alstria

Edition 2011

Annual Report 2011
Part II/II – Financial Report

alstria
First German REIT

KEY FIGURES 2011

EUR k	2011	2010	Change (%)
Revenues and earnings			
Revenues	**90,798**	89,094	1.9
Net rental income	**80,868**	81,759	–1.1
Consolidated profit for the period	**27,448**	206	n/a
FFO	**34,685**	27,541	25.9
Earnings per share (EUR)	**0.40**	0.00	n/a
FFO per share (EUR)	**0.48**	0.45	6.7
EPRA[1] earnings per share (EUR)	**0.50**	0.44	13.6

	Dec. 31, 2011	Dec. 31, 2010	Change (%)
Balance sheet			
Investment property	**1,528,589**	1,348,400	13.4
Total assets	**1,686,637**	1,542,336	9.4
Equity	**768,195**	692,408	10.9
Liabilities	**918,442**	849,928	8.1
NAV per share (EUR)	**10.71**	11.24	–4.7
G-REIT key figures			
G-REIT ratio	**48.7%**	49.8%	–1.1 pp
Revenues plus other income from investment properties	**100%**	100%	0.0 pp
EPRA[1] key figures			
Diluted EPRA NAV per share (EUR)	**11.32**	11.68	–3.1%
EPRA NNNAV per share (EUR)	**10.71**	11.24	–4.7%
EPRA net initial yield	**5.8%**	5.5%	0.3 pp
EPRA topped-up net initial yield	**5.8%**	5.7%	0.1 pp
EPRA vacancy rate	**6.5%**	5.1%	1.4 pp

[1] Please refer to EPRA Best Practices Recommendations, www.epra.com.

CONTENTS

GROUP MANAGEMENT REPORT (SEPARATE CONTENT) 5
Economics and strategy (business overview) 6
Financial analysis 11
Report on risks and opportunities 16
Sustainability report 22
Mandatory disclosure 24
Additional Group disclosures 26
Subsequent events and outlook 27

CONSOLIDATED FINANCIAL STATEMENTS (SEPARATE CONTENT) 28
Consolidated income statement 30
Consolidated statement of comprehensive income 31
Consolidated statement of financial position 32
Consolidated statement of changes in equity 34
Consolidated statement of cash flows 36
Notes to the consolidated financial statements 38

MANAGEMENT COMPLIANCE STATEMENT 80

INDEPENDENT AUDITORS' REPORT 81

CORPORATE GOVERNANCE 82
Report of the Supervisory Board 82
Corporate governance statement 87
Remuneration report 94

REIT DISCLOSURES 98
REIT declaration 98
REIT memorandum 99

OTHER INFORMATION 100
Glossary 100
Events 2012 103
Contact/imprint 104

DETAIL INDEX GROUP MANAGEMENT REPORT

ECONOMICS AND STRATEGY (BUSINESS OVERVIEW) 6
Economic conditions 6
Strategy and structure 7
Corporate management 7
Portfolio overview 8

FINANCIAL ANALYSIS 11
Earnings position 11
Financial and asset position 13

REPORT ON RISKS AND OPPORTUNITIES 16
Risk reporting 16
Opportunities of the Group 21

SUSTAINABILITY REPORT 22

MANDATORY DISCLOSURE 24
Disclosure requirements in accordance with Section 315 para. 4 of the German Commercial Code (HGB) for the financial year 2011 and the explanatory report of the Management Board 24

ADDITIONAL GROUP DISCLOSURES 26
Employees 26
Remuneration report 26
Group and dependent-company report 26

SUBSEQUENT EVENTS AND OUTLOOK 27
Subsequent events 27
Outlook 27

GROUP MANAGEMENT REPORT

ECONOMICS AND STRATEGY (BUSINESS OVERVIEW)

Economic conditions

In 2011, the German economic rebound has continued from 2010.

Germany's GDP was up 3.0% in 2011.* For the second year in a row, the economic upswing proceeded after the economic crisis in 2009.

The German labour market has benefited from the rebound. The unemployment rate decreased by 0.6 percentage points to 7.1%** compared to 2010. In 2011, the number of persons employed thereby reached the highest level since the German reunification.

Despite the euro crisis the German real estate market developed in a positive manner in 2011. This was attributable to the economic recovery of the two previous years, sufficient refinancing possibilities, liquid real estate markets and the conclusion of long-term lease contracts. The total year-on-year investment volume, for example, rose by 22% compared to the previous year.

Overview of the German office property market***

Development of office rents In 2011, office rents consistently developed in a positive manner. On average, there was an increase in rents of around 3% in the largest German cities. An above-average growth was registered in Berlin at 4.9% (EUR 21.50 per sqm), in Hamburg at 4.4% (EUR 23.50 per sqm) and in Düsseldorf at 4.3% (EUR 24.00 per sqm). The rents also increased by 3.4% in Munich (EUR 30.00 per sqm) and by 2.9% in Stuttgart (EUR 18.00 per sqm). The rents remained at the same level as in the previous year only in Frankfurt and Cologne.

Take-up in major German cities The vacancy rate of office properties in German cities decreased from 10.4% in 2010 to 9.5% in 2011, which represents total vacancies of 8.36 million sqm. Comparing the six biggest German cities, the highest vacancy rate was noted in Frankfurt (13.9%), followed by Düsseldorf (11.2%), Munich (9.6%), Hamburg (8.5%), Berlin (8.5%) and Stuttgart (6.1%). The vacancy rate of office space was higher than average in Frankfurt, Düsseldorf and Munich.

New lease-up New lease contracts for over 3.4 million sqm of office space have been signed in the six major German cities. This reflects an increase of 0.51 million sqm or 17.7% compared to the previous year. In Berlin and Hamburg the rise ranged between 6% and 7%, in Stuttgart and Munich between 45% and 52%, whereas a negative trend in total new lease-ups was registered in Düsseldorf at –2% and in Frankfurt at –10%. For 2012, less take-up can be assumed due to the expected decline of the gross domestic product.

New office supply In 2011, at approx. 880,000 sqm, the delivery of new office and commercial space decreased by 25% compared to 2010. The cities Frankfurt, Hamburg and Munich account for around two-thirds of new office supply with an almost identical completion volume. For 2012, it is expected that newly completed office space will remain at the same level.

Investment markets The positive trend on the investment market continued in 2011. Total year-on-year investment volume was approx. 22% (around EUR 23.5 bn for commercial assets) above the result of the previous year. In the six most important German locations of Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne and Munich, a transaction volume of around EUR 11.6 bn was recorded. The highest transaction volumes had Frankfurt with EUR 3.0 bn and Munich with EUR 2.9 bn.

The investment market has continued to focus on core long-term leased properties. Approximately 84% of the commercial investment turnover in 2011 related to single deals, whereas the share of portfolio transactions amounted to 16%.

* 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 for 2012 For 2012, a weaker economic growth is expected than in the previous two years.

The German real estate market will also be affected by economic developments. We assume that take-up will be negatively impacted by the slowdown of the economy. The main risk for the property market remains the lack of availability of financing, which is underscored by a number of banks stepping out of the real estate lending business.

Strategy and structure

The alstria Group consists of the parent company alstria office REIT-AG, a real estate company listed on the Frankfurt stock exchange, and 19 subsidiaries, which include eight general partners, ten limited partnerships holding assets and one REIT service company. Operations are made within the parent company. Although the major part of the assets is allocated in the alstria office REIT-AG, 16 properties are held by nine subsidiaries.

alstria's buy-and-manage strategy proved to be the right track for the changing economic environment. alstria focuses on regular reviews of its business situation, assets and liabilities, and on its shortand long-term perspectives. After strengthening its balance sheet, alstria started selective acquisitions of assets with substantial value creation potential. In total during 2011, the Company added ten properties to the existing portfolio.

- alstria has a long-term leased portfolio (around 7.7 years' weighted average lease lengths). Some 75% of rental income derives from a small number of high-quality tenants. Around 45% of rental income is generated from public or public-related entities, which are or were less affected by the economic crisis and its outcome.
- alstria pursues a non-trading strategy, and focuses on long-term value creation through asset management. The Company seized the opportunities from the slight recovery of the investment market to continue its buy-and-manage strategy.
- 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.

Corporate management

alstria proactively focuses on the following indicators: revenues, FFO respectively cash flow, LTV and the G-REIT equity ratio. Returns are expected to be realised through the Company's active asset management model. In 2011, the early re-letting of over 6,100 sqm of the asset at Emil-von-Behring-Strasse, Frankfurt, the re-letting of the asset at Benrather Schlossallee, Düsseldorf on the basis of a 10-year lease, as well as the letting activities in the Alte Post joint venture represent good examples of alstria's successful leasing management. The various refurbishment projects such as Bieberhaus, Mundsburg Office Tower and the Alte Post joint venture are further proof of alstria's management potential.

By proactive management of its balance sheet, alstria was able to improve its LTV reducing it from 58.7% on December 31, 2010, down to 56.4% as at year-end 2011. The mid-term target is to reduce the overall LTV down to below 50%.

The G-REIT equity ratio was at 48.7% at year-end which compares to 49.8% in the prior year and a legal covenant of 45%.

In 2011, alstria agreed terms and conditions for the acquisition of nine assets. While three assets had been transferred in April 2011, a portfolio of five assets has been transferred in August 2011. The remaining transaction has been completed in September 2011. Additionally, in January 2011 the benefits and burden of the asset at Friedrich-Scholl-Platz 1 in Karlsruhe, which had been acquired by alstria in late 2010, were transferred.

alstria will stay focused on its buy-and-manage strategy and will constantly review growth opportunities if and when they arise.

In 2011, revenues were up from EUR 89 m to EUR 91 m and funds from operations (FFO)**** were up 25.9%, from EUR 27,541 k in 2010 to EUR 34,685 k. On a per share basis, revenues decreased slightly from EUR 1.45 to EUR 1.27, while the FFO increased from EUR 0.45 to EUR 0.48. The announced year-on-year increase in revenues and funds from operations was mainly driven by the new acquisitions executed during the financial year 2011.

**** For further details, please refer to page 12.

Portfolio overview

On December 31, 2011, alstria's portfolio consisted of 79 office and one retail property with a total of approximately 861,600 sqm of lettable area and a contractual vacancy rate of 8.6%. The portfolio is valued at a yield of 6.5% and the remaining weighted average unexpired lease term is approximately 7.7 years.

THE KEY METRICS FOR THE PORTFOLIO[1]
as of December 31, 2011

Metric	Value
Number of properties	80
Number of joint ventures	2
Market value (EUR bn)	1.5
Contractual rent (EUR m/annum)	99.8
Valuation yield (contractual rent/OMV-22.877.722 Td [tual rgT u 52-1.T /Span <</ActualText (X)>>BDC /T1[1 Tf279ue	

› Ernst-Merck-Strasse 9, Hamburg
The building permit for the refurbishment of this building was granted in the first quarter of 2010. A great part of this property has been refurbished to move the famous Ohnsorg-Theater from the Grosse Bleichen asset to the Bieberhaus. By this means the theatre gained access to a new modern facility, which it rents on a long-term basis. The refurbishment has been completed in summer 2011 and the Ohnsorg-Theater lifted its curtains for the first time in its new home at Ernst-Merck-Strasse in August 2011.

In 2011, alstria invested around EUR 22 m in ongoing refurbishment projects.* The main part of the 2011 capex investment was linked to the refurbishment of the two Hamburg buildings Bieberhaus (Ernst-Merck-Strasse 9) and the Mundsburg Office Tower (Hamburger Strasse 1–15). In the next two years, the Company plans to invest between EUR 50 and 60 m in the portfolio. These investments depend on ongoing lease discussions with existing and potential tenants. Major projects are related to the property Hamburger Strasse 1–15, Office Tower and Center, (EUR 16.6 m) in Hamburg. This Capex plan is part of alstria's ongoing asset value enhancement programme.

Lease-ups
Leasing activity in 2011 was very successful. In 2011, alstria signed new leases** totalling approx. 30,000 sqm. The increase of the vacancy rate by 100 basis points (bps) to 8.6% or 73,990 sqm is due to the selective acquisitions of value-add assets. Of these 73,990 sqm, 23,900 sqm represents strategic vacancy (intended vacancy implemented by alstria as part of its repositioning process for certain assets), while the remainder is operational vacancy. From the lease agreements which were due to expire in 2011, over 45% (of lettable area) could be retained during the year.

In June 2011, alstria has successfully re-let its Mertonviertel asset in Frankfurt (Emil-von-Behring-Strasse). The new tenant signed a 10-year lease contract for around 6,100 sqm of office and ancillary space and moved in in August 2011, shortly after the building has been vacated by the former tenant. Moreover, this early re-letting has been complemented by a new 5-year lease of 550 sqm of office and ancillary space in this asset.

Additionally, the Company agreed on a long-term lease on one of its Düsseldorf assets. The new tenant, a service provider in the health care sector, signed a 10-year lease contract for around 4,200 sqm of office and ancillary space and moved in on October 1, 2011, immediately after the building had been vacated by the former tenant.

Securing a new tenant prior to the expiry of the previous lease adds up to alstria's asset management track record. These rapid lease-ups are testimony to alstria's strong asset management expertise throughout Germany.

A further key re-letting achievement was the complete lease-up within the joint venture Alte Post, which had started in 2010 and has been finished in early 2011. The office space of around 3,500 sqm is leased to the law firm Graf von Westphalen for 10 years. The retail space was leased to a number of prime retailers which include Abercrombie & Fitch, Tommy Hilfiger and adidas. The total annual rental income amounts to EUR 5 m with a weighted average lease length of about 10 years.

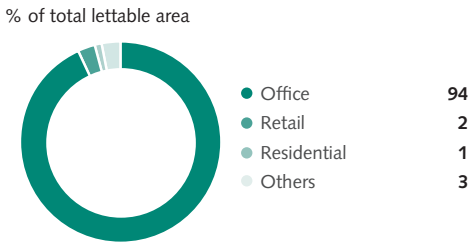
Portfolio valuation
alstria's portfolio was valued in accordance with the RICS*** Red Book guidance by Colliers International at December 31, 2011.

The total valuation result on investment properties was around EUR –16.7 m for the full year, taking into consideration the refurbishment measures which have been capitalised during the year. This valuation adjustment as well as the acquisitions which had been made during the financial year take the overall value of all alstria properties to EUR 1,529 m. ›› For further information about the valuation of alstria's portfolio please refer to the valuation certificate of Colliers International which is part of the Annual Report (Part I/II – Company Report).

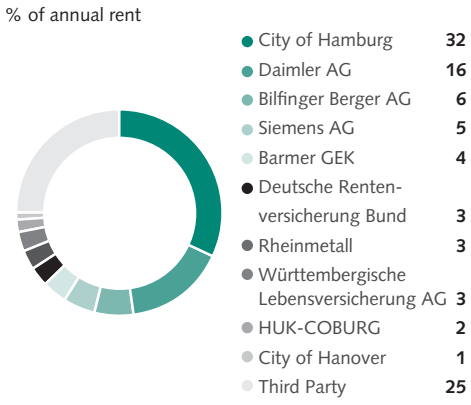
Tenants
Our key focus on a set number of major tenants is still one of the main characteristics of the alstria portfolio. Some 75% of total revenues are generated by alstria's top ten tenants. The 2011 portfolio also reflects the clear focus on the office asset class. Some 94%**** of the total lettable area is dedicated to offices.

* Excluding joint ventures.
** New leases correspond to lease of vacant space. It does not account for any lease renewal, prolongation or tenant exercise of renewal option.
*** Royal Institution of Chartered Surveyors.
**** Office and storage.

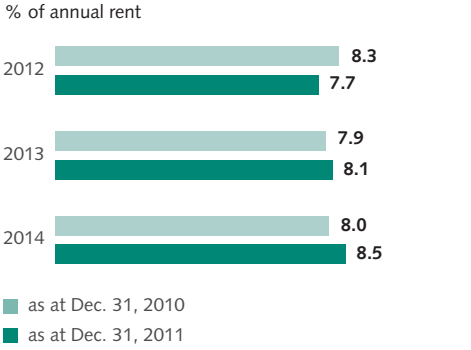
TOTAL PORTFOLIO BY UTILISATION



ALSTRIA'S CORE TENANTS 2011



LEASE EXPIRY PROFILE



FINANCIAL ANALYSIS

The year 2011 was a busy year for alstria. The Company successfully executed a capital increase and increased its nominal share capital from EUR 61,599,999 to EUR 71,599,999, having partially used its authorised capital. Furthermore, 18,200,000 shares from alstria's majority shareholder Captiva were placed in the broad market, thereof 2,200,000 greenshoe shares. The Company's free float therefore increased significantly. alstria received gross proceeds in the amount of EUR 95 million. These proceeds have been completely invested in an accretive growth with the acquisition of new properties during the financial year.

Following the acquisition of the new assets, alstria successfully financed the acquisitions with two mortgage-backed loans. The first loan, which was provided by Landesbank Hessen-Thüringen, has a maturity of four years. The second loan, provided by Berlin Hyp, has a maturity of seven years.

Earnings position

Following the transfer of the newly acquired assets in the last four months of the year, the revenues increased in 2011 compared to the previous year. Total revenues in this reporting period amount to EUR 90,798 k (2010: EUR 89,094 k). Real estate operating expenses increased to 10.5% of revenues or EUR 9,506 k compared to 7.7% of revenues or EUR 6,893 k in 2010. Net rental income for 2011 was EUR 80,868 k (2010: EUR 81,759 k).

The following table shows the key operating figures of the income statements for the financial years 2011 and 2010:

EUR k	2011	2010
Gross rental income	90,798	89,094
Net rental income	80,868	81,759
Operational expenses	–13,138	–11,670
Net other income	1,822	410
Operating income	**69,552**	**70,499**
Net result from fair value adjustments on investment properties	–16,682	–12,804
Net result on disposals of investment properties	120	9,278
Net operating result	**52,990**	**66,973**

Operational expenses (including administrative and personnel expenses) were EUR 13,138 k for the year, compared to EUR 11,670 k in 2010. Accordingly, total operating expenses represent 14.5% of total revenues (compared to 13.1% for 2010).

Net other income mainly comprises income from the reversal of accruals (EUR 431 k), income from the management of assets for third parties (EUR 161 k) and other income (EUR 2,788 k). On the other hand, it comprises expenses of EUR 1,557 k, which represent allowance for doubtful debt (EUR 117 k) and other expenses (EUR 1,440 k).

alstria closed the financial year 2011 with a net operating result before finance costs and taxes of EUR 52,990 k. This compares to EUR 66,973 k for the previous year, which was significantly influenced by the net result on disposals of investment properties in 2010 (EUR 9,278 k).

FUNDS FROM OPERATIONS (FFO) PER SHARE UP 7% (EUR 0.48)

EUR k	2011	2010
Pre-tax income (ETB)/ consolidated profit	**27,448**	**206**
+/– Net profit/loss from fair value adjustments on investment property	16,682	12,804
+/– Net profit/loss from fair value adjustments on financial derivatives	3,247	35,672
+/– Profit/loss on disposal of investment property	–120	–9,278
+/– Other adjustments[1]	–1,126	238
+/– Fair value and other adjustments in joint ventures	–11,446	–12,101
Funds from operations (FFO)[2]	**34,685**	**27,541**

[1] Non-cash income or expenses and non-recurring effects.

[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 34,685 k in 2011 as against EUR 27,541 k in 2010. As a result, FFO per share* was EUR 0.48 in the financial year 2011 (2010: EUR 0.45).

* Divided by the number of shares at the end of the reporting period (December 31, 2011: 71,703,625; December 30, 2010: 61,599,999).

The increase in comparison with 2010 resulted mainly from the growth of revenues after the acquisition and transfer of ten new assets in 2011. Non-cash expenses mainly comprise expenses for depreciation and profit participation rights.

Hedging instruments

The change in valuation of the financial derivatives was driven by the development of the yield curve in the year 2011. 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.

In line with the Group-wide financing strategy for floating interest hedging, new derivative financial instruments were entered into in 2011.

In the financial year 2011, the effective devaluation in the value of the swaps, which is recorded in equity as 'hedging reserve', was EUR 14,171 k. This change in fair value of effective cash flow hedges is therefore not recognised in the income statement. The fair value changes of derivatives not categorised as cash flow hedges are 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 4.3%.

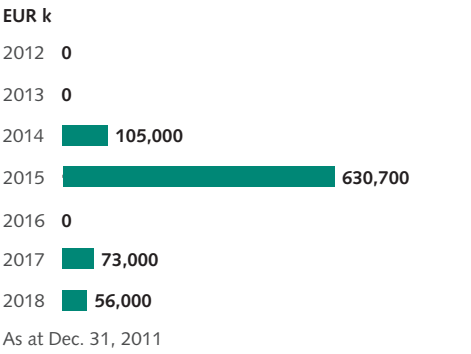
An overview of the composition and changes is described in detail in ›› section 10.7 of the notes.

Financial result

The following table shows the financial result for the period January 1 to December 31, 2011:

EUR k	2011	2010
Interest expenses syndicated loan	–17,869	–17,623
Interest expenses other loans	–8,625	–7,599
Interest result derivatives	–9,611	–17,902
Others	–7	–1
Financial expenses	**–36,112**	**–43,125**
Financial income	959	700
Other financial result	–206	–740
Net financing result	**–**	

FINANCIAL DEBT BY MATURITIES[1]



[1] Excluding regular amortisation.

Cash position is at EUR 96,009 k

The cash flow from operating activities for 2011 amounted to EUR 38,457 k, up from the reporting period for 2010 (EUR 29,274 k). This is based on higher rental revenues and lower interests paid, partly attributable to a lower average loan level compared with the previous reporting period.

The cash flow from investing activities comprises the cash inflow resulting from the sale of real estate (EUR 2,738 k). A cash outflow of EUR 192,442 k relates to the acquisition of new assets and payments for refurbishment measures for re-letting and subsequent acquisition costs on investment properties.

The cash flow from financing activities reflects loan repayments of EUR 5,051 k and payments for the termination of financial derivatives amounting to EUR 2,467 k. Cash inflows of EUR 72,887 k relates to loans taken out during refinancing. The capital increase led to a cash inflow of EUR 92,269 k net.

As a result, alstria ended the financial year 2011 with a cash position of EUR 96,009 k (2010: EUR 120,788 k). The Group is adequately funded to comply with its financial obligations.

Investment properties up by 13.4 %

Total investment property value amounts to EUR 1,528,589 k in comparison with EUR 1,348,400 k at the beginning of the year. The growth in investment properties reflects the acquisition of ten assets realised by alstria during the year (EUR 169 m) and the negative net effect of the revaluation of the remainder of the portfolio (EUR –17 m).

The revaluation result was mainly driven by the increase in transfer tax in a number of German states from 3.5% up to 5% (EUR 7 m of negative impact), as well as the negative revaluation of some of the Company assets with a short-term lease profile.

EUR k	
Investment properties at Dec. 31, 2010	**1,348,400**
Subsequent acquisition and production costs	26,309
Acquisitions	169,200
Disposals	–2,100
Reclassification	3,462
Revaluations	–16,682
Investment properties at Dec. 31, 2011	**1,528,589**
Fair value of owner-occupied properties	5,351
Interests in real estate partnerships	44,128
Fair value of immovable assets	**1,578,068**

The fair value of immovable assets will be used for the G-REIT equity ratio calculation.

In addition, 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.

Risk areas
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 Group'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 2012 to 2014.

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 impact of the so-called sovereign debt crisis on the financial markets, consequences on the general strategic risk situation due to the future macroeconomic environment as compared to the previous year are not evident. As long as there is no material change in the economic environment, alstria's strategic risk situation will remain stable.

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 Group 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 identifying 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.

alstria realises refurbishment projects to a material extent. All risks related to these projects, e.g. risk of not-in-time completion, risk of budget exceedance, as well as the risk of deficiencies in the construction, is encountered with the implementation of an extensive project controlling and a budget management process.

Employees The skills and motivation of alstria's employees are decisive factors in the Group's success. A risk of knowledge loss exists from staff fluctuations as well as from not recruiting sufficiently qualified experts to fill vacancies in the Group in good time. In both cases, this could result in a shortfall of suitable experts and key personal, which could influence the competitive advantages on the markets as well as the further growth opportunities for the Group. alstria mitigates these risks by selective, needs-oriented development of skills of the existing staff, strengthening the image as an attractive employer, university marketing, promoting employee motivation through strong leadership and corporate culture and profit-oriented variable remuneration schemes. Overall alstria estimates the described risks to be at a moderate level.

IT security The majority of our business processes are supported by efficient IT systems. Any fault affecting the reliability or security of the IT system could lead to delays or interruptions to operating activities. alstria has protected itself against IT risks by constant examination and enhancement of the information technology deployed, modern hardware and software solutions and safeguards against attacks. Structural security measures are in place to protect the computer centre. All data are backed up daily in an internal, and once a week in an external data depository. Detailed rules on access rights ensure that employees can only access the systems they need for their work. Overall, therefore IT risks are assessed to be unlikely and their possible consequences are assessed to be moderate.

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.

REIT corporations are fully exempted from German corporate income tax (KSt) and German trade tax (GewSt). This tax transparency applied with retrospective effect starting January 1, 2007.

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 alstria Group 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 issue new shares or make a capital repayment to its shareholders. No changes were made to the aims, guidelines and processes as at December 31, 2011 and December 31, 2010.

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 the fair value of immovable assets) is the most important KPI. Under the Group's strategy, the G-REIT equity ratio must be between 45% and 55%.

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.

The G-REIT equity ratio at the balance sheet date is 48.7 %. Accordingly, alstria complied with the minimum G-REIT equity ratio requirement according to Section 15 G-REIT Act (REITG) calculated at year-end of 45 %. Generally, the risk remains that alstria may fail to meet the minimum G-REIT equity ratio of 45 % in the following three consecutive years and faces the prospect of losing its status as G-REIT and its tax exemption. Within a three-year forecasting period until December 31, 2014, it is excluded that alstria will lose its G-REIT status by reason of shortfall of the 45 % barrier.

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

With respect to alstria's refinancing performed in 2010, the financial risk situation proved to be stable as compared to the previous year's end of the reporting period.

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 risks, interest rate risks and liquidity risks. alstria's current debt-to-equity ratio is approximately 55%. 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 up to 70 %. After the refinancing of the main loan in 2010, alstria managed to keep the LTV at 56.4 % at the relevant test date. Together with the additional measures implemented starting at the beginning of 2009, the risk of covenant breach was resolved proactively.

The refinancing of the main loan in 2010 before maturity led to the postponement of the next refinancing requirement for the syndicated loan by 3.5 years from the end of 2011 to mid-2015. Thus the risk of refinancing on unfavourable terms has decreased for the time being.

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 three-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 in order to cap the interest 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.

With the refinancing implemented in 2010, the major liquidity risk resulting from the balloon repayment on the main syndicated loan facility was successfully averted. Since the new syndicated loan facility will not be due until mid-2015, the liquidity risk resulting from repayment obligations is currently mitigated.

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 these risks, a regional diversification of investment portfolios, a consistent focus on the individual needs of tenants and a detailed market research and analysis (broker reports) are 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 ratings 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.

Overall assessment

Compared to the previous year, the risk situation of alstria stays stable. On the one hand, this is based on the economic environment recovering after the financial crisis; on the other hand, the successful refinancing and the improvement of the G-REIT equity ratio contributes to significantly ease the risks stated in the past. Sufficient precautions have been taken against identifiable risks. No risk specific to the Company that would threaten its continued existence can be identified from past or future events. This applies as well to the single Group companies as to the Group.

Opportunities of the Group

The refinancing activities undertaken by alstria have safeguarded the Company's financial position until mid-2014 at favourable interest rates. On the revenue side, alstria benefits from long-term rent agreements of approx. 7.7 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 continue its buy-and-manage strategy and to benefit from future market opportunities using the next growth cycle of the markets.

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

SUSTAINABILITY REPORT

In 2011, alstria published its second sustainability report. With the first sustainability report, alstria has set up a sustainability framework which explains the Company's approach towards Corporate Social Responsibility (CSR), its stakeholder engagement and the impact of alstria's CSR policy on daily business. The second report ties in the previous report and provides information about alstria's key achievements within the framework and gives the reader a deeper insight of the operational impacts. The key values within the framework expressed for each and every stakeholder group are alstria's main drivers for the integration of sustainability issues into the Company's daily business decisions. The associated operational impacts specify the overall values.

Investors – Values
› Promote transparency
› Retain reliability
› Create long-term value

Through alstria's investor relationship outreach the Company has direct contact to its shareholders. alstria informs them about the Company's development, its financials and the sustainability approach through regular reports. alstria is also engaged at the highest level in industry discussions with regard to sustainability. A strong commitment to transparency and to reliability is the basis for building trust with alstria's shareholders.

Tenants – Values
› Maintain long-term tenant relationship
› Improve transparency and property management
› Provide efficient and sustainable office space

A good trust-based relationship between alstria and its tenants is the key to long-term success. Regular meetings and discussions with the key tenants create a better understanding for the tenants' needs. Furthermore, alstria has continued the integration of the property management structures within the Company, which constitutes the first step towards enhancing transparency. alstria is also engaged in retrofitting buildings to provide energy efficiency and efficient workspace use for its tenants. These measures create additional value which will benefit both alstria and its tenants.

Employees – Values
› Support entrepreneurship
› Encourage initiative
› Promote equal chances

Only satisfied employees enable alstria to be successful in the long run. The Company is committed to the 'equal opportunity' approach. Each employee has the chance to learn and to improve its skills while working. It is in the Company's interest to sustain a high level of know-how. alstria supports entrepreneurship, encourages initiative, rewards excellence and creates working conditions to enhance and foster quality performance.

Community – Values
› Be responsible citizens
› Support local economy
› Remain fair and open partner

By hosting thousands of people day by day, alstria's assets are an important component of the communities in which they are located. alstria acts as responsible citizen and good corporate neighbour, respecting the interests of those who live and work in or near its assets. alstria tries as much as it can to support local entrepreneurs in the supply chain.

In order to better understand the Company's impact on its environment as well as the performance, alstria started compiling data on a regular basis and always with respect to the Company's sustainability framework. The outcome is a different view on the economic performance, more information about the performance of alstria's assets and the diversity of alstria's team.

In 2010, alstria started the retrofit of the Mundsburg Office Tower. The Mundsburg Office Tower was among the first buildings to receive the German Sustainable Building Council Silver (DGNB) pre-certificate for the new certification standard. The main objective of this refurbishment project is to create efficient office space and reduce energy consumption and occupancy costs for the future tenants. In particular, primary energy consumption will be cut by approximately 80% or 2.5 MWh annually compared to the existing situation, leading to a reduction in CO_2 emission by approximately 875 t p. a. The retrofit is planned to be completed by mid-2012.

As a real estate company it is in alstria's interest to manage the portfolio in a sustainable manner. With the first sustainability report alstria started compiling environmental data with respect to energy and water consumption, CO_2 emissions and waste production in order to better understand the environmental impact of its activities. The second sustainability report goes along with the first report and covers a larger database in comparison to the previous year. The database enables alstria to monitor the environmental impact of its assets as well as to identify room for improvement and to encourage its tenants to adopt sustainable behaviour.

alstria is also engaged in a number of national and international initiatives where the Company actively participates in industry discussions and positioning in regards to issues ranging from accounting, regulation and investor relations to sustainable reporting. Among other things, alstria has been involved in the Global Reporting Initiative (GRI) Construction and Real Estate Sector Supplement group, which is working on GRI-specific reporting guidelines for the real estate industry sector. alstria has also been involved in several working groups at the European Public Real Estate Association (EPRA), which works on improving financial and CSR reporting standards in the European public real estate sector. Furthermore, in May 2011, alstria reported its CO_2 emissions data as well as the corporate climate change strategy to the Carbon Disclosure Project (CDP) for the first time. CDP is an organisation holding the largest database of corporate climate change information in the world. With the first-time report to CDP in 2011, alstria has underlined the Company's commitment to transparency.

On a Company level the diversity of alstria's team mirrors the Company's awareness of its role as a sustainably acting company. As of December 31, 2011, alstria employed 17 men and 33 women, showing a female-to-male ratio of almost 200%. More than half of the employees are dedicated to the management, the acquisition and the development of real estate. The remainder of alstria's workforce is spread between supportive departments such as finance, reporting and controlling, legal and compliance, and administration. A total of 50% of the management positions* are filled by female employees.

Considering the different needs and focuses of each stakeholder, alstria's approach to sustainability aims at finding the right balance between each stakeholder's needs. The Company draws attention to some of the following actions implemented or supported by alstria where decision-making was partly driven by sustainability considerations:

Green lease working group
alstria has initiated and is taking part in a green lease working group which involves owners and occupiers and is aimed at providing a framework for German green leases. The framework includes recommendations for the landlord and tenant to reduce CO_2 emissions and increase awareness for energy saving.

Sustainability workshop
In the second year in a row, alstria organised a sustainability workshop for all employees. The main objective was to explain alstria's policy towards sustainability and to discuss the impact of sustainable issues in every employee's daily business decisions.

The starting point of the workshop was a brief introduction of alstria's sustainability approach and its operational impacts and targets as well as an idea of examples of business practice in the implementation of these goals. Afterwards, all employees had the chance to classify alstria's key figures and information demand regarding the three pillars economy, environment and social in mixed working groups. The aim of the metaplan workshop was, that every employee dealt with all issues and got an idea about sustainability in all business divisions.

Ohnsorg-Theater
As alstria's assets are part of the city, alstria invests indirectly into the city redevelopment by refurbishing its assets constantly.

In 1936, the famous Ohnsorg-Theater moved into its former location at Grosse Bleichen in Hamburg, an alstria asset. While the area has developed as a prime A retail street, what used to be a great space for a theatre has trouble adapting to new technology and audience demands. There was a common interest shared by alstria and the Ohnsorg-Theater. Moving the theatre out of this location to the vicinity of the Central Station achieves the most

* Management positions are defined as employees who report directly to the Management Board.

sustainable result for all stakeholders involved. In August 2011, the Ohnsorg-Theater opened its doors in the Bieberhaus. The theatre got access to a new, modern facility, which it rents on a long-term basis, thus securing its future for the coming years. The move also enhanced the whole area around the Central Station by creating additional cultural life in the neighbourhood.

With the second sustainability report alstria underlines its commitment to CSR issues over time. alstria's continuous reporting to the market on CSR key performance indicators demonstrates the Company's improvement and commitment to its values over time as well as in the integration of sustainability into all its business decisions. ›› For more information about sustainability within alstria please see the sustainability report 2011 on alstria's website.

MANDATORY DISCLOSURE

Disclosure requirements in accordance with Section 315 para. 4 of the German Commercial Code (HGB) for the financial year 2011 and the explanatory report of the Management Board

Composition of subscribed capital, voting rights and special rights

As per the balance sheet date of December 31, 2011, the share capital of alstria is EUR 71,703,625.00, divided into 71,703,625 no par value bearer shares. All shares have equal rights and obligations. Each share entitles the bearer to one vote at general shareholders' meetings and is decisive for the shareholder's share in the profit of the Company. The individual rights and duties of the shareholders result from the provisions of the German Stock Corporation Act (AktG), in particular Sections 12, 53a et seq., 118 et seq. and 186.

Restrictions on the transfer of shares or voting rights

There are no restrictions as to the transfer of shares or voting rights or, as far as they arise from agreements between shareholders, they are not known to the Management Board. The exercise of voting rights and the transfer of shares are based on the 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 of December 31, 2011, alstria was not aware of any shareholders whose direct shareholding exceeded 10% of the share capital. Via subsidiaries, BPCE S.E. holds an indirect participation of approx. 15% in alstria. 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 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 of the German Stock Corporation Act (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 of the German Stock Corporation Act (AktG). The Supervisory Board is also authorised to make changes in, and amendments to, the articles of association that merely affect the wording without a resolution of the shareholders in general meeting. Pursuant to Section 15 para. 5 of the articles of association in conjunction with Sections 179 para. 2 and 133 of the German Stock Corporation Act, 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. Insofar as a larger majority is prescribed by law, such majority shall be decisive.

The articles of association were last amended by resolution of the Supervisory Board on September 13, 2011: Section 5 para. 1, 2 and 7 of the articles of association were formally adapted to a capital increase executed under the employee participation programme of the Company and a cross reference in Section 14 para. 3 of the articles of association was adapted to the latest change of the articles of association. Earlier, the annual general meeting on June 8, 2011 resolved to delete Section 14 para. 2 of the articles of association to adapt the articles of association to the new statutory provisions for the convocation of annual general meetings.

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 11,900,001.00.

2. Conditional Capital

   alstria has three conditional capital (pursuant to Sections 192 et seq. of the German Stock Corporation Act, AktG), which are regulated in Sections 5 para. 5 to 7 of the Company's articles of association.

a) Conditional Capital 2010

The share capital is conditionally increased by an amount of up to EUR 26,500,000.00 by the issuance of up to 26,500,000 no par value bearer shares. The Management Board is authorised to stipulate the profit entitlement for the new shares issued on the basis of the exercise of options or conversion rights or the fulfilment of a conversion obligation at variance from Section 60 para. 2 of the German Stock Corporation Act (AktG). The conditional capital increase is only carried out insofar as the holders of option rights or conversion rights, or those holders with conversion obligations from bonds with warrants or convertible bonds, profit participation rights or participating bonds issued or guaranteed on the basis of the authorisation resolved by the shareholders in general meeting on June 16, 2010, utilise their option rights or conversion rights or, insofar as such holders have conversion obligations, such holders fulfil their conversion obligations, unless a cash settlement is granted or treasury shares or shares of another listed company are used to fulfil the option rights or conversion rights.

b) Conditional Capital II

The share capital is conditionally increased by an amount of up to EUR 515,625.00 by the issuance of up to 515,625 no par value bearer shares. The sole purpose of the conditional capital increase is to grant shares to the holders of subscription rights (stock options) which were 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.

c) Conditional Capital III

The share capital is conditionally increased by an amount of up to EUR 396,374.00 by the issuance of up to 396,374 no par value bearer shares. The conditional capital increase shall be used solely to grant shares to the holders of convertible profit participation certificates which were 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 profit 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 shareholders in general meeting on June 8, 2011 authorised the Management Board

to acquire shares up to a total of 10% of the Company's share capital at the time of the issuance of the authorisation until June 7, 2016. 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. of the German Stock Corporation Act (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 syndicate loan agreement of alstria entitles the creditor to declare the loan due for payment after alstria's shares are no longer admitted for trading on an organised market within the EU and the current majority shareholder at the time of the conclusion of the loan agreement is not in a position to control alstria, or a person other than the then current majority shareholder holds a larger shareholding in alstria than the then current majority shareholder.

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 DISCLOSURE

Employees

As of December 31, 2011, alstria had 50 employees (December 31, 2010: 39). The annual average number of employees was 48 (previous year: 37). 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-based remuneration as a long-term incentive component of remuneration.

Members of the Supervisory Board receive fixed remuneration.

The remuneration report (appendix to the Group management report), 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, held a majority interest in alstria until March 30, 2011. 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 alstria. Therefore, 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, until March 30, 2011 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:

'In the light of the circumstances known to the Company at the time the Company entered into the legal transactions described in the report on relations with affiliated companies, the Company did

not receive adequate consideration for every legal transaction. With regard to two legal transactions the Company did neither receive factual compensation nor has the Company been granted entitlement to compensation. However, our Company requested the controlling company to compensate the suffered disadvantages.

Our Company did not suffer any disadvantages from taking or refraining from taking certain measures.'

SUBSEQUENT EVENTS AND OUTLOOK

Subsequent events

A binding and notarised agreement for the sale of one property located in Nuremberg was signed in February 2012.

Outlook

Based on the latest transactions and the contracted rent for 2012, alstria expects revenues of around EUR 95 m and funds from operations of EUR 37 m. This projection could be impacted by changes in interest rates and further property acquisitions or disposals in 2012.

Since the Company pays out a significant part of its funds from operations as dividends, future external growth largely depends on the Company's ability to raise additional equity. Consequently, further portfolio growth is highly dependent on the development of the global equity markets and is therefore difficult to predict over a longer period of time. On a like-for-like basis, however, the Company expects revenues and funds from operations to be stable in 2013. Again, these results may be impacted by further acquisitions and disposals or interest rate changes.

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 14, 2012

CONSOLIDATED INCOME STATEMENT 30
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 31
CONSOLIDATED STATEMENT OF FINANCIAL POSITION 32
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 34
CONSOLIDATED STATEMENT OF CASH FLOWS 36
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 38

1 Corporate information 38
2 Basis of preparation 38
3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to December 31, 2011

EUR k	Notes	2011	2010
Consolidated profit for the period		**27,448**	**206**
Cash flow hedges	10.7	–14,171	4,940
Reclassification from cash flow hedging reserve	10.7	1,333	33,338
Other comprehensive income for the period:		**–12,838**	**38,278**
Total comprehensive income for the period:		**14,610**	**38,484**
Total comprehensive income attributable to:			
Owners of the Company		14,610	38,484

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2011

Assets

EUR k	Notes	2011	2010
Non-current assets			
Investment property	10.1	1,528,589	1,348,400
Equity-accounted investments	10.2	44,128	32,385
Property, plant and equipment	10.3	4,576	7,826
Intangible assets	10.4	450	319
Financial assets		0	1
Derivatives	10.7	1,471	181
Total non-current assets		**1,579,214**	**1,389,112**
Current assets			
Assets held for sale	10.5	0	600
Trade receivables	10.6	2,449	4,117
Accounts receivable from joint ventures	10.6	2,095	1,967
Derivatives	10.7	0	17,615
Other receivables	10.6	6,870	8,137
Cash and cash equivalents	10.8	96,009	120,788
thereof restricted		*270*	*3,955*
Total current assets		**107,423**	**153,224**
Total assets		**1,686,637**	**1,542,336**

Equity and liabilities

EUR k	Notes	2011	2010
Equity	11.1		
Share capital		71,704	61,600
Capital surplus		751,084	700,036
Hedging reserve		–17,760	–4,922
Treasury shares		0	–26
Retained earnings		–36,833	–64,280
Total equity		**768,195**	**692,408**
Non-current liabilities			
Long-term loans, net of current portion	11.2	854,814	786,410
Derivatives	10.7	37,553	21,842
Other provisions	11.3	3,767	2,180
Other liabilities	11.4	989	324
Total non-current liabilities		**897,123**	**810,756**
Current liabilities			
Short-term loans	11.2	4,505	7,796
Trade payables	11.4	3,201	3,024
Profit participation rights	19	291	355
Derivatives	10.7	2,479	21,007
Other current liabilities	11.4	10,843	6,990
Total current liabilities		**21,319**	**39,172**
Total liabilities		**918,442**	**849,928**
Total equity and liabilities		**1,686,637**	**1,542,336**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to December 31, 2011

EUR k	Notes	Share capital	Capital surplus	Hedging reserve	Treasury shares	Retained earnings	Total equity
As of Jan. 1, 2011		**61,600**	**700,036**	**–4,922**	**–26**	**–64,280**	**692,408**
Changes in the financial year 2011							
Consolidated profit		0	0	0	0	27,448	27,448
Other comprehensive income		0	0	–12,838	0	0	–12,838
Total comprehensive income		**0**	**0**	**–12,838**	**0**	**27,448**	**14,610**
Reclassification to retained earnings		0	–31,503	0	0	31,503	0
Payments of dividends	15	0	0	0	0	–31,503	–31,503
Share-based remuneration	19	0	407	0	0	0	407
Proceeds from shares issued	11.1	10,000	85,000	0	0	0	95,000
Transaction costs of issue of shares	11.1	0	–2,938	0	0	0	–2,938
Conversion of convertible participation rights	11.1	104	104	0	0	0	208
Conversion of treasury shares		0	–22	0	26	0	4
As of Dec. 31, 2011	11.1	**71,704**	**751,084**	**–17,760**	**0**	**–36,833**	**768,195**

for the period from January 1 to December 31, 2010

EUR k	Notes	Share capital	Capital surplus	Hedging reserve	Treasury shares	Retained earnings	Total equity
As of Jan. 1, 2010		**56,000**	**685,897**	**–43,200**	**–26**	**–64,486**	**634,185**
Changes in the financial year 2010							
Consolidated profit		0	0	0	0	206	206
Other comprehensive income		0	0	38,278	0	0	38,278
Total comprehensive income		**0**	**0**	**38,278**	**0**	**206**	**38,484**
Reclassification to retained earnings		0	–27,999	0	0	27,999	0
Payments of dividends	15	0	0	0	0	–27,999	–27,999
Share-based remuneration	19	0	360	0	0	0	360
Proceeds from shares issued	11.1	5,600	43,400	0	0	0	49,000
Transaction costs of issue of shares	11.1	0	–1,622	0	0	0	–1,622
As of Dec. 31, 2010	11.1	**61,600**	**700,036**	**–4,922**	**–26**	**–64,280**	**692,408**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2011

EUR k	Notes	2011	2010
1. Cash flows from operating activities			
Consolidated profit for the period		27,448	206
Unrealised valuation movements		6,982	36,646
Interest income	9.8	–959	–700
Interest expense	9.8	36,318	43,865
Other non-cash expenses (+)		1,590	732
Gain (–)/loss (+) on disposal of investment properties	9.9	–138	–9,278
Depreciation and impairment of fixed assets (+)	10.3, 10.4	500	570
Decrease (+)/increase (–) in trade receivables and other assets that are not attributed to investing or financing activities		–376	2,858
Decrease (–)/increase (+) in trade payables and other liabilities that are not attributed to investing or financing activities		5,135	270
Cash generated from operations		**76,500**	**75,169**
Interest received		959	700
Interest paid		–39,002	–46,595
Net cash generated from operating activities		**38,457**	**29,274**
2. Cash flows from investing activities			
Acquisition of investment properties		–192,442	–17,331
Proceeds from the sale of financial assets		2,738	163,003
Acquisition of other property, plant and equipment		–843	–2,508
Proceeds from the equity release of interests in joint ventures		1,321	2,710
Proceeds from the repayment of loans granted to joint ventures		0	13,546
Net cash used in/generated from investing activities	12.3	**–189,226**	**159,420**

EUR k	Notes	2011	2010
3. Cash flows from financing activities			
Cash received from equity contributions		95,208	49,000
Payment of transaction costs of issue of shares		–2,939	–1,622
Proceeds from the disposal of own shares		4	0
Proceeds from the issue of bonds and borrowings		72,887	738,629
Payments of dividends	15	–31,503	–27,999
Payments for the acquisition and termination of financial derivatives		–2,467	–15,345
Payments of the redemption of bonds and borrowings		–5,051	–950,216
Payments of transaction costs		–149	–6,950
Net cash generated from/used in financing activities	12.3	**125,990**	**–214,503**
4. Cash and cash equivalents at the end of the period			
Change in cash and cash equivalents (subtotal of 1 to 3)		–24,779	–25,809
Effect of changes in consolidated Group on cash and cash equivalents		0	–555
Cash and cash equivalents at the beginning of the period		120,788	147,152
Cash and cash equivalents at the end of the period *thereof restricted: EUR 270 k; previous year: EUR 3,955 k*	10.8	**96,009**	**120,788**

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, 2011 were issued by the Management Board on February 14, 2012.

alstria office REIT-AG was transformed into a German Real Estate Investment Trust (G-REIT) in the financial year 2007 and 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 within the meaning of the G-REIT Act. Pursuant to Section 2 of its Articles of Association, the Company's objective is the acquisition, management, operation and sale of owned real estate property, as well as the holding of participations in enterprises, which acquire, manage, operate and sell owned property. All of the aforementioned objectives are subject to the conditions of the G-REIT Act legislation.

The Company's registered office and address is Bäckerbreitergang 75, 20355 Hamburg, Germany. Registration was made in the commercial register at the local court of Hamburg under HRB No. 99204.

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 as of the reporting date.

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, 2011.

Items are summarised in the consolidated statement of financial position 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 following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2011:

EU endorsement until Dec. 31, 2011	Standards/ interpretations	Content	Applicable for financial years beginning on/after	Effects
June 30, 2010	IFRS 1	'Limited exemptions from comparative IFRS 7, Disclosures for first-time adopters'	Jul. 1, 2011	None
Jul. 19, 2011	IAS 24	'Related party disclosures'	Jan. 1, 2011	None
Dec. 23, 2009	IAS 32	'Classification of rights issues'	Feb. 1, 2010	None
Jul. 19, 2011	IFRIC 14	'Pre-payment of a minimum funding requirement'	Jan. 1, 2011	None
Jul. 23, 2011	IFRIC 19	'Extinguishing financial liabilities with equity instruments'	Jul. 1, 2010	None
Feb. 18, 2011	Improvements to IFRS	Improvement project 2010	Jan. 1, 2011	None

- Amendment to IFRS 1 'Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment 2010)'. This amendment is currently not applicable to the Group, as it has no entities that are first-time adopters.
- IFRS 7, 'Financial instruments: Disclosures'. The amendment of IFRS 7 emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment did not have a significant impact on the consolidated financial statements of alstria office REIT-AG.
- Revised IAS 24 'Related party disclosures – revised definition of related parties (revised 2009)'.
- Amendment to IAS 32 'Classification of rights issues (amendment 2009)'. The amendment replaces the 2003 version of IAS 32 'Classification of rights issues' but has no effect on the Group's disclosures in the financial statements.
- Amendment to IFRIC 14 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction (Amendment 2009)'. This amendment corrects an unintended consequence of IFRIC 14 but has no effect on the Group's financial statements or disclosures.
- IFRIC 19 'Extinguishing financial liabilities with equity instruments'. The interpretation clarifies accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It has no impact on the consolidated financial statements.
- The improvements project contains numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes for presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. Most of the amendments are effective for annual periods beginning on or after January 1, 2011. No material changes to accounting policies arose as a result of these amendments.

The first-time application of the newly applicable IFRSs had no material effect on the Group and 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 2011 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 the financial year 2011.

EU endorsement until Dec. 31, 2011	Standards/ interpretations	Content	Applicable for financial years beginning on/after	Effects
Not yet endorsed	IFRS 1	Severe hyperinflation and removal of fixed dates for first-time adopters	Jul. 1, 2011	None
November 22, 2011	IFRS 7	Disclosures: transfer of financial assets	Jul. 1, 2011	Minor disclosure
Not yet endorsed	IFRS 9	Financial instruments: Classification and measurement	Jan. 1, 2015	No material effects
Not yet endorsed	IFRS 10	Consolidated financial statements	Jan. 1, 2013	Still to be assessed
Not yet endorsed	IFRS 11	Joint arrangements	Jan. 1, 2013	Notes disclosure
Not yet endorsed	IFRS 12	Disclosure of interests in other entities	Jan. 1, 2013	Still to be assessed
Not yet endorsed	IFRS 13	Fair value measurement	Jan. 1, 2013	Still to be assessed
Not yet endorsed	IAS 1	Presentation of items of other comprehensive income	Jul. 1, 2012	No material effects
Not yet endorsed	IAS 12	Deferred tax: recovery of underlying assets	Jan. 1, 2012	None
Not yet endorsed	IAS 19	Amendments to IAS 19, 'Employee benefits'	Jan. 1, 2013	None
Not yet endorsed	IAS 27	Separate financial statements	Jan. 1, 2013	None
Not yet endorsed	IAS 28	Investments in associates and joint ventures	Jan. 1, 2013	None
Not yet endorsed	IFRIC 20	Stripping costs in the production phase of a surface mine	Jan. 1, 2013	None

› Amendments to IFRS 1 'Severe hyperinflation and removal of fixed dates for first-time adopters', issued on December 20, 2010. The amendment will be applicable for financial years starting on July 1, 2011 or later. Since alstria has no exposure to hyperinflation markets, the amendments will have no effect on alstria's financial reporting.

› Amendments to IFRS 7 'Financial instruments: Disclosures', issued October 7, 2010. The amendments are applicable for financial years starting on or after July 1, 2011. The amendments require enhanced derecognition disclosures in case of transfer transactions of certain financial assets. As transfer transactions of financial assets are not a normal part of alstria's business, these amendments are not expected to have a significant influence on alstria's financial reporting.

› IFRS 9 'Financial instruments'; new standard issued on November 12, 2009. The standard addresses the classification and measurement of financial assets and is likely to affect the Group's accounting of financial assets. Application of the standard is not mandatory until January 1, 2015, but subject to EU endorsement, the standard is available for early adoption. The Group has not yet assessed the full impact of IFRS 9.

› IFRS 10 'Consolidated financial statements'; new standard issued on May 12, 2011. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard supersedes the guidelines on consolidation as outlined in the present IAS 27 'Consolidated and Separate Financial Statements' and SIC-12 'Consolidation – Special Purpose Entities'. IFRS 10 is applicable to annual reporting periods beginning on or after January 1, 2013. It is not expected that the application

of the new standard will lead to a change in the basis of consolidation of the Group.

› IFRS 11 'Joint arrangements'; new standard issued on May 12, 2011. The core principle of IFRS 11 is that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations, and accounts for those rights and obligations, in accordance with that type of joint arrangement. The standard supersedes IAS 31 'Interests in Joint Ventures' and SIC-13 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers'. IFRS 11 is applicable to annual reporting periods beginning on or after January 1, 2013. It is not expected that the application of the new standard will lead to a change in the accounting for joint ventures.

› IFRS 12 'Disclosures of interests in other entities'; new standard issued on May 12, 2011. The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. IFRS 12 is applicable to annual reporting periods beginning on or after January 1, 2013. The Group has not yet assessed the full impact of IFRS 12.

› IAS 27 'Separate financial statements'; new revised standard issued on May 12, 2011. IAS 27 (revised 2011) has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements. IAS 27 (2011) together with IFRS 10 'Consolidated Financial Statements' supersedes the previous version of IAS 27 (2008) 'Consolidated and Separate Financial Statements' including the related interpretation SIC-12 'Consolidation – Special Purpose Entities'. IAS 27 (revised 2011) is applicable to annual reporting periods beginning on or after January 1, 2013. Since none of alstria's Group companies prepares single entity financial statements in accordance with IFRS, no impact on accounting is expected as a result of the revised standard.

› IAS 28 'Investments in associates and joint ventures'; new standard issued May 12, 2011. The objective of IAS 28 (revised 2011) is to prescribe the accounting for investments in associates, and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 (2011), together with IFRS 12 'Disclosures of interests in other entities', supersedes the previous version of IAS 28 (2008) 'Investments in Associates'. IAS 28 (revised 2011) is applicable to financial years beginning on or after January 1, 2013. It is not expected that the application of the new standard will lead to a change in the accounting for joint ventures.

› An entity may apply the above-listed standards IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 'Separate Financial Statements (2011)' and IAS 28 'Investments in Associates and Joint Ventures 2011' to an earlier accounting period, but if it elects to do this prematurely, it must adopt all standards together.

› IFRS 13 'Fair value measurement'; new standard issued on May 12, 2011. IFRS 13 defines fair value, and sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for share-based payment transactions within the scope of IFRS 2 'Share-based Payment', leasing transactions within the scope of IAS 17 'Leases', measurements that have some similarities to fair value but that are not fair value, such as net realisable value in IAS 2 'Inventories', or value in use in IAS 36 'Impairment of Assets'. IFRS 13 is applicable to annual reporting periods beginning on or after January 1, 2013. It is expected, that the new standard will have no material effect on the net worth, financial position and results of operations.

› Amendments to IAS 1 'Presentation of financial statements'. On June 16, 2011, the International Accounting Standards Board (IASB) published amendments to IAS 1. The amendments to IAS 1 retain the 'one or two statement' approach at the option of the entity and only revise the way other comprehensive income is presented, requiring separate subtotals for those elements which may be 'recycled', and those elements that will not. The amendments are applicable to annual periods beginning on or after July 1, 2012, with early adoption permitted. The amendments are not expected to affect presentation of the Group's financial statements.

› Amendments to IAS 12 'Deferred tax: Recovery of underlying assets', issued on December 20, 2010. This amendment will have no effect on alstria's financial reporting. It is applicable as from January 1, 2012.
› Amendments to IAS 19 'Employee benefits'. On June 16, 2011, the IASB published amendments to IAS 19, implementing new reporting procedures on employee benefits. The amendments are applicable to annual periods beginning on or after January 1, 2013, with early adoption permitted. The amendments are not expected to affect presentation of the Group's financial reporting.
› IFRIC 20 'Stripping costs in the production phase of a surface mine': IFRIC 20 considers when and how to account separately for benefits arising from the stripping activities in surface mining operations. IFRIC 20 applies to annual periods beginning on or after January 1, 2013. The interpretation has no relevance for the Group.

The Group did not early adopt any new or amended standards in 2011.

4 Basis of consolidation

The consolidated financial statements comprise the financial statements of alstria office REIT-AG and its subsidiaries as at December 31, 2011. 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 over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which the Group obtains control, which generally coincides with the date of acquisition. Inclusion in the consolidated financial statements ends on the date on which the Group ceases to have control.

All intra-Group balances, transactions, income and expenses, and profits and losses resulting from intra-Group transactions are eliminated in full upon consolidation.

In accordance with IFRS 3, all business combinations are accounted for 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 20 companies as well as two joint venture companies 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	100
alstria Englische Planke GP GmbH (former alstria Grundbesitz 2 GP GmbH), Hamburg	100
alstria Gänsemarkt Drehbahn GP GmbH, Hamburg	100
alstria Halberstädter Strasse GP GmbH, Hamburg	100
alstria Hamburger Strasse 43 GP GmbH, Hamburg	100
alstria Ludwig-Erhard-Strasse GP GmbH, Hamburg	100
alstria Mannheim/Wiesbaden GP GmbH, Hamburg	100
alstria office Bamlerstrasse GmbH & Co. KG, Hamburg	100
alstria office Englische Planke GmbH & Co. KG (former alstria office Grundbesitz 2 GmbH & Co. KG), Hamburg	100
alstria office Gänsemarkt Drehbahn GmbH & Co. KG, Hamburg	100
alstria office Halberstädter Strasse GmbH & Co. KG, Hamburg	100
alstria office Hamburger Strasse 43 GmbH & Co. KG, Hamburg	100
alstria office Insterburger Strasse GmbH & Co. KG, Hamburg	100
alstria office Ludwig-Erhard-Strasse GmbH & Co. KG, Hamburg	100
alstria office Mannheim/Wiesbaden GmbH & Co. KG, Hamburg	100
alstria office Steinstrasse 5 GmbH & Co. KG, Hamburg	100
alstria Portfolio 1 GP GmbH, Hamburg	100
alstria solutions GmbH, Hamburg	100
alstria Steinstrasse 5 GP GmbH, Hamburg	100

Two new entities – a limited partnership (Kommanditgesellschaft), alstria office Insterburger Strasse GmbH & Co. KG and its general partner (Komplementärin), alstria Portfolio 1 GP GmbH – were established in the third quarter of 2011. As fully owned affiliates of alstria office REIT-AG, these companies have been consolidated as part of the alstria Group.

There have been no further changes to the consolidated Group since the consolidated financial statements as at December 31, 2010.

Effects from disposal of Group companies

Due to a joint venture agreement closed in 2010, a former subsidiary has been treated as a joint venture since that year. alstria office REIT-AG holds a share of 49% in the joint venture company accounted for in the consolidated financial statements using the equity method. Accordingly, the subsidiary was deconsolidated in 2010 and was no longer included in the consolidated group. The result from deconsolidation in 2010 amounted to EUR –181 k.

In 2011, no Group company left the basis of consolidated companies.

EUR k	2011	2010
Total disposal consideration	0	13,722
Disposal consideration discharged by means of cash and cash equivalents	0	2
Amount of cash and cash equivalents in the subsidiary disposed of	0	556
Assets except cash and cash equivalents in the subsidiaries disposed of		
Investment property	*0*	*60,000*
Trade receivables	*0*	*7*
Other	*0*	*36*
Liabilities in the subsidiaries disposed of		
Bank loans	*0*	*32,835*
Shareholder loans	*0*	*13,546*
Trade payables	*0*	*63*
Other	*0*	*227*

The amounts shown in 2010 have been stated under assets held for sale and liabilities associated with the sale of non-current assets held for sale in 2009.

Interests in joint ventures

The Group holds interests in two joint ventures resulting in a carrying amount at the end of the reporting period of EUR 44,128 k. alstria office REIT-AG holds a share of 49% in each of the two joint ventures. The joint ventures are Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, and Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG, Oststeinbek.

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

EUR k	Dec. 31, 2011	Dec. 31, 2010
Non-current assets	85,159	62,749
Current assets	3,918	4,085
Non-current liabilities	45,913	34,515
Current liabilities	589	939
Profit or loss for the period	13,064	12,070

5 Key judgements 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 in 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 derivative financial instruments;
- determine the fair value of virtual shares granted to management;
- determine the fair value of convertible profit participation certificates; and
- determine the fair value of other provisions.

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 International UK plc, 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.

VALUE OF THE PROPERTIES (EUR M)

Capitalisation rates	2011	2010
–0.25%	1,686	1,420
0.00%	1,529	1,349
0.25%	1,458	1,289

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 share based virtual shares granted to the Management Board is measured at each balance sheet date until settlement and is classified as provisions. The expense of the period comprises the addition to, and the reversal of, the provision between two reporting dates and the dividend equivalent paid during the period. This valuation requires the Company to make estimates about certain parameters, and hence they are subject to uncertainty. The fair value of the virtual shares granted is allocated to the vesting period according to the determinations in the underlying share based incentive plan. The resulting personnel expenses caused an addition to provisions of EUR 558 k (December 31, 2010: EUR 351 k) and a provision in an amount of EUR 909 k in the consolidated financial statements as at December 31, 2011. Furthermore, the provisions are made up

of provisions for rental guarantees in an amount of EUR 2,858 k. The determination of the amount of the provision for rental guarantees is based on the assessment of the possible exercise of the probability of use, which refers to information about the situation of tenants in relation to the possible exercise of the break option.

The fair value of convertible profit participation certificates granted to the employees of the Group was 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 statement of financial position as at the end of reporting period:

EUR k	Dec. 31, 2011	Dec. 31, 2010
Investment property	1,528,589	1,348,400
Positive fair values of derivatives	1,471	17,796
Negative fair values of derivatives	40,032	42,849
Other provisions	3,767	2,180
Valuation of stock options, convertible profit participation rights and virtual shares	1,016	830

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 the 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.

Costs 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 International UK plc, London, a renowned appraiser and brokerage firm, as at December 31, 2011.

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 International UK plc 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 five years or less and Group 2 held properties with anchor lease terms of more than five years.

Group 1 is 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 is 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/loss 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 of the risks and rewards incidental to the assets (finance lease) in accordance with IAS 17. If the lessee is deemed the 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. These leases generate the majority of proceeds and income for alstria office REIT-AG. Moreover, alstria office REIT-AG is, to a limited extent, lessee within the scope of operating leases.

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. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of plant and equipment is calculated on a straight-line basis over the useful life of the asset (three to 15 years). 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 assets' 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 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 (three to eight years).

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

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

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

There are no deferred taxes because, according to the REIT status, the whole Group is tax transparent and exempt from income taxation.

Financial instruments
Pursuant to IAS 39, a financial instrument is any contract that gives rise to both a financial asset to one entity and a financial liability or equity instrument to 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 are 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 at the end of the 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 each 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 measured 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.

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 (delcredere 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, 2011 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 upon 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 recognised immediately in 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 their effectiveness 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 consolidated statement of financial position 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 the 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 or
› measured at fair value through profit or loss

financial liabilities are either measured at amortised cost or at fair value and recognised as at 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 underlying the liability is discharged or cancelled or expires. When an existing financial liability is replaced with another liability 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. 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 – are discounted. Provisions are not offset with reimbursements.

Share-based payment transactions
Share-based payment comprises cash-settled liability awards and equity-settled equity awards.

The fair value of equity awards is generally determined by using a modified Black-Scholes option pricing model at the grant date and represents the total payment expense to be recognised during the service period with a corresponding increase in equity (paid-in capital).

Liability awards are measured at fair value at each balance sheet date until settlement and are classified as provisions. The expense of the period comprises the addition to, and the reversal of, the provision between two reporting dates and the dividend equivalent paid during the period.

Further details on the share-based payment schemes are given in ›› Notes 17, 18 and 19, and in the remuneration report, respectively.

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 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 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, according to IFRS 8, a single 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 is the person or group that allocates resources to, and assesses the performance of, the operating segments of an entity. The chief operating decision-maker has been identified as the Management Board.

Revenues are generated by a larger number of tenants. Of total revenues of EUR 90,798 k (previous year: EUR 89,094 k) EUR 29,195 k and EUR 15,672 k thousand relate to leases with the two largest customers of the Group. No other single customer has, neither in the financial year 2010 nor in the financial year 2011, contributed with 10% or more to the consolidated revenues.

9 Notes to the consolidated income statement

9.1 Revenues

EUR k	2011	2010
Revenues from investment property	90,798	89,094

Revenues from investment property chiefly include rental income from investment property.

9.2 Income and expenses from passed-on operating expenses

EUR k	2011	2010
Income from passed-on operating expenses	13,257	13,902
Income from passed-on operating expenses related to the prior year	1,333	1,781
	14,590	**15,683**
Expenses from passed-on operating expenses	–13,257	–13,902
Expenses from passed-on operating expenses related to the prior year	–1,757	–2,223
	–15,014	**–16,125**
Income less expenses from passed-on operating expenses	**–424**	**–442**

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	2011	2010
Maintenance and refurbishment	3,932	2,244
Vacancy	2,297	1,558
Running repairs	1,293	1,366
Brokerage fees	598	20
Property management	566	858
Tax on land and building	190	284
Depreciation of own occupied property	99	85
Non-deductable VAT	5	105
Other	526	373
	9,506	**6,893**

9.4 Administrative expenses

EUR k	2011	2010
Legal and consulting fees	3,193	2,332
Communication and marketing	548	621
Depreciation	401	485
Travel expenses	376	270
Audit fee (audit and audit related services)	362	580
Supervisory Board compensation	290	305
IT maintenance	259	125
Leasing costs	162	175
Insurances	122	113
Recruitment	114	69
Stock exchange	16	43
Other	956	955
	6,799	**6,073**

9.5 Personnel expenses

EUR k	2011	2010
Salaries and wages	3,225	2,823
Social insurance contribution	457	363
Bonuses	1,204	1,228
Expenses for share-based compensation	1,016	830
thereof relating to virtual shares	*558*	*351*
thereof relating to the convertible profit participation certificates	*458*	*479*
Amounts for retirement provisions and disability Management Board	183	144
Other	254	209
	6,339	**5,597**

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 in equity (for the conversion right) as well as against liabilities (for the dividend entitlement). Out of the EUR 458 k expense in relation to the profit participation rights, EUR 407 k was recognised in equity (2010: EUR 360 k), while EUR 51 k was reflected in the liabilities (2010: EUR 119 k).

Within the course of 2011 the Group had 48 employees on average (2010: 37).

9.6 Other operating income

EUR k	2011	2010
Compensation payment for the early termination of leases	600	0
Income from the reversal of accrued liabilities	431	367
Payments on provisions on doubtful debts	302	71
Property management services	161	148
Income in relation to development projects	156	727
Car use	40	22
Income from insurance compensation	35	123
Other	1,655	571
	3,380	**2,029**

Income in relation to development projects relates to compensation received from tenants in individual cases for the restructuring of leased premises and can vary each year.

Among the other operating income of EUR 1,655 k an amount of EUR 1,229 k is included for charges passed on to a former majority shareholder. These are expenses that have been incurred in connection with the placement of shares of that shareholder in the capital market.

9.7 Other operating expenses

EUR k	2011	2010
Allocation to provision for rental guarantees	870	0
Impairment on trade receivables	117	472
Legal and consulting fees	0	868
Loss on deconsolidation	0	181
Impairment on financial assets	0	91
Other	571	7
	1,558	**1,619**

Explanation of the allocation to provision for rental guarantees can be found in ›› Notes 11.3.

Among the other operating expenses of EUR 571 k an amount of EUR 458 k is included, consisting of an agreement on the reduction in charges for renovations charged in the previous year.

Legal and consulting fees for 2010 were incurred as a result of a non-recurring strategic project related to the further development of the Group.

9.8 Financial and valuation result

The financial result breaks down as follows:

EUR k	2011	2010
Financial income	**959**	**700**
Interest expenses syndicated loan	–17,869	–17,623
Interest expenses other loans	–8,625	–7,599
Interest result derivatives	–9,611	–17,902
Other interest expenses	–7	–1
Financial expenses	**–36,112**	**–43,125**
Bank charges	0	–292
Expense resulting from net present value adjustments due to the discount of provisions	–159	–278
Commitment fees	–23	0
Other	–24	–169
Other financial expenses	**–206**	**–740**
Net financing result	**–35,359**	**–43,165**

Total interest income and expenses for financial assets and liabilities which are not financial derivatives were EUR 959 k interest income (2010: EUR 700 k) and EUR 26,494 k interest expenses (2010: EUR 25,222 k), respectively.

Total interest expenses calculated using the effective interest method for financial liabilities that are not recognised at fair value through profit or loss were EUR 1,555 k (2010: EUR 5,545 k).

Net losses from financial assets available for sale amounted to EUR 0 k (2010: EUR 91 k).

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

EUR k	2011	2010
Transfer of cumulated loss from cash flow hedge reserve to income statement	–1,333	–33,338
Ineffective change of the fair value of cash flow hedges	–2,770	–961
Change in fair value of financial derivatives not qualifying as a cash flow hedge	857	–1,373
Net loss from fair value adjustments on financial derivatives	**–3,247**	**–35,672**

In 2011, EUR 1,333 k related to cumulative loss in the fair value of cash flow hedge derivatives which was 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 10.7.

9.9 Gain or loss on disposal of investment property

EUR k	2011	2010
Investment property disposal proceeds	2,820	163,003
Carrying value of investment property disposals	–2,700	–153,725
	120	**9,278**

The loss from assets and portfolios sold below their carrying value amounts to EUR 18 k in 2011 and EUR 248 k in 2010.

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 and is tax-exempt with regard to corporate tax and trade tax effective as of January 1, 2007.

Deferred income tax Due to the REIT tax exemption, there were no impacts on profit and loss, the financial statements, or equity or profit and loss in 2010 and 2011.

10 Notes to the consolidated statement of financial position – assets

10.1 Investment property

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

EUR k	2011	2010
Fair values		
As of Jan. 1	**1,348,400**	**1,425,440**
Property acquisition	169,200	0
Capital expenditure	26,309	14,264
Disposals	–2,100	–77,900
Reclassification	3,462	0
Transfers to held for sale	0	–600
Net result from the adjustment of the fair value of investment property	–16,682	–12,804
As of Dec. 31	**1,528,589**	**1,348,400**

alstria office REIT-AG uses the fair value model pursuant to IAS 40.33 et seq. for subsequent measurement of investment property. External appraisals were obtained for measurement. For a detailed description of the valuation of assets, please see ›› Note 7.

alstria office REIT-AG acquired ten investment properties in 2011, resulting in an increase of investment property of EUR 169,200 k.

Capital expenditure (EUR 26,309 k) is made up of subsequent acquisition and production costs in relation to property acquisitions and refurbishment projects.

In 2011, alstria office REIT-AG concluded a binding and notarised sale agreement for the disposal of one investment property. The asset was transferred in the financial year 2011.

Borrowing costs that would have to be capitalised as construction cost of an asset were not incurred during the reporting period (2010: EUR 71 k).

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

- EUR 90,798 k (2010: EUR 89,094 k) rental income from investment property;
- EUR 7,209 k (2010: EUR 5,335 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 2,297 k (2010: EUR 1,558 k) operating expenses (including repairs and maintenance) arising from investment property which did not generate rental income during the period under review.

Investment properties (including held for sale investment properties) have been used as security for bank loans in the amount of EUR 1,528,589 k (2010: EUR 1,349,000 k).

10.2 Equity accounted investment

At the end of the reporting period, two companies in which alstria office REIT-AG holds a share of 49% were treated as joint ventures and accounted for using the equity method. The carrying amount of the joint ventures at the end of the reporting period was EUR 44,128 k. For further information please refer to ›› Note 4.

10.3 Property, plant and equipment

EUR k	Plant	Furniture and fixtures	Own occupied property	Total 2011
Acquisition and production cost				
As at Jan. 1, 2011	**1,101**	**562**	**7,513**	**9,176**
Additions	49	63	388	500
Transfer to investment property	0	0	–3,558	–3,558
As at Dec. 31, 2011	**1,150**	**625**	**4,343**	**6,118**
Accumulated amortisation, depreciation and write-downs				
As at Jan. 1, 2011	**1,010**	**142**	**199**	**1,351**
Additions	107	81	99	287
Transfer to investment property	0	0	–96	–96
As at Dec. 31, 2011	**1,117**	**223**	**202**	**1,542**
Net book values as at Dec. 31, 2011	**33**	**402**	**4,141**	**4,576**

EUR k	Plant	Furniture and fixtures	Own occupied property	Total 2010
Acquisition and production cost				
As at Jan. 1, 2010	**1,100**	**202**	**5,655**	**6,957**
Additions	1	385	1,858	2,244
Disposals	0	–25	0	–25
As at Dec. 31, 2010	**1,101**	**562**	**7,513**	**9,176**
Accumulated amortisation, depreciation and write-downs				
As at Jan. 1, 2010	**846**	**101**	**114**	**1,061**
Additions	164	59	85	308
Disposals	0	–18	0	–18
As at Dec. 31, 2010	**1,010**	**142**	**199**	**1,350**
Net book values as at Dec. 31, 2010	**91**	**420**	**7,314**	**7,826**

The useful life of the assets is estimated to be between three 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 occupies areas in one of its office buildings in Hamburg for its own use. Therefore, the owner-occupied part of the property is categorised as 'property, plant and equipment' according to IAS 16. Part of the building was leased after completion and therefore reclassified as investment property. In order to secure Group liabilities, the whole property is pledged with a land charge as security.

10.4 Intangible assets

	Licences	
EUR k	2011	2010
Acquisition and production cost		
As of Jan. 1	**849**	**580**
Additions	343	270
Disposals	0	–1
As of Dec. 31	**1,192**	**849**
Accumulated amortisation, depreciation and write-downs		
As of Jan. 1	**530**	**269**
Additions	212	262
Disposals	0	–1
As of Dec. 31	**742**	**530**
Net book values as at Dec. 31	**450**	**319**

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

The intangible assets consist of software licences and licences to other rights in an amount of EUR 203 k and EUR 247 k, respectively.

10.5 Assets held for sale

Assets held for sale as shown in the previous year's end of the reporting period refer to an investment property which has been sold in 2011.

10.6 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, 2011	Dec. 31, 2010
Trade receivables		
Rent receivables	2,449	4,117
Accounts receivable from affiliates	**2,095**	**1,967**
Other receivables		
'Rent free period' receivables	3,461	2,755
Deposit account	1,586	1,550
Prepayments	0	2,961
Receivables and other assets	1,823	871
Other receivables	**6,870**	**8,137**

All receivables except EUR 1,586 k receivables against an escrow holder (December 31, 2010: EUR 1,550 k) are due within one year from the end of the reporting period. The fair value of all receivables is equal to their carrying amount in the balance sheet.

Trade receivables were written down by EUR 117 k (December 31, 2010: EUR 472 k) due to rent payments in arrears. Other receivables, other than trade receivables, were not impaired.

As of December 31, 2011, trade receivables of EUR 818 k (2010: EUR 869 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, 2011	Dec. 31, 2010
Trade receivables		
Up to 3 months	508	367
3 to 6 months	91	217
Over 6 months	219	285
Total	**818**	**869**

To secure the loans of the Group, all receivables from rental and property sale agreements, as well as insurance receivables and derivative financial instruments, were assigned to the lenders ›› Note 11.2.

A total of EUR 3,461 k of the other receivables is 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).

Among the receivables and other assets of EUR 1,823 k an amount of EUR 1,229 k of receivables is included for charges passed on to a former majority shareholder. These are expenses that have been incurred in connection with the placement of shares of that shareholder in the capital market.

Prepayments in an amount of EUR 2,961 k in 2010 related to payments that have been made on the acquisition of a property.

10.7 Derivative financial instruments

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

			Dec. 31, 2011		Dec. 31, 2010	
Product	**Strike p.a. (%)**	**Maturity date**	**Notional (EUR k)**	**Fair value (EUR k)**	**Notional (EUR k)**	**Fair value (EUR k)**
Cap	4.9000	20.12.2012	75,000	0	75,000	20
Swap	4.1160	10.07.2013	47,902	–2,479	47,902	–3,412
Swap	3.6165	29.11.2011	0	0	625,000	–17,595
Reverse swap	3.6165	29.11.2011	0	0	–625,000	17,595
Interest rate derivatives – held for trading				**–2,479**		**–3,392**
Cap	3.0000	17.12.2018	56,000	1,421	0	0
Cap	3.2500	31.12.2015	11,500	35	0	0
Cap	3.3000	20.10.2014	25,139	11	25,139	135
Cap	3.3000	20.10.2014	8,649	4	8,649	46
Swap	2.1940	31.12.2014	37,283	–1,234	37,283	–420
Swap	4.6000	20.10.2015	95,000	–6,921	95,000	–3,346
Swap	2.9900	20.07.2015	472,500	–29,398	472,500	–18,076
Interest rate derivatives – cash flow hedges				**–36,082**		**–21,661**
Total				**–38,561**		**–25,053**

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, 2010 by category:

CHANGES IN FINANCIAL DERIVATIVES

		Financial derivatives				
		Financial assets		Financial liabilities		
EUR k	Cash flow hedge reserve	Non-current	Current	Non-current	Current	Total
Hedging instruments as at December 31, 2010	**–4,922**	**181**	**17,615**	**–21,842**	**–21,007**	**–25,053**
Effective change in fair values cash flow hedges	–14,171	–270	0	–13,901	0	–14,171
Ineffective change in fair values cash flow hedges	0	–907	0	–1,863	0	–2,770
Net result from fair value changes in financial derivatives not qualifying for cash flow hedging	0	0	–14,298	0	15,155	857
Reclassification of cumulated loss from equity to income statement	1,333	0	0	0	0	0
Changes in accrued interests concerning financial derivatives	0	0	–3,317	53	3,373	109
Acquisitions	0	2,467	0	0	0	2,467
Hedging instruments as at December 31, 2011	**–17,760**	**1,471**	**0**	**–37,553**	**–2,479**	**–38,561**

The notional amount of the financial derivatives, which includes cash flow hedges and derivatives not qualifying for cash flow hedging, effective at the end of the reporting period is EUR 733,973 k (December 31, 2010: EUR 666,473 k). One swap with a notional amount of EUR 95,000 k will not become effective before July 10, 2013. Derivatives with a notional amount of EUR 122,902 k (December 31, 2010: EUR 122,902 k) are not designated as a cash flow hedge.

A decrease of EUR 14,171 k in fair values of derivatives effective in a cash flow hedge has been recognised in the hedging reserve in 2011 (2010: increase of EUR 4,940 k).

The ineffective portion recognised in profit or loss that arises from cash flow hedges amounted to a fair value gain of EUR 2,770 k (2010: loss of EUR 961 k).

Further gains totalling EUR 857 k (2010: loss of EUR 1,373 k) due to the market valuation of derivatives not included in hedge accounting were recorded in the income statement 2011.

A loss of EUR 1,333 k (2010: EUR 33,338 k) relates to cumulative losses from cash flow hedges for which the forecast transaction is no longer expected to occur due to premature repayment of the loans.

Together, this results in a loss of EUR 3,247 k (2010: loss of EUR 35,672), which is shown as 'net result from fair value adjustments on financial derivatives'.

In line with alstria's hedging strategy, a new interest rate cap with a notional amount of EUR 11,500 k and a cap rate of 3.25%, expiring on December 31, 2015, was concluded in order to hedge the floating interest rates to be paid on a new loan raised in the first quarter 2011. This transaction became effective as at March 31, 2011. In December 2011, the Company entered into an interest rate cap with a notional amount of EUR 56,000 k and a cap rate of 3.00%, expiring on December 17, 2018. This transaction became effective as at December 20, 2011.

One interest rate swap with a notional amount of EUR 625,000 k, and a corresponding reverse interest rate swap with the same notional amount entered

into for technical reasons in 2010 in the course of refinancing, matured at November 29, 2011.

10.8 Cash and cash equivalents

EUR k	Dec. 31, 2011	Dec. 31, 2010
Bank balances	96,009	120,788

Bank balances earn interest at floating rates based on daily bank deposit rates. As at the end of the reporting period, EUR 270 k (December 31, 2010: EUR 3,955 k) of the cash and cash equivalents were subject to restrictions. The amount corresponds to accrued interest obligations and amounts on other bank accounts for which the Company does not have free disposition.

11 Notes to the consolidated statement of financial position – 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, 2011	Dec. 31, 2010
Ordinary share of EUR 1 each	71,704	61,600

By partially using its authorised capital, the share capital was increased against contribution in cash in the amount of EUR 10,000,000. The share capital increased from EUR 61,599,999 in 2010 to EUR 71,599,999. This capital increase was registered in the commercial register (Handelsregister) on March 30, 2011.

Simultaneously with the capital increase, the former majority shareholder, Captiva 2 Alstria Holding S.à r.l., Luxembourg, sold 18,200,000 existing ordinary no par bearer shares in the market. Since then, the majority of the shares in the Company is free float.

The conversion of profit participation rights see ›› Note 19 in the second quarter of 2011 resulted in the issue of 103,626 new shares, causing a capital increase in an amount of EUR 103,626, by using the conditionally increased capital provided for such purposes (Conditional Capital III).

On December 31, 2011, alstria office REIT-AG's share capital amounted to EUR 71,703,625, represented by 71,703,625 non-par value bearer shares.

The following table shows the reconciliation of the number in shares outstanding:

Number of shares	2011
alstria's shares at January 1	61,599,999
Treasury shares at January 1	2,374
Shares outstanding on January 1	**61,597,625**
Issue of new shares	10,000,000
Conversion of convertible participation rights	103,626
Disposal of treasury shares	2,374
As of Dec. 31	**71,703,625**

Capital surplus

The capital surplus changed as follows during the financial year:

EUR k	2011	2010
As of Jan. 1	**700,036**	**685,897**
Contributions to capital surplus	85,000	43,400
Transaction costs of issue of shares	–2,938	–1,622
Payment of dividends	–31,503	–27,999
Share-based payments	407	360
Conversion of convertible participation rights	104	0
Conversion of treasury shares	–22	0
As of Dec. 31	**751,084**	**700,036**

The new shares generated from the capital increase were offered and sold at a price of EUR 9.50 per share. The issue proceeds by which the nominal share capital increase was exceeded amounted to EUR 85,000 k and were recognised as a capital surplus. The share placement resulted in an overall increase in the capital surplus of EUR 82,062 k, based on contributions of EUR 85,000 k less expenses of EUR 2,938 k.

An increase of EUR 407 k (2010: EUR 360 k) resulted from the vesting of the convertible profit participation certificates granted to employees of the Group. In 2010, there was an additional increase of EUR 91 k from the allocation of the fair values of the granted stock options ›› Note 17 over the respective vesting period.

In the course of dividend payments, in 2011 the Company distributed dividends totalling EUR 31,503 k (EUR 0.44 per outstanding share) out of retained earnings to their shareholders.

HEDGING RESERVE

EUR k	Dec. 31, 2011	Dec. 31, 2010
Hedging reserve	–17,760	–4,922

For further details on the change in hedging reserve please refer to ›› Note 10.7.

TREASURY SHARES

	Dec. 31, 2011	Dec. 31, 2010
Non-par value bearer shares (quantity)	0	2,374
Non-par value bearer shares (amount in EUR k)	0	26

The remaining 2,374 non-par value bearer shares, each with a value of EUR 1, held by the Company as treasury shares have been issued against convertible property participation rights in the second quarter of 2011. As of December 31, 2011, there were no remaining treasury shares.

The Company's authorisation to acquire treasury shares was renewed by resolution of the Annual General Meeting held on June 8, 2011. According to the resolution, alstria office REIT-AG is authorised to acquire up to 10% of the capital stock until June 8, 2016. There is no intention to make use of this authorisation at present.

Retained earnings

Retained earnings as at December 31, 2011 showed a shortfall of EUR 36,833 k. Since the payment of the dividend could not be generated from positive retained earnings, the amount of the dividend payout in 2011 was reclassified from the capital reserve to retained earnings, before it was paid from retained earnings.

11.2 Financial liabilities

	Non-current	Current			Total
EUR k		Loan	Accrued interest	Total current	Dec. 31, 2011
Loans					
Syndicated loan	566,507	0	92	92	566,599
Other loans	288,307	3,698	715	4,413	292,720
Total	**854,814**	**3,698**	**807**	**4,505**	**859,319**

	Non-current	Current			Total
EUR k		Loan	Accrued interest	Total current	Dec. 31, 2010
Loans					
Syndicated loan	566,891	0	3,674	3,674	570,565
Other loans	219,518	3,581	541	4,122	223,640
Total	**786,409**	**3,581**	**4,215**	**7,796**	**794,205**

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.

As at December 31, 2011, the loans used by alstria office REIT-AG are repayable in the amount of EUR 864,801 k (December 31, 2010: EUR 796,964 k). The lower carrying amount of EUR 859,319 k (EUR 854,814 k non-current and EUR 4,505 k current) takes into account interest liabilities and transaction costs to be allocated under the effective interest method upon the raising of liabilities. Financial liabilities with a maturity of up to one year are recognised as current loans.

alstria successfully refinanced its main credit facility on July 20, 2010. A new syndicate consisting of five banks has provided a new credit facility totalling EUR 630 m ('syndicated loan'). Out of this nominal amount, EUR 571,339 k had been drawn as of December 31, 2011 (December 31, 2010: EUR 572,809 k). The carrying amount due to deducted transaction costs to be allocated under the effective interest method upon raising the liabilities was EUR 566,507 k as of December 31, 2011 (December 31, 2010: EUR 566,891 k). The loan agreement has a maturity of five years until July 20, 2015. The syndicated loan was arranged by UniCredit Bank AG and underwritten by Berlin-Hannoversche Hypothekenbank AG, Eurohypo Aktiengesellschaft, HSH Nordbank AG and Natixis S.A.

To secure the liabilities concerning the syndicated loan, receivables from rental and property purchase agreements as well as insurance receivables and derivative financial instruments were assigned to the lenders, liens were granted on bank accounts and the registration of land charges was agreed ›› Note 10.7.

alstria office REIT-AG entered into a new floating rate loan in March 2011 in relation to the acquisition of two office buildings. The interest rate on this loan is based on the three-months EURIBOR rate plus a spread of 180 basis points. The loan facility, of which EUR 11,500 k has been drawn, amounts to EUR 14,000 k and matures at the end of 2015. Two other new floating rate loans were closed in November 2011, both with an interest rate based on the three-months EURIBOR rate plus a spread of 135 basis points and a maturity until December 17, 2018. The loans serve to refinance a newly acquired portfolio of six investment properties and were drawn in an amount of EUR 56,000 k as at December 31, 2011. Furthermore, an additional amount of EUR 5,387 k was taken out by using an existing credit line.

The current portion of the loan concerns scheduled repayments and accrued interest 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 103,629 k (December 31, 2010: EUR 105,661 k) in financial liabilities from non-recourse loans relates to fixed interest rate loans. As at the end of the reporting period, the loans have a fair value of EUR 104,587 k (December 31, 2010: EUR 106,758 k).

As at December 31, 2011, loans were reduced by transaction costs of EUR 6,289 k (December 31, 2010: EUR 6,974 k).

The average debt maturity as at the end of the reporting period decreased to 3.8 years compared to 4.6 years as of December 31, 2010.

The average interest rate of the Group's loans amounted to a rate of 4.3% at the end of the reporting period.

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, 2011	Dec. 31, 2010
Up to 1 year	1,014	1,014
More than 1 year	720,336	689,754
Total	**721,350**	**690,768**

The following loans are secured by land charges:

EUR k	Dec. 31, 2011	Dec. 31, 2010
Financial liabilities secured by land charges	859,319	794,206
thereof on investment property	*855,178*	*786,891*

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. A provision amount of EUR 2,858 k was calculated as the net present value of possible cash outflow due to this rental guarantee for which a realisation is expected more likely than not. The commitment relates to a six-year rental period starting in 2014. The same circumstances led to contingent liabilities see ›› Note 12.2. At December 31, 2010, the provision for the rental guarantees amounted to EUR 1,829 k. The increase in this provision in an amount of EUR 159 k results from the change in the net present value due to the time shift and discount rate changes. The remaining EUR 870 k increase in the provision for rental guarantee is based on the modification of the expectation of realisation, which takes into account new information of the tenants' situation with regard to its claiming on using the possible break option.

In addition EUR 909 k (December 31, 2010: EUR 351 k) is recognised as provision for awarding the Long and Short Term Incentive Plan ›› Note 18.

11.4 Trade payables and other liabilities

	Due		Total	Due		Total
EUR k	Up to 1 year	In more than 1 year	Dec. 31, 2011	Up to 1 year	In more than 1 year	Dec. 31, 2010
Trade payables						
Trade payables	3,201	0	3,201	3,024	0	3,024
	3,201	**0**	**3,201**	**3,024**	**0**	**3,024**
Other current liabilities						
Outstanding invoices	5,566	0	5,566	2,408	0	2,408
Advance rent payments received	2,292	0	2,292	1,700	0	1,700
Bonus liabilities	1,140	0	1,140	900	0	900
Security deposit	0	989	989	0	324	324
Received deposits	640	0	640	462	0	462
Supervisory Board compensation	268	0	268	305	0	305
Auditing costs	167	0	167	210	0	210
Consultancy costs	48	0	48	166	0	166
Liability for real estate transfer tax	0	0	0	214	0	214
Miscellaneous other liabilities	722	0	722	626	0	626
	10,843	**989**	**11,832**	**6,990**	**324**	**7,314**

The disclosed carrying amounts approximate their fair values.

Trade payables relate to operating costs not yet invoiced of EUR 1,669 k (December 31, 2010: EUR 1,706 k), liabilities from project development, rental activities and third-party real estate management services of EUR 1,119 k (December 31, 2010: EUR 725 k) and tenant payables of EUR 413 k (December 31, 2010: EUR 593 k).

The increase in accruals for outstanding invoices by EUR 3,158 k is mainly based on a significant higher level of development projects as compared to the previous year's end of the reporting period.

11.5 Trust assets and liabilities

As at the end of the reporting period, alstria office REIT-AG had trust assets worth an amount of EUR 1,586 k (December 31, 2010: EUR 2,050 k) and liabilities of EUR 640 k (December 31, 2010: EUR 462 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.

12 Other notes

12.1 Compensation of Management Board and Supervisory Board

Management Board In 2011, the overall compensation of the members of the Management Board totalled EUR 2,260 k (2010: EUR 2,458 k). As at the reporting date, liabilities for the compensation of the members of the Management Board amounted to EUR 360 k (2010: EUR 300 k). Under the stock option programme of alstria office REIT-AG, members of the Management Board held non-transferable stock options for 375,000 shares of alstria office REIT-AG as at December 31, 2011 and 2010, respectively. Details of the stock option programme are also included in these notes see ›› Note 17. Out of the cash-settled share-based incentive plan implemented in 2010, 187,429 virtual shares were granted to the members of the Management Board as at December 31, 2011, see ›› Note 18.

Supervisory Board Pursuant to the Articles of Association, Supervisory Board members' fixed annual payment amounted to EUR 290 k (2010: EUR 305 k).

Further information on disclosures according to Section 314 para. 1 no. 6a HGB (German Commercial Code) and IAS 24.17 is provided in the remuneration report, ›› see pages 94 to 97, which is an integral part of these consolidated notes and, at the same time, presented in the corporate governance chapter.

12.2 Commitments and contingencies

Other financial obligations from refurbishment projects and ongoing maintenance amounted to EUR 9,377 k (2010: EUR 13,955 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 amounted to EUR 5,094 k (December 31, 2010: EUR 5,486 k). The commitment relates to a six-year rental period starting in 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 for rental guarantees, see ›› Note 11.3. The decrease in this commitment from EUR 5,486 k to EUR 5,094 k is based on the transfer in an amount of EUR 870 k so far treated as commitment to provisions for rental guarantees. The change in net present value due to the time shift and discount rate changes, resulting in an increasing effect, amounted to EUR 478 k.

As at December 31, 2011, there was no rental agreement for the administrative premises with a minimum lease length. Out of other leasing agreements, future financial obligations arose in an amount of EUR 225 k. EUR 9 k which has residual maturity up to one year and the remainder, EUR 216 k, a remaining maturity of one to five years.

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 re-

Further transaction with related parties did not arise during the reporting period.

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:

	2011	2010
Profit attributable to the shareholders (EUR k)	27,488	206
Average number of shares outstanding (thousands)	69,245	57,525
Basic earnings per share (EUR per share)	0.40	0.00

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 options and convertible profit participation rights, please see ›› Notes 17 and 19.

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

alstria office REIT-AG is authorised to issue up to EUR 27,412 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

EUR k	2011	2010
Equity dividends on ordinary shares[1] not recognised as a liability as at Dec. 31	31,503	27,999
Dividend per share (without treasury shares)	0.44	0.50

[1] Refers to all shares except treasury shares at the dividend payment date.

The Annual General Meeting of alstria office REIT-AG held on June 8, 2011, resolved to distribute dividends totalling EUR 31,503 k (EUR 0.44 per outstanding share). The dividend was distributed on June 9, 2011. The dividends paid out in 2010 totalled EUR 27,999 k (EUR 0.50 per share outstanding).

16 Employees

During the period from January 1 to December 31, 2011, the Company had an average of 48 employees (January 1 to December 31, 2010: on average 37 employees). The average was calculated by the fourth part of the total of employed people at the end of each quarter. On December 31, 2011, 50 people (December 31, 2010: 39 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 above. The exercise

price for the stock options granted in 2007 is EUR 16. In 2010, the stock option programme was replaced by a new long-term incentive plan that is described in detail in ›› Note 18. The stock options granted in 2007 under the terminated stock option program stay unaffected.

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 0 k in 2011.

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 seven years beginning with the respective issue date. The stock options may only be exercised if the current stock exchange price of the Company's shares exceeds the stock exchange price of the Company's shares on the issue date by 20% or more for at least seven non-subsequent trading days of the Frankfurt Stock Exchange prior to the commencement of the respective exercise period. The stock options may only be exercised after the expiration of a vesting period of two years, and then during the four exercise periods each year. Each exercise period lasts 30 days, commencing with the day of announcement of the results for the first, second and third quarter, and the day of the Company's Annual General Meeting. There are no cash settlement alternatives.

18 Share-based remuneration

On March 2, 2010, the Company's Supervisory Board established a new share-based remuneration system, the Long Term Incentive Plan (LTIP), for members of the Management Board and granted the first tranche of virtual shares to the Management Board.

Under the LTIP, alstria office REIT-AG grants virtual shares, which give an entitlement to conversion into cash payments after four years.

The amount of the conversion payment is based on the number of virtual shares, multiplied by the average stock market price of alstria's shares on the Frankfurt Stock Exchange during the last 60 trading days prior to the relevant maturity date, plus an amount equal to the sum of the dividend per share paid by the Company to its shareholders between the grant date and the maturity date, but in no event higher than 250% of the average stock market price of alstria's shares on the Frankfurt Stock Exchange in the last 60 trading days prior to the relevant grant date, multiplied by a specified discretionary factor.

The discretionary factor is a multiplier that can vary between 0.8 and 1.2, and is subject to the individual performance of each participant during the respective holding period.

The determination of virtual shares will depend in equal amounts on the absolute return of the alstria share price (absolute total shareholder return) and on the relative performance of alstria's share in relation to the EPRA Index Continental Europe (relative total shareholder return).

Since payment per vested virtual share depends on the average 60 trading days quoted price of alstria's shares, the quoted average price of the last 60 trading days prior to the end of the reporting period essentially represents the fair value of each virtual share.

At the end of the reporting period, there were 99,009 virtual shares that were granted under the LTIP on March 2, 2010, and 76,702 virtual shares that were granted on March 3, 2011.

Virtual shares under the short term variable remuneration (Short Term Incentive or STI) were granted for the first time on March 3, 2011. The virtual shares resulting from the STI are subject to a minimum vesting period of two years. The virtual STI shares will be converted into a cash amount after the expiry of the vesting period. This cash amount is calculated on the basis of the number of virtual shares, multiplied by the share price of one alstria share at that time, and is calculated on the basis of a reference period.

At the end of the reporting period, there were 11,718 virtual shares granted under the STI on March 3, 2011.

In 2011, the LTIP and the STI generated remuneration expenses amounting to EUR 558 k (2010: EUR 351 k) and provisions amounting to EUR 909 k (December 31, 2010: EUR 351 k). The Group recognises the liabilities arising from the vested virtual shares under other provisions.

19 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, 114,000 certificates on June 11, 2009, 61,500 certificates on June 17, 2010, and a further 80,000 certificates on June 9, 2011. Total expenses relating to convertible profit participation rights were EUR 458 k in 2011 ›› Note 9.5.

A total of 13,200 convertible profit participation certificates were terminated in 2011. 106,000 certificates, issued on June 11, 2009, were converted into alstria shares in the second quarter of 2011. Of these, 103,626 were new shares generated from conditional capital and existing treasury shares have been used for conversion of 2,374 certificates. A total of 177,700 convertible profit participation certificates existed as of December 31, 2011.

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

The maximum term of each certificate is five years.

During its term, each certificate entitles the holder 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 61,500 certificates issued on June 17, 2010, this market condition was fulfilled until the end of the financial year 2011.

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 the holder 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	Jun. 17, 2010	Jun. 9, 2011
Dividend yield (%)	3.70	4.70	8.68	6.06	4.23
Risk-free interest rate (%)	4.20	4.65	1.71	0.47	1.67
Expected volatility (%)	30.00	35.00	73.00	58.00	47.00
Expected life of option (years)	2.00	2.00	2.00	2.00	2.00
Exercise share price (EUR)	2.00	2.00	2.00	2.00	2.00
Labour turnover rate (%)	10.00	10.00	10.00	10.00	10.00
Stock price as of valuation date (EUR)	13.18	11.03	5.99	8.25	10.40
Estimated fair value of one option for conversion at the granting date	10.77	8.76	4.01	6.19	8.25

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

20 Financial risk management

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

Derivative financial instruments include interest swaps and caps. The purpose of these derivative financial instruments is to hedge against interest risks arising from the 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 on the following pages.

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 up to 70 %. After the loan restructuring in 2010 and 2011, the Company managed to keep the LTV ratio on the relevant test date at 54.9 %. With the measures implemented since the beginning of 2010, the risk of a breach of covenant was effectively countered.

EXISTING LOAN AGREEMENTS

as per December 31, 2011

Loan	Maturity	Principal amount outstanding (EUR k)	Current LTV (%)	LTV covenant (%)
Syndicated loan	Jul. 20, 2015	571,339	54.9	70.0
Non-recourse loan #1	Oct. 19, 2015	47,902	70.8	80.0
Non-recourse loan #2	Dec. 31, 2014	42,670	65.9	80.0
Non-recourse loan #3	Jun. 30, 2014	30,581	59.5	62.5
Non-recourse loan #4	Oct. 20, 2014	31,761	57.2	65.0
Non-recourse loan #5	Jan. 31, 2017	73,048	61.1	75.0
Loan #6	Dec. 31, 2015	11,500	60.5	75.0
Loan #7	Dec. 17, 2018	56,000	48.8	60.0
Total as at Dec. 31, 2011		**864,801**	**56.4**	

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, 2011						
Variable interest						
Syndicated loan	0	0	0	571,339	0	571,339
Other loans	1,014	1,186	72,576	59,057	56,000	189,833
Total	**1,014**	**1,186**	**72,576**	**630,396**	**56,000**	**761,172**

EUR k	< 1 year	1–2 years	2–3 years	3–4 years	> 4 years	Total
Financial year as at Dec. 31, 2010						
Variable interest						
Syndicated loan	0	0	0	0	572,809	572,809
Other loans	1,014	1,014	1,014	67,016	47,901	117,959
Total	**1,014**	**1,014**	**1,014**	**67,016**	**620,710**	**690,768**

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 three-month EURIBOR rate, 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:

			Dec. 31, 2011		Dec. 31, 2010	
Product	**Strike p.a. (%)**	**Maturity date**	**Notional (EUR k)**	**Fair value (EUR k)**	**Notional (EUR k)**	**Fair value (EUR k)**
Cap	4.9000	20.12.2012	75,000	0	75,000	20
Swap	4.1160	10.07.2013	47,902	–2,479	47,902	–3,412
Swap	3.6165	29.11.2011	0	0	625,000	–17,595
Reverse swap	3.6165	29.11.2011	0	0	–625,000	17,595
Interest rate derivatives – held for trading				**–2,479**		**–3,392**
Cap	3.0000	17.12.2018	56,000	1,421	0	0
Cap	3.2500	31.12.2015	11,500	35	0	0
Cap	3.3000	20.10.2014	25,139	11	25,139	135
Cap	3.3000	20.10.2014	8,649	4	8,649	46
Swap	2.1940	31.12.2014	37,283	–1,234	37,283	–420
Swap	4.6000	20.10.2015	95,000	–6,921	95,000	–3,346
Swap	2.9900	20.07.2015	472,500	–29,398	472,500	–18,076
Interest rate derivatives – cash flow hedges				**–36,082**		**–21,661**
Total				**–38,561**		**–25,053**

These interest rate swaps and interest rate 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	2011	2010
+80 basis points (bps)	5,693	5,733
–100 bps	–7,116	–7,938

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 FOR CASH FLOW HEDGE ACCOUNTING

EUR k	2011	2010
+80 bps	16,273	18,222
–100 bps	–20,394	–23,810

b) Impact on income statement

FINANCIAL DERIVATIVES NOT QUALIFYING FOR CASH FLOW HEDGE ACCOUNTING

EUR k	2011	2010
+80 bps	568	1,011
–100 bps	–722	–1,230

Liquidity Risk The Company continually monitors the Group-wide 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. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet targets and, if applicable, external regulatory or legal requirements – for example, G-REIT equity ratio.

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 three-month EURIBOR as at December 31, 2011 plus the weighted average margin of 150 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, 2011							
Interests	26,795	26,690	25,680	15,386	4,875	3,911	103,337
Loans	3,698	4,001	102,911	632,315	2,009	119,867	864,801
Financial derivatives	9,421	10,335	11,432	6,669	0	0	37,857
Trade payables	3,201	0	0	0	0	0	3,201
Other current liabilities	7,858	0	0	0	0	0	7,858
	50,973	**41,026**	**140,023**	**654,370**	**6,884**	**123,778**	**1,017,054**

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, 2010							
Interests	22,709	22,431	22,485	21,505	12,468	3,255	104,853
Loans	3,581	3,698	3,829	97,352	622,630	65,876	796,966
Financial derivatives	26,503	11,314	12,398	13,596	8,542	0	72,353
Trade payables	3,024	0	0	0	0	0	3,024
Other current liabilities	4,222	0	0	0	0	0	4,222
	60,039	**37,443**	**38,712**	**132,453**	**643,640**	**69,131**	**981,418**

The most significant liability consists of syndicated loans from five banks with an amount of EUR 571,339 k (December 31, 2010: EUR 572,809 k). The second major part of liabilities is made up of loans entered into with several banks as a result of the Group's refinancing strategy, with an amount of EUR 293,462 k (December 31, 2010: EUR 224,156 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 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 1,532,729 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, 2011, and at December 31, 2010.

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

%	2011	2010	G-REIT covenant
Equity ratio acc. to G-REIT law	48.68	49.82	> 45
Immovable assets	93.56	90.12	> 75
Revenues gained from immovable assets	100.00	100.00	> 75
Income gained from disposal of immovable assets	20.62	20.34	< 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, 2011	Carrying amount	Non-financial instruments	Financial instruments					
			Loans and receivables	Assets at fair value through profit and loss	Derivative hedge accounting	Available for sale	Total	Fair value
Trade receivables	2,449	0	2,449	0	0	0	2,449	2,449
Accounts receivable from joint ventures	2,095	0	2,095	0	0	0	2,095	2,095
Derivatives	3,566	0	0	0	3,566	0	3,566	3,566
Receivables and other assets	6,870	9,619	3,461	0	0	0	3,461	3,461
Cash and cash equivalents	96,009	0	96,009	0	0	0	96,009	96,009
Total	**110,989**	**9,619**	**104,014**	**0**	**3,566**	**0**	**107,580**	**107,580**

Liabilities as per balance sheet (EUR k) as of Dec. 31, 2011	Carrying amount	Non-financial instruments	Financial instruments				
			Liabilities at fair value through profit and loss	Other liabilities	Derivative hedge accounting	Total	Fair value
Long-term loans	854,814	0	0	793,603	0	793,603	793,603
Derivatives	40,032	0	2,479	0	37,553	40,032	40,032
Short-term loans	4,505	0	0	4,505	0	4,505	4,505
Trade payables	3,201	0	0	3,201	0	3,201	3,201
Other liabilities	11,832	9,817	0	2,015	0	2,015	2,015
Total	**914,384**	**9,817**	**2,479**	**803,324**	**37,553**	**843,356**	**843,356**

Assets as per balance sheet (EUR k) as of Dec. 31, 2010	Carrying amount	Non-financial instruments	Financial instruments					
			Loans and receivables	Assets at fair value through profit and loss	Derivative hedge accounting	Available for sale	Total	Fair value
Financial assets	1	0	0	0	0	1	1	1
Trade receivables	4,117	0	4,117	0	0	0	4,117	4,117
Accounts receivable from joint ventures	1,967	0	1,967	0	0	0	1,967	1,967
Derivatives	17,796	0	0	17,615	181	0	17,796	17,796
Receivables and other assets	8,137	5,382	2,755	0	0	0	2,755	2,755
Cash and cash equivalents	120,788	0	120,788	0	0	0	120,788	120,788
Total	**152,806**	**5,382**	**129,627**	**17,615**	**181**	**1**	**147,424**	**147,424**

Liabilities as per balance sheet (EUR k) as of Dec. 31, 2010	Carrying amount	Non-financial instruments	Financial instruments				
			Liabilities at fair value through profit and loss	Other liabilities	Derivative hedge accounting	Total	Fair value
Long-term loans	786,410	0	0	793,384	0	793,384	793,384
Derivatives	42,849	0	21,007	0	21,842	42,849	42,849
Short-term loans	7,796	0	0	7,796	0	7,796	7,796
Trade payables	3,024	0	0	3,024	0	3,024	3,024
Other liabilities	7,315	6,528	0	787	0	787	787
Total	**847,394**	**6,528**	**21,007**	**804,991**	**21,842**	**847,840**	**847,840**

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	2011	2010
Financial instruments at fair value through profit or loss	–3,247	–35,672
Loans and receivables	–117	–472
Total	**–3,364**	**–36,144**

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 Financial instruments which are measured in the balance sheet at fair value require 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.

21 Significant events after the end of the reporting period

A binding and notarised agreement for the sale of one property located in Nuremberg was signed in February 2012. The transfer of possession, benefits and burden is expected to take place at the end of the first quarter of 2012.

22 Utilisation of exempting provisions

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

- alstria office Bamlerstrasse GmbH & Co. KG, Hamburg
- alstria office Englische Planke GmbH & Co. KG (former alstria office Grundbesitz 2 GmbH & Co. KG), Hamburg
- alstria office Gänsemarkt Drehbahn GmbH & Co. KG, Hamburg
- alstria office Halberstädter Str. GmbH & Co. KG, Hamburg
- alstria office Hamburger Str. 43 GmbH & Co. KG, Hamburg
- alstria office Insterburger Strasse 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

23 Disclosures pursuant to Wertpapierhandelsgesetz [German Securities Trading Act]

1 Ad-hoc announcements

Date	Topic	Language
Mar. 28, 2011	Capital increase of up to 10,000,000 new shares	German/English
Mar. 29, 2011	alstria office REIT-AG successfully executed capital increase	German/English

2 Directors' dealings

The following transactions were executed in 2011 and reported to alstria office REIT-AG:

Name of person subject to the disclosure requirement	Function	Classification of the financial instrument	ISIN
Alexander Stuhlmann	Member of the Supervisory Board	Share	DE000A0LD2U1
Alexander Stuhlmann	Member of the Supervisory Board	Share	DE000A0LD2U1
Alexander Stuhlmann	Member of the Supervisory Board	Share	DE000A0LD2U1
Alexander Stuhlmann	Member of the Supervisory Board	Share	DE000A0LD2U1

3 Voting rights notifications

Transaction	Place	Transaction date	Price per share (EUR)	Number of shares	Deal volume (EUR)
Buy	XETRA	Aug. 17, 2011	8.925	86	767.55
Buy	XETRA	Aug. 17, 2011	8.947	503	4,500.34
Buy	XETRA	Aug. 17, 2011	8.970	860	7,714.20
Buy	XETRA	Sept. 7, 2011	8.800	2,000	17,600.00

Strike threshold (%)	Date of change	Attributed shares	Disclosure according to	Language
5, 3	Mar. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
5	Mar. 31, 2011	Yes	Sec. 21 para. 1 WpHG	English
5	Mar. 31, 2011	Yes	Sec. 21 para. 1 WpHG	English
5	Mar. 31, 2011	Yes	Sec. 21 para. 1 WpHG	English
5	Mar. 31, 2011	Yes	Sec. 21 para. 1 WpHG	English
5	Mar. 31, 2011	Yes	Sec. 21 para. 1 WpHG	English
5	Mar. 31, 2011	Yes	Sec. 21 para. 1 WpHG	English
5, 3	Apr. 4, 2011	Yes	Sec. 21 para. 1 WpHG	English
5, 3	Apr. 4, 2011	Yes	Sec. 21 para. 1 WpHG	English
5, 3	Apr. 4, 2011	Yes	Sec. 21 para. 1 WpHG	English
5, 3	Apr. 4, 2011	Yes	Sec. 21 para. 1 WpHG	English
5, 3	Apr. 4, 2011	Yes	Sec. 21 para. 1 WpHG	English
5, 3	Apr. 4, 2011	Yes	Sec. 21 para. 1 WpHG	English
5, 3	Apr. 4, 2011	Yes	Sec. 21 para. 1 WpHG	English
5, 3	Apr. 4, 2011	Yes	Sec. 21 para. 1 WpHG	English
5, 3	Apr. 4, 2011	No	Sec. 21 para. 1 WpHG	English
5, 3	Apr. 4, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
3	Mar. 30, 2011	No	Sec. 21 para. 1 WpHG	German/English
10, 5, 3	Jun. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
10, 5, 3	Jun. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
10, 5, 3	Jun. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
10, 5, 3	Jun. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
10, 5, 3	Jun. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
10, 5, 3	Jun. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
5, 3	Jun. 30, 2011	No	Sec. 21 para. 1 WpHG	German/English
5, 3	Jun. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English

No.	Date	Shareholders	Voting rights (new) (%)
27	Jul. 26, 2011	CGI Partners L.P.	7.87
28	Jul. 26, 2011	Cypress Grove International Associates LLC	7.87
29	Jul. 26, 2011	Cypress Grove International D L.P.	7.87
30	Jul. 26, 2011	CG Delaware Malta Limited	7.87
31	Jul. 26, 2011	Shamrock Cedobar Limited	7.87
32	Aug. 5, 2011	PGGM Fondsenbeheer B.V.	3.97
33	Aug. 8, 2011	PGGM N.V.	3.97
34	Aug. 8, 2011	PGGM Coöperatie U.A.	3.97
35	Sept. 12, 2011	APG Groep N.V.	3.45
36	Sept. 12, 2011	Stichting Pensioenfonds ABP	3.45
37	Sept. 12, 2011	APG Algemene Pensioen Groep N.V.	3.45
38	Dec. 21, 2011	The Sumitomo Trust & Banking Co., Ltd.	2.98
39	Dec. 21, 2011	Sumitomo Mitsui Trust Holdings, Inc.	2.98
40	Dec. 21, 2011	Nikko Asset Management Co., Ltd.	2.98
41	Feb. 2, 2012	Cohen & Steers Capital Management, Inc.	4.79

Strike threshold (%)	Date of change	Attributed shares	Disclosure according to	Language
5, 3	Jun. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
5, 3	Jun. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
5, 3	Jun. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
5, 3	Jun. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
5, 3	Jun. 30, 2011	No	Sec. 21 para. 1 WpHG	German/English
3	Mar. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
3	Mar. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
3	Mar. 30, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
3	Apr. 1, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
3	Apr. 1, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
3	Apr. 1, 2011	No	Sec. 21 para. 1 WpHG	German/English
3	Dec. 15, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
3	Dec. 15, 2011	Yes	Sec. 21 para. 1 WpHG	German/English
3	Dec. 15, 2011	No	Sec. 21 para. 1 WpHG	German/English
5	Jan. 27, 2012	Yes	Sec. 21 para. 1 WpHG	German/English

24 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 public on alstria office REIT-AG's website ›› www.alstria.com. It is included in the declaration of corporate management according to Section 289a HGB.

25 Auditor's fees

At June 8, 2011, the general meeting elected Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Axel-Springer-Platz 3, Hamburg, to audit the separate and consolidated financial statements for the financial year 2011. The fee expenses for audit services in 2011 amounted to EUR 238 k. Other consulting services accounted for expenses of EUR 72 k.

26 Management Board

During the financial year, the Company's members of the Management Board were:

Mr Olivier Elamine, Chief Executive Officer (CEO)
Mr Alexander Dexne, Chief Financial Officer (CFO)

The attached remuneration report contains details of the principles for the definition of the Management Board's and Supervisory Board's remuneration ›› see pages 94 to 97.

27 Supervisory Board

Pursuant to the Company's Articles of Association (Section 9), the Supervisory Board consists of six members, which are elected by the general meeting of shareholders. The expiration of the term of office is identical for all members, i.e. the close of the annual general meeting of shareholders in the year 2016.

During the financial year 2011, the members of the Supervisory Board were:

Alexander Stuhlmann (Chairman)
Hamburg, Germany
Management consultant;
Manager of Alexander Stuhlmann GmbH
› Capital Stage AG,
Vice-Chairman of the Supervisory Board
› Euro-Aviation Versicherungs AG,
Chairman of the Supervisory Board
› Frank Beteiligungsgesellschaft mbH,
Chairman of the Advisory Board
› HASPA Finanzholding,
Member of the Board of Trustees
› HCI Capital AG,
Member of the Supervisory Board
› LBS Bausparkasse Schleswig-Holstein-Hamburg AG , Member of the Supervisory Board
› 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

Dr. Johannes Conradi (Vice-Chairman)
since June 9, 2011
Hamburg, Germany
Lawyer and Partner at Freshfields Bruckhaus Deringer LLP
› Freshfields Bruckhaus Deringer LLP,
Global Head of Real Estate Sector Group,
Managing Partner of the Hamburg Office,
Member of the German Management Group
› Elbphilharmonie Hamburg Bau GmbH & Co. KG,
Member of the Supervisory Board

Roger Lee
Paris, France
Real Estate Investment Manager at Natixis Capital Partners Ltd.
› Captiva International Partners LLP,
Partner
› Caposition SARL,
Director
› since July 13, 2011: Natixis Capital Partners GmbH,
Director
› Natixis Capital Partners Ltd.,
Director

Richard Mully
Dublin, Ireland
Director, Investment Advisor and Manager at Starr Street Limited
› until December 31, 2011: Grove International Partners (UK) Ltd,
Managing Partner
› until December 31, 2011: Grove International Partners LLP,
Managing Partner

› until November 25, 2011: Event Hospitality Group B.V., Director
› Hansteen Holdings PLC, Director
› until May 31, 2011: Karta Realty Limited, Director
› until November 25, 2011: Polish Investment Real Estate Holding B.V., Director
› until November 25, 2011: Polish Investments Real Estate Holding II B.V., Director
› until March 7, 2011: SI Real Estate Holding B.V., Director
› until December 31, 2011: SREI DI Properties, Inc., Director
› from January 1, 2011: Starr Street Limited, Director

Daniel Quai
Crans, Switzerland
Partner at Natixis Capital Partner LTD
› Captiva International Partners LLP, Partner
› CDS Costruzioni SpA, Director
› CDS Holdings SpA, Director
› Mercurio Asset Management SGR SpA, Director
› Natixis Capital Partners Ltd, Director
› until July 13, 2011: Natixis Capital Partners GmbH, Managing Director

Marianne Voigt
since October 24, 2011
Berlin, Germany
Merchant, Managing Director of bettermarks GmbH

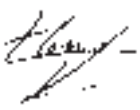
Ms Marianne Voigt was appointed by court as a member of the Supervisory Board of alstria office REIT-AG with effect from October 24, 2011.

John van Oost (Vice-Chairman)
until June 8, 2011
Singapore, Singapore
Managing Partner at Natixis Capital Partners LTD
› agapia Holding GmbH (formerly Captiva Healthcare Holding GmbH), Director
› Axiom Asset 1 GmbH & Co. KG, Director
› Axiom Asset 2 GmbH & Co. KG, Director
› Axiom Immo GP GmbH (formerly Captiva Industrial GP GmbH), Director
› Axiom Immo Holding GmbH (formerly Captiva Industrial Holding GmbH), Director
› Axiom Immo Management GmbH, Director
› Captiva Capital LP. Inc., Limited Partner
› Captiva International Partners LLP, Director
› Fluxus Right Management, Director
› Green Cove Capital Management SaRL, Board Member
› Natixis Capital Partners GmbH, Board Member
› Natixis Capital Partners Ltd., Managing Partner
› Natixis Capital Partners Srl., Board Member
› Ocala Capital Management LLC, Board Member
› Yishan Capital Partners Pte Ltd (formerly Captiva Capital Partners Pte Ltd.), Director
› Yishan Group Pte Ltd, Director
› Yishan Joo Koon Pte Ltd, Director
› Yishan Tanjong Pagar Pte Ltd, Director

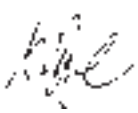
After his appointment as Vice-Chairman of the Supervisory Board came to an end on June 8, 2011, Mr John van Oost did not put his name forward for a further period of office.

Hamburg, February 14, 2012

The Management Board



Olivier Elamine
CEO



Alexander Dexne
CFO

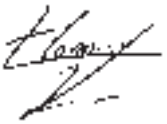
MANAGEMENT COMPLIANCE STATEMENT

'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 the 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 14, 2012

alstria office REIT-AG

The Management Board



Olivier Elamine
CEO

Alexander Dexne
CFO

INDEPENDENT AUDITORS' REPORT

We have audited the consolidated financial statements prepared by alstria office REIT-AG, Hamburg/Germany, – comprising the income statement as well as statement of comprehensive income, the balance sheet; cash flow statement, statement of changes in equity and the notes to the consolidated financial statements – and the group management report, for the business year from 1 January to 31 December 2011. The preparation of the consolidated financial statements and the group management report in accordance with the IFRS, as adopted by the European Union (EU) as well as the regulations under German commercial law complementarily applicable under § 315a (1) German Commercial Code (HGB) is the responsibility of the Management Board of the Company. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of alstria office REIT-AG, Hamburg/Germany, comply with the IFRS as adopted by the EU, as well as the regulations under German commercial law complementarily applicable under § 315a (1) German Commercial Code (HGB) and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with German principles of proper accounting. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg/Germany, February 15, 2012

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Gerald Reiher
Wirtschaftsprüfer
(German Public Auditor)

sgd. p.p. Annika Deutsch
Wirtschaftsprüferin
(German Public Auditor)

CORPORATE GOVERNANCE

REPORT OF THE SUPERVISORY BOARD

Supervision and advising of the Company's management

During the reporting year, the Supervisory Board advised the Management Board of the Company in accordance with statutory provisions and the Company's articles of association. The Supervisory Board was also intensively involved in matters of material importance to the Company.

During the meetings of the Supervisory Board and its committees, the Management Board reported regularly, promptly and in detail on the development of the business and financial situation of the Company and on important business events, current risks, risk management and on Company compliance. The management and Supervisory Boards 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 chairman 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 voted on all matters brought to its attention as the law, the articles of association or rules of procedure of either the Management Board or the Supervisory Board dictated. This included the Company's budget planning.

In the financial year 2011, the Supervisory Board had four ordinary meetings and one extraordinary meeting. All members of the Supervisory Board were present for every meeting or participated in the meetings by telephone conference. Moreover, three written resolutions were adopted after circulation of detailed documents to the members. Four additional meetings of the entire Supervisory Board took place in 2012 prior to the finalisation of this report.

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

Focal points of discussion

In addition to the regularly recurring topics, the Supervisory Board and its committees focused in particular on the successfully executed capital increase and placement of shares from the former majority shareholder in spring 2011, as well as the increase of the ratio of independent members of the Supervisory Board of the Company.

During the extraordinary Supervisory Board meeting in January 2011, the Management Board and Supervisory Board discussed the long-term strategic direction of the Company. The Supervisory Board approved the public offering of shares of the Company from a capital increase and the stock of the majority shareholder Captiva, and the subsequent swift investment of the proceeds of the issue, and established a special committee that was authorised to issue all necessary approvals and declarations within the framework of the execution of the capital increase.

During its meeting in March 2011, the Supervisory Board dealt with the consolidated financial statements and the financial statements for the year ending December 31, 2010, the management reports and the report on relationships with affiliated companies for the financial year running from January 1 until December 31, 2010. After careful

examination and due consideration, the Supervisory Board approved the annual financial statements of alstria office REIT-AG and the consolidated financial statements for the year ending December 31, 2010, and concurred with the proposal of the Management Board regarding the profit appropriation in the spirit of a stable dividend policy. Furthermore, during its meeting the Supervisory Board drew up resolutions on its report to the annual general meeting and on the Corporate Governance Statement, including the declaration of compliance with the recommendations of the German Corporate Governance Code. It discussed and resolved on the amount of variable remuneration for the members of the Management Board for the financial year 2010, based on the recommendation of its nomination and remuneration committee with due regard to the members' individual performance and dealt with the parameters for the variable remuneration of the members of the Management Board for the financial year 2011. The management and Supervisory Boards furthermore discussed the capital increase and existing acquisition opportunities.

The constituent meeting of the newly elected Supervisory Board in which the chairperson and the committee members were elected took place following the annual general meeting in June 2011.

During its meeting in September 2011, the Supervisory Board issued its approval of the sale of real estate situated in Hamburg, of investments in property in Ditzingen and the conclusion of a bank loan. The Supervisory Board resolved on the formal modification of the articles of association for a conditional capital increase carried out within the framework of the employee participation program of the Company and made an additional modification affecting merely the wording. The Supervisory Board furthermore resolved to appoint the members of the Management Board as managing directors and/or holders of commercial powers of attorney *(Prokuristen)* of subsidiaries of the Company, modified the rules of procedure for its investment committee and dealt with the strengthening of the independence in the composition of the Supervisory Board and the search for new members for the Supervisory Board.

During its meeting in November 2011, the Supervisory Board resolved, after intensive discussions with the Management Board, on the Company and budget planning for the financial year 2012. The Supervisory Board furthermore dealt with the strategic direction of the Company and possible transactions as well as with the search for new candidates for the Supervisory Board of the Company. The Supervisory Board discussed the extension of the appointment and service agreements of the Management Board members and dealt with a decision of the German Federal Court of Justice regarding the assumption of the prospectus liability by Deutsche Telekom with regard to the secondary public offering of its shares and the effects of this decision on the Company. The Supervisory Board furthermore reviewed the concrete goals for its composition which were first determined in November 2010 (Diversity Statement) and revised these goals, in particular, in consideration of the strengthening of the independence in the composition of the Supervisory Board. The current Diversity Statement and the status of its implementation are published in the Corporate Governance Report of the Company. The Supervisory Board lastly discussed the positive results of the review of the efficiency of its work, which was carried out by the members of the Supervisory Board on the basis of a questionnaire.

The decisions by way of written circular resolutions in April, May and June 2011 dealt with the proposals of the Supervisory Board to the shareholders in the ordinary annual general meeting for the financial year 2010, the issuance of a declaration of compliance with the recommendations of the German Corporate Governance Code within the year and a personnel matter.

In January 2012, the Supervisory Board resolved on the conclusion of a loan, the re-appointment of Management Board members and the conclusion of new service agreements and the appointment of the Management Board members as managing directors of a subsidiary of the Company. In February 2012, the Supervisory Board approved a capital increase in the amount of up to 10% of the share capital, established a special committee

that was authorised to issue all necessary approvals and declarations within the framework of the execution of the capital increase and discussed with the Management Board the investment of the proceeds of the issuance. At its meeting to discuss balance sheets in Febuary 2012, the Supervisory Board dealt with the financial statements of the Company and the consolidated financial statements for the year ending December 31, 2011, the 2011 report on relationships with affiliated companies and with the Management Board's recommendation for the appropriation of the annual net profit. At its meeting in March 2012, the Supervisory Board resolved on its proposals and its report to the shareholders in ordinary annual general meeting for the financial year 2011 as well as the declaration of compliance and dealt with the variable remuneration of the members of the Management Board.

Committees of the Supervisory Board

To increase the efficiency of its work, the six-person Supervisory Board formed three standing 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 meetings, the committee chairs reported on the results of their committees' work.

In the financial year 2011, the audit committee had four meetings, which were always attended by the Chief Financial Officer. The audit committee furthermore made an additional decision after circulation of detailed documents to the members. In the course of auditing the accounts of the Company, the audit committee reviewed the annual financial statements of the Company and the consolidated financial statements for the year ending December 31, 2010 and the management reports, 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 shareholders in annual general meeting regarding the choice of independent auditor, examining the independence of the external auditors and the additional services performed by the auditors, setting the key audit areas, granting the audit contract to Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Hamburg branch, and the engagement agreement and discussing the risk management system and the included main risks, the effectiveness of the internal controlling and audit system, and the compliance system. Finally, the audit committee examined the efficiency of its own work. The evaluation revealed good efficiency.

During the financial year 2011, the investment committee had two meetings in which it granted its approval of the acquisition of real estate portfolios and discussed the Company's investment options with the Management Board.

The nomination and remuneration committee, which also carries out the tasks of a nomination committee, met four times during the financial year 2011 and made two decisions in writing after circulation of detailed documents to the members. The nomination and remuneration committee discussed the composition of the Supervisory Board, an increase in the number of independent members of the Supervisory Board and searched for suitable candidates for the Supervisory Board. The committee discussed the amount of the variable remuneration of the members of the Management Board for the financial year 2010 with due regard to their individual performance, the parameters for the variable remuneration of Management Board members for the financial year 2011 and the proposed resolution of the Supervisory Board on the election of Supervisory Board members for the shareholders in annual general meeting. The nomination and remuneration committee provided the Supervisory Board with corresponding resolution proposals. The committee additionally approved a framework engagement agreement with the law firm Freshfields Bruckhaus Deringer LLP, of which Dr. Johannes Conradi is a partner, and dealt with the approval of consulting services of the law firm. The nomination and remuneration committee reviewed the remuneration of the members of the Supervisory Board for compliance with market standards and appropriateness and dealt with the extension of the periods of office and service agreements of the members of the Management Board.

In addition, the Supervisory Board established three special committees in the financial year 2011: In January 2011, the entire Supervisory Board established a committee that was authorised to issue all necessary approvals and declarations within the framework of the execution of a capital increase in return for cash contribution in the amount of up to 23% of the share capital under the exclusion of subscription rights. This special committee held four meetings in February and March 2011, discussed with the Management Board the execution of the capital increase with the participation of the majority shareholder as well as investment options for the proceeds and approved of the execution of a capital increase in return for cash contribution under the exclusion of subscription rights and all related acts and resolutions.

The Supervisory Board also established a special committee in January 2011 to review a transaction that was, however, not further pursued. The special committee did not meet. The Supervisory Board furthermore established a special committee in November 2011 to review a possible acquisition. The special committee held a telephone conference in December 2011.

Except for one exception, no member of the committees participated in less than half of the respective committee meetings. Only in the special committee established for the capital increase carried out in spring 2011 did Mr John van Oost participate in less than half of the meetings, though he casted a written vote for each of the resolutions.

Audit of the annual financial statements and consolidated financial statements

Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Hamburg branch, 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, 2011, 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 annual 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. In the meeting of the audit committee, the auditors reported on the material findings of their audit (including the audit of the internal control and risk management system) and were available for 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 attendees of the plenary meeting examined and discussed both the annual financial statements of the Company and consolidated financial statements prepared by the Management Board and the findings of the auditors. There were no objections to the final results of the review by the Supervisory Board. The Supervisory Board approved the financial statements of alstria office REIT-AG and the consolidated financial statements. The financial statements are thus confirmed. The Supervisory Board also concurred with the Management Board's recommendation for the appropriation of the annual net profit.

Furthermore, the Management Board also presented the Supervisory Board with its report on the relationships with affiliated companies for the period from January 1, 2011 until March 30, 2011 pursuant to Section 312 of the German Stock Corporation Act (AktG), in which the Management Board reports on the relationships with affiliated companies. Likewise, Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Hamburg branch, presented the Supervisory Board with its audit report on the dependency report. The auditors' unqualified opinion is as follows:

'Based on our audit and assessment in accordance with professional standards, we confirm that

1. the actual disclosures in the report are correct;
2. the performance of the Company in respect of two legal transactions referred to by the Board of Directors in the report has been inappropriate and the disadvantages have not been compensated and the performance of the Company in respect of the other legal transactions referred to in the report has not been inappropriate.'

The Supervisory Board reviewed and approved the Management Board's dependency report. After a final review, the Supervisory Board had no objections against the declaration of the Management Board at the end of the report according to Sec. 312 para. 3 AktG. The Supervisory Board agreed with results of the audit of the dependency report by the auditors.

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 2012, in accordance with Section 161 AktG; it was subsequently made permanently available to shareholders on the Company website. In their 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 they will not be followed. In the financial year 2011 and thereafter, conflicts of interest arose for the Supervisory Board members Dr. Johannes Conradi and Mr Daniel Quai. The conflict of interest for Dr. Johannes Conradi arose in four approvals pertaining to the commissioning of the law firm Freshfields Bruckhaus Deringer LLP, of which Dr. Johannes Conradi is a partner. The Supervisory Board member disclosed each conflict and abstained from the resolutions. The conflict of interest for Daniel Quai pertained to a resolution on the public offer of shares of the Company in cooperation with the majority shareholder. Mr Daniel Quai disclosed that he is involved in the matter on the part of the majority shareholder and did not participate in the corresponding discussions and resolutions in the Supervisory Board. The Supervisory Board then delegated these issues to a committee of which Mr Daniel Quai was not a member.

Changes in the Supervisory Board

The terms of office of all members of the Supervisory Board ended at the close of the annual general meeting in June 2011. After the former majority shareholder reduced its shareholding in the Company in spring 2011, the Supervisory Board wanted to reflect this reduced participation in its composition as promptly as possible and searched intensively for suitable independent successors for two representatives of the majority shareholder. Because it was foreseeable that the search would take a while, the Supervisory Board recommended that the shareholders in annual general meeting first reelect all six members of the Supervisory Board due to time constraints. After Mr John von Oost was no longer available for an additional term of office as a member of the Supervisory Board for personal reasons, the shareholders in annual general meeting elected the remaining five candidates as Supervisory Board members.

The judicial appointment of Ms Marianne Voigt until the next annual general meeting of the Company was requested in September 2011. The corresponding appointment was made by way of a decision of the Local Court of Hamburg on October 24, 2011. Mr Daniel Quai resigned from office as of March 31, 2012. Thus the Supervisory Board recommends that the shareholders in annual general meeting for the financial year 2012 elect Ms Marianne Voigt and an independent successor for Mr Daniel Quai as Supervisory Board members.

The Supervisory Board would like to thank the Management Board and all employees for their dedication and hard work in the financial year 2011.

Hamburg, March 2012

Alexander Stuhlmann
Chairman of the Supervisory Board

June 8, 2011 re-elected the remaining five candidates as members of the Supervisory Board; their terms of office expire at the end of the annual general meeting in which the shareholders resolve to discharge them in respect to their activities for financial year 2015. Alexander Stuhlmann was re-elected as Chairman and Dr. Johannes Conradi was elected as Vice-Chairman.

Marianne Voigt was appointed as a member of the Supervisory Board as of October 24, 2011 by way of a decision of the Local Court of Hamburg. Daniel Quai resigned from office as of March 31, 2012. The Supervisory Board recommends that the shareholders in general meeting for financial year 2012 elect Marianne Voigt and an independent successor to Daniel Quai as members of the Supervisory Board.

No former members of the Management Board sit on the Supervisory Board. The Supervisory Board is composed of members who have the necessary knowledge, competence and professional experience to properly carry out their duties. The Supervisory Board of alstria office REIT-AG first specified the goals for its composition in November 2010. Of these goals, initially only the goal of filling at least one seat on the Supervisory Board with a woman within the next two election periods had not yet been met. All goals for the composition of the Supervisory Board were met with the judicial appointment of Marianne Voigt as a member of the Supervisory Board in October 2011. In November 2011, the Supervisory Board reviewed and revised its goals for its composition. Against the background of the capital increase carried out in spring 2011 and the related reduced participation of the former majority shareholder, the focus was in particular on the strengthening of the independence of the members of the Supervisory Board.

With due consideration of the specific situation of the Company, the Supervisory Board of alstria thus specified the following goals for the composition of the Supervisory Board in November 2011, which are to be considered in its nominations to the shareholders in general meeting:

- The members of the Supervisory Board as a group should possess the diversity of knowledge, competence and experience necessary to successfully carry out their duties, in particular on the capital market and the German real estate market.
- At least two members of the Supervisory Board should have notable experience gained abroad.
- At least three members of the Supervisory Board, including the chairperson of the Supervisory Board, should not have a business or personal relationship with the Company, its Management Board or a shareholder holding more than 10% of the share capital which could cause a conflict of interest. At least three members of the Supervisory Board should not serve as a consultant or managing body at principal tenants, creditors or other business partners of the Company. Members should, as a rule, not serve on the Supervisory Board of the Company for more than ten years.
- At least one independent member of the Supervisory Board must have expert knowledge in the area of financial accounting or auditing of financial statements.
- At least one member of the Supervisory Board should be female.
- Members of the Supervisory Board should, as a rule, be no older than 70 years old.

All of these goals are currently met and would continue to be fulfilled in the election of the proposed candidates to the Supervisory Board.

Supervisory Board committees

The Supervisory Board has formed three standing 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. Transactions of a value greater than this amount are to be presented to the entire Supervisory Board for approval. The investment committee furthermore decides on the approval of the Supervisory Board regarding the conclusion, renewal or early termination of lease agreements with third parties with a total annual consideration of more than EUR 2 m. Up until June 8, 2011, the investment committee consisted of John van Oost, as chair, as well as Richard Mully and Alexander Stuhlmann. Roger Lee replaced the resigning member John van Oost on the committee on June 8, 2011. Richard Mully assumed the chair.

The nomination and remuneration committee, which also carries out the function of a nomination committee, makes 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 Management 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. The nomination and remuneration committee decides on the conclusion, amendment, extension and termination of contracts with Management Board members, as well as on the content of such contracts except for compensation. Finally, the nomination and remuneration committee prepares the resolutions of the Supervisory Board regarding the proposal of the appointment of suitable Supervisory Board members at annual general meetings. The nomination and remuneration committee consisted of Alexander Stuhlmann, as Chairman, as well as Richard Mully and John van Oost up until June 8, 2011. Dr. Johannes Conradi replaced the resigning member John van Oost on the committee on June 8, 2011.

In the financial year 2011, the Supervisory Board additionally formed three special committees. A special committee formed in January 2011 in the course of the execution of a capital increase consisted of Alexander Stuhlmann as Chairman and Dr. Johannes Conradi, Richard Mully and John van Oost as additional members. A committee also formed in January 2011 to review a transaction consisted of Alexander Stuhlmann as Chairman and Richard Mully and John van Oost.

A committee formed in November 2011 to review a possible acquisition consisted of Dr. Johannes Conradi, Roger Lee and Richard Mully as members.

The Supervisory Board reports on the activities of the committees of the Supervisory Board during the financial year 2011 in its report to the annual general meeting on ›› pages 82 to 86 of the annual report.

Remuneration of the Management Board and Supervisory Board

The compensation system for the Management Board and the Supervisory Board is laid out in the remuneration report for the financial year 2011. The remuneration of each member of the Management Board and the Supervisory Board is also broken down there for the financial years 2010 and 2011. By way of a resolution of the shareholders in general meeting on January 16, 2010, the shareholders approved the new remuneration system for the members of the Management Board with a large majority.

Stock option program and similar securities-oriented incentive systems

Stock option program and long term incentive plan

In March 2007, the Supervisory Board adopted a stock option program for the members of the Management Board and issued a first and only tranche of stock option rights to the Management Board pursuant to the authorisation granted by the shareholders in general meeting on March 15, 2007. The stock option program was replaced in March 2010 by a long term incentive plan as a new long term remuneration component, but the program continues in the scope of the tranche granted in 2007. Within the framework of the long term incentive plan, the members of the Management Board will be issued virtual shares with a four year term each year starting with the financial year 2010. The stock option program and long term incentive plan are described in the remuneration report on ›› pages 94 to 96 of the annual report.

Employee participation program

Pursuant to the authorisation granted by the shareholders in general meeting on March 15, 2007, the Management Board was authorised up until March 15, 2012 to issue up to a total of 500,000 convertible profit participation certificates with a total nominal value of EUR 500,000 to alstria employees and employees of companies directly or

indirectly controlled by alstria within the framework of an employee profit participation program. Members of the Management Board are not considered employees for the purposes of this plan.

Each convertible profit participation certificate issued under the employee participation program 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.

A total of 300,100 certificates were issued in the course of this now expired employee profit participation program. A total of 106,000 convertible profit participation rights were converted into shares of the Company for the first time in June 2011.

The employee participation program is intended to be continued in the future. The Management Board and Supervisory Board thus recommend that the shareholders in general meeting create a new authorisation to issue convertible profit participation rights to employees of the Company.

Directors' Dealings – Securities transactions subject to reporting requirement

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 (Wertpapierhandelsgesetz, WpHG), to notify the Company of their own transactions involving Company shares. In addition to the acquisition and sale of alstria 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 must 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 2011:

Name of person subject to the disclosure requirement	Position	Classification of the financial instrument	ISIN	Transaction	Place	Transaction date	Price per share (EUR)	Number of shares	Total value (EUR)
Alexander Stuhlmann	Member of Supervisory Board	share	DE000A0LD2U1	buy	XETRA	Aug. 17, 2011	8.947	503	4,500.34
Alexander Stuhlmann	Member of Supervisory Board	share	DE000A0LD2U1	buy	XETRA	Aug. 17, 2011	8.970	860	7,714.20
Alexander Stuhlmann	Member of Supervisory Board	share	DE000A0LD2U1	buy	XETRA	Aug. 17, 2011	8.925	86	767.55
Alexander Stuhlmann	Member of Supervisory Board	share	DE000A0LD2U1	buy	XETRA	Sept. 7, 2011	8.800	2,000	17,600.00

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 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 makes best efforts to guarantee the exercise of those rights to the extent stipulated by law or the bylaws. 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 option of exercising their voting rights personally or by an authorised representative at the general meeting, or sending voting instructions to their proxies. The invitation to the general meeting includes an explanation of how voting instructions can be issued. The articles of association currently do not stipulate an option to vote by mail. Shareholders already have the option of voting before the general meeting by authorising a proxy in such that the additional option of voting by mail would not facilitate the exercise of the shareholders' rights.

Since the shareholders in general meeting in 2008 approved the provision of information to shareholders electronically, it is now possible to send invitations and documents for shareholders' general meetings to shareholders electronically upon request. The invitation and the documents to be made available for viewing prior to the upcoming general meetings in accordance with the provisions of law will be published together with additional documents pursuant to Section 124a of the German Stock Corporation Act (Aktiengesetz, AktG) and the agenda on the Company website. The results of the votes will likewise be published on the website of the Company following the general meeting.

Communication with the public

In sharing information with people outside of the Company, 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 WpHG. Moreover, alstria's financial reports and website include a financial calendar which indicates all dates of importance to shareholders. All announcements and information are 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 2011; 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 shareholders in 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. Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Hamburg branch, was appointed to audit the annual and half-year financial statements of alstria office REIT-AG and of the Group for the financial year 2011. The auditors participate 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 Management Board is responsible for ensuring compliance with the legal provisions and Company guidelines throughout all of the Group companies. The good reputation of alstria and the trust of its shareholders, tenants and employees depend entirely on the behaviour of each individual employee.

For this reason, alstria drew up a code of conduct, listing guidelines for behaviour and orientation for resolving conflicts (e.g. conflicts of interest), 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.

Hamburg, March 2012

The Management Board **The Supervisory Board**

*REMUNERATION REPORT**

1. Remuneration system of the Management Board

The remuneration system for the members of the Management Board is determined by the Supervisory Board and is reviewed regularly. In the financial year 2010, the Supervisory Board adapted the remuneration system to the new legal requirements of the German Act on Appropriateness of the Management Board Compensation (VorstAG) in accordance with the recommendations of an independent external remuneration expert. The Supervisory Board is of the opinion that this remuneration system provides adequate remuneration for the members of the Management Board, which is based on customary market terms and conditions and, in particular, also takes account of the lasting success of the Company. The remuneration system for the members of the Management Board described below was approved by the shareholders in the annual general meeting for the financial year 2009 by a large majority (98.11% of votes in favour).

In the remuneration system, the criteria for determining the appropriateness of the remuneration of the members of the Management Board are the duties of each individual Management Board member, his or her personal performance, the financial situation, the success and future prospects of the Company, as well as the customary practice regarding remuneration relative to its peer companies and the remuneration structure of the Company.

a. Remuneration structure

The remuneration consists of a fixed basic salary, a short-term and a long-term variable component and ancillary benefits (benefits in kind) for each Management Board member. The majority of the remuneration is made up of the variable components which are primarily based on several years of assessment. Limits were introduced for extraordinary developments.

The fixed remuneration is a basic salary independent of performance which is paid as salary on a prorated basis each month. The fixed remuneration amounts to approx. 40% of the designated total remuneration without ancillary benefits.

The short-term variable remuneration (Short Term Incentive or STI) is determined for each year on the basis of a performance target, the Budgeted Funds from Operations (FFO). The amount of the Short Term Incentive depends on the degree to which the target is reached, whereby the target value must be met by at least 50% for the incentive to be paid out and by no more than a maximum of 150% (cap). The individual performance of each Management Board member is taken into account in a multiplier (0.8 to 1.2). The maximum amount to be paid is limited by a cap. Only 75% of the performance incentive will be paid to a Management Board member in cash. A total of 25% of the performance incentive will be converted to virtual shares, which are subject to a vesting period of two years. The number of virtual shares granted is calculated from the amount corresponding to 25% of the Short Term Incentive divided by the share price of one alstria share at the time, which is calculated on the basis of one reference period. The virtual shares will be converted into a cash amount after the expiry of the vesting period. This cash amount is calculated based on the number of virtual shares multiplied by the share price of one alstria share at the time, and is calculated on the basis of a reference period. The target value of the Short Term Incentive amounted to EUR 220 k for Mr Olivier Elamine in the financial years 2010 and 2011, and to EUR 180 k for Mr Alexander Dexne, and thus to approx. 20% of the planned total remuneration without ancillary benefits.

As a long-term variable remuneration component, virtual shares with a four-year term are issued to the members of the Management Board each year within the framework of a performance share plan (Long Term Incentive Plan, LTI Plan). The number of virtual shares to be granted results, in principle, from a target value divided by the share price of one alstria share upon the issue of the virtual shares (calculated on the basis of a reference period). The amount of virtual shares issued from the LTI Plan will be adjusted at the end of each performance period depending on the degree to which the target is met. A total of 50% of the performance targets determined by the Supervisory Board is the absolute total shareholder return derived from the weighted average cost of capital (WACC) and 50% is the relative total shareholder return calculated on the basis of the reference index EPRA NAREIT Europe Ex UK. The virtual shares will be converted into a one-time cash payment after the expiry of the term. The amount will be calculated by the number of virtual shares after adjustment multiplied by the share price of one alstria share at the time (calculated on the basis of a reference period) and a multiplier (0.8 to 1.2) which takes into consideration the individual performance of the Management Board member. Just as with the Short Term Incentive, a certain degree of the target

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

must be reached in order for a payment to be made. Furthermore, the amount of the payment is also limited by a cap in the LTI Plan. The target value of the Long Term Incentive amounted to EUR 440 k for Mr Elamine in the financial years 2010 and 2011, and to EUR 360 k for Mr Dexne, and thus to approximately 40% of the prescribed total remuneration without ancillary benefits.

The members of the Management Board, furthermore, receive ancillary benefits in the form of benefits in kind which essentially consist of insurance premiums, pension benefits and the private use of a company car. As a component of remuneration, each individual member of the Management Board is to pay taxes on such ancillary benefits. Each member of the Management Board is, in principle, equally entitled to such ancillary benefits though the amount varies in accordance with each personal situation.

b. Other mandatory disclosures

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 salary. Benefits to be paid by the Company if the appointment is terminated by the death of the board member amount to the fixed 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. The Management Board contracts do not include any change of control clauses.

On March 27, 2007, the Supervisory Board established a stock option program for members of the Management Board (hereinafter, the 'stock option program 2007'), stipulated the details of this stock option program based on the authorisation of the shareholders in the annual general meeting of March 15, 2007, and issued the first tranche of stock options to members of the Management Board. No stock options were granted in 2008, 2009 or 2010. The stock option program 2007 has, meanwhile, been replaced by a new long- term remuneration component but will continue in the scope of the tranche granted in 2007. No expenses arose in the financial year 2011 from the stock options granted in the financial year 2007.

The details of the stock option program 2007 are as follows: The exercise price for the stock options granted in 2007 is EUR 16.00. 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. Each 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.

2. Remuneration of the Management Board in the financial year 2011

The total remuneration for the active members of the Management Board in the last financial year amounted to EUR 2,260 k.

a. Individual Management Board remuneration 2011

EUR k

Member of the Management Board	Fixed amount	Short-term variable remuneration[1]		Long-term variable remuneration	Ancillary benefits[4]	Total remuneration
		Cash component	Share component			
Olivier Elamine, Chief Executive Officer	440	200	67[2]	440[3]	95	1,242
Alexander Dexne, Chief Financial Officer	360	164	55[2]	360[3]	79	1,018
Total	**800**	**364**	**122**	**800**	**174**	**2,260**

[1] For performance in 2010.

[2] Virtual shares with specified fair value and two-year vesting period.

[3] Virtual shares with specified target cash value and four-year vesting period.

[4] Includes benefits for company car, insurance and pension.

b. Individual Management Board remuneration 2010

EUR k

Member of the Management Board	Fixed amount	Short-term variable remuneration[1]		Long-term variable remuneration	Ancillary benefits[3]	Total remuneration
		Cash component	Share component			
Olivier Elamine, Chief Executive Officer	440	300	90	440[2]	93	1,363
Alexander Dexne, Chief Financial Officer	360	240	72	360[2]	58	1,090
Former members of the Management Board	0	0	0	0	5	5
Total	**800**	**540**	**162**	**800**	**156**	**2,458**

[1] For performance in 2009, according to the former remuneration system for the last time.

[2] Virtual shares with specified target cash value and four year vesting period.

[3] Includes benefits for company car, insurance and pension.

Due to the change in the remuneration system in the financial year 2010, in accordance with the new legal requirements of the German Management Board Remuneration Appropriateness Act (VorstAG), the numbers in the table regarding the individual remuneration of Management Board members in 2010 give a distorted picture and include variable remuneration components for performance in the financial year 2009 (short-term variable remuneration) and the long-term variable remuneration element in the form of virtual shares with a four-year vesting period granted for the first time in the financial year 2010. Therefore, the total remuneration for the financial year 2011 is only comparable to the total remuneration for the financial year 2011 to a limited degree.

c. Additional information and explanations

Twenty-five per cent of the short-term incentive for the financial year 2010 was paid out pursuant to the terms and conditions of the short term incentive described above in virtual shares of the Company, whereby Mr Elamine was allotted 6,445 virtual shares with the fair value specified above and Mr Dexne received 5,273 virtual shares with the fair value specified above. The fair value for the short-term incentive for the financial year 2011 was furthermore set at EUR 220 k for Mr Elamine and at EUR 180 k for Mr Dexne. Depending on the degree to which the goals are achieved and with due regard to the individual performance of the members of the Management Board, the STI for the financial year 2011 will be paid out in the financial year 2012. In the financial year 2011, the annual tranche of the long-term variable remuneration component was furthermore issued to the members of the Management Board in the financial year 2011. Mr Elamine was granted 42,186 virtual shares valued at EUR 10.43 each with the target cash value specified above of EUR 440 k and Mr Dexne 34,516 virtual shares valued at 10.43 each with the target cash value specified above of EUR 360 k.

No advance remuneration payments were made to members of the Management Board in the financial year 2011, nor were any loans granted or confirmations of pension entitlements issued. No salary was paid to former members of the Management Board in the financial year 2011. No provisions needed to be set aside for former members of the Management Board.

3. Remuneration of the Supervisory Board

The total remuneration for the Supervisory Board in 2011 amounted to EUR 290.01 k.

a. Remuneration structure

The members of the Supervisory Board each receive an annual fixed remuneration in the amount of EUR 40 k. The Chairman of the Supervisory Board also receives an additional annual amount of EUR 20 k and the Vice-Chairman receives an additional amount of EUR 10 k. Members who only sit on the Supervisory Board for part of a year receive pro rata 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 in other committees does not give entitlement to any additional remuneration.

b. Individual Supervisory Board remuneration in 2011 and 2010

EUR k

Supervisory Board member	Supervisory Board membership	Audit committee membership	Remuneration for 2010	Remuneration for 2011
Dr. Johannes Conradi	Vice-Chairman	Chairman	55.00	60.67
Alexander Stuhlmann	Chairman	n/a	60.00	60.00
Roger Lee	Member	Member	50.00	50.00
Daniel Quai	Member	Member	50.00	50.00
Richard Mully	Member	n/a	40.00	40.00
John van Oost	Vice-Chairman up to June 8, 2011	n/a	50.00	21.78
Marianne Voigt	Member since October 24, 2011	n/a	n/a	7.56
Total			**305.00**	**290.01**

No advance remuneration payments were made to members of the Supervisory Board in the financial year 2011, nor were any loans granted. No remuneration was paid out for individual services.

REIT DISCLOSURES

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, 2011, we declare the following in relation to 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, 58.32% of alstria's shares were free float according to Section 11 para. 1 REIT Act. This was stated to the German Federal Financial Supervisory Authority (BaFin).

2. In accordance with Section 11 para. 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 para. 2 REIT Act
   a) as per the balance sheet date the immovable assets amounted to EUR 1,578,068 k which equals to 93.56% 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 335 k and therefore 0.02%.

4. In relation to the sum of the sales revenue plus the other earnings from immovable assets pursuant to Section 12 para. 3 and 4 REIT Act
   a) for the financial year 2011, the entire sales revenues of the Group plus other earnings from immovable assets amounted to EUR 87.3 m. This equals 100% of total revenues plus other earnings from immovable assets;
   b) the sum of the sales revenue plus the other earnings from immovable assets of REIT service companies amounted to EUR 183 k in the financial year 2011. This equals 0.21% of total revenue plus other earnings from immovable assets.

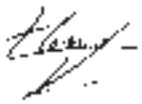
5. In 2011, a dividend payment of EUR 31.5 m for the prior financial year was distributed to the shareholders. The financial year 2010 did not result in a net income according to commercial law pursuant to Section 275 of the German Commercial Code.

6. alstria office REIT-AG's dividend does not derive from already taxed parts of the profit.

7. Since 2007, the Group has realised 20.62% of the average portfolio of its immovable assets and therefore did not trade with real estate according to Section 14 REIT Act.

8. On the balance sheet date the Group's equity as shown in the consolidated statements according to Section 12 para. 1 REIT Act was EUR 768.2 m. This equals to 48.7% of the value of the immovable assets which are shown in the consolidated statements in conformance with Section 12 para. 1 REIT Act.

alstria office REIT-AG
Hamburg, February 14, 2012



Olivier Elamine
CEO

Alexander Dexne
CFO

REIT MEMORANDUM

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

To alstria office REIT-AG, Hamburg

As auditor of the annual financial statements and the consolidated financial statements of alstria office REIT-AG, Hamburg, for the financial year from January 1 to December 31, 2011, 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 the pre-taxation of proceeds according to Section 19 (3) and Section 19a REIT Act as of December 31, 2011 (hereinafter referred to as 'REIT declaration'). The information given in the REIT declaration is in the responsibility 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 make a judgement with reasonable assurance if the free float ratio and the maximum stock ownership per shareholder according to Section 11 (1) and (4) REIT Act agrees with the announcements due to Section 11 (5) REIT Act as of December 31, 2011, and if the provided information concerning the requirements of Section 12 to 15 REIT Act and the composition of the proceeds concerning the pre-taxation of proceeds according to Section 19a REIT Act is appropriate. It was not part of our engagement to fully assess the company's tax assessments or position. Within our audit procedures we compared the information concerning the free float ratio and the maximum stock ownership per shareholder according to Section 11 (1) and (4) REIT Act provided within the REIT declaration with the announcements due to Section 11 (5) REIT Act as of December 31, 2011 and agreed the provided information concerning the requirements of Section 12 to 15 REIT Act with the information disclosed in the annual financial statements and the consolidated financial statements of the Company. Furthermore, we tested the adjustments made to the valuation of immovable assets held as investment for their compliance with Section 12 (1) REIT Act. 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, 2011, and the information provided concerning the compliance with Section 12 to 15 REIT Act and the composition of the proceeds concerning the pre-taxation of proceeds according to Section 19a REIT Act are appropriate.

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

Hamburg/Germany, February 15, 2012

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Gerald Reiher
Wirtschaftsprüfer
(German Public Auditor)

sgd. p.p. Annika Deutsch
Wirtschaftsprüferin
(German Public Auditor)

OTHER INFORMATION

GLOSSARY

Annual financial statements
The annual financial statements include the balance sheet and the profit and loss account of a company. In respect of a joint stock company, these are prepared by the Management Board, audited by a chartered accountant for compliance and checked by the Supervisory Board.

Annual general meeting
At least once a year the shareholders of a joint stock company convene for the annual general meeting. This meeting elects the Supervisory Board and the balance sheet auditor. It passes resolutions on the appropriation of the annual profit shown, on measures for raising capital, on changes to the articles of association and other fundamental issues; it is the only body which can approve the decisions made by the Supervisory Board and the Management Board.

Asset management
Value-driven management and/or optimisation of real estate investments through letting management, refurbishment, repositioning and tenant management.

Cash flow
Indicator that shows the net inflow of cash from sales activities and other current activities during a given period.

CO_2
Carbon dioxide, a gas produced primarily through the combustion of fossil fuels. It is believed to be the main cause of climate change.

Consolidated statement of financial position
Balancing assets against liabilities, that is, 'debits' and 'credits', at the end of the financial year. As a result one can see the net asset position of the joint stock company. A component part of the annual financial statements.

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

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

CRESS (Construction and Real Estate Sector Supplement)
Supplement to the GRI guidelines for the special disclosure requirements of companies from the real estate and construction sector.

DAX
The German Share Index (DAX) reflects the value trend of the 30 most important German shares. In addition to the market prices, the dividend payments are also included here. DAX began at the end of 1987 with a value of 1,000.

DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen)
The German Sustainable Building Council establishes a system for the assessment and the certification of sustainable buildings.

EPRA (European Public Real Estate Association)
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)
alstria calculates FFO as EBT, decreased/increased by the net gain/loss from fair value adjustment on investment property, decreased/increased by the net gain/loss from fair value adjustment on financial derivatives, increased/reduced by the profit/loss on disposal of investment property, decreased/increased by the net gain/loss from fair value adjustments on investment property of joint ventures, decreased/increased by non-recurring items, plus non-cash-expenses and less cash taxes paid.

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

GRI (Global Reporting Initiative)
A network-based organisation which releases widely used sustainability reporting guidelines. These guidelines are for voluntary use by organisations for reporting on the economic, environmental and social dimensions of their activities, products and services.

IFRS
IFRS are adopted by the International Accounting Standards Board (IASB). The objective is to achieve uniformity and transparency in the accounting principles that are used by companies and other organisations worldwide for financial reporting. 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) and net LTV
alstria calculates loan to value (LTV) by dividing the total loans outstanding to finance investment properties by the value of all mortgaged investment properties. The calculation of alstria's net LTV also deducts the available non-restricted cash on the respective balance sheet date, which is deducted from the gross debt amount.

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

Office building
Property where at least 75% of the lettable area is destined to office use (disregarding potential ground floor retail).

Passing rent
Annual gross rental income as per a certain date, excluding the net effects of straight-lining for lease incentives.

Property management
Property management is the management of real estate assets including the processes, systems and manpower required to manage the life cycle of a building.

Road shows
Corporate presentations to institutional investors.

Sale-and-leaseback transaction
Form of arrangement in which one party sells an asset to another party in exchange for cash and contracts to lease the asset for a specified term.

SDAX
Small Cap Index; it contains, with variable weighting, the prices of the 50 most important, in terms of market capitalisation and turnover, German joint stock companies which are not included in DAX or MDAX. In addition to dividend payments, subscription right proceeds are also included when calculating the index.

Share
The term share describes both the membership rights (holding in the joint stock company) and the security which embodies these rights. The holder of a share (shareholder) is a 'sharer' in the assets of the joint stock company. Their rights are protected by the regulations contained in the Companies Act.

Share buy back
A process whereby a joint stock company buys its own shares and thus allows capital to flow back to the shareholders. No rights are conceded to the company from these shares (voting right, dividend entitlement, subscription right, etc.).

Share capital
The capital stipulated in a corporation's articles of association. The articles also specify the number of shares into which the share capital is divided. The company issues shares in the amount of its share capital.

Stock exchange
The stock exchange is the market (meeting place for supplies and demands) for securities. Stock exchange dealing takes place in the Federal Republic of Germany in certain places and at certain times. The German stock exchanges are subject to state control. The Stock Exchange Commission decides which persons are authorised to deal on the stock exchanges. A listing committee supervised by the federal state decides on the admission of securities for stock exchange dealing. There are various sub-markets on the German stock exchanges which are also called trading or market segments. Purchase and sales contracts for securities which are not admitted to any of the market segments may not be accepted or negotiated in the dealing room during trading hours.

Supervisory Board
The Supervisory Board is one of the three executive bodies of a joint stock company: Annual General Meeting, Management Board and Supervisory Board. The Supervisory Board appoints the Management Board and provides supervision and advice regarding management of the company's business.

Stakeholder
An individual, community or organisation that affects or is affected by some aspect of an organisation's products, operations, markets, industries and outcomes.

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

Transparency
A principle that allows those affected by administrative decisions, business transactions or charitable work to know not only the basic facts and figures but also the mechanisms and processes. It is the duty of civil servants, managers and trustees to act visibly, predictably and understandably.

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

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.

EVENTS 2012

SPECIAL DATES YOU SHOULD NOTE ...

APRIL 24

Annual General Meeting
Hamburg

MAY 08

Publication of Q1 Report
Interim Report (Hamburg)

AUGUST 07

Publication of Q2 Report
Half-Year Interim Report (Hamburg)

NOVEMBER 06

Publication of Q3 Report
Interim Report (Hamburg)

› CONTACT ‹

alstria office REIT-AG
Bäckerbreitergang 75
20355 Hamburg, Germany
Phone › +49 (0)40 226341-300
www.alstria.com
www.alstria.blogspot.com
www.twitter.com/alstria_REIT

Investor Relations
Ralf Dibbern
Phone › +49 (0)40 226341-329
Fax › +49 (0)40 226341-310
E-mail › rdibbern@alstria.de

› IMPRINT ‹

Concept, design and realisation
Kirchhoff Consult AG, Hamburg, Germany

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

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

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
This report is published in German (original version) and English (non-binding translation).

Bäckerbreitergang 75
20355 Hamburg, Germany
Phone: +49 (0)40 226341-300
Fax: +49 (0)40 226341-310
www.alstria.com

alstria office REIT-AG