REAL ESTATE ...

ANNUAL REPORT 2009

alstria
First German REIT

KEY FIGURES

EUR k	2009	2008	Change (%)
Revenues and earnings			
Revenues	102,510	102,055	0.4
Net rental income	91,964	93,222	– 1.4
Consolidated loss/profit for the period	– 79,651	– 56,000	– 42.2
FFO	32,690	39,415	– 17.1
Loss per share (EUR)	– 1.44	– 1.02	– 41.2
Balance sheet			
Investment property	1,425,440	1,805,265	– 21.0
Total assets	1,766,134	1,873,493	– 5.7
Equity	634,185	729,667	– 13.1
Equity ratio	35.9 %	38.9 %	– 3.0 pp
Liabilities	1,131,949	1,143,826	– 1.0
NAV/share (EUR)	11.32	13.03	– 13.1
NNNAV/share (EUR)	11.32	13.03	– 13.1
REIT key figures			
REIT ratio	40.3 %	40.3 %	0.0 pp
Revenues plus other income from investment properties	100 %	100 %	0.0 pp
Stock figures			
Number of shares (excluding own shares)	55,997,626	54,624,245	2.5
Number of treasury shares	2,374	1,375,755	– 99.8
Total	**56,000,000**	**56,000,000**	**0**

CONTENTS

...THROUGH OUR EYES!

'As we see it, the German property market looks very stable at the moment.'

'Just recently, we concluded an investment in Frankfurt that we think is most interesting.'

'Offices are relatively easy to manage.'

Germany Real Estate Yearbook 2010, Leading Investors' Market Commentary, October 2009

Well, we respect anyone's point of view. But that does not mean we share it. Take a different view to German real estate.

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 77 properties with an aggregate lettable space of approx. 867,000 sqm and is valued at approx. EUR 1.6 bn.

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.

AS THE FIRST GERMAN REIT, WE HAVE

> a unique business model:
  we buy and manage office real estate

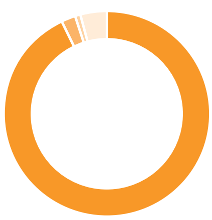
> a clear focus on one country: Germany

> a long-term orientation toward our tenant relationships

> an entrepreneurial view of market opportunities

TOTAL PORTFOLIO BY UTILISATION

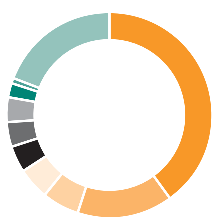
%



Office	93
Retail	2
Residential	1
Others	4

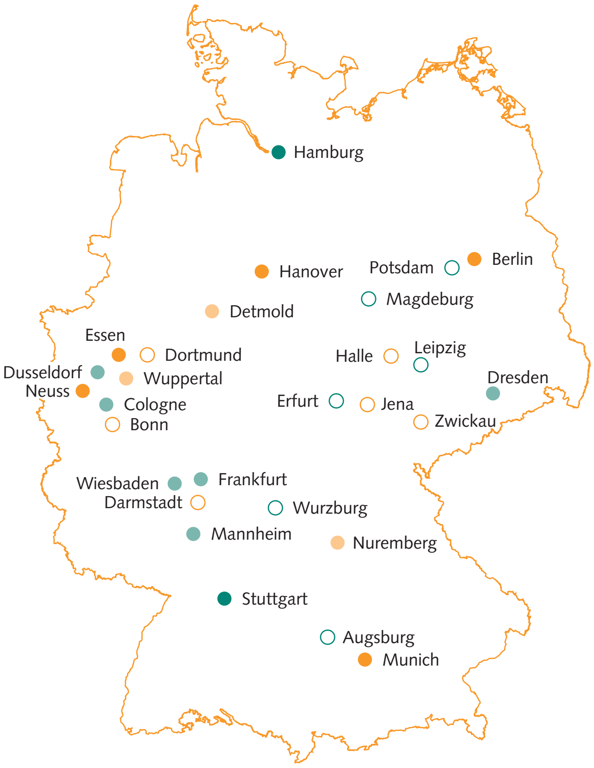
ALSTRIA'S CORE TENANTS 2009

%



City of Hamburg	40
Daimler AG	15
Bilfinger Berger AG	6
Siemens AG	5
Barmer EK	4
Deutsche Renten-versicherung Bund	4
Rheinmetall	4
HUK-COBURG	2
City of Hanover	1
Others	19

OPEN MARKET VALUE 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 and EUR 5 m

KEY FACTS 2009

> Revenues increased to EUR 102,510 k

> Funds from operations at EUR 32,690 k

> Vacancy rate brought down from 5.9% to 5.7%

> Outstanding exposure of its main syndicated loan facility reduced by around EUR 241 m

> Binding and notarised sales agreements for 14 properties concluded of around EUR 226 m

THE KEY METRICS FOR THE PORTFOLIO

as of Dec. 31	2009	2008
Number of properties	77	89
Number of joint ventures	1	–
Market value (EUR bn)	1.6	1.8
Contractual rent (EUR m/annum)	97.5	106.5
Valuation yield (contractual rent/OMV)	6.2%	5.9%
Lettable area (k sqm)	867	944
Vacancy (% of lettable area)	5.7%	5.9%
WAULT (years)	9.6	10
Average rent/sqm (EUR/month)	9.93	9.41

Ladies and Gentlemen,

Sustainability has been one of the major topics in real estate in 2009. While a lot of companies are linking the sustainability concept to green building, we went back to the roots. The United Nations definition of sustainable development is 'a development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. We felt that it was important for real estate companies to look at the future from a sustainable perspective. From **our point of view**, it was most important to consider the potential implications of our actions on existing shareholders, as well as to position alstria for the future. (Re)Acting under pressure barely leads to sustainable development. Anticipating sometimes does.

We have addressed current issues while trying to build the ground for the future development of the Company. We have refused radical and value-destructive measures, and adopted a structured step-by-step approach to reinforce our balance sheet, while keeping the focus on strong asset management. Since mid-2008, we have been preparing alstria for a continuing downturn in the real estate industry. Our analysis at the time, which still holds true today, is that unless the banking system is able to recapitalise, and we see the return of Corporate Mortgage Back Securities (CMBS) to the market, the real estate investment market is heading towards volatile waters. Our expectations for the investment market development may have looked pessimistic in January 2009, but proved to be realistic in December. Back in July 2008, we decided to focus on three targets in order to sail safely towards the next growth opportunity: (i) maintain the Loan To Value ('LTV') on our main syndicated facility close to but below 60%, (ii) reduce the EUR 1.1 bn balloon payment on this facility (which is due at the end of 2011), and (iii) finally, to stay focused on the assets.

We have been able to achieve the first target as we reduced the balloon payment from EUR 1.1 bn in mid-2008 down to EUR 660 m at the end of Q1 2010. This was done through a selective number of refinancing transactions that extended the overall maturity of alstria's debt while keeping its financing cost under control, as well as through selective mature asset disposals. In total, in what is said to be one of the worst years for real estate investment, alstria has been able to refinance a total of EUR 241 m and achieved sales of EUR 226 m. More importantly, alstria was able to value its real estate in each of these transactions at or above its latest balance sheet valuation, thereby demonstrating the strength and reliability of its valuation process. As a result of these transactions, the G-REIT equity ratio has substantially improved from 39% to around 43% as of March 31, 2010, but still slightly below the 45% hurdle rate that will be required by year-end 2010.

Market transactions on more than 34% of the portfolio in terms of both asset numbers and values have verified our property valuations. Nevertheless, the year-end valuation process ended up showing a non-cash valuation loss of EUR 86 m, which, in turn, led to a non-cash net loss of the same magnitude. While the long-term leased assets and most of the Hamburg portfolio proved resilient in terms of value, short-term leased assets suffered from further yield expansion in the market. Although a number of market commentators speak about the stability of the German real estate market, we felt that the lack of transactions and the limited bankability of this asset class should, one way or another, be reflected in the valuation process. This is in line with little inclination in the German commercial property market for any kind of risk taking. The anticipation of these market developments has allowed alstria to keep its main LTV close to but below 60%, as we have used part of the proceeds of the assets sales to pay down the syndicated loan.

More importantly, we have continued our focus on operations and asset management, and delivered on the guidance to the market. With revenues at EUR 102.5 m, and funds from operations (FFO) at EUR 32.7 m, alstria has once again demonstrated the strength of its underlying business. The Company has scored a number of operating successes, which include the grant of a building permit for its landmark Alte Post development in Hamburg, the lease-up of the full 3,500 sqm of office space of this development project, as well as the execution of the largest office portfolio disposal in Germany. The asset management efforts have led the Company to record a 1.4% increase on the like-for-like rental income of its investment portfolio. Again, we would like to **defend our view here** that a high value creation in the German real estate scene can only come from hard work on the real estate assets, and their tight management. That is by far the most important thing for a real estate company, and we are determined **to keep our eyes on the ball**.

'A high value creation in the German real estate scene can only come from hard work on the real estate assets, and their tight management.'

There is no fundamental reason to expect a material change in the real estate investment market in 2010. Although the overall sentiment is improving among market participants, **from our standpoint**, the fundamental reasons for the lack of transactions are still around. Significant need for de-leveraging and debt overhang are still there, and looking at the global industry, little progress was made at both ends during the last 24 months. The sale of mature assets allows alstria to start the year with enough firepower to look for opportunities in the investment market, and take advantage of attractive acquisitions that may be spotted. alstria can also rely on its strong underlying cash flow, with revenues expected to be around EUR 89 m and FFO around EUR 27 m for the year 2010.

We have always **looked** at alstria as one of the pioneer in the real estate office scene and are preparing the Company to position itself as such – and that in a sustainable manner. Restarting the growth of the Company is one of our key focuses for the future, and we are committed to achieving that goal. This requires that we see enough opportunities in the market that are correctly priced from a risk-return perspective. At the time we are writing this letter, this is clearly not the case. Markets, however, have proven in the past that they can change rapidly, and we should be ready for the change.

Sustainability is also about environment and community engagement – not only about sustainable growth. As the management of alstria, we are deeply committed to these concepts. We are looking forward to leading the German market again, and to being among the first German real estate companies to publish a sustainability report in the near future.

Yours sincerely,

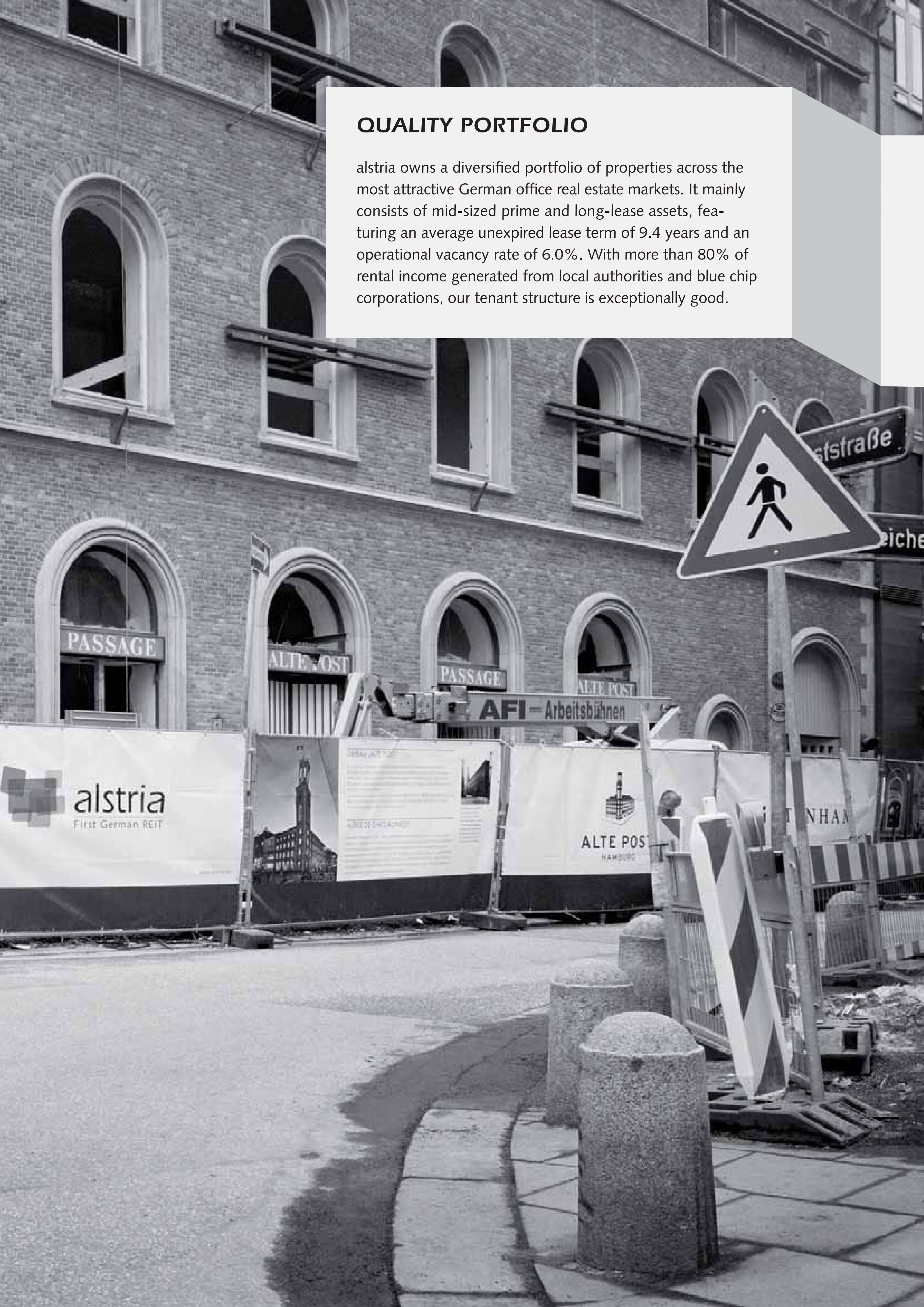
Olivier Elamine
Chief Executive Officer (CEO)

Alexander Dexne
Chief Financial Officer (CFO)

Olivier Elamine
Chief Executive Officer (CEO)
since November 2006

Alexander Dexne
Chief Financial Officer (CFO)
since June 2007


LADENPASSAGE ALTE POST



QUALITY PORTFOLIO

alstria owns a diversified portfolio of properties across the most attractive German office real estate markets. It mainly consists of mid-sized prime and long-lease assets, featuring an average unexpired lease term of 9.4 years and an operational vacancy rate of 6.0%. With more than 80% of rental income generated from local authorities and blue chip corporations, our tenant structure is exceptionally good.

ACTIVE MANAGEMENT

With our buy-and-manage strategy, we established a new approach of real estate management. Our asset management is not a static exercise, but a dynamic process. We not only leverage the value creation potential within our customer base – with our eyes and ears always open to the market, we also identify and react to risks and opportunities early on.

TENANT RELATIONSHIPS

alstria's aim is to establish and maintain close, long-term relationships with its tenants. We have proved more than once that there is no contradiction in reducing overall real estate costs for our tenants through optimised space utilisation, and simultaneously increasing alstria's returns. In short: We create win-win scenarios. Based on this concept, we signed two major 15-year lease contracts with one of our major tenants in 2009.

PASSION AND EXPERTISE

For us, real estate management is not only a question of know how, it is also a question of passion. Although still a young company, we combine in-depth knowledge in the fields of high-profile redevelopments and space optimisation with the willingness to go the extra mile. Furthermore, alstria is driven by a vivid culture of corporate responsibility – we strongly believe in the idea of dialogue and partnership as the foundation of long-term success.


alstria
First German REIT
Quality rather than quantity
MacBook Pro

STEP BY STEP

alstria does not strive for big-bang solutions. We are convinced that sustainable success can be the sum of many well-reflected decisions – even more in a difficult market environment. In 2009, one of the worst years for real estate financing, we started by renegotiating our debt covenant and gradually reduced our syndicated loan from EUR 1.1 bn to EUR 0.66 bn, executing EUR 226 m of sales of real estate assets and small portfolios at or above book value and entering into six new selected refinancing agreements.

ALSTRIA STOCK

STOCK MARKETS IN GENERAL

In the course of first half of the year 2009 stock markets were characterised by high volatility on low share price levels. In the third quarter of 2009, a rebound began that proved to be stable until the end of the year. Starting from the 2008 year-end level at 4,800 points, the DAX decreased to around 3,700 points in March 2009. After a recovery period, a second low point of 4,600 points occured in July 2009. From then on the DAX increased gradually to around 6,000 points at the year-end of 2009.

The decrease in the first half of the year can be attributed to the financial crisis that emerged in the previous year. The subsequent upswing reflects the markets' conviction that the crisis on the financial markets will not affect the business situation of many companies in such a negative way as was previously estimated. In a year-on-year comparison the DAX improved by 24% in 2009. The MDAX and the SDAX exceeded this positive development. The MDAX closed 34% and the SDAX 27% higher as compared to the beginning of the year.

REAL ESTATE STOCKS

The development of real estate stocks was not detached from the development of the stock markets in general. Real estate stock indices had been under pressure due to the sub-prime crisis throughout the year 2008. The year 2009 started with a downswing. Afterwards, a strong recovery began, which resulted in the year's peak in October 2009. The EPRA indices for Germany and Europe in 2009 gained 13% and 30%, respectively, and stock prices of individual companies followed that trend.

DEVELOPMENT OF ALSTRIA'S SHARE PRICE

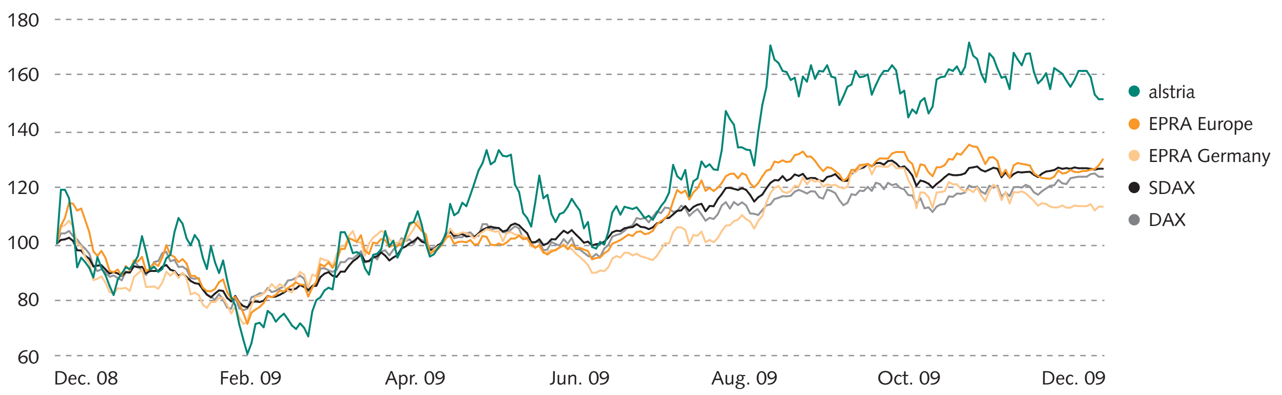
alstria's share started with a price of EUR 5.01 in 2009. Following a low point level of EUR 3.00 at the beginning of March 2009, over the following months alstria's share price recovered to above EUR 8 from September 2009 onwards. The year-end closing price of alstria's share was EUR 7.50. For the whole year this is an increase of 50%, outperforming its key comparables by far.

The Company's annual general meeting, held on June 10, 2009, resolved to grant a dividend entitlement of EUR 0.52 per share outstanding for the 2008 financial year. This represents a total dividend of EUR 28,423 k, fully covered by the Company's recurring cash flow.

alstria was the first German company to give its shareholders the opportunity to swap their dividend rights for shares. For the purpose of this dividend exchange offer, the Company provided up to 1,340,134 of its treasury shares. The stock dividend offer was oversubscribed by more than 100%, thus representing broad acceptance by the shareholders and making it a favourable success for the Company.

SHARE PRICE DEVELOPMENT

December 30, 2008 – EUR 4.95 – indexed to 100



SHARE DATA

Stock ID code	AOX
Securities identification number	A0LD2U
ISIN – International Securities Identification Number	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; J.P. Morgan
Total number of shares outstanding as at Dec. 31, 2009	55,997,626 (56,000,000 less 2,374 own shares)

COVERAGE BY ANALYSTS

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

The following investment banks reported on alstria:

INVESTMENT BANKS AND ANALYSTS

Bankhaus Lampe	Frank Neumann
Bank Sal Oppenheim Jr & Cie	Sven Janssen
Berenberg Bank	Kai Klose
Commerzbank Corporates & Markets	Burkhard Sawazki
Credit Suisse	Robert Stassen
Deutsche Bank	Alexander Hendricks
DZ Bank	Hasim Sengül
HSBC Trinkaus & Burckardt AG	Thomas Martin
HSH Nordbank	Steffen Wollnik
J.P. Morgan	Osmann Malik
Kempen & Co	Thomas van der Meij
M.M. Warburg & Co	Ralf Dibbern
Rabo Securities	Ruud Van Maanen
Société Générale	Marc Mozzi
UniCredit	André Remke
VISCARDI AG	Peter-Thilo Hasler

INTENSE INVESTOR RELATIONS ACTIVITIES

In 2009, alstria's investor relations activities focussed on informing investors, financial analysts and the business press about alstria's development specifically, but also about the general characteristics of a German REIT-AG. In addition to our press and analyst conferences, we had numerous interviews with investors and journalists at home and abroad, and presented the Company at the following investor conferences:

INVESTOR RELATIONS

Feb. 5, 2009	**Roadshow** DZ Bank (Zurich)
Feb.10, 2009	**Roadshow** DZ Bank (Wien)
Mar. 4, 2009	**Analyst Conference** 4th HSBC S&M Real Estate Conference (Frankfurt)
Mar. 5–6,2009	**Roadshow** European Property Seminar, Kempen (New York)
Mar. 10–13, 2009	**Trade fair** mipim (Cannes)
Mar. 31, 2009	**Publication of Annual Report** Publication of the full year 2008 financial results (Frankfurt)
Mar. 31, 2009	**Annual Press Conference** Annual Press Conference (Frankfurt)
Apr. 4, 2009	**Roadshow** REITDay 2009 (Frankfurt)
Apr. 7, 2009	**Roadshow** Société Générale (Paris)
Apr. 15–16, 2009	**Roadshow** Rabobank (London)
May 15, 2009	**Publication of Q1 report** Interim Report (Hamburg)
May 20, 2009	**Roadshow** Kempen (London)
May 27–28, 2009	**Analyst Conference** 7th Kempen Europena Property Seminar (Amsterdam)
Jun. 3, 2009	**Roadshow** UniCredit (Frankfurt)
Jun. 3–4, 2009	**Roadshow** J.P. Morgan (New York + Boston)
Jun. 10, 2009	**Annual General Meeting** Shareholders' Meeting (Hamburg)
Jun. 24, 2009	**Analyst Conference** German + Austrian Corporate Conference (Frankfurt)
Jul. 2, 2009	**Analyst Conference** Facets of Real Estate (Frankfurt)
Jul. 6–8, 2009	**Roadshow** J.P. Morgan (Australia)

INVESTOR RELATIONS

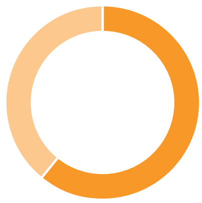
Aug. 14, 2009	**Publication of Q2 report** Half-year interim Report (Hamburg)
Aug. 17–18, 2009	**Roadshow** J.P. Morgan (London)
Aug. 20, 2009	**Roadshow** Commerzbank (Zurich)
Sept. 8–10, 2009	**Roadshow** J.P. Morgan (USA)
Sept. 15, 2009	**Roadshow** J.P. Morgan (Paris)
Sept. 17, 2009	**Analyst Conference** Société Générale (New York)
Sept. 22, 2009	**Analyst Conference** UniCredit (Munich)
Oct. 1, 2009	**Analyst Conference** Société Générale (London)
Oct. 5, 2009	**Trade fair** EXPO REAL (Munich)
Oct. 12–13, 2009	**Roadshow** J.P. Morgan (Benelux)
Oct. 29, 2009	**Roadshow** J.P. Morgan (Switzerland)
Nov. 4–5, 2009	**Analyst Conference** Berenberg Bank (London)
Nov. 13, 2009	**Publication of Q3 report** Interim Report (Hamburg)
Nov. 16–17, 2009	**Roadshow** Kempen (London)
Nov. 18, 2009	**Roadshow** Kempen (Paris)
Dec. 1, 2009	**Analyst Conference** Commerzbank (Frankfurt)

SHAREHOLDER STRUCTURE

As of December 31, 2009, 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 and Cohen & Steers held more than 2.5% each. At the balance sheet date, alstria held no material own shares any more as a result of the stock dividend payment.

SHAREHOLDER STRUCTURE BY INVESTOR

%



Captiva 2 Alstria Holding S.à r.l.	**61.0**
Free Float	**39.0**

KEY FIGURES PER SHARE

EUR	2009	2008
High	8.50	13.69
Low	3.00	2.50
Opening price	5.01	10.40
Year end/closing price	7.50	4.95
Weighted average number of shares outstanding	55,306,000	54,697,000
Average trading volume in shares (XETRA)	81,665	85,906
Market capitalisation as at Dec. 31 (EUR m)	420.00	277.20
Total number of shares as at Dec. 31	56,000,000	56,000,000
Total number of shares outstanding as at Dec. 31 (excluding own shares)	55,997,626	54,624,245
Dividend per share[1]	0.50	0.52
FFO per share	0.58	0.70
NAV per share	11.32	13.03

[1] For 2009: proposal.

DETAIL INDEX GROUP MANAGEMENT REPORT

GROUP MANAGEMENT REPORT

ECONOMICS AND STRATEGY (BUSINESS OVERVIEW)

Economic conditions

Although the equity capital markets have seen some of the largest gains on record in 2009, the year was, as expected, challenging from a macro economic perspective.

Germany's GDP was down 5.0%in 2009.* The unemployment rate for the full year was 8.2%,** which reflects an increase of 0.4 percentage points over 2008. The first signs of an economic rebound at the end of the year were mainly driven by economic stimulus programmes established by the German government.

The government stimulus packages have imposed significant constraints on the national budget, with public deficits standing at record levels in 2010 and, therefore, setting limits to the government's financial flexibility if there should be a double-dip recession.

As expected, the real estate market was extremely challenging in 2009, both for investment and on the leasing front. Tenant demand was down year on year in all major German cities, and investment volumes were amongst the lowest since 1990.

More importantly, it is uncertain whether all banks have been able to strengthen their balance sheets in a meaningful manner. Granting of loans remained relatively limited in 2009, and although there was improved liquidity in the mortgage credit market towards the end of the year, the volumes on offer appear far lower than are required to sustain global recovery in the market. It is also evident that the Commercial Mortgage Backed Securities (CMBS) market will remain inactive for the foreseeable future.

Overview of the German office property market***

Development of office rents The overall development of rents in the German office property market mirrored the growth of the German economy. Rents started to decline at the end of 2008 and continued to fall throughout 2009. Prime rents fell in almost all large cities in Germany. Whilst they decreased by around 2% in Hamburg (EUR 23.00 per sqm), Munich prime rents (EUR 28.50 per sqm) were 7% lower, Frankfurt (EUR 34.00 per sqm) prime rents were 8% lower and Berlin (EUR 20.00 per sqm) prime rents were 9% lower than in 2008.

Take up in major German cities The vacancy rate of office properties in German cities increased from 8.9% in 2008 to 9.9% in 2009, which represents total vacancies of 7.89 m sqm. Comparing the six biggest German cities, the highest vacancy rate was noted in Frankfurt (13.6%), followed by Dusseldorf (12.3%), Munich (9.6%), Berlin (9.4%), Hamburg (8.3%) and Stuttgart (6.7%). The highest increase of vacant areas in office properties from 2008 to 2009 was registered in Dusseldorf (+20.4%).

New lease-up New lease contracts for over 2.1 m sqm office space have been signed in the six major German cities. This reflects a downturn of 0.8 m sqm or 28% compared to the previous year. In Berlin and Stuttgart the downturn ranged between 12% and 13%, in Frankfurt and Munich between 29% and 32%, whereas the highest decline in total new lease-up was registered in Dusseldorf (–40%). In Hamburg, new lease-up totalled 391,800 sqm, representing a decline of 28% in comparison with 2008.

New office supply As developments launched in 2006 and 2007 are nearing completion, the square meter area of new buildings completed in 2009 is higher than in 2008. With approximately 1,100,000 sqm, the delivery of new office and commercial space increased by 23% in comparison with the previous year. For 2010, it is envisaged that newly completed office space will remain at approximately the same level as in 2009.

Investment markets As expected, the total registered investment volume for German commercial real estate in 2009 has been significantly lower than in the previous year. Total year-on-year investment volume was down by approximately 49% (around EUR 10.55 bn for commercial assets). In the six most important German locations for office space, investment markets dropped by 37% from EUR 9.2 bn to EUR 5.8 bn.

The nature of the transactions that have been completed has also undergone a fundamental change compared with 2007 and 2008. The financial year 2009 was characterised by a number of smaller transactions (less than EUR 50 m), limited to single assets. There were a small number of completed portfolio transactions, which represents less than 20% of the total investment market. Real estate investors have also focused mainly on long-term leased assets, representing the major share of the commercial real estate transactions. Short-dated assets or large properties remained under pressure with limited or no demand.

* Statistisches Bundesamt (German Federal Statistics Office).
** Bundesagentur für Arbeit (German Federal Labour Agency).
*** All numbers referred to in this section are sourced from Jones Lang Lasalle and BNP Paribas.

Outlook 2010 Economic conditions facing the German real estate industry are expected to remain challenging in 2010. The Company still expects pressure on prime rents, as new stock will be delivered to the market, while second-tier rents are expected to remain at the same level as in 2009.

As mentioned previously, the investment market is highly dependent on the availability of financing, and the willingness of banks to provide funding. As long as the banks show limited willingness to finance real estate, it is likely that market conditions will remain challenging. alstria expects that properties with short-term leases will be more affected than properties with long-term leases, as banks barely provide funding for properties with short-term leases.

Strategy and structure

Against this background of the changing economic environment, alstria focused on regular reviews of its business situation, assets and liabilities, and on its short- and long-term perspectives. Considering the conservative nature of alstria's set-up, analysis of these parameters leads to the conclusion that the Company is well prepared to navigate through the difficult times ahead.

> alstria has a long-term lease portfolio (around 9.6 years weighted average lease lengths). 80% of rental income derives from a small number of high-quality tenants. More than 50% of rental income is generated from public or public related entities, which are less affected by the economical downturn.
> alstria pursues a non-trading strategy, and focuses on long-term value creation through asset management. Therefore the slowdown in the investment market does not affect the Company's individual business plan, nor does it threaten the Company's cash projection.
> The operating strategy involves helping alstria's tenants to optimise their real estate operating costs. There is no contradiction in reducing the overall real estate costs of alstria's tenants and increasing the returns of alstria. In fact, the current environment 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. In light of the overall economic development, and the liquidity squeeze that was anticipated in the lending market, alstria has proactively focused its attention on the management of the maturity profile of its main syndicated loan facility, and in the management of its debt covenants. As a result, alstria started as early as mid-2008 the proactive management of the loan to value (LTV) covenant, and a reduction of the balloon payment that will become due in 2011. alstria believes that a de-leveraging process in the current market environment could only be achieved by a step-by-step approach. This strategy includes the renegotiation of the LTV covenants that took place in the first quarter 2009, selected assets sales and selected non-recourse financing of assets.

By proactive management of its balance sheet, alstria was able to meet its short-term LTV target on the main syndicated loan, being close, but below 60% despite the strong decline in the value of the portfolio. At the same time, this structured step-by-step approach allowed alstria to reduce the overall balloon payment to EUR 843 m at the end of the year down from EUR 995 m at the beginning of the year.

Despite being faced by the most challenging environment on record for the investment and credit market, the high quality of the portfolio allowed alstria to refinance around EUR 126 m at an average spread of 147 bps, and to dispose selected assets amounting to EUR 141 m. These transactions valued the real estate involved in line with IFRS valuations as of December 31, 2008. In addition, alstria agreed terms and conditions for further refinancing of around EUR 115 m and for a further asset sale of around EUR 84 m. These transactions are expected to be completed in the first quarter of 2010. Further steps of this strategy will be executed in the course of 2010. See recent development and outlook for further details.

The decline in property valuations had an adverse effect on the G-REIT equity ratio, which is below the required 45% for the second year in a row. This should not affect alstria's tax position in 2010, as the G-REIT laws provide for a three-year period of grace to correct the G-REIT equity ratio.

In 2009, revenues were stable with around EUR 103 m and funds from operations (FFO)* were down 17%, from EUR 39,415 k in 2008 to EUR 32,690 k. These results are in line with the financial guidance of EUR 102 m in revenues and EUR 32 m of funds from operations. The planned year-on-year decrease in the FFO is mainly driven by the publicised asset sales, increasing asset management activities and the restructuring of the main syndicated loan facility, which increased overall financing costs.

* For further details, please refer to page 25.

Portfolio overview

On December 31, 2009, alstria's portfolio consisted of 77 office buildings with approximately 867,400 sqm of lettable area and a contractual vacancy rate of 5.7 %. The portfolio is valued at a yield of 6.2 % and the remaining weighted average unexpired lease term at approximately 9.6 years.

THE KEY METRICS FOR THE PORTFOLIO[1] AS OF DECEMBER 31, 2009

Metric	Value
Number of properties	77
Number of joint ventures	1
Market value (EUR bn)	1.6
Contractual rent (EUR m/annum)	97.5
Valuation yield (contractual rent/OMV)	6.2 %
Lettable area (k sqm)	867
Vacancy (% of lettable area)	5.7 %
WAULT (years)	9.6
Average rent/sqm (EUR/month)	9.93

[1] Includes assets held for sale and assets classified under property, plant and equipment.

Investment decisions at alstria are based on analysis of the local markets and on adequacy of a building within its local environment in terms of location, size and quality. alstria's strategy is to enter new markets and build critical mass through long-term secured assets, which are mainly acquired through sale-and-leaseback transactions. Once critical mass is achieved, alstria is able to pursue other real estate opportunities, including repositioning and development of assets and additional lease-up risks.

Transactions

Throughout 2009, alstria continued to pursue its strategy to dispose of selected mature properties at favourable terms. Binding and notarised sales agreements for fourteen properties were concluded in 2009. Ownership of twelve of these fourteen properties has been legally transferred during the financial year. The transfer of benefits and burdens for the two remaining properties is expected to take place in the first quarter of 2010.

DISPOSALS IN 2009 SUPPORT ALSTRIA'S VALUATIONS

Asset	City	Number of assets	Last valuation (EUR k)	Avg. lease length	Sales price (EUR k)	Surplus (EUR k)	Surplus (%)
Gorch-Fock-Wall 11	Hamburg	1	19,315	16.9	19,600	285	1.5
Marburger Strasse 10	Berlin	1	12,850	6.5	12,950	100	0.8
Eppendorfer Landstrasse 59[1]	Hamburg	1	6,440	9.4	6,622	182	2.8
Ottenser Marktplatz 10/12	Hamburg	1	2,330	6.7	2,375	45	1.9
Poststrasse 51	Hamburg	1	5,845	3.0	6,500	655	11.2
Portfolio transaction	Pan-Germany	7	93,800	8.1	93,425	–375	–0.4
Sub-total (considering all closed transactions)		**12**	**140,580**		**141,472**	**892**	**0.6**
Portfolio transaction	Hamburg	2	75,830	16.0	84,200	8,370	11.0
Total (considering all signed transactions)		**14**	**216,410**		**225,672**	**9,262**	**4.3**

[1] In this transaction 94.9 % of the KG-shares were sold.

In order to meet the requirements of its asset management activities, in the second quarter 2009 alstria concluded the acquisition of a vacant property in Hamburg for total consideration (all-in-cost) of around EUR 3.5 m (EUR 1,650 per sqm). The refurbishment process is now completed and a lease agreement with a lease length of 15 years for the entire building was signed in October 2009.

Already in 2008, alstria agreed the terms of a joint venture regarding the refurbishment of Alte Post (Poststrasse 11) in Hamburg. The building permit for the refurbishment of this property was granted in the third quarter of 2009. The publicised joint venture became effective in October 2009. alstria's share in this joint venture is 49%.

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

Refurbishment projects
Considerable progress was also made with alstria's refurbishment projects.

> Poststrasse 11, 'Alte Post', Hamburg
The building permit for the refurbishment of Alte Post, Hamburg, was granted in the third quarter of 2009. The Alte Post building is one of the best-known buildings in the Hanseatic City of Hamburg. It is located at the corner of Poststrasse and Grosse Bleichen, and was built between 1845 and 1847 on the basis of plans by the artist and architect Alexis de Chateauneuf. It was last refurbished in the 1970s. This first joint venture is part of alstria's plans to fund organic growth of the Company. Whilst alstria's main contribution to the joint venture will be the building, its two partners will mainly contribute equity funding. The refurbishment is scheduled to be completed by the end of 2011.

> Steinstrasse 5–7, Hamburg
The building, 13,000 sqm pre-let on a 20-year basis to Hamburger Hochbahn AG, is currently undergoing extensive refurbishment. The refurbishment is expected to be completed by April 2010.

> Bäckerbreitergang 75, Hamburg
The property at Bäckerbreitergang 75 is currently being refurbished and will be completed by mid April 2010.

In 2009 alstria invested around EUR 14 m in ongoing refurbishment projects. The main part of the 2009 capex investment was linked to the refurbishment of the Hamburg building Steinstrasse 5–7. In the next two years, the Company plans to invest between EUR 30 and 40 m in the portfolio. These investments depend on ongoing lease discussions with existing and potential tenants. Apart from the joint venture project Alte Post, major projects are related to the property Ernst-Merck-Strasse 9 , 'Bieberhaus', in Hamburg, which comprises the construction of the new Ohnsorg Theatre (EUR 12 m), and the property Hamburger Strasse 1–15 (EUR 14 m) in Hamburg. This capex plan is part of alstria's ongoing asset value enhancement programme.

Lease-ups
Leasing activity in 2009 was satisfactory and the vacancy rate was stable. The sale of fully let properties and the commencement of refurbishment of selected assets countervail the deconsolidation of the vacant 'Alte Post' property. In 2009, alstria signed new leases* totalling approximately 4,800 sqm. These lease-ups result in a slight decrease of the vacancy rate by 20 bps to 5.7% or 49,700 sqm. Of these 49,700 sqm, 15,800 sqm represents strategic vacancy (intended vacancy implemented by alstria as part of its repositioning process for certain assets), while the remainder is operational vacancy.

Based on the strong tenant relationship with its tenants and the strong competence of identifying the tenants' needs, alstria was able to sign a lease agreement with an existing tenant for a vacant property acquired in the second quarter of 2009. This underlines the strong competence of alstria's asset management. The lease agreement for the entire building with a lease length of 15 years was signed in October 2009 and commenced in February 2010. alstria fully refurbished the property in the intermediate period.

* New leases correspond to lease of vacant space. It does not account for any lease renewal, prolongation or tenant exercise of renewal option.

Portfolio valuation

alstria's portfolio is valued in accordance with the RICS Red Book guidance by Colliers CRE, at December 31, 2009. Following the deterioration of the investment market, alstria's portfolio was not immune to the overall fall in property prices. However, whilst last year's devaluation was characterised by yield expansion across the board, in 2009 the devaluation has mainly affected specific assets for which the market price discovery process is ongoing.

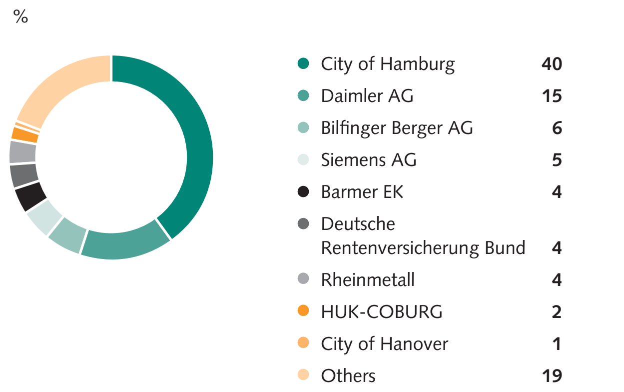
The total valuation loss on investment properties is around EUR 86 m for the full year. This valuation adjustment takes the overall value of all alstria properties to EUR 1,601 m. For further information about the valuation of alstria's portfolio please refer to the valuation certificate of Colliers CRE.

Tenants

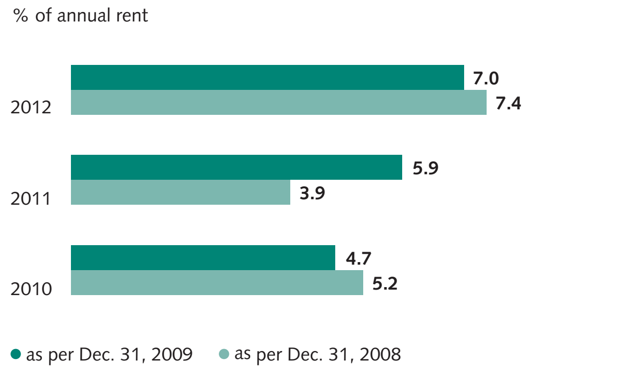
Our key focus on a set number of major tenants is still one of the main characteristics of the alstria portfolio. More than 80% of total revenues are generated by alstria's top nine tenants. The 2009 portfolio also reflects the clear focus on the office asset class. Of total lettable area, 93% is dedicated to offices.

TOTAL PORTFOLIO BY UTILISATION

ALSTRIA'S CORE TENANTS 2009



LEASE EXPIRY PROFILE



FINANCIAL ANALYSIS

Earnings position

Despite asset disposals, earnings remained stable for the financial year 2009. Total revenues in this reporting period amount to EUR 102,510 k (2008: EUR 102,055 k). The reason for this stable result is based on the fact that the legal transfer of the publicised transactions became mainly effective in Q4 2009 or later. Real estate operating expenses represented 9.9 % of revenues or EUR 10,189 k. Net rental income for 2009 was EUR 91,964 k (2008: EUR 93,222 k).

The following table shows the key operating figures of the audited income statements for the financial years 2009 and 2008:

EUR k	2009	2008
Gross rental income	102,510	102,055
Net rental income	91,964	93,222
Operational expenses	–11,177	–11,553
Net other income	1,258	2,259
Net operating income	**82,045**	**83,928**
Net result from fair value adjustments on investment properties	–85,887	–88,116
Net result on disposals of investment properties	–25	1,450
Net operating result before finance costs	**–3,867**	**–2,738**

Favourable effects on recurring expenses due to efficiency improvement of administrative processes

alstria started to improve the efficiency of administrative processes in 2008 and continued this project throughout 2009. This allowed alstria to further reduce overhead expenses for external service providers.

Operational expenses (including administrative and personnel expenses) were EUR 11,177 k for the year, compared to EUR 11,553 k in 2008. Accordingly, total operating expenses represent 10.9 % of total revenues (compared to 11.3 % for 2008). This improvement shows that implementation of specific measures made it possible to enhance efficiency of overheads.

Net other income mainly comprises income from deconsolidation (EUR 1,290 k), the reversal of accruals (EUR 323 k), income from project expenses (EUR 327 k) and other income (EUR 1,184 k). On the other hand, it comprises expenses of EUR 1,866 k, which represent a provision for a potential liability arising from the real estate assets sold in 2009 (EUR 1,550 k) and other expenses (EUR 315 k).

alstria closed the financial year 2009 with a net operating result before finance costs and taxes of EUR –3,867 k, which was significantly influenced by the valuation result. This compares to EUR –2,738 k for the previous year.

FUNDS FROM OPERATIONS AT EUR 0.58 PER SHARE

EUR k		2009	2008
Pre-tax income (EBT)		–79,541	–55,925
+/–	Net loss from fair value adjustments on investment property	85,887	88,116
+/–	Net loss from fair value adjustments on financial derivatives	23,294	7,403[1]
+/–	Profit/loss on disposal of investment property	25	–1,450
+/–	Non-cash expenses	3,025	1,271
Funds from operations (FFO)[2]		**32,690**	**39,415**

[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 to alstria's FFO.

Funds from operations amount to EUR 32,690 k in 2009 as against EUR 39,415 k in 2008. As a result, FFO per share was EUR 0.58 in the financial year 2009 (2008: EUR 0.70).

The reduction in comparison with 2008 resulted mainly from the increase in financing costs (EUR 4,005 k) and the rise in operating expenses, which reflect increasing asset management activities. Non-cash expenses mainly comprise expenses for stock options and profit participation rights.

Hedging instruments

The devaluation of the financial derivatives was driven by the development of the yield curve in the year 2009. alstria applies hedge accounting on all qualifying hedges in order to limit the impact on profit and loss of the volatility of the interest rate markets. This allows the losses or gains on the qualifying part of the derivatives to be recognised under the equity cash flow hedge reserve with no effect on income.

The implementation of the Group-wide refinancing strategy resulted in the termination of existing derivatives and the acquisition of new derivatives. Hedged forecast transactions are no longer expected to occur due to pre-drawing in the loan repayment schedule as a result of the refinancing strategy. The cumulative loss that was reported in the equity's hedging reserve in these cases was transferred to the income statement within 'Net loss from fair value adjustments on financial derivatives'. As a result, EUR 16,331 k has been transferred from equity to these income statement as expenses. The contra booking entry of this expenses is the equity, which increased by the same amount. Therefore, this expense entry has no effect on the Group's net asset value.

An overview of the composition and changes is described in detail in Note 10.8.

In the financial year 2009, the effective change in the value of the swaps, which is recorded in equity as 'hedging reserve', was EUR – 9,952 k. The fair value changes of derivatives not categorised as cash flow hedges is recognised in the income statement under 'Net result from fair value adjustments on financial derivatives'. The interest expenses on swaps and caps are stated in the financial result.

The fact that alstria's debt exposure is fully hedged by financial derivatives fixes the current overall cost of debt for the existing portfolio at 4.4 %.

Financial result

The following table shows the financial result for the period January 1 to December 31, 2009:

EUR k	2009	2008
Syndicated loan – interest and similar costs	– 25,638	– 58,992
Interest loan refinanced	– 3,918	– 1,192
Interest result derivatives	– 22,433	10,681
Others	– 1	– 1
Financial expenses	**– 51,990**	**– 49,503**
Financial income	593	1,975
Other financial expenses	– 720	– 584
Net financing costs	**– 52,117**	**– 48,112**

alstria complied with all financial covenants as at December 31, 2009.

Total net financing costs increased by EUR 4,005 k to EUR 52,117 k in comparison with 2008. EUR 963 k of this increase is based on a higher average loan level compared to the previous reporting period, and higher interest spreads due to the refinancing and renegotiation of covenants. EUR 1,136 k relates to additional capitalised transaction costs for the renegotiation of the terms for the syndicated loan to be allocated under the effective interest method. Another EUR 524 k is derived from the release of transaction costs originally accrued in relation to the syndicated loan. EUR 1,382 k of the increase in net financial costs results from a reduction in financial income.

Consolidated net result driven by non-cash fair value adjustments

The resulting loss before tax is EUR 79,541 k for the financial year 2009 (2008 loss before tax: EUR 55,925 k). The consolidated net loss amounts to EUR 79,651 k (2008 net loss: EUR 56,000 k). The reason for the decrease in the consolidated net result is a significant increase of the net loss on financial derivatives (EUR 23,294 k in 2009, against EUR 5,075 k in 2008). The Company has taken again a high net loss from fair value adjustments in investment property of EUR 85,887 k (2008: EUR 88,116 k). These valuation effects amount together to EUR – 109,181 k and have, like in 2008, a significant influence on the consolidated net result.

Loss per share is EUR 1.44 for 2009 (2008 loss per share: EUR 1.02).

Financial and asset position

Financial management

Financial management of alstria is performed centrally, with individual loans being taken out at property and portfolio level. The main goal of alstria's financial policy is the establishment of secured, long-term structures to support the development of its business and to provide the required degree of flexibility. The central management of financing forms the basis for harmonised capital procurement, optimised management of interest and liquidity risks and efficiency improvements for the whole Group.

alstria started to restructure its balance sheet in mid 2008 and continued this strategy in 2009. The Company's key focus was to manage the overall balloon payment of its main syndicated loan facility which will become due at the end of 2011. alstria believes that a de-leveraging process in the current market environment can only be achieved by a step-by-step approach. Part of this strategy was the disposal of selective assets and selected non-recourse refinancing of assets. At the same time, alstria was able to conclude a renegotiation of its main syndicated loan facility in the first quarter of 2009. This amendment adjusted the loan to value (LTV) covenant from 60% to 65%, and the interest cover ratio (ICR) covenant was reduced from 160 to 130. The applicable margin of 65 bps increased by 20 bps in April 2009. The contract parties also agreed to a step-up of the margin if the LTV is above 60%. Provided the Company manages to stay at its targeted capital structure with an LTV below 60%, this amendment will lead to an annualised increase in interest expenses of around EUR 2 m.

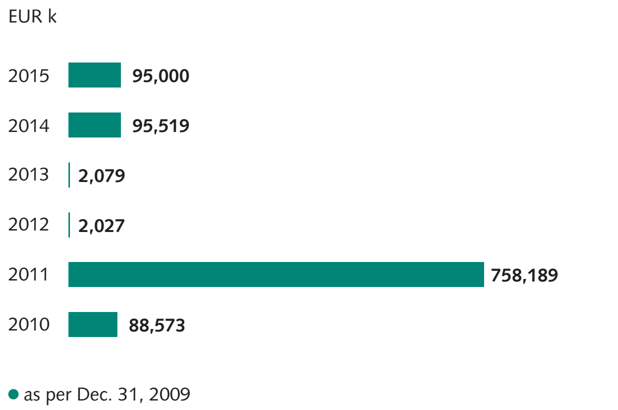
NEW MARGIN GRID FOR THE MAIN SYNDICATED LOAN FACILITY

LTV	Margin p.a.
≤ 60%	85 bps
> 60% ≤ 62.5%	135 bps
> 62.5 ≤ 65%	210 bps

As an integral part of the refinancing strategy, alstria entered into five new non-recourse loans totalling EUR 126 m in 2009. All of the proceeds have been used to repay the main facility. Within this refinancing, alstria agreed a total amount of EUR 8.2 m of capex lines, which will be used for special refurbishment projects. The average margin of the new refinancing is 147 bps. The average costs of debt of the Group remain stable at around 4.4%.

Since October 2008, refinancing, asset disposals and voluntary prepayments by alstria have reduced the outstanding exposure of its main syndicated loan facility by around EUR 260 m to EUR 843 m. alstria was able to extend the average debt maturity to 2.5 years, as most of the refinancing has a maturity of around five years or more. As 73% of the financial debt will mature in 2011, alstria will remain focused on downsizing the overall balloon payment of its main syndicated loan facility. EUR 89 m are financial liabilities, which will be repaid in 2010 with regard to the publicised transactions. Around 9%, or EUR 96 m, of the outstanding loans will be due in 2014, and an additional EUR 95 m or 9% is due in 2015.

FINANCIAL DEBT BY MATURITIES



EXISTING LOAN AGREEMENTS AS PER DECEMBER 31, 2009

Loan	Maturity	Principal amount outstanding (EUR k)	LTV covenant (%)	Next test date
Syndicated loan	Nov. 29, 2011	842,837	65.0	Jun. 30, 2010
non-recourse loan #1	Oct. 19, 2015	95,000	80.0	Sept. 30, 2010
non-recourse loan #2	Dec. 31, 2014	37,283	80.0	Dec. 31, 2010
non-recourse loan #3	Jun. 30, 2014	32,479	65.0	Dec. 31, 2010
non-recourse loan #4	Oct. 20, 2014	33,788	61.0	Dec. 31, 2010
Total as at Dec. 31, 2009		**1,041,386**		

Cash position is EUR 146,818 k

Cash flow from operating activities amounted to EUR 33,171 k. The reduction since 2008 (EUR 40,946 k) has several causes: it is based on an increase in working capital, higher payments for real estate operating expenses and higher interest expenses.

The cash flow from investing activities mainly comprises cash inflow resulting from the sale of properties (EUR 132,565 k) and the sale of a KfW (German Development Bank) bond (EUR 25,156 k). A cash outflow of EUR 21,295 k refers to the acquisition of one property (EUR 3,480 k) and payments for refurbishment measures, tenant incentives and subsequent acquisition costs.

The cash flow from financing activities reflects loan repayments of EUR 153,058 k, payment of dividends (EUR 22,858 k), additional transaction costs for the restructuring of the loan facility (EUR 4,357 k) and EUR 6,218 k in payments for the termination and acquisition of financial derivatives. Cash inflow of EUR 128,821 k had been received from refinancing.

As a result, alstria ended the financial year 2009 with a cash position of EUR 146,818 k (2008: EUR 31,426 k). The substantial increase of EUR 115,392 k is mainly related to the received disposal price from the Pan-German transaction.

Investment properties down by 21.0%

Total investment property value amounts to EUR 1,425,440 k in comparison with EUR 1,805,265 k at the beginning of the year. The decline in investment properties reflects the asset sales realised by alstria during the year (EUR 176 m), the reclassification of assets held for sale (EUR 136 m) and the revaluation of the remainder of the portfolio (EUR 86 m).

EUR k	
Investment properties at Dec. 31, 2008	**1,805,265**
Additions	17,467
Disposals	–175,580
Reclassification	–135,825
Revaluations	–85,887
Investment properties at Dec. 31, 2009	**1,425,440**
Fair value of development properties	5,000
Fair value of properties held for sale	135,825
Interests in real estate partnerships	9,046
Fair value of immovable assets	**1,575,311**

Reclassifications comprise three buildings that have been classified as investments held for sale following the conclusion of binding sale agreements by alstria at the end of 2009. The fair value of immovable assets will be used for the G-REIT equity ratio calculation.

Equity ratio of 35.9% – G-REIT equity ratio at 40.3%

The balance sheet reflects a total equity position of EUR 634,185 k with an equity ratio of 35.9% (December 31, 2008: EUR 729,667 k or 38.9%). The G-REIT equity ratio, which is defined as total equity divided by immovable assets, is 40.3% (December 31, 2008: 40.3%). According to the G-REIT Act (REITG), the minimum requirement for compliance is a G-REIT equity ratio of 45% calculated at year-end. The tax position of alstria is unaffected as long as the G-REIT equity ratio at the end of the business year has not been lower than 45% for three consecutive business years.

NNNAV at EUR 11.32 per share
NNNAV (Triple Net Asset Value according to EPRA*) dropped from EUR 13.03 per share to EUR 11.32 per share. Dividend payments (EUR –22,858 k) and the consolidated loss for the period (EUR –79,651 k) were primarily responsible for the reduction in alstria's equity. In total, this leads to a reduction in equity from EUR 729,667 k to EUR 634,185 k.**

Restructuring measures decrease financial debt
In 2009, long-term loans were reduced by 12.8% to EUR 947,257 k. This is mainly related to active management under the restructuring process, including measures such as selective disposals and refinancing.

Increase in current liabilities
Current liabilities amounted to EUR 133,939 k, of which EUR 91,941 k is categorised as short-term loans, representing financial liabilities that will be repaid in the first quarter. Other current liabilities amounting to EUR 9,899 k mainly comprised accruals for outstanding invoices (EUR 4,128 k), deferred income (EUR 2,410 k) and other accruals (EUR 2,696 k).

REPORT ON RISKS AND OPPORTUNITIES

Risk report

Risk management
alstria has implemented structured risk management and an early warning system in accordance with Section 91 (2) of the German Stock Corporation Act (AktG). All risks are recorded, evaluated and monitored on at least a quarterly basis. The goal of alstria Group's risk management strategy is to minimise or, where possible, completely avoid the risks associated with entrepreneurial activity in order to safeguard the Group against potential losses and against risks to the Company as a going concern. The system of the early detection of risks is in active use. The Company's risk identification process allows the early identification of sources of any potential new risks on an ongoing basis. Risk mitigation measures are defined in order to undertake any necessary steps to circumvent the identified risks, i.e. to insure, diversify, manage or avoid risks. For alstria, risk management means the targeted securing of existing and future potential for success, and improving the quality of the Company's planning processes.

Organisationally, risk management is assigned to the controlling group. A risk report is prepared by the risk manager on a quarterly basis and provided to the management board. The risk report presents the organisational measures and regulations that are to be observed with regard to risk identification, assessment, response, reporting and monitoring. At the same time, the comprehensive documentation of this report ensures an orderly assessment, which is conducted by the responsible departments and by the supervisory board.

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

Within the context of its business activities, the alstria Group faces various risks, which are explained in greater detail below.

alstria's risks are divided into four categories:

> strategic risks;
> operational risks;
> compliance risks;
> financial risks.

All material risks to the future development of the Company's position and performance are described in this chapter in accordance with alstria's risk management system. The individual risks described relate to the planning horizon of 2010 to 2012.

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

Furthermore, risks resulting from the effect of key market dynamics on alstria's business are categorised as strategic risks. In view of the ongoing constrictions in the financial markets, general strategic risks could arise, in particular, if the situation deteriorates once again and the future macroeconomic environment deteriorates correspondingly. As long as there is no dramatic change in the wider economic picture, which seems most likely from today's point of view, alstria's strategic risk situation will remain stable.

* EPRA: European Public Real Estate Association, Best Practises Committee, Schiphol Airport, Netherlands.
** See also the statement of shareholders' equity in the consolidated financial statements section, page 42.

Operational risks

alstria's operational risk management refers to property-specific risks and general business risks. This includes, among others, vacancy risk, the creditworthiness of tenants and the risk of falling market rents. Personnel-related risks such as loss of know-how and competences 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 lease terms and termination clauses, and ongoing insurance checks are designed to help identify potential dangers and risks. Operational risks that could arise as a result of the financial crisis are viewed mainly in terms of 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.

In the second quarter 2009, alstria started their refurbishment projects. All risks related to these projects have increased, e.g. risk of not-in-time completion, risk of budget exceedance, as well as the risk of deficiencies in the construction. The Company installed a project controlling and a budget process to counteract the risks.

Compliance risks

G-REIT legislation alstria is registered in the commercial register as a German REIT-AG (G-REIT). The German REIT segment allows alstria to offer a high profile to investors and distinguish itself as a REIT on the capital market. The REIT shares are traded at the Frankfurt Stock Exchange. The G-REIT status does not have any influence on the admission on the Regulated Market (Prime Standard).

Certain requirements have to be met by the Company in order to qualify for and retain its designation as a G-REIT. The most relevant of these requirements are as follows: The G-REIT must be a stock corporation listed on an organised market and its registered seat and management must be in Germany. The registered share capital must amount to at least EUR 15 m, and all shares must be 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 that represent 10% or more of the voting rights. Furthermore, at least 75% of assets must consist of real estate and at least 75% of gross income must be generated from real estate. At least 90% of annual profits under German GAAP must be distributed to shareholders and the G-REIT's equity may not fall below 45% of the fair value of its real estate assets as recorded under IFRS rules.

REIT corporations are fully exempted from German corporate income tax (KSt) and German trade tax (GewSt). Subject to certain conditions, sellers who offered real estate to alstria could benefit from exit tax, which gives 50% relief on German income tax (ESt), German corporate income tax (KSt) and the German trade tax (GewSt) payable on capital gains.

Capital management Capital management activities are designed to maintain the Company's G-REIT status 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, 2009 and December 31, 2008.

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

The G-REIT equity ratio at balance sheet date is 40.3%. According to the G-REIT Act (REITG), the minimum compliance requirement is a G-REIT equity ratio calculated at year-end of 45%.

alstria may fail to meet the minimum equity ratio in the fiscal year 2010 and faces the prospect of losing its status as G-REIT and its tax exemption.

In particular, the exemption from corporate income tax (KSt) and trade tax (GewSt) would cease at the end of the third financial year if the minimum equity ratio (alstria's equity must not fall short of 45% of its immovable assets, based on alstria's consolidated financial statements) has not been satisfied for three consecutive financial years.

If alstria fails to meet the equity ratio requirement also as at December 31, 2010, the Company would lose its tax exemption under the G-REIT Act.

In order to meet the minimum equity ratio target, alstria would have to increase its equity and/or reduce its real estate portfolio.

The loss of the tax exemption might trigger various material adverse tax consequences for the Company, in particular the following:

> alstria would become subject to corporate income tax (KSt) and, possibly, trade tax (GewSt) on its taxable profits in Germany;
> alstria could only regain tax-exempt status four years after the loss of the tax exemption;
> alstria's profits generated but not distributed during the tax-exempt period would be subject to taxation at alstria's tax rate for the first year for which the tax exemption had been lost.

alstria might also face legal action from real estate vendors who had sold real estate on condition that they will be able to obtain the beneficial tax treatment (exit tax) for vendors who sell their real estate to G-REITs.

Therefore, if alstria fails to meet the minimum equity ratio for the third year in a row, alstria could face the potential loss of its tax-exempt status and its status as a G-REIT, which could have a material adverse effect on alstria's assets and liabilities, financial condition and results of operations.

Legal risks The Company is not subject to major legal proceedings arising from any individual or other kind of legal dispute outside of its day-to-day business.

Financial risks

Assessment of the financial risk situation is challenging due to the financial crisis.

The Group normally uses financial instruments such as bank loans and derivative financial instruments. The main purpose of the bank loans is to finance alstria's business activities. Derivative financial instruments include interest swaps and caps. The purpose of these derivative financial instruments is to hedge against interest risks arising from the Company's business activities and its sources of finance. The main risks arising from the Group's financial instruments are cash flow interest rate risks and liquidity risks. alstria's current debt-to-equity ratio is approximately 64%. 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 65%. After loan restructuring, alstria managed to keep the LTV at 59.8% at the relevant test date. With the additional measures implemented at the beginning of 2009, the risk of covenant breach was resolved proactively.

The Group is not otherwise exposed to any significant credit risks.

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

alstria's hedging policy uses a combination of plain vanilla swaps and caps in order to limit the exposure of the Company to interest rate fluctuations, but still provides enough flexibility to allow the disposal of real estate assets, avoiding any cost linked to an over-hedged situation. The interest base for the financial liability (loan) is the 3-month EURIBOR, which is adjusted every three months. A number of different derivative financial instruments were acquired to manage the interest expense. The maturity of the derivative financial instruments is based on the term of the borrowings. The derivative financial instruments relate to interest swaps in which the Company agrees to exchange with contracting partners, at specified intervals, the difference between fixed and variable interest rate amounts calculated by reference to an agreed notional principal amount. The swaps alstria uses to hedge its interest rate payments qualify as cash flow hedges. Interest caps were also acquired, where 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 will be paid out.

Liquidity risk One of alstria's core processes is cash management. The Company manages its future cash position and monitors progress on a daily basis. A cash-forecasting tool is used to prevent liquidity risk. This liquidity-planning tool uses the expected cash flows from business activities and the maturity of the financial investments as a basis for analysis.

The main liquidity risk arises from the balloon payment of the main syndicated facility which will be due by the end of November 2011. Although this risk is being addressed proactively by the Company, a further deterioration in financial markets, or further restriction in lending by banks, could result in liquidity constraints.

Valuation risks The fair value of the real estate properties owned by the Group reflects the market value as determined by an independent appraiser, and can be subject to change. Generally, the market value of real estate properties depends on a variety of factors, some of which are exogenous and may not be under alstria's control, such as declining rent levels, decreasing demand or increasing vacancy rates. Many qualitative factors are also decisive in the valuation of a property, including a property's expected rental stream, its condition and its location. Finally, the particular assessment of the mandated appraiser is, to a certain extent, discretionary and may differ from the opinion of another appraiser. Should the factors considered or assumptions made in valuing a property change, in order to reflect new developments or for other reasons, subsequent valuations of the respective property may result in a decrease in the market value ascribed to such property. If such valuations reveal significant decreases in market value compared to prior valuations, the Company would incur significant revaluation losses with respect to such properties.

By factors such as economic changes, interest rate fluctuations and inflation, the value of the properties may be adversely affected. To minimise the risk of regional diversification of investment portfolios, a consistent focus on the individual needs of tenants and a detailed market research and analysis (broker reports) is used. In addition, the market value of all alstria assets will be determined annually at year-end by independent, internationally recognised experts.

Counterparty risk alstria hedges a portion of its risk by using third-party instruments (interest rate derivatives, property insurances and others). alstria's counterparties in these contracts are internationally recognised institutions, which are rated by the leading 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 agencies' assessments. As a reaction to this objection, alstria started to perform a review of the main counterparties in order to reinforce the rating agencies' assessments.

Key characteristics of the accounting-related internal control and risk management system alstria has an accounting-related internal control and risk management system in place. The accounting-related monitoring is executed by the controlling department of the Company. All items and main accounts of the income statement and the balance sheet are reviewed regularly for accuracy and plausibility. This refers both to the consolidated financial statements and to the individual financial statements of the Group's companies. Accounting-related data is monitored monthly or on a quarterly basis, depending on the frequency of preparation.

The accounting-related risk management system forms part of the Group's risk management system. Risks that are relevant for the accuracy of accounting-related data are monitored by the risk owner who is responsible for the risk area of finance. Risks are identified quarterly, and assessed and documented by the risk management committee. Appropriate action is taken in order to monitor and optimise accounting-related risks throughout the alstria Group.

Overall assessment

Compared to the previous year, the risk situation of alstria office REIT-AG remains unchanged. No risk specific to the Company that would threaten its continued existence, can be identified from past or future events. Any possible negative impact on alstria's risk situation arising from adverse developments in the financial markets has been subject to thorough analysis. Although alstria has clearly not escaped the effects of the financial crisis, the Group has taken all measures necessary to minimise the adverse implications that the crisis has had on alstria's business situation. Sufficient precautions have been taken against identifiable risks.

Opportunities of the Group

The refinancing activities undertaken by alstria have safeguarded the Company's medium-term financial position at favourable interest rates. On the revenue side, alstria benefits from long-term rent agreements of approximately 9.6 years' average lease length and potential rent increases due to consumer price indexation. The alstria portfolio is well balanced and contains many first-class anchor buildings with high-quality tenants.

Therefore, alstria is well positioned to cope with the future competitive market environment and for the next growth cycle of the markets.

alstria's core competence is asset management. The asset repositioning and refurbishment alstria is planning to undertake, both as part of joint ventures and on its own, will strengthen the basis for value increase across the portfolio.

SUSTAINABILITY REPORT

alstria manages a portfolio with around 867,400 sqm of office space located all over Germany. Day by day, alstria's properties host thousands of civil servants and corporate employees. Day by day, these tenants and alstria use electricity and water, and produce waste and CO_2 emissions.

As alstria's assets form an integral part of the local socio-economic network in which they are embedded, alstria's actions and decisions as a landlord have an effect on the daily life of hundreds of shareholders, workers, fellow citizens and neighbours.

As a real estate owner, alstria has a corporate responsibility towards those citizens and the cities in which they live, as real estate is a fundamental part of urban living space. As a long-term real estate owner, alstria has a direct interest in the sustainable development of these cities.

alstria believes that sustainability is a combination of economic, environmental and social parameters. Therefore, promoting sustainability affects every part of the Company's business and its relationships.

Creating sustainable relationships between landlord and tenants is one of the key elements of alstria's business model, which is based on the principle that there is no contradiction between improving tenant benefit and simultaneously improving long-term returns for the Company.

alstria office REIT-AG draws attention to some of the following actions implemented or supported by the Company where decision-making was partly driven by sustainability considerations:

1. Energy efficiency and security improvement: As part of its regular maintenance programme, alstria has prioritised work that improves the energy efficiency of its buildings, and/or the overall security of the properties. alstria also prepared Energy Performance Certificates for more than half of its portfolio in order to monitor the energy consumption of the assets. The result was that for all inspected properties the measured energy efficiency ranges fell within the green band that represents the most energy-efficient buildings on the scale. Work carried out for energy efficiency and security improvement purposes amounted to around EUR 3,600 k in 2009.

2. Research and development: In partnership with the Hamburg Institute of International Economics, alstria commissioned an economic study on the impact of rising energy and transportation costs for the future development of urban landscapes.

3. Improvement of market transparency: In 2009, alstria and its partner IPD (Investment Property Datenbank) launched the second German Reversion Index. Its aim is to measure the reversion potential in the various German markets. One of the Company's goals in setting up this index was to increase market understanding of one of the most sensitive items when it comes to understanding German real estate.

4. Sponsoring: alstria has sponsored several modern art exhibitions in Hamburg, making vacant retail space within its portfolio freely available to organisers.

The management of alstria remains convinced that sustainable development can be attained by implementing a strong corporate responsibility culture to be implemented by the Company's employees, tenants and contractors on a daily basis, rather than just within one-off public projects.

alstria has joined, and is actively participating in, the Global Reporting Initiative (GRI) Construction and Real Estate (CRE) working Group, which is working on definition of a sustainable reporting framework for real estate companies (www.globalreporting.org). alstria's management has made a medium-term commitment to publish a GRI-compliant sustainability report.

MANDATORY DISCLOSURE

Disclosure requirements in accordance with Section 315 (4) of the German Commercial Code (HGB) for the financial year 2009 and explanatory report of the management board

Composition of subscribed capital, voting rights and special rights

At the balance sheet date December 31, 2009, the share capital of alstria office REIT-AG is EUR 56,000 k, divided into 56,000,000 no par value bearer shares. All shares have equal rights and obligations. Each share gives one vote at the shareholders' annual general meeting.

Restrictions on disposal of shares or voting rights

There are no restrictions as to the disposal of shares or exercise of voting rights or, as far as they arise from agreements between shareholders, are not known to the management board. The exercise of voting rights and the transfer of shares is based on general statutory requirements and alstria's articles of association, which do not restrict either of these activities.

Shareholders with a shareholding of more than 10%

As per the balance sheet date December 31, 2009, alstria was not aware of any shareholders whose direct shareholding exceeded 10% of the share capital. Captiva 2 Alstria Holding S.à r.l. holds an indirect participation of more than 50% in alstria through wholly owned subsidiaries. None of these companies has a direct shareholding of more than 10% of alstria's share capital.

Holders of shares with special rights

alstria has not issued any shares with special rights that grant control rights.

Nature of voting rights control if employees have a share in capital and do not directly exercise their right of control

This arrangement does not exist at alstria.

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 may be appointed or dismissed by the supervisory board in accordance with Sections 84 and 85 of the German Stock Corporation Act (AktG). The articles of association do not contain any special provisions in this respect. Pursuant to Section 84 AktG, members of the management board are appointed for a maximum term of five years. Reappointment or extension of the term of office is permitted, in each case for a maximum of five years.

Amendments to the articles of association may be made pursuant to Sections 179 and 133 AktG. The supervisory board is also authorised, without a resolution by the general 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) and 133 AktG, shareholders may make resolutions regarding such amendments at a general meeting with a simple majority of the votes cast and a simple majority of the share capital represented. Where the law requires a larger majority for amendments to the articles of association, that majority shall be decisive. The articles of association were last amended by the shareholders in the annual general meeting held on June 10, 2009: the provisions regarding the convocation to and participation in the annual general meeting were amended with regard to the law governing implementation of the shareholders' rights directive (ARUG). The provision regarding conditional capital I was also replaced by provisions regarding new conditional capital (conditional capital 2009/A and conditional capital 2009/B).

Authority of management board regarding issuance and buyback of shares

1. Authorised Capital

   The articles of association authorise the management board, with the approval of the supervisory board, to increase the share capital 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 disposes of certain conditional capital (pursuant to sections 192 et seq. AktG), which are regulated in Sections 5 (5) to (8) of the Company's articles of association.

a) Conditional Capital 2009/A

   The share capital is conditionally increased by up to EUR 12,750 k by issuance of up to 12,750,000 new no par value bearer shares with entitlement to share in profits from the beginning of the financial year in which they come into existence. The conditional capital increase shall be carried out only to the extent that the holders of partial debentures with conversion rights or obligations, or option rights, profit participation rights or participating bonds, or a combination of these instruments issued in accordance with the resolution of the general meeting of June 10, 2009, exercise their conversion or option rights or fulfil their conversion obligations and that no treasury shares are being used to satisfy such claims.

b) Conditional Capital 2009/B

   The share capital is conditionally increased by up to EUR 12,750 k by issuing up to 12,750,000 new no par value bearer shares with entitlement to share in profits from the beginning of the financial year in which they come into existence. The conditional capital increase shall be carried out only to the extent that holders of partial debentures with conversion rights or obligations, or option rights, profit participation rights or participating bonds, or a combination of these instruments issued in accordance with the resolution of the general meeting of June 10, 2009, exercise their conversion or option rights or fulfil their conversion obligations and that no treasury shares are being used to satisfy such claims.

c) Conditional Capital II

   The share capital is conditionally increased in an amount of up to EUR 2,000 k by the issuance of up to 2,000,000 no par value bearer shares. The purpose of the conditional capital increase is to grant shares to the holders of subscription rights (stock options) which are issued by alstria in accordance with the authorisation of the annual general meeting held on March 15, 2007. The conditional capital increase is only carried out insofar as the holders exercise their stock options and no treasury shares are used to fulfil the stock options. The new shares shall participate in the Company's profits from the beginning of the financial year in which they come into existence to satisfy the exercise of the stock options.

d) 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 conditional capital increase shall be used only to grant shares to the holders of convertible participation certificates which are issued by the Company in accordance with the authorisation of the general meeting held on March 15, 2007. The conditional capital increase shall only be carried out insofar as issued convertible participation certificates are converted into shares of the Company and no treasury shares are used to satisfy the certificates. The new shares shall 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 treasury shares
The general meeting on June 10, 2009 authorised the management board to acquire shares up to a total of 10% of the Company's share capital until December 9, 2010. The acquired shares and other treasury shares that are in the possession of, or to be attributed to, alstria pursuant to Sections 71a et seq. AktG may at no point in time amount to more than 10% of the share capital. Shares may be purchased through a stock exchange, by means of a public offer to 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 alstria contains an entitlement of the lender to require repayment of the loan if there is 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 members and employees in case of a takeover bid

There are no compensation agreements with management board members or employees in case of a takeover bid.

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

ADDITIONAL GROUP DISCLOSURES

Employees

As of December 31, 2009, alstria had 32 employees (December 31, 2008: 29). The annual average number of employees was 31 (previous year: 28). These figures exclude management board members.

Remuneration report

Management board members' compensation comprises a fixed and a variable component linked to the Company's operating performance. In addition to the bonus, members of the management board received share options as a long-term incentive component of remuneration.

Members of the supervisory board receive fixed remuneration.

The remuneration report (pages 90 to 91), containing details of the principles for the definition of the management board and supervisory board remuneration, forms an integral part of the audited Group management report.

Group and dependent-company report

Captiva Capital II S.à r.l., Luxembourg, holds a majority interest in alstria. In accordance with Section 290 of the German Commercial Code (HGB), alstria is required to prepare consolidated statements and a Group management report with respect to the Group companies controlled by the Group. Apart from this, alstria office REIT-AG and all associated companies as stated in the notes are consolidated in the alstria Group.

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

'Our Company received appropriate remuneration for all legal transactions and all the transactions stated in the report on relations with related parties. 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

Subsequent events

In January 2010, alstria agreed the terms of a joint venture with the Hamburg-based developer and fund manager Quantum Immobilien AG regarding the reinstatement of the Kaisergalerie at Grosse Bleichen 23–27 in Hamburg. It is the second joint venture between Quantum and alstria as part of the overall strategy to fund organic growth opportunities. This joint venture, which values the building in line with its latest valuation (fair value of EUR 60 m, passing rent EUR 2.8 m), allows alstria to free up around EUR 14.3 m of liquidity.

THE KEY METRICS OF THE PORTFOLIO POST TRANSACTIONS

Metric	Value
Number of properties	74
Number of joint ventures	2
Market value (EUR bn)	1.4
Contractual rent (EUR m/annum)	90.8
Valuation yield (contractual rent/OMV)	6.4%
Lettable area (k sqm)	821
Vacancy (% of lettable area)	6.0%
WAULT (years)	9.4
Average rent/sqm (EUR/month)	9.81

In January 2010, alstria entered into a new credit facility on a non-recourse basis as an additional step towards decreasing the balloon payment of the syndicated loan facility. The credit facility is a EUR 76 m, seven-year non-recourse loan to refinance four properties in Hamburg, Essen and Leipzig with an average lease term of seven years. The interest rate on this loan is fixed until maturity at 4.62%. After this refinancing, the remaining main syndicated loan facility exposure is EUR 660 m, which is in line with alstria's target.

In January 2010, alstria made a voluntary down payment on its main credit facility of EUR 20 m in order to decrease the LTV ratio to below 60% on the relevant test date. This down payment secures the margin of 85 bps for the next two interest periods.

Taking into consideration the closing of all announced transactions in the first quarter of 2010, the G-REIT equity ratio will increase to 43.6% in comparison with 40.3% at year-end.

Outlook

Based on the latest transactions and the contracted rent for 2010, alstria expects revenues of EUR 89 m and funds from operations of EUR 27 m. This projection could be impacted by further refinancing, disposals or acquisitions in 2010. alstria expect its 2011 revenues and results to be influenced positively or negatively by the refinancing of its main syndicated loan facility that matures in November 2011, as well by the development of the underlying real estate markets.

The management report contains statements relating to anticipated future developments. These statements are based on current assessments and are, by their very nature, exposed to risks and uncertainty. Actual developments may differ from those predicted in these statements.

Hamburg, February 12, 2010

EXISTING LOAN AGREEMENTS AS PER JANUARY 20, 2010

Loan	Maturity	Principal amount outstanding (EUR k)	LTV covenant (%)	LTV (%)	Next test date
Syndicated loan	Nov. 29, 2011	660,410	65.0	59.8[1]	Jun. 30, 2010
Non-recourse loan #1	Oct. 19, 2015	95,000	80.0	76.1	Sept. 30, 2010
Non-recourse loan #2	Dec. 31, 2014	37,283	80.0	64.3	Dec. 31, 2010
Non-recourse loan #3	Jun. 30, 2014	32,479	65.0	62.9	Dec. 31, 2010
Non-recourse loan #4	Oct. 20, 2014	33,534	61.0	60.8	Dec. 31, 2010
Non-recourse loan #5	Jan. 31, 2017	75,794	75.0	62.1	Dec. 31, 2010
Total as of Jan. 20, 2010		**934,500**			

[1] LTV as per covenant test date.

DETAIL INDEX CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT
for the year ended December 31, 2009

EUR k	Notes	2009	2008
Revenues	9.1	102,510	102,055
Income less expenses from passed-on operating expenses	9.2	–358	0
Real estate operating costs	9.3	–10,189	–8,833
Net rental income		**91,964**	**93,222**
Administrative expenses	9.4	–6,187	–6,878
Personnel expenses	9.5	–4,990	–4,675
Other operating income	9.6	3,124	2,774
Other operating expenses	9.7	–1,866	–516
Net loss from fair value adjustments on investment property	10.1	–85,887	–88,116
Loss/gain on disposal of investment property	9.9	–25	1,450
Net operating result		**–3,867**	**–2,738**
Net financial result[1]	9.8	–52,117	–48,112
Share of the result of joint venture	4	–264	0
Net loss from fair value adjustments on financial derivatives	9.8	–23,294	–5,075
Pre-tax result (EBT)		**–79,541**	**–55,925**
Income tax expense	9.10	–110	–75
Consolidated loss for the year		**–79,651**	**–56,000**
Attributable to:			
Shareholder		–79,651	–56,000
Earnings per share in EUR			
Basic earnings per share	14	–1.44	–1.02
Diluted earnings per share	14	–1.44	–1.02

[1] The gross presentation of the net financial result was given in the 2008 income statement. For reason of clarity and comparability, this presentation was changed to a net presentation in the income statement. For further details, please see Note 9.8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period from January 1 to December 31, 2009

EUR k	Notes	2009	2008
Consolidated loss for the period		**–79,651**	**–56,000**
Fair value gain / loss on available-for-sale financial assets, net of tax		123	–123
Cash flow hedges, net of tax	10.8	6,379	–49,579
Other comprehensive result for the period		**6,502**	**–49,702**
Total comprehensive loss for the period		**–73,149**	**–105,702**
Total comprehensive loss attributable to:			
Owners of the Company		–73,149	–105,702

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at December 31, 2009

ASSETS

EUR k	Notes	2009	2008
Non-current assets			
Investment property	10.1	1,425,440	1,805,265
Equity-accounted investments	10.2	9,046	0
Property, plant and equipment	10.3	5,897	3,923
Intangible assets	10.4	311	336
Financial assets	10.5	351	0
Total non-current assets		**1,441,045**	**1,809,524**
Current assets			
Assets held for sale	10.6	136,621	0
thereof investment property held for sale		*135,825*	*0*
thereof other assets held for sale		*796*	*0*
Trade receivables	10.7	5,694	4,099
Accounts receivable from joint ventures	10.7	1,855	0
Derivatives	10.8	615	176
Tax receivables	10.7	3	1
Other receivables	10.7	33,483	28,266
Cash and cash equivalents	10.9	146,818	31,426
thereof restricted		*61,848*	*0*
Total current assets		**325,089**	**63,969**
Total assets		**1,766,134**	**1,873,493**

EQUITY AND LIABILITIES

EUR k	Notes	2009	2008
Equity	11.1		
Share capital		56,000	56,000
Capital surplus		685,897	726,885
Hedging reserve		–43,200	–49,579
Treasury shares		–26	–14,983
Retained earnings		–64,486	11,344
Total equity		**634,185**	**729,667**
Non-current liabilities			
Long-term loans, net of current portion	11.2	947,257	1,086,801
Derivatives	10.8	48,859	28,626
Other provisions	11.3	1,550	0
Other liabilities	11.4	344	70
Total non-current liabilities		**998,010**	**1,115,497**
Current liabilities			
Liabilities associated with the sale of non-current assets held for sale	10.6	28,176	0
Short-term loans	11.2	91,941	12,609
Trade payables	11.4	3,692	4,561
Profit participation rights		231	53
Liabilities of current tax	11.7	0	21
Other current liabilities	11.4	9,899	11,085
Total current liabilities		**133,939**	**28,329**
Total liabilities		**1,131,949**	**1,143,826**
Total equity and liabilities		**1,766,134**	**1,873,493**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2009

EUR k	Notes	Share capital	Capital surplus	Hedging reserve	Treasury shares	Retained earnings	Total equity
As of Jan. 1, 2009		**56,000**	**726,885**	**–49,579**	**–14,983**	**11,344**	**729,667**
Changes in financial year 2009							
Total comprehensive income		0	123	6,379	0	–79,651	–73,149
Payments of dividends	15	0	0	0	0	–28,423	–28,423
Reclassification of retained earnings	11.1	0	–28,423	0	0	28,423	0
Result of disposal of treasury shares		0	–13,076	0	14,957	3,821	5,702
Intrinsic value of exchange option for treasury shares		*0*	*1,744*	*0*	*0*	*–1,744*	*0*
Exchange of cash dividend claims for shares in the Company	*15*	*0*	*0*	*0*	*0*	*5,565*	*5,565*
Disposal of treasury shares		*0*	*–14,820*	*0*	*14,957*	*0*	*137*
Share-based payments		0	388	0	0	0	388
As of Dec. 31, 2009	11.1	**56,000**	**685,897**	**–43,200**	**–26**	**–64,486**	**634,185**

for the year ended December 31, 2008

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 financial year 2008							
Total comprehensive income		0	–123	–49,579	0	–56,000	–105,702
Payment of dividends	15	0	0	0	0	–28,400	–28,400
Reclassification of retained earnings		0	–28,400	0	0	28,400	0
Share-based payments		0	768	0	0	0	768
Acquisition of treasury shares		0	0	0	–7,868	0	–7,868
Other contributions to capital surplus		0	–7	0	0	0	–7
As of Dec. 31, 2008	11.1	**56,000**	**726,885**	**–49,579**	**–14,983**	**11,344**	**729,667**

CONSOLIDATED STATEMENT OF CASH FLOW
for the period from January 1 to December 31, 2009

EUR k	Notes	2009	2008
1. Operating activities			
Consolidated loss for the year		–79,651	–56,000
Unrealised valuation movements	9.8, 10.1	109,180	93,191
Interest income	9.8	–593	–12,656
Interest expense	9.8	52,710	60,184
Result from income taxes	9.10	110	75
Other non-cash income (–)/expenses (+)		545	1,271
Loss (+)/gain (–) on disposal of investment properties	9.9	25	–1,450
Depreciation and impairment of fixed assets	10.3, 10.4	473	507
Increase (–)/decrease (+) in trade receivables and other assets that are not attributed to investing or financing activities		–4,356	3,912
Increase (+)/decrease (–) in trade payables and other liabilities that are not attributed to investing or financing activities		4,202	–1,467
		82,645	**87,567**
Interest received		593	11,556
Interest paid		–49,957	–53,112
Income tax paid		–110	–5,065
Cash flows from operating activities		**33,171**	**40,946**
2. Investing activities			
Acquisition of investment properties		–21,295	–228,036
Proceeds from sale of investment properties		132,565	17,950
Acquisition of other property, plant and equipment		–2,421	–160
Proceeds from sale of financial assets		25,156	0
Acquisition of financial assets		0	–25,000
Proceeds from the disposal of Group companies		6,622	0
Cash flows used in investing activities	12.3	**140,627**	**–235,246**
3. Financing activities			
Repurchase of own shares		0	–7,972
Proceeds from the disposal of own shares		137	104
Proceeds from the issue of bonds and borrowings		128,821	266,453
Payments of dividends	15	–22,858	–28,400
Payments for the acquisition and termination of financial derivatives		–6,218	0
Payment of the redemption of bonds and borrowings		–153,058	–107,495
Payments of transaction costs		–4,357	0
Cash flows used in financing activities	12.3	**–57,533**	**122,690**
4. Cash and cash equivalents at the end of the period			
Change in cash and cash equivalents (subtotal of 1 to 3)		116,264	–71,610
Effect of changes in consolidated Group on cash and cash equivalents		–538	0
Cash and cash equivalents at the beginning of the period		31,426	103,036
Cash and cash equivalents at the end of the period *thereof restricted: EUR 61,848 k; previous year: EUR 0 k*		**147,152**	**31,426**
thereof cash in disposal group		*334*	*0*
Cash and cash equivalents reported on the balance sheet	10.9	**146,818**	**31,426**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 at December 31, 2009 were authorised for issue by resolution of the management board on February 12, 2010.

alstria office REIT-AG was transformed into a German Real Estate Investment Trust (G-REIT) in financial year 2007. The Company was registered as a REIT corporation (hereinafter also referred to as a '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 Bäckerbreitergang 75, 20355 Hamburg, Germany.

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

2 Basis of preparation

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.

The consolidated financial statements have been prepared under the historical cost convention method 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 5.

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

These consolidated financial statements are financial statements for the period from January 1 to December 31, 2009.

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.

3 Changes in accounting policy and disclosures

New and amended IFRS adopted by the Group

The Group has adopted the following new and amended IFRS as of January 1, 2009:

> Amendments to IAS 1: 'Presentation of Financial Statements'
> Amendments to IAS 23: 'Borrowing Costs' concerning elimination of the option to capitalise borrowing costs
> Amendments to IAS 32: 'Financial Instruments: Presentation' and follow-up amendment to IAS 1: 'Presentation of Financial Statements' concerning puttable financial instruments and obligations arising on liquidation
> Amendments to IAS 39 and IFRS 7: 'Reclassification of financial instruments: Effective date and transitional provisions'
> Annual Improvements Project 'Improvements to IFRS'
> Amendments to IFRS 1: 'First-Time Adoption of IFRS' and IAS 27: 'Consolidated and Separate Financial Statements' concerning determination of the acquisition costs of an investment, a joint venture or an associated company
> Amendments to IFRS 2: 'Share-Based Payment' concerning vesting conditions and cancellations
> Amendments to IFRS 7: 'Improving Disclosures about Financial Instruments'
> IFRS 8: 'Operating Segments'
> Amendments to IFRIC 9 and IAS 39: 'Embedded Derivatives'
> IFRIC 11 – IFRS 2: 'Group and Treasury Share Transactions'
> IFRIC 13: 'Customer Loyalty Programmes'
> IFRIC 14: 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'

In the course of the annual improvements project 'improvement to IFRS' the IASB approved revisions to IFRS in May 2008 that are listed in the following table.

Amendments to IFRS 7	Presentation of finance costs
Amendments to IAS 1	Current/non-current classification of derivatives
Amendments to IAS 8	Status of implementation guidance
Amendments to IAS 10	Dividends declared after the balance sheet date
Amendments to IAS 16 and IAS 7	Sale of assets held for rental
Amendments to IAS 16	Recoverable amount
Amendments to IAS 18	Costs of originating a loan
Amendments to IAS 19	Miscellaneous amendments
Amendments to IAS 20	Government loans with a below-market rate of interest
Amendments to IAS 23	Components of borrowing costs
Amendments to IAS 27	Measurement of a subsidiary held for sale in separate financial statements
Amendments to IAS 28	Impairment of investment in an associate
Amendments to IAS 28	Required disclosures when interest in jointly controlled entities are accounted for at fair value through profit or loss
Amendments to IAS 29	Description of measurement basis in financial statements
Amendments to IAS 34	Earnings per share disclosures in interim financial reports
Amendments to IAS 36	Disclosure of estimates used to determine recoverable amount
Amendments to IAS 38	Advertising and promotional activities and units to production method of amortisation
Amendments to IAS 39	Miscellaneous amendments
Amendments to IAS 40	Property under construction or development for future use as investment property
Amendments to IAS 41	Additional biological transformation as well as discount rate for fair value calculations

According to IAS 1 (revised) 'presentation of financial statements', alstria office REIT-AG presented the summary of comprehensive income for the first time in an annual report and implemented the adjustments to presentation that resulted from the revised standard.

The initial application of the remaining adopted IFRS had no material effect on the presentation of the consolidated financial statements.

New and amended IFRS to existing standards which are not yet effective and have not been early adopted by the Group

In its 2009 consolidated financial statements, alstria office REIT-AG did not apply the following accounting standards or interpretations which have already been adopted by the IASB but were not required to be applied for financial year 2009.

Standard/Interpretation		Issued by the IASB	Effective date	Adopted by the EU	Expected effects
IFRS 1 (amendment)	First time adoption of IFRS	Nov. 27, 2009	Jan. 1, 2009	Yes	None
IFRS 1 (amendment)	Additional exemptions for first time adopters	Jul. 23, 2009	Jan. 1, 2010	No	None
IFRS 2 (amendment)	Group cash-settled and share-based payment transactions	Jun. 18, 2009	Jan. 1, 2010	No	None
IFRS 2 (amendment)[1]	Scope of IFRS 2 and IFRS 3 (revised)	Apr. 16, 2009	Jul. 1, 2009	No	None
IFRS 3 (revised)	Business combinations	Jan. 10, 2008	Jul. 1, 2009	Yes	None
IFRS 5 (amendment)[1]	Disclosure of non-current assets (or disposal groups) classified as held for sale or discontinued operations	Apr. 16, 2009	Jan. 1, 2009	No	No material effects
IFRS 8 (amendment)[1]	Disclosure of information about segment assets	Apr. 16, 2009	Jan. 1, 2010	No	None
IFRS 9 (new standard)	Financial Instruments – Classification and Measurement	Nov. 12, 2009	Jan. 1, 2013	No	No material effects
IAS 1 (amendment)[1]	Current/non-current classification of convertible instruments	Apr. 16, 2009	Jan. 1, 2010	No	No material effects
IAS 7 (amendment)[1]	Classification of expenditures on unrecognised assets	Apr. 16, 2009	Jan. 1, 2010	No	None
IAS 17 (amendment)[1]	Classification of leases of land and buildings	Apr. 16, 2009	Jan. 1, 2010	No	None
IAS 18[1]	Determining whether an entity is acting as a principal or as an agent (guidance to appendix)	Apr. 16, 2009	N/A (appendix)	No	None
IAS 24 (revised)	Related Party Disclosures – Revised definition of related parties	Nov. 4, 2009	Jan. 1, 2011	No	None
IAS 27 (revised)	Consolidated and separate financial statements	Jan. 10, 2008	Jul. 1, 2009	Yes	None
IAS 32 (amendment)	Classification of rights issues	Oct. 8, 2009	Feb. 1, 2010	Yes	None
IAS 36 (amendment)[1]	Unit of accounting for goodwill impairment test	Apr. 16, 2009	Jan. 1, 2010	No	None
IAS 38 (amendment)[1]	Measuring the fair value of an intangible asset acquired in a business combination	Apr. 16, 2009	Jul. 1, 2009	No	None
IAS 38 (amendment)[1]	Additional consequential amendments arising from IFRS 3	Apr. 16, 2009	Jul. 1, 2009	No	None
IAS 39 (amendment)[1]	Treating loan pre-payment penalties as closely related derivatives	Apr. 16, 2009	Jan. 1, 2010	No	None
IAS 39 (amendment)[1]	Cash flow hedge accounting	Apr. 16, 2009	Jan. 1, 2010	No	None
IAS 39 (amendment)[1]	Scope exemption for business combination contracts	Apr. 16, 2009	Jan. 1, 2010	No	None
IAS 39 (amendment)	Eligible hedged items	Jul. 31, 2008	Jul. 1, 2009	Yes	None
IFRIC 9 (amendment)[1]	Scope of IFRIC 9 and revised IFRS 3	Mar. 12, 2009	Jul. 1, 2009	No	None
IFRIC 12	Service Concession Arrangements	Nov. 30, 2006	Apr. 1, 2009	Yes	None
IFRIC 14 (amendment)	IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction	Nov. 26, 2009	Jan. 1, 2011	No	None
IFRIC 15	Agreements for the construction if real estate	Jul. 3, 2008	Jan. 1, 2010	Yes	None
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	Jul. 3, 2008	Jul. 1, 2009	Yes	None
IFRIC 16 (amendment)[1]	Amendment to the restriction on the entity that holds hedging instruments	Apr. 16, 2009	Jul. 1, 2009	No	None
IFRIC 17	Distribution of non-cash assets to owners	Nov. 27, 2008	Nov 1, 2009.	No	None
IFRIC 18	Transfers of assets from customers	Jan. 29, 2009	Nov. 1, 2009	No	None
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	Nov. 26, 2009	Jul. 1, 2009	No	None

[1] Amendment is part of the annual improvements project published in April 2009.

4 Basis of consolidation

The consolidated financial statements comprise the financial statements of alstria office REIT-AG and its subsidiaries as at December 31, 2009. 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 the 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 intra-Group balances, transactions, income and expenses and profits and losses resulting from intra-Group 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 acquisition 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. 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.

Significant companies where alstria office REIT-AG is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates), or directly or indirectly shares control (joint ventures), are accounted for using the equity method.

The Group of consolidated companies includes 21 companies as well as one joint venture company accounted for using the equity method.

Fully consolidated subsidiaries

The following subsidiaries are included in the consolidated financial statements:

Group entity	Share in capital (%)
alstria Bamlerstrasse GP GmbH, Hamburg[1]	100
alstria Gänsemarkt Drehbahn GP GmbH, Hamburg	100
alstria Grundbesitz 2 GP GmbH, Hamburg[1]	100
alstria Halberstädter Strasse GP GmbH, Hamburg[1]	100
alstria Hamburger Str. 43 GP GmbH, Hamburg[1]	100
Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg	100
alstria Ludwig-Erhard-Strasse GP GmbH, Hamburg[1]	100
alstria Mannheim/Wiesbaden GP GmbH, Hamburg[1]	100
alstria office Bamlerstrasse GmbH & Co. KG, Hamburg[1]	100
alstria office Gänsemarkt Drehbahn GmbH & Co. KG, Hamburg	100
alstria office Grundbesitz 2 GmbH & Co. KG, Hamburg[1]	100
alstria office Halberstädter Str. GmbH & Co. KG, Hamburg[1]	100
alstria office Hamburger Str. 43 GmbH & Co. KG, Hamburg[1]	100
alstria office Ludwig-Erhard-Strasse GmbH & Co. KG, Hamburg[1]	100
alstria office Mannheim/Wiesbaden GmbH & Co. KG, Hamburg[1]	100
alstria office Steinstrasse 5 GmbH & Co. KG, Hamburg[1]	100
Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg	51
alstria solutions GmbH, Hamburg[1]	100
alstria Steinstrasse 5 GP GmbH, Hamburg[1]	100
Kaisergalerie General Partner GmbH, Hamburg[1]	100
Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH, Hamburg	100

[1] Formation in the reporting period.

Four companies were deconsolidated in the reporting period. The effects of the changes to the Group of consolidated companies are shown in the table below. The profit arising on deconsolidation was EUR 1,290 k.

EFFECTS FROM DISPOSAL OF GROUP COMPANIES

EUR k	2009
Total disposal consideration	15,932
Disposal consideration discharged by means of cash and cash equivalents	6,622
Amount of cash and cash equivalents in the subsidiary disposed of	100
Assets except cash and cash equivalents in the subsidiaries disposed	41,544
Liabilities in the subsidiaries disposed	26,625

Interests in joint ventures

By means of a capital contribution from a joint venture partner into the former subsidiary Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG at the end of the reporting period and the contractual agreement of a joint control, this company is treated as a joint venture. alstria office REIT-AG holds a share of 49 % in the joint venture. The carrying amount of the joint venture at the end of the reporting period is EUR 9,046 k.

The following carrying amounts are attributable to the Group from its proportionate interest in the joint venture.

EUR k	2009
Non-current assets	17,807
Current assets	4,028
Non-current liabilities	12,065
Current liabilities	1,103
Result for the period	–264

5 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 judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period 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 value of investment property;
> determine the fair value of financial instruments;
> determine the fair value of stock options granted to management; and
> determine the fair value of convertible profit participation certificates.

In particular, in determining the fair value 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 7). If the future development of these properties differs from the estimate, large-scale losses resulting from the change in the fair value may be incurred. This can have a negative impact on the future results of operations.

The external assessors have carried out sensitivity analyses on their fair value assessments, which show the effect of the changes to capitalisation rates on fair market values.

Capitalisation rates	Value of the properties (EUR m)
–0.25 %	1,676
0.00 %	1,601
0.25 %	1,533

Non income producing assets have been excluded from this analysis.

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. 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 at the granting date. 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 at April 3, 2007 and September 5, 2007, respectively, is allocated to the vesting period according to the determinations in the underlying stock option programme. The resulting personnel expenses caused an addition to capital surplus of EUR 91 k (December 31, 2008: EUR 654 k) in the consolidated financial statements as at December 31, 2009.

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 model; 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 at the end of reporting period:

EUR k	Dec. 31, 2009	Dec. 31, 2008
Investment property	1,425,440	1,805,265
Positive fair values of derivatives	615	176
Negative fair values of derivatives	48,859	28,626
Valuation of stock options and convertible profit participation rights	466	768

6 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.

Experience shows that 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.

7 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; however, no costs of this kind had been incurred as of the end of reporting period.

Cost of debt which can be directly allocated to the acquisition or production of investment property are capitalised in the year in which they arise.

For subsequent measurement, the Company uses the fair value model according to IAS 40.33 et seq., which reflects market conditions at the end of reporting period.

All market values were determined by Colliers CRE, London, a renowned appraiser and brokerage firm, as at December 31, 2009.

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 hard-core and top-slice method, whereby rental income is horizontally segmented, with the hard-core portion representing the prevailing contractual rent. The top slice represents the difference between market rent and contractual rent. This method fulfils 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 CRE 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 held properties with anchor lease terms of more than five years.

Group 1 for properties with leases set to expire in five years or less: Hard-core and top-slice method, taking account of:

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

Group 2 for properties with anchor leases that are leased on a long-term basis to tenants with strong credit ratings: Hard-core and top-slice method, taking account of:

- > the contractual rent for the remaining term of the lease;
- > re-lets at market rents (accounting for the difference between market rent and contractual rent);
- > the 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.; and
- > the 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 1,561,265 k (December 31, 2008: EUR 1,805,265 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 the recoverable amount. If the reasons for an impairment loss cease to apply, the impairment loss is reversed as appropriate.

Property, plant and equipment

Property, 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 (3 to 15 years). The useful life of own occupied property is estimated at 50 years. While the building is depreciated on a scheduled basis, the land is not part of a scheduled depreciation.

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

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

Cost of debt items which can be directly allocated to the acquisition or production of property, plant and equipment are capitalised in the year in which they arise.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the 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 are 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 are 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 licences is calculated on a straight-line basis over the useful life of the asset (3 to 8 years).

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

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

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

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

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

financial assets are either measured at amortised cost or at fair value and recognised as of the end of reporting period.

The fair value of quoted investments is based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group determines 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 analyses 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 initial recognition and reviews the classification at the end of reporting period. 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 or sell the asset. A purchase or sale of financial assets is customary when it requires the 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 it is 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 which 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 the investment matures or management intends to dispose of it within twelve months of the end of the reporting period, or unless the maturity at the end of reporting period 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 classified as held to maturity 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 (del credere risk). This is done for each 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 is 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 uncollectable.

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 at December 31, 2009 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 hedging of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges), nor such financial derivatives that qualify for the hedging 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
Company 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 end of reporting period.

The 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 end of reporting period.

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) which 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 under 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 recognised where a present obligation exists to third parties as a result of a past event, where a future outflow of resources is probable and where a reliable estimate of that outflow can be made. 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 Notes 17 and 18 and in the remuneration 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 dependent 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 that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share as far as at the end of reporting period the related contingencies are achieved (further details are given in Note 14).

Minority interests in partnerships

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

Revenue recognition

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

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

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

Income taxes

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.

8 Segment reporting

IFRS 8 replaces IAS 14, 'Segment reporting'. It requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

As the type of services offered by alstria office REIT-AG is comprised exclusively of lessor activities for commercial property tenants in Germany, there were no reportable segments within the meaning of IAS 14. According to IFRS 8, one reporting segment can be identified that is comprised of the Groups' total operations.

This reporting segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the management board.

9 Notes to the consolidated income statement

9.1 Revenues

EUR k	2009	2008
Revenues from investment property	102,510	105,055

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

9.2 Income and expenses from passed-on operating expenses

EUR k	2009	2008
Income from passed-on operating expenses	17,202	17,057
Income from passed-on operating expenses prior year	2,031	0
	19,233	**17,057**
Expenses from passed-on operating expenses	–17,202	–17,057
Expenses from passed-on operating expenses prior year	–2,389	0
	–19,591	**–17,057**
Income less expenses from passed-on operating expenses	**–358**	**0**

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

9.3 Real estate operating expenses

EUR k	2009	2008
Maintenance and refurbishment	4,778	3,793
Vacancy	2,076	1,412
Running repairs	1,149	469
Property management	869	956
Non-deductable VAT	408	294
Depreciation of own occupied property	114	0
Other	795	1,909
	10,189	**8,833**

9.4 Administrative expenses

EUR k	2009	2008
Legal and consulting fees	2,066	3,061
Communication and marketing	800	574
Audit fee	427	538
Depreciation	359	506
Supervisory board compensation	292	299
Travel expenses	264	237
Leasing costs	185	309
Stock exchange	162	80
Insurances	122	81
IT maintenance	91	58
Recruitment costs	25	139
Other	1,394	996
	6,187	**6,878**

9.5 Personnel expenses

EUR k	2009	2008
Salaries and wages	2,477	2,380
Social insurance contribution	312	256
Bonuses	1,320	895
Expenses for share-based compensation	466	776
thereof relating to stock options	*91*	*654*
thereof relating to the convertible profit participation certificates	*375*	*122*
Amounts for retirement provisions and disability management board	131	1
Other	284	367
	4,990	**4,675**

Convertible profit participation rights granted to employees entitle not only a conversion when the conditions apply, but also 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 also in equity (for the conversion right) as well as against liabilities (for the dividend entitlement). Out of the EUR 375 k expense in relation to the profit participation rights, EUR 297 k was recognised in equity (2008: EUR 114 k) while EUR 78 k were reflected in the liabilities (2008: EUR 8 k).

Within the course of 2009 the Group had 31 employees on average (2008: 28).

9.6 Other operating income

EUR k	2009	2008
Profit on deconsolidation	1,290	0
Income from development projects	327	0
From the reversal of liabilities	323	456
Payments on provisions on doubtful debts	221	0
Income from the consumption of accrued liabilities	170	710
From insurance compensation	82	95
Car use	42	36
Compensation payment (rent)	0	1,000
Other	669	476
	3,124	**2,774**

Other operating income includes the profit that arose on the deconsolidation of two former Group companies. Income from the consumption of accrued liabilities resulted from lower than expected payments on the prior year-end's accruals.

9.7 Other operating expenses

EUR k	2009	2008
Rental guarantees	1,550	0
Impairment on trade receivables	311	255
Off period expenses	0	251
Other	5	11
	1,866	**516**

The rental guarantees relate to the sale of properties. The buyer was granted a rental guarantee; the rental guarantee is limited in time and can only be drawn if existing tenants make use of a break option.

9.8 Financial and valuation result

The financial result breaks down as follows:

EUR k	2009	2008
Financial income	**593**	**1,975**
Syndicated loan – interest	–25,638	–58,992
Interest non-recourse loans	–3,918	–1,192
Interest result derivatives	–22,433	10,681
Bank overdraft	–1	–1
Financial expenses	**–51,990**	**–49,503**
Commitment fees	–75	–238
Bank charges	–80	–82
Guarantee fees	0	–2
Transaction costs	–524	0
Other	–40	–262
Other financial expenses	**–720**	**–584**
Net financing result	**–52,117**	**–48,112**

Total interest income and expenses for financial assets and liabilities which are not recognised at fair value through profit or loss were EUR 593 k (interest income; 2008: EUR 1,975 k) and EUR 29,557 k (interest expenses; 2008: EUR 60,184 k).

Total interest income and expense calculated using the effective interest method for financial assets and liabilities that are not recognised at fair value through profit or loss was EUR 2,362 k (interest expenses; 2008: EUR 1,145 k).

No net gains/losses arose from financial assets and liabilities available for sale.

Change in presentation In the split-up of the consolidated financial statements 2008, the interest result out of derivatives (EUR 10,681 k) was included in financial income and was not offset from the financial expenses as presented above. Therefore financial income in the 2008 annual report was stated with EUR 12,656 k and financial expenses with EUR –60,184 k. This change in presentation does not affect the net financial result. The reason for the change in presentation is that the interest result out of derivatives is used to hedge the variable interest loans. It belongs to the financing side and, in order to improve the comparability, should be recognised under financial expenses as it is now presented.

The net loss from the fair value loss from the fair value adjustments on financial derivatives is shown below:

EUR k	2009	2008
Transfer of cumulated loss from cash flow hedge reserve to income statement	– 16,331	0
Ineffective change of the fair value of cash flow hedges	– 6,002	– 5,544
Change in fair value of financial derivatives not qualifying to a cash flow hedge	– 961	469
Net loss from fair value adjustments on financial derivatives	**– 23,294**	**– 5,075**

In 2009, EUR 16,331 k relates to cumulative loss in the fair value of cash flow hedge derivatives which were reported in equity and for which a forecast transaction is no longer expected to occur.

Further details and explanation on derivatives are shown under Note 10.8.

9.9 Disposal proceeds

EUR k	2009	2008
Investment property disposal proceeds	134,115	17,950
Carrying value of investment property disposals	– 134,140	– 16,500
	– 25	**1,450**

The loss from objects and portfolios sold below their carrying value amounts to EUR 375 k.

9.10 Income taxes

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 in 2007. For a detailed description of the transformation into a G-REIT, please see Note 1 of the 2007 consolidated financial statements. alstria office REIT-AG is tax-exempt effective as of January 1, 2007. Deferred tax liabilities and assets had to be released to income in 2007. A total of EUR 110 k in tax expenses in 2009 refer to trade taxes levied retrospectively for the 2007 financial year on a subsidiary of alstria office REIT-AG. The EUR 75 k of tax expenses in 2008 refer to corporate tax levied retrospectively for the financial year 2006.

Deferred income tax Due to the REIT tax exemption, there were no impacts on the financial statements, equity or profit and loss in 2008 and 2009.

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:

EUR k	2009	2008
Fair values		
As of Jan. 1	**1,805,265**	**1,693,718**
Changes in the consolidated group	– 41,440	0
Property acquisition	3,480	218,917
Capital expenditure	13,987	0
Disposals	– 134,140	– 16,500
Transfers to held for sale	– 135,825	– 2,754
Net result from the adjustment of the fair value of investment property	– 85,887	– 88,116
As of Dec. 31	**1,425,440**	**1,805,265**

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 7.

alstria office REIT-AG in 2009 concluded the acquisition of one investment property located in Hamburg. This property has been transferred to alstria office REIT-AG in the third quarter of 2009.

In the course of the property disposal process, the transfer of possession, benefits and burden of thirteen properties took place in 2009. Two of them have been transferred in the course of deconsolidation of former Group companies (see Note 4).

Due to probable sale transactions, three properties in a total amount of EUR 135,825 k were categorised as ‘held for sale’ in the consolidated financial statements as at December 31, 2009.

Capital expenditure (EUR 13,987 k) is made up of subsequent acquisition and production costs in relation to property acquisitions and refurbishment projects.

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

- EUR 102,510 k (2008: EUR 102,055 k) rental income from investment property;
- EUR 8,166 k (2008: EUR 7,487 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 2,023 k (2008: EUR 1,346 k) operating expenses (including repairs and maintenance) arising from investment property which did not generate rental income during the period under review.

Investment properties have been used as security for bank loans in the amount of EUR 1,561,265 k (2008: EUR 1,805,265 k).

10.2 Equity accounted investment

By means of a capital contribution from a joint venture partner, into the former subsidiary Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG at the end of the reporting period, this company is treated as a joint venture and it is stated as an equity-accounted investment. alstria office REIT-AG holds a share of 49% in the joint venture. The carrying amount of the joint venture at the end of the reporting period is EUR 9,046 k.

10.3 Property, plant and equipment

EUR k	Plant	Furniture and fixtures	Own occupied property	Total 2009
Acquisition and production cost				
As at Jan. 1, 2009	**1,100**	**159**	**3,381**	**4,640**
Additions	0	43	2,274	2,317
Transfer from investment property	0	0	0	0
Reclassifications	0	0	0	0
As at Dec. 31, 2009	**1,100**	**202**	**5,655**	**6,957**
Accumulated amortisation, depreciation and write-downs				
As at Jan. 1, 2009	**659**	**58**	**0**	**717**
Additions	187	43	114	343
As at Dec. 31, 2009	**846**	**101**	**114**	**1,060**
Net book values as at Dec. 31, 2009	**254**	**101**	**5,541**	**5,897**

EUR k	Plant	Furniture and fixtures	Own occupied property	Total 2008
Acquisition and production cost				
As at Jan. 1, 2008	**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 at Dec. 31, 2008	**1,100**	**159**	**3,381**	**4,640**
Accumulated amortisation, depreciation and write-downs				
As at Jan. 1, 2008	**285**	**23**	**0**	**308**
Additions	374	35	0	409
As at Dec. 31, 2008	**659**	**58**	**0**	**717**
Net book values as at Dec. 31, 2008	**441**	**101**	**3,381**	**3,923**

The useful life of the assets is estimated at 3 to 15 years for plant, furniture and fixtures and 50 years for the own occupied property by the Group.

The plants consist of miscellaneous items such as fire extinguishers or a control panel for a closed-circuit television system.

alstria office REIT-AG intends to occupy one of its office buildings in Hamburg for its own use. For this purpose, the property will be refurbished. Therefore the property is categorised as owner-occupied property according to IAS 16. In order to secure Group liabilities, the property is pledged with a land charge as security.

10.4 Intangible assets

EUR k	Licences Dec. 31, 2009
Acquisition and production cost	
As of Jan. 1, 2009	**475**
Additions	105
As of Dec. 31, 2009	**580**
Accumulated amortisation, depreciation and write-downs	
As of Jan. 1, 2009	**139**
Additions	130
As of Dec. 31, 2009	**269**
Net book values	**311**

EUR k	Licences Dec. 31, 2008
Acquisition and production cost	
As of Jan. 1, 2008	**399**
Additions	76
As of Dec. 31, 2008	**475**
Accumulated amortisation, depreciation and write-downs	
As of Jan. 1, 2008	**40**
Additions	99
As of Dec. 31, 2008	**139**
Net book values	**336**

The useful life of the intangible assets is estimated at 3 to 8 years.

The intangible assets mainly consist of software licences, which amount to EUR 290 k (2008: EUR 324 k).

10.5 Financial assets

A minority interest in a former Group company is stated in this line item.

10.6 Assets held for sale

Assets held for sale as shown refer exclusively to investment properties which are to be sold in the reporting year 2010.

The asset held for sale in the disposal group include one property (carrying amount EUR 60.000 k) which is to be transferred to a joint venture in 2010.

The main assets and liabilities of the disposal group are as follows:

EUR k	Dec. 31, 2009
Assets	
Investment property	135,825
Receivables and other assets	462
Cash and cash equivalents	334
Total assets	**136,621**
Liabilities	
Short-term loans	27,500
Other liabilities	676
Total liabilities	**28,176**

10.7 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:

EUR k	Dec. 31, 2009	Dec. 31, 2008
Trade receivables		
Rent receivables	5,694	4,099
Accounts receivable from affiliates	**1,855**	**0**
Tax receivables	**3**	**1**
Other receivables		
Receivables from disposal group	27,500	0
Prepayments	2,361	303
Deposit account	1,550	0
Held-for-sale asset (bond)	0	24,878
Other assets	2,072	3,085
Other receivables	**33,483**	**28,266**

All receivables are due within one year from the end of the reporting period. The fair value of all receivables equals to their carrying amount in the balance sheet.

Trade receivables were written down by EUR 311 k (December 31, 2008: EUR 255 k) due to rent payments in arrears. Other assets than trade receivables were not impaired.

As of December 31, 2009, trade receivables of EUR 724 k (December 31, 2008: 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:

EUR k	Dec. 31, 2009	Dec. 31, 2008
Trade receivables		
Up to 3 months	76	383
3 to 6 months	648	447
Over 6 months	0	0
Total	**724**	**830**

To secure the loans of the Group, 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).

Receivables from the disposal group are related to 'liabilities associated with the sale of non-current assets held for sale'. It is the part of the syndicated loan of alstria office REIT-AG which is designated to the disposal group. The corresponding liability is shown within the 'liabilities associated with the sale of non-current assets held for sale' on the liabilities side of the Group's balance sheet.

A total of EUR 1.831 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.

The decline of financial instruments held for sale is the result of the disposal of a bond.

10.8 Derivative financial instruments

The following derivative financial instruments existed as at the end of reporting period:

			Dec. 31, 2009		Dec. 31,2008	
Product	Strike p.a. (%)	Maturity date	Notional (EUR k)	Fair value (EUR k)	Notional (EUR k)	Fair value (EUR k)
Cap	4.9000	Dec. 20, 2012	75,000	100	75,000	176
Swap	4.1160	Jul. 10, 2013	100,000	–7,331	100,000	–4,517
Interest rate derivatives – held for trading				**–7,231**		**–4,341**
Cap	3.3000	Oct. 20, 2014	25,139	383	0	0
Cap	3.3000	Oct. 20, 2014	8,649	132	0	0
Swap	3.1925	Nov. 29, 2011	21,880	–781	80,880	–557
Swap	4.6000	Oct. 20, 2015	95,000	–1,854	95,000	–1,447
Swap	4.9000	Dec. 20, 2012	34,100	–3,170	75,000	–5,497
Swap	3.9087	Jan. 20, 2012	148,785	–7,828	148,785	–4,282
Swap	3.6165	Nov. 29, 2011	625,000	–27,895	625,000	–12,326
Interest rate derivatives – cash flow hedges				**–41,013**		**–24,109**
Total				**–48,244**		**–28,450**

The changes of the derivatives result from various effects. The following table shows the changes of alstria office REIT-AG's financial instruments since December 31, 2008 by category:

CHANGES IN FINANCIAL DERIVATIVES

		Financial derivatives		
EUR k	Cash flow hedge reserve	Financial assets	Financial liabilities	Total
Hedging instruments as at Dec. 31, 2008	**–49,579**	**176**	**–28,626**	**–28,450**
Effective change in fair values cash flow hedges	–9,952	22	–9,974	–9,952
Ineffective change in fair values cash flow hedges	0	–235	–5,767	–6,002
Net loss from fair value changes in financial derivatives not qualifying for cash flow hedging	0	–47	–914	–961
Reclassification of cumulated loss from equity to income statement	16,331	0	0	0
Changes in accrued interests concerning financial derivatives	0	–29	–9,068	–9,097
Acquisitions	0	728	0	728
Disposals	0	0	5,490	5,490
Hedging instruments as at Dec. 31, 2009	**–43,200**	**615**	**–48,859**	**–48,244**

The notional amount of the financial derivatives effective at the end of the reporting period is EUR 1,039,553 k (December 31, 2008: EUR 1,104,665 k). One swap with a notional of EUR 95,000 k will not become effective before July 10, 2013. Derivatives with a notional of EUR 175,000 k are not designated as a cash flow hedge.

In total EUR –9,952 k changes in fair values of effective derivatives 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 6,002 k (2008: EUR 5,544 k).

Losses totalling EUR 961 k (2008: profit of EUR 469 k) due to the market valuation of derivatives not included in hedge accounting were recorded in the income statement in the period of the financial statements to December 31, 2009.

A loss of EUR 16,331 k relates to the cumulative losses that were reported in equity and for which the forecast transaction is no longer expected to occur. It was immediately transferred to the income statement within net loss of fair value adjustments on financial derivatives (see Note 9.8).

Together, this results in a loss of EUR 23,294 k (2008: EUR 5,075 k) shown under net loss from fair value adjustments on financial derivatives. For the EUR 16,331 k expense relating to the transfer out of equity, the corresponding booking entry is an equity account, which increased by the same amount. Therefore this expense entry in the amount of EUR 16,331 k has no effect on the Group's net asset value.

On October 13, 2009, alstria office REIT-AG entered into two interest caps with a notional amount of EUR 33,788 k and a cap strike of 3.3000 %, expiring on October 20, 2014. This transaction became effective as per October 20, 2009. The fair value of the caps at the inception of the hedging relationship was EUR 728 k.

The aforementioned caps partly replaced the EUR 59,000 k notional amount of an existing interest rate swap terminated with the effective date of July 20, 2009. This resulted in the fair value reduction of financial liabilities out of this swap by EUR 2,000 k.

Further interest rate swaps with a notional amount of EUR 40,900 k have been terminated with the effective date of October 20, 2009. The value reduction out of this termination amounted to EUR 3,490 k.

10.9 Cash and cash equivalents

EUR k	Dec. 31, 2009	Dec. 31, 2008
Bank balances	146,818	31,426

Bank balances earn interest at floating rates based on daily bank deposit rates. As at the end of the reporting period, EUR 61,848 k of the cash and cash equivalents is restraint on disposal; EUR 59,132 k thereof is dedicated to the repayment on a loan in relation to the disposal of properties. Another EUR 2,716 k is dedicated to the payment of interest. The amount corresponds to the accrued interest on the syndicated loan.

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

thousand	Dec. 31, 2009	Dec. 31, 2008
Ordinary share of EUR 1 each	56,000	56,000

In the balance sheet of the consolidated financial statements as at December 31, 2009, the share capital of alstria office REIT-AG was unchanged, amounting to EUR 56,000 k. Captiva 2 Alstria Holding S.à r.l., Luxembourg, directly and indirectly held a majority of the shares in the Company, the remaining shares are free float.

Treasury stock

	Dec. 31, 2009	Dec. 31, 2008
Non-par value bearer shares (quantity)	2,374	1,375,755
Non-par value bearer shares (amount in EUR k)	26	14,983

alstria office REIT-AG offered its shareholders to pay out treasury shares instead of a cash dividend. As a result, 1,337,760 treasury shares were issued to the shareholders. The distribution date was on July 7, 2009.

By resolution of the general meeting on June 10, 2009, the authorisation of the Company to acquire treasury shares has been renewed. According to the resolution, alstria office REIT-AG is authorised to acquire up to 10% of the capital stock until December 9, 2010. For the time being, it is not intended to make any use of this authorisation.

Capital surplus The capital surplus changed as follows during the financial year:

EUR k	Dec. 31, 2009	Dec. 31, 2008
As of Jan. 1	**726,885**	**754,647**
Share-based payments	388	768
Contributions to capital surplus	0	0
Valuation of available-for-sale financial assets	123	–123
Transaction costs of issue of shares	0	0
Other contributions to capital surplus	0	–7
Reclassification of retained earnings (see also Note 15)	–28,423	–28,400
Result of the disposal of treasury shares	–13,076	0
Intrinsic value of exchange option for treasury shares	*1,744*	*0*
Disposal of treasury shares	*–14,820*	*0*
As of Dec. 31	**685,897**	**726,885**

A stock option programme was resolved in 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. As of December 31, 2009, this resulted in a further increase of the capital surplus of EUR 91 k (2008: EUR 654 k) from the allocation of the fair values of the granted stock options over the respective vesting period. A further increase of EUR 297 k (2008: EUR 114 k) resulted from the vesting of the convertible profit participation certificates granted to employees of the Group. Together, this amounts to EUR 388 k shown under share-based payments.

Reclassifications from retained earnings (EUR –56,823 k) for the years 2008 (EUR –28,400 k) and 2009 (EUR –28,423 k) relate to the dividend payments for 2007 and 2008. The Company aligns the disclosure to the German GAAP presentation that requires a reposting out of the capital reserve corresponding its decrease in the German GAAP profit carried forward.

In the course of dividend payments, in 2009 the Company offered its shareholders to swap their dividend claims for treasury shares. Due to a granted discount, the intrinsic value of the exchange option for treasury shares amounted to EUR 1,744 k.

Hedging reserve

EUR k	Dec. 31, 2009	Dec. 31, 2008
Hedging reserve	–43,200	–49,579

11.2 Financial liabilities

EUR k	Non-current	Current			
		Loan	Accrued interest	Total current	Dec. 31, 2009
Loans					
Syndicated loan	751,387	86,632	2,716	89,348	840,735
Non-recourse loans	195,870	1,930	663	2,593	198,463
Total	**947,257**	**88,562**	**3,379**	**91,941**	**1,039,198**

EUR k	Non-current	Current			
		Loan	Accrued interest	Total current	Dec. 31, 2008
Loans					
Syndicated loan	992,033	0	11,423	11,423	1,003,456
Non-recourse loans	94,768	0	1,186	1,186	95,954
Total	**1,086,801**	**0**	**12,609**	**12,609**	**1,099,410**

The table shows the long-term loans, net of the current portion as stated under non-current liabilities and the current amount that is due within one year, and shown as short-term loans under current liabilities.

The syndicated loan was 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. Out of this nominal amount, EUR 842,837 k (December 31, 2008: EUR 995,374 k) had been drawn as of the end of the reporting period. The carrying amount due to deducted transaction costs to be allocated under the effective interest method upon raising the liabilities is EUR 838,019 k (December 31, 2008: EUR 992,033 k). 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 (Notes 10.3 and 10.7).

Furthermore, due to refinancing activities, non-recourse loans with a nominal amount of EUR 198,550 k (December 31, 2008: EUR 95,000 k) existed as at the end of the reporting period. The lower carrying amount of EUR 197,800 k (December 31, 2008: EUR 94,768 k) takes into account interest liabilities and transaction costs to be allocated under the effective interest method upon raising the liabilities.

The current amount is made up of amortisation, scheduled loan repayment and accrued interest to be paid on the loans.

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 value with the exception of transaction costs.

A total of EUR 32,540 k in financial liabilities from non-recourse loans relate to a fixed interest rate loan. As at the end of the reporting period, this loan has a fair value of EUR 32,872.

As at December 30, 2009, alstria agreed on a further non-recourse loan amount of EUR 33,000 k and an additional CAPEX line of EUR 6,200 k. This loan has been closed in the course of a joint venture which became effective with the drawdown as at January 20, 2010.

As at December 31, 2009, loans were reduced by transaction costs of EUR 5,568 k (December 31, 2008: EUR 3,574 k).

The carrying amounts of the loans are all denominated in euros; the fair value of all financial liabilities, with the exception of the transaction cost and the fixed interest rate loan, approximates their nominal value at the end of the reporting period.

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

EUR k	Dec. 31, 2009	Dec. 31, 2008
Up to 1 year	88,562	0
More than 1 year	914,717	1,086,801
Total	**1,003,279**	**1,086,801**

The following loans are secured by land charges:

EUR k	Dec. 31, 2009	Dec. 31, 2008
Financial liabilities secured by land charges	1,035,819	1,086,801
thereof on investment property	*1,030,278*	*1,086,801*

11.3 Other provisions

In respect of the sale of properties, the Group has accepted the commitment to compensate the buyer for possible rent income shortfalls in case of non-extension of rental agreements existing with certain tenants at the disposal date. The provision amount of EUR 1,550 k was calculated as net present value of possible cash outflow due to this rental guarantee for which a realisation is expected more likely than not. The commitment relate to a 6 years rental period starting in 2014. The same circumstances led to contingent liabilities (see Note 12.2).

11.4 Trade payables and other liabilities

EUR k	Due up to 1 year	Due in more than 1 year	Total Dec. 31, 2009
Trade payables			
Other trade payables	3,692	0	3,692
	3,692	**0**	**3,692**
Other current liabilities			
VAT liabilities	110	0	110
Liability for real estate transfer tax	220	0	220
Miscellaneous other liabilities	9,569	344	9,913
	9,899	**344**	**10,243**

EUR k	Due up to 1 year	Due in more than 1 year	Total Dec. 31, 2008
Trade payables			
Other trade payables	4,561	0	4,561
	4,561	**0**	**4,561**
Other current liabilities			
VAT liabilities	790	0	790
Liability for real estate transfer tax	2,147	0	2,147
Miscellaneous other liabilities	8,148	70	8,218
	11,085	**70**[1]	**11,155**

[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 2,981 k (December 31, 2008: EUR 3,435 k) and liabilities from third-party real estate management services and rental activities of EUR 711 k (December 31, 2008: EUR 1,126 k).

The liabilities for real estate transfer tax result from the acquisition of properties in 2008.

Miscellaneous other liabilities include outstanding invoices with an amount of EUR 4,128 k and deferred income of EUR 2,410 k (2008: EUR 2,451 k). Accrued bonuses amount to EUR 1,320 k (2008: EUR 843 k). It also includes received deposits of EUR 434 k (2008: EUR 451 k). Minority interests in partnerships (EUR 10 k) are also disclosed under miscellaneous other liabilities.

11.5 Trust assets and liabilities

As at the end of the reporting period, alstria office REIT-AG has trust assets with an amount of EUR 1,550 k and liabilities of EUR 434 k (December 31, 2008: EUR 451 k), in particular from rent deposits.

11.6 Deferred taxes

According to its REIT status, alstria office REIT-AG has been fully tax transparent for income taxes starting from January 1, 2007. Therefore, at the end of reporting period as well as at the end of the prior-years' reporting period deferred, taxes do not exist.

11.7 Liabilities of current tax

As at reporting date no liabilities of current tax existed (December 31, 2008: EUR 21 k).

12 Other notes

12.1 Compensation of management board and supervisory board

Management board In 2009, the overall compensation of the members of the executive board totalled EUR 1,529 k (2008: EUR 1,314 k). As at the reporting date, liabilities for the compensation of the members of the executive board amount to EUR 550 k. Under the stock option programme of alstria office REIT-AG, members of the executive board held non-transferable stock options for 375,000 shares of alstria office REIT-AG as at December 31, 2009 and 2008, respectively. Details of the stock option programme are also included in these notes (see Note 17).

Supervisory board Pursuant to the Articles of Association, supervisory board members' fixed annual payment amounted to EUR 299 k (2008: EUR 292 k).

Further information on disclosures according to Section 314 paragraph 1 no. 6a HGB (German Commercial Code) and IAS 24.16 is provided in the remuneration report (pages 90 to 91) that is presented in the corporate governance chapter and is also part of these notes.

12.2 Commitments and contingencies

alstria office REIT-AG entered into a general building agreement. Future commitments out of this contract amounted to EUR 4,122 k as at the end of the reporting period. Other financial obligations from refurbishment projects and ongoing maintenance amount to EUR 3,862 k (2008: EUR 6,105 k).

In respect of the sale of properties, at the disposal date the Group accepted the commitment to compensate the buyer for possible rent income shortfalls in case rental agreements existing with certain tenants are not extended. Contingencies out of this commitment amount to EUR 4,768 k. The commitment relates to a 6-year rental period starting 2014. According to the details of the rental guarantees and the lettability of the objects, the Company does not expect a claim to come out of the rental guarantees. The same circumstances led to provisions (see Note 11.3).

As at December 31, 2009, 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 1 and 26 years. All leases include an indexation clause, i.e. the rental charges may be raised annually according to prevailing market conditions.

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

EUR k	Dec. 31, 2009	Dec. 31, 2008[1]
Within 1 year	91,707	101,905
After 1 year but not longer than 5 years	309,248	352,550
More than 5 years	519,158	602,754
	920,113	**1,057,209**

[1] Corrected previous year values.

12.3 Consolidated cash flow statement

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

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 with an amount of EUR 140,627 k (2008: EUR –235,246 k) were funded by additional borrowings and by operating cash.

The repayments of borrowings (EUR 153,058 k; 2008: EUR 107,495 k) were financed by additional borrowings, by operating cash and by using the cash and cash equivalents.

13 Related party relationships

13.1 Preliminary remarks

Related parties are members of the 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. (the 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 financial year.

As a joint venture in which alstria office REIT-AG is a joint venturer, Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG is a related party.

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 financial 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 in alstria office REIT-AG's favour.

13.2 Remuneration of key management personnel

For a detailed description of the remuneration of key management personnel, please see Note 12.1 and the remuneration report (pages 90 to 91) in the corporate governance chapter.

13.3 Related party transactions

Transactions with related parties only apply to laid-out expenses in relation to accounting services for Captiva Capital Partners II SCA in an amount of EUR 24 k (2008: EUR 28 k).

At the end of the reporting period, the Group has receivables of EUR 1,855 k against the joint venture. Furthermore, alstria office REIT-AG received EUR 327 k from the joint venture as compensation for services connected to real estate.

14 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 financial 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 owners of the parent company 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:

	2009	2008
Profit attributable to the shareholders (EUR k)	–79,651	–56,000
Average number of shares outstanding (thousands)	55,306	54,697
Basic earnings per share (EUR per share)	–1.44	–1.02

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 at the end of the reporting period.

For further information concerning granted stock option and convertible profit participation rights, please see Notes 17 and 18.

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

alstria office REIT-AG is authorised to issue up to EUR 28,000 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 non-dilutive for the period presented.

15 Dividends paid

The annual general meeting of alstria office REIT-AG on June 10, 2009 resolved to pay out dividends totalling of EUR 28,423 k (EUR 0.52 per share outstanding). The dividends paid out in 2008 totalled EUR 28,400 k (EUR 0.52 per share outstanding).

Shareholders had been entitled to exchange their cash dividend entitlement for a share dividend. The shares have been exchanged into cash dividend entitlements 2008 for a share price of EUR 4.16. At a cash dividend entitlement of EUR 0.52, eight dividend entitlements equal one share. EUR 15,794 k of the dividend was paid out on June 29, 2009 as a cash dividend to those shareholders who did not apply for the share dividend. A total of EUR 5,565 k in share dividends, together with EUR 7,064 k in cash dividends due to the oversubscription of the offer, was paid out on July 6, 2009.

The EUR 5,565 k, which reflects the exchange of cash dividend claims for shares in the Company, are shown under retained earnings.

16 Employees

During the period from January 1, 2009 to December 31, 2009, the Company had an average of 31 employees (January 1, 2008 to December 31, 2008: on average 28 employees). The average was calculated by the fourth part of the total of employed people at the end of each quarter. On December 31, 2009, 32 people (December 31, 2008: 29 people) were employed at alstria office REIT-AG, excluding the management board.

17 Stock option programme

On March 27, 2007, the supervisory board of the Company resolved to establish a stock option programme for the members of the management board. The supervisory board fixed the details of the stock option programme in accordance with the 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 programme resolved by the supervisory board can be summarised as follows:

Under the stock option programme, up to 2,000,000 options entitling to the subscription of a maximum of 2,000,000 shares of the Company with a total nominal 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 conditions below. 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 and 2009.

At the beginning of the reporting period, 515,625 stock options outstanding existed. Therefore, the amount of stock options outstanding as at the end of reporting period 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 the granting date over the vesting period amounted to EUR 91 k in 2009 (Note 9.5).

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	Sept. 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 the granting date (EUR)	3.17	2.28

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

The term of each stock option is 7 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 2 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. There are no cash settlement alternatives.

18 Convertible profit participation rights programme

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 programme. With its resolution, the supervisory board fixed the details of the convertible profit participation rights programme in accordance with an authorisation granted by the general meeting of shareholders of March 15, 2007.

The main terms of the programme 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 programme, 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, 42,000 certificates on June 6, 2008 and a further 114,000 certificates on June 11, 2009. Total expenses relating to convertible profit participation rights were EUR 375 k in 2009 (Note 9.5). In 2008 1,100 participation rights have been terminated.

None of the convertible profit participation rights expired during the reporting period. At the end of the reporting period, 158,500 convertible profit participation rights were outstanding.

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 (market condition). For the 114,000 certificates issued on June 11, 2009 this market condition was fulfilled in 2009.

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 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 model 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:

Granting date of tranche	Sept. 6, 2007	Jun. 6, 2008	Jun. 11, 2009
Dividend yield (%)	3.70	4.70	8.68
Risk-free interest rate (%)	4.20	4.65	1.71
Expected volatility (%)	30.00	35.00	73.00
Expected life of option (years)	2.00	2.00	2.00
Exercise share price (EUR)	2.00	2.00	2.00
Labour turnover rate (%)	10.00	10.00	10.00
Stock price as of valuation date (EUR)	13.18	11.03	5.99
Estimated fair value of one option for conversion at the granting date	10.77	8.76	4.01

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

19 Financial risk management

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

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

The main risks arising from the Group's financial instruments are cash flow interest rate risks and liquidity risks. The Group is not exposed to any significant credit risks. The 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 default of payment by a major tenant. Due to the fact that all of the Company's main tenants are public institutions or still highly rated, the risk of default of payments is currently limited.

alstria office REIT-AG's syndicated loan facility agreement allows for a loan to value (LTV) ratio of 65%. After the loan restructuring, the Company managed to keep the LTV ratio on the relevant test date at 59.8%. With the measures implemented since the beginning of 2009, the risk of a breach of covenant was effectively countered.

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

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

EUR k	< 1 year	1 – 2 years	2 – 3 years	3 – 4 years	> 4 years	Total
Financial year as at Dec. 31, 2009						
Variable interest						
Loan facility	86,632	751,387	0	0	0	838,019
Non-recourse loans	927	971	1,013	1,065	161,517	165,493
Total	**87,559**	**752,358**	**1,013**	**1,065**	**161,517**	**1,003,512**
Financial year as at Dec. 31, 2008						
Variable interest						
Loan facility	0	0	992,033	0	0	992,033
Non-recourse loans	0	0	0	0	94,768	94,768
Total	**0**	**0**	**992,033**	**0**	**94,768**	**1,086,801**

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; that is, the interest is capped at a predetermined 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:

				Carrying amount/fair value (EUR k)	
Product	Strike p.a. (%)	Notional (EUR k)	Maturity date	2009	2008
Cap	3.3000	25,139	Oct. 20, 2014	383	0
Cap	3.3000	8,649	Oct. 20, 2014	132	0
Cap	4.9000	75,000	Dec. 20, 2012	100	176
Swap	3.1925	21,880	Nov. 29, 2011	– 781	– 557
Swap	4.6000	95,000	Oct. 20, 2015	– 1,854	– 1,447
Swap	4.9000	34,100	Dec. 20, 2012	– 3,170	– 5,497
Swap	4.1160	100,000	Jul. 10, 2013	– 7,331	– 4,517
Swap	3.9090	148,785	Jan. 20, 2012	– 7,828	– 4,282
Swap	3.6165	625,000	Nov. 29, 2011	– 27,895	– 12,326
Total				**– 48,244**	**– 28,450**

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

The following table shows the sensitivity of the Company'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.

INTEREST EXPENSES P.A.

EUR k	2009	2008
+80 basis points	6,674	7,050
–100 basis points	–12,764	–8,812

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

EUR k	2009	2008
+80 basis points	11,670	25,308
–100 basis points	–14,794	–32,963

b) Impact on income statement

FINANCIAL DERIVATIVES NOT QUALIFYING TO CASH FLOW HEDGE ACCOUNTING

EUR k	2009	2008
+80 basis points	5,797	338
–100 basis points	–7,555	–128

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 at the end of the reporting period, the nominal financial liabilities had the following maturities in line with their contractual maturity (the basis is the 3-month EURIBOR as at December 31, 2009 plus the weighted average margin of 94 basis points for the Group's loans).

EUR k	< 1 year	1–2 years	2–3 years	3–4 years	4–5 years	> 5 years	Total
Financial year as at Dec. 31, 2009							
Interests	20,057	23,471	6,447	6,681	6,269	3,042	65,967
Loans	88,573	758,189	2,027	2,079	95,519	95,000	1,041,387
Financial derivatives	25,386	18,923	3,274	2,070	1,917	0	51,570
Trade payables	3,692	0	0	0	0	0	3,692
Other current liabilities	6,599	0	0	0	0	0	6,599
	144,307	**800,584**	**11,747**	**10,831**	**103,705**	**98,042**	**1,169,215**
Financial year as at Dec. 31, 2008							
Interests	52,202	39,591	36,461	3,904	3,893	7,018	143,069
Loans	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 liabilities	7,793	0	0	0	0	0	7,793
	75,036	**48,730**	**1,039,209**	**6,764**	**5,315**	**104,984**	**1,280,037**

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 842,837 k of this nominal amount had been utilised as at the end of reporting period (December 31, 2008: EUR 995,374 k). The second major part of liabilities is made up of loans entered into with several banks as result of the Group's refinancing strategy, with a nominal amount of EUR 198,550 k (December 31, 2008: EUR 95,000 k). The entire amount of the loans has been utilised as at the end of reporting period. 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 charges on the land registered. The obligations arising from the floating interest bank loans were fully secured. Land charges for real estate property with a carrying amount of EUR 1,566,806 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 at December 31, 2009 and December 31, 2008.

The capital structure is monitored by the Company using the key performance indicators (KPIs) relevant for classification as a REIT. The REIT equity ratio, being the ratio of equity to immovable assets, 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 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.

The following KPIs are also used to manage capital:

KPIS ACCORDING TO G-REIT LAW

%	2009	2008	G-REIT Covenant
Equity ratio according to G-REIT law	40.26	40.34	>45
Immovable assets	89.20	96.36	>75
Revenues gained from immovable assets	100.00	100.00	>75
Income gained from disposal of immovable assets	9.93	1.24	<50[1]

[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.

Assets as per balance sheet (EUR k) as of Dec. 31, 2009	Carrying amount	Non-financial instruments	Financial instruments					
			Loans and receivables	Assets at fair value through profit and loss	Derivatives hedge accounting	Available for sale	Total	Fair value
Equity-accounted investments	9,046	0	0	9,046	0	0	9,046	9,046
Financial assets	351	0	0	0	0	351	351	351
Trade receivables	5,694	0	5,694	0	0	0	5,694	5,694
Accounts receivable from joint ventures	1,855	0	1,855	0	0	0	1,855	1,855
Derivatives	615	0	0	100	515	0	615	615
Tax receivables	3	0	3	0	0	0	3	3
Receivables and other assets	33,483	4,152	29,331	0	0	0	29,331	29,331
Cash and cash equivalents	146,818	0	146,818	0	0	0	146,818	146,818
Total	**197,866**	**4,152**	**183,701**	**9,146**	**515**	**351**	**193,713**	**193,713**

Liabilities as per balance sheet (EUR k) as of Dec. 31, 2009	Carrying amount	Non-financial instruments	Financial instruments				
			Liabilities at fair value through profit and loss	Other liabilities	Derivatives hedge accounting	Total	Fair value
Long-term loans	947,257	0	0	952,825	0	952,825	952,825
Derivatives	48,859	0	18,328	0	30,531	48,859	48,859
Short-term loans	91,941	0	0	91,941	0	91,941	91,941
Trade payables	3,692	0	0	3,692	0	3,692	3,692
Other liabilities	10,243	9,465	0	778	0	778	778
Total	**1,101,992**	**9,465**	**18,328**	**1,049,236**	**30,531**	**1,098,095**	**1,098,095**

Assets as per balance sheet (EUR k) as of Dec. 31, 2008	Carrying amount	Non-financial instruments	Financial instruments				
			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	0	176	0	176	176
Tax receivables	1	0	1	0	0	1	1
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	**63,968**	**1,097**	**37,817**	**176**	**24,878**	**62,871**	**62,871**

Liabilities as per balance sheet (EUR k) as of Dec. 31, 2008	Carrying amount	Non-financial instruments	Financial instruments				
			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	0	7,863	7,863
Total	**1,143,753**	**3,293**	**0**	**1,115,407**	**28,626**	**1,144,033**	**1,144,033**

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:

EUR k	2009	2008
Financial instruments at fair value through profit or loss	–23,294	–5,075
Loans and receivables	–311	–254
Total	**–23,605**	**–5,329**

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

Fair value estimation Effective as of January 1, 2009, the Group adopted the amendment to IFRS 7 for financial instruments which are measured in the balance sheet at fair value. This requires the disclosure of fair value measurements by level of the following fair value measurement hierarchy:

> Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
> Inputs other than quoted prices included within level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2).
> Inputs for the asset or liability which are not based on observable market data (that is, unobservable inputs) (level 3).

All of the Group's financial instruments which are measured in the balance sheet at fair value are valued using the level 2 valuation measurement approach. This only applies to the Group's financial derivatives, as there are no other financial instruments that are measured in the balance sheet at fair value.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to ascertain the fair value of an instrument are observable, the instrument is included in level 2.

20 Significant events after the end of the reporting period

alstria office REIT-AG agreed the terms of a joint venture regarding the rebuilding of the Kaisergalerie at Grosse Bleichen 23–27 in Hamburg. While the Company will mainly contribute the building to the joint venture, the partner will basically contribute equity funding. The envisaged time line for the project is around twelve months, starting in the middle of 2011.

In January, alstria office REIT-AG entered into a new credit facility on a non-recourse basis as an additional step towards decreasing the balloon payment of the syndicated loan facility. The credit facility is a EUR 76 m, 7-year non-recourse loan with a fixed rate over the maturity at 4.62%.

In January 2010, the Company made a voluntary down payment on its main credit facility of EUR 20 m to decrease the LTV ratio below 60%, and to secure the margin of 85 bp for the next two interest periods.

In January 2010, three swaps with a notional amount of EUR 203.9 m were terminated and a new one with a notional amount of EUR 33.0 m (cash flow hedge) was closed.

21 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 Section 264b HGB:

> Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
> alstria office Bamlerstrasse GmbH & Co. KG, Hamburg
> alstria office Gänsemarkt Drehbahn GmbH & Co. KG, Hamburg
> alstria office Grundbesitz 2 GmbH & Co. KG, Hamburg
> alstria office Halberstädter Str. GmbH & Co. KG, Hamburg
> alstria office Hamburger Str. 43 GmbH & Co. KG, Hamburg
> alstria office Ludwig-Erhard-Strasse GmbH & Co. KG, Hamburg
> alstria office Mannheim/Wiesbaden GmbH & Co. KG, Hamburg
> alstria office Steinstrasse 5 GmbH & Co. KG, Hamburg
> Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg

22 Disclosures pursuant to Wertpapierhandelsgesetz [German Securities Trading Act]

1 Ad-hoc announcement

Date	Topic	Language
Feb. 11, 2009	alstria office REIT-AG: Debt covenants successfully renegotiated and LTV at year-end below 60%	German/ English
Oct. 29, 2009	alstria office REIT-AG: alstria agrees to sell a EUR 93.4 m office portfolio	German/ English

2 Directors' dealings

The following transactions were executed in 2009 and reported to alstria office REIT-AG:

Name of person subject to the disclosure requirement	Function	Classification of the share	ISIN	Transaction	Place	Transaction date	Price per share (EUR)	Number of Shares	Deal volume (EUR)
Olivier Elamine	Member of the management board	Share	DE000A0L-D2U1	Buy	Over the counter	Mar. 26, 2009	3.86	22,668	87,498.48
Alexander Dexne	Member of the management board	Share	DE000A0L-D2U1	Buy	Over the counter	Mar. 26, 2009	3.86	12,953	49,998.58

3 Voting rights notifications

No.	Date	Shareholders	Voting rights (new) (%)	Strike threshold (%)	Date of change	Attributed shares	Disclosure according to	Language
1	Jan. 5, 2009	CCT Corporate Nominees Limited	0.00	50, 30, 25, 20, 15, 10, 5, 3	Dec. 22, 2008	no	§ 26 (1) WpHG	German/ English
2	Jan. 5, 2009	Mourant Limited	52.04	50, 30, 25, 20, 15, 10, 5, 3	Dec. 22, 2008	yes	§ 26 (1) WpHG	German/ English
3	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
4	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
5	Jan. 7, 2009	Morgan Stanley Investment Management Limited	4.95	5	Dec. 19, 2008	yes	§ 26 (1) WpHG	English
6	Jan. 7, 2009	Morgan Stanley	4.96	5	Dec. 19, 2008	yes	§ 26 (1) WpHG	English
7	Jan. 7, 2009	Morgan Stanley International Holdings Inc.	4.95	5	Dec. 19, 2008	yes	§ 26 (1) WpHG	English
8	Jan. 7, 2009	Morgan Stanley International Limited	4.95	5	Dec. 19, 2008	yes	§ 26 (1) WpHG	English
9	Jan. 7, 2009	Morgan Stanley Group (Europe)	4.95	5	Dec. 19, 2008	yes	§ 26 (1) WpHG	English
10	Feb. 2, 2009	Morgan Stanley Investment Management Limited	3.35	3	Apr. 12, 2007	yes	§ 26 (1) WpHG	English
11	Feb. 2, 2009	Morgan Stanley	3.35	3	Apr. 12, 2007	yes	§ 26 (1) WpHG	English
12	Feb. 2, 2009	Morgan Stanley International Holdings Inc.	3.35	3	Apr. 12, 2007	yes	§ 26 (1) WpHG	English
13	Feb. 2, 2009	Morgan Stanley International Limited	3.35	3	Apr. 12, 2007	yes	§ 26 (1) WpHG	English
14	Feb. 2, 2009	Morgan Stanley Group (Europe)	3.35	3	Apr. 12, 2007	yes	§ 26 (1) WpHG	English
15	Feb. 2, 2009	Morgan Stanley Investment Management Limited	5.03	5	Nov. 20, 2007	yes	§ 26 (1) WpHG	English
16	Feb. 2, 2009	Morgan Stanley	5.03	5	Nov. 20, 2007	yes	§ 26 (1) WpHG	English
17	Feb. 2, 2009	Morgan Stanley International Holdings Inc.	5.03	5	Nov. 20, 2007	yes	§ 26 (1) WpHG	English
18	Feb. 2, 2009	Morgan Stanley International Limited	5.03	5	Nov. 20, 2007	yes	§ 26 (1) WpHG	English
19	Feb. 2, 2009	Morgan Stanley Group (Europe)	5.03	5	Nov. 20, 2007	yes	§ 26 (1) WpHG	English
20	Feb. 2, 2009	Morgan Stanley Investment Management Limited	4.84	5	Jan. 14, 2008	yes	§ 26 (1) WpHG	English
21	Feb. 2, 2009	Morgan Stanley	4.84	5	Jan. 14, 2008	yes	§ 26 (1) WpHG	English
22	Feb. 2, 2009	Morgan Stanley International Holdings Inc.	4.84	5	Jan. 14, 2008	yes	§ 26 (1) WpHG	English

No.	Date	Shareholders	Voting rights (new) (%)	Strike threshold (%)	Date of change	Attributed shares	Disclosure according to	Language
23	Feb. 2, 2009	Morgan Stanley International Limited	4.84	5	Jan. 14, 2008	yes	§ 26 (1) WpHG	English
24	Feb. 2, 2009	Morgan Stanley Group (Europe)	4.84	5	Jan. 14, 2008	yes	§ 26 (1) WpHG	English
25	Feb. 2, 2009	Morgan Stanley Investment Management Limited	5.33	5	Feb. 28, 2008	yes	§ 26 (1) WpHG	English
26	Feb. 2, 2009	Morgan Stanley	5.33	5	Feb. 28, 2008	yes	§ 26 (1) WpHG	English
27	Feb. 2, 2009	Morgan Stanley International Holdings Inc.	5.33	5	Feb. 28, 2008	yes	§ 26 (1) WpHG	English
28	Feb. 2, 2009	Morgan Stanley International Limited	5.33	5	Feb. 28, 2008	yes	§ 26 (1) WpHG	English
29	Feb. 2, 2009	Morgan Stanley Group (Europe)	5.33	5	Feb. 28, 2008	yes	§ 26 (1) WpHG	English
30	Feb. 2, 2009	Cohen & Steers Inc.	3.10	3	Jan. 28, 2009	yes	§ 26 (1) WpHG	German/ English
31	Mar. 17, 2009	Cohen & Steers Inc.	2.50	3	Mar. 10, 2009	yes	§ 26 (1) WpHG	German/ English
32	Jun. 29, 2009	Maitre Patrick Foetisch	48.90	30, 25, 20, 15, 10, 5, 3	Sept. 14, 2007	yes	§ 26 (1) WpHG	English
33	Jun. 29, 2009	Maitre Patrick Foetisch	50.20	50	Aug. 21, 2008	yes	§ 26 (1) WpHG	English
34	Jun. 29, 2009	Maitre Patrick Foetisch	0.00	50, 30, 25, 20, 15, 10, 5, 3	Dec. 22, 2008	no	§ 26 (1) WpHG	English
35	Jun. 29, 2009	SFCT Investments Ltd	48.90	30, 25, 20, 15, 10, 5, 3	Sept. 14, 2007	yes	§ 26 (1) WpHG	English
36	Jun. 29, 2009	SFCT Investments Ltd	50.20	50	Aug. 21, 2008	yes	§ 26 (1) WpHG	English
37	Jun. 29, 2009	SFCT Investments Ltd	0.00	50, 30, 25, 20, 15, 10, 5, 3	Dec. 22, 2008	no	§ 26 (1) WpHG	English
38	Jun. 29, 2009	Citco III Limited	48.90	30, 25, 20, 15, 10, 5, 3	Sept. 14, 2007	yes	§ 26 (1) WpHG	English
39	Jun. 29, 2009	Citco III Limited	50.20	50	Aug. 21, 2008	yes	§ 26 (1) WpHG	English
40	Jun. 29, 2009	Citco III Limited	0.00	50, 30, 25, 20, 15, 10, 5, 3	Dec. 22, 2008	no	§ 26 (1) WpHG	English
41	Jun. 29, 2009	Citco Group Limited	48.90	30, 25, 20, 15, 10, 5, 3	Sept. 14, 2007	yes	§ 26 (1) WpHG	English
42	Jun. 29, 2009	Citco Group Limited	50.20	50	Aug. 21, 2008	yes	§ 26 (1) WpHG	English
43	Jun. 29, 2009	Citco Group Limited	0.00	50, 30, 25, 20, 15, 10, 5, 3	Dec. 22, 2008	no	§ 26 (1) WpHG	English
44	Jun. 29, 2009	CBC Holdings NV	48.90	30, 25, 20, 15, 10, 5, 3	Sept. 14, 2007	yes	§ 26 (1) WpHG	English
45	Jun. 29, 2009	CBC Holdings NV	50.20	50	Aug. 21, 2008	yes	§ 26 (1) WpHG	English
46	Jun. 29, 2009	CBC Holdings NV	0.00	50, 30, 25, 20, 15, 10, 5, 3	Dec. 22, 2008	no	§ 26 (1) WpHG	English
47	Jun. 29, 2009	Citco Banking Corporation NV	48.90	30, 25, 20, 15, 10, 5, 3	Sept. 14, 2007	yes	§ 26 (1) WpHG	English

No.	Date	Shareholders	Voting rights (new) (%)	Strike threshold (%)	Date of change	Attributed shares	Disclosure according to	Language
48	Jun. 29, 2009	Citco Banking Corporation NV	50.20	50	Aug. 21, 2008	yes	§ 26 (1) WpHG	English
49	Jun. 29, 2009	Citco Banking Corporation NV	0.00	50, 30, 25, 20, 15, 10, 5, 3	Dec. 22, 2008	no	§ 26 (1) WpHG	English
50	Jun. 29, 2009	Citco C&T Holdings Limited	48.90	30, 25, 20, 15, 10, 5, 3	Sept. 14, 2007	yes	§ 26 (1) WpHG	English
51	Jun. 29, 2009	Citco C&T Holdings Limited	50.20	50	Aug. 21, 2008	yes	§ 26 (1) WpHG	English
52	Jun. 29, 2009	Citco C&T Holdings Limited	0.00	50, 30, 25, 20, 15, 10, 5, 3	Dec. 22, 2008	no	§ 26 (1) WpHG	English
53	Jun. 29, 2009	CC&T Holdings Limited	48.90	30, 25, 20, 15, 10, 5, 3	Sept. 14, 2007	yes	§ 26 (1) WpHG	English
54	Jun. 29, 2009	CC&T Holdings Limited	50.20	50	Aug. 21, 2008	yes	§ 26 (1) WpHG	English
55	Jun. 29, 2009	CC&T Holdings Limited	0.00	50, 30, 25, 20, 15, 10, 5, 3	Dec. 22, 2008	no	§ 26 (1) WpHG	English
56	Jun. 29, 2009	Citco Holdings Denmark ApS	48.90	30, 25, 20, 15, 10, 5, 3	Sept. 14, 2007	yes	§ 26 (1) WpHG	English
57	Jun. 29, 2009	Citco Holdings Denmark ApS	50.20	50	Aug. 21, 2008	yes	§ 26 (1) WpHG	English
58	Jun. 29, 2009	Citco Holdings Denmark ApS	0.00	50, 30, 25, 20, 15, 10, 5, 3	Dec. 22, 2008	no	§ 26 (1) WpHG	English
59	Jun. 29, 2009	Citco C&T Holdings (Luxembourg S.A.R.L.)	48.90	30, 25, 20, 15, 10, 5, 3	Sept. 14, 2007	yes	§ 26 (1) WpHG	English
60	Jun. 29, 2009	Citco C&T Holdings (Luxembourg S.A.R.L.)	50.20	50	Aug. 21, 2008	yes	§ 26 (1) WpHG	English
61	Jun. 29, 2009	Citco C&T Holdings (Luxembourg S.A.R.L.)	0.00	50, 30, 25, 20, 15, 10, 5, 3	Dec. 22, 2008	no	§ 26 (1) WpHG	English
62	Jun. 29, 2009	Citco Nederland B.V.	48.90	30, 25, 20, 15, 10, 5, 3	Sept. 14, 2007	yes	§ 26 (1) WpHG	English
63	Jun. 29, 2009	Citco Nederland B.V.	50.20	50	Aug. 21, 2008	yes	§ 26 (1) WpHG	English
64	Jun. 29, 2009	Citco Nederland B.V.	0.00	50, 30, 25, 20, 15, 10, 5, 3	Dec. 22, 2008	no	§ 26 (1) WpHG	English
65	Jun. 29, 2009	Citco Corporate Services (Ireland) Ltd	48.90	30, 25, 20, 15, 10, 5, 3	Sept. 14, 2007	yes	§ 26 (1) WpHG	English
66	Jun. 29, 2009	Citco Corporate Services (Ireland) Ltd	50.20	50	Aug. 21, 2008	yes	§ 26 (1) WpHG	English
67	Jun. 29, 2009	Citco Corporate Services (Ireland) Ltd	0.00	50, 30, 25, 20, 15, 10, 5, 3	Dec. 22, 2008	no	§ 26 (1) WpHG	English
68	Jul. 28, 2009	Morgan Stanley Investment Management Limited	2.46	3	Jul. 20, 2009	yes	§ 26 (1) WpHG	English
69	Jul. 28, 2009	Morgan Stanley	2.52	3	Jul. 20, 2009	yes	§ 26 (1) WpHG	English
70	Jul. 28, 2009	Morgan Stanley International Holdings Inc.	2.46	3	Jul. 20, 2009	yes	§ 26 (1) WpHG	English
71	Jul. 28, 2009	Morgan Stanley International Limited	2.46	3	Jul. 20, 2009	yes	§ 26 (1) WpHG	English
72	Jul. 28, 2009	Morgan Stanley Group (Europe)	2.46	3	Jul. 20, 2009	yes	§ 26 (1) WpHG	English

23 Declaration of compliance pursuant to Section 161 AktG ['Aktiengesetz': German Stock Corporation Act]

The declaration of compliance required by Section 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). It is included in the declaration of corporate management according to Section 289a HGB.

24 Auditor's fees

At June 10, 2009, the general meeting elected Pricewaterhouse-Coopers AG Wirtschaftsprüfungsgesellschaft, Lise-Meitner-Strasse 1, Berlin, to audit the separate and consolidated financial statements for the financial year 2009. The fee expenses in 2009 are comprised as follows:

EUR k	2009	2008
Audit services	366	356
Other audit-related services	61	82
Other Services	0	100

25 Management board

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

Mr Olivier Elamine, Chief Executive Officer (CEO)

Mr Alexander Dexne, Chief Financial Officer (CFO)

The attached remuneration report (pages 90 to 91) contains details of the principles for the definition of the management board's and supervisory board's remuneration.

26 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 financial year 2009 the members of the supervisory board were:

Alexander Stuhlmann (chairman), Hamburg, Germany
Management Consultant;
Manager of Alexander Stuhlmann GmbH

> BVV Versicherungsverein des Bankgewerbes a.G., member of the supervisory board
> BVV Versorgungskasse des Bankgewerbes e.V, member of the supervisory soard
> 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 boards
> Ludwig Görtz GmbH, Member of the administrative board
> Otto Dörner GmbH & Co. KG, chairman of the advisory board
> Siedlungsbaugesellschaft Hermann und Paul Frank mbH & Co. KG, chairman of the advisory board
> Studio Hamburg Berlin Brandenburg GmbH, member of the advisory board

John van Oost (vice-chairman), London, United Kingdom
Managing Partner at Natixis Capital Partners
> Natixis Capital Partners Ltd., managing partner
> Axiom Asset 1 GmbH & Co. KG, director
> Axiom Asset 2 GmbH & Co. KG, director
> Axiom Immo Management GmbH, director
> Axiom Immo GP GmbH
(formerly Captiva Industrial GP GmbH), director
> Axiom Immo Holding GmbH
(formerly Captiva Industrial Holding GmbH), director
> Captiva Capital Management SaRL, board member
> Express Holding Srl, board member
> Green Cove Capital Management SaRL, board member
> La Jolla Capital Management SaRL, board member
> Natixis Capital Partners GmbH, board member
> Natixis Capital Partners Srl, board member
> Ocala Capital Management LLC, board member

Dr. Johannes Conradi, Hamburg, Germany
Lawyer and Partner at Freshfields Bruckhaus Deringer LLP
> Global head of Real Estate Sector Group
> Managing partner of the Hamburg Office
> Member of the German Management Group

Roger Lee, London, United Kingdom
Real Estate Investment Manager at Natixis Capital Partners

Richard Mully, Dublin, Ireland
Investment Manager at Grove International Partners (UK) Ltd.
> 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, until March 27, 2009
> Karta Realty Limited, director
> Nowe Ogrody 2 Sp. z o.o., director
> Nowe Ogrody 3 Sp. z o.o., director
> Nowe Ogrody 4 Sp. z o.o., director
> Nowe Ogrody Sp. z o.o., director
> 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, until December 3, 2009
> Spazio Industriale II B.V., director
> SREI DI Properties, Inc., director

Daniel Quai, Crans, Switzerland
Banker at NATIXIS Capital Partners
> 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

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 12, 2010

The management board

Olivier Elamine
CEO

Alexander Dexne
CFO

AUDITORS' REPORT

'We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of alstria office REIT-AG, Hamburg, for the business year from January 1 to December 31, 2009. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual 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 annual financial statements in accordance with [German] principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company 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 books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the annual financial statements and 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 annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with [German] principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.'

Berlin, February 22, 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

sgd. Gregory Hartman
Wirtschaftsprüfer
(German Public Auditor)

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

CORPORATE GOVERNANCE

REPORT OF THE SUPERVISORY BOARD

Supervision of the Company's management

During the reporting year, the supervisory board advised and supervised the management board of the Company in accordance with statutory provisions and the Company's articles of association. The supervisory board was also involved in matters of material importance to the Company.

During the meetings of the supervisory board and its committees, the management board regularly reported on the current situation and development of the Company and on important business events, current risks, risk management and on Company compliance. The management and supervisory board cooperated to set the strategic direction of the Company. Between meetings, the management board further informed the supervisory board orally and in writing of important events; the chair of the supervisory board regularly met with the management board to exchange information and advice.

The management board consulted the supervisory board intensively on all transactions requiring its approval. After careful examination and consultation, the supervisory board took decisions on all matters brought to its attention as the law, the articles of association, or the rules of procedure of either the management board or the supervisory board dictated. This included the Company's budget planning.

In financial year 2009 the supervisory board met four times in plenum, once each quarter. All members of the supervisory board were present for each meeting or participated by teleconference. Moreover, five written resolutions were taken after circulation of detailed documents to the members. Two additional plenary meetings of the supervisory board have taken place in 2010 before the finalisation of this report.

The financial results of the Company (quarterly and half-year financial reports, consolidated financial statements and the financial statements of alstria office REIT-AG), the market, the situation and development of the Company, the development of risks, and the business performance were discussed with the management board during the meetings of the supervisory board.

Focal points of discussion

During the supervisory board meeting on March 3, 2009, members discussed the consolidated financial statements and the financial statements for 2008, the dependency report and the resolution proposals for the general meeting. After careful examination, the supervisory board agreed with the proposal of the management board regarding the profit appropriation, because the payment of a dividend was in the best interest of the Company considering the Company's dividend policy and the signal this would send to the capital market. The independent auditors confirmed that the liquidity situation of the Company would allow the payment of the proposed dividend. The management board and supervisory board discussed the possibility of offering Company shares to shareholders in lieu of their cash dividend as a way of offering an attractive option for the shareholders and saving additional liquidity. The supervisory board resolved on a corresponding proposal to the annual general meeting. Furthermore, during its meeting the supervisory board drew up resolutions on its report to the annual general meeting and on the declaration of compliance with the recommendations of the German Corporate Governance Code. Moreover, it consulted and resolved on the incentive payments to the members of the management board for financial year 2008.

During the supervisory board meeting following the annual general meeting on June 10, 2009, financing strategies and management board remuneration in the light of the planned German Act on Appropriateness of the Management Board Compensation (VorstAG) were the principle topics of discussion. As part of the financing strategy, the supervisory board approved of two refinancing projects. It also discussed the short-term variable compensation element and resolved to have the compensation system for the management board reviewed by an independent external expert.

During its meeting on September 14, 2009, the supervisory board discussed in-depth the German Accounting Law Modernisation Act (BilMoG), the VorstAG which came into force in the meantime and the amendments to the German Corporate Governance Code and their impact on alstria, resolved to amend the rules of procedure for the audit committee and the supervisory board in plenum, and drew up the first rules of procedure for the nomination and remuneration committee and the investment committee. Furthermore, the supervisory board discussed the results of the review of management board remuneration with the external compensation expert in regard to the new legal conditions. The review determined that the compensation amount is strongly in line with the market and appropriate, and that the system should be adapted to the new legal requirements. Moreover, the supervisory board agreed to another refinancing project as part of the financing strategy.

During its meeting on November 26, 2009, the supervisory board approved various measures such as another refinancing project, the sale of real estate property, the signing of a cooperation agreement to develop an asset and a lease project. The supervisory board discussed the very positive results of an examination of the efficiency of its work and dealt with and resolved after intensive discussion on the Company and budget planning for financial year 2010.

The decisions by way of written circular resolution in financial year 2009 dealt with the prolongation of the terms of office and service contracts for members of the management board, with an amendment to the Company's syndicated loan, which has raised the allowed loan-to-value ratio from 60% to 65%, with changes to the management board's recommendation for the profit appropriation, which became necessary because of the change in the number of treasury shares, with the appointment of the management board members to managing directors of subsidiaries, and with updating the declaration of compliance with the recommendations of the German Corporate Governance Code.

At the start of 2010, the supervisory board discussed the Company's long-term strategic direction with the management board. In March 2010, the supervisory board dealt with the consolidated financial statements and the financial statements for the year ending December 31, 2009 and, in accordance with the suggestions of the external remuneration expert, revised the compensation system and the service contracts for members of the management board to meet the new legal requirements of the VorstAG.

The compensation for each management board member will in future also be comprised of a fixed base compensation and a short-term and a long-term variable component. The majority of the compensation will be variable, based primarily or completely on a multi-year assessment. Possibilities of capping were introduced for extraordinary developments.

The short-term variable compensation for this financial year will be benchmarked against a performance target set by the supervisory board, the funds from operations (FFO). Only 75% of the incentive payment will be paid in cash to the management board members. The remaining 25% will be converted into virtual shares subject to a minimum holding period of two years.

As the long-term variable component, the management board's former stock option programme is replaced by a new performance share plan. Each year the members of the management board are granted virtual shares with a four-year maturity. The performance targets set by the supervisory board are comprised in equal measure of the absolute total shareholder return, derived from the weighted average cost of capital (WACC), and the relative total shareholder return as measured against the benchmarked index, the EPRA REIT Continental Europe.

The total variable compensation is completed by a discretionary factor considering the individual performance of the management board members and additionally ensuring that the amount of compensation remains appropriate and in line with the market in future as well.

Committees of the supervisory board

To increase the efficiency of its work the six-person supervisory board formed three committees, each composed of three members. To the extent permitted by law, the committees have been given decision-making powers in some cases, and in some cases they prepare the resolutions of the supervisory board by making proposals. During the supervisory board plenary meetings, the committee chairs reported on the results of their committee's work.

In financial year 2009, the audit committee met four times to review the consolidated financial statements and the financial statements, the management report and the dependency report, discussed these with the independent auditors, and conducted a preliminary examination of these documents and the management board's proposed appropriation of the annual net profit. Additional topics included the supervisory board's proposed resolution to the annual general meeting regarding the choice of independent auditor, examining the independence of the external auditor and the additional services performed by the auditor, granting the audit contract to PwC, setting the key audit areas, discussing the effectiveness of the internal controlling system and the risk management system, the included main risks and the necessity of an internal audit as well as the compliance system. Finally, the audit committee examined the efficiency of its own work. The results were very good.

During the reporting period, the investment committee decided by circular written resolution to sell one real estate portfolio.

The nomination and remuneration committee, which also carries out the tasks of a nomination committee, met three times during the reporting period and took one decision by circular written resolution. Two issues taken under consideration were the adjustment of management board compensation to meet the new legal requirements of the VorstAG and the German Corporate Governance Code and the preparation of corresponding advisement and resolutions for the supervisory board. Additional topics included the recommendation to the annual general meeting to elect Mr Roger Lee as a new member of the supervisory board and approval of the consulting services of Freshfields Bruckhaus Deringer LLP.

Financial statements and audits

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin, audited the financial statements and management report of alstria office REIT-AG, as well as the consolidated financial statements, including the management report of the Group for the financial year running from January 1 until December 31, 2009, all prepared by the management board, and issued its unqualified opinion on these documents.

The financial statements and management report of alstria office REIT-AG, the consolidated financial statements including the management report of the Group, as well as the management board's recommendation for the appropriation of the net profit were immediately presented to the members of the supervisory board after being prepared, as was the auditors' report. The supervisory board examined the documents provided by the management board in detail both in its audit committee and at a plenary meeting. The auditors were present for the meeting of the audit committee, reported on the material findings of their audit and answered questions. The audit committee prepared the examination of the supervisory board and, in the presence of the auditors of the financial statements of alstria office REIT-AG and consolidated financial statements, reported to the plenary session. The plenary meeting examined and discussed both the documents prepared by the management board and the findings of the auditors. Finding no objections, it concurred with the results of the audit and approved the financial statements of alstria office REIT-AG and consolidated financial statements. The financial statements are thus confirmed. The supervisory board also concurred with the recommendation for the appropriation of the net profit.

Furthermore, the management board also presented the supervisory board with a dependency report pursuant to Section 312 of the German Stock Corporation Act, in which the management board reports on the relationships to affiliated companies. Likewise, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin, presented the supervisory board with its audit report on the dependency report. The auditors' opinion is 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 in-adequately high.'

The supervisory board concurred with the management board's dependency report and the related auditors' report. After conducting its own examination, the supervisory board concurred with the report notes of the management board pursuant to Section 312 paragraph 3 of the German Stock Corporation Act. The supervisory board found no objections.

Corporate governance

During the reporting period, the supervisory board also dealt with the issue of alstria office REIT-AG fulfilling the recommendations of the German Corporate Governance Code. The management board and the supervisory board last issued the annual declaration of compliance with the German Corporate Governance Code in March 2010 in accordance with Section 161 of the German Stock Corporation Act; it was subsequently made permanently available to shareholders on the Company website. In this declaration, the management board and supervisory board explained that most of the recommendations of the German Corporate Governance Code have been or will be implemented, as well as which recommendations were or will not be followed, and the reasons why not. Each member of the supervisory board informs the plenum of potential conflicts of interest and abstains from voting on the related resolutions – such as the decisions of the supervisory board on contracts with supervisory board members pursuant to Section 114 of the German Stock Corporation Act. The members of the supervisory board examined the efficiency of their work using a survey filled out by all members. The results were that efficiency is very good.

Changes in the supervisory board

By resolution of the District Court of Hamburg, effective as of February 24, 2009, Roger Lee was appointed member of the supervisory board of alstria office REIT-AG until the end of the next general meeting. The general meeting confirmed this on June 10, 2009 and elected Roger Lee to the supervisory board. Roger Lee succeeded John van Oost as member of the audit committee, effective as of October 1, 2009.

The supervisory board would like to thank the management board and all employees for their dedication and hard work in financial year 2009.

Hamburg, March 2010

Alexander Stuhlmann
Chairman of the supervisory board

CORPORATE GOVERNANCE STATEMENT

The management board and supervisory board of alstria office REIT-AG are responsible for the corporate governance of the Company, which is undertaken with due regard to the Company's shareholders, employees and tenants. The confidence of alstria's shareholders, employees and tenants is supported by transparent corporate governance. In this statement, the management board and supervisory board report on alstria office REIT-AG's corporate governance according to no. 3.10 of the German Corporate Governance Code and Section 289a of the German Commercial Code (HGB).

German Corporate Governance Code and declaration of compliance

Many of the principles of the most recent version of the German Corporate Governance Code (dated June 18, 2009) have already become part of our value-oriented corporate management, which are therefore stricter than the legal requirements. The principles and recommendations of the Government Commission appointed by the German Federal Ministry of Justice contain internationally and nationally recognised standards for effective and responsible corporate management.

The Company's declaration of compliance with the recommendations of the German Corporate Governance Code is published on alstria's website (www.alstria.com). After careful consideration, alstria chose not to follow the recommendations of the Code in regard to a few points. These points and the reasons for nonconformity are detailed in the declaration of compliance issued by the management board and the supervisory board on March 2, 2010.

Declaration of compliance dated March 2, 2010

'The recommendations of the 'Government Commission of the German Corporate Governance Code' as amended on June 18, 2009 and previously in the version dated June 6, 2008, were complied with since the prior declaration of compliance, dated May 29, 2009 with the following exceptions. The Company intends to continue to comply with the recommendations of the Code as amended on June 18, 2009 to the same extent:

Deductible for D&O insurance for the supervisory board, Section 3.8 (version dated June 18, 2009)

The D&O insurance for the supervisory board of alstria office REIT-AG does not include a deductible. The management board and supervisory board believe that the members of the supervisory board carry out their duties responsibly without any such deductible.

Deductible for D&O insurance for the management board, Section 3.8 (version dated June 6, 2008)

The D&O insurance for the management board of alstria office REIT-AG does not presently include a deductible. The management board and supervisory board believe that the members of the management board carry out their duties responsibly without any such deductible. Nevertheless, within the legal transition period, the Company will revise the D&O insurance policies for the members of the management board to conform to the new legal requirements regarding a deductible for D&O insurance for members of the management board.

Possibility of limitation (cap) on stock options, Section 4.2.3 (version dated June 6, 2008)

When setting up the stock option programme for the management board, the supervisory board did not stipulate any upper limit (cap) in the event of extraordinary, unforeseen developments. The value of real estate companies was considered relatively stable; no extraordinary or unforeseen share price increases were anticipated. In March 2010, the supervisory board introduced a new, variable compensation system for the members of the management board with the possibility of a cap for extraordinary developments.

Performance-related compensation for supervisory board members, Section 5.4.6 (version dated June 18, 2009)

The members of the supervisory board do not receive any performance-related remuneration in addition to their fixed compensation. This is due to the relatively small size of the Company.

Discussion of the half-year and quarterly financial reports between the supervisory board or its audit committee and the management board prior to publication, Section 7.1.2 (version dated June 18, 2009)

Prior to their publication, the half-year and quarterly financial reports will be made available to the supervisory board. Furthermore, the financial reports will be discussed with the supervisory board in detail and soon after their publication. In the event that there are considerable differences to the budget or business plan authorised by the supervisory board, the supervisory board will have the opportunity to discuss the figures with the management board before they are published. The management board and supervisory board consider this approach appropriate and adequate.'

All other recommendations of the German Corporate Governance Code dated June 18, 2009 and formerly in the version dated June 6, 2008 have been or will be fully implemented. alstria has appointed a corporate compliance officer in the Company, who will report any changes in the implementation of the Code to the management board and the supervisory board at least once per year. In this way, alstria ensures consistent compliance with these principles. Analysis, supervision and transparency are the tools with which alstria lays the foundation for fair and efficient corporate management. They will also remain the key criteria in future.

Working methods of the management board and the supervisory board

The management board and the supervisory board cooperate closely and with confidence in the interest of the Company. The chair of the supervisory board has regular contact with the management board.

The management board has two members: Olivier Elamine as the Chief Executive Officer and Alexander Dexne as the Chief Financial Officer. The management board is responsible for running alstria in the interests of the Company with the aim of sustainably increasing the Company's value. It sets the business targets and – in conjunction with the supervisory board – the strategic direction of the Company. The work of the management board and the allocation of responsibilities between the individual members of the management board are stipulated in the rules of procedure and the role sort for the management board. The members of the management board are obligated to immediately disclose any conflicts of interest to the supervisory board. The members of the management board may only conduct secondary activities, particularly membership in the supervisory boards of companies not affiliated with the Group, with the approval of the supervisory board. The members of alstria's management board had no conflicts of interest in the reporting year. Major business transactions between the Company and members of the management board, or with any persons or companies in close association with them, require the approval of the supervisory board. All such business transactions must be concluded under standard commercial conditions. There were no such contracts during the reporting period.

The supervisory board appoints the members of the management board and monitors and advises the management board on management issues. The management board involves the supervisory board in any decisions of fundamental importance for the Company. The rules of procedure for the supervisory board stipulate that certain, significant business transactions by the Company are subject to the approval of the supervisory board, for example acquiring or disposing of real estate property for a consideration of more than EUR 30 m, entering financing agreements with a volume of more than EUR 30 m, entering or prematurely terminating leasing contracts with an annual consideration of more than EUR 2 m, or investing in Company assets (modernisation measures) with an annual total sum of more than EUR 2 m when such investments were not already included in the budget approved by the supervisory board. The supervisory board reports on its activity in financial year 2009 in its report to the annual general meeting on pages 83 to 85 of the annual report.

Composition of the supervisory board

In accordance with the articles of association, the supervisory board comprises six members. The following are members of the supervisory board at present: Alexander Stuhlmann as chair of the supervisory board, John van Oost as vice-chair, as well as Dr Johannes Conradi, Roger Lee, Richard Mully and Daniel Quai. The appointments of all members of the supervisory board are over at the end of the general meeting which resolves to discharge them in respect to their activities for financial year 2010.

In addition to matters of diversity, nominees to the supervisory board are considered for how well they have the necessary knowledge, competence and professional experience to properly discharge their responsibilities. No former members of the management board sit on the supervisory board.

Supervisory board committees

The supervisory board has formed three committees. Each committee has its own rules of procedure to specify the concerns and tasks of the committee.

The audit committee monitors the Company's financial reporting process, engages the independent auditors to prepare audit reports, determines the key audit areas and the independent auditors' compensation, and is responsible for issues surrounding risk management, internal control and compliance. The audit committee consists of Dr Johannes Conradi, as chairman, as well as Roger Lee and Daniel Quai.

The investment committee decides whether the supervisory board will approve the acquisition or disposal of real estate property or other assets worth between EUR 30 m and EUR 100 m. The entire supervisory board is needed to approve such transactions if the value is greater than this amount. The investment committee consists of John van Oost, as chair, as well as Richard Mully and Alexander Stuhlmann.

The tasks of the nomination and remuneration committee, which also carries out the function of a nomination committee, include preparations for the appointment and dismissal of members of the management board, for the management board's compensation system and for the total remuneration of individual members of the membership board, the resolution of or amendments to the rules of procedure of the management board, as well as the approval of certain other activities and primary contracts of members of the management board. It is also responsible for entering into, amending, extending and terminating contracts with management board members, as well as for decisions regarding compensation beyond the terms of the contracts. The executive committee consists of Alexander Stuhlmann, as chair, as well as Richard Mully and John van Oost.

For information on the activities of the committees of the supervisory board during financial year 2009, see its report to the general meeting on pages 83 to 85 of the annual report.

Remuneration of the management board and the supervisory board

The compensation system for the management report and the supervisory report is laid out in the remuneration report for financial year 2009. The remuneration of each member of the management board and the supervisory board is also broken down there for financial years 2009 and 2008.

Stock option programme and similar securities-oriented incentive systems

Stock option programme

The stock option programme stipulates the granting of option rights to members of the management board and is shown on page 91 of the Remuneration Report.

Employee profit participation plan

The employee profit participation plan regulates the granting of convertible profit participation rights to employees of alstria and companies directly or indirectly controlled by alstria. Members of the management board are not considered employees for the purposes of this plan.

The nominal amount of each certificate is EUR 1. The plan stipulates that a maximum of 500,000 convertible profit participation certificates can be issued for a total nominal value of EUR 500,000. To date, 158,600 certificates have been issued.

Each convertible profit participation certificate can be converted into an alstria bearer share once the share price exceeds the price on the day the certificate was issued by 5% or more on at least seven non-consecutive trading days. Conversion is only carried out on predefined dates and only when the subscriber pays the conversion price and is still employed at alstria or one of its subsidiaries on the date of conversion. The maximum term for a convertible profit participation certificate is five years.

Directors' dealings

The management board and supervisory board of alstria office REIT-AG, as well as related parties (family members) are required pursuant to Section 15a of the German Securities Trading Act to notify the Company of their own transactions involving Company shares. Every buy or sale transaction related to alstria shares (e.g. the purchase or sale of options on alstria shares) has to be reported. The Company shall be informed of such transactions within five working days and publish them immediately. This only applies when the total of the transactions is EUR 5,000 or more within one calendar year.

The following transactions were reported to alstria in 2009:

This refers to the transfer of Company shares as performance incentives for financial year 2008. The Company paid 25% of performance incentives with its own shares.

Share ownership by members of management board and supervisory board

Section 6.6 of the German Corporate Governance Code recommends indicating the ownership of Company shares or related financing instruments by members of the management board and supervisory board if such ownership directly or indirectly exceeds 1% of the shares issued by the Company. If the total shares owned by all members of the management board and supervisory board together exceed 1% of the total shares issued by the Company, the total share ownership is to be broken down by management board and supervisory board.

No member of the management board or supervisory board of alstria office REIT-AG directly or indirectly owns more than 1% of the subscribed capital of the Company. The total share ownership of all members of the management board and the supervisory board does not exceed 1% of the total shares issued by the Company.

Relationship to the shareholders of the Company

alstria office REIT-AG respects the rights of its shareholders and supports them as much as is possible and legal in the exercise of those rights. In particular, these include the right to freely purchase and sell shares, appropriate access to information, an adequate number of voting rights per share (one share – one vote) and participation in our annual general meeting. Shareholders have the possibility to exercise their voting rights personally or by authorised representative at the general meeting, or send voting instructions to their proxies. The invitation to the general meeting includes voting instructions. After the agreement of the 2008 general meeting to this effect, it is now possible for shareholders to receive this information electronically. The agenda and all documents relating to our upcoming general meetings, including the financial statements, are available for viewing on the Company website and at the Company premises.

Name of person subject to the disclosure requirement	Function	Classification of the share	ISIN	Transaction	Place	Transaction date	Price per share (EUR)	Number of Shares	Deal volume (EUR)
Olivier Elamine	Member of the management board	Share	DE000A0LD2U1	Buy	Over the counter	Mar. 26, 2009	3.86	22,668	87,498.48
Alexander Dexne	Member of the management board	Share	DE000A0LD2U1	Buy	Over the counter	Mar. 26, 2009	3.86	12,953	49,998.58

Publications and reports

In sharing information with the public, the management board follows the principles of transparency, promptness, openness, clarity and equal treatment of shareholders. In particular, alstria informs its shareholders and the interested public about the situation of the Company and significant business events through financial reports, analyst and press conferences, press and ad-hoc announcements and the general meeting. The website of alstria includes information on the Company and its shares, especially the financial reports, share price tracking and announcements about the acquisition or disposal of Company shares or related financing instruments pursuant to Section 15a of the German Securities Trading Act. Moreover, alstria's financial reports and website include a financial calendar which indicates all dates of importance to shareholders. All announcements and information is additionally published in English. The Annual Document (pursuant to Section 10 of the German Securities Prospectus Act) includes a detailed list of all capital market-related announcements issued in 2009; it can be found on the alstria website.

Financial reporting and auditing

During the financial year, alstria regularly informs shareholders and third parties by publishing its consolidated, half-year and quarterly financial statements. The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS). For legal reasons (calculating dividends, creditor protection), financial statements for alstria office REIT-AG are also prepared in accordance with the German Commercial Code (HGB).

The consolidated financial statements and the financial statements of alstria office REIT-AG are audited by both the independent auditor selected by the general meeting, and by the supervisory board. The audit committee of the supervisory board appoints an external auditing firm, after examining its independence, to audit the financial statements and negotiates the auditing fees. Pricewaterhouse-Coopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin, was appointed to audit the annual and half-year financial statements of alstria office REIT-AG and of the Group for financial year 2009. The auditors participated in the meetings of the audit committee and the supervisory board in plenum to advise on the consolidated financial statements and the financial statements of alstria office REIT-AG and to present the key findings of the audit.

Compliance

In accordance with Section 4.1.3 of the German Corporate Governance Code, the supervisory board is responsible for ensuring compliance with the legal provisions and Company guidelines throughout all of the consolidated companies. The good reputation of alstria and the trust of its shareholders, tenants and employees depends entirely on the behaviour of each individual employee.

For this reason, alstria drew up a code of conduct, listing guidelines for behaviour, orientation for resolving conflicts (e.g. conflicts of interest) and thereby serving as a model of correct behaviour for all employees of the Group. The guidelines are published on our website (www.alstria.com).

alstria set up a compliance organisation to communicate the values inherent in the code of conduct and Company guidelines, and to monitor compliance with these values. The compliance officer is responsible for communicating these values by answering questions on the implementation of the code and through in-house training for all employees. Compliance is monitored through colleagues, supervisors and the compliance officer, as well as via regular investigation by auditors. alstria has also set up a hotline through which employees can anonymously report any violations of the code of conduct or the Company-internal guidelines. Furthermore, the management board regularly discusses Company compliance with the supervisory board's audit committee.

Violations of the code of conduct will not be tolerated; they will be fully investigated and the violators punished. This can be anything from disciplinary measures to dismissal, a claim for damages or even prosecution.

REMUNERATION REPORT*

Management board remuneration

The remuneration system for the members of the management board is determined by the supervisory board and is reviewed regularly. The supervisory board currently reviews the remuneration system for the members of the management board and discusses amendments with regard to regulations of the German Management Board Remuneration Appropriateness Act (VorstAG) which came into force in summer 2009. The following describes the remuneration system effective at the date of the preparation of this report and before any of these amendments were resolved upon or came into force.

The structure and amount of management board remuneration is based on customary market terms and conditions. It comprises a fixed basic salary and two variable components. These variable components (short- and long-term) are performance and result-based: firstly, in the first quarter of a financial year the supervisory board determines an incentive payment to be paid to individual members of the management board with respect to the past financial year, which is paid out partly in Company shares; and, secondly, after the annual general meeting the supervisory board may issue stock options with long-term incentives to members of the management board. alstria further pays for each member of the management board premiums for a disability insurance, a risk life insurance and a Company pension scheme.

Total remuneration for all active members of the management board in the last financial year amounted to EUR 1,516 k. Members of the management board did not receive any advance salary payments, loans or pension benefits. 25% of the incentive payment were paid out as shares in the Company. In financial year 2009 no stock options were issued.

Former members of the management board received payments in the financial year 2009 totalling EUR 13 k. No provisions needed to be set aside for former members of the management board.

INDIVIDUAL MANAGEMENT BOARD REMUNERATION 2009

EUR k

Management board member	Fixed amount	Short-term variable remuneration [1]		Long-term variable remuneration	Other remuneration [2]	Total remuneration
		Cash component	Share component			
Olivier Elamine, Chief Executive Officer	438	262.5	87.5	0	94	882
Alexander Dexne, Chief Financial Officer	360	150	50	0	74	634
Former members of the management board	0	0	0	0	13	13
Total	**798**	**412.5**	**137.5**	**0**	**181**	**1,529**

[1] For performance in 2008.
[2] Includes benefits for Company cars, insurance and pensions.

INDIVIDUAL MANAGEMENT BOARD REMUNERATION 2008

EUR k

Management board member	Fixed amount	Short-term variable remuneration [1]		Long-term variable remuneration	Other remuneration [2]	Total remuneration
		Cash component	Share component			
Olivier Elamine, Chief Executive Officer	265	267.3 [3]	82.7	0	17	632
Alexander Dexne, Chief Financial Officer, Since Jun. 1, 2007	300	78	22	0	19	419
Former members of the management board	250 [4]	0	0	0	13	263
Total	**815**	**345.3**	**104.7**	**0**	**49**	**1,314**

[1] For performance in 2007.
[2] Includes benefits for Company cars.
[3] Partly includes promised incentive payments.
[4] Lump sum payment.

* This remuneration report forms an integral part of the audited Group management report and notes to the annual financial statements and also forms part of the corporate governance statement.

If membership of the management board is terminated, members have agreed to a post-contractual non-compete agreement of up to twelve months, which may be waived by alstria with a six months notice period. As long as alstria exercises this post-contractual non-compete obligation, the members of the management board shall receive a compensation payment for this period equivalent to their last fixed basic salary. Benefits to be paid by the company if the appointment is terminated by the death of the board member amount to the fixed basic salary for the month in which the member died and for the following three months. The incentive payment for this period shall be paid pro rata up to and including the month of death.

Stock option scheme

On March 27, 2007, the supervisory board established a stock option programme for members of the management board. The details of this stock option programme were based on the authorisation by the annual general meeting of March 15, 2007, and the first tranche of stock options was issued to members of the management board.

The details of the stock option programme set up by the supervisory board are as follows:

Members of the management board may be granted up to 2,000,000 options, giving entitlement of up to a maximum 2,000,000 shares of the company with a total nominal value of up to EUR 2,000 k. The stock options shall be issued in annual tranches. The supervisory board granted the first tranche in 2007. The exercise price for the stock options granted in 2007 is EUR 16. The exercise price for future options amounts to 100% of the arithmetic mean of the closing auction in Xetra trading of alstria shares on the Frankfurt Stock Exchange on the last ten trading days before the options are issued ('issue date'). No stock options were issued in 2008 and 2009 due to development of the share price. The stock options granted in the financial year 2007 resulted in an expense in the financial year 2009 of EUR 55.8 k for Olivier Elamine and EUR 35.6 k for Alexander Dexne.

The term of the stock options is seven years from the time they are granted. The options may only be exercised if the current share price of the company exceeds the exercise price by 20% or more on at least seven non-consecutive trading days of the Frankfurt Stock Exchange before the start of the respective exercise period. The performance target for the 2007 stock options amounts to EUR 19.20. The stock options may only be exercised after expiry of a vesting period of two years and during one of the four exercise periods of each year. The exercise period amounts to 30 days beginning on the date of publication of the Company's results for the first, second and third quarters, and the date of the Company's annual general meeting. There are no cash settlement alternatives.

Remuneration of the supervisory board

Total remuneration for the supervisory board in 2009 amounted to EUR 299.1 k. Members of the supervisory board each receive an annual fixed remuneration amount of EUR 40 k. The chairman of the supervisory board also receives an additional annual amount of EUR 20 k, the deputy chairman receives an additional EUR 10 k. Members who only sit on the supervisory board for part of a year receive pro rate remuneration. Membership of the audit committee entails separate remuneration of EUR 10 k and the chair of the audit committee receives EUR 15 k. Membership of other committees does not give entitlement to any additional remuneration. No advance remuneration payments were made to members of the supervisory board, nor were any loans made. No remuneration was paid out for individual services.

INDIVIDUAL SUPERVISORY BOARD MEMBER REMUNERATION

EUR k

Supervisory board member	Supervisory board membership	Audit committee membership	Remuneration for 2009	Remuneration for 2008
Alexander Stuhlmann	Chairman	n.a.	60.0	60.0
John van Oost	Deputy Chairman	Member until Sept. 30, 2009	57.5	53.3
Dr Johannes Conradi	Member	Chairman	55.0	55.0
Roger Lee	Member since Feb. 24, 2009	Member since Oct. 1, 2009	36.6	–
Richard Mully	Member	n.a.	40.0	40.0
Daniel Quai	Member	Member	50.0	50.0
Dr Christian Olearius	Member until Aug. 31, 2008	Member until Aug. 31, 2008	–	33.3
Total			**299.1**	**291.6**

REIT DISCLOSURES AND PORTFOLIO

REIT DECLARATION

Statement of the management board

Regarding the compliance with the requirements of Section 11 to 15 REIT Act (Real Estate Investment Trust Law) as per December 31, 2009, we declare the following in relation with our financial statement according to Section 264 HGB (German Commercial Code) and our consolidated financial statement according to Section 315a HGB as per balance sheet date:

1. As per balance sheet date, 38.94% of alstria's shares were free float according to Section 11 paragraph 1 REIT Act. This was stated to the German Federal Financial Supervisory Authority (BaFin).
2. In accordance with Section 11 paragraph 4 REIT Act, as per balance sheet date, no shareholder owned directly 10% or more of our shares or shares of such an amount, that he holds 10% or more of the voting rights.
3. In relation to the sum of the assets pursuant to the consolidated statements less the distribution obligation and the reserves pursuant to Section 12 paragraph 2 REIT Act
   a) as per the balance sheet date the immovable assets amounted to EUR 1,575,662 k which equals to 89% of the assets, therefore at least 75% of the assets belong to the immovable assets;
   b) the assets belonging to the property of REIT service companies which were included in the consolidated statements amount to a maximum of 20%, namely EUR 25 k and therefore 0%.
4. For the financial year 2009, the entire sales revenues of the Group plus other earnings from immovable assets in the meaning of Section 12 paragraphs 3 and 4 REIT Act amounted to EUR 103 m. This equals 100% of total revenues.
5. In 2009 a dividend payment of EUR 28.4 m for the prior financial year was distributed to the shareholders. The financial year 2008 did not result in a net income according to commercial law pursuant to Section 275 of the German Commercial Code.
6. alstria office REIT-AG's dividend does not derive from already taxed parts of the profit.
7. Since 2007 the Groups has realised 10% of the average portfolio of its immovable assets and therefore did not trade with real estate according to Section 14 REIT Act.
8. On balance sheet date the Group's equity as shown in the consolidated statements according to Section 12 paragraph 1 REIT Act was EUR 634 m. This equals to 40.3% of the value of the immovable assets which are shown in the consolidated statements in conformance with Section 12 paragraph 1 REIT Act. For the second time, the equity ratio fell below the threshold pursuant to Section 15 REIT act.

Hamburg, February 12, 2010

Olivier Elamine
CEO
alstria office REIT-AG

Alexander Dexne
CFO
alstria office REIT-AG

REIT MEMORANDUM

Auditors´ Memorandum in Accordance with Section 1 (4) German REIT Act (REITG)

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, 2009, 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 and the composition of the proceeds concerning qualifying or disqualified proceeds according to Section 19a REIT Act as of December 31, 2009 (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 guidance 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 conclude 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 according to Section 11 (5) REIT Act as of December 31, 2009 and if the provided information concerning the requirements of Section 12 to 15 REIT Act and the composition of the proceeds concerning qualifying or disqualified proceeds according to Section 19a REIT Act is appropriate. Within our audit, we have compared the disclosures in the REIT declaration concerning the free float ratio and the maximum stock ownership per shareholder according to Section 11 (1) and (4), REIT Act to the announcements made according to Section 11 (5) REIT Act as of 31 December 2009. Furthermore, we compared the disclosures according to Section 12 and 15 REIT Act with respective information contained 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, 2009 and the information provided concerning the compliance with Section 12 to 15 REIT Act and the composition of the proceeds concerning qualifying or disqualified proceeds according to Section 19a REIT Act are appropriate.

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

Berlin, February 22, 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

sgd. Gregory Hartman
Wirtschaftsprüfer
(German Public Auditor)

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

VALUATION REPORT

The Directors
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chris.fowler-tutt@collierscre.co.uk

Dear Sirs

The alstria office REIT-AG portfolio (the company) valuation as at 31 December 2009

In accordance with the instruction letter dated 30 June 2009, we have considered the properties owned by the Company referred to in Appendix II to this report, in order to provide you with our opinion of the Market Value of the above portfolio, as at 31 December 2009. The revaluation is required 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, as detailed below, 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.

Compliance with Rics Valuation Standards

We confirm that the valuations have been made in accordance with the appropriate sections of the Practice Statements ('PS') and United Kingdom Practice Statements ('UKPS') contained within the 'Red Book' prepared by the 'RICS'.

This is an internationally accepted basis of assessing the value of real estate.

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

The subject portfolio has been inspected at various stages in its compilation between June 2006 and December 2009 by either Christopher J Fowler-Tutt, BSc MRICS, Adrian Camp BSc (Hons) MRICS, Robert Mayhew BSc (Hons) MRICS, Nick Harris BSc (Hons) MRICS, Charlie Henry BSc (Hons) MRICS, Tom Hughes MRICS, Kristian Engley MRICS, Robert Pritchard BA (Hons) MSc MRICS or Giles Bendell BSc MRICS.

In October 2009 the following sample of the portfolio, comprising 33 properties, was re-inspected:

Asset No	Asset	City
2002	Bertha-von-Suttner-Platz 17	Bonn
2004	Zellescher Weg 21 – 25a	Dresden
2006	Johannesstr. 164 – 165/ J.-Gagarin-Ring 133 – 135	Erfurt
2009	Ludwig-Erhard-Straße 49	Leipzig
2010	Halberstädter Straße 17	Magdeburg
2012	Arnulfstraße 150	München
2013	Am Gräslein 12	Nürnberg
2015	Helene-Lange-Straße 6/7	Potsdam
2017	Gathe 78/Karlstraße 13/Friedrichstraße 39	Wuppertal
2019	Lothar-Streit-Straße 10b	Zwickau
2020	Alter Steinweg 4/Wexstraße 7	Hamburg
2023	Steinstraße 10	Hamburg
2033	Garstedter Weg 13	Hamburg
2037	Hammer Steindamm 129	Hamburg
2038	Herthastr. 20	Hamburg
2039	Johanniswall 4	Hamburg
2040	Kaiser-Wilhelm-Straße 79 – 87	Hamburg
2041	Kattunbleiche 19	Hamburg
2042	Kümmellstraße 5 – 7	Hamburg
2043	Lenhartzstraße 28	Hamburg
2044	Ludwig-Rosenberg-Ring 41	Hamburg
2045	Max-Brauer-Allee 89 – 91	Hamburg
2046	Öjendorfer Weg 9 – 11	Hamburg
2050	Rahlstedter Straße 151 – 157	Hamburg
2051	Schloßstraße 60	Hamburg
2052	Steckelhörn 12	Hamburg
2054	Friedrichstraße 19	Düsseldorf
2055	Harburger Ring 17	Hamburg
2056	Wandsbeker Chaussee 220	Hamburg
2057	Arndtstraße 1	Hannover
2059	Schweinfurter Straße 4	Würzburg
2062	Grosse Bleichen	Hamburg

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.

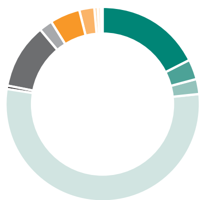
We confirm that our valuation complies with the requirements of IAS 40 – Investment Property. Where an entity opts to account for investment property using the fair value model, IVSC considers that the requirements of this model are met by the valuer adopting Market Value.

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

The portfolio and its location

The portfolio comprises 78 office investment properties located throughout Germany. The regional location profile of the portfolio in terms of Market Value across Germany's states is illustrated below, where it can be seen that the largest concentration of investment property is held in the City of Hamburg. The portfolio also comprises properties in the cities of Berlin, Bonn, Detmold, Dortmund, Dresden, Düsseldorf, Erfurt, Essen, Frankfurt, Halle, Hannover, Jena, Köln, Leipzig, Magdeburg, Mannheim, Munich, Neuss, Nurnberg, Potsdam, Stuttgart, Wiesbaden, Wuppertal, Wurzburg and Zwickau.

ALSTRIA OFFICE REIT-AG



Baden Wuerttemberg	281,540,000
Berlin	52,650,000
Hessen	43,850,000
Hamburg	866,315,000
Brandenburg	5,525,000
Nth Rhine Westphalia	175,440,000
Lower Saxony	35,975,000
Bavaria	79,850,000
Saxony	40,125,000
Saxony Anhalt	9,100,000
Thuringia	10,895,000

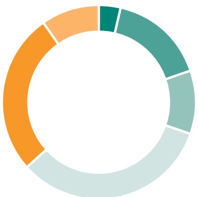
Lease expiry analysis

An analysis of the lease expiry terms demonstrates that the majority of the income is secured for a period of between 10 and 20 years.

Portfolio Lease Expiry Profile	Gross Rent (€)	Percentage
Expiry less than 1 Yr and open ended leases	3,620,520	3.72 %
Expiry between 1 Yr and 3 Yrs	15,667,740	16.10 %
Expiry between 3 Yrs & 5 Yrs	10,343,136	10.63 %
Expiry between 5 Yrs & 10 Yrs	32,124,276	33.02 %
Expiry between 10 Yrs & 20 Yrs	26,167,524	26.89 %
Expiry 20 Yrs or more	9,377,736	9.64 %
Total	**97,300,932**	**1.00 %**

ALSTRIA OFFICE REIT-AG

€



Expiry less than 1 Yr	**3,620,520**
Expiry between 1 Yr & 3 Yrs	**15,667,740**
Expiry between 3 Yrs & 5 Yrs	**10,343,136**
Expiry between 5 Yrs & 10 Yrs	**32,124,276**
Expiry between 10 Yrs & 20 Yrs	**26,167,524**
Expiry 20 Yrs or more	**9,377,736**

Floor areas

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

Tenure

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

Title	Date
Due Diligence Report	12 December 2005
Draft Due Diligence Report	26 September 2006
Summary of Major Findings	27 September 2005
Legal Due Diligence Report	26 September 2006
Preliminary Legal and tax Due Diligence Report	28 September 2006
Legal Due Diligence Report	24 October 2006
Legal Due Diligence Report	16 July 2007
Legal Due Diligence Report	31 October 2007
Draft Preliminary Key Issues Report for Legal Due Diligence	14 November 2007
Red Flag List of Legal Due Diligence	14 December 2007
Preliminary Legal Due Diligence Report	1 April 2008

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.

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

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

Rent roll

We have been provided with a finalised tenancy schedule dated 10 November 2009 by the Company 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 2 December 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):

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

Additionally, we have been provided with the following report, prepared on behalf of the Company, by Messrs ARGOS Projektmanagement GmbH.

Title	Date
Technical Due Diligence Assessment	1 April 2008

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.

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

Additionally, we have been provided with the following report prepared on your behalf Messrs ARGOS Projektmanagement GmbH.

Title	Date
Technical Due Diligence Assessment	1 April 2008

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:

Title	Date
Due Diligence Report	12 December 2005
Draft Due Diligence Report	26 September 2006
Summary of Major Findings	27 September 2005
Legal Due Diligence Report	26 September 2006
Legal Due Diligence Report	28 September 2006
Legal Due Diligence Report	16 July 2007
Legal Due Diligence Report	31 October 2007
Draft Preliminary Key Issues Report for Legal Due Diligence	14 November 2007
Red Flag List of Legal Due Diligence	14 December 2007
Preliminary Legal Due Diligence Report	1 April 2008

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.

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 re-letting. 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 re-let properties at the end of the lease or deal with extraordinary items of disrepair that are the responsibility of the lessor.

We are of the opinion that 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 consideration in our valuation.

Market value

We are of the opinion that the aggregate Market Value, as at 31 December 2009, of these 78 freehold and long leasehold properties is €1,601,265,000 (one billion six hundred and one million, two hundred and sixty five thousand euros).

This value reflects the following aggregate net yields.

Yield	%
Initial	5.50
Equivalent	5.77
Reversion (July 2020)	6.21

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 5.0%. 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 6.0% 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:

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

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 REIT-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

Investment portfolio

Asset name	City	Year of construction[4]	Total lettable area (sqm)	Office area (sqm)
Berlin				
Darwinstrasse 14–18/Quedlinburgerstrasse 2	Berlin	1992/1993	22,200	20,800
Holzhauser Strasse 175–177	Berlin	1997	7,200	7,000
			29,400	**27,800**
Hamburg				
Alte Königstrasse 29	Hamburg	1992	4,300	3,600
Alter Steinweg 4	Hamburg	1962/1970	32,000	28,000
Amsinckstrasse 28	Hamburg	1991	8,100	7,800
Amsinckstrasse 34	Hamburg	1993	6,200	5,900
Basselweg 73	Hamburg	1912/1986	2,700	1,900
Besenbinderhof 41	Hamburg	1927	5,000	3,500
Buxtehuder Strasse 9–11a	Hamburg	1868/1940	7,700	5,100
Drehbahn 36	Hamburg	1915/1982	25,700	20,200
Ernst-Merck-Strasse 9 (Bieberhaus)	Hamburg	1909	17,500	12,500
Gänsemarkt 36[2]	Hamburg	1926	20,900	18,100
Garstedter Weg 13	Hamburg	1964/1970	3,600	2,700
Gorch-Fock-Wall 15, 17[2]	Hamburg	1910	7,700	5,800
Grindelberg 62–66	Hamburg	1953	18,400	17,400
Grosse Bleichen 23–27[1, 2]	Hamburg	1909	18,000	13,500
Hamburger Strasse 43–49	Hamburg	1969	21,900	20,600
Hammer Steindamm 129	Hamburg	1929	7,200	6,300
Harburger Ring 17	Hamburg	1976	3,100	1,500
Herthastrasse 20	Hamburg	1960/1997	3,300	2,700
Johanniswall 4	Hamburg	1943	14,000	10,500
Kanalstrasse 44	Hamburg	1982	8,100	7,800
Kattunbleiche 19	Hamburg	1997	12,400	9,800
Kümmellstrasse 5–7	Hamburg	1952/1983	15,700	13,300
Lenhartzstrasse 28	Hamburg	1960	1,100	900
Ludwig-Rosenberg-Ring 41	Hamburg	1986	5,000	3,600
Max-Brauer-Allee 41–43	Hamburg	1900	3,200	2,700
Max-Brauer-Allee 89–91	Hamburg	1874/1878	9,800	7,000
Nagelsweg 41–45	Hamburg	1987	6,200	5,900
Öjendorfer Weg 9–11	Hamburg	1950/2004	6,100	5,900
Rahlstedter Strasse 151–157	Hamburg	1983	2,900	2,900
Schlossstrasse 60	Hamburg	1923/1955	11,900	9,500
Schopenstehl 24	Hamburg	1908	2,100	2,100
Steckelhörn 12	Hamburg	1930	14,700	12,600
Steinstrasse 10	Hamburg	1939	26,800	22,200
Steinstrasse 5–7	Hamburg	1926	22,400	18,400
Wandsbeker Chaussee 220	Hamburg	1986	3,200	2,500
			378,900	**314,700**

[1] Joint venture assets.
[2] Assets held for sale.
[3] Classified as property, plant and equipment.
[4] Year of erection of the building or part thereof. Do not reflect latest renovation.
[5] According to the year-end valuation from Colliers CRE.

Vacany (sqm)	Contractual rent (EUR)	ERV[5] (EUR)	OMV[5] (EUR)	Δ like-for-like contractual rent (2008 vs. 2009) (%)	Δ OMV 2008 vs. OMV 2009 (%)
–	3,420,000	3,040,000	44,500,000	0.0	–7.3
1,800	510,000	720,000	8,150,000	6.3	–5.8
1,800	**3,930,000**	**3,760,000**	**52,650,000**	**0.8**	**–7.1**
–	560,000	550,000	8,250,000	0.0	–6.3
–	3,950,000	4,320,000	74,000,000	0.0	–1.2
–	950,000	990,000	12,150,000	0.0	–8.3
–	720,000	770,000	8,950,000	0.0	–6.0
–	260,000	290,000	4,700,000	0.0	–1.1
–	480,000	480,000	6,000,000	0.0	–9.4
–	560,000	530,000	9,000,000	0.0	–6.7
–	3,240,000	3,500,000	64,185,000	0.0	–0.9
2,400	2,070,000	2,380,000	33,470,000	0.0	–7.0
150	3,050,000	3,200,000	60,625,000	0.0	–0.9
–	340,000	360,000	5,570,000	0.0	–1.0
–	810,000	800,000	15,200,000	0.0	–1.0
–	2,070,000	2,140,000	37,145,000	0.0	–0.9
200	2,800,000	4,470,000	60,000,000	40.7	0.0
–	2,360,000	2,900,000	36,750,000	0.0	–0.9
–	540,000	560,000	9,280,000	0.0	–5.8
500	275,000	340,000	3,250,000	–11.3	–14.5
–	290,000	320,000	4,780,000	0.0	–0.9
–	1,690,000	1,790,000	32,785,000	0.6	–1.0
–	910,000	940,000	12,570,000	0.0	–4.6
–	1,510,000	1,430,000	28,500,000	0.0	–3.1
–	1,370,000	1,780,000	24,100,000	0.0	–3.6
–	100,000	150,000	1,600,000	0.0	–3.0
–	460,000	530,000	7,400,000	0.0	–0.7
–	275,000	370,000	5,350,000	100.0	–2.7
–	900,000	960,000	16,540,000	0.0	–1.0
–	880,000	960,000	14,265,000	0.0	–0.9
–	560,000	680,000	8,850,000	0.0	–0.6
–	290,000	320,000	4,650,000	0.0	–1.1
–	960,000	1,040,000	17,200,000	0.0	14.7
–	240,000	370,000	4,450,000	100.0	2.2
–	1,870,000	1,980,000	35,000,000	0.0	–1.4
–	3,240,000	3,680,000	61,400,000	0.0	–1.0
–	3,370,000	2,930,000	58,000,000	–2.6	3.6
–	385,000	370,000	5,200,000	1.3	–5.5
3,250	**44,335,000**	**49,180,000**	**791,165,000**	**2.8**	**–1.3**

Asset name	City	Year of construction[4]	Total lettable area (sqm)	Office area (sqm)
Hanover				
Arndtstrasse 1	Hanover	1972	10,200	8,400
Werner-von-Siemens-Platz 1	Hanover	1913/14, 1987	21,700	21,300
			31,900	**29,700**
Munich				
Arnulfstrasse 150	Munich	2002	5,900	5,600
Hofmannstrasse 51	Munich	1990	22,100	20,400
Landshuter Allee 174	Munich	1990	6,900	6,500
			34,900	**32,500**
Rhineland				
Benrather Schlossallee 29 – 33/Ludolfstrasse 3	Dusseldorf	2002	5,000	4,300
Bertha-von-Suttner-Platz 17	Bonn	1958	1,400	1,100
Friedrichstrasse 19	Dusseldorf	1998	2,100	1,200
Gereonsdriesch 13	Cologne	1954/1980	2,400	2,100
Horbeller Strasse 11	Cologne	1991	6,700	6,100
Jagenbergstrasse 1	Neuss	1993	24,700	23,900
			42,300	**38,700**
Ruhr				
Bamler Strasse 1 – 5	Essen	1988	36,400	29,000
Gathe 78	Wuppertal	1990/2000/2002	8,600	8,500
Max-Eyth-Strasse 2	Dortmund	1986	7,000	6,600
			52,000	**44,100**
Saxony				
Lothar-Streit-Strasse 10b	Zwickau	1995	1,000	1,000
Ludwig-Erhard-Strasse 49	Leipzig	2003	6,300	6,000
Washingtonstrasse 16 – 16a	Dresden	1996	21,600	18,400
Zellescher Weg 21 – 25a	Dresden	1994	6,500	5,400
Zwinglistrasse 11 – 13	Dresden	1911/1993	3,000	2,800
			38,400	**33,600**
Stuttgart				
Epplestrasse 225	Stuttgart	1987 – 1989	107,500	78,000
Ernsthaldenstrasse 17	Stuttgart	1967	2,500	2,200
Siemensstrasse 33	Ditzingen	1989	22,000	7,800
			132,000	**88,000**

[1] Joint venture assets.
[2] Assets held for sale.
[3] Classified as property, plant and equipment.
[4] Year of erection of the building or part thereof. Do not reflect latest renovation.
[5] According to the year-end valuation from Colliers CRE.

Vacany (sqm)	Contractual rent (EUR)	ERV[5] (EUR)	OMV[5] (EUR)	Δ like-for-like contractual rent (2008 vs. 2009) (%)	Δ OMV 2008 vs. OMV 2009 (%)
–	1,030,000	940,000	10,975,000	1.0	–15.4
–	1,860,000	1,990,000	25,000,000	0.0	–14.2
–	**2,890,000**	**2,930,000**	**35,975,000**	**0.3**	**–14.5**
–	980,000	1,100,000	14,250,000	0.0	–12.3
–	2,430,000	2,710,000	41,600,000	0.0	–3.3
–	900,000	1,100,000	14,200,000	0.0	–5.3
–	**4,310,000**	**4,910,000**	**70,050,000**	**0.0**	**–5.7**
–	535,000	530,000	7,150,000	2.9	–1.4
–	200,000	200,000	2,300,000	0.0	0.0
300	340,000	420,000	4,950,000	–15.0	–13.2
–	350,000	350,000	5,240,000	0.0	0.0
1,700	480,000	680,000	6,500,000	0.0	–3.7
–	3,410,000	2,860,000	47,750,000	0.0	–10.3
2,000	**5,315,000**	**5,040,000**	**73,890,000**	**–0.8**	**–8.2**
3,200	4,030,000	4,040,000	60,700,000	6.3	0.3
600	960,000	1,010,000	12,200,000	4.3	0.0
5,000	185,000	710,000	4,000,000	2.8	0.0
8,800	**5,175,000**	**5,760,000**	**76,900,000**	**5.8**	**0.3**
–	140,000	100,000	1,050,000	0.0	–25.0
–	750,000	630,000	9,925,000	0.0	0.0
6,000	1,200,000	1,760,000	16,000,000	–2.4	–3.1
100	830,000	780,000	10,950,000	9.2	0.0
100	195,000	220,000	2,200,000	95.0	–1.6
6,200	**3,115,000**	**3,490,000**	**40,125,000**	**4.5**	**–2.2**
–	14,660,000	14,730,000	239,530,000	0.0	–7.7
–	260,000	240,000	2,860,000	0.0	–4.7
5,400	1,460,000	2,110,000	18,000,000	–19.8	–23.9
5,400	**16,380,000**	**17,080,000**	**260,390,000**	**–2.2**	**–9.0**

Asset name	City	Year of construction[4]	Total lettable area (sqm)	Office area (sqm)
Others				
Am Gräslein 12	Nuremberg	1972	2,700	2,500
Am Roten Berg 5	Erfurt	1994	5,300	4,100
Carl-Reiß-Platz 1–5	Mannheim	1959–1979	17,500	14,800
Doktorweg 2–4/Bismarckstrasse 3	Detmold	1959/1960	9,800	8,600
Emil-von-Behring-Strasse 2	Frankfurt am Main	1988	9,300	8,400
Goldsteinstrasse 114	Frankfurt am Main	1996	8,400	7,900
Gustav-Nachtigal-Strasse 3	Wiesbaden	2000	18,500	16,500
Gustav-Nachtigal-Strasse 4	Wiesbaden	1981	700	700
Halberstädter Strasse 17	Magdeburg	1996/2002	7,600	6,900
Helene-Lange-Strasse 6–7	Potsdam	1995	3,300	2,600
Johannesstrasse 164–165	Erfurt	1998	5,800	4,200
Joliot-Curie-Platz 29–30	Halle	1998	1,100	500
Schweinfurter Strasse 4	Wurzburg	1996	5,100	4,100
Spitzweidenweg 107	Jena	1992	2,900	2,500
			98,000	**84,300**
Total			**837,800**	**693,400**

Development asset

Asset name	City	Year of construction[4]	Total lettable area (sqm)	Office area (sqm)
Bäckerbreitergang 73–75[3]	Hamburg	1885	2,400	2,100
Hamburger Strasse 1–15	Hamburg	1973	21,700	9,100
Kaiser-Wilhelm-Strasse 79–87	Hamburg	1901	5,500	4,200
Poststrasse 11 (Alte Post)[1]	Hamburg	1850/1971	6,600	4,600
			36,200	**20,000**

Disposals

Asset name	City	Year of construction[4]	Total lettable area (sqm)	Office area (sqm)
Bonner Strasse 351[2]	Cologne	2000	10,900	9,500
Eppendorfer Landstrasse 59	Hamburg	1978	3,300	2,600
Eserwallstrasse 1–3[2]	Augsburg	2000	5,600	5,100
Gorch-Fock-Wall 11	Hamburg	1893/1985	8,700	7,200
Marburger Strasse 10	Berlin	1967	6,200	5,700
Mecumstrasse 10[2]	Dusseldorf	2001	8,600	8,500
Ottenser Marktplatz 10/12	Hamburg	1956/2000	1,000	1,000
Poststrasse 51	Hamburg	1913	1,700	1,200
Regensburger Strasse 223–231[2]	Nuremberg	1999	8,900	7,300
Rheinstrasse 23[2]	Darmstadt	1958	2,700	2,300
Steubenstrasse 72–74[2]	Mannheim	1998	4,100	4,100
Vahrenwalder Strasse 133[2]	Hanover	1999	7,100	6,700
			68,800	**61,200**

[1] Joint venture assets.
[2] Assets held for sale.
[3] Classified as property, plant and equipment.
[4] Year of erection of the building or part thereof. Do not reflect latest renovation.
[5] According to the year-end valuation from Colliers CRE.

Vacany (sqm)	Contractual rent (EUR)	ERV[5] (EUR)	OMV[5] (EUR)	Δ like-for-like contractual rent (2008 vs. 2009) (%)	Δ OMV 2008 vs. OMV 2009 (%)
800	225,000	290,000	3,600,000	– 10.0	– 10.0
2,300	145,000	300,000	2,600,000	3.6	0.0
1,200	1,590,000	1,710,000	21,150,000	0.0	– 1.3
–	800,000	830,000	11,000,000	0.0	0.0
–	1,500,000	1,080,000	12,000,000	0.0	– 16.2
–	1,090,000	1,000,000	13,650,000	0.0	– 3.4
–	2,400,000	2,400,000	30,500,000	0.0	– 7.6
–	110,000	140,000	1,350,000	0.0	– 0.4
600	640,000	660,000	7,950,000	4.9	0.0
–	385,000	410,000	5,525,000	1.3	0.0
100	530,000	560,000	6,875,000	1.9	– 5.2
200	90,000	120,000	1,150,000	12.5	– 4.2
–	490,000	450,000	6,200,000	0.0	– 3.1
1,300	140,000	240,000	1,420,000	– 12.5	– 23.2
6,500	**10,135,000**	**10,190,000**	**124,970,000**	**0.1**	**– 5.3**
33,950	**95,585,000**	**102,340,000**	**1,526,115,000**	**1.4**	**– 4.1**

Vacany (sqm)	Contractual rent (EUR)	ERV[5] (EUR)	OMV[5] (EUR)	Δ like-for-like contractual rent (2008 vs. 2009) (%)	Δ OMV 2008 vs. OMV 2009 (%)
2,400	–	480,000	5,000,000	n.a.	0.0
10,950	1,700,000	3,650,000	27,000,000	– 15.0	– 14.3
2,400	215,000	990,000	8,150,000	– 20.4	– 16.2
6,600	–	3,700,000	35,000,000	– 100.0	0.0
22,350	**1,915,000**	**8,820,000**	**75,150,000**	**– 38.6**	**– 7.5**

Vacany (sqm)	Contractual rent (EUR)	ERV[5] (EUR)	Disposal price (EUR)	Δ like-for-like contractual rent (2008 vs. 2009) (%)	Δ OMV 12/2008 vs. disposal price 2009 (%)
–	1,480,000	1,500,000	23,000,000	0.0	– 0.4
–	410,000	560,000	6,622,000	7.9	1.9
–	710,000	730,000	9,925,000	2.9	0.8
–	1,030,000	980,000	19,600,000	1.0	0.5
150	900,000	910,000	12,950,000	0.0	0.8
–	1,230,000	1,300,000	18,400,000	0.0	– 0.5
–	155,000	150,000	2,375,000	3.3	1.1
–	380,000	450,000	6,500,000	0.0	10.2
440	1,010,000	1,100,000	15,000,000	0.0	– 0.7
–	350,000	330,000	4,500,000	9.4	– 2.2
–	530,000	500,000	7,700,000	0.0	– 0.6
–	1,100,000	1,020,000	14,900,000	11.1	0.0
590	**9,285,000**	**9,530,000**	**141,472,000**	**2.3**	**0.4**

GLOSSARY

Asset management
Value-orientated running and/or optimisation of properties through letting management, refurbishment, repositioning and tenant management.

CMBS (Commercial mortgage backed securities)
Securities or loans that are backed by commercial real estate mortgages.

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

Derivative financial instruments
Derivative financial instruments or derivatives are contracts to hedge and compensate financial risk positions. The pricing is based on a market-linked underlying value (e.g. interest rate, shares or indices).

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. The 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 regularly by external appraisers.

FFO (funds from operations)
Operating result from real estate management. alstria's FFO represents the operating result, excluding valuation effects and other non-cash items.

ICR (Interest coverage ratio)
The Interest Coverage Ratio is a key ratio which belongs in a loan agreement to the debtor's contractual assurances (covenants) for the duration of the loan. It indicates to which proportion the interest payments have to be covered by the earnings of the Company, respectively, by the earnings of the investment property.

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

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

Joint venture
Legally independent entity formed between two or more parties to undertake economic activity together. It is jointly controlled by the parties under a contractual arrangement whereby decisions on financial and operating policies essential to the operation, performance and financial position of the venture require each party's consent.

LTV (Loan to value)
Means the ratio of loan amount to the fair value of the real estate.

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

NNNAV (Triple net asset value)
NAV adjusted for hidden reserves and hidden losses in immovable assets and financial liabilities.

Prime Standard
Market segment of the Frankfurt Stock Exchange with the greatest relevance and degree of regulation. Being quoted on the Prime Standard is a prerequisite for admission to DAX, MDAX, SDAX and TecDAX.

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

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.

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 weighted 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

Date	Event
Feb. 25, 2010	**Analysts' Conference** 5th HSBC S&M Real Estate and Infrastructure Conference (Frankfurt)
Mar. 16–19, 2010	**Trade fair** mipim (Cannes)
Mar. 24–25, 2010	**Analysts' Conference** 10th Annual Pan European Small and Mid Cap Conference (Deutsche Bank) (London)
Mar. 31, 2010	**Publication of Annual Report** Publication of the full year 2009 financial results (Frankfurt)
Mar. 31, 2010	**Annual Press Conference** Annual Press Conference (Frankfurt)
Apr. 20–21, 2010	**Analysts' Conference** Global Real Estate Conference (Credit Suisse) (London)
May 11, 2010	**Publication of Q1 Report** Interim Report (Hamburg)
May 26–27, 2010	**Roadshow** European Property Seminar (Kempen) (Amsterdam)
Jun. 9, 2010	**Analysts' Conference** Pan European Real Estate Conference (Credit Suisse) (London)
Jun. 16, 2010	**Annual General Meeting** Shareholders' Meeting (Hamburg)
Aug. 11, 2010	**Publication of Q2 Report** Half-Year Interim Report (Hamburg)
Oct. 4–6, 2010	**Trade fair** EXPO REAL (Munich)
Nov. 10, 2010	**Publication of Q3 Report** Interim Report (Hamburg)

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

Note
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