

alstria office REIT-AG (former Alstria Office AG),
Hamburg

Financial Statements
for the year ending December 31, 2007
and
Management Report
for the financial year 2007

Management Report for the financial year 2007

Economic conditions

The year 2007 was characterized by high volatility in the equity capital markets. Driven by the so called "sub prime crisis" specifically the general market sentiment towards real estate stocks deteriorated in the course of the year. Despite of these developments in the financial markets the overall fundamental environment for alstria's business continued to be very positive: The German economy grew by approximately 2.6 % with continued positive effects on the employment market. The strong economic fundamentals generally fueled a continuing strong demand for office space in Germany. Also the direct investment market for office properties reached a record volume of around EUR 31¹ billion emphasizing the uninterrupted strong interest by international investors in the German market.

Strategy and structure

On October 11, 2007 alstria was registered as the first German REIT AG. Amongst others, the REIT status implies that retroactively from January 1, 2007, alstria will be fully transparent for corporate income and trade tax purposes. Except for changing the tax status, the REIT conversion does not imply any changes in the overall strategy of alstria. alstria remains to be internally managed and continues to be focused on the acquisition and the management of German office properties. It is alstria's objective to closely collaborate with its tenants to create a close and long term partnership. The preferred route for external growth is to execute sale and lease back transactions that offer the sellers the so called "exit tax benefit".

Earning position

When comparing financial year figures of 2006 versus 2007, it is important to note that the 2006 figures comprise a period of eleven months. Moreover the 2006 figures contain no significant rental income since the property was held by alstria's affiliated companies. For the year 2007 revenues reflect not the total year rental income, because until the up-stream merger rental revenues have been received by the respective affiliated company.

¹ Source: Jones Lang LaSalle: Capital Markets Newsletter – "1. und 2. Halbjahr 2007", page 2.

The following table shows the operating figures of the audited income statements for the financial year 2007 and the business period 2006:

Income Statement

in EUR k	01 Jan. - 31 Dec. 2007	% of rev.	20 Jan. - 31 Dec. 2006	% of rev.	Change
Revenues	21,403	100.0	42	100.0	21,361
Increas in inventory	2,325	10.9	0	0.0	2,325
Other operating income	920	4.3	173	411.9	747
Cost of purchased services	2,298	10.7	0	0.0	2,298
Personnel expenses	2,717	12.7	271	645.2	2,446
Depreciation	7,712	36.0	1	2.4	7,711
Other operating expenses	7,119	33.3	10,467	o.A	-3,348
Real estate property expenses	2,846	13.3	0	0.0	2,846
Other interest and similar income	31,035	145.0	3,916	o.A	27,119
Depreciation of financial assets and securities	202	0.9	0	0.0	202
Interest and similar expense	39,778	185.9	2,479	o.A	37,299
Loss from ordinary operations	-6,989	-32.7	-9,087	o.A	2,098
Extraordinary income	3,959	18.5	0	0.0	3,959
Extraordinary expenses	28,679	134.0	0	0.0	28,679
Extraordinary result	24,720	115.5	0	0.0	24,720
Pr-tax income (EBT)	-31,709	-148.2	-9,087	o.A	-22,622
Taxes on income and revenue	5,105	23.9	0	0.0	5,105
Loss for the year	-36,814	-172.0	-9,087	o.A	-27,727

Operating performance 2007

For the financial year 2007 rental revenues were at EUR 21,403k with Cost of purchased services at 10.7 percent of revenues at EUR 2,298k.

For the year 2007 personnel expenses increased significantly to EUR 2,717k due to the expansion of business. As a result of property investment depreciation amounts to EUR 7,712k compared to nearly null in the year before.

Extraordinary result made up by IPO costs and up-stream merger

IPO costs of EUR 12,015k burden the **extraordinary result** (EUR 24,720k) as well as the merger loss of EUR 12,705k.

EBITDA

EBITDA

	01 Jan. - 31 Dec. 2007	20 Jan. - 31 Dec. 2007	Change
in EUR k			
Pre-tax income (EBT)	-31,709	-9,087	-22,622
less financial result	-8,743	1,437	-10,180
less depretiation	-7,914	-1	-7,913
EBITDA	-15,052	-10,524	-4,528

Earnings before interest tax and depreciation (EBITDA) are negative with EUR 15,052k. This result is mainly influenced by the one off expenses for IPO costs of EUR 12,015k and merger loss of EUR 12,705k.

Financial result

Other interest and similar income EUR 31,035k results with EUR 25,058k interest income from inter-company loans and with EUR 5,977k from cash on deposit.

alstria has a EUR 1.139 billion syndicated loan facility in place that was arranged by J.P. Morgan, Natixis and HSH Nordbank. The utilization of this facility is presently at EUR 927 million. The facility is used by alstria to partially finance the current investment property base as well as future acquisitions. The interest rate on this syndicated loan is based on the three 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 maintain a G-REIT- equity ratio of 45 % or above.

The financial result of alstria AG is as follows:

Financial Result Breakdown

	01 Jan. - 31 Dec. 2007
in EUR k	
Syndicated Loan - interest and similar costs	-37,520
Shareholder Loan - Interests and similar costs	-1,206
Interest income	31,035
Registration of land charges	3
Other	-1,055
Total	-8,743

Net loss for the year of EUR 36,814k

The resulting loss before tax are EUR -31,709k for the financial year 2007 (2006 EUR - 9,087k). Closing tax for G-REIT conversion of EUR 5.105k deducted Loss for the year is at EUR 36,814k for 2007 compared to EUR 9,087k for 2006.

Financial and asset position

Cash position of EUR 102,953k

Rental revenues have been received by alstria office REIT-AG not before the take over of investment property in course of the up-stream merger. alstria on the other hand bore the main part of personnel, operational and administrative expenses for the alstria group. Therefore Cash flow from operating activities was not positive in 2007 and has a reduced significance for analytic purposes.

Cash flow from investing activities was influenced by the strong acquisition activity for office property in the second half year. The installments of the purchase price for the Aurora Portfolio in the amount of EUR 221,000k have the most significant impact on the cash flow from investing activities. The purchase for Bamler Servicepark in the fourth quarter resulted in a cash outflow of EUR 62.762k.

Cash flow from financing activities reflects the substantial capital restructuring that was undertaken during the period and includes the gross proceeds from the IPO of EUR 256,000k and cash inflow and outflow from loans.

As a result, alstria closes the financial year 2007 with a cash position of EUR 102,953k (2006: EUR 1,130k).

Together with the refinancing via the syndicated loan facility this enables alstria to meet payment obligations for the acquisitions agreements entered into in the last quarter of 2007.

Changes in investment property and financial assets due to up stream merger:

The up stream merger to book values had two main effects on alstria's assets position. EUR 1,436,195k of property was transferred to alstria from its former affiliates. In return the financial assets decreased from EUR 1,093,316k as of December 31, 2006 to EUR 95,853k as of December 31, 2007.

Together with the new acquisitions of property made by alstria the total investment property value at years end is at EUR 1,503,810k as compared to EUR 0 at the beginning of the year:

Change in Investment Property (in EUR m)

Investment Properties as at 31 Dec. 2006	-
Transferred in course of up stream merger	1,436.20
Acquisitions	75.17
Depreciation	- 7.56
Investment properties as at 31 Dec. 2007 (audited)	1,503.81

The Equity and Liability side of the balance sheet reflects a total equity position of EUR 769,516k with an equity ratio of 44% which is up 8 percentage points from 36% at the beginning of the year.

The long term loan position is at EUR 931,474k up from EUR 656,263k as compared to prior year. The main changes in the long term loan position over the reporting period were firstly, the repayment of the loan for Juna Property GmbH & Co. KG of EUR 162 million. The debt portion of EUR 109 million was drawn down from the syndicated loan facility and the remainder was contributed by the shareholders into capital reserves. Secondly, the refinancing of the "Alte Post" and "Grosse Bleichen" properties

lead to an increased utilization of the syndicated loan facility by EUR 52,250k. The third installment for the Aurora Portfolio was financed by a draw down from the syndicated loan facility of EUR 110,500k.

Current liabilities are at EUR 45,054k which is mainly related to accrued expenses and taxes, trade payables, payables for VAT settlement and accrued interest that will become due under the syndicated loan agreement within one year.

Risk and opportunity report

Risk management

alstria has implemented a comprehensive (structured) risk management and early warning system in accordance with Section 91 (2) of the German Stock Corporation Act (AktG). All risks are recorded, evaluated and monitored on a quarterly basis. Our risk identification process allows the early identification of sources for any potential new risks on an ongoing basis. Risk mitigation measures are defined in order to undertake any necessary steps to circumvent the identified risks, i.e. to diversify, manage or avoid risk. A risk report is prepared by the risk manager and directly reported to the Board of Management.

G-REIT status

alstria is registered with the commercial register as a REIT-stock. The new REITs Segment allows alstria to offer high visibility to investors and differentiate itself as a REIT on the capital market. In order to qualify for being and staying a G-REIT, certain requirements have to be met. Compliance is taken into account thoroughly by alstria's risk management processes.

Capital management

Capital management activities are aimed at maintaining the Company's classification as a REIT in order to support its business activities and maximize shareholder value.

The Company manages its capital structure and makes adjustments in response to changes in economic conditions. In order to maintain or adjust the capital structure, alstria can make a capital repayment to its shareholders or issue new shares. No changes were made to the aims, guidelines and processes as of December 31, 2007 and December 31, 2006.

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

Financial risks

As a result of the IPO, an appropriate credit facility and the incorporation of the alstria and its financial partners, the financing risk of the Company is limited.

The financial instruments mainly used by the alstria are bank loans and derivative financial instruments. The main purpose of the bank loans is to finance the business activities of alstria.

Derivative financial instruments include interest swaps and caps. The purpose of these derivative financial instruments is to hedge against interest risks arising from the Company's business activities and its sources of financing. The main risks arising from alstria's financial instruments are cash flow interest rate risks and liquidity risks. The Company is not exposed to any significant credit risks.

Interest rate risk

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

alstria's hedging policy uses a combination of plain vanilla swaps and caps in order to limit the exposure of the Company to interest rate fluctuations, but still provide enough flexibility to allow the disposal of real estate assets avoiding any cost linked to an over-hedged situation. The interest base for the financial liability (loan) is the 3-month EURIBOR, which is adjusted every three months. A number of different derivative financial instruments were acquired to manage the interest expense. The maturity of the derivative financial instruments is based on the life of the borrowings. The derivative financial instruments relate to interest swaps in which the Company agrees to exchange with contracting partners, at specified intervals, the difference between fixed and variable interest rate amounts calculated by reference to an agreed-upon notional principal amount. In addition, interest caps were acquired; here the interest is

capped at a set maximum. If the maximum interest rate is exceeded, the difference between the actual interest rate and the cap rate is paid out.

Liquidity risk

Cash management is one of the core processes of alstria. The company assesses its cash on a daily basis. A cash-forecast tool is used in order to prevent any liquidity risk. This liquidity planning tool uses the expected cash flows from business activities and the maturity of the financial investments as a basis for analysis.

Valuation risk

Based on influence factors like economic changes, interest rates fluctuations and inflation rental income and thus the valuation of the property can be adversely affected. Regional diversification of investment portfolio, consequent focusing on the tenant's individual needs and tight monitoring of the market (broker reports) are taken as risk mitigation procedures. Furthermore the market values of all real estate of alstria is determined at least annually at the end of the financial year by neutral, internationally recognised valuation companies.

Overall assessment

No risk to the company's continued existence can be identified from past or future events. Sufficient precautions have been taken against identifiable risk.

Opportunities of alstria

Being one of only two German REITs constitutes a substantial opportunity for alstria. This situation provides alstria with a distinct competitive advantage in the direct investment markets because alstria can offer corporate sellers of office real estate the so called exit tax benefit.

Quality and environmental management

It is the aim of alstria to meet the high quality demands of our tenants and simultaneously to decrease the environmental impact by our responsible asset management.

In the course of this, economical and ecological matters are not regarded as contradictory, but as complementary, as the consideration of ecological matters often also results in lower operating expenses.

Employees

As of December 31, 2007, alstria employed 20 people (December 31, 2006: 4). The yearly average of employees has been 15 (previous year: 4).

Compensation report

Management board members' compensation comprises a fixed and a variable component linked to the company's operating performance.

In addition to their bonus the members of the management board receive share options as a long-term incentive component of remuneration.

The members of the supervisory board receive a fixed remuneration.

The compensation report, containing details of the principles for the definition of the management board and supervisory board remuneration, is laid out in the attachment 2 to the notes to financial statement.

Company group and dependent company report

Captiva Capital II S.à.r.l., Luxembourg, holds a majority interest in alstria. According to Sec. 290 HGB we are required to prepare consolidated statements and a consolidated management report comprising the group companies we control. Apart from this, alstria office REIT-AG and all associated companies as stated in the notes are consolidated in the alstria group.

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

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

Other disclosures pursuant to Art. 289 par. 4 German Commercial Code ("HGB")**Composition of subscribed capital, voting rights and privileges**

As per the closing date December 31, 2007, the Company's share capital was EUR 56,000,000, divided into 56,000,000 notional no par-value shares. Each share represents one vote in the general meeting. There are no restrictions on voting rights. The Company did not issue any shares granting privileges of controlling power.

Restrictions on disposal of shares or voting rights

There are no restrictions as to the disposal of shares or the use of voting rights.

Shareholders with an interest of at least 10%

As per the closing date December 31, 2007, the Company did not know of any shareholders whose direct interest exceeded 10% of the share capital. Captiva Capital Partners II S.C.A. has an indirect shareholding of approximately 54% in alstria.

Before alstria converted into a REIT, Captiva 2 Alstria Holding S.à.r.l., a wholly-owned subsidiary of Captiva Capital Partners II S.C.A., was holding a direct shareholding of approximately 54% in the Company. In September 2007, Captiva 2 Alstria Holding S.à.r.l. transferred interests of 9.78% each to its 100% subsidiaries Captiva Alstria S.à.r.l., Captiva Alstria 1 S.à.r.l., Captiva Alstria 2 S.à.r.l., Captiva Alstria 3 S.à.r.l. and Captiva Alstria 4 S.à.r.l. Therefore, Captiva 2 Alstria Holding S.à.r.l. holds a direct shareholding of 5.1% and an indirect shareholding of another 48.9% through its wholly-owned subsidiaries.

Holders of shares with privileges

No shares exist granting privileges of controlling power.

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

This constellation does not exist within the Company.

Authority of the Management Board regarding repurchasing and issuance of shares**1. Authorised Capital**

The Articles of Association authorise the Management Board to increase the share capital with the approval of the Supervisory Board until March 14, 2012 by issuing new bearer shares against contributions in cash and/or kind once or repeatedly up to a total amount of EUR 27,500,000.00.

2. Conditional Capital

The Company disposes of three conditional capital items (Sec. 192 et seqq. German Stock Corporation Act(AktG)), which are regulated in Sec. 5 (5-7) of the Articles of Association.

a) Conditional Capital I

The share capital is conditionally increased by up to EUR 17,500,000.00 by issuing up to 17,500,000 new no-par value bearer shares with an entitlement to a share of profits from the beginning of the financial year of their issuance. The conditional capital increase shall be carried out only to the extent that conversion or option rights are exercised by holders of conversion or option rights attached to bonds which alstria or its subsidiary companies have issued against cash payments in accordance with the resolution of the General Meeting of March 15, 2007, or that conversion obligations under such bonds are fulfilled, and only insofar as no other methods of performance are used in serving these rights. The Management Board is authorised to determine further details of the conditional share capital increase.

b) Conditional Capital II

The Company's share capital is conditionally increased by an amount of up to EUR 2,000,000.00 by the issuance of up to 2,000,000 no-par value bearer shares. The purpose of the conditional capital increase is to grant shares to the holders of subscription rights (Stock Options) which are issued in accordance with the authorisation of the annual general meeting held on March 15, 2007 by the Company. The conditional capital increase is only carried out insofar as the holders of the Stock Options exercise their Stock Options and no own shares of the Company are used for servicing.

The new shares will participate in the Company's profits from the beginning of the business year in which they come into existence as a result of the exercise of the Stock Options.

c) Conditional Capital III

The share capital is conditionally increased by an amount of up to EUR 500,000.00 by the issuance of up to 500,000 non-par value bearer shares. The purpose of the conditional capital increase is to grant shares to the holders of Certificates which are issued by the Company in accordance with the authorisation of the annual general meeting held on March 15, 2007. The conditional capital increase is only carried out insofar as issued Certificates are converted into shares of the Company and no own shares are used for servicing the Certificates.

The new shares will participate in the Company's profits from the beginning of the business year in which they come into existence as a result of the conversion of Certificates.

3. Purchase of own shares

The shareholders' meeting on March 15, 2007 authorised the Management Board to acquire own shares up to a total of ten percent of the share capital until September 14, 2008. The shares acquired and other own shares that are in the possession of or to be attributed to the Company pursuant to § 71 a et seq. AktG must altogether, at no point in time, account for more than ten percent of the share capital.

Appointment and dismissal of Management Board and Supervisory Board members

The Management Board consists of one or more members, which are appointed and dismissed in accordance with Sec. 84 AktG by the Supervisory Board.

Amendments to the Articles of Association are made pursuant to Sec. 179 and 133 AktG. The Supervisory Board is also authorised, without a resolution by the shareholders meeting, to make changes in and amendments to the Articles of Association that merely affect the wording.

Change of control clauses in key agreements entered into by the company

No such clauses exist.

Compensation agreements with Management Board and Supervisory Board members in the case of a takeover bid

No such agreements exist.

The rules presented are comply with the statutory requirements and are common practice by comparable listed enterprises. They are not intended to hinder potential takeover bids.

Significant Events after the End of the Reporting Period

alstria office REIT-AG and HSH Nordbank AG entered into a swap agreement with a nominal value of EUR 100,000k effective July 10, 2008, which serves to hedge interest rate risks. The swap expires on July 10, 2013.

Outlook

The acquisitions of the Bilfinger Berger and the HUK Coburg portfolio as well as the acquisition of the property in Berlin, Darwinstraße are expected - subject to certain conditions precedent met - to close in the first months of 2008. These acquisitions will increase the portfolio of the alstria AG to a total of 89 properties. On this basis management expects a further increase in revenues to EUR 85 million and a substantial improvement of the income situation. The result of 2007 was influenced by extraordinary expenses out of the up-stream merger at book values and expenses relating to the IPO. In 2008 theses expenses do not exist any more. Operational expenses in 2008 will be increase at a lower rate than rental revenues. Therefore we expect a slightly positive result for 2008.

Hamburg, March 18, 2008

Management Board

Olivier Elamine
CEO

Alexander Dexne
CFO

Financial Statements for the financial year
January 1 to December 31, 2007

alstria office REIT AG, Hamburg (vormals Alstria Office AG, Hamburg)

Balance sheet as at December 31, 2007

Assets			Equity and liabilities	
	31.12.2007	31.12.2006		
	€	T€		€
				T€
A. Non-current assets			A. Shareholders' equity	
I. Intangible assets			I. Authorized and issued capital	56.000.000,00
Concessions, commercial intellectual property rights and similar rights and assets as well as licences to such rights and assets	357.968,00	0	(plus conditional capital EUR 20.000.000,00; previous year EUR 0k)	
II. Property, plant and equipment			II. Capital reserves	678.202.537,32
1. Land, property rights and buildings, including buildings owned by third parties	1.503.810.407,29	0	III. Earnings reserves	6.913.056,47
2. Technical plant and machinery	1.441.931,00	0	Reserve for treasury stock	28.400.000,00
3. Other plant, operating and office equipment	52.002,00	0	IV. Bilanzgewinn/-verlust	-9.087
4. Advance payments	8.088.574,09	0	(of which cumulated losses brought forward EUR 9.087.192,09)	
	1.513.392.914,38	0	B. Zur Durchführung der beschlossenen Kapitalerhöhung geleistete Einlagen	769.515.593,79
III. Financial assets				0,00
1. Shares in affiliates	16.065.218,68	176.957	C. Provisions	
2. Loans to affiliates	79.771.588,28	916.359	1. Tax provisions	10.227.358,88
	95.836.806,96	1.093.316	2. Other provisions	2.612.318,90
B. Current Assets				12.839.677,78
I. Inventories			D. Accounts payable	
Work in progress	7.992.854,22	0	1. Equity participation	3.600,00
II. Receivables and other assets			2. Trade payables	642.726,82
1. Trade receivables	1.141.130,12	0	3. Bank loans and overdrafts	940.352.107,69
2. Amounts owed by affiliates	426.123,81	4.632	4. Payments received on account	8.898.490,79
3. Other assets	5.652.464,10	0	5. Payables to affiliated companies	1.875,00
	7.219.718,03	4.632	6. Payables to companies in which the company has a participating interest	1.658.319,42
III. Securities			7. Other liabilities	11.867.208,04
treasury shares	6.913.056,47	0	(of which for taxes EUR 8.078.764,17; previous year EUR 161k)	
	102.952.646,48	1.130		963.424.327,76
	118.165.218,73	5.762	E. Rechnungsabgrenzungsposten	263.412,65
C. Prepaid and deferred expenses				
	11.377.047,44	5.490		
	1.746.043.011,98	1.104.568		1.746.043.011,98
				1.104.568

alstria office REIT AG, Hamburg (former Alstria Office AG, Hamburg)**Income Statement
Januar 1 to December 31, 2007**

	2007	20.01.- 31.12.2006
	€	€k
1. Revenues	21.402.860,44	42
2. Increase in work in progress	2.324.897,44	0
3. Total operating performance	23.727.757,88	42
4. Other operating income	920.400,13	173
5. Cost of materials		
Cost of purchased services	2.298.163,67	0
6. Personnel expenses		
a) Wages and salaries	2.574.651,46	249
b) Social security pension and other benefits (of which relating to pensions EUR 1,752.00; previous year EUR 0k)	142.706,20	22
	2.717.357,66	271
7. Amortization and depreciation of fixed intangible and tangible assets	7.712.238,07	1
8. Other operating charges	9.964.599,46	10.467
9. Income from loans (of which from group undertakings EUR 25,057,843.73; previous year EUR 3,883k)	25.057.843,73	3.883
10. Other interest receivables and similar income (of which from group undertakings EUR 0; previous year EUR 0k)	5.977.202,65	33
11. Amounts written off current securities (of which außerplanmäßige unscheduled according to Sec 253 (2) HGB EUR 201,934.07; previous year EUR 0k)	201.934,07	0
12. Interest payable and other similar charges (of which from group undertakings EUR 1.206.427,76; previous year EUR 244k)	39.778.091,39	2.479
13. Net operating loss	-6.989.179,93	-9.087
14. Extraordinary income	3.958.854,03	0
15. Extraordinary expenses	28.679.374,91	0
16. Extraordinary loss	-24.720.520,88	0
17. Taxes on income	5.104.729,00	0
18. Net loss for the year	-36.814.429,81	-9.087
19. Loss carried forward from previous year	-9.087.192,09	0
20. Transfer from capital surplus	81.214.678,37	0
21. Transfer to reserve for treasury shares	6.913.056,47	0
22. Profit/loss shown on the balance sheet	28.400.000,00	-9.087

alstria office REIT-AG, Hamburg, (formerly Alstria Office AG, Hamburg)

Notes to the Financial Statements for the Period from January 1 to December 31, 2007

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I. General

1. Applied Regulations

These financial statements have been prepared in accordance with Secs. 242 et seq. and Secs. 264 et seq. HGB ["Handelsgesetzbuch": German Commercial Code] as well as in accordance with the relevant provisions of the German Stock Corporation Act ["Aktengesetz": AktG]. The Company is subject to the requirements for large corporations.

The income statement has been prepared using the nature of expense method.

These financial statements are financial statements for the period from January 1, 2007 to December 31, 2007. Since the Company was founded on January 20, 2006, and assets and liabilities of subsidiaries were automatically transferred to alstria office REIT-AG in accordance with Sec. 738 BGB on October 1, 2007, the figures are not comparable with the prior-year figures. Rental income was realized not before the take over of the investment property from affiliates in the course of the up-stream merger. Otherwise the company bears most of the personnel, operational and administrative expenses for the whole year of the group. Out of the up stream merger resulted further extraordinary impacts on the profit situation of the company. This leads to a limited significance of the income situation of alstria office REIT-AG's individual financial statements for 2007. Pro forma figures for 2006 as comparable figures would therefore provide no additional information. For this reason we prefer not to show Pro forma figures. alstria office REIT-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 real estate property company in the meaning of the G-REIT Act. Pursuant to Section 2 of its Articles of Association, the Company's objective is the acquisition, the management, the operation and the sale of owned real estate property as well as the holding of participations in enterprises, which acquire, manage, operate and sell owned property. All the aforementioned objectives are subject to the conditions of the G-REIT Act legislation.

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

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

2. Accounting Policies

The following accounting policies have been used to prepare the financial statements:

Purchased **intangible assets** are capitalized at acquisition cost and, if they have a limited life, are reduced by systematic amortization in accordance with their useful lives.

Land, land rights and buildings including buildings on leasehold land are capitalized at acquisition or production cost and are reduced by systematic depreciation.

Other **Property, plant and equipment** are capitalized at acquisition or production cost and, if they have a limited life, are reduced by systematic depreciation. Property, plant and equipment are depreciated in accordance with their estimated useful lives on the basis of the maximum allowable tax depreciation rates. Where permissible under tax law, the declining-balance method of depreciation is used for movable assets. The transition to straight-line depreciation takes place in the year in which the straight-line method leads to a higher depreciation amounts charges for the first time. All other assets are depreciated using the straight-line method. Depreciation on additions to property, plant and equipment is generally charged pro rata temporis.

Low-value assets are fully depreciated in the year of acquisition.

With regard to **financial assets**, investments in subsidiaries and loans granted to subsidiaries are recorded at the lower of cost or net realizable value.

Work in process is valued at acquisition costs of the expenses for operating costs laid out by the company for the tenants. The principle of lower of cost or market is used.

Receivables and other assets are stated at their nominal value.

Cash and Bank balances are stated with face value.

Prepaid expenses are stated at the value of costs prior to the balance sheet date as far as expenses after the balance sheet date are concerned.

The **other provisions** include all contingent liabilities. They are recorded at the amounts required according to reasonable business judgment.

Liabilities are recorded at the amount repayable.

Prepaid income is stated at the value of receipts prior to the balance sheet date as far as income after the balance sheet date is concerned.

II. Notes to the Balance Sheet

1. Fixed Assets

The development of the individual fixed asset items, including depreciation and amortization for the fiscal year, is shown in the analysis of fixed assets (see Attachment 1 to the notes).

2. Information on Investments in Subsidiaries

With effect as of October 1, 2007 the general partners withdrew from the following German GmbH & Co. KGs:

Alstria Erste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Neunte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Zehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Elfte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Zwölfte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Dreizehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Vierzehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Fünfzehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Sechzehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Siebzehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Achtzehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Neunzehnte Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Zwanzigste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg
Alstria Einundzwanzigste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg and
Juna Property GmbH & Co. KG, Hamburg.

Therefore these GmbH & Co. KGs ceased to exist and the assets and liabilities were automatically transferred to alstria office REIT-AG, in accordance with Sec. 738 BGB (Anwachsung).

Furthermore, the following general and limited partner companies

Verwaltung Alstria Zweite Hamburgische Grundbesitz GmbH, Hamburg
Verwaltung Alstria Neunte Hamburgische Grundbesitz GmbH, Hamburg
Verwaltung Alstria Zehnte Hamburgische Grundbesitz GmbH, Hamburg
Verwaltung Alstria Elfte Hamburgische Grundbesitz GmbH, Hamburg
Verwaltung Alstria Zwölfte Hamburgische Grundbesitz GmbH, Hamburg
Verwaltung Alstria Dreizehnte Hamburgische Grundbesitz GmbH, Hamburg
Verwaltung Alstria Erste Hamburgische Mobilien GmbH, Hamburg
JUNA Beteiligungs GmbH, Hamburg, and
JUNA Verwaltungsgesellschaft mbH, Hamburg

were merged with alstria office REIT-AG as of October 1, 2007 on the basis of the transfer agreements dated August 21, 2007. The transaction was entered into the commercial register on October 1, 2007 and became commercially effective on January 1, 2007.

After the merger the following investments in subsidiaries still exist:

<u>Germany</u>	<u>Ownership</u> %	<u>Capital</u> in EUR k	<u>Net loss/ profit</u> in EUR k
Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH, Hamburg	100.00	17	-7
Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG, Hamburg	51.00	14	-6
Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg	100.00	3,592	-1,397
Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG, Hamburg	100.00	3,062	-876
		<hr/>	
		6,685	

When exercising the valuation option pursuant to Sec. 253 (2) Sentence 3 HGB, the equity investments in Alstria IV. and VII. Hamburgische Grundbesitz GmbH & Co. KG were stated with a book value EUR 5.7 million higher than net realizable value. The net realizable value of the equity investments was derived from the equity values of the companies as stated in the individual IFRS financial statements on the basis of fair values.

The equity stated in the companies' individual IFRS statements is primarily defined by the fair-value valuation of the property portfolio on the basis of the current leasing inventory. Some of the properties of Alstria IV. and VII. Hamburgische Grundbesitz GmbH & Co. KG are currently empty on account of planned large-scale renovation. This reduces the fair value of the property portfolio. As the management board does not consider the vacancy due to renovation measures to be permanent, the properties were not written down to the lower attributable value.

The Company was registered as a REIT corporation (hereinafter also referred to as "REIT AG") in the commercial register on October 11, 2007; the company name was changed to alstria office REIT-AG.

3. Inventories

The balance sheet item "Work in progress" valued at acquisition cost considers the expense for operating costs laid out by the company for the tenants of the residential

property. The increase in stock is only partly recognized in the change of stock, because the remaining part results out of the up-stream merger.

4. Receivables

The receivables due from affiliates (EUR 426k) substantially consist of yields of interest on the loans granted to subsidiaries and also of recharges.

5. Prepaid Expenses

The prepaid expenses consist of derivative financial instruments. The net book value results from the historic acquisition costs. The acquisition costs have to be reduced monthly over the remaining period. EUR 1,753k (swap) and EUR 386k (cap) were recognized as interest expenses in 2007.

These derivative financial instruments include interest swaps and caps. Their purpose is to hedge against interest risks arising from the Company's business activities and its sources of financing. The derivative financial instruments of alstria office REIT-AG are presented below:

Product	Notional	Strike	Maturity Date	Fair Value	Net Book Value
	In EUR k			in EUR k	in EUR k
Cap	41.721	3,800	31.03.2011	961	910
Cap	26.185	3,800	31.03.2011	604	571
Swap	625,000	3,617	29.11.2011	18,939	4,371
Swap	80,880	3,193	29.11.2011	3,761	2,494
Cap	80,880	4,000	29.11.2011	1,811	946
Cap	150,000	4,900	20.12.2012	1,126	1,774
Total				<u>27,202</u>	<u>11,066</u>

Furthermore, the prepaid expenses contain insurance premiums of EUR 270k, costs for roadshow amounting to EUR 24k, leasing payments of EUR 8k and other costs of EUR 9k.

6. Equity

Share Capital (subscribed 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 been registered in the commercial register on March 9, 2007.

By resolution of the annual general meeting of shareholders held on March 15, 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 increased against contribution in cash in the amount of EUR 16,000k. This capital increase has been registered in the commercial register on March 30, 2007. The nominal amount was paid in on March 30, 2007.

Furthermore the management board is authorized by resolution of the annual general meeting of shareholders held on March 15, 2007, to increase the share capital with the approval of the supervisory board until March 14, 2012 by issuing new bearer shares against contribution in cash and/or kind once or repeatedly up to a total amount of EUR 27,500k (authorized capital).

In the balance sheet of the financial statements as of December 31, 2007, the share capital of alstria office REIT-AG amounted to EUR 56,000k. Captiva 2 Alstria Holding S.à r.l., Luxembourg, held, directly and indirectly, 54.0% of the shares in the Company, 44.8% of the shares are free float, the remaining 1.2% are treasury shares.

Capital Surplus

The capital surplus changed as follows during the fiscal year:

(in EUR k)	December 31, 2007
As of January 1	364,727
Additional capital contribution based on shareholder resolution	49,008
Additional capital contribution based on acquisition/first-time consolidation	1,183
Additional capital contribution based on conversion of shareholder loan	104,500
Additional capital contribution based on the initial public offering	240,000
Withdrawal from capital surplus	-81,215
As of December 31	<u>678,203</u>

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

By way of a loan agreement dated November 23, 2006, Captiva 2 Alstria Holding S.à r.l. granted to alstria office REIT-AG a shareholder loan. On April 3, 2007 said shareholder loan amounting to EUR 104,500k plus accrued interests of EUR 1,182k was contributed to capital surplus as agreed on March 15, 2007.

Since April 3, 2007, the shares of alstria office REIT-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 240,000k.

Retained Earnings

By resolution of the management board as of November 6, 2007 the management board decided a share buy back. Therefore non-par value bearer shares in the amount of EUR 7,115k were repurchased. The decrease in the stock market price as of December 31, 2007 results in a depreciation of EUR 202k. For this reason a reserve for treasury shares in the amount of EUR 6,913k was set up.

7. Provisions

The tax provisions were recognized for the final taxation as by December 31, 2006 because of the transfer into a G-REIT (EUR 5.072k) and for the operating income of JUNA Beteiligungs GmbH as by December 31, 2006 (EUR 261k). Furthermore real estate transfer tax in the amount of EUR 4.895k is recognized as a tax provision.

The other provisions (EUR 2.612k) were recognized mainly for supervisory board compensation (EUR 301k), expenses for the preparation of the financial statements and tax returns as well as audit fees (EUR 260k) and costs of the registration of ownership (EUR 686k). Furthermore, provisions for non-recoverable costs in the amount of EUR 547k and provisions for bonuses in the amount of EUR 400k were recognized.

8. Liabilities

Schedule of Liabilities in EUR k:

	31.12.2007		Total	31.12.2006	
	Due in up to 1 year	more than 5 years		Due in up to 1 year	Total
1. Liabilities to convertible profit participation rights program	0	0	4	0	0
2. Liabilities to banks	8.936	0	940.352	234	655.977
3. On-account payments received on orders	8.898	0	8.898	0	0
3. Trade payables	643	0	643	526	526
4. Liabilities to affiliated companies	2	0	2	82.160	82.160
5. Liabilities to companies in which equity investments are held	1.658	0	1.658	0	0
6. Other liabilities	11.809	0	11.867	162	162
- thereof for taxes	(8.079)	(0)	(10.129)	(0)	(161)

EUR 940,352k of the liabilities to banks relate to a portion of a EUR 1,139.8k loan that will be repayable in full on November 29, 2011. This amount is largely secured by land charges relating to the properties of Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG, Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG and alstria office REIT-AG. In addition, these partnerships assign their claims resulting from the purchase agreement. The same applies for the assignment of claims resulting from rental and leasing agreements. Furthermore, Alstria IV. Hamburgische Grundbesitz GmbH & Co. KG, Alstria VII. Hamburgische Grundbesitz GmbH & Co. KG and alstria office REIT-AG pledge their bank accounts and assign miscellaneous claims. The facility is also secured by pledges over shares of Alstria Sechste Hamburgische Grundbesitz GmbH & Co. KG, Verwaltung Alstria Sechste Hamburgische Grundbesitz GmbH and alstria office REIT-AG.

Liabilities to companies in which equity investments are held in the amount of EUR 1,658k might also be shown as other liabilities.

9. Other financial commitments

There were no contingent liabilities as of the balance sheet date. Other financial obligations from ongoing maintenance amount to EUR 2.000k (2006: EUR 51k. As of December 31, 2006, there was still no rental agreement for the administrative premises.

Under the purchase agreement effective on December 11, 2007, alstria office REIT-AG concluded a purchase agreement on the acquisition of further properties with a total value of EUR 52,350k. The transfer of possession, benefits and burdens is expected to take place in the first months of 2008.

Under the purchase agreement dated December 12, 2007, alstria office REIT-AG concluded a purchase agreement on the acquisition of further properties with a total value of EUR 105,770k. The transfer of possession, benefits and burdens is expected to take place in the first months of 2008.

Under the purchase agreement dated December 17, 2007, alstria office REIT-AG concluded a purchase agreement on the acquisition of further properties with a total value of EUR 50,262k. The transfer of possession, benefits and burdens is expected to take place in the first months of 2008.

III. Profit and Loss statement

1. Revenue

The revenues accounted for and amounting to EUR 21,403k refer mainly to rents. Other income refer to benefits in moneys worth for the use of cars.

2. Extraordinary Income

The merger profit of EUR 3,959k results from the merger of the KGs as of October 1, 2007. For a detailed description of the merger transaction, please see Note II.2.

3. Extraordinary Expense

The extraordinary expenses contains merger losses resulting from the merger of the GmbHs as of January 1, 2007 and the merger of the KGs as of October 1, 2007 (EUR 16.664k). For a detailed description of the merger transaction, please see Note 1. Furthermore costs of the initial public offering amounting to EUR 12.015k are included.

4 Income Taxes

Because of obtaining the G-REIT status alstria office REIT-AG is subject to final taxation on the effective date of the transfer into a G-REIT. The final taxation neither influences the loss from ordinary operations nor the extraordinary expenses. Tax expenses of EUR 5,105k result from the final taxation and from the taxation of operating income as by December 31, 2007. alstria office REIT-AG is tax exempted as by January 1, 2007.

IV. Other Notes

1. Compensation of Management Board and Supervisory Board

With respect to disclosures according to Sec. 314 par.1 no. 6 HGB ("Handelsgesetzbuch") we refer to the Compensation Report in attachment 2 of the Notes.

2. Auditor's Fees

On March 15, 2007, the shareholder meeting elected PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Lise-Meitner-Straße 1, Berlin, to audit the separate and consolidated financial statements for fiscal year 2007. The fee expenses in 2007 comprise as follows:

(in EUR k)	2007	2006
Audit services	419	292

Other audit-related services	0	0
Tax advisory services	30	0
Other services	504	123 ¹

¹ Other services include other audit related services and tax advisory services for 2006.

3. Shares

The share capital is divided into 56,000,000 non-par value bearer shares.

Own Shares

Acquisition date	Number of shares	Amount of share capital (in EUR k)	Proportion of share capital (in %)	Acquisition costs (in EUR k)
November 2007	345,505	346	0.62	3,642
December 2007	328,300	328	0.59	3,473
Total 2007	673,805	674	1.21	7,115

By resolution of the management board as of November 6, 2007 the management board decided a share buy back. The repurchased shares are no-par bearer shares.

The decrease in the stock market price as of December 31, 2007 results in a depreciation of EUR 202k.

4. 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 January 16, 2007, having become effective on February 15, 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 2011.

During the fiscal year 2007 the members of the supervisory board were:

Mr. Alexander Stuhlmann (Chairman)	Hamburg	
	West LB AG	CEO
	Berlin-Brandenburg Media GmbH	Member of the Advisory Board
	BVV Pensionsfonds des Bankgewerbes AG	Member of the Supervisory Boards
	BVV Versorgungskasse des Bankgewerbes e.V.	Member of the Supervisory Boards
	BVV Versicherungsverein des	Member of the

Mr. John van Oost (Vice-Chairman),	Bankgewerbes a.G.	Supervisory Boards
	DekaBank Deutsche Girozentrale	Member of the Administrative Board
	Frank Beteiligungsgesellschaft mbH	Member of the Advisory Board
	Hamburger Feuerkasse AG	Vice-Chairman of the Supervisory Board
	HCI Capital AG	
	HSBA Hamburg Schooö of Business Administration	Member of the board of trustees
	HSH Real Estate AG	Member of the Supervisory Board
	LBS Bausparkasse Schleswig-Holstein-Hamburg AG	Member of the Supervisory Board
	Siedlungsgesellschaft Hermann + Paul Frank mbH & Co. KG	Member of the Advisory Board
	Stiftung Schloss Neuardenburg GmbH	Member of the Supervisory Board
	Hamburg	
	NATIXIS Capital Partners Ltd.	Managing partner
	Arman Amberley SaRL	Board Member
	Arman Mentelle SaRL	Board Member
	Arman Plantagenet BV	Board Member
	Arman Voyager SPRL	Board Member
	Axiom Asset 1 GmbH & Co. KG	Director
	Axiom Asset 2 GmbH & Co. KG	Director
	Axiom Immo Management GmbH	Director
	Captiva Capital Management SaRL	Board Member
	Captiva Healthcare Holding GmbH	Director
	Captiva Industrial GP GmbH	Director
	Captiva Industrial Holding GmbH	Director
	Express Holding Srl	Board Member
	Green Cove Capital Management SaRL	Board Member
	La Jolla Capital Management SaRL	Board Member

	Natixis Capital Partners GmbH	Board Member
	NATIXIS Capital Partners Srl	Board Member
	Ocala Capital Management LLC	Board Member
	Ocala Capital Management S.a.r.l.	Board Member
Dr. Johannes Conradi	Hamburg Partner at Freshfields Bruckhaus Deringer	
Richard Mully	Dublin Grove International Partners LLP Apellas Holdings B.V. Dolce International Limited Douglasshire International Holdings B.V. Hansteen Holdings PLC Hellenic Land Holdings B.V. Karta Realty Limited MED Group Leisure Investments B.V. Natixis Capital Partners Limited Nowe Ogrody 2 Sp. z o.o. Nowe Ogrody 3 Sp. z o.o. Nowe Ogrody 4 Sp. z o.o. Nowe Ogrody Sp. z o.o. Oliver's Wharf (Management) Limited Polish Investment Real Estate Holding II B.V. Polish Investments Real Estate Holding B.V. SB Capital Europe B.V. Spazio Industriale B.V. Spazio Industriale II B.V. Stichting Administratiekantoor Douglasshire International Holding	Managing Partner Director
Dr. Christian Olearius	Hamburg M.M. Warburg & CO KGaA	Spokesman of the Partners

		and General Partner
	Bankhaus Carl F. Plump & Co., Bremen	Chairman of the Partners' Committee
	Bankhaus Hallbaum AG & Co. KG, Hannover	Chairman of the Supervisory Board
	Bankhaus Löbbecke AG, Berlin	Chairman of the Supervisory Board
	GEDO Grundstücksentwicklungs- und Verwaltungsgesellschaft mbH & Co KG, Grünwald	Member of the Supervisory Board
	Hannover Finanz GmbH, Hannover	Vice-Chairman of the Advisory Board
	KanAM Grund Kapitalanlagegesellschaft mbH, Frankfurt am Main	Member of the Supervisory Board
	Liquiditäts-Konsortialbank GmbH, Frankfurt am Main	Deputy Member of the Administrative Board
	M.M. Warburg & Co. Geschäftsführungs-AG, Hamburg	Chairman of the Supervisory Board
	M.M. Warburg & Co. Hypothekenbank AG, Hamburg	Chairman of the Supervisory Board
	M.M. Warburg Bank (Schweiz) AG, Zürich	President of the Administrative Board
	M.M. Warburg-Hansa Ltd., Tortola/British Virgin Islands	Director
	Marcard, Stein & Co., Hamburg	Chairman of the Administrative Board
	Warburg Invest Kapitalanlagegesellschaft mbH, Frankfurt am Main	Member of the Supervisory Board
Daniel Quai	London	
	NATIXIS Capital Partners Ltd.	Partner
	Express Holdings Srl	Board Member
	Natixis Capital Partners GmbH	Managing Director
Stephan Fritsch	Hamburg	
Until January 16, 2007	Natixis Capital Partners GmbH	Director

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

The expenses amounted to EUR 283k for 2007 and EUR 18k for 2006. The attached compensation report (see attachment 2) contains details of the principles for the definition of the Management Board and Supervisory Board remuneration.

5. Management Board

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

Mr. Olivier Elamine	Chief Executive Officer (CEO)
Mr. Alexander Dexne	Chief Financial Officer (CFO) since June 1, 2007
Dr. Michael Börner-Kleindienst	Chief Operating Officer (COO) From March 1, 2007 until October 31, 2007
Dr. Robert Hannemann	Chief Financial Officer (CFO) until February 1, 2007

The attached compensation report contains details of the principles for the definition of the Management Board and Supervisory Board remuneration.

6. Employees

During the period from January 1, 2007 to December 31, 2007, on an average 15 employees (January 20, 2006 to December 31, 2006: on an average 4 employees) were employed at the Company. The average was calculated by the employed people at the end of each quarter. On December 31, 2007, 20 people (December 31, 2006: 4 people) were employed at alstria office REIT-AG, excluding the management board.

7. Convertible Profit Participation Rights Program

On September 5, 2007 the supervisory board of the Company resolved the issuance of Convertible Profit Participation Certificates ("certificates") to employees of the Company and to employees of companies in which alstria office REIT-AG, directly or indirectly, holds a majority interest. The main terms of the program resolved by the supervisory board can be summarized as follows:

The nominal amount of each certificate is EUR 1.00 and is payable upon issuance. Under the program, a maximum of 500,000.00 certificates in an aggregate nominal

amount of up to EUR 500,000.00 may be issued. 3,600 certificates were issued until December 31, 2007.

The maximum term of each certificate is five years.

8. Group Relationships

The financial statements are included in the consolidated financial statements of Captiva Capital Partners II SCA, Luxembourg, which prepares the consolidated financial statements for the largest group of companies. These financial statements are published in Luxembourg. alstria office REIT-AG also prepares consolidated financial statements which are published in the electronic Bundesanzeiger [web-based version of "German Federal Gazette"] .

9. Declaration on the dependent Company report

In compliance with sec. 312 (2) German Stock Corporation Act, the Management Board presented the Supervisory Board a controlled company report due to its dependence from its sole shareholder Captiva Capital II S.à.r.l., Luxembourg. This report concludes with the following statement: "Our company received appropriate remuneration for all the legal transactions and all the measures stated in the report on related party relationships. This appraisal is based on the circumstances, which were known to us at the time when the events, which are subject to reporting, occurred."

10. Information pursuant to Sec. 160 (1) Number 8 AktG

Captiva 2 Alstria Holding S.à r.l., Luxembourg, has informed us pursuant to Sec. 20 (1), (3) and (4) AktG [German Stock Corporations Act] that

- it directly owns more than one quarter of the shares in our stock corporation (Sec. 20 (1) AktG);
- that even without adding shares pursuant to Sec. 20 (2) AktG, it directly owns more than one quarter of the shares in our stock corporation (Sec. 20 (3) AktG); and that
- it directly holds a majority shareholding pursuant to Sec. 16 (1) AktG in our stock corporation (Sec. 20 (4) AktG).

Captiva Capital Partners II SCA, Luxembourg, has informed us pursuant to Sec. 20 (1), (3) and (4) AktG [German Stock Corporations Act] that

- it indirectly owns more than one quarter of the shares in our stock corporation because the investment of the dependent Captiva 2 Alstria Holding S.à r.l.,

Luxembourg, in our company in accordance with Sec. 16 (4) AktG is allocable to the former (Sec. 20 (1) AktG);

- even without the addition of shares pursuant to Sec. 20 (2) AktG, it indirectly owns more than one quarter of the shares in our stock corporation because the investment of the dependent Captiva 2 Alstria Holding S.à r.l., Luxembourg, in our company in accordance with Sec. 16 (4) AktG is allocable to the former (Sec. 20 (3) AktG); and that
- it indirectly owns a majority holding pursuant to Sec. 16 (1) AktG in our stock corporation because the investment of the dependent Captiva 2 Alstria Holding S.à r.l., Luxembourg, in our company in accordance with Sec. 16 (16) AktG is allocable to the former (Sec. 20 (4) AktG);

Captiva Capital II S.à r.l., Luxembourg, has informed us pursuant to Sec. 20 (1), (3) and (4) AktG that

- it indirectly owns more than one quarter of the shares in our stock corporation because the investment of the indirectly dependent Captiva 2 Alstria Holding S.à r.l., Luxembourg, (via Captiva Capital Partners II SCA, Luxembourg) in our company in accordance with Sec. 16 (4) AktG is allocable to it (Sec. 20 (1) AktG);
- even without adding the shares pursuant to Sec. 20 (2) AktG, it indirectly owns more than one quarter of the shares in our stock corporation because the investment of the indirectly dependent Captiva 2 Alstria Holding S.à r.l., Luxembourg, (via the dependent Captiva Capital Partners II SCA, Luxembourg) in our company in accordance with Sec. 16 (4) AktG is allocable to it (Sec. 20 (20) AktG); and that
- it indirectly has a majority holding in our stock corporation pursuant to Sec. 16 (1) AktG because the investment of the indirectly dependent Captiva 2 Alstria Holding S.à r.l., Luxembourg, (via Captiva Capital Partners II SCA, Luxembourg) in our company in accordance with Sec. 16 (4) AktG is allocable to it (Sec. 20 (1) AktG).

11. Corporate Governance Declaration pursuant to Sec. 161 AktG

The first declaration of compliance required by Sec. 161 AktG regarding the recommendations of the German Corporate Governance Code developed by the government commission will be submitted by the management board and the supervisory board and will be made permanently available to the shareholders on alstria office REIT-AG's website (www.alstria.de).

Hamburg, March 18, 2008

Management Board

Olivier Elamine
CEO

Alexander Dexne
CFO

alstria office REIT AG

Movements on non-current assets

	1.1.2007 EUR	Additions EUR	Acquisition and manufacturing costs				31.12.2007 EUR	Accumulated amortization and depreciation				Book values	
			Additions merger EUR	Disposals EUR	Transfers EUR	Disposals Merger EUR		1.1.2007 EUR	Additions EUR	Disposals EUR	31.12.2007 EUR	31.12.2007 EUR	31.12.2006 EUR
I. Intangible assets													
1. Concessions, commercial intellectual property rights and similar rights and assets as well as licences	0,0	391.237,3	6.562,0	0,0	0,0	0,0	397.799,4	0,0	39.831,4	0,0	39.831,4	357.968,0	0,0
	0,0	391.237,3	6.562,0	0,0	0,0	0,0	397.799,4	0,0	39.831,4	0,0	39.831,4	357.968,0	0,0
II. Property, plant and equipment													
1. Land, property rights and buildings, including buildings owned by third parties	0,0	75.172.181,8	1.436.195.361,7	0,0	0,0	0,0	1.511.367.543,5	0,0	7.557.136,3	0,0	7.557.136,3	1.503.810.407,3	0,0
2. Technical plant and machinery	0,0	0,0	1.536.863,1	0,0	0,0	0,0	1.536.863,1	0,0	94.932,1	0,0	94.932,1	1.441.931,0	0,0
3. Other plant, operating and office equipment	0,0	59.663,4	0,0	0,0	0,0	0,0	59.663,4	0,0	7.661,4	0,0	7.661,4	52.002,0	0,0
4. Low-cost assets	0,0	12.677,0	0,0	0,0	0,0	0,0	12.677,0	0,0	12.677,0	0,0	12.677,0	0,0	0,0
5. Advance payments	0,0	8.088.574,1	0,0	0,0	0,0	0,0	8.088.574,1	0,0	0,0	0,0	0,0	8.088.574,1	0,0
	0,0	83.333.096,3	1.437.732.224,8	0,0	0,0	0,0	1.521.065.321,1	0,0	7.672.406,7	0,0	7.672.406,7	1.513.392.914,4	0,0
III. Financial assets													
1. Shares in affiliates	176.957.460,5	630.925.720,5	0,0	0,0	0,0	791.817.962,3	16.065.218,7	0,0	0,0	0,0	0,0	16.065.218,7	176.957.460,5
2. Loans to affiliates	916.358.606,6	307.464.428,6	0,0	626.083.913,5	0,0	517.967.533,4	79.771.588,3	0,0	0,0	0,0	0,0	79.771.588,3	916.358.606,6
	1.093.316.067,0	938.390.149,1	0,0	626.083.913,5	0,0	1.309.785.495,7	95.836.807,0	0,0	0,0	0,0	0,0	95.836.807,0	1.093.316.067,0
	1.093.316.067,0	1.022.114.482,7	1.437.738.786,8	626.083.913,5	0,0	1.309.785.495,7	1.617.299.927,4	0,0	7.712.238,1	0,0	7.712.238,1	1.609.587.689,3	1.093.316.067,0

Compensation Report

Management board compensation

The total compensation paid to the members of the management board in the financial year 2007 was EUR 1,397k. management board compensation comprises fixed and variable components, as well as performance incentives to increase the Company's value in the long run. Long-term compensation components consist of stock options. The intention of this is to create performance incentives aimed at sustained corporate success. Success benchmarks may not be changed subsequently. There were no advance payments to board members and no granting of pension benefits.

Detailed overview of individual management board member compensation:

Management board member in EUR k	Fixed compensation	Performance based compensation ¹	Other payments ²	Long-term incentives ⁴	Total remuneration
Olivier Elamine Chief Executive Officer	265	350	43	502	1,160
Alexander Dexne since June 1, 2007 Chief Financial Officer	175	n/a	25	53	253
Dr. Michael Börner-Kleindienst from March 1 to October 31, 2007 former Chief Operating Officer	427 ³	n/a	7	251	685
Dr. Robert Hannemann until February 1, 2007 former Chief Financial Officer	50	50	5	n/a	105
Total	917	400	80	806	2,203

¹ Related to 2006 performance

² Comprise benefits like company cars or relocation allowances

³ Includes severance payment of EUR 250k

⁴ Total non cash expenses recognised for 2007

Following his departure, Dr. Michael Börner-Kleindienst received an immediate one time payment of EUR 250k. Furthermore he is entitled to a second payment of EUR 250k in 2008 subject to certain conditions being met. His stock options have been reduced from 281,250 to 140,265.

The Company has agreed to assume the premiums of a combined disability and risk life insurance policy for both members of the management board, providing each for an

insurance sum of EUR 5k per month (until reaching the age of 65) in case of invalidity as well as EUR 2,500k as lump sum coverage in case of death. If Mr. Elamine or Mr. Dexne should die during the term of their service contract, the fixed remuneration shall be paid for the month of death and the following three months. The bonus shall be paid on a pro rata temporis basis until the end of the month of death. Mr. Elamine and Mr. Dexne are subject to a post-contractual non-compete obligation for up to 12 months after termination of their respective service contracts and are entitled to a compensation amounting to their last fixed salary for the duration of such post-contractual non-compete obligation.

Stock Option Program

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

The main terms of the stock option program resolved by the supervisory board can be 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 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 granting date April 3, 2007. Under this tranche 281,250 stock options (fair value at granting date: EUR 892k; i.e. EUR 3.17 per option) were granted to each of Olivier Elamine and Dr. Michael Börner-Kleindienst. The stock options granted to Dr. Michael Börner-Kleindienst were reduced from 281,250 to 140,265 (remaining fair value at granting date: EUR 446k; i.e. EUR 3.17 per option). With resolution from September 5, 2007, the supervisory board granted 93,750 stock options to Alexander Dexne (fair value at granting date: EUR 213k; i.e. EUR 2.28 per option). The exercise price for the stock options granted in 2007 is EUR 16. The total fair value at granting date of all stock options granted in 2007 is EUR 1,551k.

The term of each stock option is seven years beginning with the respective issue date. The stock options may only be exercised if the current stock exchange price of the Company's shares exceeds the stock exchange price of the Company's shares on the issue date by 20% or

more for at least seven non subsequent trading days of the Frankfurt Stock Exchange prior to the commencement of the respective exercise period.

The stock options may only be exercised after the expiration of a vesting period of two years and then during the four exercise periods each year. Each exercise period lasts 30 days, commencing with the day of announcement of the results for the first, second and third quarter, and the day of the Company's annual general meeting, respectively. There are no cash settlement alternatives. The options may not be exercised before April 3, 2009 (Mr. Olivier Elamine and Dr. Michael Börner-Kleindienst) and September 7, 2009 (Mr. Alexander Dexne).

The fair values of the options were estimated at the respective granting dates using a black-scholes-model and partial-time barrier options, taking into account the terms and conditions upon which the instruments were granted. The following table lists the inputs to the model used for the determination of the fair value of the stock options granted:

Fair value of stock options granted on	March 27, 2007	September 5, 2007
Dividend yield (%)	3.60	3.60
Risk-free interest rate (%)	4.21	4.29
Expected volatility (%)	30.00	30.00
Expected life of option (years)	4.50	4.50
Exercise share price (EUR)	16.00	16.00
Labour turnover rate (%)	0.00	0.00
Stock price as of valuation date (EUR)	16.00	13.93
Estimated fair value of one stock option at granting date (EUR)	3.17.	2.28

Supervisory board compensation

Supervisory board compensation totalled EUR 283k in 2007 and EUR 18k in 2006. The supervisory board members receive a fixed compensation amount. As of fiscal year 2007, members of the supervisory board receive a fixed annual remuneration of EUR 40k each. The chairman of the supervisory board receives additional remuneration of EUR 20k p.a., his deputy receives an additional EUR 10k p.a.. Members who only sit on the board for part of the year receive pro rata remuneration for that part of the year. Furthermore, membership in the

audit committee and chairmanship of the audit committee are taken into account in the evaluation of the supervisory board members' compensation amount. Membership in other committees is not taken into account. No advance payments were made to the supervisory board. No compensation was paid for individually performed services.

Member in EUR k	Compensation
Alexander Stuhlmann - chairman	50.0
John van Oost - vice chairman	52.5
Dr. Johannes Conradi - member	48.1
Richard Mully - member	38.3
Dr. Christian Olearius - member	43.8
Daniel Quai - member	48.8
Stephan Fritsch - former member	1.7
Total	283.2