

Q3



2021

**CONSOLIDATED
INTERIM STATEMENT**

as of September 30, 2021

GROUP FINANCIALS

	Jan. 1– Sept. 30, 2021	Jan. 1– Sept. 30, 2020	Change
Revenues and earnings			
Revenues (EUR k)	135,929	131,465	3.4 %
Net rental income (EUR k)	121,781	116,596	4.4 %
Consolidated profit for the period (EUR k)	81,969	–2,986	n/a
FFO (EUR k) ¹⁾	87,480	83,443	4.8 %
Earnings per share (EUR)	0.46	–0.02	n/a
FFO per share (EUR) ¹⁾	0.49	0.47	4.3 %

¹⁾ Excluding minorities.

Balance sheet	Sept. 30, 2021	Dec. 31, 2020	Change
Investment property (EUR k)	4,700,946	4,556,181	3.2 %
Total assets (EUR k)	5,096,422	5,090,249	0.1 %
Equity (EUR k)	3,243,038	3,252,442	–0.3 %
Liabilities (EUR k)	1,853,384	1,837,807	0.8 %
Net asset value (NAV) per share (EUR)	18.22	18,29	–0.4 %
Net loan-to-value (Net LTV, %)	30.0	27,0	3.0 pp

G-REIT figures	Sept. 30, 2021	Dec. 31, 2020	Change
G-REIT equity ratio (%)	68.3	71.1	–2.8 pp
Revenues including other income from investment properties (%)	100	100	0.0 pp

EPRA figures¹⁾	Jan. 1– Sept. 30, 2021	Jan. 1– Sept. 30, 2020	Change
EPRA earnings per share (EUR)	0.48	0.47	2.1 %
EPRA cost ratio A (%) ²⁾	24.2	25.4	–1.2 pp
EPRA cost ratio B (%) ³⁾	19.9	20.8	–0.9 pp

	Sept. 30, 2021	Dec. 31, 2020	Change
EPRA NRV per share (EUR)	20.05	20.13	–0.4 %
EPRA NTA per share (EUR)	18.26	18.34	–0.4 %
EPRA NDV per share (EUR)	17.92	17.95	–0.2 %
EPRA net initial yield (%)	3.3	3.3	0.0 pp
EPRA 'topped-up' net initial yield (%)	3.6	3.7	–0.1 pp
EPRA vacancy rate (%)	8.5	7.6	0.9 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	Sept. 30, 2021	Dec. 31, 2020
Number of properties	111	109
Market value (EUR bn) ¹⁾	4.7	4.6
Annual contractual rent (EUR m)	203.3	199.1
Valuation yield (% , contractual rent/market value)	4.4	4.4
Lettable area (m ²)	1,450,600	1,427,800
EPRA vacancy rate (%)	8.5	7.6
WAULT (weighted average unexpired lease term in years)	5.6	6.1
Average value per m ² (EUR)	3,210	3,205
Average rent/m ² (EUR/month) ²⁾	13.24	12.93

¹⁾Including fair value of owner-occupied properties.

²⁾Average rent of office space.

Real Estate Operations

Letting metrics (m ²)	Jan. 1– Sept. 30, 2021	Jan. 1– Sept. 30, 2020	Change
New leases	26,800	48,500	–21,700
Renewals of leases ¹⁾	43,600	43,900	–300
Total	70,400	92,400	–22,000

¹⁾Option drawings of existing tenants are included.

The letting volume (measured in terms of new lettings and lease extensions) was lower in the first nine months of 2021 than in the corresponding reporting period of the previous year, but higher than planned at the beginning of the year. The main reason for the year-on-year decline in leasing performance is tenants' reluctance to lease larger spaces.

Transactions

alstria performed the following transactions in the 2021 financial year:

Disposals

Asset	City	Disposal price (EUR k)	Gain to book value (EUR k) ^{1), 2)}	Signing SPA	Transfer of benefits and burdens
Frauenstr. 5–9	Trier	24,750	–650	July 15, 2021	Oct. 31, 2021 ³⁾

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

²⁾ Rounded to the nearest five thousand Euros.

³⁾ Expected.

Acquisitions

Asset	City	Acquisition price (EUR k) ¹⁾	Signing SPA	Transfer of benefits and burdens
Hanauer Landstr. 161–173	Frankfurt	30,300	Dec. 17, 2020	March 1, 2021
Mehringdamm 32–34	Berlin	50,250	Apr. 30, 2021	Aug. 1, 2021
Total acquisitions		80,550		

¹⁾ Excluding transaction costs.

EARNINGS POSITION

alstria's revenues and earnings developed above plan in the reporting period. Rental income increased by 3.4% to EUR 135,929 k (previous year: EUR 131,465 k), mainly due to revenues from new leases as well as indexations. The scheduled expiry of leases did not have a significant impact in the reporting period. Partially offsetting the increase in rental income was a decrease in rental income due to the scheduled sales of properties in 2020 financial year.

The consolidated net income for the reporting period amounted to EUR 81,969 k (9M 2020: EUR –2,986 k). The significant improvement in earnings resulted from an improved valuation result, which amounted to EUR –88,481 k as of September 30, 2020. The market price development and cash flows based on the tenant lists were analyzed as of September 30, 2021. On this basis, no significant changes in value were identified, thus an external expert opinion was not obtained as of September 30, 2021.

To provide a clear picture of the Group's operating performance, alstria also publishes the operating result (FFO after minorities). At EUR 87,480 k, the FFO was 4.8% higher in the current reporting period than in the same period of the previous year (9M 2020: EUR 83,443 k). Higher rental income mainly drove the growth in operating income in the current year. The FFO margin improved accordingly to 64.4% (9M 2020: 63.5%). Reconciliation of consolidated net income to FFO is based on eliminating non-cash income items, items that are not expected to recur annually, non-periodic items and items that do not serve the operating business. The adjustments between the income figures in the income statement and FFO are shown in the table on the right. The most significant adjustments (> EUR 1,000 k) in the current reporting period related to non-cash personnel expenses (EUR 1,665 k), non-recurring other operating income (EUR –2,697 k), non-cash other operating expenses (EUR 1,782 k) and expenses not attributable to the operating business in the net financial result (EUR 3,107 k). Adjustments shown in the table are related primarily to Bond #5, which was issued at the end of the second quarter of 2020. The share of the interest expense for Bond #5 that is not attributable to the operating business was essentially deducted. The proceeds of Bond #5 have already been partially invested in the portfolio and are also serving to finance future investments. The adjustments in the other operating income relate to tenants' compensation payments. The adjustments in the other operating expenses mainly relate to the valuation of the limited partner capital.

EUR k ¹⁾	IFRS P&L	Adjust-ments	FFO Jan. 1 – Sept. 30, 2021	FFO Jan. 1 – Sept. 30, 2020
Revenues	135,929	0	135,929	131,465
Revenues from service charge income	29,679	0	29,679	30,037
Real estate operating expenses	–43,827	315	–43,512	–44,509
Net rental income	121,781	315	122,096	116,993
Administrative expenses	–5,161	699	–4,462	–5,214
Personnel expenses	–14,916	1,665	–13,251	–13,475
Other operating income	4,701	–2,697	2,004	2,796
Other operating expenses	–2,622	1,782	–840	–1,584
Net result from fair value adjustments to investment property	–1,100	1,100	0	0
Net result from the disposal of investment property	–877	877	0	0
Net operating result	101,806	3,741	105,547	99,516
Net financial result ²⁾	–19,429	3,107	–16,322	–14,689
Share of the result of companies accounted for at equity	–118	0	–118	–10
Pretax income / Pretax FFO³⁾	82,259	6,848	89,107	84,817
Income tax expenses	–290	290	0	0
Consolidated profit/FFO (before minorities)	81,969	7,138	89,107	84,817
Minority interests	0	–1,627	–1,627	–1,374
Consolidated profit/FFO (after minorities)	81,969	5,511	87,480	83,443
Number of outstanding shares (k)			178,033	177,593
FFO per share (EUR)			0.49	0.47

¹⁾ Numbers may not sum up due to rounding.

²⁾ The operating financial result contains interest expenses for financial liabilities, which are used for the financing of the existing portfolio. The nonoperating financial result contains interest expenses for financial liabilities, which are not used for the financing of the existing portfolio. This concerns the interest expenses for already refinanced financial liabilities and financial liabilities intended for future property investments.

³⁾ FFO is not a measure of operating performance or liquidity under generally accepted accounting principles – in particular, IFRS – and 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.

FINANCIAL AND ASSET POSITION

Investment property

The fair value of investment property amounted to EUR 4,700,946 k as of September 30, 2021, which was clearly above the December 31, 2020, level (EUR 4,556,181 k). The increase resulted from a property in Frankfurt being purchased as well as a property in Berlin and investments made in the existing portfolio during the first three quarters of 2021. A slightly opposite effect results from a property in Trier being sold, which was reclassified as held for sale as of September 30, 2021.

The next external property valuation is scheduled to take place as part of the consolidated financial statement as of December 31, 2021.

EUR k

Investment property as of December 31, 2020	4,556,181
Investments	87,657
Acquisitions	80,559
Acquisition costs	5,291
Disposals	0
Transfers to assets held for sale	-25,400
Transfers to property, plant, and equipment (owner-occupied properties)	-2,242
Net loss/gain from the fair value adjustment on investment property	-1,100
Investment property as of September 30, 2021	4,700,946
Carrying amount of owner-occupied properties	18,916
Fair value of assets held for sale	24,750
Interests in joint ventures	913
Carrying amount of immovable assets	4,745,525

For a detailed description of the investment properties, please refer to the Group Management Report 2020.

Further key figures of the financial and asset position

As of September 30, 2021, alstria had cash and cash equivalents of EUR 292,991 k (December 31, 2020: EUR 460,960 k). The slight decrease reflects the dividend of EUR 94,230 k being paid for the financial year 2020 and investments in the real estate portfolio. However, the positive operating cash flow and loans for the energy-efficient refurbishment of two development projects had a positive effect on liquidity.

As a result of the dividend payment, for which alstria's positive consolidated net income for the first nine month of 2021 partially compensated, the Group's equity as of September 30, 2021 decreased by EUR 9,404 k to EUR 3,243,038 k (December 31, 2020: EUR 3,252,442 k). The company's balance sheet strength is also reflected in a REIT equity ratio of 68.3% (December 31, 2020: 71.1%) and a net LTV of 30.0% (December 31, 2020: 27.0%).

Loans

The loan facilities in place as of September 30, 2021 are as follows:

Liabilities	Maturity	Principal amount drawn as of Sept. 30, 2021 (EUR k)	LTV ¹⁾ as of Sept. 30, 2021 (%)	LTV covenant (%)	Principal amount drawn as of Dec. 31, 2020 (EUR k)
Loan #1	June 28, 2024	34,000	13.5	65.0	34,000
Loan #2	Mar. 28, 2024	45,900	29.0	75.0	45,900
Loan #3	June 30, 2026	56,000	26.7	65.0	56,000
Loan #4	Sept. 29, 2028	60,000	31.9	n/a	60,000
Loan #5	Sept. 30, 2024	14,550	10.4	n/a	0
Loan #6	Mar. 31, 2023	6,660	n/a	n/a	0
Total secured loans		217,110	22.9	-	195,900
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
Bond #5	June 23, 2026	350,000	-	-	350,000
Schuldschein 10y/fixed	May 6, 2026	40,000	-	-	40,000
Schuldschein 7y/fixed	May 6, 2023	37,000	-	-	37,000
Revolving credit line	Sept. 15, 2024	0	-	-	0
Total unsecured loans		1,502,000	-	-	1,502,000
Total		1,719,110	36.2	-	1,697,900
Net LTV			30.0		

¹⁾Calculation based on the market values of the properties serving as collateral in relation to the loan amount drawn down.

COVENANT REPORT

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

In case of the incurrence 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 third quarter of 2021, 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	Q4 2020 – Q3 2021 cumulative
Earnings before interest and taxes (EBIT)	281,854
Net profit/loss from fair value adjustments to investment property	-148,903
Net profit/loss from fair value adjustments to financial derivatives	0
Profit/loss from the disposal of investment property	1,291
Other adjustments ¹⁾	1,826
Fair value and other adjustments in joint venture	0
Consolidated adjusted EBITDA	136,068
Cash interest and other financing charges	-28,879
One-off financing charges	0
Net cash interest	-28,879
Consolidated coverage ratio (min. 1.80 to 1.00)	4.7

¹⁾ Depreciation, amortization, and nonrecurring or exceptional items.

As of September 30, 2021, no covenant under the loan agreements and/or the terms and conditions of the bonds and Schuldschein had been breached.

*The following section refers to the Terms and Conditions of the Fixed Rate Notes as well as to the Terms and Conditions of the Schuldschein (for further information, please refer to www.alstria.com). Capitalized terms have the meanings defined in the Terms and Conditions.

OUTLOOK

Outlook

The economic situation in Germany is twofold. Private consumption has picked up as a result of the progress made in vaccinating the population against the SARS-CoV2 virus and the associated easing of restrictions on public life. On the other hand, the economy is burdened by the prevailing shortage of raw materials and the rise in energy prices. As a result, the German federal government is revising its estimate of the gross domestic product growth from 3.5% to 2.6%.

In light of the fact of additional rental income from the acquisitions of two properties as well as from the conclusion of new leases and on the other hand due to lower real estate operating costs (postponement of investment measures from 2021 to 2022), alstria increases the original revenue and FFO forecast for the full year 2021. As a result, the revenue forecast increases by EUR 4 million from EUR 177 million to EUR 181 million. Hence, the FFO forecast improves by EUR 7 million from EUR 108 million to EUR 115 million. Any other forecasts or statements presented in the combined management report 2020 regarding the prospective development of the Company for the financial year 2021 have not changed substantially.

Risk management

alstria is exposed to various risks through its business activities. Please refer to the detailed descriptions in the Annual Report 2020. Under the section 'Litigation risks', the Annual Report reported on risks in connection with the conversion of DO Deutsche Office AG into the limited partnership alstria office Prime Portfolio GmbH & Co. KG in 2016 (judicial arbitration proceeding). In the meantime, a final judgment has been issued in this proceeding, which confirmed the decision of the court of lower instance. As sufficient provisions were accounted as of December 31, 2020, based on the decision of the court of lower instance, this judgment did not have any material impact on the reporting period. There were no further changes in the risk situation compared to the status described in the 2020 consolidated financial statements.

PRINCIPLES OF THE CONSOLIDATED INTERIM STATEMENT

The consolidated interim statement of 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 accounting principles applied correspond to the principles described and applied in the consolidated financial statement as of December 31, 2020.

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 consolidated interim statement 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 from January 1 to September 30, 2021

EUR k	Q3 2021	Q3 2020	Q1–Q3 2021	Q1–Q3 2020
Net rental revenues	45,926	44,248	135,929	131,465
Service charge income	9,203	7,964	29,679	30,037
Real estate operating costs	-13,365	-11,653	-43,827	-44,906
Net Rental Income	41,764	40,559	121,781	116,596
Administrative expenses	-1,657	-2,078	-5,161	-6,086
Personnel expenses	-4,659	-4,070	-14,916	-13,849
Other operating income	1,381	444	4,701	4,964
Other operating expenses	-1,080	-599	-2,622	-1,920
Net result from fair value adjustments on investment property	0	-49	-1,100	-88,481
Gain on disposal of investment property	-873	4,353	-877	8,755
Net Operating Result	34,876	38,560	101,806	19,979
Net financial result	-6,606	-8,672	-19,429	-23,179
Share of the result of joint venture	-29	-3	-118	-10
Pre-Tax Income (EBT)	28,241	29,885	82,259	-3,210
Income tax result	92	382	-290	224
Consolidated profit for the period	28,333	30,267	81,969	-2,986
Attributable to:				
Owners of the Company	28,333	30,267	81,969	-2,986
Earnings per share in EUR				
<i>based on the profit attributable to alstria's shareholders</i>				
Basic earnings per share	0.16	0.17	0.46	-0.02
Diluted earnings per share	0.16	0.17	0.46	-0.02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the Period from January 1 to September 30, 2021

EUR k	Q3 2021	Q3 2020	Q1–Q3 2021	Q1–Q3 2020
Consolidated profit for the period	28,333	30,267	81,969	-2,986
Other comprehensive result for the period	0	0	0	0
Total comprehensive result for the period	28,333	30,267	81,969	-2,986
Total comprehensive income				
Owners of the company	28,333	30,267	81,969	-2,986

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of September 30, 2021

ASSETS

EUR k	Sept. 30, 2021	Dec. 31, 2020
Non-Current Assets		
Investment property	4,700,946	4,556,181
Equity-accounted investments	913	1,021
Property, plant and equipment	23,045	18,360
Intangible assets	285	55
Financial assets	39,098	39,108
Total Non-Current Assets	4,764,287	4,614,725
Current Assets		
Trade receivables	5,173	4,572
Tax receivables	1,229	1,230
Other financial receivables	7,992	8,762
Cash and cash equivalents	292,991	460,960
Assets held for sale	24,750	0
Total Current Assets	332,135	475,524
Total Assets	5,096,422	5,090,249

EQUITY AND LIABILITIES

EUR k	Sept. 30, 2021	Dec. 31, 2020
Equity		
Share capital	178,033	177,793
Capital surplus	1,265,294	1,356,907
Retained earnings	1,796,226	1,714,257
Revaluation surplus	3,485	3,485
Total Equity	3,243,038	3,252,442
Non-Current Liabilities		
Liabilities minority interests	67,844	68,275
Long-term loans, net of current portion	1,699,356	1,685,349
Other financial liabilities	14,148	12,628
Total Non-Current Liabilities	1,781,348	1,766,252
Current Liabilities		
Liabilities minority interests	15	15
Short-term loans	19,481	10,325
Trade payables	3,176	3,943
Profit participation rights	552	514
Liabilities of current tax	4,744	4,780
Other provisions	528	2,030
Other current financial liabilities	43,540	49,948
Total Current Liabilities	72,036	71,555
Total Liabilities	1,853,384	1,837,807
Total Equity and Liabilities	5,096,422	5,090,249

CONSOLIDATED STATEMENT OF CASH FLOW

for the Period from January 1 to September 30, 2021

EUR k	Q1–Q3 2021	Q1–Q3 2020
1. Operating activities		
Consolidated profit	81,969	-2,986
Interest income	-870	-492
Interest expense	20,299	23,671
Result from income taxes	290	-224
Unrealized valuation movements	2,744	86,317
Other non-cash expenses (+)/income (-)	5,255	4,405
Gain (-)/Loss (+) on disposal of fixed assets	877	-8,755
Depreciation and impairment of fixed assets (+)	700	872
Decrease (-)/increase (+) in trade receivables and other assets that are not attributed to investing or financing activities	1,090	-2,761
Decrease (-)/increase (+) in trade payables and other liabilities that are not attributed to investing or financing activities	-11,872	5,415
Cash generated from operations	100,482	105,462
Interest received	870	492
Interest paid	-18,346	-20,939
Income tax received (+)/paid (-)	-327	-791
Net cash generated from operating activities	82,679	84,225

EUR k	Q1–Q3 2021	Q1–Q3 2020
2. Investing activities		
Acquisition of investment properties	-172,561	-107,685
Proceeds from sale of investment properties	0	90,480
Payment of transaction cost in relation to the sale of investment properties	-222	-1,098
Acquisition of other property, plant and equipment and intangible assets	-3,032	-203
Proceeds from the equity release of interests in joint ventures	0	46
Payments for investment in financial assets	0	-50,000
Proceeds from the repayment of financial assets	0	50,000
Net cash used in investing activities	-175,815	-18,460
3. Financing activities		
Cash received from equity contributions	240	0
Payments for the acquisition of limited partnerships of minority shareholders	0	-2
Distributions on limited partnerships of minority shareholders	-1,957	-1,949
Proceeds from the issue of bonds and borrowings	21,210	0
Proceeds from the issue of a company bond	0	350,000
Proceeds from the issue of convertible participation rights	287	0
Payments for the redemption portion of the lease liability	-383	-359
Payments of transaction costs	0	-2,205
Payments of dividends	-94,230	0
Payments of the redemption of bonds and borrowings	0	-37,000
Net cash used in/generated from financing activities	-74,833	308,485
4. Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents (subtotal of 1 to 3)	-167,969	374,249
Cash and cash equivalents at the beginning of the period	460,960	298,219
Cash and cash equivalents at the end of the period <i>(thereof restricted: EUR 0; previous year: EUR 0)</i>	292,991	672,468

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to September 30, 2021

EUR k	Share capital	Capital surplus	Retained earnings	Revaluation surplus	Total Equity
As of December 31, 2020	177,793	1,356,907	1,714,257	3,485	3,252,442
Changes Q1–Q3 2021					
Consolidated profit	0	0	81,969	0	81,969
Total comprehensive income	0	0	81,969	0	81,969
Payments of dividends	0	-94,230	0	0	-94,230
Share-based remuneration	0	2,377	0	0	2,377
Conversion of convertible participation rights	240	240	0	0	480
As of September 30, 2021	178,033	1,265,294	1,796,226	3,485	3,243,038

for the period from January 1 to September 30, 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–Q3 2020					
Consolidated profit	0	0	-2,986	0	-2,986
Total comprehensive income	0	0	-2,986	0	-2,986
Share-based remuneration	0	1,453	0	0	1,453
As of September 30, 2020	177,593	1,450,162	1,542,782	3,485	3,174,022

BUILDING YOUR FUTURE

Steinstr. 7
20095 **Hamburg**, Germany
+49 (0)40/22 63 41-300

Elisabethstr. 11
40217 **Düsseldorf**, Germany
+49 (0)211/30 12 16-600

Platz der Einheit 1
60327 **Frankfurt / Main**, Germany
+49 (0)69/153 256-740

Danneckerstr. 37
70182 **Stuttgart**, Germany
+49 (0)711/33 50 01-50

Rankestr. 17
10789 **Berlin**, Germany
+49 (0)30/89 67 795-00

alstria office REIT-AG
www.alstria.com
info@alstria.de

