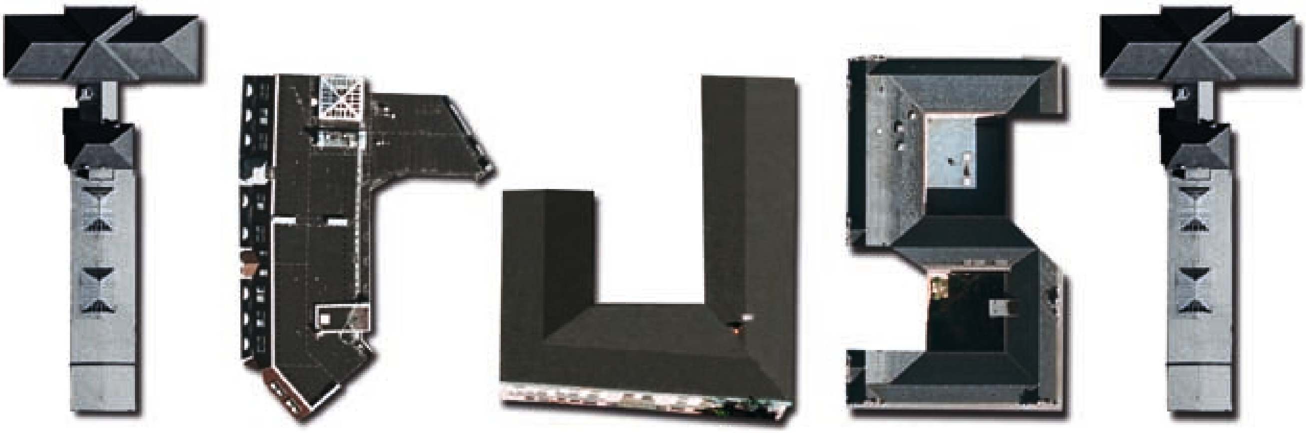
First
German
Real
Estate
Investment



ANNUAL REPORT 2008

alstria
First German REIT

PROFILE

alstria office REIT-AG is an internally managed Real Estate Investment Trust (REIT) solely focused on acquiring, owning and managing office real estate in Germany. alstria was founded in January 2006 and was converted into the first German REIT in October 2007. Its headquarters are based in Hamburg.

alstria office REIT-AG owns a diversified portfolio of properties across attractive German office real estate markets. Its current portfolio comprises 89 properties with an aggregate lettable space of approx. 944,000 sqm and is valued at approx. EUR 1.8 billion.

alstria intends to expand its portfolio in the upcoming years as part of a sustainable growth strategy. This strategy is based on selective investments and active asset and portfolio management as well as on establishing and maintaining good relationships with its key customers and decision makers.

KEY FIGURES

in EUR k	2008	2007	Change in %
Revenues and Earnings			
Revenues	102,055	82,552	23.6
Net rental income	93,222	76,192	22.4
EBITDA	-6,542	85,911	-107.6
Consolidated net profit	-56,000	52,810	-206.0
Funds from operations (FFO)	39,415	31,540	25.0
Assets			
Investment properties	1,805,265	1,693,718	6.6
Total assets	1,873,493	1,835,520	2.1
Equity	729,667	870,875	-16.2
Net Asset Value	729,667	870,875	-16.2
G-REIT Key Figures			
G-REIT equity ratio	40.3%	51.4%	-11.1 pp
Revenues plus other income from investment properties	100%	100%	0 pp
NNNAV per share in EUR	13.03	15.55	-16.2
Earnings per share in EUR	-1.00	0.94	-206.0

SHARE

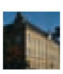
ISIN	DE000A0LD2U1
Symbol	AOX
Prime sector	Financial Services
Industry group	Real Estate
Market segment	Prime Standard, Frankfurt
Indices	S-DAX, EPRA, German REIT Index, S&P/Citigroup Global REIT Index
Number of shares	56,000,000
Share capital (notional) in EUR	56,000,000
Market capitalisation (Dec. 31, 2008) in EUR	277,200,000
Free float	39%

The word TRUST on the cover was formed using aerial photographs of the following alstria properties:

T  Buxtehuder Str. 9,11
Hamburg

R  Kaiser-Wilhelm-Str. 79-87
Hamburg

U  Max-Brauer-Allee 41-43
Hamburg

S  Gorch-Fock-Wall 15
Hamburg

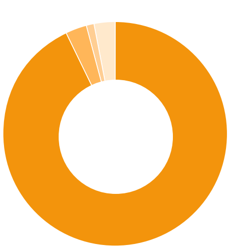
T  Buxtehuder Str. 9,11
Hamburg

ABOUT ALSTRIA

As the first German REIT, we have

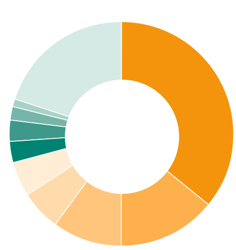
- a unique business model: we buy and manage office real estate
- a clear focus on one country
- a long-term orientation toward our tenant relationships
- an entrepreneurial view of market opportunities

TOTAL PORTFOLIO BROKEN DOWN BY USE



Office	93%
Retail	3%
Residential	1%
Other	3%

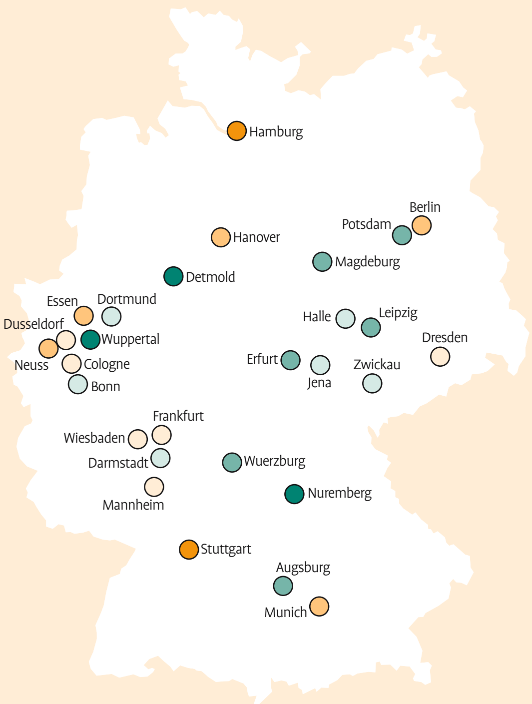
ALSTRIA`S CORE TENANTS 2008



City of Hamburg	36%
Daimler	14%
Barmer	10%
Bilfinger Berger	6%
Siemens	5%
Deutsche Rentenversicherung	3%
Rheinmetall	3%
HUK	2%
City of Hanover	1%
Others	20%

OMV OF INVESTMENT PROPERTIES

- more than EUR 100 m
- between EUR 50 m and EUR 100 m
- between EUR 25 m and EUR 50 m
- between EUR 10 m and EUR 25 m
- between EUR 5 m and EUR 10 m
- between EUR 1 m and to EUR 5 m



Key facts 2008

- Revenues increased by 23.6% to EUR 102,055 k
- Funds from operations up 25% to EUR 39,415 k
- Successful lease-ups of more than 30,000 sqm
- Vacancy rate brought down from 6.5% to 5.9%

The key metrics for the portfolio as of Dec. 31, 2008

Metric	Value
Number of properties	89
Market value (EUR bn)	1.8
Contractual rent (EUR m/annum)	106.5
Valuation yield	5.9%
Approximate lettable area (in sqm)	944,000
Vacancy (% of lettable area)	5.9%
WAULT (years)	10
Average rent/sqm/month (in EUR)	9.41

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MANAGEMENT LETTER

Dear Shareholders and Business Partners,
Ladies and Gentlemen!

Olivier Elamine
CEO alstria office REIT-AG

Financial Crisis – Excellent Cash Flow

While the financial crisis has a firm grip on the economic environment and clearly no player in our industry will remain unaffected by the scarcity of available financing or the general economic downturn, the financial performance of the alstria portfolio remained strong in 2008. The portfolio generated more than EUR 102 million in rental revenues and funds from operations of EUR 39.4 million. This operating result fully in line with early 2008 company guidance is testimony to the high quality of our portfolio and of our focus on operating efficiency and cost reduction – most of the measures having been initiated as early as 2007. We are convinced that strong cash flows and asset quality are ultimately the most decisive factors when it comes to managing a real estate company in tough times.

Requirement to Deleverage – Strong Balance Sheet

With an equity ratio of 40%, alstria has one of the strongest balance sheets in the German real estate universe. A healthy balance sheet provides alstria with the strength and flexibility to effectively manage the existing portfolio and benefit from additional opportunities as they occur. Nevertheless, we are convinced that, in the future, alstria will need an even stronger balance sheet. The mere notion that, in the coming years, simply less debt will be available to finance real estate assets, and that only the strongest companies will have access to liquidity puts deleveraging on the strategic agenda for alstria. From our position of strength, we consider deleveraging to be a systematic process that may take another 18 to 24 months. At the end, we reckon with a capital structure that is probably closer to an equity ratio of 50% than to where the equity ratio is today.

The recent agreement on the renegotiated loan covenants is a first and important step for us in that direction. The increase in the LTV covenant from 60% to 65% gives us additional flexibility, and for alstria, it takes the heat out of the 'yield expansion debate'. The next step in our deleveraging process will be driven by the selected disposal of assets. We started this process quite successfully in the second half of 2008 and will continue to work in that direction in the foreseeable future. The goal is to put alstria in an even better financial position when our syndicated loan needs to be refinanced at the end of 2011.

Slump in Market Prices – No Reversion to the Mean

Real estate values have fallen across the board in Germany in the last twelve months as a consequence of the global financial crisis, and no asset has been fully immune to the fall. However, given the heterogeneity of the market, value declines have been very different from an asset to another. Long-term leased high-quality assets have resisted in a much better fashion than yesterday's favorite 'opportunistic assets', and do not expect to revert to the mean. Some asset values will continue to fall, while others will tend to stabilise. Stating that real estate assets in Germany have fallen (or will fall) by x% is ignoring that, in Germany more than in any other European country, the real estate market is not uniform. Real estate investment performance is not driven by luck, but still depends on real estate skills.

Alexander Dexne
CFO alstria office REIT-AG

Asset Management Focus – Strong Shield to Market Movements

The fall in real estate values seen in the German property market over the last 18 months is also substantially affecting alstria's financial statements. In response to these market changes alstria posted a EUR 88 million valuation loss in the accounts for 2008. Our portfolio is valued at EUR 1,810 million now and the underlying valuation yield is at 5.9%. What is not outright visible from these figures are the important asset management achievements alstria was able to realise in the last financial year. The successful lease-up of more than 30,000 sqm which brought the vacancy rate down from 6.5% to below 6%, despite the acquisition of vacant assets and the sale of fully let assets. The agreement to relocate the 'Ohnsorg Theatre' in Hamburg from Grosse Bleichen to Bieberhaus, and the development of additional office space for Daimler in Stuttgart, all created additional value in the portfolio, thus helping to mitigate the impacts of yield expansion by adding EUR 57 million in value to the portfolio in 2008.

Counterparty Risk – Relationship Management

Challenging times bring about new perspectives, and it has become widely accepted common practice to refer to business partners, banks, and tenants as 'counterparty risks'. In financial terms, counterparty risks at least need to be discounted for and at worst, be avoided completely. alstria does not subscribe to this concept: the more challenging the times, the closer we want to get to our tenants to support them in achieving their goals, in terms of reducing occupancy cost, making more efficient use of space, or tackling increasing ancillary expenses. The same is true of our financing partners. More than 87% of our syndicate banks have supported our request to amend existing loan covenants, where they have accepted to move the covenant up while we have accepted to ease there financial position. These are times when past good partnership, and long-term value management pay off, and where past short-term profits are clawed back.

Challenging Market Environment – Tail Wind Still Ahead

The German economy moved into recession in the fourth quarter of 2008. We expect the full effect of the economic slow-down to first become visible as we go through 2009. Clearly, we foresee reduced turnover in office space, pressure on top rents and increasing vacancies in specific segments of the market to be some of the more visible impacts on the property sector in 2009. But what do we expect to be the key impacts on alstria moving forward? The extraordinary quality of our tenants together with the long leases that on average will only expire in ten years put alstria in a relatively favorable position. We have a high visibility of our cash flows which is giving the Company a lot of strength and flexibility today as it will in the future.

We anticipate the next tail wind ahead of us to be driven by the level of refinancing that needs to occur in the next few years, at a time when most real estate lenders are shrinking their balance sheets. Although the CMBS market was less developed in Europe (and in Germany) than it was in the US, we do expect an overhang of debt refinancing in the coming years. This should keep the pressure on our industry to move forward, but also create opportunities for doing the same, since lenders will need to exit equity position.

Staying Focused

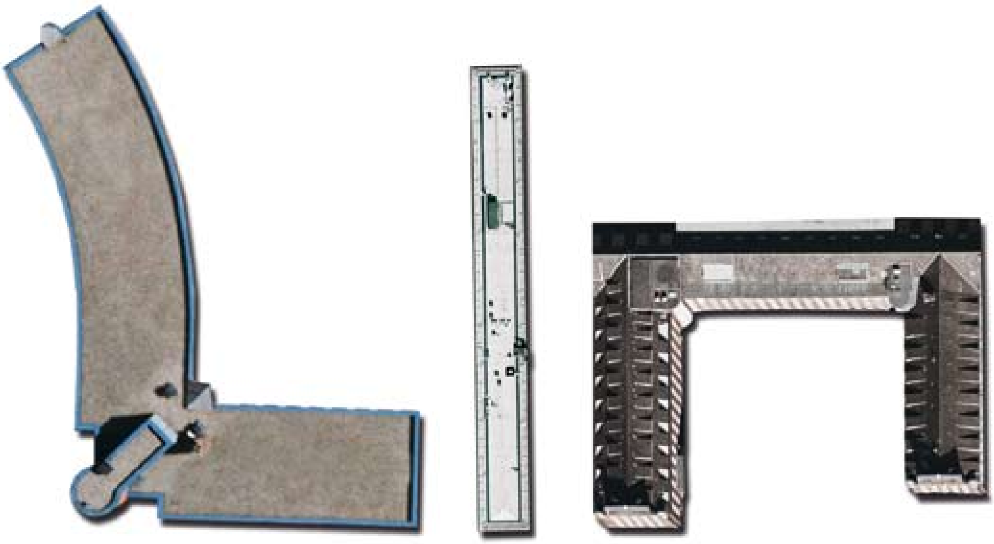
We anticipate that the coming years will be challenging for the market in general. We also appreciate that a number of factors that could drive the market are out of the sphere of influence of alstria, or of any real estate players, since they are linked to global considerations. In this environment, it is even more important for alstria to stay focused on our core competences in terms of long-term value creation for German office properties with a special focus on asset management and tenant relationship. Relative financial strength will only make sense if it drives the right strategy!

Sincerely,

Olivier Elamine
Chief Executive Officer

Alexander Dexne
Chief Financial Officer

CREATING



L  Ludwig-Rosenberg-Ring 41
Hamburg

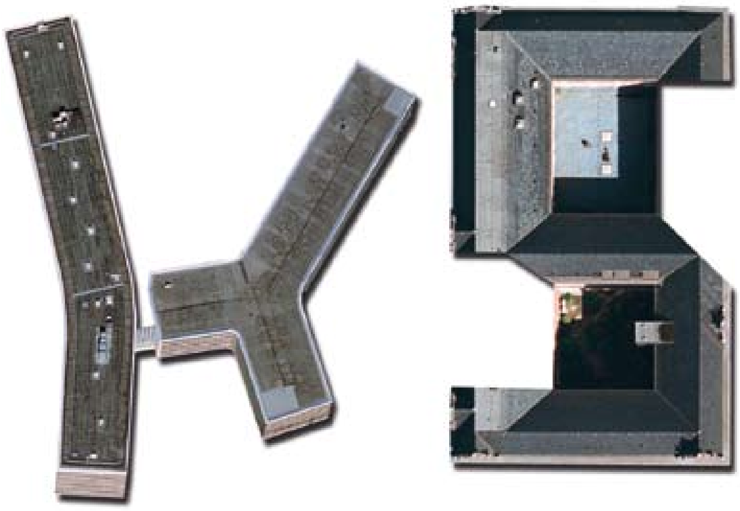
I  Grindelberg 62-66
Hamburg

N  Steinstr. 5-7
Hamburg

K  Wexstr. 7
Hamburg

S  Gorch-Fock-Wall 15
Hamburg

*All buildings shown above
are part of the alstria portfolio.*



BETWEEN PAST AND FUTURE

The renovation or REPOSITIONING of a building requires a delicate touch. It is essential to RETAIN THE VIRTUES OF THE OLD, while creating NEW APPEAL for the building's current and future users.

Ownership comes with obligations. Especially when the property involved is the ALTE POST in Hamburg. The Old Post Office is one of the city's most impressive buildings. alstria will revitalise the property over the next two years, working with expert partners and in constant collaboration with the Monument Protection Department. The historic brick façade and distinctive tower will be preserved, and a new six-storey office and retail building will be built behind it. The goal is to successfully reposition this exceptional property.

Modernising the Building while Retaining its Soul

Alte Post, Hamburg

For a property to remain attractive for tenants as the outside world changes, it needs to undergo development from time to time. In the case of historic buildings, this is a particularly complex undertaking. Many details have to be taken into account – not just while working closely with the department for the protection of historical monuments, but also to provide the best possible solution for the City of Hamburg's administrative offices, which had leased the Alte Post on a long-term basis. Their relocation to a nearby building benefits both the City of Hamburg and alstria. Following this move, the Alte Post is now ready to be optimised for office and ground floor retail. Its historic brick façade will remain completely intact.
The Alte Post Passage has stood empty since early 2009, and construction can begin. In its present form, the ground-floor retail area was not very attractive to shoppers or retailers, and the office space was clearly outdated, lacking modern technology, and having too low ceilings for today's standards. At dusk and dawn, this unique building looked sad, as it was the only dark asset in the neighbourhood.

All this is about to change. One of the most impressive buildings in Hamburg will be tailored to today's needs. The ground floor retail area will be upgraded to today's high-street requirements, and the new offices will offer best-in-class technology and space.

When renovating a property, the owner takes care to ensure the best possible solution for the building, its tenants and the surrounding neighbourhood. With this objective in mind, alstria teamed up with the Hamburg-based developer and asset managers Quantum Immobilien AG for the Alte Post project. This joint-venture combines financial muscle with real-estate expertise and development know-how, and a different approach to property management. To optimally integrate the new Alte Post into its surroundings, the joint-venture partners and the City of Hamburg are also designing a concept for Poststrasse jointly that will provide fresh stimulus to the city centre.

HISTORY

In **1847,** the various postal organisations operating in Hamburg were merged and the **Alte Post** was erected in Hamburg's Poststrasse.

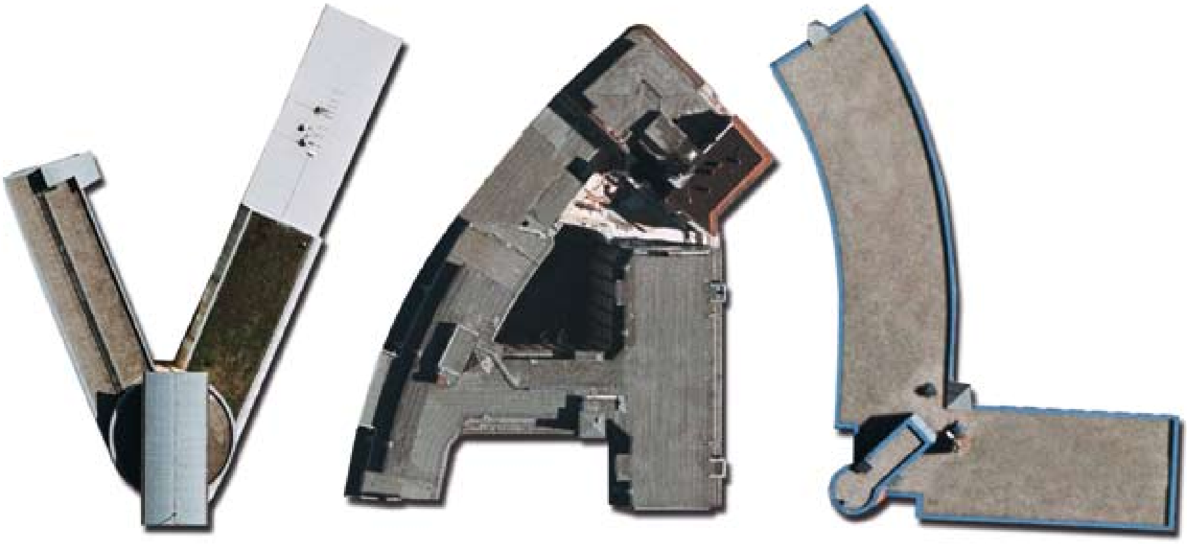
The building's high clock-tower is characteristic of its Tuscan style. It served as a visual **pointer or needle telegraph,** and was the terminal for a news link to the Elbe estuary. At the time, pointer telegraphs enabled communication over long distances, as early forerunners to our present-day telegraph and fax machines. The tower acquired its current appearance a few years later, when it turned out to be too low. An octagon-shaped structure was added for extra height. However, the tower served as a telegraph for only a few years before Morse code replaced optical telegraphy.

In **1887,** the postal administration moved to Stephansplatz, and the building in Poststrasse was used by Hamburg's city administration.

Between **1968 and 1971,** it was completely gutted and renovated, although the old façade was kept. A small shopping arcade was set up on the ground floor.

In **2008**, alstria convinced the city to move out of the building, ending their long-term lease and more than 100 years of municipal use of the property. In **2009,** alstria began repositioning the Alte Post in Hamburg's city center. In **2011,** the new Alte Post should be ready for the next century, having regained its 'landmark building' status.

SAFEGUARDING



V  Amsinckstr. 28
Hamburg

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L  Ludwig-Rosenberg-Ring 41
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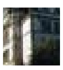
U  Max-Brauer-Allee 41-43
Hamburg

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Hamburg

S  Gorch-Fock-Wall 15
Hamburg

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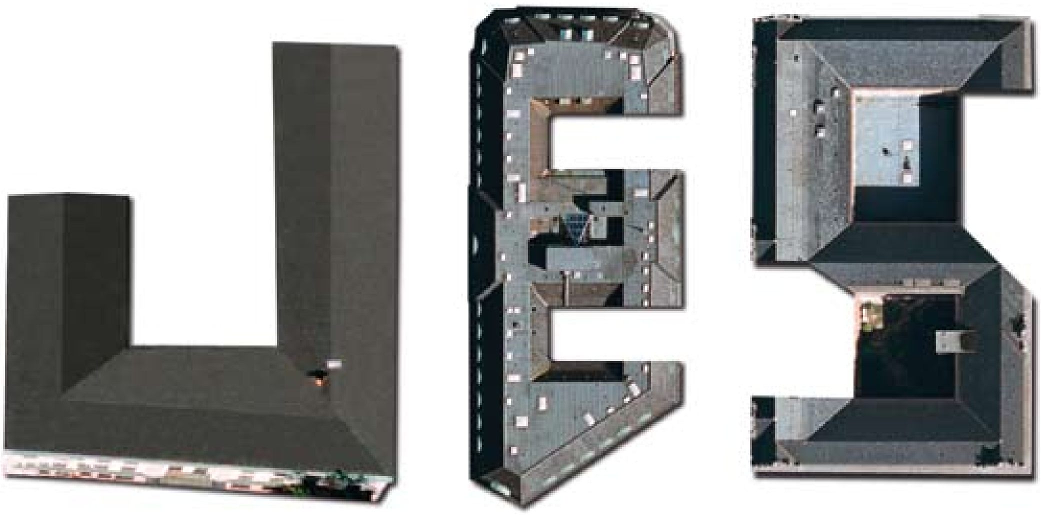
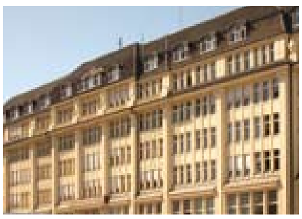
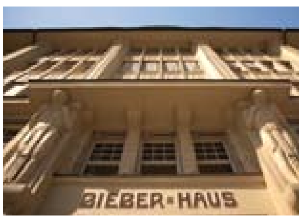


It is in our interests to ensure that our developments have lasting benefits for all the parties involved. Therefore, we see no contradiction between acting in a sustainable manner and upholding entrepreneurial values. Because we want to safeguard long-term value creation, we rely on solutions that benefit ourselves as well as our tenants. This builds trust and forms the basis for LONG-TERM TENANT RELATIONSHIPS.



At the OHNSORG THEATRE IN HAMBURG, alstria has jointly initiated an unusual project with the tenant – the relocation of the theatre to near the city's main rail terminal. The partnership is based on both sides' awareness of a responsible treatment of assets, urban planning and traditions. Ultimately, it is not just a theatre that is being relocated from the Große Bleichen area of Hamburg to the Bieberhaus, but a cultural asset and cultural values that have taken over 100 years to build.



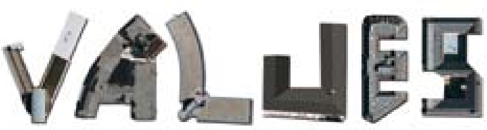
Building Value Through Cooperative Management

Ohnsorg Theatre, Hamburg

Before buying a building, alstria analyses and anticipates the added value that ownership might bring for all stakeholders in terms of the tenants, the neighbourhood and alstria itself. After the purchase, alstria treats the property accordingly. Potential identified early on is used to optimise the portfolio. In this process, close and long-term relationships with tenants are essential for jointly creating lasting and economically viable assets. This was the spirit that guided alstria in its negotiations with the Ohnsorg Theatre in Hamburg. alstria's approach was driven by the belief that it is possible to move the Ohnsorg Theatre out of the top retail location it currently occupies, in a way that benefits all the stakeholders in the project.

alstria has big plans for the building, which has housed the traditional 'Low German' theatre company since 1936. By 2011, alstria is planning to build a passage from Grosse Bleichen to the canal located behind it. This will create additional retail space to match the exclusive boutiques, upscale restaurants and attractive offices in the neighbourhood. It was equally important that the new home to the Ohnsorg Theatre, in Hachmannplatz near Hamburg's main railway station, fulfills the Ohnsorg Theatre's and the city's cultural requirement just as ideally, and acts as a cultural magnet.

Three years from now, alstria will hand over a new theatre building to Ohnsorg Theatre – ready for use and equipped with every technical refinement. The move will secure the community theatre's survival for another two decades. In addition, the new premises offer opportunities for both artistic and technical development: the new ceiling height enables productions that wouldn't have worked on the old stage. The generously-sized foyer, stalls and circle offer extra space and unobstructed views. Apart from more space and an additional studio stage, the building's main advantage is its convenient location.



The decisive factor for this is that the move is worthwhile for both sides. The Ohnsorg Theatre gains some 1,000 sqm more and gets to keep everything under one roof. And alstria can use the property at Grosse Bleichen for more commercially attractive tenant relationships, thus creating substantial added value for this building. By taking this contemporary management approach, alstria safeguards the long-term value of its portfolio.

INTERVIEW

An Interview
with **Christian Seeler,**
Managing Director
of the Ohnsorg Theatre

Why is the Ohnsorg Theatre moving to new premises?

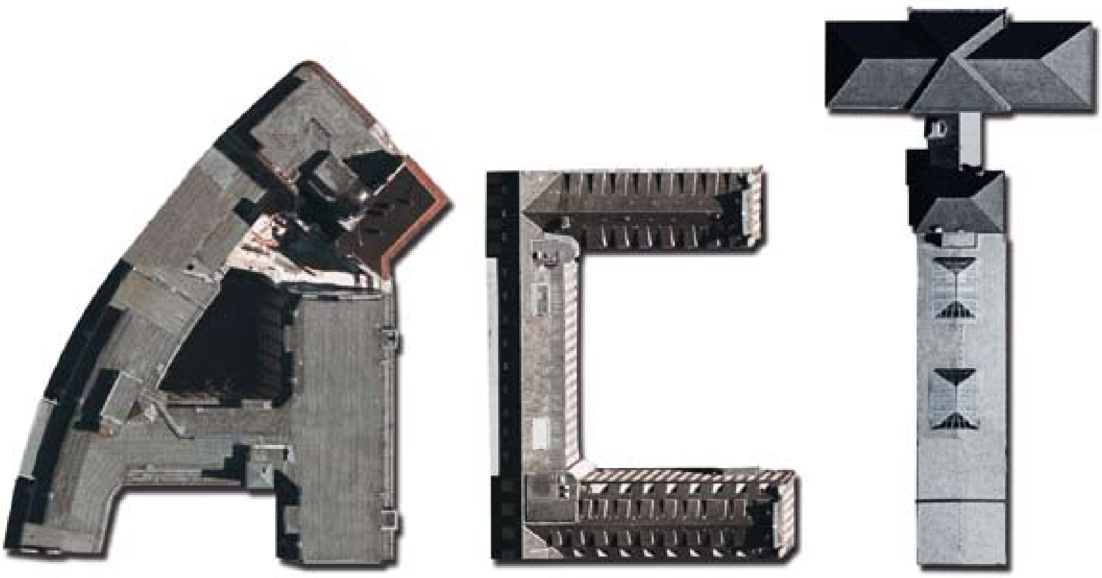
We have been happy here for many years, but the technology is outdated and we are bursting at the seams, so alstria's offer came just at the right time. The new location gives us state-of-the-art technology and is even more convenient for public transportation.

You are exiting the lease early. What part of the package negotiated made up your mind?

There wasn't any particular part that made us sure we'd made the right decision. The terms did add up for us, though, which was important. But how the negotiations were handled was more crucial to our agreeing! Especially the constructive cooperation, as we each sounded out the other party's interests, jointly weighed up the pros and cons, and so on.

Do you think the Ohnsorg Theatre came out of the negotiations a winner?

Yes, absolutely! But I think that is true for both sides. alstria also benefits from our move. This is what makes decisions sustainable in the long-term: both parties must be satisfied.



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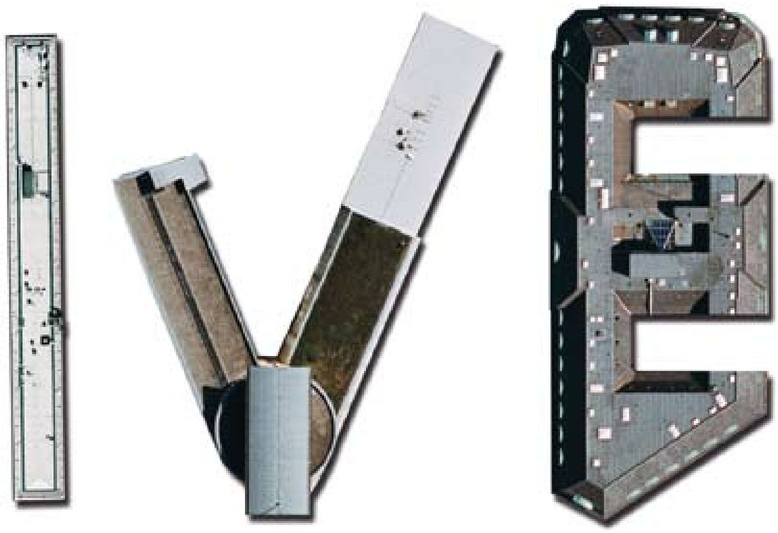
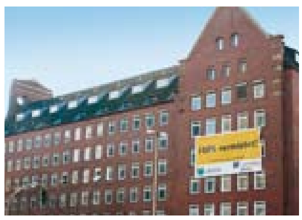


MANAGEMENT

Real estate management schools tend to teach two different real estate STRATEGIES. The Buy and Hold strategy, or the Buy and Sell strategy. At alstria, we don't buy cheap and sell expensive. Neither do we buy and hold, as we are not passive investors. We like to say that we 'BUY AND MANAGE' our assets.

alstria is currently extensively renovating the BARTHOLOMAYHAUS, an historic office building in a sought-after location near Hamburg's main railway station. Although the building was rented out through mid-2009, we anticipated the existing tenant moving out, and negotiated early termination at the beginning of 2008. What sounds like a risky manoeuvre, was actually a carefully thought-out plan. Just six months after termination, a 20-year lease was signed with HAMBURGER HOCHBAHN, a company that operates large parts of the city's public-transport system.



Plan Ahead and Act Purposefully

Bartholomayhaus, Hamburg

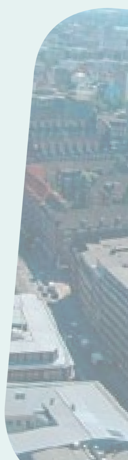
Modernising buildings, keeping long-term tenants, and finding new tenants – these are the traditional tasks of asset management. But good asset managers who want to generate additional value go even further. They act instead of reacting, and proactively take things in hand. In other words, they anticipate developments, and know how to take advantage of them, based on an excellent knowledge of the market and a functioning network.

alstria's forward-looking entrepreneurial spirit and distinct real-estate approach enabled it to find an ideal future tenant for Bartholomayhaus. When alstria acquired the office building on Steinstrasse, it came with a three-year contract with the then-tenant and a six-month period of notice. Rather than waiting for the tenant to inform us of their plans, alstria anticipated their upcoming move-out, and started proactively working on the lease-up of what we expected to be a vacant building. This gave us ample time for an in-depth analysis of the building's potential and possible new tenants. Acting rather than reacting allowed us to sign a new lease on the vacant building just a few months after it was vacated.

HISTORY

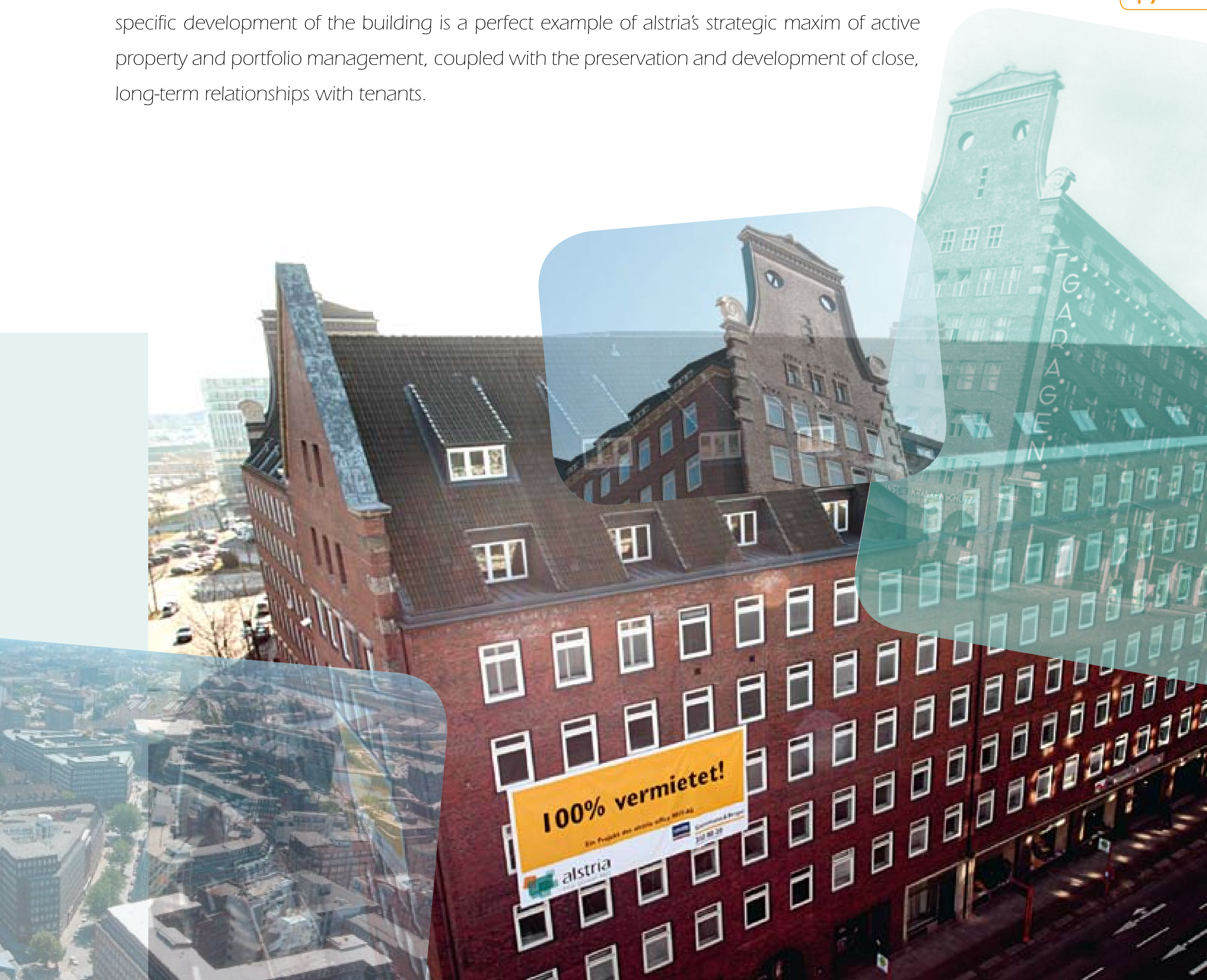
Bartholomayhaus is located in the **Kontorhaus district,** which is the name given to the area south-east of Hamburg's Old Town, between Steinstrasse, Messberg, Klosterwall and Brandstwiete. A series of narrow residential buildings were erected here in the 17th century. The housing shortage caused by the Hamburg fire of 1842 led to further overcrowding. Ultimately, the cholera epidemic of 1892 forced a complete redevelopment of the area.

Later, Fritz Schumacher, Hamburg's Director of Construction and Chief Structural Engineer from 1909 onwards, prevailed with his **progressive ideas of city building** and planned the district as an area of office buildings. His revision of the development plan included **large-sized buildings, in anticipation of the space required by the emerging mercantile community** after Hamburg became part of the German customs system. The plan also included giving each building its own distinct character.



Hamburger Hochbahn, the operator of three underground lines and 120 bus routes was looking for additional space near its central offices. alstria knew about these plans and as Bartholomayhaus is not far from Hochbahn's headquarters on Steinstrasse, it was the obvious choice to offer them the property. After just a few months of vacancy, the centrally located building has now been leased out for 20 years, and alstria closed the largest office-rental deal signed in Hamburg in 2008.

Hamburger Hochbahn plans to use Bartholomayhaus as a new administrative unit, and has commissioned alstria to gut it and kit it out with the latest technology. A friendly, welcoming atmosphere is of particular importance for this modern office space, since this will be the new home also to the Hamburger Hochbahn Customer Service Center. The rapid rental and tenant-specific development of the building is a perfect example of alstria's strategic maxim of active property and portfolio management, coupled with the preservation and development of close, long-term relationships with tenants.



ALSTRIA STOCK

Share Markets

Share markets were characterised by substantial losses during the course of 2008. Starting near its all time high of over 8,000 points, the DAX fell gradually to around 6,000 in September 2008. What begun as a subprime crisis in 2007, emerged as a financial crisis in 2008. The interbank market nearly came to a standstill between September and October. Governments set up state guarantees and provided liquidity support to avoid further destabilisation. When the financial crisis became evident and uncertainties grew, an increasing downward swing in the DAX resulted in the following months to 4,810 at the end of the year. On year to year comparison, the DAX faced a loss of 40% in 2008. The MDAX and the SDAX followed this downward trend generally. The MDAX closed 43% down and the SDAX 46% down on beginning of the year.

Real Estate Shares

The development of real estate shares was not detached from the development of the share markets in general. Real estate share indices began to be placed under pressure in 2007, when the subprime crisis became evident. 2008 turned out to be an even more difficult year for real estate shares. The EPRA indices for Germany and Europe fell by 55% and 51% respectively, and it was virtually impossible for individual companies to withstand that trend.

Development in alstria´s Share Price

alstria's share price started at EUR 10.40 in 2008. Following a peak of EUR 13.69 at the beginning of April 2008, the following months price dropped to EUR 10 untilthe beginning of September. Afterwards, it fell to its lowest level of EUR 2.50 in the middle of November. Thereafter, the share price recovered somewhat to EUR 4.95 as the yearend closing price. The effect of the turbulence in the financial markets on alstria's share price was almost as evident as on our peer group. The share is now trading at a significant discount to the net asset value of EUR 13. This is equivalent to a loss of 52%. In the same period, EPRA GERMANY and EPRA EUROPE lost 55% and 51% respectively.

On November 6, 2007 alstria's management board decided to execute a share buy-back programme. This programme uses the authorisation granted by the company's shareholders at the Annual General Meeting held in 2007. With this authorisation, alstria acquired 2.5% of its share capital until September 2008 at the Frankfurt Stock Exchange (XETRA). On the balance sheet date, alstria owned 1,375,755 treasury shares as a result of the share buy back programme. For the time being, the intention is to hold the shares acquired in the form of treasury shares, and eventually use them if the Shareholders' Meeting grants appropriate authorisation.

Share Data

Share ID code	AOX
Securities identification number	A0LD2U
ISIN – International securities identification code	DE000A0LD2U1
Common code	028600810
Reuters symbol	AOXG.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	54,624,245 (56,000,000 minus 1,375,755 own shares)

Coverage by Analysts
Being the first German REIT-AG, alstria is actively covered by a number of financial analysts from renowned investments banks.

Investment Banks and Analysts

Bankhaus Lampe KG	Frank Neumann
Commerzbank Corporates & Markets	Burkhard Sawazki
Deutsche Bank	Martin Praum
Dresdner Kleinwort	Kai Malte Klose
DZ Bank	Hasim Sengül
HSH Nordbank	Steffen Wollnik
HSBC Trinkaus & Burckardt AG	Thomas Martin
JP Morgan	Osmaan Malik
Kempen & Co	Remco Simon
M.M. Warburg & Co	Ralf Dibbern
Rabo Securities	Ruud Van Maanen
Sal. Oppenheim	Sven Janssen
SG Real Estate	Marc Mozzi
UniCredit Global Research	Andre Remke
VISCARDI AG	Karl Dienst

Intense Investor Relations Activities

In 2008, alstria's investor relations activities focussed specifically on informing investors, financial analysts and the business press about developments at alstria, but also about the general characteristics of a German REIT-AG. In addition to press and analyst conferences, alstria staged numerous road shows with investors, and held interviews with journalists at home and abroad.

Investor Conferences

Date	Conference
January 10, 2008	Deutsche Bank 2008 Real Estate Outlook Conference, New York
January 15, 2008	Morgan Stanley's 3rd German Property Day, Athens
February 11-12, 2008	3rd DVFA Real Estate Conference, Frankfurt
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 9, 2008	Real Estate Investors Conference, Dresdner Kleinwort, London
April 10 2008	US REIT Day, Frankfurt
April 22, 2008	Dresdner Kleinwort Conference, New York
April 29, 2008	German GRI, Frankfurt
May 28-29, 2008	Kempen & Co 6th European Property Seminar, Amsterdam
June 12, 2008	11th Annual Property Conference by Morgan Stanley, London
June 20, 2008	Sal. Oppenheim Real Estate Conference, Vienna
August 29, 2008	Property Finance Europe German Property Breakfast, London
September 4-5, 2008	EPRA Annual Conference, Stockholm
September 6, 2008	Hamburger Börsentag, Hamburg
October 6-8, 2008	EXPO REAL, Munich
October 16, 2008	Pan-European Real Estate Conference, London
October 20, 2008	Initiative Immobilien Aktie, Frankfurt
November 11, 2008	Deutsches Eigenkapitalforum, Frankfurt
November 26, 2008	Swiss Equity Real Estate Day, Brussels
November 27-28, 2008	EPRA Reporting and Accounting Summit, Brussels

Shareholder Structure

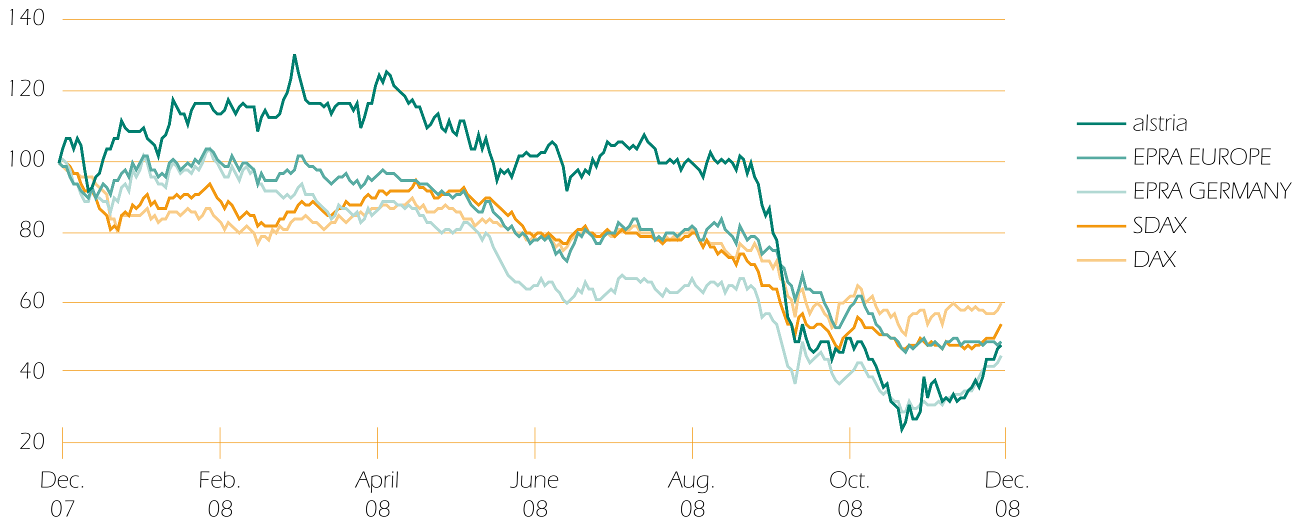
As of December 31, 2008, Captiva 2 Alstria Holding S.à r.l. held a 61% stake in alstria office REIT-AG. The remainder of the shares are defined as free float, out of which Morgan Stanley held more than 5% and Stichting Pensioenfonds and Cohen & Steers held more than 2.5% each. On the balance sheet date, alstria held 2.5% proprietary shares as a result of the buy-back programme.

Shareholder Structure by Investor

- Free Float 39%
- Captiva 2 Alstria Holding S.à r.l. 61%

Share Price Development

Dec. 28, 2007 EUR 10.25 indexed to 100



Key Figures per Share

in EUR (if not stated otherwise)	2008
2008 high	13.69
2008 low	2.50
Opening price	10.40
Closing price	4.95
Weighted average number of shares outstanding	56,000,000
Average trading volume in shares (XETRA)	85,906
Average market capitalisation in EUR million	529.2
Total number of shares outstanding as of Dec. 31	54,624,245
FFO per share	0.70
NAV per share	13.03

ECONOMICS AND STRATEGY (BUSINESS OVERVIEW)

Economic Conditions

What had started in 2007 as the subprime crisis around loans in the US residential real estate sector, developed into a full fledged crisis in the global financial system in 2008. As one of the key consequences of this crisis, credit supply came to a halt in all major economies with severe impact on not only the real estate industry. During the course of 2008, most of the major economies slid into recessionary mode and most economic forecasters predicted that recessionary conditions would prevail at least throughout 2009.

In light of these developments, it seems rather remarkable that the basic figures in the office property market in Germany were quite strong in 2008. Only three times in the history of the German office market has a higher turnover in office space been achieved: In the six office centres, total turnover in 2008 was 2.9 million sqm. The main drivers for this performance were the GDP growth of approx. 1.4% and the fact that unemployment rates were on the decline throughout most of the year.

Despite the positive developments in 2008, most of the relevant indicators for the real estate industry have recently been on the decline, including GDP, the employment rate, the IFO Index and overall exports. Accordingly, economists expect the German economy to contract throughout 2009 with signs of recovery projected not to become visible before the end of the year or in early 2010.

Regardless of the considerable efforts of the German Federal Government and the European Central Bank (ECB) to stabilise the financial system and to stimulate credit supply, the availability of debt funding opportunities will remain scarce in the foreseeable future.

Economic conditions for the German real estate industry are expected to be very challenging in 2009. With the financial crisis the spilling over into the real economy and the lack of credit affecting development plans, demand for office space and top-level rentals are expected to decline.

As a consequence of the lack of available finance, the direct investment markets are expected to remain relatively flat throughout the year.

Improvement in investment market conditions can only be achieved under two prerequisites: (i) stabilisation of the banking sector, and banks' willingness to extend financing to real estate, and (ii) refinancing or restructuring of high leveraged loans that previously, were mainly financed by commercial mortgage backed securities (CMBS). alstria[1] believes that it is unlikely for both of these conditions to be met in 2009, and does not expect a window for recovery before mid-2010.

[1] The alstria office REIT-AG Group is referred to as 'alstria' or 'the Group' in the following.

Overview of the German Market for Office and Commercial Real Estate[1]

Lease Price Development

Despite a gloomy forecast for the German economy at the end of the year, and a moderate increase in the unemployment rate, the overall development of rents in the German office and commercial real estate market was positive in 2008. According to the largest German real estate association, IVD, tenants tended to increase their demand for space, while looking for more efficient space, as well.

IVD announced that the net rents excluding service charges in German metropolises increased by up to 4.5%, a rate which was noted last eight years ago. With this increase, rents in large cities hardened for the third consecutive year. Rent development had reached its zenith by the end of 2008. While top rents in Frankfurt and Dusseldorf remained stable on a high level, increases were noted in Munich (+1.7%), Hamburg (+2.2%), Stuttgart (+2.9%), and Berlin (+4.8%). Higher-than-average increases were announced by Magdeburg (+14%), Augsburg (+7.5%), and Dresden (+6.5%) and others. Jones Lang LaSalle announced that top rents in 2008 were highest in Frankfurt (EUR 37.00 per sqm), followed by Munich (EUR 30.50), Hamburg (EUR 23.00), Dusseldorf (EUR 22.50), Berlin (EUR 22.00), and Stuttgart (EUR 18.00).

The average weighted rent for office space in medium areas levelled out at approx. EUR 7.40 throughout Germany. In German cities with more than 300,000 inhabitants, it was EUR 11.30.

Vacancies

The vacancy rate in German cities declined to a total of 8.9% in 2008, which translates into a year-on-year fall in vacancies of around 4% to just under 7 million sqm. Comparing German cities, the highest vacancy rate can be found in Leipzig (17%), followed by Dresden/Frankfurt (each 14%), Dusseldorf (10%), Berlin and Cologne (each 9%), whereas Bremen/Duisburg (each 3%), and Essen/Hanover (each 4%) and Dortmund (5%) recorded the lowest vacancy rates.

Leasing Markets

In the six major German cities, new leasing contracts for a total of 2.9 million sqm of office-space were signed. Compared to 2007, this is equivalent to a downturn of 7%. While Dusseldorf (-16%) and Frankfurt (-9%) registered a distinctly lower turnover in office space compared to 2007, Stuttgart (+8%) was the only major city which showed an increase. In Hamburg, the total leasings equated to 546,300 sqm, which represents a decline of 6.7% compared to 2007.

New Supply

In 2008, noticeably more new buildings were erected than in 2007. At approx. 890,000 sqm, the construction of office and commercial space increased by nearly 48% compared to the previous year. In 2009, the intention is to increase newly built office space from 890,000 sqm to almost 1.2 million sqm, which will increase the pressure on top level rentals.

[1] All figures referred to in this section are sourced from Jones Lang Lasalle, IVD, or Atis Real.

Investments

The nationwide registered investment volume for commercially used real estate assets in 2008 has been significantly lower than the previous year's record-breaking results. The total investment volume year-on-year was down by approx. 65%.

At the six most important German locations for office space, markets even dropped by 70%, although this only represents a volume of EUR 9.2 billion. Throughout Germany, investment turnover fell to about EUR 20 billion, from a starting point of around EUR 55 billion. Especially the fourth quarter of 2008 caused a strong decline. Between October and December, only 17% of the annual result was generated.

Average yields are just above 5% in the top five German cities of Berlin, Hamburg, Munich, Cologne, and Frankfurt, with an upwards trend.

Outlook for 2009

Falling rents, high construction costs, compared to capital values, and a lack of financial resources are expected to slow down development activities dramatically and therefore reduce supply in the coming years.

Slowing economic activities, combined with lack of credit availability will have a negative impact on average levels of rent across the German market. As a consequence of this slow down, top rents are expected to fall between 5% and 10% in the coming twelve months in the major German cities.
The Investment market remains highly dependent on the availability of financing, and a further decline in values during the course of 2009 cannot be excluded.

Strategy and Structure

Against the background of the changing financial environment, alstria focused on regular reviews of its business case, and its assets and liabilities, as well as its short and long term perspectives.

The analysis of these parameters has led to the conclusion that, in view of the conservative nature of alstria's set-up, the Company is well prepared to navigate through the difficult times ahead.

- alstria has a long term lease portfolio (around ten years weighted average lease lengths). 80% of the rental income comes from a small number of high quality tenants. More than 50% of the rental income comes from local authorities or institutional entities, which are not impacted by the economical downturn.

- alstria pursues a non-trading strategy, and focuses on long-term value creation through asset management. Hence, the slow down in the investment market does not affect the individual business plan, nor does it threaten the Company's cashflow projection.

- The operating strategy involves helping alstria's tenants to optimise the cost of running their real estate. There is no contradiction in reducing overall real estate costs for alstria's tenants and increasing the returns of alstria simultaneously. In actual fact, the current climate could create opportunities for alstria, at a time when most German corporations are looking to reduce costs.

alstria will stay focused on its buy-and-manage strategy. Returns are expected to be realised by pursuing active asset management according to the alstria business model. In 2008, the Hamburger Hochbahn AG letting, Alte Post joint-venture and the Grosse Bleichen and Bieberhaus (Ernst-Merck-Strasse) refurbishment projects represented good examples of successful asset management and underline the strong capability of alstria, and its unique approach to real estate in the German real estate market.

alstria believes that the changes in the economic climate will require adjustments in capital structures to be made by real estate companies. As such, the whole industry will need to undergo deleveraging. Although alstria has one of the most conservative balance sheets for a German real estate company with a 60% LTV target, it will not stay immune to this process. However, the management at alstria does feel that the quality of the Company's assets, the unique stability of its cash flows, and the existing maturity of debt provides the strong support needed in this process.

alstria started to address deleveraging concerns as early as mid-2008, implementing selective asset sales, which were all executed at a premium on IFRS valuations, as well as the EUR 95 million refinancing of two of its assets with long term leases. These transactions allowed the Company to preempt falling real estate values, and meet its main LTV covenants by the end of 2008.

alstria's REIT status is not impacted by the changing climate and the Company is more convinced than ever that REITs will be the dominant asset class in the listed sector in Germany. Although falling real estate values have eaten away at the REIT equity ratio, the Company's aim is to restore the ratio to the required level by the end of 2010.

alstria's operating results in 2008 did not depend on trading results, and, hence, were not impacted by the situation in the direct investment markets. alstria's results demonstrate the strong performance of its operations, with revenues of EUR 102 million and funds from operations (FFO)[3] up 25% from EUR 31,540 k in 2007 to EUR 39,415 k in 2008. These results are in line with the financial forecasts of EUR 101 million in turnover and EUR 40 million of funds from operations. The year-onyear increase in the FFO is driven by the first time consolidation of the last portfolio acquired, but also by alstria's asset management results, and the reduction in overall administration costs.

[3] For further details, please refer to page 31.

Portfolio Overview

Transactions

Taking account of the general volatility in the market, alstria had already announced on January 18, 2008, that it would not be pursuing any further acquisitions in the course of 2008. Transactions were relatively few in 2008 as a result. On the acquisition side, alstria's activities were mainly driven by converting transactions based on the REIT exit tax benefit, or selective asset acquisition for implementing the tenant relationship strategy. On the disposals side, alstria was active throughout the year and signed its first joint-venture agreement, and disposed of a limited number of assets for a total of EUR 18 million by the end of the year.

The acquisitions announced in Q4 2007 were all completed in the first three months of 2008. These transactions added 18 properties and approx. 135,000 sqm of lettable space throughout Germany to the portfolio. The new propertys' main tenants are Bilfinger Berger, HUK Coburg and the Deutsche Rentenversicherung Bund.

In the second quarter of 2008, alstria acquired a vacant office property located in Hamburg (Max-Brauer-Allee 41–43) with total lettable space of approx. 3,200 sqm and total costs of approx. EUR 4.6 million.

During the third quarter of 2008, alstria started to dispose of selected properties. To-date notarial sales contracts for three properties and a plot of land have been signed. The transfer of charges and benefits took place in Q4 2008, and with regard to the plot of land, the transfer of charges and benefits is expected to take place in Q1 2009. The total sales price for these transactions delivered a surplus of EUR 1,450 k, which is well above the latest IFRS fair values:

Selected Disposals in 2008 Support alstria's Valuations

Properties in EUR k	Latest IFRS fair values	Sales price	Surplus	Surplus rate
Hamburg, Duesternstr. 10	4,000	4,950	950	23.8%
Hamburg, Osterbekstr. 96	10,575	11,000	425	4.0%
Leipzig, Nikolaistr. 16	1,925	2,000	75	3.9%
Total Sales	**16,500**	**17,950**	**1,450**	**8.8%**

Please refer to the Notes for a detailed description of the transactions detailed above.

Lease Ups

At the beginning of the year, vacancies in the portfolio amounted to approx. 62,000 sqm (6.5%).

In total, alstria signed for more than 33,000 sqm of new leases[4] in 2008, which represent almost 53% of the vacant space at the beginning of the year. In the same period, 28,200 sqm of space was released by tenants vacating properties at the end of their leases. Despite the sale of fully-let properties, and the acquisition of additional vacant properties (3,200 sqm), alstria was able to reduce its vacancy rate at the end of the year by 60 bps, to 5.9%, which represents a total vacancy in the portfolio of approx. 55,500 sqm. Of these 55,500 sqm, 19,400 sqm consist of strategic vacancies (i.e. vacancies managed by alstria as part of its repositioning strategy), and the remainder are operational vacancies.

Among others, lease ups were mainly driven by letting approx. 13,000 sqm toHamburger Hochbahn AG in October 2008 on a 20-year lease. The office space at Steinstrasse 5–7, which was vacated earlier this year by BKK Mobil Oil, will be extensively reconstructed by alstria before it is handed over to Hamburger Hochbahn AG in around April 2010. This building, which is located near the main railway terminal in an area highly attractive to tenants, is now fully let, just a few months after being vacated.

Furthermore, as part of its ongoing tenant relationship process, alstria signed two leases with the City of Hamburg in November 2008. The first lease is for the vacant office building in Hamburg Altona acquired in April 2008. This property was fully let to the City of Hamburg in October on a 15-year fixed lease with an annual rent of around EUR 360 k. The second lease concerns the Grosse Bleichen property in the city centre of Hamburg with approx. 4,800 sqm of contracted space and a 10-year lease. In both cases, the tenant vacated high-potential buildings owned by alstria in the key city centre area of Hamburg (in Alte Post and Kaiser-Wilhelm-Strasse), allowing alstria to unlock the value of both buildings and safeguard the tenants' the cash flow at the same time.

As per the balance sheet key date, alstria's portfolio consists of 89 office buildings with approx. 944,000 sqm of lettable space and a contractual vacancy rate of 5.9%. The portfolio is valued at a yield of 5.9% and the remaining average unexpired lease term is around ten years.

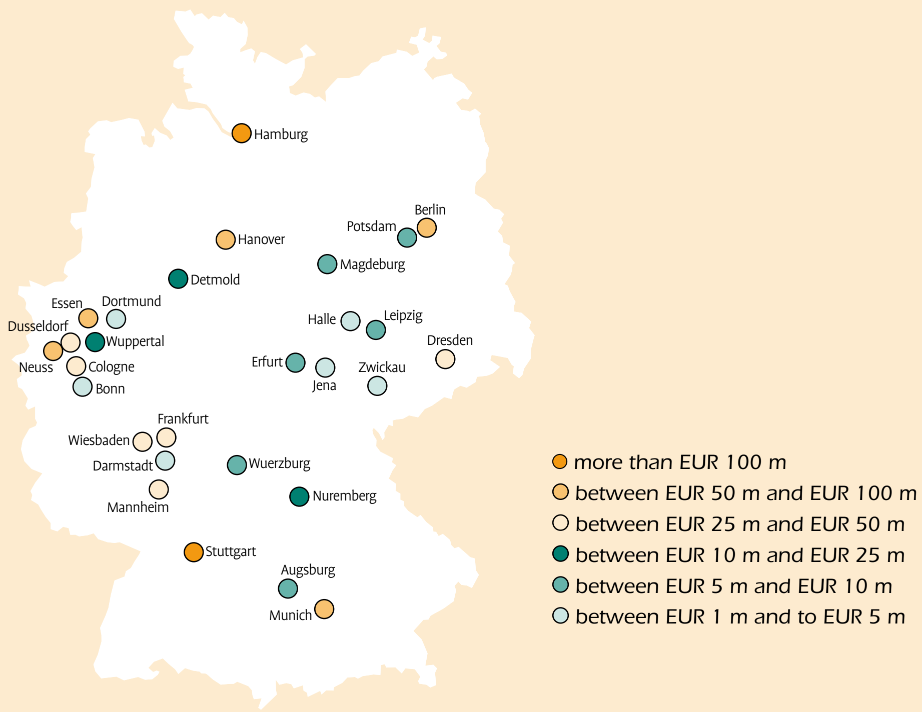
The Key Metrics of the Portfolio on Dec. 31, 2008

Metric	Value
Number of properties	89
Market value (EUR bn)	1.8
Contractual rent (EUR m/annum)	106.5
Valuation yield	5.9%
Approximate lettable space (in sqm)	944,000
Vacancy (% of lettable space)	5.9%
WAULT (years)	10
Average rent/sqm/month (in EUR)	9.41

[4] New leases correspond to the leasing of vacant space. This does not take account of any lease renewals, prolongations, or tenants exercising their renewal options.

It is alstria's strategy to invest throughout Germany and to not focus on apparent key markets. One of the reasons driving this strategy is that in the past, many of the sub-centers have quite frequently outperformed office hot spots like Frankfurt or Munich. alstria's investment decision is based on an analysis of the local markets and on the adequacy of the building according to the local environment, in terms of location, size and quality. Consequently, the typical exposure of a property in Dresden, Dortmund or Mannheim would still be lower than the exposure of a property in Hamburg, Dusseldorf or Berlin.

OMV for Investment Properties



Portfolio Valuation

2008 was highly impacted by falling property prices across Europe following the deterioration of global market conditions and the global credit crunch. Regardless of the high quality of its portfolio, alstria has not been immune to these falling values. However, the strict investment discipline of the Company in 2007, where it carefully avoided investing in a peak market, and its ability to leverage the REIT exit-tax benefit for its latest acquisitions has to some extent shielded the Company from a drop in valuation, since it refrained from valuing its portfolio when the market was at its peak.

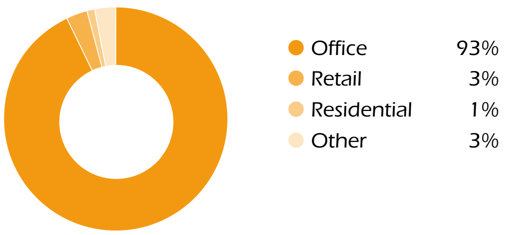
In response to the high volatility in the markets and the significant changes in global environmental conditions, alstria commissioned two comprehensive external valuations of the portfolio, one mid-year and one at the end of the year. This approach ensures that there is no valuation backlog and that book values constantly stay in line with the market. The total valuation loss on investment properties was EUR 88.1 million for the whole year. This valuation comprises EUR 145 million of gross valuation yield expansion, which was in part recouped through a value increase of EUR 57 million achieved via asset management activities and/or CPI adjustment leading to improved cash flows. This valuation adjustment takes the overall value of investment properties to EUR 1,810 million according to the valuation certificate which corresponds to a valuation yield of 5.9%.

The impact of market movements would have been much more significant without the successes of alstria's asset management: Overall about 33,000 sqm have been leased up within the portfolio with the biggest leases being 13,000 sqm to Hamburger Hochbahn for 20 years and the 3,200 sqm to the City of Hamburg for 15 years. Also the increase of rental income linked to the indexation of around 35% of alstria's portfolio contributed to offset part of the yield shift in 2008.

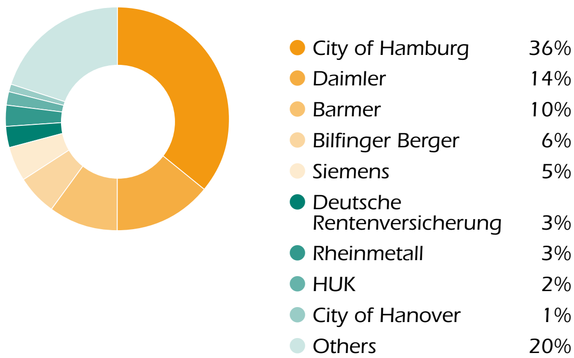
Tenants

One of the key characteristics of the alstria portfolio is the stringent focus on a set number of key tenants. Accordingly, in 2008 our top nine tenants accounted for more than 80% of the total revenues. Also, the clear focus on one asset class, i.e. offices, is nicely reflected in the 2008 portfolio. Of the total lettable area, 93% is dedicated to offices.

TOTAL PORTFOLIO BROKEN DOWN BY USE



ALSTRIA`S CORE TENANTS 2008



FINANCIAL ANALYSIS

Earnings Position

The increase in operating earnings in the financial year 2008 is mainly linked to the increase in the size of the portfolio year-on-year following the last batch of acquisitions performed by alstria.

The following table shows the key operating figures from the audited income statements for the financial years 2008 and 2007:

Revenues Increased by 23.6% to EUR 102,055 k

Total revenues amounted to EUR 102,055 k (2007: EUR 82,552 k) for the 2008 financial year. This increase was mainly driven by the transactions announced in Q4 2007 and closed in Q1 2008. Real estate operating expenses amounted to 8.7% of revenues, or EUR 8,833 k. Net rental income for 2008 was EUR 93,222 k.

in EUR k	2008	2007
Gross Rental Income	**102,055**	**82,552**
Net rental income	93,222	76,192
Operational expenses	-11,553	-12,783
Net other income	2,259	583
Net Operating Income	**83,928**	**63,992**
Profit on disposals of investment properties	1,450	0
Net gain/loss from fair value adjustements on investment properties	-88,116	11,170
Net Operating Result before Finance Costs	**-2,738**	**75,162**

The 2008 P&L is heavily impacted by net losses from fair value adjustments on investment properties of EUR 88,116 k. In the 2007 financial year, in contrast, alstria faced a valuation gain of EUR 11,170 k. On the other hand, alstria was able to gain profits on disposals of investment properties of EUR 1,450 k (see investment properties).

Favourable Effects on Recurring Expenses due to Optimisation of Administrative Processes.

In 2008, alstria started to improve the efficiency of administrative processes and was able to successfully reduce overhead expenses for external advisory services. Furthermore, the negative one-time effects of additional expenses resulting from the IPO and the G-REIT conversion fell away in 2008.

Administrative and personnel expenses amounted to EUR 11,553 k on the year compared to EUR 12,783 k in 2007. Accordingly, total recurring operating expenses amounted to 11.3% of total revenues (compared to 15.5% in 2007). This improvement shows that although the Company structure is lean, it was possible to implement measures to enhance the efficiency of overheads.

Net other income mainly includes the reversal of accruals (EUR 1,116 k and a one-time separation payment of around EUR 1,000 k for early termination of a lease agreement) and expenses of EUR 515 k.

alstria closed the 2008 financial year with a net operating loss before finance costs of EUR 2,738 k, which was significantly influenced by the valuation result. This compares to a gain of EUR 75,162 k in the previous year.

Funds From Operations at EUR 0.70 per Share

in EUR k	2008	2007	Change
Pre-Tax Income (EBT)	**-55,925**	**48,133**	**-104,058**
Minus net financial expenses	-48,112	-35,115	-12,997
Plus non-cash expenses	1,271	2,663	-1,392
EBITDA	**-6,542**	**85,911**	**-92,453**
Minus net loss/gain from fair value adjustements on investment properties	-88,116	11,170	-99,286
Minus net loss/gain from fair value adjustements on financial deriavates	-7,403[1]	8,086	-15,489
Minus profit on disposal of investment property	1,450	0	1,450
Plus net financial expenses	-48,112	-35,115	-12,997
Funds From Operations[2] (FFO)	**39,415**	**31,540**	**7,875**

[1] Fair value loss disregarding realised fair value gains of EUR 2,328 k.

[2] 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 with 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.

Funds from operations amounted to EUR 39,415 k in 2008 compared to EUR 31,540 k in 2007. As a result, FFO per share amounted to EUR 0.70 in the 2008 financial year (2007: EUR 0.56).

The strong increase as compared to 2007 resulted mainly from the improvement in revenues to EUR 102,055 k linked to further acquisitions made during the reporting period, which amounted to an increase of EUR 19,503 k compared to 2007 rental income. This year's operating performance was largely driven by top line growth. The non-cash expenses include expenses for share options and profit participation rights among others.

EBITDA amounted to EUR -6,542 k in 2008 as compared to EUR 85,911 k last year. The main reasons for this significant difference are the fair value adjustments, which on one hand positively affected last years results, and, on the other, negatively impacted the reported result. This comprised a fair value gain of EUR 8,086 k on derivatives, and a fair value gain of EUR 11,170 k on investment properties that positively influenced last years EBITDA. In contrast, the fair value adjustments in the reporting period had a negative impact of EUR -95,519 k (EUR -88,116 k on investment properties and EUR -7,403 k on derivatives).

Hedging Instruments

The devaluation of the financial derivatives was driven by the development of the yield curve at the end of 2008. The fact that alstria's debt exposure is fully hedged fixes the current overall cost of debt for the existing portfolio at 4.7%. In order to limit the P&L impact from the volatility of the interest rate markets, the accounting policy for our derivatives has changed and alstria now applies hedge accounting to all the hedges that qualify. This allows the loss or gain on the qualifying part of the derivatives to be recognised through the cash flow hedge reserve. An overview of the composition and the changes since December 31, 2007 is described in detail in the Notes.

In the 2008 financial year, EUR -49,579 k represents the effective change in value of the swaps, which is recorded in equity as a 'cash flow hedging reserve' account. The fair value changes of derivatives not categorised as a cash flow hedge (Caps), as well as the ineffective impact of changes for the cash flow hedges are shown in the income statement under 'Net gain/loss from fair value adjustments on financial derivatives'. The interest payments and accruals on swaps and caps are stated in the financial results. alstria's current average hedge rate is 4.0% with an average maturity of 3.4 years.

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 is presently utilised to EUR 995.4 million (EUR 991.8 million taking into account the deduction according to IFRS effective interest rate method). 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 3-month EURIBOR floating rate plus a spread dependent on the average lease length of the property portfolio and the LTV-ratio.

During the course of 2008, alstria agreed on a new EUR 95 million, seven-year, non-recourse loan on the Hamburg properties Gaensemarkt 36 and Drehbahn 36 with Deutsche Hypothekenbank. The interest rate on this loan is also based on the 3-month EURIBOR floating rate plus a spread of 115 bps. The transaction took place in October 2008.

With this transaction, alstria started to restructure the current credit facility well before its expiry in November 2011, with the aim of increasing capacity and flexibility, and having a more structured maturity for the new facility.

Net Financial Expenses

in EUR k	2008	2007
Syndicated loan – interest and similar costs	-59,236	-41,580
Shareholder loan	0	-1,307
Interest loan Deutsche Hypo	-1,186	0
Interest income	12,656[1]	6,184
Ineffective portion SWAP	0	0
Others	-346	1,588
Total	**-48,112**	**-35,115**

[1] EUR 9,620 k of the income are interest represents for the derivatives; 2007 EUR 1,357 k interest income for derivatives are shown under 'Other'.

Consolidated Net Result Driven by Valuation Effects

The resulting loss before tax amounts to EUR -55,925 k for the 2008 financial year (profit before tax of EUR 48,133 k in 2007). Consolidated net loss amounts to EUR -56,000 k (net profit of EUR 52,811 k in 2007). The reason for the decrease in the consolidated net result compared to the same period in 2007 resulted from a net loss from fair value adjustments in investment property of EUR -88,116 k compared to a net gain in 2007 (EUR 11,170 k) and a significant decrease in the net gain on financial derivatives (EUR -5,075 k in 2008 against EUR 8,086 k in 2007). Altogether these valuation effects account for a EUR -112,447 k difference.

The loss per share amounts to EUR -1.00 in 2008 (2007: EUR 0.94 profit per share).

Financial and Asset Position

Cash Position is EUR 31,426 k

Cash flow from operating activities for 2008 was at EUR 40,946 k. The strong improvement in alstria's operating performance is based on the growth of current business activities and is also reflected in the increase in the FFO (EUR 7,875 k).

Cash flows from investing activities were impacted by the payments for the Bilfinger Berger portfolio (also referred to as the 'BLUE' portfolio; EUR 105,770 k), the HUK Coburg portfolio (EUR 50,262 k), as well as the purchase price payments for the acquisition of the properties in Darwinstrasse, Berlin (EUR 52,350 k) and Max-Brauer-Allee, Hamburg (EUR 4.310 k). In the course of the sale of the investment properties, Duesternstrasse 10, in Hamburg, Nikolaistrasse 16, in Leipzig and Osterbekstrasse 96, in Hamburg, cash inflows of EUR 17.950 k were generated in the second half of 2008. EUR 25,000 k cash outflow were used for the acquisition of a bond loan issued by the state owned bank KfW.

Cash flow from financing activities reflects a further EUR 171,453 k drawdown of the syndicated loan and the new loan with Deutsche Hypothekenbank (EUR 95,000 k) for the payment of the investment properties stated above, and the payment of dividend (EUR 28,400 k). The redemption of EUR 107,495 k compromises the proceeds from the new loan, from the disposals and a voluntary payment.

As a result, alstria closes the 2008 financial year with a cash position of EUR 31,426 k (2006: EUR 103,036 k).

Equity Ratio of 38.9% – G-REIT Equity Ratio of 40.3%

The total investment property value amounts to EUR 1,805,265 k compared with EUR 1,693,718 k at the beginning of the year:

in EUR k	
Investment Properties as at Dec. 31, 2007	**1,693,718**
Acquisitions	218,917
Reclassification	-2,754
Disposals	-16,500
Revaluations	-88,116
Investment Properties as at Dec. 31, 2008	**1,805,265**

Reclassifications take account of one building (Baeckerbreitergang 73, Hamburg; EUR 3.4 million), which is no longer stated as investment property, but shown under development property instead, and EUR 0.6 million reclassified as fixtures and fittings.

The equity and liability side of the balance sheet reflects a total equity position of EUR 729,667 k, with an equity ratio of 39% (December 31, 2007: EUR 870,876 k; 47%). The G-REIT equity ratio, which is defined as total equity divided by real estate properties, is 40.3% (December 31, 2007: 51%).

According to the G-REIT Act, the minimum requirement for compliance is a G-REIT equity ratio of 45% calculated at the end of the year. The G-REIT status is unaffected as long as the G-REIT ratio at the end of the business year is not below 45% for three consecutive business years.

NNNAV at EUR 13.03 per Share

The NNNAV (Triple Net Asset Value according to EPRA[4]) fell from EUR 15.55 per share to EUR 13.03 per share. Dividend payments (EUR -28,400 k), further acquisition of treasury shares (EUR -7,868 k), and the consolidated loss for the period (EUR -56,000 k) were responsible for the reduction of alstria's equity. The consideration of the devaluation of derivatives in the cash flow hedge reserve reduces the equity by EUR -49,579 k. In total, this leads to a decrease in equity from EUR 870,876 k to EUR 729,667 k[5].

The long-term loan position amounts to EUR 1,086,801 k, up from EUR 927,400 k. The main changes in the long-term loan position over the last twelve months resulted from (i) the financing of new acquisitions and additional draw downs of EUR 171,453 k, and (ii) the loan down payment of EUR 107,495 k following asset disposals.

A new EUR 95 million, seven years, non recourse loan on the Hamburg properties, Gaensemarkt 36 and Drehbahn 36, with Deutsche Hypothekenbank was agreed upon. This refinancing transaction took place in October 2008, and had no impact on the Company's net debt, as all the proceeds were used to repay the main syndicated loan.

The LTV on the balance sheet date is 59.1% (covenant 60%) for the syndicated loan, and 75.4% (covenant 80% - test date end of 2010) for the loan with Deutsche Hypothekenbank. The table below shows the respective LTV-covenants with the associated properties OMV:

Liabilities	Loan amount in EUR k	OMV in EUR k	LTV in %	WAULT
Syndicated loan	995,374	1,682,915	59.1	8.9
Non-recourse loan	95,000	126,000	75.4	22.3
Unencumbered	-	1,350	0.0	7.3
Total	**1,090,374**	**1,810,265**	**60.2**	**9.7**

Other current liabilities amount to EUR 28,329 k, and mainly relate to accrued interest (EUR 12,609 k), which will become due in one year under the syndicated loan agreement, and trade payables and other accruals.

[4] EPRA: European Public Real Estate Association, Best Practices Committee, Schiphol Airport, The Netherlands.
[5] See also the statement of shareholders' equity in the consolidated financial statements section, page 52.

RISK AND OPPORTUNITY MANAGEMENT

Risk 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. The Company's risk identification procedure allows for ongoing early identification of potential sources of new risk. Risk mitigation measures are defined in order to undertake any necessary steps to circumvent the risks identified, i.e. to diversify, manage or avoid risks. For alstria, risk management means the targeted safeguarding of existing and future potential for success, as well as improving the quality of the planning process of the Company. Risk management is assigned to the controlling group organisationally. A risk report is drawn up by the risk manager and submitted directly to the management board quarterly.

The risk report presents the organisational measures and regulations that are to be complied with regarding risk identification, assessment, response, reporting and monitoring. At the same time, comprehensive documentation of the report ensures that correct assessment is performed by the departments responsible and the supervisory board.

Risks are assessed according to the likelihood of their occurrence and their magnitude of impact. Overall risk is calculated and updated over a specific period of time by linking the various parameters. By monitoring the risk management system, alstria is able to advance and adapt its structures and processes continuously.

alstria's risks are divided up 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 for relations with the group's core tenants.

Furthermore, risks resulting from the key market dynamics to alstria's business are categorised as strategic risks. In view of the increasingly tight situation in the financial markets, general strategic risks could arise should the unstable situation persist and the future macro-economic environment deteriorate. As long as there is no dramatic change in the wider economic picture as it currently stands, alstria's strategic risk situation remains stable.

Operational Risks

alstria's operational risk management addresses property-specific risks and general business risks. This includes, among others, vacancy risk, the creditworthiness of tenants and the risk of falling market rents. Personnel related risks such as the drain on knowledge and skills are also monitored in this risk area. The Company uses various early warning indicators to monitor these risks. Rent projections, vacancy analyses, the control of the duration of leases and termination clauses, as well as ongoing insurance checks are meant to help to identify potential dangers and risks. Operational risks that could arise from the financial crisis are seen mainly in a potential shortfall of payment by a major tenant. Due to the fact that all of alstria's main tenants are public institutions, or still highly rated, the risk of shortfall in payments is currently limited.

Compliance Risks

G-REIT Legislation

alstria is registered in the commercial register as a German REIT-AG (G-REIT). The new German 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 fulfilled. 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% and no investor may directly hold 10% or more of the shares, or shares which represent 10% or more of the voting rights. Furthermore, at least 75% of the assets must consist of real estate and at least 75% of the gross income must be generated from real estate. At least 90% 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% 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 exit tax, in the form of 50% relief on both income and corporate income tax, 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, 2008 and December 31, 2007.

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

The G-REIT equity ratio on the balance sheet date is 40.3%. According to the G-REIT Act, the minimum requirement for compliance is a G-REIT equity ratio of 45% calculated at the end of the year. The G-REIT status is unaffected as long as the G-REIT ratio at the end of the financial year not below 45% in three consecutive financial years.

According to alstria's implemented strategy, the G-REIT ratio is not expected to rise above 45% in the next two financial years.

Legal Risks

The Company has not been sued in the course of any individual or other kind of legal dispute.

Currently there are no risks out of legal disputes.

Financial Risks

As a result of the financial crisis, assessing the financial risk situation is rather difficult.

alstria's IPO in 2007, the credit facility appropriated, and the incorporation of the Group and its financial partners place alstria in a position in which the financing risk of the Company is still limited.

The financial instruments used by the Group mainly comprise 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 instruments is to hedge against interest risks arising from the Company's business activities and its sources of finance. The main risks arising from the Group's financial instruments are those relating to cash flow interest rate and liquidity risks.

alstria's current debt to equity ratio is approx. 60%. This is a reasonable rate compared to the average leveraging rate of German real estate companies. alstria's syndicated loan facility agreement allows for a loan-to-value ratio (LTV) of 60%. After the loan restructuring, alstria managed to keep the LTV at 59.1% on the balance sheet date. With the additional measures implemented at the beginning of 2009, the risk of breach of covenant was proactively resolved.

Apart from this, 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, which limit the exposure of the Company to interest rate fluctuations, but still provide enough flexibility to allow for the disposal of real estate assets, avoiding any costs 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 in reference to an agreed notional principal amount. The swaps alstria uses to hedge its interest rate payments qualify as cash flow hedges. 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 at 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 forecast cash flows from business activities and the maturity of the financial investments as a basis for analysis.

Valuation Risks

Based on influencing factors like economic change, interest rates fluctuations and inflation, rental income and hence 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 at alstria are 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 insurance and others). alstria's counterparties to these contracts are internationally recognised institutions, which are rated by the main rating agencies. alstria reviews the rating of its counterparties on a regular basis in order to mitigate any risk of default. The financial crisis has raised doubts as to the reliability of rating agency's assessments. To meet this objection, alstria started to perform a review of the main counterparties in order to reinforce the rating agencies assessment.

Overall Assessment

No risk to the Company's continued existence can be identified from past or future events. Any possible negative impact on alstria's risk situation by the adverse in the financial markets has been analyzed thoroughly. Although alstria is clearly not unaffected by the financial crisis, the Group undertook all measures necessary to minimise the adverse implications it has on alstria's business situation.

Sufficient precautions have been taken against identifiable risks.

Opportunities for the Group

With the current finance situation in terms of favourable interest rates, alstria has safeguarded its mid-term position on the refinancing side. On the revenue side, alstria benefits from long term rent agreements of approx. ten years on average and potential rent increases according to consumer price indexation. The alstria portfolio is well-balanced, and comprises many high-quality and anchor buildings with high-quality tenants.

Therefore alstria is well positioned to withstand a challenging market such as the one expected to prevail for the next twelve to 18 months. This provides the Company with the opportunity to become one of the first movers towards new growth as soon as the market recovers.

alstria's core competence is asset management. The asset repositioning and refurbishment alstria is going to undertake with the Alte Post joint-venture, the Grosse Bleichen development and the Bieberhaus reconstruction for the Ohnsorg-Theatre, strengthens the basis for value increase throughout the portfolio.

alstria intends to start a sustainability project in co-operation with the City of Hamburg targeted at environmentally favourable improvements to investment properties leased by the City of Hamburg. This is another project offering excellent prospectus for the further cost reduction and efficiency.

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 office real estate vendors the benefit of exit tax.

INFORMATION PURSUANT TO SECTION 315 (4) HGB AND EXPLANATORY REPORT

Composition of Subscribed Capital, Voting Rights and Privileges

As per closing date on December 31, 2008, the Company's share capital amounted to EUR 56,000 k, divided up into 56,000,000 notional no-par value shares. The same rights and duties are associated with all shares. Each share represents one vote at the general shareholders' meeting.

Restrictions on Disposing of Shares or Voting Rights

Restrictions in disposing of shares or the use of voting rights do not exist, or as far as they could arise from agreements between shareholders, are not known to the management board. Exercising voting rights and the transfer of shares are based on the general legal requirements and alstria's articles of association, which do not restrict either of these activities.

Shareholders with an Interest of more than 10%

As per closing date of December 31, 2008, the Company was not aware any shareholders whose direct interest exceeded 10% of the share capital. Captiva 2 Alstria Holding S.à r.l. retains an indirect share in alstria of approx. 61% through wholly owned subsidiaries. None of these companies holds more than 10% of alstria's share capital directly.

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.

Appointment and Dismissal of Management Board and Supervisory Board Members and Amendments to the Articles of Association

alstria's management board consists of one or more members who are appointed and dismissed in accordance with sections 84, 85 of the German Stock Corporation Act (AktG) by the supervisory board. The articles of association do not contain any special provisions in this respect. According to section 84 AktG members of the management board are appointed for a maximum term of five years. Re-appointment or extension of the term of office, in each case for a maximum of five years, is admissible. During the reporting period the supervisory board resolved on the prolongation of the office term and service contracts of the management board members.

Amendments to the articles of association are made pursuant to sections 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. In accordance with section 15 (5) of the articles of association in conjunction with sections 179 (2), 133 AktG the shareholders resolve on such amendments in general meeting with a simple majority of the votes cast and a simple majority of the share capital represented. In resolutions where a larger majority is required by law for amendments to the articles of association, that majority is decisive. Last the articles of association were amended by the shareholders meeting on June 5, 2008, to allow for the communication of information to shareholders by the way of remote data transfer.

Authority of 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 contribution in cash and/or kind once or repeatedly up to a total amount of EUR 27,500 k.

2. Conditional Capital
The Company has three types of conditional capital at its disposal (sections 192 et seqq. AktG), which are regulated in section 5 (5-7) of the articles of association.

a) Conditional Capital I
The share capital is conditionally increased by up to EUR 17,500 k by issuing up to 17.5 million new no par value bearer shares with entitlement to a share in profits from the beginning of the financial year in which they are issued. 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 share capital of the Company is conditionally increased in an amount of up to EUR 2,000 k by the issuance of up to two million 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 authority granted by 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 these, 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 financial year in which they come into existence as a result of the Stock Options being exercised.

c) Conditional Capital III
The share capital is conditionally increased in an amount of up to EUR 500 k by the issuance of up to 500,000 no 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 authority granted by 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 financial year in which they come into existence as a result of the conversion of certificates.

3. Purchase of Own Shares
The shareholders' meeting on June 5, 2008 authorised the management board to acquire own shares up to a total of 10% of the share capital until December 4, 2009. The shares acquired and other own shares that are in the possession of or are to be attributed to the Company pursuant to sections 71a et seq. AktG must altogether and at no point in time account for more than 10% of the share capital. Shares may be purchased through a stock exchange, by means of a public offer directed at all shareholders or by using derivatives (put or call options or a combination of both).

Change of Control Clauses in Key Agreements Entered into by the Company

A significant syndicated loan agreement of the Company contains the authorisation to require repayments of the loan in case of a change of control. In this agreement, a change of control is defined as the takeover of more than 50% of the voting rights in alstria.

Compensation Agreements with Management Board and Supervisory Board Members

No such agreements exist.

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

ADDITIONAL GROUP DISCLOSURES

Employees

As of December 31, 2008; alstria employed 29 people (December 31, 2007: 20). The yearly average number of employees was 28 (previous year: 15). These figures exclude the board members.

On the trail of Hamburg's historic stage: members of the alstria office REIT-AG staff in the auditorium of the Ohnsorg Theatre.

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 defining management board and supervisory board remuneration, is an integral component of the audited Group Management Discussion and Analysis.

Sustainability Report

alstria manages a portfolio of around 944,000 sqm of office space located throughout Germany. All these assets are closely connected to the public transport hub and form an integral part of the complex local socio-economic network in which they are embedded. The assets of alstria host thousands of civil servants and corporate employees on a daily basis. Directly or indirectly, the tenants and alstria consume electricity and water, produce waste and CO_2 emissions when operating the assets. alstria's actions, or for that matter, the inaction of the Company, as real estate landlord, has a potential implications on the day-to-day lives of hundreds of shareholders, workers, or just regular citizens and neighbours. As a long-term real estate owner, alstria has a direct interest in the sustainable development of the cities in which it has invested. As a real estate owner, alstria also has a corporate responsibility to those cities, as real estate is a fundamental part of the way in which urban living space is shaped.

alstria's business model is largely based on the strong belief that entering into sustainable relationships between landlord and tenants is possible, and that no contradiction exists between improving the tenant benefit, and improving the long-term returns for alstria at the same time. This policy will undoubtedly lead to the Group making decisions, that might sacrifice short-term returns, but improve long-term benefits for alstria and all of its shareholders. When it comes to sustainability, the same spirit guides alstria's actions that guides the Company's belief that there is no contradiction between improving the overall quality of life and the long-term economic benefits to alstria as well.

alstria office REIT-AG has highlighted below some of the events supported or staged by the Company, where the decision was partially driven by sustainability considerations:

1. Sponsoring: alstria has sponsored several exhibitions of modern art in Hamburg. Sponsoring provided free to the organisers by opening up vacant retail space in the Company portfolio.

2. Energy efficiency and improved security: as part of its regular maintenance program, alstria prioritised work to improve energy efficiency and/or overall security in its buildings. The work performed in either of those categories amounted to around EUR 500 k in 2008. Here, alstria helped one of its main tenants, occupying more than 100,000 sqm to modernise the power supply system on its premises. This led to a reduction in energy costs of more than EUR 50 k a month.

3. Research and development: efforts here include the commission of an economic study on the impact on city landscapes of changes in energy consumption behaviour, and an analysis of the impact this will have on commercial real estate needs (in partnership with the Hamburg Institute of International Economics).

4. Improvement of market transparency: alstria has launched a partnership with IPD, the German Reversion Index. The aim of this partnership is to measure the reversion potential in the different German market segments. One of the goals pursued by the Company in setting up this index was to increase the market knowledge in one of the most sensitive areas for understanding German real estate.

The management at alstria is convinced that sustainability concepts need be taken into consideration in all day-to-day decisions, and that this can only be achieved in implementing a strong culture of corporate responsibility. They also think that less popular day-to-day changes in the attitude and behaviour of alstria's employees, tenants, or contractors, are much more powerful tools of conviction than any big bang visible project.

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 alstria is 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 stated in the notes are consolidated within the alstria Group.

Due to the majority interest of Captiva Capital II S.à.r.l, Luxembourg, in alstria, the Company has drawn up a separate dependent Company report concerning relations with affiliated companies, in accordance with Sec. 312 of the German Stock Corporation Act (AktG). This report includes the following statement:

'Our Company received appropriate remuneration for all the legal transactions and all the measures stated in the report on related party relationships. This appraisal is based on the circumstances, which were known to us at the time when the events, which are subject to reporting, occurred.'

SUBSEQUENT EVENTS AND OUTLOOK

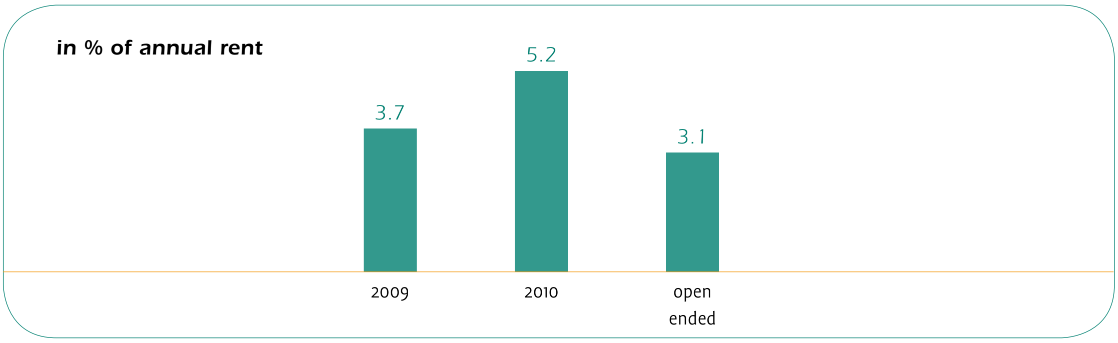
alstria believes that changes in the world of finances will require adjustment in real estate company capital structures. As such, the whole industry will need to undergo deleveraging. Despite a 60% LTV-target, which makes alstria one of the most conservatively balance financed stockmarket note real estate companies in Germany, it will not be immune to this process. However, due to the quality of alstria's assets, its unique cash flow stability, and the existing maturity of debt, the management of alstria sees itself supported in this process.

As an integral part of the future financing strategy, alstria has been able to agree an amendment of its current EUR 1.1 billion credit facility with the lenders. In this amendment, the LTV-covenant has been adjusted from 60% to 65%. The current margin of 65 bps will be increased by 20 bps immediately. The parties also agreed on a step-up margin if the LTV rises above 60%. Provided the Company stays within the targeted capital structure with an LTV below 60%, this amendment will lead to an annualised increase of interest expenses of around EUR 2 million.

LTV	Additional step-up margin
60% to 62.5%	50 bps
62.5% to 65%	75 bps

alstria has a limited number of leases that will expire in the next two years, and no foreseen refinancing need.

Lease Expiry



alstria expects revenues of EUR 103 million and funds from operations of EUR 32 million based on adjusted financing expenses and contracted rent for 2009. All things being equal, financial performance is expected to be in the same order of magnitude in 2010.

Hamburg, February 18, 2009

The Management Board

Olivier Elamine
CEO alstria office REIT-AG

Alexander Dexne
CFO alstria office REIT-AG

Consolidated Income Statement

for the Year ended December 31, 2008

in EUR k	Notes	2008	2007
Revenues	12.1	102,055	82,552
Income less expenses from passed on operating expenses	12.2,12.3	0	314
Real estate operating costs		-8,833	-6,674
Net Rental Income		**93,222**	**76,192**
Administrative expenses	12.4	-6,878	-9,251
Personnel expenses	12.5	-4,675	-3,532
Other operating income	12.6	2,774	588
Other operating expenses	12.7	-515	-5
Net loss/gain from fair value adjustments on investment property	12.9	-88,116	11,170
Profit on disposal of investment property	12.8	1,450	0
Net Operating Result		**-2,738**	**75,162**
Financial income	12.9	12,656	6,184
Financial expenses	12.9	-60,184	-38,683
Net loss/gain from fair value adjustments on financial derivatives	12.9	-5,075	8,086
Other financial expenses	12.9	-584	-2,616
Financial Result		**-53,187**	**-27,029**
Pre-Tax Income (EBT)		**-55,925**	**48,133**
Income tax income/expense	12.10	-75	4,678
Consolidated Profit for the Year		**-56,000**	**52,811**
Attributable to: Shareholder			
Earnings per Share in EUR		**-56,000**	**52,811**
basic, for profit for the year attributable to ordinary equity holders of the parent	15	-1.02	1.15
diluted, for profit for the year attributable to ordinary equity holders of the parent	15	-1.02	1.15

Consolidated Balance Sheet

as at December 31, 2008

in EUR k	Notes	2008	2007
ASSETS			
Non-Current Assets			
Investment property	10.1	1,805,265	1,693,718
Property, plant and equipment	10.2	3,923	1,494
Intangible assets	10.3	336	359
Total Non-Current Assets		**1,809,524**	**1,695,571**
Current Assets			
Trade receivables	10.3	4,099	2,646
Accounts receivable from affiliates		0	77
Derivatives	10.6;10.3	176	27,202
Tax receivables	10.4	1	1,949
Other receivables	10.4	28,267	5,039
Cash and cash equivalents	10.6	31,426	103,036
Total Current Assets		**63,969**	**139,949**
Total Assets		**1,873,493**	**1,835,520**

Consolidated Balance Sheet

as at December 31, 2008

in EUR k	Notes	2008	2007
EQUITY AND LIABILITIES			
Equity			
Share capital	11.1	56,000	56,000
Capital surplus		755,285	754,647
Hedging reserve	10.4	-49,579	0
Treasury shares		-14,983	-7,115
Retained earnings		-17,056	67,344
Total Equity		**729,667**	**870,876**
Non-Current Liabilities			
Long-term loans, net of current portion	11.2	1,086,801	927,400
Derivatives	10.5; 11.3	28,626	0
Other liabilities		70	56
Total Non-Current Liabilities		**1,115,497**	**927,456**
Current Liabilities			
Short-term loans	11.2	12,609	8,936
Trade payables	11.3	4,561	3,068
Payables to affiliates		0	15
Profit participation rights	19; 12.5	53	5
Liabilities of current tax	11.6	21	5,332
Other current liabilities	11.3	11,085	19,832
Total Current Liabilities		**28,329**	**37,188**
Total Liabilities		**1,143,826**	**964,644**
Total Equity and Liabilities		**1,873,493**	**1,835,520**

Consolidated Statement of Changes in Equity
for the Year ended December 31, 2008

in EUR k	Notes	Share capital	Capital surplus	Hedging reserve	Treasury shares	Retained earnings	Total equity
As of Jan. 1, 2008		**56,000**	**754,647**	**0**	**-7,115**	**67,344**	**870,876**
Changes in Fiscal Year 2008							
Consolidated profit for the year		0	0	0	0	-56,000	-56,000
Share-based payments		0	768	0	0	0	768
Payments of dividends	16	0	0	0	0	-28,400	-28,400
Valuation financial derivatives	10.5	0	0	-49,579	0	0	-49,579
Acquisition of treasury shares		0	0	0	-7,868	0	-7,868
Valuation of available for sale financial assets		0	-123	0	0	0	-123
Other contributions to capital surplus		0	-7	0	0	0	-7
As of Dec. 31, 2008	11.1	**56,000**	**755,285**	**-49,579**	**-14,983**	**-17,056**	**729,667**

Consolidated Statement of Changes in Equity
for the Year ended December 31, 2007

in EUR k	Notes	Share capital	Capital surplus	Hedging reserve	Treasury shares	Retained earnings	Total equity
As of Jan. 1, 2007		**8,000**	**375,066**	**0**	**0**	**14,533**	**397,599**
Changes in Fiscal Year 2007							
Consolidated profit for the year		0	0	0	0	52,811	52,811
Changes in the consolidated Group		0	-5,531	0	0	0	-5,531
Valuation shareholder loan		0	447	0	0	0	447
Deferred taxes		0	200	0	0	0	200
Share-based payments		0	813	0	0	0	813
Contributions to share capital		48,000	0	0	0	0	48,000
Contributions to capital surplus (IPO)		0	240,000	0	0	0	240,000
Transaction costs of issue of shares		0	-11,038	0	0	0	-11,038
Acquisition of treasury shares		0	0	0	-7,115	0	-7,115
Other contributions to capital surplus		0	154,690	0	0	0	154,690
As of Dec. 31, 2007	11.1	**56,000**	**754,647**	**0**	**-7,115**	**67,344**	**870,876**

Consolidated Cash Flow Statement

for the Year ended December 31, 2008

in EUR k	Notes	2008	2007
1. Operating Activities			
Consolidated loss/profit for the year		-56,000	52,811
Unrealised valuation movements	12.9	93,191	-19,256
Interest income	12.9	-12,656	-6,184
Interest expense	12.9	60,184	38,683
Result from income taxes	12.10	75	-4,678
Other non-cash expenses (+)		1,271	2,663
Gain (-) on disposal of fixed assets	12.8	-1,450	-175
Depreciation and impairment of fixed assets		507	348
Decrease (+)/increase (-) in trade receivables and other assets that are not attributed to investing or financing activities		3,912	-3,607
Decrease (-)/increase (+) in trade payables and other liabilities that are not attributed to investing or financing activities		-1,467	-22,792
Cash generated from operations		**87,567**	**37,813**
Interest received		11,556	6,184
Interest paid		-53,112	-29,374
Income tax paid		-5,065	-1,949
Cash Flows from Operating Activities		**40,946**	**12,674**
2. Investing Activities			
Acquisition of investment properties		-228,036	-291,640
Proceeds from sale of investment properties	12.8	17,950	3,700
Acquisition of other property, plant and equipment		-160	-2,114
Acquisition of financial assets		-25,000	0
Acquisition of subsidiaries		0	-16,444
Cash Flows Used in Investing Activities	13.3	**-235,246**	**-306,498**
3. Financing Activities			
Proceeds from equity contributions		0	305,008
Repurchase of own shares	11.1	-7,972	-7,115
Proceeds from the disposal of own shares	11.1	104	0
Proceeds from the issue of bonds and borrowings		266,453	332,124
Payments of dividends	16	-28,400	0
Acquisition of other investments		0	-1,804
Payment of the redemption of bonds and borrowings	13.3	-107,495	-243,262
Paymenst of transaction costs		0	-355
Payment for IPO costs		0	-12,040
Cash Flows Used in Financing Activities		**122,690**	**372,556**
4. Cash and Cash Equivalents at the End of the Period			
Change in cash and cash equivalents (subtotal of 1 to 3)		-71,610	78,732
Cash and cash equivalents at the beginning of the period		103,036	24,304
Cash and Cash Equivalents at the End of the Period		**31,426**	**103,036**
5. Composition of Cash and Cash Equivalents			
Cash		31,426	103,036
Securities		0	0
Cash and Cash Equivalents at the End of the Period		**31,426**	**103,036**

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1. Corporate Information

The consolidated financial statements of alstria office REIT-AG (hereinafter also referred to as the 'Company' or 'alstria office REIT-AG') as of December 31, 2008 were authorised for issue by resolution of the management board on February 18, 2009.

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.

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.

The following formations took place between January 1, 2008 and December 31, 2008:

- During the reporting period, alstria office REIT-AG incorporated alstria office Gänsemarkt Drehbahn GmbH & Co KG.

- alstria Gänsemarkt Drehbahn GP GmbH acts as general partner and was provided with EUR 25 k equity capital.

2. Basis of Preparation

The consolidated financial statements have been prepared under the historical cost convention except for investment property (land and buildings) and financial instruments that have been measured at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 6.

The consolidated financial statements are presented in Euro. 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, 2008 to December 31, 2008.

For the sake of clarity, items are summarised 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 (together '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 or amendmends that were revised and published by the IASB in 2006, 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 and adopted by the EU early in 2008 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 (Amendment) 'Borrowing Costs' was issued in March 2007 as revised version and has been adopted by the EU December 10, 2008. 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- (Revised) 'Presentation of Financial Statements' was issued in September 2007 as revised version and has been adopted by the EU December 17, 2008. The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply IAS 1 (Revised) from January 1, 2009. It is likely that both the income statement and statement of comprehensive income will be presented as performance statements.

- IFRS 2 (Amendment) 'Share-based Payment' was issued in January 2008 as revised version and has been adopted by the EU December 16, 2008. 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 (Amendment) '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 subject to certain conditions to be classified as equity. 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.

- IFRS 1 (Amendment) 'First time adoption of IFRS', and IAS 27 'Consolidated and separate financial statements', effective from January 1, 2009, has been adopted by the EU. The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. All Group companies are already adopting IFRS; therefore this new regulation does not have any effect on the financial position or performance of the Group. The Group will apply IFRS 1 (Amendment) from January 1, 2009, as far as new Group companies would be consolidated for which the new regulation would be applicable.

- IFRS 1 (Revised) 'Restructured Version of IFRS 1' was issued in November 2008). The new version of IFRS 1 retains the substance of the previous version, but within a changed structure. It has not yet been adopted by the EU. It replaces the previous version and is effective for entities applying IFRSs for the first time for annual periods beginning on or after January 1, 2009. In December 2008 the IASB agreed to amend IFRS 1 (2008) via Technical Correction such that the effective date for the above restructured version of IFRS 1 is July 1, 2009. This amendment has been made to avoid unintended consequences related to the adoption of the IFRS 3 (Revised) (2008) and IAS 27 (2008), which are effective July 1, 2009.

- IAS 23 (Amendment), 'Borrowing costs' (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The Group will apply the IAS 23 (Amendment) prospectively to the capitalisation of borrowing costs on qualifying assets from January 1, 2009.

- IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial Instruments: Presentation', and IFRS 7, 'Financial instruments: Disclosures') (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. An investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The Group will apply the IAS 28 (Amendment) to impairment tests related to investments in subsidiaries and any related impairment losses from January 1, 2009.

- IAS 36 (Amendment), 'Impairment of assets' (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply the IAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from January 1, 2009.

- IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Group will apply the IAS 38 (Amendment) from January 1, 2009.

- IAS 19 (Amendment), 'Employee benefits' (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

  - The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

- The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after twelve months of employee service being rendered.

- IAS 37, 'Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

The Group will apply the IAS 19 (Amendment) from January 1, 2009. Since the Group does not run an employment benefit plan according to IAS 19 it is not expected to have any impact on the financial position or performance of the Group.

- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

  - This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.

  - The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profittaking is included in such a portfolio on initial recognition.

  - The current guidance on designating and documenting hedges states that a hedging instrument needs to involve a party external to the reporting entity and cites a segment as an example of a reporting entity. This means that in order for hedge accounting to be applied at segment level, the requirements for hedge accounting are currently required to be met by the applicable segment. The amendment removes the example of a segment so that the guidance is consistent with IFRS 8, 'Operating segments', which requires disclosure for segments to be based on information reported to the chief operating decision-maker. Currently, for segment reporting purposes, each subsidiary designates contracts with Group treasury as fair value or cash flow hedges so that the hedges are reported in the segment to which the hedged items relate. This is consistent with the information viewed by the chief operating decision-maker.

  When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used.

  The Group will apply the IAS 39 (Amendment) from January 1, 2009. It is not expected to have an impact on the Group's income statement.

- IAS 1 (Amendment), 'Presentation of financial statements' (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. The Group will apply the IAS 39 (Amendment) from January 1, 2009. It is not expected to have an impact on the Group's financial statements.

- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The amendment will not have a significant impact on the Group's operations because none of the Group's companies ordinary activities comprise renting and subsequently selling assets disclosed according to IAS 16.

- IAS 27 (Amendment), 'Consolidated and separate financial statements' (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in a subsidiary that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', is classified as held for sale under IFRS 5, 'Non-current assets held-for-sale and discontinued operations', IAS 39 would continue to be applied. The amendment will not have an impact on the Group's operations.

- IAS 31 (Amendment), 'Interests in joint ventures' (and consequential amendments to IAS 32 and IFRS 7) (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made in addition to disclosures required by IAS 32, 'Financial instruments: Presentation', and IFRS 7 'Financial instruments: Disclosures'. It is expected that the Group will apply the IAS 31 (Amendment) from January 1, 2009.

- IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment deletes the wording that states that there is 'rarely, if ever' support for use of a method that results in a lower rate of amortisation than the straight-line method. The amendment will not have an impact on the Group's operations, as all intangible assets are amortised using the straight-line method.

- IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16) (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The Group will apply the IAS 40 (Amendment) from January 1, 2009. The amendment could have an impact on the Group's financial statements.

- There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have an impact on the Group's accounts and have therefore not been analysed in detail.

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 (Amendment), '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 recognised, 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 recognised will tend to be higher, reduced by acquisition-related costs.

- IFRS 5 (Amendment), 'Non-current assets held-for-sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption') (effective from July 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to IFRS 1 states that these amendments are applied prospectively from the date of transition to IFRSs. The Group will apply the IFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from January 1, 2010.

- 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 recognised 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.

- IAS 39 (Amendment) 'Financial instruments: Recognition and measurement – Amendments for eligible hedged items' was issued in July 2008 as revised version but it has not yet been adopted by the EU. The amendment clarifies how the existing principles underlying hedge accounting should be applied in two particular situations: (a) a one-sided risk in a hedged item, and (b) inflation in a financial hedged item. The IASB has therefore focused on developing application guidance to illustrate how the principles underlying hedge accounting should be applied in those situations. 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 2007 and 2008, respectively, but only became mandatory for fiscal years beginning on or after January 1, 2009:

- IFRIC 12 Service Concession Arrangements is effective from January 1, 2008 but has not yet been adopted by the 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 13, 'Costumer Loyality Programmes' (effective from July 1, 2008) was issued in June 2007, and has not been adopted by the 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 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, will be effective from January 2008 and has been adopted by the EU in January 2009. 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.

- IFRIC 15, 'Agreements for construction of real estates' (effective from January 1, 2009). The interpretation clarifies whether IAS 18, 'Revenue', or IAS 11, 'Construction contracts', should be applied to particular transactions. It is likely to result in IAS 18 being applied to a wider range of transactions. IFRIC 15 is not relevant to the Group's operations as all revenue transactions are accounted for under IAS 18 and not IAS 11.

- IFRIC 16, 'Hedges of a net investment in a foreign operation' (effective from October 1, 2008) has not yet been adopted by the EU. IFRIC 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. The requirements of IAS 21, 'The effects of changes in foreign exchange rates', do apply to the hedged item. The Group will apply IFRIC 16 from January 1, 2009. It is unlikely that this IFRIC has an impact on the Group's financial statements.

- IFRIC 17 'Distributions of Non-cash Assets to Owners'. The Interpretation clarifies that:

  a) Dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity.
  b) An entity should measure the dividend payable at the fair value of the net assets to be distributed.
  c) An entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

  The Interpretation also requires an entity to provide additional disclosures if the net assets being held for distribution to owners meet the definition of a discontinued operation. IFRIC 17 applies to pro rata distributions of non-cash assets except for common control transactions. The Interpretation is effective for annual periods beginning on or after July 1, 2009 but has not yet been adopted by the EU. Earlier application is permitted. It is unlikely that this IFRIC has an impact on the Group's financial statements.

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.

- IFRIC 11 'IFRS 2 – Group and Treasury Share Transactions'

- IAS 39 (Amendment) 'Reclassification of financial assets'

The principal effects of these changes are as follows:

IFRIC 11 'IFRS 2 – Group and Treasury Share Transactions'

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 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.

IAS 39 (Amendment) Reclassification of financial assets

This amendment to IAS 39, issued in October 2008, permits an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendment also permits an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. Reclassifications, that have been carried out on or after November 1, 2008 are effective at the date of reclassification. Reclassifications before November 1, 2008 are allowed to be effective at an earlier point of time, but not earlier than July 1, 2008. The Amendement has no impact on the financial statements of the Group.

Change in Presentation of Consolidated Balance Sheet

The Group uses derivative financial instruments such as interest rate swaps and caps to hedge its risks associated with interest rate fluctuations. Any gains or losses arising from changes in fair value on derivatives during the period that do not qualify for hedge accounting are taken directly to profit or loss. Starting January 1, 2008 derivative financial instruments that qualify have been designated to a cash flow hedge relation. The derivatives that qualify for cash flow hedge accounting are not categorised as current assets any more, because they are closely linked to the maturity of the underlying hedged items. Therefore they are presented as non current.

4. Basis of Consolidation

The consolidated financial statements comprise the financial statements of alstria office REIT-AG and its subsidiaries as of December 31, 2008. 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 recognised 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 recognised 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 recognised as goodwill. After reassessment, any remaining credit difference is recognised immediately as profit ('lucky buy'). In the periods following the business combination, the disclosed hidden reserves and charges are carried forward, amortised 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 recognised 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 (in %)
Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH, Hamburg	100
Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg	51
Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg	100
Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg	100
alstria office Gänsemarkt Drehbahn GmbH & Co. KG	100
alstria Gänsemarkt Drehbahn GP GmbH	100

The main business objective of the new founded alstria office Gänsemarkt Drehbahn GmbH & Co KG is the leasing of office property throughout Germany.

6. Key Judgments and Estimates

The preparation of the consolidated financial statements in accordance with IFRS 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 judgements, 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
- determine the fair values of stock options granted to management
- determine the fair values of convertible profit participation certificates.

In particular, in determining the fair values of the investment property, alstria office REIT-AG must apply and take account of numerous factors. A fair value measurement was performed by an independent third party (Colliers CRE, London; see note 8). 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 parameterisation 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 654 k (December 31, 2007: EUR 806 k) in the consolidated financial statements as of December 31, 2008.

The fair value of convertible profit participation certificates granted to the employees of the Group 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. This valuation requires the Company to make estimates about these parameters, and hence they are subject to uncertainty.

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, 2008	Dec. 31, 2007
Investment property	1,805,265	1,693,718
Positive fair values of derivatives	176	27,202
Negative fair values of derivatives	28,626	0
Valuation of stock options and convertible profit participation rights	768	813

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 recognised at acquisition costs at the time of addition. The costs include the transaction costs which have to be capitalised (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, 2008.

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
- capitalisation 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.

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)
- capitalisation 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.
- 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 recognised 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 1,805,265 k (December 31, 2007: EUR 1,693,718 k). 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 amortised; they are tested for impairment on an annual basis.

Assets that are amortised 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 (three 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 assets' 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 capitalised 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 (three to eight 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 not carried forward because according to the REIT status the whole Group is tax transparent to income taxes.

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.

Financial Assets

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
- loans and receivables,

financial assets are either measured at amortised cost or at fair value and recognised as of the balance sheet date.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

When financial assets are recognised initially, they are measured at fair value plus transaction costs for all financial assets not carried out at fair value through profit or loss. Management decides on the classification of financial assets on first-time recognition and reviews the classification on every balance sheet date. A financial asset is derecognised when the entity loses control of the contractual rights that comprise the financial instrument.

All regular way purchases and sales of financial assets are recognised 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.

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date or unless the maturity at balance sheet date is less than twelve months. The available-for-sale financial assets are initially recognised at fair value and subsequently carried at fair value. Changes in the fair value of financial assets classified as available-for-sale are recognised in equity; when they are sold or impaired their accumulated fair value adjustments are included in the income statement.

The Group holds no financial assets which are according to the classification prescribed by IAS 39 classified as held to maturity.

Financial assets have not been designated as 'at fair value through profit or loss'.

Receivables
Receivables are classified as loans and receivables as defined by IAS 39 and measured initially at fair value and subsequently at amortised cost, if necessary after deduction of any impairment. Amortised 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 recognised in profit or loss when the receivables are derecognised or impaired as well as through the amortisation 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 (i.e. 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 assets are derecognised when they are assessed as uncollectible.

Derivative Financial Instruments and Hedge Accounting

The Group uses derivative financial instruments such as interest rate swaps and caps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The instruments were measured as of December 31, 2008 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 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.

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.

Any gains or losses arising from changes in fair value on derivatives during the period that do not qualify for hedge accounting are taken directly to profit or loss.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows is attributable to a particular risk associated with a recognised liability.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while any ineffective portion is recognised immediately in profit or loss.

Amounts taken to equity are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is realised.

The Group uses no financial derivatives that qualify for the hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges), nor such financial derivatives that qualify for hedges of a net investment in a foreign operation (net investment hedge).

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, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Current bank balances are recognised in the nominal amount.

Treasury Shares
Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised 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.

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

- at amortised cost

- measured at fair value through profit or loss;

financial liabilities are either measured at amortised cost or at fair value and recognised as of the balance sheet date.

All loans and borrowings are initially recognised 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 amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

The component of the convertible profit participation rights (Wandelgenussrechte) that exhibits characteristics of a liability is recognised 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 amortised cost until it is extinguished on conversion or redemption.

A financial liability is derecognised 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 recognised 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, 19 and in the compensation report, respectively.

The cost of equity-settled transactions is recognised, 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 becomes fully entitled to the award ('the vesting date'). The cumulative expense recognised 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 recognised as at the beginning and end of that period.

No expense is recognised 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 recognised is the expense as if the terms had not been modified. An additional expense is recognised 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 recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date on which 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, which 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 effects on prior year's 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 12,513 k and EUR 19,869 k, respectively, were recognised in profit and loss in 2007 in the course of the G-REIT transaction.

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 investment properties held by the Company, breaks down as follows:

in EUR k	2008	2007
Fair Values		
As of Jan. 1	1,693,718	1,289,536
Changes in the consolidated Group	0	95,000
Additions	218,917	293,448
Disposals	-16,500	-3,525
Transfers and reclassifications	-2,754	0
Net result from the adjustment of the fair value of investment property	-88,116	11,170
Subtotal	1,805,265	1,685,629
Prepayments	0	8,089
As of Dec. 31	**1,805,265**	**1,693,718**

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. For a detailed description of the valuation of assets, please see Note 8.

On August 22, 2007, alstria office REIT-AG concluded a purchase agreement on the acquisition of a property with a purchase price value of EUR 52,350 k, with the property being transferred to alstria office REIT-AG with effect of March 3, 2008 (property Darwinstrasse).

On December 12, 2007, alstria office REIT-AG concluded a purchase agreement on the acquisition of further properties with a purchase price value of EUR 105,770 k, with the properties being transferred to alstria office REIT-AG with effect of March 3, 2008 (EUR 104,520 k) and May 2, 2008 (EUR 1,250 k) (BLUE portfolio).

On December 17, 2007, alstria office REIT-AG concluded a purchase agreement on the acquisition of further properties with a purchase price value of EUR 50,262 k. The transfer of possession, benefits and burdens took place on April 1, 2008 (Helios portfolio).

Under the purchase agreement dated April 4, 2008, alstria office REIT-AG concluded the acquisition of one further property located in Hamburg with a purchase price value of EUR 4,310 k. The property has been transferred to alstria office REIT-AG with effect of June 1, 2008.

Under the sales agreement dated June 27, 2008, alstria office REIT-AG concluded the sale of a plot of land at Vahrenwalder Strasse 133, Hanover, with a total sales price value of EUR 1,250 k. The transfer of possession, benefits and burdens is expected to take place in the first quarter of 2009. At the balance sheet date the plot of land was not recognised because it was not subject to an own valuation.

Under the sales agreement dated July 31, 2008, alstria office REIT-AG concluded the disposal of the property Osterbekstrasse 96, Hamburg, with a total sales price value of EUR 11,000 k. The transfer of possession, benefits and burdens took place on October 1, 2008.

Under the sales agreement dated August 1, 2008, alstria office REIT-AG concluded the disposal of the property Duesternstrasse 10, Hamburg, with a total sales price value of EUR 4,950 k. The transfer of possession, benefits and burdens took place on October 1, 2008.

Under the sales agreement dated September 8, 2008, alstria office REIT-AG concluded the disposal of the property Nikolaistrasse 16, Leipzig, with a total sales price value of EUR 2,000 k. The transfer of possession, benefits and burdens took place on December 1, 2008.

The sold properties Duesternstrasse 10, Hamburg, Osterbekstrasse 96, Hamburg, and Nikolaistrasse 16, Leipzig, had a carrying value of EUR 16,500 k at the time of their disposal.

The property Baeckerbreitergang 73, Hamburg is intended for owner occupation use. For this purpose, the property will be refurbished. Therefore the property was re-categorised from investment property according to IAS 40 to development property according to IAS 16. In addition EUR 627 k (fixtures and fittings) have been reclassified out of property plant and equipment.

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

- EUR 102,055 k (2007: EUR 82,552 k) rental income from investment property;

- EUR 7,383 k (2007: EUR 4,277 k) operating expenses (including repairs and maintenance) directly allocable to investment property from which rental income was generated during the period under review; and

- EUR 1,327 k (2007: EUR 688 k) operating expenses (including repairs and maintenance) arising from investment property that did not generate rental income during the period under review.

10.2 Property, Plant and Equipment

in EUR k	Fixed assets			Total
	Plant	Furniture and fixtures	Own occupied property	2008
Acquisition and Production Cost				
As of Jan. 1	1,727	75	0	1,802
Additions	0	84	0	84
Transfer from investment property	0	0	3,381	3,381
Reclassifications	-627	0	0	-627
As of Dec. 31	**1,100**	**159**	**3,381**	**4,640**
Accumulated Amortisation, Depreciation and Write-Downs				
As of Jan. 1	285	23	0	308
Additions	374	35	0	409
As of Dec. 31	**659**	**58**	**0**	**717**
Net Book Values	**441**	**101**	**3,381**	**3,923**

in EUR k	Fixed assets		Total
	Plant	Furniture and fixtures	2007
Acquisition and Production Cost			
As of Jan. 1	0	0	0
Additions	1,727	75	1,802
As of Dec. 31	**1,727**	**75**	**1,802**
Accumulated Amortisation, Depreciation and Write-Downs			
As of Jan. 1	0	0	0
Additions	285	23	308
Disposals	0	0	0
As of Dec. 31	**285**	**23**	**308**
Net Book Values	**1,442**	**52**	**1,494**

The useful life of the assets is estimated with three to 15 years.

Within the merger in 2007 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.

alstria office REIT-AG intends to use one of its office buildings in Hamburg for owner occupation use. For this purpose, the property will be refurbished. Therefore the property was re-categorised from investment property according to IAS 40 to own occupied property according to IAS 16.

10.3 Intangible Assets

in EUR k	Licences 2008
Acquisition and Production Cost	
As of Jan. 1	399
Additions	76
As of Dec. 31	**475**
Accumulated Amortisation, Depreciation and Write-Downs	
As of Jan. 1	40
Additions	99
As of Dec. 31	**139**
Net Book Values	**336**

in EUR k	Licences 2008
Acquisition and Production Cost	
As of Jan. 1	0
Additions	399
As of Dec. 31	**399**
Accumulated Amortisation, Depreciation and Write-Downs	
As of Jan. 1	0
Additions	40
As of Dec. 31	**40**
Net Book Values	**359**

The useful life of the intangible assets is estimated with three to eight years.

The intangible assets mainly consist of software licenses which amount to EUR 324 k (2007: EUR 350).

10.4 Receivables and Other Assets

Due to the specific nature of the business, the Group considers receivables due up to one year to be current. The following table presents an overview on the receivables of the Group.

in EUR k	Dec. 31, 2008	Dec. 31, 2007
Trade Receivables		
Rent receivables	**4,099**	**2,646**
Tax Receivables	**1**	**1,949**
Receivables and Other Assets		
Available for sale financial asset	24,878	0
Other assets	3,086	4,728
Prepayments	303	311
Total	**28,267**	**5,039**

All receivables are due within one year from the balance sheet date. Therefore the fair values of all receivables are considered to be equal to their carrying amount.

Trade receivables were written down by EUR 255 k (December 31, 2007: EUR 0 k) due to rent payments in arrears. Other assets than trade receivables were not impaired.

As of December 31, 2008, trade receivables of EUR 830 k were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

in EUR k	Dec. 31, 2008
Trade Receivables	
Up to 3 months	383
3 to 6 months	447
Over 6 months	0
Total	**830**

To secure the Company's loans, all receivables from rental and property purchase agreements as well as insurance receivables and derivative financial instruments were assigned to the lenders (note 11.2).

The EUR 24,878 k available for sale financial asset relate to a bond loan issued by the state owned bank KfW.

EUR 2,291 k of the other assets are made up of accruals resulting from the recognition of total rental revenues on a straight line basis over the term of the lease agreements (rent smoothing).

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

10.5 Derivative Financial Instruments

The following derivative financial instruments existed as of the balance sheet date:

Product in EUR k	Notional	Strike p.a. in %	Maturity date	Fair value Dec. 31, 2008	Fair value Dec. 31, 2007
Cap	75,000	4.9000	20.12.2012	176	1,126
Cap	41,721	3.8000	31.03.2011	0	961
Cap	26,184	3.8000	31.03.2011	0	604
Cap	80,880	4.0000	29.11.2011	0	1,811
Interest Rate Caps - Held for Trading				**176**	**4,502**
Swap	80,880	3.1930	29.11.2011	-557	3,761
Swap	95,000	4.6000	20.10.2015	-1,447	0
Swap	148,785	3.9087	20.01.2012	-4,282	0
Swap	100,000	4.1160	10.07.2013	-4,517	0
Swap	75,000	4.9000	20.12.2012	-5,497	0
Swap	625,000	3.6170	29.11.2011	-12,326	18,939
Interest Rate Swaps - Cash Flow Hedges				**-28,626**	**22,700**
Total				**-28,450**	**27,202**

The changes of the derivatives result from various effects. The following table shows the changes of alstria's financial instruments since December 31, 2007 by category:

Change in Financial Derivatives

in EUR k	
As at Dec. 31, 2007	**27,202**
Effective change of fair values cash flow hedges	-49,579
Ineffective change of fair values cash flow hedges	-5,544
Fair value changes of financial instruments held for trading (cap)	469
Changes of accrued interests concerning financial derivatives	1,061
Acquisitions	4,348
Disposals	-6,407
As at Dec. 31, 2008	**-28,450**

The notional amount of the financial derivatives effective at balance sheet date is EUR 1,104,665 k (December 31, 2007: EUR 1,004,665 k). One swap with a notional of EUR 95,000 k will not become effective before July 10, 2013. The cap with a notional of EUR 75,000 k is not designated as a cash flow hedge.

EUR -49,579 k changes in fair values of effective swaps have been recognised in the hedging reserve.

The ineffective portion recognised in the profit or loss that arises from cash flow hedges amounts to a loss of EUR 5,544 k (2007: EUR 0 k).

Profit totalling to EUR 469 k (2007: profit of EUR 8,086 k) due to market valuations of derivatives not included in hedge accounting were recorded in the income statement in the period of the financial statements to December 31, 2008.

Together this results in a loss of EUR 5,075 k shown under net loss from fair value adjustments on financial derivatives.

On January 14, 2008 alstria office REIT-AG entered with HSH Nordbank AG into an interest swap with a notional amount of EUR 100,000 k at a swap rate of 4.1160%, expiring on July 10, 2013. This transaction is effective as per July 10, 2008.

In the second quarter 2008 alstria office REIT-AG used the market opportunities to restructure its hedging portfolio while keeping the same protection level. With value date April 21, 2008 alstria office REIT-AG entered with Natixis into an interest rate swap with a notional amount of EUR 148,785 k at a swap rate of 3.9087%, expiring on January 20, 2012. This swap replaced existing interest rate caps for the same combined notional amount and interest rate with maturity in March and November 2011. This transaction resulted in a gain of EUR 813 k.

On June 11, 2008 alstria office REIT-AG entered with HSH Nordbank AG into an interest swap with a notional amount of EUR 75,000 k at a swap rate of 4.9000%, expiring on December 20, 2012. This swap partly replaces the existing interest rate cap amounting to EUR 150,000 k with the same maturity. This transaction is effective as per July 21, 2008. This restructuring resulted in the realisation of EUR 1,515 k.

On September 16, 2008 alstria office REIT-AG entered with HSH Nordbank AG into an interest swap with a notional amount of EUR 95,000 k at a swap rate of 4.6000%, expiring on October 20, 2015. This transaction is effective as per July 10, 2013.

10.6 Cash and Cash Equivalents

in EUR k	Dec. 31, 2008	Dec. 31, 2007
Bank balances	31,426	103,036

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, 2008	Dec. 31, 2007
Ordinary shares of EUR 1 each	56,000	56,000

In the balance sheet of the consolidated financial statements as of December 31, 2008, the share capital of alstria office REIT-AG amounted unchanged to EUR 56,000 k. Captiva 2 Alstria Holding S.à r.l., Luxembourg, held, directly and indirectly, 61.0% of the shares in the Company, the remaining 39% of the shares are free float with 2.5% treasury shares.

Treasury Stock

in EUR k	Dec. 31, 2008	Dec. 31, 2007
Non-par value bearer shares	-14,983	-7,115

By resolution of the shareholder meeting on March 15, 2007, the Company was authorised 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 authorisation. The shares were acquired over the stock exchange by a credit institution. The credit institution decided 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	Dec. 31, 2008	Dec. 31, 2007
As of Jan. 1	**754,647**	**375,066**
Changes in the consolidated group	0	-5,531
Valuation shareholder loan/other IFRS adjustments	0	647
Share-based payments	768	813
Contributions to capital surplus	0	240,000
Transaction costs of issue of shares	0	-11,038
Valuation of available for sale financial assets	-123	0
Other contributions to capital surplus	-7	154,690
As of Dec. 31	**755,285**	**754,647**

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 1,997 k 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 446 k were forfeited as of December 31, 2007 in relation with the retirement of Dr. Michael Börner-Kleindienst. As of December 31, 2008, this resulted in a further increase of the capital surplus of EUR 654 k from the allocation of the fair values of the granted stock options over the respective vesting period. Further EUR 114 k increase resulted from the vesting of the convertible profit participation certificates granted to employees of the Group.

Other contribution to capital surplus consists with EUR 123 k of the devaluation of financial assets available for sale (bond loan) and with EUR 7 k of additional payments in relation to the IPO in 2007.

Hedging Reserve

in EUR k	Dec. 31, 2008	Dec. 31, 2007
Hedging reserve	-49,579	0

11.2 Financial Liabilities

in EUR k	Non-current	Current	Dec. 31, 2008
Loans	1,086,801	12,609	1,099,410
Total	**1,086,801**	**12,609**	**1,099,410**

in EUR k	Non-current	Current	Dec. 31, 2007
Loans	927,400	8,936	936,336
Total	**927,400**	**8,936**	**936,336**

Nominal EUR 1,103,064 k (December 31, 2007: EUR 940,352 k) 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. The major part of 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 1,139,800 k. EUR 995,374 k (December 31, 2007: EUR 931,416 k) 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 (note 10.4).

Furthermore, a loan at a nominal amount of EUR 95,000 k plus accrued interests exists against Deutsche Hypothekenbank (Actiengesellschaft), Hanover. Taking into account the effective interest method at balance sheet date the loan has a book value of EUR 94,768 k plus accrued interests. The loan was entered into by alstria office Gänsemarkt Drehbahn GmbH & Co. KG.

The variable interest of the loans 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 values except of transaction costs.

As of December 31, 2008, loans were reduced by transaction costs of EUR 3,574 k (December 31, 2007: EUR 4,017 k).

The carrying amounts of the loans are all denominated in Euro; 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, 2008	Dec. 31, 2007
Up to one year	0	0
More than one year	1,086,801	927,400
Total	**1,086,801**	**927,400**

The following loans are secured by land charges:

in EUR k	Dec. 31, 2008	Dec. 31, 2007
Financial liabilities secured by land charges	1,086,801	927,400
thereof on investment property	1,086,801	927,400

11.3 Trade Payables and Other Liabilities

	Due		Total
in EUR k	up to one year	in more than one year	Dec. 31, 2008
Trade Payables			
Other trade payables	**4,561**	**0**	**4.561**
Other Current Liabilities			
VAT liabilities	790	0	790
Liability for real estate transfer tax	2,146	0	2,147
Miscellaneous other liabilities	8,149	70[1]	8,219
	11,085	**70**	**11,155**

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

in EUR k	Due up to one year	Due in more than one year	Total Dec. 31, 2007
Trade Payables			
Other trade payables	**3,068**	**0**	**3,068**
Other Current Liabilities			
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**

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

The disclosed carrying amounts approximate the fair values.

Other trade payables relate to operating costs not yet invoiced of EUR 3,435 k (December 31, 2007: EUR 2,376 k) and liabilities from third-party real estate management services and rental activities of EUR 1,126 k (December 31, 2007: EUR 692 k).

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

Miscellaneous other liabilities include substantially deferred income of EUR 2,451 k (2007: EUR 267). Furthermore this item comprises received deposits of EUR 451 k (2007: EUR 285 k). Additionally, management bonuses amounting to EUR 450 k (2007: EUR 400 k) are included.

11.4 Trust Assets and Liabilities

As at balance sheet date alstria office REIT-AG had trust assets and liabilities of EUR 451 k (December 31, 2007: EUR 285 k), in particular from rent deposits.

11.5 Deferred Taxes

According to its REIT status alstria office REIT-AG is fully tax transparent for income taxes starting from January 1, 2007. Therefore at balance sheet date as well as at prior years' balance sheet date deferred taxes did not exist.

11.6 Liabilities of Current Tax

Liabilities of current tax break down as follows:

in EUR k	Consolidated balance sheet Dec. 31, 2008	Dec. 31, 2007
Liabilities resulting from final taxation	0	5,072
Liabilities resulting from taxation of operating income 2006	0	260
Other tax liabilities	21	0
	21	**5,332**

12. Notes to the Consolidated Income Statement

12.1 Revenues

in EUR k	2008	2007
Revenues from investment property	102,055	82,552

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

12.2 Income from Passed on Operating Expenses

in EUR k	2008	2007
Income from passed on operating expenses	17,057	11,007
Income from passed on operating expenses prior year	0	-2,559
	17,057	**8,448**

12.3 Expenses from Passed on Operating Expenses

in EUR k	2008	2007
Expenses from passed on operating expenses	-17,057	-11,007
Expenses from passed on operating expenses prior year	0	2,873
	-17,057	**-8,134**

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	2008	2007
Legal and consulting fees	3,061	4,118
Communication	574	264
Audit fee	538	428
Depreciation	506	348
Leasing costs	309	160
Supervisory board compensation	305	301
Travel expenses	237	201
Recruitment costs	139	208
Allocation	94	174
IPO expenses	0	1,402
Registration fees	0	470
Other	1,115	1,177
	6,878	**9,252**

12.5 Personnel Expenses

in EUR k	2008	2007
Salaries and wages	2,748	1,814
Social insurance contribution	256	143
Bonuses	895	762
Expenses for share-based compensation (including EUR 122 k (prior year: EUR 7 k) expenses for convertible profit participation rights)	776	813
	4,675	**3,532**

Convertible profit participation rights granted to employees entitle not only for a conversion in case the conditions apply but also for an annual payment equivalent to the dividend per share. Therefore expenses for share based compensation resulting from the convertible profit participation rights are to be recognised as well in equity (for the conversion right) as against liabilities (for the dividend entitlement). Out of the EUR 122 k expenses in relation to the profit participation rights EUR 114 k had to be recognised in equity while EUR 8 k are reflected in the liabilities.

Within the course of 2008 the Group has employed 28 employees on the average (2007: 15).

12.6 Other Operating Income

in EUR k	2008	2007
Income from accrued liabilities	1,166	227
Compensation payment (rent)	1,000	121
From insurance compensation	95	50
Car use	36	25
Other	477	165
	2,774	**588**

Other operating income includes from accrued liabilities as well from reversal of liabilities as from balancing account for the consumption of accrued liabilities and a one time separation payment (Compensation payment rent; EUR 1,000) relating to the early termination of a lease agreement.

12.7 Other Operating Expenses

in EUR k	2008	2007
Impairment on trade receivables	255	0
Off period expenses	251	0
Other	9	5
	515	**5**

12.8 Disposal Proceeds

in EUR k	2008	2007
Investmet property disposal proceeds	17,950	0
Carrying value of investment property disposals	-16,500	0
Profit on Disposal of Investment Property[1)]	**1,450**	**0**

[1)] In 2007 disposal proceeds (EUR 175 k) are shown in the position other operating income.

12.9 Financial and Valuation Result

The financial result breaks down as follows:

in EUR k	2008	2007
Financial income	12,656	6,184

in EUR k	2008	2007
Financial expenses	-60,184	-38,683

in EUR k	2008	2007
Commitment fees	-238	-796
Bank charges	-82	-106
Guarantee fees	-2	-504
Transaction costs	0	-876
Other financial expenses	-262	-334
	-584	**-2,616**

Total interest income and expenses for financial assets and liabilities that are not at fair value through profit or loss were EUR 1,975 k (interest income; 2007: TEUR 6,184 k) and EUR 60,184 k (interest expenses; 2007: 38,683 k).

Total interest income and expenses calculated using the effective interest method for financial assets and liabilities that are not at fair value through profit or loss were EUR 1,145 k (interest expenses; 2007: 1,164 k).

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

in EUR k	2008	2007
Net loss (prior year: gain) from the fair value adjustments on financial derivatives	-5,075	8,086

in EUR k	2008	2007
Net loss (prior year: gain) from the fair value adjustments on investment property	-88,116	11,170

The net loss (2007: gain) from the fair value adjustments on financial derivatives relates as well to derivatives that do not qualify for hedge accounting as to those that qualify for cash flow hedge accounting. While the caps do not qualify for hedge accounting, the swaps are categorised as cash flow hedges.

Therefore the total changes of the caps valuation is reflected in profit and loss while for the swaps only the ineffective portion of the changes is reflected in profit and loss. Because the derivatives were not designated to cash flow hedges before January 1, 2008, last year's total changes of the swaps are reflected in profit and loss.

It breaks down as follows:

in EUR k	2008	2007
Ineffective change of the financial derivatives designated to cash flow hedge	-5,544	0
Change of financial derivatives not designated to a hedge position	469	8,086
Net Profit/Loss from Fair Value Adjustments on Financial Derivatives	**-5,075**	**8,086**

Further details on derivatives are shown under Note 10.5.

12.10 Income Taxes

The tax income/expense breaks down as follows:

in EUR k	2008	2007
Consolidated Income Statement		
Current income tax expenses	-75	-5,110
Deferred income tax income	0	9,788
	-75	**4,678**

Because of obtaining the G-REIT status alstria office REIT-AG was 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 of the prior year's consolidated financial statements. The prior year's tax expenses mainly resulted from the final taxation. alstria office REIT-AG is tax exempted as by January 1, 2007. Deferred tax liabilities and assets had to be released to income. As a result tax income of EUR 9,788 k arose in 2007. The EUR 75 k tax expenses 2008 refer to corporate tax levied retrospectively for the financial year 2006.

Deferred Income Tax

The final taxation in 2007 led to the following results. For 2008 according to the REIT tax exemption, there were no impacts on profit and loss any more.

	Consolidated income statement	
in EUR k	2008	2007
Deferred Income Tax Liabilities		
Revaluation of investment property to fair value	0	18,826
Revaluation of a cap to fair value	0	96
Revaluation of interest rate swaps to fair value	0	2,152
Financial liabilities (transaction costs)	0	1,961
	0	**23,035**
Deferred Income Tax Assets		
Revaluation of investment property to fair value	0	-5,432
Prepaid expenses (transaction costs)	0	-30
Shareholder loan	0	-180
Tax loss carryforwards	0	-7,605
	0	**-13,247**
Deferred Income Tax Income/Expense	**0**	**9,788**

13. Other Notes

13.1 Compensation of Management Board and Supervisory Board

Management Board

In 2008, the overall compensation of the members of the management board totalled EUR 1,401 k (2007: EUR 2,203 k), whereof EUR 1,051 k represent the compensation and EUR 350 k transfer to provision. Under the stock option program of alstria office REIT-AG, members of the management board held non-transferable stock options for 375,000 shares of alstria office REIT-AG as at December 31, 2008 and 2007, respectively. Details of the stock option program are also included in these Notes (see Note 18).

Further information on disclosures according to § 314 section 1 no. 6a HGB (German commercial law) and IAS 24.16 is provided in the Compensation Report (page 128) that is presented in the Corporate Governance Report and is also part of this notes.

Supervisory Board

Pursuant to the Articles of Association, supervisory board members' fixed annual payment amounted to EUR 292 k (2007: EUR 283 k).

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 6,105 k (2007: EUR 2,000 k). As of December 31, 2008 there was no rental agreement for the administrative premises with a minimum lease length.

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 rental receivable under non-cancellable operating leases are as follows:

in EUR k	Dec. 31, 2008	Dec. 31, 2007
Within one year	104,509	89,201
After one year but not longer than five years	384,850	324,411
More than five years	985,564	952,629
	1,474,923	**1,366,241**

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 recognised in connection with operating activities are adjusted for effects arising from changes to the consolidated Group.

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

The payments for investing activities (EUR 235,246 k) (2007: EUR 306,498 k) were funded by additional borrowings and by operating cash.

The repayments of borrowings (EUR 107,495 k) (2007: EUR 243,262 k) were financed by additional borrowings, by operating cash and by using the cash and cash equivalents.

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.

Two members of the supervisory board of alstria office REIT-AG are also executive managers of NATIXIS Capital Partners Limited and NATIXIS Capital Partners GmbH. Therefore 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 note 13.1 and the compensation report in the corporate governance report.

14.3 Related Party Transactions

The following table provides the total amount of transactions which have been entered into with related parties in 2008 and 2007:

in EUR k	2008	2007
Laid out expenses for Captiva Capital Partners II SCA	28	40
Acquisition of shares in Alstria IV. and VII. Hamburgische Grundbesitz GmbH & Co. KG	0	15,821
Total acquisition of shares in Juna Beteiligungs-GmbH, Frankfurt a.M.	0	1,848
Interest expense shareholder loan alstria office REIT-AG	0	1,206
Performance guarantees	0	418
Service agreement with Natixis Capital Partners GmbH	0	210
Use of office space	0	71
Interest expense shareholder loan Alstria IV. Hamburgische Grundbesitz S.à r.l. & Co. KG	0	64
Interest expense shareholder loan Alstria VII. Hamburgische Grundbesitz S.à r.l. & Co. KG	0	45
Asset management fees expensed for Alstria IV. and VII. Hamburgische Grundbesitz GmbH & Co. KG	0	31
Management fees in line with the asset management agreement of June 1, 2006 (Natixis Capital Partners GmbH). The agreement was terminated with effect from March 1, 2007	0	27
Acquisition of shares in Verwaltung Alstria Sechste GmbH, Hamburg	0	15
Interest income for permission loan to Alstria Fünfte Hamburgische Grundbesitz GmbH & Co. KG	0	9
Compensation for liability coverage of Juna Property GmbH & Co. KG liability	0	2
Compensation for liability coverage of Alstria Vierte and Siebte Hamburgische Grundbesitz S.à r.l. & Co. KG	0	1

Use of Office Space

For its head office in Hamburg, alstria office REIT-AG uses office space that was originally let by NATIXIS Capital Partners GmbH under a lease agreement with HIH. NATIXIS Capital Partners GmbH meanwhile assigned the lease agreement to alstria office REIT-AG with the consent of the lessor. Till then, 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 60 k for 2007. In 2008 the rent was, according to the assignment of the lease agreement, directly paid to HIH. Therefore no related party issues arose any more.

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 2008 no such payments incurred out of this agreement. In 2007 alstria office REIT-AG paid to Captiva Capital Partners II SCA guarantee fees amounting to EUR 418 k.

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:

in EUR k	2008	2007
Profit attributable to the shareholders (in EUR k)	-56,000	52,811
Average number of shares outstanding (in thousands)	54,697	46,082
Basic earnings per share (in EUR)	-1.02	1.15

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 vesting conditions were not satisfied as of the balance sheet date.

For further information concerning granted stock options and convertible profit participation rights we refer to section 18 and 19.

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 Paid

The general meeting of alstria office REIT-AG on June 5, 2008 resolved to distribute a dividend for the financial year 2007 of EUR 28,400 k (EUR 0.52 per share outstanding). The dividend was distributed on June 6, 2008.

17. Employees

During the period from January 1, 2008 to December 31, 2008, on an average 28 employees (January 1, 2007 to December 31, 2007: on an average 15 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, 2008, 29 people (December 31, 2007: 20 people) were employed at alstria office REIT-AG, excluding the management board.

18. 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 authorisation 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 summarised as follows:

Under the stock option program, up to two million options entitling to the subscription of a maximum of two million shares of the Company with a total notional value of EUR 2,000 k 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 in 2007, subject to the below said conditions. The exercise price for the stock options granted in 2007 is EUR 16. Due to the development of the Company's share price, the supervisory board did not grant any stock options in 2008.

At the beginning of the reporting period 515,625 stock options outstanding existed. Therefore the amount of stock options outstanding as at balance sheet date remained unchanged. None of these stock options are exercisable. The personnel expenses resulting from the allocation of the fair values of the stock options at granting date over the vesting period amounted to EUR 654 k in 2008 (note 12.5).

The fair values of the options outstanding 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	Mar. 27, 2007	Sep. 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

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.

19. 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 authorisation granted by the general meeting of shareholders of March 15, 2007.

The main terms of the program resolved by the supervisory board can be summarised 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 certificates in an aggregate nominal amount of up to EUR 500 k may be issued. 3,600 certificates were issued on September 6, 2007 and further 42,000 certificates on June 6, 2008. Total expenses relating to convertible profit participation rights were EUR 122 k in 2008 (note 12.5).

1,100 convertible profit participation rights expired during the reporting period. 44,500 convertible profit participation rights were outstanding at the balance sheet date.

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:

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)	2.00
Labor turnover rate (%)	10.00
Stock price as of valuation date (EUR)	13.18

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

The following table lists the inputs to the model used for the determination of the options for conversion granted on June 6, 2008:

Dividend yield (%)	4.70
Risk-free interest rate (%)	4.65
Expected volatility (%)	35.00
Expected life of option (years)	2.00
Exercise share price (EUR)	2.00
Labor turnover rate (%)	10.00
Stock price as of valuation date (EUR)	11.03

The estimated fair value of one option for conversion at the granting date was EUR 8.76.

Expected volatility is based on the historical volatility of comparative listed companies and was calculated as an average of these comparables.

20. 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 Group'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 amount that best presents the maximum credit risk is the carrying amount of financial assets. The management board decides on strategies and processes for managing specific risk types. These are presented below.

Risks that could arise as a result of the financial crisis are seen mainly in a potential shortfall of payment of a major tenant. Due to the fact that all of alstria's main tenants are public institutions or still highly rated, the risk of shortfall of payments currently is limited.

The main risks arising from the Group's financial instruments are interest rate risks and liquidity risks.

alstria's currently debt to equity ratio is approx. 60%. This is a reasonable rate compared to the average real estate companies are leveraged. alstria's syndicated loan facility agreement allows for a loan to value (LTV) of 60%. After the loan restructuring alstria managed to keep the LTV at 59,1% at balance sheet date. With the additional measures implemented at the beginning of 2009 the risk of breach of covenant was responded effectively.

Apart from this the Group is not exposed to any commoditiy or currency risks.

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 31, 2008

in EUR k	< 1 year	1-2 years	2-3 years	3-4 years	>4 years	Total
Variable interest						
Loan facility of EUR 1,139,800 k	0	0	992,033	0	0	992,033
Loan Deutsche Hypothekenbank	0	0	0	0	94,768	94,768
Total	**0**	**0**	**992,033**	**0**	**94,768**	**1,086,801**

Fiscal Year as at December 31, 2007

in EUR k	< 1 year	1- 2 years	2-3 years	3-4 years	>4 years	Total
Variable interest						
Loan facility of EUR 1,139,800 k	0	0	0	927,400	0	927,400

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:

Product in EUR k	Strike in %	Notional	Maturity date	Carrying amount/ fair value 2008	2007
Cap	4.9000	75,000	Dec. 12, 2012	176	1,126
Cap	3.8000	41,721	Mar. 31, 2011	0	961
Cap	3.8000	26,184	Mar. 31, 2011	0	604
Cap	4.0000	80,880	Nov. 29, 2011	0	1,811
Swap	3.1930	80,880	Nov. 29, 2011	-557	3,761
Swap	4.6000	95,000	Oct. 20, 2015	-1,447	0
Swap	3.9090	148,785	Jan. 20, 2012	-4,282	0
Swap	4.1160	100,000	Jul. 10, 2013	-4,517	0
Swap	4.9000	75,000	Dec. 20, 2012	-5,497	0
Swap	3.6170	625,000	Nov. 29, 2011	-12,326	18,939
Total				**-28,450**	**27,202**

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

The following table shows the sensitivity of alstria's loans on consolidated profit or loss and equity accordingly 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 this calculation.

Loans

in EUR k	2008	2007
+80 basis points	7,050	5,714
-100 basis points	-8,812	- 7,143

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:

a) Impact on equity

Financial Derivatives Qualifying to Cash Flow Hedge Accounting

in EUR k	2008	2007
+80 basis points	25,308	0
-100 basis points	-32,963	0

b) Impact on income statement and equity accordingly

Financial Derivatives not Qualifying to Cash Flow Hedge Accounting

in EUR k	2008	2007
+80 basis points	338	24,042
-100 basis points	-128	-27,656

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 liabilities as a basis for analysis. The long term refinancing strategy of the Group ensures the medium and long term liquidity requirements.

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, 2008 plus 65 basispoints for loan facility and plus 115 basispoints for loan Deutsche Hypothekenbank).

Fiscal Year as at December 31, 2008

in EUR k	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years	Total
Interests	52,202	39,591	36,461	3,904	3,893	7,018	143,069
Loan principle	1,341	0	994,033	0	0	95,000	1,090,374
Financial derivatives	9,139	9,139	8,715	2,860	1,421	2,966	34,240
Trade payables	4,561	0	0	0	0	0	4,561
Other current liabilites	7,793	0	0	0	0	0	7,793
	75,036	**48,730**	**1,039,209**	**6,764**	**5,314**	**104,984**	**1,280,037**

Fiscal Year as at December 31, 2007

in EUR k	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	>5 years	Total
Interests	57,940	48,868	48,868	44,648	0	0	200,324
Loan principle	0	0	0	927,400	0	0	927,400
Financial derivatives	0	0	0	0	0	0	0
Trade payables	3,068	0	0	0	0	0	3,068
Other current liabilites	19,371	0	0	0	0	0	19,371
	80,379	**48,868**	**48,868**	**972,048**	**0**	**0**	**1,150,163**

The most significant liability is a syndicated loan from J.P. Morgan Plc., Natixis and HSH Nordbank AG for a nominal EUR 1,139,800 k. EUR 995,374 k of this nominal amount had been utilised as of the balance sheet date (December 31, 2007: EUR 931,416 k). The second major liability is a loan from Deutsche Hypothekenbank, with a nominal amount of EUR 95.000 k. This entire amount has been utilised as of 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. The obligations arising from the floating interest bank loans were fully secured. Land charges with a carrying amount of EUR 1,782,315 k 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 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 of December 31, 2008 and December 31, 2007.

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 KPI. According to the Group's strategy, the REIT equity ratio shall be between 45% and 55% within the relevant term provided by the REIT-law.

The following KPIs are also used to manage capital:

KPIs according G-REIT Law

in %	2008	2007	Guideline
Equity ratio acc. G-REIT law	40.3	51.4	> 45
Investment properties	96.5	92.3	> 75
Revenues gained from investment properties	100	100	> 75
Income gained from disposal of investment properties[1]	1.24	0.25	<50

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

Fair Value

The following table shows the carrying amount and fair value of all financial instruments disclosed in the consolidated financial statements.

Dec. 31, 2008	Carrying amount	Non financial instruments	Financial instruments				
Assets as per balance sheet			**Loans and receivables**	**Assets at fair value through profit and loss**	**Available-for-sale**	**Total**	**Fair value**
Trade receivables	4,099	0	4,099	0	0	4,099	4,099
Derivatives	176		0	176	0	176	176
Receivables and other assets	28,266	1,097	2,291	0	24,878	27,169	27,169
Cash and cash equivalents	31,426	0	31,426	0	0	31,426	31,426
Total	**63,967**	**1,097**	**37,816**	**176**	**24,878**	**62,870**	**62,870**

Dec. 31, 2008	Carrying amount	Non financial instruments	Financial instruments				
Liabilities as per balance sheet			**Liabilities at fair value through profit and loss**	**Other liabilities**	**Derivatives hedge accounting**	**Total**	**Fair value**
Long term loans	1,086,801	0	0	1,090,374	0	1,090,374	1,090,374
Derivatives (designated for hedge accounting)	28,626	0	0	0	28,626	28,626	28,626
Short term loans	12,609	0	0	12,609	0	12,609	12,609
Trade payables	4,561	0	0	4,561	0	4,561	4,561
Other liabilities	11,156	3,293	0	7,863		7,863	7,863
Total	**1,143,753**	**3,293**	**0**	**1,115,407**	**28,626**	**1,144,033**	**1,144,033**

Dec. 31, 2007	Carrying amount	Non financial instruments	Financial instruments				
Assets as per balance sheet			**Loans and receivables**	**Assets at fair value through profit and loss**	**Available-for-sale**	**Total**	**Fair value**
Trade receivables	2,646	0	2,646	0	0	2,646	2,646
Derivative financial instruments	27,202	0	0	27,202	0	27,202	27,202
Receivables and other assets	5,039	5,039	0	0		0	0
Cash and cash equivalents	103,036	0	103,036	0	0	103,036	103,036
Total	**137,923**	**5,039**	**105,682**	**27,202**	**0**	**132,884**	**132,884**

Dec. 31, 2007	Carrying amount	Non financial instruments	Financial instruments				
Liabilities as per balance sheet			**Liabilities at fair value through profit and loss**	**Other liabilities**	**Derivatives hedge accounting**	**Total**	**Fair value**
Long term loans	927,400	0	0	931,416	0	931,416	931,416
Derivatives (designated for hedge accounting)	0	0	0	0	0	0	0
Short term loans	8,936	0	0	8,936	0	8,936	8,936
Trade payables	3,068	0	0	3,068	0	3,068	3,068
Other liabilities	19,888	461	0	19,427	0	19,427	19,427
Total	**959,292**	**461**	**0**	**962,847**	**0**	**962,847**	**962,847**

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.

Net gains and losses from financial instruments are as follows:

in EUR k	2008	2007
Fiancial instruments at fair value through profit or loss	-5,075	8,086
Loans and receivables	-254	0

Net losses during the reporting period result from valuation losses and, in case of loans and receivables, from the write down on trade receivables.

21. Significant Events after the End of the Reporting Period

alstria office REIT-AG was able to agree an amendment of its current EUR 1.1 billion credit facility with the lenders of the syndicated loan. Within this amendment the LTV-covenant has been adjusted from 60% to 65%. The current margin of 65 bps will be increased immediately by 20 bps. The contract parties also agreed on a step-up of the margin if the LTV is above 60%. Provided the Company stays at its targeted capital structure with an LTV below 60% this amendment will lead to an annualised increase of interest expenses of around EUR 2 million.

LTV	Additional step-up margin
60% to 62.5%	50 bps
62.5% to 65%	75 bps

22. Utilisation 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
alstria office Gänsemarkt Drehbahn GmbH & Co. KG, Hamburg

23. Disclosures Pursuant to German Securities Trading Act (WpHG)

1. Ad-hoc Announcement

Date	Topic	Language
Nov. 19, 2008	alstria office REIT-AG: Financial results for the first nine months of 2008	German / English

2. Directors' Dealings

The following transactions were executed in 2008 and reported to alstria:

Name of person subject to the disclosure requirement	Function	Classification of the share	ISIN	Transaction	Place	Transaction date	Price per share in €	Number of shares	Deal volume
Olivier Elamine	Member of management board	Share	DE000A0LD2U1	Purchase	Xetra	Jan. 11, 2008	9.75	1,500	14,625
Olivier Elamine	Member of management board	Share	DE000A0LD2U1	Purchase	Xetra	Jun. 6, 2008	11.24	425	4,777
Olivier Elamine	Member of management board	Share	DE000A0LD2U1	Purchase	over the counter	Jun. 6, 2008	11.03	7,500	82,725
Alexander Dexne	Member of management board	Share	DE000A0LD2U1	Purchase	over the counter	Jun. 6, 2008	11.03	2,000	22,060
Marion Stuhlmann	Natural person in relation to member of the supervisory board	Share	DE000A0LD2U1	Purchase	Xetra	Sep. 2, 2008	10.33	787	8,130
Marion Stuhlmann	Natural person in relation to member of the supervisory board	Share	DE000A0LD2U1	Purchase	Xetra	Sep. 2, 2008	10.35	1,213	12,555
Olivier Elamine	Member of management board	Share	DE000A0LD2U1	Purchase	Xetra	Oct. 17, 2008	4.65	5,000	23,250
Olivier Elamine	Member of management board	Share	DE000A0LD2U1	Purchase	Xetra	Nov. 19, 2008	3.28	2,500	8,200
Alexander Stuhlmann	Member of supervisory board	Share	DE000A0LD2U1	Purchase	Xetra	Nov. 20, 2008	2.92	5,000	14,600
Alexander Stuhlmann	Member of supervisory board	Share	DE000A0LD2U1	Purchase	Xetra	Nov. 26, 2008	2.75	5,000	13,750

3. Voting Rights Notifications

No.	Date	Shareholders	Voting rights (new)	Strike threshold	Date of change	Attri-buted shares	Disclosure according to	Language
1	Jan. 17, 2008	Morgan Stanley Investment Management Limited	4.83%	5%	Jan. 14, 2008	no	§ 26 (1) WpHG	German / English
2	Mar. 31, 2008	Morgan Stanley Investment Management Limited	3.35%	3%	Apr. 12, 2007	yes	§ 26 (1) WpHG	German / English
3	Mar. 31, 2008	Morgan Stanley Investment Management Limited	5.03%	5%	Nov. 20, 2007	yes	§ 26 (1) WpHG	German / English
4	Mar. 31, 2008	Morgan Stanley Investment Management Limited	5.33%	5%	Feb. 28, 2008	yes	§ 26 (1) WpHG	German / English
5	Apr. 7, 2008 (Correction of the release on 17.01.08)	Morgan Stanley Investment Management Limited	4.84%	5%	Jan. 14, 2008	yes	§ 26 (1) WpHG	German / English
6	Apr. 10, 2008	Cohen & Steers Capital Management Inc.	2.95%	3%	Feb. 01, 2008	yes	§ 26 (1) WpHG	German / English
7	Apr. 10, 2008	Cohen & Steers Inc.	2.84%	3%	Apr. 4, 2008	yes	§ 26 (1) WpHG	German / English
8	Apr. 15, 2008 (Correction of the release on Apr. 10, 2008)	Cohen & Steers Inc.	2.84%	3%	Apr. 4, 2008	yes	§ 26 (1) WpHG	German / English
9	Jul. 16, 2008	Stichting Pensioenenfonds ABP	2.79%	3%	Jun. 14, 2008	no	§ 26 (1) WpHG	German / English
10	Aug. 8, 2008	Captiva Alstria 7 S.à r.l.	5.63%	5%, 3%	Sept. 4, 2008	yes	§ 26 (1) WpHG	German / English
11	Aug. 8, 2008	CCT Corporate Nominees Limited	50.20%	50%	Aug. 21, 2008	no	§ 26 (1) WpHG	German / English
12	Aug. 8, 2008 (Correction of the release on Aug. 18, 2007)	CCT Corporate Nominees Limited	48.90%	30%, 25%, 20%, 15%, 10%, 5%, 3%	Aug. 14, 2007	no	§ 26 (1) WpHG	German / English
13	Jan. 5, 2009	CCT Corporate Nominees Limited	0%	50%, 30%, 25%, 20%, 15%, 10%, 5%, 3%	Dec. 22, 2008	no	§ 26 (1) WpHG	German / English
14	Jan. 5, 2009	Mourant Limited	52.04%	50%, 30%, 25%, 20%, 15%, 10%, 5%, 3%	Dec. 22, 2008	yes	§ 26 (1) WpHG	German / English
15	Jan. 5, 2009	Mourant & Co. Limited	52.04%	50%, 30%, 25%, 20%, 15%, 10%, 5%, 3%	Dec. 22, 2008	yes	§ 26 (1) WpHG	German / English
16	Jan. 5, 2009	Mourant Ireland Limited	52.04%	50%, 30%, 25%, 20%, 15%, 10%, 5%, 3%	Dec. 22, 2008	no	§ 26 (1) WpHG	German / English
17	Jan. 7, 2009	Morgan Stanley Investment Management Limited	4.95%	5%	Dec. 19, 2008	yes	§ 26 (1) WpHG	English
18	Jan. 7, 2009	Morgan Stanley	4.96%	5%	Dec. 19, 2008	yes	§ 26 (1) WpHG	English
19	Jan. 7, 2009	Morgan Stanley International Holdings Inc.	4.95%	5%	Dec. 19, 2008	yes	§ 26 (1) WpHG	English
20	Jan. 7, 2009	Morgan Stanley International Limited	4.95%	5%	Dec. 19, 2008	yes	§ 26 (1) WpHG	English
21	Jan. 7, 2009	Morgan Stanley Group (Europe)	4.95%	5%	Dec. 19, 2008	yes	§ 26 (1) WpHG	English

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 is made permanently available to the shareholders on alstria office REIT-AG's website (www.alstria.com).

25. Auditors' Fees

On June 5, 2008, the shareholder meeting elected PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Lise-Meitner-Str. 1, Berlin, to audit the separate and consolidated financial statements for fiscal year 2008. The fee expenses in 2008 comprise as follows:

in EUR k	2008	2007
Audit services	356	419
Other audit-related services (review)	82	0
Tax advisory services	0	30
Other Services	100	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 Officicer (CFO)

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. 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 2008 the members of the supervisory board were:

Alexander Stuhlmann	Hamburg, Germany	
	BVV Versicherungsverein des Bankgewerbes a.G.	Member of the supervisory board
	BVV Versorgungskasse des Bankgewerbes e.V.	Member of the supervisory board
	BVV Pensionsfonds des Bankgewerbes AG	Member of the supervisory board
	Capital Stage AG	Vice-chairman of the supervisory board
	Frank Beteiligungsgesellschaft mbH	Chairman of the advisory board
	Hamburger Feuerkasse Versicherung AG	Vice-chairman of the supervisory board
	HASPA Finanzholding	Member of the board of trustees
	HCI Capital AG	Member of the supervisory board
	Jahr Holding GmbH & Co. KG	Chairman of the advisory board
	LBS Bausparkasse Schleswig-Holstein-Hamburg AG	Member of the supervisory board
	Siedlungsbaugesellschaft Hermann und Paul Frank mbH & Co. KG	Chairman of the advisory board
	Studio Hamburg Berlin Brandenburg GmbH	Member of the advisory board
until Apr. 30, 2008	WestLB AG	CEO
John van Oost	London, England	
	NATIXIS Capital Partners Ltd	Director
	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	Director
	NATIXIS Capital Partners Srl	Board member
	Ocala Capital Management LLC	Board member
Dr. Johannes Conradi	Hamburg, Germany	
	Freshfields Bruckhaus Deringer LLP	Partner
		Global head of real estate sector group
		Managing partner of the Hamburg office
		Member of the German management group
Richard Mully	Dublin, Ireland	
	Grove International Partners LLP	Managing partner
	Apellas Holdings B.V.	Director
	Douglasshire International Holdings B.V.	Director
	Event Hospitality Group B.V.	Director
	Hansteen Holdings PLC	Director
	Hellenic Land Holdings B.V.	Director
	Hypo Real Estate Holdings AG	Member of the supervisory board
	Karta Realty Limited	Director
	MED Group Leisure Investments B.V.	Director
	NATIXIS Capital Partners Ltd	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
	Polish Investment Real Estate Holding B.V	Director
	Polish Investments Real Estate Holding II B.V.	Director
	SI Real Estate Holding B.V.	Director
	Spazio Investments NV	Director
	Spazio Industriale II B.V.	Director
	SREI DI Properties, Inc.	Director
Dr. Christian Olearius	Hamburg, Germany	
	M.M. Warburg & CO KGaA	Spokesman of the partners and general partner
	Bankhaus Carl F. Plump & Co., Bremen	Chairman of the supervisory board
	Bankhaus Hallbaum AG, Hannover	Chairman of the supervisory board
	Bankhaus Löbbecke AG, Berlin	Chairman of the supervisory board
	Christian Olearius Beteiligungsgesellschaft mbH, Hamburg	Director
	Degussa Bank GmbH, Frankfurt am Main	Chairman of the supervisory board
since Dec. 9, 2008	DML Deutsch-Märkische Landhandlung GmbH	Director
	Frachtcontor Junge & Co. GmbH, Hamburg	Chairman of the supervisory board
	GEDO Grundstücksentwicklungs- und Verwaltungsgesellschaft mbH & Co KG, Grünwald	Vice-chairman of the supervisory board
	Hannover Finanz GmbH, Hannover	Vice-chairman of the advisory board
	KAIROS Vermögensverwaltungsgesellschaft mbH, Bordesholm	Director
	KanAM Grund Kapitalanlagegesellschaft mbH, Frankfurt am Main	Member of the supervisory board
until Jun. 30, 2008	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, Olearius & Co. KG, Hamburg	General partner
	M.M. Warburg-Hansa Ltd., Tortola/British Virgin Islands	Director
	MARCARD, STEIN & CO AG, Hamburg	Chairman of the supervisory board
	VTG Aktiengesellschaft, Hamburg	Member of the supervisory board
until Jul. 10, 2008	Warburg Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Member of the supervisory board
	Zweite KG Christian Olearius Beteiligungsgesellschaft mbH & Co., Hamburg	Director
Daniel Quai	Geneva, Switzerland	
	NATIXIS Capital Partners Ltd	Director
	Arman SW03	Director
	CDS Costruzioni S.p.A.	Director
	CDS Holding S.p.A.	Director
	CDS Project Development BV	Director
	Excelsia Otto Srl	Director
	Express Holdings Srl	Director
	Natixis Capital Partners GmbH	Managing director
	Newreal SpA	Director

Dr. Christian Olearius resigned from the supervisory board, effective August 31, 2008.

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, February 18, 2009

The Management Board

Olivier Elamine	Alexander Dexne
CEO alstria office REIT-AG	CFO alstria office REIT-AG

AUDITORS´ REPORT

'We have audited the consolidated financial statements prepared by the alstria office REIT-AG, Hamburg, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement and notes to the consolidated financial statements, together with the group management report for the business year from January 1 through December 31, 2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRS as applicable within the European Union and the supplementary provisions of Section 315a (1) German Commercial Code) is the responsibility of the Company's management Board. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB [Handelsgesetzbuch – German Commercial Code] 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 (German) principles of proper accounting 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 the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Management Board, 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 legal requirements of IFRS as applicable within the Europeab Union and the supplementary provisions of Section 315a (1) German Commercial Code, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with (German) principles of proper accounting. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.'

Berlin, February 24, 2009

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

sgd. Gregory Hartmann
Wirtschaftsprüfer
(German Public Auditor)

sgd. ppa. Markus Salzer
Wirtschaftsprüfer
(German Public Auditor)

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. Within the scope of its meetings, of the meetings of its committees and by means of further reports provided by the management board both orally and in writing, the supervisory board informed itself regularly and in detail on the situation and the development of the Company, important commercial operations and the risk management. Transactions requiring the consent of the supervisory board and the strategic direction of the Company have been discussed in detail. As far as required by law, articles of association or rules of procedures, the supervisory board resolved after diligent assessment and debate. 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 management board had information and consultation talks on a regular basis.

The market situation, development of the Company and internal organisation were addressed on each ordinary supervisory board meeting during the reporting period. Moreover and especially during the global financial crisis and the corresponding significant losses of the share price, the supervisory board debated important specific matters which are material for the further development of the Company. The supervisory board 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 also applies to the Company's budget planning.

In 2008, the supervisory board had seven meetings in plenary session, three of them in the first half and four meetings in the second half of the calendar year. Additionally in 2008 the supervisory board made five decisions by way of circular resolution and further two decisions by way of circular resolution in the beginning of 2009. All supervisory board members attended each and every meeting personally or participated in the resolutions by written vote. In financial year 2008 all members of the supervisory board took part in more than half of the meetings of the supervisory board held during their term of office.

Focal Points of Discussion

The focal points of the supervisory board meetings were, at the beginning and in the middle of the reporting year, the financing of future growth as well as cooperations and successes in the management of single assets and significant new leases. In the fourth quarter of 2008, the supervisory board discussed with the management board in one ordinary and two extraordinary plenary sessions the Company's situation in the global financial crisis, debated the risks arising from such crisis and elaborated measures to lead the Company unaffectedly through the financial crisis. At the end of the reporting period, the supervisory board was concerned with the annual and consolidated financial statements as of December 31, 2008 and the corporate and budget planning for the financial year 2009 as well as with the prolongation of the office term and service contracts of the management board members and the amendment of a loan agreement. During the whole year 2008 the supervisory board dealt in detail with the valuation of the assets.

Further subjects were the discussion of the quarterly financial reports and the recommendations for resolution for the AGM.

Members of the Supervisory Board

In the reporting period the supervisory board had the following members: Alexander Stuhlmann as chairman, John van Oost as vice-chairman and Dr. Johannes Conradi, Richard Mully, Dr. Christian Olearius, and Daniel Quai as further members. Effective September 1, 2008, Dr. Christian Olearius resigned from his office. He gave precious initial aid for alstria office REIT-AG. Thanks to his generous dedication to the Company, he contributed essentially to the Company's quick growth, the successful IPO and the fast establishment of alstria office REIT-AG in the German real estate market. The supervisory board thanks Dr. Christian Olearius for his outstanding services for the Company. By decision of the local court of Hamburg in February 2009 Roger Lee was appointed as member of the supervisory board of alstria office REIT-AG until the conclusion of the next annual general meeting. The supervisory board will recommend to the annual general meeting to elect Roger Lee as successor for Dr. Christian Olearius.

Committees of the Supervisory Board

The supervisory board had three committees during the reporting period. The chairmen of such committees informed the plenary meetings about the committees' work.

Members of the audit committee of the supervisory board are Dr. Johannes Conradi as chairman, John van Oost and Daniel Quai. John van Oost was elected by the supervisory board as successor for Dr. Christian Olearius. The members of the audit committee handle issues of accounting, the auditors' 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 three meetings in the reporting period.

The members of the investment committee are John van Oost as chairman, Richard Mully and Alexander Stuhlmann. The committee decides on acquisitions and disposals of assets, provided that the consideration is between EUR 30,000,000 and EUR 100,000,000. Beyond that amount, the supervisory board decides in plenary session. The investment committee did not hold any meetings during the reporting period.

In the reporting period the supervisory board constituted a nomination and remuneration committee and elected John van Oost as chairman, Richard Mully and Alexander Stuhlmann as members. The nomination and remuneration committee prepares the discussions and resolutions of the supervisory board regarding management board matters and accompanies the execution of the according resolutions of the supervisory board. In some management board matters the committee has the power to resolve. The nomination and remuneration committee had one meeting during the reporting period and took two resolutions by way of written 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 ending December 31, 2008 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, Berlin, were made available to all members of the supervisory board, immediately after their preparation. Thereupon the audit committee and the supervisory board in plenary session have reviewed the documents prepared by the management board. The auditors attended the meeting of the audit committee and gave an account of the results of their audit. The audit committee prepared the review of the documents by the supervisory board and reported on its work in the presence of the auditor in the meeting of the supervisory board. The supervisory board discussed and verified the documents prepared by the management board as well as the results of the auditors and subsequently has affirmatively taken note of them. No objections had to be raised. The supervisory board has approved the annual financial statement and the consolidated financial statement. Thus, the 2008 annual financial statement for alstria office REIT-AG has been adopted. The supervisory board followed the management board's recommendation for the profit appropriation.

Moreover, the management board presented the report on relations to affiliated companies pursuant to section 312 German Stock Corporation Act (AktG) to the supervisory board. Likewise, the auditors' report prepared thereto by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, branch Berlin, was presented to the supervisory board. The audit opinion of the auditor reads as follows:

'On the basis of our dutiful audit and judgement, we confirm that

1. the factual statements of the report are correct,
2. the consideration of the Company for the legal transactions stated in the report was not inadequately high.'

The supervisory board also reviewed this report by the management board and has affirmatively taken note of the report prepared thereto by the auditors. 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 section 312 (3) AktG. No objections had to be raised.

Risk Management and Compliance

The audit committee assured itself of the efficiency of the risk management 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

During the reporting year the supervisory board also dealt with the Company's fulfilment of the recommendations of the German Corporate Governance Code. In March 2009 the management board and the supervisory board issued the latest annual statement of compliance in accordance with section 161 AktG, which is permanently made available to the shareholders on the website of the Company. The management board and the supervisory board have declared that the Company followed and will follow almost all 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 supervisory board makes decisions regarding contracts with supervisory board members pursuant to section 114 AktG, the member concerned does not participate in the decision. The members of the supervisory board examined the efficiency of their work on the basis of a questionnaire which was completed by each member of the supervisory board. The result of the evaluation has turned out satisfactory.

The supervisory board would like to thank all employees and the management board for their dedication and successful work in 2008.

Hamburg, March 2009

Alexander Stuhlmann
Chairman of the supervisory board

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 (as amended on June 6, 2008) to a great extent, thereby surpassing legal provisions. The recommendations and suggestions made by the government commission set up by the German Federal Ministry of Justice include internationally and nationally accepted standards regarding 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.

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, an appropriate fulfilment of one's need for information, equal voting rights for each share (one share-one vote) as well as participation in the annual shareholders' meeting. Shareholders may exercise their voting right at the annual general meeting either personally, via a representative of their choice or an authorised Company proxy. The option of giving voting instructions is illustrated in the invitation to the annual general meeting. The annual general meeting 2008 approved the electronic communication of information to shareholders. Thus, at request of the shareholder, the convening documents for annual general meetings may be sent to the shareholders by way of electronic means. All documents that are to be made available to the shareholders prior to the annual general meeting including the annual report are published together with the agenda on alstria's website.

Communication with the Public

When relaying information to people outside the Company, the management board observes the principles of transparency, promptness, openness, comprehensibility and due equal treatment of shareholders. alstria informs its shareholders and third parties about the Company's position and significant business activities mainly by financial reports, analysts conferences, press releases and ad-hoc news as well as by the annual general meeting. On alstria's website shareholders find comprehensive information on the Company and the share, especially the financial reports, the share performance, announcements on the purchase or the disposal of alstria's shares or financial instruments based on them according to section 15a German Securities Trade Act (WpHG). Additionally alstria publishes a financial calendar in its financial reports and on its website that lists all important dates for the shareholders. All publications and announcements are published in English and German language. A detailed list of all capital markets communications published in 2008 is included in the annual document required by section 10 of the German Securities Prospectus Act (WpPG). The annual document is also published on alstria's website.

Management Board

The management board as a whole, as well as each individual board member, will conduct the Company'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 Company on its own responsibility. The management board determines corporate objectives and – in coordination with the supervisory board – the Company's strategic approach and the Group's policy and organisation. In doing so, it is obliged to act in the Company's best interests and committed to developing sustainable enterprise value. The management board ensures appropriate risk management and risk controlling within the Company. The members of the management board are obliged to disclose conflicts of interest to the supervisory board without undue delay. They shall take on sideline activities, especially supervisory board mandates outside the Group, only with the approval of the supervisory board. During the reporting period there were no such conflicts of interest. Important transactions between the Company and the members of the management board as well as persons they are close to or companies they have personal association with require the approval of the supervisory board. This includes decisions or measures that fundamentally change the Company's assets, financial or earnings situation. All transactions must comply with standards customary in the sector. No such transactions did exist during the reporting period.

Supervisory Board

It is the task of the supervisory board of alstria office REIT-AG to appoint the management board members, to regularly advice the management, and to supervise and support it and the achievement of alstria's long-term goals. The supervisory board is directly involved in transactions of fundamental importance. The supervisory board reports on its activities in financial year 2008 on pages 118 to 121 of the annual report.

Cooperation between the Management Board and the Supervisory Board

The management board and the supervisory board cooperate closely and trustfully to the benefit of the Company. The chairman of the supervisory board keeps in regular contact with the management board. The management board coordinates the Company's strategic alignment with the supervisory board and discusses with it the current state of strategy implementation, business development, risk situation, risk management and the Company's compliance at regular intervals.

Reporting and Audit of Annual Financial Statement

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

For corporate law purposes (calculation of dividend, creditor protection), the annual financial statement is prepared in accordance with national regulations (German Commercial Code). The consolidated financial statement is reviewed by the supervisory board as well as by the auditors elected by the annual general meeting. The audit committee of the supervisory board issues the audit assignment and concludes a fee agreement with the auditors after verifying the auditor's independence. PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin, was elected as auditor and group auditor for the financial year 2008 and for the review of the half-year financial report. The auditor participates in the supervisory board's and the audit committee's discussions of the annual financial statements and consolidated financial statements and reports the basic audit results.

Stock Option Program and Similar Securities-Based Incentive Systems

Stock Option Program

The stock option program provides for the issuance of option rights to the Company's management board members. Please refer to the compensation report on page 128 for further information.

Employee Participation Program

The employee participation program 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 program, up to 500,000 certificates in an aggregate nominal amount of up to EUR 500 k may be issued. Up to now, 44,600 certificates have been issued.

Each certificate will be converted into one no par value bearer share of alstria if the 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

Under section 15a WpHG, 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 tradings does not exceed EUR 5 k during one calendar year.

The following transactions were executed in 2008 and reported to alstria:

Directors' Dealings in 2008

Name of board member	Function	Classification of the share	ISIN	Transaction	Place	Transaction date	Price per share in €	Number of shares	Deal volume
Olivier Elamine	Member of management board	Share	DE000A0L-D2U1	Purchase	Xetra	Jan. 11, 2008	9.75	1,500	14,625
Olivier Elamine	Member of management board	Share	DE000A0L-D2U1	Purchase	Xetra	Jun. 6, 2008	11.24	425	4,777
Olivier Elamine	Member of management board	Share	DE000A0L-D2U1	Purchase	off-market	Jun. 6, 2008	11.03	7,500	82,725
Alexander Dexne	Member of management board	Share	DE000A0L-D2U1	Purchase	off-market	Jun. 6, 2008	11.03	2,000	22,060
Marion Stuhlmann	Natural person in relation to member of the supervisory board	Share	DE000A0L-D2U1	Purchase	Xetra	Sep. 2, 2008	10.33	787	8,130
Marion Stuhlmann	Natural person in relation to member of the supervisory board	Share	DE000A0L-D2U1	Purchase	Xetra	Sep. 2, 2008	10.35	1,213	12,555
Olivier Elamine	Member of management board	Share	DE000A0L-D2U1	Purchase	Xetra	Oct. 17, 2008	4.65	5,000	23,250
Olivier Elamine	Member of management board	Share	DE000A0L-D2U1	Purchase	Xetra	Nov. 19, 2008	3.28	2,500	8,200
Alexander Stuhlmann	Member of supervisory board	Share	DE000A0L-D2U1	Purchase	Xetra	Nov. 20, 2008	2.92	5,000	14,600
Alexander Stuhlmann	Member of supervisory board	Share	DE000A0L-D2U1	Purchase	Xetra	Nov. 26, 2008	2.75	5,000	13,750

Directors' Share Ownership Details

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 Company's 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.

Corporate Governance Code and Compliance Declaration

The official compliance declaration of alstria's management and supervisory board is accessible on astria's website (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 latest declaration that management board and supervisory board issued on March 03, 2009.

alstria complied with the recommendations of the 'Government Commission German Corporate Governance Code' as amended on June 6, 2008 since the last declaration of compliance as of November 20, 2008 with the following exceptions and intends to further comply with the recommendations to the same extent:

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 deductible has been agreed. Both 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 program for the management board in the event of extraordinary and unforeseeable developments. For any future stock option programs 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 auditor. Nevertheless, due to his comprehensive professional expertise as a lawyer regarding Commercial Law and Commercial Real Estate Law and his several years of work experience in the audit committee at alstria office REIT-AG, the Company believes that he is sufficiently qualified to act as chairman of the audit 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 German Corporate Governance Code in this regard is the relatively small size of the Company.

Discussion of Half-Year and Quarterly Financial Reports with the Management Board by the Supervisory Board or its Audit Committee prior to the Publication, No. 7.1.2

The management board makes the half-year and quarterly financial reports available to the supervisory board prior to their publication. In addition the management board discusses the reports in detail with the supervisory board shortly after their publication. In case of major variations from the budget or business plan as approved by the supervisory board, the management board offers to discuss the numbers prior to the publication. Management board and supervisory board consider this procedure as appropriate and sufficient.

All other recommendations of the German Corporate Governance Code as amended on June 06, 2008 have been and will be 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 alstria ensures the continuous observance of these principles in the Company. By means of analysis, supervision and transparency, alstria lays the foundations for fair and efficient corporate management. This will remain alstria's standard in the future as well.

COMPENSATION REPORT[1]

Management Board Compensation

The total compensation paid to the members of the management board in the financial year 2008 was EUR 1,051 k. In 2008, management board compensation comprised fixed and variable components. There were no advance payments to board members, no credits and no granting of pension benefits.

Individual Management Board Member Compensation in 2008 (in EUR k)

Management board member	Fixed compen-sation	Performance based com-pensation[1]	Other payments[2]	Long-term incentives	Total remune-ration
Olivier Elamine Chief Executive Officer	265	350	17	0	632
Alexander Dexne Chief Financial Officer	300	100	19	0	419
Total	**565**	**450**	**36**	**0**	**1,051**

[1] Related to 2007 performance. [2] Comprises benefits for company cars.

Individual Management Board Member Compensation in 2007 (in EUR k)

Management board member	Fixed compen-sation	Performance based com-pensation[1]	Other payments[2]	Long-term incentives[4]	Total remune-ration
Olivier Elamine Chief Executive Officer	265	350	43	502	1,160
Alexander Dexne Chief Financial Officer since Jun. 1, 2007	175	n/a	25	53	253
Dr. Michael Börner-Kleindienst Chief Operating Officer from Mar. 1 to Oct. 31, 2007	427[3]	n/a	7	251	685
Dr. Robert Hannemann Chief Financial Officer until Feb. 1, 2007	50	50	5	n/a	105
Total	**917**	**400**	**80**	**806**	**2,203**

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

[1] This compensation report is an integral component of the audited group management discussion and analysis and notes and is also part of the Corporate Governance Report.

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 5 k per month (until reaching the age of 65) in case of invalidity as well as EUR 2,500 k 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 twelve 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.

In 2008 former management board members received payments in a total amount of EUR 250 k. The Company did not have to build accruals and deferrals for pensions of former management board members.

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 authorisation 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 summarised as follows:

Under the stock option program, up to two million options entitling to the subscription of a maximum of two million shares of the Company with a total notional value of EUR 2,000 k 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 in 2007, subject to the below said conditions. The exercise price for the stock options granted in 2007 is 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'). Due to the development of the Company's share price, the supervisory board did not grant any stock options in 2008. The stock options granted to Olivier Elamine and Alexander Dexne in the financial year 2007 triggered expenses in the amount of EUR 335 k for Olivier Elamine and EUR 125 k for Alexander Dexne in the financial year 2008.

The term of each stock option is seven years beginning with the respective issue date. The stock options may only be exercised if the 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 after the issue date, but 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.

Supervisory Board Compensation

Supervisory board compensation totalled EUR 291.6 k in 2008. The supervisory board members receive an annual fixed compensation of EUR 40 k each. The chairman of the supervisory board receives additional remuneration of EUR 20 k p.a., his deputy receives an additional EUR 10 k p.a. Members who are on the board for only part of the year receive pro rata remuneration for that part of the year. Furthermore, membership in (EUR 10 k) and chairmanship of (EUR 15 k) 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 credits were granted to the supervisory board and no compensation was paid for individually performed services.

Individual Supervisory Board Member Compensation (in EUR k)

Supervisory board member	Compensation for 2008	Compensation for 2007
Alexander Stuhlmann – chairman of the supervisory board	60.0	50.0
John van Oost – vice chairman of the supervisory board; since Sep. 2008 member of the audit committee	53.3	52.5
Dr. Johannes Conradi – member of the supervisory board; chairman of the audit committee	55.0	48.1
Richard Mully – member of the supervisory board	40.0	38.3
Dr. Christian Olearius – until Aug. 2008 member of the supervisory board and the audit committee	33.3	43.8
Daniel Quai – member of the supervisory board and the audit committee	50.0	48.8
Stephan Fritsch – member of the supervisory board until Jan. 2007	-	1.7
Total	**291.6**	**283.2**

REIT DECLARATION

Statement of the Management Board
Regarding the compliance with the requirements of sections 11 to 15 Real Estate Investment Trust Law (REIT Act) as per December 31, 2008, we declare the following in relation with our financial statement according to section 264 German Commercial Code (HGB) and our consolidated financial statement according to section 315a HGB as per balance sheet date:

1. As per balance sheet date, 31.52% of alstria's shares were free float according to section 11 (1) REIT Act. This was stated to the German Federal Financial Supervisory Authority (BaFin).

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

3. In accordance with section 12 (2) the Group held EUR 1,809 million immovable assets as per balance sheet date, which equals 97% of assets. No REIT service companies were included into the consolidated financial statement.

4. For the financial year 2008 the entire sales revenues of the Group plus other earnings from immovable assets in the meaning of section 12 (3) and (4) REIT Act amounted to EUR 103.5 million. This equals 100% of total revenues.

5. In 2008 a dividend payment of EUR 28.4 million for the prior financial year was distributed to the shareholders. The financial year 2007 did not result in a net income according to commercial law pursuant to section 275 HGB and pursuant to section 13 REIT Act.

6. Since 2007 the Group realised 1.2% of the average portfolio of its immovable assets and therefore did not trade with real estate according to section 14 REIT Act.

7. The Group's equity according to section 15 REIT Act as stated on balance sheet date was EUR 730 million. This equals in conformance with section 15 REIT Act 40.3% of the immovable assets. For the first time, the equity ratio fell below the threshold pursuant to section 15 REIT act.

Hamburg, February 18, 2009

Olivier Elamine
CEO
alstria office REIT-AG

Alexander Dexne
CFO
alstria office REIT-AG

REIT MEMORANDUM

Auditor's Memorandum according to Section 1 (4) of the Act on German Real Estate Stock Corporations with Listed Shares (REIT Act)

To alstria office REIT-AG, Hamburg

As auditor of the financial statement and the consolidated financial statement of alstria office REIT-AG, Hamburg, for the business year from January 1, to December 31, 2008, we have audited the information given in the attached declaration of the management board members for the compliance with the requirements of Section 11 to 15 of the REIT Act (hereinafter referred to as „REIT declaration"). The information given in the REIT declaration is in the accountability of the management board of the company. Our responsibility is to express an opinion on the information given, based on our audit.

We conducted our audit considering the audit advice promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW): Particularities concerning the audit of a REIT stock corporation according to Section 1 (4) REIT Act, a pre-REIT stock corporation according to Section 2 Clause 3 REIT Act and the audit according to Section 21 (3) Clause 3 REIT Act (IDW PH 9.950.2). Therefore we have planned and performed our audit to make a judgement with reasonable assurance if the free float ratio and the maximum stock ownership per shareholder according to Section 11 (1) and (4) REIT Act agrees with the announcements due to Section 11 (5) REIT Act as of December 31, 2008 and if the provided information concerning the requirements of Section 12 to 15 REIT Act is in accordance with the respective information disclosed in the financial statement and the consolidated financial statements of the company. We believe that our audit provides a reasonable basis for our opinion.

In our opinion based on the findings of our audit, the information given in the REIT declaration concerning the free float ratio and the maximum stock ownership per shareholder due to Section 11 (1) and (4) REIT Act agrees with the announcements made according to Section 11 (5) REIT Act as of December 31, 2008 and the information provided concerning the compliance with Section 12 to 15 REIT Act are appropriate.

This memorandum is solely provided for submission to the tax authorities of the city of Hamburg within the tax declaration according to Section 21 (2) REIT Act.

Berlin, February 24, 2009

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

sgd. Gregory Hartman	sgd. ppa. Markus Salzer
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

VALUATION REPORT

The Directors
alstria office REIT-AG
Fuhlentwiete 12
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Germany

FAO: Alexander Dexne

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chris.fowler-tutt@colliersCRE.co.uk

Dear Sirs

THE ALSTRIA OFFICE REIT-AG PORTFOLIO VALUATION AS AT 31 DECEMBER 2008

We refer to your instructions to provide you with our opinion of the Market Value of the above portfolio, as at 31 December 2008, for balance sheet purposes, debt covenant calculation and inclusion within your financial year end 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 as set out in PS 1.4 and 1.5 of the Valuation Standards 6th Edition (the 'Red Book') issued by the Royal Institution of Chartered Surveyors (the 'RICS').

We confirm that Colliers CRE complies with the requirements of independence and objectivity under PS 1.6 and that we have no conflict of interest in acting on your behalf in this matter.

The properties were all inspected at various times between June 2006 and December 2007 by either Christopher J Fowler-Tutt, BSc MRICS, Robert Mayhew BSc (Hons) MRICS, Nick Harris BSc (Hons) MRICS, Charlie Henry BSc (Hons) MRICS, Adrian Camp BSc (Hons) MRICS or Giles Bendell BSc MRICS. In November 2008 a sample of the portfolio comprising 16 properties located in Hamburg were inspected:

Alte Königstr. 29-39	Gorch-Fock-Wall 11
Amsinckstr. 28	Gorch-Fock-Wall 15-17
Amsinckstr. 34	Grindelberg 62-66
Buxtehuder Str. 9-11	Große Bleichen 23-27
Besenbinderhof 41	Hamburger Str. 43-49
Basselweg 73	Poststr. 11
Eppendorfer Landstr. 59	Steinstr. 10
Ernst-Merck-Str. 9	Max-Brauer-Allee 41-43 (inspected for the first time).

Individual reports for each of the above properties are attached to Appendix IV to this report.

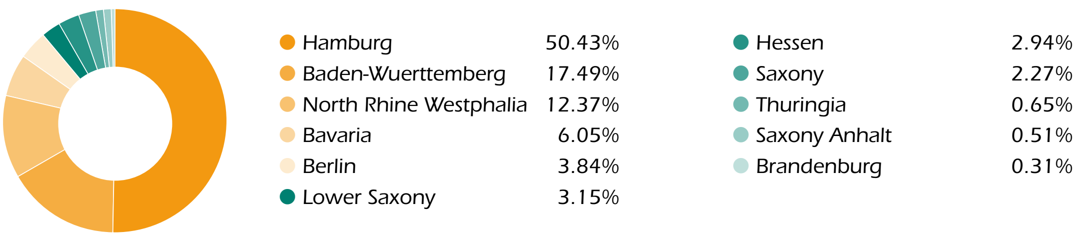
The extent of our investigations and the sources of information on which we have relied upon are as described in Section 4 – Valuation Procedures and Assumptions contained within the Red Book.

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 89 office investment properties located throughout Germany. The regional location profile of the portfolio across Germany's states is illustrated below, where it can be seen that the largest concentration of investment property in terms of value, 50.43%, is held in the City of Hamburg. The portfolio also comprises properties in the cities of Augsburg, Berlin, Bonn, Darmstadt, Detmold, Dortmund, Dresden, Dusseldorf, Erfurt, Essen, Frankfurt, Halle, Hannover, Jena, Koln, Leipzig, Magdeburg, Mannheim, Munich, Nurnberg, Potsdam, Stuttgart, Wiesbaden, Wuppertal, Wurzburg and Zwickau.



FLOOR AREAS

In accordance with your instructions we have not measured the subject premises and have relied upon the floor areas and car parking stated in the most recent tenancy schedule provided by alstria office REIT-AG (Alstria).

TENURE

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

Due Diligence Report	Dated 12 December 2005
Draft Due Diligence Report	Dated 26 September 2006
Summary of Major Findings	Dated 27 September 2005
Legal Due Diligence Report	Dated 26 September 2006
Legal Due Diligence Report	Dated 24 October 2006
Legal Due Diligence Report	Dated 16 July 2007
Legal Due Diligence Report	Dated 31 October 2007
Draft Preliminary Key Issues Report for Legal Due Diligence	Dated 14 November 2007
Red Flag List of Legal Due Diligence	Dated 14 December 2007
Preliminary Legal Due Diligence Report	Dated 1 April 2008

All of the above reports were prepared by your lawyers Messrs. Alpers & Stenger, Freshfields Bruckhaus Deringer 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.

LETTINGS

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

Due Diligence Report	Dated 12 December 2005
Draft Due Diligence Report	Dated 26 September 2006
Summary of Major Findings	Dated 27 September 2005
Legal Due Diligence Report	Dated 26 September 2006
Legal Due Diligence Report	Dated 24 October 2006
Legal Due Diligence Report	Dated 16 July 2007
Legal Due Diligence Report	Dated 31 October 2007
Draft Preliminary Key Issues Report for Legal Due Diligence	Dated 14 November 2007
Red Flag List of Legal Due Diligence	Dated 14 December 2007

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

RENT ROLL

We have been provided with a finalised tenancy schedule dated 2 December 2008 by Alstria 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 30 June 2008 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 19 December 2005
Technical and Environmental Due Diligence Assessment	Dated 25 August 2006
Intermediate Environmental Bullet Point Report	Dated 9 October 2006
Technical Due Diligence Report	Dated 29 December 2006
Technical and Environmental Due Diligence Assessment Revised Final Report	Dated 7 November 2007
Technical and Environmental Due Diligence Assessment	Dated 13 November 2007
Technical and Environmental Due Diligence Assessment Reports	Dated 21 December 2007
Technical and Environmental Due Diligence Assessments	Dated 22 December 2007

In respect of Max-Brauer Allee 41-43, Hamburg we have been provided with a Technical Due Diligence Assessment dated 1 April 2008 provided by Messrs ARGOS Projektmanagement GmbH.

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 19 December 2005
Technical and Environmental Due Diligence Assessment	Dated 25 August 2006
Intermediate Environmental Bullet Point Report	Dated 9 October 2006
Technical Due Diligence Report	Dated 29 December 2006
Technical and Environmental Due Diligence Assessment Revised Final Report	Dated 7 November 2007
Technical and Environmental Due Diligence Assessment	Dated 13 November 2007
Technical and Environmental Due Diligence Assessment Reports	Dated 21 December 2007
Technical and Environmental Due Diligence Assessments	Dated 22 December 2007

In respect of Max-Brauer-Allee 41-43, Hamburg we have been provided with a Technical Due Diligence Assessment dated 1 April 2008 provided by Messrs ARGOS Projektmanagement GmbH.

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 12 December 2005
Draft Due Diligence Report,	Dated 26 September 2006
Summary of Major Findings,	Dated 27 September 2005
Legal Due Diligence Report,	Dated 26 September 2006
Legal Due Diligence Report	Dated 16 July 2007
Legal Due Diligence Report	Dated 31 October 2007
Draft Preliminary Key issues Report for Legal Due Diligence	Dated 14 November 2007
Red Flag List of Legal Due Diligence	Dated 14 December 2007
Preliminary Legal Due Diligence Report	Dated 1 April 2008

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

73, Bäckerbreitergang, Hamburg

A formal inspection of this property was carried out on 5 December 2008 by Christopher J Fowler-Tutt, BSc MRICS and Adrian Camp BSc (Hons) MRICS. The property is currently vacant and is due to undergo a total refurbishment.

In forming our opinion of value, we confirm that we have taken into consideration the Preliminary Legal and Tax Due Diligence Report prepared by Messrs. Alpers & Stenger, dated September 2006, which has been provided to us by Alstria.

We have not, however, had sight of any formal technical or environmental due diligence reports. Therefore, we have relied upon the information provided to us by Alstria when arriving at our opinion of Market Value and Rental Value. Inter alia, this includes architects plans, area calculations produced for Alstria by Messrs Hohaus Hinz & Seifert GmbH dated 30 September 2008. We have assumed all information provided to be accurate, up-to-date and complete.

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 and equivalent 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. For properties with a large car parking provision we have adopted a structural void ranging from 5 to 20%, depending on the vacancy rate at the date of valuation. In the case of properties with small car parking provisions we have adopted a void period of 3 months. 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 receivable 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 part of those additional costs from our valuation on the basis of a day 1 deduction.

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. Any difference between the Market Rent and the passing rent has been taken into onsideration in our valuation.

MARKET VALUE

We are of the opinion that the aggregate Market Value, as at 31 December 2008, of these 89 freehold properties is EUR 1,810,265,000 (one billion eight hundred and ten million, two hundred and sixty five thousand euros).

This value reflects the following aggregate net yields

Yield	%
Initial	5.34
Equivalent	5.68
Reversion (Dec 2018)	5.97

We confirm that all of the foregoing opinions of value, with the exception of Daimler Chrysler HQ property and the three Berlin City properties, 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 with its management For the three Berlin City properties, we have adopted the requisite purchaser's costs of 6% to reflect the higher rate of land transfer tax.

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:

Colliers CRE have valued this portfolio since 2006.

The total fees earned in the latest financial year from alstria office REIT-AG amounted to substantially less than 5% of our Company turnover.

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

Adrian Camp BSc (Hons) MRICS
Director
For and behalf of Colliers CRE

APPENDIX I

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%, or 6% for Berlin assets. This reflects 3.5% (4.5% for Berlin) 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.

LIST OF ALL PROPERTIES

Portfolio alstria office REIT-AG

ASSET NAME	CITY	TOTAL LETTABLE AREA (SQM)
HAMBURG		
Alte Königsstrasse 29	Hamburg	4,300
Alter Steinweg 4	Hamburg	32,000
Amsinckstrasse 28	Hamburg	8,100
Amsinckstrasse 34	Hamburg	6,200
Bäckerbreitergang 73-75 **	Hamburg	2,400
Basselweg 73	Hamburg	2,700
Besenbinderhof 41	Hamburg	5,000
Buxtehuder Strasse 9-11a	Hamburg	7,700
Drehbahn 36	Hamburg	25,700
Eppendorfer Landstrasse 59	Hamburg	3,300
Ernst-Merck-Strasse 9 (Bieberhaus)	Hamburg	17,500
Gänsemarkt 36	Hamburg	20,900
Garstedter Weg 13	Hamburg	3,600
Gorch-Fock-Wall 11	Hamburg	8,700
Gorch-Fock-Wall 15,17	Hamburg	7,700
Grindelberg 62-66	Hamburg	18,400
Grosse Bleichen 23-27 ***	Hamburg	17,700
Hamburger Strasse 1-15	Hamburg	21,600
Hamburger Strasse 43-49	Hamburg	20,500
Hammer Steindamm 129	Hamburg	7,200
Harburger Ring 17	Hamburg	3,100
Herthastrasse 20	Hamburg	3,300
Johanniswall 4	Hamburg	14,000
Kaiser-Wilhelm-Strasse 79-87	Hamburg	5,500
Kanalstrasse 44	Hamburg	8,500
Kattunbleiche 19	Hamburg	12,400
Kümmelstrasse 5-7	Hamburg	15,700
Lenhartzstrasse 28	Hamburg	1,100
Ludwig-Rosenberg-Ring 41	Hamburg	5,000
Max-Brauer-Allee 41,43***	Hamburg	3,200
Max-Brauer-Allee 89-91	Hamburg	9,800
Nagelsweg 41-45	Hamburg	6,200
Öjendorfer Weg 9-11	Hamburg	6,100
Ottenser Marktplatz 10/12	Hamburg	1,000
Poststrasse 11 (Alte Post)	Hamburg	6,600
Poststrasse 51	Hamburg	1,700

* Based on valuation of Colliers CRE as of December 31, 2008.
** Reclassified as development properties.
*** Considered signed lease contracts.

OFFICE AREA (SQM)	VACANCY (SQM)	PASSING RENT (EUR)	ERV* (EUR)	OMV* (EUR)
3,600	0	560,000	547,796	
28,000	0	3,950,000	4,317,048	
7,800	0	950,000	990,000	
5,900	0	720,000	765,000	
2,100	2,400	0	553,200	
1,900	0	260,000	291,600	
3,500	0	480,000	481,200	
5,100	0	560,000	532,800	
20,200	0	3,240,000	3,504,000	
2,600	0	380,000	558,600	
12,500	2,300	2,070,000	2,375,509	
18,100	100	3,050,000	3,196,800	
2,700	0	340,000	360,000	
7,200	0	1,020,000	981,000	
5,800	0	810,000	798,000	
17,400	0	2,070,000	2,136,240	
13,200	500	1,990,000	3,370,832	
9,100	8,100	2,000,000	3,082,402	
19,300	0	2,360,000	2,716,296	
6,300	0	540,000	558,000	
1,500	200	310,000	344,667	
2,700	0	290,000	318,000	
10,500	0	1,680,000	1,788,525	
4,200	3,100	270,000	938,400	
7,900	400	910,000	971,760	
9,800	0	1,510,000	1,434,000	
13,300	0	1,370,000	1,776,000	
900	0	100,000	148,800	
3,600	0	460,000	527,760	
2,700	0	0	331,200	
7,000	0	900,000	957,000	
5,900	0	880,000	957,015	
5,900	0	560,000	684,240	
1,000	0	150,000	153,600	
4,600	6,600	850,000	2,609,790	
1,200	0	380,000	446,372	

ASSET NAME	CITY	TOTAL LETTABLE AREA (SQM)
Rahlstedter Strasse 151-157	Hamburg	2,900
Schlossstrasse 60	Hamburg	11,900
Steckelhörn 12	Hamburg	14,700
Steinstrasse 10	Hamburg	26,800
Steinstrasse 5-7 ***	Hamburg	21,900
Wandsbeker Chaussee 220	Hamburg	3,200
		425,800
STUTTGART		
Epplestrasse 225	Stuttgart	107,400
Ernsthaldenstrasse 17	Stuttgart	2,500
Siemensstrasse 33	Ditzingen	27,300
		137,200
DUSSELDORF AREA		
Bamler Strasse 1-5	Essen	36,400
Benrather Schlossallee 29-33/Ludolfstrasse 3	Duesseldorf	5,000
Friedrichstrasse 19	Duesseldorf	2,100
Gathe 78	Wuppertal	8,500
Jagenbergstrasse 1	Neuss	24,700
Max-Eyth-Strasse 2	Dortmund	7,000
Mecumstrasse 10	Duesseldorf	8,600
		92,300
BERLIN		
Darwinstrasse 14-18 / Quedlingburger Str. 2	Berlin	22,200
Holzhauser Strasse 175-177	Berlin	7,400
Marburger Strasse 10	Berlin	6,200
		35,800
MUNICH		
Arnulfstrasse 150	Munich	5,900
Hofmannstrasse 51	Munich	22,100
Landshuter Allee 174	Munich	6,900
		34,900
HANOVER		
Arndtstrasse 1	Hanover	10,200
Vahrenwalder Strasse 133	Hanover	7,100
Werner-von-Siemens-Platz 1	Hanover	21,700
		39,000

* Based on valuation of Colliers CRE as of December 31, 2008.
*** Considered signed lease contracts.

OFFICE AREA (SQM)	VACANCY (SQM)	PASSING RENT (EUR)	ERV* (EUR)	OMV* (EUR)
2,900	0	290,000	324,000	
9,500	0	960,000	1,041,000	
12,600	0	1,870,000	1,981,548	
22,200	0	3,240,000	2,928,000	
21,900	0	3,460,000	3,588,837	
2,500	0	400,000	375,120	
346,600	**23,700**	**48,190,000**	**56,741,957**	**912,895,000**
77,900	0	14,660,000	14,709,000	
2,200	0	260,000	278,400	
13,100	5,400	1,820,000	2,227,140	
93,200	**5,400**	**16,740,000**	**17,214,540**	**286,150,000**
29,000	3,400	3,790,000	4,104,647	
4,300	0	520,000	530,400	
1,300	0	400,000	560,640	
4,100	500	920,000	1,008,338	
23,900		3,410,000	2,976,000	
6,600	5,000	180,000	710,004	
8,500	0	1,230,000	1,303,866	
77,700	**8,900**	**10,450,000**	**11,193,895**	**161,400,000**
20,800	0	3,420,000	3,288,000	
7,000	2,500	480,000	728,721	
5,600	0	900,000	906,207	
33,400	**2,500**	**4,800,00**	**4,922,928**	**69,500,000**
5,600	0	980,000	1,102,200	
20,400	0	2,430,000	2,706,000	
6,500	0	900,000	1,176,000	
32,500	**0**	**4,310,000**	**4,984,200**	**74,250,000**
8,400	0	1,020,000	1,162,200	
6,700	0	990,000	1,019,251	
21,300	0	1,860,000	1,986,000	
36,400	**0**	**3,870,000**	**4,167,451**	**57,000,000**

ASSET NAME	CITY	TOTAL LETTABLE AREA (SQM)
SAXONY		
Lothar-Streit-Strasse 10b	Zwickau	1,000
Ludwig-Erhard-Strasse 49	Leipzig	6,300
Washingtonstrasse 16-16a	Dresden	20,600
Zellescher Weg 21-25a	Dresden	6,500
Zwinglistrasse 11-13	Dresden	3,100
		37,500
COLOGNE/BONN		
Bertha-von-Suttner-Platz 17	Bonn	1,400
Bonner Strasse 351	Cologne	10,900
Gereonsdriesch 13	Cologne	2,400
Horbeller Strasse 11	Cologne	6,700
		21,400
OTHERS		
Am Gräslein 12	Nuernberg	2,700
Am Roten Berg 5	Erfurt	5,300
Carl-Reiß-Platz 1,3,5	Mannheim	17,400
Doktorweg 2-4 / Bismarkstrasse 3	Detmold	9,800
Emil-von-Behring-Strasse 2	Frankfurt	9,300
Eserwallstrasse 1-3	Augsburg	5,600
Goldsteinstrasse 114	Frankfurt	8,500
Gustav-Nachtigal-Strasse 3	Wiesbaden	18,500
Gustav-Nachtigal-Strasse 4	Wiesbaden	700
Halberstädter Strasse 17	Magdeburg	7,600
Helene-Lange-Strasse 6-7	Potsdam	3,400
Johannesstrasse 164-165	Erfurt	5,800
Joliot-Curie-Platz 29-30	Halle	1,100
Regensburger Strasse 223-231	Nuernberg	8,900
Rheinstrasse 23	Darmstadt	2,700
Schweinfurter Strasse 4	Wuerzburg	5,100
Spitzweidenweg 107	Jena	3,300
Steubenstrasse 72-74	Mannheim	4,100
		119,800
Total		**943,700**

* Based on valuation of Colliers CRE as of December 31, 2008.

OFFICE AREA (SQM)	VACANCY (SQM)	PASSING RENT (EUR)	ERV* (EUR)	OMV* (EUR)
1,000	0	140,000	115,200	
6,000	0	750,000	700,260	
17,500	4,500	1,230,000	1,683,565	
5,400	300	760,000	786,000	
2,800	1,600	100,000	222,936	
32,700	**6,400**	**2,980,000**	**3,507,961**	**41,030,000**
1,100	0	200,000	199,200	
9,500	0	1,480,000	1,502,580	
2,100	0	350,000	345,576	
6,100	1,700	480,000	684,000	
18,800	**1,700**	**2,510,000**	**2,731,356**	**37,390,000**
2,500	600	250,000	342,000	
4,100	2,400	140,000	316,803	
14,700	1,200	1,590,000	1,718,054	
8,600	0	800,000	825,018	
8,400	0	1,500,000	1,494,000	
5,100	0	690,000	733,671	
7,900	100	1,090,000	1,056,067	
16,500	0	2,400,000	2,402,400	
700	0	110,000	138,720	
6,900	600	610,000	663,840	
2,600	100	380,000	409,632	
4,200	300	520,000	569,154	
500	200	80,000	120,000	
7,300	400	1,010,000	1,095,000	
2,300	0	320,000	333,212	
4,100	200	490,000	538,200	
3,000	800	160,000	242,723	
4,100	0	530,000	500,400	
103,500	**6,900**	**12,670,000**	**13,498,894**	**170,650,000**
774,800	**55,500**	**106,520,000**	**118,963,182**	**1,810,265,000**

GLOSSARY

Term	Descrpition
Asset Management	Value-orientated running and/or optimisation of properties through letting management, refurbishment, repositioning, and tenant management.
Cash Flow	Indicator that shows the net inflow of cash from sales activities and other current activities during a given period.
Contractual Rent	At a given date, the contractual rent reflects the total annualized rent taking into consideration all signed rental contracts
Coverage	Information provided on a listed public company in the form of studies and research reports by banks and financial analysts.
Derivative Financial Instrument	Derivative financial instruments or derivatives are contracts to safeguard and compasate for financial risk positions. The values are derived based on the trend of a market dependent underlying security (e.g. interest rate or shares).
EBIT	Earnings before Interest and Taxes.
EBITDA	Earnings before Interests, Taxes, Depreciation and Amortisation. 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.
EPRA index	The EPRA index is the well-known international index which tracks the performance of the largest European and North American listed property companies. European Public Real Estate Association (EPRA) is an organisation that represents the interests of the major European property management companies and supports the development and market presence of European public property companies. Its members include companies such as alstria office REIT-AG, financial analysts, investors, advisors and auditors.
Fair Value (or Open Market Value (OMV))	The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.The Fair Value for alstria's investment properties is reviewed regulary by external appraisers.

Term	Descrpition
FFO	Funds from operations (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.
IFRS/IAS	International Financial Reporting Standards (IFRS). Reporting standards (formerly called IAS) which have been adopted by the International Accounting Standards Board (IASB). The objective is to achieve uniformity and transparency in the accounting principles that are used by businesses and other organizations for financial reporting around the world.
Investment Property	Property, land and buildings which are held as financial investment to earn rents or for the growth and not used for the Company's own purpose. The value of the investment property is determined according to IAS 40.
Joint Venture	Legally independent entity formed between two or more parties to undertake economic activity together.
Net Asset Value (NAV)	Reflects the economic equity of the Company. It is calculated from the value of assets less debt.
Prime Standard	Market segment of the Frankfurt Stock Exchange with the greates relevance and degree of regulation. Being quoted on Prime Standard is a prerequisite for admission to DAX, MDAX, SDAX, TecDAX.
REIT (G-REIT)	Real Estate Investment Trusts are public listed companies, fully tax transparant, which solely invest in properties.
Roadshows	Corporate presentations to institutional investors.
Sale-and-Leaseback Transaction	Form of arrangement in which one party sells an asset to another party in exchange for cash and contracts to lease the asset for a specified term.
Vacancy Rate	Determines the vacancy within the portfolio and is calculated by comparing the vacancy area and the total lettable area
Valuation Yield	Key performance indicator, which is determined at a given date by the contractual rent in relation to the fair value of the property
WAULT	Weighted average unexpired lease term. The weigthed average unexpired lease term shows the average remaining lease length of a portfolio and is defined as the total contractual rent to be collected in relation to the contractual rent of the date of the report.

FINANCIAL CALENDAR 2009

Date	Event
Mar. 31, 2009	**Publication of annual financial results for 2008 (Frankfurt)**
May 15, 2009	**Publication of financial results for Q1 2009 (Hamburg)**
May 27 - 28, 2009	**Roadshow, 7th Kempen European Property Seminar (Amsterdam)**
June 3 - 5, 2009	**NAREIT week (New York)**
June 10, 2009	**Annual General Meeting (Hamburg)**
Aug. 14, 2009	**Publication of financial results for Q2 2009 (Hamburg)**
Sep. 3 - 4, 2009	**EPRA Annual Conference (Brüssel)**
Oct. 1, 2009	**Roadshow, 4th Pan European Real Estate Conference (London)**
Oct. 5, 2009	**Trade Fair, EXPO REAL (Munich)**
Oct. 20 - 21, 2009	**Conference Real Estate Share Initiative (Frankfurt)**
Nov. 9 -11, 2009	**Messe German Equity Forum (Frankfurt)**
Nov. 13, 2009	**Publication of financial results for Q3 2009 (Hamburg)**

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

This report is also available in German.

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

IMPRINT

Concept & Design
Berichtsmanufaktur GmbH, Hamburg

PrasserSander Markengestaltung, Hamburg

Realisation
Berichtsmanufaktur GmbH, Hamburg

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