alstria

INTERIM REPORT Q2 2007

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KEY FIGURES

SHARE

ISIN	DE000A0LD2U1
Symbol	AOX
Prime Sector	Financial Services
Industry Group	Real Estate
Market Segment	Prime Standard, Frankfurt
Indices	SDAX, CDAX, EPRA Classic All Share, Prime All Share
Number of Shares	56,000,000
Share Capital	EUR 56,000,000
Market Capitalisation (29 Jun.)	EUR 837,000,000
Free Float	46%

GROUP FINANCIALS (in EUR m)

	01 Jan. – 30 Jun. 2007 (unaudited)	20 Jan. – 30 Jun. 2006 (unaudited)	Difference
Revenues	39.1	4.2	34.9
EBITDA	74.5	15.0	59.5
EBT	56.5	10.2	46.3
Consolidated profit for the period	44.1	9.0	35.1
FFO	12.8	3.4	9.4

	30 Jun. 2007 (unaudited)	30. Jun. 2006 (unaudited)	Difference
Equity	873.8	41.7	832.1
Liabilities	1,122.8	955.9	166.9
Total assets	1,996.6	997.6	999.0
Equity ratio	43.8%	4.2%	39.6%

LETTER FROM THE BOARD

Dear Ladies and Gentlemen,
Dear Shareholders, Business Partners and Tenants,

From an operational point of view the first six months of 2007 have been very successful for alstria: With the acquisitions of the Aurora portfolio and the Sigma Haus in Munich we continued to execute our ambitious growth plans and increased our investment property base from around EUR 1,300 million at the beginning of the year to slightly more than EUR 1,600 million today. With this expansion in asset base came an increase in our financial strengths: Our assets generated revenues from rental income of EUR 39 million, a net profit for the period of EUR 44 million and funds from operations of EUR 12.8 million.

The initial public offering in April 2007 marked another significant milestone in the recent Company history. We have been able to attract a wide number of renowned institutional investors to alstria - a fact that we do not only regard as a validation of the quality of our assets but also as a confirmation for the clear and focused strategy we are pursuing. The gross IPO proceeds of EUR 256 million will be used to finance the acquisitions already completed in 2007 and also give us additional room to further execute our expansion strategy.

Higher than expected hikes in the interest rates and global turmoil in the US sub-prime sector have been the main drivers for the general downturn of the real estates stocks with the global EPRA Germany index being down significantly since the first day of trading of alstria. Although the alstria share has performed in line with the sector and outperformed the EPRA Germany index, we are clearly unsatisfied with the share price performance, and do not believe that today's pricing at a significant discount to net asset value (NAV) reflects the fair value of the Company.

alstria's focused strategy is to concentrate on the asset side of the balance sheet and to create value through a buy and manage strategy targeting sustainable growth through acquisitions. We have always claimed that the liability side of our balance sheet cannot be a driver for our return. Thus, a clear focus on value creation through active asset management is limiting the impact of the global debt markets swings on our returns. We are seeing a lot of acquisition opportunities and are carefully selecting the ones that fit with our overall strategy focusing on sustainable growth. Equally important is the potential value that we are striving to unlock within our existing portfolio, and our unique tenant relationship approach.

The G-REIT conversion remains to be one of our top priorities for 2007. As we are convinced of the attractiveness of the G-REIT regime for equity investors, and of the competitive advantage that the so called exit taxation will provide, we are proud to be one of the pioneers of the REIT structure in Germany. We are planning to apply for the conversion at the latest in Q4 2007.

Kind regards,

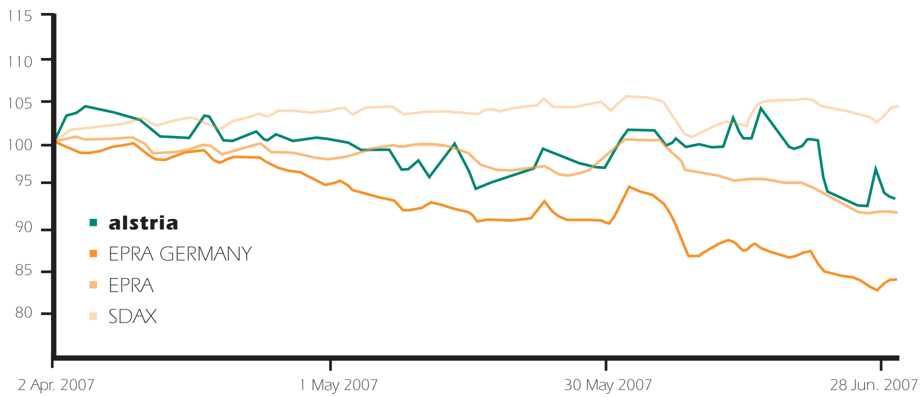
Olivier Elamine
Chief Executive Officer

Alexander Dexne
Chief Financial Officer

Dr. Michael Börner-Kleindienst
Chief Operating Officer

SHARE PRICE DEVELOPMENT - BACK TO REAL ESTATE FUNDAMENTALS

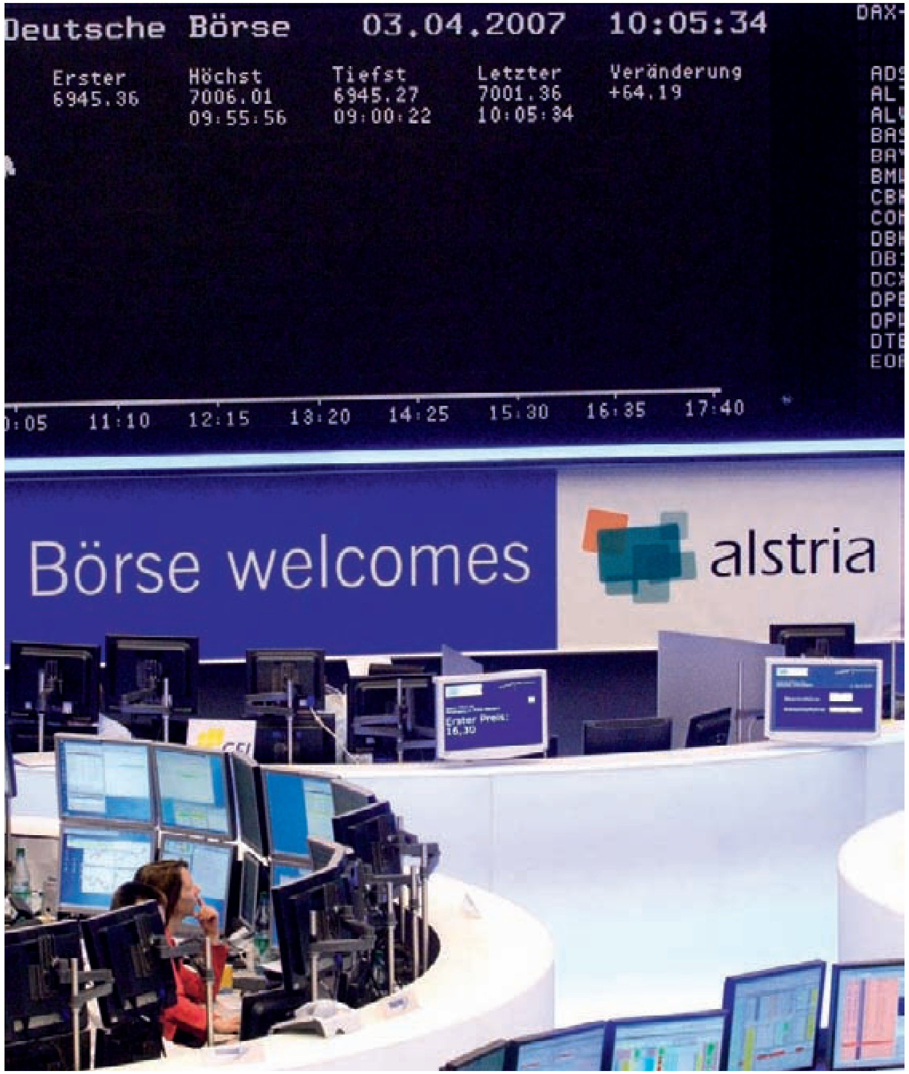
Share price development
Index 2 April 2007



The share price development since the date of the IPO reflects the downturn that has affected real estate stocks across the board, driven by higher than expected interest rates hikes and the US sub-prime market turmoil. alstria's shares have developed in line with the global EPRA/NAREIT index and outperformed the EPRA Germany Index.

We are clearly unsatisfied with the share price development, which in our view does not reflect the fair value of the Company and its strong fundamentals. Although we understand investors concerns on the global economic trend, we are of the opinion that alstria is uniquely positioned in the market, and that our buy and manage strategy is much less sensitive to interest rates hikes or credit market spread increase than any other real estate strategy. We have consistently emphasized that our view of the German property market was a long-term view, where value creation needs to come from active asset management and sustainable acquisitions rather than from financial engineering and trading.

The recent development of the interest rates and credit markets provide additional support to the rationale of this strategy, where real estate companies need to go back to fundamentals and get the value were it is: in the real estate.



INTERIM MANAGEMENT REPORT[1]

PORTFOLIO OVERVIEW

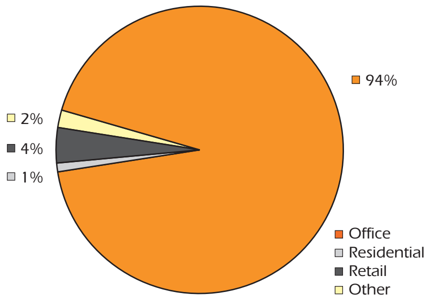
A EUR 1.6 billion portfolio of office properties in Germany

We have invested in high quality properties with mostly long-term leases with dependable tenants in attractive locations throughout Germany. We pay particular attention to the growth potential of the areas we invest in. 100% of our real estate portfolio is located in Germany, and the Company has no intention of expanding outside of Germany.

This focus provides competitive advantages in terms of deal sourcing and the knowledge of the local markets. We focus only on those sub-markets in Germany that we regard attractive in terms of demographics, current real estate dynamics and our own local expertise.

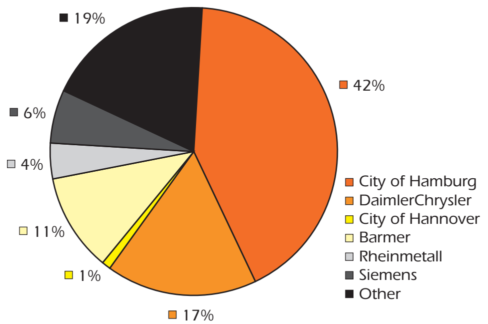
Office pure-play[2,4]

- Out of 70 properties only 1 is not an office building[3]



Focus on tenants [2,5]

- Focus to become the real estate/back-office solution for its high-quality tenants
- Relationships focused on long-term cooperation



Today our portfolio comprises 70 real estate properties with an aggregate lettable space excluding parking spaces of approximately 770,000 sqm. Out of those 70 properties 69 are office buildings, some of which have ground floor retail and one is a mixed use property. alstria's largest tenants currently are the City of Hamburg, DaimlerChrysler and Barmer Ersatzkasse.

The main changes in the portfolio over the first six months of 2007 were the following:

On 1 January 2007, the purchase of the Hamburger Strasse property was recognised in the consolidated balance sheet at its fair value. The Hamburger Strasse property is a 22,000 sqm office building fully let to the City of Hamburg.

On 31 March 2007, Alstria Office AG acquired from an affiliate of its sole shareholder a 94% interest in two companies holding the "Alte Post" and "Grosse Bleichen" properties and the remaining 6% were acquired on the 28th of June. 100% of the fair value of the assets (EUR 95 million) was recognised in the interim consolidated balance sheet of Alstria Office AG as at 31 March 2007. These assets are mainly used as office space, the main tenants being the City of Hamburg.

By notarial deed dated 6 March 2007, we agreed to dispose of the two residential assets for total net proceeds of EUR 3.7 million – vs. a fair value as at 31 December 2006 of EUR 3.5 million. The signature of the sale and purchase agreement triggered the reclassification of the two assets from the Non-Current to the Current Assets of the Company, resulting in a decrease in the Investment Property of EUR 3.5 million.

Aurora portfolio economically transferred to alstria

On 1 April 2007 the Aurora portfolio was effectively transferred to alstria, triggering the recognition of the portfolio at its fair value in the accounts of the Company. The portfolio consists of 8 properties mainly used as office buildings with a lettable area of around 150,000 sqm. The properties are located in the areas of Hamburg, Munich, Frankfurt, Stuttgart, Dortmund, Dusseldorf, Hanover und Dresden. Most of the properties are let to major German corporations including Siemens and Rheinmetall.

alstria acquires office building in central Munich

On 1 June 2007 the Sigma Haus property was economicly transferred to alstria. This office building is located in the city center of Munich and has a total lettable area of approximately 6,800 sqm plus car parks. Although a large portion of the lettable area has recently been vacated, the deal provides alstria with a three year rental guarantee. This secures annual revenue of EUR 900,000 representing a rent per sqm of around EUR 11 per months. All in costs of this transaction were at EUR 11.3 million, representing an initial yield of 8.0%.

[1] The interim management report, the abbreviated financial statements and the notes to the financial statements are unaudited but have been reviewed by our statutory auditors PriceWaterhouseCoopers.
[2] Disregarding 5.1% minority interest in the Barmer portfolio and 6% minority interest in "Alte Post" and "Grosse Bleichen" properties
[3] 2 mixed uses and 1 office tower with a shopping-centre
[4] Bases on net lettable space
[5] Based on passing rent

EARNINGS POSITION

Introductory remarks

As a result of the exponential growth of the Company over the last 12 months, the figures related to the reporting period cannot be analysed in light of the comparable data for Q2 2006, since the Company only then started its activities.

Strong profitability: Net profit of EUR 44.1 million / EPS of EUR 0.79 for H1

In Q2 2007 the economic impact of the acquisition of the Aurora portfolio, the "Alte Post" and "Grosse Bleichen" property and the Sigma Haus were reflected in the earnings numbers for the first time. Revenues for the quarter were EUR 21,720 k (up 25% from last quarter) with real estate operating expenses of around 6.3% of revenues at EUR 1,370 k. For the first 6 months total revenues were at EUR 39,069 k with real estate operating expenses at 5.5% of revenues at EUR 2,158 k. Net rental income for the quarter was EUR 20,350 k and EUR 36,911 k for the first 6 months of 2007. A review of the fair values of the investment properties lead to a revaluation of certain assets, which resulted in a net gain from fair value adjustments of EUR 21,833 k in Q2. Details of the valuation procedures are described in section 8 of the consolidated financial statements as of 31 December 2006. Please refer to Exhibit "Change in Investment Property". Administrative expenses, personnel expenses and other operating expenses are at EUR 3,650 k (16.8% of revenues) for the quarter and at EUR 6,295 k (16.1% of revenues) for the 6 months result. Accordingly, total operating expenses are 23.1% of total revenues for the second quarter and at 21.6% for the first 6 months of the year.

Net operating result is EUR 38,391 k for the second quarter and EUR 56,133 k for H1.

Funds From Operations (FFO) at EUR 0.23 per share[1]

(in EUR k)	01 Jan. - 30 Jun. 2007 (unaudited)	20 Jan. - 30 Jun. 2006 (unaudited)	Difference
Pre-tax income (EBT)	**56,517**	**10,230**	**46,287**
Less financial result	-18,021	-4,792	-13,229
EBITDA	**74,538**	**15,022**	**59,516**
Less net gain from fair value adjustments on investment property	25,325	3,294	22,031
Less net gain from fair value adjustments on financial derivatives	18,405	3,544	14,861
Plus financial result	-18,021	-4,792	-13,229
Funds From Operations (FFO)	**12,787**	**3,392**	**9,395**

[1] Funds from operations improved from EUR 2.9 million in Q1 to EUR 9.9 million in Q2 and a total of EUR 12.8 million for H1. In Q1 FFO was significantly impacted by non recurrent non cash items amounting to approximately EUR 1.9 million in the financial result. Q2 FFO was positively impacted by the deferred payment structure of the Aurora transaction, which allowed alstria to benefit from the full revenues of the portfolio and not having to support the burden of the debt.

Hedging instruments

The net gain from fair value adjustments on the financial derivatives is driven by the further movement of the interest rate curve in Q2. An overview of the composition of the fair value adjustments is given in the following Exhibit:

Financial Derivatives

in EUR k	01. Jun. 07 (unaudited)
Alstria Office - Swap - 3,6165%	25,502.8
Alstria Office - Swap - 3,1925%	4,750.4
Alstria Office - Cap - 4,00%	2,302.8
IV. GmbH - Cap - 3,8%	1,251.5
VII. GmbH - Cap - 3,8%	785.4
Total	**34,593.0**

Financial result

alstria has a EUR 1.139 billion syndicated loan facility in place that was arranged by J.P. Morgan, Natixis and HSH Nordbank. This facility is used by alstria to partially debt finance the current investment property base as well as for the financing of future acquisitions. The interest rate on this syndicated loan is based on the 3 months EURIBOR floating rate plus a spread dependent on the average lease length of the property portfolio and the loan to value ratio. For economic as well as for G-REIT compliance reasons Alstria is committed to achieve a loan to value ratio of below 55%.

Financial Result Breakdown

in EUR k	01 Jan. - 30 Jun. 2007 (unaudited)
Syndicated Loan - interest and similar costs	19,208.4
Shareholder Loan - Interests and similar costs	1,182.0
Interest income	-2,716.0
Registration of land charges	242.2
Other	104.5
Total	**18,021.0**

Consolidated net income

The resulting earnings before tax are at EUR 47,965 k for the quarter and EUR 56,517 k for H1. Consolidated net profit is at EUR 37,767 k and EUR 44,108 k respectively.

Earnings per share are EUR 0.67 for Q2 and EUR 0.79 for H1

Nikolaistrasse, Leipzig

FINANCIAL AND ASSET POSITION

Cash position of EUR 292 million – acquisition capacity of EUR 150 to 200 million
Cash flow from operating activities for the period was at EUR 19,734 k mainly driven by the strong operating performance and by an increase in accounts payables.

Cash flows from investing activities was impacted by the payment for an office property in Munich (Sigma Haus, EUR 11.3 million AIC) and payments for real estate transfer tax in the amount of EUR 18.1 million. The cash flow from investing activities reflects the acquisition of the structures holding the "Alte Post" and "Grosse Bleichen" properties.

The cash flow from financing activities reflects the substantial capital restructuring that was undertaken during the reporting period and includes the gross proceeds from the IPO of EUR 256 million (net proceeds were at EUR 244 million).

As a result, alstria closes the first six months of 2007 with a cash position of EUR 292,592 k.

Considering payment obligations for H2, which mainly consist of the payments to be made for the Aurora acquisitions and the refinancing of the "Alte Post" and "Grosse Bleichen" properties, this cash provides us with room for further acquisitions in the order of EUR 150-200 million.

Equity ratio of 43%, NAV / Share EUR 15.6 – G-REIT Equity ratio at 53.4%
The Total Asset position and the Total Equity and Liability of EUR 1,996 million takes into account the deferred payment mechanism of the Aurora portfolio, which was first consolidated in Q2. As a consequence of the differed payment mechanism, the Total Asset includes both the Aurora Investment properties at fair value, and the cash portion (app. EUR 150 million – the remainder will be drawn down from the syndicated loan facility) for the purchase price, which has not been paid on 30 June. The liability side of the balance sheet includes a EUR 221 million current liability, which reflects the payment obligation of alstria.

The total investment property value is at EUR 1,636,785 k as compared to EUR 1,289,536 k at the beginning of the year:

Change in Investment property (in EUR m)

Investment properties as of 31 Dec. 2006	**1,289.54**
Acquisitions	325.45
Reclassifications Asset held for sale	-3.53
Revaluations	25.33
Investment properties as of 30 Jun. 2007 (unaudited)	**1,636.79**

Mecum Strasse, Dusseldorf

The Equity and Liability side of the balance sheet reflects a total equity position of EUR 873,766 k with an equity ratio of 43%, which is up by 14 percentage points from 29% at the beginning of the year. The G-REIT Equity ratio, which is defined as Total Equity divided by Investment Properties is at 53.4% versus a minimum requirement for G-REIT compliance of 45%.

The long-term loan position is at EUR 761,011 k down from EUR 813,466 k. The main reason for this decline is the repayment of the loan for Juna Property GmbH & Co. KG of EUR 162 million. With the refinancing EUR 109 million was drawn down from the syndicated loan facility and the remainder was contributed by the shareholder into capital reserves.

The current liabilities show a position of EUR 85,372 million, which mainly refers to a credit facility provided by HSH Nordbank. The credit facility is used for interim financing of the "Grosse Bleichen" and "Alte Post" properties. The trade liabilities position refers to payments due for the settlement of the Aurora transaction. The current liabilities also contain accrued interest that will become due under the syndicated loan agreement within one year.

RISK AND OPPORTUNITY REPORT

Market risk disclosure

Investing in German office real estate is subject to various market risks, including adverse economic changes, inflation and interest rate fluctuations. These factors could cause adverse fluctuations to rental income, operating expenses, real estate valuation and the availability and cost of acquisition properties and financing. All of these risks would be likely to affect alstria.

General economic conditions

Adverse changes to international, national or local economic conditions could adversely affect alstria's rental operations. All property owned by alstria is located in Germany, so alstria is particularly exposed to adverse changes to the German economy and local economic conditions in Germany. Adverse changes to German national and local market conditions could affect the financial condition of tenants, buyers and sellers of German office real estate, which could, in turn, cause reductions in rental income, the values of alstria's real estate and the availability of acquisition properties to be acquired. alstria's management does not believe that adverse changes to general economic conditions, particularly in Germany, would be expected to have as significant an effect on alstria's net profit from rental operations as on many other businesses because of the long-term stability of alstria's tenant base. alstria letting operations of vacant spaces might be more adversely affected, but given the low vacancy rate of alstria's portfolio, the impact on the net income is currently expected to be limited.

Inflation

Inflation generally affects alstria's costs, but alstria does not believe that alstria's results have been, or will be, materially and adversely affected by inflation. Inflation would be expected to affect both alstria's income and expenses (however, income will be affected with a time lag linked to the structure of the leases), so alstria would not expect a disproportionately negative effect on net rental operations. Further, a significant portion of alstria's operating expenses are chargeable to tenants, so alstria is partially insulated from the risks of cost increases for a material portion of its cost base.

Interest rate fluctuations

Interest rate fluctuations could adversely affect the cost and availability of financing for new investments. Interest rates are highly sensitive to many factors, including international and German domestic and local economic conditions and monetary policies in Germany and Europe. Interest rates on financing for German real estate are also affected by other factors specific to real estate markets in Germany, such as real estate values and overall liquidity in the real estate finance and equity markets. Increases in interest rates could generally subject alstria to the risk of losses related to earnings and cash flow derived from rental operations. alstria currently hedges its interest rate exposure and expect to maintain this policy prospectively.

In addition, increases in interest rates could adversely affect alstria's ability to sell existing properties because of additional financing costs to be borne by potential buyers, or could limit alstria's ability to finance or refinance new acquisitions on economically beneficial terms.

Currency risk

All of alstria's assets and liabilities are denominated in Euros and thus alstria is not exposed to any currency risks.

Risk management

alstria has included risk analysis in all its main processes, in order to allow the early identification of any potential risks and to undertake any necessary steps to circumvent them. Those risks are divided into two categories:

- strategic risks; and
- operational risks.

At the time of the conversion into a G-REIT, alstria intends to adjust its risk management processes in accordance with legal and factual requirements to the extent the management deems such adjustment necessary or appropriate.

Concerning strategic risks

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

Concerning operational risks

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

Concerning property-specific risks

Vacancy risk

Properties not fully let or becoming vacant constitutes a major earnings risk since no rental income is earned for vacant space. Instead, vacancy costs arise and the whole property may experience a decrease in value. In order to minimize this vacancy risk, alstria constantly and systematically subjects its properties to a quality review. In order to be able to rent out vacant space quickly, alstria imposes reasonable notice termination periods, which depend on the size of the leased area and the location of the assets. alstria also aims to maintain close relationships with its major tenants in order to react proactively to a potential vacancy.

Tenant default risk

The vast majority of the rental income of alstria comes from investment grade tenants, which significantly reduces the potential impact of tenant default risk on the results of alstria. Whenever alstria is not in a position to independently assess the quality of the credit of a tenant, the Company policy is to request a market-standard deposit or bank guarantee. alstria's management reviews on a monthly basis the rent arrears situation, and takes all necessary steps in order to limit the impact of a potential tenant default.

Environmental risk

Environmental risks may result either from inherited environmental problems or from the construction of buildings not in accordance with environmental standards. Prior to the purchase of a property, alstria usually carries out an examination for potential contamination, unless alstria believes that only minimal environmental risks exist, and seeks to obtain relevant representations, warranties and indemnities from the seller.

Concerning general business risks

Interest rate risk

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

Alte Post, Hamburg

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.

Liquidity risk

Cash management is one of the core processes of alstria. The Company assesses its cash position on a daily basis, and a cash forecast tool is used in order to prevent any liquidity risk.

Counterparty risk

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

Recent developments affecting alstria´s risk exposure

The recent developments in the so called "sub-prime" segment of the US mortgage financing market has lead to an increased weariness in the real estate equity markets. This development was amplified by the recent increases in interest rates. Should these conditions prevail alstria's ability to finance its long-term growth targets could be affected.

G-REIT conversion constitutes key near-term opportunity

On 28 March 2007, the General Assembly of the Shareholders of the Company has resolved into the conversion into a G-REIT in 2007 subject to the G-REIT legislation being approved by the German lawmakers, and the Company meeting the G-REIT requirements.

Following the approval of the G-REIT legislation on 30 March 2007, the Company has been focused on the conversion process. One of the first steps was achieved with the agreement to dispose the two residential properties. At the date of this report we do not see any major obstacles that would prevent the Company from converting in 2007. Moreover, given the recent acquisitions of the real estate assets by the Company, the immediate taxation impact of the conversion should be limited.

Apart from the global tax shield that the G-REIT status would provide to the Company, the election would allow alstria to benefit from a unique competitive advantage on the market as it would offer real estate sellers an extensive tax saving scheme (the so called exit-tax provision). If needed, for the purpose of ongoing transaction, the Company will also consider the application to the Pre-REIT status which would allow us to propose the exit-tax advantage to sellers prior to the conversion.

RECENT DEVELOPMENTS AND OUTLOOK

Further acquisitions planned

alstria has taken a cautious approach on acquisitions over the last months but as markets stabilize we are confident we will be seeing more acquisition opportunities that are potentially accretive to our existing portfolio. The economic fundamentals continue to improve with significant GDP growth expected to continue into next year. That should have a solid growth impact on the commercial property market in Germany. Major German real estate markets are still benefiting from increase in rents, and within those markets Hamburg is one of the fastest growing market.

The increased G-REIT equity ratio threshold of the G-REIT law, which unexpectedly went up from 40% to 45% has reduced the acquisition capacity of alstria to EUR 150 to 200 million. We confirm our objective to be fully invested by year end.

Hedge of 2007 acquisitions

In order to hedge future interest rates in a volatile interest rate environment on 2 July alstria has acquired a cap for a notional amount of EUR 150 million. The cap is effective as of 20 December 2007 for five years and has a strike of 4.9%. Through this acquisition our overall exposure to Euribor fluctuations will stay below 3.8173% for a total EUR 1,000 million of debt financing, and thus secures the interest rate levels for the 2007 acquisitions.

Acquisition of Juna Beteiligungs GmbH

To further streamline alstria's group structure and to finalise the preparations for the G-REIT conversion, alstria acquired 100% of Juna Beteiligungs GmbH from Captiva 2 Juna Holding S.à r.l. Juna Beteiligungs GmbH holds a 5.1% share in Juna Property GmbH & Co KG, the Company holding the West (Barmer Ersatzkasse) portfolio. The all in cost of this acquisition was around EUR 6 million. With this transaction alstria now, directly and indirectly, owns 100% of Juna Property GmbH & Co. KG. The transaction was notarized on 30 July 2007 and will be economically retroactively effective as from 1 January 2007.

Sale of residential properties

Two residential assets held for sales were economically transferred at the beginning of July. In March 2007, alstria had agreed to dispose these two residential assets for total net proceeds of EUR 3.7 million versus an IFRS fair value of EUR 3.5 million as of 31 December 2006. With this sale alstria's portfolio is fully compliant with the requirements of the G-REIT legislation, which prohibits the holding of certain residential assets.

Conversion into a G-REIT before year end

As part of the conversion process and in the view of simplifying the corporate structure, in the next quarter alstria will merge all its subsidiaries, with the exception of the companies holding the "Alte Post" and "Grosse Bleichen" portfolio.
We confirm our objective to convert alstria into a G-REIT by the end of the year.

Financial goals

The Company expects revenues of around EUR 80 million, which are expected to translate into Funds From Operations (FFO) of around EUR 30 million.

RELATED PARTY TRANSACTIONS

For a full disclosure of related party transactions in the reporting period we would like to refer to section 13 of the notes of this report.

Ludwig-Rosenberg-Ring, Hamburg

INTERIM CONSOLIDATED BALANCE SHEET as of 30 June 2007

ASSETS (in EUR k)	**30 Jun. 2007**	**31 Dec. 2006**
Non-Current Assets		
Investment property	1,636,785	1,289,536
Property, plant and equipment	877	0
Intangible assets	391	0
Deferred tax assets	20,091	12,513
Total Non-Current Assets	**1,658,144**	**1,302,049**
Current Assets		
Trade receivables	2,352	99
Accounts receivable from affiliates	64	0
Derivatives	34,593	14,563
Other receivables	5,283	3,661
Cash and cash equivalents	292,592	24,304
	334,884	42,627
Assets of disposal group classified as held for sale	3,525	0
Total Current Assets	**338,409**	**42,627**
Total Assets	**1,996,553**	**1,344,676**

EQUITY AND LIABILITIES (in EUR k)	**30 Jun. 2007**	**31 Dec. 2006**
Equity		
Share capital	56,000	8,000
Capital surplus	759,125	375,066
Retained earnings	58,641	14,533
Total Equity	**873,766**	**397,599**
Non-Current Liabilities		
Long-term loans, net of current portion	761,011	813,466
Deferred tax liabilities	42,287	19,869
Other liabilities	56	56
Total Non-Current Liabilities	**803,354**	**833,391**
Current Liabilities		
Short-term loans	85,372	1,712
Trade payables	228,944	5,363
Payables to affiliates	1,787	82,471
Other current liabilities	3,330	24,140
Total Current Liabilities	**319,433**	**113,686**
Total Liabilities	**1,122,787**	**947,077**
Total Equity and Liabilities	**1,996,553**	**1,344,676**

CONSOLIDATED INCOME STATEMENT for the period from 1 April to 30 June 2007

(in EUR k)	01 Apr. - 30 Jun. 07	01 Apr. - 30 Jun. 06	Difference	01 Jan. - 30 Jun. 07	20 Jan. - 30 Jun. 06	Difference
Revenues	21,720	4,161	17,559	39,069	4,161	34,908
Income less expenses from passed on operating expenses	0	-83	83	0	-83	83
Real estate operating costs	-1,370	-368	-1,002	-2,158	-368	-1,790
Net Rental Income	**20,350**	**3,710**	**16,640**	**36,911**	**3,710**	**33,201**
Net gain from fair value adjustments on investment property	21,833	3,294	18,539	25,325	3,294	22,031
Administrative expenses	-2,903	-1,530	-1,373	-4,808	-1,530	-3,278
Personnel expenses	-733	0	-733	-1,424	0	-1,424
Other operating income	-142	6,020	-6,162	192	6.020	-5,828
Other operating expenses	-14	-15	1	-63	-16	-47
Net Operating Result	**38,391**	**11,479**	**26,912**	**56,133**	**11,478**	**44,655**
Net gain from fair value adjustments on financial derivatives	16,343	3,544	12,799	18,405	3,544	14,861
Financial result	-6,769	-4,792	-1,977	-18,021	-4,792	-13,229
Pre-tax income (EBT)	**47,965**	**10,231**	**37,734**	**56,517**	**10,230**	**46,287**
Income tax expenses	-10,198	-1,247	-8,951	-12,409	-1,247	-11,162
Consolidated result for the period	**37,767**	**8,984**	**28,783**	**44,108**	**8,983**	**35,125**
Earnings per share: basic, for profit for the period (in Euro per share)				**0.79**		
diluted, for profit for the period (in EUR per share)				**0.79**		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period from 1 January to 30 June 2007

(in EUR k)	Share Captital	Captital Surplus	Retained Earnings	Total Equity
As of 1 Jan. 2007	**8,000**	**375,066**	**14,533**	**397,599**
Changes in the period from 1 Jan. to 30 Jun. 2007				
Consolidated profit	-	-	44,108	44,108
Changes in the consolidated group	-	-479	-	-479
Valuation shareholder loan/other IFRS adjustments	-	646	-	646
Share-based payments (IFRS)	-	335	-	335
Contributions to Share Capital	48,000	-	-	48,000
Contributions to Capital Surplus (IPO)	-	240,000	-	240,000
Expenses in connection with IPO	-	-11,108	-	-11,108
Other contributions to Capital Surplus	-	154,665		154,665
As of 30 Jun. 2007	**56,000**	**759,125**	**58,641**	**873,766**
As of 20 Jan. 2006	**25**	**0**	**0**	**25**
Changes in the period from 20 Jan. to 30 Jun. 2006				
Consolidated profit	-	-	8,983	8.983
Changes in the consolidated group	-	8,747	-	8,747
Valuation shareholder loan	-	255	-	255
Contributions to Share Capital	-	-	-	0
Contributions to Capital Surplus	-	25,025	-	25,025
As of 30 Jun. 2006	**25**	**34,027**	**8,983**	**43,035**

CONSOLIDATED CASH FLOW STATEMENT for the period from 1 January to 30 June 2007

(in EUR k)	01 Jan. – 30 Jun. 2007	20 Jan. – 30 Jun. 2006
1. Cash flows from operating activities		
Consolidated profit	44,108	8,983
Unrealized net gain from fair value adjustments	-43,730	-6,838
Result from deferred taxes	12,408	1,247
Depreciation and impaiment of property, plant and equipment	57	0
Increase in trade receivables and other assets that are not attributed to investing or financing activities	-3,461	-309
Increase in trade payables and other liabilities that are not attributed to investing or financing activities	10,352	5,917
Cash flows from operating activities	**19,734**	**9,000**
2. Cash flows from investing activities		
Cash paid (-) for investment property	-31,481	-716,719
Cash paid (-) for Property, plant and equipment	-45	0
Cash paid (-) for the acquisition of consolidated companies	-14,794	-17,415
Cash flows used in investing activities	**-46,320**	**-734,134**
3. Cash flows from financing activities		
Cash received (+) from equity contributions	304,983	25,304
Cash received (+) from borrowings	163,327	746,489
Cash paid (-) for the acquisition of derivative financial instruments	0	-11,573
Cash paid (-) for the redemption of borrowings	-161,820	0
Cash paid (-) for transaction costs	-355	0
Cash paid (-) for IPO costs	-11,261	0
Cash flows from financing activities	**294,874**	**760,220**
4. Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents (subtotal of 1 to 3)	268,288	35,086
Effect of changes in exchange rates, consolidated group and valuation on cash and cash equivalents	0	0
Cash and cash equivalents at the beginning of the period	24,304	0
Cash and cash equivalents at the end of the period	**292,592**	**35,086**
5. Composition of cash and cash equivalents		
Cash	292,592	35,086
Securities	0	0
Cash and cash equivalents at the end of the period	**292,592**	**35,086**

RECONCILIATION OF EBT TO EBITDA AND FFO

Funds From Operations (FFO) at EUR 0.23 per share

(in EUR k)	01 Jan. - 30 Jun. 2007 (unaudited)	20 Jan. - 30 Jun. 2006 (unaudited)	Difference
Pre-tax income (EBT)	**56,517**	**10,230**	**46,287**
Less financial result	-18,021	-4,792	-13,229
EBITDA	**74,538**	**15,022**	**59,516**
Less net gain from fair value adjustments on investment property	25,325	3,294	22,031
Less net gain from fair value adjustments on financial derivatives	18,405	3,544	14,861
Plus financial result	-18,021	-4,792	-13,229
Funds From Operations (FFO)	**12,787**	**3,392**	**9,395**

FFO is not a measure of operating performance or liquidity under generally accepted accounting principles, in particular IFRS, and should not be considered as an alternative to the Company's income or cash-flow measures as determined in accordance with IFRS. Furthermore, no standard definition exists for FFO. Thus, the FFO or measures with similar names as presented by other companies may not necessarily be comparable to the Company's FFO.

EBITDA is not a measure of operating performance or liquidity under generally accepted accounting principles, in particular IFRS, and should not be considered as an alternative to the Company's income or cash-flow measures as determined in accordance with IFRS. Furthermore, no standard definition exists for EBITDA. Thus, EBITDA or measures with similar names as presented by other companies may not necessarily be comparable to the Company's EBITDA.

NOTES AND DISCLOSURES

1. Corporate information

Alstria Office AG, Hamburg, (hereinafter referred to as the "Company" or "Alstria Office AG" and together with its subsidiaries the "Group"), is a German stock corporation and has its domicile in Hamburg. The Group's principal activities are described in detail in section 1 of the notes to the consolidated financial statements for the fiscal year ended 31 December 2006.

The Condensed Interim Consolidated Financial Statements for the period from 1 January 2007 to 30 June 2007 (hereinafter referred to as the "Condensed Interim Consolidated Financial Statements") were authorized for issue by resolution of the Company's management board on 21 August 2007.

2. Basis of reporting

These Condensed Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not contain all the disclosures and explanations required in annual financial statements and should therefore be read in conjunction with the consolidated financial statements as of 31 December 2006.

The Condensed Interim Consolidated Financial Statements as of 30 June 2007 contain all the disclosures that the Company's management board considers to be required for the Condensed Interim Consolidated Financial Statements to give a true and fair view of the net assets, financial position and results of operations.

The accounting policies applied in these Condensed Interim Consolidated Financial Statements are consistent with those applied in the consolidated financial statements as of 31 December 2006. The interim financial statements of the Company's subsidiaries are prepared for the same reporting period as for the Company, using consistent accounting policies. A detailed description can be found in section 3 of the notes to the consolidated financial statements as of 31 December 2006.

3. Consolidated group

There have only been minor changes to the consolidated group since the consolidated financial statements as of 31 December 2006. The changes were as follows:

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

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

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

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

- In addition, Alstria Office AG acquired a 100% interest in Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH from Alstria Hanseatische Grundbesitz Holding S.à r.l. effective from 1 April 2007. Regarding this acquisition the acquisition cost is less than the fair value of the net asset of the subsidiary. The difference amounting to EUR 10k is recognized directly in the income statement under the position financial result.

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

Regardless of their legal structure, the transactions are disclosed in accordance with their economic substance in the Condensed Interim Consolidated Financial Statements as of 30 June 2007.

The acquisition of a 94% interest in Verwaltung Alstria Vierte and Siebte Hamburgische Grundbesitz GmbH as of 31 March 2007 as well as the acquisition of 6% of the shares in Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG and Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG as of 30 June 2007 were stated as a business combination involving entities under common control since the seller of the shares, Alstria Hanseatische Grundbesitz Holding S.à r.l., was also a subsidiary of Captiva Capital Partners II SCA, Luxembourg. IFRS 3 does not apply to these business combinations. As a consequence of the gap in legislation after the introduction of IFRS 3, the transaction was stated using the purchase method (in line with IFRS 3).

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

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

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

(in EUR k)		
Cost of the investment		2,070
Carrying amount of the acquired assets (excluding cash and cash equivalents)	52,079	
Purchased cash and cash equivalents	597	
Liabilities acquired	49,528	
Carrying amount of the acquired net assets	3,148	
thereof 94%	**-2,959**	-2,959
Remaining credit difference		**-889**

The remaining credit difference has been contributed in full to the capital surplus of Alstria Office AG.

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

ASSETS (in EUR k)	
Investment property	50,000
Receivables	679
Other assets	650
Cash and cash equivalents	597
Prepaid expenses	18
Deferred tax assets	732
Total assets	**52,676**

EQUITY AND LIABILITIES (in EUR k)	
Equity and reserves	3,148
Deferred tax liabilities	263
Other provisions	149
Current liabilities	49,116
Total equity and liabilities	**52,676**

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

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

(in EUR k)	
Acquisition costs pursuant to the purchase agreement dated 15 Mar. 2007	2,006
Provision for expert fees	9
Legal advice	51
Non-deductible input VAT on legal advice	4
	2,070

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

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

The acquisition costs of the remaining minority interest of 6% of Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG are amounting to EUR 136k. In consideration of 6% of the equity taken over amounting to EUR 189k a remaining credit difference of EUR 53k results, which has been contributed in full to the capital surplus of Alstria Office AG.

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

(in EUR k)	
Acquisition costs pursuant to the purchase agreement dated 29 Jun. 2007	127
Legal advice	8
Non-deductible input VAT on legal advice	1
	136

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

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

(in EUR k)		
Cost of the investment		12,917
Carrying amount of the acquired assets (excluding cash and cash equivalents)	45,491	
Purchased cash and cash equivalents	575	
Liabilities acquired	33,728	
Carrying amount of the acquired net assets	12,338	
thereof 94%	**-11,598**	-11,598
Remaining credit difference		**1,319**

The remaining debit difference has been attributed in full to the capital surplus of Alstria Office AG.

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

ASSETS (in EUR k)	
IInvestment property	45,000
Receivables	32
Other assets	422
Cash and cash equivalents	575
Prepaid expenses	11
Deferred tax assets	26
Total assets	**46,066**

EQUITY AND LIABILITIES (in EUR k)	
Equity and reserves	12,338
Other provisions	104
Current liabilities	30,496
Deferred tax liabilities	3,128
Total equity and liabilities	**46,066**

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

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

(in EUR k)	
Acquisition costs pursuant to the purchase agreement dated Mar. 15, 2007	12,853
Provision for expert fees	9
Legal advice	51
Non-deductible input VAT on legal advice	4
	12,917

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

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

The acquisition costs of the remaining minority interest of 6% of Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG are amounting to EUR 843k. In consideration of 6% of the equity taken over amounting to EUR 740k a remaining debit difference of EUR 103k results, which has been attributed in full to the capital surplus of Alstria Office AG.

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

(in EUR k)	
Acquisition costs pursuant to the purchase agreement dated Jun. 29, 2007	834
Legal advice	8
Non-deductible input VAT on legal advice	1
	843

The acquisition of a 51% interest in Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG was stated as a transaction under common control as of 1 April 2007 since the seller of the shares, Verwaltung Alstria Sechste Hamburgische Grundbesitz 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 Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG for the period since the acquisition as of 1 April 2007. Minority interests represent the portion of profit or loss and net assets in Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG not held by the Group. In accordance with IAS 32, minority interests in partnerships are disclosed under liabilities.

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

The key ratios of the acquisition of 51 % of the shares as of 1 April 2007 are as follows:

(in EUR k)		
Cost of the investment		0
Carrying amount of the acquired assets (excluding cash and cash equivalents)	0	
Purchased cash and cash equivalents	0	
Liabilities acquired	0	
Carrying amount of the acquired net assets	0	
thereof 51 %	**0**	0
Remaining credit difference		**0**

The remaining credit difference has been contributed in full to the capital surplus of Alstria Office AG.

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

ASSETS (in EUR k)	
Unpaid capital	20
Total assets	**20**

EQUITY AND LIABILITIES (in EUR k)	
Equity and reserves	18
Other provisions	1
Current liabilities	1
Total equity and liabilities	**20**

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

Regarding the transfer of the interest no purchase price was concluded and no incidental acquisition costs had to be considered.

The additional consolidated net loss for the period for a theoretical acquisition as of 1 January 2007 was amounting to EUR 312.

4. Key judgments and estimates

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

Estimates are required in particular in order to:

- determine the fair values of investment property;
- determine the fair values of financial instruments;
- determine the fair value of stock options granted to management; and
- determine deferred tax assets, in particular from loss carry forwards.

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, the 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 fair value of stock options granted to the management board has been determined as of the granting date and has been valued based on the expected volatility, life of option and labor turn rate using current discount rates applicable for items with similar terms and risk characteristics. This valuation requires the Company to make estimates about these parameters, and hence they are subject to uncertainty. The fair value of the stock options granted as of 27 March 2007 is allocated to the vesting period according to the determinations in the underlying stock option program. The resulting personnel expenses caused an addition to capital surplus of EUR 335k (31 December 2006: EUR 0k) in the Condensed Interim Consolidated Financial Statements as of 30 June 2007.

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

(in EUR k)	30 Jun. 2007 (unaudited)	31 Dec. 2006 (audited)
Investment property	1,636,785	1,289,536
Deferred tax assets	20,091	12,513
thereof loss carryforwards	9,965	7,605
Positive fair values of derivatives	34,593	14,563
Additions to capital surplus	335	0

5. Seasonal or economic effects on business

The activities of Alstria Office AG (primarily the generation of revenues from investment properties) are not generally affected by seasonal factors. However, the sale of one or more large properties may have a significant impact on revenues and operating expenses.

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

6. Notes to the consolidated balance sheet – assets

6.1. Investment property

Alstria Office AG uses the fair value model pursuant to IAS 40.33 et seq. for subsequent measurement. External appraisals were obtained for measurement in 2006. Management's review of the fair values as of the date of the Condensed Consolidated Interim Financial Statements for 30 June 2007 did result in the revaluation of certain assets. Please see section 8 of the consolidated financial statements as of 31 December 2006 for a detailed description of the valuation.

Under the purchase agreement dated 18 December 2006, Alstria Vierzehnte to Einundzwanzigste Hamburgische Grundbesitz GmbH & Co. KGs, Hamburg, – subsidiaries of Alstria Office AG and represented by their general partner, Verwaltung Alstria Dreizehnte Hamburgische Grundbesitz GmbH, Hamburg, – concluded an acquisition of further property with a purchase price value of EUR 221,000k, with the properties being transferred to the buyers with the effect of 1 April 2007 (AURORA portfolio).

Under the purchase agreement dated 10 May 2007, Alstria Office AG, Hamburg, concluded a purchase agreement on the acquisition of one further property with a purchase price of EUR 10,700k, with the property being transferred to the buyer with the effect of 6 June 2007 (SIGMA portfolio).

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

- EUR 39,069k (30 June 2006: EUR 4,164k) rental income from investment property
- EUR 973k (30 June 2006: EUR 56k) operating expenses for repairs and maintenance directly allocable to investment property from, which rental income was generated during the period under review

6.2. Other receivables

The following overview breaks down the other 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	Due in more than one year	Total 30 Jun. 2007	Total 31 Dec. 2006 (audited)
Capitalized transaction costs	0	1,949	1,949	2,491
Prepayments	1,044	0	1,044	97
IPO costs	0	0	0	399
Other assets	2,290	0	2,290	674
Other receivables	**3,334**	**1,949**	**5,283**	**3,661**

7. Notes to the consolidated balance sheet – equity and liabilities

7.1. Equity

Please refer to the Consolidated Statement of Changes in Equity.

Share capital

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

By resolution of the annual general meeting of shareholders held on 15 March 2007, the Company was authorized to further increase the nominal share capital by up to EUR 20,000k from

EUR 40,000k to EUR 60,000k. On the basis of this resolution, the share capital was actually increased against contribution in cash in the amount of EUR 16,000k. This capital increase has been registered in the commercial register on 30 March 2007. The nominal amount was paid in on 30 March 2007.

In the balance sheet of the Condensed Interim Consolidated Financial Statements as of 30 June 2007, the share capital of Alstria Office AG amounted to EUR 56,000k.

In the balance sheet of the Condensed Interim Consolidated Financial Statements as of 30 June 2007, Captiva 2 Alstria Holding S.à r.l., Luxembourg, held 53.97% of the shares in the Company, the remaining 46.03% of the shares are free float.

Capital surplus

The capital surplus increased during the period from 1 January to 30 June 2007 by EUR 384,059 to EUR 759,125k.

By shareholder resolution of 22 January 2007, EUR 49,008k was paid in the capital surplus.

In connection with the increase of the share capital by EUR 32,000k consulting costs of EUR 25k arose. These costs caused a decrease of the capital surplus.

By way of a loan agreement dated 23 November 2006, Captiva 2 Alstria Holding S.à r.l. granted to Alstria Office AG a shareholder loan. On 3 April 2007 said shareholder loan amounting to EUR 104,500k plus accrued interests of EUR 1,182k was contributed to capital surplus as agreed on 15 March 2007. The valuation of this shareholder loan resulted in a further increase of the capital surplus of EUR 446k.

The capital surplus was additionally increased by EUR 200k due to the deferred taxes.

Furthermore, the first consolidation of Verwaltung Alstria Vierte and Siebte Hamburgische Grundbesitz GmbH resulted in a decrease of EUR 430k and the first consolidation of the remaining minority interest of 6% of Alstria IV. and VII. Hamburgische Grundbesitz GmbH & Co. KG resulted in a decrease of EUR 50k.

Since 3 April 2007, the shares of Alstria Office AG have been listed on the Regulated Market of the Frankfurt Stock Exchange. In the initial public offering of the Company's shares, a total of 25,778k shares were placed at a price of EUR 16 per share, of, which 16 million shares resulted from a capital increase, 9,778,324 shares were sold by the selling shareholder (including 378,324 shares from the exercise of the Greenshoe option). The initial public offering of the Company's shares resulted in an increase of the capital surplus of EUR 228,892k, thereof contributions amounting to EUR 240,000k and expenses of EUR 11,108k.

Additionally, a stock option program was resolved on 27 March 2007 by the supervisory board of the Company and accordingly stock options with a fair value of EUR 1,784k were issued to members of the management board of the Company on 3 April 2007. As of 30 June 2007, this resulted in a further increase of the capital surplus of EUR 335k from the allocation of the fair values of the granted stock options over the vesting period.

Minority interest 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 as minority interests in partnerships under payables to affiliates (as of 30 June 2007: EUR 1,774k). The share of income attributable to minority shareholders of EUR 17k was disclosed as part of the financial result in the income statement.

Dividends paid and proposed

As of the balance sheet date of these Condensed Interim Consolidated Financial Statements, no dividends had been or are proposed to be paid nor equity securities or bonds issued, bought back or repaid.

7.2. Financial liabilities

As of 30 June 2007, the loans used by the Company are repayable with EUR 851,063k (31 December 2006: EUR 819,275k). The carrying amount takes into account interest liabilities and transaction costs to be allocated under the effective interest method upon raising the liabilities.

The biggest portion of liabilities relate to a syndicated loan arranged by J.P. Morgan Plc., Natixis and HSH Nordbank AG for a nominal amount of EUR 1,139,800k. EUR 764,570k (31 December 2006: EUR 655,743k) of this nominal amount had been drawn as of the balance sheet date. To secure these liabilities, receivables from rental and property purchase agreements as well as insurance receivables and derivative financial instruments were assigned to the lenders, liens were granted on bank accounts and the registration of land charges was agreed.

Furthermore, a loan totaling EUR 79,492k existed between Verwaltung Alstria Vierte Hamburgische Grundbesitz GmbH and Verwaltung Alstria Siebte Hamburgische Grundbesitz GmbH respectively and HSH Nordbank AG, Hamburg, Germany.

All loans are floating-rate liabilities and are regularly repriced. The repricing schedule is mainly based on 3-month Euribor plus loan margin and borrowing costs.

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

As of 30 June 2007, loans were reduced by transaction costs of EUR 4,679k (31 December 2006: EUR 4,097k).

The carrying amounts of the loans are all denominated in EUR.
The liabilities exposed to an interest rate risk are due as follows:

(in EUR k)	30 Jun. 2007 (unaudited)	31 Dec. 2006 (audited)
Up to 1 year	85,372	0
More than 1 year	761,012	813,466
Total	**846,384**	**813,466**

8. Notes to the consolidated income statement

8.1. Personnel expenses

The expenses for salaries shown in the profit and loss account in the amount of EUR 1,424k (30 June 2006: EUR 400k; included in the administration costs) include bonuses in the amount of EUR 370k (30 June 2006: EUR 0k). Furthermore, personnel expenses of EUR 335k (30 June 2006: EUR 0k) relating to stock options granted to the management are included.

8.2 Taxes

The income tax expenses for the first six months of fiscal year 2007 were calculated applying a uniform average tax rate to the pre-tax income calculated according to German tax regulations, and increased or reduced by the changes of deferred tax assets and liabilities according to the liability method, to the extent that they do not relate to permanent differences. Due to the fact that the German 2008 Business Tax Reform did not pass the Upper House (Bundesrat) by 30 June 2007, the change of tax rates following the Tax Reform was not considered. The new corporate income tax rate will be 15%, plus the surcharge of 5.5%, resulting in a total rate of 15.825% (reduced from 26.375%). Applying the new tax rates the deferred tax income would increase by an amount of EUR 8,879k.

9. Notes to the consolidated cash flow statement

The payments for investing activities (EUR 46,320k) were funded by additional borrowings from the shareholder Captiva 2 Alstria Holding S.à r.l. (EUR 54,500k).
The repayments of borrowings (EUR 161,820k) were financed by additional borrowings (EUR 108,827k) by an equity contribution (EUR 49,008k) and by operating cash (EUR 3,986k).

10. Notes to the segment reporting

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.

11. Employees

During the period from 1 January 2007 to 30 June 2007, on an average ten people (20 January 2006 to 31 December 2006: on an average four people) were employed at the Company. The average was calculated by the sixth part of the total of employed people at the end of each month. On 30 June 2007, twelve people (31 December 2006: four people) were employed at Alstria Office AG, excluding the management board.

12. Stock option program

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

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

Under the stock option program, up to 2,000,000 options entitling to the subscription of a maximum of 2,000,000 million shares of the Company with a total notional value of EUR 2,000,000 may be granted to members of the management board. The stock options will be granted in annual tranches. The first tranche was granted by the supervisory board, subject to the above said conditions, with resolution from 27 March 2007. Under this tranche 281,250 stock options were granted to each of Olivier Elamine and Dr. Michael Börner-Kleindienst. The exercise price for this first tranche is equal to EUR 16. The term of each stock option is seven years beginning with the respective issue date.

Ludwig-Erhardt-Strasse, Leipzig

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

The stock options may only be exercised after the expiration of a vesting period of two years and then during the four exercise periods each year. Each exercise period lasts 30 days, commencing with the day of announcement of the results for the first, second and third quarter, and the day of the Company's annual general meeting, respectively. There are no cash settlement alternatives.
The fair value of the options is estimated at the grant date using a black-scholes-model and partial-time barrier options, taking into accounts 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 values of the first tranche of stock options granted as of 27 March 2007:

Dividend yield (%)	3.60
Risk-free interest rate (%)	4.21
Expected volatility (%)	30.00
Expected life of option (years)	4.50
Exercise share price (EUR)	16.00
Labor turnover rate (%)	0.00
Stock price as of valuation date (EUR)	16.00

The estimated fair value of one stock option at the granted date was EUR 3.2.

13. Related party transactions

The following table provides the total amount of transactions, which have been entered into with related parties during the six months ended 30 June 2007:

(in EUR k)	30 Jun. 2007
Acquisition of shares in Alstria Vierte and Siebte Hamburgische Grundbesitz GmbH	15,821
Shareholder loan (including accrued interests)	0
Interest expense shareholder loan Alstria Office AG	1,182
Interest expense shareholder loan Alstria Vierte Hamburgische Grundbesitz S.a.r.l. & Co. KG	64
Interest expense shareholder loan Alstria Siebte Hamburgische Grundbesitz S.a.r.l. & Co. KG	45
Service Agreement with Natixis Capital Partner GmbH	210
Management fees in line with the asset management agreement of 1 Jun. 2006 (Natixis Capital Partner GmbH). The agreement was terminated with effect from 1 Mar. 2007	27
Additional allocation cost for personnel expenses for 2006 (Natixis Capital Partner Ltd.)	88
Compensation for liability coverage of Juna Property GmbH & Co. KG	2
Asset Management fees expensed for Alstria Vierte Hamburgische Grundbesitz GmbH, Hamburg, and Verwaltung Alstria Siebte Hamburgische Grundbesitz GmbH, Hamburg	18
Compensation for liability coverage of Alstria Vierte and Siebte Hamburgische Grundbesitz S.a.r.l. & Co. KG	1

14. Significant events after the end of the reporting period

Alstria acquired 100% of JUNA Beteiligungs GmbH from Captiva 2 JUNA Holding S.à r.l. JUNA Beteiligungs GmbH holds a 5.1% share in JUNA Property GmbH & Co. KG, the company holding the West (Barmer Ersatzkasse) portfolio. The purchase price was EUR 1,848k. With this transaction Alstria now, directly and indirectly, owns 100% of JUNA Property GmbH & Co. KG. The transaction was notarized on 30 July 2007 and will be economically retroactively effective as from 1 January 2007.

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

15. Management board

As of 30 June 2007, the members of the Company's management board are:

Mr. Olivier Elamine (CEO)
Dr. Michael Börner-Kleindienst (COO)
Mr. Alexander Dexne (CFO)

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

By resolution of 28 December 2006, the supervisory board appointed Dr. Michael Börner-Kleindienst as a member of the management board; his term of office as Chief Operating Officer commenced on 1 March 2007.

With resolution dated 8 May 2007, the supervisory board of the Company appointed with effect as of 1 June 2007 Mr. Alexander Dexne as new member of the management board in the position of a chief financial officer (CFO).

16. Supervisory board

Pursuant to the Company's articles of association (Section 9), the supervisory board consists of six members, which are elected by the general meeting of shareholders. With resolution of the extraordinary general meeting of shareholders of 16 January 2007, having become effective on 15 February 2007, the number of members of the supervisory board was increased from three to six. The expiration of the term of office is identical for all members, i.e., the close of the annual general meeting of shareholders in the year 2010.

As of 30 June 2007, the members of the supervisory board are:

Mr. Alexander Stuhlmann (Chairman)
Mr. John van Oost (Vice-Chairman)
Dr. Christian Olearius
Dr. Johannes Conradi
Mr. Richard Mully
Mr. Daniel Quai

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

Richard Mully replaced as of 16 January 2007 Stephan Fritsch who served as member of the Supervisory Board from 17 November 2006 until his resignation as per the close of the extraordinary general meeting of shareholders on 16 January 2007.

Responsibility statement

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year."

Hamburg, Germany, 22 August 2007

Olivier Elamine	Alexander Dexne	Dr. Michael Börner-Kleindienst
Chief Executive Officer	Chief Financial Officer	Chief Operating Officer

REVIEW REPORT [1]

To Alstria Office AG

We have reviewed the condensed consolidated interim financial statements - comprising the condensed balance sheet, condensed income statement, condensed cash flow statement, condensed statement of changes in equity and selected explanatory notes - and the interim group management report of Alstria Office AG for the period from 1st of January to 30th of June 2007, which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act. The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review 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 review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Berlin, 22 August 2007
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Hartman)
Wirtschaftsprüfer
(German Public Auditor)

(pp. Voß)
Wirtschaftsprüfer
(German Public Auditor)

[1] Translation - the German version is authoritative.

FINANCIAL CALENDAR

4 September 2007	Roadshow Germany M.M. Warburg, Frankfurt
12-14 September 2007	Roadshow Europe Kempen & Co
17-18 September 2007	Roadshow USA Deutsche Bank, New York, Boston
20-21 September 2007	Roadshow USA/Canada JPMorgan, Chicago, Toronto
12-14 October 2007	German Equity Forum, Frankfurt
18 October 2007	Pan European Real Estate Conference, London
20 November 2007	Publication of Q3 Report
21 November 2007	Swiss Equity Real Estate Day 2007, Zurich

alstria's current financial calendar can be found on our website and is updated frequently.
Please visit http://investor-relations.alstria.com

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