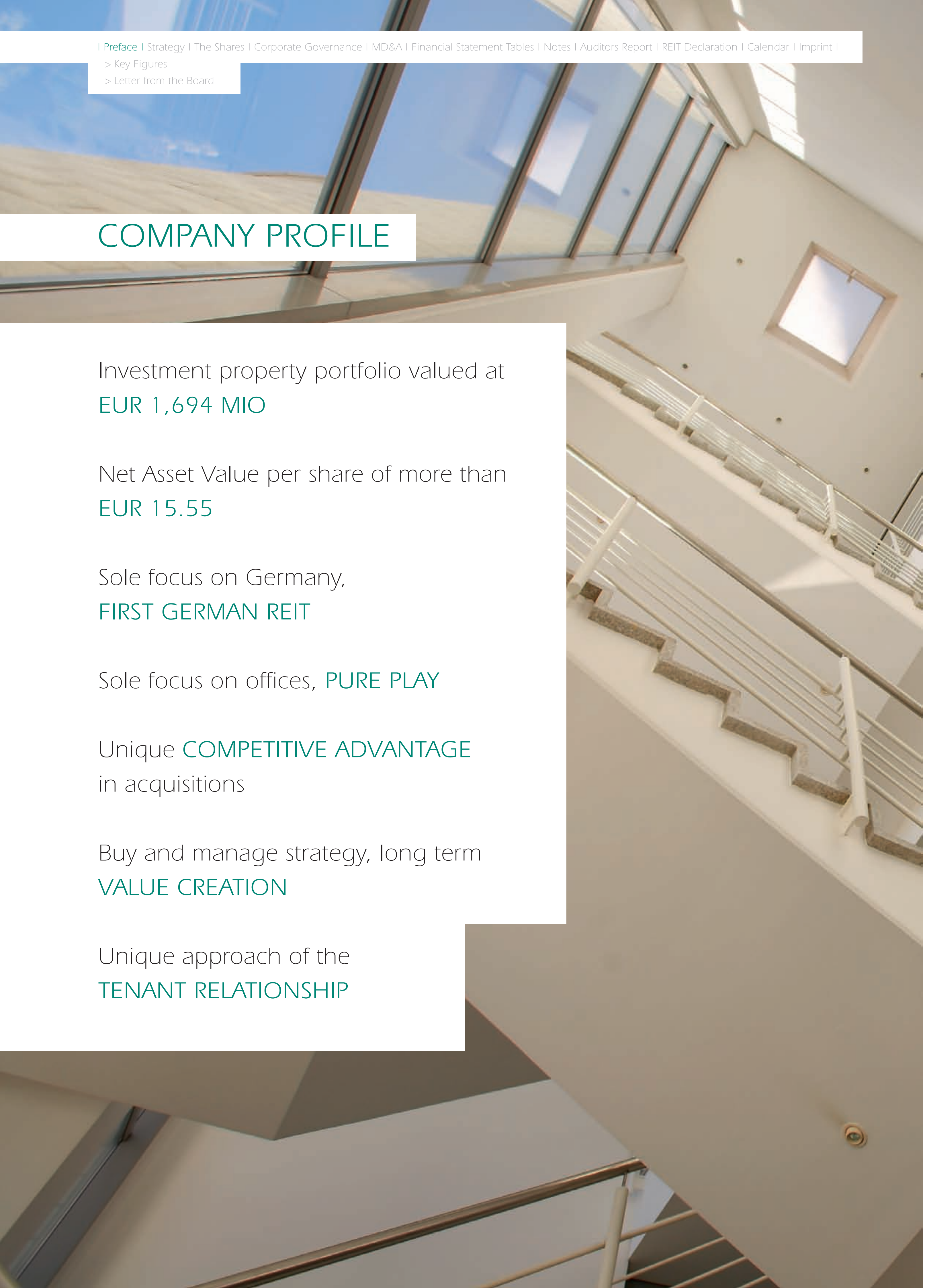
ANNUAL REPORT 2007

THE FIRST GERMAN REIT.
FOUNDED: 711 DAYS AGO.

alstria
First German REIT



COMPANY PROFILE

Investment property portfolio valued at
EUR 1,694 MIO

Net Asset Value per share of more than
EUR 15.55

Sole focus on Germany,
FIRST GERMAN REIT

Sole focus on offices, PURE PLAY

Unique COMPETITIVE ADVANTAGE
in acquisitions

Buy and manage strategy, long term
VALUE CREATION

Unique approach of the
TENANT RELATIONSHIP

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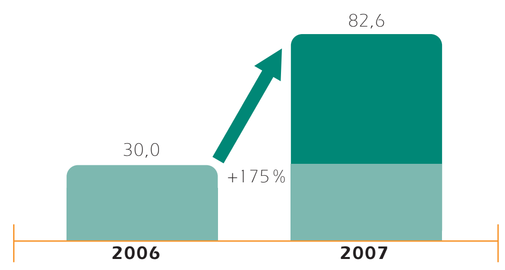
KEY FIGURES

(in EUR k)	2007	2006	Change in %
Revenues and Earnings			
Revenues	82,552	30,063	174.6 %
Net Rental Income	76,192	28,358	168.7 %
EBITDA	85,911	51,656	66.3 %
Consolidated net profit	52,811	14,533	263.4 %
Fund From Operations (FFO)	31,540	-3,518	996.5 %
Assets			
Investment properties	1,693,718	1,289,536	31.3 %
Total assets	1,835,520	1,344,676	36.5 %
Equity	870,876	397,599	119.0 %
Net Asset Value	870,876	397,599	119.0 %
G-REIT Key Figures			
G-REIT equity ratio in %	51 %	31 %	21 pp
Revenues plus other income from investment properties in %	100 %	100 %	0 pp
NAV per share in EUR	15.55	na	na
Earnings per share in EUR	1.15	na	na
Dividend per share in EUR	0.51	na	na

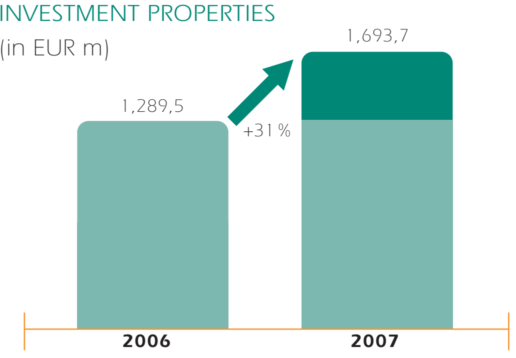
SHARE

ISIN	DE000A0LD2U1
Symbol	AOX
Prime Sector	Financial Services
Industry Group	Real Estate
Market Segment	Prime Standard, Frankfurt
Indices	S-DAX, EPRA, German REIT Index, S&P/Citigroup Global REIT Index
Number of Shares	56,000,000
Share Capital (notional)	EUR 56,000,000
Market Capitalisation (Dec 28)	EUR 574,000,000
Free Float	46 %

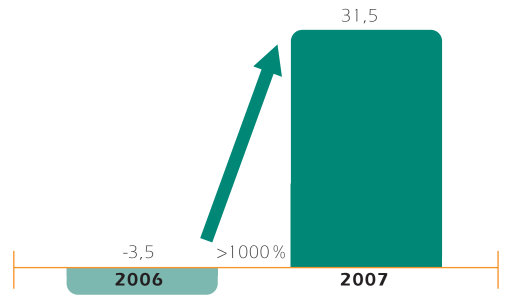
REVENUES
(in EUR m)



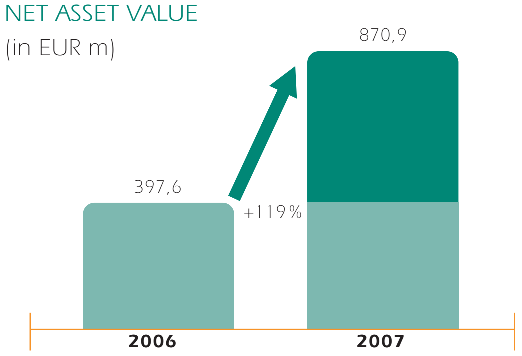
INVESTMENT PROPERTIES
(in EUR m)



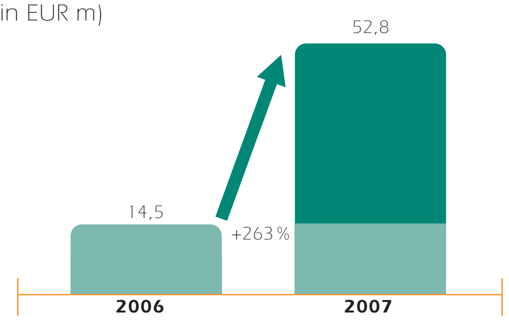
FUNDS FROM OPERATIONS (FFO)
(in EUR m)



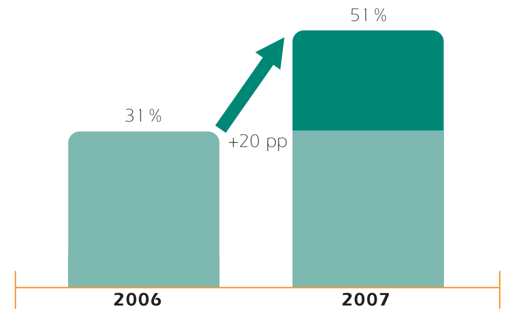
NET ASSET VALUE
(in EUR m)



CONSOLIDATE NET PROFIT
(in EUR m)



G-REIT EQUITY RATIO



LETTER FROM THE BOARD

Dear Shareholders, Ladies and Gentlemen,

Time goes by quickly when you are passionate and explore new ground. It has been 711 days since the birth of alstria as a EUR 25,000 GmbH. And those 711 days have been filled with innovation, passion, and important events for alstria.

Keep it simple

It all started with a limited number of simple ideas that could all be summarised in one word: Focus. Focus on one asset class, offices. Focus on one country, Germany. Focus on value creation and asset management. Focus on tenant relationship management.

It took us 711 days to move from the idea to reality. With a EUR 1.9 billion portfolio of pure office buildings and a unique and focused tenant base, alstria is today among the top three German listed commercial property companies and the only office pure play. We did stay focused on the target.

Make it sustainable

In each of the 711 days of alstria's life we have made sure that the growth we were pursuing was sustainable over time. We have first of all created a unique, solid office portfolio with long term predictable cash flows and still significant asset management and tenant relationship opportunities. This was done through the first 346 days. It was only when we had hedged any potential downside that we started acquiring portfolios with additional asset management and organic growth opportunities. In the last 365 days, our targeted acquisitions have allowed us to increase the vacancy in the portfolio from 2.4 % to 6.5 % representing more than 60,000 sqm to be let.

Seize the opportunity

The German REIT law was introduced 4 days prior to the IPO of alstria. It took us another 187 days to elaborate and achieve the conversion process. Although we never ran a race, we are proud to be the first company to be able to benefit from the tremendous advantage offered by this legislation. The REIT legislation offers us tax transparency, which will translate into more liquidity of our portfolio over time. It takes away a number of significant tax risks which are inherent to German property companies. And it gives us a unique competitive advantage in terms of acquisition, as it allows sellers to benefit from a 50 % capital gain tax exemption if they sell their assets to alstria.

Execute the business plan but mind the gap

We stood still. For almost 200 days. We stepped out of the investment market as we felt that the prices were moving into unsustainable levels. We did our homework, monitored the market, and stepped in again once the REIT status was achieved, using it to enhance the economics of the sales and leasebacks we have executed. We have invested a total of EUR 527 million in 365 days. At an average initial gross yield of 6.4 %. Way above the average. Thanks to the competitive edge of REITs and to strict investment discipline.

Adapt to a changing environment

The promises made in the course of the IPO have been delivered. The next step would have been to raise an additional EUR 250 to 300 million in order to continue with the acquisition plan. We, however, took into consideration the changing environment and decided not to pursue a route that would dilute our shareholders by a double digit number. And we are very comfortable about this. It took us 711 days to build ourselves a unique position in the German property market and to etch out a unique competitive advantage in the acquisition field for alstria. We can wait another 180 days, or 200 or more for the market to re-open. No one can take this opportunity away from us. As no one can get where we are today.

Stay focused

Our existing portfolio offers substantial opportunities to grow organically, which we are going to take advantage of in 2008. Our specific approach to the tenant relationship is one of our core operational focuses as it is what makes alstria different from other office property owners. We expect our revenues to grow from 80 million to 95 million and our fund from operations from EUR 30 millions to EUR 40 million in the next 365 days. We also expect to divest some of the assets that are mature from an asset management perspective, and to recycle the capital into our portfolio. Active management is the key for success in the German office real estate sector. This was our view 711 days ago still is today.

Olivier Elamine
Chief Executive Officer

Alexander Dexne
Chief Financial Officer

FOUNDED: 711 DAYS AGO. GROWN: 2 NEW CORE TENANTS PER QUARTER.

LONG TERM PARTNERSHIP – OUR VIEW ON TENANTS

Even the best organizations in the world have a very limited view on what their office needs will be two or three years down the road. Change in legislation, local elections, new businesses taken on board, others being divested, services outsourced or services merged might change the whole picture all over again. So, although lease contracts are fixed, the probability is high that today's requirements will not fit tomorrow's needs. WE SEE THE FLEXIBILITY REQUIREMENT OF OUR TENANTS AS A UNIQUE OPPORTUNITY TO BRING ADDITIONAL VALUE THAT WILL BENEFIT BOTH PARTIES.

We are convinced the changes in the occupational needs over the lifetime of a lease agreement constitute a huge opportunity. Can we help our tenants to find additional space within our existing portfolio? Can we support our tenants to focus activities in one site and thus use office space more efficiently? We are creating repeated business with key customers, understanding their needs and adapting to it. WE ARE NOT ONLY RENTING SPACE, WE ARE ADDING VALUE TO OUR TENANT'S ORGANIZATION. This might be an old way of looking at customer relationship. IT IS A NEW WAY OF MANAGING REAL ESTATE.

FOUNDED: 711 DAYS AGO. GROWN: 53 SQM OF GERMAN OFFICE SPACE PER HOUR.

FOCUS ON GERMAN OFFICE PROPERTIES

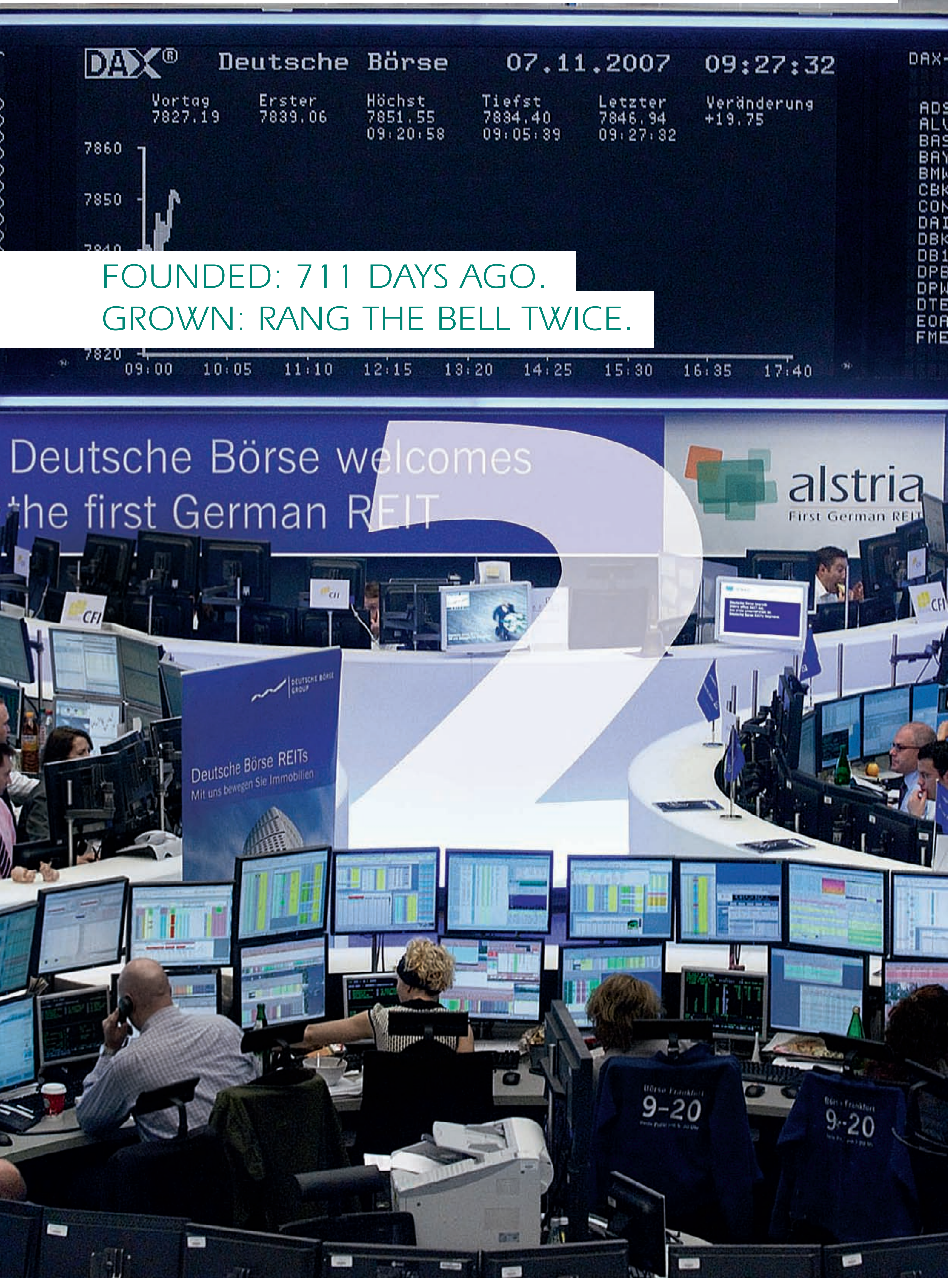
While a lot of real estate companies are trying to diversify out of there home markets, or are looking to diversify into different asset classes, we are proud of being focused: PURE OFFICE BUILDINGS IN GERMANY, NOTHING MORE, BUT NOTHING LESS. We are convinced there is great virtue of being focused. Focused, to be successful with our operations as you can only manage to the perfection what you know to perfection. Focused, in order to offer our shareholders a pure risk exposure that will allow them to perfectly diversify their portfolio. We have chosen to focus on the largest European economy and the largest European office property market. This market offers great opportunities and we are here to capture them. THIS IS WHY ALSTRIA WILL CREATE VALUE. Staying focused.

FOUNDED: 711 DAYS AGO. GROWN: 552 DAYS TILL REIT CONVERSION.

REIT BENEFITS

The key concept of a REIT is a very straight forward one: A REIT provides its shareholders with access to tax transparent cash flows from real estate investments. BUT BEYOND BEING TAX TRANSPARENT what is the benefit of investing in REITS. REITs provide investors with HIGH AND REGULAR PAYOUTS. REITs are more liquid than closed end funds and in countries where REITs have been around for a longer time they have generally outperformed all other types of real estate investments like open ended funds or "classical" public real estate companies. For us at alstria, to be a REIT means that all our management decisions are free of corporate income tax and trade tax considerations, a fact that in our view allows for much more efficient and value orientated decisions.

For corporate sellers of real estate, REITs will be the preferred partners over the next years, because REITs can offer the so called exit tax benefit. The exit tax benefit implies that organizations selling to a REIT can cut the tax burden on the realized profit by 50 %. This provides alstria with A UNIQUE COMPETITIVE ADVANTAGE IN FUTURE ACQUISITIONS. All these characteristics make the German REIT a very attractive status to many constituencies. We are convinced the German REIT, like in so many other countries, will be the dominating structure for public real estate companies in the future. This is one of the reasons why alstria is proud that we have been the FIRST REIT IN GERMANY.



FOUNDED: 711 DAYS AGO.
GROWN: RANG THE BELL TWICE.

ALSTRIA STOCK

Stock markets in general

Stock markets were characterised by a substantial degree of volatility in 2007. In the first half of the year, the DAX rose to a near all-time high of 8,151 in the middle of July. Uncertainties caused by the so called "sub-prime crisis" led to a downward swing of the DAX in the subsequent months. Following a recovery in October, the DAX closed with a 22 % year-on-year gain. The MDAX and the SDAX generally followed this trend too. The recovery in these indices, however, did not reach the same level as in the DAX. The MDAX closed 5 % higher and the SDAX 7 % lower as compared to the beginning of the year.

Real estate stocks

The development of real estate stocks was completely detached from the development of the stock markets in general. After a number of successful years for real estate equity, 2007 turned out to be a very difficult year for real estate stocks. The EPRA indices for Germany and Europe lost 41 % and 34 % respectively, and it was virtually impossible for individual companies to withstand that trend.

Development of alstria's share price

alstria's share started with an IPO price of EUR 16.00 on April 2, 2007. Following a peak level of EUR 16.67 in the middle of June 2007, the second half of the year was marked by a persistent downward trend. In mid-November, the share reached its lowest level of the year at EUR 9.51.alstria's share price suffered from the turmoil on the financial markets almost as much as our peer group and is now trading at a significant discount to the net asset value. Thereafter, the share price recovered somewhat to a price of EUR 11.44 at the beginning of December. The year-endclosing price of the alstria share was EUR 10.25, which isequivalent to a loss of 37 %. In the same period the EPRA GERMANY lost 41 % and EPRA EUROPE 35 %. On November 6, alstria's management board decided to execute a share buy-back programme. This programme uses the authorisation provided by the shareholders of the company at the last annual general meeting in 2007. Under this authorisation alstria intends to acquire up to 2.5 % of its share capital between now and September 2008 via the Frankfurt stock exchange (XETRA). For the time being it is intended to hold the acquired shares as treasury stock and eventually use them according to the authorisation of the shareholders meeting. Potential uses may include using the shares in future acquisition projects.

SHARE DATA

Stock ID code	AOX
Securities identification number	A0LD2U
ISIN – International Securities Identification code	DE000A0LD2U1
Common code	028600810
Reuters symbol	AOX.DE
Bloomberg symbol	AOX GY
Market segment	Prime Standard
Indices	SDAX, EPRA, German REIT Index
Trading floors	XETRA, Frankfurt (Prime Standard); Open Market in Berlin, Hamburg, Munich, Stuttgart
Designated Sponsors	Deutsche Bank AG; JP Morgan
No. of shares outstanding as at Dec. 31	55,326,195 (56,000,000 less 673,805 own shares)

Coverage by analysts

Being the first German REIT-AG, alstria is actively accompanied by a number of financial journalists and financial analysts from renowned investments banks. In a number of reports, alstria's strategy and real estate portfolio were analysed.

THE FOLLOWING INVESTMENT BANKS REPORTED ON ALSTRIA

Bankhaus Lampe KG	Sebastian Hein Frank Neumann
Deutsche Bank	Martin Praum
JP Morgan	Osmaan Malik
Kempen & Co	Remco Simon
M.M. Warburg (MMW)	Ralf Dibbern

Intense investor relations activities

In 2007 alstria's investor relations activities focussed on informing investors, financial analysts and the business press about alstria's development specifically, but also about the general characteristics of a German REIT-AG. In addition to our press and analyst conferences, we had numerous interviews with investors and journalists at home and abroad, and presented the company at the following investor conferences:

IN 2007, ALSTRIA WAS PRESENTED AT THE FOLLOWING INVESTOR CONFERENCES

April 24-25	Welt LB German Real Estate Day, New York
May 2-3	14. Handelsblatt Annual Conference "Immobilienwirtschaft 2007", Berlin
May 31	HVB German Financials Conference, Stockholm
June 29-30	Sal Oppenheim Real Estate Conference, Zurich
September 6-7	EPRA Annual Conference, Athens
September 10-11	GRI Europe Summit 2007, Paris
September 19	HSH Nordbank Transatlantic Investor Conference, New York
October 8-10	EXPO Real, Munich
October 25-26	Real Estate Share Initiative Hamburg
November 10	Open day at the Hamburg Stock Exchange, Hamburg
November 12-14	German Equity Forum, Frankfurt

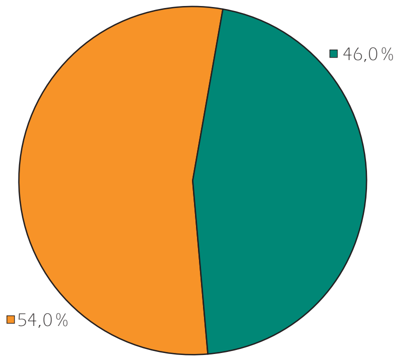
IPO

On April 2, 2007, alstria successfully completed an initial public offering (IPO). With an issue size of 16 million shares from a capital increase and gross proceeds of EUR 256 million, the alstria IPO was the most sizeable equity market transaction in the German real estate sector in 2007. The IPO marked another significant milestone in the recent history of the company.

Shareholder structure

As of December 31, 2007 Captiva 2 Alstria Holding S.à.r.l. held a 54 % stake in alstria office REIT-AG. Morgan Stanley, Stichting Pensioenfonds and Cohen & Steers held more than 3 % each. The remainder of the shares are defined as free float. At the balance sheet date, alstria held 1.2 % own shares as a result of the buy-back programme.

SHAREOLDER STRUCTURE BY INVESTOR

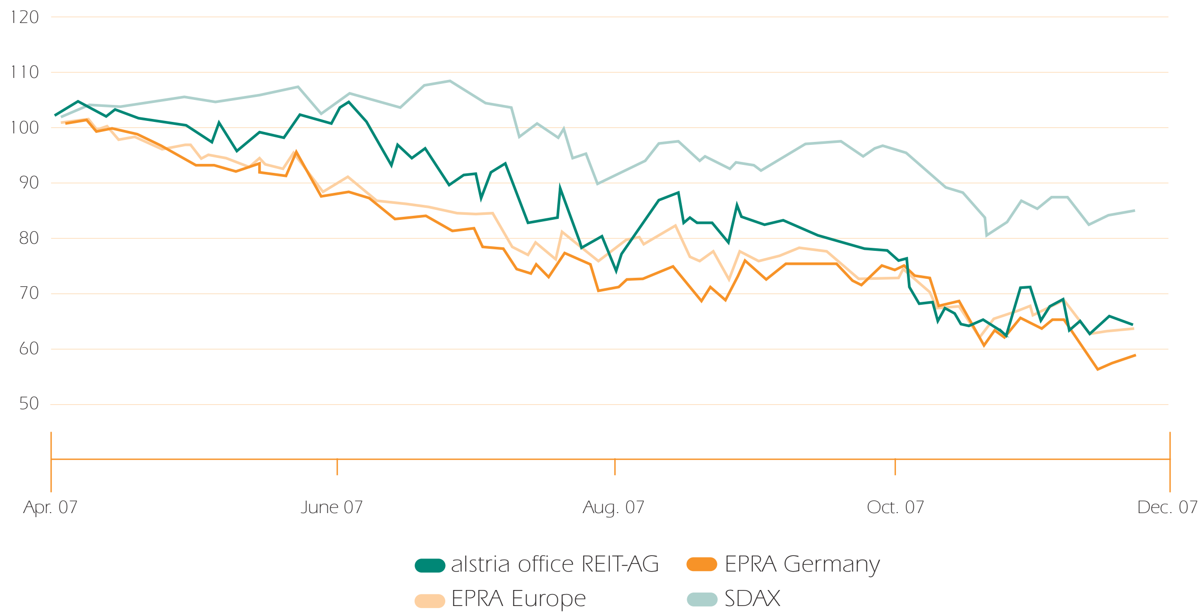


Dividend payment

The management board and the supervisory board will be submitting a proposal at the Annual General Meeting to pay out a dividend of app. EUR 0.52 per share outstanding for the 2007 financial year. The total amount paid out in dividends will be EUR 28,4 million.

SHARE PRICE 2007 DEVELOPMENT

April 2, 2007 EUR 16.00 indexed to 100



KEY FIGURES PER SHARE

in EUR (if not stated otherwise)

	2007
2007 high	16.67
2007 low	9.51
IPO price	16.00
Opening price	16.30
Year end/closing price	10.25
Weighted average number of shares outstanding	46,081,858
Average trading volume in shares (XETRA)	77,080
Average market capitalisation (in EUR m)	763.2
Total numbers of shares outstanding as at Dec. 31, 2007	55,326,195
Dividend per share as at Dec. 31, 2007	0.51
Cash flow per share from operating activities	0.23
NAV per share as at Dec. 31, 2007	15.55

CORPORATE GOVERNANCE REPORT

alstria's management and supervisory board are aware of the company's responsibilities towards its shareholders, employees and business partners. For the purpose of a value-oriented corporate management, alstria has therefore implemented the German Corporate Governance Code to a great extent, thereby surpassing legal provisions. The recommendations and proposals made by a commission set up by the German Federal Government include internationally and nationally accepted standards regarding the good and responsible management of companies.

Corporate Governance principles provide regulations for the following areas:

- they describe the major rights of the shareholders
- they define clear management principles and the respective responsibilities for the individual company bodies
- they regulate the interaction between these bodies
- they demand straightforward and transparent communication with the public
- they require conscientious, reliable accounting and auditing

Corporate Governance Code and compliance declaration

The official compliance declaration of alstria's management and supervisory board is accessible on our website (at www.alstria.com). With regard to a few individual items alstria has, after thorough deliberation, decided not to comply with the code. These items are specified in the declaration. The reasons for non-compliance are stated in the declaration. The implementation of Corporate Governance at alstria means amongst others:

Relations with the company's shareholders

alstria office REIT-AG respects the rights of shareholders and guarantees the exercise of these rights to the best of its ability within the given statutory framework. In particular, these rights include the free purchase and the free sale of shares, equal voting rights for each share (one share - one vote), participation in the annual shareholders' meeting and exercise of the voting right and appropriate fulfilment of one's need for information.

Communication with the public

When relaying information to people outside the enterprise, the management board observes the principles of transparency, promptness, openness, comprehensibility and the due equal treatment of shareholders.

Management board

The management board as a whole, as well as each individual board member, will conduct the enterprise's business with the due care and diligence of a precise and conscientious management board member in accordance with governing law, the articles of association, and the rules of procedure for the management board. The management board manages the enterprise on its own responsibility. In doing so, it is obliged to act in the enterprise's best interests and is committed to developing sustainable enterprise value.

Supervisory board

It is the task of the supervisory board of alstria office REIT-AG to appoint the management board members, to regularly advise it and to supervise and support the management and the achievement of alstria's long-term goals.

Cooperation between the management board and the supervisory board

The management board and the supervisory board cooperate closely to the benefit of the enterprise. The chairman of the supervisory board keeps in regular contact with the management board, especially with the Chief Executive Officer. The management board coordinates the enterprise's strategic alignment with the supervisory board and discusses with it the current state of strategy implementation and the company's risk management at regular intervals. For transactions of fundamental importance, the supervisory board specifies in the rules of procedure for the supervisory board that they are subject to the supervisory board's approval. This includes decisions or measures that fundamentally change the company's assets, financial or earnings situation.

Remuneration of management and supervisory board members

Remuneration of management and supervisory board members is reported on pages 115 and 117 of the annual report.

The information is individualised and itemised. The management board members' remuneration comprises fixed and variable components, as well as performance incentives to increase the value of the company in the long term. The long-term compensation components consist of stock options. The intention of this is to create performance incentives geared towards lasting corporate success. The targets that form the basis of these incentives may not be changed subsequently.

The supervisory board members receive a fixed compensation. Both chairmanship and deputy chairmanship of the supervisory board as well as membership in the audit committee and chairmanship of the audit committee are taken into account in the evaluation of the supervisory board members' scope of activities. Membership in other committees is not taken into account.

Reporting and audit of annual financial statements

alstria informs shareholders and third parties regularly by means of consolidated financial statements and by means of interim reports during the financial year. Consolidated reporting complies with the International Financial Reporting Standards (IFRS).

For corporate law purposes (calculation of dividend, creditor protection), annual financial statements are prepared in accordance with national regulations (German Commercial Code). The consolidated financial statements are reviewed by the auditors and by the supervisory board. The audit committee of the supervisory board issues the audit assignment and concludes a fee agreement with the auditors. The auditor participates in the audit committee's discussions of the annual financial statements and consolidated financial statements and reports the basic audit results.

Stock option programme and similar securities-based incentive systems

Stock option programme

The stock option programme provides for the issuance of option rights to the company's management board members. The exercise price to be paid for the subscription to an alstria share upon exercise of option rights, which were granted in 2007, amounts to 100 % of the offer price at which the company's shares were sold in the course of their IPO on the Frankfurt stock exchange (EUR 16). The exercise price for options to be granted in future will be 100 % of the arithmetic means of the XETRA trading's final auction of alstria's shares on the Frankfurt stock exchange on the last ten trading days before the options have been issued ("Issue Date").

The holders of subscription rights cannot exercise the option rights before expiration of a waiting period of two years starting from the Issue Date of the respective option right. The option rights may only be exercised if the current stock exchange price of the company's shares exceeds the stock exchange price of the company's shares on the Issue Date by 20 % or more for at least seven non subsequent trading days prior to the exercise of the option right. The option rights have a term of seven years.

Employee participation programme

The employee participation programme provides for the issuance of convertible profit participation certificates to the employees of alstria and to the employees of companies in which alstria, directly or indirectly, holds a majority interest. Members of the management board are not considered employees of alstria.

The nominal amount of each certificate is EUR 1. Under the programme, up to 500,000 certificates in an aggregate nominal amount of up to EUR 500,000 may be issued. Up to now, 3,600 certificates have been issued.

Each certificate will be converted into one non-par value bearer share of alstria if the current stock exchange price exceeds the stock exchange price of alstria's shares on the issuance date by at least 5% on at least seven non-subsequent trading days prior to the mandatory conversion date. The certificates will only be converted if the beneficiary pays the conversion price and at the mandatory conversion date is still employed with alstria or a subsidiary. The maximum term of each certificate is five years.

Directors' dealings

The following transactions were executed in 2007 and reported to alstria:

Under Sec. 15a of the Securities Trading Act (Wertpapierhandelsgesetz), the management and supervisory board members of alstria office REIT-AG, as well as persons who have a close relationship with such members (family members) are obligated to report trading in alstria shares. In addition to the purchase and sale of alstria shares, any transactions in securities relating to alstria shares (e.g. the sale of purchase of options on alstria shares) have to be reported. The company has to be notified about such transactions within five working days and has to publish them immediately. This obligation is inapplicable if the total value of these transactions does not exceed EUR 5,000 during one calendar year.

Directors' share ownership details pursuant to no. 6.6 German Corporate Governance Code

No. 6.6 of the German Corporate Governance Code recommends that the direct or indirect ownership of shares of the company or related financial instruments such as derivatives by a member of the supervisory board or of the management board shall be disclosed if it amounts to more than 1% of the issued shares of the company. If the total owned by all members of the supervisory board and members of the management board amounts to more than 1% of the issued shares of the company, ownership should be disclosed for management board members as a group and for supervisory board members as a group.

No member of the management board or the supervisory board directly or indirectly owns more than 1% of the alstria office REIT-AG subscribed capital. The entire holdings of all members of the management board and supervisory board do not exceed 1% of the shares issued by the company.

DIRECTORS' DEALINGS IN 2007

Name of the Board Member	Olivier Elamine
Function	Member of the Management Board
Classification of the share	Share

ISIN	Place	Transaction	Transaction Date	Price per Share in EUR	Number of Shares	Deal Volume
DE000A0LD2U1	Xetra	Purchase	25.07.2007	13.89	2,650	36,808.5
DE000A0LD2U1	Xetra	Purchase	10.08.2007	13.20	1,200	15,840
DE000A0LD2U1	Xetra	Purchase	14.08.2007	12.22	1,200	146,664
DE000A0LD2U1	Xetra	Purchase	19.10.2007	12.75	2,000	25,500
DE000A0LD2U1	Xetra	Purchase	21.11.2007	10.48	1,000	10,480

Non-compliance with the recommendations of the German Corporate Governance Code

alstria complies with the recommendations of the "Government Commission German Corporate Governance Code" as published on June 14, 2007 for the time being with the following exceptions and intends to further comply with the recommendations to the same extend:

DEDUCTIBLE IN THE CASE OF D&O INSURANCES, NO. 3.8.
With regard to the D&O insurance effected for the management and supervisory board of alstria office REIT-AG, no deductable has been agreed. Both the management and supervisory board believe that the sense of responsibility applied in fulfilment of their duties is fully guaranteed without any such deductible.

POSSIBILITY OF LIMITATION (CAP) ON STOCK OPTIONS, NO. 4.2.3.
The supervisory board has not agreed a cap on the stock option programme for the management board in the event of extraordinary and unforeseeable developments. For any future stock option programmes and similar systems, there will be a discussion as to whether a Cap should be agreed.

SPECIALIST KNOWLEDGE AND EXPERIENCE OF THE CHAIRMAN OF THE AUDIT COMMITTEE NO. 5.3.2.
The chairman of the audit committee is not a professional accountant. Nevertheless, due to his comprehensive professional expertise as a lawyer regarding commercial law and commercial real estate law, the company believes that he is sufficiently qualified to act as chairman of the audit committee.

NOMINATION COMMITTEE, NO. 5.3.3.
The supervisory board did not form a nomination committee. As the supervisory board of alstria with six members is comparatively small, the management and supervisory board see no need to establish a nomination committee.

PERFORMANCE-RELATED COMPENSATION FOR MEMBERS OF THE SUPERVISORY BOARD, NO. 5.4.7.
The members of the supervisory board do not receive a performance-related remuneration in addition to their fixed remuneration. The reason for the deviance from the code in this regard is the relatively small size of the company.

ACCESSIBILITY OF CONSOLIDATED FINANCIAL STATEMENTS AND INTERIM REPORTS, NO. 7.1.2.
For practical reasons, the consolidated financial statements and interim reports are publicly accessible within the legally stipulated time frame but a couple of days later than the recommended time frame given by the code.

All other recommendations of the German Corporate Governance Code have been implemented in their entirety. alstria has appointed a corporate governance representative within the company to report amendments to an implementation of the German Corporate Governance Code to the management and supervisory boards at least once a year. In this way we ensure the continuous observance of these principles in our company. By means of analysis, supervision and transparency, alstria lays the foundations for fair and efficient corporate management. This will remain our standard in the future as well.

FOUNDED: 711 DAYS AGO. GROWN: CREATED ONE JOB EVERY TWO MONTHS

GROUP MANAGEMENT DISCUSSION AND ANALYSIS

Economic conditions

The year 2007 was characterised by high volatility in the equity markets. Driven by the sub prime crisis specifically the general market sentiment towards real estate stocks deteriorated in the course of the year. Despite these developments in the financial markets, the overall fundamental environment for alstria's business continued to be very positive: The German economy grew by approximately 2.6 % with continued positive effects on the employment market. The strong economic fundamentals generally fuelled a continuing strong demand for office space in Germany. Also, the direct investment market for office properties reached a record volume of around EUR 31[1] billion, emphasising the uninterrupted, strong interest of international investors in the German market.

Strategy and structure

On October 11, 2007, alstria was registered as the first German REIT-AG. The REIT status implies that, effective retroactively from January 1, 2007, alstria will be fully transparent for corporate income and trade tax purposes. Except for changing the tax status, the REIT conversion does not imply any changes in the overall strategy of alstria. alstria remains internally managed and continues to be focussed on the acquisition and the management of German office properties. It is alstria's objective to closely collaborate with its tenants to create a close and long-term partnership. The preferred route for external growth is to execute sale and lease back transactions which offer the sellers an exit tax benefit.

Portfolio overview

In 2007, alstria acquired investment properties for a total, all-in cost of EUR 527 million. Out of these transactions, approximately EUR 310 million closed in 2007, while the remainder of the contracts is expected – subject to certain conditions - to close in the first months of 2008. The average initial yield on the 2007 acquisitions was 6.4 %. The attractive yields in 2007 were supported by the fact that alstria was able to make extensive use of the exit tax benefit in the acquisitions after the REIT conversion.

Frankfurt am Main

[1] Jones Lang LaSalle: Capital Markets Newsletter "1. und 2. Halbjahr 2007", page 2.

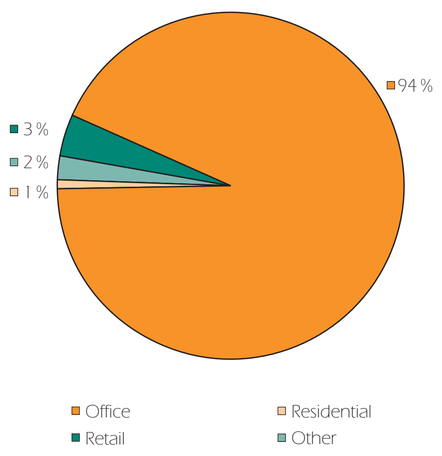
KEY METRICS OF 2007 ACQUISITIONS

Date	Portfolio	REIT Benefit	All-In-Cost	Passing Rent	Gross Yield	Vacancy
Jan	Aurora		230.0	14.6	6.3 %	11 %
May	Munich		11.3	0.9 [1]	7.9 %	80 %
Aug	Hamburg		3.1	vacant		100 %
Oct			**REIT Conversion**			
Nov	MFI	yes	60.8	3.8	6.3 %	12 %
Dec	Bilfinger Berger	yes	111.3	7.7	6.9 %	13.5 %
Dec	HUK Coburg	yes	53.0	3.3	6.2 %	3.2 %
Dec	Berlin		55.0	3.3	6.0 %	0.0 %
Total			**524.5**	**33.6**	**6.4 %**	**12.5 %**

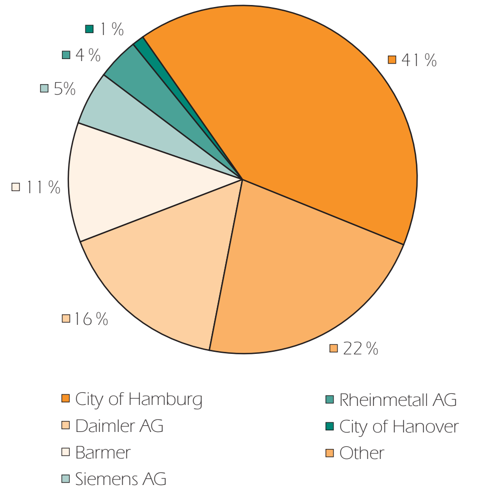
One of the key characteristics of the alstria portfolio is the stringent focus on a set number of key tenants. Accordingly, in 2007 our Top 5 tenants accounted for more than 75 % of our total revenues. Also, our clear focus on one asset class, i.e. offices, is nicely reflected in our 2007 portfolio. Of our total lettable area, 94% is dedicated to offices.

As of the balance sheet date, alstria's portfolio held 72 office buildings with approximately 816,000 square metres of lettable area and a vacancy rate just short of 6 %. The portfolio is valued at a yield of 5.4 % and the remaining average unexpired lease term is around 11 years.

TOTAL PORTFOLIO BROKEN DOWN BY USAGE



ALSTRIA'S CORE TENANTS 2007



[1] Seller rent guaranty

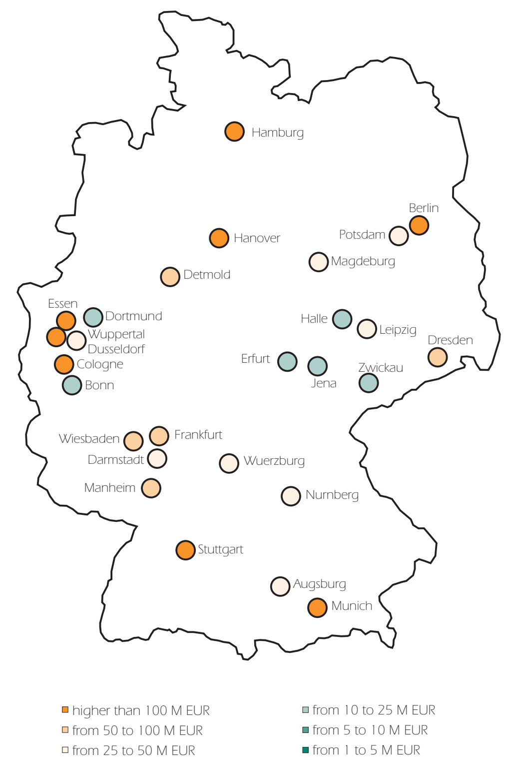
THE KEY METRICS AS OF DECEMBER 31, 2007 ARE AS FOLLOWS: [1]

Metric	Value
Number of properties	72
Market Value (EUR bn)	1.7
Passing Rent (EUR m/annum)	91
Valuation yield	5.4 %
Approximate lettable area (k sqm)	816
Vacancy (% of lettable area)	6.1 %
WAULT (years)	11.3

It is alstria's strategy to give our investors exposure to the total German office market, not only to the 5 or 6 main centres. The reason is simply that, in the past, many of the so called subcenters have quite frequently outperformed the office hot spots like Frankfurt or Munich. In the execution of this strategy, however, it is of utmost importance to us that the properties we do acquire fit the demands of their specific markets. Consequently, the typical exposure we would have in Dresden, Dortmund or Mannheim would still be somewhat lower than our exposure in Hamburg, Dusseldorf or Berlin.

On the operations side our low vacancy rate (approximately 4 % of the portfolio, or 30,000 square metres), has remained stable since the beginning of the year. The increase to 6.1%, as reflected in the year end numbers, was only driven by the inclusion of the Bamler Servicepark asset as of December 31, 2007. New vacancy which came up in 2007 was successfully compensated by new lease-up, which represents more than 70 new leases for a total lettable area of around 7,000 square metres.

OMV OF INVESTMENT PROPERTIES



[1] For full details of the portfolio see pages 126-133

EARNINGS POSITION

When comparing the financial year figures of 2006 versus 2007, it is important to note that the 2006 figures only reflect eleven months and only seven months of business activities. Moreover, the 2006 figures reflect only the pro rata revenues of the Primo and Juna Portfolio as well as the Daimler property.

The following table shows the key operating figures of the audited income statements for the financial year 2007 and the business period 2006:

SUMMARY OF THE INCOME STATEMENT

(in EUR k)	2007	% of rev.	Jan. 20 - Dec. 31, 06	% of rev.	Change
Revenues	82,552	100.0	30,063	100.0	52,489
Net rental Income	76,192	92.3	28,358	94.3	47,834
Net operating result	75,162	91.0	51,656	171.8	23,506
Pre-Tax Income (EBT)	**48,133**	**58.3**	**18,623**	**61.9**	**29,510**
Consolidated Profit for the Year	**52,811**	**64.0**	**14,533**	**48.3**	**38,278**

Hamburg

Strong operating performance in 2007 - Revenues at EUR 82,552k
For the financial year 2007, total revenues were at EUR 82,552k. Real estate operating expenses were 8.1 percent of revenues or EUR 6,674k. Net rental income for 2007 was EUR 76,192k.

A net gain from fair value adjustment of EUR 19,256k was recorded for 2007. The revaluation of investment properties contributed EUR 11,170k and the revaluation of financial derivatives EUR 8,086k to this result.

Operating expenses and net income influenced by REIT conversion effects
The REIT conversion had a number of short-term impacts on the results, which are mainly reflected in the operating expenses and the income tax line. Operating expenses were affected by app. EUR 480k of one-time expenses incurred for advisory services in relation to the REIT conversion. The most significant impact relates to the reversal of all deferred taxes in the balance sheet, which creates a P&L income effect of EUR 7,356k. At the same time, an accrual for a conversion tax charge of EUR 5,100k was recorded.

A summary of the REIT conversion- related P&L effects is provided in the following table:

REIT CONVERSION

(in EUR k)	Expense effects	Income effects
Advisory services	480	
Reversal of deferred tax assets	12,513	
Reversal of deferred tax liabilities		19,869
Conversion tax expense	5,100	
Total	**18,093**	**19,869**

Administrative expenses, personnel expenses and other operating expenses are EUR 12,788k for the year. Accordingly, total recurring operating expenses (disregarding REIT conversion-related expenses) are 14.9% of total revenues (compared to EUR 5,690k or 18.9% for 2006).

The net operating result is EUR 75,162k for 2007 (2006: EUR 51,656k).

Funds from operations at EUR 0.56 per share

Funds from operations (FFO) were EUR 31,540k for 2007 compared to a negative amount of EUR 3,518k in 2006. As a result, FFO per share was at EUR 0.56 in the financial year 2007.

FUNDS FROM OPERATIONS

(in EUR K)	2007	Jan. 20 - Dec. 31, 2006	Change
Pre-tax income (EBT)	**48,133**	**18,623**	**29,510**
less financial result	-35,115	-33,033	-2,082
plus non-cash expenses	2,663	0	
EBITDA	**85,911**	**51,656**	**34,255**
less net gain from fair value adjustments on investment property	11,170	22,871	-11,701
less net gain from fair value adjustments on financial derivatives	8,086	-730	8,816
plus financial result	-35,115	-33,033	-2,082
Funds from operations (FFO)	**31,540**	**-3,518**	**35,058**

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 FFO. Thus, the FFO or measures with similar names as presented by other companies may not necessarily be comparable to the Company's FFO.

EBITDA 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 EBITDA. Thus, EBITDA or measures with similar names as presented by other companies may not necessarily be comparable to the Company's EBITDA.

Hedging instruments

The net gain from fair value adjustments on the financial derivatives is driven by the development of the yield curve at the end of 2007. The fact that our debt exposure is fully hedged fixes the current overall cost of debt for the existing portfolio at 4.3%. An overview of the composition of the fair values is given in the following table:

HEDGING INSTRUMENTS BREAKDOWN

(in EUR k)	Dec. 31, 2007
Swap - 3.6165 %	18,939
Swap - 3.1925 %	3,761
Cap - 4.0000 %	1,811
Cap - 3.8000 %	961
Cap - 3.8000 %	604
Cap - 4.9000 %	1,126
Total	**27,202**

Financial result

alstria has a EUR 1.139 billion syndicated loan facility in place which was arranged by J.P. Morgan, Natixis and HSH Nordbank. This facility has presently been utilised to EUR 927 million. The facility is used by alstria to partially finance the current investment property base as well as future acquisitions. The interest rate on this syndicated loan is based on the three-month EURIBOR floating rate plus a spread dependent on the average lease length of the property portfolio and the loan to value ratio. For economic as well as for G-REIT compliance reasons, alstria is committed to maintaining a G-REIT equity ratio of 45% or above.

FINANCIAL RESULTS BREAKDOWN

(in EUR k)	2007
Syndicated Loan - interest and similar costs	-41,580
Shareholder Loan - interests and similar costs	-1,307
Interest income	6,184
Registration of land changes	-232
Other	1,820
Total	**-35,115**

Net profit for the year of EUR 52,811k

The resulting earnings before tax are EUR 48,133k for the financial year 2007 (2006 EUR 18,623k). Tax gains from consolidation and the elimination of deferred taxes because of G-REIT conversion lead to a positive tax result of EUR 4,678k. Consolidated net profit is EUR 52,811k for 2007 compared to EUR 14,533k for 2006.

Earnings per share are EUR 1.15 for 2007.

FINANCIAL AND ASSET POSITION

Cash position of EUR 103,036k

The cash flow from operating activities was at EUR 12,674k mainly driven by the strong operating performance.

The cash flow from investing activities was influenced by the strong acquisition activity for office property in the second half year. The instalments of the purchase price for the Aurora Portfolio equalling EUR 221,000k have the most significant impact on the cash flow from investing activities. The purchase of Bamler Servicepark in the fourth quarter resulted in a cash outflow of EUR 60,762k.

The cash flow from financing activities reflects the substantial capital restructuring which was undertaken during the period and includes the gross proceeds from the IPO of EUR 256,000k.

As a result, alstria closes the financial year 2007 with a cash position of EUR 103,036k (2006: EUR 24,304k).

Together with the refinancing via the syndicated loan facility, this enables alstria to meet payment obligations for the acquisitions agreements entered into in the last quarter of 2007.

Equity ratio of 47.4 %, NAV per share EUR 15.55 – G-REIT equity ratio at 51.4 %

The total investment property value is EUR 1,693,718k as compared to EUR 1,289,536k at the beginning of the year:

CHANGE IN INVESTMENT PROPERTY
(in EUR m)

Investment properties as at Dec. 31, 2006	**1,289.54**
Changes in consolidated group	95.00
Acquisitions	293.45
Disposals	-3.53
Revaluations	11.17
Prepayments	8.09
Investment properties as at Dec. 31, 2007 (audited)	**1,693.72**

The equity and liability side of the balance sheet reflects a total equity position of EUR 870.876k with an equity ratio of 47 %, which is up 18 percentage points from 29 % at the beginning of the year. The G-REIT equity ratio, which is defined as total equity divided by investment properties, is 51 % (the minimum requirement for G-REIT compliance of 45 %).

The long term loan position is EUR 927,456k, up from EUR 833,391k at the prior year's end. The main changes in the long-term loan position over the reporting period were, firstly, the repayment of the loan for Juna Property GmbH & Co. KG of EUR 162 million. The debt portion of EUR 109 million was drawn down from the syndicated loan facility and the remainder was contributed by the shareholders into capital reserves. Secondly, the refinancing of the "Alte Post" and "Grosse Bleichen" properties led to the increased utilisation of the syndicated loan facility by EUR 52,250k. The third instalment for the Aurora Portfolio was financed by a draw down from the syndicated loan facility of EUR 110,500k.

Current liabilities are EUR 37,188k, which is mainly related to trade payables, payables for VAT settlement and accrued interest which will become due under the syndicated loan agreement within one year.

RISK AND OPPORTUNITY REPORT

Risk management

alstria has implemented a structured risk management and early warning system in accordance with Section 91 (2) of the German Stock Corporation Act (AktG). All risks are recorded, evaluated and monitored on a quarterly basis. Our risk identification process allows the early identification of sources for any potential new risks on an ongoing basis. Risk mitigation measures are defined in order to undertake any necessary steps to circumvent the identified risks, i.e. to diversify, manage or avoid risk. For alstria, risk management means the targeted securing of existing and future potential for success as well as improving the quality of the planning process of the company. The risk management is organisationally assigned to the controlling group. A risk report is prepared by the risk manager and directly reported to the Management Board.

Those risks are divided into four categories:

- strategic risks;
- operational risks;
- compliance risks;
- financial risks

All material risks to the future development of the company's position and performance are described in this chapter as identified in accordance with alstria's risk management system.

Strategic risks

Strategic risk management mainly consists of the application of guidelines contained in the investment policy, asset management policy and rules of management of the relationship with the Group's core tenants.

Operational risks

alstria's operational risk management refers to property-specific risks and general business risks. This includes, among others, vacancy risk, the creditworthiness of tenants and the risk of falling market rents. The Company uses various early warning indicators to monitor these risks. Rent projections, vacancy analyses, the control of the duration of lease contracts and termination clauses as well as ongoing insurance checks are meant to help identify potential dangers and risks.

Compliance risks

G-REIT LEGISLATION

alstria is registered in the commercial register as a REIT stock. The new REIT segment allows alstria to offer high visibility to investors and differentiate itself as a REIT on the capital market. In order to qualify for becoming and staying a G-REIT, certain requirements have to be met. The most relevant of those are the following: The G-REIT must be a stock corporation listed on an organised market and its statutory seat and management must be in Germany. The registered share capital must be at least EUR 15 million with all shares being voting shares of the same class. The free float must be at least 15 percent and no investor may directly hold 10 percent or more of the shares, or shares which represent 10 percent or more of the voting rights. Furthermore, at least 75 percent of the assets must consist of real estate and at least 75 percent of the gross income must be generated from real estate. At least 90 percent of the annual profits under German GAAP must be distributed to the shareholders and the G-REIT's equity may not fall short of 45 percent of the fair value of its real estate assets as recorded under IFRS rules. REIT stock corporations are fully exempted from German corporate income tax and German trade tax. Sellers who offer real estate to alstria may, subject to certain conditions, benefit from the so called exit tax - a 50 percent relief on income and corporate income tax respectively, as well as the trade tax payable on capital gains.

CAPITAL MANAGEMENT

Capital management activities are aimed at maintaining the Company's classification as a REIT in order to support its business activities and maximise shareholder value.

The Company manages its capital structure and makes adjustments in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group can make a capital repayment to its shareholders or issue new shares. No changes were made to the aims, guidelines and processes as at December 31, 2007 and December 31, 2006.

The capital structure is monitored by the Company using the Key Performance Indicators (KPI) relevant for classification as a REIT. The REIT equity ratio, being the ratio of equity to investment property, is the most important KPI. According to the Group's strategy, the REIT equity ratio must be between 45 % and 55 %.

LEGAL RISKS
The company is not sued in the course of any individual or other kind of legal dispute.

A lawsuit is filed against a competitor because of the breach of trademark law.

Because the Company is the party taking the legal action, there are no risks out of legal files.

Financial risks
As a result of the IPO, an appropriate credit facility and the incorporation of the alstria Group and its financial partners, the financing risk of the Company is limited
.

The financial instruments mainly used by the Group are bank loans and derivative financial instruments. The main purpose of the bank loans is to finance the business activities of alstria.

Derivative financial instruments include interest swaps and caps. The purpose of these derivative financial instruments is to hedge against interest risks arising from the Company's business activities and its sources of financing. The main risks arising from the Group's financial instruments are cash flow interest rate risks and liquidity risks. The Group is not exposed to any significant credit risks.

Interest rate risk
Interest rate risk results from market variations in interest rates. These affect the amount of interest expenses in the financial year and the market value of derivative financial instruments used by the Company.

alstria's hedging policy uses a combination of plain vanilla swaps and caps in order to limit the exposure of the Company to interest rate fluctuations, but still provide enough flexibility to allow the disposal of real estate assets, avoiding any cost linked to an over-hedged situation. The interest base for the financial liability (loan) is the 3-month EURIBOR, which is adjusted every three months. A number of different derivative financial instruments were acquired to manage the interest expense. The maturity of the derivative financial instruments is based on the life of the borrowings. The derivative financial instruments relate to interest swaps in which the Company agrees to exchange with contracting partners, at specified intervals, the difference between fixed and variable interest rate amounts calculated by reference to an agreed upon notional principal amount. In addition, interest caps were acquired; here the interest is capped at a set maximum. If the maximum interest rate is exceeded, the difference between the actual interest rate and the cap rate is paid out.

Liquidity risk
Cash management is one of the core processes of alstria. The company assesses its cash on a daily basis. A cash forecasting tool is used to prevent any liquidity risk. This liquidity planning tool uses the expected cash flows from business activities and the maturity of the financial investments as a basis for analysis.

Valuation risks
Based on influence factors like economic changes, interest rates fluctuations and inflation, rental income and thus the valuation of the property can be adversely affected. Regional diversification of the investment portfolio, consequent focussing on the tenant's individual needs and tight monitoring of the market (broker reports) are taken as risk mitigation procedures. Furthermore, the market values of all the real estate of alstria is determined at least annually at the end of the financial year by neutral, internationally recognised valuation companies.

Counterparty risk
alstria hedges a portion of its risk by using third-party instruments (interest rate derivatives, property insurances and others). alstria's counterparties in those contracts are internationally recognised institutions which are rated by the main rating agencies. alstria reviews the rating of its counterparties on an annual basis in order to mitigate any risk of default.

Overall assessment
No risk to the company's continued existence can be identified from past or future events. Sufficient precautions have been taken against identifiable risks.

Opportunities of the Group
Being one of only two German REITs constitutes a substantial opportunity for alstria. This situation provides alstria with a distinct competitive advantage in the direct investment markets because alstria can offer corporate sellers of office real estate the so called exit tax benefit.

Quality and environmental management
It is the aim of alstria to meet the high quality demands of our tenants and simultaneously to decrease the environmental impact through our responsible asset management.

In the course of this, economic and ecological matters are not regarded as contradictory, but as complementary, as the consideration of ecological matters often also results in lower operating expenses.

Employees
As at December 31, 2007, alstria employed 20 people (December 31, 2006: 4). The yearly average of employees has been 15 (previous year: 4).

Compensation report
Management board members' compensation comprises a fixed and a variable component linked to the company's operating performance.

In addition to their bonus the members of the management board receive share options as a long-term incentive component of remuneration.

The members of the supervisory board receive a fixed remuneration.

The compensation report, containing details of the principles for the definition of the management board and supervisory board remuneration, is laid out in the appendix to the notes to financial statement.

Company group and dependent company report
Captiva Capital II S.à.r.l., Luxembourg, holds a majority interest in alstria. According to Section 290 HGB we are required to prepare consolidated statements and a Group management report comprising the group companies controlled by the Group. Apart from this, alstria office REIT-AG and all associated companies as stated in the notes are consolidated in the alstria Group.

According to the majority interest in alstria of Captiva Capital II S.à.r.l, Luxembourg, we issued a separate dependent company report with affiliated companies, in accordance with Sec. 312 of the German Stock Corporation Act (AktG). This report includes the following statement:

"We herewith declare that, to the best of our knowledge at the time which legal transactions have been entered in or measures were undertaken or omitted, the Company received adequate compensation and was not disadvantaged by any measures or transaction."

Disclosure requirements in accordance with sections 289 (4), 315 (4) HGB for the financial year 2007 and explanatory report of the management board

Composition of subscribed capital, voting rights and privileges
As per the closing date December 31, 2007, the company's share capital was EUR 56,000,000, divided into 56,000,000 notional no par-value shares. Each share represents one vote in the general meeting. There are no restrictions on voting rights. The company did not issue any shares granting privileges of controlling power.

Restrictions on disposal of shares or voting rights
There are no restrictions as to the disposal of shares or the use of voting rights.

Shareholders with an interest of at least 10 %
As per the closing date December 31, 2007, the company did not know of any shareholders whose direct interest exceeded 10 % of the share capital. Captiva Capital Partners II S.C.A. has an indirect shareholding of approximately 54 % in alstria.

Before alstria converted into a REIT, Captiva 2 Alstria Holding S.à.r.l., a wholly-owned subsidiary of Captiva Capital Partners II S.C.A., was holding a direct shareholding of approximately 54 % in the company. In September 2007, Captiva 2 Alstria Holding S.à.r.l. transferred interests of 9.78 % each to its 100 % subsidiaries Captiva Alstria S.à.r.l., Captiva Alstria 1 S.à.r.l., Captiva Alstria 2 S.à.r.l., Captiva Alstria 3 S.à.r.l. and Captiva Alstria 4 S.à.r.l. Therefore, Captiva 2 Alstria Holding S.à.r.l. holds a direct shareholding of 5.1 % and an indirect shareholding of another 48.9 % through its wholly-owned subsidiaries.

Holders of shares with privileges
No shares exist granting privileges of controlling power.

Nature of voting rights control if employees have a share in capital and do not directly exercise their right of control
This constellation does not exist within the company.

Authority of the management board regarding repurchasing and issuance of shares
1. authorised capital
The articles of association authorise the management board to increase the share capital with the approval of the supervisory board until March 14, 2012 by issuing new bearer shares against contributions in cash and/or kind once or repeatedly up to a total amount of EUR 27,500,000.00.

2. conditional capital
The company disposes of three conditional capital items (Sec. 192 et seqq. German Stock Corporation Act(AktG)), which are regulated in Sec. 5 (5-7) of the articles of association.

a) conditional capital I
The share capital is conditionally increased by up to EUR 17,500,000.00 by issuing up to 17,500,000 new no-par value bearer shares with an entitlement to a share of profits from the beginning of the financial year of their issuance. The conditional capital increase shall be carried out only to the extent that conversion or option rights are exercised by holders of conversion or option rights attached to bonds which alstria or its subsidiary companies have issued against cash payments in accordance with the resolution of the general meeting of March 15, 2007, or that conversion obligations under such bonds are fulfilled, and only insofar as no other methods of performance are used in serving these rights. The management board is authorised to determine further details of the conditional share capital increase.

b) conditional capital II
The company's share capital is conditionally increased by an amount of up to EUR 2,000,000.00 by the issuance of up to 2,000,000 no-par value bearer shares. The purpose of the conditional capital increase is to grant shares to the holders of subscription rights (stock options) which are issued in accordance with the authorisation of the annual general meeting held on March 15, 2007 by the company. The conditional capital increase is only carried out insofar as the holders of the stock options exercise their stock options and no own shares of the company are used for servicing.

The new shares will participate in the company's profits from the beginning of the business year in which they come into existence as a result of the exercise of the stock options.

c) conditional capital III
The share capital is conditionally increased by an amount of up to EUR 500,000.00 by the issuance of up to 500,000 non-par value bearer shares. The purpose of the conditional capital increase is to grant shares to the holders of certificates which are issued by the company in accordance with the authorisation of the annual general meeting held on March 15, 2007. The conditional capital increase is only carried out insofar as issued certificates are converted into shares of the company and no own shares are used for servicing the certificates.

The new shares will participate in the company's profits from the beginning of the business year in which they come into existence as a result of the conversion of certificates.

3. Purchase of own shares
The shareholders' meeting on March 15, 2007 authorised the management board to acquire own shares up to a total of ten percent of the share capital until September 14, 2008. The shares acquired and other own shares that are in the possession of or to be attributed to the company pursuant to sec. 71 a et seq. AktG must altogether, at no point in time, account for more than ten percent of the share capital.

Appointment and dismissal of management board and supervisory board members
The management board consists of one or more members, which are appointed and dismissed in accordance with sec. 84 AktG by the supervisory board.

Amendments to the articles of association are made pursuant to sec. 179 and 133 AktG. The supervisory board is also authorised, without a resolution by the shareholders meeting, to make changes in and amendments to the articles of association that merely affect the wording.

Change of control clauses in key agreements entered into by the company
No such clauses exist.

Compensation agreements with management board and supervisory board members in the case of a takeover bid
No such agreements exist.

These provisions comply with the statutory requirements and are common practice by comparable listed enterprises. They are not indented to hinder potential takeover bids.

2008 OUTLOOK

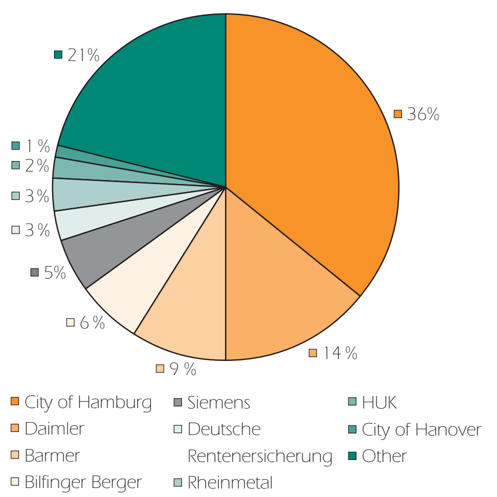
The acquisitions of the Bilfinger Berger and the HUK Coburg portfolio as well as the acquisition of the property in Berlin, Darwinstraße are expected - subject to certain conditions precedent being met - to close in the first months of 2008. These acquisitions will increase the alstria portfolio to a total of 91 properties and will raise the total lettable area to 945,000 square metres. The weighted average unexpired lease term of the portfolio will then be 10.4 years.

It was important for alstria to execute these acquisitions without compromising our strict focus. After the 2007 acquisitions, 94 % of our portfolio will still be dedicated to office space and our Top 5 tenants will still account for 70 % of our revenues.

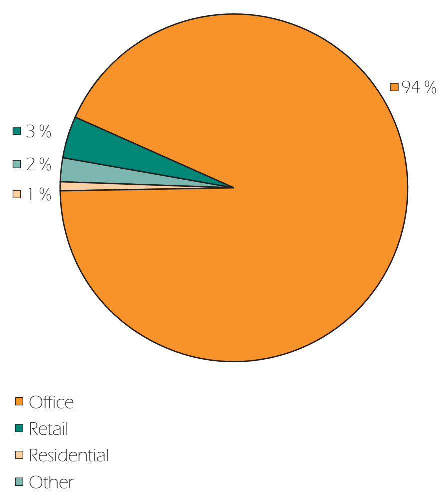
Including the 2007 acquisitions, we assume that our total portfolio will be valued at around EUR 1.9 billion. The annualised passing rent of the total portfolio will be around EUR 105 million p.a. Based on these parameters, the management of alstria expects total revenues for the year 2008 to be around EUR 95 million, resulting in an operating income (FFO) of EUR 40 million for the year. Again, the envisioned dividend payout in 2009 will be based on the 2008 FFO result.

Metric	Value
Number of properties [1]	91
MV (EUR b)	1.90
Passing rent (EUR m/annum) [2]	105
Valuation yield	5.5 %
Approximate lettable area (k sqm)	945
Vacancy (% of lettable area)	6.5 %
WAULT (years)	10.40

ALSTRIA'S NEW TENANT STRUCTURE IN 2008



PORTFOLIO BY USAGE IN 2008



[1] For full details of the portfolio see pages 126-133
[2] As of Dec. 31, 2007

REPORT FROM THE SUPERVISORY BOARD

Supervision of the Company's management
During the reporting year, the supervisory board supervised the company's management in accordance with statutory law and the articles of association and within the scope of its meetings and by means of further reports provided by the management board both verbally and in writing, informed itself regularly and in detail on the situation and the development of the company, important commercial operations and the risk management. The management board informed the supervisory board about events of fundamental importance also in between meetings; furthermore the chairman of the supervisory board and the chairman of the management board had information and consultation talks on a regular basis. In some of its meetings, the supervisory board discussed single topics with external legal and financial experts.

The market situation, development of the company and internal organisation were addressed on each regular supervisory board meeting during the reporting period. Moreover, the supervisory board debated important specific matters which are material for the further development of the company and decided on legal transactions and measures in which it is obliged to participate in accordance with statutory provisions, the articles of association, and the rules of procedure of the management board or the rules of procedure of the supervisory board. This applies in particular to the company's budget planning.

In 2007, the supervisory board had eight meetings in plenary session. Additionally, one decision was made by way of circular resolution. All supervisory board members attended nearly each and every meeting personally. No member of the supervisory board missed more than two supervisory board meetings.

Focal points of discussion
The focal points of the supervisory board meetings were, in addition to the initial public offering of the company's shares in April 2007 and the company's conversion into a German REIT-Stock Corporation in October 2007, important acquisitions such as the Bilfinger & Berger portfolio, the HUK Coburg portfolio or the mfi asset. The supervisory board appointed Alexander Dexne as Chief Financial Officer and dealt with the resignations of Dres. Robert Hannemann and Michael Börner-Kleindienst. The supervisory board further resolved on an employee profit participation programme and a stock option programme for the management board as well as rules of procedure for the management board, the supervisory board and the audit committee, which reflect the recommendations of the German Corporate Governance Code.

Furthermore, the supervisory board, inter alia, was concerned with the annual and consolidated financial statements as of December 31, 2007, the agenda for the 2008 AGM and the corporate and budget planning for the financial year 2008.

Members of the supervisory board
At the beginning of the reporting period the supervisory board only had three members, John van Oost as chairman, Daniel Quai and Stephan Fritsch. Stephan Fritsch resigned from his office, effective from the end of the extraordinary shareholders meeting on January 16, 2007. The extraordinary shareholders meeting resolved to enlarge the supervisory board by means of amendments to the articles of association from three to six members and elected Richard Mully as a new member of the supervisory board effective from the end of the extraordinary shareholders meeting. The shareholders meeting further appointed Alexander Stuhlmann, Dr. Christian Olearius and Dr. Johannes Conradi effective from February 15, 2007, when the enlargement of the supervisory board became effective upon registration with the commercial register. Effective from April 01, 2007 Alexander Stuhlmann was appointed as chairman of the supervisory board. From that day on John van Oost was vice-chairman of the supervisory board.

Committees of the supervisory board
The supervisory board constituted four committees during the reporting period. The chairmen of such committees informed the plenary meetings about the work of the committees.

The supervisory board constituted the audit committee effective February 15, 2007 and elected Dr. Johannes Conradi as chairman, Daniel Quai and Dr. Christian Olearius as members. The members of the audit committee handle issues of accounting, the auditor's necessary independence, the issuing of the audit mandate, the determination of auditing focal points and the fee agreement as well as issues of risk management and compliance. The audit committee had two meetings in the reporting period.

On March 15, 2007, the supervisory board created a special committee, to which it delegated the adoption of all resolutions relating to the initial public offering of the company's shares. The members of the special committee were John van Oost as chairman, Alexander Stuhlmann and Richard Mully. The special committee took three resolutions by way of telephone conference.

On June 14, 2007, the supervisory board established a special committee for discussion and resolution regarding the possible acquisition of an important portfolio. The members of the committee were Alexander Stuhlmann as chairman, Richard Mully and Dr. Christian Olearius. The special committee had one session on June 14, 2007.

On September 5, 2007, the supervisory board created an investment committee which deals with acquisitions and disposals of assets, provided that the consideration does not exceed EUR 100,000,000. Beyond that amount, the supervisory board will decide in plenary session. The members of the investment committee are John van Oost as chairman, Alexander Stuhlmann and Richard Mully. The investment committee approved two real estate acquisitions in 2007 and resolved by way two telephone conference and one circular resolution.

Audit of annual and consolidated financial statements
PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, branch Berlin, audited the annual financial statement and the management report of alstria office REIT-AG as well as the consolidated financial statement and the consolidated management report for the business year beginning January 1, 2007 and ending December 31, 2007 prepared by the management board and provided them with an unqualified audit opinion. The audit committee monitored the auditors' work and independency and determined the focal points for the audit.

The annual financial statement and the management report of alstria office REIT-AG, the consolidated financial statement and the consolidated management report, the recommendation for the profit appropriation as well as the auditors' reports produced by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, branch Berlin, were made available to all members of the supervisory board. The supervisory board has reviewed these documents prepared by the management board.

The documents were comprehensively dealt with in the meetings of the audit committee held on March 5, 2008 and the supervisory board held on March 25, 2008. The auditor attended the meeting of the audit committee and gave an account of the results of his audit. After the audit committee reported the results of his meeting, the supervisory board has affirmatively taken note of the results of the audit. No objections had to be raised.

The supervisory board has affirmatively taken note of the annual financial statement and the management report of alstria office REIT-AG, the consolidated financial statement, the consolidated management report and the recommendation for the profit appropriation prepared by the management board. In accordance with the result of its own review, the supervisory board has approved the annual financial statements and the consolidated financial statements. No objections had to be raised. Thus, the 2007 annual financial statements for alstria office REIT-AG have been adopted.

Moreover, the management board presented the report on relations to affiliated companies pursuant to sec. 312 German Stock Corporation Act (AktG) to the supervisory board. Likewise, the auditor's report prepared thereto by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, branch Berlin, was presented to the supervisory board. Both reports were also communicated to each member of the supervisory board. The audit opinion of the auditor reads as follows:

"In regards to our duty bound audit and assessment, we certify that,

1. the actual details of the report are correct,
2. in regards to the legal transactions which are listed in the report, the services of the company have not been inadequately high or disadvantages have been counterbalanced,
3. the provisions listed in the report do not provide any circumstances for a considerably different evaluation the one given by the management board."

The supervisory board also reviewed this report by the management board and has affirmatively taken note of the report prepared thereto by the auditor. In accordance with the final result of its own review, the supervisory board approves the statement of the management board regarding the report pursuant to sec. 312 (3) AktG.

Risk management and compliance
The audit committee monitored the further implementation of the risk management system, assured itself of the efficiency of the system and addressed the major risks according to such a system with the auditors and the management board. The audit committee discussed compliance issues with the management board on a regular basis.

Corporate governance
In 2007, the supervisory board also dealt with the company's fulfilment of the recommendations of the German Corporate Governance Code. In March 2008 the management board and the supervisory board issued the annual statement of compliance in accordance with sec. 161 AktG. The management board and the supervisory board have declared that the company followed and will follow the recommendations of the German Corporate Governance Code and which of the recommendations have not been followed and will not be followed. Each member of the supervisory board discloses any possible conflict of interest to the supervisory board and abstains from voting on the respective resolutions. When the company participated in the bidding process for an important portfolio and Dr. Conradi was the legal advisor for the seller he asked not to receive any information or documentation regarding this project and announced not to able to participate in the respective consultations. Therefore, the supervisory board established a special committee for discussion and resolution regarding this bidding process. When the supervisory board makes decisions regarding contracts with supervisory board members pursuant to sec. 114 AktG, the member concerned does not participate in the decision.

The supervisory board would like to thank all the employee and the management board for their dedication and successful work in 2007.

Hamburg, March 25, 2008

Alexander Stuhlmann

Alexander Stuhlmann
Chairman of the supervisory board

REPORT FROM THE MANAGEMENT BOARD

The preparation of these consolidated financial statements and the information contained in the management's discussion & analysis (MD&A) is the responsibility of the management board of alstria office REIT-AG. The consolidated accounts are drawn up on the basis of the International Financial Reporting Standards (IFRS), as applicable throughout the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) German Commercial Code (HGB). The management board of the company believes that these consolidated financial statements reflect all of the adjustments that are necessary for the portrayal of the assets, financial and income position at the end of the period ending in December 2007. These consolidated financial statements contain certain estimates and assumptions by the management board that influence the figures specified in the financial statements. The group MD&A was supplemented with information that is required by the HGB.

With the help of an effective internal risk management system, the deployment of reliable software and a standardised operating system, we ensure that all activities within the company are performed in compliance with existing authorisations and that all business transactions are documented and processed with maximum care and attention. This integrated system is supplemented by the appropriate selection and training of qualified employees. The result of all this is a secure basis that guarantees that the course of business is represented in a way that corresponds to the actual situation.

In accordance with the decision made in the shareholders' meeting, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin, an independent auditing company, has audited the consolidated financial statements and the group MD&A. The supervisory board reviewed the consolidated financial statements, the group MD&A and the audit report thoroughly. The audit committee of the supervisory board discussed these documents in the presence of the auditor. The results of this review can be found in the supervisory board report (see p.37) of this annual report).

Hamburg, March 18, 2008

Olivier Elamine
Chief Executive Officer

Alexander Dexne
Chief Financial Officer

FINANCIAL STATEMENT TABLES

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2007

(in EUR k)	Notes	2007	Jan. 20 - Dec. 31, 2006
Revenues	12.1	82,552	30,063
Income less expenses from passed on operating expenses	12.2	314	-17
Real estate operating costs	12.3	-6,674	-1,688
Net Rental Income		**76,192**	**28,358**
Net gain from fair value adjustments on investment property	12.8	11,170	22,871
Administrative expenses	12.4	-9,251	-5,523
Personnel expenses	12.5	-3,532	0
Other operating income	12.6	588	6,117
Other operating expenses	12.7	-5	-167
Net Operating Result		**75,162**	**51,656**
Financial Income		6,184	128
Financial Expenses	12.8	-38,683	-23,006
Net gain/loss from fair value adjustments on financial derivatives	12.8	8,086	-730
Other financial expenses	12.8	-2,616	-9,425
Financial result		**-27,029**	**-33,033**
Pre-Tax Income (EBT)		**48,133**	**18,623**
Income tax income/expense	12.9	4,678	-4,090
Consolidated Profit for the Year		**52,811**	**14,533**
Attributable to: Shareholder		**52,811**	**14,533**
Earnings per share in EUR			
basic, for profit for the year attributable to ordinary equity holders of the parent	15	1.15	13.95
diluted, for profit for the year attributable to ordinary equity holders of the parent	15	1.15	13.95

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2007

ASSETS (in EUR k)	**Notes**	**2007**	**2006**
Non-Current Assets			
Investment property	10.1	1,693,718	1,289,536
Property, plant and equipment	10.2	1,494	0
Intangible assets	10.3	359	0
Deferred tax assets	11.5	0	12,513
Total Non-Current Assets		**1,695,571**	**1,302,049**
Current Assets			
Trade receivables	10.4	2,646	99
Accounts receivable from affiliates		77	0
Derivatives	10.4	27,202	14,563
Tax receivables	10.4	1.949	0
Other receivables	10.4	5,039	3,661
Cash and cash equivalents	10.5	103,036	24,304
Total Current Assets		**139,949**	**42,627**
Total Assets		**1,835,520**	**1,344,676**

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2007

Equity and Liabillities (in EUR k)	**Notes**	**2007**	**2006**
Equity	11.1		
Share capital		56,000	8,000
Capital surplus		754,647	375,066
Treasury shares		-7,115	0
Retained earnings		67,344	14,533
Total Equity		**870,876**	**397,599**
Non-Current Liabilities			
Long-term loans, net of			
current portion	11.2	927,400	813,466
Deferred tax liabilities	11.5	0	19,869
Other liabilities	11.3	56	56
Total Non-Current Liabilities		**927,456**	**833,391**
Current Liabilities			
Short-term loans	11.2	8,936	1,712
Trade payables	11.3	3,068	5,363
Payables to affiliates		15	82,471
Profit participation rights	18	5	0
Liabilities of current tax	11.3	5,332	0
Other current liabilities	11.3	19,832	24,140
Total Current Liabilities		**37,188**	**113,686**
Total Liabilities		**964,644**	**947,077**
Total Equity and Liabilities		**1,835,520**	**1,344,676**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2007

(in EUR k)	Notes	Share capital	Capital surplus
As of January 1, 2007		**8,000**	**375,066**
Changes in fiscal year 2007			
Consolidated profit for the year		0	0
Changes in the consolidated group	5	0	-5,531
Valuation shareholder loan		0	447
Deferred taxes		0	200
Share-based payments		0	813
Contributions to share capital		48,000	0
Contributions to capital surplus (IPO)		0	240,000
Transaction costs of issue of shares		0	-11,038
Acquisition of treasury shares		0	0
Other Contributions to capital surplus		0	154,690
As of December 31, 2007	**11.1**	**56,000**	**754,647**

(in EUR k)	Treasury shares	Retained earnings	Total Equity
As of January 1, 2007	**0**	**14,533**	**397,599**
Changes in fiscal year 2007			
Consolidated profit for the year	0	52,811	52,811
Changes in the consolidated group	0	0	-5,531
Valuation shareholder loan	0	0	447
Deferred taxes	0	0	200
Share-based payments	0	0	813
Contributions to share capital	0	0	48,000
Contributions to capital surplus (IPO)	0	0	240,000
Transaction costs of issue of shares	0	0	-11,038
Acquisition of treasury shares	-7,115	0	-7,115
Other Contributions to capital surplus	0	0	154,690
As of December 31, 2007	**-7,115**	**67,344**	**870,876**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM JANUARY 20 TO DECEMBER 31, 2006

(in EUR k)	Notes	Share capital	Capital surplus
As of January 20, 2006		**25**	**0**
Changes in fiscal year 2006			
Consolidated profit for the year		0	0
Changes in the consolidated group		0	8,763
Valuation shareholder loan		0	1,576
Deferred taxes		0	0
Share-based payment		0	0
Contributions to share capital		7,975	0
Contributions to capital surplus		0	364,727
Transaction costs of issue of shares		0	0
Acquisition of treasury shares		0	0
Other contributions to capital surplus		0	0
As of December 31, 2006		**8,000**	**375,066**

(in EUR k)	Treasury shares	Retained earnings	Total Equity
As of January 20, 2006	**0**	**0**	**25**
Changes in fiscal year 2006			
Consolidated profit for the year	0	14,533	14,533
Changes in the consolidated group	0	0	8,763
Valuation shareholder loan	0	0	1,576
Deferred taxes	0	0	0
Share-based payment	0	0	0
Contributions to share capital	0	0	7,975
Contributions to capital surplus	0	0	364,727
Transaction costs of issue of shares	0	0	0
Acquisition of treasury shares	0	0	0
Other contributions to capital surplus	0	0	0
As of December 31, 2006	**0**	**14,533**	**397,599**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2007

(in EUR k)	2007	Jan. 20- Dec. 31, 06
Cash flows from operating activities		
Consolidated profit for the year	52,811	14,533
Non-cash:		
Unrealized net gain from fair value adjustments	-19,256	-22,141
Interest income	-6,184	-128
Interest expense	38,683	23,006
Result from income taxes	-4,678	4,090
Other non-cash income (-)/expenses (+) and IPO-costs	2,663	0
Gain (-) on disposal of fixed assets	-175	0
Depreciation and impairment of fixed assets	348	0
Increase (-) in trade receivables and other assets that are not attributed to investing or financing activities	-3,607	-1,000
Decrease (-)/increase (+) in trade payables and other liabilities that are not attributed to investing or financing activities	-22,792	-1,717
Affecting payment:		
Interest received	6.184	128
Interest paid	-29,374	-18,876
Income tax paid	-1,949	-3
Cash flows from operating activities	**12,674**	**-2,108**
Cash flow from investing activities		
Purchase of investment properties	-291,640	-1,054,222
Proceeds from investment properties	3,700	0
Purchase of fixed assets	-2,114	0
Acquisition of a subsidiary	-16,444	-17,415
Cash flows used in investing activities	**-306,498**	**-1,071,637**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2007

(in EUR k)	2007	Jan.20- Dec. 31, 06
Cash flow from financing activities		
Cash received (+) from equity contributions	305,008	374,365
Cash paid (-) for the acquisition of treasury shares	-7,115	0
Cash received (+) from the issue of bonds and borrowings	332,124	1,366,005
Cash paid (-) for the acquisition of derivative financial instruments	-1,804	-11,631
Cash paid (-) for the redemption of bonds and borrowings	-243,262	-625,180
Cash paid (-) for transaction costs	-355	-5,510
Cash paid (-) for IPO costs	-12,040	0
Cash flows used in financing activities	**372,556**	**1,098,049**
Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents (subtotal of 1 to 3)	78,732	24,304
Effect of changes in consolidated group on cash and cash equivalents	0	0
Cash and cash equivalents at the beginning of the period	24,304	0
Cash and cash equivalents at the end of the period	**103,036**	**24,304**
Composition of cash and cash equivalents		
Cash	103,036	24,304
Securities	0	0
Cash and cash equivalents at the end of the period	**103,036**	**24,304**

NOTES

Contents

1. Corporate Information

The consolidated financial statements of alstria office REIT-AG, formerly Alstria Office AG (hereinafter also referred to as the "Company" or "alstria office REIT-AG") as of December 31, 2007 were authorized for issue by resolution of the management board on March 18, 2008.

alstria office REIT-AG was transformed into a German Real Estate Investment Trust (G-REIT) in fiscal year 2007. The Company was registered as a REIT corporation (hereinafter also referred to as "REIT-AG") in the commercial register on October 11, 2007; the company name was changed to alstria office REIT-AG.

REIT-AGs are fully exempt from German corporate income tax and trade tax. Hence, alstria office REIT-AG has been exempt from tax with retrospective effect since January 1, 2007.

The Company is a real estate property company in the meaning of the G-REIT Act. Pursuant to Section 2 of its Articles of Association, the Company's objective is the acquisition, the management, the operation and the sale of owned real estate property as well as the holding of participations in enterprises, which acquire, manage, operate and sell owned property. All the aforementioned objectives are subject to the conditions of the G-REIT Act legislation.

The Company is a stock corporation which was founded in Germany and has its registered office in Hamburg. The Company is registered in the commercial register at the local court of Hamburg under HRB No. 99204. The Company's address is Fuhlentwiete 12, D-20355 Hamburg, Germany.

The fiscal year ends on December 31 of each calendar year.

With effect as of October 1, 2007 the respective general partners withdrew from the following German GmbH & Co. KGs:

Alstria Erste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Neunte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Zehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Elfte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Zwölfte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Dreizehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Vierzehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Fünfzehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Sechzehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Siebzehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Achtzehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Neunzehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Zwanzigste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Einundzwanzigste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg and
Juna Property GmbH & Co. KG, Hamburg.

Therefore these GmbH & Co. KGs ceased to exist and the assets and liabilities were automatically transferred to alstria office REIT-AG, in accordance with Sec. 738 BGB (Anwachsung).

Furthermore, the following general and limited partner companies

Verwaltung Alstria Zweite Hamburgische Grundbesitz GmbH, Hamburg
Verwaltung Alstria Neunte Hamburgische Grundbesitz GmbH, Hamburg
Verwaltung Alstria Zehnte Hamburgische Grundbesitz GmbH, Hamburg
Verwaltung Alstria Elfte Hamburgische Grundbesitz GmbH, Hamburg
Verwaltung Alstria Zwölfte Hamburgische Grundbesitz GmbH, Hamburg
Verwaltung Alstria Dreizehnte Hamburgische Grundbesitz GmbH, Hamburg
Verwaltung Alstria Erste Hamburgische Mobilien GmbH, Hamburg
JUNA Beteiligungs GmbH, Hamburg, and
JUNA Verwaltungsgesellschaft mbH, Hamburg

were merged with alstria office REIT-AG as of October 1, 2007 on the basis of the transfer agreements dated August 21, 2007. The transaction was entered into the commercial register on October 1, 2007 and became commercially effective on January 1, 2007.

After the merger the following investments in subsidiaries still exist:

	Capital interest %	Share capital Dec. 31, 07 EUR k	Net loss/ profit in 07 EUR k
Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH, Hamburg	100.00	25	-7
Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg	51.00	20	-6
Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg	100.00	6,501	-4,935
Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg	100.00	5,043	-3,689
		11,589	

2. Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis except for investment property (land and buildings) and financial instruments that have been measured at fair value.

The consolidated financial statements are presented in Euros. All values are rounded to the nearest thousand (EUR k) except when otherwise indicated.

These consolidated financial statements are financial statements for the period from January 1, 2007 to December 31, 2007. As the Company was founded on January 20, 2006, the figures for 2007 can only be compared with those of the prior-year to a limited extent. For the sake of clarity, items are summarized in the consolidated balance sheet and income statement and commented on in the notes to the financial statements
.

Assets and liabilities are classified as non-current - for items due in more than one year - or current.

The consolidated financial statements of alstria office REIT-AG and its subsidiaries (the "Group") have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) including the interpretations of the standards (IFRIC). All IFRS and IFRIC were observed as adopted and prescribed by the EU.

alstria office REIT-AG did not prematurely adopt the following standards that were revised and published by the IASB in 2006 and 2007 and 2008 respectively, but only became mandatory for fiscal years beginning on or after January 1, 2009:

- IFRS 8 "Operating Segments" replaces IAS 14 "Segment Reporting". However, this standard issued in November 2006 has not been taken into consideration. The application is not expected to result in any significant impact on the financial position or performance of the Group.

- IAS 23 "Borrowing Costs" was issued in March 2007 as revised version, but it has not yet been adopted by EU. The standard requires the capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Group will adopt this as a prospective change. The application is not expected to result in any significant impact on the financial position or performance of the Group.

- IAS 1- "Presentation of Financial Statements" was issued in September 2007 as revised version, but it has not yet been adopted by EU. The standard requires a couple of changes in equity, income statement and other presentation subjects. The application is not expected to result in any significant impact on the financial position or performance of the Group.

- IFRS 2 "Share-based Payment" was issued in January 2008 as revised version, but it has not yet been adopted by the EU. The revision clarifies that the definition of vesting conditions only concerns the requirement to provide services and performance conditions. On the other hand, it also extends the regulations on the accounting treatment of premature cancellation of share-based payment plans to include cancellation by employees. The transitional provisions provide for retrospective application of the new regulation. As the opinion expressed by the IASB corresponds to the accounting method used by the group up to now, application of this new regulation does not have any effect on the financial position or performance of the Group.

- IAS 32 "Financial Instruments: Presentation" and IAS 1 "Presentation of Financial Statements" were issued in February 2008 as revised versions but were not yet been adopted by the EU. The revision mainly concerns the classification of puttable shareholder contributions as equity or financial liabilities. The previous regulation forced entities in some cases to report the entity's capital as financial liabilities as a consequence of statutory termination rights on the part of the shareholder. In future, such shareholder contributions are to be classified as equity insofar as settlement at fair value is agreed and the contributions made constitute the most subordinated claim to the net assets of the entity. The transitional provisions provide for retrospective application of the new regulation. The new regulation is not expected to significantly impact the disclosure or measurement of the shareholder contributions in the consolidated financial statements.

alstria office REIT-AG did also not prematurely adopt the following standards that were revised and published by the IASB in 2008, but only became mandatory for fiscal years beginning on or after July 1, 2009:

- IFRS 3 "Business Combinations" was issued in January 2008 as revised version but it has not yet been adopted by the EU. The standard was subject to comprehensive revision as part of the IASB and FASB convergence project. The significant revisions relate in particular to the introduction of an option for the measurement of minority interests between the purchased goodwill method and the full goodwill method, in which the entire goodwill of the acquired entity must be recognized, including that part attributable to minority interests. Other important aspects include the revaluation to profit or loss of existing capital interests when control is initially obtained (business combination achieved in stages), mandatory accounting for contingent consideration at the date of acquisition and the recognition of transaction costs in profit or loss. The transitional provisions provide for prospective application of the new regulation. As the Group is planning to continue using the purchased goodwill method for future business combinations, the new regulation will not have any effect. The revaluation for business combination achieved in stages and the mandatory recognition of contingent considerations at the time of acquisition will mean that the goodwill recognized will tend to be higher.

- IAS 27 "Group and Separate Financial Statements" was issued in January 2008 as revised version but it has not yet been adopted by the EU. The revisions are a product of the joint project by IASB and FASB to revise accounting regulations relating to business combinations. The revisions primarily relate to accounting for shares not involving control (minority interests) that will in future participate in full in the group's losses and for transactions that lead to loss of control of a subsidiary and the effects of which are to be recognized in profit or loss. In contrast, the effects of disposal of shares that do not lead to loss of control should be recorded directly in equity. The transitional provisions that generally require retrospective application of revisions made, provide for prospective application in the cases listed above. Application of this new regulation is not expected to result in any significant impact on the financial position or performance of the Group.

In addition, alstria office REIT-AG did not prematurely adopt the following IFRIC interpretations that were revised and published by IFRIC in 2006 and 2007, respectively, but only became mandatory for fiscal years beginning on or after January 1, 2008:

- IFRIC Interpretation 12 "Service Concession Arrangements" was issued in November 2006, but it has not been yet adopted by EU. This Interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the Group is an operator and hence this Interpretation will have no impact on the Group.

- IFRIC Interpretation 13 "Costumer Loyality Programmes" was issued in June 2007, but it has not been yet adopted by EU. This Interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits and deferred over the period that the award credits are fulfilled. The Group expects that this interpretation will have no impact on the Group's financial statements as no such schemes currently exist.

- IFRIC Interpretation 14 IAS 19 – "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" was issued in July 2007, but it has not been yet adopted by EU. This Interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. The Group expects that this Interpretation will have no impact on the financial position or performance of the Group.

alstria office REIT-AG did prematurely adopt IFRIC Interpretation 11 IFRS 2 – "Group and Treasury Share Transactions" as of January 2007, in so far as it applies to consolidated financial statements. This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed.

alstria office REIT-AG will apply the abovementioned standards and interpretations from the date on which its application becomes binding.

Furthermore, additional standards and interpretations have been adopted, the application of which has no material effects for alstria office REIT-AG.

3. Changes in Accounting Policy and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including in some cases, revisions to accounting policies.

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Amendment - Presentation of Financial Statements - Capital Disclosures
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 8 Scope of IFRS 2
- IFRIC 10 Interim Financial Reporting and Impairment

The principal effects of these changes are as follows:

IFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURES

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

IAS 1 PRESENTATION OF FINANCIAL STATEMENTS - CAPITAL DISCLOSURES

This amendment requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in Note 19.

IFRIC 8 SCOPE OF IFRS 2

This interpretation requires IFRS 2 to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. As equity instruments are only issued to the management board and employees in accordance with the stock option program and the convertible profit participation rights program, respectively, the interpretation had no impact on the financial position or performance of the Group.

IFRIC 9 REASSESSMENT OF EMBEDDED DERIVATIVES

IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation had no impact on the financial position or performance of the Group.

IFRIC 10 INTERIM FINANCIAL REPORTING AND IMPAIRMENT

The Group adopted IFRIC Interpretation 10 as of January 1, 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. As the Group had no impairment losses previously reversed, the interpretation had no impact on the financial position or performance of the Group.

4. Basis of Consolidation

The consolidated financial statements comprise the financial statements of alstria office REIT-AG and its subsidiaries as of December 31, 2007. The financial statements of the subsidiaries are prepared for the same reporting year as for the parent company, using consistent accounting policies.

Subsidiaries are entities where group controls their business policies. Among other criteria it is possible to exercise control with more than 50 % of voting rights.

Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which the group obtains control. Inclusion in the consolidated financial statements ends as soon as the parent ceases to have control.

All intragroup balances, transactions, income and expenses and profits and losses resulting from intragroup transactions that are recognized in the carrying amounts of assets are eliminated in full.

In accordance with IFRS 3, all business combinations are stated using the purchase method. The recognized assets and the acquired liabilities are measured in full at their fair value regardless of the ownership interest. The carrying values on the date on which control over the subsidiary was obtained are relevant. Any remaining debit difference is recognized as goodwill. After reassessment, any remaining credit difference is recognized immediately as profit ("lucky buy"). In the periods following the business combination, the disclosed hidden reserves and charges are carried forward, amortized or released depending on the treatment of the corresponding assets.

The Company generally applies IFRS 3 to account for transactions under common control. However, for transactions under common control, any credit and debit differences resulting from capital consolidation are recognized as an increase or decrease in capital surplus.

5. Consolidated Group

The following subsidiaries are included in the consolidated financial statements:

Group entity	Share in voting rights	Date of formation/ acquisition	Acquisition Costs EUR k
Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH, Hamburg	100 %	4/1/2007	15
Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg	51 %	4/1/2007	0
Alstria IV. Hamburgische Grundbesitz	94 %	3/31/2007	2,095
GmbH & Co. KG, Hamburg	6 %	6/30/2007	154
Alstria VII. Hamburgische Grundbesitz	94 %	3/31/2007	12,942
GmbH & Co. KG, Hamburg	6 %	6/30/2007	860

The following business combinations and formations took place between January 1, 2007 and December 31, 2007:

- During the reporting period, alstria office REIT-AG acquired a 94 % interest in Verwaltung Alstria Vierte Hamburgische Grundbesitz GmbH, Hamburg, and Verwaltung Alstria Siebte Hamburgische Grundbesitz GmbH, Hamburg.

- In addition, Verwaltung Alstria Vierte Hamburgische Grundbesitz GmbH and Verwaltung Alstria Siebte Hamburgische Grundbesitz GmbH, respectively, acquired an interest of 1 % in Alstria Vierte Hamburgische Grundbesitz S.à.r.l. & Co. KG, Hamburg, and Alstria Siebte Hamburgische Grundbesitz S.à.r.l. & Co. KG, Hamburg, respectively, from its general partner, and therefore expanded their interests in these companies to 100 %. Thereafter, the general partner withdrew from the partnerships, and, as a consequence, the partnerships ceased to exist and the assets and liabilities were automatically transferred to Verwaltung Alstria Vierte Hamburgische Grundbesitz GmbH and Verwaltung Alstria Siebte Hamburgische Grundbesitz GmbH, respectively, in accordance with Sec. 738 BGB (Anwachsung) with effect as of March 31, 2007.

- On June 28, 2007, the conversion of Verwaltung Alstria Vierte Hamburgische Grundbesitz GmbH and Verwaltung Alstria Siebte Hamburgische Grundbesitz GmbH into Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG and Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG, respectively, became effective. Thereafter, alstria office REIT-AG acquired the remaining interest of 6 % in Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG and Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG with effect from June 30, 2007.

- With effect as of April 1, 2007 Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH transferred a limited partner's interest of Alstria Sechste Hamburgische Grundbesitz S.à.r.l. & Co. KG amounting to EUR 9,600 to Alstria Hanseatische Grundbesitz Holding S.à.r.l. and another limited partner's interest of EUR 10,200 to alstria office REIT-AG. Furthermore, the general partner Alstria Hanseatische Grundbesitz S.à.r.l. transferred its capital contribution of EUR 200 to Alstria Hanseatische Grundbesitz Holding S.à.r.l. As a result Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH ceased to be limited partner and alstria office REIT-AG became limited partner with 51 % of the interest in Alstria Sechste Hamburgische Grundbesitz S.à.r.l. & Co. KG. Regarding the transfers of these interests no purchase prices were paid since the capital contribution is still outstanding and the net asset value of the KG amounts to EUR 0.

- In addition, alstria office REIT-AG acquired a 100 % interest in Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH from Alstria Hanseatische Grundbesitz Holding S.à.r.l. effective from April 1, 2007.

- By shareholder's resolution of Alstria Sechste Hamburgische Grundbesitz S.à.r.l. & Co. KG dated April 1, 2007, Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH joined Alstria Sechste Hamburgische Grundbesitz S.à.r.l. & Co. KG as general partner without capital contribution and without participation in losses and profits of the KG. At the same time Alstria Sechste Hamburgische Grundbesitz S.à.r.l. & Co. KG was renamed to Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG.

- alstria office REIT-AG acquired 100 % of JUNA Beteiligungs GmbH from Captiva 2 JUNA Holding S.à.r.l. The transaction was notarized on July 30, 2007. JUNA Beteiligungs GmbH holds a 5.1 % share in JUNA Property GmbH & Co. KG, the company holding the West (Barmer Ersatzkasse) Portfolio. With the pay off of the minority shareholders alstria office REIT-AG then, directly and indirectly, owned 100 % of JUNA Property GmbH & Co. KG. Both companies merged with alstria office REIT-AG with effect from October 1, 2007.

Regardless of their legal structure, the transactions are disclosed in accordance with their economic substance in the consolidated financial statements as of December 31, 2007.

The acquisition of a 94 % interest in Verwaltung Alstria IV. and VII. Hamburgische Grundbesitz GmbH & Co. KG (formerly Verwaltung Alstria Vierte and Siebte Hamburgische Grundbesitz GmbH) as of March 31, 2007 as well as the acquisition of 6 % of the shares in Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG and Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG as of June 30, 2007 were stated as a business combination as well as the acquisition of minority shares involving entities under common control since the seller of the shares, Alstria Hanseatische Grundbesitz Holding S.à.r.l., was also a subsidiary of Captiva Capital Partners II SCA, Luxembourg.

Also, the acquisition of a 51 % interest in Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG was stated as a transaction under common control as of April 1, 2007 since the seller of the shares, Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH, was a subsidiary of Captiva Capital Partners II SCA, Luxembourg, as well.

The same type of business combination applies for the acquisition of a 100 % interest in JUNA Beteiligungs GmbH. The seller of the shares, Captiva 2 JUNA Holding S.à.r.l., Luxembourg, was also a subsidiary of the Captiva Capital Partners II SCA, Luxembourg, and the transaction is therefore stated as a business combination involving entities under common control as of July 30, 2007. In the course of this business combination a minority interest in Juna Property GmbH & Co. KG was acquired.

IFRS 3 does not apply to business combinations under joint control. As a consequence of the gap in legislation after the introduction of IFRS 3, the transactions were stated using the purchase method (in line with IFRS 3). The difference amount resulting from the acquisition costs of the minority interest and the minority interest stated in the consolidated balance sheet was recorded in the capital surplus.

A contribution or withdrawal in kind in the amount of the differences between the purchase prices of the interests and the pro-rated fair values of the net assets acquired as of March 31, 2007, April 1, 2007, June 30, 2007 and July 30, 2007, respectively, are assumed. Accordingly, the respective remaining debit or credit difference from capital consolidation resulted in a decrease or increase in the captal surplus of the consolidated financial statements of alstria office REIT-AG without effect on income.

The main business objective of Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG (formerly Verwaltung Alstria Vierte Hamburgische Grundbesitz GmbH) is the leasing of office property throughout Germany.

The key figures of the acquisition of 94 % of the shares as of March 31, 2007 are as follows:

(in EUR k)		
Cost of the investment		2,095
Carrying amount of the acquired assets (excluding cash and cash equivalents)	52,079	
Purchased cash and cash equivalents	597	
Liabilities acquired	-49,528	
Carrying amount of the acquired net assets	3,148	
Thereof 94%	-2,959	-2,959
Remaining credit difference		**-864**

The remaining credit difference has been contributed in full to the capital surplus of alstria office REIT-AG.

Altogether, fair values of the following assets and liabilities accrued to the Group in the course of first-time consolidation of the Company:

(in EUR k)	
Assets	
Investment property	50,000
Receivables	679
Other assets	650
Cash and cash equivalents	597
Prepaid expenses	18
Deferred tax assets	732
Total assets	**52,676**
Equity and Liabillties	
Equity and reserves	3,148
Deferred tax liabilities	263
Other provisions	149
Current liabilities	49,116
Total equity and liabilities	**52,676**

No adjustments had to be made to account for differences between the carrying amounts determined by the Company in its separate financial statements in accordance with IFRS and the fair values of the acquired assets and liabilities.

The cost of the investment in terms of actual acquisition costs and incidental acquisition costs break down as follows:

(in EUR k)	
Acquisition costs pursuant to the purchase agreement dated March 15, 2007	2,006
Legal advice	76
Non-deductible input VAT on legal advice	13
	2,095

Additional incidental costs concerning legal advice which amount to EUR 25k arose in the 4th quarter and were capitalized.

The additional consolidated net profit for a theoretical acquisition as of January 1, 2007 was calculated as follows (pro forma figures only):

(in EUR k)	
Revenues	520
Other operating income	5
Cost of materials	-70
Other operating expenses	-43
Deferred income tax	554
Other interest and similar income	1
Interest and similar expenses	-685
Extraordinary expenses	-3,613
Other taxes	-21
Additional consolidated loss for the period for a theoretical acquisition as of January 1, 2007	**-3,352**

The acquisition costs of the remaining minority interest of 6% of Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG are amounting to EUR 154k. In consideration of 6% of the equity taken over amounting to EUR 189k a remaining credit difference of EUR 35k results, which has been contributed in full to the capital surplus of alstria office REIT-AG.

The cost of the investment in terms of actual acquisition costs and incidental acquisition costs break down as follows:

(in EUR k)	
Acquisition costs pursuant to the purchase agreement dated June 29, 2007	128
Legal advice	26
	154

The main business objective of Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG (formerly Verwaltung Alstria Siebte Hamburgische Grundbesitz GmbH) is the leasing of office property throughout Germany.

The key figures of the acquisition of 94% of the shares as of March 31, 2007 are as follows:

(in EUR k)		
Cost of the investment		12,942
Carrying amount of the acquired assets (excluding cash and cash equivalents)	45,491	
Purchased cash and cash equivalents	575	
Liabilities acquired	-33,728	
Carrying amount of the acquired net assets	12,338	
thereof 94%	-11,598	-11,598
Remaining debit difference		**1,344**

The remaining debit difference has been attributed in full to the capital surplus of alstria office REIT-AG.

Altogether, fair values of the following assets and liabilities accrued to the Group in the course of first-time consolidation of the Company:

(in EUR k)	
Assets	
Investment property	45,000
Receivables	32
Other assets	422
Cash and cash equivalents	575
Prepaid expenses	11
Deferred tax assets	26
Total assets	**46,066**
Equity and Liabillties	
Equity and reserves	12,338
Other provisions	104
Current liabilities	30,496
Deferred tax liabilities	3,128
Total equity and liabilities	**46,066**

No adjustments had to be made to account for differences between the carrying amounts determined by the Company in its separate financial statements in accordance with IFRS and the fair values of the acquired assets and liabilities.

The cost of the investment in terms of actual acquisition costs and incidental acquisition costs break down as follows:

(in EUR k)	
Acquisition costs pursuant to the purchase agreement dated March 15, 2007	12,853
Legal advice	76
Non-deductible input VAT on legal advice	13
	12,942

Additional incidental costs concerning legal advice which amount to EUR 25k arose in the 4th quarter and were capitalized.

The additional consolidated net profit for a theoretical acquisition as of January 1, 2007 was calculated as follows (pro forma figures only):

(in EUR k)	
Revenues	313
Other operating income	9
Cost of materials	-3
Other operating expenses	-97
Deferred income tax	-3,219
Other interest and similar income	1
Interest and similar expenses	-436
Extraordinary Income	10,750
Extraordinary expenses	-10
Other taxes	-13
Additional consolidated profit for the period for a theoretical acquisition as of January 1, 2007	**7,295**

The acquisition costs of the remaining minority interest of 6 % of Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG are amounting to EUR 860k. In consideration of 6 % of the equity taken over amounting to EUR 740k a remaining debit difference of EUR 120k as of June 30, 2007 results, which has been attributed in full to the capital surplus of alstria office REIT-AG.

The cost of the investment in terms of actual acquisition costs and incidental acquisition costs break down as follows:

(in EUR k)	
Acquisition costs pursuant to the purchase agreement dated June 29, 2007	835
Legal advice	25
	860

The business objective of Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG is the leasing of mainly office property throughout Germany.

Regarding the transfer of the interest no purchase price was concluded and no incidental acquisition costs had to be considered. As the Company did not have material equity, no difference from capital consolidation had to be recognized in the capital surplus of alstria office REIT-AG.

The consolidated financial statements include the expenses and income of Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG for the period since the acquisition as of April 1, 2007. Minority interests represent the portion of profit or loss and net assets in Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG not held by the Group. In accordance with IAS 32, minority interests in partnerships are disclosed under liabilities.
The additional consolidated net loss for the period for a theoretical acquisition as of January 1, 2007 was amounting to EUR 312.

The main business objective of JUNA Beteiligungs GmbH is the holding of 5,1% interests in JUNA Property GmbH & Co. KG.

The key figures of the acquisition of the interests are as follows:

(in EUR k)		
Cost of the investment		6,764
Omission of the liability against the minority shareholder	1,791	
Carrying amount of the acquired assets (excluding cash and cash equivalents)	1	
Purchased cash and cash equivalents	254	
Liabilities acquired	-249	
Carrying amount of the acquired net assets	1,797	
thereof 100%	-1,797	-1,797
Remaining debit difference		**4,967**

The remaining debit difference has been attributed in full to the capital surplus of alstria office REIT-AG.

Altogether, the following assets and liabilities accrued to the Group in the course of first-time consolidation of the Company:

(in EUR k)	
Assets	
Cash and cash equivalents	254
Prepaid expenses	1
Total assets	**255**
Equity and Liabillties	
Equity and reserves	6
Tax accruals	223
Other provisions	12
Current liabilities	14
Total equity and liabilities	**255**

No adjustments had to be made to account for differences between the carrying amounts determined by the Company in its separate financial statements in accordance with IFRS and the fair values of the acquired assets and liabilities.

The acquisition costs of the sole interest of JUNA Beteiligungs GmbH are amounting to EUR 6,764k. Apart from the purchase price of 1,848k this amount contains real estate transfer tax of EUR 4,910k that resulted from the aggregation of 100 % of the shares in JUNA Property GmbH & Co. KG in the hand of alstria office REIT-AG. Furthermore, additional costs for legal advice amount to EUR 6k. The cost of investment in terms of actual acquisition costs and incidental acquisition costs breaks down as follows:

(in EUR k)	
Acquisition costs pursuant to the purchase agreement dated July 30, 2007	1,848
Property Transfer Tax	4,910
Legal advice	6
Non-deductible input VAT on legal advice	0
	6,764

6. Key Judgments and Estimates
The preparation of the consolidated financial statements in accordance with IFRSs requires assumptions and estimates to be made for various items which have an effect on the amount and disclosure of the assets and liabilities as well as income and expenses. Actual amounts may differ from these estimates.

Judgements
In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Operating Lease Commitments – Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Estimates are required in particular in order to:

- determine the fair values of investment property;
- determine the fair values of financial instruments; and
- determine the fair value of stock options granted to management; and
- determine the amount of tax liabilities concerning the G-REIT conversion tax.

In particular, in determining the fair values of the investment property, alstria office REIT-AG must apply and take account of numerous factors. If the future development of these properties differs from the estimate, large-scale impairment losses may incur. This can have a negative impact on future results of operations.

A fair value measurement of the derivative financial instruments was performed by an independent third party and the market data compiled thereof were included in the standard measurement models. Thus, the usual estimation uncertainties exist regarding possible deviations from the market data used. Depending on the parameterization of the models, alstria office REIT-AG put the maximum range for these deviations at between EUR -10,000 and EUR 10,000. We consider the models used to be adequate and believe that they do not engender any uncertainty as to their applicability.

The fair value of stock options granted to the management board has been determined as of the granting date and has been valued based on the expected volatility, life of option and labor turn rate using current discount rates applicable for items with similar terms and risk characteristics. This valuation requires the Company to make estimates about these parameters, and hence they are subject to uncertainty. The fair value of the stock options granted as of April 3, 2007 and September 5, 2007, respectively, is allocated to the vesting period according to the determinations in the underlying stock option program. The resulting personnel expenses caused an addition to capital surplus of EUR 806k (December 31, 2006: EUR 0) in the consolidated financial statements as of December 31, 2007.

The assets, liabilities and equity instruments stated above, which are particularly exposed to estimation uncertainty, had the following impact on the consolidated balance sheet as of the balance sheet date:

(in EUR k)	**Dec. 31, 2007**	**Dec. 31, 2006**
Investment property	1,693,718	1,289,536
Positive fair values of derivatives	27,202	14,563
Tax accruals (G-REIT conversion tax)	5,100	0
Valuation of stock options	806	0
Deferred tax assets	0	12,513
thereof loss carryforwards	0	7,605

7. Seasonal or Economic Effects on Business
The activities of alstria office REIT-AG (primarily the generation of revenues from investment properties) are not generally affected by seasonal factors. However, the sale of one or more large properties may have a significant impact on revenues and operating expenses.

From experience, the real estate market tends to fluctuate as a result of factors such as the net income of consumers or GDP, changes in interest rates, consumer confidence, and demographic and other factors inherent to the market. The change of the interest rate might lead to a lower valuation of the investment property and derivatives.

8. Summary of Significant Accounting Policies
The following accounting and valuation methods have been used to prepare these consolidated financial statements of alstria office REIT-AG.

Investment Property
Investment property comprises all property that is held in order to generate rental income or long-term value increases in assets and is used neither in production nor for administrative purposes. It is recognized at acquisition costs at the time of addition. The costs include the transaction costs which have to be capitalized (particularly real estate transfer tax). In accordance with IAS 40.17, costs incurred subsequently for dismantling, replacing in parts or maintenance of property are also included; no costs of this kind, however, had been incurred as of the balance sheet date.

For subsequent measurement the Company uses the fair value model according to IAS 40.33 et seq. which reflects market conditions at the balance sheet date.

All market values were determined by Colliers CRE, London, a renowned appraiser and brokerage firm, as of December 31, 2007.

The basis for deriving the fair values as defined by IAS 40.33 should be, where possible, prices in an active market for similar property (IAS 40.45). An analysis showed that there was not a sufficient number of official comparable transactions to derive any market values. In accordance with IAS 40.46, therefore, the fair value was determined on the basis of an income approach.

The method used is a hardcore and top slice method, whereby rental income is horizontally segmented, with the hardcore portion representing the prevailing contractual rent. The top slice represents the difference between market rent and contractual rent. This method fulfills the requirements of the Red Book, a set of international valuation standards set forth by the Royal Institution of Chartered Surveyors. The method used by Colliers is also appropriate and suitable for determining market values in accordance with the provisions of the International Valuation Standards (IVS, or the White Book).

In order to derive the fair value, the properties were divided into two groups and valued accordingly. Group 1 contained properties with anchor lease terms of less than five years and Group 2 properties with anchor lease terms of more than five years.

Group 1 for properties with leases set to expire in five years or less:

Hardcore and top slice method, taking account of

- contractual rent for the remaining term of the lease;
- a vacancy period of at least 18 months following expiry of the lease;
- necessary maintenance costs to re-let the properties at a comparable rent level;
- re-lets at market rents;
- capitalization rates reflecting the individual risk of the property as well as market activity (comparable transactions); and
- non-allocable operating costs in the amount of 5% of rental income p.a.

Group 2 for properties with anchor leases that are leased on a long-term basis to tenants with high credit ratings:

Hardcore and top slice method, taking account of

- contractual rent for the remaining term of the lease;
- re-lets at market rents (accounting for the difference between market rent and contractual rent);

- capitalization rates reflecting the individual risk of the property as well as market activity (comparable transactions);
- non-allocable operating costs in the amount of 5% of rental income p.a.; and
- net selling price.

Gains or losses arising from changes in the fair values of investment property are disclosed in the item "Net gain from fair value adjustments on investment property" in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Leases

The lessee is considered to be the beneficial owner of leased assets when the lessee bears all the risks and rewards incidental to the assets (finance lease) in accordance with IAS 17. If the lessee is deemed beneficial owner, the leased asset is recognized at fair value or the lower present value of the minimum lease payments at the inception of the lease.

Operating Leases

Lease agreements that alstria office REIT-AG has entered into with commercial tenants are classified as operating leases under IFRS. Accordingly, alstria office REIT-AG is lessor in numerous different types of operating lease agreements for investment properties with a carrying amount of EUR 1,693,718k (December 31, 2006: EUR 1,289,536k). These leases generate the majority of proceeds and income for alstria office REIT-AG.

Impairment of Assets

Intangible assets with indefinite useful lives are not amortized; they are tested for impairment on an annual basis.

Assets that are amortized are tested for impairment whenever triggering events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is charged in the amount of the excess of the carrying amount over recoverable amount. If the reasons for an impairment loss cease to apply, the impairment loss is reversed as appropriate.

Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of plant and equipment is calculated on a straight line basis over the useful life of the asset (5 to 15 years).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Borrowing costs are recognised as an expense when incurred.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Depreciation of licence is calculated on a straight line basis over the useful life of the asset (3 to 8 years).

Currently, the Company does not have intangible assets with indefinite useful lives.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred taxes are carried forward using the liability method. Deferred tax assets are the amounts of income tax that are recoverable in future fiscal years and result from deductible temporary differences and from unused tax loss carryforwards. Deferred tax liabilities are the amounts of income tax payable on taxable temporary differences in future fiscal years.

A deferred tax liability was recognized for all taxable temporary differences.

Deferred tax assets were recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

A deferred tax asset was recognized for the carryforward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

Deferred tax assets and deferred tax liabilities were measured at the tax rates that are expected to apply for the period when the asset is realized or the liability is settled using tax rates and tax laws that have been enacted or substantively enacted as of the balance sheet date.

Temporary differences are differences between the carrying amount of an asset or liability in the balance sheet and its tax base.

Financial Instruments

Pursuant to IAS 39, a financial instrument is any contract that gives rise to both a financial asset at one entity and a financial liability or equity instrument at another entity. Financial assets comprise in particular cash and cash equivalents, trade receivables, as well as other loans and receivables originated by the enterprise, held-to-maturity investments and original and derivative financial assets held for trading. Financial liabilities frequently underlie a claim to their return in cash or another financial asset. These include in particular liabilities to banks and other creditors, trade payables and derivative financial liabilities. Financial assets and liabilities are generally not offset.

Recognition and measurement of financial assets is subject to the provisions of IAS 39. Depending on the classification prescribed by IAS 39

- held-to-maturity;
- measured at fair value through profit or loss;
- available-for-sale; or
- loans and receivables,

financial assets are either measured at amortized cost or the lower net realizable value or at fair value and recognized as of the balance sheet date.

When financial assets are recognized initially, they are measured at fair value. A financial asset is derecognized when the entity loses control of the contractual rights that comprise the financial instrument. Management decides on the classification of financial assets on first-time recognition and reviews the classification on every balance sheet date.

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Derivative financial instruments that are not part of an effective hedge pursuant to IAS 39 must be classified as "held for trading" and recognized in profit or loss at fair value. If their fair value is negative, the instruments are disclosed under financial liabilities.

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Receivables

Receivables are classified as loans and receivables as defined by IAS 39 and measured initially at fair value and subsequently at amortized cost, if necessary after deduction of any valuation adjustments. Amortized costs are computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Within the scope of the measurement of trade receivables, a solvency check was performed on the tenants (risk associated with the legal validity of receivables) and certainty gained that there were no reasons for a rent reduction (delcredere risk). This takes place on an individual property and portfolio basis respectively.

Non-interest bearing receivables due in more than one year are discounted.

Gains and losses are recognized in profit or loss when the receivables are derecognized or impaired as well as through the amortization process.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced directly. The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the receivable does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in profit or loss.

Provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced directly. Impaired debts are derecognized when they are assessed as uncollectible.

Assets, Derivative Financial Assets and Hedging Instruments Measured at Fair Value through Profit or Loss

alstria office REIT-AG makes targeted use of derivative financial instruments as part of its financial management to minimize risks and optimize interest charges.

Derivative financial instruments were measured at fair value upon initial and subsequent recognition.

The instruments were measured as of December 31, 2007 by an independent third party. The fair value of derivative financial instruments is determined by discounting the expected future cash flows over the remaining life of the agreement based on current market rates or term structures of interest rates.

The method used for recording gains and losses depends on whether the derivative was assigned to an underlying transaction as a hedge. To this end, financial management defines the hedge relationship between the hedging instrument and the hedged item and the aim of the risk management measure and underlying strategy when concluding the hedge transaction.

As of December 31, 2007 and during the period under review, the derivative financial instruments concluded by alstria office REIT-AG do not qualify for hedge accounting. The changes in the fair value of these derivatives are recognized directly in profit or loss.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired.

Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise current bank balances.

For the purposes of the consolidated cash flow statement, cash and cash equivalents include the cash and cash equivalents defined above and short-term deposits.

Current bank balances are recognized in the nominal amount.

Treasury shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Liabilities
Financial liabilities, in particular trade payables, are stated at the amount repayable and are, if non-current and non-interest bearing, discounted.

The fair values are determined by discounting the future contractually agreed cash flows at the interest rates from the term structure of interest rates to the balance sheet date.

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and have not been designated as 'at fair value through profit or loss'. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process .

The component of the convertible profit participation rights (Wandelgenussrechte) that exhibits characteristics of a liability is recognized as a liability in the balance sheet, net of transaction costs. On issuance of the jouissance shares, the fair value of the liability component is determined using a market rate for an equivalent non convertible bond; and this amount is classified as a financial liability measured at amortized cost until it is extinguished on conversion or redemption.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Provisions
Provisions are set up if the entity currently has a legal or constructive external obligation and it is probable that meeting this obligation will result in an outflow of economic benefits that can be reliably estimated. The provisions are measured, taking account of all risks at the best estimate of future cash outflows required to meet the obligation, and - if non-current - discounted. They may not be offset against reimbursements.

Share-based payment transactions
The members of the management board as well as employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions'). The cost of equity-settled transactions is measured by reference to the fair value at the date on which they are granted. The fair value is determined using an appropriate pricing model, further details of which are given in Note 18 and in the compensation report, respectively.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant assignee become fully entitled to the award ('the vesting date'). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the assignee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share as far as at the balance sheet date the related contingencies are achieved (further details are given in Note 15).

Minority Interests in Partnerships
Under IAS 32.16 and IAS 32.19, a financial instrument is an equity instrument if, and only if, an entity has no conditional or unconditional obligation to deliver cash or another asset. In addition, IAS 32.18(b) states that the right of a partner to return his investment to the partnership for compensation at any time must be disclosed as a liability, even when, in legal terms, the partner is an investor. Specifically, equity must be reclassified as liabilities when the shareholders have a right of termination and the exercise of that right justifies a settlement claim against the company. Therefore minority interests in fully consolidated partnerships are disclosed under liabilities. The minority interests' share in net profit or loss is recorded in the income statement as income or an expense (financial result) in accordance with IAS 32.35.

Revenue Recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

RENTAL INCOME
Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

INTEREST INCOME
Revenue is recognised as interest accrues (using the effective interest rate, that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Income Taxes
The following effects on profit and loss result from the transformation of the Company into a G-REIT. For a detailed description of the transformation, please see note 1.

The tax assets and liabilities reported as of December 31, 2006 for prior periods which amount to EUR 12,513k and EUR 19,869k, respectively, were recognized in profit and loss in 2007.

9. Segment Reporting
IAS 14 requires segment reporting for business segments and geographical segments with distinguishable and significant risks and returns.

The type of services offered by alstria office REIT-AG exclusively comprises lessor activities. There is also no differentiation by tenant group since alstria office REIT-AG's portfolio consists almost entirely of commercial properties, with only a very few exceptions. When selecting tenants, alstria office REIT-AG places high demands on tenants' credit ratings, such that no different risks and returns pursuant to IAS 14.9 can be derived from this criterion. For the valuation of the properties, a differentiation is made between properties with anchor lease terms of less than five years and more than five years; however, this allocation is made on a rolling basis and therefore depends on the date. Furthermore, this differentiation does not result in any structurally different cash flows for the fiscal year. Different risks are only snapshots and change immediately when new anchor leases are concluded. However, it is not possible to identify a segment from these criteria.

From a geographical perspective, alstria office REIT-AG operates exclusively in the German market and is present all over Germany. As there are therefore no reportable segments within the meaning of IAS 14.9, the criteria for segment reporting pursuant to IAS 14 are not met.

10. Notes to the Consolidated Balance Sheet – Assets

10.1 Investment Property

This item, which comprises all properties held by the Company, breaks down as follows:

(in EUR k)	2007	2006
Fair values		
As of January 1	1,289,536	0
Changes in the consolidated group	95,000	191,125
Additions	293,448	1,032,009
Disposals	-3,525	0
Net result from the adjustment of the fair value of investment property	11,170	22,871
Subtotal	1,685,629	1,246,005
Prepayments	8,089	43,531
As of Dec. 31.	**1,693,718**	**1,289,536**

As of December 31, 2007, prepayments are broken down as follows:

(in EUR k)	Dec. 31, 2007	Dec. 31, 2006
Alstria Zwölfte Hamburgische Grundbesitz GmbH & Co. KG	0	35,346
Alstria Vierzehnte Hamburgische Grundbesitz GmbH & Co. KG	0	1,019
Alstria Fünfzehnte Hamburgische Grundbesitz GmbH & Co. KG	0	281
Alstria Sechzehnte Hamburgische Grundbesitz GmbH & Co. KG	0	593
Alstria Siebzehnte Hamburgische Grundbesitz GmbH & Co. KG	0	1,022
Alstria Achtzehnte Hamburgische Grundbesitz GmbH & Co. KG	0	1,070
Alstria Neunzehnte Hamburgische Grundbesitz GmbH & Co. KG	0	982
Alstria Zwanzigste Hamburgische Grundbesitz GmbH & Co. KG	0	1,455
Alstria Einundzwanzigste Hamburgische Grundbesitz GmbH & Co. KG	0	1,763
alstria office REIT-AG	8,089	0
Total prepayments	**8,089**	**43,531**

alstria office REIT-AG uses the fair value model pursuant to IAS 40.33 et seq. for subsequent measurement. External appraisals were obtained for measurement in 2007. For a detailed description of the valuation of assets, please see Note 8.

Under the purchase agreement effective on December 18, 2006, Alstria Vierzehnte to Einundzwanzigste Hamburgische Grundbesitz GmbH & Co. KGs, Hamburg, – subsidiaries of alstria office REIT-AG then and represented by their general partner, Verwaltung Alstria Dreizehnte Hamburgische Grundbesitz GmbH, Hamburg, – concluded a purchase agreement on the acquisition of further property with a purchase price value of EUR 217,950k, with the properties being transferred to the buyers with the effect of April 1, 2007 (AURORA portfolio). Additional acquisition costs arose in the amount of EUR 170k.

Under the purchase agreement effective on May 10, 2007, alstria office REIT-AG concluded a purchase agreement on the acquisition of one further property with a purchase price of EUR 10,700k, with the property being transferred to the buyer with the effect of June 6, 2007 (SIGMA portfolio). Additional acquisition costs arose in the amount of EUR 606k.

Under the purchase agreement effective on September 9, 2007, alstria office REIT-AG, Hamburg, concluded a purchase agreement on the acquisition of another property with a purchase price of EUR 2,851k. The property has been transferred to the buyer effective from October 1, 2007 (Bäckerbreitergang 73). Additional acquisition costs arose in the amount of EUR 253k.

Two residential assets held for sale were economically transferred at the beginning of July. In March 2007 alstria office REIT-AG had agreed to dispose these two residential assets for total net proceeds of EUR 3,700k versus an IFRS fair value of EUR 3,525k as of December 31, 2006.

Under the purchase agreement effective on November 19, 2007, alstria office REIT-AG concluded a purchase agreement on the acquisition of further properties with a total value of EUR 58,587k. alstria office REIT-AG paid the full purchase price for the transaction in December 2007 and the transfer of possession, benefits and burdens took place in December 2007. Additional acquisition costs arose in the amount of EUR 2,175k.

Furthermore, additional acquisition costs arose for the existing portfolios in the amount of EUR 156k.

Under the purchase agreement effective on December 11, 2007, alstria office REIT-AG concluded a purchase agreement on the acquisition of further properties with a total value of EUR 52,350k. The transfer of possession, benefits and burdens is expected to take place in the first months of 2008.

Under the purchase agreement dated December 12, 2007, alstria office REIT-AG concluded a purchase agreement on the acquisition of further properties with a total value of EUR 105,770k. The transfer of possession, benefits and burdens is expected to take place in the first months of 2008.

Under the purchase agreement dated December 17, 2007, alstria office REIT-AG concluded a purchase agreement on the acquisition of further properties with a total value of EUR 50,262k. The transfer of possession, benefits and burdens is expected to take place in the first months of 2008.

The prepayments include incidental acquisition costs for the above mentioned purchases.

Expenses/income disclosed in the income statement pursuant to IAS 40.75(f):

- EUR 82,552k (2006: EUR 30,063k) rental income from investment property;
- EUR 4,277k (2006: EUR 466k) operating expenses (including repairs and maintenance) directly allocable to investment property from which rental income was generated during the period under review; and
- EUR 688k (2006: EUR 147k) operating expenses (including repairs and maintenance) arising from to investment property that did not generate rental income during the period under review.

10.2 Property, plant and equipment

The useful lives of the assets is estimated with 3 to 15 years. Within the merger, for further information we refer to Sec. 1, the plants were transferred from Verwaltung Alstria Dreizehnte Hamburgische Grundbesitz GmbH, Hamburg, to alstria office REIT-AG. The plants constist of miscellaneous items like fire extinguishers or a control panel for a closed-circuit television system.

(in EUR k)	Fixed assets plant	 furniture and fixtures	Total 2007
Acquisition and production cost			
As of January 1	0	0	0
Additions	1,727	75	1,802
Disposals	0	0	0
Reclassifications	0	0	0
Prepayments	0	0	0
As of December 31	**1,727**	**75**	**1,802**
Accumulated amortization, depreciation and write-downs			
As of January 1	0	0	0
Additions	285	23	308
Disposals	0	0	0
As of December 31	**285**	**23**	**308**
Net book values	**1,442**	**52**	**1,494**

(in EUR k)	Fixed assets plant	furniture and fixtures	Total 2006
Acquisition and production cost			
As of January 1	0	0	0
Additions	0	0	0
Additions due to Sec. 738 BGB (Anwachsung)	0	0	0
Disposals	0	0	0
Reclassifications	0	0	0
Prepayments	0	0	0
As of December 31	**0**	**0**	**0**
Accumulated amortization, depreciation and write-downs			
As of January 1	0	0	0
Additions	0	0	0
Disposals	0	0	0
As of December 31	**0**	**0**	**0**
Net book values	**0**	**0**	**0**

10.3 Intangible assets

The useful lives of the intangible assets is estimated with 3 to 8 years.

The intangible assets mainly consist of software licenses which amount to EUR 350k (2006: EUR 0).

	Intangible assets			Total
(in EUR k)	Development costs	Licences	Goodwill	2007
Acquisition and production cost				
As of January 1	0	0	0	0
Additions	0	392	0	392
Additions due to Sec. 738 BGB (Anwachsung)	0	7	0	7
Disposals	0	0	0	0
Reclassifications	0	0	0	0
Prepayments	0	0	0	0
As of December 31	**0**	**399**	**0**	**399**
Accumulated amortization, depreciation and write-downs				
As of January 1	0	0	0	0
Additions	0	40	0	40
Disposals	0	0	0	0
As of December 31	**0**	**40**	**0**	**40**
Net book values	**0**	**359**	**0**	**359**

(in EUR k)	Intangible assets Development costs	Licences	Goodwill	Total 2006
Acquisition and production cost				
As of January 1	0	0	0	0
Additions	0	0	0	0
Additions due to Sec. 738 BGB (Anwachsung)	0	0	0	0
Disposals	0	0	0	0
Reclassifications	0	0	0	0
Prepayments	0	0	0	0
As of December 31	**0**	**0**	**0**	**0**
Accumulated amortization, depreciation and write-downs				
As of January 1	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
As of December 31	**0**	**0**	**0**	**0**
Net book values	**0**	**0**	**0**	**0**

10.4 Receivables

Due to the specific nature of the business, the Group considers receivables due up to one year to be current. The following overview breaks down receivables into those due within the next twelve months and those due in more than one year.

(in EUR k)	Due up to one year	in more than one year	total Dec. 31, 2007
Trade receivables			
Rent receivables	2,646	0	2,646
	2,646	**0**	**2,646**
Positive fair value derivatives	**27,202**	**0**	**27,202**
Tax receivables	**1,949**	**0**	**1,949**
Other receivables			
Other assets	4,728	0	4,728
Prepayments	311	0	311
	5,039	**0**	**5,039**

(in EUR k)	Due up to one year	in more than one year	total Dec. 31, 2006
Trade receivables			
Rent receivables	99	0	99
	99	**0**	**99**
Positive fair value derivatives	**14,563**	**0**	**14,563**
Tax receivables	**0**	**0**	**0**
Other receivables			
Other assets	3,564	0	3,564
Prepayments	97	0	97
	3,661	**0**	**3,661**

Trade receivables were written down by EUR 0k (December 31, 2006: EUR 6k) due to rent payments in arrears.

Other assets mainly relate to capitalized transaction costs, which have not yet been allocated to a liability (EUR 1,071k) (December 31, 2006: EUR 2,491k). Furthermore, costs of EUR 3,500k (December 31, 2006: EUR 0) relating security payments for the Bamler portfolio are included.

Prepayments relate to annual insurance premiums that are payable in advance.

The following derivative financial instruments classified as "held for trading" existed as of the balance sheet date:

Product	Notional EUR k	Strike p.a.	Maturity Date	Fair Value Dec. 31, 07 EUR k	Fair Value Dec. 31, 06 EUR k	Profit/ Loss 07 EUR k	Profit/ Loss 06 EUR k
Cap	41.721	3,800	31.03.2011	961	0 [1]	264	0
Cap	26.184	3,800	31.03.2011	604	0 [2]	166	0
Swap	625,000	3,617	29.11.2011	18,939	10,430	7,139	-1,201
Swap	80,880	3,193	29.11.2011	3,761	2,986	635	541
Cap	80,880	4,000	29.11.2011	1,811	1,147	560	-70
Cap	150,000	4,900	20.12.2012	1,126	0	-678	0
Total	**1,004,665**			**27,202**	**14,563**	**8,086**	**-730**

Profit totaling to EUR 8,086k (December 31, 2006: losses of EUR 730k) due to market valuations for hedge transactions not included in hedge accounting were recorded in the income statement in the period of the financial statements to December 31, 2007.

Alstria Erste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, and JP Morgan Chase Bank entered into a swap agreement effective May 31, 2006.

Alstria Erste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, and JP Morgan Chase Bank entered into a further swap agreement effective July 6, 2006.

The two abovementioned swap transactions were transferred from Alstria Erste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, to alstria office REIT-AG effective October 20, 2006. Hence, since this date, a swap agreement in the amount of EUR 625,000k has been in place between alstria office REIT-AG, Hamburg, and JP Morgan Chase Bank. This agreement provides for a payer interest rate swap under which the Company exchanges its variable-interest liabilities (3-month-Euribor) for fixed interest rates (3.617% p.a.) with a quarterly payment term. The fair value of the swap was EUR 18,939k (December 31, 2006: EUR 10,430k) as of the balance sheet date. The agreement expires on November 29, 2011.

Profit of EUR 7,139k (December 31, 2006: Losses of EUR 1,201k) were recognized in the 2007 income statement.

JUNA Property GmbH & Co. KG and NATIXIS Corporate & Investment Bank entered into a swap agreement with a nominal value of EUR 80,880k as of December 31, 2007 (January 2, 2006: EUR 81,000k). This agreement provides for an interest rate swap under which the Company exchanges its variable-interest liabilities for fixed interest rates. The fair value of the swap was EUR 3,761k (December 31, 2006: EUR 2,986k) as of the balance sheet date. For consolidation purposes, the cost incurred (and the fair value) on the date of first-time consolidation of JUNA Property GmbH & Co. KG as of May 31, 2006 amounted to EUR 2,444k. The fair value at initial measurement as of January 2, 2006 was EUR 0k. The swap expires on November 29, 2011.

[1] As of December 31, 2006 Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, did not belong to the Group of alstria office REIT-AG. Therefore the fair value of the cap as of December 31, 2006 amounting to EUR 643k can not be shown in the consolidated financial statements.

[2] As of December 31, 2007 Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, did not belong to the Group of alstria office REIT-AG. Therefore the fair value of the cap as of December 31, 2006 amounting to EUR 404k can not be shown in the consolidated financial statements.

Profit of EUR 635k (December 31, 2006: EUR 541k) was recognized in the 2007 income statement.

Also effective January 2, 2006, JUNA Property GmbH & Co. KG and NATIXIS Corporate & Investment Bank entered into a cap agreement with a nominal value of EUR 80,880k, which serves to hedge interest rate risks. For consolidation purposes, the cost incurred (and the fair value) on the date of first-time consolidation of JUNA Property GmbH & Co. KG as of May 31, 2006 amounted to EUR 1,296k. The fair value at initial measurement as of January 2, 2006 was EUR 940k. The fair value of the cap was EUR 1,811k (December 31, 2006: EUR 1,147k) as of the balance sheet date. The cap expires on November 29, 2011.

A profit of EUR 560k (December 31, 2006: Losses of EUR 70k) was recognized in the 2007 income statement.

The two abovementioned swap and cap transactions were transferred from Juna Property GmbH & Co. KG, Hamburg, to alstria office REIT-AG effective January 24, 2007.

Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, and JP Morgan Chase Bank entered into a cap agreement with a nominal value of EUR 41,721k effective July 20, 2006, which serves to hedge interest rate risks. For consolidation purposes, the cost incurred (and the fair value) on the date of first-time consolidation of Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG as of March 31, 2007 amounted to EUR 627k. The fair value at initial measurement as of July 20, 2006 was EUR 475k. The fair value of the cap was EUR 961k as of the balance sheet date. The cap expires on March 31, 2011.

A profit of EUR 264k was recognized in the 2007 income statement.

Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, and JP Morgan Chase Bank entered into a cap agreement with a nominal value of EUR 26,184k effective July 20, 2006, which serves to hedge interest rate risks. For consolidation purposes, the cost incurred (and the fair value) on the date of first-time consolidation of Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG as of March 31, 2007 amounted to EUR 393k. The fair value at initial measurement as of July 20, 2006 was EUR 298k. The fair value of the cap was EUR 604k as of the balance sheet date. The cap expires on March 31, 2011.

A profit of EUR 166k was recognized in the 2007 income statement.

The two abovementioned cap agreements were transferred from Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, respectively Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, to alstria office REIT-AG effective October 1, 2007.

alstria office REIT-AG and JP Morgan Chase Bank entered into a cap agreement with a nominal value of EUR 150,000k effective December 20, 2007, which serves to hedge interest rate risks. The fair value at initial measurement was EUR 1,804k.The fair value of the cap was EUR 1,126k as of the balance sheet date. The cap expires on December 20, 2012.

A loss of EUR 678k was recognized in the 2007 income statement.

10.5 Cash and Cash Equivalents

(in EUR k)	Dec. 31, 2007	Dec. 31, 2006
Bank balances	103,036	24,304

Bank balances earn interest at floating rates based on daily bank deposit rates.

11. Notes to the Consolidated Balance Sheet – Equity and Liabilities

11.1 Equity

For detailed information on equity we refer to the consolidated statement of changes in consolidated equity.

Share Capital

Authorised

(in EUR k)	Dec. 31, 2007	Dec. 31, 2006
Ordinary share of EUR 1 each	56,000	8,000

By resolution of the extraordinary general meeting of shareholders held on December 21, 2006 the nominal share capital was increased against contribution in kind by EUR 32,000k from EUR 8,000k to EUR 40,000k. The capital increase has been registered in the commercial register on March 9, 2007.

By resolution of the annual general meeting of shareholders held on March 15, 2007, the Company was authorized to further increase the nominal share capital by up to EUR 20,000k from EUR 40,000k up to EUR 60,000k. On the basis of this resolution, the share capital was increased against contribution in cash in the amount of EUR 16,000k. This capital increase has been registered in the commercial register on March 30, 2007. The nominal amount was paid in on March 30, 2007.

In the balance sheet of the consolidated financial statements as of December 31, 2007, the share capital of alstria office REIT-AG amounted to EUR 56,000k. Captiva 2 Alstria Holding S.à.r.l., Luxembourg, held, directly and indirectly, 54.0 % of the shares in the Company, the remaining 44.8 % of the shares are free float and the remaining 1.2 % are treasury shares.

Treasury Stock

(in EUR k)	Dec. 31, 2007	Dec. 31, 2006
Non-par value bearer shares of EUR 1 each	-7,115	0

By resolution of the shareholder meeting on March 15, 2007, the Company was authorized to acquire treasury shares up to 10 % of the capital stock during the period from November 7, 2007 to September 14, 2008. On November 6, 2007, the Company's management board resolved to acquire up to 2.5 % of the shares outstanding in connection with the above authorization. The shares were acquired over the stock exchange by a credit institution. The credit institution decides on when to acquire treasury shares independently and without the involvement of the Company.

Capital Surplus

The capital surplus changed as follows during the fiscal year:

(in EUR k)	2007	2006
As of January 1	375,066	0
Changes in the consolidated group	-5,531	8,763
Valuation shareholder loan/other IFRS adjustments	647	1,576
Share-based payments	813	0
Contributions to capital surplus	240,000	364,727
Transaction costs of issue of shares	-11,038	0
Other contributions to capital surplus	154,690	0
As of Dec. 31	**754,647**	**375,066**

By shareholder resolution of January 22, 2007, EUR 49,008k was paid in the capital surplus. By way of a loan agreement dated November 23, 2006, Captiva 2 Alstria Holding S.à.r.l. granted to alstria office REIT-AG a shareholder loan. On March 15, 2007 said shareholder loan amounting to EUR 104,500k plus accrued interests of EUR 1,182k was contributed to capital surplus as agreed on March 15, 2007. The valuation of this shareholder loan resulted in a further increase of the capital surplus of EUR 447k. The capital surplus was additionally increased by EUR 200k due to the relating deferred taxes.

Furthermore, the first consolidation of Alstria IV. and VII. Hamburgische Grundbesitz GmbH & Co. KG resulted in a decrease of EUR 429k and the first consolidation of the remaining minority interest of 6 % of Alstria IV. and VII. Hamburgische Grundbesitz GmbH & Co. KG resulted in a decrease of EUR 50k of the capital surplus. Additional acquisition costs arose in the third quarter for these acquisitions (EUR 50k in total). The additional acquisition costs decreased the capital surplus. Further additional acquisition costs for these acquisitions arose in the fourth quarter (EUR 35k in total). The additional acquisition costs decreased the capital surplus.

Additionally, the first consolidation of JUNA Beteiligungs GmbH resulted in a decrease of EUR 4,967k.

Since April 3, 2007, the shares of alstria office REIT-AG have been listed on the Regulated Market of the Frankfurt Stock Exchange. In the initial public offering of the Company's shares, a total of 25,778k shares were placed at a price of EUR 16 per share, of which 16 million shares resulted from a capital increase, 9,778,324 shares were sold by the selling shareholder (including 378,324 shares from the exercise of the Greenshoe option). The initial public offering of the Company's shares resulted in an increase of the capital surplus of EUR 228,962k, thereof contributions amounting to EUR 240,000k and expenses of EUR 11,038k.

Additionally, a stock option program was resolved on March 27, 2007 by the supervisory board of the Company and accordingly stock options with a fair value of EUR 1,997k were issued to members of the management board of the Company on April 3, 2007 and September 5, 2007, respectively. Thereof stock options with a fair value of EUR 446k were forfeited as of December 31, 2007 in relation with the retirement of Dr. Michael Börner-Kleindienst. As of December 31, 2007, this resulted in a further increase of the capital surplus of EUR 806k from the allocation of the fair values of the granted stock options over the respective vesting period.

In connection with, and for purposes of, the initial public offering (IPO) of the Company on April 3, 2007, the Company increased its subscribed capital, based on the resolution of the annual general shareholders meeting of March 15, 2007, from EUR 40 mio by EUR 16 mio to EUR 56 mio by issuing 16 mio no-par value bearer shares. The issued shares were subscribed at an issue price of EUR 1,00 per share on March 30, 2007 by the bank J.P. Morgan Securities Limited in its own name and for the account of the syndicate of banks, which were accompanying the IPO, with the obligation to offer them to investors at an offer price still to be determined and to pay the proceeds of the offering – after deduction of an appropriate commission and of the expenses – to the Company. The capital increase became effective upon registration in the commercial register of the Company on March 30, 2007. The shares were offered and sold in the IPO at an offer price of EUR 16,00 per share; the proceeds by which the issue price was exceeded amounted to EUR 240 mio and were booked into the capital reserve pursuant to sec. 272 para. 2 no. 1 of the German Commercial Code (HGB).

Minority Interests in Partnerships

Under IAS 32.16 and IAS 32.19, a financial instrument is an equity instrument if, and only if, an entity has no conditional or unconditional obligation to deliver cash or another asset. In addition, IAS 32.18(b) states that the right of a partner to return his investment to the partnership for compensation at any time must be disclosed as a liability, even when, in legal terms, the partner is an investor. Specifically, equity must be reclassified as liabilities when the shareholders have a right of termination and the exercise of that right justifies a settlement claim against the Company.

In accordance with these regulations, the Company disclosed reclassified equity in its balance sheet in the item "other liabilities" as minority interests in partnerships under other current liabilities. The share of income attributable to minority shareholders of EUR 0k (December 31, 2006: EUR 309k) was disclosed as part of the financial result in the income statement.

Minority interests break down as follows:

(in EUR k)	Dec. 31, 2007	Dec. 31, 2006
Minority interests in equity		
As of January 1, 2007 or June 30, 2006	0	1,550
Less withdrawal	0	-102
As of December 31	0	1,448
Minority interests in net profit or loss	0	309
	0	1,757

11.2 Financial Liabilities

(in EUR k)	Non-current	Current	Dec. 31, 2007
Loans	927,400	8,936	936,336
Payables to affiliates			
Shareholder loans	0	0	0
Other	0	0	0
Total	**927,400**	**8,936**	**936,336**

(in EUR k)	Non-current	Current	Dec. 31, 2006
Loans	813,466	1,712	815,178
Payables to affiliates			
Shareholder loans	0	82,447	82,447
Other	0	24	24
Total	**813,466**	**84,183**	**897,649**

Nominal EUR 940,352k (December 31, 2006: EUR 819,275k) of the loans are repayable. The carrying amount takes into account interest liabilities and transaction costs to be allocated under the effective interest method upon raising the liabilities. These liabilities relate to a loan arranged with J.P. Morgan Plc., Natixis Banques Populaires, German Branch, and HSH Nordbank AG for a nominal amount of EUR 1,139,800k. EUR 931,416k (December 31, 2006: EUR 655,743k) of this nominal amount had been drawn as of the balance sheet date. To secure these liabilities, receivables from rental and property purchase agreements as well as insurance receivables and derivative financial instruments were assigned to the lenders, liens were granted on bank accounts and the registration of land charges was agreed.

Furthermore, a loan totaling EUR 79,492k existed between Alstria IV. and VII. Hamburgische Grundbesitz

GmbH & Co. KG, respectively, and HSH Nordbank AG, Hamburg, until September 28, 2007. Within the refinancing of Alstria IV. and VII. Hamburgische Grundbesitz GmbH & Co. KG this loan has been repaid. The repayment was funded by additional borrowings from the syndicated loan amounting to EUR 52,250k and by operating cash.

The variable interest is payable on a quarterly basis, with the standard margin and borrowing costs for the market added to the respective Euribor rate.

Due to the variable interest rate, there are no significant differences between the carrying amounts and fair value. As of December 31, 2007, loans were reduced by transaction costs of EUR 4,017k (December 31, 2006: EUR 4,097k).

The decrease in shareholder loans can be largely attributed to the refinancing of alstria office REIT-AG, which involved the reclassification of shareholder loans from Captiva 2 Alstria Holding S.à.r.l. to the capital reserves. Please see Note 11.1. for further information.

The shareholder loan of EUR 161,820k from NATIXIS Corporate & Investment Bank was repaid on January 22, 2007.

The carrying amounts of the loans are all denominated in euros; the fair value of all financial liabilities with exception of the transaction cost approximates their nominal value on the balance sheet date.

The liabilities exposed to an interest rate risk are due as follows:

(in EUR k)	Dec. 31, 2007	Dec. 31, 2006
Up to one year	0	0
More than one year	927,400	813,466
Total	**927,400**	**813,466**

The following loans are secured by land charges:

(in EUR k)	Dec. 31, 2007	Dec. 31, 2006
Financial liabilities secured by land charges	927,400	813,466
thereof on investment property	927,400	813,466

11.3 Trade Payables and Other Liabilities

(in EUR k)	Due up to one year	in more than one year	total Dec. 31, 2007
Trade payables			
Liabilities from the utilization of services	0	0	0
Other trade payables	3,068	0	3,068
	3,068	**0**	**3,068**
Other current liabilities			
Liabilities to minority interests	0	0	0
VAT liabilities	194	0	194
Liability for real estate transfer tax	9,897	0	9,897
Miscellaneous other liabilities	9,741	56[1]	9,797
	19,832	**56**	**19,888**

(in EUR k)	Due up to one year	in more than one year	total Dec. 31, 2006
Trade payables			
Liabilities from the utilization of services	1,979	0	1,979
Other trade payables	3,384	0	3,384
	5,363	**0**	**5,363**
Other current liabilities			
Liabilities to minority interests	1,757	0	1,757
VAT liabilities	155	0	155
Liability for real estate transfer tax	18,079	0	18,079
Miscellaneous other liabilities	4,149	56[1]	4,205
	24,140	**56**	**24,196**

The disclosed carrying amounts approximate the fair values.

Liabilities from the utilization of services did not occur in 2007 (2006: EUR 1,979k).

Other trade payables relate to operating costs not yet invoiced of EUR 2,376k (December 31, 2006: EUR 3,347k) and liabilities from third-party real estate management services and rental activities of EUR 692k (December 31, 2006: EUR 37k).

The liabilities for real estate transfer tax result from the acquisition of Bamler Servicepark and the projects Blue, HUK and Darwinstraße.

[1] This position is shown under Non-Current Liabilities in the Consolidated Balance Sheet

Miscellaneous other liabilities include substantially a refund of running costs 2006 of EUR 1,063k (2006: EUR 0). Furthermore this item comprises outstanding costs resulting from the acquisition of the interest in JUNA Property GmbH & Co. KG amounting to EUR 4,895k (2006: EUR 0). Additionally, management bonuses amounting to EUR 400k (2006: EUR 20k) and liabilities resulting from the acquisition of treasury shares amounting to EUR 409k (2006: EUR 0) are included. Miscellaneous other liabilities also include costs of the registration of ownerships in the amount of EUR 686k (2006: EUR 0).

11.4 Trust Assets and Liabilities

alstria office REIT-AG has trust assets in the amount of EUR 3,500k resulting from the provision of securities relating to the acquisition of Bamler Service Park. Additionally alstria office REIT-AG has trust liabilities of EUR 285k (December 31, 2006: EUR 161k), in particular from rent deposits.

11.5 Deferred Taxes

Deferred tax assets and liabilities break down as follows:

CONSOLIDATED BALANCE SHEET

(in EUR k)	Dec. 31, 2007	Dec. 31, 2006
Deferred income tax liabilities		
Revaluation of investment property to fair value	0	16,044
Revaluation of a cap to fair value	0	96
Revaluation of interest rate swaps to fair value	0	2,091
Financial liabilities (transaction costs)	0	1,638
	0	**19,869**
Deferred income tax assets		
Revaluation of investment property to fair value	0	4,760
Prepaid expenses (transaction costs)	0	30
Shareholder Loan	0	118
Tax loss carryforwards	0	7,605
	0	**12,513**

For a detailed description of the significant accounting policies with respect to the taxes please see Note 8. For a description of the influences on the consolidated income statement we refer to Note 12.9.

11.6 Liabilities of Current Tax

Liabilities of current tax break down as follows:

CONSOLIDATED BALANCE SHEET

(in EUR k)	Dec. 31, 2007	Dec. 31, 2006
Liabilities resulting from final taxation	5,072	0
Liabilities resulting from taxation of operating income 2006	260	0
	5,332	**0**

12. Notes to the Consolidated Income Statement

12.1 Revenues

Revenues from investment property chiefly include net rents from investment property.

(in EUR k)	2007	Jan. 20 - Dec. 31, 06
Revenues from investment property	82,552	30,063

12.2 Income From Passed on Operating Expenses

(in EUR k)	2007	Jan. 20 - Dec. 31, 06
Income from passed on operating expenses	11,007	5,870
Income from passed on operating expenses prior year	-2,559	
	8,448	**5,870**

12.3 Expenses From Passed on Operating Expenses

(in EUR k)	2007	Jan. 20 - Dec. 31, 06
Expenses from passed on operating expenses	-11,007	-5,887
Expenses from passed on operating expenses prior year	2,873	
	-8,134	**-5,887**

The expenses from passed on operating expenses that are directly attributable to investment property include in particular operating costs, maintenance and property-based taxes.

12.4 Administrative Expenses

(in EUR k)	2007	Jan. 20 - Dec. 31, 06
Legal and consulting fees	4,118	3,527
IPO expenses	1,402	0
Registration fees	470	0
Audit fee	428	0
Depreciation	348	0
Supervisory Board Compensation	301	0
Communication	264	0
Recruitment costs	208	397
Travel expenses	201	0
Allocation	174	483
Other personnel expenses[1]	0	22
Salaries[2]	0	249
Other	1,337	845
	9,251	**5,523**

[1] In 2007 shown as personnel expenses.
[2] In 2007 shown as personnel expenses.
[3] In 2006 the positions are shown as administrative expenses. We refer to 12.4.

12.5 Personnel Expenses

(in EUR k)	2007	Jan. 20 - Dec. 31, 06
Salaries and wages[3]	1,814	0[1]
Social insurance contribution	143	0[1]
Bonuses	762	0
Expenses for share-based compensation (including 7k expenses for share-based compensation transactions with compensation by the use of equity instruments)	813	0
	3,532	**0**

Within the course of 2007 the Company has employed 15 employees on the average (2006: 4).

12.6 Other Operating Income

(in EUR k)	2007	Jan. 20 - Dec. 31, 06
Compensation payment (rent)	227	0
From the reversal of liabilities	121	63
From insurance compensation	50	0
Car use	25	0
From the exercise of a swaption	0	5,991
Other	165	63
	588	**6,117**

Income from exercise of a swaption relates to the cash settlement of an option to conclude a swap.

12.7 Other Operating Expenses

(in EUR k)	2007	Jan. 20 - Dec. 31, 06
Loan charges	0	91
Bad debts, bad debt allowance	0	49
Other	5	27
	5	167

12.8 Financial and Valuation Result

The financial result breaks down as follows:

(in EUR k)	2007	Jan. 20 - Dec. 31, 06
Financial Income	**6,184**	**128**
Financial Expenses	**-38,683**	**-23,006**
Transaction costs	-876	-9,116
Commitment fees	-796	0
Guarantee Fees	-504	0
Minority interest	0	-309
Other financial expenses	-440	0
	-2,616	-9,425

The effect on profit or loss of the fair value measurement of financial instruments and investment property is as follows:

(in EUR k)	2007	Jan. 20 - Dec. 31, 06
Net gain from the fair value adjustments on financial derivatives	8,086	-730

(in EUR k)	2007	Jan. 20 - Dec. 31, 06
Net gain from the fair value adjustments on investment property	11,170	22,871

The net gain (2006: loss) from the fair value adjustments on financial derivatives relates exclusively to derivatives that do not qualify for hedge accounting. It breaks down as follows:

(in EUR k)	2007	Jan. 20 - Dec. 31, 06
Payer interest rate swap alstria office REIT-AG [1] EUR 625,000k dated December 11, 2006	7,139	-1,201
Interest rate swap alstria office REIT-AG [2] EUR 80,880k dated January 2, 2006	635	541
Cap alstria office REIT-AG [2] EUR 80,880k dated January 2, 2006	560	-70
Cap alstria office REIT-AG [3] EUR 41,721k dated July 20, 2006	264	0
Cap alstria office REIT-AG [4] EUR 26,184k dated July 20, 2006	166	0
Cap alstria office REIT-AG EUR 150,000k dated December 20, 2007	-678	0
Net profit/loss from fair value adjustments on financial derivatives	**8,086**	**-730**

[1] Formerly Alstria Erste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
[2] Formerly JUNA Property GmbH & Co. KG, Hamburg
[3] Formerly Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
[4] Formerly Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg

Further details on derivatives are shown under Note 10.4 following the order of the table.

12.9 Income Taxes

The tax income/expense breaks down as follows:

(in EUR k)	2007	Jan. 20 - Dec. 31, 06
Consolidated income statement		
Current income tax expenses	-5,110	-3
Deferred income tax income	9,788	-4,087
	4,678	-4,090

Because of obtaining the G-REIT status alstria office REIT-AG is subject to final taxation on the effective date of the transfer into a G-REIT. For a detailed description of the transformation into a G-REIT, please see note 1. Tax expenses of EUR 5,110k result from the final taxation and from the taxation of operating income as by December 31, 2006. alstria office REIT-AG is tax exempted as by January 1, 2007. Deferred tax liabilities and assets have to be released to income. As a result tax income of EUR 9,788k (2006: loss EUR 4,087) arises. The overall tax profit of alstria office REIT-AG amounts to EUR 4,678k in EUR 2007.

This amount considers the release of deferred tax liabilities and assets as by December 31, 2006 (EUR 7,356k), the release of deferred tax liabilities and assets that were booked against the capital surplus because of the shareholder loan (EUR 62k), the acquisition of Alstria Vierte Hamburgische Grundbesitz GmbH, Hamburg (EUR 438k) and the acquistition of Alstria Siebte Hamburgische Grundbesitz GmbH (EUR 2,932k).

The Group's tax expense differs from the theoretical amount calculated by multiplying the Group tax rate of 0 % (2006: 26.375 %) by profit before taxes, as follows:

(in EUR k)	2007	Jan.20 - Dec. 31, 06
IFRS profit before taxes	**48,133**	**18,623**
Tax expense at a tax rate of 0% (2006: 26.375 %)	0	4,912
Income not subject to tax (constructive contribution)	0	-1,580
Expense not subject to tax (constructive dividend)	0	188
Expense not subject to tax (interest paid for shareholder loan)	0	370
Loss of the general partners subject to corporate income tax for which no deferred tax assets have been recognized	0	15
Expense not subject to tax (capital consolidation)	0	86
Loss generated by JUNA Property GmbH & Co. KG which was not recognized for tax purposes (deferral)	0	99
Release of deferred tax liabilities and assets (conversion into G-REIT)	-9,788	0
Current taxes result from final taxation and from taxation of operating income as by December 31, 2006	5,110	0
Income tax expenses	**-4,678**	**4,090**

Deferred Income Tax

For a detailed description of the effect on the consolidated balance sheet, please see Note 11.5

CONSOLIDATED INCOME STATEMENT

(in EUR k)	2007	Jan. 20-Dec. 31, 06
Deferred income tax liabilities		
Revaluation of investment property to fair value	18,826	-11,465
Revaluation of a cap to fair value	96	18
Revaluation of interest rate swaps to fair value	2,152	-1,436
Financial liabilities (transaction costs)	1,961	-1,638
	23,035	**-14,521**
Deferred income tax assets		
Revaluation of investment property to fair value	-5,432	2,652
Prepaid expenses (transaction costs)	-30	-3
Shareholder Loan	-180	180
Tax loss carryforwards	-7,605	7,605
	-13,247	**10,434**
Deferred income tax/ income expense	**9,788**	**-4,087**

13. Other Notes

13.1 Compensation of Management Board and Supervisory Board

With respect to disclosures according to Sec. 314 par.1 no. 6 HGB ("Handelsgesetzbuch") and IAS 24.16 we refer to the Compensation Report attached, which is part of the Notes to the consolidated financial statements.

13.2 Commitments and contingencies

There were no contingent liabilities as of the balance sheet date. Other financial obligations from ongoing maintenance amount to EUR 2,000k (2006: EUR 51k as of December 31, 2006, there was still no rental agreement for the administrative premises).

Under the purchase agreement effective on December 11, 2007, alstria office REIT-AG concluded a purchase agreement on the acquisition of further properties with a total value of EUR 52,350k. The transfer of possession, benefits and burdens is expected to take place in the first months of 2008.

Under the purchase agreement dated December 12, 2007, alstria office REIT-AG concluded a purchase agreement on the acquisition of further properties with a total value of EUR 105,770k. The transfer of possession, benefits and burdens is expected to take place in the first months of 2008.

Under the purchase agreement dated December 17, 2007, alstria office REIT-AG concluded a purchase agreement on the acquisition of further properties with a total value of EUR 50,262k. The transfer of possession, benefits and burdens is expected to take place in the first months of 2008.

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio, consisting of the Group's surplus office and manufacturing buildings. These non-cancellable leases have remaining terms of between 5 and 20 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

(in EUR k)	Dec. 31, 2007	Dec. 31, 2006
Within one year	89,201	61,895
After one year but not longer than five years	324,411	237,354
More than five years	952,629	629,766
	1,366,241	**929,015**

13.3 Consolidated Cash Flow Statement

The cash flow statement shows how the cash and cash equivalents of the Group changed in the course of the fiscal 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.

The cash and cash equivalents in the cash flow statement relate to all cash disclosed in the balance sheet, i.e. cash on hand and bank balances.

The cash flows from investing and financing activities are calculated on the basis of payments. Whereas, the cash flows from operating activities are derived indirectly based on the consolidated profit for the year. Under the indirect method, changes to the balance sheet items recognized in connection with operating activities are adjusted for effects arising from changes to the consolidated group.

The payments for investing activities (EUR 306,498k) (2006: EUR 1,071,637k) were funded by additional borrowings and by operating cash. The residual amount was financed by using the cash and cash equivalents especially received from the IPO.

The repayments of borrowings (EUR 243,262k) (2006: EUR 625,180k) were financed by additional borrowings, by operating cash and by using the cash and cash equivalents especially received from the IPO.

Thus changes to the relevant balance sheet items cannot always be reconciled to the corresponding amounts from the published consolidated balance sheet.

14. Related Party Relationships

14.1 Preliminary Remarks

Related parties are members of management of alstria office REIT-AG (Management Board and Supervisory Board) and close family members of these persons. Related parties also include entities with controlling influence over the Group and entities with joint control over or significant influence on alstria office REIT-AG.

Captiva 2 Alstria Holding S.à.r.l. (parent company), Captiva Capital Partners II SCA and Captiva Capital II S.à.r.l. (ultimate parent company) are considered to have a controlling influence over alstria office REIT-AG. There was no group of entities with joint control or significant influence, with which business was conducted in the fiscal year.

Related parties during the fiscal year also included NATIXIS Capital Partners Limited and NATIXIS Capital Partners GmbH.

In the view of alstria office REIT-AG's management, all transactions with related parties have been entered into on arm's length terms or under conditions to alstria office REIT-AG's favor.

14.2 Remuneration of Key Management Personnel

For a detailed description of the remuneration of key management personnel, please see the compensation report.

14.3 Related Party Transactions

The following table provides the total amount of transactions which have been entered into with related parties in 2007:

(in EUR k)	2007	2006
Acquisition of shares in Alstria IV. and VII. Hamburgische Grundbesitz GmbH & Co. KG (former Verwaltung Alstria Vierte and Siebte Hamburgische Grundbesitz GmbH)	15,821	0
Total Acquisition of shares in Juna Beteiligungs-GmbH, Frankfurt a.M.	1,848	0
Interest expense shareholder loan alstria office REIT-AG (including interest expenses former JUNA Beteiligungs GmbH)	1,206	244
Performance guarantees	418	32
Service Agreement with Natixis Capital Partners GmbH	210	0
Use of office space	71	0
Interest expense shareholder loan Alstria IV. Hamburgische Grundbesitz S.à.r.l. & Co. KG (former Verwaltung Alstria Vierte Hamburgische Grundbesitz GmbH)	64	0
Interest expense shareholder loan Alstria VII. Hamburgische Grundbesitz S.à.r.l. & Co. KG (former Verwaltung Alstria Siebte Hamburgische Grundbesitz GmbH)	45	0
Laid out expenses EY for Captiva Capital Partners II SCA	40	0
Asset Management fees expensed for Alstria IV. and VII. Hamburgische Grundbesitz GmbH & Co. KG (former Verwaltung Alstria Vierte and Siebte Hamburgische Grundbesitz GmbH)	31	0
Management fees in line with the asset management agreement of June 1, 2006 (Natixis Capital Partner GmbH). The agreement was terminated with effect from March 1, 2007	27	182
Acquisition of shares in Verwaltung Alstria Sechste GmbH, Hamburg	15	0
Interest income for permission loan to Alstria Fünfte Hamburgische Grundbesitz GmbH & Co. KG	9	0
Compensation for liability coverage of Juna Property GmbH & Co. KG liability	2	2
Compensation for liability coverage of Alstria Vierte and Siebte Hamburgische Grundbesitz S.à.r.l. & Co. KG	1	0
Shareholder loan (including valuation)	0	82,447
Service Agreement with Natixis Capital Partner Ltd.	0	1,332
Advisory Agreement with Captiva 2 Alstria Holding S.à.r.l.	0	700

Acquisition of shares in Alstria IV. and VII. Hamburgische Grundbesitz GmbH & Co. KG (former Alstria Vierte and Siebte Hamburgische Grundbesitz GmbH)

alstria acquired from Alstria Hanseatische Grundbesitz Holding S.à.r.l. in total 100% of Alstria IV. and VII. Hamburgische Grundbesitz GmbH & Co. KG (former Verwaltung Alstria Vierte and Siebte Hamburgische Grundbesitz GmbH), for an amount of EUR 15.821k. The acquisition process was made up as follows:

- During the reporting period, alstria office REIT-AG acquired a 94% interest in Verwaltung Alstria Vierte Hamburgische Grundbesitz GmbH, Hamburg, and Verwaltung Alstria Siebte Hamburgische Grundbesitz GmbH, Hamburg.
- In addition, Verwaltung Alstria Vierte Hamburgische Grundbesitz GmbH and Verwaltung Alstria Siebte Hamburgische Grundbesitz GmbH respectively, acquired an interest of 1% in Alstria Vierte Hamburgische Grundbesitz S.à.r.l. & Co. KG, Hamburg, and Alstria Siebte Hamburgische Grundbesitz S.à.r.l. & Co. KG, Hamburg, respectively, from its general partner, and therefore expanded their interests in these companies to 100%. Thereafter, the general partner withdrew from the partnerships, and, as a consequence, the partnerships ceased to exist and the assets and liabilities were automatically transferred to Verwaltung Alstria Vierte Hamburgische Grundbesitz GmbH and Verwaltung Alstria Siebte Hamburgische Grundbesitz GmbH respectively, in accordance with Sec. 738 BGB (Anwachsung) with effect as of March 31, 2007.
- On June 28, 2007, the conversion of Verwaltung Alstria Vierte Hamburgische Grundbesitz GmbH and Verwaltung Alstria Siebte Hamburgische Grundbesitz GmbH into Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG and Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG, respectively became effective. Thereafter, alstria office REIT-AG acquired the remaining interest of 6% in Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG and Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG with effect from June 30, 2007.

Acquisition of shares in Verwaltung Alstria Sechste GmbH, Hamburg

alstria office REIT-AG acquired a 100% interest in Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH from Alstria Hanseatische Grundbesitz Holding S.à.r.l. effective from April 1, 2007 at a price of EUR 15k.

Acquisition of shares in Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG

- With effect as of April 1, 2007 Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH transferred a limited partner's interest of Alstria Sechste Hamburgische Grundbesitz S.à.r.l. & Co. KG amounting to EUR 9,600 to Alstria Hanseatische Grundbesitz Holding S.à.r.l. and of EUR 10,200 to alstria office REIT-AG (equals 51%). Furthermore, the general partner Alstria Hanseatische Grundbesitz S.à.r.l. transferred its capital contribution of EUR 200 to Alstria Hanseatische Grundbesitz Holding S.à.r.l. Regarding the transfers of these interests no purchase prices were paid since the capital contribution is still outstanding and the net asset value of the KG amounts to EUR 0.
- By shareholder's resolution of Alstria Sechste Hamburgische Grundbesitz S.à.r.l. & Co. KG dated April 1, 2007, Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH joined Alstria Sechste Hamburgische Grundbesitz S.à.r.l. & Co. KG as general partner without capital contribution and without participation in losses and profits of the KG. At the same time Alstria Sechste Hamburgische Grundbesitz S.à.r.l. & Co. KG was renamed to Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG.

Acquisition of Shares in JUNA Property GmbH & Co. KG

alstria office REIT-AG acquired 100 % of JUNA Beteiligungs GmbH, Frankfurt am Main, from Captiva 2 JUNA Holding S.à.r.l. The transaction was notarized on July 30, 2007. JUNA Beteiligungs GmbH holds a 5.1 % share in JUNA Property GmbH & Co. KG, Frankfurt am Main, the company holding the Barmer Portfolio. The purchase price was EUR 1,848k. With the pay off of the minority shareholders alstria office REIT-AG now, directly and indirectly, owns 100 % of JUNA Property GmbH & Co. KG.

Shareholder Loan

On November 23, 2006, Alstria Office AG entered into a loan agreement with Captiva 2 Alstria Holding S.à.r.l. pursuant to which Captiva 2 Alstria Holding S.à.r.l. granted a loan in the amount of EUR 155.000k to Alstria Office AG. The loan is unsecured and bears from January 1, 2007 an interest rate of 5.4125 % p.a. According to the conditions of the agreement the loan was to be repaid on the date of the initial public offering for shares in alstria office REIT-AG.

By shareholder resolution of Captiva 2 Alstria Holding S.à.r.l. dated December 14, 2006, EUR 73,000k of the repayable amount was booked in the capital surplus of the Company. In the course of a capital increase effective March 9, 2007 further EUR 32,000k of the loan have been allocated to the Company's equity. By shareholder resolution dated March 15, 2007 Captiva 2 Alstria Holding S.à.r.l. increased the shareholder loan by EUR 54,500k. Together with the EUR 50,000k still outstanding the shareholder loan amounted to EUR 104,500k plus accrued interests. With shareholder resolution of the same day the total loan amount has been allocated to the capital surplus at the first trading day of alstria's stock (April 3, 2007). Thus at April 3, 2007 no obligations out of the loan existed against Captiva 2 Alstria Holding S.à.r.l. any more.

Transactions with Parties Related to Members of the supervisory board

Advisory Agreement with NATIXIS Capital Partners Limited terminated on June 30, 2007

John van Oost, the chairman of the Supervisory Board, is a managing partner of NATIXIS Capital Partners Limited and Daniel Quai, a member of the Supervisory Board, is employed at NATIXIS Capital Partners Ltd. and is a managing director of NATIXIS Capital Partners GmbH. alstria office REIT-AG concluded an advisory agreement with NATIXIS Capital Partners Limited. Pursuant to this agreement, NATIXIS Capital Partners Limited assisted the Company in identifying potential acquisition opportunities relating to real estate assets in Germany, drafting proposals to and approaching potential sellers, coordination of due diligence processes, coordination with the Company's other advisors in defining the appropriate consideration, structure and other financial terms for acquisitions of real estate, negotiations with sellers and development of related strategies and completion of acquisitions.

The services could be performed by NATIXIS Capital Partners Limited itself or by other entities affiliated to it. The term of the agreement is from February 1, 2006 until June 30, 2007. NATIXIS Capital Partners Limited received a success fee based on the transaction volume of real estate acquisitions completed by alstria office REIT-AG. The Company also agreed to indemnify and hold harmless NATIXIS Capital Partners Limited and any person performing the services from and against any and all actions, proceedings, claims, demands, losses, liabilities, damages, costs, charges and expenses in relation with the services performed and not arising primarily from such person's gross negligence or willful misconduct.

Service Agreement with Natixis Capital Partners GmbH (expired on June 30, 2007)

On March 16, 2007 Natixis Capital Partners GmbH and the Company entered into a service agreement under which Natixis Capital Partners GmbH shall assist the Company in accounting, finance and working capital matters and shall make available, at the Company's request, two duly qualified and competent professionals who shall assist the Company within the scope of the engagement at the premises of the Company. The services can also be rendered by an affiliate of Natixis Capital Partners GmbH at its discretion, provided that any entity or person rendering services agree to confidentiality of the matters of the Company. The agreement has a term of three months, commencing March 15, 2007 and the Company has a recurring option to request an extension of such term provided that the maximum term of the agreement must not exceed six months. The Company has the right to terminate the agreement at any time upon 15 days prior written notice to the other party, while Natixis Capital Partners GmbH is only entitled to terminate the agreement for good cause. The agreement provides for a monthly fee of EUR 60k flat (plus any VAT) provided that if the agreement terminates during a month such fee shall only be payable pro rata temporis. In addition, the Company must reimburse Natixis Capital Partners GmbH for all reasonable costs and expenses incurred, including travel expenses and expenses, in connection with the agreement.

Asset Management Agreement with NATIXIS Capital Partners GmbH (terminated on March 1, 2007)

JUNA Property GmbH & Co. entered into an asset management agreement with NATIXIS Capital Partners GmbH, a subsidiary of NATIXIS Capital Partners Limited as of June 1, 2006, regarding asset management services for the real estate properties comprised by the Barmer Portfolio.

Payment to NATIXIS Capital Partners GmbH for the services provided to JUNA Property GmbH & Co. KG was EUR 27k in 2007.

Use of Office Space

For its head office in Hamburg, alstria office REIT-AG uses office space that is let by NATIXIS Capital Partners GmbH under a lease agreement with HIH. NATIXIS Capital Partners GmbH has indicated that it might assign the lease agreement to alstria office REIT-AG subject to the consent of the lessor. So far, alstria office REIT-AG has reimbursed NATIXIS Capital Partners GmbH on an at-cost basis for the use of office space. Expenses amounted to EUR 60k for 2007 and EUR 11k for 2006.

Advisory Agreement with Captiva 2 Alstria Holding S.à.r.l. (terminated on March 5, 2007)

The Company and the Captiva 2 Alstria Holding S.à.r.l. entered into an advisory agreement relating to financial and strategic advice. According to the terms of this agreement, the Captiva 2 Alstria Holding S.à.r.l. assisted the Company in the areas of capital structure, arranging and assisting with the closing and funding process. In addition, the Captiva 2 Alstria Holding S.à.r.l. advised on strategy and related matters and assisted in other areas upon the Company's request. The original term of the agreement was from June 30, 2006 until June 30, 2007. As consideration, the Captiva 2 Alstria Holding S.à.r.l. received a lump sum payment of EUR 700k and had to be reimbursed for all reasonable costs and expenses. The Company also agreed to indemnify and hold harmless the Captiva 2 Alstria Holding S.à.r.l. and any person performing the services from and against any and all actions, proceedings, claims, demands, losses, liabilities, damages, costs, charges and expenses in relation with the services performed and not arising primarily from such person's gross negligence or willful misconduct. With contract dated February 16, 2007 this agreement was terminated effective March 5, 2007.

Performance Guarantees

Captiva Capital Partners II SCA has granted a number of payment guarantees for the benefit of NATIXIS Corporate & Investment Bank, S.A. in relation to the Company's obligation arising from transaction with respect to the acquisition of real estate properties. Generally, the seller of real estate property demands a performance guarantee from a bank for the period from signing of the sale-and-purchase agreement until payment of the purchase price. NATIXIS Corporate & Investment Bank, S.A. has issued such performance guarantees for the benefit of the respective sellers regarding sale-and-purchase agreements concluded by alstria office REIT-AG. Captiva Capital Partners II SCA has arranged the issuance of such performance guarantees and may be liable for any amounts paid by NATIXIS Corporate & Investment Bank, S.A. to the respective purchaser under such performance guarantees. Captiva Capital Partners II SCA is entitled to receive a guarantee fee from alstria office REIT-AG. In 2007 alstria office REIT-AG paid to Captiva Capital Partners II SCA guarantee fees amounting to EUR 418k.

Loan Agreement with Alstria Fünfte Hamburgische Grundbesitz GmbH & Co. KG

Dated September 21, 2007 alstria (lender) and Alstria Fünfte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg (Borrower), entered into a short term loan agreement. The credit facility was EUR 1,250k, with an interest rate of 5.8%. The loan was drawn to EUR 1,200k and repaid on November 7, 2007. For the interest period Alstria Fünfte Hamburgische Grundbesitz GmbH & Co. KG received interest payments of EUR 9k .

15. Earnings per Share

Basic earnings per share are calculated as the quotient of the profit attributable to the shareholders and the weighted average number of shares outstanding during the fiscal year - except for the average number of treasury shares held by the Company itself.

Diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year - except for the treasury shares held by the Company itself - plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the earnings per share computations:

	2007	2006
Profit attributable to the shareholders (in EUR k)	52,811	14,533
Average number of shares outstanding (in thousands)	46,082	1,042
Basic earnings per share (in EUR per share)	**1.15**	**13.95**

There were no dilution effects resulting from the granted stock options or the convertible profit participation rights during the period under review as the related contingencies were not achieved as of the balance sheet date.

For further information concerning granted stock option and convertible profit participation rights we refer to the compensation report respectively section 18.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

alstria is authorised to issue up to EUR 20,000 k shares as conditional capital. These contingently issuable shares could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are antidilutive for the period presented.

16. Dividends Proposed

Proposed for approval at annual general meeting (not recognized as a liability as of December 31):

(in EUR k)	2007	2006
Equity dividends on ordinary shares	28,400	0
Dividend per share (without treasury shares)	0.5133	0

17. Employees

During the period from January 1, 2007 to December 31, 2007, on an average 15 employees (January 20, 2006 to December 31, 2006: on an average 4 employees) were employed at the Company. The average was calculated by the fourth part of the total of employed people at the end of each quarter. On December 31, 2007, 20 people (December 31, 2006: 4 people) were employed at alstria office REIT-AG, excluding the management board.

18. Convertible Profit Participation Rights Program

On September 5, 2007 the supervisory board of the Company resolved the issuance of Convertible Profit Participation Certificates ("certificates") to employees of the Company and to employees of companies in which alstria office REIT-AG, directly or indirectly, holds a majority interest. Members of alstria office REIT-AG's management board are not considered employees of the Company in terms of this convertible profit participation rights program. With its resolution, the supervisory board fixed the details of the convertible profit participation rights program in accordance with an authorization granted by the general meeting of shareholders of March 15, 2007.

The main terms of the program resolved by the supervisory board can be summarized as follows:

The nominal amount of each certificate is EUR 1.00 and is payable upon issuance. Under the program, a maximum of 500,000.00 certificates in an aggregate nominal amount of up to EUR 500,000.00 may be issued. 3,600 certificates were issued on September 6, 2007.

The certificates are issued as non transferable rights. The certificates are neither sellable nor pledgeable or otherwise chargeable.

The maximum term of each certificate is five years.

During its term, each certificate entitles to a preferred disbursement from the Company's annual net profit. The profit share corresponds to the dividend per share of the Company for a full business year of the Company. For certificates held by a beneficiary for less than a full business year of the Company, the profit share is reduced pro rata temporis.

Each certificate shall be converted into one non-par value bearer share of the Company on the second, third, fourth or fifth anniversary date of the issue date if the then current stock exchange price of the Company's shares has exceeded the stock exchange price of the Company's shares on the issue date by 5% or more on at least seven non subsequent trading days.

Upon conversion of a certificate, the beneficiary shall pay an additional conversion price to the Company for each certificate to be converted. The conversion price shall be the aggregate proportionate amount in the Company's share capital of the shares each certificate entitles to subscribe for and shall be payable in addition to the offer price.

The management board, subject to the approval of the supervisory board, shall be entitled to amend the program at any time. This also applies to the administration of certificates which have already been issued provided that such amendment does not affect the commercial value of the certificates and/or a respective compensation is paid.

The fair values of the inherent options for conversion were estimated at the respective granting dates using a binary barrier option model based on the black-scholes-assumptions since the conversion will be affected automatically once the barrier has been reached. The model takes into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the model used for the determination of the fair value of the options for conversion granted on September 6, 2007:

The estimated fair value of one option for conversion at the granteing date was EUR 10.77.

Dividend yield (%)	3.70
Risk-free interest rate (%)	4.20
Expected volatility (%)	30.00
Expected life of option (years)	2.00
Exercise share price (EUR)	1.00
Labor turnover rate (%)	10
Stock price as of valuation date (EUR)	13.18

19. Financial Risk Management

The financial instruments chiefly used by the Group are bank loans and derivative financial instruments. The main purpose of the bank loans is to finance the business activities of alstria office REIT-AG. The Company also has various financial assets, such as cash and short-term deposits, which arise directly from business activities

.

Derivative financial instruments include interest swaps and caps. The purpose of these derivative financial instruments is to hedge against interest risks arising from the Company's business activities and its sources of financing.

The main risks arising from the Group's financial instruments are cash flow interest rate risks and liquidity risks. The Group is not exposed to any significant credit risks. The management board decides on strategies and processes for managing specific risk types. These are presented below.

Interest Rate Risk

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

FISCAL YEAR AS AT DECEMBER 31ST, 2007

	< 1 year EUR k	1- 2 years EUR k	2-3 years EUR k	3-4 years EUR k	>4 years EUR k	Total EUR k
Variable interest						
Loan facility of EUR 1,139,800k	-	-	-	927,400	-	927,400

FISCAL YEAR AS AT DECEMBER 31ST, 2006

	< 1 year EUR k	1- 2 years EUR k	2-3 years EUR k	3-4 years EUR k	>4 years EUR k	Total EUR k
Variable interest						
Loan facility of EUR 1,139,800k	-	-	-	-	813,466	813,466

Due to the extensive portfolio of non-current financial liabilities with a variable interest risk, alstria office REIT-AG is exposed to risks from fluctuations in market interest rates. The interest base for the financial liability (loan) is the 3-month EURIBOR, which is adjusted every three months. A number of different derivative financial instruments were acquired to manage the interest expense. The derivative financial instruments relate to interest swaps in which the Company agrees to exchange with contracting partners, at specified intervals, the difference between fixed and variable interest rate amounts calculated by reference to an agreed-upon notional principal amount. In addition, interest caps were acquired; here the interest is capped at a set maximum. If the maximum interest rate is exceeded, the difference between the actual interest rate and the cap rate is paid out. The derivative financial instruments of alstria office REIT-AG are presented below:

These interest swaps and interest caps are used to hedge the obligation underlying the loans.

The following table shows the sensitivity of consolidated profit or loss to a reasonably possible change in the interest rates (due to the effect on the floating interest loans). All variables remain constant, the effects from the derivative financial instruments were not factored into the calculation. Consolidated equity is not affected.

(in EUR k)	2007	2006
+80 basis points	5,714	423
-100 basis points	- 7,143	- 528

Product	Strike p.a.	Notional	Maturity Date	Carrying Amount 2007	Carrying Amount 2006	Fair Value 2007	Fair Value 2006
Cap	3.8000%	41,720,700	31.03.2011	961,194	na	961,194	na
Cap	3.8000%	26,184,540	31.03.2011	603,260	na	603,260	na
Swap	3.6165%	625,000,000	29.11.2011	18,939,326	10,429,881	18,939,326	10,429,881
Swap	3.1925%	80,880,000	29.11.2011	3,760,776	2,985,671	3,760,776	2,985,671
Cap	4.0000%	80,880,000	29.11.2011	1,811,391	1,147,246	1,811,391	1,147,246
Cap	4.9000%	150,000,000	20.12.2012	1,125,871	na	1,125,871	na
Total				**27,201,818**	**14,562,798**	**27,201,818**	**14,562,798**

Liquidity Risk

The Company continually monitors the risk of potential liquidity bottlenecks using a liquidity planning tool, which uses the expected cash flows from business activities and the maturity of the financial investments as a basis for analysis.

As of the balance sheet date, the nominal financial liabilities had the following maturities in line with their contractual maturity (basis is the 3-month EURIBOR as of December 31, 2007 plus 60 basispoints).

FISCAL YEAR AS AT DECEMBER 31, 2007

	< 1 year EUR k	1- 2 years EUR k	2-3 years EUR k	3-4 years EUR k	>4 years EUR k	Total EUR k
Interests	57,940	48,868	48,868	44,648	-	200,324
Loans				927,400		927,400
Financial Derivatives	-	-	-	-	-	-
Trade payables	3,068	-	-	-	-	3,068
Other Liabilites	25,164	-	-	-	-	25,164
	86,172	**48,868**	**48,868**	**972,048**	**-**	**1,155,956**

FISCAL YEAR AS AT DECEMBER 31, 2006

	< 1 year EUR k	1- 2 years EUR k	2-3 years EUR k	3-4 years EUR k	>4 years EUR k	Total EUR k
Interests	48,922	42,984	42,864	42,864	39,163	216,797
Loans	82,471				813,466	895,937
Financial Derivatives	134	-	-	-	-	134
Trade payables	5,363	-	-	-	-	5,363
Other Liabilites	24,140	-	-	-	-	24,140
	161,030	**42,984**	**42,864**	**42,864**	**852,629**	**1,142,371**

As of December 31, 2007, EUR 936,336k was outstanding on the financial liabilities (December 31, 2006: EUR 897,649k). The carrying amount takes into account interest liabilities and transaction costs to be allocated under the effective interest method upon raising the liabilities.

The most significant liability is a syndicated loan from J.P. Morgan Plc., Natixis and HSH Nordbank AG for a nominal EUR 1,139,800k. EUR 931,416k of this nominal amount had been utilized as of the balance sheet date (December 31, 2006: EUR 655,743k). To secure these liabilities, receivables from rental and property purchase agreements as well as insurance receivables and derivative financial instruments were assigned to the lenders, liens were granted on bank accounts and the registration of land charges was agreed. The obligations arising from the floating interest bank loans were fully secured. Land charges with a carrying amount of EUR 1,235,565k were furnished as security.

Capital Management
Capital management activities are aimed at maintaining the Company's classification as a REIT in order to support its business activities and maximize shareholder value.

The Company manages its capital structure and makes adjustments in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group can make a capital repayment to its shareholders or issue new shares. No changes were made to the aims, guidelines and processes as of December 31, 2007 and December 31, 2006.

The capital structure is monitored by the Company using the KPIs relevant for classification as a REIT. The REIT equity ratio, being the ratio of equity to investment property, is the most important Key Performance Indicators (KPI). According to the Group's strategy, the REIT equity ratio must be between 45 % and 55 %. The following KPIs are also used to manage capital:

KPIS ACCORDING TO G-REIT LAW

(in %)	2007	2006	Guideline
Equity Ratio acc. G-REIT law	51.4 %	30.8 %	> 45 %
Investment properties	92.3 %	95,9 %	> 75 %
Revenues from investment properties	100 %	100 %	> 75 %
Income from disposal of investment properties	0.25 %	-	< 50 % [1]

[1] Within five years based on the average property value during this periode

20. Financial Instruments
Fair Value
The following table shows the carrying amount and fair value of all financial instruments disclosed in the consolidated financial statements.

DECEMBER 31, 2007

Assets as per balance sheet in EUR k	Loans and receivables	Assets at fair value through the profit and loss	Derrivates used for hedging	Available for sale	Total
Available-for-sale financial assets	-	-	-	-	-
Derivative financial instruments	-	-	27,202	-	27,202
Trade and other receivables	7,685	-	-	-	7,685
Cash and cash equivalents	103,036	-	-	-	103,036
Total	**110,721**	**-**	**27,202**	**-**	**137,923**

DECEMBER 31, 2007

Liabillities as per balance sheet in EUR k	Liabillities at fair value through the profit and loss	Derrivates used for hedging	Other financial liabillities	Total
Borrowings	-	-	936,336	936,336
Derivative financial instruments	-	-	-	-
Total	**-**	**-**	**936,336**	**936,336**

DECEMBER 31, 2006

Assets as per balance sheet in EUR k	Loans and receivables	Assets at fair value through the profit and loss	Derrivates used for hedging	Available for sale	Total
Available-for-sale financial assets	-	-	-	-	-
Derivative financial instruments	-	-	14,563	-	14,563
Trade and other receivables	3,760	-	-	-	3,760
Cash and cash equivalents	24,304	-	-	-	24,304
Total	**28.064**	**-**	**14,563**	**-**	**42,627**

DECEMBER 31, 2006

Liabillities as per balance sheet in EUR k	Liabillities at fair value through the profit and loss	Derrivates used for hedging	Other financial liabillities	Total
Borrowings	-	-	897,649	897,649
Derivative financial instruments	-	-	-	-
Total	**-**	**-**	**897,649**	**897,649**

The fair value of the derivative financial instruments and the loans was determined by an independent expert by discounting the expected future cash flows at prevailing market interest rates.

Interest Rate Risk

The fair market value of derivative financial instruments is also subject to interest rate risks. A change in the interest rate would give rise to the following changes of the respective fair market values:

(in EUR k)	2007	2006
+80 basis points	6,568	555
-100 basis points	- 7,456	- 695

21. Significant Events after the End of the Reporting Period

alstria office REIT-AG and HSH Nordbank AG entered into a swap agreement with a nominal value of EUR 100,000k effective July 10, 2008, which serves to hedge interest rate risks. The swap expires on July 10, 2013.

As to the acquisition of investment property expected in the first month of 2008 we refer to Note 10.1.

22. Utilization of Exempting Provisions

The following German subsidiaries included in the consolidated financial statements of alstria office REIT-AG have made use of the exemption granted in Sec. 264b HGB:

- Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
- Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
- Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg

23. Disclosures Pursuant to Wertpapierhandelsgesetz [German Securities Trading Act]

1. AD-HOC ANNOUNCEMENTS

Date	Topic	Language
27.03.2007	alstria announces offer price range	English / German
28.03.2007	Extraordinary general meeting of shareholders established framework for conversion into G-REIT	English / German
03.04.2007	alstria sets offer price and placement size	English / German
11.10.2007	Registration as REIT-stock corporation	English / German
06.11.2007	Buy back of own shares	English / German
12.12.2007	alstria office REIT-AG: agrees on the acquisition of a German office real estate portfolio	English / German

The following transactions were executed in 2007 and reported to alstria:

DIRECTORS' DEALINGS IN 2007

Name of the Board Member	Olivier Elamine
Function	Member of the Management Board
Classification of the share	Share

ISIN	Place	Transaction	Transaction Date	Price Per share in EUR	Number of Shares	Deal Volume
DE000A0LD2U1	Xetra	Purchase	25.07.2007	13.89	2,650	36,808.5
DE000A0LD2U1	Xetra	Purchase	10.08.2007	13.20	1,200	15,840
DE000A0LD2U1	Xetra	Purchase	14.08.2007	12.22	1,200	14,664
DE000A0LD2U1	Xetra	Purchase	19.10.2007	12.75	2,000	25,500
DE000A0LD2U1	Xetra	Purchase	21.11.2007	10.48	1,000	10,480

VOTING RIGHTS NOTIFICATIONS

No.	Date	Shareholders	Voting rights (new)	Strike threshold	Date of Change	Additional shares	Disclosure	Language
1	13.04.07	Cohen & Steers Capital Management Inc.	3,67 %	3 %	03.04.07	no	§ 26 (1) WpHG	German
2	13.04.07	Cohen & Steers Inc.	4,73 %	3 %	03.04.07	yes	§ 26 (1) WpHG	German
3a	13.04.07	Captiva Capital Partners II SCA	71,43 %	n/a	02.04.07	yes	§ 26 (1) WpHG	German
3b	13.04.07	Captiva 2 Alstria Holding S.à.r.l.	71,43 %	n/a	02.04.07	yes	§ 26 (1) WpHG	German
4	13.04.07	Captiva Capital II S.à.r.l.	71,43 %	n/a	02.04.07	yes	§ 26 (1) WpHG	German
5	13.04.07	Deutsche Bank AG	10,00 %	n/a	02.04.07	no	§ 26 (1) WpHG	German
			0,00 %	10 %, 5 %, 3 %	05.04.07	no	§ 26 (1) WpHG	German
6	13.04.07	Union Investment Privatfonds GmbH	4,29 %	3 %	05.04.07	yes	§ 26 (1) WpHG	German
7	13.04.07	JPMorgan Chase & Co.	17,14 %	n/a	02.04.07	yes	§ 26 (1) WpHG	Engl
			24,10 %	20 %	03.04.07	yes		
			0,33 %	20 %, 15 %, 10 %, 5 %, 3 %	05.04.07	yes		
8	13.04.07	JPMorgan Chase Bank	17,14 %	n/a	02.04.07	yes	§ 26 (1) WpHG	Engl
			23,82 %	20 %	03.04.07	yes		
			0,05 %	20 %, 15 %, 10 %, 5 %, 3 %	05.04.07	yes		
9	13.04.07	JPMorgan International Inc.	17,14 %	n/a	02.04.07	yes	§ 26 (1) WpHG	Engl
			23,82 %	20 %	03.04.07	yes		
			0,05 %	20 %, 15 %, 10 %, 5 %, 3 %	05.04.07	yes		

No.	Date	Shareholders	Voting rights (new)	Strike threshold	Date of Change	Additional shares	Disclosure	Language
10	13.04.07	Bank One International Holdings Corporation	17,14 %	n/a	02.04.07	yes	§ 26 (1) WpHG	Engl
			23,82 %	20 %	03.04.07	yes		
			0,05 %	20 %, 15 %, 10 %, 5 %, 3 %	05.04.07	yes		
11	13.04.07	J.P. Morgan International Finance Limited	17,14 %	n/a	02.04.07	yes	§ 26 (1) WpHG	Eng
			23,82 %	20 %	03.04.07	yes		
			0,05 %	20 %, 15 %, 10 %, 5 %, 3 %	05.04.07	yes		
12	13.04.07	J.P. Morgan Capital Holdings Limited	17,14 %	n/a	02.04.07	yes	§ 26 (1) WpHG	Engl
			23,82 %	20 %	03.04.07	yes		
			0,00 %	20 %, 15 %, 10 %,5 %, 3 %	05.04.07	yes		
13	13.04.07	J.P. Morgan Chase (UK) Holdings Limited	17,14 %	n/a	02.04.07	yes	§ 26 (1) WpHG	Engl
			23,82 %	20 %	03.04.07	yes		
			0,00 %	20 %, 15 %, 10 %, 5 %, 3 %	05.04.07	yes		
14	13.04.07	J.P. Morgan Chase International Holdings	17,14 %	n/a	02.04.07	yes	§ 26 (1) WpHG	Engl.
			23,82 %	20 %	03.04.07	yes		
			0,00 %	20 %, 15 %, 10 %, 5 %, 3 %	05.04.07	yes		
15	13.04.07	J.P. Morgan Securities Ltd.	17,14 %	n/a	02.04.07	no	§ 26 (1) WpHG	Engl.
			23,82 %	20 %	03.04.07	no		
			0,00 %	20 %, 15 %, 10 %, 5 %, 3 %	05.04.07	no		
16	16.04.07	Bank One International Holdings Corporation	n/a	25 % exceeded and fell below	30.03.07	yes	§ 20 (6) AktG	German
17	16.04.07	J.P. Morgan International Finance Limited	n/a	25 % exceeded and fell below	30.03.07	yes	§ 20 (6) AktG	German

No.	Date	Shareholders	Voting rights (new)	Strike threshold	Date of Change	Additional shares	Disclosure	Language
18	16.04.07	JPMorgan Chase & Co	n/a	25 % exceeded and fell below	30.03.07	yes	§ 20 (6) AktG	German
19	16.04.07	J.P. Morgan Chase International Holdings	n/a	25 % exceeded and fell below	30.03.07	yes	§ 20 (6) AktG	German
20	16.04.07	J.P. Morgan Capital Holdings Limited	n/a	25 % exceeded and fell below	30.03.07	yes	§ 20 (6) AktG	German
21	16.04.07	JPMorgan Chase Bank	n/a	25 % exceeded and fell below	30.03.07	yes	§ 20 (6) AktG	German
22	16.04.07	J.P. Morgan Securities Ltd.	n/a	25 % exceeded and fell below	30.03.07	no	§ 20 (6) AktG	German
23	16.04.07	J.P. Morgan Chase (UK) Holdings Limited	n/a	25 % exceeded and fell below	30.03.07	yes	§ 20 (6) AktG	German
24	16.04.07	JPMorgan International Inc.	n/a	25 % exceeded and fell below	30.03.07	yes	§ 20 (6) AktG	German
25	30.05.07	Cohen & Steers Inc.	5,174 %	5 %	23.05.07	yes	§ 26 (1) WpHG	German
26	24.07.07	Union Investment Privatfonds GmbH	1,83 %	3 %	20.07.07	no	§ 26 (1) WpHG	German
27	18.09.07	CCT Corporate Nominees Limited	48,9 %	3 %, 5 %, 10 %, 15 %, 20 %, 30 %	14.09.07	no	§ 26 (1) WpHG	Engl.
28	18.09.07	Captiva Alstria S.à.r.l.	9,78 %	3 %, 5 %	14.09.07	yes	§ 26 (1) WpHG	German (Engl.)
29	18.09.07	Captiva Alstria 1 S.à.r.l.	9,78 %	3 %, 5 %	14.09.07	yes	§ 26 (1) WpHG	German (Engl.)

No.	Date	Shareholders	Voting rights (new)	Strike threshold	Date of Change	Additional shares	Disclosure	Language
30	18.09.07	Captiva Alstria 2 S.à.rl.	9,78 %	3 %, 5 %	14.09.07	yes	§ 26 (1) WpHG	German (Engl.)
31	18.09.07	Captiva Alstria 3 S.à.rl.	9,78 %	3 %, 5 %	14.09.07	yes	§ 26 (1) WpHG	German (Engl.)
32	18.09.07	Captiva Alstria 4 S.à.rl.	9,78 %	3 %, 5 %	14.09.07	yes	§ 26 (1) WpHG	German (Engl.)
33	10.10.07	Cohen & Steers Inc. Stanley	4,813 %	5 %	02.10.07	yes	§ 26 (1) WpHG	German (Engl.)
34	21.11.07	Morgan Investment Management Limited	5,03 %	5 %	20.11.07	no	§ 26 (1) WpHG	German (Engl.)
35a	29.11.07	Stichting Pensioenenfonds ABP	3,02 %	3 %	21.11.07	no	§ 26 (1) WpHG	German (Engl.)
35b	05.12.07	Stichting Pensioenenfonds ABP	3,02 %	3 %	21.09.07	no	Correction of the notification of 29.11.07 § 26 (1) WpHG	German (Engl.)
36	17.01.08	Morgan Stanley Investment Management Limited	4,83 %	5 %	14.01.08	no	§ 26 (1) WpHG	German (Engl.)

24. Declaration of Compliance Pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act]

The declaration of compliance required by Sec. 161 AktG regarding the recommendations of the German Corporate Governance Code developed by the government commission has been submitted by the management board and the supervisory board and has been made permanently available to the shareholders on alstria office REIT-AG's website (www.alstria.de).

25. Auditor's Fees

On March 15, 2007, the shareholder meeting elected PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Lise-Meitner-Straße 1, Berlin, to audit the separate and consolidated financial statements for fiscal year 2007.The fee expenses in 2007 comprise as follows:

(in EUR k)	**2007**
Audit services	419
Other audit-related services	0
Tax advisory services	30
Other services	504

26. Management Board

During the fiscal year the Company's general managers were:

Mr. Olivier Elamine
Chief Executive Officer (CEO)

Mr. Alexander Dexne
Chief Financial Officer (CFO)
since June 1, 2007

Dr. Michael Börner-Kleindienst
Chief Operating Officer (COO)
from March 1, 2007
until October 31, 2007

Dr. Robert Hannemann
Chief Financial Officier (CFO)
until February 1, 2007

The attached compensation report contains details of the principles for the definition of the Management Board and Supervisory Board remuneration.

27. Supervisory Board

Pursuant to the Company's articles of association (section 9), the supervisory board consists of six members, which are elected by the general meeting of shareholders. With resolution of the extraordinary general meeting of shareholders of January 16, 2007, having become effective on February 15, 2007, the number of members of the supervisory board was increased from three to six. The expiration of the term of office is identical for all members, i.e., the close of the annual general meeting of shareholders in the year 2011.

During the fiscal year 2007 the members of the supervisory board were:

Mr. Alexander Stuhlmann (Chairman)	Hamburg	
	West LB AG	CEO
	Berlin-Brandenburg Media GmbH	Member of the Advisory Board
	BVV Pensionsfonds des Bankgewerbes AG	Member of the Supervisory Boards
	BVV Versicherungsverein des Bankgewerbes a.G.	Member of the Supervisory Boards
	BVV Versorgungskasse des Bankgewerbes e.V.	Member of the Supervisory Boards
	Capital Stage AG	Vice-Chairman of the Supervisory Board
	DekaBank Deutsche Girozentrale	Member of the Administrative Board
	Deutsche Hypothekenbank AG	Chairman of the Supervisory Board
	Frank Beteiligungsgesellschaft mbH	Member of the Advisory Board
	Hamburger Feuerkasse AG	Vice-Chairman of the Supervisory Board
	HCI Capital AG	Vice-Chairman of the Supervisory Board
	HSBA Hamburg School of Business Administration GmbH	Member of the trustees board
	HSH Real Estate AG	Member of the Supervisory Board
	LBS Bausparkasse Hamburg AG	Member of the Supervisory Board
	LBS Bausparkasse Schleswig-Holstein-Hamburg AG	Member of the Supervisory Board
	Siedlungsgesellschaft Hermann + Paul Frank mbH & Co. KG	Vice-Chairman of the Advisory Board
	Stiftung Schloss Neuhardenburg GmbH	Member of the Supervisory Board
Mr. John van Oost (Vice-Chairman)	Hamburg	
	NATIXIS Capital Partners Ltd.	Managing Partner
	Arman Amberley SaRL	Board Member
	Arman Mentelle SaRL	Board Member
	Arman Plantagenet BV	Board Member
	Arman Voyager SPRL	Board Member
	Axiom Asset 1 GmbH & Co. KG	Director
	Axiom Asset 2 GmbH & Co. KG	Director
	Axiom Immo Management GmbH	Director
	Captiva Capital Management SaRL	Board Member
	Captiva Healthcare Holding GmbH	Director
	Captiva Industrial GP GmbH	Director
	Captiva Industrial Holding GmbH	Director
	Express Holding Srl	Board Member
	Green Cove Capital Management SaRL	Board Member
	La Jolla Capital Management SaRL	Board Member
	Natixis Capital Partners GmbH	Board Member
	NATIXIS Capital Partners Srl	Board Member
	Ocala Capital Management LLC	Board Member
	Ocala Capital Management S.a.r.l.	Board Member

Dr. Johannes Conradi	Hamburg	
	Freshfields Bruckhaus Deringer	Partner
Richard Mully	Dublin	
	Grove International Partners LLP	Managing Partner
	Apellas Holdings B.V.	Director
	Dolce International Limited	Director
	Douglasshire International Holdings B.V.	Director
	Hansteen Holdings PLC	Director
	Hellenic Land Holdings B.V.	Director
	Karta Realty Limited	Director
	MED Group Leisure Investments B.V.	Director
	Natixis Capital Partners Limited	Director
	Nowe Ogrody 2 Sp. z o.o.	Director
	Nowe Ogrody 3 Sp. z o.o.	Director
	Nowe Ogrody 4 Sp. z o.o.	Director
	Nowe Ogrody Sp. z o.o.	Director
	Oliver's Wharf (Management) Limited	Director
	Polish Investment Real Estate Holding II B.V	Director
	Polish Investments Real Estate Holding B.V.	Director
	SB Capital Europe B.V.	Director
	Spazio Industriale B.V.	Director
	Spazio Industriale II B.V.	Director
	Stichting Administratiekontoor Douglasshire International Holding	Director
Dr. Christian Olearius	Hamburg	
	M.M. Warburg & CO KGaA	Spokesman of the Partners and General Partner
	Bankhaus Carl F. Plump & Co., Bremen	Chairman of the Partners' Committee
	Bankhaus Hallbaum AG & Co. KG, Hannover	Chairman of the Supervisory Board
	Bankhaus Löbbecke AG, Berlin	Chairman of the Supervisory Board
	Degussa Bank GmbH, Frankfurt	Chairman of the Supervisory Board
	GEDO Grundstücksentwicklungs- und Verwaltungsgesellschaft mbH & Co KG, Grünwald	Member of the Supervisory Board
	Hannover Finanz GmbH, Hannover	Vice-Chairman of the Advisory Board
	KanAM Grund Kapitalanlagegesellschaft mbH, Frankfurt am Main	Member of the Supervisory Board
	Liquiditäts-Konsortialbank GmbH, Frankfurt am Main	Deputy Member of the Administrative Board

	M.M. Warburg & Co. Geschäftsführungs-AG, Hamburg	Chairman of the Supervisory Board
	M.M. Warburg & Co. Hypothekenbank AG, Hamburg	Chairman of the Supervisory Board
	M.M. Warburg Bank (Schweiz) AG, Zürich	President of the Administrative Board
	M.M. Warburg-Hansa Ltd., Tortola/British Virgin Islands	Director
	Marcard, Stein & Co., Hamburg	Chairman of the Administrative Board
	VTG Aktiengesellschaft, Hamburg	Member of the Supervisory Board
	Warburg Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Member of the Supervisory Board
Daniel Quai	London	
	NATIXIS Capital Partners Ltd.	Partner
	Express Holdings Srl	Board Member
	Natixis Capital Partners GmbH	Managing Director
Stephan Fritsch	Hamburg	
Until January 16, 2007	Natixis Capital Partners GmbH	Director

With effect as of April 1, 2007, the supervisory board elected Alexander Stuhlmann as Chairman and John van Oost as Vice-Chairman.

28. Management Compliance Statement

"We confirm that, to the best of our knowledge, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the group management report gives a true and fair view of business performance including the results of operations and the situation of the Group, and describes the main opportunities and risks and anticipated development of the Group in accordance with the applicable financial reporting framework."

Hamburg, March 18, 2008

The Management Board

Olivier Elamine
Chief Executive Officer

Alexander Dexne
Chief Financial Officer

COMPENSATION REPORT

Management board compensation

The total compensation paid to the members of the management board in the financial year 2007 was EUR 1,397k. Management board compensation comprises fixed and variable components, as well as performance incentives to increase the Company's value in the long run. Long-term compensation components consist of stock options. The intention of this is to create performance incentives aimed at sustained corporate success. Success benchmarks may not be changed subsequently. There were no advance payments to board members and no granting of pension benefits.

Following his departure, Dr. Michael Börner-Kleindienst received an immediate one time payment of EUR 250k. Furthermore he is entitled to a second payment of EUR 250k in 2008 subject to certain conditions being met. His stock options have been reduced from 281,250 to 140,625.

DETAILED OVERVIEW OF INDIVIDUAL MANAGEMENT BOARD MEMBER COMPENSATION:
In EUR k

Management board member	Fixed compensation	Performance based compensation [1]	Other payments [2]	Long-term incentives [4]	Total renumeration
Olivier Elamine Chief Executive Officer	265	350	43	502	1,160
Alexander Dexne since June 1, 2007 Chief Financial Officer	175	n/a	25	53	253
Dr. Michael Börner-Kleindienst from March 1 to October 31, 2007 former Chief Operating Officer	427 [3]	n/a	7	251	685
Dr. Robert Hannemann until February 1, 2007 former Chief Financial Officer	50	50	5	n/a	105
Total	**917**	**400**	**80**	**806**	**2,203**

[1] Related to 2006 performance
[2] Comprise benefits like company cars or relocation allowances
[3] Includes severance payment of EUR 250k
[4] Total non-cash expenses recognised for 2007

The Company has agreed to assume the premiums of a combined disability and risk life insurance policy for both members of the management board, providing each for an insurance sum of EUR 5k per month (until reaching the age of 65) in case of invalidity as well as EUR 2,500k as lump sum coverage in case of death. If Mr. Elamine or Mr. Dexne should die during the term of their service contract, the fixed remuneration shall be paid for the month of death and the following three months. The bonus shall be paid on a pro rata temporis basis until the end of the month of death. Mr. Elamine and Mr. Dexne are subject to a post-contractual non-compete obligation for up to 12 months after termination of their respective service contracts and are entitled to a compensation amounting to their last fixed salary for the duration of such post-contractual non-compete obligation.

Stock Option Program

On March 27, 2007, the supervisory board of the Company resolved on the establishment of a stock option program for the members of the management board. The supervisory board fixed the details of the stock option program in accordance with an authorization granted by the general meeting of shareholders of March 15, 2007 and granted a first tranche of stock options to the management board.

The main terms of the stock option program resolved by the supervisory board can be summarized as follows:

Under the stock option program, up to 2,000,000 options entitling to the subscription of a maximum of 2,000,000 shares of the Company with a total notional value of EUR 2,000,000 may be granted to members of the management board. The stock options will be granted in annual tranches. The first tranche was granted by the supervisory board, subject to the above said conditions, with granting date April 3. Under this tranche 281,250 stock options (fair value at granting date: EUR 892k; i.e. EUR 3.17 per option) were granted to each of Olivier Elamine and Dr. Michael Börner-Kleindienst. The stock options granted to Dr. Michael Börner-Kleindienst were reduced from 281,250 to 140,625 (remaining fair value at granting date: EUR 446k; i.e. EUR 3.17 per option). With resolution from September 5, 2007, the supervisory board granted 93,750 stock options to Alexander Dexne (fair value at granting date: EUR 213k; i.e. EUR 2.28 per option). The exercise price for the stock options granted in 2007 is EUR 16.The total fair value at granting date of all stock options granted in 2007 is EUR 1,551k.

The term of each stock option is seven years beginning with the respective issue date. The stock options may only be exercised if the current stock exchange price of the Company's shares exceeds the stock exchange price of the Company's shares on the issue date by 20% or more for at least seven non subsequent trading days of the Frankfurt Stock Exchange prior to the commencement of the respective exercise period.

The stock options may only be exercised after the expiration of a vesting period of two years and then during the four exercise periods each year. Each exercise period lasts 30 days, commencing with the day of announcement of the results for the first, second and third quarter, and the day of the Company's annual general meeting, respectively. There are no cash settlement alternatives. The options may not be exercised before April 3, 2009 (Mr. Olivier Elamine and Dr. Michael Börner-Kleindienst) and September 7, 2009 (Mr. Alexander Dexne).

The fair values of the options were estimated at the respective granting dates using a black-scholes-model and partial-time barrier options, taking into account the terms and conditions upon which the instruments were granted. The following table lists the inputs to the model used for the determination of the fair value of the stock options granted:

Fair value of stock options granted on	March 27, 2007	September 5, 2007
Dividend yield (%)	3.60	3.60
Risk-free interest rate (%)	4.21	4.29
Expected volatility (%)	30.00	30.00
Expected life of option (years)	4.50	4.50
Exercise share price (EUR)	16.00	16.00
Labour turnover rate (%)	0.00	0.00
Stock price as of valuation date (EUR)	16.00	13.93
Estimated fair value of one stock option at granting date (EUR)	3.17	2.28

Supervisory board compensation

Supervisory board compensation totalled EUR 283k in 2007 and EUR 18k in 2006. The supervisory board members receive a fixed compensation amount. As of fiscal year 2007, members of the supervisory board receive a fixed annual remuneration of EUR 40k each. The chairman of the supervisory board receives additional remuneration of EUR 20k p.a., his deputy receives an additional EUR 10k p.a.. Members who only sit on the board for part of the year receive pro rata remuneration for that part of the year. Furthermore, membership in the audit committee and chairmanship of the audit committee are taken into account in the evaluation of the supervisory board members' compensation amount. Membership in other committees is not taken into account. No advance payments were made to the supervisory board. No compensation was paid for individually performed services.

Member	Compensation (in EUR k)
Alexander Stuhlmann - chairman	50.0
John van Oost - vice chairman	52.5
Dr. Johannes Conradi - member	48.1
Richard Mully - member	38.3
Dr. Christian Olearius - member	43.8
Daniel Quai - member	48.8
Stephan Fritsch - former member	1.7
Total	**283.2**

VALUATION REPORT [1]

Our Ref: international/ CFT/Alstria Office REIT AG/Alstria AG Year End Accounts/Alstria AG portfolio certificate December 31, 2007

Date December 31, 2007

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Germany

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The Directors
HSH Nordbank AG
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20095 Hamburg
Germany

FAO: Oliver Waldeck

THE ALSTRIA OFFICE REIT-AG PORTFOLIO VALUATION AS AT 31 DECEMBER 2007

We refer to your instructions to provide you with our opinion of the Market Value of the above portfolio, as at December 31, 2007, for balance sheet purposes, debt covenant calculation and inclusion within your annual accounts.

We have pleasure in presenting our report.

INSPECTIONS AND QUALIFICATIONS

The properties have been inspected and valued by suitably qualified surveyors who fall within the requirements as to competence set out in PS 1.1 and 1.2 of the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors (the "Red Book").

We confirm that Colliers CRE falls within the definition of Independent Valuers and that we have no conflict of interest in acting on your behalf in this matter.

The properties were all inspected between June and October 2006 by either Christopher J Fowler-Tutt, BSc MRICS, Robert Mayhew BSc (Hons) MRICS, Nick Harris BSc (Hons) MRICS, Charlie Henry BSc (Hons) MRICS and Adrian Camp BSc (Hons) MRICS. A further sample of 5 properties were re-inspected in December 2007, namely

- Hamburg, Steinstr. 7 (Bartholomay-Haus)
- Hamburg, Drehbahn 36
- Hamburg, Gänsemarkt 36
- Düsseldorf, Mecumstr 10
- Köln, Bonner Str 351

The extent of our investigations and the sources of information on which we have relied upon are as described in Section 4 – Valuation Procedures and Assumptions contained within the Red Book.

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 this model are met by the valuer adopting Market Value

Our General Assumptions and Definitions form Appendix I to this report.

THE PORTFOLIO AND ITS LOCATION

The portfolio comprises 70 office investment properties located throughout Germany. The largest concentration of investment property is held in the city of Hamburg, where 53% of the portfolio is situated. The second largest concentration of properties is in Baden Wuerttemberg which accounts for 19% of the portfolio. The portfolio also comprises properties in the cities of Augsburg, Bonn, Darmstadt, Dresden, Erfurt, Koln, Magdeburg, Mannheim, Munchen, Potsdam, Stuttgart, Wurzburg and Zwickau.

[1] Exerp from the valuation report prepared by Colliers CRE on December 31, 2007

FLOOR AREAS

In accordance with your instructions we have not measured the subject premises and have relied upon the floor areas adopted at the time the properties were purchased.

TENURE

We have been provided with the following reports, which we have had regard to in arriving at our opinions of value. All of the above reports were prepared by your lawyers Messrs. Alpers & Stenger Freshfields and Lovells. 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.

Due Diligence Report	Dated December 12, 2005
Draft Due Diligence Report	Dated September 26,2006
Summary of Major Findings	Dated September 27, 2005
Legal Due Diligence Report	Dated September 26, 2006
Legal Due Diligence Report	Dated October 24, 2006

LETTINGS

We have relied upon the letting details contained within the following reports prepared by your lawyers Messrs. Alpers & Stenger and Freshfields:

Due Diligence Report	Dated December 12, 2005
Draft Due Diligence Report	Dated September 26,2006
Summary of Major Findings	Dated September 27, 2005
Legal Due Diligence Report	Dated September 26, 2006
Legal Due Diligence Report	Dated October 24, 2006

RENT ROLL

We have been provided with a tenancy schedule dated 31 December 2007 by alstria office REIT-AG to which we have had regard in arriving at our opinions of value. We have compared the new rent roll with the one provided to us on the 31 December 2006 and have enquired about any changes.

We have assumed all information provided to be accurate, up-to-date and complete.

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 deducted from the value reported.

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

Technical Due Diligence Report	Dated December 19, 2005
Technical and Environmental Due Diligence Assessment	Dated August 25, 2006
Intermediate Environmental Bullet Point Report	Dated October 9, 2006
Technical Due Diligence Report	Dated December 29, 2006

ENVIRONMENTAL MATTERS

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

Technical Due Diligence Report	Dated December 19, 2005
Technical and Environmental Due Diligence Assessment	Dated August 25, 2006
Intermediate Environmental Bullet Point Report	Dated October 9, 2006
Technical Due Diligence Report	Dated December 29, 2006

TOWN PLANNING

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. We have, however, relied upon the following reports:

Due Diligence Report	Dated December 12, 2005
Draft Due Diligence Report,	Dated September 26, 2006
Summary of Major Findings,	Dated September 27, 2005
Legal Due Diligence Report,	Dated September 26, 2006

All of the above were prepared by your lawyers Messrs. Alpers & Stenger and Freshfields for formal search information, town planning and permit issues and we have had regard to this information in arriving at our opinions of value.

MARKET APPROACH

In preparing our valuations we have taken into account market trends in the locality 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 inspection.

In arriving at our opinions of value we have had regard to comparable investment transactions in determining the net initial yield which we have adopted in capitalising the current income stream. Where properties have less than 5 years of term certain left we have adopted income void periods which range from 18 to 24 months depending upon the type of property prior to reletting. In addition, where appropriate, we have allowed for capital expenditure either to undertake works necessary to relet properties at the end of the lease or deal with extra ordinary items of disrepair that are the responsibility of the lessor.

We are of the opinion that this portfolio as a whole or each of its individual assets would appeal to a wide range of purchasers including funds, property companies and institutions. It would also be of interest to overseas investors attracted by the high quality income stream secured over long unexpired lease terms. We consider that demand for the portfolio would be strong.

NON-RECOVERABLE EXPENSES

In arriving at our opinion of the value we have made a total deduction of 5 % from the income receivables to allow for non-recoverable costs. Such costs relate to items which cannot be recovered from the tenant and generally includes 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, when the technical due diligence reports showed that additional Capital Expenditure was required, we have deducted all, or parts of those additional costs from our valuation.

MARKET RENT

In preparing our valuation we have made an analysis of the Market Rent of the portfolio and compared it to the passing rent (as shown in Appendix III). Any difference between the Market Rent and the passing rent has been taken into consideration in our valuation.

We estimate that the portfolio is approximately 10.86 % reversionary.

MARKET VALUE

We are of the opinion that the aggregate Market Value, as at 31 December 2007, of these 70 freehold properties is EUR 1,621,250,000 (One billion six hundred and twenty one million two hundred and fifty thousand euros).

We confirm that all of the foregoing opinions of value, with the exception of one, are net of the requisite purchaser's costs of 5 %. In respect of the Daimler Chrysler HQ investment property in Stuttgart purchaser's costs of 4.25 % were adopted reflecting the high value of this single asset and the relatively low costs associated in managing it. The valuations of the individual properties are set out in the attached schedule forming Appendix II to this report.

The market value of the portfolio is the sum of the individual market values of each of its assets. This aggregate figure makes no allowance for any effect that placing the whole portfolio on the market may have on the overall realisation. The market value of the portfolio sold as in a single transaction would not necessarily be the same as the aggregate figure reported.

DISCLOSURES

In accordance with UK Practice Statement 5.4 we confirm the following:

i. Colliers CRE have valued this portfolio since 2006.
ii. The total fees earned in the latest financial year from alstria office REIT-AG amounted to substantially less than 5 % of our Company turnover.
iii. We do not undertake any non-valuation fee earning work for alstria office REIT-AG.

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 and HSH Nordbank AG for calculation of debt covenant.

HSH Nordbank AG is an agent and security agent under the facility agreement to be entered into with Alstria Office AG as borrower (the "Facility Agreement") for and on behalf of itself and each of HSH Nordbank AG, Natexis Banques Populaires and J. P. Morgan Plc as mandated lead arrangers under the Facility Agreement. HSH Nordbank AG, Natexis Banques Populaires and J. P. Morgan Chase Bank N.A. as original lenders under the Facility Agreement and each of their respective assignees or transferees (the "Finance Parties") and to each such Finance Party.

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.

Yours faithfully

Christopher J Fowler-Tutt BSc MRICS
Director
For and behalf of Colliers CRE

APPENDIX I
GENERAL ASSUMPTIONS AND DEFINITIONS

GENERAL ASSUMPTIONS AND DEFINITIONS

The valuations have been prepared by a suitably qualified valuer, as defined by PS1.1 of the Appraisal and Valuation Standards, on the basis set out below unless any variations have been specifically referred to under the heading "Special Remarks":

1 Market Value (MV)

Where we have been instructed to value the properties on the basis of Market Value, we have done so in accordance with PS 3.2 of the Appraisal and Valuation Standards issued by The Royal Institution of Chartered Surveyors, which is defined as follows:

"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 interpretative commentary on Market Value, as published in International Valuation Standards 1, has been applied.

2 Market Rent (MR)

Valuations based on Market Rent (MR), as set out in PS 3.4 of the Appraisal and Valuation Standards, adopt the definition as settled by the International Valuation Standards Committee which is as follows:

'The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.'

MR will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews, and the responsibilities of the parties for maintenance and outgoings, will all impact on MR. In certain States, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account where appropriate. The principal lease terms that are assumed when providing MR will be clearly stated in the report.

Rental values are provided for the purpose described in this report and are not to be relied upon by any third party for any other purpose.

3 Rental Assessment

We have been provided with an updated tenancy schedule and rent roll to which we have had regard in arriving at our opinions of value.

4 Purchase and Sale Costs

In arriving at our opinion of value we have allowed for purchaser's costs of 5%. This reflects 3.5% for land tax with the remainder being apportioned between agents and legal fees. Because of the high value of the portfolio we consider it appropriate to adopt slightly lower professional fees than usual. In respect of the Daimler Chrysler HQ investment property in Stuttgart purchaser's costs of 4.25% were adopted reflecting the high value of this single asset and the relatively low costs associated in managing it

5 Condition

As this was outside the scope of our instruction, we have not carried out a building survey, nor have we inspected the woodwork or other parts of the structure which are covered, unexposed or inaccessible.

We have been provided with a Technical Due Diligence Report prepared by on behalf of the alstria office REIT-AG as listed in our certificate which we have had regard to in arriving at our opinion.

Where we have noticed items of disrepair during the course of our inspections, they have been reflected in our valuation which we comment upon in the individual reports attached hereto.

6 Environmental Matters

We have relied upon the environmental investigation undertaken in respect of the property as listed in our certificate. We have been provided with a report highlighting the potential risks at the subject property and have had regard to this report in arriving at our opinion of value. We comment upon the environmental issue in the report attached hereto.

7 Fixtures and Fittings

In arriving at our opinions of value we have disregarded the value of all process related plant, machinery, fixtures and fittings and those items which are in the nature of tenants' trade fittings and equipment. We have had regard to landlords' fixtures such as lifts, escalators, central heating and air conditioning forming an integral part of the buildings.

Where the properties are valued as an operational entity and includes the fixtures and fittings, it is assumed that these are not subject to any hire purchase or lease agreements or any other claim on title. No equipment or fixtures and fittings have been tested in respect of Electrical Equipment Regulations and Gas Safety Regulations and we assume that where appropriate all such equipment meets the necessary legislation. Unless otherwise specifically mentioned the valuation excludes any value attributable to plant and machinery.

8 Tenure, Lettings and Reports on Title and/or Tenancies

We have not inspected the title deeds, lease and related legal documents and have instead relied upon the Legal Due Diligence as listed in our certificate. We confirm we have relied upon the information contained therein in arriving at our opinions of value.

9 Taxation

Whilst we have had regard to the general effects of taxation on market value, we have not taken into account any liability for tax which may arise on a disposal, whether actual or notional, and neither have we made any deduction for Capital Gains Tax, Valued Added Tax or any other tax.

10 Mortgages

We have disregarded the existence of any mortgages, debentures or other charges to which the properties may be subject.

11 Operational Entities
Where the properties are valued as an operational entity and reference has been made to the trading history or trading potential of the property, reliance has been placed on information supplied to us. Should this information subsequently prove to be inaccurate or unreliable, the valuations reported could be adversely affected.

Our valuations do not make any allowance for goodwill

12 Local authorities, Statutory Undertakers and Legal Searches
We have relied upon the Legal Due Diligence Report as listed in our certificate with respect of formal searches and enquiries for the property and are therefore unable to accept any responsibility in the connection. We have, however, made informal enquiries of the local planning authority in whose areas the properties are situated as to whether or not they are affected by planning proposals. We have not received a written reply and, accordingly, have had to rely upon information obtained verbally.

We have also relied upon the Legal Due Diligence Report in respect of all consents, licences and permissions including, inter alia, fire certificates, enabling the property to be put to the uses ascertained at the date of our inspection have been obtained and that there are no outstanding works or conditions required by lessors or statutory, local or other competent authorities.

13 Arrears
We have assumed that all rents and other payments payable by virtue of the leases have been paid to date. If there are rents or other arrears, we recommend that we should be informed in order that we may consider whether our valuation should be revised.

14 Insurance
In arriving at our valuation we have assumed that the buildings are capable of being insured by reputable insurers at reasonable market rates. If, for any reason, insurance would be difficult to obtain or would be subject to an abnormally high premium, it may have an effect on value.

15 Liability Cap
We confirm that the extent of our liability in respect of this valuation and report is limited to a maximum sum of £50 million.

16 Standard Terms of Business
We confirm that this valuation report has been provided in accordance with our Standard Terms of Business.

Cologne

LIST OF ALL PROPERTIES

LIST OF ALL PROPERTIES

Address	City	Total Lettable Area	Office Area (SQM)	Vancancy (SQM)	Passing Rent (EUR) (SQM)	ERV [1] (EUR)	OMV [1] (EUR)
HAMBURG							
Alte Königsstrasse 29	Hamburg	4,300	4,300	-	534,600	547,800	
Alter Steinweg 4	Hamburg	32,000	32,000	-	3,772,600	4,310,300	
Amsinckstr. 28	Hamburg	8,100	8,100	-	904,900	990,000	
Amsinckstr. 34	Hamburg	6,200	6,200	-	690,900	690,000	
Bäckerbreitergang 73 [2]	Hamburg	2,400	2,400	2,400	-	407,800	
Basselweg 73	Hamburg	2,700	2,300	313	248,400	290,400	
Besenbinderhof 41	Hamburg	5,000	5,000	-	476,000	474,600	
Buxtehuder Strasse 9-11a	Hamburg	7,700	6,300	-	536,500	531,600	
Drehbahn 36	Hamburg	26,200	26,200	-	3,094,200	3,096,000	
Düsternstrasse 10	Hamburg	2,200	2,200	-	263,800	264,000	
Eppendorfer Landstr. 59	Hamburg	3,300	2,900	-	389,900	387,300	
Ernst-Merck-Str. 9 (Bieberhaus)	Hamburg	17,500	15,600	1,309	2,128,800	2,274,100	
Gänsemarkt 36	Hamburg	20,900	20,600	59	2,986,800	3,034,900	
Garstedter Weg 13	Hamburg	3,600	3,600	-	327,400	358,800	
Gorch-Fock-Wall 11	Hamburg	8,700	8,700	-	977,300	981,000	
Gorch-Fock-Wall 15 / 17	Hamburg	7,700	7,700	-	769,700	768,000	
Grindelberg 62-66	Hamburg	18,400	18,400	-	1,983,100	2,022,000	
Grosse Bleichen 23 / 27	Hamburg	17,700	15,800	4,826	1,827,600	3,627,400	
Hamburger Strasse 1-15	Hamburg	19,600	8,500	2,352	2,078,200	2,714,700	
Hamburger Strasse 43-49	Hamburg	20,500	20,500	-	2,356,400	2,865,900	
Hammer Steindamm 129	Hamburg	7,200	7,200	-	520,200	522,000	
Harburger Ring 17	Hamburg	3,100	1,600	36	328,300	336,000	
Herthastrasse 20	Hamburg	3,300	3,300	-	281,500	318,000	
Johanniswall 4	Hamburg	14,100	12,500	383	1,589,400	1,790,300	
Kaiser-Wilhelm-Strasse 79-87	Hamburg	5,500	5,100	-	577,600	604,000	
Kattunbleiche 19	Hamburg	12,400	12,400	-	1,441,100	1,434,000	
Kümmelstrasse 5-7	Hamburg	15,700	15,700	-	1,305,900	1,350,000	
Lenhartzstrasse 28	Hamburg	1,100	1,100	-	96,000	110,400	
Ludwig-Rosenberg-Ring 41	Hamburg	5,000	4,800	-	440,000	499,200	
Max-Brauer-Allee 89-91	Hamburg	9,800	9,800	-	858,000	882,000	
Öjendorfer Weg 9-11	Hamburg	6,100	6,100	-	534,300	684,000	
Osterbekstr. 96	Hamburg	7,400	7,400	-	526,500	645,000	
Ottenser Marktplatz 10 / 12	Hamburg	900	900	-	147,900	153,600	
Poststr. 11 (Alte Post)	Hamburg	6,600	4,900	111	1,202,500	2,160,000	

[1] Based on the valuation of Colliers CRE as of December 31, 2007
[2] Based on company information

Address	City	Total Lettable Area	Office Area (SQM)	Vancancy (SQM)	Passing Rent (EUR) (SQM)	ERV [1] (EUR)	OMV [1] (EUR)
Poststrasse 51	Hamburg	1,600	1,400	96	353,400	348,600	
Rahlstedter Strasse 151-157	Hamburg	2,900	2,900	-	276,600	324,000	
Schlossstrasse 60	Hamburg	11,900	11,900	-	919,600	1,041,000	
Steckelhörn 12	Hamburg	14,700	14,300	-	1,786,500	1,974,300	
Steinstrasse 10	Hamburg	26,800	26,800	-	3,095,000	2,928,000	
Steinstrasse 7, Bartholomay-Haus	Hamburg	21,900	19,900	2,772	3,070,400	3,392,600	
Wandsbeker Chaussee 220	Hamburg	3,200	2,500	-	366,000	359,600	
		415,900	**389,800**	**14,657**	**46,063,800**	**52,493,200**	**908,931,111**
STUTTGART							
Epplestrasse 225	Stuttgart	107,300	107,300	-	14,513,300	14,914,200	
Siemensstrasse 33	Ditzingen	29,100	12,300	3,307	1,789,400	1,848,500	
		136.400	**119,600**	**3,307**	**16,302,700**	**16,762,700**	**317,000,000**
DUSSELDORF AREA							
Bamler Str. 1-5	Essen	36,400	36,400	3,971	3,762,200	4,222,700	
Friedrichstrasse 19	Dusseldorf	2,100	1,300	137	421,500	358,700	
Gathe 78	Wuppertal	8,500	4,500	140	1,014,500	1,313,100	
Jagenbergstrasse 1	Neuss	24,700	24,700	-	3,133,000	2,958,000	
Max-Eyth-Strasse 2	Dortmund	6,300	6,300	5,179	92,200	908,400	
Mecumstrasse 10	Dusseldorf	8,600	8,600	-	1,228,100	1,253,900	
		86,600	**81,800**	**9,427**	**9,651,500**	**11,014,800**	**160,150,000**
MUNICH							
Arnulfstrasse 150	Munich	5,900	5,900	-	974,500	1,098,600	
Hofmannstrasse 51	Munich	22,100	22,100	-	2,227,500	2,778,000	
Landshuter Allee 174	Munich	7,000	7,000	5,600	900,000	1,113,000	
		35,000	**35,000**	**5,600**	**4,102,000**	**4,989,600**	**77,150,000**
HANOVER							
Arndtstrasse 1	Hanover	10,200	9,300	342	1,005,200	1,118,400	

[1] Based on the valuation of Colliers CRE as of December 31, 2007

Address	City	Total Lettable Area	Office Area (SQM)	Vancancy (SQM)	Passing Rent (EUR) (SQM)	ERV [1] (EUR)	OMV [1] (EUR)
Vahrenwalder Strasse 133	Hanover	7,100	7,000	-	991,400	997,100	
Werner-von-Siemens-Platz 1	Hanover	21,700	21,700	-	1,862,700	1,986,000	
		39,000	**38,000**	**342**	**3,859,300**	**4,101,500**	**63,525,000**
SAXONY							
Lothar-Streit-Strasse 10b	Zwickau	1,000	1,000	-	140,100	140,400	
Ludwig-Erhard-Strasse 49	Leipzig	6,300	6,300	-	751,700	686,900	
Nikolaistrasse 16	Leipzig	1,000	800	325	153,300	169,000	
Washingtonstrasse 16-16a	Dresden	20,700	20,700	5,362	1,182,800	1,701,500	
Zellescher Weg 21-25a	Dresden	6,500	5,600	402	743,300	649,200	
		35,500	**34,400**	**6,089**	**2,971,200**	**3,347,000**	**41,880,000**
COLOGNE / BONN							
Bertha-von-Suttner-Platz 17	Bonn	1,400	1,000	-	178,800	200,400	
Bonner Strasse 351	Cologne	10,900	10,500	-	1,475,100	1,482,800	
		12,300	**11,500**	**-**	**1,653,900**	**1,683,200**	**28,150,000**
OTHERS							
Im Gräslein 12	Nuremberg	2,700	2,400	521	261,800	341,600	
Emil-von-Behring-Strasse 2	Frankfurt	9,300	9,300	-	1,495,200	1,524,000	
Eserwallstrasse 1-3	Augsburg	5,600	5,500	-	710,000	728,900	
Halberstädter Strasse 17	Magdeburg	7,600	7,600	592	607,800	658,200	
Helene-Lange-Strasse 6-7	Potsdam	3,400	3,100	55	384,100	402,800	
Johannesstrasse 164-165	Erfurt	5,800	4,400	308	518,700	520,800	
Regensburger Strasse 223-231	Nuremberg	8,900	7,900	386	1,004.100	1,085,400	
Rheinstrasse 23	Darmstadt	2,700	2,600	-	317.200	334,100	
Schweinfurter Strasse 4	Wurzburg	5,100	4,700	1,084	415,200	523,600	
Steubenstrasse 72-74	Mannheim	4.100	4,100	-	532,700	547,500	
		55,200	**51,600**	**2,946**	**6,246,800**	**6,666,900**	**89,315,000**
TOTAL PORTFOLIO as of Dec. 31, 2007		**815,000**	**761,700**	**47,943**	**90,851,200**	**101,058,900**	**1,686,101,111 [2]**

[1] Based on the valuation of Colliers CRE as of December 31, 2007
[2] Disregarding prepayments and acquisition related sundry expenses

Address	City	Total Lettable Area	Office Area (SQM)	Vancancy (SQM)	Passing Rent (EUR) (SQM)	ERV [1] (EUR)	OMV [1] (EUR)
NEW ACQUISITIONS SUBJECT TO CLOSING							
Am Roten Berg 5	Erfurt	4,200	4,200	1,813	172,600	288,900	
Benrather Schlossallee 29-33	Dusseldorf	5,000	5,000	-	522,200	530,400	
Carl-Reiss-Platz 1,3,5	Mannheim	18,600	18,400	2,119	1,561,800	1,732,400	
Darwinstr. 14-16 / Quedlinburger Str. 1-3	Berlin	22,200	22,200	-	3,245,500	3,245,500	
Doktorweg 2-4 / Bismarkstr. 3	Detmold	9,800	9,800	-	803,600	755,900	
Ernsthaldenstr. 17	Stuttgart	2,600	2,500	194	239,900	261,600	
Gereonsdriesch 13	Cologne	2,400	2,200	-	345,600	344,100	
Goldsteinstr. 114	Frankfurt	8,500	8,500	195	1,079,600	1,354,800	
Gustav-Nachtigal-Str. 3	Wiesbaden	18,400	18,200	-	2,411,400	2,412,000	
Gustav-Nachtigal-Str. 4	Wiesbaden	700	700	-	108,900	119,000	
Holzhauser Str. 175-177	Berlin	7,400	7,400	3,069	421,400	709,400	
Horbeller Str. 11	Cologne	6,700	6,700	2,028	465,200	680,400	
Joliot-Curie-Platz 29-30	Halle	1,100	1,100	-	112,200	110,400	
Kanalstr. 44	Hamburg	8,300	8,300	244	912,700	957,400	
Marburger Str. 10	Berlin	6,200	6,100	717	800,400	908,400	
Nagelsweg 41-45	Hamburg	6,200	6,100	-	880,100	957,000	
Spitzweidenweg 107	Jena	2,900	2,900	571	148,300	204,600	
Zwinglistr. 11-13	Dresden	3,200	3,200	1,842	86,500	230,400	
		134,400	**133,500**	**12,792**	**14,317,900**	**15,802,600**	**215,970,000**
TOTAL ALSTRIA PORTFOLIO		**949,400**	**895,200**	**60,734**	**105,169,100**	**116,861,500**	**1,902,071,111**

[1] Based on the valuation of Colliers CRE as of December 31, 2007

AUDITORS' REPORT

"We have audited the consolidated financial statements prepared by the alstria office REIT-AG, Hamburg, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2007. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Berlin, March 19, 2008

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Gregory Hartmann	ppa. Markus Salzer
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

REIT DECLARATION

Statement of the Management Board
Regarding the compliance with the requirements of Section 11 to 15 REIT Act (Real Estate Investment Trust Law) as per December 31, 2007, we declare the following in relation with our financial statements according to Section 264 HGB (German Commercial Code) and our consolidated financial statements according to Section 315a HGB as per balance sheet date:

1. As per balance sheet date, 33,14 percent of alstria's shares were free floating shares according to Section 11 paragraph 1 REIT Act. This was disclosed to the German Federal Financial Supervisory Authority (BaFin).

2. In accordance with Section 11 paragraph 4 REIT Act, as per balance sheet date, no shareholder owned directly 10 percent ore more of our shares or shares of such an amount, that he holds 10 percent or more of the voting rights.

3. In accordance with Section 12 paragraph 2 the Group held immovable assets in an amount of EUR 1,694m as per balance sheet date, which equals 92 percent of assets. No REIT service companies were included into the consolidated financial statement.

4. As to the balance sheet date the entire sales revenues of the Group plus other earnings from immovable assets in compliance with Section 12 paragraphs 3 and 4 REIT Act amounted to EUR 83m. This equals 100 percent of total revenues.

5. A dividend payment to the shareholders in 2007 according to Section 13 REIT Act was not required, since the REIT status was not obtained before 2007.

6. In the financial year 2007 the Group sold 0.2 percent of its immovable assets and therefore did not trade with real estate according to Section 14 REIT Act.

7. The Group's equity as per balance sheet date accounted for in the consolidated financial statements pursuant to Section 12 paragraph 1 REIT Act amounted to 871m. This equals in conformance with Section 15 REIT Act 51 percent of the amount with which the immovable assets are determined in the consolidated accounts pursuant to Section 12 paragraph 1 REIT Act.

Hamburg, March 18, 2008

Olivier Elamine	Alexander Dexne
Chief Executive Officer	Chief Financial Officer
alstria office REIT-AG	alstria office REIT-AG

The Auditor of the financial statements and the consolidated financial statements for the financial year from January 1 to December 31, 2007 has summarized the results of his audit according to Sec. 1 para. 4 REITG concerning the REIT statement of the management board in an unqualified audit opinion.

FINANCIAL CALENDAR

FINANCIAL CALENDER

January 10, 2008	Deutsche Bank 2008 Real Estate Outlook Conference New York
January 15, 2008	Morgan Stanley's 3rd German Property Day London at the Renaissance Chancery Court
January 21-22, 2008	Roadshow Munich/Frankfurt
January 22, 2008	Roadshow JPMorgan Frankfurt
February 4, 2008	Roadshow M.M. Warburg Kopenhagen
February 5, 2008	Roadshow M.M. Warburg Edinburgh
February 11-12, 2008	3. DVFA-Immobilien-Konferenz Frankfurt
February 22, 2008	Roadshow JPMorgan Brussels
February 27, 2008	3. HSBC Trinkaus Real Estate Conference Frankfurt
March 6-7, 2008	Kempen & Co. European Property Seminar New York
March 10-14, 2008	mipim Cannes
April 2, 2008	Publication of the annual financial results for 2007
April 4, 2008	Sal. Oppenheim Roadshow Paris
April 9, 2008	Real Estate Investors Conference Dresdner Kleinworth London
April 10, 2008	US REIT Day Frankfurt
April 14-15, 2008	Roadshow JPMorgan Japan
April 29, 2008	Sal. Oppenheim Roadshow Zurich
May 6, 2008	Sal. Oppenheim Roadshow Vienna/Munich
May 20, 2008	Publication of financial results of Q1 2008 Hamburg
May 28-29, 2008	Kempen & Co 6th European Property Seminar Amsterdam
June 5, 2008	General Meeting Hamburg
June 20, 2008	Sal. Oppenheim Real Estate Conference Vienna
August 19, 2008	Publication of financial results of Q2 2008 Hamburg
October 6, 2008	EXPO REAL Munich
November 19, 2008	Publication of financial results of Q3 2008 Hamburg

IMPRINT

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