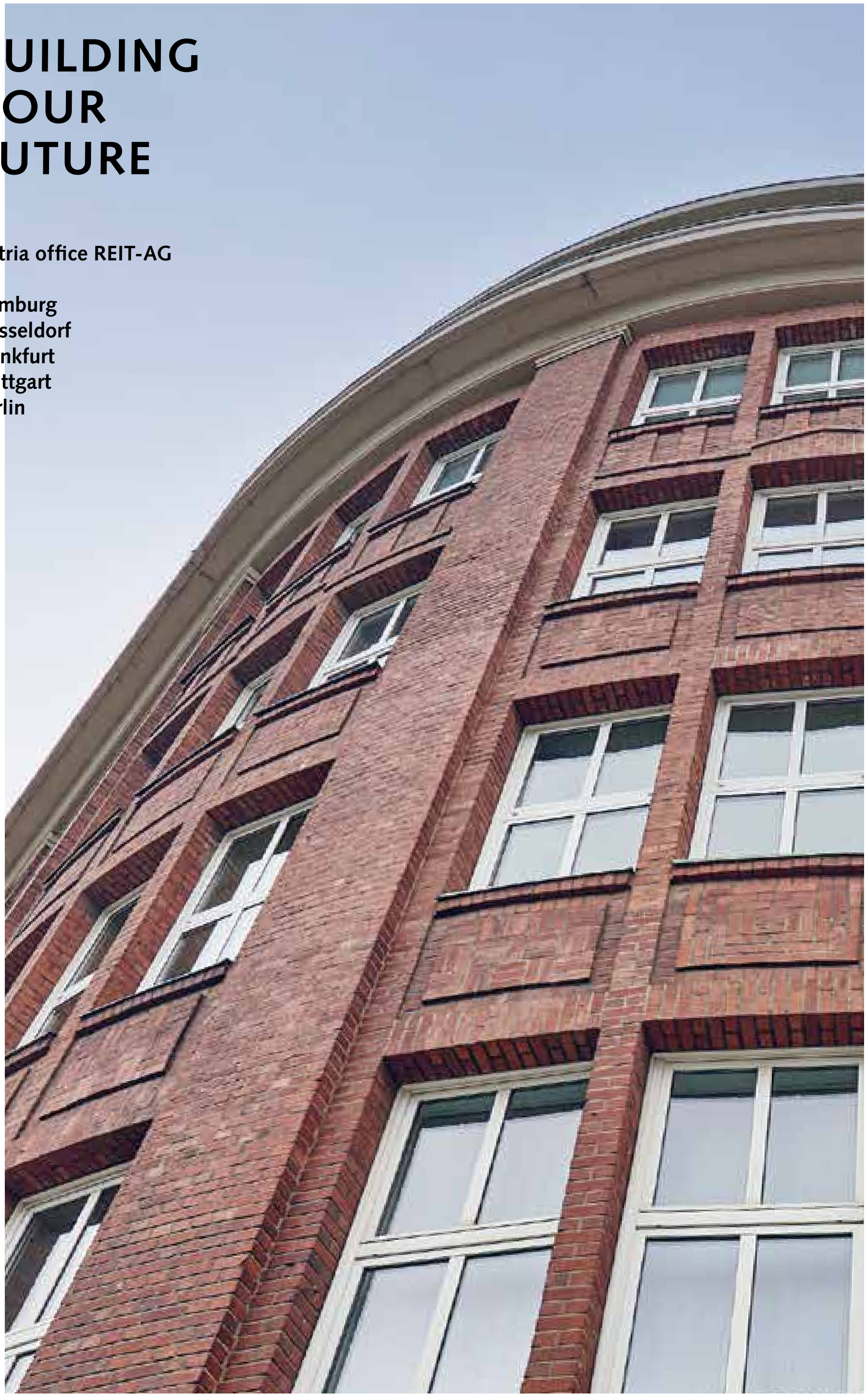
BUILDING YOUR FUTURE

alstria office REIT-AG

Hamburg
Düsseldorf
Frankfurt
Stuttgart
Berlin



alstria

Annual Company Report 2018

alstria

ANNUAL COMPANY REPORT

Real Estate Portfolio Performance & Financial Development

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2018

ANNUAL COMPANY REPORT

Real Estate Portfolio Performance & Financial Development

CONTENT

COMPANY PROFILE

Real estate, when professionally managed, offers reliable long-term returns. Acquiring, developing and leasing up buildings are our core competencies.

WHO WE ARE

alstria office REIT-AG is Germany's leading real estate company, with a focus on office properties. As of December 31, 2018, we own and manage a portfolio of 118 buildings with a lettable area of 1.6 million m² and a total value of EUR 4.0 billion. Our properties are located in the large and liquid German office markets of Hamburg, Düsseldorf, Frankfurt, Stuttgart and Berlin, where we are represented by alstria's local operating offices. As a fully integrated company, oriented toward the long term, alstria's 149 employees actively manage our buildings throughout their entire life cycle.

WHAT WE OFFER

Through our local presence, we offer our tenants modern and efficient office space as well as comprehensive local services. Our company's listing on the German stock exchange gives our shareholders access to a first-class, professionally and sustainably managed portfolio of office properties in the most attractive cities of Europe's strongest economy. To our employees, we offer secure and attractive jobs, on the basis of our sustainable strategy.

OFFICE PORTFOLIO
Value EUR 4.0 bn
Yield 4.9 %

INTEGRATED OPERATIONS
149 Employees

FINANCIAL YEAR 2018

REVENUES	FFO	FFO MARGIN	FFO per share	DIVIDEND per share	EPRA NAV per share
EUR 193.2 m	EUR 114.7 m	59.4 %	EUR 0.65	EUR 0.52	EUR 15.14

WHAT WE DO

Our corporate strategy is based on three pillars:

Letting real estate: Leasing up our assets enables us to generate income that forms the basis of our ability to pay out attractive dividends over the long term.

OPERATE
Lease up
203,300 m²

Risk-adjusted corporate growth: Through acquisitions and continuous portfolio optimization, we constantly grow the company and create synergies in the management of our portfolio.

RECYCLE
Acquisitions
EUR 107 m
Disposals
EUR 79 m

Exploiting value creation potential: We increase rental income and property values by making substantial and steady investments in our portfolio.

REPOSITION
Capex / Opex
EUR 86 m

HOW WE ARE FINANCED

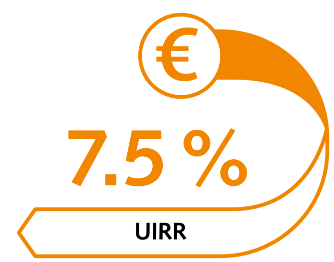
EQUITY
REIT equity ratio
67.2 %

DEBT
Net LTV
30.4 %

Our business is based on a solid balance sheet. Our company's net LTV is 30.4 % and this limits the impact of potential interest rate increases on our future earnings situation. With an operating profit margin of 59.4 %, our business model is highly profitable and allows us to invest our operating cash flow in maintaining the value of our properties, while paying attractive and sustainable dividends.

WHAT WE ACHIEVE

Our business is a total return business. Our three-pillar strategy has generated an average unlevered IRR of 7.5 % per annum for all of the portfolio assets that we have acquired, managed and sold over the market cycles since the company was founded twelve years ago. Due to our strict discipline in the acquisition of new buildings, we anticipate the continued achievement of such returns.



HOW WE REPORT

alstria strives to be as transparent as is reasonably possible. We publish all relevant information about every building we buy, own and sell. We are firmly convinced that only an open and reliable information policy can form a solid basis for trust and a long-term partnership between our company and its stakeholders.

KEY FIGURES FIVE YEAR OVERVIEW

EUR k	2018	2017	2016	2015	2014
Revenues and earnings					
Revenues	**193,193**	193,680	202,663	115,337	101,782
Net rental income	**169,068**	172,911	179,014	102,140	90,020
Consolidated profit for the period	**527,414**	296,987	176,872	–110,970	36,953
FFO (after minorities)	**114,730**	113,834	116,410	59,397	47,626
Earnings per share (EUR)	**3.02**	1.94	1.16	–1.15	0.47
FFO per share (EUR)	**0.65**	0.74	0.76	0.61	0.60

Balance sheet	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Investment property	**3,938,864**	3,331,858	2,999,099	3,260,467	1,645,840
Total assets	**4,181,252**	3,584,069	3,382,633	3,850,580	1,769,304
Equity	**2,684,087**	1,954,660	1,728,438	1,619,377	846,593
Liabilities	**1,497,165**	1,629,409	1,654,195	2,192,916	922,711
NAV per share (EUR)	**15.13**	12.70	11.28	10.64	10.71
Net LTV (%)	**30.4**	40.0	40.9	49.3	50.4

G-REIT key figures	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
G-REIT ratio (%)	**67.2**	57.1	56.7	49.4	50.2
Revenues plus other income from investment properties (%)	**100**	100	100	100	100

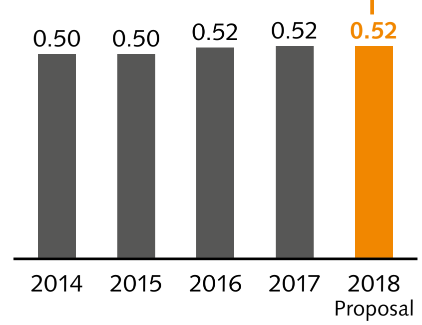
EPRA key figures[1]	2018	2017	2016	2015	2014
EPRA earnings per share (EUR)	**0.62**	0.68	0.57	0.42	0.59
EPRA cost ratio A (%)[2]	**23.0**	19.6	20.6	26.1	22.9
EPRA cost ratio B (%)[3]	**19.0**	16.4	16.6	22.1	19.8

	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
EPRA NAV per share (EUR)	**15.14**	12.71	11.31	10.91	11.22
EPRA NNNAV per share (EUR)	**14.96**	12.45	10.81	10.66	10.58
EPRA net initial yield (%)	**4.0**	4.6	5.0	5.0	4.8
EPRA 'topped-up' initial yield (%)	**4.4**	5.0	5.4	5.3	5.0
EPRA vacancy rate (%)	**9.7**	9.4	9.2	11.2	11.0

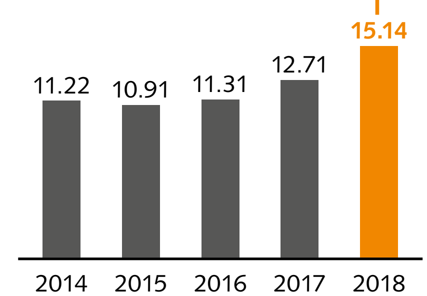
[1] For further information please refer to EPRA Best Practices Recommendations, www.epra.com.
[2] Incl. vacancy costs.
[3] Excl. vacancy costs.

FINANCIAL HIGHLIGHTS

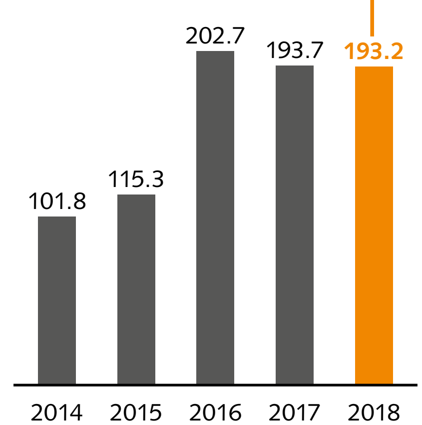
Dividend
0.52
EUR per share



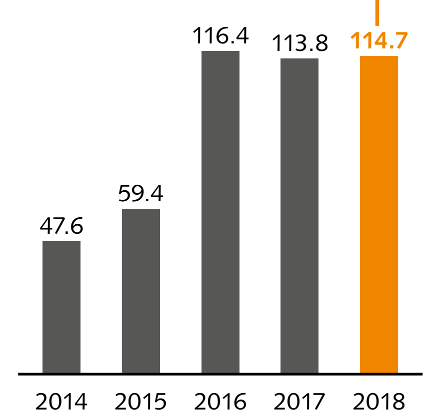
EPRA NAV
15.14
EUR per share



Revenues
193.2
million EUR



FFO
114.7
million EUR



MANAGEMENT LETTER

Dear ladies and gentlemen, shareholders, business partners and tenants

Where do we stand in the cycle? How much longer might it be before the next downturn? If we look back at our 2018 investor meetings, or at business discussions in the real estate universe, these were the main two questions that kept coming back. The politically correct (accepted) answer to these questions seems to be ‘we are closer to the top than to the bottom’ and ‘this cannot last forever.’ Both acknowledge that we do not hold a crystal ball (yet). Both acknowledge the ever-increasing dissonance between what we see in the marketplace and what experience tells us. And yet, in an echo of the (in)famous words of Charles Prince (former Chairman Citigroup), the small voice behind the increased activity in the investment market keeps on whispering, ‘As long as the music is playing, you’ve got to get up and dance.’

2018 was a very good year for alstria. The company booked a net income of EUR 527 million. This is the highest annual profit booked in the history of the company, essentially driven by a substantial increase in the value of the company’s assets. At the same time, the net LTV and net debt to EBIDTA have reached a historical low (at 30.4 % and 8.3). Since 2007, alstria’s portfolio has grown by EUR 1,800 million, while at the same time, our debt has increased by only EUR 200 million. Our strong operations were backed by a solid leasing result, with more than 200,000 m² of leases signed or renewed, pushing the average rent per square meter in alstria’s portfolio to another historical high at EUR 12.25 per m² per month. So, we keep on dancing? German GDP growth in 2018 was a decent 1.5 %, above the 10-year average of 1.2 %. But it was the smallest in the past five years, with the economy shrinking in the third quarter. German trade surplus in December 2018 was still comfortably high at EUR 13.9 billion. But it was down 24% year-over-year. And finally, the latest advanced economic indicator, the IFO index, published for Germany in January 2019 was the lowest since 2012 at 99.1. Is the music tuning down?

The biggest risk that a company like ours is running today is to succumb to fear. Fear of missing out on the last dance or fear of missing the last ride home. The best way to address this fear is to acknowledge the uncertainties, question again and again the course of action, and be prepared to shift gears rapidly if needed.

We have been doing just that over the past few years. Our 1.6 million square meters of office space allow us to offer the largest publicly listed exposure to the German core office market. You do not fear missing out on the last dance when you are the queen or king of the prom. Our balance sheet has both, the lowest quantum of net debt and the lowest net debt to EBIDTA multiple of public listed exposure to German real estate. You do not fear missing the last ride home if you can walk.

We are satisfied with the current strength of alstria’s balance sheet but could still further improve the overall quality of our portfolio, taking advantage of the market situation. We intend to keep on using the market imbalance to divest our weaker assets, increase our investment in our own assets, and selectively invest in our core markets. Our vision for the German office real estate market has not changed. We still believe that room exists for a larger listed real estate office property company in Germany. We will stay on course.

Kind regards

Olivier Elamine
Chief Executive Officer (CEO)

Alexander Dexne
Chief Financial Officer (CFO)

OUR PROGRESS IN 2018

LETTING VOLUME

up to 203,300 m²

The leasing market for office properties in Germany remained strong in 2018. There is a particular demand for modern and efficient space in central locations with good access to public transport. Tenants are willing to pay higher rents for good quality offices and sign longer-term leases. In 2018, we leased up 203,300 m² for our portfolio (including 110,800 m² of new lettings), which represents around 13.0 % of our total lettable area.

NET LTV down to 30.4 %

NET DEBT / EBITDA of 8.3

In 2018, we further reduced the volume of our financial liabilities and kept the average maturity (5.5 years) almost at previous year's level (5.8 years). We are firmly convinced that a low level of financial debt is necessary at this point of the cycle. Due to the combined effect of substantial repayment of financial debt over the past years and the value appreciation of our real estate portfolio, our net LTV fell significantly, to 30.4 % as of December 31, 2018. Our net debt / EBITDA amounted to 8.3, as of December 2018, and improved from the previous year's net debt / EBITDA of 9.0.

EPRA NAV PER SHARE

up by 19.1 %

Based on our operational progress and the significant rise in value in the German office property market, our EPRA net asset value per share rose by 19.1 % (EUR 2.43), to EUR 15.14. Considering the new portfolio valuation, the yield, based on current in-place rents, amounts to 4.9 %.

FFO MARGIN

up to 59.4 %

Due to our mode of managing our operations, the profitability of our company continued to increase. Our operating margin (FFO margin) was 59.4 % as of December 31, 2018. The operating profit (FFO = funds from operations) of EUR 114.7 million remained generally in line with our operating cash flow of EUR 119.0 million. As a result of the company's high profitability, we can propose a stable dividend of EUR 0.52 per share to our shareholders.

PORTFOLIO KEY INFORMATION

GEOGRAPHIC PORTFOLIO SPLIT AND PORTFOLIO VALUE

as of December 31, 2018

TOTAL PORTFOLIO

Investment volume: **EUR 3,985 m**

Number of assets: **118**

Lettable space: **1,577,000 m²**

Headquarters

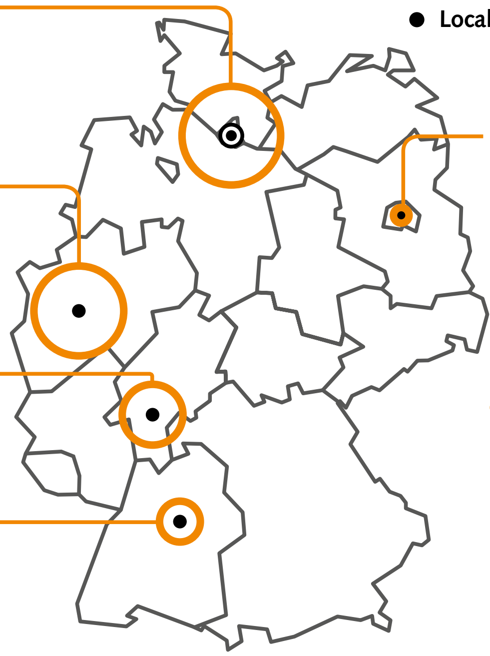
Local offices

Hamburg
EUR 1,223 m
37 assets
387,100 m²

Rhine-Ruhr
EUR 1,114 m
35 assets
492,000 m²

Rhine-Main
EUR 753 m
20 assets
295,500 m²

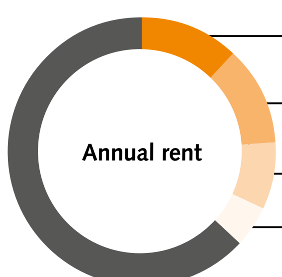
Stuttgart
EUR 506 m
10 assets
221,600 m²



Berlin
EUR 238 m
8 assets
74,700 m²

Others
EUR 151 m
8 assets
106,100 m²

TENANT SPLIT



12 % City of Hamburg
12 % Daimler AG
8 % Deutsche Telekom (GMG)
5 % HOCHTIEF AG
63 % Others

Portfolio highlights

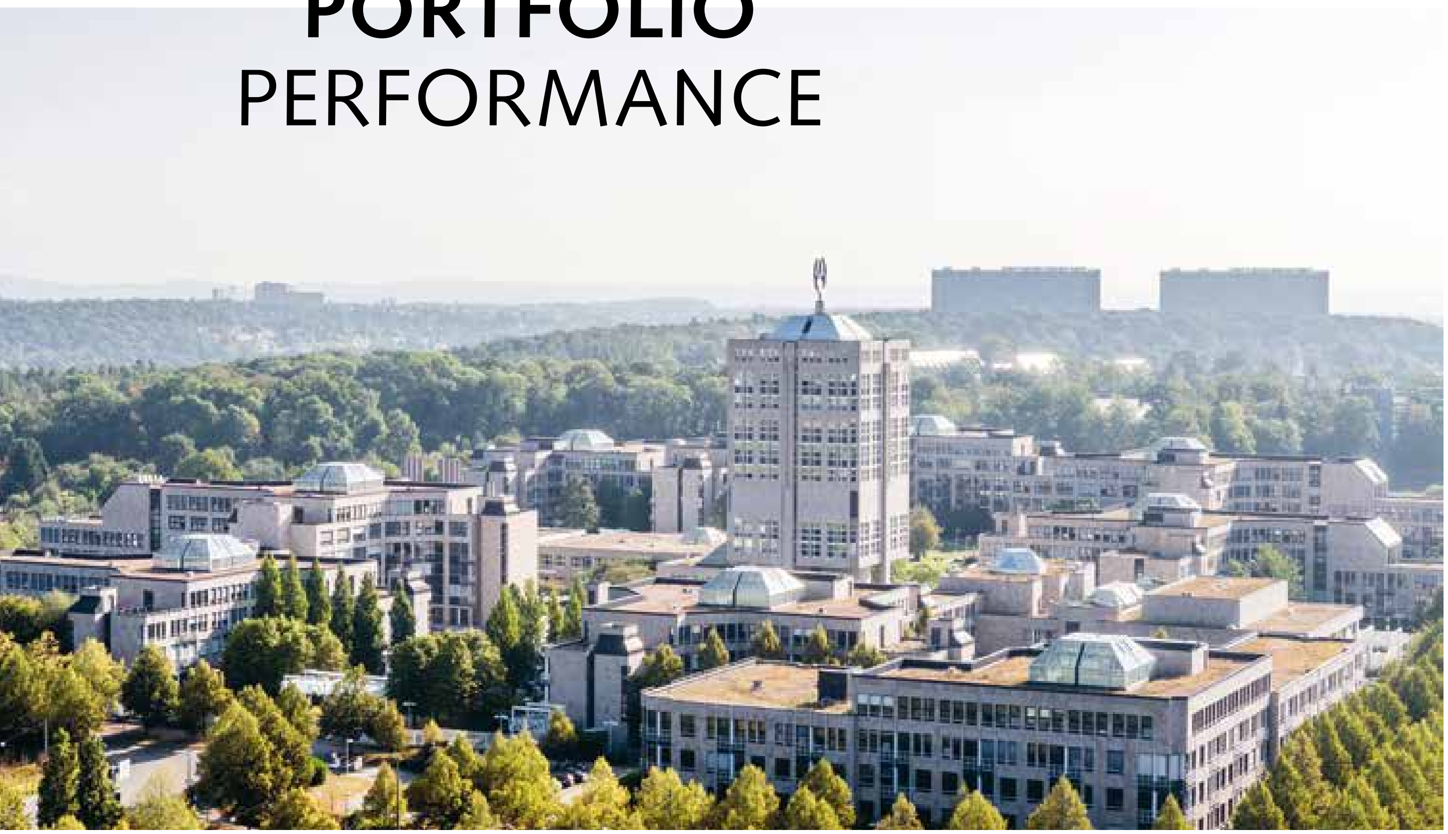
	Dec. 31, 2018	Dec. 31, 2017
Number of properties	118	116
Market value (EUR m)	3,985	3,409
Contractual rent (EUR m)	197.0	202.0
Valuation yield (%)	4.9	5.9
Approx. lettable area (m²)	1,577,000	1,570,100
EPRA vacancy rate (%)	9.7	9.4
Lease length (years)	4.8	4.7
Average value per m² (EUR)	2,525	2,171
Average rent per m² (EUR per month)	12.25	12.06

Movements property portfolio

	EUR k
Investment properties as of Dec. 31, 2017	**3,331,900**
+ Transactions	123,500
o / w Acquisitions[1]	172,400
o / w Disposals (book value)	–48,900
+ Capital expenditure	86,400
o / w Development portfolio[2]	36,300
o / w Investment portfolio	50,100
+ Valuation result	399,000
o / w Development portfolio[1]	35,300
o / w Investment portfolio	363,700
+ Reclassification	–3,800
o / w Assets held for sale (book value)	–11,400
o / w Owner occupied properties	7,600
+ Prepayments of properties	1,900
= Investment properties as of Dec. 31, 2018	**3,938,900**
+ Assets held for sale	29,600
+ Fair value of owner occupied properties as of Dec. 31, 2018	18,700
+ Prepayments of properties	–1,900
= Total portfolio value as of Dec. 31, 2018	**3,985,300**

[1] Including acquisition costs.
[2] Assets classified as development assets as of Dec. 31, 2017 and Dec. 31, 2018.

PORTFOLIO PERFORMANCE



Sternhöhe
Epplestr. 225, Stuttgart

The building Epplestr. 225 is a business park in Stuttgart-Möhringen, comprising eleven buildings with a lettable area of 107,500 m². Until 2018 the property was entirely leased to Daimler AG. With the signature of a first lease with a third-party tenant, alstria started to turn the campus into a multi-tenant asset.

Category	Investment
Construction year	1987 – 1989
Lettable area	107,500 m²
Avg. rent per m²	EUR 13.00
Value per m²	EUR 2,190
Valuation yield	7.2 %

LETTING

The steady growth of the German economy and the corporate competition for talents have increased the demand for modern and efficient office space, primarily in the major economic centers. We benefited from this development in 2018.

LEASING MARKETS REMAIN LIQUID

On the basis of the solid economic development and the ongoing competition for talents, demand for modern office space in Germany remained high throughout 2018. In particular, the ongoing trend toward urbanization drives the strong demand for space in the centers of the major German cities. In search of qualified personnel, companies are looking for inner-city locations, because in particular, young people prefer a lively and attractive workplace environment and increasingly select their employers according to this criterion. alstria has the capacity to benefit from this trend. Our properties are located in the centers of the major German cities and our company has the financial resources, the employees and the know-how to create contemporary and attractive office environments that meet the needs of today's tenants.

HIGHLIGHTS 2018

203,300 m²
in letting volume again at a high level (new lettings: 110,800 m², lease extensions: 92,500 m²)

EUR 120.1 m
future rental income generated by new leasing contracts

3.6 %
EPRA like-for-like rental growth

15 months
average down period in the portfolio

9.7 %
EPRA vacancy rate

Letting volume remains at a high level

In 2018, alstria's Real Estate Operations Team signed new leases for 110,800 m² and extended leases for 92,500 m². The following table summarizes the largest leases and their main features. The analysis shows that the rent development per square meter can basically be divided into three categories, as follows. First, we achieved the highest rent increases, of up to 80 % per square meter for our development properties, such as Momentum (Am Wehrhahn 33, Düsseldorf). Second, new leases, where we modernized the space before the new tenant moved in (for example Gasstr. 18, Hamburg), show rent increases of 30–40 % per square meter. Third, pure contract renewals (for example Nagelsweg 41–45, Hamburg), in which the existing tenant HUK usually has the option to extend his contract, are continued at the same conditions. Once again, the 2018 financial year confirmed that the optimum way to generate earnings growth was to improve our own assets.

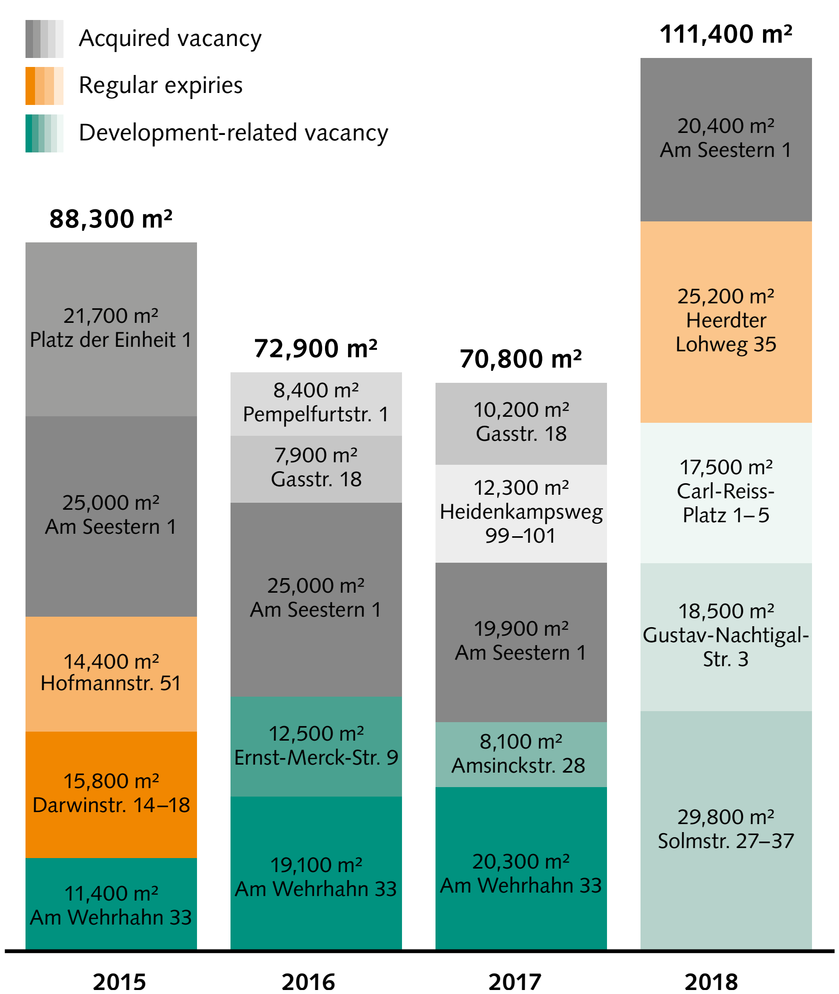
Main new leases in 2018 (> 1,500 m²)

Adress	City	Tenant	Lettable area (m²)	Net rent / m² (EUR)	Net rent p. a. (EUR k)	Lease length (years)	Rent free (in % of lease length)
Elisabethstr. 5–11	Düsseldorf	Design Offices	4,400	20.23	1,068	10.6	1.6
Georg-Glock-Str. 18	Düsseldorf	DATAGROUP	2,000	18.67	448	7.0	4.8
Am Wehrhahn 33	Düsseldorf	GEBIT Solutions	2,700	17.28	560	10.0	8.3
Am Wehrhahn 33	Düsseldorf	SPARKASSE	1,900	17.02	388	10.0	7.5
Am Wehrhahn 33	Düsseldorf	Ebner Stolz	2,400	16.98	489	7.0	10.7
Am Wehrhahn 33	Düsseldorf	COFRA Düsseldorf	1,500	16.17	291	10.0	8.3
Gasstr. 18	Hamburg	Bund der Versicher-ten e. V.	1,800	16.34	353	10.0	3.3
Epplestr. 225	Stuttgart	Automotive	5,400	15.69	1,017	6.0	0.0
Heidenkampsweg 99–101	Hamburg	SGKH	1,600	12.86	247	10.0	1.6
Nagelsweg 41–45	Hamburg	DFN-CERT Services	2,100	12.86	324	10.0	0.0
Breitwiesenstr. 5–7	Stuttgart	Automotive	1,700	12.11	247	5.0	0.0
Epplestr. 225	Stuttgart	Full Moon Group	3,800	12.06	550	10.0	0.2
Heidenkampsweg 99–101	Hamburg	Commerzbank AG	1,800	12.04	260	5.0	0.0
T-Online-Allee 1	Darmstadt	GMG	29,100	12.00	4,200	7.5	0.0
Süderstr. 24	Hamburg	BIQ	1,900	11.62	265	3.0	8.3
Total			**64,100**	**13.92**	**10,707**	**8.0**	**3.7**

Main renewals in 2018 (> 4,500 m²)

Adress	City	Tenant	Lettable area (m²)	Net rent / m² (EUR)	Net rent p. a. (EUR k)	Lease length (years)	Rent free (in % of lease length)
Rotebühlstr. 98–100	Stuttgart	City of Stuttgart	4,800	15.56	896	1.3	0.0
Epplestr. 225	Stuttgart	Automotive	6,800	14.19	1,158	5.0	0.0
Friedrich-List-Str. 20	Essen	PWC	9,000	13.68	1,478	1.5	0.0
Breitwiesenstr. 5–7	Stuttgart	Cenit AG	7,500	12.62	1,136	5.0	5.0
Nagelsweg 41–45	Hamburg	HUK	4,800	11.70	674	5.0	0.0
Earl-Bakken-Platz 1	Meerbusch	Medtronic	8,000	10.97	1,053	7.1	4.2
Werner-von-Siemens-Platz 1	Laatzen	Siemens AG	13,600	6.48	1,057	1.0	0.0
Total			**54,500**	**11.39**	**7,452**	**3.6**	**1.3**

'Top 5' vacant assets 2015–2018



Development-related vacancy offers opportunities

Our EPRA vacancy rate stood at 9.7 % as of December 31, 2018, which is almost the same level, relative to December 31, 2017 (9.4 %). Over the year we used the opportunity of expiring leases to strengthen our development pipeline. As of December 31, 2018, 148,400 m² of lettable area were classified as development assets, of which 74,600 m² were vacated over the course of 2018. This effect increased the total vacancy rate within our portfolio to 15.1 %. For the future, we expect a total vacancy rate of between 8 and 12 %. The exact number depends on how much vacancy we buy, how many fully-let properties we sell and how many buildings we have under development. The vacancy allows us to continuously optimize the cash flow of our buildings to create value.

Vacancy schedule

		m²	Vacancy rate (%)	
Total lettable area – Dec. 31, 2017	**(A)**	**1,570,100**		
+ Acquired space		61,700		
– Disposed space		–58,200		
+ Net new built space		2,400		
– Remeasurements		1,000		
Total lettable area – Dec. 31, 2018	**(C)**	**1,577,000**		
Vacancy – Dec. 31, 2017	**(B)**	**173,100**	**11.0**	**(B / A)**
+ Acquired vacancy		6,800		
– Disposed vacancy		–12,900		
+ Expiries and breaks		273,900		
– Renewals		–92,500		
– New leases		–110,800		
= Vacancy – Dec. 31, 2018	**(D)**	**237,600**	**15.1**	**(D / C)**
o / w Developments		104,100		
EPRA vacancy rate[1]			**9.7**	

[1] For detailled calculation see Table 7 page 99.

Geographical split of rental income[1]

	Contractual rent 2018 (EUR k)	Contractual rent 2017 (EUR k)	Change (%)	Lettable area (m²)	Number of assets
Hamburg	48,733	43,277	12.6	387,072	37
Rhine-Ruhr	58,007	61,186	–5.2	491,963	35
Rhine-Main	39,427	47,430	–16.9	295,452	20
Stuttgart	33,304	30,144	10.5	221,630	10
Berlin	9,059	7,689	17.8	74,701	8
Others	8,437	12,276	–31.3	106,142	8
Total portfolio	**196,967**	**202,002**	**–2.5**	**1,576,960**	**118**

[1] Incl. assets held for sale.

Effective rent rose to EUR 10.62 per m²

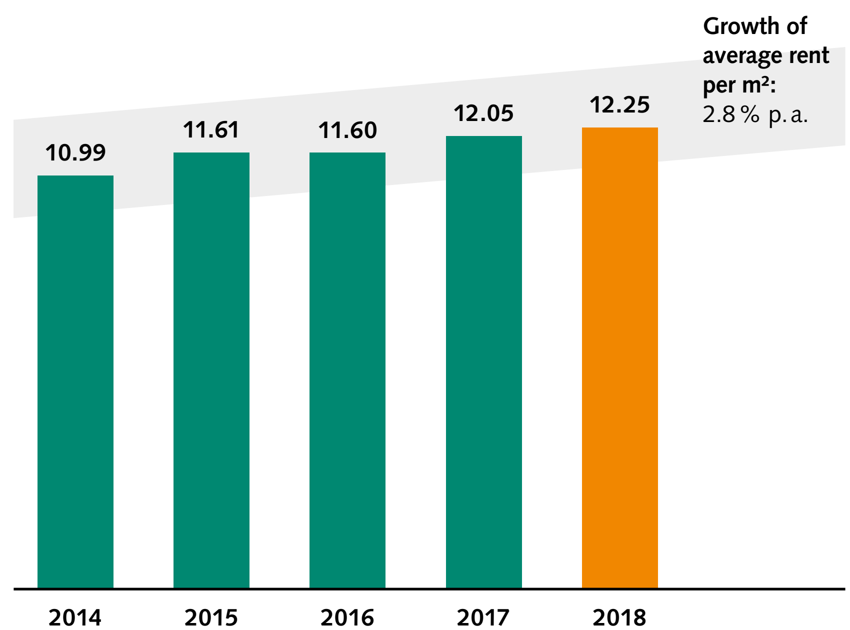
The base rent of a rental contract is what is usually communicated. However, the effective rent is more useful for assessing the profitability of a rental agreement. We calculate our effective rent by accounting for all the costs incurred by a new lease and deducting them from the base rent. This includes, in particular, costs of the fit-out of the space, according to the tenant's needs, brokerage fees and the costs of rent-free periods. In 2018, new leases for a lettable office space of 75,100 m² started. The weighted average effective rent for these new leases was EUR 10.62 per square meter (+4.0 % compared to 2017), with a weighted average lease term of 5.7 years. The new leases thus generate a future rental income of EUR 69.5 million (2017: EUR 94.2 million).

Cost of letting and effective rent

per m² in EUR (new leases)	2018	2017	2016
Base rent	13.78	12.57	12.08
Tenant fit-outs	–2.35	–1.74	–1.29
Broker fees	–0.48	–0.44	–0.52
Rent concessions	–0.33	–0.18	–0.29
Effective rent	**10.62**	**10.21**	**9.98**
Weighted average lease term (in years)	**5.7**	**7.6**	**5.0**

Development of average rent in EUR per m²

Increase of CPI: 1.3 % p.a.
Rental growth over CPI 2014–2018: 1.5 % p.a.



EPRA like-for-like rental growth of 3.6 %

Our transaction activities have the greatest influence on changes in our rental income. Depending on whether we buy or sell real estate during the reporting period, our contractual rent rises or falls. In addition, we continuously increase our rental income through organic growth. Our sources of internal (like-for-like) growth are primarily our development projects, which allow us to achieve higher rents in our buildings following modernization and repositioning measures. Furthermore, we deliberately buy vacancies to create value by leasing vacant space. Usually, these are the main drivers of the internal growth in our real estate portfolio. The analysis of the growth sources, in the following tables, shows how important active asset management is to generating rental growth. Due to the strong letting result of the past 24 months, we have achieved rental growth (in line with the EPRA reporting standard) of 3.6 % (see table 'Change in contract rents (2-year period)'). Another commonly used figure in the real estate industry is the growth of the average rent per let square meter. Here, we achieved a like-for-like rental growth of 1.8 % in 2018. Our target is an annual increase in contractual rents (on a like-for-like portfolio basis) of 1.5 to 2.0 % above CPI over time.

Change in rental income (1 year period)

	EUR k	%
Contractual rent as of Dec. 31, 2017[1)]	**202,002**	**100.0**
+/– Change in rent investment portfolio (Dec. 31, 2017–Dec. 31, 2018)	2,169	1.1
o/w New leases/rent increases	9,362	4.6
o/w Lease expiries	–7,193	–3.6
+/– Change in rent development portfolio (Dec. 31, 2017–Dec. 31, 2018)[2)]	–8,644	–4.3
o/w New leases	3,173	1.6
o/w Lease terminations	–11,817	–5.8
+/– Change in rent from transactions (Dec. 31, 2017–Dec. 31, 2018)	1,440	0.7
o/w Rents from acquired assets	6,902	3.4
o/w Rents from disposed assets	–5,462	–2.7
Contractual rent as of Dec. 31, 2018[3)]	**196,967**	**97.5**

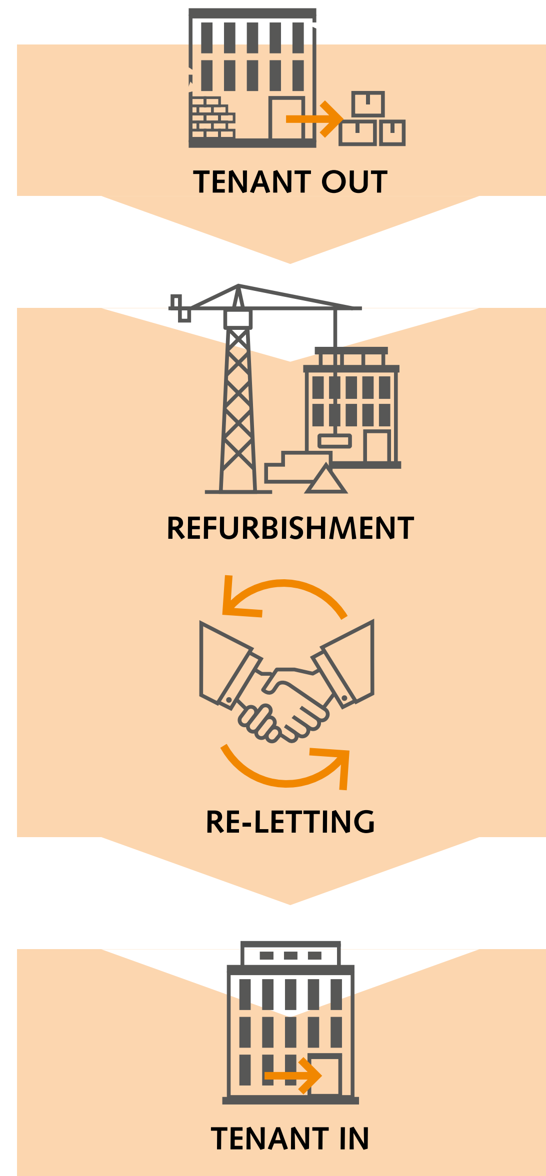
Change in rental income (2 year period)

	EUR k	%
Contractual rent as of Dec. 31, 2016[1)]	**188,426**	**100.0**
+/– Change in rent investment portfolio (Dec. 31, 2016–Dec. 31, 2018)	6,724	3.6
o/w New leases/rent increases	14,819	7.9
o/w Lease expiries	–8,094	–4.3
+/– Change in rent development portfolio (Dec. 31, 2016–Dec. 31, 2018)[2)]	–7,796	–4.1
o/w New leases	5,330	2.8
o/w Lease terminations[2)]	–13,126	–7.0
+/– Change in rent from transactions (Dec. 31, 2016–Dec. 31, 2018)	9,613	5.1
o/w Rents from acquired assets	19,001	10.1
o/w Rents from disposed assets	–9,387	–5.0
Contractual rent as of Dec. 31, 2018[3)]	**196,967**	**104.5**

[1)] Based on total portfolio of EUR 3,409 m (2017) and EUR 3,022 m (2016).
[2)] Properties classified as development assets as of Dec. 31, 2018 (upper table), 2017 & 2018 (lower table).
[3)] Based on total portfolio of EUR 3,985 m (calculation see page 13).

Average down period of 15.0 months

For a property owner like alstria, the average down period of rental space (which provides a dynamic picture of vacancy in the portfolio) is a more meaningful indicator of the leasing performance than the vacancy rate (which, by contrast, provides a static picture of vacancy). Our business model requires a certain level of vacant space, because this is the potential we can work on, improving the quality and increasing rents. As of December 31, 2018, the average down period for our vacant space was 15.0 months (previous year: 18.8 months). This means that, on average, we needed 15.0 months to re-let vacant space.



CAPITAL EXPENDITURE

By investing in our portfolio, we achieve above-average, risk adjusted returns. The modernization of office space is currently the most promising opportunity for alstria and the German market in general.

THE DEMAND FOR MODERN OFFICE SPACE IS CHANGING

Many office buildings in Germany are old and no longer meet today's demand for a modern working environment. Whereas 20 years ago, individual office was still the standard, today's users are increasingly looking for flexible usage options, with a combination of open space, individual recreation areas and meeting rooms. Tenants are prepared to pay above-average rents for such office space and this trend is a major driver of our internal growth. We permanently invest in our properties to ensure that our buildings meet our tenants' demands over the properties' next life cycle and generate long-term income.

HIGHLIGHTS 2018

EUR 99.8 m
of combined investment / maintenance expenses were invested in the portfolio

EUR 36.3 m
of development capex, which doubled, compared to 2017

EUR 50.1 m
investment to increase the value of our investment portfolio

EUR 118.5 m
planned development capex over the next two years offers further potential for internal growth

Investments into the portfolio at a high level

Investments in our portfolio are the source of our internal growth. Conceptually, we differentiate between capex into the investment portfolio and capex into our development portfolio. The investment portfolio capex relates to the direct re-letting of office space as well as modernization capex and amounted to EUR 50.1 million in 2018, which, on average, is EUR 1.0 million per asset that was touched. The increase, relative to the previous year's level, can be explained by the demand for high quality office space. As we have the resources to meet this demand, we take the opportunity to invest in the quality of our office space, which in turn is rewarded by higher rents.

The development portfolio capex relates to substantial and value-enhancing investments in our development properties. Over the course of 2018, we invested EUR 36.3 million, twice as much as we invested the previous year. The increase was due to the finalization of our development projects 'Bieberhaus' (Ernst-Merck-Str. 9, Hamburg) and 'Momentum' (Am Wehrhahn 33, Düsseldorf), which required EUR 30.5 million of capex.

In addition to capitalized investments, we were constantly carrying out minor upgrades (EUR 8.5 million) and ongoing repairs (EUR 4.8 million) on our buildings, which were recognized in our income statement and therefore also in our operating profit (FFO). Overall, we invested a total of EUR 99.8 million in our properties in 2018. In the context of the total portfolio, this corresponds to an average amount of EUR 63 per square meter or 3.3 % of the portfolio value (excluding land value).

Property related capex / opex

EUR k	2018	2017	2016
Acquisitions	**107,300**	**259,500**	**46,350**
Development capex	36,320	18,081	9,050
Investment portfolio capex	50,100	40,700	22,226
o / w Modernization capex	26,508	19,900	7,401
o / w Tenant fit-outs	21,200	17,900	11,527
o / w Broker fees	2,392	2,900	3,298
o / w Capitalized interest	0	0	0
Capital expenditure	**86,420**	**58,781**	**31,277**
Maintenance expenses[1]	8,532	9,086	8,056
Running repairs[1]	4,804	4,275	4,357
Operating expenditure	**13,336**	**13,361**	**12,413**
Total Capex/Opex	**99,756**	**72,142**	**43,690**

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

Attractive return on development activities

Investments in our portfolio are currently achieving higher risk adjusted returns than the acquisition of new properties in the market. Through value-enhancing investment measures, we improve the quality of our properties and, in part, carry out a complete repositioning of our buildings. The investments enable us to significantly increase the rent in these buildings. For the developments we finalized in 2018 ('Bieberhaus' and 'Momentum'), we achieved returns of 7.0 % (all-in-cost yield), with a corresponding valuation uplift (after capex) of EUR 59.5 million (EUR 0.34 per share). We are convinced that improving the quality of rental space continues to be the most sustainable way to increase rental income and thus, the value of the building.

In 2015, we introduced a performance measure called the like-for-like growth yield, which compares the rent increase of our like-for-like portfolio (including the development assets) to the capex over the past two years. It's no perfect KPI, as the capex and the rents considered do not necessarily relate to the same assets. We believe that it is not the annual number of the like-for-like growth yield that matters, but rather the long-term average trend, that provides a comprehensive overview of the company's value generation out of capital expenditures.

As we started a new development cycle in our portfolio, we vacated a substantial number of assets in 2018. In parallel, we continued to invest in our assets, in particular, finalizing the development assets from the previous cycle. As such, the 2018 like-for-like growth yield amounted to a slightly negative figure of −0.7 % (2017: +11.9 %).

Like-for-like growth yield

	EUR k
Change rental income 2017 and 2018[1]	**−1,072**
o / w Investment portfolio	6,724
o / w Development portfolio	−7,796
Capex 2017 and 2018[2]	**145,201**
Like-for-like growth yield	**−0.7 %**

[1] See table 'Change in rental income (2 year period)' on page 22.
[2] See table 'Property related capex / opex' on page 26 (EUR 58.8 m for 2017 and EUR 86.4 m for 2018).

Completed developments[1]

Adress	City	Lettable area (m²)	OMV at start of development (EUR k)	Total capex (EUR k)	Letting status as of Dec. 31,2018 (%)	ERV fully let (EUR k)	All-in-cost yield (%)	OMV as of Dec. 31, 2018	Development gain (EUR)
			(A)	(B)		(C)	(C/(A+B))	(D)	(D–(A+B))
Am Wehrhahn 33	Düsseldorf	24,100	32,835	36,100	66.4	5,179	7.5	100,000	31,065
Ernst-Merck-Str. 9	Hamburg	17,800	32,300	19,300	93.8	3,281	6.4	80,000	28,400
Total		**41,900**	**65,135**	**55,400**	**78.0**	**8,460**	**7.0**	**180,000**	**59,465**

Current developments[1]

Adress	City	Lettable area (m²)	OMV at start of development (EUR k)	Total capex (EUR k)	Cost to complete (EUR k)	ERV fully let (EUR k)	All-in-cost yield (%)	Status	Forecast completion date
			(A)	(B)		(C)	(C/(A+B))		
Amsinckstr. 28	Hamburg	8,600	13,300	8,700	6,600	1,532	7.0	Construction	Q3 2019
Amsinckstr. 34	Hamburg	6,600	9,700	7,000	5,000	1,207	7.2	Construction	Q3 2019
Besenbinderhof 41	Hamburg	5,000	6,500	8,400	8,400	903	6.1	Construction	Q2 2020
Carl-Reiß-Platz 1–5, TG	Mannheim	17,500	17,000	36,100	35,700	3,100	5.8	Construction	Q2–Q4 2020
Gustav-Nachtigal-Str. 3–5	Wiesbaden	26,800	28,800	47,000	47,000	5,604	7.4	Planning	Q3 2020
Kampstr. 36	Dortmund	3,100	7,200	n/a	n/a	n/a	n/a	Planning	n/a
Kanzlerstr. 8	Düsseldorf	9,100	14,500	4,100	3,900	1,171	6.3	Planning	n/a
Solmsstr. 27–37	Frankfurt	29,800	68,000	12,000	11,900	5,287	6.6	Planning	Q4 2019
Total		**106,500**	**165,000**	**123,300**	**118,500**	**18,804**	**6.7**		

[1] More information on our development assets see page 44–45.

Larger development pipeline

To effectively exploit the potential of our portfolio, several buildings are constantly in the development process. Our development pipeline 2018 comprised 13 buildings, with a total lettable space of 148,400 m². We will reclassify our main projects of the past year 2018 in Düsseldorf (Am Wehrhahn 33 'Momentum') and in Hamburg (Ernst-Merck-Str. 9 'Bieberhaus'), into the investment portfolio, as both projects have been completed and are almost fully let. The all-in-cost yield on the two development projects amounted to 7.0 % and was thus at our target level. Our development team is currently concentrating on the properties in Amsinckstr. 28+34 (Hamburg), where we are in the marketing phase and have already signed the first leasing contract. The assets Carl-Reiß-Platz 1 (Mannheim) and Gustav-Nachtigal-Str. 3–5 (Wiesbaden) were occupied by Bilfinger SE until late 2018 and transferred into the development pipeline over the course of the year. For both assets, we are confident that we will be able to significantly increase the values through investments in the asset quality. The same is true for our asset located in Solmsstr. 27–37 (Frankfurt). Overall, we expect to achieve an all-in cost yield on our current development assets of around 6.7 %, on average.

Carl-Reiß-Platz 1, Mannheim

The office campus in Carl-Reiß-Platz 1 is located in the city center of Mannheim and served as the former headquarter of Bilfinger SE. The building complex consists of three buildings, comprising a total lettable area of 17,500 m², and is currently part of alstria's development portfolio. The substantial refurbishment includes a partial conversion of usage from office into residential.

TRANSACTIONS

Real estate prices have risen significantly in recent years and yields have fallen accordingly. Stringent acquisition criteria are, more than ever, the prerequisite for the long-term profitability of our company.

REWARDING ACQUISITIONS REQUIRE DEEP MARKET KNOWLEDGE

The company's history, over the past twelve years, impressively demonstrates our ability to achieve an unlevered IRR of 7 to 8 % per year over the cycle. This result is based on a portfolio consisting of 73 individual properties with a volume of EUR 1.4 billion, which we bought, managed and sold on the market between 2007 and 2018 (see pages 100–103). We achieved this result, on the one hand, through our asset management skills and, on the other hand, by applying a 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 always took a realistic view of the rental market and increased rents through quality-enhancing investments. As the price level, driven by the continuous low interest rate environment continued to rise significantly in 2018, we maintained our cautious and selective acquisition policy to secure our long-term profitability.

HIGHLIGHTS 2018

EUR 107.3 m
acquisition volume in our core markets

EUR 78.5 m
disposal volume of non-strategic properties

30.1 %
average book gain on disposed assets

4.1 %
average unlevered internal rate of return over the holding period of the disposed properties

Acquisition of six properties in our core regions

In the course of 2018, we acquired six buildings in our core markets of Stuttgart, Frankfurt and Berlin, for a total amount of EUR 107.3 million. This corresponds to a purchase price of EUR 3,000 per square meter. The current rent in the acquired buildings averages EUR 9.40 per m² / month and is thus below the market level. We assume that we will be able to increase the average rents to EUR 16.50–17.00 per m² / month, after the expiration of the current leases and thereby achieve a rent increase of around 80 %. Taking into account the investments required, we expect a sustainable return on these buildings of around 7–8 %, which is fully within our intended target corridor.

Acquisitions

Adress	City	Acquisition price[1] (EUR k)	Lettable area (m²)	Annual rent[2] (EUR k)	Vacancy rate[2] (%)	Transfer of benefits and burden
Taunusstr. 45–47	Frankfurt	26,900	7,100	1,000	3.0	Aug. 1, 2018
Gustav-Nachtigal-Str. 5	Wiesbaden	8,200	7,600	500	36.5	Sep. 1, 2018
Schinkestr. 20	Berlin	10,100	2,400	300	0.0	Nov. 1, 2018
Uhlandstr. 85	Berlin	45,100	10,200	1,000	12.7	Dec. 31, 2018
Handwerkstr. 4	Stuttgart	7,900	5,900	400	5.9	Mar. 1, 2019
Lehrter Str. 17	Berlin	9,100	2,400	300	1.0	Febr. 1, 2019
Total		**107,300**	**35,600**	**3,500**	**16.6**	

[1] Incl. transaction costs.
[2] At the time of the signing of the SPA.

Sale of six non-strategic properties

Last year, we sold a total of six buildings with a total value of EUR 78.5 million. Since transaction prices also rose sharply in cities outside the major office centers in 2018, we took advantage of the sustained high demand to further streamline our portfolio. More than ever, we have concentrated on the large and liquid German cities in which we are represented with local offices. With the sale of a 20,500 m² building in Dresden, we sold our last building in Eastern Germany. We also sold buildings in the cities of Wuppertal, Bremen and Neuss and further sharpened the focus on our core regions. The asset in Brödermannsweg 5–9 (Hamburg) is the residential part of the building in Borsteler Chaussee 111–113.

Disposals

Adress	City	Disposal price (EUR k)	Lettable area (m²)	Annual rent[1] (EUR k)	Vacancy rate (%)	Gain to book value (EUR k)	Transfer of benefits and burden
Harburger Ring 17	Hamburg	10,000	3,600	500	0.0	750	Aug. 31, 2018
Lötzener Str. 3	Bremen	3,600	5,000	300	12.7	0	Jun. 30, 2018
Washingtonstr. 16	Dresden	28,100	20,500	1,600	11.0	11,100	Dec. 31, 2018
Gathe 78	Wuppertal	9,100	8,400	900	12.7	100	Jan. 1, 2019
Jagenbergstr. 1	Neuss	23,400	20,400	1,600	18.1	4,400	Dec. 31, 2018
Brödermannsweg 5–9[2]	Hamburg	4,300	1,300	100	1.0	1,800	Feb. 28, 2019
Total		**78,500**	**59,200**	**5,000**	**12.8**	**18,150**	

[1] At the time of the signing of the SPA.
[2] Residential part of the asset Borsteler Chaussee 111–113 / Brödermannsweg 1–9, Hamburg.

Achieved UIRR

We measure the return on our properties over their entire holding period, on the basis of an unlevered internal return (UIRR = unlevered internal rate of return). Over their holding period, the buildings sold in 2018 generated a profit of EUR 32.3 million and a UIRR (including rental income and capital expenditure) of 4.1 %. This result is below our target return, and mainly driven by two secondary assets that we acquired at the peak of the previous cycle. In particular, we only broke even on the Jagenbergstr. 1 (Neuss) property, which served as a drag on this year's sales and overall returns. The properties sold in 2018 generated an average profit of 30.1 %, compared to the FY 2017 appraised value that was determined by independent valuation and demonstrates the steep increase in the investment market year on year.

Achieved unlevered IRR's

Adress	Acquisition price (EUR k)	Holding period	Rent collected (EUR k)	Capex (EUR k)	Disposal price (EUR k)	UIRR[1] (%)	Unlevered profit (EUR k)
Jagenbergstr. 1, Neuss	49,660	2007–2018	30,644	3,804	23,400	0.0	145
Gathe 78, Wuppertal	11,331	2007–2018	10,827	1,535	9,100	5.9	6,883
Washingtonstr. 16, Dresden	16,801	2007–2018	12,715	3,535	28,100	8.7	20,066
Harburger Ring 17, Hamburg	3,392	2007–2018	2,260	4,352	10,000	8.3	4,486
Lötzener Str. 3, Bremen	3,445	2015–2018	803	98	3,600	7.4	749
Total	**84,629**		**57,248**	**13,324**	**74,200**	**4.1**	**32,329**

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

Further enhancement in the portfolio quality

In 2018, we consistently pursued our course from the previous years. Acquisitions in our core markets and disposals in non-strategic locations led to a further improvement in our portfolio quality. This is due to the location of our new office properties, which are situated in central locations of the major office centers, which per se, have a better risk profile than properties in smaller cities, due to the higher liquidity in larger markets.

VALUATION

The increase in real estate prices in the market was reflected in our valuation result in 2018. The uplift is supported by the book gains we generated with the disposal of properties over the past 12 months.

NET VALUATION GAIN OF EUR 2.25 PER SHARE

alstria's portfolio was valued by Colliers International and Savills Advisory Services Germany as of December 31, 2018 (for valuation reports, see pages 104–131). For the overall portfolio, the 2018 valuation process resulted in a total uplift of EUR 399.0 million (net of capex and acquisitions) over the course of 2018. 88 properties experienced an increase in value amounting to EUR 421.0 million, while 25 buildings were devalued by a total of EUR 22.0 million. Significant valuation gains were generated, particularly by the assets in Epplestr. 225, Stuttgart (successful start of conversion into a multi-tenant property), Platz der Einheit 1, Frankfurt (letting successes and yield compression in CBD of Frankfurt) and the long-term leased assets in Hamburg (yield compression).

HIGHLIGHTS 2018

EUR 485.4 m
like-for like valuation uplift across the entire portfolio

EUR 399.0 m
net revaluation gain or EUR 2.25 per share (after capex)

4.9 %
gross valuation yield

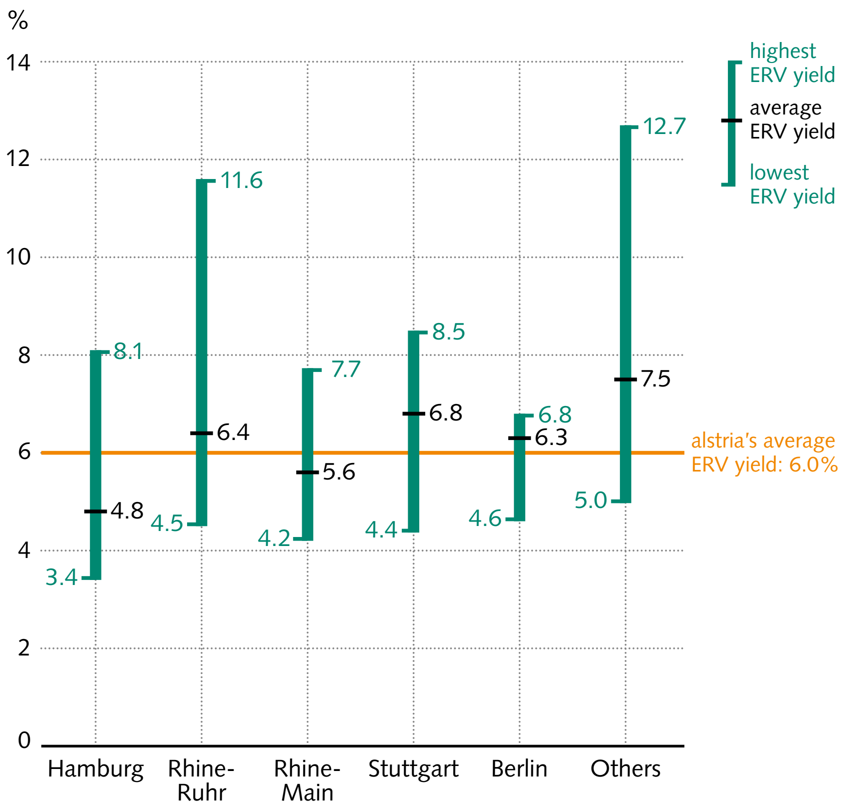
6.0 %
ERV yield

Yields range from 3.4 % to 12.7 %

The following chart shows the ERV yields in our portfolio (excluding development projects). The range of ERV yields 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

as of December 31, 2018



[1] The ERV yield is the market value of the asset (OMV) in relation to its market rent (ERV). The valuation yield is 4.9 % as of Dec. 31, 2018.

Platz der Einheit 1, Frankfurt
The 30,400 m² office tower is located in inner-city Frankfurt and benefited from the improvement of the letting and investment market in Frankfurt. Based on the external valuation, the value of the building increased by EUR 39.5 million in 2018.

Epplestr. 225, Stuttgart
The asset Epplestr. 225 is a business park in Stuttgart-Möhringen comprising eleven buildings with a total lettable area of 107,500 m². In 2018, alstria successfully started to convert the asset into a multi-tenant campus. The signature of new long-term leases and the strong investment market in Stuttgart drove the value of the office campus up by EUR 45.7 million.

PORTFOLIO OVERVIEW

	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 Rental income (2017/18) (%)	Δ OMV (2017/18) (%)
Investment portfolio	1,428,600	1,158,000	133,500	188,288,200	212,452,400	3,617,438,000	50,099,900	4.8	5.0	17.8
Completed development portfolio	41,900	33,700	9,200	6,503,800	8,460,000	180,000,000	30,536,900	7.1	79.9	41.3
Current development portfolio	106,500	93,700	94,900	2,175,000	19,415,400	187,830,000	5,783,400	2.6	−81.7	11.8
Total portfolio[2]	**1,577,000**	**1,285,400**	**237,600**	**196,967,000**	**240,327,800**	**3,985,268,000**	**86,420,200**	**4.8**	**1.1**	**18.4**

Investment portfolio

Asset	City	Valuer	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 Rental income (2017/18) (%)	Δ OMV (2017/18) (%)
Hamburg												
Alte Königstr. 29–39	Hamburg	Colliers	4,300	3,600	0	637,100	678,600	14,870,000	0	7.4	7.5	23.9
Alter Steinweg 4/Wexstr. 7	Hamburg	Colliers	32,000	28,000	0	4,502,000	5,037,300	127,500,000	1,380,900	7.4	7.8	27.5
Bäckerbreitergang 73–75[3]	Hamburg	Colliers	2,700	2,600	0	559,400	556,500	13,200,000	154,200	6.1	0.8	10.0
Basselweg 73	Hamburg	Colliers	2,700	1,900	0	294,300	299,000	6,500,000	0	7.1	6.8	12.2
Borsteler Chaussee 111–113	Hamburg	Savills	5,400	3,600	0	634,600	659,600	12,900,000	21,000	2.9	n/a	n/a
Brödermannsweg 1–9	Hamburg	Savills	1,300	0	0	142,100	144,300	4,300,000	0	5.7	n/a	n/a
Buxtehuder Str. 9, 9a, 11, 11a	Hamburg	Colliers	7,700	5,100	1,500	622,400	760,200	11,800,000	0	7.4	7.5	9.3
Drehbahn 36	Hamburg	Colliers	25,700	20,200	0	3,685,900	3,780,000	108,000,000	285,000	17.4	7.4	8.0
Essener Bogen 6a–d	Hamburg	Colliers	5,400	4,500	0	711,400	711,000	8,745,000	100	1.5	0.0	2.9
Essener Str. 97	Hamburg	Colliers	1,400	900	0	154,900	151,700	2,000,000	10,600	1.8	3.7	0.0
Garstedter Weg 13	Hamburg	Colliers	3,600	2,700	0	390,300	460,800	8,000,000	0	2.4	7.5	18.5
Gasstr. 18	Hamburg	Colliers	26,000	20,200	12,900	1,959,100	4,247,200	49,700,000	4,210,000	4.8	5.9	20.9
Grindelberg 62–66	Hamburg	Colliers	18,400	17,400	0	2,362,300	2,550,000	56,260,000	19,500	7.4	7.5	22.3
Hamburger Str. 1–15 (MOT)	Hamburg	Colliers	9,500	8,300	400	1,878,400	1,765,300	30,000,000	474,800	3.3	2.3	9.1
Hamburger Str. 1–15 (MUC)	Hamburg	Colliers	12,700	0	600	2,377,100	2,878,600	43,485,000	675,800	4.2	4.6	7.9
Hammer Steindamm 129	Hamburg	Colliers	7,200	6,300	0	620,000	858,000	14,000,000	0	7.4	7.5	10.2
Heidenkampsweg 44–46	Hamburg	Colliers	4,500	4,000	700	403,800	545,000	7,000,000	5,400	4.0	10.0	0.0
Heidenkampsweg 51–57	Hamburg	Savills	10,200	9,400	0	1,647,200	1,704,400	34,000,000	434,500	2.7	1.5	20.4
Heidenkampsweg 99–101	Hamburg	Colliers	19,300	18,800	8,900	1,475,500	3,072,400	36,300,000	3,216,300	5.0	56.7	6.8
Herthastr. 20	Hamburg	Colliers	3,300	2,700	0	335,600	342,000	6,540,000	0	2.4	7.5	10.8
Johanniswall 4	Hamburg	Colliers	14,100	10,500	0	1,935,500	1,948,300	57,000,000	600	16.2	7.3	8.8
Kaiser-Wilhelm-Str. 79–87	Hamburg	Colliers	5,600	4,300	0	1,139,500	1,174,600	28,000,000	111,700	3.9	0.7	5.7
Kattunbleiche 19	Hamburg	Colliers	12,400	9,800	0	1,717,700	1,554,000	46,775,000	0	17.4	7.5	8.8
Ludwig-Rosenberg-Ring 41	Hamburg	Colliers	4,900	4,100	100	533,500	561,300	11,000,000	2,400	7.4	1.8	17.6
Max-Brauer-Allee 89–91	Hamburg	Colliers	9,800	7,000	0	1,022,700	1,125,000	24,000,000	0	7.4	7.5	19.4
Nagelsweg 41–45	Hamburg	Colliers	6,900	6,200	100	997,500	1,142,700	18,820,000	245,200	9.5	2.8	7.5
Öjendorfer Weg 9–11	Hamburg	Colliers	6,100	5,900	0	637,100	756,200	14,000,000	0	7.4	7.5	10.2
Rahlstedter Str. 151–157	Hamburg	Colliers	2,900	2,900	0	329,600	363,600	6,850,000	0	7.4	7.5	10.5
Schaartor 1	Hamburg	Colliers	5,200	4,400	0	947,900	1,137,200	23,500,000	89,600	3.6	2.1	16.3
Sonninstr. 24–28	Hamburg	Colliers	22,200	19,500	1,500	2,416,200	2,861,500	54,585,000	227,900	7.2	n/a	n/a
Steinstr. 10	Hamburg	Colliers	26,800	22,200	0	3,689,100	3,743,400	102,740,000	−2,000	7.4	7.5	24.5
Steinstr. 5–7[3]	Hamburg	Colliers	22,400	18,700	100	4,302,300	4,661,800	101,645,000	4,237,800	8.3	39.3	27.8
Süderstr. 24	Hamburg	Colliers	6,600	6,200	1,800	675,300	1,038,100	18,000,000	371,600	2.8	−11.0	42.3
Total			**349,200**	**281,900**	**28,600**	**45,737,300**	**53,269,600**	**1,102,015,000**	**16,172,900**	**7.8**	**15.4**	**15.3**

[1] According to the year-end valuation from Colliers International UK LLP and Savills Advisory Services.
[2] The entire portfolio is held as freehold assets.
[3] Own used property, partly classified as property, plant and equipment.

Investment portfolio

Asset	City	Valuer	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 Rental income (2017/18) (%)	Δ OMV (2017/18) (%)
Rhine-Ruhr												
Alfredstr. 236	Essen	Savills	30,300	27,700	0	6,242,400	4,420,500	73,500,000	0	1.0	10.2	11.9
Am Seestern 1	Düsseldorf	Savills	35,800	31,800	20,400	2,418,700	5,927,100	78,700,000	4,584,700	7.4	−1.3	23.6
Am Wehrhahn 28–30	Düsseldorf	Savills	2,600	1,500	200	365,500	435,400	8,400,000	8,200	5.5	13.2	12.0
An den Dominikanern 6	Cologne	Savills	27,500	0	0	3,396,000	4,429,900	84,000,000	10,200	1.6	0.0	9.9
Bamlerstr. 1–5	Essen	Colliers	33,100	28,400	1,000	3,836,700	3,971,100	58,000,000	557,200	2.8	−0.9	7.4
Berliner Str. 91–101	Ratingen	Savills	33,900	24,100	5,700	3,953,300	4,169,600	61,000,000	484,500	5.9	3.2	11.3
Carl-Schurz-Str. 2	Neuss	Savills	12,700	12,100	2,500	1,092,500	1,387,100	17,200,000	151,300	2.2	−10.4	23.7
D2-Park 5	Ratingen	Savills	5,700	5,100	0	739,100	715,100	8,200,000	−27,900	2.0	10.4	2.5
Earl-Bakken-Platz 1	Meerbusch	Savills	8,000	7,200	0	1,175,200	1,188,100	18,800,000	589,900	7.7	−14.9	23.7
Elisabethstr. 5–11	Düsseldorf	Colliers	10,200	9,100	300	2,160,500	2,166,500	44,220,000	615,700	7.3	8.3	9.2
Emanuel-Leutze-Str. 11	Düsseldorf	Colliers	8,300	7,500	900	915,100	1,147,900	16,000,000	2,166,600	3.1	107.5	18.5
Friedrich-List-Str. 20	Essen	Savills	9,000	7,900	0	1,477,600	1,475,700	20,600,000	−6,500	3.0	0.0	12.0
Friedrichstr. 19	Düsseldorf	Colliers	2,200	1,300	0	376,700	408,000	7,780,000	31,500	4.0	13.5	9.0
Gartenstr. 2	Düsseldorf	Savills	4,800	5,000	0	954,100	1,028,800	16,800,000	28,700	2.6	−2.1	12.0
Gathe 78	Wuppertal	Colliers	8,400	4,100	1,100	915,800	823,000	9,120,000	0	3.3	−5.9	1.3
Georg-Glock-Str. 18	Düsseldorf	Colliers	10,800	10,200	8,800	448,200	2,393,700	32,000,000	1,734,600	7.0	−80.6	13.5
Gereonsdriesch 13	Cologne	Colliers	2,500	2,100	0	383,700	400,200	7,455,000	128,800	4.1	−0.7	6.5
Graf-Adolf-Str. 67–69	Düsseldorf	Savills	5,000	3,300	1,000	476,100	557,300	9,400,000	57,200	3.3	31.5	23.2
Hansaallee 247	Düsseldorf	Colliers	5,700	4,300	0	777,700	724,600	11,700,000	274,800	3.8	3.7	6.4
Hans-Böckler-Str. 36	Düsseldorf	Colliers	7,700	6,500	0	1,069,600	1,116,700	25,000,000	80,700	10.1	3.8	4.2
Heerdter Lohweg 35	Düsseldorf	Savills	37,600	33,300	25,200	1,710,500	5,609,200	67,700,000	541,200	1.5	−67.5	21.1
Horbeller Str. 11	Cologne	Colliers	6,600	5,800	0	654,200	729,600	9,700,000	2,814,300	7.8	0.5	19.8
Immermannstr. 40	Düsseldorf	Colliers	8,200	7,200	0	1,286,200	1,511,000	21,900,000	234,500	2.0	9.1	6.3
Immermannstr. 59	Düsseldorf	Savills	6,500	5,100	200	986,400	1,037,700	19,600,000	200	3.1	1.2	15.3
Ivo-Beucker-Str. 43	Düsseldorf	Colliers	8,000	7,700	0	1,042,900	1,330,300	11,500,000	52,100	0.7	1.5	0.0
Josef-Wulff-Str. 75	Recklinghausen	Savills	19,900	0	0	1,900,000	2,043,500	29,500,000	3,800	2.2	0.0	0.0
Kaistr. 16, 16a, 18	Düsseldorf	Colliers	9,300	8,900	0	2,216,000	2,396,100	43,500,000	837,600	2.7	1.8	15.1
Karlstr. 123–127	Düsseldorf	Colliers	5,700	5,200	0	780,800	792,000	13,400,000	41,000	4.5	2.0	3.1
Maarweg 165	Cologne	Savills	22,800	20,400	2,800	2,957,200	3,308,900	50,200,000	784,700	2.2	0.6	7.7
Opernplatz 2	Essen	Savills	24,300	24,300	0	2,801,700	2,543,200	38,200,000	3,144,500	4.0	0.0	4.7
Pempelfurtstr. 1	Ratingen	Savills	18,500	17,000	5,200	1,678,300	1,943,000	33,050,000	825,400	3.6	25.4	37.7
Willstätterstr. 11–15	Düsseldorf	Savills	24,000	16,700	4,600	2,095,000	2,591,900	43,100,000	378,700	3.2	−11.1	36.8
Total			**455,600**	**350,800**	**79,900**	**53,283,700**	**64,722,700**	**989,225,000**	**21,128,200**	**3.5**	**−6.9**	**13.4**

[1] According to the year-end valuation from Colliers International UK LLP and Savills Advisory Services.

Investment portfolio

Asset	City	Valuer	Total lettable area (m^2)	Office space (m^2)	Vacancy (m^2)	Contractual annual net rent (EUR)	ERV[1] (EUR)	OMV[1] (EUR)	Capex (EUR)	Wault (years)	Δ Rental income (2017/18) (%)	Δ OMV (2017/18) (%)
Rhine-Main												
Am Hauptbahnhof 6	Frankfurt	Savills	7,700	5,900	300	1,573,300	1,586,400	38,300,000	605,600	4.8	−1.2	9.4
Berner Str. 119	Frankfurt	Savills	14,900	12,600	3,800	1,344,300	1,414,200	24,200,000	241,600	5.6	−1.8	21.6
Deutsche-Telekom-Allee 7	Darmstadt	Savills	24,700	23,300	0	3,610,600	3,050,000	40,700,000	25,500	1.2	1.0	−4.2
Frankfurter Str. 71–75	Eschborn	Colliers	6,700	2,300	1,000	1,098,300	1,291,500	16,200,000	0	15.0	1.1	0.0
Goldsteinstr. 114	Frankfurt	Colliers	8,500	7,900	1,800	879,200	1,090,800	16,275,000	1,351,800	5.2	68.1	6.2
Hauptstr. 45	Dreieich	Savills	8,100	6,800	200	1,422,200	997,700	24,600,000	0	9.1	0.4	7.0
Insterburger Str. 16	Frankfurt	Colliers	13,200	13,000	0	1,830,000	1,886,100	29,000,000	402,000	2.2	1.7	3.6
Mainzer Landstr. 33a	Frankfurt	Colliers	3,200	2,800	100	595,500	648,300	13,250,000	243,200	2.7	10.1	10.4
Mergenthalerallee 45–47	Eschborn	Savills	5,100	4,800	2,100	280,500	432,100	5,600,000	25,200	1.4	0.9	7.7
Olof-Palme-Str. 37	Frankfurt	Savills	10,400	9,300	0	1,608,500	1,695,800	26,300,000	0	2.0	5.2	15.4
Platz der Einheit 1	Frankfurt	Savills	30,400	28,700	3,100	6,987,000	7,992,700	191,500,000	2,657,500	3.0	5.9	26.0
Siemensstr. 9	Neu-Isenburg	Colliers	9,600	9,300	900	1,108,800	1,182,700	15,400,000	570,700	4.4	−1.6	14.1
Stresemannallee 30	Frankfurt	Colliers	9,000	7,700	200	1,308,400	1,301,800	20,470,000	1,106,800	5.0	14.6	13.7
Taunusstr. 45–47	Frankfurt	Colliers	7,100	5,200	800	1,075,100	1,146,700	25,100,000	50,800	4.1	n/a	n/a
T-Online-Allee 1	Darmstadt	Savills	71,900	59,400	0	12,654,300	9,471,500	140,100,000	122,200	3.0	1.0	−0.5
Wilhelminenstr. 25	Darmstadt	Savills	8,400	3,500	1,400	1,134,600	1,282,300	20,200,000	98,300	3.6	19.0	17.4
Total			**238,900**	**202,500**	**15,700**	**38,510,600**	**36,470,600**	**647,195,000**	**7,501,200**	**3.7**	**6.8**	**10.3**
Stuttgart												
Breitwiesenstr. 5–7	Stuttgart	Savills	25,100	20,100	0	2,998,100	3,559,200	55,300,000	956,500	6.5	0.8	17.7
Eichwiesenring 1	Stuttgart	Colliers	12,300	5,100	200	1,583,300	1,629,000	28,000,000	1,700	4.8	n/a	n/a
Epplestr. 225	Stuttgart	Colliers	107,500	103,400	0	16,823,500	17,024,300	235,085,000	1,279,400	3.0	7.4	24.1
Hanns-Klemm-Str. 45	Böblingen	Savills	14,900	14,100	0	1,896,700	1,874,100	27,400,000	128,200	1.5	0.0	9.2
Hauptstätter Str. 65–67	Stuttgart	Colliers	8,600	7,700	0	1,715,200	1,717,200	39,000,000	156,600	8.9	0.1	7.1
Ingersheimer Str. 20	Stuttgart	Savills	12,900	11,300	400	1,810,700	1,857,000	30,000,000	−814,300	3.4	9.9	15.8
Kupferstr. 36	Stuttgart	Savills	5,100	4,700	0	572,300	689,800	10,100,000	57,700	3.8	6.3	26.3
Kurze Str. 40	Filderstadt	Savills	5,400	4,700	1,300	490,800	680,600	8,000,000	97,500	3.6	−11.9	8.1
Rotebühlstr. 98–100	Stuttgart	Colliers	8,400	6,400	0	1,628,200	1,764,800	22,000,000	206,800	1.7	19.8	0.0
Vaihinger Str. 131	Stuttgart	Savills	21,400	18,500	0	3,785,200	3,392,300	51,300,000	147,400	2.2	0.0	9.6
Total			**221,200**	**196,000**	**1,900**	**33,304,000**	**34,188,300**	**506,185,000**	**2,217,500**	**3.5**	**10.5**	**16.1**

[1] According to the year-end valuation from Colliers International UK LLP and Savills Advisory Services.

Investment portfolio

Asset	City	Valuer	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 Rental income (2017/18) (%)	Δ OMV (2017/18) (%)
Berlin												
Am Borsigturm 13–17, 19, 27–29, 31–33	Berlin	Colliers	14,300	14,200	0	1,600,600	1,749,700	29,000,000	141,600	3.0	5.1	20.8
Am Borsigturm 44–46, 52–54	Berlin	Colliers	9,100	7,300	700	872,000	1,353,200	19,000,000	37,200	3.1	7.6	31.0
Darwinstr. 14–18	Berlin	Colliers	22,500	21,400	0	3,389,100	4,605,000	90,000,000	542,900	8.1	–0.2	14.1
Holzhauser Str. 175–177	Berlin	Colliers	7,800	7,600	400	756,400	845,100	16,000,000	156,800	2.7	–7.9	31.4
Rankestr. 17	Berlin	Colliers	4,900	4,000	400	616,600	1,091,600	19,635,000	20,000	3.0	2.9	3.3
Schinkestr. 20	Berlin	Colliers	2,400	2,400	0	270,000	642,000	9,400,000	0	12.7	n/a	n/a
Tempelhofer Damm 146	Berlin	Colliers	3,600	1,700	300	543,700	708,700	10,400,000	8,600	5.8	0.9	0.0
Uhlandstr. 85	Berlin	n/a	10,200	6,100	1,300	1,010,900	2,785,200	45,053,000	0	3.1	n/a	n/a
Total			**74,800**	**64,700**	**3,100**	**9,059,300**	**13,780,500**	**238,488,000**	**907,100**	**5.0**	**17.8**	**11.7**
Others												
Arndtstr. 1	Hanover	Colliers	10,900	7,300	300	1,212,000	1,312,900	26,230,000	401,200	13.4	–2.5	3.8
Balgebrückstr. 13	Bremen	Savills	3,900	3,600	0	344,100	396,200	4,750,000	19,700	2.3	1.9	21.8
Frauenstr. 5–9	Trier	Savills	16,900	900	200	1,526,200	1,934,800	27,300,000	23,700	5.6	–11.7	0.0
Friedrich-Scholl-Platz 1	Karlsruhe	Colliers	26,800	26,800	0	2,615,600	3,324,000	47,500,000	949,600	7.0	0.0	8.0
Stiftsplatz 5	Kaiserslautern	Savills	9,000	5,100	2,200	895,100	880,800	11,500,000	752,000	2.1	–0.8	0.0
Werner-von-Siemens-Platz 1	Laatzen	Colliers	21,100	18,000	1,600	1,800,200	2,172,000	17,050,000	26,400	1.2	0.6	–10.3
Total			**88,600**	**61,700**	**4,300**	**8,393,200**	**10,020,700**	**134,330,000**	**2,172,600**	**5.7**	**–2.6**	**2.6**

[1] According to the year-end valuation from Colliers International UK LLP and Savills Advisory Services.

Development assets

Asset	City	Valuer	Total lettable area (m²)	Office space (m²)	Vacancy (m²)	Contractual rent (EUR)	ERV [1] (EUR)	OMV [1] (EUR)	Capex (EUR)	Wault (years)	Δ Rental income (2017/18) (%)	Δ OMV (2017/18) (%)
Completed developments												
Am Wehrhahn 33	Düsseldorf	Colliers	24,100	17,800	8,100	3,728,800	5,178,500	100,000,000	16,494,900	6.4	254.4	39.3
Ernst-Merck-Str. 9	Hamburg	Colliers	17,800	15,900	1,100	2,774,900	3,281,500	80,000,000	14,042,000	8.2	8.2	43.9
Total			**41,900**	**33,700**	**9,200**	**6,503,800**	**8,460,000**	**180,000,000**	**30,536,900**	**7.1**	**79.9**	**41.3**
Current developments												
Amsinckstr. 28	Hamburg	Colliers	8,600	8,200	8,600	0	1,531,700	19,000,000	1,385,800	0.0	n/a	41.8
Amsinckstr. 34	Hamburg	Colliers	6,600	6,500	5,400	220,500	1,206,800	16,000,000	1,656,900	7.0	n/a	46.8
Besenbinderhof 41	Hamburg	Colliers	5,000	3,500	5,000	0	902,600	6,400,000	141,900	0.0	–100.0	0.0
Carl-Reiß-Platz 1–5	Mannheim	Colliers	17,500	14,800	17,500	0	2,830,200	15,080,000	712,800	0.0	–100.0	–10.5
Carl-Reiß-Platz TG	Mannheim	Colliers	0	0	0	43,500	270,000	1,500,000	54,000	3.1	–70.3	–3.2
Gustav-Nachtigal-Str. 3	Wiesbaden	Colliers	18,500	16,500	18,500	144,000	4,284,000	19,600,000	541,900	0.2	–94.5	–0.3
Gustav-Nachtigal-Str. 4	Wiesbaden	Colliers	800	700	800	86,400	136,400	1,275,000	0	0.2	287.4	0.0
Gustav-Nachtigal-Str. 5	Wiesbaden	Colliers	7,600	7,200	3,000	545,400	1,184,100	7,675,000	3,200	1.5	n/a	n/a
Kampstr. 36	Dortmund	Savills	3,100	1,400	1,500	394,200	611,400	7,200,000	4,000	4.2	1.1	–8.9
Kanzlerstr. 8	Düsseldorf	Savills	9,100	7,500	4,800	600,500	1,171,300	17,300,000	235,800	2.5	–40.1	19.7
Solmsstr. 27–37	Frankfurt	Savills	29,800	27,400	29,800	140,400	5,287,000	76,800,000	1,047,100	0.3	–98.0	12.9
Total			**106,500**	**93,700**	**94,900**	**2,175,000**	**19,415,500**	**187,830,000**	**5,783,400**	**2.6**	**–81.7**	**11.8**

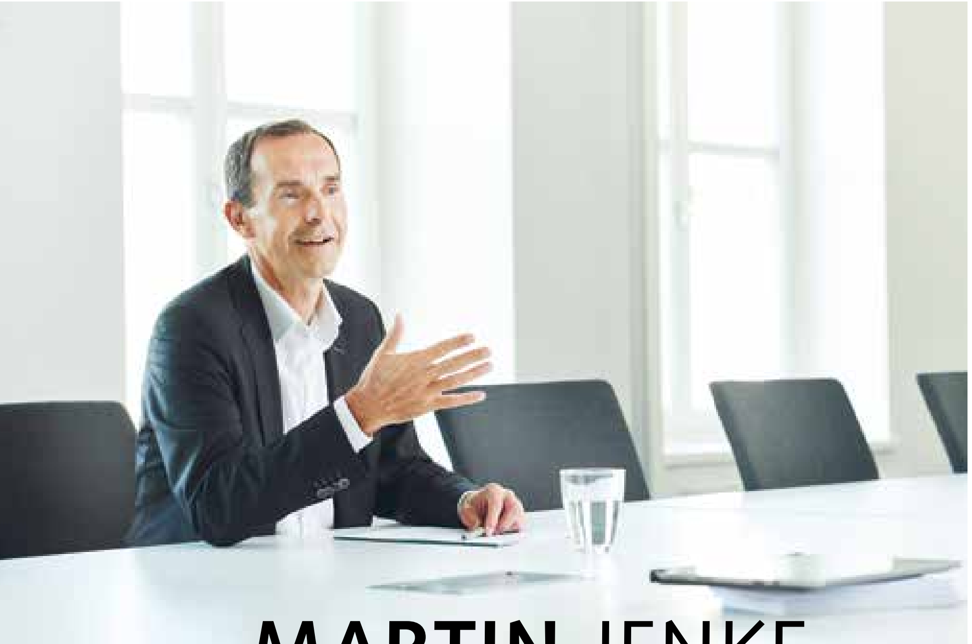
[1] According to the year-end valuation from Colliers International UK LLP and Savills Advisory Services.

IT'S ALL ABOUT
LOCAL EXPERTISE

T-Online-Allee 1, Darmstadt

The asset T-Online-Allee 1 is an office building with a lettable area of 71,900 m² located in a technology park in Darmstadt. alstria acquired the building as part of the former Deutsche Office portfolio. In 2018, the current tenant, Deutsche Telekom, signed a new long-term leasing contract for 41 % of the building.

Category	Investment
Construction year	2004
Lettable area	71,900 m²
Avg. rent per m²	EUR 14.70
Value per m²	EUR 1,950
Valuation yield	6.7 %



MARTIN JENKE

OFFICE HEAD HAMBURG

Martin, alstria was founded twelve years ago in Hamburg and has been one of the major players in the Hanseatic city ever since. What is so interesting about the local real estate market?

Hamburg is the second largest city in Germany after Berlin and has a diversified economic structure. Media companies, advertising agencies and financial service providers are also present here as are the manufacturing industry and public administration. This mix leads to a very stable demand for office space throughout economic cycles.

You mentioned public administration as an important office space tenant. Also, in alstria's portfolio, the public sector plays an important role, especially the city of Hamburg. Do public and private tenants have fundamental differences?

In principle, the city is organized similarly to a large company in the real estate sector. The only difference is in the lease structure as public tenants tend to sign longer leases and often ask for less expensive space due to budget restrictions. In general, public tenants are very reliable and increase the overall portfolio quality.

The portfolio alstria acquired from the City of Hamburg in 2006 consisted of 36 properties and was the largest sale and leaseback transaction ever carried out in Germany. The average building in the Hamburg portfolio has a size of 10,000 m². Wouldn't it be more efficient to manage larger assets?

Large buildings are certainly more efficient to manage than small properties. However, in Germany, a building's risk-return profile must also be taken into account. German cities are relatively small compared to London or Paris, and the individual buildings must fit into their respective local markets. Because the Hamburg office market provides an annual turnover of around 450,000 m², the re-letting of a building with 10,000 m² is much easier than leasing up a building with 100,000 m² of lettable space. This, by the way, is why we prefer large cities over small cities. The bigger the underlying office market, the bigger the turnover in the leasing market and the lower the re-letting risk. Our granular portfolio structure, focus on liquid markets and local presence are optimizing the overall portfolio's risk and return profile.

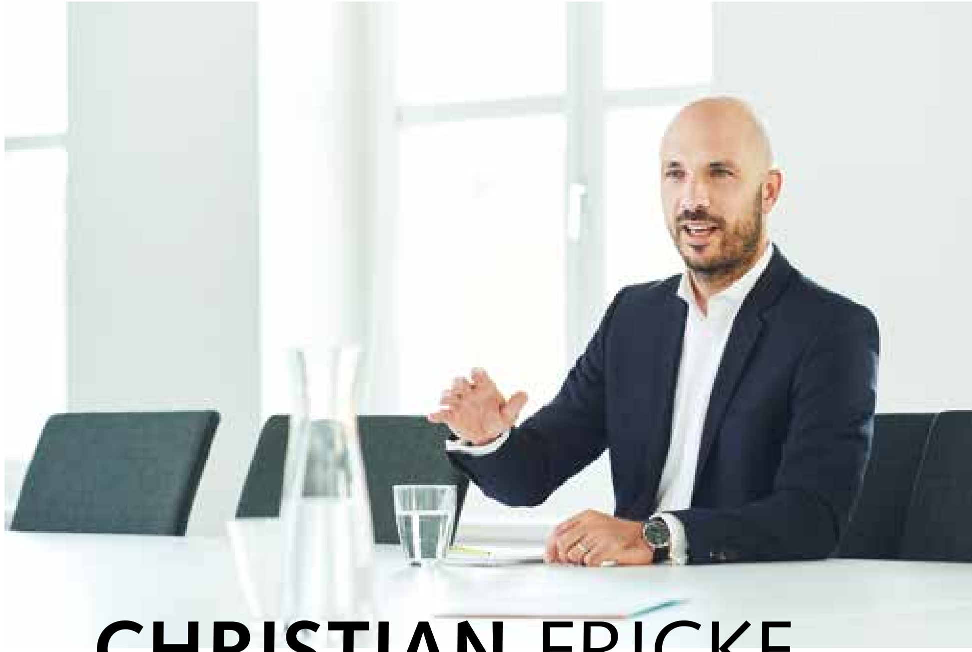
»Our focus on the big and liquid markets is optimizing the risk-return profile of the overall portfolio.«

You have been with alstria for almost twelve years and have therefore experienced almost the entire company's history. Has the growth in recent years changed the company?

Yes, it has. On one hand, alstria had no local offices until 2012, and we only had alstria's headquarters in Hamburg. Today, in addition to Hamburg, we have four additional local offices in Düsseldorf, Frankfurt, Stuttgart and Berlin. The start-up in 2006 has become a real and fully integrated company over the years. In addition, we have integrated various parts of the property value chain, such as property management, into the company. This integration gives us a better understanding of building operations, enables us to make decisions about necessary investments more quickly and establishes close relationships with our tenants through daily communication. This is clearly perceived as a quality feature by our customers.

One last question from a long-standing Hamburg citizen: Which place in Hamburg should somebody visit that is not mentioned in every travel guide?

The places described in the guides are named there for good reason and are beautiful. In general, Hamburg is not only the most beautiful city in Germany for Hamburg citizens – if it's not raining. However, I also find the Moorburg power plant and the DESY research facility very exciting.



CHRISTIAN FRICKE

OFFICE HEAD DÜSSELDORF

Christian, in 2012 alstria opened the Düsseldorf office, which you have been managing since then. What was the reason to go local?

alstria is a long-term investor and we create value by actively managing our buildings throughout their life cycle. We also deliberately buy properties with vacant space, short-term leases and need for refurbishment, because these buildings offer good starting points for value appreciation. In 2011 and 2012, we acquired a number of such buildings in the greater Düsseldorf area. This meant that our local portfolio reached a critical size with some very asset management intensive properties and thus required a local presence. We turn the potential of our buildings into real value and the best way to do that is to be close to the building, to be familiar with its special features and to know and understand the micro markets in detail. Furthermore, the local presence allows us to build up a network in the local real estate market and to establish the company as a relevant player in the Düsseldorf region.

> »Our local presence is the basis for our active asset management approach.«

Has the local presence proved to be successful so far?

Yes, no doubt. First and foremost, taking care of our tenants is the focus of our daily work. Due to the geographical proximity we don't lose any travel time, but we can use the time to deal with our properties more intensively. The proximity to our service providers also improved many processes. This makes us faster and this speed of action has become an indispensable part of a good service for our tenants. In addition, we have built up local networks with brokers and relevant market participants over the years and this is important for the successful marketing of our properties. Through an ongoing exchange we benefit from this mix of circulating rumours, external impressions, assessments and recommendations, as well as acquired insider knowledge and strategic information that shape the local markets. Without a network in the local market you tend to have no chance. As they say in the industry: 'You only hear the grass grow locally, how they live and work there...'

alstria built up a portfolio worth one billion Euros in the Düsseldorf area through the portfolio purchases over the past years, which you manage here locally. What is so attractive about this property market?

The Rhine-Ruhr metropolitan area is a highly industrialized region in Germany with a high population density, good location factors and general conditions. With around ten million inhabitants, it is one of the largest metropolitan regions in Europe. The region includes numerous major cities such as Düsseldorf, Cologne, Bonn, Essen and Dortmund. A good quality of life, stable economic conditions, a high density of jobs in the big cities and growing large companies are creating a dynamic demand for office space that we are benefiting from.

The Düsseldorf portfolio also includes some challenging properties. How do you generally approach such properties when renting them out?

The first step is a so-called SWOT analysis. In other words, we first work out all the strengths and weaknesses of a property. We are therefore also aware of all the associated risks and opportunities in the marketing of the building. In addition, conceptual changes are always checked by our teams. Afterwards, we produce first-class marketing documents and contact real estate brokers and market participants. Setting up a model office in a building often makes sense in order to show potential customers what kind of qualities they can expect for their money. In short, it is important to convince potential tenants that they are better off with us for the same rent than with the competition.

Christian, you have been living in this region for quite a while. If I want to spend a day in the Rhine-Ruhr region, what should I do?

The Zollverein colliery in Essen is worth a visit. A wonderful symbiosis of industry and culture. In addition, the visitor is offered an interesting museum about the history of the Ruhr area. The Rhine promenades in Düsseldorf and Cologne are really beautiful destinations. If you like it a bit more exciting, you should watch a national league match at Fortuna Düsseldorf or the FC Cologne, and then visit the respective old town.

SANDRA MENGEL

OFFICE HEAD FRANKFURT

Sandra, Frankfurt differs from other German cities by its skyline of high-rise buildings and the strong importance of the financial sector. Is that an advantage or a disadvantage?

This is an advantage, absolutely. Frankfurt is an internationally important financial centre, home of the Bundesbank, the ECB and other well-known financial institutions, and joins the ranks of European and international metropolises such as Paris, London and New York. Frankfurt is not only known for its concise skyline, it is also one of the most important business location in Germany and an important hub in Europe. The Rhine-Main metropolitan region has a population of approx. 5.4 million residents and has a strong economy. Everybody in the city feels this energy, the dynamism and cosmopolitanism: Frankfurt is about money and business.

If you walk through Frankfurt, you will notice many cranes, a number of new high-rise buildings are currently being built. Aren't we heading for an oversupply in the next few years?

Frankfurt has traditionally had a high level of construction activity. The old is quickly renewed. To reinvent oneself again and again is the spirit of the city. At present, we do not expect an oversupply. On the contrary, there currently is a lack of sizable high-quality space. In contrast to other German cities, Frankfurt traditionally has a reserve of space. This is often seen as an above-average vacancy rate. However, it also gives the dynamic market the opportunity to react quickly to possible growing demand for space in a wide variety of sectors and users.

You said Frankfurt is a very dynamic market. Do you see new trends in Frankfurt with regard to space requirements?

Looking at the leasing contracts signed in the city in 2018, the largest demand for space came from the information / telecommunications, banking / finance and business center sectors. As a landlord we naturally monitor the development of the sectors so that we can align our properties accordingly. We definitely expect a change in the working environment, users will therefore need and demand more flexibility. This will lead to shorter contract terms, but also to an increasing demand for co-working concepts. We also pay more attention to such concepts and more flexible usage options in the strategic positioning of our properties. Our own co-working concept 'BEEHIVE', which we introduced two years ago, is ideally suited to respond to precisely this need and allows us to learn about future user requirements.

> »Our forward-looking and sustainable strategy gives us a competitive advantage.«

You joined alstria two years ago and have been managing the Frankfurt office ever since. Is the alstria culture different from other companies in the industry?

alstria's approach exactly corresponds with my understanding of the responsibility of a real estate owner. The culture we live, the values we hold and the way we interact with one another are trusting and open, always curious and future-oriented coupled with a lot of expertise. We at alstria as owners have responsibility not only for our properties, but also for the people who work with us and for the people who spend a lot of time in our buildings. We create working environments. We have a responsibility for the cities, our neighbours and the environment. This sustainable approach drives everyone of us, makes us authentic and sets us apart from other companies. We also take this approach very seriously when recruiting new employees, so that each individual with his or her abilities is a good 'fit' for us and lives our values in the same way.

Do you have a favourite place in Frankfurt?

Those who know me know that I have a great passion for real estate and people. I'm a big fan of Frankfurt. I like to sit in places where I can see the skyline and observe people. One of the most beautiful places is on a clear night at the Main, on Sachsenhausen side, overlooking the illuminated skyline. But it is just as nice to be at one of the city festivals and to see the different cultures peacefully together. However, the view from my office to the skyline is invaluable.

FELIX GRONBACH

OFFICE HEAD STUTTGART

Felix, Stuttgart is the smallest of the BIG 7 office markets in Germany. What is so special about this market?

The city of Stuttgart is located in a valley and has limited space in the city center to expand the commercial space supply. At the same time, the economy in the Stuttgart region has been growing continuously for years. The region's economic structure is characterized by the automotive industry and medium-sized companies with a number of hidden champions among them. The economic growth and the lack of space are fantastic conditions for a real estate investor like alstria.

> »Our integrated business model allows our team to pull in the same direction.«

You mentioned Stuttgart is dominated by the automobile industry. Does this one-sided concentration worry you?

No, not really. Stuttgart is the birthplace and world centre of vehicle construction, including not only automobile manufacturers but a whole network of highly innovative suppliers, mechanical engineering companies geared toward the automotive industry as well as research and development institutes, engineering offices, software companies and university institutes with numerous courses of study. The automotive industry is undoubtedly undergoing a major change. But the fact that Europe's most important automobile cluster is located here and that the region offers highly concentrated know-how creates, in my view, the best conditions for developing new solutions regarding tomorrow's mobility.

What is your team's task regarding the local alstria portfolio in Stuttgart?

We manage all of the local real estate portfolio's operational tasks and invest in our buildings to maintain their value, as well as implementing complex construction projects in the portfolio. In addition, we concentrate on the optimal support of our tenants, the marketing of vacant space and the elaboration of strategies for the real estate portfolio's further development. Close contact with our tenants and service providers is very important to us as it enables us to achieve the best results for all parties involved.

This workload requires efficient structures. Can you briefly describe your team's organizational structure?

Both teams in Stuttgart are made up as a cloverleaf of asset management and technical and commercial property management. Both teams are actively supported by our team assistance and relieved of organizational tasks. Each team has a defined portfolio of properties, which are jointly managed and further developed. Among other things, the asset manager is responsible for implementing the agreed-upon strategy for his portfolio and the individual properties. The aim is to solve all technical, commercial and strategic tasks in an interdisciplinary manner and to pull together as a team. The overriding goal of our work is, of course, always a satisfied tenant.

Do you have a favourite place here in Stuttgart?

Our office is situated on a half-height location directly below the Weissenburg-park, including the teahouse. From here, you have a fantastic view of the whole valley basin of Stuttgart, and you can end a beautiful summer day relaxed. If you want to make a day trip and are a car enthusiast, the automobile museums in Stuttgart are also worth a day trip, such as the Porsche and Mercedes-Benz museum, in which the German automobile history is close enough to touch.

THOMAS LUBER

OFFICE HEAD BERLIN

Thomas, Berlin is the largest city in Germany and is in line with the European metropolises Paris, London and Brussels. What is special about the Berlin market and how is the alstria portfolio positioned here?

In Berlin, the office markets are distributed relatively homogeneously across the city and there are many small submarkets in addition to the classic office locations in City East and City West. After the fall of the Berlin Wall, the city was able to develop office space on open spaces within the city and no 'office cities' were created such as in London or Paris. Each local submarket has its own dynamics and therefore requires local expertise. However, the advantage of this structure is that letting risks as well as transaction risks are well diversified. In Berlin, around 900,000 m² of office space are currently leased each year because tenants move or rent additional space. In the German context this is a lot, but only a fraction of the rental turnover in London or Paris. In this respect, properties must fit into their local market. Our largest property in Berlin has an area of approximately 22,500 m² and the other seven properties also fit into their respective submarkets. We have no vacancies and the portfolio's risk is therefore very low.

The Berlin office property market has developed extraordinarily well in recent years, although only a few large companies have their headquarters here. Why is there a sudden shortage of office space in Berlin?

30 years after the fall of the Wall, Berlin has become an international city. For a long time, the cost of living and rents were relatively low compared to other major European cities. Due to high unemployment in the southern EU states, there was a strong influx of young and creative people in particular, giving the city an incredible dynamism and international flair. Berlin is hip and cool, young people want to study and live here for a few years. The continuing favourable economic situation in Germany is also a fertile ground for many new business ideas. Berlin is the center of the German start-up scene. All this is driving the demand for office space.

Is this going to continue or could the trend tip over?

As long as interest rates remain low and the German economy continues to grow, demand will certainly continue to rise. The internationality, the culture and the importance of the city still have an enormous attraction. However, my feeling is that the period of extreme growth is over and there is a more moderate growth emerging. After all, rents and purchase prices for residential and office space have already risen to the level of other major German cities.

> »Our advanced IT and the permanent exchange of best practices create efficient workflows.«

With your team you manage the local Berlin alstria portfolio. How do you make sure that your daily decisions also fit into alstria's corporate strategy?

alstria has a healthy and stable communication structure and advanced IT solutions. Information exchange meetings take place at all levels of the hierarchy as well as within the individual locations. We office managers meet regularly and are in close contact with the department management and the executive board in Hamburg. There are also monthly video conferences for example at the property management level and personal meetings once a quarter to exchange information and best practice cases. In addition, alstria has a very positive welcome culture and we were trained for several weeks at the headquarters in Hamburg, so we were able to get a taste of 'alstria air' right from the start.

You were born in Bavaria. Where can you get the best veal sausage here in Berlin?

In fact, you can hardly get veal sausages anywhere in Berlin. I am rather conservative in this area and just as veal sausages are not eaten after 12.00 noon in Bavaria, I'm of the opinion that veal sausages should not be eaten outside Bavaria. But there are many very good curry sausages and doner kebabs here.

FINANCIAL PERFORMANCE

Geesthof
Besenbinderhof 41, Hamburg

The building in Besenbinderhof 41 is located in the direct vicinity of Hamburg's main train station. The asset was vacated by the previous tenant in 2018 and offers substantial rent reversionary potential. The property is currently part of alstria's development portfolio and will be delivered over the course of 2020.

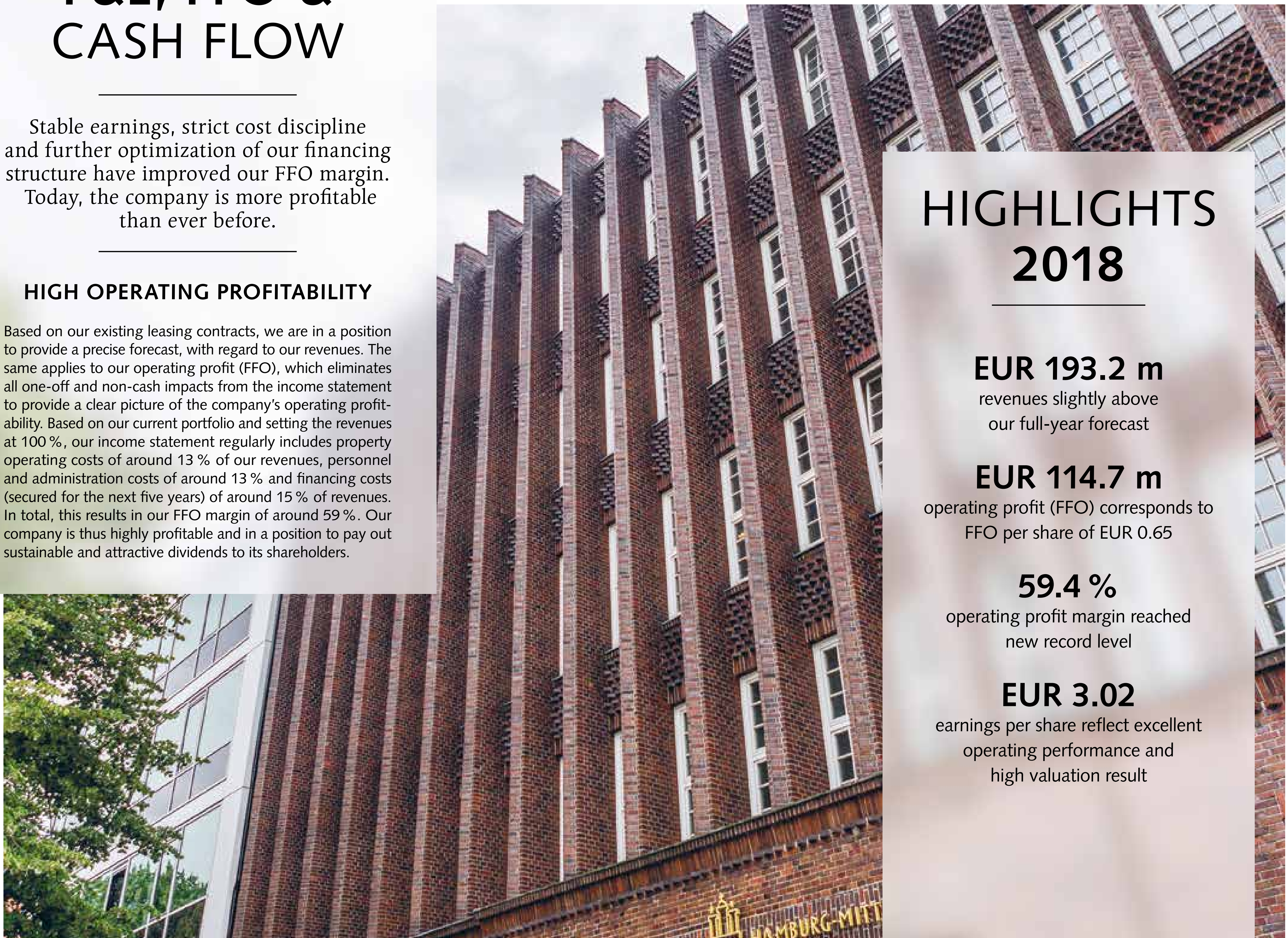
Category	Development
Construction year	1927
Lettable area	5,000 m²
Avg. rent per m²	EUR 15.00
Value per m²	EUR 1,280
Exp. capex per m²	EUR 1,700

P&L, FFO & CASH FLOW

Stable earnings, strict cost discipline and further optimization of our financing structure have improved our FFO margin. Today, the company is more profitable than ever before.

HIGH OPERATING PROFITABILITY

Based on our existing leasing contracts, we are in a position to provide a precise forecast, with regard to our revenues. The same applies to our operating profit (FFO), which eliminates all one-off and non-cash impacts from the income statement to provide a clear picture of the company's operating profitability. Based on our current portfolio and setting the revenues at 100 %, our income statement regularly includes property operating costs of around 13 % of our revenues, personnel and administration costs of around 13 % and financing costs (secured for the next five years) of around 15 % of revenues. In total, this results in our FFO margin of around 59 %. Our company is thus highly profitable and in a position to pay out sustainable and attractive dividends to its shareholders.



HIGHLIGHTS 2018

EUR 193.2 m
revenues slightly above our full-year forecast

EUR 114.7 m
operating profit (FFO) corresponds to FFO per share of EUR 0.65

59.4 %
operating profit margin reached new record level

EUR 3.02
earnings per share reflect excellent operating performance and high valuation result

Rental income slightly above forecast

The operating performance of our company exceeded our expectations in the financial year 2018. Already in the middle of the year, we were able to increase our initial guidance for the full year. At the end of the year, our revenues of EUR 193.2 million were slightly above our forecast of EUR 190 million.

Over the course of 2018, we took advantage of the expiration of rental agreements for various buildings to reallocate the assets to our development portfolio. The quality improvements, following our capex measures, will enable us to realize substantial rent increases. The loss of rental income, related to the extended development portfolio, was completely offset by additional income from new rental contracts, price indexation for existing rental agreements and rents from newly acquired buildings. The same applies to the operating result, which at EUR 114.7 million was 4.3 % better than expected at the beginning of 2018. The reason for the better result was, in particular, the acquisition of properties, rent indexations and new leasing contracts. The consolidated net result was heavily impacted by our positive valuation result, which led to a net profit of EUR 527.4 million (+77.6 % compared to 2017). Our earnings per share rose accordingly, from EUR 1.94 to EUR 3.02.

Consolidated income statement

for the period from January 1 to December 31, 2018

EUR k	2018	2017
Revenues	193,193	193,680
Service charge income	39,160	37,387
Real estate operating expenses	–63,285	–58,156
Net rental income	**169,068**	**172,911**
Administrative expenses	–8,834	–8,033
Personnel expenses	–15,910	–13,823
Other operating income	10,656	10,139
Other operating expenses	–13,746	–14,371
Net result from fair value adjustments on investment property	398,954	181,492
Gain on disposal of investment property	14,887	19,693
Net operating result	**555,075**	**348,008**
Net financial result	–29,497	–67,708
Share of the result of joint ventures	–70	28,118
Net result from fair value adjustments on financial derivatives	2,452	–9,334
Pre-tax income (EBT)	**527,960**	**299,084**
Income tax expense	–546	–2,097
Consolidated profit / loss for the period	**527,414**	**296,987**
Average number of shares	174,387	153,402
Earnings per share (EUR)		
Basic earnings per share	3.02	1.94
Diluted earnings per share	3.02	1.85

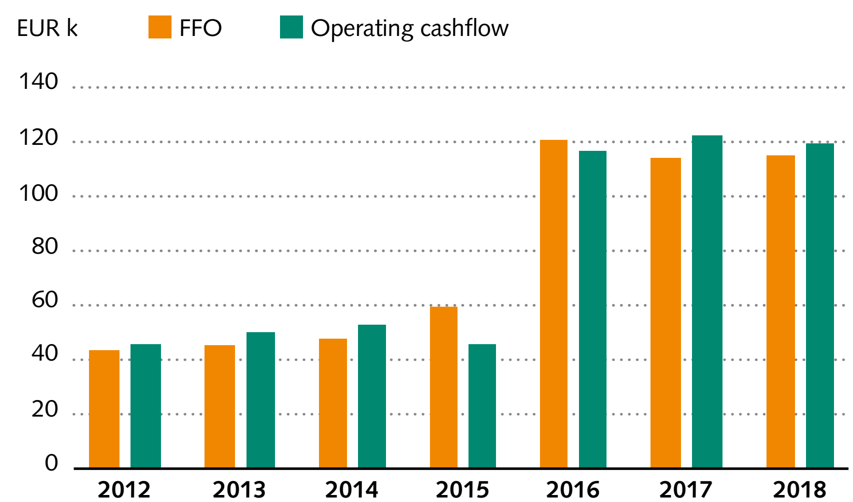
FFO margin of 59.4 %

At EUR 114.7 million, our FFO nearly reached the level it had the previous year. This was due, in particular, to the revenue effects, which had a direct positive effect on the operating result. Property operating costs, as well as administrative and personnel costs, developed according to plan, with our EPRA cost ratio standing at 19.0 %. The operating financing costs were further reduced through the active management of our financial liabilities.

FFO in line with operating cash flow

The FFO of a real estate company should be comparable to its operating cash flow. In 2018, our operating cash flow was EUR 119.0 million, slightly higher than the FFO generated (EUR 114.7 million), thereby underscoring the very realistic character of our FFO calculation. In recent years, both figures have developed to square perfectly with our expectations. Our operating cash flow over the past seven years was at 101 % of our FFO.

Operating cashflow versus FFO



Reconciliation from P&L to FFO

for the period from January 1 to December 31, 2018

EUR k	IFRS P&L	Adjustments	FFO
Revenues	193,193	0	193,193
Service charge income	39,160	0	39,160
Real estate operating expenses	–63,285	0	–63,285
Net rental income	**169,068**	**0**	**169,068**
Adminstrative expenses	–8,834	794	–8,040
Personnel expenses	–15,910	1,304	–14,606
Other operating income	10,656	–9,728	928
Other operating expenses	–13,746	12,752	–994
Net gain / loss from fair value adjustments on investment property	398,954	–398,954	0
Gain / loss on disposal of investment properties	14,887	–14,887	0
Net operating result	**555,075**	**–408,719**	**146,356**
Net financial result	–29,497	1,238	–28,259
Share of the result of joint venture	–70	0	–70
Net loss from fair value adjustments on financial derivatives	2,452	–2,452	0
Pretax income / FFO (before minorities)	**527,960**	**–409,933**	**118,027**
Income tax	–546	546	0
Consolidated profit for the period	**527,414**	**–409,387**	**118,027**
Minority interest	0	–3,297	–3,297
Consolidated profit / FFO (after minorities)	**527,414**	**–412,684**	**114,730**

Maintenance and reletting	50,100
Adjusted funds from operations (AFFO) [1]	**64,630**
Number of shares outstanding (k)	177,416

FFO per share (EUR)	**0.65**
AFFO per share (EUR)	**0.36**

[1] (A)FFO is not a measure of operating performance or liquidity under generally accepted accounting principles, in particular IFRS, and should not be considered as an alternative to the Company's income or cash-flow measures as determined in accordance with IFRS. Furthermore, no standard definition exists for (A)FFO. Thus, the (A)FFO or measures with similar names as presented by other companies may not necessarily be comparable to the Company's (A)FFO.

FFO Adjustments

To determine the FFO, we adjusted the IFRS figures in our income statement for non-recurring and non-cash earnings items. The FFO thus represents the sustainable operating profitability of our property portfolio. The adjustments made to the IFRS figures in our income statement to determine the FFO related primarily to the following items:

- We adjusted EUR 399.0 million non-cash valuation gains.
- We adjusted for EUR 14.9 million in non-recurring book gains from property sales.
- We adjusted for EUR 9.7 million of other non-recurring operating income, mainly related to one-off payments following the expiration of leasing contracts.
- We included EUR 12.8 million of other operating expenses, mainly related to the revaluation of minority interests in alstria office Prime portfolio.
- We accounted for EUR 2.5 million of non-cash valuation effects from financial derivatives.

Outlook 2019

Based on the current portfolio, we expect revenues of EUR 190 million for the current 2019 fiscal year. The slight year-on-year decline is due to the sale of properties. With regard to operating profit (FFO), we expect an order of magnitude of EUR 112 million, which represents an FFO margin of around 59.0 %.

Consolidated statement of cash flows

for the year ended December 31, 2018

EUR k	2018	2017
1. Cash flows from operating activities		
Consolidated profit for the period	527,414	296,987
Interest income	–745	–816
Interest expense	29,821	35,984
Other financial expenses	420	32,540
Result from income taxes	546	2,097
Unrealised valuation movements	–389,465	–190,962
Other non-cash income (–) / expenses (+)	5,616	5,174
Gain (–) / loss (+) on disposal of investment properties	–14,887	–19,693
Depreciation and impairment of fixed assets (+)	794	490
Increase (–) / decrease (+) in trade receivables and other assets not attributed to investing or financing activities	–1,055	–765
Increase (+) / decrease (–) in trade payables and other liabilities not attributed to investing or financing activities	–369	5,240
Cash generated from operations	**158,090**	**166,276**
Interest received	745	817
Interest paid	–26,658	–36,299
Income taxes paid	–13,163	–8,526
Net cash generated from operating activities	**119,014**	**122,268**
2. Cash flows from investing activities		
Acquisition of investment properties	–253,119	–251,505
Proceeds from sale of investment properties	119,200	87,975
Payment of transaction cost in relation to the sale of investment properties	–139	–1,160
Acquisition of other property, plant and equipment	–2,145	–627
Proceeds from the equity release of interests in joint ventures	0	49,850
Payments for investment in financial assets	0	–1,764
Net cash used in / generated from investing activities	**–136,203**	**–117,231**

EUR k	2018	2017
3. Cash flows from financing activities		
Cash received from cash equity contributions	193,072	0
Payment of transaction costs of issue of shares	–2,611	0
Payments for the acquisition of minority interests	–101	–26,919
Distributions on limited partnerships of minority shareholders	–1,941	0
Proceeds from the issuing of bonds and borrowings	60,000	30,000
Proceeds from the issue of a company bond	0	350,000
Payments of transaction costs for taking out loans	–151	–4,861
Payments of dividends	–92,170	–79,680
Payments of the redemption of bonds and borrowings	–108,088	–389,876
Payment of loan premium for redemption of corporate bonds	0	–29,172
Payments for the acquisition / redemption / adjustment of financial derivatives	0	60
Net cash used in financing activities	**48,010**	**–150,448**
4. Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents (subtotal of 1 to 3)	30,821	–145,411
Cash and cash equivalents at the beginning of the period	102,078	247,489
Cash and cash equivalents at the end of the period	**132,899**	**102,078**

BALANCE SHEET

A property is not a financial product. The use of debt capital can accelerate corporate growth and optimize the company's capital costs, but the building itself does not become more profitable just by means of a cheap loan.

THE STRUCTURE OF THE BALANCE SHEET – SIMPLE, CLEAR AND TRANSPARENT

The balance sheet of our company is as simple and transparent as a balance sheet 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 95.5 % of our balance sheet total (including owner-occupied space). In addition, cash and cash equivalents make up 3.2 % and other assets account for 1.3 % of the balance sheet total. On the liabilities side, the company's equity is the largest item, representing 64.2 % of the balance sheet total. Financial liabilities account for 32.3 % and other liabilities for 3.5 % of the balance sheet.

HIGHLIGHTS 2018

EUR 15.14
EPRA NAV increased by 19.1 %

67.2 %
REIT equity ratio reached historic high

30.4 %
net LTV at new historic low

8.3
net debt / EBITDA improved from 9.0

5.5 years
average remaining term of financial liabilities at an average financing cost of 1.8 %

Balance sheet ratios improved significantly

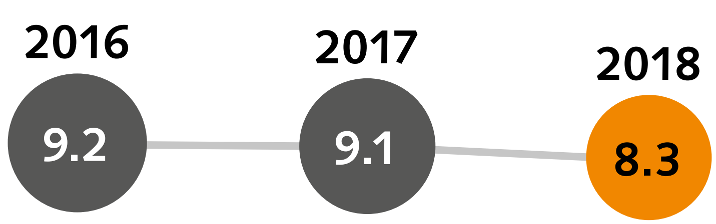
Over the course of 2018, we acquired properties with a total value of EUR 107.3 million and financed the properties with existing liquidity, while our total debt fell by EUR 121.6 million to EUR 1,345.7 million. At 67.2 %, the REIT equity ratio clearly exceeded the legally required figure of 45 % and our net LTV fell further, to 30.4 %.

Balance sheet ratios

EUR k		2018	2017
Investment properties		3,938,864	3,331,858
Carrying amount of owner occupied properties		17,585	21,049
Assets held for sale		29,620	60,200
Equity value of JV	(A)	8,589	8,659
Carrying amount of immovable assets	**(B)**	**3,994,658**	**3,421,766**
Adjustments to fair value of owner occupied properties		1,144	1,693
Fair value of immovable assets	**(C)**	**3,995,802**	**3,423,459**
Cash on balance sheet	(D)	132,899	102,078
IFRS equity	(E)	2,684,087	1,954,660
Interest bearing debt	(F)	1,345,700	1,467,288
G-REIT equity ratio (%)	**(E) / (B)**	**67.2**	**57.1**
Corporate LTV (%)	**(F) / (B-A)**	**33.8**	**43.0**
Corporate Net LTV (%)	**(F-D) / (B-A)**	**30.4**	**40.0**

Net debt / EBITDA down to 8.3

Besides the LTV, the net debt/EBITDA is a widely accepted KPI, with regard to the indebtedness of a real estate company. Through our active liability management we improved our net debt/EBITDA by from 9.1 to 8.3 in the course of 2018.



Net asset value per share increased by 19.1 %

Our IFRS net asset value per share rose by EUR 2.43 to EUR 15.13 as of the reporting date. The revaluation of our properties resulted in an increase of EUR 2.25 per share and the operating profit covered the dividend payment in May 2018.

Movement in net asset value (NAV)

	EUR k	EUR per share
IFRS NAV as of Dec. 31, 2017	**1,954,660**	**12.70**
Portfolio revaluation	398,954	2.25
Profit on disposals	14,887	0.08
Adjusted profit for the year	113,573	0.64
Dividend payment	−92,170	−0.52
Capital increase	190,461	1.07
Conversion of convertible bond	98,562	0.56
Other adjustments	5,160	0.03
IFRS NAV as of Dec. 31, 2018	**2,684,087**	**15.13**
EPRA NAV as of Dec. 31, 2018[1]	**2,685,625**	**15.14**
EPRA NNNAV as of Dec. 31, 2018[1]	**2,654,612**	**14.96**

[1] Calculation see Table 5, page 98.

NAV growth per share

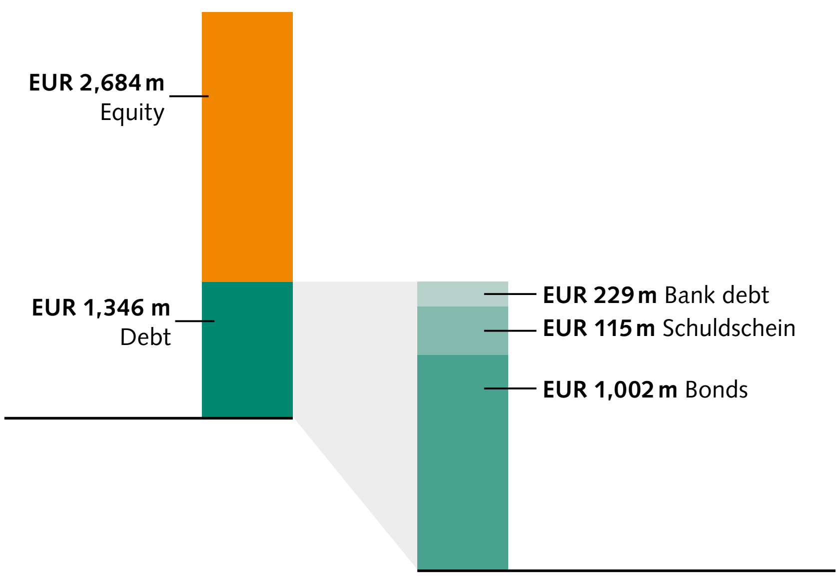
19.1 %

Cash cost of debt

as of December 31, 2018

	Nominal amount (EUR k)	Cost of debt (%)	Average maturity (years)
Bank debt	228.9	1.1	7.1
Bonds	1,001.8	1.9	5.3
Schuldschein	115.0	2.2	4.5
Total	**1,345.7**	**1.8**	**5.5**

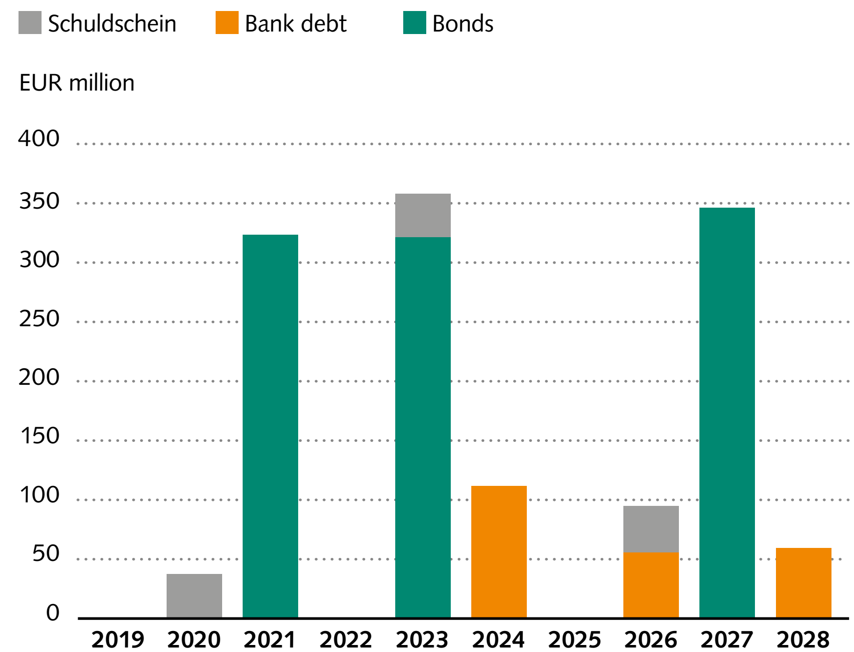
Sources of financing



Active management of financial liabilities

Over the course of 2018, we continued to actively shape the structure of our financial liabilities. Our convertible bond, issued in 2013 with a nominal value of EUR 73.5 million (as of December 31, 2017), was fully converted into equity in the first half of 2018, against the issue of 8.0 million new shares (conversion price: EUR 12.34 per share). In addition, we took advantage of the favorable capital market environment to extend mortgage debt in the amount of EUR 60.0 million. Our average financing costs, as of December 31, 2018, were 1.8 %, with an average remaining term of 5.5 years.

Debt maturity profile



› For the full consolidated financial statement and notes please see our IFRS Annual report 2018 which is available on our website › www.alstria.com/en/investors

Consolidated balance sheet

as of December 31, 2018

Assets

EUR k	Dec. 31, 2018	Dec. 31, 2017
Non-current assets		
Investment property	3,938,864	3,331,858
Equity-accounted investments	8,589	8,659
Property, plant and equipment	18,972	22,442
Intangible assets	349	313
Financial assets	36,737	36,567
Derivatives	0	14
Total non-current assets	**4,003,511**	**3,399,853**
Current assets		
Trade receivables	6,865	7,153
Income tax receivables	43	25
Other receivables	8,314	14,760
Cash and cash equivalents	132,899	102,078
Assets held for sale	29,620	60,200
Total current assets	**177,741**	**184,216**
Total assets	**4,181,252**	**3,584,069**

Equity and liabilities

EUR k	Dec. 31, 2018	Dec. 31, 2017
Equity		
Share capital	177,416	153,962
Capital surplus	1,538,632	1,363,316
Retained earnings	964,554	437,382
Revaluation surplus	3,485	0
Total equity	**2,684,087**	**1,954,660**
Non-current liabilities		
Liabilities minority interest	64,013	53,834
Long-term loans, net of current portion	1,336,090	1,381,965
Other provisions	1,275	1,499
Other liabilities	5,010	4,408
Total non-current liabilities	**1,406,388**	**1,441,706**
Current liabilities		
Liabilities minority interest	47	47
Short-term loans	14,171	86,450
Trade payables	4,400	7,268
Profit participation rights	530	538
Derivatives	0	27,529
Liabilities of current tax	5,945	13,675
Other provisions	5,477	2,992
Other current liabilities	60,207	49,204
Total current liabilities	**90,777**	**187,703**
Total liabilities	**1,497,165**	**1,629,409**
Total equity and liabilities	**4,181,252**	**3,584,069**

EPRA KEY PERFORMANCE INDICATORS

EPRA

Performance measure	2018	2017	Definition	Calculation	Purpose
EPRA earnings per share (EUR)	**0.62**	0.68	Earnings from operational activities.	Page 98, table 6	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.
EPRA NAV per share (EUR)	**15.14**	12.71	Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallize in a long-term investment property business model.	Page 98, table 5	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.
EPRA NNNAV per share (EUR)	**14.96**	12.45	EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.	Page 98, table 5	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.
EPRA Net initial yield (NIY) (%)	**4.0**	4.6	Annualized rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	Page 96, table 2	A comparable measure for portfolio valuations.
EPRA 'topped up' NIY (%)	**4.4**	5.0	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	Page 96, table 2	A comparable measure for portfolio valuations.
EPRA vacancy (%)	**9.7**	9.4	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.	Page 99, table 7	A 'pure' (%) measure of investment property space that is vacant, based on ERV.
EPRA cost ratios (%)	**A: 23.0** **B: 19.0**	A: 19.6 B: 16.4	Administrative & operating costs (including [A] & excluding [B] costs of direct vacancy) divided by gross rental income.	Page 99, table 8	A key measure to enable meaningful measurement of the changes in a company's operating costs.

SHARE PRICE PERFORMANCE

Sonninhof
Sonninstr. 24–28, Hamburg

The building in Sonninstr. 24–28 is a former chocolate manufactory that was converted into office space. The asset is located in the inner city of Hamburg and offers a lettable area of 22,200 m². alstria acquired the property in 2017 and expects a substantial rent reversion after the expiration of the current lease contract.

Category	Investment
Construction year	1915
Lettable area	22,200 m²
Avg. rent per m²	EUR 9.70
Value per m²	EUR 2,460
Valuation yield	5.2 %

ALSTRIA'S SHARE

The capital market is challenging. As an issuer of shares and bonds, we compete with countless capital market participants for the trust of investors every day. We get straight to the point and focus on transparency, continuity and reliability in our capital market communication.

THE FIRST YEAR UNDER MIFID II BROUGHT SUBSTANTIAL CHANGES

At the beginning of 2018, a new capital market regulation was introduced across Europe; MIFID II (Markets in Financial Instruments Directive) reorganizes the structure of cooperation between investors, issuers and brokers. We adapted to these changes at an early stage and maintained the high level of our investor relations, even under the changed conditions. A prerequisite for this was and still is an even more active approach to investors, the self-organization of roadshows and the further expansion of communication channels.

HIGHLIGHTS 2018

Stable TSR performance

280 personal meetings
with investors at 25 roadshows and conferences

EPRA Gold Award
for highest reporting standards and financial communication

Further extension of communication channels

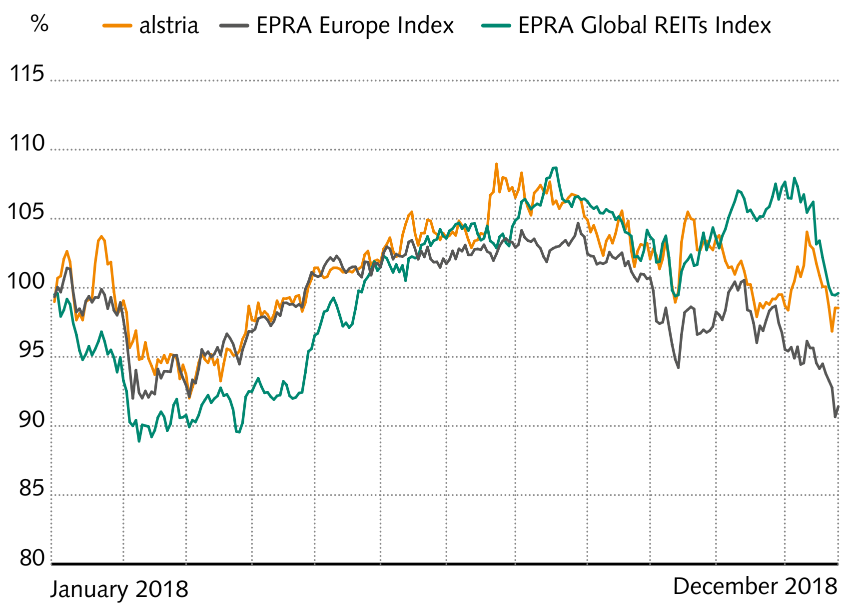
Key share data

ISIN	DE000A0LD2U1
Symbol	AOX
Market segment	Financial Services
Industry group	Real Estate
Prime sector	Prime Standard, Frankfurt
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
Designated Sponsor	M. M. Warburg & CO

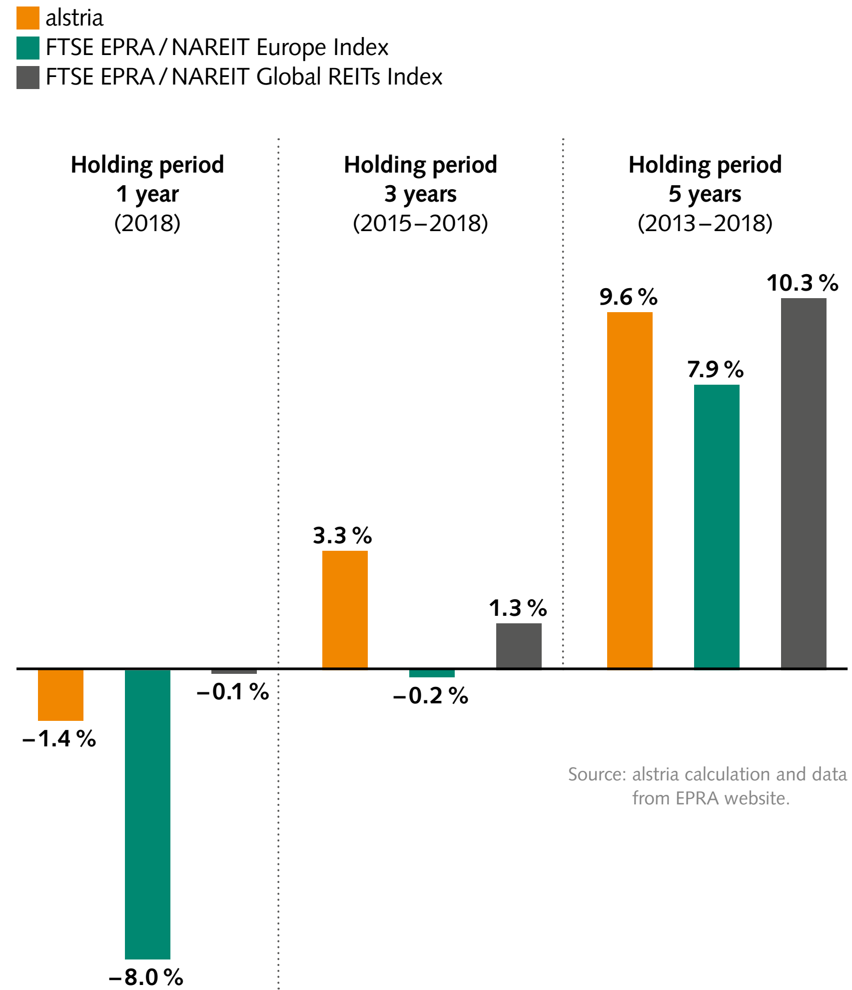
Total Shareholder return 2018

alstria measures the performance of its shares based on the development of total shareholder return (TSR). The TSR includes the development of the share price plus the dividend paid. For 2018, the TSR of alstria's share was slightly negative, at −1.4 %, due to the weak performance of the overall market, particularly in the second half of 2018. However, alstria's share clearly outperformed the broad German stock indices with an almost stable total return in 2018 (DAX30: −18.3 %, MDAX: −17.6 %) and the European sector indices (EPRA Europe: −8.0 %). As the real estate business requires a long-term perspective, multi-year performance is an important indicator of the attractiveness of our share. Over the past five years (2014–2018), the average annual TSR has been 9.6 %, once again demonstrating the strength of our business model.

Share price development



Annualized total shareholder return (dividend reinvested)



Source: alstria calculation and data from EPRA website.

Shareholder structure

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 2018, alstria's top 20 investors held approximately 60 % of the outstanding shares. Geographically, approximately 24 % of alstria's shareholders are located in the USA/Canada and 21 % in Asia. European investors hold 55 % of the shares, of which 16 % are held by shareholders domiciled in France, 10 % in the UK, 8 % in Germany and 6 % in the Netherlands. Our international shareholder structure is a consequence of our REIT status, as the REIT is a globally established brand for listed real estate companies.

Free-Float

100 %

Key share data

		Dec. 31, 2018	Dec. 31, 2017
Number of shares	thousand	177,416	153,962
thereof outstanding	*thousand*	*177,416*	*153,962*
Closing price[1]	EUR	12.20	12.90
Market capitalization	EUR k	2,164,475	1,986,110
Free float	%	100.0	100.0
		2018	**2017**
Average daily trading volume (all exchanges)	EUR k	9,935	5,987
thereof XETRA	EUR k	5,042	3,578
Share price: high[1]	EUR	13.49	13.06
Share price: low[1]	EUR	11.87	11.11

[1] Xetra closing share price.

Coverage by analysts

The interest of analysts and financial journalists in the development of alstria office REIT-AG remained high in 2018. 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.

Investment banks and analysts

Baader Bank	André Remke
Bankhaus Lampe	Dr. Georg Kanders
Bank of America/Merrill Lynch	Camille Bonnell
Berenberg Bank	Kai Klose
BHF Bank	Thomas Effler
Deutsche Bank	Markus Scheufler
Goldman Sachs	Jonathan Kownator
Hauck & Aufhäuser	Julius Stinauer
HSBC Trinkaus & Burkardt	Thomas Martin
Jeffries	Thomas Rothäusler
J.P. Morgan	Tim Leckie
Kempen & Co	Mihail Tonchev
Kepler Cheuvreux	Thomas Neuhold
Metzler Equities	Jochen Schmitt
Morgan Stanley	Bart Gysens
NordLB	Michael Seufert
Solventis	Ulf van Lengerich
UBS	Osmaan Malik
Victoria Partners	Bernd Janssen
Warburg Research	Andreas Pläsier

Investor relations activities

In 2018, alstria's investor relations activities remained focused on informing investors, financial analysts and the business press about the company's performance and market environment. Management roadshows and participation in numerous investment conferences in Europe and the USA ensured a continuous dialogue between the company and its shareholders. Over the course of the year, we held more than 280 meetings with investors and analysts in Germany and abroad. In addition to management personnel, our Supervisory Board was also involved in the roadshow activities and available to investors for discussions on all aspects of corporate governance. In view of the partial financing of our company with capital market bonds of a volume of EUR 1 billion, the special information requirements of our investors in the bond market are also an integral part of our investor relations work.

In addition to our presence at roadshows and conferences, we conducted a number of property tours with analysts and shareholders, particularly in Hamburg, Frankfurt and Berlin. 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. In addition, all relevant information is available on our website › www.alstria.com at any time.

In addition, we also offer the opportunity to chat with alstria directly, via our website, to maximize the efficiency of communication between our company and the interested public.

CSR PERFORMANCE

Bürohaus Albertusbogen
Heerdter Lohweg 35, Düsseldorf

The building is located in Düsseldorf and offers 37,600 m² of modern and efficient office space. The asset is characterized by a multi-tenant structure.

Category	Investment
Construction year	1998
Lettable area	37,600 m²
Avg. rent per m²	EUR 11.50
Value per m²	EUR 1,800
Valuation yield	8.3 %

SUSTAINABLE ENGAGEMENT

Sustainability is part of our corporate DNA.

OUR SUSTAINABILITY STRATEGY

We define sustainability as the measures we take to promote and protect the environmental, social and economic interests of our stakeholder groups – including investors, tenants, employees and communities in which we operate – in the long term. Our sustainability approach is embedded in every decision at all levels of the organization. Pursuing a path of continuous improvement and innovation is what we believe sustainability is all about. Driving a sustainable investment portfolio has a positive effect on all our major business areas. This leads to increased tenant demand, reduced speed of obsolescence, reduced vacancy rates and lower operational costs. At the same time, by energetically upgrading our buildings, we contribute to reducing the carbon footprint of the real estate sector. In addition, more than in any other business, our success is directly linked to the locations in which we invest. Thus, we have a vested interest in the strong development of local communities.

HIGHLIGHTS 2018

ZIA Award for CO_2 concept

For our comprehensive plan to reduce the carbon footprint of our operations

ISS-oekom CSR Rating – PRIME

For achieving best ESG scores among our sector peers

EPRA sBPR Gold Award

For best CSR reporting practices

RE100 – close to meet target

98 % of the energy we procure for our common areas and offices is renewable

Mieterstrompool pays off

Our goal to reduce carbon in our value chain has been realized through offering our tenants and employees the same fair conditions we receive in buying renewable energy and carbon-neutral gas for their own office areas. Participation in the framework contract has resulted in 17.3 % reductions of our tenant emissions in 2017.

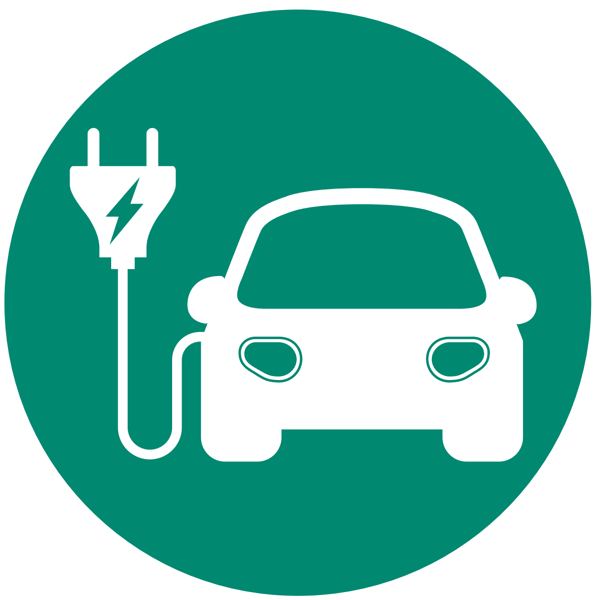
This initiative was honoured by the German real estate community and received the ‘immobilienmanagerAward’ in 2017. We are pleased that since then other companies have taken up this concept – the more the better.

› For more information, please refer to www.mieterstrompool.de

Innovation paves the way to carbon-light real estate

Predictive analytics coupled with the fast development of e-mobility and allowance for self-produced energy and storage in our buildings will lead to further CO_2 reductions and cost savings for our tenants through smart-charging, load-balancing and peak-shaving approaches.

To this end, in 2018 we launched the first pilot projects with start-ups and energy companies for installing EV charging stations in three buildings of our portfolio. Initial preliminary analyses have shown that such systems can lead to an estimated savings potential of 10–20 % in energy consumption.



Where there is a BEEHIVE, there is a home for bees!

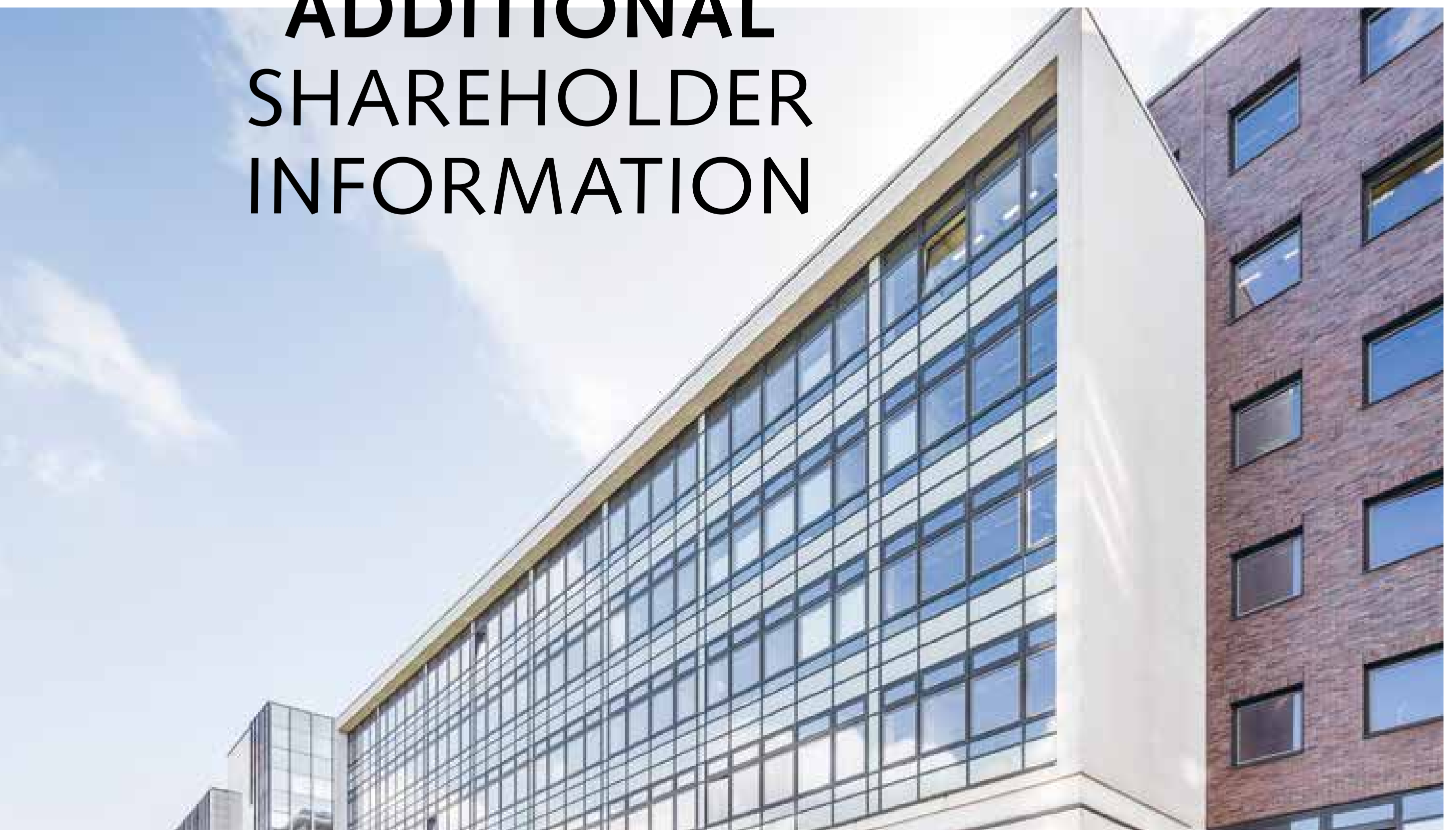
Since 2018, we have rented two roof terraces with preferential terms to local beekeepers in order to support urban biodiversity and, above all, the bee population. The first 50 kg of honey were successfully harvested at our Kastor skyscraper in Frankfurt and were offered to our tenants.

Community Projects

In 2018, we continued supporting UNICEF’s humanitarian work by granting them preferential conditions for its lease. We also donated EUR 30,000 to support the new rental agreement and the children’s organization ‘Straßenkinderprojekt KIDS,’ a former alstria tenant. In total, we have leased a total area of 3,552 m² for various cultural insitutions, such as theaters and galleries.

› For more information, please refer to the Sustainability Report 2017 / 18.

ADDITIONAL SHAREHOLDER INFORMATION



Solmsstr. 27–37, Frankfurt

The building in Solmsstr. 27–37 is an office building in Frankfurt, comprising 29,800 m² of lettable space. The property is currently part of alstria's development portfolio.

Category	Development
Construction year	2001
Lettable area	29,800 m²
Avg. rent per m²	EUR 14.80
Value per m²	EUR 2,580
Exp. capex per m²	EUR 440

CALCULATION OF EPRA KPI'S AND YIELDS

Table 1: alstria's calculation

EUR k		Dec. 31, 2018	Dec. 31, 2017
Portfolio value			
Investment properties (on balance sheet)		3,938,864	3,331,858
+ Value of own used property		18,728	22,742
+ Assets held for sale		29,620	60,200
– Prepayments of properties		–1,944	–5,500
Total portfolio value	**(A)**	**3,985,268**	**3,409,300**
Income			
Contractual rent	**(B)**	**196,967**	**202,002**
– Real estate operating expenses (5 %)		–9,848	–10,100
= Contractual net rent	**(C)**	**187,119**	**191,902**
Yield (%)	**(B / A)**	**4.9**	**5.9**
Net yield (%)	**(C / A)**	**4.7**	**5.6**

Table 2: EPRA calculation

EUR k		Dec. 31, 2018	Dec. 31, 2017
Portfolio value			
Investment properties (on balance sheet)		3,938,864	3,331,858
Trading property		29,620	60,200
Development assets		–187,830	–263,860
Completed portfolio		**3,780,654**	**3,128,198**
Acquisition cost		245,743	203,333
Gross up completed property portfolio valuation	**(A)**	**4,026,397**	**3,331,531**
Income			
Contractual rent		196,967	202,002
Contractual rent developments		–2,175	–15,636
Contractual rent (excluding developments)		**194,792**	**186,366**
Rent-free periods		–12,524	–13,323
Annualized cash passing rent		**182,268**	**173,043**
Property outgoings		–19,378	–18,637
Annualized net cash rents	**(B)**	**162,890**	**154,407**
Rent free periods		12,524	13,323
'Topped-up' net annulized rent	**(C)**	**175,414**	**167,730**
EPRA Net initial yield (%)	**(B / A)**	**4.0**	**4.6**
EPRA 'topped-up' Net initial yield (%)	**(C / A)**	**4.4**	**5.0**

Table 3: Colliers' calculation[1)]

EUR k		Dec. 31, 2018	Dec. 31, 2017
Portfolio value			
Investment properties (on balance sheet)		2,333,037	1,944,758
Acquired asset[1)]		0	0
Value of own used property		14,257	20,132
Total portfolio		**2,347,294**	**1,964,890**
Value of JV (100 %)		0	0
Net valuation		**2,347,294**	**2,353,168**
Acquisition cost		154,397	129,958
Capital cost		205,555	140,647
Gross value	**(A)**	**2,707,246**	**2,623,773**
Income			
Initial passing gross rents		**103,457**	**102,044**
Non-recoverable expenses		–6,978	–6,389
Initial net rents	**(B)**	**96,479**	**95,655**
Reversions		33,528	25,199
Estimated net rents	**(C)**	**130,007**	**120,854**
Colliers Net initial yield (%)	**(B / A)**	**3.56**	**4.28**
Colliers Reversionary yield (%)	**(C / A)**	**4.79**	**5.41**
Colliers Equivalent yield (%)		**4.62**	**5.20**

[1)] Subportfolio see p. 38–45.

Table 4: Savills' calculation[1)]

EUR k		Dec. 31, 2018	Dec. 31, 2017
Portfolio value			
Investment properties (on balance sheet)		1,558,831	1,381,600
Value of own used property		4,471	2,610
Total portfolio		**1,563,302**	**1,384,210**
Acquisition cost		117,800	104,172
Capital cost		65,742	24,947
Gross value	**(A)**	**1,746,844**	**1,513,329**
Income			
Initial passing gross rents		**82,162**	**89,605**
Non-recoverable expenses		–7,810	–4,628
Initial net rents	**(B)**	**74,353**	**84,977**
Reversions		15,271	2,952
Estimated net rents	**(C)**	**89,623**	**87,929**
Savills Net initial yield (%)	**(B / A)**	**4.26**	**5.62**
Savills Reversionary yield (%)	**(C / A)**	**5.13**	**5.81**
Savills Equivalent yield (%)		**4.83**	**5.49**

[1)] Subportfolio see p. 38–45.

Table 5: EPRA NAV per share

EUR k	Dec. 31, 2018	Dec. 31, 2017
NAV (IFRS equity ex. minority interest)	**2,684,087**	**1,954,660**
Share 'A' (outstanding shares)	177,416	153,962
NAV per share (EUR)	**15.13**	**12.70**
Effect of exercise of options, convertibles and other equity interests	0	101,029
'New' Shares B	0	7,987
Share A+B	177,416	161,949
Diluted NAV, after the exercise of options, convertibles and other equity interests	**2,684,087**	**2,055,689**
Dilluted NAV per share (EUR)	**15.13**	**12.69**
Revaluation of investment properties (if IAS 40 cost option is used)	1,144	1,693
Fair value adjustments of financial instruments	394	940
EPRA NAV	**2,685,625**	**2,058,322**
EPRA NAV per share (EUR)	**15.14**	**12.71**
Fair value of financial instruments	–394	–940
Fair value of debt	–30,619	–40,661
EPRA NNNAV	**2,654,612**	**2,016,721**
EPRA NNNAV per share (EUR)	**14.96**	**12.45**

Table 6: EPRA earnings & earnings per share

EUR k	2018	2017
Earnings per IFRS income statement	**527,414**	**296,987**
(a) Changes in value of investment properties, development properties held for investment and other interests	–398,954	–181,492
(b) Profits or losses on disposal of investment properties, development properties held for investment and other interests	–14,887	–19,693
(c) Tax on profits or losses on disposals	0	139
(d) Changes in fair value of financial instruments	–2,452	41,315
(e) Acquisition costs on share deals	0	930
(f) Deferred tax in respect to EPRA adjustments	0	0
(g) Adjustments (a) to (c) above in respect of joint ventures	0	–30,121
(h) Non-controlling interest on adjustments	–2,813	–3,080
EPRA earnings	**108,307**	**104,984**
EPRA earnings per share (EUR)	**0.62**	**0.68**

Table 7: EPRA vacancy rate

EUR k	Dec. 31, 2018	Dec. 31, 2017
Estimated rental value (ERV)	218,127	199,741
ERV of vacant space	21,110	18,684
Vacancy rate (%)	**9.7**	**9.4**

Table 8: EPRA cost ratio

EUR k		2018	2017
Administrative / operating expense line per IFRS income statement		–48,898	–43,493
Service fees / recharges		28	236
Management fees		5,594	5,943
Other operating income / recharges intended to cover overhead expenses		0	0
Share of joint ventures expenses		–79	–499
Exclude:			
Investment Property Depreciation		298	105
Ground rent costs		0	0
EPRA Costs (including direct vacancy costs)	**(A)**	**–43,057**	**–37,708**
Direct vacancy costs		7,482	6,201
EPRA Costs (excluding direct vacancy costs)	**(B)**	**–35,575**	**–31,507**
Gross Rental Income less ground rents		193,193	193,680
Less: service fee and service charge costs components of gross rental income		–5,594	–5,943
Add: Share of joint ventures		0	1,023
Gross rental income	**(C)**	**187,599**	**188,761**
EPRA cost ratio (%) (including direct vacancy costs)	**(A / C)**	**23.0**	**19.6**
EPRA cost ratio (%) (excluding direct vacancy costs)	**(B / C)**	**19.0**	**16.4**

BUY, MANAGE, RECYCLE
ACHIEVED UIRR 2006–2018
12 YEARS TRACK RECORD

UIRR 7.5 %

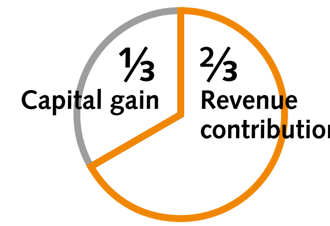


Table 9: Unlevered returns (UIRR) 2006–2018

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 (EUR k)	UIRR (%)
Jagenbergstr. 1	Neuss	Rhine-Ruhr	1.10.2007	31.12.2018	20,400	49,660	30,644	3,804	23,400	145	0.0
Gathe 78	Wuppertal	Rhine-Ruhr	1.10.2007	01.01.2019	8,400	11,331	10,827	1,535	9,120	6,883	5.9
Washingtonstr. 16	Dresden	Others	1.10.2007	31.12.2018	20,500	16,801	12,715	3,535	28,080	20,066	8.7
Harburger Ring 17	Hamburg	Hamburg	1.10.2007	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/Main	Rhine-Main	01.11.2015	31.03.2018	8,700	27,300	3,018	606	44,000	19,112	20.1
Frankfurter Str. 71–75	Eschborn	Rhine-Main	01.11.2015	31.01.2019	6,700	15,700	2,500	206	16,200	2,794	5.9
Doktorweg 2–4	Detmold	Rhine-Ruhr	01.04.2008	31.12.2017	9,800	8,569	4,889	699	11,300	6,921	7.5
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
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
Zellescher Weg 18–25a	Dresden	Others	01.04.2006	31.01.2017	6,539	8,576	7,977	183	10,500	9,718	11.1
Feldstr. 16	Weiterstadt	Rhine-Main	01.11.2015	31.12.2016	14,200	6,700	385	33	7,350	1,002	15.1
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. 22a–24a	Ismaning	Munich	01.11.2015	31.12.2016	12,400	16,700	1,445	8	18,400	3,137	19.0
Nägelsbachstr. 26	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
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	München	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
Max-Eyth-Str. 2	Dortmund	Rhine-Ruhr	01.10.2007	31.12.2016	7,042	7,791	434	73	4,625	–2,805	–5.1
Landshuter Allee 174	München	Munich	05.06.2007	30.06.2016	7,151	11,342	3,071	1,849	14,000	3,881	4.3
Hofmannstr. 51	München	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/Main	Rhine-Main	01.04.2007	31.12.2015	9,308	15,370	9,254	3,696	12,800	2,988	2.9
Arnulfstr. 150	München	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
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

[1] Incl. 6 % transaction costs.
[2] Incl. 5 % real estate operating expenses.

Table 9: Unlevered returns (UIRR) 2006–2018

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 (EUR k)	UIRR (%)
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	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. 10b	Zwickau	Others	01.04.2006	23.05.2013	1,034	1,583	599	30	350	–665	–11.6
Benrather Schlossallee 29–33	Düsseldorf	Rhine-Ruhr	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	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	Rhine-Ruhr	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
Rheinstr. 23	Darmstadt	Rhine-Main	01.04.2006	31.12.2009	2,696	5,060	1,132	57	4,197	212	1.5
Mecumstr. 10	Düsseldorf	Rhine-Ruhr	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	Rhine-Ruhr	01.04.2006	31.12.2009	10,907	23,192	5,259	263	21,736	3,541	5.4
Steubenstr. 72–74	Mannheim	Rhine-Main	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
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
Nikolaistr. 16	Leipzig	Others	01.01.2007	30.11.2008	1,191	2,438	363	18	2,000	–93	–2.0
Düsternstr. 10	Hamburg	Hamburg	01.06.2006	31.10.2008	2,156	4,463	583	29	4,950	1,040	11.6
Osterbekstr. 96	Hamburg	Hamburg	01.06.2006	30.09.2008	7,393	10,067	1,126	56	11,000	2,003	9.9
Richard-Strauß-Allee 10–14a	Wuppertal	Rhine-Ruhr	01.04.2006	13.07.2007	1,258	1,394	139	7	1,545	284	21.3
Schellenbecker Str. 15–21	Wuppertal	Rhine-Ruhr	01.04.2006	13.07.2007	1,854	1,944	177	9	2,155	379	20.5
Total					**686,690**	**1,200,015**	**304,097**	**81,295**	**1,379,376**	**400,999**	**7.5**

[1] Incl. 6 % transaction costs.
[2] Incl. 5 % real estate operating expenses.

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

VALUATION REPORT

alstria office REIT-AG
as at 31 December 2018

The Directors	**Prepared by**
alstria office REIT-AG	Colliers International
Steinstraße 7	Valuation UK LLP
20095 Hamburg	50 George Street
Germany	London W1U 7GA

For the attention of Olivier Elamine and Alexander Dexne

Dear Sirs

alstria office REIT-AG (THE 'COMPANY')
A PORTFOLIO OF 73 PROPERTIES (THE 'PORTFOLIO')
VALUATION DATE: 31 DECEMBER 2018

Introduction

In accordance with the instruction letter dated 1 November 2018, forming Appendix II to this report, we have considered the 73 properties owned by the Company referred to in Appendix III to this report, in order to provide you with our opinion of the Fair Value of the Portfolio, as at 31 December 2018. The purpose of this valuation is for use in the Company's balance sheets, debt covenant calculation and inclusion within the Company's financial year end accounts.

This report should be read in conjunction with the individual property reports prepared by us at the time of each acquisition.

We have pleasure in presenting our report.

Status of valuer and conflicts of interest

The properties have been valued by suitably qualified surveyors who fall within the requirements as to competence as set out in PS 2 of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) July 2017 (the 'Red Book') issued by the Royal Institution of Chartered Surveyors (the 'RICS') and who are valuers registered in accordance with the RICS Valuer Registration Scheme ('VRS').

We confirm that Colliers International complies with the requirements of independence and objectivity under PS 2 and that we have no conflict of interest in acting on the Company's behalf in this matter. We confirm that we have undertaken the valuations acting as independent valuers, qualified for the purpose of this instruction.

Compliance with RICS valuation standards

We confirm the valuations have been made in accordance with the appropriate sections of the Valuation Standards ('VS') contained within the 'Red Book' prepared by the RICS.

The International Valuation Standards Council ('IVSC') publishes and periodically reviews the International Valuation Standards ('IVS'), which set out internationally accepted, high level valuation principles and definitions. These have been adopted and supplemented by the RICS, and are reflected in Red Book editions. Thus, the RICS considers that a valuation that is undertaken in accordance with the Red Book will also be compliant with IVS.

We confirm that our valuation complies with the requirements of IAS 40 – Investment Property. Where an entity opts to account for investment property using the Fair Value model, IVSC considers that the requirements of the model are met by the Valuer adopting Fair Value.

We further confirm that our methodology complies with IFRS 13 with regards to transaction costs.

IFRS 13 states:

The price in the principal (or most advantageous) market used to measure the Market Value of the asset or liability shall not be adjusted for transaction costs. Transaction costs shall be accounted for in accordance with other IFRSs. Transaction costs are not characteristic of an asset or a liability; rather they are specific to a transaction and will differ depending on how an entity enters into a transaction for the asset or liability.

1. The standard valuation methodology allows for purchaser's costs to be added to the market value to arrive at a gross market value so that a net return to the purchaser can be calculated. Comparables are analysed in this way so there is uniformity across the market. As such the Fair Value reported reflects the actual price paid and does not include purchase or disposal costs.

2. The net yields that are adopted are based upon the net return to the purchaser which includes their costs. This is logical as the purchaser would wish to reflect his total acquisition costs in determining his actual return.

3. The example below illustrates the approach:

Actual Market Transaction (example)

Sale Price	€25,000,000
Purchaser's costs at 6 %	€1,500,000
Net passing income	€1,250,000
Analysed net initial yield	4.72 % Net annual income / (Sale price + purchaser's costs)

Valuation Approach Using Net Initial Yield

Net passing income	€1,250,000
Net initial yield adopted	4.72 % derived from the analysis of market transaction
Capitalisation of net income using Net Initial Yield	€26,500,000
Deduction of purchaser's costs to arrive at Market Value	€25,000,000 Market Value is equivalent to 'unadjusted transaction price in the market' – and is not adjusted for disposal costs.

Our General Assumptions and Definitions form *Appendix I* to this report and include the definitions for Fair Value, Market Value and Market Rent.

Sources of information

We have relied upon the information provided to us, which is identified, together with the source, in the relevant sections of this report.

Unless stated otherwise, we have assumed that the information provided is accurate and that we have been supplied with all the information that has a material effect upon the value of the individual properties.

Furthermore, we have assumed that any information supplied can, if necessary, be verified. Should any of the information provided be found to be inaccurate or incomplete there could be an unspecified impact upon value.

Inspections

All Properties are subject to a full inspection at the time off acquisition and are then subject to a full inspection on a rolling basis as required for the annual year end valuations. Approximately one third of the Portfolio is inspected each year.

The following properties were inspected in September 2018:

Asset Number	Asset	City
2023	Steinstraße 10	Hamburg
2024	Alte Königstraße 29–39	Hamburg
2025	Amsinckstraße 28	Hamburg
2026	Amsinckstraße 34	Hamburg
2027	Basselweg 73	Hamburg
2028	Besenbinderhof 41	Hamburg
2029	Buxtehuder Straße 9, 9a, 11, 11a	Hamburg
2032	Ernst-Merck-Straße 9	Hamburg
2053	Steinstraße 5–7	Hamburg
2054	Friedrichstraße 19	Düsseldorf
2057	Arndtstraße 1	Hannover
2063	Epplestraße 225	Stuttgart
2069	Werner-von-Siemens-Platz 1	Laatzen
2109	Am Wehrhahn 33, Oststraße 10, Cantadorstraße 3	Düsseldorf
2110	Georg-Glock-Straße 18	Düsseldorf
2111	Ivo-Beucker-Straße 43	Düsseldorf
2112	Stresemannallee 30	Frankfurt am Main
2113	Siemensstraße 9	Neu-Isenburg
2120	Karlstraße 123–127	Düsseldorf
2171	Gasstraße 18	Hamburg
2186	Sonninstraße 24–28	Hamburg
2187	Eichwiesenring 1	Stuttgart
2188	Taunusstraße 45–47	Frankfurt am Main
2189	Gustav-Nachtigal-Straße 5	Wiesbaden
2190	Schinkestraße 20	Berlin

With regard to those properties that were not inspected, the Company has confirmed to us that since our last inspections there have been no material changes to the physical attributes of the properties and their surrounding areas that could impact upon their value, other than those that may have been disclosed as part the valuation process. Our Valuation is therefore made on the assumption that this is correct.

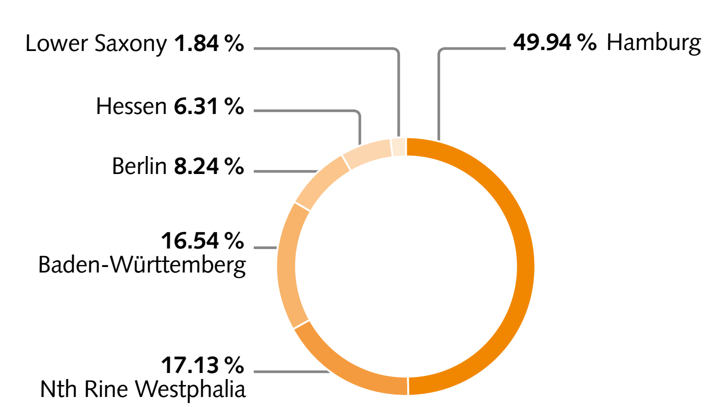
The portfolio and its location

The Portfolio comprises 73 investment properties, predominately offices, located throughout Germany. The regional location profile of the Portfolio by Fair Value across Germany by State is illustrated below. It can be seen that the three largest concentrations of investment property are held in the City of Hamburg (49.94 %), North Rhine Westphalia (17.13 %) and Baden-Württemberg (16.54 %). Properties are in the most part located in or close to the business districts of the following cities: Berlin, Düsseldorf, Essen, Frankfurt am Main, Hamburg, Hannover, Karlsruhe, Köln, Laatzen, Mannheim, Neu-Isenburg, Stuttgart, and Wiesbaden.

The following five assets have been purchased during 2018:

Asset Number	Asset	City
2186	Sonninstraße 24–28	Hamburg
2187	Eichwiesenring 1	Stuttgart
2188	Taunusstraße 45–47	Frankfurt am Main
2189	Gustav-Nachtigal-Straße 5	Wiesbaden
2190	Schinkestraße 20	Berlin

alstria office REIT-AG: Fair Value by Federal State



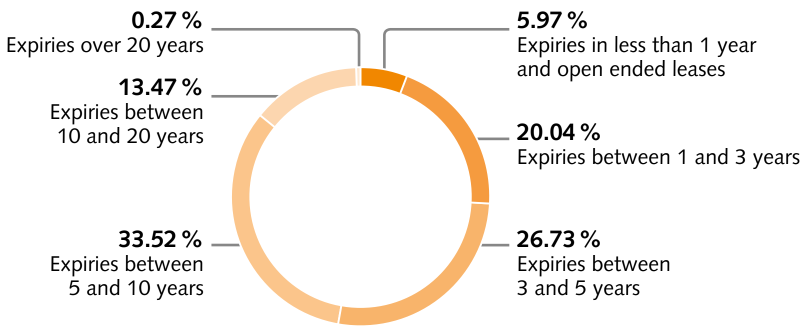
The following two assets have been sold during 2018:

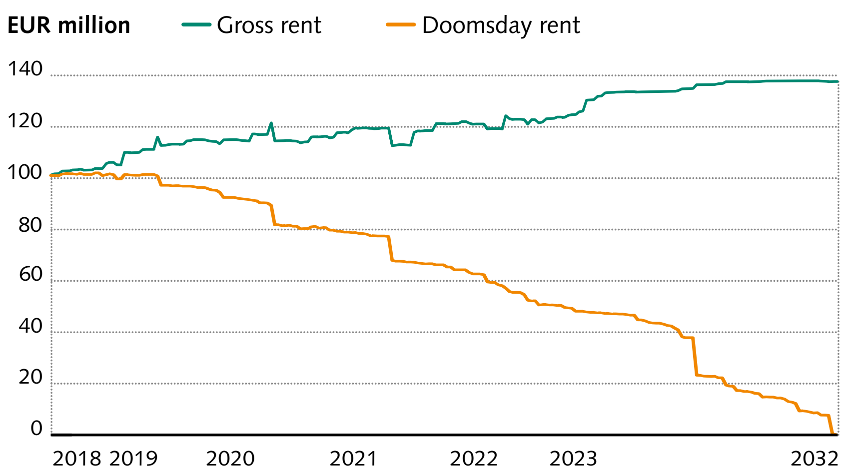
Asset Number	Asset	City
2017	Gathe 78 / Karlstraße 13 / Freidrichstraße 39	Wuppertal
2055	Harburger Ring 17	Hamburg
2066	Washingtonstraße16/16a	Dresden
2071	Jagenbergstraße 1	Neuss

alstria office REIT-AG December 2018: Gross Rent by Lease Expiry

An analysis of the lease expiry terms demonstrates that the majority of the income is secured for the following periods:

Portfolio Lease Expiry Profile	Gross Passing Rent (€)	Percentage %
Expiries in less than 1 year and open ended leases	6,180,768	5.97
Expiries between 1 and 3 years	20,734,368	20.04
Expiries between 3 and 5 years	27,652,716	26.73
Expiries between 5 and 10 years	34,678,044	33.52
Expiries between 10 and 20 years	13,934,712	13.47
Expiries over 20 years	275,988	0.27





To illustrate the strength of the income over the life span of the Portfolio the graph shows tenancies in the current income stream pattern until June 2036 with the red line depicting how this would decline if no leases were renewed. The positive aspect of this analysis is that the decline is broadly even with no occurrence of sudden falls albeit that towards the end of 2018, 2020, 2021 and 2026 the decline of gross income is greater than the average.

Floor areas

In accordance with the instruction letter, we have not measured the properties and have relied upon the floor areas and car parking stated in the most recent tenancy schedule provided by the Company. Nevertheless, during the course of our inspections we did seek to ensure, where possible, that the areas provided were broadly consistent with the accommodation inspected. We are not aware of any major inconsistencies in this regard but would emphasise that we cannot provide any warranty as to the accuracy of the floor areas provided.

Tenure

We have been provided with the following reports, which we have had regard to in arriving at our opinions of value:

Title	Date
Due Diligence Report	12 December 2005
Draft Due Diligence Report	26 September 2006
Summary of Major Findings	27 September 2005
Legal Due Diligence Report	26 September 2006
Preliminary Legal and tax Due Diligence Report	28 September 2006
Legal Due Diligence Report	24 October 2006
Legal Due Diligence Report	16 July 2007
Legal Due Diligence Report	31 October 2007
Draft Preliminary Key Issues Report for Legal Due Diligence	14 November 2007
Red Flag List of Legal Due Diligence	14 December 2007
Preliminary Legal Due Diligence Report	1 April 2008
Draft Preliminary Key Issues List	8 December 2010
Draft Preliminary Key Issues List	25 January 2011
Legal Due Diligence Report – third draft	6 June 2011
Preliminary Key Issues List	18 July 2011
Legal Due Diligence Report	12 February 2012
Final Key Issues List	21 May 2013
Due Diligence Report	24 June 2013
Legal Due Diligence Report	16 September 2014
Provisional Due Diligence Report	10 November 2015

The above reports were prepared by the Company's lawyers: Alpers & Stenger, Hogan Lovells, Freshfields Bruckhaus Deringer, and trûon Rechtsanwälte. Our valuations assume that, with the exception of the matters disclosed within the aforementioned reports, there are no unusual, onerous or restrictive covenants in the titles which are likely to affect the value.

Lettings

We have relied upon the letting details contained within the following reports prepared by the Company's lawyers Alpers & Stenger, Hogan Lovells, Freshfields Bruckhaus Deringer, and trûon Rechtsanwälte:

Title	Date
Due Diligence Report	12 December 2005
Draft Due Diligence Report	26 September 2006
Summary of Major Findings	27 September 2005
Legal Due Diligence Report	26 September 2006
Preliminary Legal and tax Due Diligence Report	28 September 2006
Legal Due Diligence Report	24 October 2006
Legal Due Diligence Report	16 July 2007
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Final Key Issues List	21 May 2013
Due Diligence Report	24 June 2013
Legal Due Diligence Report	16 September 2014
Provisional Due Diligence Report	10 November 2015

In circumstances where there have been tenant changes we have relied solely upon the summary letting details provided by the Company. We have assumed all tenant information provided to be accurate, up-to-date and complete.

Rent roll

We have been provided with rent rolls effective as at 31 December 2018 which we have relied upon in arriving at our opinions of Fair Value. We have assumed all information provided to be accurate, up-to-date and complete.

The Company currently occupies office accommodation in three properties:

› 2053: Steinstraße 5–7, Hamburg
› 2118: Elisabethstraße 5–11, Düsseldorf
› 2176: Rankestraße 17 / Schaperstraße 12–13, Berlin

For each of these properties we have agreed to make a Special Assumption that the Company occupy the accommodation on a typical commercial Fach und Dach lease terms for a term of 5 year commencing on the valuation date, and are paying a Market Rent. This Special Assumption is made on the basis that the Company undertakes to enter into such a lease should either of these properties be sold.

Condition

We have not carried out building surveys of the properties and neither have we tested the drainage or service installations in the buildings as this was outside the scope of our instructions. If there is significant capital expenditure required on a property this sum will have been identified from either the technical due diligence reports referred to below or notified to us by the Company, and deducted from the value reported. At an aggregate level we have made a CAPEX deduction for identified refurbishment and redevelopment works in the sum of €182,129,475 in our valuation. This sum is allocated for the period 2019 to 2021 and includes €27,037,286 and €35,685,381 and €36,129,000 for major redevelopment works at Epplestraße 225, Stuttgart, Carl-Reiß-Platz 1–5, Mannheim and Gustav-Nachtigal-Straße 3, Wiesbaden respectively. The total cost of repair measures corresponds to a share of 7.8 % measured by the combined portfolio value.

Additionally, the Company has provided us with details of CAPEX identified for the reletting of various accommodation, for example, fit out works to office accommodation. At an aggregate level we have made a CAPEX deduction for reletting associated works in the sum of €23,425,159 in our valuation.

The total CAPEX deducted is €205,554,634.

We have been provided with the following reports prepared on the Company's behalf by URS Deutschland GmbH (URS):

Title	Date
Technical Due Diligence Report	19 December 2005
Technical and Environmental Due Diligence Assessment	25 August 2006
Intermediate Environmental Bullet Point Report	9 October 2006
Structural Property Survey	19 October 2006
Technical Due Diligence Report	29 December 2006
Technical and Environmental Due Diligence Assessment Revised Final Report	7 November 2007
Technical and Environmental Due Diligence Assessment	13 November 2007
Technical and Environmental Due Diligence Assessment Reports	21 December 2007
Technical and Environmental Due Diligence Assessments	22 December 2007
Technical and Environmental Due Diligence Assessments	31 August 2010

Additionally, we have been provided with the following reports, prepared on behalf of the Company, either by ARGOS Projektmanagement GmbH, Albrings Muller AG, Acht, Arcadis, Valteq or Drees & Sommer:

Title	Date
Technical Due Diligence Assessment	1 April 2008
Technical and Environmental Due Diligence Draft Report	28 July 2011
Quick Check – Technical Due Diligence Report	2 April 2011
Technical Due Diligence Quick Check Report	5 April 2011
Technical Due Diligence Schedule	6 April 2011
Technical Due Diligence Schedule	7 April 2011
Technical Due Diligence Report (Red-Flag-DD)	12,13 & 14 February 2012
Technical Due Diligence Report (Red Flag Report)	24 April 2013
Technical Due Diligence Report	26 June 2013
Technical Due Diligence Report	28 July 2013
Technical Due Diligence Report	4 September 2014
Technical Due Diligence Report	23 November 2014
Technical Due Diligence	11 December 2017
Technical Due Diligence	14 December 2017
Technical Due Diligence (DRAFT)	30 July 2018
Technical Due Diligence (DRAFT)	10 August 2018

Environmental matters

We have been provided with the following reports, prepared on the Company's behalf by URS Deutschland GmbH (URS), which we have relied upon in arriving at our opinions of value:

Title	Date
Technical Due Diligence Report	19 December 2005
Technical and Environmental Due Diligence Assessment	25 August 2006
Intermediate Environmental Bullet Point Report	9 October 2006
Structural Property Survey	19 October 2006
Technical Due Diligence Report	29 December 2006
Technical and Environmental Due Diligence Assessment Revised Final Report	7 November 2007
Technical and Environmental Due Diligence Assessment	13 November 2007
Technical and Environmental Due Diligence Assessment Reports	21 December 2007
Technical and Environmental Due Diligence Assessments	22 December 2007
Technical and Environmental Due Diligence Assessments	31 August 2010

Additionally, we have been provided with the following reports, prepared on behalf of the Company, either by ARGOS Projektmanagement GmbH, Arcadis, DEKRA or Drees & Sommer:

Title	Date
Technical Due Diligence Assessment	1 April 2008
Technical and Environmental Due Diligence Draft Report	28 July 2011
Quick Check – Technical Due Diligence Report	2 April 2011
Technical Due Diligence Quick Check Report	5 April 2011
Technical Due Diligence Schedule	6 April 2011
Technical Due Diligence Schedule	7 April 2011
Technical Due Diligence Report (Red-Flag-DD)	12,13 & 14 February 2012
Environmental Due Diligence, Phase I	23 August 2012

Town planning

Upon acquisition the following due diligence reports were reviewed. We have not made any formal searches or enquiries in respect of the properties and are, therefore, unable to accept any responsibility in this connection. However, as and when required we will undertake informal enquiries of the local planning authority.

Title	Date
Due Diligence Report	12 December 2005
Draft Due Diligence Report	26 September 2006
Summary of Major Findings	27 September 2005
Legal Due Diligence Report	26 September 2006
Preliminary Legal and tax Due Diligence Report	28 September 2006
Legal Due Diligence Report	24 October 2006
Legal Due Diligence Report	16 July 2007
Legal Due Diligence Report	31 October 2007
Draft Preliminary Key Issues Report for Legal Due Diligence	14 November 2007
Red Flag List of Legal Due Diligence	14 December 2007
Preliminary Legal Due Diligence Report	1 April 2008
Draft Preliminary Key Issues List	8 December 2010
Draft Preliminary Key Issues List	25 January 2011
Legal Due Diligence Report – third draft	6 June 2011
Preliminary Key Issues List	18 July 2011
Legal Due Diligence Report	12 February 2012
Final Key Issue List	21 May 2013
Due Diligence Report	24 June 2013
Legal Due Diligence Report	16 September 2014
Provisional Due Diligence Report	10 November 2015

The above were prepared by the Company's lawyers, Alpers & Stenger, Hogan Lovells, Freshfields Bruckhaus Deringer, and trûon Rechtsanwälte for formal search information, town planning and permit issues and we have had regard to this information in arriving at our opinions of Fair Value.

Market approach

In preparing our valuations, we have taken into account market trends in the respective localities and except where you have advised us to the contrary, or our other enquiries have alerted us to this, we have assumed that there have been no material changes to any of the properties or their surroundings that might have a material effect on value, since the time of our last inspection.

In arriving at our opinions of Fair Value, we have had regard to comparable investment transactions in determining the net initial yield and equivalent yield which we have adopted in capitalising the current income stream.

Where properties have less than 5 years of term certain remaining we have adopted income void periods which range from 6 to 24 months, depending upon the type of property, prior to re-letting.

In respect of indefinite leases where you have advised that tenants are 'holding over', we have assumed a further year of income followed by a suitable void period. Generally, across the portfolio we have adopted an income void period of 3 to 6 months for car parking.

In addition, where appropriate, we have allowed for capital expenditure either to undertake works necessary to re-let properties at the end of the lease or deal with extraordinary items of disrepair that are the responsibility of the lessor.

We are of the opinion that the Portfolio as a whole, or each of its individual assets, would appeal to a wide range of national purchasers including funds, property companies and institutions. It would also be of interest to overseas investors attracted by a combination of long dated, high quality income and properties with the opportunity to add value through active asset management. We consider that demand for the Portfolio would be strong.

Non-recoverable expenses

Since our last valuation, the Company has carried out a review of the non-recoverable costs adopted in the valuation (5 % from the Market Rent in previous years) and these have now been updated in consultation with the Company. In the absence of actual costings, when arriving at our opinion of value, we have made a percentage deduction from the Market Rent to allow for non-recoverable costs.

We confirm that overall we consider the adopted NRCs to be reasonable in the context of the market. On a portfolio basis the total aggregate NRCs equate to approximately 6.74 %. The Company has confirmed that this amount is broadly consistent with the sums that they are incurring in the management of these properties.

Such costs relate to items which cannot be recovered from the tenant and generally include the expense of maintaining and repairing all structural components of the property and associated access roads, as well as being financially responsible for maintenance and repair items and management expenses etc. However, it does not include tenant improvement measures that have been taken into consideration. Moreover, for the purposes of this valuation we have been provided with updated planned CAPEX details by the Company which we have deducted from our valuation on the basis of a day one deduction.

Purchaser's costs

This comprises the relevant federal state Real Estate Transfer Tax ranging between 3.5 % and 6.5 %, together with a total of 1.5 % agent's fee and legal fee. In practice for the larger properties, brokers would be prepared to accept a lower fee than that adopted by us in our valuation models. Nevertheless, given the practical difficulties of determining the appropriate fee on a property by property basis, we consider that this is a prudent to assume the total costs when assessing purchaser's costs. The only exception to this approach is in relation to the Daimler HQ investment property in Stuttgart. The high value of this asset means that on a sale we are satisfied that combined agents and lawyers' fees would be less than 1.5 % on sale.

Market rent

In preparing our valuations we have made an analysis of the Market Rent of the properties and compared it to the passing rent. Any difference between the Market Rent and the passing rent has been taken into consideration in our valuations. The total aggregate Market Rent is €137,850,631 per annum.

Fair value

We are of the opinion that the aggregate Fair Value, as at 31 December 2018, of these 73 investment Properties is **€ 2,347,295,000 (Two Billion, Three Hundred and Forty-Seven Million, Two Hundred and Ninety-Five Thousand Euros).** The aggregate net yields are as follows:

Yield	%
Initial	3.56
Equivalent	4.62
Reversion (Dec. 2026)	4.79

The aggregate capital value per square meter is €2,702.

We confirm that all of the individual opinions of Fair Value reflect current real estate transfer taxes, which range between 3.5 % and 6.5 %, according to the State in which the individual properties are situated.

The aggregate Value of the Portfolio is the sum of the individual Fair Values. This aggregate figure makes no allowance for any effect that placing the whole Portfolio on the market may have on the overall realisation. The Fair Value of the Portfolio sold as in a single transaction would not necessarily be the same as the aggregate figure reported.

A schedule of the Fair Values for each Property forms *Appendix III* to this report.

Disclosures

In accordance with the requirements of PS 2 we confirm the following:

i. Colliers International has valued this Portfolio since 2006. Adrian Camp has become the principal signatory in 2017 and a new secondary signatory has been introduced through rotation.
ii. The total fees earned in the latest financial year from the Company amounted to substantially less than 5 % of our Company turnover.
iii. We are not aware of any non-valuation fee earning work being undertaken by Colliers International Valuation UK LLP for the Company.

Reliance

A copy of the valuation report may be disclosed without liability to the auditors of the Company on a non reliance basis.

Liability and publication

This report is private and confidential and for the sole use of alstria office REIT-AG for publication in its reports and accounts.

We do not accept any responsibility to any third party for the whole or any part of its contents.

Neither the whole nor any part of this valuation or any reference thereto may be included within any published document, circular or statement or disclosed in anyway without our prior written consent to the form and context in which it may appear. In breach of this condition, no responsibility can be accepted to third parties for the comments or advice contained in this report.

For the avoidance of doubt, this report is provided by Colliers International Valuation UK LLP and no partner, member or employee assumes any individual responsibility for it nor shall owe a duty of care in respect of it.

Colliers International Valuation UK LLP has relied upon property data supplied by the Company which we assume to be true and accurate. Colliers International Valuation UK LLP takes no responsibility for inaccurate Company supplied data and subsequent conclusions related to such data.

Yours faithfully

Adrian Camp BSc (Hons) MRICS
Director
RICS Registered Valuer
Colliers International Valuation UK LLP

Mark White BSc (Hons) MRICS
Director
RICS Registered Valuer
Colliers International Valuation UK LLP

VALUATION CERTIFICATE*

Project 'sub-portfolio of alstria office REIT-AG'

sub-portfolio of alstria office REIT-AG

Valuation date: 31 December 2018

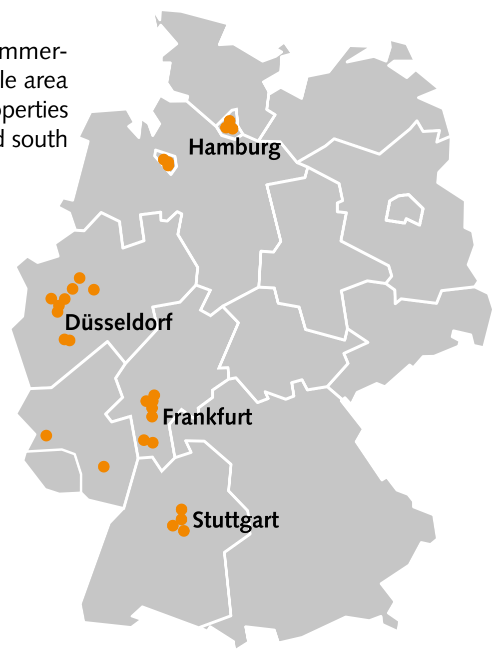
Client
alstria office REIT-AG
Steinstraße 7
20095 Hamburg
Germany

Prepared by
Savills Advisory Services Germany GmbH & Co. KG
Taunusanlage 19
60325 Frankfurt am Main
Germany

A. Executive Summary

Portfolio Overview

Subject to this report are 41 commercial properties with a total lettable area of approx. 683,027 sqm. The properties are located in the north, west and south of Germany.



*This is an excerpt from the valuation report of the valuer Savills Advisory Services GmbH & Co. KG ('Savills'). Please note that the valuation report was prepared based on the basis of contractual agreements between alstria office REIT-AG and Savills and is subject to these. Any liability of Savills, irrespective of the legal grounds, for the content of the valuation report or parts thereof (in particular the values) to third parties (including without limitation to the addressees or readers of this annual report) shall be excluded. For reasons of practicality and confidentiality only excerpts from Savills' valuation report are attached to this company report. Please note that such excerpts of the company report do not provide a suitable basis for any commercial or business decisions, in particular a final assessment of the values stated therein possible only on the basis of the full valuation report including its Annexes.

Portfolio Composition and Tenure

The portfolio contains commercial properties in Germany. All properties are held on the German equivalent of freehold title.

Portfolio overview

Federal State	Lettable area sqm	Gross Current Rent[1] EUR p. a.	Gross Market Rent EUR p. a.	Market Value as at 31/12/2017 EUR p. a.
Baden-Wurttemberg	84,788	11,512,546	12,052,976	182,100,000
Bremen	3,913	344,120	396,189	4,750,000
Hamburg	15,609	2,259,629	2,363,998	46,900,000
Hesse	211,287	30,622,177	33,209,640	588,300,000
North-Rhine Westphalia	341,471	35,003,616	46,594,666	702,450,000
Rhineland Palatinate	25,959	2,420,405	2,815,586	38,800,000
Total	**683,027**	**82,162,493**	**97,433,055**	**1,563,300,000**

[1] As at date of valuation; not including future lease contracts.

Opinion of Net Estimated Rental Value (ERV)

The estimated rental value as at 31 December 2018 amounts to:

EUR 97,433,055 p. a.
exclusive of VAT
(Ninety Seven Million Four Hundred Thirty Three Thousand Fifty Five EUR)

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 2018 is:

1,563,300,000 EUR
(One Billion Five Hundred Sixty Three Million Three Hundred Thousand EUR)

B. 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
14 January 2019

Preamble
Savills prepared the initial valuation of the subject portfolio with 42 properties as at 31 December 2017. The initial valuation certificate is dated 29 January 2018.

Instruction
In accordance with the Instruction Letter dated 01 August 2017 and signed on 4 August 2017, we undertake an update valuation of all 41 commercial properties of the respective portfolio. Please note that the property #2123 Lötzener Straße 3 in Bremen and the residential building of #2124 Brödermannsweg 5, 7, 9, Hamburg were sold in the meantime.

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 Annual 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
The liability of Savills is limited to a maximum amount of EUR 3 million under Sec. 6 of the General Terms. Savills is prepared to increase this maximum amount fort his instruction up to EUR 50m (fifty million EUR). This increased maximum amount is valid for this instruction only and does not apply for any other present or future instructions, agreements or legal relationships between the Instructing Party and Savills. Where there is more than one Addressee to this Report, the aforementioned maximum amount of our liability is a total limit to be allocated between the Addressees, such allocation being entirely a matter for the Addressees. Savills does not accept any duty, liability or responsibility to any party other than the Instructing Party with respect to the report unless and to the extent otherwise agreed with such party in writing.

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 2017 (the 'Red Book') published by the Royal Institution of Chartered Surveyors (RICS), London, which was effective from 1 July 2017. We have been instructed to value the properties on the basis of Market Value in accordance with Valuation Practice Statements VPS 4 of the RICS Valuation – Professional Standards (the 'Red Book') which 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 2018

Savills' Team
The responsible project managers for this valuation were Klaus Trautner CIS HypZert (F) MRICS and Erik Matthes MRICS 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, Managing Director
- Angela Lohmann, Senior Consultant
- Magda Podniece, Senior Consultant
- Tanja Kühne, Consultant
- Konstantinos Yfantidis, Consultant

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 V) 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 certificate as at 29 January 2018 and the following new information, supplied to us by the client:
- Rent roll as at 31 December 2018 including future leases
- Capex list as at 31 December 2018
- Analysis of non-recoverable costs of 2016 and 2017

We have also included the following sources into our valuation report:
- Savills Research
- Local Land Valuation Boards and other local authorities
- Geoport
- Empirica
- RIWIS online database

Extent of Inspections
In accordance with the instruction letter the 41 subject properties were not inspected for this update valuation. All conclusions made by Savills as regards the condition and the actual characteristics of the land and buildings have been based on our inspections of the subject properties during the initial valuation as at 31 December 2017 and on the documents and information provided (please see above).

The last inspections have been carried out by Savills between 23 August 2017 and 07 September 2017. Full internal inspections for all properties were possible.

Please note that Savills cannot take any liability in connection with assumptions about buildings and/ or properties or parts thereof that could not be inspected.

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).

C. Valuation Methods

I. Valuation approach
We were instructed to determine the Market Value using the valuation software 'ARGUS Valuation Capitalisation'.

1.1 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.

D. 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 V 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. Individual Considerations

1. Legal Aspects

Main legal documents such as land register copies were provided for the initial valuation which we reviewed completely. We were not provided with an actual 'Legal Due Diligence Report' by the Instructing Party.

Overall, we are not aware of any legal issues that have an impact on 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. Based upon the capex schedule provided by the client, costs for the repair of damages and / or deferred maintenance have been deducted from the market value in our valuation.

Compared to the initial valuation the Capex schedule was extended by the 'Reletting costs' for vacant units. In the initial valuation these costs were considered by a yield surcharge.

The total Capital expenditures for refurbishments amount to ca. EUR 24.25m (2017: EUR 11.7m) and for Reletting to EUR 28.0m. This leads to total Capital expenditures of ca. EUR 52.24m for the 41 subject properties (3.3 % of the combined portfolio value).

Please see below the Capital Expenditures for the concerning properties.

Capital Expenditures

Subject Property Property ID	City	Adress	Capital Expenditures in EUR	Capital Expenditures Reletting in EUR	Capital Expenditures Total in EUR
2122	Bremen	Balgebrückstraße 13	–	15,000	15,000
2124	Hamburg	Borsteler Chaussee 111–113/ Brödermannsweg 1–9	–	30,000	30,000
2125	Hamburg	Heidenkampsweg 51–57	127,123	218,535	345,658
2126	Dortmund	Kampstraße 36 / Petergasse 2	–	335,002	335,002
2127	Düsseldorf	Am Seestern 1, Düsseldorf	2,512,878	5,600,777	8,113,655
2128	Düsseldorf	Gartenstraße 2 / Kaiserstraße 48–50	–	157,056	157,056
2129	Düsseldorf	Graf-Adolf-Straße 67–69	–	202,245	202,245
2130	Düsseldorf	Heerdter Lohweg 35	100,000	1,681,378	1,781,378
2131	Essen	Alfredstraße 236	–	35,000	35,000
2132	Essen	Opernplatz 2 / Rellinghauser Straße 51–53	43,006	–	43,006
2133	Köln	An den Dominikanern 6	–	–	–
2134	Köln	Maarweg 165	302,457	2,341,312	2,643,770
2135	Meerbusch	Earl-Bakken-Platz 1 / Lise-Meitner-Straße	–	890,000	890,000
2136	Neuss	Carl-Schurz-Straße 2	69,000	474,660	543,660

Capital Expenditures

Subject Property Property ID	City	Adress	Capital Expenditures in EUR	Capital Expenditures Reletting in EUR	Capital Expenditures Total in EUR
2137	Ratingen	Berliner Straße 91–101 / Brandenburger Straße 2–6	–	291,450	291,450
2138	Ratingen	Pempelfurtstraße 1	75,861	1,383,003	1,458,864
2139	Recklinghausen	Josef-Wulff-Straße 75	547,400	–	547,400
2140	Darmstadt	Deutsche Telekom Allee 7	75,000	–	75,000
2141	Darmstadt	T-Online-Allee 1	110,000	–	110,000
2142	Darmstadt	Wilhelminenstraße 25 / Elisabethenstraße 20–22	50,000	392,175	442,175
2143	Dreieich	Hauptstraße 45	–	178,679	178,679
2145	Eschborn	Mergenthaleralle 45–47	7,071	147,117	154,188
2146	Frankfurt a. M.	Am Hauptbahnhof 6 / Münchener Straße 56	326,628	–	326,628
2147	Frankfurt a. M.	Berner Straße 119	1,877,780	175,350	2,053,130
2149	Frankfurt a. M.	Olof-Palme-Straße 37	–	–	–
2150	Frankfurt a. M.	Platz der Einheit 1	2,323,736	2,438,735	4,762,471
2151	Frankfurt a. M.	Solmsstraße 27–37,	4,046,000	7,897,500	11,943,500
2154	Kaiserslautern	Stiftsplatz 5	853,095	7,380	860,475
2155	Trier	Frauenstraße 5–9 / In der Olk 10–16	–	–	–
2156	Böblingen	Hanns-Klemm-Straße 45	160,000	–	160,000
2158	Filderstadt	Kurze Straße 40 / Hornbergstraße 45	–	523,262	523,262
2161	Stuttgart	Breitwiesenstraße 5–7	1,500,000	115,010	1,615,010
2162	Stuttgart	Ingersheimer Straße 20	933,605	–	933,605
2163	Stuttgart	Kupferstraße 36	–	–	–
2164	Stuttgart	Vaihinger Straße 131	3,980,000	960,000	4,940,000
2173	Essen	Friedrich-List-Straße 20	–	–	–
2177	Düsseldorf	Willstätterstraße 11–15	381,451	562,392	943,843
2178	Düsseldorf	Immermannstraße 59/ Karlstraße 76	–	295,575	295,575
2179	Düsseldorf	Kanzlerstraße 8, Düsseldorf	3,443,629	471,060	3,914,689
2180	Düsseldorf	Am Wehrhahn 28–30	–	176,257	176,257
2181	Ratingen	D2-Park 5	400,000	–	400,000
Total			**24,245,720**	**27,995,909**	**52,241,629**

3. Tenancy Aspects

We generally assume that the provided tenancy schedule reflects the status quo for all properties as at valuation date 31 December 2018 to a true and comprehensive extent. According to the provided rent roll the Current Rent as at valuation date 31 December 2018 amounts to:

EUR 82,162,493 p.a.
exclusive of VAT
(Eighty Two Million One Hundred Sixty Two Thousand Four Hundred Ninety Three EUR)

4. 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.

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.
Commercial use	7.09	21.91	11.89

In our opinion the estimated rental value as at 31 December 2018 amounts to:

EUR 97,433,055 p.a.
exclusive of VAT
(Ninety Seven Million Four Hundred Thirty Three Thousand Fifty Five EUR)

Our individually-applied rental values are included in the 'Argus Property Summary Valuation Reports' enclosed in Appendix II to this report.

5. Basic Cash Flow Considerations

Costs of a property are generally costs of
- service of the property ('service charges', 'costs of operation'),
- management,
- ongoing maintenance.

These costs can generally be allocated to the responsibility of tenants in commercial leases whereas there are much stricter regulations for residential leases.

In our initial valuation as at 31 December 2017 we have assumed 5.0 % of non-recoverable operating costs with regard to the gross market rental income of the subject properties in accordance with the client's instruction. These costs correspond to cost assumptions at market conditions for mixed-use commercial properties and the different and individual features of each property were shown in the calculation by means of the equivalent yield.

However, for this update valuation we changed the valuation procedure in consultation with the client and its auditor as follows:

Costs of ongoing maintenance:
We applied maintenance costs on a square metre basis (on lettable area) in the following range based on the individual character of each property together with our long time valuation experience and on relevant valuation literature, e.g. German 'Ertragswertrichtlinie, Anlage I' (EUR 10.00 – 12.00 per sqm) and 'Kleiber's Valuation Manual', 8th edition, p. 1807 (EUR 10.00 – 12.00 per sqm) and p. 1972 (EUR 5.00 – 7.50 per sqm).

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.

Market Rent

	Minimum EUR per sqm p.m.	**Maximum** EUR per sqm p.m.
Commercial use	7.00	10.00

Please note that these range refers to double-net lease contracts which are the common type for commercial lease contracts in Germany.

The portfolio contains three elderly homes (#2133, #2139 and #2155) which are leased on a triple-net-basis. For these properties we applied only maintenance costs between EUR 4.00 – 4.75 per sqm and partially 0.5 % for other nonrecoverable costs.

For the parking space we applied EUR 68 per unit on average. Due to the valuation software Argus ValCap it was necessary to convert these costs to EUR per sqm. Thus we applied these maintenance costs on the total lettable area of each property.

For residential units we applied EUR 11.00 per sqm on average. In case, an office property contains a single apartment (e.g. caretaker flat) we applied the same maintenance as for the offices.

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 28.0m (EUR 41 per sqm on portfolio level). Please see section I. 2. Technical Aspects for detailed numbers.

Management Costs
For this update valuation we applied management costs between 1.0 % – 3.0 % depending on the number of tenants in the respective properties:

- Single-Tenant: 1.0 %
- Multi-Tenant: 2.0 %
- Small-size multi-tenant: 3.0 %

The other non-recoverable costs such as:
- leasing commissions (for rental agents) and
- non-recoverable costs on vacancy

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

Average Lease Term for new Lettings

Commercial tenancies in Germany are usually agreed for a fixed period of 5 or 10 years, sometimes longer.

For the purpose of this valuation and based on our experience with properties of this nature, we have generally derived average lengths of tenancy of 5 years for any potential new letting of commercial areas in the subject assets.

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).

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. The void periods for the different types of uses are as follows:

Void Periods

Use	Initial Void Period	Continuing Void Period
Office	12 – 24 months	9 – 24 months
Retail	12 – 18 months	12 – 18 months
Residential	3 months	1 – 18 months
Storage	12 – 24 months	6 – 24 months
Other Areas	18 months	12 – 18 months
Medical Practice	18 months	12 – 15 months
Parking internal	6 – 24 months	12 – 24 months
Parking external	12 – 18 months	12 – 18 months

Permanent Void Allowance / Structural Vacancy

At the date of valuation the sub-portfolio of alstria office REIT-AG has a total vacancy area of 128,226 sqm (2017: 76,110 sqm). We have appointed 5,563 sqm (2017: 5,554 sqm) of this area as structurally vacant. The Portfolio thus has a cumulative vacancy rate of approximately 18.8 % (2017: 11.1 %).

Vacancy and structural Vacancy

Subject Property			Lettable Area	Vacancy		Structural Vacancy	
Property ID	City	Adress	sqm	sqm	%	sqm	%
2122	Bremen	Balgebrückstraße 13	3,913	–	0.0	–	0.0
2124	Hamburg	Borsteler Chaussee 111–113/ Brödermannsweg 1–9	5,417	12	0.2	–	0.0
2125	Hamburg	Heidenkampsweg 51–57	10,192	–	0.0	–	0.0
2126	Dortmund	Kampstraße 36/Petergasse 2	3,146	1,587	50.5	–	0.0
2127	Düsseldorf	Am Seestern 1	35,804	20,376	56.9	–	0.0
2128	Düsseldorf	Gartenstraße 2/ Kaiserstraße 48–50	5,053	271	5.4	271	5.4
2129	Düsseldorf	Graf-Adolf-Straße 67–69	4,990	1,034	20.7	33	0.7
2130	Düsseldorf	Heerdter Lohweg 35	37,619	26,592	70.7	–	0.0
2131	Essen	Alfredstraße 236	30,314	–	0.0	–	0.0
2132	Essen	Opernplatz 2/ Rellinghauser Straße 51–53	24,271	–	0.0	–	0.0
2133	Köln	An den Dominikanern 6	27,462	–	0.0	–	0.0
2134	Köln	Maarweg 165	22,805	4,549	19.9	–	0.0
2135	Meerbusch	Earl-Bakken-Platz 1/ Lise-Meitner-Straße	8,038	–	0.0	–	0.0
2136	Neuss	Carl-Schurz-Straße 2	12,745	2,464	19.3	–	0.0
2137	Ratingen	Berliner Straße 91–101/ Brandenburger Straße 2–6	33,929	6,464	19.1	889	2.6
2138	Ratingen	Pempelfurtstraße 1	18,546	8,063	43.5		0.0
2139	Recklinghausen	Josef-Wulff-Straße 75	19,855	–	0.0	–	0.0
2140	Darmstadt	Deutsche Telekom Allee 7	24,686	–	0.0	–	0.0
2141	Darmstadt	T-Online-Allee 1	71,869	–	0.0	–	0.0
2142	Darmstadt	Wilhelminenstraße 25/ Elisabethenstraße 20–22	8,391	1,949	23.2	–	0.0
2143	Dreieich	Hauptstraße 45	8,109	232	2.9	–	0.0
2145	Eschborn	Mergenthaler Allee 45–47	5,082	2,138	42.1	929	18.3
2146	Frankfurt a. M.	Am Hauptbahnhof 6 / Münchener Straße 56	7,716	316	4.1	–	0.0
2147	Frankfurt a. M.	Berner Straße 119	14,852	3,847	25.9	1,777	12.0
2149	Frankfurt a. M.	Olof-Palme-Straße 37	10,423	–	0.0	–	0.0
2150	Frankfurt a. M.	Platz der Einheit 1	30,401	3,092	10.2	–	0.0
2151	Frankfurt a. M.	Solmsstraße 27–37	29,759	29,758	100.0	–	0.0
2154	Kaiserslautern	Stiftsplatz 5	9,039	2,187	24.2	1,363	15.1
2155	Trier	Frauenstraße 5–9 / In der Olk 10–16	16,920	162	1.0	–	0.0
2156	Böblingen	Hanns-Klemm-Straße 45	14,888	–	0.0	–	0.0
2158	Filderstadt	Kurze Straße 40 / Hornbergstraße 45	5,382	1,435	26.7	–	0.0
2161	Stuttgart	Breitwiesenstraße 5–7	25,144	–	0.0	–	0.0
2162	Stuttgart	Ingersheimer Straße 20	12,894	373	2.9	–	0.0
2163	Stuttgart	Kupferstraße 36	5,068	–	0.0	–	0.0
2164	Stuttgart	Vaihinger Straße 131	21,411	–	0.0	–	0.0

Vacancy and structural Vacancy

Subject Property			Lettable Area	Vacancy		Structural Vacancy	
Property ID	City	Adress	sqm	sqm	%	sqm	%
2173	Essen	Friedrich-List-Straße 20	8,988	–	0.0	–	0.0
2177	Düsseldorf	Willstätterstraße 11–15	23,978	5,864	24.5	–	0.0
2178	Düsseldorf	Immermannstraße 59 / Karlstraße 76	6,540	240	3.7	–	0.0
2179	Düsseldorf	Kanzlerstraße 8	9,108	4,803	52.7	104	1.1
2180	Düsseldorf	Am Wehrhahn 28–30	2,610	417	16.0	197	7.5
2181	Ratingen	D2-Park 5	5,670	–	0.0	–	0.0
Total			**683,027**	**128,226**	**18.8**	**5,563**	**0.8**

*Inter alia it exists a future lease contract but the respective rental unit is still vacant as at valuation date 31/12/2018.

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	3.37 %	6.64 %	4.83 %
Reversionary Yield	3.40 %	7.43 %	5.13 %
Initial Yield	–0.42 %	7.86 %	4.26 %

6. 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: 0.50 %
- Agency fees: 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.

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

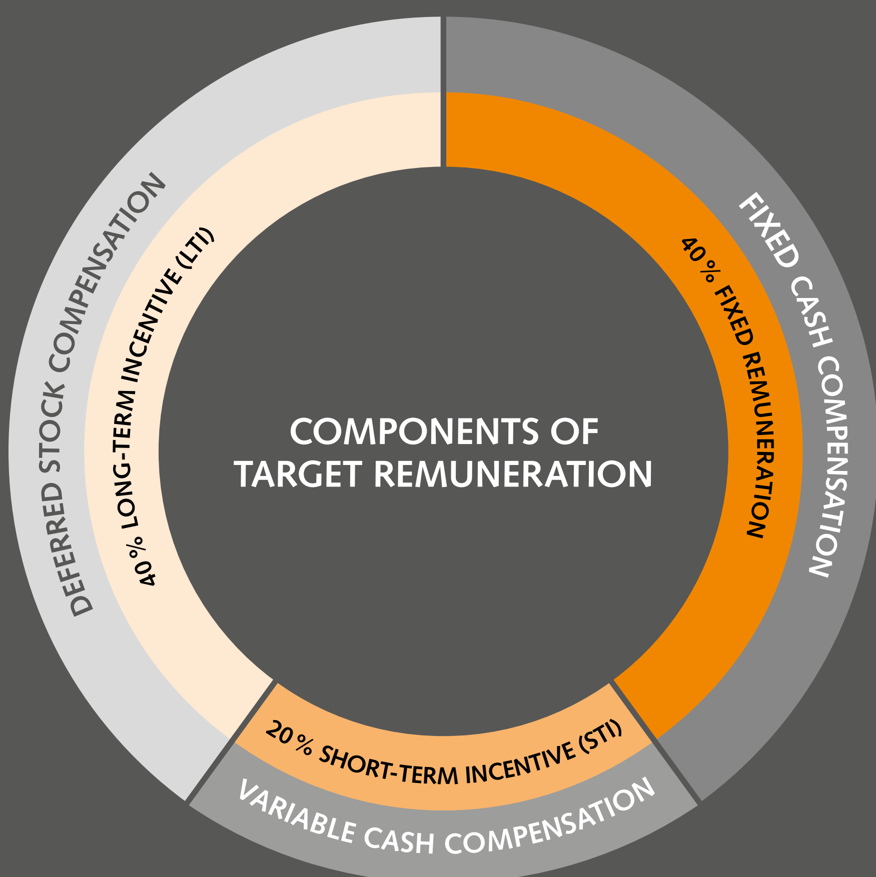
Drazenko Grahovac
RICS Registered Valuer

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

MANAGEMENT COMPENSATION SCHEME

Transparent and in-line with shareholders interest

› More detailed information on management compensation can be found in the Annual Report 2018–IFRS Financial Report.



40 % FIXED REMUNERATION › All cash	**BASIC SALARY**
20 % SHORT-TERM INCENTIVE (STI) **VARIABLE REMUNERATION** › All cash	**PERFORMANCE MEASURE**
FFO PER SHARE	Like-for-like budgeted FFO per share, adjusted by impact of material acquisitions and disposals / changes in share capital
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.

APPENDIX

Gustav-Nachtigal-Str. 3–5

The office campus in Gustav-Nachtigal-Str. 3–5 is located in the city of Wiesbaden (capitol of the state of Hesse). The campus consists of three buildings, comprising a total lettable area of 26,900 m², and is currently part of alstria's development portfolio. The substantial refurbishment offers the potential for a meaningful increase with regard to the rental income.

Category	Development
Construction year	1984
Lettable area	26,900 m²
Avg. rent per m²	EUR 17.30
Value per m²	EUR 1,100
Exp. capex per m²	EUR 1,750

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.

Completed developments — Completed developments consist of those properties previously included in the development programme, which have been transferred to the investment portfolio from the development programme during the reporting period.

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

Contractual vacancy rate — Contractual vacancy rate is the amount of space as a per cent of the total area of the portfolio on which there is no current or future signed lease contract.

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

CSR — Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.

D

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

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

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.

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.

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.
NNNAV (triple net asset value)	The Company computes NNNAV as total equity as reported in the IFRS consolidated statement of financial position, which accounts for the carrying amount and the fair value of financial instruments and financial liabilities, adjusted for hidden reserves and hidden losses in immovable assets and financial liabilities.

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

Rent concession	Granting of rent-free periods in connection with a lease.
Roadshows	Corporate presentations to institutional investors.

S

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

T

Costs related to the fit out of rental space due to special tenant requirements.	**Tenant fit outs**
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.	**Tenant incentives**
Dividends and capital growth in the share price, expressed as a percentage of the share price at the beginning of the year.	**TSR (Total shareholder return)**
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.	**Transparency**

U

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.	**UIRR**

V

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

W

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

X

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

Y

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

IMPRINT

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

Other reports issued by alstria office REIT-AG are posted on the Company's website.

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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