Real Estate Portfolio Performance & Financial Development

Annual Company Report 2020

alstria

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»As our industry moves toward more services, the IT infrastructure of a company such as alstria becomes a key differentiating factor. Especially for the nature and quality of the services we offer our tenants.«

Information Technology
Best prepared for the digital future

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At a Glance

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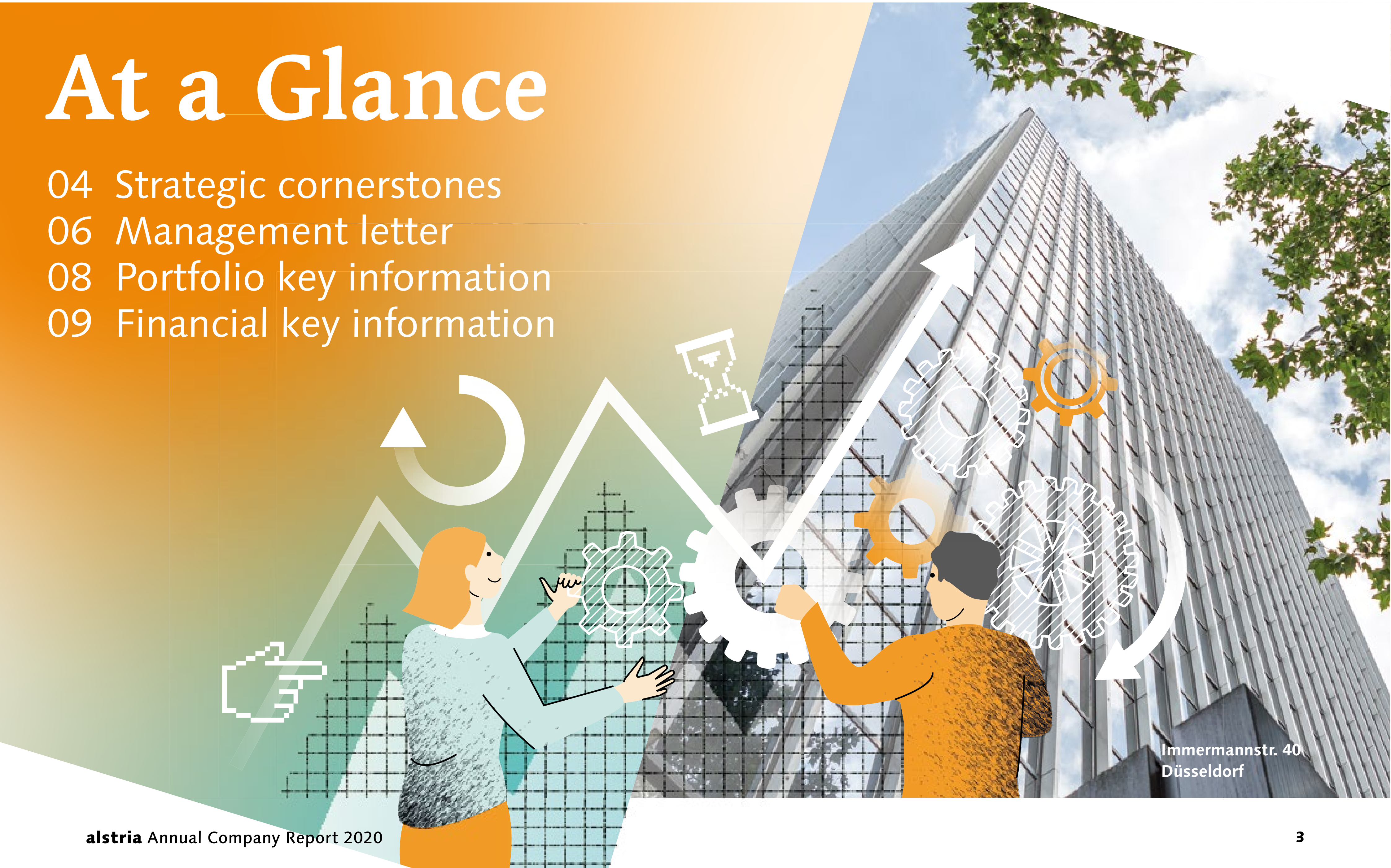
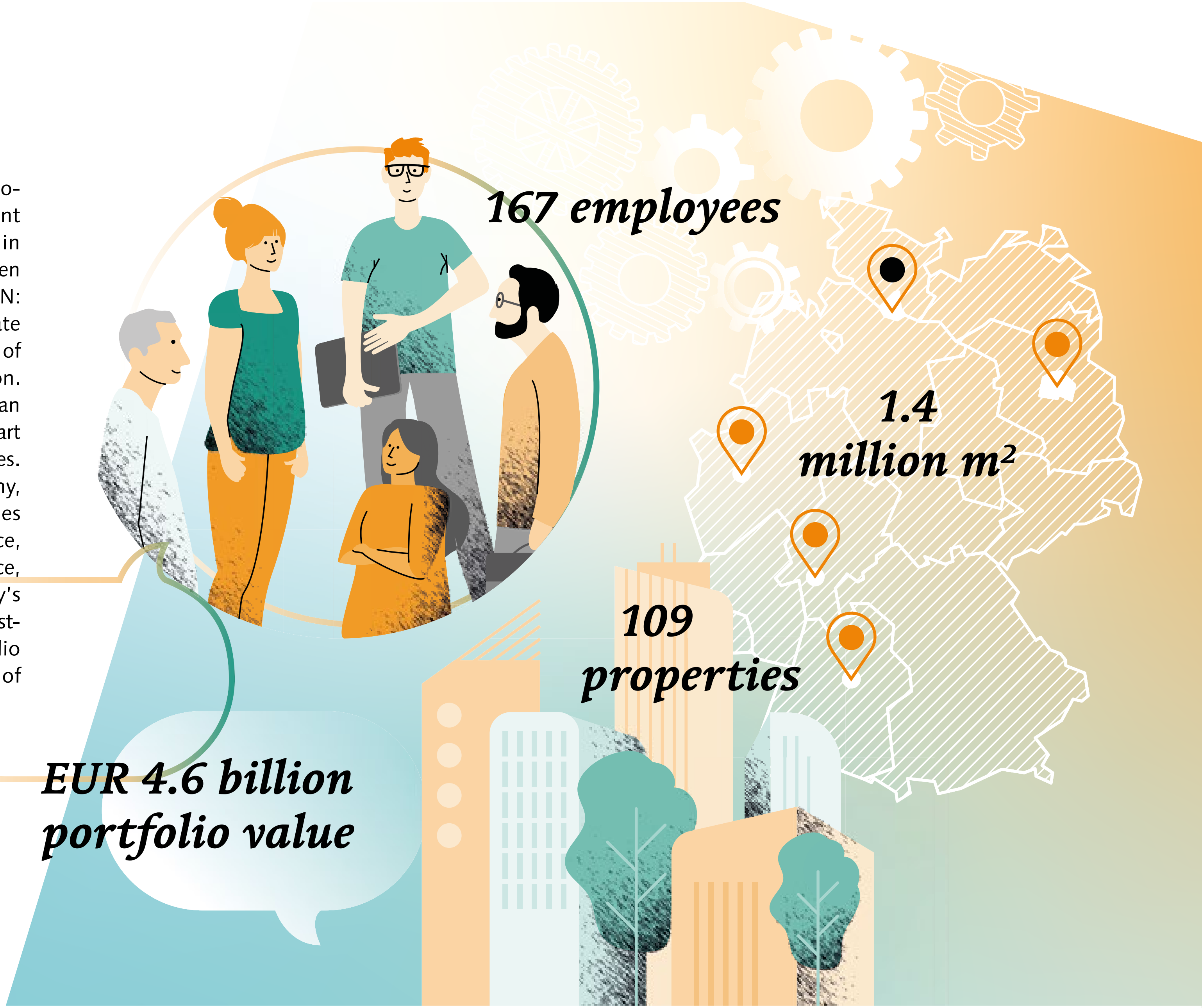


Strategic cornerstones

Who we are

alstria office REIT-AG (alstria) is a German stock corporation with the legal form of a Real Estate Investment Trust (REIT) that invests in office real estate located in Germany's major business centers. The company has been listed on the Frankfurt Stock Exchange since 2007 (WKN: A0LD2U). As of December 31, 2020, alstria's real estate portfolio comprised 109 properties with a lettable area of 1.4 million m² and a combined value of EUR 4.6 billion. The properties are located in the large and liquid German office markets of Hamburg, Düsseldorf, Frankfurt, Stuttgart and Berlin, where alstria runs local and operational offices. As a fully integrated and long-term oriented company, alstria's 167 employees actively manage the properties throughout their entire life cycle. With its local presence, alstria offers its tenants efficient and modern office space, as well as comprehensive local service. The company's stock exchange listing gives shareholders access to a first-class, professionally and sustainably managed portfolio of office real estate in the most attractive locations of Europe's strongest economy.



What we do

The basic idea

The German office real estate stock has received insufficient investment for years. As such, most existing buildings fail to meet the ever-changing needs of a modern corporate tenant. A company that has the technical know-how to turn the assets around, as well as the financial means to execute this turnaround, will thrive in the years to come.

Focus and operational excellence

- We concentrate our investments in a limited number of markets. These are the most liquid and dynamic German markets from a real estate investment perspective, as well as from a tenant demand perspective. They also have in common an above-average population growth prospect. We deploy a local presence in each market in which we operate and develop proprietary knowledge on the market dynamic over time.
- alstria integrates the full value chain of real estate. Over their life cycle, assets move from core to core-plus to value-add, and back to core again. alstria's objective is to manage the assets over their entire life cycle to capitalize on specific opportunities at each stage of the building's life cycle.
- Internal technical knowledge is a key factor to success. Although the company relies on service providers to operate its portfolio, it must integrate the technical know-how to operate its real estate. This know-how is needed to make educated decisions and to implement better controls over suppliers. As such, alstria employs architects, construction specialists, space planners, energy market specialists, and facility management experts.
- Operational excellence goes hand in hand with state-of-the-art IT infrastructure that supports the company's operations, while allowing for efficiency gains and better risk management across the organization.

Strong balance sheet and sustainable earnings

- As a listed company, alstria has access to a pool of permanent equity capital, as well as renewable debt capital, to support its operations. Maintaining this access to capital is a key prerequisite to the success of the company.
- Transparency, reliability, and first-class corporate governance are the cornerstones of the company's capital market approach and corporate behavior.
- We believe that the initial acquisition price of a property has an outsized effect on the overall performance of the company going forward. As such, we apply strict underwriting criteria to our investments. Properties are underwritten based on unlevered scenarios on a risk-adjusted basis. This approach allows the company to assess the potential profitability of a transaction on a long-term sustainable basis, without giving consideration to short-term financial market specificities.
- alstria takes a holistic approach to managing its balance sheet risk. Given the risk it takes in its operational business and the risk embedded in the volatility of the real estate commercial market, we aim to keep the average Net LTV of the company below 35% across the cycle.
- alstria is a total return business, which strives to outperform the returns of the underlying property markets. The value created by the company will translate into a steady stream of income that will translate to dividends for our shareholders, combined with capital gains linked to the improvement of the value of the assets, which will translate into NAV growth. We will realize the capital gains opportunistically when we believe that we can benefit from asset mispricing in the market.

Management letter

Dear readers,

Unlike in previous years, the hard part in drafting this letter was not determining what to discuss – it was determining what not to discuss. By any measure, 2020 was extraordinary. None of us really thought that we would find ourselves in a board meeting discussing a situation where real estate tenants would stop paying their rents all together. Nor did we forecast that the German GDP would drop by more than 5 %. We certainly did not plan that we would be drafting this letter from home, as the country is in the second month of its second lockdown.

Corporation reaction to crisis is similar to our reaction to stress. The heart rate increases, the breathing quickens, the muscles tighten, and the blood pressure rises. alstria was not different. Thanks to the rapid reaction and adaptation of the teams across the company, the impact of the health crisis on alstria was largely contained. Similar to stress, crises focus corporate attention on the immediate risk. As we focus on shielding the immediate effect of the crisis, we collectively have the tendency to assume that the environment we are currently in will last indefinitely. However, unlike an individual, a corporation has the ability to split its resources and focus. One part can and must focus on managing the immediate urgency, and the other can and should focus on preparing for what comes next.

Did the pandemic fundamentally change the dynamic of our business? Is it accelerating trends? We do not think so. The real estate industry was operating in the dark. The pandemic simply turned on the light. 'Trends' have been there for years. The difference is that they are now in plain sight. What the industry is facing is not necessarily that the work environment will be different after the pandemic. It is that the work environment has been – and will be – constantly changing. The product that we offer to our customer will need to adapt constantly as well.

This is not news. This is 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 (or do not manage for that matter) assets are changing and will continue to change dramatically.

The pandemic is helping to strengthen the industry immune system. Unsustainable 'flexible' office businesses are going bankrupt (Serendipity Labs, Breather, and Knotel, to name a few).

Olivier Elamine
(CEO)

Alexander Dexne
(CFO)

While we have a decent view of where we are going, we do not know yet how we will get there. However, we start to have a clue about what will be needed to get us through the journey: Permanent capital, low leverage, and strong operational capabilities across the entire asset value chain.

We concluded our 2017 management letter with the following: *'Rather than focusing on the rent that a future tenant would be willing to pay, we have chosen to focus on the kind of asset for which the same tenant would be willing to pay a rent. The long-term opportunity we are seeing in the German market is not so much a glimpse in the crystal ball. It is the much-needed transformation of the office stock to adapt it to the change of behavior of the corporate environment and the 'new work environment.' Companies that have good access to capital and a good understanding of the new requirements of corporate users will be successful regardless of rental market volatility.'*

We stand by these words today.

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. We can and do manage these two risks. Climate change, similar to a pandemic, is a systemic risk. It cannot be diversified away.

The last few months have also offered us the opportunity to rethink our approach to carbon. We know that we have focused too much on the management of operational carbon and have ignored the importance of embodied carbon. The reason might be that, while we acknowledge that carbon has a price, we seem to ignore that it also has a value. To improve our understanding of the value of carbon in our portfolio, we have defined a framework (the Real Estate Carbon Accounting Principle) that allows us to present, for the first time, alstria's carbon accounts. Our intention in publishing this new set of numbers is fourfold.

First, it provides the company with a tool to drive and assess its carbon performance, not on an annual basis but with a cumulative view over time. We believe that the net zero target of the IPCC – which aim at keeping the total concentration of CO_2 below a given level, balancing over time the global carbon emissions with the global carbon sink – will be better addressed through a balance sheet approach, which provides a cumulative impact, balancing assets and liabilities, rather than through the measure of an annual flow.

Second, it frames the carbon conversation in the language of finance. We spend a lot of time discussing the business with the financial analyst and the climate change topic with the ESG analyst. If we are able to translate the carbon in a framework that is familiar to the finance world, we should be better able to share its understanding and dynamics.

Third, it strives for a better quantification of the carbon impact at the company level. It aims at a proper and structured answer to the TCFD question regarding the 'financial consequence of climate change' at the company level (i. e., ignoring the systemic risk), taking a holistic view on 'assets' and 'liabilities.'

Finally, the Green Dividend will draw the link between our IFRS Accounts and the Carbon Accounts, as what is (rightly) a loss-making project under IFRS will be looked at as an equity investment in the company's Carbon Account. There is no doubt in our mind that what we are proposing today is not perfect and can be improved, and we are looking forward to the feedback (positive and negative). In the same spirit as the Green Dividend, this is just another step on our journey to define the tools we will need to manage our climate risks better.

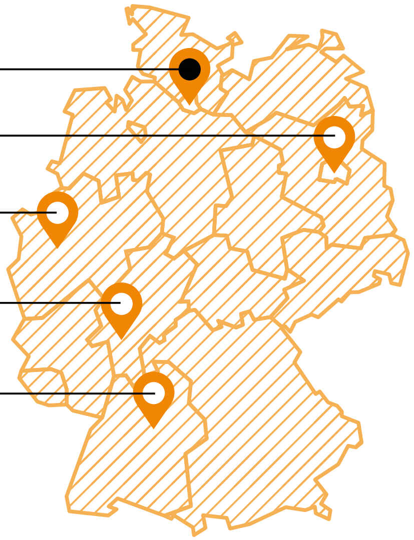
We are looking forward to our discussions,

Olivier Elamine
Chief Executive Officer (CEO)

Alexander Dexne
Chief Financial Officer (CFO)

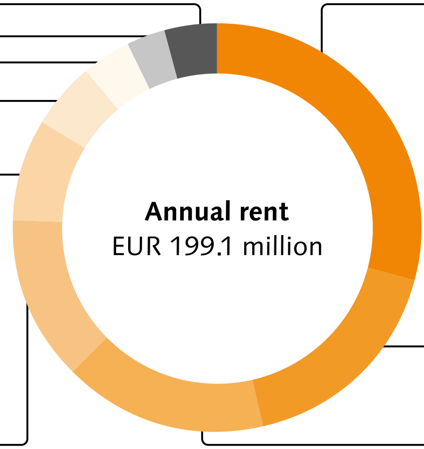
Portfolio key information

Our local offices



alstria's tenant structure by industry[1)]

Graph 1



[1)] Industry classification by Creditreform.

Portfolio highlights

Table 1

	Dec. 31, 2020	Dec. 31, 2019
Number of properties	**109**	116
Market value (EUR m)	**4,576**	4,476
Contractual rent (EUR m)	**199.1**	208.3
Valuation yield (%)	**4.4**	4.7
Lettable area (m²)	**1,427,800**	1,509,200
EPRA vacancy rate (%)	**7.6**	8.1
Lease length (years)	**6.1**	6.3
Average value per m² (EUR)	**3,205**	2,966
Average rent per m² (EUR per month)	**12.93**	12.62

Focusing on 5 German cities

Table 2

	Number of assets	Lettable area (m²)	Investment volume (EUR m)	Contractual rent (EUR m)	Yield (%)
Hamburg	35	385,300	1,514	55.0	3.6
Düsseldorf	33	447,900	1,231	58.3	4.7
Frankfurt	20	272,600	930	40.5	4.4
Stuttgart	9	208,000	507	31.3	6.2
Berlin	11	87,200	348	11.1	3.2
Others	1	26,800	46	2.9	6.3
Total	**109**	**1,427,800**	**4,576**	**199.1**	**4.4**

Financial key information

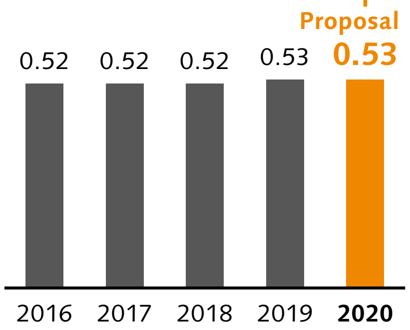
Table 3

EUR k	2020	2019	2018	2017	2016
Revenues and earnings					
Revenues	177,063	187,467	193,193	193,680	202,663
Net rental income	154,823	162,904	169,068	172,911	179,014
Consolidated profit for the period	168,489	581,221	527,414	296,987	176,872
FFO (after minorities)	108,673	112,579	114,730	113,834	116,410
Earnings per share (EUR)	0.95	3.27	3.02	1.94	1.16
FFO per share (EUR)	0.61	0.63	0.65	0.74	0.76
Balance sheet	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2018**	**Dec. 31, 2017**	**Dec. 31, 2016**
Investment property	4,556,181	4,438,597	3,938,864	3,331,858	2,999,099
Total assets	5,090,249	5,029,327	4,181,252	3,584,069	3,382,633
Equity	3,252,442	3,175,555	2,684,087	1,954,660	1,728,438
Liabilities	1,837,807	1,853,773	1,497,165	1,629,409	1,654,195
IFRS NAV per share (EUR)	18.29	17.88	15.13	12.70	11.28
Net LTV (%)	27.0	27.1	30.4	40.0	40.9
G-REIT key figures	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2018**	**Dec. 31, 2017**	**Dec. 31, 2016**
G-REIT ratio (%)	71.1	70.9	67.2	57.1	56.7
Revenues plus other income from investment properties (%)	100	100	100	100	100
EPRA key figures[1]	**2020**	**2019**	**2018**	**2017**	**2016**
EPRA earnings per share (EUR)	0.61	0.61	0.76	0.68	0.57
EPRA cost ratio A (%)[2]	26.6	26.1	23.2	19.6	20.6
EPRA cost ratio B (%)[3]	22.1	21.7	19.2	16.4	16.6
	Dec. 31, 2020	**Dec. 31, 2019**	**Dec. 31, 2018**	**Dec. 31, 2017**	**Dec. 31, 2016**
EPRA NRV per share (EUR)	20.13	19.67	–	–	–
EPRA NTA per share (EUR)	18.34	17.91	–	–	–
EPRA NDV per share (EUR)	17.95	17.61	–	–	–
EPRA net initial yield (%)	3.3	3.3	4.0	4.6	5.0
EPRA 'topped-up' initial yield (%)	3.7	3.8	4.3	5.0	5.4
EPRA vacancy rate (%)	7.6	8.1	9.7	9.4	9.2

[1] For further information please refer to EPRA Best Practices Recommendations, www.epra.com.
[2] Incl. vacancy costs.
[3] Excl. vacancy costs.

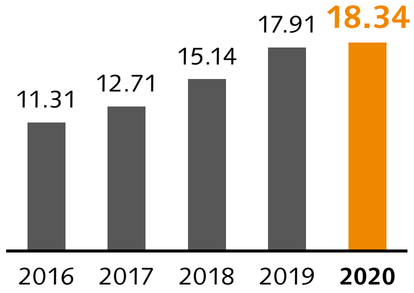
Dividend

0.53
EUR per share



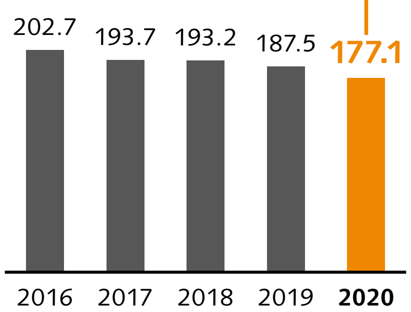
EPRA NTA

18.34
EUR per share



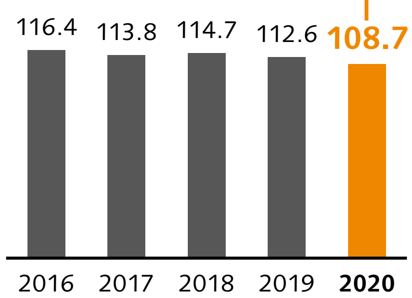
Revenues

177.1
million EUR



FFO

108.7
million EUR



Portfolio

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Georg-Glock-Str. 18
Düsseldorf

Letting

Leasing up office space is the core of our business

alstria invests in five of the six largest office markets in Germany. These are Hamburg, Düsseldorf, Frankfurt, Berlin and Stuttgart, cities predicted to have a positive demographic development in the future. The locations offer people attractive and well-paid jobs, an appealing cultural environment and a variety of leisure activities. The COVID-19 pandemic has left its mark on the German economy, but competition among companies, especially for young and well-trained skilled workers, continues unabated. Modern and centrally located office space can be a decisive competitive advantage. We acknowledge that the home office will become a standard feature of any corporate offering to an employee. We do not believe, however, that office and home office need be in opposition. We believe, to the contrary, that the home office trend will increase the need for modern tailor-made offices. We are firmly convinced that, in that context, centrally located, and well-designed office space will continue to be in demand from corporate tenants in the future.

Our letting acivities

EUR 91.3 m of future income secured in 2020

Due to the COVID-19 pandemic and associated uncertainty about further economic development, the letting market was in a weak state in 2020, and is expected to remain weak throughout 2021. Across the sector, the letting volume in the German office markets was significantly lower, relative to the level of previous years. With new leases/renewals of leases with a total area of 117,000 m², alstria's letting performance was significantly below that of the previous year (368,900 m²). However, it should also be taken into account that alstria realized a very high letting volume in the previous year with the conclusion of large-volume and long-term leases, particularly in the refurbishment properties, and that correspondingly less space was available for letting in 2020.

New leases in 2020 (>1,500 m²)

Table 4

Address	City	Lettable area (m²)	Lease start	Net rent p.a. (EUR k)	Net rent per m² (EUR)[1]	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
New leases > 1,500 m²		**27,000**		**4,580**		9.2	
Others		**32,500**		**5,394**			
Total		**59,500**		**9,974**		6.2	

[1] Disregarding parking, storage and other suplementary spaces.

Leasing outlook

Commercial leases are generally signed for a limited period of time. The standard rental agreement in Germany has a term of 5 years (plus a 5-year extension option). In our portfolio, 9.2 % of the leases (measured by the annualized contract rent) will expire in 2021 and 30.8 % over the next three years. Historically, around 70 % of expiring contracts were extended by the current tenants and 30 % were terminated. The latter is our primary good that we will use to enhance our space offering to tenants and realize higher rents for new lettings.

We do expect that the overall German letting market will remain weak in 2021, as a result of the continuous health emergency, and that the situation will only normalize when the full roll-out of the vaccine has been achieved. Our tenants are still assessing the impact of the pandemic and the move toward work from home on their corporate real estate needs, which is slowing down the decision-making process. We further expect, however, take-up to restart strongly when corporations have finally established new corporate real estate strategies.

Renewals > 5,000 m²

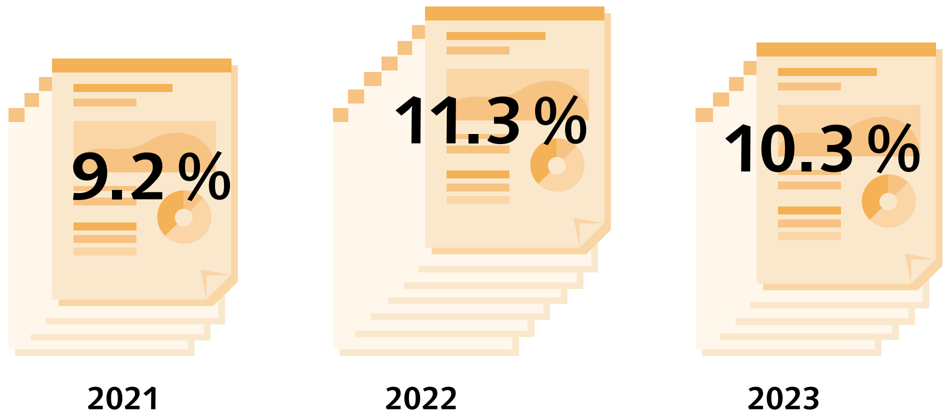
Table 5

Address	City	Lettable area (m²)	Net rent p.a. (EUR k)	Net rent per m² (EUR)[1]	Lease length (years)	Rent free (in % of lease length)
Hamburger Str. 1–15	Hamburg	5,100	700	11.15	5.0	0.0
Renewals > 5,000 m²		**5,100**	**700**	**11.15**	**5.0**	**0.0**
Other renewals		**52,400**	**7,965**			
Total		**57,500**	**8,665**		**3.4**	

[1] Disregarding parking, storage and other suplementary spaces.

Lease expiries (in % of annual rent)

Graph 2



Rents

Like-for-like rent slightly down

Despite the economic downturn caused by the COVID-19 pandemic, capital values of office real estate in the direct investment market remained high. This limits the acquisition opportunities, but we still have attractive investment opportunities in our own portfolio. Investing in our standing portfolio, upgrading quality and sustainability were key to driving the contractual rent in 2020. With regard to the like-for-like contractual rent of the real estate portfolio (combined investment and refurbishment), we nevertheless recorded a slight decrease of 0.9 %, which was mainly attributable to the expiration of a lease in Darmstadt. In line with the EPRA BPR, table 6 also shows the development of contractual rents over the past 24 months, during which we achieved an EPRA like-for-like rental growth of 9.3 %.

Average rent grew to EUR 12.93 per m²

In 2020, continuing its growth trajectory, the average rent per m² in our total portfolio increased by 2.5 % to EUR 12.93 per m² (see graph 3), which is mainly due to the disposal of assets with lower rents in seconday markets. Besides the like-for like rental growth, the development of the average rent per m² is an important indicator, showing the impact of our active asset management. Over the longer term, we grew our average rent per m² by 2.2 % p.a., which is in line with our target to increase rents by 1–2 % beyond inflation.

Change in rental income[1]

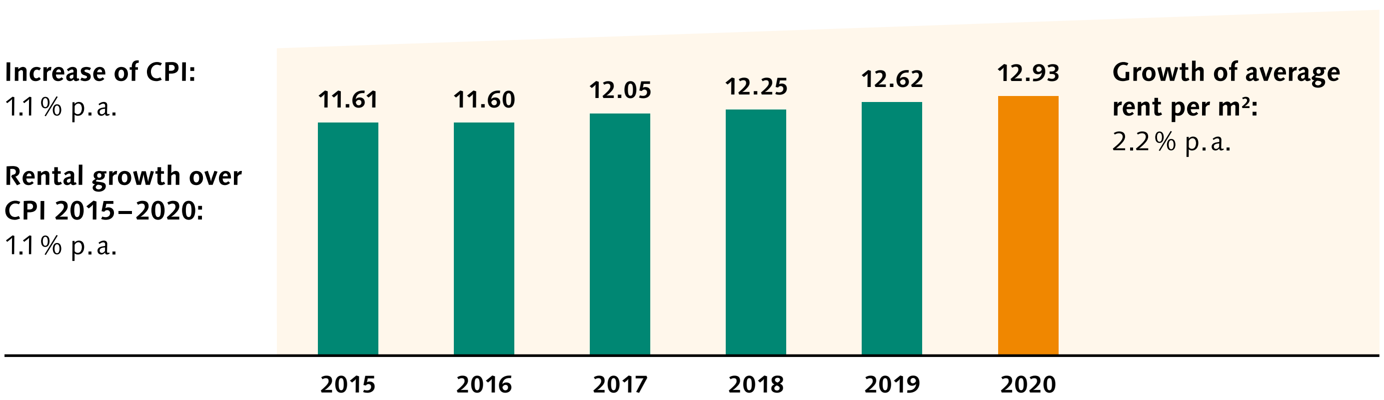
Table 6

	2 year period (Dec. 31, 2018–Dec 31, 2020)		1 year period (Dec. 31, 2019–Dec 31, 2020)	
	EUR k	%	EUR k	%
Contractual rent as of Dec. 31, 2018	**196,967**	**100.0**		
Contractual rent as of Dec. 31, 2019			**208,332**	**100.0**
+/– Change in rent investment portfolio	7,351	3.7	1,864	0.9
o/w New leases/rent increases	13,709	7.0	5,353	2.6
o/w Lease expiries	–6,358	–3.2	–3,488	–1.7
+/– Change in rent refurbishment portfolio	9,632	4.9	–3,723	–1.8
o/w New leases	19,502	9.9	129	0.1
o/w Lease terminations	–9,870	–5.0	–3,852	–1.8
+/– Change in rent from transactions	–14,865	–7.5	–7,389	–3.5
o/w Rents from acquired assets	1,959	1.0	210	0.1
o/w Rents from disposed assets	–16,824	–8.5	–7,600	–3.6
Contractual rent as of Dec. 31, 2020	**199,084**	**101.1**	**199,084**	**95.6**

[1] Based on a total portfolio of EUR 4,576 m (2020), EUR 4,476 m (2019) and EUR 3,985 m (2018).

Development of average rent in EUR per m²

Graph 3



Cost of letting

Effective rent rose to EUR 11.56 per m²

A rental contract does not come for free. Before a tenant moves in, the landlord must bear the costs for tenant fit-outs and broker fees. When applicable, concessions like rent-free periods must be considered as well. The base rent of a rental contract is what is usually communicated. However, the effective rent is a more useful indicator for the profitability of a rental agreement. We calculate our effective rent by accounting for all the costs incurred as a result of a new lease and deduct them from the base rent over the lifetime of the lease, as shown in table 7. In 2020, new leases for lettable office space of 116,200 m² started. The weighted average effective rent for these new leases was EUR 11.56 per m² (+3.2 % compared to 2019), with a weighted average lease term of 8.2 years. The new leases thus generate a future rental income of EUR 162.8 million (2019: EUR 123.6 million).

Weighted average effective rent[1)] Table 7

per m² in EUR	2020	2019	2018
Base rent	14.40	13.41	13.78
Tenant fit-outs	−2.52	−1.65	−2.35
Broker fees	−0.09	−0.56	−0.48
Rent concessions	−0.24	−0.01	−0.33
Effective rent	**11.56**	**11.20**	**10.62**
Weighted average lease term (in years)	**8.2**	**6.0**	**5.7**

[1)] Numbers in table 7 refer to leases that started in 2020 (not leases signed).

Am Borsigturm 13–17
Berlin

Vacancy

EPRA vacancy rate down to 7.6 %

As per December 31, 2020, our EPRA vacancy rate fell by 50 bps to 7.6 %. A more detailed analysis of the vacancy is shown in table 8, which includes the vacancy in our refurbishment assets*. As shown in the table 8, the total vacancy in our portfolio increased by 160 bps to 10.8 % due to further lease terminations in one of our refurbishment projects. Our transaction activities had only a minor impact on the development of our vacancy. Over a refurbishment cycle, we expect our total vacancy rate to fluctuate between 12 % and 8 %. The exact number depends on how much vacancy we buy or create in preparation for our next pipeline, how many fully let properties we sell and how many buildings we have under refurbishment. Vacant space is the primary good we need if we are to create value in our property portfolio.

Vacancy schedule

Table 8

		m²	Vacancy rate (%)	
Total lettable area – Dec. 31, 2019	**(A)**	**1,509,200**		
Acquired space		3,100		
Disposed space		–76,900		
Net new built space		–4,400		
Remeasurements		–3,200		
Total lettable area – Dec. 31, 2020	**(C)**	**1,427,800**		
Vacancy – Dec. 31, 2019	**(B)**	**146,100**	**9.2**	**(B / A)**
Acquired vacancy		0		
Disposed vacancy		–6,000		
Expiries and breaks		130,500		
Renewals		–57,500		
New leases		–59,500		
Vacancy – Dec. 31, 2020	**(D)**	**153,600**	**10.8**	**(D / C)**
o/w Refurbishments		58,800		
EPRA vacancy rate[1]			**7.6**	

[1] For detailled calculation see table 24, page 43.

Deutsche-Telekom-Allee 7
Darmstadt

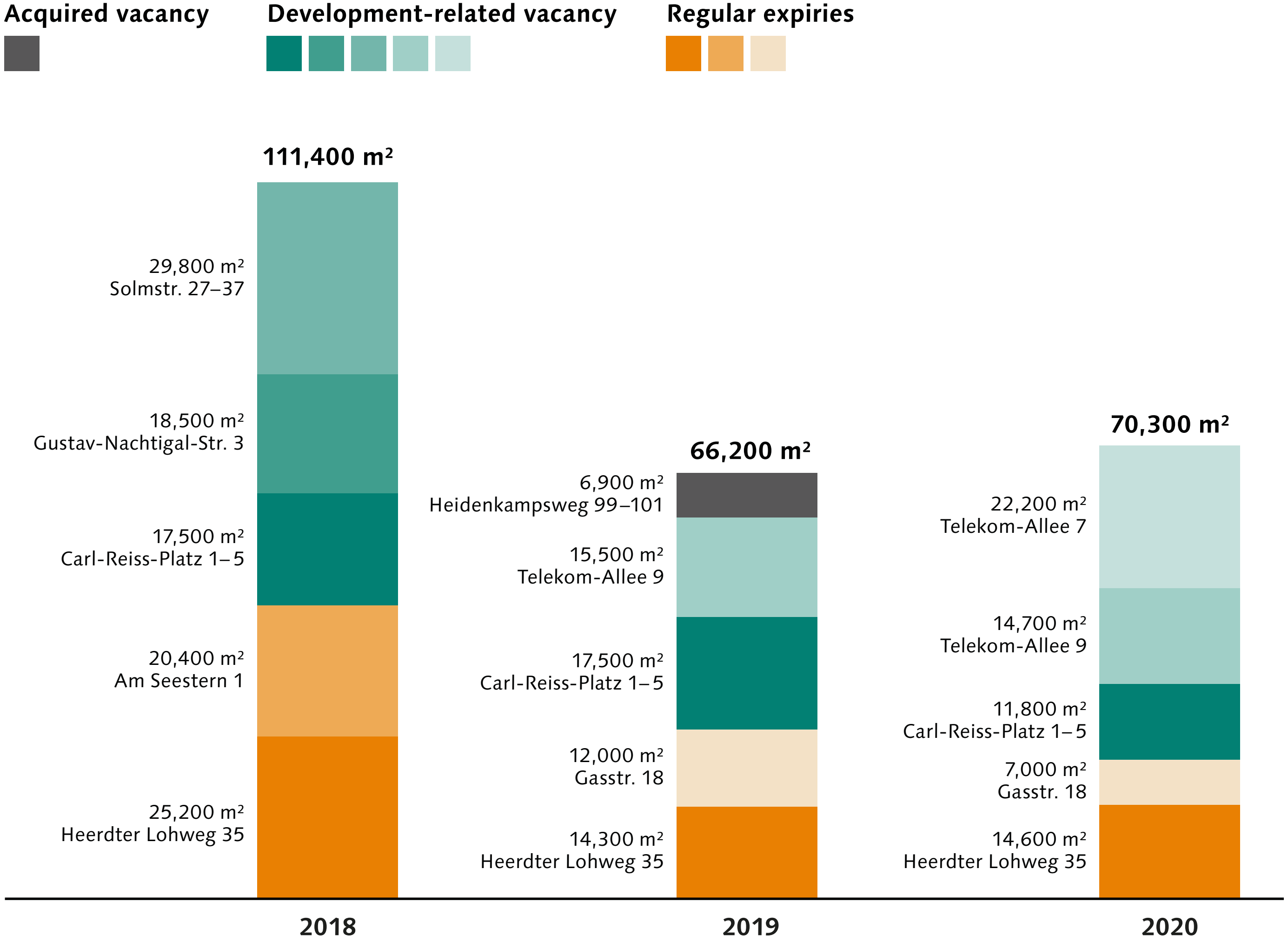
* Vacancy in the refurbishment asset is disregarded by the EPRA BPR methodology.

Average down period of 23 months

We believe that the average down period of rental space (which provides a dynamic picture of vacancy in the portfolio) is a more meaningful indicator of leasing performance than the vacancy rate (which, by contrast, provides a static picture of vacancy). As of December 31, 2020, the average down period for our vacant space was 23 months (previous year: 20 months). This means that, on average, we needed 23 months (including refurbishments) to re-let vacant space. The dynamic nature of our vacancy is shown by the fact that, year by year, there is change in our 'Top 5' assets that contribute to the vacancy in our portfolio (see graph 4).

'Top 5' vacant assets 2018–2020

Graph 4



Capital expenditure

Capex is the key to rental growth

Although we may benefit from market-driven rental growth, we do not rely on it for delivering performance. An office building is less a commodity and more and more a tailor-made product. The pandemic and work from home will only accelerate that trend. As such, tenants are willing and able to pay higher rents for assets designed to meet their unique needs and provide them with the added value they need to strengthen the culture and cohesion of their organization.

For the landlord, the tailor-made nature of the current and future offices means that there is a constant need to reinvest in the assets, which is also the most sustainable way to increase rents to invest money in improving the quality of the building, in line with tenant requirements. The amount of incremental rent usually is a function of the amount of capex invested. In this respect, the main challenge is to find the most efficient combination of capex and rent increase to optimize the return (i.e., yield on capex).

To maximize our yield on capex, we combine the local knowledge of our Real Estate Operations Team with the know-how of our refurbishment team. This allows us to unlock the potential of our portfolio. That our portfolio is still let below market levels gives us the headroom to invest in the space, lift the rents and achieve attractive returns of 6–7 % on our capex, which is much more than what the direct investment market currently offers.

Capex / Opex of EUR 144.9 million

Capex volume substantially increased

To provide transparency around our capex, we split our total capex into different categories, in line with the EPRA BPR (table 9). Our development capex relates to the respective sub-portfolio, which undergoes a substantial refurbishment (capex > EUR 1,000 per m^2). It was significantly up in 2020, as we increased our capital allocation to the refurbishment program, because it provided substantially more attractive opportunities then the direct investment market.

The investment portfolio capex relates to our investment portfolio and characterizes modernization capex and tenant fit-outs, which usually amount to below EUR 1,000 per m^2. The total portfolio capex amount of EUR 144.9 million was capitalized in 2020. In addition to capitalized investments, we were constantly carrying out minor upgrades (EUR 8.4 million) and ongoing repairs (EUR 5.5 million) on our buildings, which were recognized in our income statement and therefore in our operating profit (FFO) as well. Overall, we invested a total of EUR 158.9 million into our properties in 2020. In the context of the total portfolio, this corresponds to an average amount of EUR 111 per m^2 or around 4.5 % of the portfolio value (excluding land value).

Like-for-like growth yield of 6.5 %

Over the past 24 months, we leased up 488.400 m^2 and generated an additional rent (like-for-like) of EUR 17.0 million. The capex we spent over this period of time was EUR 261.1 million, leading to a like-for-like growth yield of 6.5 % (table 10).

Property related capex / opex

Table 9

EUR k	2020	2019	2018
Acquisitions	**7,780**	**49,300**	**107,300**
Refurbishment portfolio	56,109	44,105	36,320
Investment portfolio	88,819	72,037	50,100
o/w Incremental lettable space	0	0	0
o/w No incremental lettable space	74,178	29,114	26,508
o/w Tenant incentives	12,715	27,989	21,187
o/w Other material non-allocated types of expenditure	1,926	14,934	2,392
Capitalized interest	0	0	0
Total capital expenditure	**144,928**	**116,142**	**86,420**
Maintenance[1)]	8,429	8,476	8,532
Running repairs[1)]	5,547	5,095	4,802
Operating expenditure	**13,976**	**13,571**	**13,334**
Total Capex / Opex	**158,904**	**129,713**	**99,754**

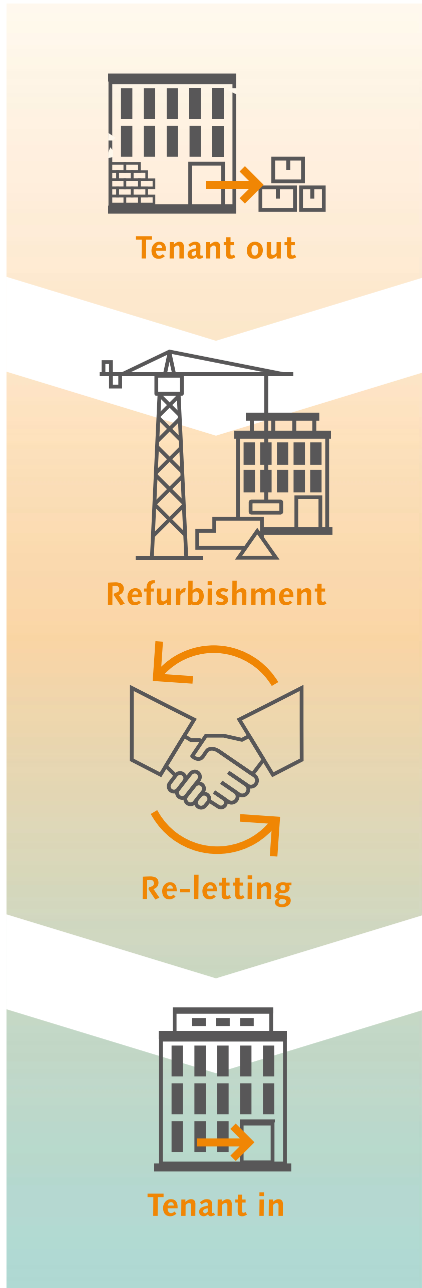
[1)] Incl. in P&L and FFO.

Like-for-like growth yield

Table 10

	EUR k
Change rental income 2019 and 2020[1)]	**16,983**
o/w Investment portfolio	7,351
o/w Refurbishment portfolio	9,632
Capex 2019 and 2020[2)]	**261,070**
Like-for-like growth yield	**6.5 %**

[1)] See table 6, page 15.
[2)] See table 9, page 20 (EUR 144.9 m for 2020 and EUR 116.3 m for 2019).



Refurbishment portfolio

Progress as planned over the course of 2020

To effectively exploit the potential of our property portfolio, we have around 8 % of portfolio volume under refurbishment. The refurbishment buildings are sourced from our investment portfolio and are intended to return to the investment portfolio after completion. Our current refurbishment pipeline comprises nine projects, with a total lettable area of 176,000 m². In 2020, we were able to deliver the asset in Georg-Glock-Str. 18 (Düsseldorf) to our tenants and achieved a refurbishment return of 6.3 %. Our two main projects, in Gustav-Nachtigal-Str. 3 & 5 (Wiesbaden) and Solmsstr. 27–37 (Frankfurt), are fully let and are in the process of refurbishment. The assets will be handed over to the tenants in 2021 and 2022, respectively. Rents on both buildings increased by 52 %, reflecting the enhanced quality of the assets after the refurbishment. The buildings in Gartenstr. 2 (Düsseldorf) and Handwerkstr. 4 (Stuttgart) are new additions to the refurbishment portfolio.

Planned refurbishment capex of EUR 243.9 million

For the current refurbishment portfolio, we plan a capex volume of EUR 243.9 million, which is EUR 1,380 per m². Taking into account the current book value, the required capex and the rent that we will achieve after completion, the all-in cost yield of our current refurbishment portfolio will be around 5.9 %.

Key data

Table 11

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
Total		**176,000**	**345,400**	**243,900**	**183,100**	**34,500**	**5.9**

Pre-let status

Table 12

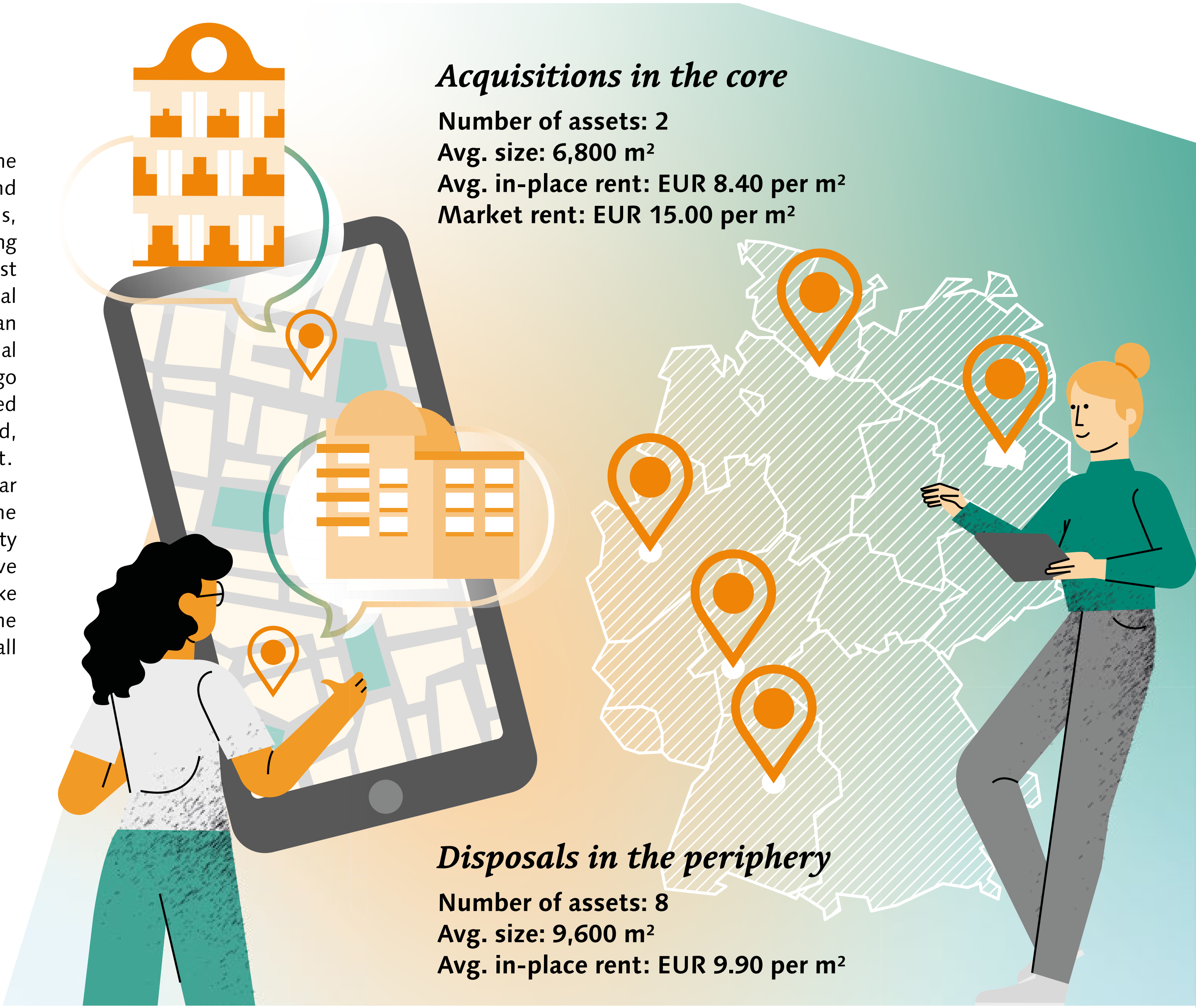
Address	City	Lettable area (m²)	Pre-letting (% of ERV)	Secured rent (EUR k)	Target rent on completion (EUR k)	Status	Expected completion date
Besenbinderhof 41	Hamburg	5,000	0	0	1,100	Construction	Q3 2021
Carl-Reiß-Platz 1–5, TG	Mannheim	11,800	0	0	3,200	Construction	Q2 2022
Deutsche Telekom Allee 7	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
Total		**176,000**	**67**	**23,261**	**34,500**		

Transactions

Capital recycling optimizes the structure of our portfolio

alstria is not a trading company and we do not bet on the real estate cycle. As a long-term oriented investor and real estate operator, we buy assets in our core regions, whenever we see the potential to improve the building quality and to generate higher rents. This is the most sustainable way to create value. When we acquire real estate assets, we strive for internal rates of return (on an unlevered basis) of 6 % to 8 %, depending on the individual risk of the property. Potential acquisition targets undergo rigorous due diligence and must perform on an unlevered basis. Our pricing discipline has remained unchanged, regardless of the current low interest rate environment.

We do, however, review our investment on a regular basis and assess the risk return prospect of holding the asset to execute our business plan vs. the opportunity to sell the asset in the market. If and when we believe there is a pricing dislocation in the market, we try to take advantage of it, either to buy more assets or to sell some assets. Our aim is to systematically improve the overall risk return profile of the portfolio.



Acquisitions & disposals 2020

Buy the core – sell the periphery

In 2020, we continued to take advantage of the strong demand for German office real estate to dispose the weaker assets in our portfolio (usually located in the periphery of our core markets), with the intention to reinvest the sale proceeds in the core of our markets, either through our refurbishment program or, if available, through selective acquisitions. In view of the persistently high prices in the transaction market, we acquired only one building in Düsseldorf city center for an all-in cost of EUR 7.8 million and another property in Frankfurt (after the balance sheet date) for EUR 32.6 million. Over the course of 2020 we sold eight properties in non-core markets for EUR 126.5 million. The reallocation of the capital employed enables us to continuously improve the risk-return profile of the portfolio.

Unlevered return of 7.0 % in 2020

We measure the return on our properties over their entire holding period, on the basis of an unlevered internal return (UIRR = unlevered rate of return). Over their holding period, the buildings sold in 2020 generated an unlevered profit of EUR 46.2 million and an UIRR of 7.0 %. This result is in line with our target return and is a testimony of our ability to generate consistent returns on our real estate investments throughout the cycle. The properties we disposed in 2020 were sold at a gain of 7.2 % compared to the most recent appraised value.

Over the lifetime of the company we have disposed around EUR 1.6 billion of assets and generated an unlevered profit of EUR 492 million and average UIRR of 7.3 %.

Acquisitions

Table 13

Address	Lettable area (m²)	Vacancy rate (%)	Acquisition price[1] (EUR k)	Annual rent (EUR k)	Transfer of benefits and burden
Corneliusstr. 36, Düsseldorf	3,100	0.0	7,780	208	Dec. 31, 2020
Hanauer Landstr. 161–173, Frankfurt	10,500	55.0	32,600	580	Mar. 1, 2021
Total	**13,600**	**42.5**	**40,380**	**788**	

[1] All-in costs.

Disposals / UIRR

Table 14

Address	Lettable area (m²)	Acquisition–Sale	Historical acquisition price (EUR k)	Annual rent (EUR k)	Gain to book value (EUR k)	Disposal price (EUR k)	Rent collected (EUR k)	Total capex (EUR k)	Unlevered profit (EUR k)	UIRR[1] (%)
W.-v.-Siemens Platz 4, Laatzen	21,000	2007–2019	27,700	1,411	–700	16,680	22,208	3,912	6,708	2.4
Balgebrückstr. 13, Bremen	4,100	2015–2019	3,800	297	–800	2,900	910	118	–136	–9.0
Earl-Bakken-Platz 1, Meerbusch	8,000	2015–2020	15,700	1,175	525	20,700	5,272	1,564	8,331	10.9
Josef-Wulf-Str. 75, Recklinghausen	19,900	2015–2020	31,465	2,042	4,800	32,500	8,542	1,123	8,038	5.8
D2 Park 5, Düsseldorf	5,700	2015–2022	10,449	739	180	9,400	1,851	584	0	0.0
Kurze Str. 40, Filderstadt	5,900	2015–2020	6,598	504	275	8,300	2,554	1,532	2,297	6.7
Arndtstr. 1, Hanover	10,900	2007–2020	14,138	1,283	3,785	33,330	12,370	10,608	19,786	6.9
Essener Str. 97, Hamburg	1,400	2017–2020	1,939	167	480	2,700	479	38	1,176	16.3
Total	**76,900**		**111,789**	**7,618**	**8,545**	**126,510**	**54,186**	**19,479**	**46,200**	**7.0**

[1] Incl. 6 % transactions costs and 5 % real estate operating expenses.

External valuation

Valuation based on RICS standards

Our entire real estate portfolio is revalued at least once a year by independent appraisers. Last year's valuation was conducted by Savills Advisory Services Germany. The valuation report can be found on pages 60–68 in this report.

In determining the value of our real estate portfolio, Savills has applied the hardcore and top slice (H&T) method and is compliant with the recommendations of the RICS (Royal Institution of Chartered Surveyors). The H&T method divides the cash flow of the property into two blocks calculated individually and summed up subsequently. To derive the capital value, a yield is used, obtained from transactions of comparable buildings. The hardcore block considers the cash flow at the valuation date until the expiry of the existing lease, whereas the top slice marks the second phase, from the beginning of the reletting, based on market rents. The cash flows consider management, maintenance and unrecoverable costs, as well as an appropriate void period. Finally, the capital value (sum of hardcore and top slice) is corrected by costs for outstanding repairs, future capital costs (refurbishment and reletting) and purchasers' costs, to calculate the net value of the property, which is the amount reflected on our balance sheet.

Portfolio value

Uplift of EUR 61.5 million

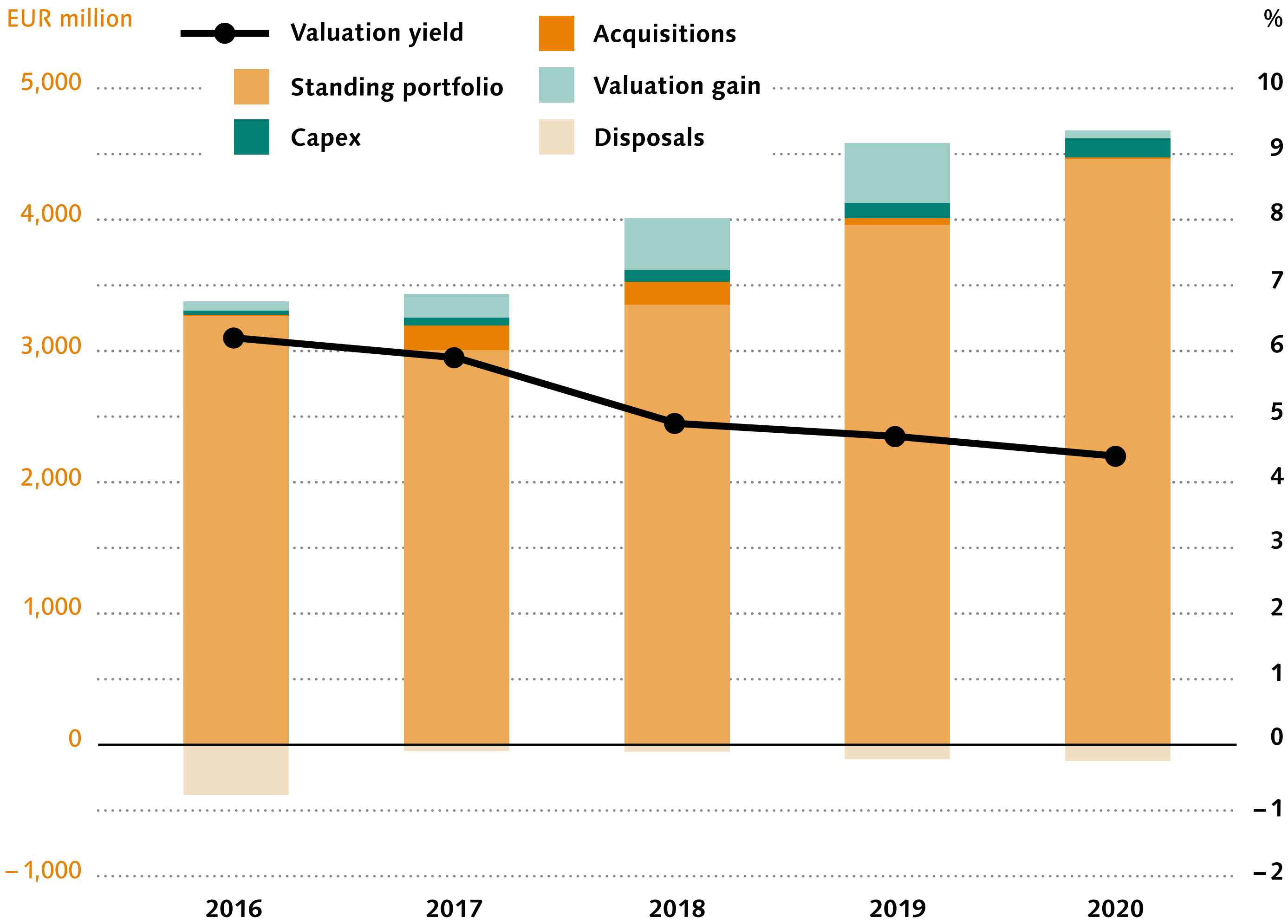
For the overall portfolio, the 2020 valuation process resulted in a total uplift of EUR 61.5 million (net of capex and acquisitions) over the course of 2020. 60 properties experienced an increase in value amounting to EUR 318.6 million, although 38 buildings were devalued by a total of EUR 112.2 million. Devaluations related, in particular, to three hotel/retail properties affected by the impact of the COVID-19 pandemic. The valuation uplift not only reflects the change in the underlying real estate market, but also reflects the EUR 144.9 millions of value added by our real estate operations.

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.

Portfolio value grew by 37 % since 2016

Over the past five years, our investment portfolio grew by 37 % to EUR 4.6 billion. During this period, we sold slightly more than we bought and concentrated our portfolio on the core of our markets. Nevertheless, we were net investors, as we spent EUR 437.6 million in capex to improve the quality of our assets. Finally, the strong price increase in the German office market let to a valuation uplift of EUR 1.2 billion since 2016. The strong investment market was reflected by a yield that came down from 6.2 % in 2016 to 4.4 % in 2020.

Portfolio value 2016–2020 Graph 5



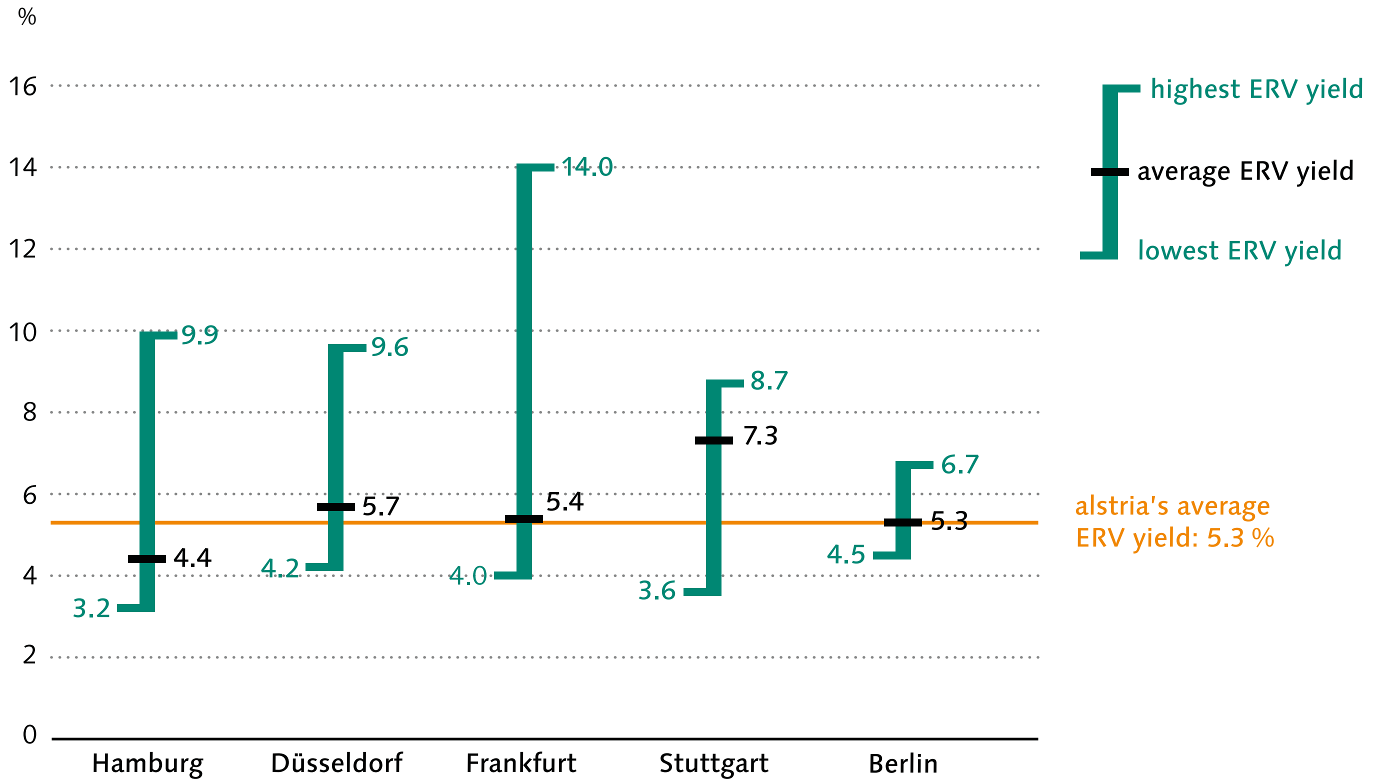
Range of yields

ERV yields between 3.2 % and 14.0 %

The portfolio yield stands at 5.3 % as of December 31, 2020. However, there is a wide range of yields, reflecting the characteristics of each individual property (see graph 6). The range of ERV yields (excluding refurbishment portfolio assets) represents the difference between the building with the lowest ERV yield and the building with the highest ERV yield in the respective region. The value within the range is the average ERV yield in the local portfolio. The lower end of the yield usually represents buildings with longer-term leases and the higher end of the range represents properties with shorter leases in the respective region.

Range of ERV yields[1] in alstria's portfolio Graph 6

as of December 31, 2020



[1] The ERV yield is the market value of the asset (OMV) in relation to its market rent (ERV). The valuation yield is 4.4 % as of Dec. 31, 2020.

Portfolio in detail

109 buildings generating sustainable returns

We own and manage office buildings located in large German office markets and we offer our investors an efficient gateway into the German commercial real estate market. The concentration on the big and liquid German office markets presents a fair reflection of the underlying strength of the German economy, and at the same time, it offers us the opportunity to build up sizable sub-portfolios that we can efficiently manage from our local offices.

We usually prefer to own smaller assets concentrated in a geographical area, rather than larger assets. By design, our portfolio is therefore very granular, which allows us to spread our operational risk over a much larger number of assets. The average building has a lettable area of 13,100 m² and a market value of EUR 42.0 million. We believe that, from a risk return perspective, a greater number of smaller assets is more beneficial than a smaller number of larger assets, despite higher management complexity.

alstria's average building

Size: 13,100 m²
Value: EUR 42.0 million
Value per m²: EUR 3,205
Rent per m²: EUR 12.93

Portfolio movement

Market value grew by 2.6% in 2020

Despite the disposal of eight buildings the value of our investment property portfolio has grown by 2.6% to EUR 4,456 million in 2020. To improve the transparency of our reporting, we split the change into the impact from transactions, capital expenditure and valuation. Table 15 shows that the portfolio movement has been driven primarily by our capex measures (EUR 144.9 million) and to a lesser extend by our valuation result (EUR 61.5 million). We used the strong investment market to dispose of non-core assets, putting us into a net-seller position. To make best use of our portfolio's potential and to meet the demand for high quality office space, we invested the amount of EUR 144.9 million into our assets. On balance, we thus remained a net investor in German office properties in 2020.

Besides our investment property portfolio, we held assets in own use on our balance sheet. The total portfolio value as of December 31, 2020 amounted to EUR 4,576 million.

A detailed asset-by-asset portfolio description can be found on the following pages (and downloaded from our website www.alstria.com/portfolio/

Movements property portfolio Table 15

	EUR k
Investment properties as of Dec. 31, 2019	**4,438,600**
+ Transactions	–88,900
o/w Acquisitions[1]	7,800
o/w Disposals (book value)	–96,700
+ Capital expenditure	144,900
o/w Refurbishment portfolio[2]	56,100
o/w Investment portfolio	88,800
+ Valuation result	61,500
o/w Refurbishment portfolio[1]	54,000
o/w Investment portfolio	7,500
+ Other adjustments	100
= Investment properties as of Dec. 31, 2020	**4,556,200**
+ Fair value of owner occupied properties as of Dec. 31, 2020	24,800
– Adjustment IFRS 16	–4,900
= Total portfolio value as of Dec. 31, 2020	**4,576,100**

[1] Including acquisition costs.
[2] Assets classified as refurbishment assets as of Dec. 31, 2019 and Dec. 31, 2020.

Portfolio overview

Table 16

Asset	City	Total lettable area (m²)	Office space (m²)	Vacancy (m²)	Contractual annual net rent (EUR)	ERV[1] (EUR)	OMV[1] (EUR)	Capex (EUR)	Wault (years)	Δ Contractual rent (2019/20) (%)	Δ OMV (2019/20) (%)
Total Portfolio	**Hamburg**	**1,427,800**	**1,178,500**	**153,600**	**199,084,300**	**244,470,000**	**4,576,090,000**	**144,927,900**	**6.1**	**–1.0**	**4.8**
Hamburg											
Alte Königstr. 29–39	Hamburg	4,300	3,600	0	637,100	738,200	16,500,000	0	5.4	0.0	1.9
Alter Steinweg 4	Hamburg	32,000	28,000	0	4,501,100	5,367,900	158,500,000	208,100	5.4	0.0	7.8
Amsinckstr. 28	Hamburg	8,700	8,200	200	1,575,300	1,551,800	37,500,000	5,072,000	6.2	–0.8	21.8
Amsinckstr. 34	Hamburg	6,700	6,400	2,900	744,200	1,189,900	22,800,000	1,072,300	4.4	14.9	2.2
Bäckerbreitergang 73–75	Hamburg	2,700	2,600	0	580,400	610,900	17,400,000	800	5.1	3.2	5.5
Basselweg 73	Hamburg	2,700	1,900	0	295,600	328,500	6,850,000	0	5.1	0.0	0.9
Besenbinderhof 41	Hamburg	5,000	3,500	5,000	0	1,198,100	16,600,000	2,877,600	0.0	0.0	13.7
Borsteler Chaussee 111–113	Hamburg	5,400	3,600	0	677,300	678,500	13,800,000	15,100	5.3	3.5	–0.7
Buxtehuder Str. 9, 9a, 11, 11a	Hamburg	7,700	5,100	1,500	622,400	922,500	12,400,000	0	5.4	0.0	3.3
Drehbahn 36	Hamburg	25,700	20,200	0	3,688,100	4,382,500	128,700,000	220,200	15.4	0.0	8.7
Ernst-Merck-Str. 9	Hamburg	17,500	11,500	0	3,121,300	3,602,600	105,200,000	609,400	9.5	0.9	4.6
Essener Bogen 6a–d	Hamburg	5,400	5,300	0	736,900	900,700	9,120,000	0	0.7	–0.7	–7.0
Garstedter Weg 13	Hamburg	3,600	2,700	0	390,300	476,900	8,330,000	0	5.4	0.0	0.7
Gasstr. 18	Hamburg	26,800	23,000	7,000	3,309,500	4,538,500	69,300,000	5,945,100	6.4	55.3	23.8
Grindelberg 62–66	Hamburg	18,400	17,400	0	2,362,300	2,761,300	62,000,000	423,600	5.4	0.0	1.0
Hamburger Str. 1–15 (MOT)	Hamburg	9,500	8,300	1,200	1,822,900	2,147,500	34,200,000	–110,900	2.5	–5.8	–3.4
Hamburger Str. 1–15 (MUC)	Hamburg	12,700	0	1,900	2,373,700	2,659,300	33,900,000	93,100	4.1	–3.8	–19.7
Hammer Steindamm 129	Hamburg	7,200	6,300	0	620,000	776,700	14,800,000	0	5.4	0.0	2.8
Heidenkampsweg 44–46	Hamburg	4,500	4,000	0	504,700	581,100	8,010,000	13,700	2.8	13.6	0.0
Heidenkampsweg 51–57	Hamburg	10,200	9,400	0	1,728,300	1,812,700	34,000,000	251,200	3.4	1.9	–6.3
Heidenkampsweg 99–101	Hamburg	19,500	18,900	200	3,228,700	3,423,000	58,400,000	5,622,200	6.0	78.9	15.9
Herthastr. 20	Hamburg	3,300	2,700	0	335,600	404,400	6,640,000	0	5.4	0.0	0.5
Johanniswall 4	Hamburg	14,100	10,500	0	1,940,800	2,368,500	68,400,000	28,700	14.2	0.0	7.0
Kaiser-Wilhelm-Str. 79–87	Hamburg	5,600	4,300	0	1,198,700	1,287,700	36,300,000	–24,100	4.4	0.6	7.1
Kattunbleiche 19	Hamburg	12,400	9,800	0	1,717,700	1,583,300	49,700,000	0	15.4	0.0	5.1
Ludwig-Rosenberg-Ring 41	Hamburg	4,900	4,100	100	536,300	560,400	11,400,000	0	5.7	0.3	1.8

[1] According to the year-end valuation by Savills Advisory Services.

Portfolio overview

Table 16

Asset	City	Total lettable area (m²)	Office space (m²)	Vacancy (m²)	Contractual annual net rent (EUR)	ERV[1] (EUR)	OMV[1] (EUR)	Capex (EUR)	Wault (years)	Δ Contractual rent (2019/20) (%)	Δ OMV (2019/20) (%)
Max-Brauer-Allee 89–91	Hamburg	9,800	7,000	0	1,022,700	1,182,500	26,400,000	0	5.4	0.0	2.7
Nagelsweg 41–45	Hamburg	6,900	6,300	0	1,000,200	1,152,200	23,800,000	188,200	7.7	0.0	1.3
Öjendorfer Weg 9–11	Hamburg	6,100	5,900	0	637,100	727,000	14,800,000	0	5.4	0.0	2.8
Rahlstedter Str. 151–157	Hamburg	2,900	2,900	0	329,600	364,100	7,230,000	0	5.4	0.0	2.7
Schaartor 1	Hamburg	5,200	4,400	0	968,400	1,184,200	28,000,000	37,700	2.2	0.6	0.0
Sonninstr. 24–28	Hamburg	22,100	20,200	800	2,660,700	3,823,900	76,600,000	544,500	5.6	1.0	5.8
Steinstr. 10	Hamburg	26,800	22,200	0	3,689,100	4,725,700	136,300,000	1,257,300	5.4	0.0	10.6
Steinstr. 5–7[2]	Hamburg	22,400	18,700	100	4,389,200	4,877,300	137,500,000	–104,500	7.6	0.7	9.3
Süderstr. 24	Hamburg	6,600	6,200	300	1,023,900	1,131,300	22,600,000	–20,500	4.3	3.9	–1.7
Total		**385,300**	**315,100**	**21,200**	**54,970,100**	**66,021,600**	**1,513,980,000**	**24,220,800**	**6.9**	**5.3**	**6.1**
Düsseldorf											
Adlerstr. 63	Düsseldorf	2,700	900	0	335,000	621,100	7,850,000	0	10.8	0.0	0.4
Alfredstr. 236	Essen	30,300	27,700	0	4,150,000	4,587,000	80,000,000	0	3.0	0.0	–4.4
Am Seestern 1	Düsseldorf	35,700	31,800	4,700	5,876,700	5,854,700	133,100,000	17,878,300	6.7	4.8	42.7
Am Wehrhahn 28–30	Düsseldorf	2,600	1,500	400	371,000	441,600	9,050,000	9,500	4.6	0.6	0.0
Am Wehrhahn 33	Düsseldorf	24,100	18,600	3,100	4,808,500	5,660,400	133,200,000	2,326,200	5.0	6.4	6.6
An den Dominikanern 6	Cologne	27,500	0	0	3,000,000	4,284,100	92,000,000	0	4.6	–11.7	0.4
Bamlerstr. 1–5	Essen	33,200	28,300	600	4,001,100	4,109,200	57,800,000	2,878,700	2.8	4.3	–6.2
Berliner Str. 91–101	Ratingen	33,900	22,700	6,800	3,873,000	4,253,600	54,200,000	2,132,500	6.3	0.1	–14.8
Carl-Schurz-Str. 2	Neuss	12,700	12,700	2,800	1,092,800	1,533,900	16,000,000	390,100	4.3	16.4	–5.9
Corneliusstr. 36	Düsseldorf	3,100	2,200	0	210,500	492,300	7,270,000	0	1.6	0.0	0.0
Elisabethstr. 5–11[2]	Düsseldorf	10,000	9,000	2,900	1,564,100	2,307,500	50,500,000	24,000	7.0	–28.0	–4.2
Emanuel-Leutze-Str. 11	Düsseldorf	8,400	7,500	1,100	972,800	1,191,500	17,700,000	391,600	3.1	3.8	–5.3
Frauenstr. 5–9	Trier	16,900	900	200	1,283,200	1,843,300	25,400,000	–1,100	3.8	–16.1	–8.3
Friedrichstr. 19	Düsseldorf	2,200	1,300	0	380,500	453,300	8,900,000	3,800	2.9	0.8	0.0
Friedrich-List-Str. 20	Essen	9,000	7,900	0	1,477,600	1,537,800	19,200,000	0	1.0	0.0	–9.4
Gartenstr. 2	Düsseldorf	4,800	4,700	2,200	646,400	1,339,600	15,700,000	163,100	6.4	–28.9	–7.1
Georg-Glock-Str. 18	Düsseldorf	10,800	10,200	0	2,748,200	2,461,700	61,700,000	4,216,400	9.5	3.8	43.5

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[2] Own used property, partly classified as property, plant and equipment.

Portfolio overview

Table 16

Asset	City	Total lettable area (m²)	Office space (m²)	Vacancy (m²)	Contractual annual net rent (EUR)	ERV[1] (EUR)	OMV[1] (EUR)	Capex (EUR)	Wault (years)	Δ Contractual rent (2019/20) (%)	Δ OMV (2019/20) (%)
Gereonsdriesch 13	Cologne	2,500	2,100	100	373,400	469,200	8,850,000	–13,900	2.3	–2.9	1.6
Graf-Adolf-Str. 67–69	Düsseldorf	4,900	2,900	900	494,300	620,600	10,000,000	208,700	3.0	–11.0	–2.9
Hansaallee 247	Düsseldorf	5,700	4,300	300	741,300	783,900	13,200,000	139,500	3.2	–4.5	–3.6
Hans-Böckler-Str. 36	Düsseldorf	7,700	6,500	0	1,168,600	1,312,800	31,400,000	0	8.1	1.1	5.0
Heerdter Lohweg 35	Düsseldorf	37,400	33,400	14,900	3,346,900	5,650,700	74,000,000	5,557,000	7.1	–1.7	–0.7
Horbeller Str. 11	Cologne	6,600	5,800	0	669,000	788,700	12,100,000	–38,600	6.0	1.5	0.0
Immermannstr. 40	Düsseldorf	8,200	7,200	100	1,320,200	1,473,400	29,600,000	812,000	2.9	8.4	9.2
Immermannstr. 59	Düsseldorf	6,500	5,100	0	1,068,900	1,036,500	22,300,000	108,700	3.4	0.1	9.3
Ivo-Beucker-Str. 43	Düsseldorf	8,000	7,700	0	1,226,100	1,124,400	16,200,000	0	3.7	1.5	0.0
Kaistr. 16, 16a, 18	Düsseldorf	9,300	8,900	0	2,363,000	2,441,400	53,700,000	–136,800	2.1	1.3	0.0
Kampstr. 36	Dortmund	3,100	1,400	700	511,500	590,500	8,330,000	349,700	5.4	1.2	–12.2
Kanzlerstr. 8	Düsseldorf	9,000	7,900	1,100	1,314,300	1,384,100	21,500,000	7,888,300	9.0	3.2	16.8
Karlstr. 123–127	Düsseldorf	5,700	5,200	0	794,000	1,021,900	17,700,000	0	2.5	0.0	10.6
Maarweg 165	Cologne	22,800	19,900	6,400	2,361,300	3,462,800	52,800,000	2,702,600	4.8	15.7	–1.9
Pempelfurtstr. 1	Ratingen	18,600	17,000	6,000	1,453,600	1,824,300	23,900,000	428,400	5.1	–5.6	–16.4
Willstätterstr. 11–15	Düsseldorf	24,000	16,700	2,300	2,318,300	2,704,100	45,700,000	1,256,300	6.5	6.5	1.8
Total		**447,900**	**339,900**	**57,600**	**58,316,100**	**69,661,900**	**1,230,850,000**	**49,675,000**	**5.1**	**–0.3**	**3.7**
Frankfurt											
Am Hauptbahnhof 6	Frankfurt	7,700	5,900	600	1,622,100	1,712,800	40,500,000	2,539,700	5.1	2.5	5.7
Carl-Reiß-Platz TG	Mannheim	0	0	0	61,000	271,300	1,300,000	0	2.2	10.5	–13.9
Carl-Reiß-Platz 1–5	Mannheim	11,800	10,000	11,800	0	3,130,500	30,100,000	10,248,900	0.0	0.0	43.3
Deutsche-Telekom-Allee 7	Darmstadt	22,200	21,100	22,200	0	3,506,500	35,000,000	84,300	0.0	–100.0	–11.8
Deutsche-Telekom-Allee 9	Darmstadt	60,700	53,100	14,700	6,480,900	9,619,500	134,000,000	5,954,800	5.1	0.3	–2.8
Goldsteinstr. 114	Frankfurt	7,900	7,500	200	1,079,400	1,152,900	19,900,000	256,000	4.1	1.2	2.1
Gustav-Nachtigal-Str. 3	Wiesbaden	18,400	17,200	0	6,082,200	3,484,600	109,900,000	9,516,800	16.0	0.1	72.5
Gustav-Nachtigal-Str. 4	Wiesbaden	800	700	800	0	219,600	1,370,000	0	0.0	–100.0	2.2
Gustav-Nachtigal-Str. 5	Wiesbaden	7,600	6,900	0	2,632,000	1,471,600	33,800,000	284,000	15.0	0.0	23.8
Hauptstr. 45	Dreieich	8,100	7,000	0	1,515,500	1,025,200	25,400,000	22,400	7.3	4.5	0.8

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Insterburger Str. 16	Frankfurt	13,000	12,900	300	1,827,200	2,041,400	31,200,000	448,300	4.5	0.6	–2.2
Mainzer Landstr. 33a	Frankfurt	3,300	2,800	0	629,500	685,100	15,000,000	24,700	1.5	2.3	0.0
Mergenthalerallee 45–47	Eschborn	5,100	4,800	2,400	258,300	426,700	3,050,000	1,800	1.1	–16.2	–46.0
Olof-Palme-Str. 37	Frankfurt	10,400	9,300	0	1,608,500	1,695,200	27,000,000	420,200	5.2	0.0	0.0
Platz der Einheit 1[2]	Frankfurt	30,400	28,700	6,000	6,143,500	8,020,400	193,300,000	1,876,000	3.5	–7.3	–2.1
Siemensstr. 9	Neu-Isenburg	9,600	9,300	1,500	1,039,600	1,251,400	16,100,000	301,000	2.7	–6.5	–6.4
Solmsstr. 27–37	Frankfurt	30,900	26,500	0	6,080,900	6,161,700	139,600,000	16,813,700	20.0	0.0	28.8
Stresemannallee 30	Frankfurt	9,000	7,700	0	1,370,800	1,438,700	23,800,000	–31,700	4.3	1.0	–9.8
Taunusstr. 45–47	Frankfurt	7,300	5,500	600	1,083,000	1,252,300	31,400,000	267,300	2.4	0.6	6.4
Wilhelminenstr. 25	Darmstadt	8,400	3,500	1,900	978,900	1,287,300	18,400,000	267,100	3.2	–16.3	–15.2
Total		**272,600**	**240,400**	**63,000**	**40,493,300**	**49,854,700**	**930,120,000**	**49,295,300**	**9.1**	**–9.7**	**8.7**
Stuttgart											
Breitwiesenstr. 5–7	Stuttgart	25,100	20,100	0	3,091,100	3,878,600	60,100,000	620,700	4.5	0.0	0.0
Eichwiesenring 1	Stuttgart	12,300	5,100	800	1,596,900	1,824,900	25,900,000	16,500	4.0	2.6	–14.5
Epplestr. 225	Stuttgart	106,000	101,700	2,900	16,441,400	20,218,100	242,500,000	11,689,200	1.9	–1.0	–6.7
Handwerkstr. 4	Stuttgart	5,700	2,100	2,300	241,300	658,700	6,240,000	365,400	6.0	–38.9	–18.0
Hanns-Klemm-Str. 45	Böblingen	14,900	14,100	0	1,897,300	1,889,900	28,000,000	0	4.5	0.0	–6.7
Hauptstätter Str. 65–67	Stuttgart	8,600	7,700	0	1,758,900	1,736,800	47,600,000	74,700	6.9	1.3	9.4
Kupferstr. 36	Stuttgart	5,100	4,700	0	618,800	782,100	11,300,000	192,200	3.5	5.9	4.6
Rotebühlstr. 98–100	Stuttgart	8,900	6,800	500	1,917,600	2,174,600	38,200,000	5,583,700	13.2	–5.2	24.4
Vaihinger Str. 131	Stuttgart	21,400	18,500	0	3,785,200	4,078,600	47,000,000	–61,000	1.3	0.0	–13.4
Total		**208,000**	**180,800**	**6,500**	**31,348,500**	**37,242,300**	**506,840,000**	**18,481,400**	**3.4**	**–1.0**	**–3.9**

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Portfolio overview

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Asset	City	Total lettable area (m²)	Office space (m²)	Vacancy (m²)	Contractual annual net rent (EUR)	ERV[1] (EUR)	OMV[1] (EUR)	Capex (EUR)	Wault (years)	ΔContractual rent (2019/20) (%)	ΔOMV (2019/20) (%)
Berlin											
Am Borsigturm 13–17, 19, 27–29, 31–33	Berlin	15,300	15,200	700	1,820,600	2,409,300	42,500,000	329,500	3.4	6.3	15.5
Am Borsigturm 44–46, 52–54	Berlin	10,800	8,500	1,000	1,009,400	1,513,300	27,400,000	196,000	3.2	1.8	22.9
Darwinstr. 14–18	Berlin	22,500	21,400	0	3,550,200	5,732,200	121,300,000	–53,900	6.1	4.0	12.9
Hauptstr. 98–99	Berlin	3,400	2,600	0	465,700	760,100	14,800,000	1,700	4.1	11.8	12.1
Holzhauser Str. 175–177	Berlin	7,900	7,600	100	942,300	1,126,500	20,200,000	136,900	3.4	12.0	1.0
Lehrter Str. 17	Berlin	2,400	2,300	0	337,300	657,600	10,900,000	0	1.3	0.0	0.0
Maxstr. 3a	Berlin	4,200	4,000	1,000	369,200	781,400	12,500,000	–1,400	1.9	–17.6	5.9
Rankestr. 17[2]	Berlin	5,200	4,000	600	677,500	1,386,400	27,600,000	1,051,500	3.5	–4.0	9.1
Schinkestr. 20	Berlin	2,400	1,900	0	444,400	619,600	13,900,000	0	4.0	0.0	0.7
Tempelhofer Damm 146	Berlin	3,600	1,700	100	690,900	685,900	10,200,000	494,000	4.3	17.9	–9.7
Uhlandstr. 85	Berlin	9,500	6,300	1,900	771,100	2,690,900	46,800,000	581,000	5.2	–26.0	1.5
Total		**87,200**	**75,500**	**5,400**	**11,078,600**	**18,363,200**	**348,100,000**	**2,735,300**	**4.4**	**1.3**	**9.2**
Others											
Friedrich-Scholl-Platz 1	Karlsruhe	26,800	26,800	0	2,877,700	3,326,300	46,200,000	582,800	5.0	0.0	–9.4
Total		**26,800**	**26,800**	**0**	**2,877,700**	**3,326,300**	**46,200,000**	**582,800**	**5.0**	**0.0**	**–9.4**

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Portfolio overview (Excel)
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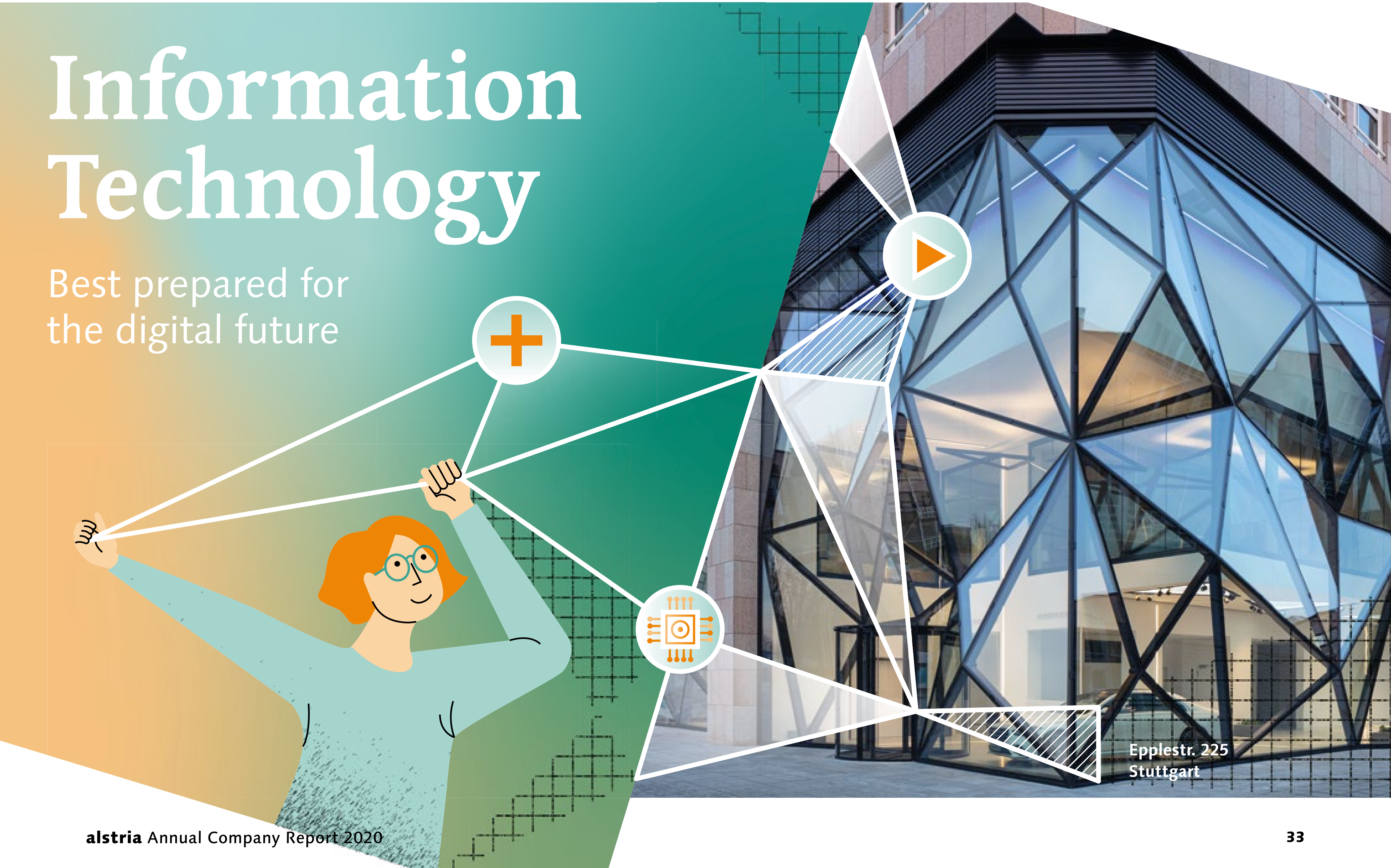
Information Technology

Best prepared for the digital future



Best prepared for the digital future

Thomas Fischer
Head of IT

Thomas, you are the head of the IT department at alstria. Would you please describe how the team is set up and which tasks you are responsible for?

Our team consists of eleven employees and five apprentices, all of whom have various qualifications ranging from front- and backend developers to system administrators and project managers. We ensure the availability, confidentiality, security and integrity of alstria's hardware, software and data. We are constantly evolving these to adapt them to the company's needs. In addition, our support team assists employees with all IT-related questions and problems. We work closely with other alstria departments, jointly develop technical solutions and design strategies for the digital future. In summary, we see ourselves as a partner to our business units in all aspects of information technology.

»As our industry moves toward more services, the IT infrastructure of a company such as alstria becomes a key differentiating factor. Especially for the nature and quality of the services we offer our tenants.«

Many companies outsource the development and support of IT. At alstria, you seem to develop your own software solutions and support the hardware yourselves. What are the advantages of this approach?

While it is true that we develop several solutions internally, we also still outsource substantial parts of our IT solutions. Over time, we have designed an IT strategy that clearly defines the criteria for what will be done internally and what should be outsourced. In short, we outsource all the solutions that are generic and that do not provide any specific competitive advantage to the company in its daily business. A good example of this is our accounting Enterprise-Resource-Planning (ERP). It manages standard processes that are not different at alstria than they are in any other company and so we can rely on a third-party solution. Otherwise, tools that relate to real estate market analysis or tenant management are developed internally. As our industry moves toward more services, the IT infrastructure of a company such as alstria becomes a key differentiating factor. Especially for the nature and quality of the services we offer our tenants. Finally, the IT department has a key function. We have to ensure that both outsourced systems and inhouse developments can interact together perfectly in a consistent data environment. For that purpose, we have developed our own application programming interface (API) which allows us to optimize the data management. Therefore, we only outsource solutions that allow API connectivity.

In process digitalization, existing and partly analog business processes are transformed and digitalized with information technology's support. Thus, standardized processes significantly increase productivity.

In addition to the benefits mentioned, digitalization is advancing as a powerful driver of change in economy and society. How do you define this term?

From my point of view, digitalization is a generic term that combines several meanings. On the one hand, it describes process digitalization. In this case, existing and partly analog business processes are transformed and digitalized with the help of information technology. As a result, through standardized processes, productivity can be significantly increased. This also involves realigning and optimizing the existing business processes, which must be precisely identified and specified beforehand. In that case, it is important to rethink the existing process. Introducing digital tools can require the re-engineering of the entire process. In my view, one of the most common mistakes in digitalization is to just copy and paste the analog process and not consider the changes that can be made specifically as a result of digitalization. On the other hand, digitalization means networking – of people, systems and information, namely data. This networking allows automation, which artificial intelligence supports. At alstria, we use this technology to read data, whereby numerical patterns are automatically detected and data-driven forecasts can be generated. Above all, digitalization is never complete, it is a constantly ongoing process that involves a wide variety of developments.

That digital development sounds very demanding. What challenges do you see coming with this?

The nationwide expansion of the network infrastructure is particularly important, as no data exchange is possible without a stable and fast network. In addition, existing IT systems must be further developed or replaced by new technologies. Cloud computing plays a central role here, guaranteeing the instant availability of applications online. To be able to use this, users only need to have Internet access. In addition to the technical challenges, the transfer of knowledge and skills to employees is very important for a successful digital transformation because only those who understand can participate and develop new ideas. We have faced all of these challenges and are implementing solutions to them. This proved to be particularly helpful at the beginning of the year. We had modern technical equipment, cloud-based systems and the know-how to enable our colleagues to work from home.

What is alstria's strategy to continue participating in this development and actively shaping it?

Our team is constantly modifying, developing and expanding our IT landscape to benefit from all of digitalization's advantages. Thereby, we use agile methods and processes to react efficiently and quickly to new requirements. A good example in this regard is our automatic and AI-supported identification of data on invoice documents. This procedure leads to a faster process and reduces our colleagues' workload. It shows very clearly how we integrate and benefit from new technological developments at alstria. Furthermore, we also train our colleagues individually and provide them with the necessary knowledge. Our strategy is to continue along this successful path, thus ensuring that alstria is best prepared for the digital future.

Cloud computing ensures the fast availability of data and applications. Combined with modern equipment and the necessary know-how, we were well positioned to quickly enable our colleagues to work from home.

Financials

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P&L and FFO

FFO margin up to 61.4 %

Despite the COVID-19 pandemic, which hit the global economy in 2020, the operating performance of our company was in line with our expectations. Due to the disposal of properties and a corresponding reduction of our lettable area, revenues fell slightly, by EUR 10.4 million, from EUR 187.5 million to EUR 177.1 million over the course of 2020. The consolidated net result decreased to EUR 168.5 million in 2020 (EUR 581.2 million in 2019) and was substantially impacted by a much lower revaluation gain of our property portfolio.

The FFO (after minorities) amounted to EUR 108.7 million, which slightly above the forecasted level of EUR 108 million. The EUR 3.9 million decline from the prior year is directly linked to lower rental income but was largely offset by lower real estate operating expenses and lower financing costs. The FFO margin increased to 61.4 % in 2020 (+140 bps yoy).

FFO adjustments 2020

Table 17 provides transparency on the adjustments we made in order to reconcile our P&L into our FFO. In general, non-cash and non-recurring items are not included in FFO, as the purpose of this number is to give a clear picture of the operating performance of the company. The most significant adjustments related to the valuation result (non-cash) and the gain on disposal (non-recurring), but also to the EUR 2.2 million that is included in other operating income as well as an adjustment of EUR 12.2 million from the net financial result.

Consolidated income statement

Table 17

	2020			2019		
EUR k	**P&L**	**Adjustments**	**FFO**	**P&L**	**Adjustments**	**FFO**
Revenues	177,063	0	177,063	187,467	0	187,467
Service charge income	38,367	0	38,367	37,038	0	37,038
Real estate operating expenses	–60,607	0	–60,607	–61,601	0	–61,601
Net rental income	**154,823**	**0**	**154,823**	**162,904**	**0**	**162,904**
Administrative expenses	–8,460	1,110	–7,350	–9,545	1,106	–8,439
Personnel expenses	–18,568	668	–17,900	–18,441	2,544	–15,897
Other operating income	4,629	–2,240	2,389	16,185	–13,644	2,541
Other operating expenses	–2,143	337	–1,806	–15,230	13,824	–1,406
Net result from fair value adjustments on investment property	61,522	–61,522	0	454,767	–454,767	0
Gain on disposal of investment property	8,340	–8,340	0	17,350	–17,350	0
Net operating result	**200,143**	**–69,987**	**130,156**	**607,990**	**–468,287**	**139,703**
Net financial result	–31,832	12,228	–19,604	–27,460	3,331	–24,129
Share of the result of joint ventures	–9	0	–9	–170	126	–44
Pre-tax income (EBT)	**168,302**	**–57,759**	**110,542**	**580,360**	**–464,830**	**115,530**
Income tax expense	187	–187	0	861	–861	0
Consolidated profit/loss for the period	**168,489**	**–57,946**	**110,542**	**581,221**	**–465,691**	**115,530**
Minorities	0	–1,870	–1,870	0	–2,959	2,959
Consolidated profit after minorities/ Funds from operations (FFO)	**168,489**	**–59,816**	**108,673**	**581,221**	**–468,650**	**112,571**
Maintenance capex			–21,739			–14,276
Adjusted funds from operations (AFFO)			**86,933**			**98,295**
Number of shares outstanding (k)			177,793			177,593
FFO per share (EUR)			**0.61**			**0.63**
AFFO per share (EUR)			**0.49**			**0.55**

Cash flow

FFO in line with operating cash flow

The FFO of a real estate company should be comparable to its operating cash flow. In 2020, our operating cash flow was EUR 103.2 million, slightly lower than the FFO generated (EUR 108.7 million). In recent years, both figures have developed to square with our expectations. Underscoring the conservative character of our FFO calculation, our operating cash flow over the past five years was at 99.4 % of our FFO.

Consolidated statement of cash flows

Table 18

EUR k	2020	2019
1. Cash flows from operating activities		
Consolidated profit for the period	168,489	581,221
Interest income	–533	–575
Interest expense	32,365	28,035
Result from income taxes	–187	–861
Unrealized valuation movements	–61,769	–445,940
Other non-cash income (–) / expenses (+)	7,181	663
Gain (–) / loss (+) on disposal of investment properties	–8,340	–17,350
Depreciation and impairment of fixed assets (+)	1,110	1,106
Decrease (+) / Increase (–) in trade receivables and other assets that are not attributed to investing or financing activities	–2,342	867
Decrease (–) / increase (+) in trade payables and other liabilities that are not attributed to investing or financing activities	–182	–1,093
Cash generated from operations	**135,792**	**146,073**
Interest received	649	814
Interest paid	–32,383	–24,674
Income taxes paid	–827	–520
Net cash generated from operating activities	**103,231**	**121,693**

EUR k	2020	2019
2. Cash flows from investing activities		
Capex in / acquisition of investment properties	–153,162	–164,915
Proceeds from sale of investment properties	126,510	139,777
Payment of transaction cost in relation to the sale of investment properties	–1,483	–179
Acquisition of other property, plant and equipment	–238	–287
Proceeds from the equity release of interests in joint ventures	46	7,350
Payments for investment in financial assets	–50,000	–238,864
Proceeds from the repayment of financial assets	250,000	36,567
Generated from investing activities / net cash used in	**171,674**	**–220,551**
3. Cash flows from financing activities		
Cash received from cash equity contributions	400	0
Payments for the acquisition of minority interests	–9	–73
Distributions on limited partnerships of minority shareholders	–1,949	–1,947
Proceeds from the issuing of bonds and borrowings	350,000	393,596
Payments of transaction costs / redemption of leasing obligations	–2,681	–1,141
Payments of dividends	–94,125	–92,257
Payments of the redemption of bonds and borrowings	–363,800	–34,000
Net cash used in / generated from financing activities	**–112,164**	**264,178**
4. Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents (subtotal of 1 to 3)	162,741	165,320
Cash and cash equivalents at the beginning of the period	298,219	132,899
Cash and cash equivalents at the end of the period	**460,960**	**298,219**

Balance sheet

Value of property portfolio up by 4.8 %

The balance sheet of our company is as simple and transparent as it can be. All real estate and associated land are 100 % owned by the company. These real estate assets are on the assets side of our balance sheet and currently account for 90 % of our balance sheet total (including owner-occupied space). Cash / cash equivalents and financial assets make up 9 %, and other assets account for just 1 % of the balance sheet total. The EUR 60.9 million increase in the balance sheet total to EUR 5.1 billion as of December 31, 2020, was mainly driven by increases in our investment properties, which grew (on a like-for-like basis) by 4.8 % to EUR 4.6 billion in 2020, reflecting revaluation gains and capital expenditure. Cash and financial assets were up by EUR 163 million to EUR 461 million mainly due to the reallocation of current financial assets. The proceeds will be used for either investments into the portfolio (acquisitions and capex) or repayment of debt that matures in 2023.

On the liabilities side, the company's equity is the largest item, representing 64 % of the balance sheet total. Financial liabilities account for 33 % and other liabilities for 3 % of the balance sheet. Total equity was up by 2.4 % to EUR 3.3 billion as a result of net profit contribution in 2020. Financial debt was stable at around EUR 1.7 billion.

Consolidated balance sheet

Table 19

Assets

EUR k	Dec. 31, 2020	Dec. 31, 2019
Non-current assets		
Investment property	4,556,181	4,438,597
Equity-accounted investments	1,021	1,070
Property, plant and equipment	18,360	19,055
Intangible assets	55	232
Financial assets	39,108	39,108
Total non-current assets	**4,614,725**	**4,498,062**
Current assets		
Trade receivables	4,572	3,877
Financial assets	0	199,750
Tax receivables	1,230	1,231
Other financial receivables	8,762	8,601
Cash and cash equivalents	460,960	298,219
Assets held for sale	0	19,588
Total current assets	**475,524**	**531,266**
Total assets	**5,090,249**	**5,029,328**

Equity and liabilities

EUR k	Dec. 31, 2020	Dec. 31, 2019
Equity		
Share capital	177,793	177,593
Capital surplus	1,356,907	1,448,709
Retained earnings	1,714,257	1,545,768
Revaluation surplus	3,485	3,485
Total equity	**3,252,442**	**3,175,555**
Non-current liabilities		
Liabilities minority interest	68,275	70,504
Long-term loans, net of current portion	1,685,349	1,661,080
Other provisions	0	1,226
Other liabilities	12,628	11,532
Total non-current liabilities	**1,766,252**	**1,744,342**
Current liabilities		
Liabilities minority interest	15	24
Short-term loans	10,325	50,590
Trade payables	3,943	4,611
Profit participation rights	514	457
Liabilities of current tax	4,780	5,793
Other provisions	2,030	2,505
Other current liabilities	49,948	45,451
Total current liabilities	**71,555**	**109,431**
Total liabilities	**1,837,807**	**1,853,773**
Total equity and liabilities	**5,090,249**	**5,029,328**

Balance sheet ratios

Transparent balance sheet

As of December 31, 2020, our G-REIT equity ratio reached a new record level of 71.1 %, which clearly exceeds the legally required 45 %. At the same time, our net LTV fell further to 27.0 %.

NAV per share + 2.3 %

Our IFRS net asset value per share rose to EUR 18.29 as of the reporting date. The revaluation of our properties contributed an increase of EUR 0.35 per share, and the operating profit (FFO) of EUR 0.61 per share covered the dividend payment in October 2020.

Balance sheet ratios

Table 20

EUR k		2020	2019
Investment properties		4,556,181	4,438,597
Carrying amount of owner occupied properties		16,910	17,217
Assets held for sale		0	19,588
Equity value of JV	**(A)**	**1,021**	**1,070**
Carrying amount of immovable assets	**(B)**	**4,574,112**	**4,476,472**
Adjustments to fair value of owner occupied properties		7,894	5,240
Fair value of immovable assets	**(C)**	**4,582,006**	**4,481,712**
Cash on balance sheet	**(D)**	**460,960**	**497,969**
IFRS equity	**(E)**	**3,252,442**	**3,175,555**
Interest bearing debt	**(F)**	**1,697,900**	**1,711,700**
G-REIT equity ratio (%)	**(E)/(B)**	**71.1**	**70.9**
Corporate LTV (%)	**(F)/(B)**	**37.1**	**38.2**
Corporate Net LTV (%)	**(F-D)/(B-A)**	**27.0**	**27.1**

Movement in net asset value (NAV)

Table 21

	EUR k	EUR per share
IFRS NAV as of Dec. 31, 2019[1]	**3,175,555**	**17.86**
Portfolio revaluation	61,522	0.35
Profit on disposals	8,340	0.05
Adjusted profit for the year	98,627	0.55
Dividend payment	–94,125	–0.53
Other adjustments	2,522	0.01
IFRS NAV as of Dec. 31, 2020	**3,252,442**	**18.29**
EPRA NRV as of Dec. 31, 2020[2]	**3,578,943**	**20.13**
EPRA NTA as of Dec. 31, 2020[2]	**3,260,424**	**18.34**
EPRA NDV as at Dec. 31, 2020[2]	**3,190,962**	**17.95**

[1] Fully diluted.
[2] Calculation see table 27, page 54.

Financial debt

Pro-active debt management

Over the course of 2020, we continued to actively shape the structure of our financial liabilities. The main event on the debt side was the repayment of the capital market bond we issued in 2015 with a volume of EUR 327 million (coupon: 2.25 %) at the end of 2020. Given the still favorable refinancing conditions in summer 2020, we decided to issue a new bond, which had a volume of EUR 350 million at a coupon of 1.5 %. Our average financing costs, as of December 31, 2020, were 1.4 %, with an average remaining term of 4.9 years.

Net debt / EBITDA of 8.7x

Besides the LTV ratio, the net debt / EBITDA is a widely accepted KPI with regard to the indebtedness of a real estate company. In the current stage of the cycle, after a multi-year upswing in real estate prices, we regard the net debt / EBITDA as an important indicator as it is not impacted by the volatility of property valuation. Our net debt / EBITDA was roughly stable at 8.7x and therefore meets our target level as of December 31, 2020. A second debt indicator that is not biased by property valuation and therefore is a sensible indicator for the indebtedness of a real estate company is the net debt per m², which stood at EUR 866 as of December 2020.

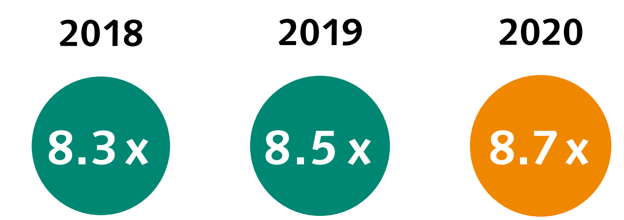
Cash cost of debt

Table 22

as of Dec. 31, 2020	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
Total	**1,697,900**	**1.4**	**4.9**

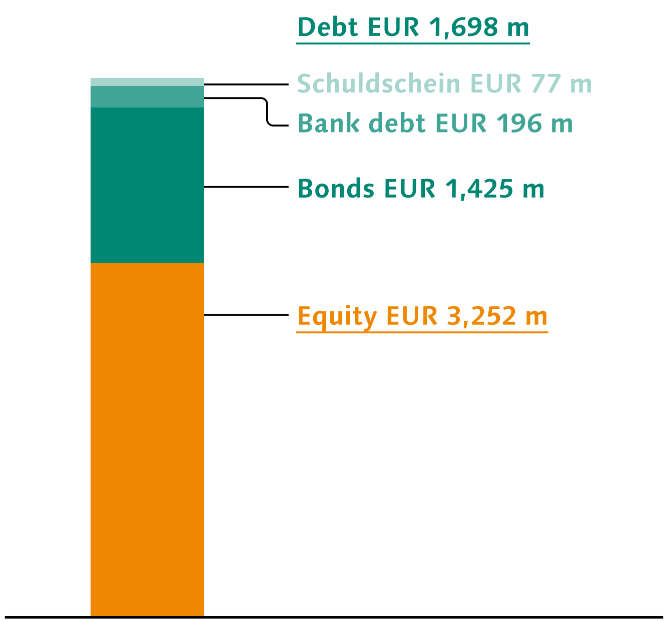
Net debt / EBITDA

Graph 7



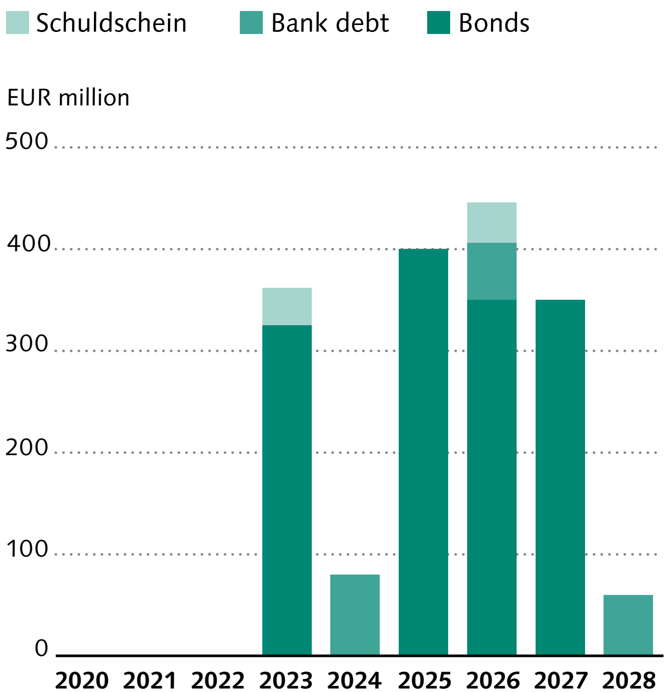
Sources of financing

Graph 8



Debt maturity profile

Graph 9



Outlook 2021

Based on existing leases and the high proportion of creditworthy tenants, alstria expects stable business development for the year 2021, despite the overall economic uncertainty. Already signed and possible further property sales over the course of 2021 will lead to a slight decrease in rental income, which will, however, be mitigated by the impact of already signed new leases. Against this backdrop, alstria expects stable revenues of around EUR 177 million in 2021 compared to the previous year. The same applies to FFO, which is again expected to be in the range of EUR 108 million due to a stable cost structure. Possible acquisitions or disposals, as well as changes in other premises for fiscal year 2021, may affect the forecast over the course of the year.

This report contains forward-looking statements about expected developments. These statements are based on current assessments and are naturally subject to risks and uncertainties. Actual events may differ from those described herein.

Rotebühlstr. 98–100
Stuttgart

EPRA KPI's

EPRA earnings

Earnings reported in the income statement as required under IFRS do not provide stakeholders with the most relevant information on the operating performance of real estate companies. For real estate investment companies, the level of income arising from operational activities is a key measure of a company's operational performance and the extent to which its dividend payments to shareholders are underpinned by earnings. Unrealized changes in valuation, gains or losses on disposals of properties and other non-operating items are therefore taken out.

EPRA vacancy

Vacancy disclosures are not consistently defined in the real estate industry. Consistent disclosure of vacancy measures between companies will always be a challenge because property markets around Europe have different characteristics and each measure serves a different purpose. To encourage the provision of comparable and consistent disclosure of vacancy measures, EPRA has identified a single vacancy measure that can be clearly defined, and this measure is shown in table 24.

EPRA cost ratios

EPRA Cost Ratios define a reporting standard to improve the comparability of costs over time and between listed companies. EPRA Cost always includes administrative and operating expenses, service fees and management fees, as well as costs from joint ventures. EPRA Cost also considers direct vacancy costs and therefore differentiates between cost ratios that include and exclude direct vacancy costs.

EPRA earnings & earnings per share

Table 23

EUR k	2020	2019
Earnings per IFRS income statement	**168,489**	**581,221**
(a) Changes in value of investment properties, refurbishment properties held for investment and other interests	–61,522	–454,767
(b) Profits or losses on disposal of investment properties, refurbishment properties held for investment and other interests	–8,340	–17,350
(c) Tax on profits or losses on disposals	0	0
(d) Changes in fair value of financial instruments	6,674	2,731
(e) Acquisition costs on share deals	0	0
(f) Deferred tax in respect to EPRA adjustments	0	0
(g) Adjustments (a) to (c) above in respect of joint ventures	0	0
(h) Non-controlling interest on adjustments	2,683	–3,141
EPRA earnings	**107,984**	**108,695**
EPRA earnings per share (EUR)	**0.61**	**0.61**

EPRA vacancy rate

Table 24

EUR k	Dec. 31, 2020	Dec. 31, 2019
Estimated rental value (ERV)	211,452	212,728
ERV of vacant space	16,008	17,263
Vacancy rate (%)	**7.6**	**8.1**

EPRA cost ratio

Table 25

EUR k	2020	2019
Administrative / operating expense line per IFRS income statement	–51,462	–52,904
Service fees / recharges	2,194	355
Management fees	2,473	5,065
Share of joint ventures expenses	5	–160
Exclude:		
Investment Property Depreciation	321	0
EPRA Costs (including direct vacancy costs) (A)	**–46,469**	**–47,644**
Direct vacancy costs	7,803	8,077
EPRA Costs (excluding direct vacancy costs) (B)	**–38,666**	**–39,567**
Gross Rental Income less ground rents	177,063	187,467
Less: service fee and service charge costs components of gross rental income	–2,473	–5,065
Gross rental income (C)	**174,590**	**182,402**
EPRA cost ratio (%) (including direct vacancy costs) (A/C)	**26.6**	**26.1**
EPRA cost ratio (%) (excluding direct vacancy costs) (B/C)	**22.1**	**21.7**

EPRA NAV metrics

EPRA NAV reporting standard comprises three different NAV metrics.

The objective of the EPRA Net Reinstatement Value (NRV) measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystalize under normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are therefore excluded. Since the aim of the metric is also to reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes are included.

The underlying assumption of the EPRA Net Tangible Assets (NTA) measure is that entities buy and sell assets, thereby crystalizing certain levels of deferred tax liability. The NTA is similar to the previous EPRA NAV if goodwill is excluded. Because alstria has no goodwill, the NTA is equal to the previously reported EPRA NAV of EUR 18.34 per share.

Shareholders are interested in understanding the full extent of liabilities and the resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, EPRA Net Disposal Value (NDV) provides the information based on a scenario where deferred tax, financial instruments and certain other adjustments are calculated using the full extent of their liability, including tax exposure not reflected in the balance sheet, the net of any resulting tax. This measure should not be viewed as a “liquidation NAV” because, in many cases, fair values do not represent liquidation values. NDV follows a similar rational to that of the previously reported EPRA NNNAV and produces an equivalent result in the case of alstria.

New EPRA NAV metrics

Table 26

	EPRA NRV		EPRA NTA		EPRA NDV	
EUR k	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**
IFRS equity attributable to shareholders	**3,252,442**	**3,175,555**	**3,252,442**	**3,175,555**	**3,252,442**	**3,175,555**
Include / exclude						
I) Hybrid instruments	0	0	0	0	0	0
Dilluted NAV	**3,252,442**	**3,175,555**	**3,252,442**	**3,175,555**	**3,252,442**	**3,175,555**
Include:						
II. a) Revaluation of IP (if IAS 40 cost option is used)	7,894	5,746	7,894	5,746	7,894	5,746
II. b) Revaluation of IPUC (if IAS 40 cost option is used)	0	0	0	0	0	0
II. c) Revaluation of other non-current investments	0	0	0	0	0	0
III.) Revaluation of tenent leases held as finance leases	0	0	0	0	0	0
IV.) Revaluation of trading properties	0	0	0	0	0	0
Dilluted NAV at fair value	**3,260,336**	**3,181,301**	**3,260,336**	**3,181,301**	**3,260,336**	**3,181,301**
Exclude:						
V) Deferred tax in relation to fair value gains of IP	0	0	0	0	–	–
VI) Fair value of financial instruments	33	–177	33	–177	–	–
VII) Goodwill as a result of deferred tax	0	0	0	0	0	0
VIII. a) Goodwill as per the IFRS balance sheet	–	–	0	0	0	0
VIII. b) Intangibles as per the IFRS balance sheet	–	–	55	–232	–	–
Include:						
IX) Fair value of fixed interest rate debt	–	–	–	–	–69,373	–53,204
X) Revaluation of intangibles to fair value	0	0	–	–	–	–
XI) Real estate transfer tax / acquisition costs	318,574	311,497	0	0	–	–
NAV	**3,578,943**	**3,492,621**	**3,260,424**	**3,180,892**	**3,190,962**	**3,128,097**
Fully diluted number of shares	177,793	177,593	177,793	177,593	177,793	177,593
NAV per share (EUR)	**20.13**	**19.67**	**18.34**	**17.91**	**17.95**	**17.61**

EPRA yield

There is variation in the nature and extent of yield disclosures, and the yield measurements used are not consistently defined. Consistent disclosure across companies of yield measurements such as net initial yield, 'topped-up' yields and equivalent yields will always be a challenge because each measure serves a different purpose depending on the user and the local property market. To encourage the provision of comparable and consistent disclosure of yield measures across Europe, EPRA has defined two yield measures, which are shown in table 27.

EPRA NIY is calculated as the annualized rental income, based on the cash rents passing at the balance sheet date minus non-recoverable property operating expenses, divided by the gross market value of the property. The EPRA 'topped-up' NIY is calculated by adjusting the EPRA NIY to account for the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

EPRA capex

The amount of capex invested into the portfolio according to EPRA BPR is shown on page 19 (table 9).

EPRA yield Table 27

EUR k		Dec. 31, 2020	Dec. 31, 2019
Portfolio value			
Investment properties (on balance sheet)		4,556,181	4,438,597
Trading property		0	19,588
Refurbishment assets		–560,440	–487,710
Completed portfolio		**3,995,741**	**3,970,475**
Acquisition cost		259,723	258,081
Gross up completed property portfolio valuation	**(A)**	**4,255,464**	**4,228,556**
Income			
Contractual rent		199,084	208,332
Contractual rent refurbishments		–24,142	–29,625
Contractual rent (excluding refurbishments)		**174,942**	**178,707**
Rent-free periods		–17,772	–19,391
Annualized cash passing rent		**157,170**	**159,316**
Property outgoings		–17,494	–17,871
Annualized net cash rents	**(B)**	**139,676**	**141,445**
Rent free periods		17,772	19,391
'Topped-up' net annulized rent (C)		**157,448**	**160,836**
EPRA Net initial yield (%)	**(B/A)**	**3.3**	**3.3**
EPRA 'topped-up' Net initial yield (%)	**(C/A)**	**3.7**	**3.8**


Solmsstr. 27–37
Frankfurt am Main

alstria's Share

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48 Shareholder structure
49 IR activities

Am Wehrhahn 33
Düsseldorf

Share price performance

Outperforming real estate sector shareholder return in 2020

alstria measures the performance of its shares based on the development of total shareholder return (TSR). TSR includes the development of the share price plus the dividend reinvested. For 2020, the TSR for alstria's shares was –8.5 %. While alstria stock underperformed the broad German stock indices in 2020 (DAX30: 3.5 %, MDAX: 7.3 %), it outperformed the European real estate indices (EPRA Europe: –11.2 %). The relative outperformance was primarily a reflection of alstria's resilient business model. As the real estate business requires a long-term perspective, multi-year performance is an important indicator of the attractiveness of our stock. Over the past five years (2016–2020), the average annual TSR has been 9.0 %, once again demonstrating the strength of our business model in the medium term.

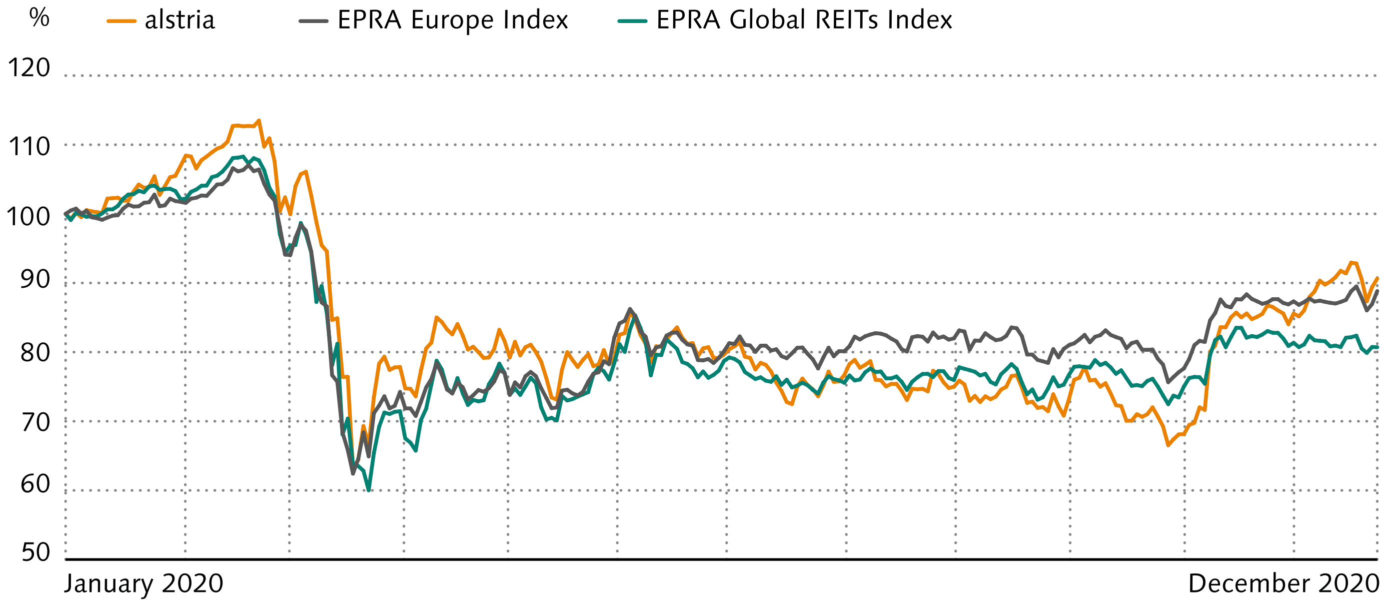
Key share data

Table 28

ISIN	DE000A0LD2U1
Symbol	AOX
Market segment	Financial Services
Industry group	Real Estate
Prime sector	Prime Standard, Frankfurt
Financial indices	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
ESG indices	S&P Global DJSI Europe, MSCI ESG Rating, Bloomberg Gender-Equality Index, Sustainalitics ESG Risk Rating, CDP Climate Change, ISS-oekom Corporate Rating, Euronext Eurozone ESG Large 80 Index
Designated Sponsor	M. M. Warburg & CO

Share price development

Graph 10



Shareholder structure

100 % free float

alstria's shares are 100 % free float as defined by Deutsche Börse. More than 95 % of the outstanding shares are held by institutional investors, mainly large pension funds and specialized real estate investors. At the end of 2020, alstria's top 20 investors held approximately 65 % of outstanding shares. Geographically, approximately 24 % of alstria's shareholders are located in the USA / Canada, and 15 % are in Asia. European investors hold 59 % of the shares, of which 17 % are held by shareholders domiciled in France, 15 % in the UK, 8 % in Norway, 7 % in Germany and the Netherlands each and 5 % in other locations. Our international shareholder structure is a consequence of our REIT status, as REIT is a globally established brand for listed real estate companies.

Coverage by analysts

Interest from analysts and financial journalists in the development of alstria office REIT-AG remained high in 2020. A total of 20 investment banks and brokers regularly reported on the development of the company. alstria thus continues to be one of the best-covered companies in the German MDAX.

Key share data

Table 29

		Dec. 31, 2020	Dec. 31, 2019
Number of shares	thousand	177,793	177,593
thereof outstanding	*thousand*	*177,793*	*177,593*
Closing price[1]	EUR	14.80	16.75
Market capitalization	EUR k	2,631,333	2,974,690
Free float	%	100.0	100.0
		2020	**2019**
Average daily trading volume (all exchanges)	EUR k	11,217	8,797
thereof XETRA	EUR k	8,002	6,049
Share price: high[1]	EUR	19.01	17.60
Share price: low[1]	EUR	10.57	11.91

[1] Xetra closing share price.

IR activities

Ongoing high IR activity amid COVID-19 restrictions

In 2020, alstria's investor relations activities remained focused on informing investors, financial analysts and the business press about the company's performance and the market environment. The COVID-19 pandemic brought travel restrictions and a halt to physical meetings starting in early spring 2020. alstria quickly adapted to the new environment and switched to virtual meetings, management roadshows and investment conferences across the globe to ensure a continuous dialogue with shareholders. Over the course of the year, we held more than 250 meetings with investors and analysts in Germany and abroad. As capital market bonds, with a volume of EUR 1.5 billion, are the main source of our debt financing, the special information requirements of our investors in the bond market are also an integral part of our investor relations work.

Digital communication with investors has always played an important role for alstria. All interested parties are invited to participate in the presentation of our annual and quarterly results via live stream on alstria's website. All relevant information is available on our website

www.alstria.com/investor/

Corporate Social Responsibility

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52 Carbon accounting

Insterburger Str. 16
Frankfurt am Main

Integral part of our business

Sustainability is at the core of what we do

Sustainability is an integral part of our business strategy, governance, and operations. The integration of sustainability into the design, construction, and operation of our properties helps us to ensure that our buildings continue to meet the needs of their tenants and surrounding communities while also minimizing our impact on the environment.

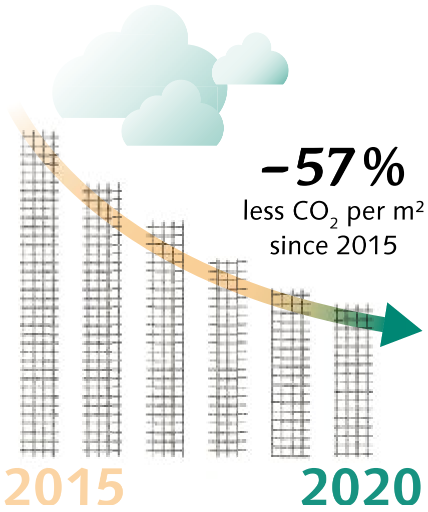
Toward decarbonizing our portfolio, we managed to procure 100 % renewable energy for the electricity that we control and achieved our RE100 target in 2018. Our business activities also emitted 57 % less carbon emissions compared to 2015. Finally, our comprehensive sustainability strategy was recognized with numerous ESG ratings, including MSCI, CDP, and ISS-oekom.

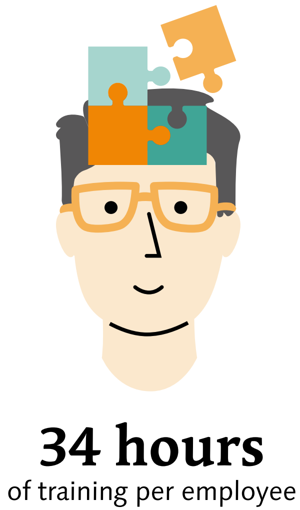
For further information, please visit the sustainability section of our website and our sustainability report 2019/20.
www.alstria.com/sustainability/

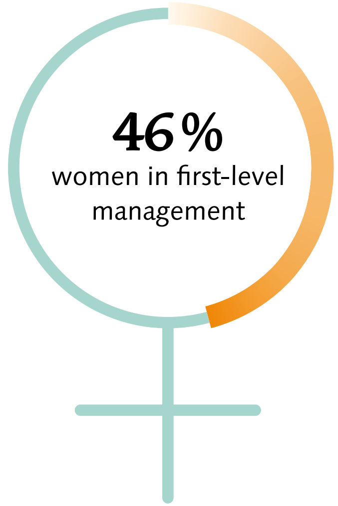
ESG KPIs

Table 30

			2015	2016	2017	2018	2019
Environment	Carbon emissions per lettable area – portfolio	$kgCO_2e/m^2$	37	29	24	24	16
	Energy consumption per lettable area – portfolio	kWh/m^2	137	110	122	123	111
	Share of electricity from renewable sources – portfolio	%	13	24	33	33	35
	Share of portfolio with good access to public transport (< 500 m)	%	82	82	85	85	88
Social	Training hours per employee	h / empl.	27	28	47	36	34
	Gender pay gap total compensation (women to men)	%	–31	–44	–44	–36	–38
	Employee turnover rate	%	8	14	13	5	9
Governance	Total expenditure for corporate citizenship	EUR m	0.77	0.73	0.53	0.52	0.60
	Representation of women at alstria	%	57	58	63	58	59
	Representation of women in first level management	%	33	42	42	42	46







Carbon accounting

What do we learn (as of Dec. 31, 2020)?

If carbon had a value, alstria would own around EUR 34 million worth of carbon. This is the value of the carbon which is currently embedded in its portfolio. This would be the 41st asset on its balance sheet in terms of value but still a small number compared to the overall balance sheet.

In total we have 'privatized' around EUR 37 million of public carbon. In 2020 alone we have spent directly around EUR 2 million worth of carbon. We are suggesting to our shareholder to invest a similar amount as a Green Dividend into projects that would not be viable if we would only consider their financial benefits. These projects will aim at financing renewable energy investment and research around carbon removal technology. This would settle our bill for 2020. For further information, please visit www.green-dividend.com

The 1.4 million m² of office space we are operating already committed us to spending around EUR 19 million worth of carbon for the entire lifecycle of our assets. This number would have been EUR 3.6 million higher if it was not for the improve carbon efficiency achieved in our asset in 2020.

Does that help to frame the discussion? If yes, there is more information in alstria's 2020 carbon accounting report www.alstria.com/investor/

The reporting framework we are using is also available online www.recap.wiki

RECAP
REAL ESTATE CARBON ACCOUNTING

Carbon balance sheet[1]

Table 31

Carbon assets

EUR k	Dec. 31, 2020	YoY change
Embedded carbon asset at fair value	46,640	9,740
Embedded carbon deduction as increase/decrease of life of standing asset	–11,660	–2,35
Total carbon assets	**34,980**	**7,305**

Carbon equity & liabilities

EUR k	Dec. 31, 2020	YoY change
Carbon retained earnings	–30,394	4,413
Green dividend	–	–
Total carbon equity	–30,394	4,413
Unpaid carbon acquired by alstria	35,117	–1,783
Unpaid carbon used by alstria	2,278	2,278
Liability linked to future operational carbon	27,980	2,398
Total carbon liability	**65,375**	**2,892**
Total carbon equity & liabilities	**34,980**	**7,305**

[1] Unaudited.

Carbon profit and loss statement[1]

Table 32

Carbon Revenues

EUR k	FY 2020
Transaction	
Gain/Loss as a result of acquisition/sale of operational carbon	729
Gain/Loss as a result of acquisition/sale of embedded carbon	446
Transaction result	**1,175**
Carbon efficiency	
Gain/Loss as a result of change in construction technology	–
Gain/Loss as a result of change in operational carbon efficiency	3,637
Gain/Loss as a result of change in reusability of embedded carbon	–
Efficiency result	**3,637**
Carbon market price	
Gain/Loss as a result of change in carbon price	1,879
Carbon revenues	**6,691**
P&L – expenses	
Carbon expenses as a result of operations of the assets	–540
Carbon expenses as a result of write off construction carbon	–1,738
Carbon expenses	**–2,278**
Carbon Net Income	**4,413**

[1] Unaudited.

Appendix

54 Reconciliation of yields
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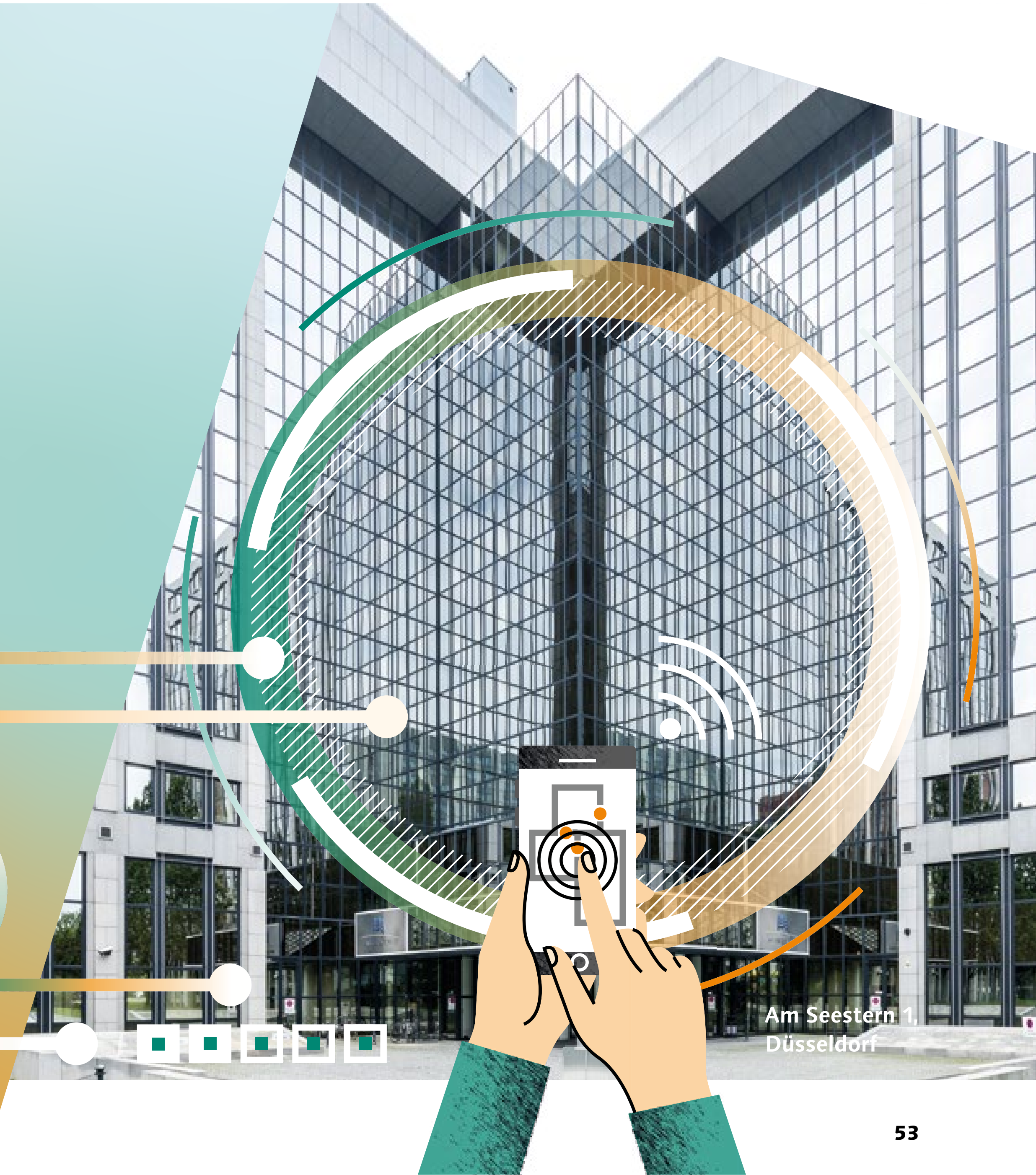

Am Seestern 1, Düsseldorf

Reconciliation of yields

Different yields – But all are based on the same portfolio value

The calculation of portfolio yields is sometimes confusing, as the same portfolio can yield different outcomes. In tables 33–35, we summarized the calculation schemes of the different yields that we use to indicate the valuation of our portfolio. It is important to note that while the calculations are different, they all start on the same basis, the portfolio value, which is determined by our external appraisers.

Our own portfolio yield of 4.4% is the contractual rent in relation to the portfolio value on our balance sheet (table 33).

The EPRA calculation (table 34) starts at the same basis but corrects the portfolio value for refurbishment assets and trading properties. On the income side, the EPRA concept also adjusts for the impact of rent-free periods and property costs ('property outgoings').

alstria's calculation

Table 33

EUR k		Dec. 31, 2020	Dec. 31, 2019
Portfolio value			
Investment properties (on balance sheet)		4,556,181	4,438,597
Value of own used property		24,804	22,964
Assets held for sale		0	19,588
Adjustments IFRS 16		–4,895	–5,089
Total portfolio value	**(A)**	**4,576,090**	**4,476,060**
Income			
Contractual rent	**(B)**	**199,084**	**208,332**
Real estate operating expenses (5%)		–9,954	–10,417
Contractual net rent	**(C)**	**189,130**	**197,916**
Yield (%)	**(B/A)**	**4.4**	**4.7**
Net yield (%)	**(C/A)**	**4.1**	**4.4**

EPRA calculation

Table 34

EUR k		Dec. 31, 2020	Dec. 31, 2019
Portfolio value			
Investment properties (on balance sheet)		4,556,181	4,438,597
Trading property		0	19,588
Refurbishment assets		–560,440	–487,710
Completed portfolio		**3,995,741**	**3,970,475**
Acquisition cost		259,723	258,081
Gross up completed property portfolio valuation	**(A)**	**4,255,464**	**4,228,556**
Income			
Contractual rent		199,084	208,332
Contractual rent refurbishments		–24,142	–29,625
Contractual rent (excluding refurbishments)		**174,942**	**178,707**
Rent-free periods		–17,772	–19,391
Annualized cash passing rent		**157,170**	**159,316**
Property outgoings		–17,494	–17,871
Annualized net cash rents	**(B)**	**139,676**	**141,445**
Rent free periods		17,772	19,391
'Topped-up' net annulized rent	**(C)**	**157,448**	**160,836**
EPRA Net initial yield (%)	**(B/A)**	**3.3**	**3.3**
EPRA 'topped-up' Net initial yield (%)	**(C/A)**	**3.7**	**3.8**

Our appraiser uses a different methodology (table 35), again starting with the portfolio value he calculated, which is reflected on our balance sheet. Adjustments are made for the value of our own used properties, estimated acquisition costs and capital costs (required capex), as the appraiser calculates the market yield from the perspective of the buyer. On the income side, adjustments are made for property expenses and estimated rent reversion.

Savills' calculation

Table 35

EUR k		Dec. 31, 2020	Dec. 31, 2019
Portfolio value			
Investment properties (on balance sheet)		4,556,181	4,438,597
Value of own used property		24,804	22,964
Assets held for sale		0	19,588
Other adjustments		–4,895	–5,089
Total portfolio	**(A)**	**4,576,090**	**4,476,060**
Acquisition cost	(B)	318,574	311,497
Capital cost	(C)	453,320	363,313
Gross value	**(D)**	**5,347,984**	**5,150,870**
Income			
Initial passing gross rents	**(E)**	**180,753**	**182,513**
Non-recoverable expenses		21,026	–22,708
Initial net rents	**(F)**	**159,727**	**159,806**
Reversions		63,716	65,952
Estimated net rents	**(G)**	**226,867**	**230,575**
Savills Net initial yield	**(F/A+B)**	**3.3%**	**3.3%**
Savills Reversionary yield	**(G/A+B)**	**4.6%**	**4.8%**

Achieved UIRR 2006–2020

Average UIRR of 7.3 % from 2006–2020

The company's history over the past 14 years impressively demonstrates our ability to achieve an unlevered IRR of 7–8 % per year over the cycle. This result is based on a portfolio consisting of 86 individual properties, with a volume of EUR 1.6 billion, that we bought, managed and sold on the market between 2006 and 2020 (see table 36). We achieved this result, on the one hand, through our asset management skills and, on the other hand, by applying strict acquisition discipline. Low interest rates have never tempted us to enter into risky transactions, and pure speculation on future market-driven rental growth has never motivated us to buy properties. Instead, we have always taken a realistic view of the rental market and increased rents through quality-enhancing investments.

Unlevered returns (UIRR) 2006–2020

Table 36

Asset	City	Region	Ownership start	Disposal date	Total lettable area (m²)	Gross purchase price[1] (EUR k)	Rent Collected[2] (EUR k)	Capex (EUR k)	Disposal proceeds (EUR k)	Unlevered profit[3] (EUR k)	UIRR (%)
Arndtstr. 1	Hanover	Others	01.01.2007	30.11.2020	10,899	14,138	11,524	10,608	33,325	19,768	6.9
Essener Str. 97	Hamburg	Hamburg	01.07.2017	31.10.2020	1,358	1,939	468	38	2,700	1,176	16.3
Kurze Str. 40	Filderstadt	Stuttgart	01.11.2015	30.09.2020	5,888	6,598	2,289	1,532	8,300	2,297	6.7
Earl-Bakken-Platz 1	Meerbusch	Düsseldorf	01.11.2015	30.04.2020	8,038	15,733	5,139	1,564	20,700	8,331	10.9
D2 Park 5	Ratingen	Düsseldorf	01.07.2017	31.03.2020	5,670	10,449	1,851	584	9,400	11	0.0
Josef-Wulf-Str. 75	Recklinghausen	Düsseldorf	01.11.2015	15.03.2020	19,855	31,465	8,336	1,123	32,500	8,038	5.8
Balgebrückstr. 13	Bremen	Others	01.11.2015	29.02.2020	4,153	3,798	910	118	2,900	–136	–0.9
Werner-von-Siemens-Platz 1	Laatzen	Others	01.04.2007	29.02.2020	21,027	27,693	22,208	3,912	16,675	6,708	2.4
Stiftplatz 5	Kaiserslautern	Others	01.11.2015	31.10.2019	8,942	12,079	2,805	1,306	12,750	2,151	4.4
Berner Str. 119	Frankfurt	Frankfurt	01.11.2015	30.04.2019	14,852	20,199	3,982	1,133	27,000	9,620	10.7
Ingersheimer Str. 20	Stuttgart	Stuttgart	01.11.2015	31.03.2019	12,895	23,142	5,168	911	41,500	22,585	19.8
Frankfurter Str. 71–75	Eschborn	Frankfurt	01.11.2015	01.03.2019	6,700	15,700	2,500	206	16,200	2,794	5.9
Brödermannsweg 5–9	Hamburg	Hamburg	01.11.2015	28.02.2019	1,374	2,260	430	48	4,300	2,403	21.0
Opernplatz 2	Essen	Düsseldorf	01.11.2015	30.01.2019	24,271	36,743	8,486	3,394	40,000	8,309	5.7
Gathe 78	Wuppertal	Düsseldorf	01.10.2007	01.01.2019	8,400	11,331	10,827	1,535	9,120	6,883	5.9
Washingtonstr. 16	Dresden	Others	01.10.2007	31.12.2018	20,500	16,801	12,715	3,535	28,080	20,066	8.7

[1] Incl. 6 % transaction costs.
[2] Incl. 5 % real estate operating expenses.
[3] Unleverred profit and UIRR also include transction costs, which are not separately shown in table 36.

Disclaimer: The data shown in table 36 can differ from the IFRS accounting numbers.

Unlevered returns (UIRR) 2006–2020

Table 36

Asset	City	Region	Ownership start	Disposal date	Total lettable area (m²)	Gross purchase price[1] (EUR k)	Rent Collected[2] (EUR k)	Capex (EUR k)	Disposal proceeds (EUR k)	Unlevered profit[3] (EUR k)	UIRR (%)
Jagenbergstr. 1	Neuss	Düsseldorf	01.10.2007	31.12.2018	20,400	49,660	30,644	3,804	23,400	145	0.0
Harburger Ring 17	Hamburg	Hamburg	01.10.2007	31.08.2018	3,600	3,392	2,260	4,352	10,000	4,486	8.3
Lötzener Str. 3	Bremen	Others	01.11.2015	30.06.2018	5,000	3,445	803	98	3,600	749	7.4
Eschersheimer Landstr. 55	Frankfurt	Frankfurt	01.11.2015	01.04.2018	8,700	27,300	3,018	606	44,000	19,112	20.1
Doktorweg 2–4	Detmold	Düsseldorf	01.04.2008	31.12.2017	9,800	8,569	4,889	699	11,300	6,921	7.5
Grosse Bleichen 1 (JV, 49 %)	Hamburg	Hamburg	01.01.2010	31.08.2017	18,300	31,164	11,912	5,774	83,300	58,274	17.3
Carl Benz Str. 15	Ludwigsburg	Stuttgart	01.11.2015	30.08.2017	32,500	19,300	2,764	294	19,600	2,770	6.3
Vichystr. 7–9	Bruchsal	Stuttgart	01.11.2015	30.08.2017	20,200	12,600	1,668	347	13,400	2,121	8.4
Zellescher Weg 18–25 a	Dresden	Others	01.04.2006	31.01.2017	6,539	8,576	7,977	183	10,500	9,718	11.1
Gutenbergstr. 1	Ismaning	Munich	01.11.2015	31.12.2016	12,200	12,800	917	465	14,100	1,752	13.9
Oskar-Messter-Str. 22 a–24 a	Ismaning	Munich	01.11.2015	31.12.2016	12,400	16,700	1,445	8	18,400	3,137	19.0
Feldstr. 16 / Gutenbergstr.	Weiterstadt	Frankfurt	01.11.2015	31.12.2016	14,200	6,700	385	33	7,350	1,002	15.1
Nägelsbachstr. 26 / Nürnberger Str. 41	Erlangen	Others	01.11.2015	31.12.2016	11,600	18,500	1,526	949	11,200	–6,722	–36.8
Lina-Ammon-Str. 19	Nürnberg	Others	01.11.2015	31.12.2016	11,200	15,100	1,191	0	15,100	1,191	8.0
Richard-Wagner-Platz 1	Nürnberg	Others	01.11.2015	31.12.2016	6,800	14,400	1,106	221	17,000	3,485	24.5
Max-Eyth-Str. 2	Dortmund	Düsseldorf	01.10.2007	31.12.2016	7,042	7,791	434	73	4,625	–2,805	–5.1
Bahnhofstr. 1–5	Heilbronn	Stuttgart	01.11.2015	30.11.2016	14,700	28,400	2,224	654	33,650	6,820	24.3
An den Treptowers 3	Berlin	Berlin	01.11.2015	30.09.2016	85,400	209,300	12,188	965	228,431	30,354	14.7
Ludwig-Erhard-Str. 49	Leipzig	Others	01.04.2006	30.09.2016	6,290	10,307	7,746	267	9,450	6,622	6.9
Taunusstr. 34–36	Munich	Munich	01.11.2015	31.08.2016	11,200	26,400	1,404	28	26,830	1,806	6.9
Wandsbeker Chaussee 220	Hamburg	Hamburg	01.10.2007	30.06.2016	3,156	5,671	3,026	226	5,920	3,049	6.4
Landshuter Allee 174	Munich	Munich	05.06.2007	30.06.2016	7,151	11,342	3,071	1,849	14,000	3,881	4.3
Hofmannstr. 51	Munich	Munich	01.04.2007	30.06.2016	22,151	41,764	21,009	782	44,987	23,450	6.2
Dieselstr. 18	Ditzingen	Stuttgart	01.04.2007	25.06.2016	9,639	3,100	0	8,986	13,395	1,309	34.1
Emil-von-Behring-Str. 2	Frankfurt	Frankfurt	01.04.2007	31.12.2015	9,308	15,370	9,254	3,696	12,800	2,988	2.9
Arnulfstr. 150	Munich	Munich	01.04.2006	31.12.2015	5,871	16,258	8,074	138	16,500	8,177	6.6
Halberstädter Str. 17	Magdeburg	Others	01.04.2006	30.11.2015	7,527	10,417	5,089	304	6,200	568	0.8
Siemensstr. 31–33	Ditzingen	Stuttgart	01.04.2007	01.11.2015	15,051	28,620	12,097	900	22,300	4,878	2.5

[1] Incl. 6 % transaction costs.
[2] Incl. 5 % real estate operating expenses.
[3] Unleverred profit and UIRR also include transction costs, which are not separately shown in table 36.

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Unlevered returns (UIRR) 2006–2020

Table 36

Asset	City	Region	Ownership start	Disposal date	Total lettable area (m²)	Gross purchase price[1] (EUR k)	Rent Collected[2] (EUR k)	Capex (EUR k)	Disposal proceeds (EUR k)	Unlevered profit[3] (EUR k)	UIRR (%)
Englische Planke 2	Hamburg	Hamburg	01.04.2011	31.12.2014	4,623	12,065	2,804	431	15,530	5,838	15.2
Hamburger Str. 43–49	Hamburg	Hamburg	28.12.2006	30.11.2014	21,777	36,010	18,227	401	41,662	23,478	9.1
Spitzweidenweg 107	Jena	Others	03.03.2008	31.10.2014	2,880	1,993	1,064	106	1,415	380	3.7
Ernsthaldenstr. 17	Stuttgart	Stuttgart	03.03.2008	31.05.2014	2,472	2,714	1,663	662	3,300	1,587	10.0
Max-Brauer-Allee 41–43	Hamburg	Hamburg	01.06.2008	31.03.2014	3,226	4,569	1,665	852	6,150	2,395	7.2
Joliot-Curie-Platz 29–30	Halle	Others	02.05.2008	31.12.2013	1,080	1,325	475	19	610	–259	–5.3
Bornbarch 2–12	Norderstedt	Hamburg	01.05.2012	31.12.2013	12,351	6,466	1,357	660	10,320	4,552	68.8
Johannesstr. 164–165 / J.-Gagarin-Ring 133–135	Erfurt	Others	01.04.2006	31.10.2013	5,846	8,127	3,791	187	5,850	1,328	2.7
Am Roten Berg 5	Erfurt	Others	03.03.2008	31.07.2013	5,284	2,756	791	35	1,060	–940	–9.7
Schweinfurter Str. 4	Würzburg	Others	01.01.2007	30.06.2013	5,076	7,950	2,875	161	4,530	–706	–1.9
Helene-Lange-Str. 6/7	Potsdam	Others	01.04.2006	30.06.2013	3,292	6,866	2,705	232	5,700	1,307	3.0
Kanalstr. 44	Hamburg	Hamburg	03.03.2008	31.05.2013	8,094	10,854	4,624	488	15,000	8,281	14.3
Lothar-Streit-Str. 10 b	Zwickau	Others	01.04.2006	23.05.2013	1,034	1,583	599	30	350	–665	–11.6
Benrather Schlossallee 29–33 / Ludolfstr. 3	Düsseldorf	Düsseldorf	01.04.2008	01.02.2013	4,941	8,684	2,614	510	7,620	1,040	2.7
Zwinglistr. 11/13	Dresden	Others	03.03.2008	31.12.2012	2,924	1,982	725	31	2,640	1,352	15.4
Schopenstehl 24 / Kleine Reichenstr. 2	Hamburg	Hamburg	01.08.2009	30.06.2012	2,122	3,509	498	999	5,040	1,031	8.0
Am Gräslein 12	Nürnberg	Others	01.04.2006	31.03.2012	2,708	3,769	1,344	71	3,400	904	4.3
Poststr. 11	Hamburg	Hamburg	01.06.2006	30.03.2012	7,356	36,302	5,211	30,100	120,839	59,648	17.0
Bertha-von-Suttner-Platz 17	Bonn	Düsseldorf	01.04.2006	30.09.2011	1,388	1,624	990	50	2,100	1,416	16.7
Kümmellstr. 5–7	Hamburg	Hamburg	01.06.2006	09.11.2010	15,666	26,325	6,094	305	25,279	4,744	4.6
Lenhartzstr. 28	Hamburg	Hamburg	01.06.2006	09.11.2010	1,131	1,788	466	23	4,221	2,875	28.8
Schloßstr. 60	Hamburg	Hamburg	01.06.2006	22.09.2010	11,945	15,141	4,009	200	17,001	5,669	9.1
Steckelhörn 12	Hamburg	Hamburg	01.06.2006	22.09.2010	14,720	36,616	7,797	390	35,200	5,992	4.2
Gänsemarkt 36	Hamburg	Hamburg	01.06.2006	31.03.2010	20,900	66,341	12,889	644	68,700	14,603	5.5
Gorch-Fock-Wall 15, 17	Hamburg	Hamburg	01.06.2006	31.03.2010	7,700	16,013	3,368	168	15,500	2,686	4.3
Eserwallstr. 1–3	Augsburg	Others	01.04.2006	31.12.2009	5,564	10,583	2,510	126	10,556	2,358	7.7

[1] Incl. 6% transaction costs.
[2] Incl. 5% real estate operating expenses.
[3] Unleverred profit and UIRR also include transction costs, which are not separately shown in table 36.

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Unlevered returns (UIRR) 2006–2020

Table 36

Asset	City	Region	Ownership start	Disposal date	Total lettable area (m²)	Gross purchase price[1] (EUR k)	Rent Collected[2] (EUR k)	Capex (EUR k)	Disposal proceeds (EUR k)	Unlevered profit[3] (EUR k)	UIRR (%)
Rheinstr. 23	Darmstadt	Frankfurt	01.04.2006	31.12.2009	2,696	5,060	1,132	57	4,197	212	1.5
Mecumstr. 10	Düsseldorf	Düsseldorf	01.04.2006	31.12.2009	8,638	21,452	4,377	219	18,128	834	1.4
Vahrenwalder Str. 133	Hanover	Others	01.04.2006	31.12.2009	7,142	16,869	3,529	176	18,587	5,071	10.2
Bonner Str. 351/351a	Cologne	Düsseldorf	01.04.2006	31.12.2009	10,907	23,192	5,259	263	21,736	3,541	5.4
Steubenstr. 72–74	Mannheim	Frankfurt	01.04.2006	31.12.2009	4,070	7,898	1,896	95	7,844	1,748	7.6
Regensburger Str. 223–231	Nürnberg	Others	01.04.2006	31.12.2009	8,938	15,489	3,582	179	14,877	2,791	6.3
Poststr. 51	Hamburg	Hamburg	01.06.2006	07.10.2009	1,681	7,347	1,283	64	6,500	372	1.8
Eppendorfer Landstr. 59	Hamburg	Hamburg	01.06.2006	30.09.2009	3,293	7,423	1,228	61	6,622	365	1.7
Ottenser Marktplatz 10/12	Hamburg	Hamburg	01.06.2006	30.09.2009	934	2,687	470	24	2,375	134	1.8
Marburger Str. 10	Berlin	Berlin	01.04.2008	29.09.2009	6,219	13,155	747	37	12,950	504	3.9
Schellenbecker Str. 15–21	Wuppertal	Düsseldorf	01.04.2006	13.07.2007	1,854	1,944	177	9	2,155	379	20.5
Richard-Strauß-Allee 10–14a	Wuppertal	Düsseldorf	01.04.2006	13.07.2007	1,258	1,394	139	7	1,545	284	21.3
Osterbekstr. 96	Hamburg	Hamburg	01.06.2006	30.09.2008	7,393	10,067	1,126	56	11,000	2,003	9.9
Düsternstr. 10	Hamburg	Hamburg	01.06.2006	31.10.2008	2,156	4,463	583	29	4,950	1,040	11.6
Nikolaistr. 16	Leipzig	Others	01.01.2007	30.11.2008	1,191	2,438	363	18	2,000	–93	–2.0
Gorch-Fock-Wall 11	Hamburg	Hamburg	01.06.2006	30.06.2009	8,693	20,405	2,886	144	19,600	1,936	3.3
Total					**825,912**	**1,406,248**	**377,693**	**107,565**	**1,631,426**	**492,260**	**7.3**

[1] Incl. 6% transaction costs.
[2] Incl. 5% real estate operating expenses.
[3] Unleverred profit and UIRR also include transction costs, which are not separately shown in table 36.

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Valuation certificate

Project 'Portfolio of alstria office REIT-AG'

Opinion of Market Value

as at 31 December 2020

on behalf of

alstria office REIT-AG
Steinstraße 7
20095 Hamburg
Germany

Commercial Portfolio of alstria office REIT-AG
Valuation date: 31 December 2020

Client	**Prepared by**
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Germany	Germany

A. Executive Summary

Portfolio Overview
Subject to this report are 109 commercial properties with a total lettable area of approx. 1,434,040 sqm. The properties are located mainly in the north, west and southwest of Germany as well as in the capital Berlin.

Tenure
All properties are held on the German equivalents of freehold title.

Location Analysis
Approx. 63 % of the total gross rental income are generated by the top three locations Hamburg, Düsseldorf and Stuttgart.

Top 10 municipalities by current rental income

#	Municipality	Lettable area sqm	Lettable units number	Current rental income EUR p.a.	Average remaining lease term years	Current rental income with lease expiry
1	Hamburg	385,086	3,066	52,755,312	6.94	97.0 %
2	Düsseldorf	230,911	3,857	33,673,362	6.34	97.7 %
3	Stuttgart	193,134	3,966	27,796,092	2.85	99.5 %
4	Frankfurt am Main	119,966	1,227	15,394,057	4.21	95.9 %
5	Berlin	87,052	884	10,829,333	4.44	96.6 %
6	Essen	72,492	1,392	9,598,819	3.11	99.4 %
7	Darmstadt	91,223	1,803	7,437,779	5.16	99.1 %
8	Köln	59,423	785	6,008,852	4.89	98.6 %
9	Ratingen	52,495	1,112	5,326,623	6.07	99.2 %
10	Karlsruhe	26,762	319	2,877,705	5.01	100.0 %
> 10	Remaining	115,495	2,170	9,054,737	6.94	97.1 %

B. Valuation Results

I. Total Rental Income ('Current Rent')

According to the provided tenancy schedule, the current rental income as at 31 December 2020 amounts to:

EUR 180,752,671 p.a.
(ONE HUNDRED EIGHTY MILLION SEVEN HUNDRED FIFTY TWO THOUSEND SIX HUNDRED AND SEVENTY ONE EURO)

II. Opinion of Net Estimated Rental Value (ERV)

The estimated rental value as at 31 December 2020 amounts to:

EUR 244,468,738 p.a.
(TWO HUNDRED FORTY FOUR MILLION FOUR HUNDRED SIXTY EIGHT THOUSAND SEVEN HUNDRED THIRTY EIGHT EURO)

III. Opinion of Market Value

We are of the opinion that the Market Value of the freehold interests in the subject properties as at 31 December 2020 is:

4,576,090,000 EUR
(FOUR BILLION FIVE HUNDRED SEVENTY SIX MILLION AND NINTY THOUSAND EURO)

Market Value in EUR per sqm	3,191
Gross Multiplier on Current Rent	25.32
Gross Multiplier on Market Rent	18.72
Net Initial Yield (NIY) on Current Rent in %	3.26
Net Yield (NY) on Market Rent in %	4.63

IV. Market Conditions Clause

The outbreak of COVID-19, declared by the World Health Organisation as a 'Global Pandemic' on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, 'lockdowns' have been applied to varying degrees and to reflect further 'waves' of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally.

C. Instructions and Sources of Information

We are of the opinion that the Market Value of the freehold interests in the subject properties as at 31 December 2017 is:

I. Scope of Instruction

Report Date
13 January 2021

Instruction
In accordance with the Instruction Letter dated 01 August 2017, the 1. Amendment dated 06 December 2017, the 2. Amendment dated 19 March 2019, the 3. Amendment dated 19 November 2019 and the 4. Amendment dated 18 November 2020 we carried out a valuation of all 109 commercial properties of the respective portfolio.

Please note that since the last valuation (30 June 2020) the following 3 properties were sold:

- VU2057: Arndtstraße 1, 30167 Hannover
- VU2158: Kurze Straße 40/Hornbergstraße 45, 70794 Filderstadt
- VU2183: Essener Straße 97, 22419 Hamburg

Furthermore, please note that since the last valuation the following property was bought:

- VU2199 – Corneliusstraße 36, 40215 Düsseldorf

Therefore, the valuation portfolio comprises 109 commercial properties at the valuation date of 31 December 2020.

Instructing Party
This valuation statement is addressed to and may be relied upon by:

alstria office REIT-AG
Steinstraße 7
20095 Hamburg
Germany
Hereinafter referred to as 'Client'

Conflict of Interest
We hereby confirm that we have no existing potential conflict of interest in providing the valuation report, either with the Principal or with the properties.

Furthermore, we confirm that we will not benefit (other than from receipt of the valuation fee) from this valuation instruction.

Currency
The relevant currency for this valuation is EUR.

Portfolio Assumption
Each property will be valued individually, and no discount or addition is made in the aggregate value to reflect the fact that it may form part of a portfolio.

Tenure
All properties are held on the German equivalent of freehold title.

Purpose of Valuation
The Instructing Party requires this valuation for accounting purposes.

Disclosure of Excerpts of Savills' Reports in the Company Reports
Savills agrees to the disclosure of an excerpt of Savills' reports (which include the Valuation Certificate and Annex 1 thereto but exclude any other Annexes or information) in the Company Reports of the Instructing Party ('Company Report') with the proviso, and under the condition, that Savills is liable to the Instructing Party only, and no third party (in particular no recipients of the Company Reports) may raise any claims against Savills in connection with Savills' report or the disclosure of parts thereof in the Company Report. The Instructing Party shall procure that the Company Reports contain (i) a statement that the disclosure in the Company Reports is made on a non-reliance basis, and no third party (other than the Instructing Party) will be entitled to raise claims against Savills, and (ii) the information that the knowledge of the excerpts of Savills' report disclosed in the Company Reports do not constitute a sufficient basis for business decisions of the recipients of the Company Reports.

Reliance
Our valuation is for the use of the party to whom it is addressed only and for the specific purpose referred to above. No responsibility is accepted to any other party than the instructing party.

Liability
Section 6 of the General Terms and Conditions governs Savills' liability under or in connection with this Instruction Letter.

The Parties hereby exercise the option to limit Savills' liability as provided for in Section 6.3 of the General Terms and Conditions. The 'Maximum Liability Amount' as defined in Section 6.3 of the General Terms and Conditions shall be EUR 50m (in words: Euro fifty Million).

For the avoidance of doubt, the provisions governing the liability of Savills (including Section 6.1 of the General Terms and Conditions) remain unaffected.

Nature and Source of Information relied on
The valuation has been substantially and mainly based upon the information supplied to us by the Instructing Party and/or entitled advisors. For details please refer to the chapter 'Sources of Information and Inspection'.

Basis of Valuation
Our valuation has been carried out in accordance with the RICS Valuation – Global Standards 2020 incorporating the IVSC International Valuation Standards issued 31st July 2019 and effective from 31st January 2020 (the 'Red Book'), published by the Royal Institution of Chartered Surveyors (RICS), London. The Market Value is defined as follows:

'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgably, prudently and without compulsion.'

Furthermore, we confirm that the determined Market Value corresponds with the German 'Verkehrswert' (§194 BauGB) and is also conform to the International Valuation Standards (IVS).

Date of Valuation
31 December 2020

Savills' Team
The responsible project managers for this valuation were Klaus Trautner MRICS, CIS HypZert (F) and Christian Quandt CIS HypZert (F) who are well experienced in the valuation of office properties.

Besides the project manager the following Savills team was involved in the valuation of the subject properties:

- Drazenko Grahovac MRICS
- Christian Glock MRICS
- Sebastian Arndt
- Magda Podniece MRICS
- Oliver Risopp MRICS
- Tanja Künne
- Desiree von Holt
- Cornelius Werth
- Konstantinos Yfantidis

Verification, Liability
This report contains many assumptions, some of a general and some of a specific nature. Our valuations are based upon certain information supplied to us by others. Some information we consider material may not have been provided to us.

We recommend that the addressee of this report satisfies itself on all these points, either by verification of individual points or by judgement of the relevance of each particular point in the context of the purpose of our valuations. Our valuations should not be relied upon pending this verification process.

Should any of the information or assumption on which Savills' valuation is based be subsequently found incorrect or incomplete our value conclusion may be incorrect so that our valuation may need to be amended. Savills therefore cannot accept any liability for the correctness of this assessment or for any loss or damage resulting there from.

General Terms and Conditions
The 'General Terms and Conditions' (Appendix III) of Savills Advisory Services Germany GmbH & Co. KG apply to this agreement. We specifically draw your attention to these.

II. Sources of Information and Inspection

Information Sources
For the purpose of this update valuation we have relied on our initial valuation certificates as at 29 January 2018, 14 January 2019, 30 July 2019, 19 November 2019, 31 July 2020 and the following new information, provided to us by the client:

› Rent roll for the properties including future leases information received by email on 28 December 2020
› Capex list as at 31 December 2020 received by email on 16 November 2020 and further additional information for single properties received by email on 19 November 2020
› Property related information concerning the purchased property Corneliusstraße 36 in Düsseldorf
› Several information regarding new/future lease agreements received by email 18 November 2020
› Several information regarding turnover and parking costs received by email on 18 and 23 November 2020
› Additional specific documents in course of the Q&A process

Unless otherwise stated in the Report, Savills based its valuations on the aforementioned documents and information received in the course of the initial and update valuations as at 31 December 2017, 31 December 2018, 30 June 2019, 31 December 2019 and 30 June 2020.

We have also included the following sources into our valuation report:

› Savills Research
› Local Land Valuation Boards and other local authorities
› Empirica
› RIWIS online database

Extent of Inspections
We have been carried out inspections for 41 subject properties between October and November 2020, for 79 subject properties in 2019 and for 37 subject properties in 2017. This listing also includes the properties that have been sold in the meantime. We have assumed that there were no material changes on the properties that could have an impact on the valuation during the time of the inspection and the valuation date.

All conclusions made by Savills with regard to the condition and the actual characteristics of the land and buildings have been based on our inspection of the subject properties and on the documents and information provided (please see above).

In the event that only partial internal inspections were possible, it will be assumed that the parts that were inspected are typical of the remainder.

For the avoidance of doubt, Savills did not carry out any building or structural surveys of the subject properties nor tested any of the electrical, heating or other services.

The properties were not measured as part of Savills' inspection, nor were the services or other installations tested.

All Savills' conclusions resulting from the inspections are based purely on visual investigations without any assertion as to their completeness.

Furthermore, investigations that might cause damage to the subject properties have not been carried out. Statements about parts of the structure or materials that are covered or otherwise inaccessible are based on the information or documents provided (or on assumptions, respectively).

D. Valuation Methods

I. H&T (Hardcore & Top Slice)

In determining the market value for commercial properties we therefore have applied the Hardcore and Top Slice Method (H&T). Using the H&T method, the cash flows from the property are divided into two blocks with the cash flow of each block being calculated individually and being summed up subsequently.

The H&T method is a static calculation approach which makes no explicit refection of rental growth: the effects of rental growth and potential changes in other market and financial factors are implicit in the yield, which is normally obtained from the analysis of comparable transactions. Hardcore considers the cash flow as at the date of valuation until the expiry of the existing lease and therefore considers the contractual rents. Management and maintenance costs as well as other unrecoverable costs of the owner are deducted from the current achievable gross annual yield (Gross Income). The remaining Net Income is capitalized by the annuity factor.

Top slice marks the second phase from the beginning of reletting, if required under consideration of an appropriate vacancy period. The calculation of cash flows is based on the estimated market rent. The costs of any outstanding repairs ('deferred maintenance') or other capital costs that would be immediately incurred are deducted from the total capital value. Future capital costs (e.g. renovation or refurbishment before renewed letting) are estimated and discounted for an appropriate period before being deducted.

After the deduction of the purchaser's costs (real property transfer tax, notary and agent costs) and immediately required capital expenditure, the result is the Net Value.

E. Valuation Considerations

In this chapter we comment on our individual considerations in order to arrive with our opinion of value.

Please note that our opinion of value is carried out on the basis of a number of assumptions. In the absence of any information to the contrary in the Report, our indication of value is based on our General Assumptions and Conditions enclosed in Appendix IV to this Report.

Our General Assumptions and Conditions will be amended by our individual considerations, including underlying individual valuation assumptions, as described in the following sections. Our individual considerations are based on these additional assumptions which were adopted specifically with respect to our opinion of value of the assets which are subject to this Report.

In case of any discrepancies with our General Assumptions and Conditions, our individual valuation assumptions as described in the following do prevail. If any of the aforementioned assumptions (General or individual valuation assumptions or other) are subsequently found to be incorrect or invalid, our opinion of value may need to be reconsidered.

I. Portfolio Considerations

1. Legal Aspects

Land Register
According to the provided land register excerpts, all properties are held on freehold title

There are several encumbrances regarding the subject properties like pipeline way leaves, cable rights, right of ways and restricted personal easement.

For the subject property VU2107 – Hamburg, there is a superstructure payment in an amount of EUR 76,604.52 p.a. (Überbaurente) in favour of the respective owner of land register Uhlenhorst folio 3403. We have considered these costs in our valuation approach.
Except for the subject property VU2107 – Hamburg, we are of the opinion that the encumbrances and restrictions registered under Section II do not affect the use of the subject properties. They are therefore assumed to have no impact on value.

Further legal Aspects
We were provided with some information regarding legal issues. This legal information partially include information regarding:

- Public encumbrances
- Planning law, zoning specification
- Historical listings
- Soil and building contamination

According to this information, we are of the opinion that the further legal aspects do not affect the use of the subject properties, therefore we have assumed no impact of value.

2. Technical Aspects

Maintenance Backlog and Capital Expenditure
Based upon the inspection as well as the documents and information provided by the client we have assumed that the continuing repair and maintenance of the properties have been carried out accordingly.

We were provided with a Capital expenditures overview with estimations for 'Major Refurbishment costs' and for 'Re-letting costs' for vacant units.

The total Capital expenditures for major refurbishments amount to ca. EUR 369,82m and for re-letting to EUR 83.5m.
This leads to total Capital expenditures of ca. EUR 453.32 for all subject properties (ca. 9.9 % of the portfolio value).

We have considered the costs for Capital expenditures in our valuation approach.

Please refer to Appendix II ('Detailed Valuation Overview') for more details of individual aspects.

3. Tenancy Aspects

Our valuation is based on the rent roll for the subject properties received from the client via email on 28 December 2020. We assume that the document reflect the status quo of all tenancies as at valuation date 31 December 2020 to a true and comprehensive extent. Please note that we cannot accept any reliance on the correctness nor the completeness of the provided information of tenancies.

For details of all tenancies, please refer to pp. 7 of the 'Detailed Valuation Overview' in Appendix II.

II. Basic Cash Flow Considerations

In the following section, we like to comment on all input parameters in our valuation model. Besides a general description of each parameter, the applied ranges of those parameters will be stated, too. For more detailed information on a property level please refer to Appendix II 'Detailed Valuation Overview'.

The Estimated Rental Value (ERV)
Estimated rental values ('market rents') indicated in this report are those which have been adopted by us as appropriate in assessing the capital value or the letting potential of the property, being subject to market conditions that are either current or are expected in the short term. They are based on our experience of the markets and our knowledge of actual comparable market activity. They are based on our experience of the markets and our knowledge of actual comparable market activity.

For the purpose of comparison, we considered market evidence by assessment of actual lettings of units with the same or the closest comparable use, where applicable and available.

In few cases we also considered asking rents. Applied ERVs range as follows in the subject portfolio:

Market rent

	Minimum EUR per sqm p.m.	Maximum EUR per sqm p.m.	Average* EUR per sqm p.m.
Office	7.00	28.00	14.17
Restaurant	1.51	25.00	8.94
Fitness	5.50	9.50	6.82
Theatre	3.00	3.00	3.00
Cinema	9.25	9.25	9.25
Storage	1.00	10.00	5.04
Nursing home	8.50	13.00	11.37
Retail	–	75.00	17.74
Other Area	–	50.00	7.43
Hotel	10.00	11.00	10.41
Surgery	8.50	22.50	14.56
Residential	5.00	14.50	12.75
Gastronomy	4.75	4.75	4.75
External Parking	15.00	180.00	49.76
Internal Parking	–	180.00	73.32
Antenna	50.00	2,350.00	696.71
Advertisement	–	1,200.00	203.89
Other Unit	–	660.00	54.52

*weighted by sqm/units

Our individually-applied rental values are included for each unit in the 'Detailed Valuation Overview' enclosed in Appendix II to this report.

Non-Recoverable Costs
Ancillary costs of a property are generally costs of

› ongoing maintenance,
› management and
› other non-recoverable costs.

These costs can generally be allocated to the responsibility of tenants in commercial leases – at least to a very high degree of total costs – whereas there are much stricter regulations for residential leases. Residential tenants may only be obliged to bear services charges as defined in the Ordinance of Services Charges *(Betriebskostenverordnung)* but must never – by law – be made responsible for costs of maintenance or management.

For the purpose of valuing the subject properties, we did not receive details of the amount of non-recoverable costs which remains to be borne by the owner. Therefore, we applied common appropriate assumptions in our valuation.

For costs of ongoing maintenance we have assumed the following for the respective types of use:

Maintenance

	Minimum EUR per sqm p.a.	Maximum EUR per sqm p.a.	Average* EUR per sqm p.a.
Office	7.00	10.00	7.98
Restaurant	7.50	10.00	8.08
Fitness	7.50	9.00	7.99
Theatre	8.50	8.50	8.50
Cinema	9.00	9.00	9.00
Storage	3.00	10.00	8.03
Nursing home	4.00	4.00	4.00
Retail	6.00	10.00	7.94
Other Area	–	10.00	7.61
Hotel	7.50	7.50	7.50
Surgery	7.50	9.00	7.61
Residential	7.50	11.00	8.11
Gastronomy	7.00	7.00	7.00
External Parking	–	80.00	29.92
Internal Parking	–	80.00	76.45

*weighted by sqm/units

Our approach considers both, that commercial tenants bear a considerable portion of maintenance costs, i.e. in their units and of all fixtures and fittings, but that it is also likely that the owner shall bear costs of maintaining the roof and structure ('Dach und Fach'). We assume the applied cost estimation to be sufficient to at least maintain the respective property in the current condition.

The portfolio contains two elderly homes (#2133, #2155) which are leased on a triple-net-basis. For these properties we applied only maintenance costs of EUR 4.00 per sqm and partially 0.5 % for other non-recoverable costs.

For the subject properties we have allowed management costs as a percentage of the annual market rent:

Management costs

	Min. EUR per unit p.a.	Max. EUR per unit p.a.	Average* EUR per unit p.a.
Office	–	162,342	2,750
Restaurant	266	5,854	1,546
Fitness	470	3,047	1,362
Theatre	3,361	3,361	3,361
Cinema	16,597	16,597	16,597
Storage	–	3,935	135
Nursing home	31,758	42,841	37,299
Retail	–	10,485	1,348
Other Area	–	4,328	337
Hotel	2,536	29,922	13,559
Surgery	209	3,362	1,296
Residential	97	270	249
Gastronomy	1,682	1,682	1,682
External Parking	4	1,404	54
Internal Parking	–	20,892	137
Antenna	18	846	230
Advertisement	–	432	64
Other Unit	–	238	10

*weighted by sqm / units

Our approach is to reflect a common level of management costs under consideration of the type and complexity of the asset and relevant utilisation(s). We generally assumed the subject asset to require a normal management effort.

Other non-recoverable costs such as:

› leasing commissions (for rental agents)

are taken into account by the applied yields as in our initial valuation.

Reletting Costs (tenant improvement costs for unit fit-out)
These costs were taken into account in accordance with the provided Reletting Capital expenditures by the client which amount to ca. EUR 83.5m. Please see section I. 2. Technical Aspects for detailed numbers.

Non-Recoverable Costs on Vacancy
These are generally non-recoverable service charges, for example any operational costs, which may need to be borne by the landlord should a tenant become unable to pay for any reason (e.g. insolvency) or in the general case of vacancy. These costs are incurred in addition to the regular non-recoverable ancillary costs as explained above.

In the absence of more detailed information of actual non-recoverable costs in the case of vacancy, we considered non-recoverable ancillary costs per sq m p.m. for vacant area as follows:

Vacancy costs

	Minimum EUR per sqm p.a.	Maximum EUR per sqm p.a.	Average* EUR per sqm p.a.
Office	–	1.50	1.45
Restaurant	1.00	1.50	1.42
Fitness	1.00	1.50	1.34
Theatre	1.00	1.00	1.00
Cinema	0.50	0.50	0.50
Storage	–	1.50	0.67
Nursing home	1.00	1.50	1.18
Retail	0.25	1.50	1.14
Other Area	–	1.50	0.84
Hotel	1.50	1.50	1.50
Surgery	1.50	1.50	1.50
Residential	0.25	1.50	0.64
Gastronomy	1.50	1.50	1.50

*weighted by sqm / units

Please note that these costs will only be applied to vacant space and only for the assumed duration of vacancy.

Void Periods for Currently Vacant Space & Future Void Periods on Renewed Letting
Voids generally represent the time period between the expiry of a lease and the start date of a new lease.

Depending on the quality of situation and the respective property, the current rental situation and the local vacancy rate we have assumed an initial void period for current vacancy and future void periods until re-letting after the expiry of leases of rental units.

There is currently some initial vacancy in the subject properties. For these units, we have estimated 'Void Periods of Current Vacancy' which are starting at the beginning of the next full month following the reference date of this valuation (the 'projection date').

We have assumed the following void periods for current vacancy:

Void period of current vacancy

	Minimum month	Maximum month	Average * month
Office	6.00	30.00	18.20
Storage	2.00	30.00	15.54
Retail	9.00	24.00	16.67
Other Area	12.00	25.00	18.51
Surgery	18.00	18.00	18.00
Residential	3.00	26.00	15.00
External Parking	3.00	30.00	13.75
Internal Parking	2.00	26.00	17.50
Antenna	9.00	9.00	9.00
Advertisement	12.00	15.00	15.00
Other Unit	9.00	15.00	9.00

*weighted by market rent

We have not set void periods of current vacancies for hotel, nursing home, restaurant, gastronomy, fitness, theatre and cinema because these types of use are currently fully let Those units which are currently let and which become vacant in the future will be subject to the 'Void Periods after Expiry of Leases'.

For all units where leases expire in the future and during the upcoming DCF term of 10 years, we considered the following void periods:

Void Period after expiry of leases

	Minimum month	Maximum month	Average * month
Office	3.00	32.00	13.14
Restaurant	6.00	20.00	14.92
Fitness	12.00	18.00	15.25
Theatre	12.00	12.00	12.00
Cinema	12.00	12.00	12.00
Storage	3.00	32.00	12.23
Nursing home	12.00	16.00	13.08
Retail	6.00	30.00	12.73
Other Area	4.00	30.00	13.04
Hotel	12.00	15.00	18.82
Surgery	12.00	30.00	16.63
Residential	1.00	32.00	5.25
Gastronomy	15.00	15.00	15.00
External Parking	3.00	30.00	12.81
Internal Parking	3.00	32.00	13..65
Antenna	2.00	30.00	12.17
Advertisement	2.00	18.00	5.58
Other Unit	–	24.00	17.36

*weighted by market rent

The above discussed considerations are shown as the number of months for each existing unit within the rent roll in the 'Detailed Valuation Overview' enclosed in Appendix II to this report.

Remaining lease time until lease expiry

For current lease contracts without fixed lease expiry date we applied half of the previous rental period as remaining lease term (e.g. a lease contract is running for 6 years as at valuation date, than we applied 3 years as remaining lease term). Moreover, we have adjusted lease terms for secondary areas and parking areas in line with the term of the main lease. We have also adjusted the unexpired lease terms in some cases where individual rental spaces of the same tenant have fixed lease terms on the one hand and unexpired lease terms on the other.

Leased rental units by alstria office REIT-AG

Alstria office REIT-AG currently occupies rental areas and in the following properties:

› VU2053: Steinstraße 5–7, Hamburg
› VU2054: Friedrichstraße 19, Düsseldorf
› VU2105: Rotebühlstraße 98–100, Stuttgart
› VU2118: Elisabethstraße 5–11, Düsseldorf
› VU2150: Platz der Einheit 1, Frankfurt am Main
› VU2176: Rankestraße 17, Berlin

For each of these properties we have agreed to make a Special Assumption that alstria office REIT-AG occupies the accommodation on a typical commercial Dach und Fach lease term for a duration of 5 years commencing on the valuation date, and is paying the applied Market rent. This Special Assumption is made on the basis that alstria office REIT-AG undertakes to enter into such a lease either of these properties be sold.

Furthermore a Photovoltaic system is rented out by ALSTRIA PORTFOLIO 3 GP GMBH in VU2134, Maarweg 165, Köln. We also used the described Special Assumptions above for rented space by alstria office REIT AG regarding Market rent and duration of lease.

Permanent Void Allowance / Structural Vacancy
At the date of valuation the portfolio of alstria office REIT-AG has a total vacancy area of 238,671 sqm. We have appointed 3,502 sqm of this area as structurally vacant. The Portfolio thus has a cumulative vacancy rate of approximately 16.6 %.

Structural Vacancy

Subject Property	Property Address	Municipality	Lettable Area sqm	Structurally Vacant Area sqm	%
VU2026	Amsinckstr. 34/ Högerdamm 43	Hamburg	6,666	115	1.73
VU2032	Ernst-Merck-Str. 9	Hamburg	17,535	41	0.23
VU2039	Johanniswall 4	Hamburg	14,113	38	0.27
VU2044	Ludwig-Rosenberg-Ring 41	Hamburg	4,895	88	1.79
VU2106	Hamburger Str. 1–15 (MOT)	Hamburg	9,473	228	2.41
VU2118	Elisabethstr. 5–11	Düsseldorf	10,016	301	3.01
VU2125	Heidenkampsweg 51–57	Hamburg	10,194	58	0.57
VU2137	Berliner Str. 91–101/ Brandenburger Str. 2–6	Ratingen	33,930	889	2.62
VU2138	Pempelfurtstr. 1	Ratingen	18,564	925	4.98
VU2145	Mergenthalerallee 45–47	Eschborn	5,061	534	10.55
VU2179	Kanzlerstr. 8	Düsseldorf	8,993	104	1.16
VU2180	Am Wehrhahn 28–30	Düsseldorf	2,610	161	6.17
VU2197	Adlerstr. 63	Düsseldorf	2,686	19	0.72

Applied calculations Yields
We applied the following range of yields for the subject portfolio considering the individual cash-flows, locations, as well as use types and building qualities.

Internal yields and rates

	Minimum	Maximum	Average *
Equivalent Yield	2.75	8.75 %	3.98 %

* Equivalent Yield weighted by Gross Present Value

Costs of Transaction
For our opinion of value, we applied costs of transaction as follows:

› Real Estate Transfer Tax: 4.50 %–6.50 % (depending on federal state relevant to an asset)
› Notary fees: 0.25 %–0,50 %
› Agency fees: 0,50 %–1.00 %

These costs are chosen as they are common in ordinary course of business, i.e. in an asset deal, and for the subject type of properties. Costs of transaction may, however, differ in the actual individual case – depending on the type of transaction.

Closure
Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed, and no responsibility is accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

For and on behalf of
Savills Advisory Services Germany GmbH & Co. KG

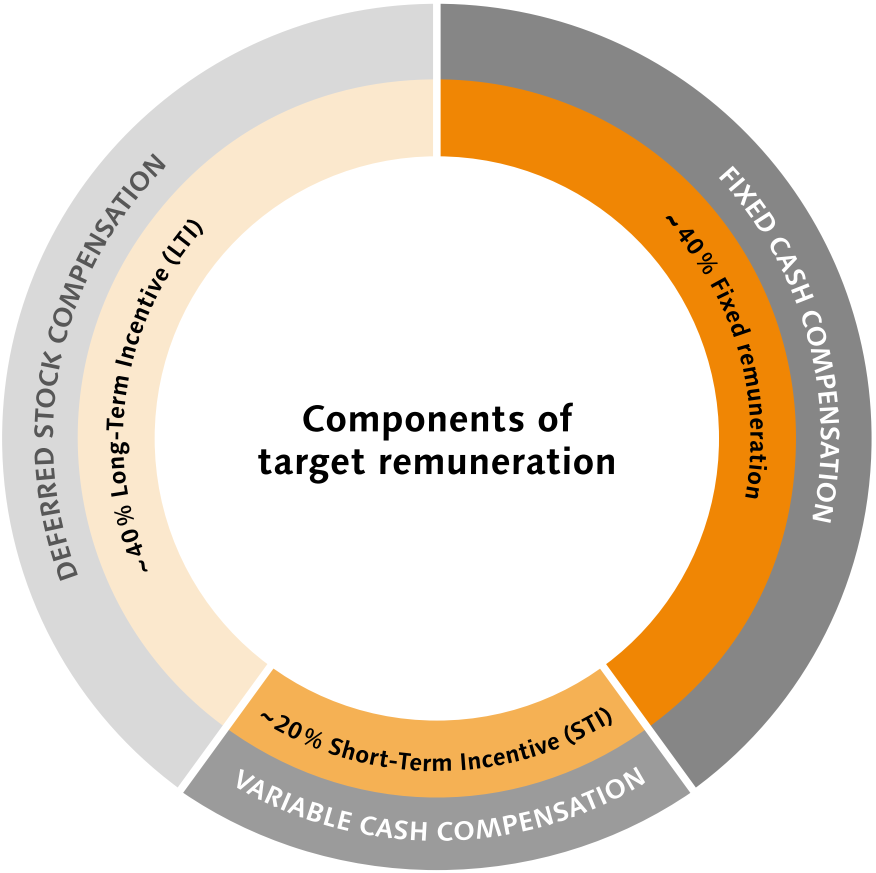
Draženko Grahovac MRICS
RICS Registered Valuer

Klaus Trautner MRICS
RICS Registered Valuer, CIS HypZert(F)

Management compensation*

Transparent and in-line with shareholders interest

› More detailed information on management compensation can be found in the Annual Report 2020 – IFRS Financial Report.



~40% Fixed remuneration › All cash	**Basic salary**
~20% Short-Term Incentive (STI) **Variable remuneration** › All cash	**PERFORMANCE MEASURE**
FFO per share (80%)	Like-for-like budgeted FFO per share, adjusted by impact of material acquisitions and disposals/changes in share capital
ESG (20%)	ESG targets 2020 include among others Climate Change and Energy Management targets
~40% Long-Term Incentive (LTI) **Variable remuneration** Stock awards (holding period of 4 years)	**PERFORMANCE MEASURE**
75% Relative Total Shareholder Return (TSR)	Total shareholder return relative to FTSE EPRA/NAREIT Developed Europe Index
25% Absolute Total Shareholder Return (TSR)	Absolute total shareholder return

Share ownership guidelines:
Investment of three times annual fixed remuneration in company shares.

* New management compensation system to be proposed for a say on pay vote at the next Annual General Meeting.

Glossary

A

AFFO
The adjusted funds from operations (AFFO) is equal to the FFO (funds from operations) with adjustments made for capital expenditures used to maintain the quality of the underlying investment portfolio.

Annual financial statements
The annual financial statements include the balance sheet and the profit and loss account of a company. In respect of a joint stock company, these are prepared by the Management Board, audited by a chartered accountant for compliance and checked by the Supervisory Board.

Asset management
Value-driven management and / or optimization of real estate investments through letting management, refurbishment, repositioning and tenant management.

Average cost of debt
The cost of finance expressed as a percentage of the weighted average of borrowings during the period.

B

Broker fees
Fees paid to an intermediary in connection with the brokerage of rental space or a real estate transaction.

C

Cash flow
The cash flow statement shows how the cash and cash equivalents of the Group changed in the course of the financial year as a result of cash received and paid. In accordance with IAS 7, a distinction is made between cash flows from operating activities and cash flows from investing and financing activities.

CO_2
Carbon dioxide, a gas produced primarily through the combustion of fossil fuels, is believed to be the main cause of climate change.

Contractual rent
At a given date, the contractual rent reflects the total annualised rent taking into consideration all signed rental contracts.

Coverage
Information provided on a listed public company by banks and financial analysts in the form of studies and research reports.

D

Development capex
Investments related to the substantial modernization / renovation of a building.

Dividend
The share of the distributed net profit of a company to which a shareholder is entitled in line with the number of shares he holds.

E

EPRA
The European Public Real Estate Association is an organization that represents the interests of the major European property management companies and supports the development and market presence of European public property companies.

EPRA Net Disposal Value (NDV)
Shareholders are interested in understanding the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. For this purpose, EPRA Net Disposal Value provides the reader with a scenario where deferred tax, financial instruments and certain other adjustments are calculated based on the full extent of their liability, including tax exposure not reflected in the balance sheet, the net of any resulting tax. This measure should not be viewed as a 'liquidation NAV' because, in many cases, fair values do not represent liquidation values.

EPRA Net Reinstatement Value (NRV)
The objective of the EPRA Net Reinstatement Value measure is to highlight the value of net assets on a long-term basis. Assets and liabilities that are not expected to crystalize under normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are therefore excluded. Since the aim of the metric is also to reflect what would be needed to recreate the company through the investment markets based on its current capital and financing structure, related costs such as real estate transfer taxes should be included.

EPRA Net Tangible Assets (NTA)
The underlying assumption behind the EPRA Net Tangible Assets calculation assumes entities buy and sell assets, thereby crystalizing certain levels of deferred tax liability. This reflects a 'going concern' view.

ERV
The estimated market rental value of the total lettable space in a property, after deducting head and equity rents, calculated by the Group's external valuers.

ESG
Stands for Environmental Social and Governance, and refers to the three key factors when measuring the sustainability and ethical impact of an investment in a business or company.

F

Fair value (or open market value [OMV])
The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value for alstria's investment properties is reviewed regularly by external appraisers.

FFO
alstria calculates Funds From Operations as EBT, decreased/ increased by the net gain/loss from fair value adjustment on investment property, decreased/increased by the net gain/loss from fair value adjustment on financial derivatives, increased/reduced by the profit/loss on disposal of investment property, decreased/increased by the net gain/loss from fair value adjustments on investment property of joint ventures, decreased/increased by non-recurring items, plus non-cash-expenses and less cash taxes paid.

G

G-REIT
Real Estate Investment Trusts are public listed companies, fully tax-transparent, which solely invest in properties.

I

IFRS
The international financial reporting standards (IFRS) are adopted by the International Accounting Standards Board (IASB). The objective is to achieve uniformity and transparency in the accounting principles that are used by companies and other organisations worldwide for financial reporting. IFRS have applied to listed companies since January 1, 2005.

Investment property
Property, land and buildings, which are held as financial investments to earn rents or for growth and not used for the Company's own purpose. The value of the investment property is determined according to IAS 40.

L

LTV and Net LTV
alstria calculates loan to value (LTV) by dividing the total loans outstanding to finance investment properties by the value of all mortgaged investment properties. The calculation of alstria's Net LTV also deducts the available non-restricted cash on the respective balance sheet date, which is deducted from the gross debt amount.

M

MDAX
Mid Cap Index; it contains, with variable weighting, the prices of the 50 most important, in terms of market capitalization and turnover, German joint stock companies which are not included in DAX30. In addition to dividend payments, subscription right proceeds are also included when calculating the index.

N

NAV (net asset value)
Reflects the economic equity of the Company. It is calculated from the value of assets less debt.

Net absorption
Reduction of vacant space in a real estate portfolio, which remains unchanged over two reporting periods.

Net debt / EBITDA
The Net debt / EBITDA ratio gives an indication as to how long a company would need to operate at its current level to pay off all its debt.

O

Office building
Property where at least 75 % of the lettable area is destined for office use (disregarding potential ground-floor retail).

Opex (Operating expenditure)
Maintenance costs of buildings that are not capitalized but are immediately recognized in the income statement.

P

Passing rent
Annual gross rental income as per a certain date, excluding the net effects of straight-lining for lease incentives.

Performance
The term performance describes the percentage appreciation of an investment or a securites portfolio during a given period.

Pre-let
A lease signed with a tenant prior to completion of a development.

Property management
Property management is the management of real estate assets including the processes, systems and manpower required to manage the life cycle of a building.

R

Refurbishment portfolio
Part of the real estate portfolio on which modernization / renovation work took place during the reporting period.

Rent concession
Granting of rent-free periods in connection with a lease.

Roadshows
Corporate presentations to institutional investors.

S

Share
The term ‘share’ describes both the membership rights (holding in the joint stock company) and the security that embodies these rights. The holder of a share (shareholder) is a ‘sharer’ in the assets of the joint stock company. Their rights are protected by the regulations contained in the Companies Act.

Share capital
The capital stipulated in a corporation's articles of association. The articles also specify the number of shares into which the share capital is divided. The Company issues shares in the amount of its share capital.

Supervisory Board
The Supervisory Board is one of the three executive bodies of a joint stock company: Annual General Meeting, Management Board and Supervisory Board. The Supervisory Board appoints the Management Board and provides supervision and advice regarding management of the company's business.

Sustainability
Alignment of an organisation's products and services with stakeholder expectations, thereby adding economic, environmental and social value.

T

Tenant fit outs
Costs related to the fit out of rental space due to special tenant requirements.

Tenant incentives
Any incentive offered to occupiers to enter into a lease. Typically the incentive will be an initial rent-free period, or a cash contribution to fit-out or similar costs.

TSR (Total shareholder return)
Dividends and capital growth in the share price, expressed as a percentage of the share price at the beginning of the year.

Transparency
A principle that allows those affected by administrative decisions, business transactions or charitable work to know not only the basic facts and figures but also the mechanisms and processes. It is the duty of civil servants, managers and trustees to act visibly, predictably and understandably.

U

UIRR
The Unlevered internal rate of return (UIRR) is a key indicator to assess the attractiveness of an investment. It is the rate needed to discount the unlevered sum of the future cash flow to equal the initial investment.

V

Vacant space
Vacant space refers to the sum of all lettable space that at the end of a calendar year is unoccupied or offered for lease.

W

WAULT
Weighted average unexpired lease term. Remaining lease length of a rent contract.

X

XETRA
An electronic stock exchange trading system that uses the open order book and thus increases transparency.

Y

Yield
Key performance indicator, which is determined at a given date by the contractual rent in relation to the fair value of the property.

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alstria office REIT-AG is a member of DIRK (Deutscher Investor Relations Verband, the German Investor Relations Association).

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Forward-looking statements
This annual report contains forward-looking statements. These statements represent assessments which we have made on the basis of the information available to us at the time. Should the assumptions on which the statements are based not occur, or if risks should arise the actual results could differ materially from the results currently expected.

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