

**Bulletin:**

# Alstria Office REIT-AG's Proposed Benchmark Sized Notes Will Support Liquidity

**March 10, 2025**

This report does not constitute a rating action.

FRANKFURT (S&P Global Ratings) March 10, 2025--S&P Global Ratings today said that the proposed benchmark sized senior unsecured bond, launched by German office landlord Alstria Office REIT-AG (Alstria; BB/Negative/--) on March 10, will likely support the company's liquidity and debt maturity profile once the transaction is completed.

We understand that Alstria will use the proceeds to mainly refinance upcoming debt maturities. Concurrently, Alstria launched a tender offer on its outstanding €335.2 million senior unsecured bond, due in September 2025; on its outstanding €334.1 million senior unsecured bond, due in June 2026; and on its outstanding €311.4 million senior unsecured bond, due in November 2027. The proposed notes are rated 'BB+' with a recovery rating of '2', in line with the company's existing senior unsecured bond ratings.

Together with the recently signed €164.5 million secured bank loans, the revolving credit facility of €150 million, and the equity commitment letter of up to €160 million by its shareholders, Alstria will have sufficient funds to cover its short-term debt maturities of about €442 million in 2025 and partially address later maturing debt. We anticipate that Alstria's average debt maturity will increase well above three years, from 2.9 years as of Dec. 31, 2024, and, therefore, will be in line with our requirements for the current rating level.

We expect that the new funding will bear higher interest costs compared with its maturing debt, keeping Alstria's interest coverage ratio tight at about 1.3x-1.4x in 2025, close to our rating downside threshold of below 1.3x. We think that the company's rating stability strongly depends on a favorable operating environment, including overall stable occupancy levels and a cautious cost approach. Our base-case scenario also includes the shareholders equity commitment of about €160 million, which we expect to be drawn before September 2025 (see "Research Update: Alstria Office REIT-AG Affirmed At 'BB' On Equity Commitment By Brookfield; Outlook Negative," published on Dec. 16, 2024). We expect that the company's debt-to-debt-plus-equity ratio will improve to below 65.0% by year-end 2025, from 67.6% at year-end 2024, and that debt to EBITDA will decline toward 18.0x by year-end 2025, compared with 19.6x as of Dec. 31, 2024.

Our negative outlook on Alstria reflects the risk that its credit metrics may not improve back to our current 'BB' rating thresholds. We will closely monitor Alstria's refinancing and deleveraging

**Primary contact**

**Gabriel Zurita**  
Frankfurt  
49-6933999193  
gabriel.zurita  
@spglobal.com

**Secondary contact**

**Nicole Reinhardt**  
Frankfurt  
49-693-399-9303  
nicole.reinhardt  
@spglobal.com

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activities over the next few quarters and update our analysis once we have more visibility on the deleveraging process.

## **Related Research**

- Research Update: Alstria Office REIT-AG Affirmed At 'BB' On Equity Commitment By Brookfield; Outlook Negative, Dec. 16, 2024
- Bulletin: Alstria's Loss Of REIT Status May Furthermore Weaken Credit Ratios Despite Limited Cash Impact, Sept. 20, 2024
- Alstria Office REIT-AG, Sept. 13, 2024

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