alstria

Annual General Meeting

of alstria office REIT-AG

on May 6, 2021

Speech by the Chief Financial Officer

Alexander Dexne

(convenience translation)

Check against delivery at the Annual General Meeting.

Ladies and gentlemen,

Welcome to the Annual General Meeting of alstria office REIT-AG. I would also like to extend a warm welcome to you on behalf of our employees. Following an eventful year in 2020, we are delighted that we are once again able to hold our Annual General Meeting at the usual time – albeit in a digital format for a second successive year. Before my colleague Olivier Elamine and I go into a little bit more detail about the current situation, let us take a look at our consolidated earnings figures and how the economy performed last year.

Dear shareholders, 2020 was an extraordinary year in every respect. At the beginning of the year, none of us would have foreseen a situation in which public life and economic activity would come to a temporary standstill across the country, GDP would experience a historic slump of 5% and contact with others at both a business and personal level would primarily take place digitally. The pandemic also forced us to hold last year's Annual General Meeting in a digital format for the first time.

While the supportive measures of politics aimed at containing the impact of the coronavirus have so far succeeded in preventing major distortions, we are still experiencing a deep economic crisis that has left no sector unscathed. This can be seen in the increase in unemployment and even more so in the significant rise in short-time working. Economic developments also had an effect on the office market. For example, the volume of new rentals in Germany's seven major office centers declined by around a third. We were also unable to escape this trend. While there was a marked decline in momentum with respect to new rentals, the upward trend in office property prices continued almost unabated. This development is being driven by the further easing of the ECB's monetary policy in the wake of the pandemic as well as a further intensification in investor efforts to identify profitable properties. We were able to benefit from this trend in the form of a revaluation of our real estate portfolio, which I will go into in more detail in a few minutes.

Ladies and gentlemen, how did alstria perform during the challenging year of 2020?
To answer this question, I will now take you through the key aspects from last year.

Despite the coronavirus pandemic and the subsequent economic slump, we achieved the objectives that we set ourselves prior to the outbreak of the pandemic in Germany at the start of 2020. At EUR 177.1 million, for example, our revenues came in just slightly below the target figure. This represents a very pleasing performance in light of the difficult economic situation last year. Of course, some of our tenants had to contend with a significant drop in turnover. While this was primarily true for small tenants from the restaurant and leisure sectors, hotels and retailers were also hit. We have offered support to these tenants by deferring and, in some cases, also waiving rents in order to enable them to survive economically. Overall, however, rental losses remained within very narrow limits at less than 1% of our rental income.

At the same time, we have reduced our costs. While this is mainly true for travel costs, a reduction has also been achieved in terms of our property operating costs, enabling us to largely compensate for the loss in revenues. At EUR 108.7 million, for example, funds from operations were even slightly higher than forecast by us at the outset of 2020. Thanks to the valuation gain recorded by our real estate portfolio, our consolidated net profit reached EUR 168.5 million, strengthening our Company's equity position once more. As a result, the EPRA Net Tangible Assets per share increased to EUR 18.34 as of December 31, 2020.

Ladies and gentlemen, we have already mentioned several times in the context of Annual General Meetings of years gone by that the real estate business is cyclical in nature and that one should be prepared for financial crises at any time. In this respect, we firmly believe that a real estate company should primarily finance its investments with equity and only utilize a manageable share of debt to this end. This is how we operated even prior to the coronavirus crisis. Based on our Net LTV, which was down slightly once again at 27.0% as of December 31, 2020, we believe we are very well equipped to survive the crisis. This is despite the fact that it cannot yet be foreseen how long the crisis will last and what will await us in its aftermath.

A further aspect worthy of note is our operating profit margin, which increased by 140 basis points relative to the previous year to 61.4% despite the coronavirus crisis, hitting an all-time high in our Company history. The improvement in our operating financial result as well as lower administrative and property operating costs can be cited as the main reasons for this development.

Ladies and gentlemen, the past year was marked by many challenges. These key figures prove, however, that alstria has safely navigated through these turbulent times thanks to the active commitment of all employees.

Ladies and gentlemen, last year we once again had our real estate portfolio valued by independent appraisers, who came to the conclusion that it represented a market value of almost EUR 4.6 billion as of the reporting date of December 31, 2020. On balance, this corresponds to growth relative to the prior year – adjusted for transactions and investments – of EUR 61.5 million. In particular, this valuation gain reflects the increase in the value of our ongoing development projects and our properties with rental agreements of an above-average duration. There was, however, a need to devalue our hotel and retail properties, as these are undoubtedly suffering at present due to the situation arising from the pandemic. As already mentioned at the beginning, the valuation had a positive impact on our EPRA Net Tangible Assets, which increased to EUR 18.34 per share last year.

Ladies and gentlemen, let us now have a look at how our key balance sheet positions fared during the financial year. I will start with the investment assets on our balance sheet, which I am pleased to report grew by 2.6% in 2020. While this increase can primarily be attributed to investments in an amount of around EUR 145 million, it is also thanks to the uplift in the portfolio value of EUR 61.5 million. It should also be taken into account here that we sold a total of eight properties with a book value of approximately EUR 97 million during the course of 2020. Together with the operating profit, the value gain also had a positive impact on our Company's equity, which saw solid growth of 2.4% to almost EUR 3.3 billion. Our REIT equity ratio reached a new record level of 71.1% at the end of 2020, far exceeding the 45% required by law. At around EUR 1.2 billion, our Company's net financial debt remained almost at the prior-year level, while our net loan-to-value ratio even fell further to 27.0%.

Despite all the uncertainties in the past year, not only did our balance sheet develop pleasingly, but the earnings situation also corresponded to our expectations. Last year, we once again exploited the continuing demand for German office properties in order to divest ourselves of weaker properties in our portfolio. These were primarily situated on the periphery of our core markets. Due to the property sales and the corresponding reduction in our lettable space, rental income declined slightly during the course of the last year to EUR 177.1 million. Rent losses owing to the coronavirus pandemic remained within narrow limits, on the other hand, with a figure of only around EUR 700,000 being recorded here in 2020. Funds from operations (FFO) totaled EUR 108.7 million and were thus slightly above our forecast of EUR 108 million. The decline in funds from operations of around EUR 4 million relative to the prior-year period is directly related to the reduced rental income. However, this was largely compensated for by lower operating expenses and financing costs. This is clearly illustrated by the development of our personnel and administrative costs, which were reduced by 3.4% last year. We thus still find ourselves at a very competitive level in terms of costs. If the operating profit is considered in relation to rental income, this gives rise to a new record-high FFO margin of 61.4%, which represents an increase of 140 basis points on the already strong margin of the previous year.

Dear shareholders, on the following slide I will provide a summary of our Company's financial performance last year. As already mentioned, both our revenues of EUR 177.1 million and funds from operations at EUR 108.7 million were in line with what we had forecast despite the pandemic. Our cost items were mostly down, with this being due in part to the coronavirus pandemic. Our consolidated net profit reached EUR 168.5 million and was once again influenced by our real estate portfolio's positive valuation result.

The result achieved last year, which was in line with our guidance, is also reflected in our dividend proposal for the past financial year. Last year, we paid out a stable dividend of EUR 0.52 and supplemented this with a further EUR 0.01 in the form of a "green dividend". This year, we would like to proceed similarly and are proposing the distribution of a dividend in the amount of EUR 0.53. Linked to this dividend proposal is the request to vote on two projects with which we want to improve our Company's carbon footprint.

After all, it is the unanimous opinion of the scientific community that climate change remains a systemic threat that we need to confront. Should today's Annual General Meeting approve the implementation of these projects, the dividend for the current financial year, which will be paid out next year in 2022, would be reduced accordingly by EUR 0.01. In this respect, we are remaining true to our concept of a "green dividend" that we introduced last year but are making it much simpler and more pragmatic.

The dividend for the 2020 financial year corresponds to a total distribution of EUR 94 million and thus represents a dividend yield of around 4%. I am also very pleased to be able to confirm once again this year that the dividend for our shareholders domiciled in Germany can once again be paid out without deduction of capital gains tax.

Ladies and gentlemen, let us now look ahead together to the future. How will our Company perform during the current year? On 25 February this year, upon the publication of our annual result, we also presented our forecast for 2021. Despite the continuing economic uncertainty, we expect stable revenues for 2021 in the order of around EUR 177 million. This forecast once again takes account of the sale of some properties as well as the fact that rental agreements are set to expire, and it may possibly take somewhat longer than usual to re-let these areas. On the other hand, however, we have a number of new rental agreements that have already been signed and which will make a positive contribution to revenues this year. Overall, we can therefore expect stable revenues. As we are also maintaining our stringent cost discipline, we anticipate an FFO that should also reach the prior-year level of EUR 108 million.

Dear shareholders, before I finish, I would like to say a few words about the capital increase that has taken place since the last Annual General Meeting. In September 2020, 199,325 shares were issued from the Company's Conditional Capital III 2017 program. The Company's share capital was increased in order to grant shares to the owners of 199,325 convertible profit participation certificates that had been issued to Company employees as part of the employee profit sharing program as authorized by the Annual General Meeting of 16 May 2017.

Ladies and gentlemen, I shall now give the floor to my colleague Olivier Elamine, who will provide you with further details. He will mainly be focusing on the performance of our real estate portfolio. We will then present our assessment of the coronavirus situation and report on the new project proposals for the green dividend.

Annual General Meeting

of alstria office REIT-AG

on May 6, 2021

Speech by the Chief Executive Officer

Olivier Elamine

Check against delivery at the Annual General Meeting.

Ladies and gentlemen, dear shareholders,

A very warm welcome also from my side to our AGM, the second virtual AGM of alstria before we might return to an on-site event next year again.

Ladies and gentlemen, as our CFO Alexander Dexne just reported, 2020 was another successful year for our Company from a financial perspective, and, despite the current macroeconomic uncertainties, we are optimistic about the operational performance of our Company in the years to come. Our confidence comes not the least as a result of the quality of alstria's portfolio on which I would like to focus for a moment. As you can see on the map alstria is more than ever concentrated on the large and liquid German cities, in which we are represented via local offices. This is among other things the result of our "Sell the periphery buy the center" approach that I will be further developing in a minute.

As of December 31, 2020, your Company owned 109 buildings with a lettable area of around 1.4 million square meters. My colleague Alexander Dexne already discussed the valuation uplift of our portfolio, which reflects the consistent high price level in the German commercial real estate market. Due to the valuation uplift of around EUR 61.5 million and investments into our portfolio and despite the disposal of eight buildings, the total value of our portfolio grew by 2.6% to EUR 4.6 billion as of the end of 2020. In particular, the properties Solmsstr. 27–37 (Frankfurt) and Gustav-Nachtigal-Str. 3 & 5 (Wiesbaden) achieved significant valuation gains, reflecting the refurbishment progress. In addition, the properties in Hamburg, which are let on long-term leases, experienced an appreciation in value. Our total portfolio was yielding 4.4% as of December 31, 2020, which indicates the attractiveness of our assets and the cashflow they generate. The average remaining lease length stood at 6.1 years, almost stable compared to 2019 despite a weak letting market amid the Covid-19 lockdowns in 2020.

Ladies and Gentlemen, one of the key factors of success of the Company is its ability to lease the vacant office space in the portfolio. The ability of our real estate operations to create spaces that meet modern corporate demands and understanding client needs is the basis for a successful leasing strategy and this in turn is the basis of our long-term corporate success. Our leasing successes secure our future rental income and represent the basis for our future dividend while they also underpin the underlying value of our assets. With new leases of 59,500 m^2 and renewals of 57,500 m^2, alstria's letting performance was approximately three times lower than in the previous year. Of course, the letting markets where weaker in 2020 than we would have expected as a result of the uncertainty created by the pandemic. But alstria also ended-up 2019 with a historical low vacancy rate with more than 70% of the Company refurbishment pipeline being already pre-let, therefore reducing the amount of space available for letting. As such the EPRA vacancy rate across the portfolio accordingly further declined by 50 basis points to 7.6%, its lowest level since the merger with Deutsche Office.

Over the past years we made use of the positive real estate market momentum to improve the strength and resilience of alstria. Throughout the Covid-19 pandemic, demand for office properties remained high. We used the market momentum for the disposal of eight buildings with a total value of EUR 126.5 million. We realized a book gain of 7.2% compared to the appraised value as of year-end 2019 on the disposed assets, generating a gain of EUR 8.5 million in the process. The achieved unlevered IRR on these disposals – as you know this is our main underwriting criteria - was 7.0%, fully in line with our target. The buildings we sold were located in Laatzen, Bremen, Meerbusch, Recklinghausen, Düsseldorf, Filderstadt, Hanover and in a suburb of Hamburg. We made use of the strong demand for German real estate assets to execute the profitable selloff of these non- core assets, located outside of our core investment areas, or at the fringe of these locations. Theses disposals further sharpened the focus on our core regions and therefore de-risked our portfolio.

Ladies and gentlemen, when we acquire real estate assets, we strive for unlevered internal rates of return of 6% to 8% over a 10-year period on average. Potential acquisition targets undergo a rigorous due diligence, which assess among other things, our future rent level expectation in relation to the amount of capital expenditure that will be needed to upgrade the building during our ownership. Over the past years our pricing discipline has remained unchanged, regardless of the current low interest rate environment. It is not because the money is cheap that we should buy expensive assets. Performance in real estate is built over years and the initial price paid for the asset remains a major driver for the overall performance of a real estate business plan.

With this in mind, we continued our very selective acquisition strategy in the course of 2020 and acquired two buildings in our core markets of Düsseldorf and Frankfurt for a total consideration of EUR 40.4 million. This corresponds to a purchase price of around EUR 3,000 per square meter. The current rent in the acquired buildings averages EUR 8.40 per square meter and is thus below the market level, which is around EUR 15 and below the average rent of the overall alstria portfolio, which currently stands at around EUR 13. After refurbishment, these assets therefore provide substantial rental growth opportunities going forward. We believe these assets perfectly match our acquisition criteria. They are in the central city locations, they are currently under-rented, and we will be able to increase the rents after the expiration of the current leases.

Ladies and gentlemen, as you have noticed from our transaction activities, alstria remained a net seller in 2020. We did sell more properties than we have acquired. This is not per se a problem as we still have ample opportunities to invest within our own portfolio and generate through theses investment return substantially higher than the investment market currently has to offer.

To effectively exploit the potential value embedded in our portfolio, several buildings are constantly in the process of being refurbished. Our current refurbishment pipeline comprises nine buildings, with a total lettable space of 176,000 square meters. Theses refurbishment allowed the Company to substantially increase the annual rent in the buildings and we will generate an average yield on cost of ca. 6% for our shareholders. Our development team is currently concentrating especially on the properties in Gustav-Nachtigal-Str. 3 & 5 (Wiesbaden), which comprise a lettable area of 26,000 square meters. In 2019 we signed a 15-year lease with a public tenant, who will move into the building in 2021/2022.

With an expected investment volume of EUR 75 million, the project at Gustav-Nachtigal-Str. 3 & 5 is the largest refurbishment project in alstria's corporate history with an expected yield on cost of around 8.2%. Another sizable refurbishment project is located in Frankfurt. The asset in Solmsstr. 27-37 comprises a lettable area of 30,900 square meters of office space. It is leased for 20-years to the City of Frankfurt, which is an outstanding success of our local team in Frankfurt. The new tenant will move into the building in the second half of 2021. This 20-year lease reflects a yield on cost of around 5.1%. So far, the corona pandemic had no significant negative impact on the cost or timeline of the Company refurbishment projects.

Ladies and gentlemen, the corona pandemic caused a severe global crisis and through the lockdown, public life and economic activity came to a standstill since the start of the second quarter of 2020. alstria of course was not alone. The office letting market in Germany has been substantially impacted with volumes down substantially year on year. Investment markets were also impacted when it comes to the overall transaction volume, with property prices however holding up well, and even increasing toward the end of the year. While our Company is in a very strong place, our business is not immune to the impact of the corona virus and there is uncertainty how things evolve in the future.

However, we adapted rapidly to the crisis and adjusted our operating mode and procedures. From the beginning of the corona pandemic in March 2020, we immediately focused on measures to safeguard the health of our employees and our business partners, implemented social distancing and allowed alstria's team to work from home. We also used the time to reshape our own office considering social distancing requirements. This will allow a safe return to the office, as we will hopefully gradually return to normal later this year.

Ladies and gentlemen, we were not prepared to face a pandemic, however we knew that the economic environment is volatile by nature and as a company you should always be prepared to withstand strong headwinds that can occur at any time. We have spent the last few years preparing the Company to face such headwinds. As such, alstria has entered the crisis as strong as it can be. We do anticipate that the Company will continue to operate into a volatile environment as long as we do not have clarity about the exit from the pandemic itself. Until we, our tenant, and the wider economy know that the lockdowns are firmly behind us, it is unlikely that we would see the markets normalizing. We need to be able to operate into uncertain time, with little visibility on what will come next.

Questions about the future will be asked. Theories about how things will evolve will be put forward. Many predictions will be made. From our perspective the reasonable thing to do is simply acknowledge that we do not know. Which does not mean that we should stand still and wait. It means that we need to be prepared to react to the unexpected, manage the stress of not knowing and avoid succumbing to fear.

Once the pandemic is behind us, we are likely to enter into yet a difficult economic environment, as the full economic damage of what we are going through will come to light. How deep will the economic crisis be, how fast will we recover are all questions which are hard to answer in the current uncertain times. However, we will be working in a more familiar environment and one that we know how to navigate. Given the current strength of our balance sheet and our underlying assets, as well as our current liquidity position we are looking into this next phase with the hope for new opportunities to capitalize on.

While the corona pandemic and the following economic downturn are causing a lot of uncertainties and volatility, it is not creating new trends. It is however very certainly accelerating existing trends and making them more apparent. The trends to a more flexible use of space, the need to continuously invest into the buildings, the trend towards efficient operations and the trend to sustainability to mitigate the climate change. These are rightly in focus today, and at the forefront of every real estate discussion, but they are not new. The product that we offer to our customer will need to adapt constantly. This is not new. And this is certainly not a one off. This is not a threat to our industry. It is a disruptive opportunity. The challenges that are involved in the transformation from a financial asset trader - buy low, build low, and sell high - to a service-oriented business - what does my customer want, and how do I add value to its business and make profit in the process - cannot be overstated. The way we buy, the way we build, the way we finance, and the way we manage assets are changing and will continue to change dramatically. We have been working on concepts to adapt the long-lasting trends and today we feel well positioned to master the challenges that we are seeing in the market.

Whenever we think about what will come next, climate change strikes us as the single largest risk that the Company faces. Not so much because our assets are at risk of extreme weather events or because regulatory cost will increase or as tenant requirement change. We can and do manage these risks effectively. Climate change, like a pandemic, is a systemic risk. It cannot be diversified away, or effectively managed at the company level. The last few months have also offered us the opportunity to rethink our approach and refine our understanding of the problem.

Ladies and Gentlemen, as you know alstria has been leading the way for real estate companies when it comes to sustainability. We published our first ESG report back in 2010, more than 10 years ago. We have decreased our CO_2 footprint consistently over the years by 57% compared to 2015. We are one of the few real estate companies which in 2014 signed the RE100 pledge to procure 100% of our electricity from renewable sources, a pledge we fulfilled in 2020. And finally, we are one of the nine real estate companies in Europe that has its CO_2 reduction targets approved by the Science Based Target initiative, which is the highest independent recognition of the seriousness and consistency of our approach, and its alignment with the Paris agreement targets.

All the initiatives we have taken to achieve these milestones where consistent with our business approach. We did it all while fulfilling our financial return expectations. Our approach, which aims at retrofitting existing buildings and improving their quality (both from an ESG perspective and from a usability perspective) allowed us to achieve lower environmental impact and higher financial returns.

Can we do more from a climate mitigation perspective? Can we do faster? Which interest should a company put first? What is the time horizon, a management should be looking at?

Is it in the next quarter, next year, next ten years, or even next generation? And more importantly: are we best positioned to do more?

While we take pride as a Company of leading the way in ESG, we are aware that climate change mitigation is not about us being better than others, but it is about whether we can achieve a global target together. The best interest of alstria is not that alstria reduces its emissions faster than anybody else. It is that emissions are reduced as fast as possible irrespective of who is responsible for these reductions.

The previous slide was speaking about scope 1, scope 2, scope 3 emissions that we intend to address, about using market based rather than location-based approaches for reporting our carbon emission and discussing the 111 Kwh/m^2 of energy used on average by our building. We have noticed that it is easy to confuse even the savviest financial expert in the jungle of ESG terminology. Practically it has proven hard to have a constructive discussion simply because too much was lost in translation. What we have tried to do, is translate all that complexity in a language that is more familiar to the financial community. We have therefore produced a balance sheet and a profit and loss statement, that in our view mirror the impact that pricing carbon would have on our balance sheet. This helps us to have a more educated discussion with the financial community around the climate change topic, but also to be able to better follow-up internally on the progress we make using more "standardized" financial KPI and enrich our decision-making process accordingly. The carbon accounts allow us to effectively answer the questions asked by the Task Force for Climate Related Financial Disclosure (TCFD): what is alstria´s exposure to climate change?

We learn that, as of December 31, 2020, there was within our portfolio around EUR 35 million of carbon asset. This is the value of the carbon that would need to be spent to rebuild a portfolio of similar size then the one we currently own. If we had from tomorrow onward to pay for every ton of CO_2 emitted within our portfolio, our total liability would be estimated at EUR 28 million. These numbers are not small but by any means, they are manageable considering the total balance sheet size of the Company. What this clearly shows is that it is not about the impact of climate change on alstria itself that we should be worried about, this can, and will be managed. It is about the overall systemic impact we should be concerned about.

Finally, our carbon accounts show that last year the carbon emitted within our portfolio would have cost around EUR 2.2 million if carbon had a price. What I will be suggesting to you next, is to use part of these EUR 2.2 million to invest into projects that we would not pursue simply based on financial criteria. Theses project would not meet our financial return expectations but would have a positive impact on our carbon footprint or could allow a reduction of the overall systemic risk. We are proposing again a green dividend of one cent per share.

This year's proposal for a Green Dividend reflects the feedback we received from you, since first introducing the concept at the last AGM. We adjusted the process to make it simple and pragmatic. We are suggesting to you an investment proposal in which we would invest EUR 1.7 million. If the proposal is approved by the AGM, we would implement these projects and report back to you on the results in future AGM. Next year´s dividend – if any - would be reduced by 1 cent. If the proposal is not approved, we would not be implementing these projects. In both cases we would renew the proposal next year, as we intend to make the Green Dividend a permanent feature of the Company. The projects we are proposing to you this year touch upon two of the main challenges that the real estate industry faces when it comes to climate change.

First, the increase of renewable energy generation to power the assets. Solar panels are a great example of renewable energy that fit perfectly with offices, as offices are mainly used during the day, when the sun is up, and unused during the night, when there is no sun. Unfortunately, the energy regulation in Germany is currently structured in a way that make the overall installation and operation of solar panels for an office property company un-economical. We are therefore proposing to use up to EUR 1.25 million for the installation of up to 0.900 GW of solar panels on alstria's buildings, an investment that would represent a negative net present value of EUR 450,000 over its lifecycle.

Carbon removal, or the ability to physically remove carbon from the atmosphere will be a necessary tool of climate change mitigation in the future. There is currently no technology available that allows a real estate company to remove carbon on its portfolio. We are proposing to support open-source carbon removal R&D projects with up to EUR 750,000. The first candidate that we have identified for that is called "Project Vesta" and aims at removing large amounts of carbon out of the atmosphere in scaling up one laboratory proven removal technique. You can find detailed information on the proposed projects on the green dividend website www.green-dividend.com.

Finally, I would like this year even more than any other year to thank our employees for their hard work and dedication that allowed us to achieve the result that we are presenting. The ability of the Company to adjust to the new work environment under the corona restrictions, the speed at which we upgraded our processes and our way of working, the flexibility that we have shown, the reactivity vis a vis our tenants requests, but also our ability to continue producing numbers and meeting our reporting obligations, pay our service providers and craftsmen while working off site, was only possible thanks to the responsiveness of each and every one of alstria's team members. Thank you very much for all the work you have done individually and collectively.

With this I would like to conclude my remarks and I am pleased to begin in a few moments to answer the questions that have reached us in the run-up to the Annual General Meeting.