup> Expected OMV assuming yields of 4.0 % for assets in Hamburg, Stuttgart, Frankfurt and Wiesbaden, 4.5 % for assets in Darmstadt and Mannheim

# SELLING THE PERIPHERY

EARL-BAKKEN-PLATZ 1, MEERBUSCH



WERNER-VON-SIEMENS-PLATZ 1, LAATZEN



KURZE STR. 40, FILDERSTADT



KEY DATA 2020

Assets	8
Disposal price (EUR million)	126.5
Lettable area (m²)	76,900
In-place rent (EUR m)	7.6
Disposal price per m² (EUR)	1,645
Gain to book value (%)	7.2 %
UIRR (%)	7.0 %



# ACQUISITIONS IN THE CENTER

HANAUER LANDSTR. 161-173, FRANKFURT



CORNELIUSSTR. 36, DÜSSELDORF



## KEY DATA

Assets	2
Acquisition price (EUR million)	40.4 m
Lettable area in m <sup>2</sup>	13,600 m <sup>2</sup>
Capital value (EUR)	2,970
In-place rent / m <sup>2</sup> (EUR)	8.39
Market rent / m <sup>2</sup> (EUR)	15.0
WAULT (years)	2.8



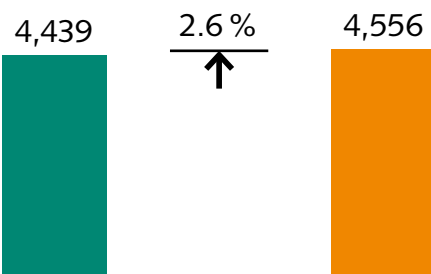
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# SELECTED BALANCE SHEET POSITIONS

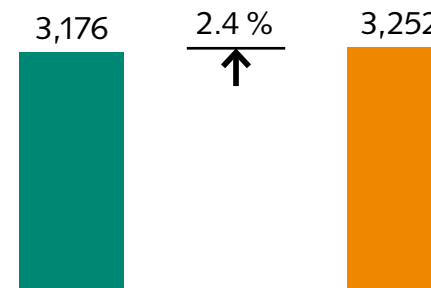
## INVESTMENT PROPERTY in EUR million



Dec. 31, 2019

Dec. 31, 2020

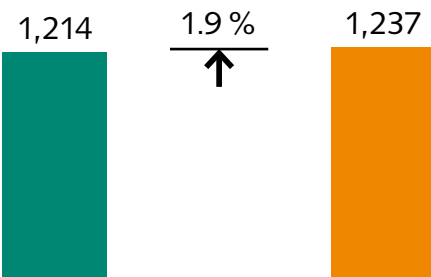
## EQUITY in EUR million



Dec. 31, 2019

Dec. 31, 2020

## NET FINANCIAL DEBT in EUR million



Dec. 31, 2019

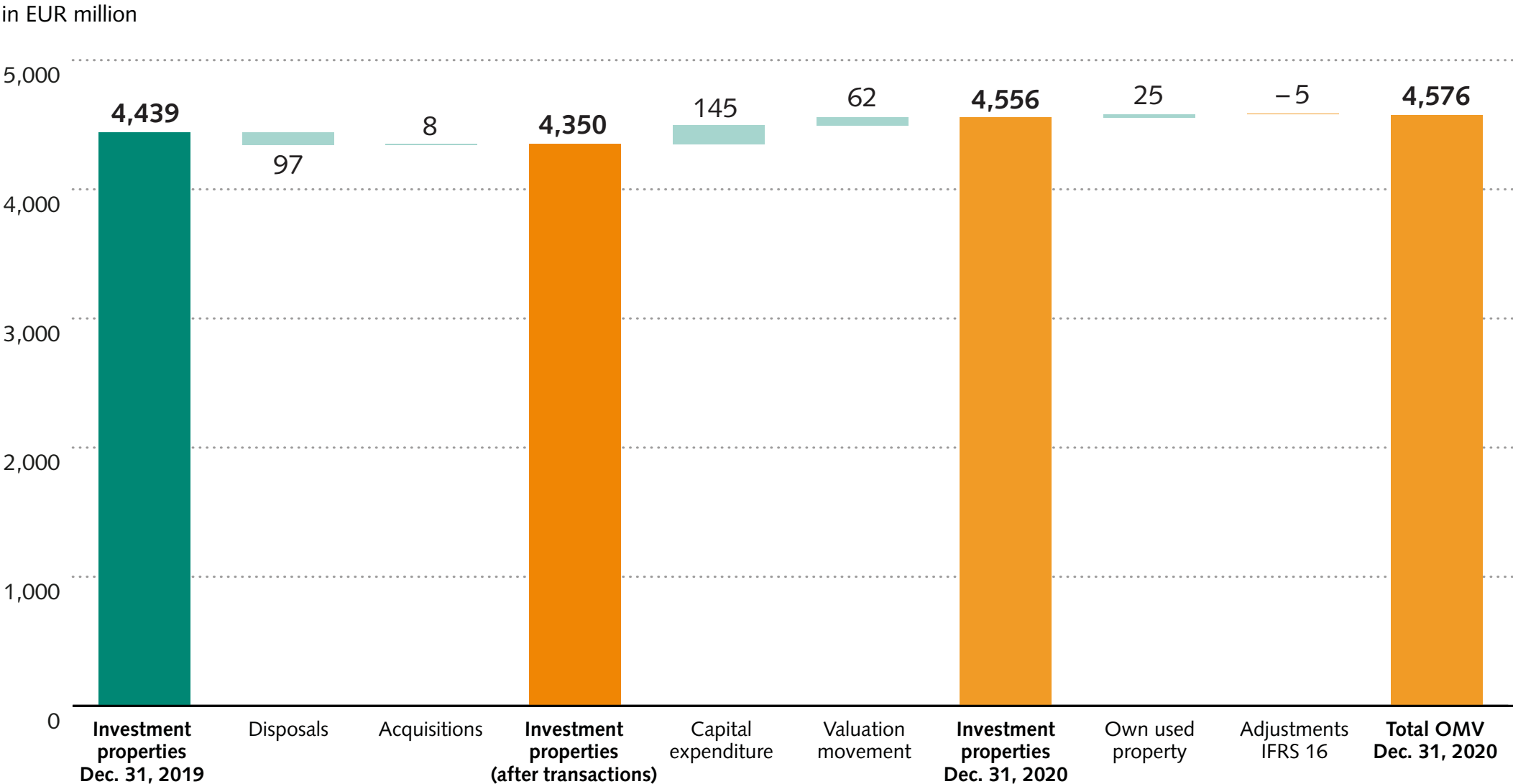
Dec. 31, 2020

## RATIOS

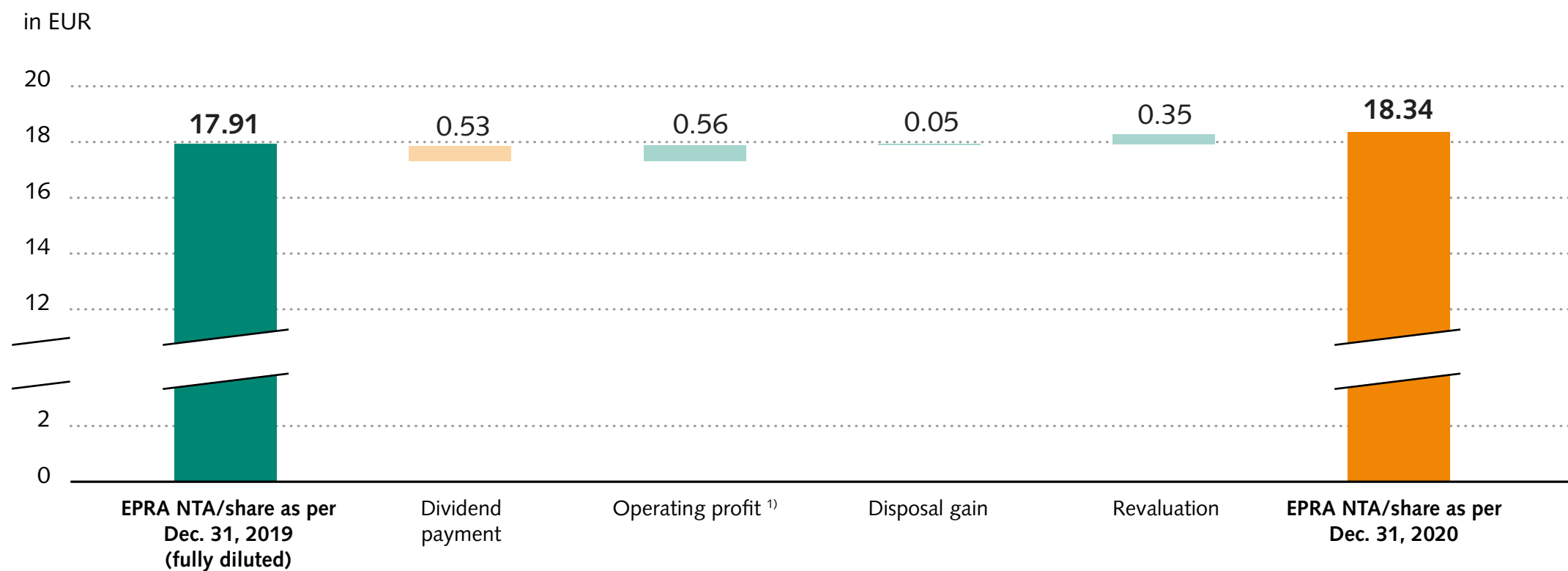
- › G-REIT equity ratio: 71.1 %
- › Net LTV: 27.0 %
- › EPRA NTA per share: up by 2.4 % to EUR 18.34



# INVESTMENT PROPERTIES BRIDGE



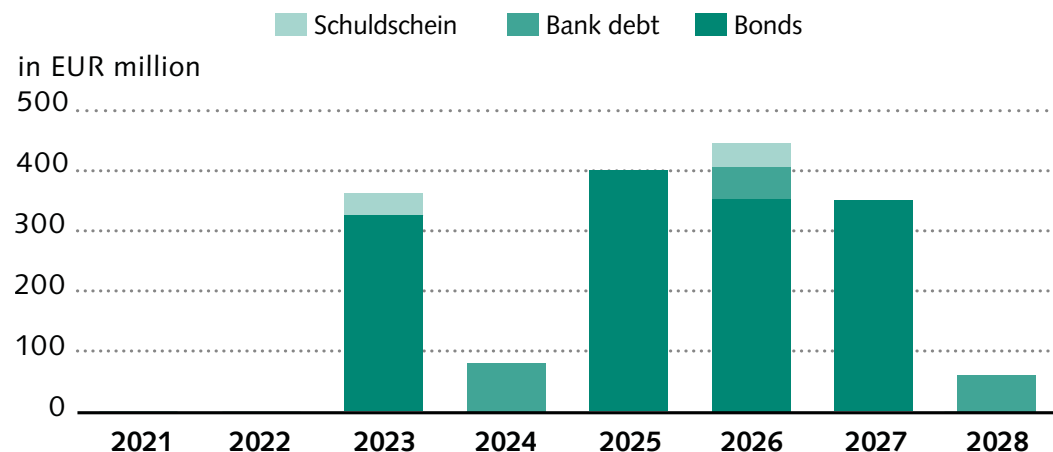
# EPRA NTA PER SHARE UP TO EUR 18.34



<sup>1)</sup> FFO per share (EUR 0.61) less cost of carry for bond 1 & bond 5 (EUR 0.05)

# STABLE LTV

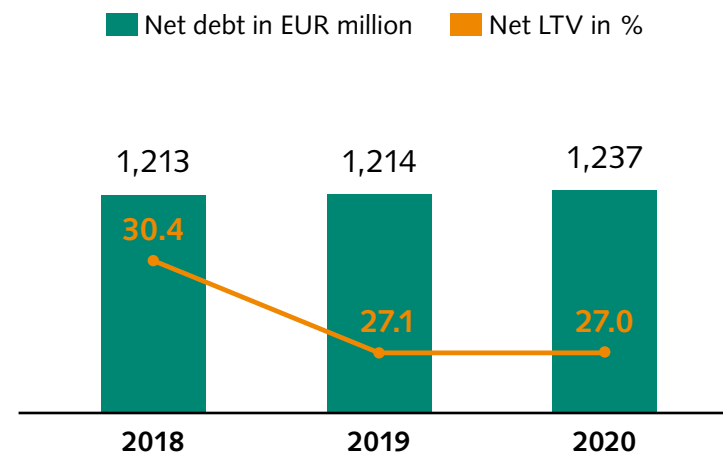
## DEBT MATURITY PROFILE



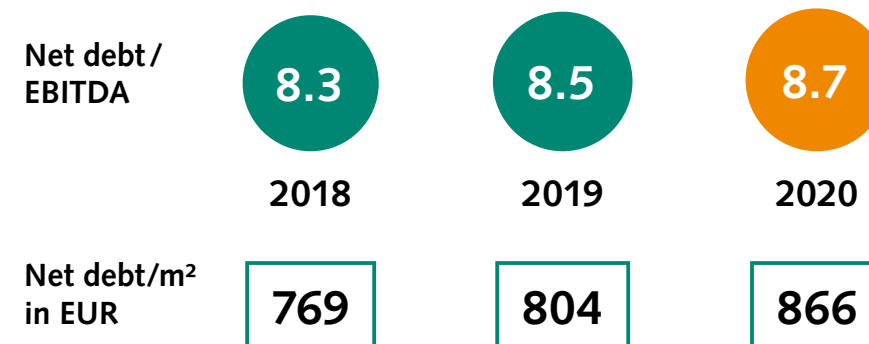
## COMPOSITION OF DEBT

	Nominal amount (EUR k)	Cost of debt (%)	Average maturity (years)
Bonds	1,425,000	1.4	4.9
Bank debt	195,900	1.0	5.3
Schuldschein	77,000	2.5	4.0
<b>Total debt</b>	<b>1,697,900</b>	<b>1.4</b>	<b>4.9</b>

## NET DEBT AND NET LTV



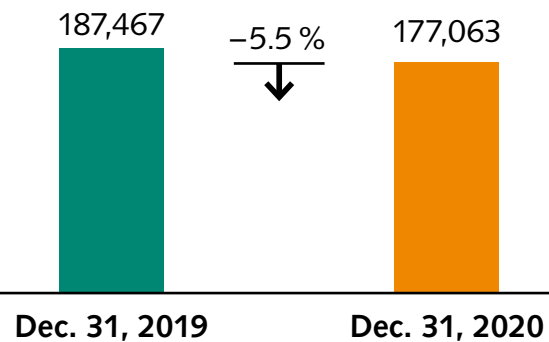
## ALTERNATIVE KPI'S ON INDEBTEDNESS



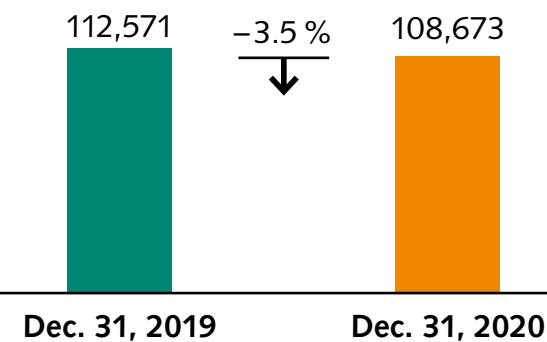


# REVENUES AND FFO INLINE WITH GUIDANCE

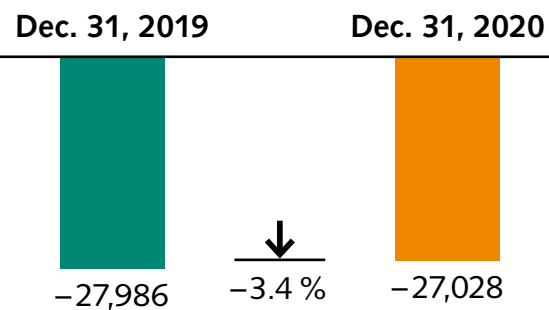
## GROSS RENTAL INCOME in EUR k



## FUNDS FROM OPERATIONS (FFO) in EUR k



## SG&A in EUR k

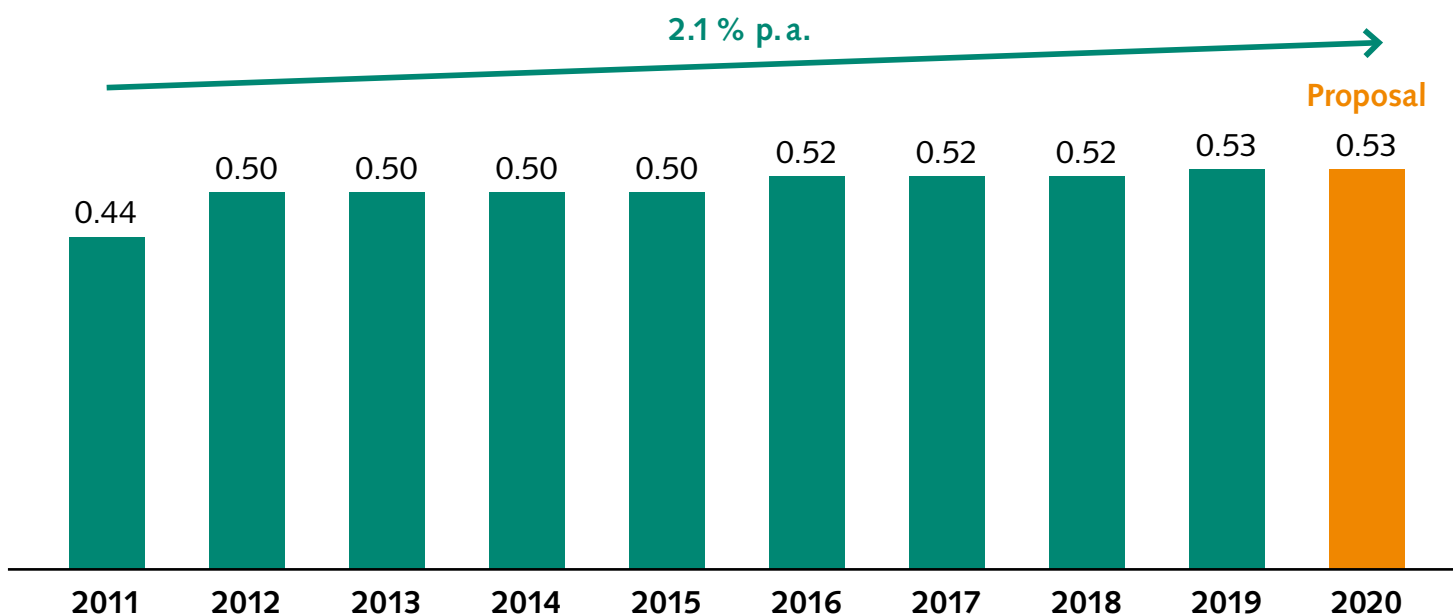


## RATIOS

- › FFO (after minorities): EUR 0.61 per share
- › FFO margin: 61.4 %
- › EPRA cost ratio: 22.1 %

# DIVIDEND OF EUR 0.53 PER SHARE

DIVIDEND PER SHARE in EUR



- › Dividend of EUR 0.53 (including EUR 0.01 of Green Dividend)
- › Dividend payout of EUR 94.2 million



Holzhauser Str. 175–177, Berlin

## › Revenues: EUR 177 million

- Loss in rental income from disposals and expiries will be compensated by new leases (already signed)

## › FFO: EUR 108 million

- Cost will be stable
- FFO margin c. 61 %
- FFO/share: EUR 0.61



# 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	177.9 million
Free float	100 %

## CONTACT

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# NEW LEASES

## New leases in 2020 (> 1,500 m²)

Address	City	Lettable area (m²)	Lease start	Net rent p. a. (EUR k)	Net rent per m² (EUR) <sup>1)</sup>	Lease length (years)	Rent free (in % of lease length)
Bamlerstr. 1–5	Essen	3,100	June 01, 2020	500	11.50	10.5	5.6
Gasstr. 18	Hamburg	6,100	Jan. 01, 2021/ Aug. 01, 2021	1,200	15.90	10.0	0.0
Berliner Str. 91–101	Ratingen	9,200	Mar. 15, 2020	1,400	10.20	6.9	7.2
Heidenkampsweg 99–101	Hamburg	5,000	June 01, 2021	1,000	15.05	10.0	3.3
Maarweg 165	Cologne	2,000	Jan. 01, 2021	280	11.46	15.0	3.3
Holzhauser Str. 175–177	Berlin	1,600	Jan. 01, 2021	200	10.36	5.0	1.7
<b>New leases &gt; 1,500 m²</b>		<b>27,000</b>		<b>4,580</b>		<b>9.2</b>	
<b>Others</b>		<b>32,500</b>		<b>5,394</b>			
<b>Total</b>		<b>59,500</b>		<b>9,974</b>		<b>6.2</b>	

<sup>1)</sup> Disregarding parking, storage and other supplementary spaces.



# DEVELOPMENT PORTFOLIO

## Key data

Address	City	Lettable area (m²)	OMV at start of development (EUR k)	Total capex (EUR k)	Cost to complete (EUR k)	Target rent on completion (EUR k)	All-in-cost yield (%)
			(A)	(B)		(C)	(C/A+B)
Besenbinderhof 41	Hamburg	5,000	6,500	11,500	7,900	1,100	6.1
Carl-Reiß-Platz 1–5, TG	Mannheim	11,800	16,900	49,000	35,300	3,200	4.9
Deutsche Telekom Allee 7	Darmstadt	22,200	40,100	13,400	13,400	3,200	6.0
Deutsche Telekom Allee 9	Darmstadt	60,700	140,100	14,600	7,600	8,400	5.4
Gartenstr. 2	Düsseldorf	4,800	15,600	3,600	3,600	1,000	5.2
Gustav-Nachtigal-Str. 3 & 5	Wiesbaden	26,000	28,800	75,400	54,300	8,700	8.3
Handwerkstr. 4	Stuttgart	5,700	7,400	8,000	8,000	800	5.2
Rotebühlstr. 98–100	Stuttgart	8,900	22,000	17,600	14,400	2,000	5.1
Solmsstr. 27–37	Frankfurt	30,900	68,000	50,800	38,600	6,100	5.1
<b>Total</b>		<b>176,000</b>	<b>345,400</b>	<b>243,900</b>	<b>183,100</b>	<b>34,500</b>	<b>5.9</b>

## Pre-let status

Address	City	Lettable area (m²)	Pre-letting (% of ERV)	Secured rent (EUR k)	Target rent on completion (EUR k)	Status	Expected completion date
Besenbinderhof 41	Hamburg	5,000	0	0	1,100	Construction	Q3 2021
Carl-Reiß-Platz 1–5, TG	Mannheim	11,800	0	0	3,200	Construction	Q2 2022
Deutsche Telekom Allee 7	Darmstadt	22,200	0	0	3,200	Planning	n/a
Deutsche Telekom Allee 9	Darmstadt	60,700	77	6,461	8,400	Planning	n/a
Gartenstr. 2	Düsseldorf	4,800	0	0	1,000	Planning	n/a
Gustav-Nachtigal-Str. 3 & 5	Wiesbaden	26,000	100	8,700	8,700	Construction	Q3 2022
Handwerkstr. 4	Stuttgart	5,700	0	0	800	Planning	n/a
Rotebühlstr. 98–100	Stuttgart	8,900	100	2,000	2,000	Construction	Q3 2021
Solmsstr. 27–37	Frankfurt	30,900	100	6,100	6,100	Construction	Q3 2021
<b>Total</b>		<b>176,000</b>	<b>67</b>	<b>23,261</b>	<b>34,500</b>		

# APPENDIX: RECONCILIATION FROM IFRS TO FFO

## P&L AND FFO (in EUR million) from January 1 to December 31, 2020

EUR k	P&L	Adjustments	FFO
Revenues	177,063	0	177,063
Service charge income	38,367	0	38,367
Real estate operating expenses	-60,607	0	-60,607
<b>Net rental income</b>	<b>154,823</b>	<b>0</b>	<b>154,823</b>
Administrative expenses	-8,460	1,110	-7,350
Personnel expenses	-18,568	668	-17,900
Other operating income	4,629	-2,240	2,389
Other operating expenses	-2,143	337	-1,806
Net result from fair value adjustments on investment property	61,522	-61,522	0
Gain on disposal of investment property	8,340	-8,340	0
<b>Net operating result</b>	<b>200,143</b>	<b>-69,987</b>	<b>130,156</b>
Net financial result	-31,832	12,228	-19,604
Share of the result of joint ventures	-9	0	-9
<b>Pre-tax income (EBT)</b>	<b>168,302</b>	<b>-57,759</b>	<b>110,542</b>
Income tax expense	187	-187	0
<b>Consolidated profit/loss for the period</b>	<b>168,489</b>	<b>-57,946</b>	<b>110,543</b>
Minorities	0	-1,870	-1,870
<b>Consolidated profit after minorities/ Funds from operations (FFO)</b>	<b>168,489</b>	<b>-59,816</b>	<b>108,673</b>
Maintenance capex			-21,739
<b>Adjusted funds from operations (AFFO)</b>			<b>86,934</b>
Number of shares outstanding (k)			177,793
<b>FFO per share (EUR)</b>			<b>0.61</b>
<b>AFFO per share (EUR)</b>			<b>0.49</b>

## ADJUSTMENTS

- › **Result from fair value adjustments on IP:**
  - EUR 61.5 million non-cash valuation impact on investment properties
- › **Gain from disposal of IP:**
  - EUR 8.3 million non-recurring disposal gains
- › **Other operating income:**
  - EUR 2.0 million one-off tenant compensation payments
- › **Financial expenses:**
  - EUR 12.2 million non-recurring interest for bonds not allocated to the operating business
- › **Personnel expenses:**
  - EUR 0.7 million non-cash share based compensation

# RENT COLLECTION

