AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ALSTRIA OFFICE AG UNDER IFRS AS OF DECEMBER 31, 2006

The following auditor's report (Bestätigungsvermerk) has been issued in accordance with § 322 German Commercial Code (Handelsgesetzbuch) in German language on the German version of the consolidated financial statements of alstria office AG as of and for the fiscal year ended December 31, 2006.

Auditor's Report

We have audited the consolidated financial statements prepared by the alstria office AG, Hamburg, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements for the shortened business year from January 20, to December 31, 2006. The preparation of the consolidated financial statements in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework 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 are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements.

Berlin, February 23, 2007

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

s// (Hartman)	s// (ppa. Weidenbach)
Wirtschaftsprüfer	Wirtschaftsprüfer

Alstria Office AG, Hamburg (formerly Verwaltung Alstria Erste Hamburgische Grundbesitz GmbH, Hamburg)

Alstria Office AG, Hamburg (formerly Verwaltung Alstria Erste Hamburgische Grundbesitz GmbH, Hamburg)

Consolidated Balance Sheet as of December 31, 2006

	Notes	31.12.2006
		(EUR k)
ASSETS		
Non-Current Assets		
Investment property	8.1	1,289,536
Deferred tax assets	9.5	12,513
Total Non-Current Assets		**1,302,049**
Current Assets		
Trade receivables	8.2	99
Other receivables	8.2	18,224
Cash and cash equivalents	8.3	24,304
Total Current Assets		**42,627**
Total Assets		**1,344,676**

	Notes	31.12.2006
		(EUR k)
EQUITY AND LIABILITIES		
Equity	9.1	
Share capital		8,000
Capital surplus		375,066
Retained earnings		14,533
Total Equity		**397,599**
Non-Current Liabilities		
Long-term loans, net of current portion	9.2	813,466
Deferred tax liabilities	9.5	19,869
Other liabilities	9.3	56
Total Non-Current Liabilities		**833,391**
Current Liabilities		
Short-term loans	9.2	1,712
Trade payables	9.3	5,363
Payables to affiliates	9.2	82,471
Other current liabilities	9.3	24,140
Total Current Liabilities		**113,686**
Total Liabilities		**947,077**
Total Equity and Liabilities		**1,344,676**

Alstria Office AG, Hamburg (formerly Verwaltung Alstria Erste Hamburgische Grundbesitz GmbH, Hamburg)

Consolidated Income Statement for the Period from January 20 to December 31, 2006

	Notes	20.01. – 31.12.2006
		(EUR k)
Revenues	10.1	30,063
Income less expenses from passed on operating expenses	10.2 and 10.3	-17
Real estate operating costs		-1,688
Net Rental Income		**28,358**
Net gain from fair value adjustments on investment property	10.7	22,871
Administrative expenses	10.4	-5,523
Other operating income	10.5	6,117
Other operating expenses	10.6	-167
Net Operating Result		**51,656**
Net loss from fair value adjustments on financial derivatives	10.7	-730
Financial result	10.7	-32,303
Pre-tax income (EBT)		**18,623**
Income tax expenses	10.8	-4,090
Consolidated profit for the year		**14,533**
Attributable to:		
Equity holders of the parent company		**14,533**

Alstria Office AG, Hamburg (formerly Verwaltung Alstria Erste Hamburgische Grundbesitz GmbH, Hamburg)

Consolidated Statement of Changes in Equity for the Period from January 20 to December 31, 2006

	Notes	Share capital (EUR k)	Capital surplus (EUR k)	Retained earnings (EUR k)	Total Equity (EUR k)
As of January 20, 2006		**25**	**0**	**0**	**25**
Changes in Fiscal Year 2006					
Consolidated profit for the year		—	—	14,533	14,533
Changes in the consolidated group		—	8,763	—	8,763
Valuation shareholder loan		—	1,576	—	1,576
Contributions to Share capital		7,975	—	—	7,975
Contributions to Capital surplus		—	364,727	—	364,727
As of December 31, 2006	9.1	**8,000**	**375,066**	**14,533**	**397,599**

Alstria Office AG, Hamburg (formerly Verwaltung Alstria Erste Hamburgische Grundbesitz GmbH, Hamburg)

Consolidated Cash Flow Statement for the Period from January 20 to December 31, 2006

	20.01.-31.12.2006 (EUR k)
1. Cash flows from operating activities	
Consolidated profit for the year	14,533
Unrealized net gain from fair value adjustments	-22,141
Result from deferred taxes	4,087
Increase in trade receivables and other assets that are not attributed to investing or financing activities	-1,000
Increase in trade payables and other liabilities that are not attributed to investing or financing activities	2,413
Cash flows from operating activities	**-2,108**
2. Cash flow from investing activities	
Cash paid (-) for investment property	-1,054,222
Cash paid (-) for the acquisition of consolidated companies	-17,415
Cash flows used in investing activities	**-1,071,637**
3. Cash flow from financing activities	
Cash received (+) from equity contributions	374,365
Cash received (+) from the issues of bonds and borrowings	1,366,005
Cash paid (-) for the acquisition of derivative financial instruments	-11,631
Cash paid (-) for the redemption of bonds and borrowings	-625,180
Cash paid (-) for transaction costs	-5,510
Cash flows from financing activities	**1,098,049**
4. Cash and cash equivalents at the end of the period	
Change in cash and cash equivalents (subtotal of 1 to 3)	24,304
Effect of changes in exchange rates, consolidated group and valuation on cash and cash equivalents	0
Cash and cash equivalents at the beginning of the period	0
Cash and cash equivalents at the end of the period	**24,304**
5. Composition of cash and cash equivalents	
Cash	24,304
Securities	0
Cash and cash equivalents at the end of the period	**24,304**

Notes to the Consolidated Financial Statements as of December 31, 2006

Contents

1. Corporate Information

The consolidated financial statements of Alstria Office AG, formerly Verwaltung Alstria Erste Hamburgische Grundbesitz GmbH (hereinafter also referred to as the "Company" or "Alstria Office AG") as of December 31, 2006 were authorized for issue by resolution of the management board on February 23, 2007.

Alstria Office AG was incorporated on January 20, 2006 as a German limited liability company under the name "Verwaltung Alstria Erste Hamburgische Grundbesitz GmbH". On October 5, 2006, the shareholders' meeting resolved upon the conversion of the Company into a German stock corporation and the Company's name was changed to Alstria Office AG. On November 17, 2006 the conversion and the change of name were entered into the relevant commercial register and thus became effective.

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

The Company is a real estate property company. Pursuant to Section 2 of its Articles of Association, the Company's objective is the acquisition, the management, the operation and the sale of owned real estate property as well as the holding of participations in enterprises, which acquire, manage, operate and sell owned property.

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

The Company is included in the consolidated financial statements of Captiva Capital Partners II SCA, Luxembourg.

2. Basis of Preparation

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

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

These consolidated financial statements are financial statements for the period from January 20, 2006 to December 31, 2006. Since the Company was founded on January 20, 2006, no prior-year comparative figures are available.

For the sake of clarity, items are summarized in the consolidated balance sheet and income statement and commented on in the notes to the financial statements.

Assets and liabilities are classified as non-current — for items due in more than one year — or current. Deferred tax assets and liabilities are disclosed as non-current.

The consolidated financial statements of Alstria Office AG and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) including the interpretations of the standards (IFRICs). All IFRSs and IFRICs were observed as adopted and prescribed by the EU. These financial statements are the first annual consolidated financial statements, in which Alstria Office AG adopts IFRSs.

Alstria Office AG did not prematurely adopt the following standards and IFRIC interpretations that were revised and published by the IASB or IFRIC in 2004 and 2005 but only became mandatory for fiscal years beginning after January 1, 2007:

- The additional disclosures resulting from IFRS 7, "Financial Instruments: Disclosures" have not been taken into account in the consolidated financial statements. The standard is only mandatory for fiscal years beginning after January 1, 2007. Additional disclosures resulting from the application of IFRS 7 are only expected in the notes to the consolidated financial statements; no effects are expected on the recognition and measurement of financial instruments.
- IFRS 8 "Operating Segments" replaces IAS 14 "Segment Reporting". However, this standard issued November 30, 2006, has not been taken into consideration, since it has not yet been adopted by EU.

- The amendments to IAS 1 "Presentation of Financial Statements — Disclosures on Equity" are likewise only mandatory for fiscal years beginning on or after January 1, 2007. The amendment introduces additional requirements for disclosures on a company's equity.

Furthermore, additional standards and interpretations have been adopted, the application of which has no material effects for Alstria Office AG.

Alstria Office AG will apply the abovementioned standards and interpretations from the date on which their application becomes binding.

3. Basis of Consolidation

The consolidated financial statements comprise the financial statements of Alstria Office AG and its subsidiaries as of December 31, 2006. The financial statements of the subsidiaries are prepared for the same reporting year as for the parent company, using consistent accounting policies.

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

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

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

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

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

4. Consolidated Group

The consolidated group comprises a total of 22 subsidiaries.

Business Combinations and Formations

The following business combinations and formations took place between January 20, 2006 and December 31, 2006:

- Formation of Alstria Erste Hamburgische Grundbesitz GmbH & Co. KG and takeover of 99% of the limited partnership interests by Alstria Office AG; acquisition of the remaining 1% on March 28, 2006.
- On March 28, 2006 Alstria Office AG acquired 100% of the shares in Verwaltung Alstria Zweite Hamburgische Grundbesitz GmbH.
- Alstria Office AG acquired 100% of the shares in JUNA Verwaltungsgesellschaft mbH, effective as of the date on which the company was established.
- Formation of Alstria Neunte Hamburgische Grundbesitz GmbH & Co. KG by Alstria Office AG effective September 22, 2006.
- Formation of Alstria Zehnte Hamburgische Grundbesitz GmbH & Co. KG by Alstria Office AG effective September 22, 2006.
- Formation of Alstria Elfte Hamburgische Grundbesitz GmbH & Co. KG by Alstria Office AG effective October 13, 2006.
- Formation of Alstria Zwölfte Hamburgische Grundbesitz GmbH & Co. KG by Alstria Office AG effective November 1, 2006.
- Formation of Alstria Dreizehnte Hamburgische Grundbesitz GmbH & Co. KG by Alstria Office AG effective November 1, 2006.

- Formation of Alstria Vierzehnte Hamburgische Grundbesitz GmbH & Co. KG by Alstria Office AG effective December 1, 2006.
- Formation of Alstria Fünfzehnte Hamburgische Grundbesitz GmbH & Co. KG by Alstria Office AG effective December 1, 2006.
- Formation of Alstria Sechzehnte Hamburgische Grundbesitz GmbH & Co. KG by Alstria Office AG effective December 1, 2006.
- Formation of Alstria Siebzehnte Hamburgische Grundbesitz GmbH & Co. KG by Alstria Office AG effective December 1, 2006.
- Formation of Alstria Achtzehnte Hamburgische Grundbesitz GmbH & Co. KG by Alstria Office AG effective December 1, 2006.
- Formation of Alstria Neunzehnte Hamburgische Grundbesitz GmbH & Co. KG by Alstria Office AG effective December 1, 2006.
- Formation of Alstria Zwanzigste Hamburgische Grundbesitz GmbH & Co. KG by Alstria Office AG effective December 1, 2006.
- Formation of Alstria Einundzwanzigste Hamburgische Grundbesitz GmbH & Co. KG by Alstria Office AG effective December 1, 2006.
- On September 21, 2006 Alstria Office AG acquired 100% of the shares in Verwaltung Alstria Neunte Hamburgische Grundbesitz GmbH.
- On September 21, 2006 Alstria Office AG acquired 100% of the shares in Verwaltung Alstria Zehnte Hamburgische Grundbesitz GmbH.
- On November 1, 2006 Alstria Office AG acquired 100% of the shares in Verwaltung Alstria Elfte Hamburgische Grundbesitz GmbH.
- On November 1, 2006 Alstria Office AG acquired 100% of the shares in Verwaltung Alstria Zwölfte Hamburgische Grundbesitz GmbH.
- On November 30, 2006 Alstria Office AG acquired 100% of the shares in Verwaltung Alstria Dreizehnte Hamburgische Grundbesitz GmbH.

No reportable debit or credit differences arose from the abovementioned acquisitions.

The acquisition of 94.9% of the shares in JUNA Property GmbH & Co. KG was stated as a transaction under common control as of May 31, 2006 since the seller of the shares, JUNA Beteiligungs GmbH, was also a subsidiary of Captiva Capital Partners II SCA, Luxembourg. IFRS 3 does not apply to these business combinations. As a consequence of the lack of IFRS guidance after the introduction of IFRS 3, the transaction was stated using the purchase method (in line with IFRS 3).

A contribution in kind in the amount of the difference between the purchase price of the shares and the pro rated fair value of the net assets acquired is assumed. Consequently, the remaining credit difference from capital consolidation resulted in an increase in the capital surplus of Alstria Office AG without effect on income. Accordingly, the consolidated financial statements include the expenses and income of JUNA Property GmbH & Co. KG for the period since the acquisition in June 2006. Minority interests represent the portion of profit or loss and net assets in JUNA Property GmbH & Co. KG not held by the Group. In accordance with IAS 32, minority interests in partnerships are disclosed under liabilities.

The business objective of JUNA Property GmbH & Co. KG is the leasing of mainly office property throughout Germany.

The key ratios of this acquisition are as follows:

(in EUR k)		
Cost of the investment (thereof in cash: EUR 21,272k)		21,272
Fair value of the acquired assets (excluding cash and cash equivalents)	196,092	
Purchased cash and cash equivalents	3,857	
Liabilities acquired	169,551	
Carrying amount of the acquired net assets	30,398	
Thereof 94.9%	-28,848	-28,848
Remaining credit difference		7,576
Additional group revenues for a theoretical acquisition as of January 1, 2006		5,594
Additional consolidated net profit for the year for a theoretical acquisition as of January 1, 2006		12,466

The remaining credit difference has been contributed in full to the capital surplus of Alstria Office AG. In addition EUR 1,187k of deferred tax assets have been recognized which increased the capital surplus by the same amount.

No adjustments had to be made to account for differences between the carrying amounts determined by JUNA Property GmbH & Co. KG in its separate financial statements in accordance with IFRSs and the fair values of the acquired assets and liabilities.

Altogether, the following assets and liabilities accrued to the Group in the course of first-time consolidation of JUNA Property GmbH & Co. KG:

(in EUR k)	
ASSETS	
Investment property	191,125
Deferred tax assets	954
Trade receivables	12
Other financial assets	3,998
Cash	3,857
Prepaid expenses	3
Total assets	**199,949**

(in EUR k)	
EQUITY AND LIABILITIES	
Equity and reserves	-30,398
Non-current liabilities	-161,068
Current liabilities	-3,135
Deferred tax liabilities	-5,348
Total equity and liabilities	**-199,949**

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

(in EUR k)	
Acquisition costs pursuant to the purchase agreement dated May 19, 2006	21,262
Notary costs	10
	21,272

The additional consolidated net profit for a theoretical acquisition as of January 1, 2006 was calculated as follows (pro forma figures only):

(in EUR k)	
Revenues	5,594
Change in fair value of investment property	12,090
Change in fair value of financial instruments	2,878
Deferred income taxes	-4,394
Other expenses	-3,702
Additional consolidated net profit for the year for a theoretical acquisition as of January 1, 2006	12,466

Since the acquisition date, JUNA Property GmbH & Co. KG has contributed EUR 7,120k to the Group result which was reduced by the minority interests in the consolidated income statement.

5. Key Judgments and Estimates

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

Estimates are required in particular in order to:

- determine the fair values of investment property;
- determine deferred tax assets, in particular from loss carryforwards; and
- determine the fair values of financial instruments.

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

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

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

(in EUR k)	31.12.2006
Investment property	1,289,536
Deferred tax assets	12,513
thereof loss carryforwards	7,605
Positive fair values of derivatives	14,563

The carrying amount of investment property in the consolidated balance sheet includes EUR 43,531k of prepayments.

6. Summary of Significant Accounting Policies

The following accounting and valuation methods have been used to prepare these consolidated financial statements of Alstria Office AG.

Investment Property

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

Subsequent measurement is recognized at fair value which reflects market conditions at the balance sheet date.

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

All market values were determined by Colliers CRE, London, a renowned appraiser and brokerage firm, as of December 31, 2006.

The "hardcore and top slice" approach, an income approach, was used to measure the property. Investment property is derecognized on disposal. Any gains or losses from disposal of an investment property are recognized in the income statement in the year of disposal.

Leases

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

Operating Leases

Lease agreements that Alstria Office AG has entered into with commercial tenants are classified as operating leases under IFRSs. Accordingly, Alstria Office AG is lessor in numerous different types of operating lease agreements for investment properties with a carrying amount of EUR 1,246,005k. These leases generate the majority of proceeds and income for Alstria Office AG.

Alstria Office AG expects to receive the following minimum lease payments from existing agreements:

(in EUR k)	**31.12.2006**
Within one year	61,895
Later than one and up to five years	237,354
Later than five years	629,766

Impairment of Assets

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

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

Taxes

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

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

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

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

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

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

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

Financial Instruments

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

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

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

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

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

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

Receivables

Receivables are classified as loans and receivables as defined by IAS 39 and measured initially at fair value and subsequently at amortized cost, if necessary after deduction of any valuation adjustments.

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

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

Assets, Derivative Financial Assets and Hedges Measured at Fair Value in Profit or Loss

Alstria Office AG makes targeted use of derivative financial instruments as part of its financial management to minimize risks and optimize interest charges.

Derivative financial instruments were recorded on the date the agreement was concluded and measured at fair value upon initial and subsequent recognition.

The instruments were measured as of December 31, 2006 by an independent third party. The fair value of derivative financial instruments is determined by discounting the expected future cash flows over the remaining life of the agreement based on current market rates or term structures of interest rates.

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

As of December 31, 2006 and during the period under review, the derivative financial instruments concluded by Alstria Office AG do not qualify for hedge accounting. The changes in the fair value of these derivatives are recognized directly in profit or loss.

Cash and Cash Equivalents

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

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

Current bank balances are recognized in the nominal amount.

Liabilities

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

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

Provisions

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

The Company did not disclose any provisions as of December 31, 2006.

Minority Interests in Partnerships

Minority interests in fully consolidated partnerships are disclosed under liabilities in accordance with the requirements of IAS 32. The minority interests' share in net profit or loss is recorded in the income statement as income or an expense (financial result) in accordance with IAS 32.35.

Recording and Disclosing Profits

Revenues include all income that results from the typical business activities of the Group. Revenues are disclosed excluding VAT.

Income is recognized to the extent that it is probable that the economic benefits will flow to the Group and the income can be reliably measured.

Rental income is recognized in the period in which it was generated.

7. Segment Reporting

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

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

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

8. Notes to the Consolidated Balance Sheet — Assets

8.1 Investment Property

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

(in EUR k)	
Fair values	
As of January 20, 2006	0
Changes in the consolidated group	191,125
Additions	1,032,009
Disposals	0
Net result from the adjustment of the fair value of investment property	22,871
Subtotal	1,246,005
Prepayments	43,531
As of December 31, 2006	**1,289,536**

As of December 31, 2006, prepayments are broken down as follows:

(in EUR k)	
Alstria Zwölfte Hamburgische Grundbesitz GmbH & Co. KG	35,346
Alstria Vierzehnte Hamburgische Grundbesitz GmbH & Co. KG	1,019
Alstria Fünfzehnte Hamburgische Grundbesitz GmbH & Co. KG	281
Alstria Sechzehnte Hamburgische Grundbesitz GmbH & Co. KG	593
Alstria Siebzehnte Hamburgische Grundbesitz GmbH & Co. KG	1,022
Alstria Achtzehnte Hamburgische Grundbesitz GmbH & Co. KG	1,070
Alstria Neunzehnte Hamburgische Grundbesitz GmbH & Co. KG	982
Alstria Zwanzigste Hamburgische Grundbesitz GmbH & Co. KG	1,455
Alstria Einundzwanzigste Hamburgische Grundbesitz GmbH & Co. KG	1,763
Total prepayments	**43,531**

Alstria Office AG uses the fair value model pursuant to IAS 40.33 et seq. for subsequent measurement. External appraisals were obtained for the measurement.

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). In line with IAS 36, an active market can be described as one where in terms of location, condition and rental situation the prices used for comparison are comparable and these transaction prices are available to the public. An analysis showed that there was not a sufficient number of official comparable transactions to derive any market values. In accordance with IAS 40.46, therefore, the fair value was determined on the basis of an income approach.

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

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

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

Hardcore and top slice method, taking account of

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

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

Hardcore and top slice method, taking account of

- contractual rent for the remaining term of the lease;
- re-lets at market rents (accounting for the difference between market rent and contractual rent);
- capitalization rates reflecting the individual risk of the property as well as market activity (comparable transactions);
- non-allocable operating costs in the amount of 5% of rental income p.a.; and

a net selling price.

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

- EUR 30,063k revenues from investment property
- EUR -17k income less expenses from passed on operating expenses
- EUR -1,688k real estate operating cost

8.2 Receivables

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

(in EUR k)	Due		
	up to one year	in more than one year	Total 31.12.2006
Trade receivables			
Rent receivables	99	0	99
	99	**0**	**99**
Other receivables			
Other assets	3,564	0	3,564
Positive fair value derivatives	14,563	0	14,563
Prepayments	97	0	97
	18,224	**0**	**18,224**

Trade receivables were written down by EUR 6k due to rent payments in arrears.

Other assets mainly relate to capitalized transaction costs, which have not yet been allocated to a liability (EUR 2,491k). Furthermore, costs of EUR 399k for the future IPO and a VAT receivable of EUR 70k from the German tax authorities are included as well as an amount of EUR 554k relating to operating expenses passed on to tenants that had not been invoiced to tenants as of the balance sheet date.

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

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

(in EUR k)	31.12.2006	
	Nominal volume	Market values
Active		
Interest rate hedges	787,000	14,563
Total	**787,000**	

Losses totaling to EUR 730k due to market valuations for hedge transactions not included in hedge accounting were recorded in the income statement in the period of the financial statements to December 31, 2006.

Alstria Erste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, Germany, and JP Morgan Chase Bank entered into a swap agreement in the amount of EUR 450,000k effective May 31, 2006. This agreement provides for a payer interest rate swap under which the Company exchanges its variable-interest liabilities (3-month-Euribor) for fixed interest rates (3.5255% p.a.) with a quarterly payment term. The acquisition cost of the swap was EUR 11,573k. The agreement expires on October 20, 2013.

Alstria Erste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, Germany, and JP Morgan Chase Bank entered into a further swap agreement in the amount of EUR 175,000k effective July 6, 2006. This agreement also provides for a payer interest rate swap under which the Company exchanges its variable-interest liabilities (3-month Euribor) for fixed interest rates (4.0630% p.a.) with a quarterly payment term. The acquisition cost of the swap was EUR 58k. The agreement expires on January 20, 2012.

The two abovementioned swap transactions were transferred from Alstria Erste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, to Alstria Office AG effective December 11, 2006. Hence, since this date, a swap agreement in the amount of EUR 625,000k has been in place between Alstria Office AG, Hamburg, and JP Morgan Chase Bank. This agreement provides for a payer interest rate swap under which the Company exchanges its variable-interest liabilities (3-month-Euribor) for fixed interest rates (3.6155% p.a.) with a quarterly payment term. The fair value of the swap was EUR 10,430k as of the balance sheet date. The agreement expires on November 29, 2011.

Losses of EUR 1,201k were recognized in the 2006 income statement.

JUNA Property GmbH & Co. KG and NATIXIS Corporate & Investment Bank (formerly IXIS Corporate & Investment Bank) entered into a swap agreement with a nominal value of EUR 81,000k effective January 2, 2006. This agreement provides for an interest rate swap under which the Company exchanges its variable-interest liabilities for fixed interest rates. The fair value of the swap was EUR 2,986k as of the balance sheet date. For consolidation purposes, the cost incurred (and the fair value) on the date of first-time consolidation of JUNA Property GmbH & Co. KG as of May 31, 2006 amounted to EUR 2,444k. The original cost as of January 2, 2006 was EUR 0k. The swap expires on December 30, 2011.

Profit of EUR 541k was recognized in the 2006 income statement.

Also effective January 2, 2006, JUNA Property GmbH & Co. KG and NATIXIS Corporate & Investment Bank entered into a cap agreement with a nominal value of EUR 81,000k, which serves to hedge interest rate risks. For consolidation purposes, the cost incurred (and the fair value) on the date of first-time consolidation of JUNA Property GmbH & Co. KG as of May 31, 2006 amounted to EUR 1,296k. The original cost as of January 2, 2006 was EUR 940k. The fair value of the cap was EUR 1,147k as of the balance sheet date. The cap expires on December 30, 2011.

A loss of EUR 70k was recognized in the 2006 income statement.

There are fluctuations in the nominal amounts for the swap and cap of JUNA Property GmbH & Co. KG. These quarterly reductions are shown in the following table:

Swap JUNA		Cap JUNA			
Payment due	**Nominal value in EUR m**	**Inception of caplet**	**Expiry of caplet**	**Caplet no.**	**Nominal value in EUR m**
Apr. 20, 2006	81.00	Jan. 2, 2006	Apr. 20, 2006	1	81.00
Jul. 20, 2006	80.97	Apr. 20, 2006	Jul. 20, 2006	2	80.97
Oct. 20, 2006	80.94	Jul. 20, 2006	Oct. 20, 2006	3	80.94
Jan. 20, 2007	80.91	Oct. 20, 2006	Jan. 22, 2007	4	80.91
Apr. 20, 2007	80.80	Jan. 22, 2007	Apr. 20, 2007	5	80.80
Jul. 20, 2007	80.85	Apr. 20, 2007	Jul. 20, 2007	6	80.85
Oct. 20, 2007	80.82	Jul. 20, 2007	Oct. 22, 2007	7	80.82
Jan. 20,2008	80.79	Oct. 22, 2007	Jan. 21, 2008	8	80.79
Apr. 20, 2008	80.76	Jan. 21, 2008	Apr. 21, 2008	9	80.76
Jul. 20, 2008	80.67	Apr. 21, 2008	Jul. 21, 2008	10	80.67
Oct. 20, 2008	80.58	Jul. 21, 2008	Oct. 20, 2008	11	80.58
Jan. 20, 2009	80.49	Oct. 20, 2008	Jan. 20, 2009	12	80.49
Apr. 20, 2009	80.40	Jan. 20, 2009	Apr. 20, 2009	13	80.40
Jul. 20, 2009	80.10	Apr. 20, 2009	Jul. 20, 2009	14	80.10
Oct. 20, 2009	79.80	Jul. 20, 2009	Oct. 20, 2009	15	79.80
Jan. 20, 2010	79.50	Oct. 20, 2009	Jan. 20, 2010	16	79.50
Apr. 20, 2010	79.20	Jan. 20, 2010	Apr. 20, 2010	17	79.20
Jul. 20, 2010	78.70	Apr. 20, 2010	Jul. 20, 2010	18	78.70
Oct. 20, 2010	78.20	Jul. 20, 2010	Oct. 20, 2010	19	78.20
Jan. 20, 2011	77.70	Oct. 20, 2010	Jan. 20, 2011	20	77.70
Apr. 20, 2011	77.20	Jan. 20, 2011	Apr. 20, 2011	21	77.20
Jul. 20, 2011	76.70	Apr. 20, 2011	Jul. 20, 2011	22	76.70
Oct. 20, 2011	76.20	Jul. 20, 2011	Oct. 20, 2011	23	76.20
Dec. 30, 2011	75.70	Oct. 20, 2011	Dec. 30, 2011	24	75.70
Carrying amount as of December 31, 2006	EUR 2,986k				EUR 1,147k

The exercise dates for the cap are the respective caplet expiry dates. The strike price amounts to 4% p.a.; the variable interest rate is the 3-month Euribor.

The abovementioned payer swap has a strike limit (swap rate) of 3.184% p.a.; the variable interest rate is the 3-month Euribor.

8.3 Cash and Cash Equivalents

(in EUR k)	31.12.2006
Bank balances	24,304

9. Notes to the Consolidated Balance Sheet — Equity and Liabilities

9.1 Equity

Detailed information on equity can be seen in the Consolidated Statement of Changes in Consolidated Equity.

Share Capital

The Company was formed with a share capital of EUR 25k. On November 17, 2006, the increase in share capital to EUR 8,000k was entered in the Company's commercial register. The sole parent company is Captiva 2 Alstria Holding S.à.r.l., Luxembourg.

The share capital is divided into EUR 8,000k no-par bearer shares issued in full to Captiva 2 Alstria Holding S.à.r.l., Luxembourg.

Pursuant to the Articles of Association of the the management board was authorized to increase the Company's capital stock on or prior to October 4, 2011 with the consent of the supervisory board, on one or more occasions, by up to an aggregate of EUR 4,000k through the issuance of new no-par value bearer shares in return for cash contributions or contributions in kind (authorized capital). By resolution of the extraordinary general meeting of shareholders held on December 21, 2006 the nominal share capital was increased against contribution in kind by EUR 32,000k from EUR 8,000k to EUR 40,000k by issuance of 32,000,000 no par value common voting bearer shares each with a notional value of EUR 1.00 per share. The capital increase has not been registered in the commercial register yet.

By virtue of the resolution adopted by the extraordinary shareholder meeting on December 21, 2006, the management board was additionally authorized to increase the Company's capital stock on or prior to December 20, 2011, with the consent of the supervisory board, on one or more occasions, by up to an aggregate of EUR 20,000k through the issuance of new no-par value bearer shares in return for cash contributions or contributions in kind (authorized capital). The capital increase has not been registered in the commercial register yet.

The initial shareholder loan of EUR 128,382k yields an interest advantage of a total of EUR 1,403k which is disclosed under the capital surplus. The shareholder loan of EUR 155,000k has, overall, an average effective interest rate at market terms, but as interest was below market rates in 2006, an interest advantage of EUR 173k which is net of deferred taxes of EUR 62k, was recognized in equity due to the early conversion to equity of EUR 73,000k which had not been allowed for in the effective interest rate.

Capital Surplus

The capital surplus changed as follows during the fiscal year:

(in EUR k)	**31.12.2006**
Acquisition/first-time consolidation of JUNA Property GmbH & Co. KG	8,763
Additional capital contribution based on shareholder resolution dated April 7, 2006	25
Additional capital contribution based on shareholder resolution dated May 15, 2006	25,000
Conversion of shareholder loan based on shareholder resolution dated November 28, 2006	118,607
Additional capital contribution based on shareholder resolution dated November 28, 2006.	29,700
Additional capital contribution based on shareholder resolution dated December 7, 2006	89,615
Conversion of shareholder loan based on shareholder resolution dated December 14, 2006.	73,000
Additional capital contribution based on shareholder resolution dated December 27, 2006.	28,780
Valuation of shareholder loan	1,576
	375,066

Following the acquisition and first-time consolidation of JUNA Property GmbH & Co. KG, the capital surplus increased by EUR 8,763k. EUR 7,576k of this relates to the assets acquired from JUNA Property GmbH & Co. KG. EUR 1,187k relates to the recognition of deferred tax assets without effect on income, as a supplementary balance sheet was drawn up following the acquisition of shares in JUNA Property GmbH & Co. KG.

By shareholder resolution of November 28, 2006, EUR 118,607k of the loan of EUR 128,382k granted by Captiva 2 Alstria Holding S.à.r.l., Luxembourg, had been paid in as capital surplus. A further EUR 29,700k was paid in under the same shareholder resolution. By shareholder resolution of December 14, 2006, EUR 73,000k of the shareholder loan of EUR 155,000k granted by Captiva 2 Alstria Holding S.à.r.l., Luxembourg, under an agreement dated November 23, 2006 was transferred to capital surplus.

Minority Interests in Partnerships

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

In accordance with these regulations, the Company disclosed reclassified equity in its balance sheet in the item "other liabilities" as minority interests in partnerships under other current liabilities (as of December 31, 2006: EUR 1,757k). The share of income attributable to minority shareholders of EUR 309k was disclosed as part of the financial result in the income statement.

Minority interests break down as follows:

(in EUR k)	31.12.2006
Minority interests in equity	
As of June 30, 2006	1,550
Less withdrawal	-102
As of December 31, 2006	1,448
Minority interests in net profit or loss	309
	1,757

9.2 Financial Liabilities

(in EUR k)	Non-current	Current	31.12.2006
Loans	813,466	1,712	815,178
Payables to affiliates			
Shareholder loans	0	82,447	82,447
Other	0	24	24
Total	**813,466**	**84,183**	**897,649**

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

Furthermore, a loan totaling EUR 162,000k was raised from NATIXIS Corporate & Investment Bank, German Branch, Frankfurt a.M., Germany. A collective land charge of EUR 162,000k was registered as collateral.

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

Due to the variable interest rate, there are no significant differences between the carrying amounts and fair value.

As of December 31, 2006, loans were reduced by transaction costs of EUR 4,097k.

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

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

(in EUR k)	31.12.2006
Up to one year	0
More than one year	813,466
Total	**813,466**

Some of the loans are secured by land charges.

(in EUR k)	31.12.2006
Financial liabilities secured by land charges	813,466
thereof on investment property	813,466

The effective interest rate of the loan portfolio is between 3.73% and 5.23% p. a.

9.3 Trade Payables and Other Liabilities

(in EUR k)	Due up to one year	Due in more than one year	Total 31.12.2006
Trade payables			
Liabilities from the utilization of services	1,979	0	1,979
Other trade payables	3,384	0	3,384
	5,363	**0**	**5,363**
Other current liabilities			
Liabilities to minority interests	1,757	0	1,757
VAT liabilities	155	0	155
Liability for real estate transfer tax	18,079	0	18,079
Miscellaneous other liabilities	4,149	56[1)]	4,205
	24,140	**56**	**24,196**

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

The disclosed carrying amounts approximate the fair values.

The liabilities from services relate mainly to consulting fees (EUR 569k) and an agreement on the provision and brokering of services with related parties, see Section 12.3.

Other trade payables relate to operating costs not yet invoiced of EUR 3,347k and liabilities from third-party real estate management services and rental activities of EUR 37k.

Miscellaneous other liabilities include substantially not yet settled incidental acquisition costs of EUR 2,510k.

9.4 Trust Assets and Liabilities

Alstria Erste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, Germany, has trust assets and liabilities of EUR 126k, in particular from rent deposits.

JUNA Property GmbH & Co. KG, Frankfurt, Germany, has trust assets and liabilities of EUR 35k, in particular from rent deposits.

9.5 Deferred Taxes

Deferred tax assets and liabilities break down as follows:

(in EUR k)	Consolidated balance sheet 31.12.2006	Consolidated income statement 20.01.- 31.12.2006
Deferred income tax liabilities		
Revaluation of investment property to fair value	16,044	-11,465
Revaluation of a cap to fair value	96	18
Revaluation of interest rate swaps to fair value	2,091	-1,436
Financial liabilities (transaction costs)	1,638	-1,638
	19,869	**-14,521**
Deferred income tax assets		
Revaluation of investment property to fair value	4,760	2,652
Prepaid expenses (transaction costs)	30	-3
Shareholder Loan	118	180
Tax loss carryforwards	7,605	7,605
	12,513	
Deferred income tax expense		**-4,087**

The first-time consolidation of JUNA Property GmbH & Co. KG resulted in the recognition of deferred tax assets of EUR 2,141k and deferred tax liabilities of EUR 5,348k. This included deferred tax assets of EUR 954k and deferred tax liabilities of EUR 5,348k considered in connection with the acquisition, see Section 4. A further deferred tax asset of EUR 1,187k also had to be recognized in the course of first-time consolidation as the supplementary tax balance sheet resulting from the acquisition disclosed a higher amount for tax purposes for the property in question.

The shareholder loan has been valuated with its present value. The valuation result amounting to EUR 235k has been directly credited in equity. Consequentially the deferred tax asset amounting to EUR 62k has also been directly credited in equity.

As of the balance sheet date, deferred tax assets were recognized for all deductible differences. In addition, due to start-up losses in fiscal year 2006, the Group has loss carryforwards for corporate income tax totaling around EUR 28,833k which can be carried forward indefinitely; the resulting carrying amount for deferred income tax assets is EUR 7,605k.

10. Notes to the Consolidated Income Statement

10.1 Revenues

(in EUR k)	20.01.- 31.12.2006
Revenues from investment property	30,063

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

10.2 Income From Passed on Operating Expenses

(in EUR k)	20.01.-31.12.2006
Income from passed on operating expenses	5,870

10.3 Expenses From Passed on Operating Expenses

(in EUR k)	20.01.-31.12.2006
Expenses from passed on operating expenses	5,887

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

10.4 Administrative Expenses

(in EUR k)	20.01.-31.12.2006
Legal and consulting fees	3,527
Other personnel expenses	22
Recruitment costs	397
Salaries	249
Allocation	483
Other	845
	5,523

Within the course of 2006 the Company has employed four employees on the average.

10.5 Other Operating Income

(in EUR k)	20.01.-31.12.2006
From the exercise of a swaption	5,991
From the derecognition of liabilities	63
Other	63
	6,117

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

10.6 Other Operating Expenses

(in EUR k)	20.01.-31.12.2006
Loan charges	91
Bad debts, bad debt allowance	49
Other	27
	167

10.7 Financial and Valuation Result

The financial result breaks down as follows:

(in EUR k)	20.01.- 31.12.2006
Interest payments	-19,403
Transaction costs	-9,116
Minority interest	-309
Other	-3,475
	-32,303

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

(in EUR k)	20.01.- 31.12.2006
Net gain from the fair value adjustments on investment property	22,871

(in EUR k)	20.01.- 31.12.2006
Net loss from the fair value adjustments on financial derivatives	-730

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

(in EUR k)	20.01.- 31.12.2006
Payer interest rate swap Alstria[1] EUR 450,000k dated May 31, 2006	
Payer interest rate swap Alstria[1] EUR 175,000k dated July 6, 2006	
Payer interest rate swap Alstria Office AG EUR 625,000k dated December 11, 2006	-1,201
Interest rate swap JUNA[2] EUR 81,000k dated January 2, 2006	541
Cap JUNA[2] EUR 81,000k	70
Net loss from fair value adjustments on financial derivatives	-730

1) Alstria Erste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg

2) JUNA Property GmbH & Co. KG

Further details on derivatives are shown under "8.2 Receivables" following the order of the table.

10.8 Income Taxes

The tax expense breaks down as follows:

(in EUR k)	20.01.- 31.12.2006
Consolidated income statement	
Current income tax expenses	3
Deferred income tax expenses	4,087
	4,090

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

(in EUR k)	20.01.-31.12.2006
IFRS profit before taxes	18,623
Tax expense at a tax rate of 26.375%	4,912
Income not subject to tax (constructive contribution)	-1,580
Expense not subject to tax (constructive dividend)	188
Expense not subject to tax (interest paid for shareholder loan)	370
Loss of the general partners subject to corporate income tax for which no deferred tax assets have been recognized	15
Expense not subject to tax (capital consolidation)	86
Loss generated by JUNA KG which was not recognized for tax purposes (deferral)	99
Income tax expenses	4,090

The group tax rate comprises a corporate income tax rate of 26.375%, including the solidarity surcharge. As the Company makes use of the extended trade tax deduction with regard to its real estate-related income and is thus exempt from paying trade tax, trade tax is not included in the tax rate.

Deferred Income Tax

Deferred income tax as of the balance sheet date relates to the following:

(in EUR k)	Consolidated balance sheet 31.12.2006	Consolidated income statement 20.01.-31.12.2006
Deferred income tax liabilities		
Revaluation of investment property to fair value	16,044	-11,465
Revaluation of a cap to fair value	96	18
Revaluation of interest rate swaps to fair value	2,091	-1,436
Financial liabilities (transaction costs)	1,638	-1,638
	19,869	**-14,521**
Deferred income tax assets		
Revaluation of investment property to fair value	4,760	2,652
Prepaid expenses (transaction costs)	30	-3
Shareholder Loan	118	180
Tax loss carryforwards	7,605	7,605
	12,513	
Deferred income tax expense		**-4,087**

11. Other Notes

11.1 Contingent Liabilities

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

11.2 Consolidated Cash Flow Statement

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

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

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

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

(in EUR k)	20.01.- 31.12.2006
Income taxes paid	-3
Interest paid	-18,876
Interest received	128
	-18,751

11.3 Management of Financial Risks

The Company's financial management team manages Alstria Office AG's financial risks. Specifically, these risks are:

- Credit risks
- Liquidity risks
- Market price risks

Credit risks arise through the complete or partial default by a counterparty in connection with financial investments or derivatives with positive fair values, for example due to insolvency. Credit risks are not significant for the Company because derivatives are only concluded with financial institutions with high credit ratings so as to minimize the risk of counterparty default as far as possible. The trade receivables are almost entirely due from two solvent public institutions.

Liquidity risks are largely secured by group-wide financial planning instruments. The Company always has sufficient liquidity, such that even when unexpected events have a negative financial impact on the liquidity situation, liquidity risks do not arise.

Market price risks for the Company result from changes in the fair value or future cash flows of a financial instrument due to fluctuations in market prices. The market price risk comprises three types of risk: interest rate risk, currency risk and other price risks.

Interest rate risks arise from market-driven fluctuations in interest rates. They affect the amount of the interest expenses as well as the market value of the financial instruments. A change in the future market level can result in fluctuations in the cash flows of variable-rate asset and liability items. A large percentage of the variable-rate liability items was secured by derivatives.

The Company does not face any currency risks as all operations are financed in EUR. There are no plans to borrow funds in other currencies.

The risk of loss of rent is reduced by careful selection of tenants.

12. Related Party Relationships

12.1 Preliminary Remarks

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

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

Related parties during the fiscal year also included NATIXIS Capital Partners Limited (formerly IXIS Capital Partners Limited) and NATIXIS Capital Partners GmbH (formerly IXIS Capital Management GmbH).

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

12.2 Related Party Transactions

The transactions conducted with related parties during fiscal year 2006 are presented in the following table:

(in EUR k)	**20.01.- 31.12.2006**
Acquisition of shares in JUNA Property GmbH & Co. KG	21,272
Income	0
Expenses	3,272
Liabilities	82,471

Acquisition of Shares in JUNA Property GmbH & Co. KG

The acquisition of 94.9% of the shares in JUNA Property GmbH & Co. KG was stated as a transaction under common control as of May 31, 2006 since the seller of the shares, JUNA Beteiligungs GmbH, was also a subsidiary of Captiva Capital Partners II SCA, Luxembourg.

Shareholder Loan

A loan agreement, concluded on May 22, 2006, was in place between Alstria Office AG and the parent company Captiva 2 Alstria Holding S.à.r.l. Under this agreement, Captiva 2 Alstria Holding S.à.r.l. provided an amount of EUR 122,800k at an interest rate of 1% p.a. in the period to June 30, 2006. On June 1, 2006 the loan amount was increased by EUR 5,582k under an addendum to the agreement. As of July 4, 2006, the original term was extended to August 31, 2006. The interest rate was reduced to 0.5% for the extension period. By further amendment dated August 22, 2006, the term was extended again to December 31, 2006. An interest rate of 0% was agreed for the extension period from September 1, 2006.

Under shareholder resolutions dated October 5 and November 28, 2006, a portion of the loan was converted. This led to an increase in share capital of EUR 7,975k and an increase in the capital surplus of EUR 118,607k. The remaining amount of EUR 1,800k was repaid by the Company on December 1, 2006.

On November 23, 2006, Alstria Office AG entered into a loan agreement with Captiva 2 Alstria Holding S.à.r.l. pursuant to which Captiva 2 Alstria Holding S.à.r.l. granted a loan in the amount of EUR 155,000k to Alstria Office AG. The loan is unsecured and bears interest at the interest rate of 0% p.a. until December 31, 2006 and, after such date, at the interest rate of 5.4125% p.a. Alstria Office AG shall repay the loan on the earlier of the sixth anniversary of the refinancing closing date being November 29, 2006 or the date of the initial public offering for shares in Alstria Office AG. This loan agreement will be in effect until the later of its term and the date any amounts outstanding under this loan agreement shall have been repaid by Alstria Office AG in full. Captiva 2 Alstria Holding S.à.r.l. shall have the right by giving to Alstria Office AG three months' written notice to a calendar month end to terminate this loan agreement.

Liabilities from shareholder loans relate to a loan of EUR 155,000k granted by Captiva 2 Alstria Holding S.à.r.l. under an agreement dated November 23, 2006. By shareholder resolution dated November 23, 2006, EUR 73,000k of the repayable amount was booked in the capital surplus of the Company.

The stated interest advantages relating to the two shareholder loans are described in Section 9.1 (Equity).

Procurement Services Agreement

A procurement services agreement has been in place between Alstria Erste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, Germany, and Captiva Capital Partners II S.C.A., Luxembourg, since March 30, 2006. Under this agreement, Captiva Capital Partners II S.C.A., Luxembourg, agrees to act as agent for the financing of the purchase of real estate for Alstria Erste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg, Germany, and in return it receives a fee of EUR 1,875k. This fee was recognized as a transaction cost within the terms of IAS 39 and will be allocated over the expected term of the loans using the effective interest method.

Transactions with Parties Related to Members of the Supervisory Board

Advisory Agreement with NATIXIS Capital Partners Limited

John van Oost, the Chairman of the Supervisory Board, is a Managing Partner of NATIXIS Capital Partners Limited (formerly known as IXIS Capital Partners Limited). Alstria Office AG concluded an advisory agreement with NATIXIS Capital Partners Limited. Pursuant to this agreement, NATIXIS Capital Partners Limited assisted the Company in identifying potential acquisition opportunities relating to real estate assets in Germany, drafting proposals to and approaching potential sellers, coordination of due diligence processes, coordination with the Company's other advisors in defining the appropriate consideration, structure and other financial terms for acquisitions of real estate, negotiations with sellers and development of related strategies and completion of acquisitions. As part of the agreement, Alstria Office AG reimbursed costs incurred by NATIXIS Capital Partners for services provided in 2006 by Olivier Elamine, as managing director (Geschäftsführer) of Verwaltung Alstria Erste Hamburgische Grundbesitz GmbH (now Alstria Office AG) and the Company's current CEO.

The services could be performed by NATIXIS Capital Partners Limited itself or by other entities affiliated to it. The term of the agreement is from February 1, 2006 until June 30, 2007. NATIXIS Capital Partners Limited received a success fee based on the transaction volume of real estate acquisitions completed by Alstria Office AG. The Company also agreed to indemnify and hold harmless NATIXIS Capital Partners Limited and any person performing the services from and against any and all actions, proceedings, claims, demands, losses, liabilities, damages, costs, charges and expenses in relation with the services performed and not arising primarily from such person's gross negligence or willful misconduct. Alstria Office AG accrued an amount of EUR 1,332k under this advisory agreement in 2006.

Asset Management Agreement with NATIXIS Capital Partners GmbH

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

Payment to NATIXIS Capital Partners GmbH for the services provided to JUNA Property GmbH & Co. KG was EUR 182k in 2006.

Use of Office Space

For its head office in Hamburg, Alstria Office AG uses office space that is let by NATIXIS Capital Partners GmbH under a lease agreement with HIH. NATIXIS Capital Partners GmbH has indicated that it might assign the lease agreement to Alstria Office AG subject to the consent of the lessor. So far, Alstria Office AG has reimbursed NATIXIS Capital Partners GmbH on an at-cost basis for the use of office space. Expenses during 2006 amounted to EUR 54k.

Advisory Agreement with Captiva 2 Alstria Holding S.à.r.l.

The Company and the Captiva 2 Alstria Holding S.à.r.l. entered into an advisory agreement relating to financial and strategic advice. According to the terms of this agreement, the Captiva

2 Alstria Holding S.à.r.l. assisted the Company in the areas of capital structure, arranging and assisting with the closing and funding process. In addition, the Captiva 2 Alstria Holding S.à.r.l. advised on strategy and related matters and assisted in other areas upon the Company's request. The original term of the agreement was from June 30, 2006 until June 30, 2007. As consideration, the Captiva 2 Alstria Holding S.à.r.l. received a lump sum payment of EUR 700k and had to be reimbursed for all reasonable costs and expenses. The Company also agreed to indemnify and hold harmless the Captiva 2 Alstria Holding S.à.r.l. and any person performing the services from and against any and all actions, proceedings, claims, demands, losses, liabilities, damages, costs, charges and expenses in relation with the services performed and not arising primarily from such person's gross negligence or willful misconduct. During fiscal year 2006, Alstria Office AG paid a remuneration amounting to EUR 700k to the Captiva 2 Alstria Holding S.à.r.l. under this advisory agreement.

Performance Guarantees

Captiva Capital Partners II SCA has granted a number of payment guarantees for the benefit of NATIXIS Corporate & Investment Bank, S.A. in relation to the company's obligation arising from transaction with respect to the acquisition of real estate properties. Generally, the seller of real estate property demands a performance guarantee from a bank for the period from signing of the sale-and-purchase agreement until payment of the purchase price. NATIXIS Corporate & Investment Bank, S.A. has issued such performance guarantees for the benefit of the respective sellers regarding sale-and-purchase agreements concluded by Alstria Office AG. Captiva Capital Partners II SCA has arranged the issuance of such performance guarantees and may be liable for any amounts paid by NATIXIS Corporate & Investment Bank, S.A. to the respective purchaser under such performance guarantees. Captiva Capital Partners II SCA is entitled to receive a guarantee fee from Alstria Office AG. In the aggregate, Alstria Office AG paid to Captiva Capital Partners II SCA guarantee fees amounting to EUR 0 but accrued an amount of EUR 32k in 2006.

13. Earnings per Share

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

	20.01.-31.12.2006
Profit attributable to the shareholders (in EUR k)	14,533
Average number of shares outstanding (in thousands)	1,042
Basic earnings per share (in EUR per share)	13.95

There were no dilution effects during the period under review.

14. Significant Events After the End of the Reporting Period

Under the purchase agreement dated December 18, 2006, Alstria Vierzehnte to Einundzwanzigste Hamburgische Grundbesitz GmbH & Co. KGs, represented by their general partner, Verwaltung Alstria Dreizehnte Hamburgisches Grundbesitz GmbH, formerly AGAZZI Vermögensverwaltungsgesellschaft mbH, concluded a purchase agreement on the acquisition of further property with a total value of EUR 221,000k, with the properties being transferred to the buyers in 2007. The companies recognized a prepayment of EUR 7,985k for the transaction in 2006.

Under the purchase agreement dated November 13, 2006, Alstria Zwölfte Hamburgische Grundbesitz GmbH & Co. KG, represented by its general partner, Verwaltung Alstria Elfte Hamburgisches Grundbesitz GmbH, formerly AUXO Vermögensverwaltungsgesellschaft mbH, concluded a purchase agreement on the acquisition of a property with a total value of EUR 33,436,886, with the property being transferred to the buyer in 2007. The company recognized a prepayment of EUR 35,587k for the transaction in 2006.

On January 22, 2007 the NATIXIS Corporate & Investment Bank loan was repaid in full, partially by the utilization of the syndicated loan.

By resolution of the extraordinary general meeting of shareholders held on December 21, 2006 the nominal share capital was increased against contribution in kind by EUR 32,000k from EUR 8,000k to EUR 40,000k by issuance of 32,000,000 no par value common voting bearer shares each with a notional value of EUR 1.00 per share. The capital increase has not been registered in the commercial register yet.

15. Management Board

As of December 31, 2006, the Company's general managers were:

Mr. Olivier Elamine (CEO)

Dr. Robert Hannemann (CFO)

By resolution of October 5, 2006, the supervisory board of Alstria Office AG appointed Dr. Robert Hannemann and Mr. Olivier Elamine as members of the management board.

With letter of February 1, 2007 Dr. Robert Hannemann resigned as member of the management board with immediate effect.

Hamburg, February 23, 2007

The Management Board

signed *Olivier Elamine*