# Points of view

**Interim Financial Report**
as per March 31, 2013

**53° 33' 13" N; 9° 58' 54" E**

alstria
First German REIT

# alstria office REIT-AG: Key figures

## according to IFRS

| in EUR k | January 1 – March 31, 2013 | January 1 – March 31, 2012 | Change |
|---|---|---|---|
| **Revenues and Earnings** | | | |
| Revenues | 26,291 | 23,603 | 11.4 % |
| Net rental income | 24,873 | 21,158 | 17.6 % |
| Consolidated loss/profit for the period | 15,001 | 10,229 | 46.6 % |
| FFO | 13,919 | 9,790 | 42.2 % |
| Earnings per share (in EUR) | 0.19 | 0.14 | 35.7 % |
| FFO per share (in EUR) | 0.18 | 0.12 | 42.2 % |
| EPRA[1)] earnings per share (in EUR) | 0.19 | 0.14 | 35.7 % |
| EPRA cost ratio | 13.8 % | 21.0 % | –7.2 pp |

| | March 31, 2013 | Dec. 31, 2012 | Change |
|---|---|---|---|
| **Balance sheet** | | | |
| Investment property | 1,599,890 | 1,622,988 | –1.4 % |
| Total assets | 1,793,119 | 1,786,893 | 0.3 % |
| Equity | 849,696 | 829,287 | 2.4 % |
| Liabilities | 943,423 | 957,606 | –1.5 % |
| NAV per share (in EUR) | 10.76 | 10.50 | 2.5 % |
| Net LTV | 46.8 % | 47.8 % | –1.0 pp |
| **G-REIT key figures** | | | |
| G-REIT equity ratio | 51.5 % | 50.0 % | 1.5 pp |
| Revenues incl. other income from investment properties | 100 % | 100 % | 0.0 pp |
| **EPRA[1)] key figures** | | | |
| Diluted EPRA-NAV per share (in EUR) | 11.17 | 10.98 | 1.7 % |
| EPRA-NNNAV per share (in EUR) | 10.75 | 10.50 | 2.4 % |
| EPRA net initial yield | 5.7 % | 5.7 % | 0.0 pp |
| EPRA „topped-up“ net initial yield | 5.8 % | 5.7 % | 0.1 pp |
| EPRA vacancy rate | 8.1 % | 8.0 % | 0.1 pp |

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

oekom has classified alstria as "prime" in its rating. The Company's shares are thereby qualified as an environmental and social investment.

# Contents

# Management Letter

**Alexander Dexne**
*Chief Financial Officer*

**Olivier Elamine**
*Chief Executive Officer*

# Ladies and Gentlemen, dear shareholders, business partners and tenants,

In the first three months of 2013 alstria generated an outstanding result. Compared to the prior year quarter our revenues grew by 11.4 % to EUR 26.3 million, reflecting organic growth on the one hand and acquisition-related effects on the other hand. Our FFO increased massively by 42.2 % to EUR 13.9 million. This substantial increase should be looked at carefully as it mainly reflects seasonal effects, which had an impact on our real estate operating costs, as well as assets, which have been disposed of but were still on our balance sheet in the first quarter. Our full-year guidance remains unchanged with expected revenues of EUR 103 million and FFO of EUR 45 million. Our continued deleveraging strategy also led to a further improvement of our balance sheet. As per the end of the first quarter our G-REIT equity ratio stood at 51.5 % and the net LTV further decreased to 46.8 %.

On the operational side our leasing result developed according to plan. In the first three months of 2013 we were able to sign new leases for 7,100 sqm and lease extensions for 4,800 sqm. For the upcoming months we are optimistic that we will unlock further growth potential by leasing more space and reducing our vacancy.

The disposal of smaller assets in non-core cities is well underway. We have exited Potsdam, Zwickau and Würzburg and have sold one of the two assets we owned in Erfurt. So far we have signed binding contracts in order to dispose of five assets for a total value of EUR 26.5 million. These assets generated total income of EUR 1.8 million per annum.

One of alstria's main characteristics is its active asset management approach. Over the past years we have consistently invested around EUR 20 million per year in refurbishment measures. These developments usually generate higher returns than our current portfolio and they also strengthen our CSR profile, because refurbishments usually go hand in hand with an improved sustainability profile of the building. In recognition of our contribution, the City of Hamburg invited us to join their environmental partnership program in the beginning of the year.

The first quarter of 2013 has started on good ground and we are looking forward to capitalising on alstria's strength in order to deliver the expected result during the year.

Kind Regards

**Olivier Elamine** **Alexander Dexne**

# alstria's share

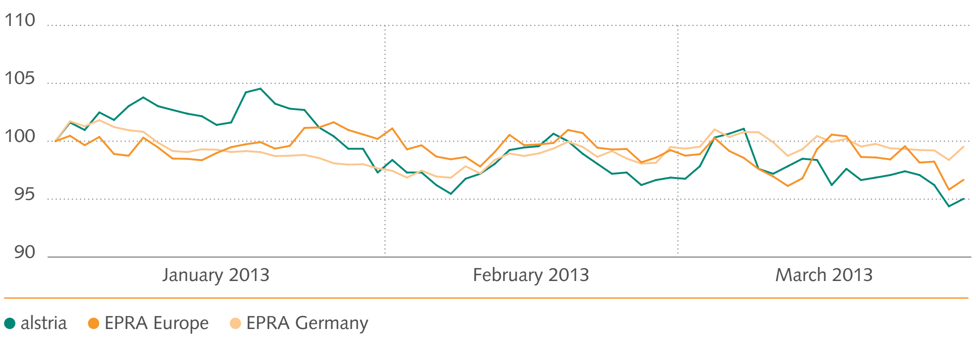
## Share price development

The German stock market had a very strong start into the year. The attainment of a new all-time high of the DAX30 seemed to be achievable, but by mid-March the market was captured by new scepticism. Besides the Cyprus financial crisis and the slowdown of economic reforms in Southern Europe, investors became concerned about the economic developments in Europe and the United States. Nevertheless, equity markets continue to be driven by cheap money provided by the central banks and the lack of investment alternatives. In the first quarter of 2013, the German index DAX30 recorded a strong increase to 8,058 points and almost hit the all-time-high of 8,152 points. However, the closing level as of March 31, 2013 was well below that mark at 7,795 points, reflecting a positive performance of 2.5 % in the first quarter of 2013.

alstria's share price developed largely stable in the first three months of 2013. Therefore, the performance of the alstria stock was in line with the main benchmark indices EPRA Europe and EPRA Germany. In the first three months of 2013, alstria's share price fluctuated between EUR 8.73 and EUR 9.67, closing at EUR 8.79 at the end of the first quarter.

**Share price development**

**March 28, 2013 – EUR 8.79**



## Key share data

| | |
|---|---|
| ISIN | DE000A0LD2U1 |
| Symbol | AOX |
| Market segment | Financial Services |
| Industry group | Real Estate |
| Prime sector | Prime Standard, Frankfurt |
| Indices | SDAX, EPRA, German REIT Index, S&P/Citigroup Global REIT Index |
| Designated sponsors | Close Brothers Seydler, J.P. Morgan |

| | | March 31, 2013 | March 31, 2012 |
|---|---|---|---|
| Number of shares | in thousend | 78,933 | 78,874 |
| *thereof outstanding* | *in thousend* | *78,933* | *78,874* |
| Closing price[1] | in EUR | 8.79 | 8.43 |
| Market capitalisation | in EUR k | 693,821 | 664,908 |
| Free float | in percent | 88 | 80 |

| | | January 1 – March 31, 2013 | January 1 – March 31, 2012 |
|---|---|---|---|
| Average daily trading volume (all exchange and OTC)[2] | in EUR k | 2,382 | 2,228 |
| *thereof XETRA* | *in EUR k* | *1,130* | *903* |
| Share price: high[1] | in EUR | 9.67 | 9.20 |
| Share price: low[1] | in EUR | 8.73 | 8.26 |

[1] Xetra-closing share price
[2] Source: Bloomberg.

# Consolidated interim management report

## Portfolio overview

On March 31, 2013, alstria's portfolio consisted of 81 office properties and one retail property with approximately 918,765 sqm of lettable area and a contractual vacancy rate of 11.6 %. The portfolio is valued at a yield of 6.5 % and the remaining weighted average unexpired lease term is approximately 6.7 years. Additionally, alstria is a 49 % shareholder in two joint ventures.

For a detailed description of the alstria portfolio, please refer to the Annual Report 2012 (Part I/II – Company Report, pp. 36 to 57).

### Key metrics for the portfolio[1)]

as of March 31, 2013

| Metric | Value |
|---|---|
| Number of properties[2)] | 82 |
| Number of joint venture properties | 1 |
| Market value (EUR bn) | 1.6 |
| Contractual rent (EUR m/annum) | 104.8 |
| Valuation yield (contractual rent/OMV) | 6.5 % |
| Lettable area (k sqm) | 919 |
| Vacancy (% of lettable area)[3)] | 11.6 % |
| WAULT (years) | 6.7 |
| Average rent/sqm (EUR/month) | 10.75 |

[1)] Includes assets classified under property, plant and equipment.
[2)] As at reporting date, five assets are classified as 'assets held for sale'.
[3)] Contractual vacancy includes vacancy of development assets. EPRA vacancy rate is of 8.1 %.

### Transactions

In the first quarter of 2013, the transfer of benefits and burden took place for two properties, which were classified as 'asset held for sale' as of December 31, 2012. The first transfer for the property in Dresden took place as of January 1, 2013 and the second transfer for the property in Düsseldorf took place as of February 1, 2013.

alstria signed binding and notarised agreements for the sale of two properties during the first quarter of 2013:

› At the beginning of March, alstria signed a binding and notarised agreement for the sale of one asset in Hamburg. The transfer of benefits and burden will take place on May 31, 2013. This asset is classified as 'assets held for sale' as of March 31, 2013.

› At the end of March, alstria signed a binding and notarised agreement for the sale of one asset in Zwickau. The transfer of benefits and burden will take place during the second quarter of 2013. This asset is classified as 'assets held for sale' as of March 31, 2013.

### Asset Management

In the first quarter of 2013 alstria's asset management was successful with respect to re-letting vacant areas. alstria signed new leases* totalling approx. 7,100 sqm during the first three months of 2013.

A key re-letting achievement was the lease up with a new tenant in Stuttgart, Ernsthaldenstrasse. The tenant signed a five-year contract for around 2,500 sqm of office and ancillary space. The new lease will start in the second half of the year 2013.

The vacancy rate remained stable at 11.6 % or 106,385 sqm compared with the vacancy rate as of December 31, 2012. Of these 106,385 sqm, around 35,555 sqm represent strategic vacancy (intended vacancy implemented by alstria as part of its repositioning process for certain assets), while the remainder are operational vacancies.

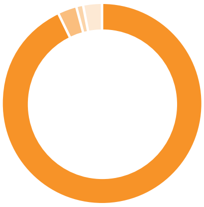
* New leases correspond to lease of vacant space. It does not account for any lease renewal, prolongation or tenant exercise of renewal option.

### Tenants and utilisation

The key focus on a small number of anchor tenants remains one of the main characteristics of alstria's portfolio. About 72 % of total rental revenues are generated by alstria's top eleven tenants. The 2013 portfolio also reflects the clear focus on one single asset class: offices. These make up 93 % of the total lettable area.

#### Total portfolio by utilisation

**based on % of lettable area**




#### alstria's core tenants

**based on % of annual rent**


## Earning positions

### Revenues increased due to acquisitions

Revenues increased in the first quarter 2013 by 11.4 % compared to the first quarter 2012 due to prior year acquisitions. Revenues amounted to EUR 26,291 k (Q1 2012: EUR 23,603 k) with real estate operating expenses of around 6.0 % of revenues at EUR 1,580 k (Q1 2012: EUR 2,363 k or 10.0 % of revenues). As a consequence of the consolidation of the new assets, net rental income increased by EUR 3,715 k to EUR 24,873 k compared to the first quarter 2012.

Administrative expenses and personnel expenses for the reporting quarter remained relatively stable and decreased by EUR 97 k to EUR 2,651 k (Q1 2012: EUR 2,748 k). In the first quarter of 2013 total operating expenses amounted to 10.1 % of total revenues (Q1 2012: 11.6 %).

alstria closed the first quarter 2013 with a consolidated result of EUR 15,001 k. This compares to a consolidated result of EUR 10,229 k in the first quarter of the previous year. The increase in the net operating result is mainly due to higher revenues and lower real estate operating expenses in Q1 2013.

## Funds from operations (FFO) at EUR 0.18 per share

| EUR k | Jan. 1 – March 31, 2013 | Jan. 1 – March 31, 2012 |
|---|---|---|
| **Pre-tax result (EBT)** | **15,019** | **10,229** |
| Net profit/loss from fair value adjustments on investment property | 0 | 0 |
| Net profit/loss from fair value adjustments on financial derivatives | 192 | 481 |
| Profit/loss on disposal of investment property | –516 | 0 |
| Other adjustments[1] | –776 | –920 |
| Fair value and other adjustments in joint venture | 0 | 0 |
| **Funds from operations (FFO)[2]** | **13,919** | **9,790** |
| Maintenance capex | –2,545 | –3,388 |
| **Adjusted funds from operations (AFFO)[3]** | **11,374** | **6,402** |

[1] Non-cash income or expenses and non-recurring effects.
[2] (A)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 (A)FFO. Thus, the (A)FFO or measures with similar names as presented by other companies may not necessarily be comparable to alstria's (A)FFO.
[3] The AFFO is equal to the FFO with adjustments made for capital expenditures used to maintain the quality of the underlying investment portfolio.

Funds from operations (FFO) amounted to EUR 13,919 k for the reporting period compared to EUR 9,790 k in the first quarter 2012. The increase is mainly due to higher revenues of EUR 2,688 k (Q1 2013: EUR 26,291 k; Q1 2012: EUR 23,603 k), lower real estate operating expenses of EUR 783 k (Q1 2013: EUR 1,580 k; Q1 2012: EUR 2,363 k) and lower operating costs of EUR 97 k (Q1 2013: EUR 2,651 k; Q1 2012: EUR 2,748 k).
As a result, FFO per share was EUR 0.18 in the first quarter 2013 (Q1 2012: EUR 0.12).

## Hedging Instruments

alstria uses hedge accounting on all qualifying hedges in order to limit the impact of the volatility of interest rates on profit and loss. This allows alstria to recognise the losses or gains on the qualifying part of the derivatives through the equity cash flow hedge reserve with no effect on income. (For more details, please refer to the notes to the consolidated financial statements as at December 31, 2012).

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

| Product | Strike price p. a. | Maturity date | March 31, 2013 Notional value (EUR k) | March 31, 2013 Fair value (EUR k) | December 31, 2012 Notional value (EUR k) | December 31, 2012 Fair value (EUR k) |
|---|---|---|---|---|---|---|
| Cap | 3.0000 | Sept. 30, 2019 | 42,500 | 418 | 42,500 | 395 |
| Cap[1] | 4.6000 | Oct. 20, 2015 | 47,902 | 5 | 47,902 | 8 |
| **Financial derivatives – held for trading** | | | **42,500[2]** | **423** | **42,500** | **403** |
| Cap | 3.0000 | Dec. 17, 2018 | 56,000 | 448 | 56,000 | 395 |
| Cap | 3.2500 | Dec. 31, 2015 | 11,500 | 3 | 11,500 | 5 |
| Cap | 3.3000 | Oct. 20, 2014 | 22,499 | 1 | 22,876 | 2 |
| Cap | 3.3000 | Oct. 20, 2014 | 7,741 | 0,4 | 7,871 | 1 |
| Swap | 2.1940 | Dec. 31, 2014 | 37,283 | –1,367 | 37,283 | –1,632 |
| Swap | 2.9900 | July 20, 2015 | 472,500 | –28,690 | 472,500 | –33,448 |
| **Financial derivatives – cash flow hedges** | | | **607,523** | **–29,605** | **608,030** | **–34,677** |
| **Total** | | | **650,023[2]** | **–29,182** | **650,530** | **–34,274** |

[1] Not effective before July 10, 2013.
[2] Notional excluding the EUR 47,902 k not effective before July 10, 2013.

The value changes of the derivatives are reflected in various balance sheet items. The following table shows the change in financial derivatives since December 31, 2012:

| in EUR k | Cash flow hedge reserve | Financial derivatives: Financial assets Non-current | Financial derivatives: Financial assets Current | Financial derivatives: Financial liabilities Non-current | Total |
|---|---|---|---|---|---|
| **Hedging instruments as at December 31, 2012** | **–22,137** | **403** | **403** | **–35,080** | **–34,274** |
| Effective change in fair value cash flow hedges | 5,020 | 0 | 0 | 5,020 | **5,020** |
| Ineffective change in fair value cash flow hedges | 0 | 49 | 0 | 0 | **49** |
| Net result from fair value changes in financial derivatives not qualifying for cash flow hedging | 0 | 0 | 20 | 0 | **20** |
| Reclassification of cumulated loss from equity to income statement | 261 | 0 | 0 | 0 | **0** |
| Changes in accrued interests concerning financial derivatives | 0 | 0 | 0 | 3 | **3** |
| **Hedging instruments as at March 31, 2013** | **–16,856** | **452** | **423** | **–30,057** | **–29,182** |

An increase of EUR 5,020 k of changes in fair values of derivatives effective in a cash flow hedge has been recognised in the hedging reserve in the first quarter 2013 (Q1 2012: decrease of EUR 1,580 k).

The ineffective portion recognised in the profit or loss that arises from cash flow hedges amounted to a fair value gain of EUR 49 k (Q1 2012: loss of EUR 401 k). Further gains totalling EUR 20 k (Q1 2012: gain of EUR 170 k) due to the market valuation of derivatives not included in hedge accounting were recognised in the income statement.

A loss of EUR 261 k (Q1 2012: loss of EUR 250 k) relates to the cumulative losses from cash flow hedges for which the forecast transaction is no longer expected to occur due to premature repayment of the loans.

Together, this results in a loss of EUR 192 k (Q1 2012: loss of EUR 481 k) which is shown as net result from fair value adjustments on financial derivatives.

## Financial Result

The following table shows the financial result for the period January 1 to March 31, 2013:

| EUR k | January 1 – March 31, 2013 | January 1 – March 31, 2012 | Change (%) |
|---|---|---|---|
| Interest expenses syndicated loan | –2,732 | –4,486 | –39.1 |
| Interest expenses other loans | –2,282 | –2,627 | –13.1 |
| Interest result derivatives | –3,496 | –2,359 | 48.2 |
| Other interest expenses | –94 | 0 | n/a |
| **Financial expenses** | **–8,604** | **–9,472** | **–9.2** |
| Financial income | 72 | 294 | –75.5 |
| Other financial expenses | –22 | –9 | 144.4 |
| **Net financing costs** | **–8,554** | **–9,187** | **–6.9** |

As at March 31, 2013 alstria was not in breach of any of its financial covenants.

Net financing costs decreased by EUR 633 k to EUR 8,554 k in comparison with the first quarter 2012. The decrease is attributable to a lower average interest level compared to the previous years reporting period.

## Increase in consolidated net result driven by higher revenues and lower real estate operating expenses

The resulting consolidated net result amounts to EUR 15,001 k (Q1 2012: EUR 10,229 k). The main reason for the increase in the consolidated net result compared to the same period in 2012 is based on higher revenues (Q1 2013: EUR 26,291 k; Q1 2012: EUR 23,603 k) and lower real estate operating expenses (Q1 2013: EUR 1,580 k; Q1 2012: EUR 2,363 k).

Earnings per share are EUR 0.19 for the first three months of 2013.

## Financial and asset position

### Financial management

alstria's financial management is carried out at corporate level, with individual loans being taken out at property and portfolio level. alstria's main financial goal is to establish a sustainable long-term finance structure. An integral part of this structure is that long-term loans are covered by corresponding hedging instruments, such as swaps and caps.

The aim of this strategy is to largely eliminate short-term interest volatility from the income statement. In conjunction with the disposal of one asset liability EUR 5,460 k of the syndicated loan has been repaid in the first quarter of 2013.

### Existing loan agreements as per March 31, 2013

| Loan | Maturity | Principal Amount Outstanding (EUR k) | Current LTV (%) | LTV-Covenant (%) |
|---|---|---|---|---|
| Syndicated loan | Jul. 20, 2015 | 559,261 | 54.1 | 70.0 |
| Non-recourse loan #1 | Oct. 20, 2015 | 47,902 | 70.2 | 80.0 |
| Non-recourse loan #2 | Dec. 31, 2014 | 42,670 | 64.9 | 80.0 |
| Non-recourse loan #3 | Jun. 30, 2014 | 29,568 | 56.0 | 62.5 |
| Non-recourse loan #4 | Oct. 20, 2014 | 30,494 | 54.5 | 65.0 |
| Non-recourse loan #5 | Jan. 31, 2017 | 71,376 | 60,2 | 75.0 |
| Loan #6 | Dec. 31, 2015 | 11,457 | 58.5 | 80.0 |
| Loan #7 | Dec. 17, 2018 | 56,000 | 48.8 | 60.0 |
| Loan #8 | Sep. 30, 2019 | 42,500 | 45.6 | 65.0 |
| **Total as March 31, 2013** | | **891,228** | **55.0** | |

### Cash position is EUR 131,620 k

Cash flows from operating activities for the first three months amounted to EUR 14,381 k. The increase compared to the first quarter 2012 (EUR 9,989 k) resulted mainly from higher rental revenues and lower payments for interest expenses.

The cash flows from investing activities are impacted by cash inflows of EUR 7,620 k received for the sale of investment properties. Cash outflows related to investments in existing properties (EUR 3,002 k).

The cash flows from financing activities reflect cash outflows made in an amount of EUR 5,757 k for the redemption of loans.

As a result, alstria ended the first three months of 2013 with a cash position of EUR 131,620 k (March 31, 2012: EUR 153,407 k).

### Investment property remains stable

The total value of investment property at the reporting date amounts to EUR 1,599,890 k in comparison with EUR 1,622,988 k at the beginning of the financial year. The decrease of investment property is based on the reclassification of five assets to "assets held for sale", which will be transferred to the new owners during the second and third quarter of 2013.

### Development of investment properties

| in EUR k | |
|---|---|
| **Investment properties at Dec. 31, 2012** | **1,622,988** |
| Capital expenditure | 3,002 |
| Reclassification | –26,100 |
| **Investment properties at Mar. 31, 2013** | **1,599,890** |
| Fair value of owner-occupied properties | 5,937 |
| Fair value of properties held for sale | 26,462 |
| Interests in joint ventures | 18,137 |
| **Fair value of immovable assets** | **1,650,426** |

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

## Equity ratio of 47.4 % – G-REIT equity ratio at 51.5 %

The balance sheet reflects a total equity position of EUR 849,696 k with an equity ratio of 47.4 % (December 31, 2012: EUR 829,287 k or 46.4 %). The G-REIT equity ratio which is defined as total equity divided by immovable assets increased by 1.5 percentage points to 51.5 % (December 31, 2012: 50.0 %). According to the G-REIT Act (REIT-Gesetz - REITG), the minimum requirement for compliance with G-REIT criteria is an equity ratio of 45 % calculated at the end of the financial year.

## NNNAV at EUR 10.75 per share

NNNAV (Triple Net Asset Value according to EPRA*) increased from EUR 10.50 per share as of December 31, 2012 to EUR 10.75 per share as of March 31, 2013. The consolidated profit for the period (EUR 15,001 k) is primarily responsible for the increase in equity. In total, this leads to an increase in equity from EUR 829,287 k to EUR 849,696 k**.

## Decrease of financial debt

Long-term loans decreased by 1.7 % to 866,994 in the first quarter of 2013. Around EUR 15,568 k has been reclassified from long-term loans to short-term loans, as this amount will be repaid during the second quarter of 2013.

## Increase in current liabilities

Current liabilities increased by 23.8 % to EUR 34,796 k, which is mainly linked to the rise in short-term loans. During the first quarter of 2013, EUR 5,460 k of the syndicated loan was repaid in conjunction with the disposal of one asset in Düsseldorf. An additional EUR 15,568 k has been categorised as short-term loans. Other current liabilities amounting to EUR 9,050 k mainly comprised outstanding invoices (EUR 2,904 k), deferred income (EUR 1,309 k) and other current liabilities (EUR 3,924 k).

# Risk and opportunity report

The EU Directive on Alternative Investment Fund Managers (AIFM Directive) will result in a more regulated European investment industry in the future. The Directive will be transposed into national law by mid-2013. Currently, it is not yet clear whether alstria as a REIT will fall under the scope of the directive. The implementation of the law could result in higher expenses due to new regulatory requirements. The risks and opportunities to which alstria is exposed are described in detail in the Annual Report 2012. There have been no further changes to the status in that report.

# Recent developments and outlook

In April 2013, alstria signed binding and notarised agreements for the sale of two assets in Würzburg and Erfurt. As the transfer of benefits and burden will take place in the second or third quarter of 2013, after the reporting period, these assets are classified as 'assets held for sale' as per March 31, 2013.

Furthermore, alstria signed a binding and notarised agreement for the acquisition for one land asset in Düsseldorf (owned through a leasehold) which was taken over by alstria. The transfer of benefits and burdens took place in the second quarter of 2013.

## Financial guidance

Following the current business development in Q1 2013, alstria expects revenues of around EUR 103 m and funds from operations (FFO) of around EUR 45 m for the year 2013.

# Disclaimer

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

* EPRA: European Public Real Estate Association, Best Practices Committee, Brussels, Belgium.

** See also the consolidated statement of changes in equity.


Kaiser-Wilhelm-Strasse 79–87
53° 33' 15' N; 9° 58' 54" E

# Consolidated interim financial statements

## Consolidated income statement

for the period from January 1 to March 31, 2013

| in EUR k | Notes | January 1 – March 31, 2013 | January 1 – March 31, 2012 |
|---|---|---|---|
| Revenues | | 26,291 | 23,603 |
| Income less expenses from passed on operating expenses | | 162 | –82 |
| Real estate operating expenses | | –1,580 | –2,363 |
| **Net rental income** | | **24,873** | **21,158** |
| | | | |
| Administrative expenses | | –1,216 | –1,418 |
| Personnel expenses | 6.1 | –1,435 | –1,330 |
| Other operating income | | 1,082 | 1,447 |
| Other operating expenses | | –10 | –13 |
| Gain on disposal of investment property | | 516 | 0 |
| **Net operating result** | | **23,810** | **19,844** |
| | | | |
| Net financial result | 6.2 | –8,554 | –9,187 |
| Share of the result of joint venture | | –45 | 53 |
| Net loss from fair value adjustments on financial derivatives | | –192 | –481 |
| **Pre-tax result (EBT)** | | **15,019** | **10,229** |
| | | | |
| Income tax expense | 6.3 | –18 | 0 |
| **Consolidated profit** | | **15,001** | **10,229** |
| | | | |
| Attributable to: | | | |
| Shareholder | | 15,001 | 10,229 |
| | | | |
| **Earnings per share in EUR** | | | |
| Basic earnings per share | 6.4 | 0.19 | 0.14 |
| Diluted earnings per share | 6.4 | 0.19 | 0.14 |

## Consolidated statement of comprehensive income

for the period from January 1 to March 31, 2013

| | | | |
|---|---|---|---|
| **Consolidated profit for the period** | | **15,001** | **10,229** |
| Cash flow hedges (recyclable) | 8.1 | 5,020 | –1,580 |
| Reclassification from cashflow hedging reserve (recyclable) | 8.1 | 261 | 250 |
| **Other comprehensive result for the period** | | **5,281** | **–1,330** |
| **Total comprehensive result for the period** | | **20,282** | **8,899** |

## Consolidated statement of financial position

as at March 31, 2013

**Assets**

| in EUR k | Notes | March 31, 2013 | December 31, 2012 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment property | 7.1 | 1,599,890 | 1,622,988 |
| Equity-accounted investments | | 18,137 | 18,183 |
| Property, plant and equipment | | 5,272 | 5,334 |
| Intangible assets | | 471 | 467 |
| Derivatives | | 452 | 403 |
| **Total non-current assets** | | **1,624,222** | **1,647,375** |
| | | | |
| **Current assets** | | | |
| Assets held for sale | 7.1 | 26,462 | 10,010 |
| Trade receivables | | 4,598 | 3,656 |
| Accounts receivable from joint ventures | | 89 | 89 |
| Derivatives | 8.3 | 423 | 403 |
| Other receivables | | 5,705 | 6,812 |
| Cash and cash equivalents | 7.2 | 131,620 | 118,548 |
| *thereof restricted* | | *301* | *252* |
| **Total current assets** | | **168,897** | **139,518** |
| | | | |
| **Total assets** | | **1,793,119** | **1,786,893** |

## Equity and liabilities

| in EUR k | Notes | March 31, 2013 | December 31, 2012 |
|---|---|---|---|
| **Equity** | 8.1 | | |
| Share capital | | 78,933 | 78,933 |
| Capital surplus | | 769,539 | 769,412 |
| Hedging reserve | | –16,856 | –22,137 |
| Retained earnings | | 18,080 | 3,079 |
| **Total equity** | | **849,696** | **829,287** |
| | | | |
| **Non-current liabilities** | | | |
| Long-term loans, net of current portion | 8.2 | 866,994 | 882,105 |
| Derivatives | 8.3 | 30,057 | 35,080 |
| Other provisions | | 4,053 | 5,191 |
| Other liabilities | | 7,523 | 7,129 |
| **Total non-current liabilities** | | **908,627** | **929,505** |
| | | | |
| **Current liabilities** | | | |
| Short-term loans | 8.2 | 20,930 | 9,986 |
| Trade payables | | 4,467 | 3,735 |
| Profit participation rights | 12 | 349 | 345 |
| Other current liabilities | | 9,050 | 14,035 |
| **Total current liabilities** | | **34,796** | **28,101** |
| **Total liabilities** | | **943,423** | **957,606** |
| | | | |
| **Total equity and liabilities** | | **1,793,119** | **1,786,893** |

## Consolidated statement of changes in equity

for the period ended March 31, 2013

| in EUR k | Notes | Share capital | Capital surplus | Hedging reserve | Retained earnings | Total Equity |
|---|---|---|---|---|---|---|
| **As of January 1, 2013** | | **78,933** | **769,412** | **–22,137** | **3,079** | **829,287** |
| | | | | | | |
| **Changes in Q1 2013** | | | | | | |
| Consolidated profit | | 0 | 0 | 0 | 15,001 | 15,001 |
| Other comprehensive income | | 0 | 0 | 5,281 | 0 | 5,281 |
| **Total comprehensive income** | | **0** | **0** | **5,281** | **15,001** | **20,282** |
| Share-based remuneration | | 0 | 127 | 0 | 0 | 127 |
| **As of March 31, 2013** | 8.1 | **78,933** | **769,539** | **–16,856** | **18,080** | **849,696** |

for the period ended March 31, 2012

| in EUR k | Notes | Share capital | Capital surplus | Hedging reserve | Retained earnings | Total Equity |
|---|---|---|---|---|---|---|
| **As of January 1, 2012** | | **71,704** | **751,084** | **–17,760** | **–36,833** | **768,195** |
| | | | | | | |
| **Changes in Q1 2012** | | | | | | |
| Consolidated profit | | 0 | 0 | 0 | 10,229 | 10,229 |
| Other comprehensive income | | 0 | 0 | –1,330 | 0 | –1,330 |
| **Total comprehensive income** | | **0** | **0** | **–1,330** | **10,229** | **8,899** |
| Share-based remuneration | | 0 | 117 | 0 | 0 | 117 |
| Proceeds from shares issued | | 7,170 | 53,778 | 0 | 0 | 60,948 |
| Transaction costs of issue of shares | | 0 | –1,317 | 0 | 0 | –1,317 |
| **As of March 31, 2012** | 8.1 | **78,874** | **803,662** | **–19,090** | **–26,604** | **836,842** |

## Consolidated statement of cash flow

for the period from January 1 to March 31, 2013

| in EUR k | Notes | January 1 – March 31, 2013 | January 1 – March 31, 2012 |
|---|---|---|---|
| **1. Operating activities** | | | |
| Consolidated profit for the period | | 15,001 | 10,229 |
| Unrealised valuation movements | | 238 | 441 |
| Interest income | 6.2 | –72 | –294 |
| Interest expense | 6.2 | 8,626 | 9,481 |
| Result from income taxes | | 18 | 0 |
| Other non-cash expenses (+) | | 128 | 27 |
| Gain (–)/Loss (+) on disposal of fixed assets | | –516 | 0 |
| Depreciation and impairment of fixed assets (+) | | 133 | 43 |
| Decrease (+)/Increase (–) in trade receivables and other assets that are not attributed to investing or financing activities | | 165 | –2,173 |
| Decrease (–)/increase (+) in trade payables and other liabilities that are not attributed to investing or financing activities | | –2,475 | 799 |
| **Cash generated from operations** | | **21,246** | **18,553** |
| Interest received | | 72 | 294 |
| Interest paid | | –6,919 | –8,858 |
| Income tax paid | | –18 | 0 |
| **Cash flows from operating activities** | | **14,381** | **9,989** |
| **2. Investing activities** | | | |
| Acquisition of investment properties | 7.1 | –3,002 | –12.769 |
| Proceeds from sale of investment properties | | 7,620 | 3,400 |
| Payment of transaction cost in relation to the sale of investment properties | | –96 | 0 |
| Acquisition of other property, plant and equipment | | –74 | –149 |
| **Cash flows generated from / used in investing activities** | | **4,448** | **–9,518** |
| **3. Financing activities** | | | |
| Cash received from equity contributions | 8.1 | 0 | 60,948 |
| Payment of transaction costs of issue of shares | 8.1 | 0 | –1,317 |
| Payments of the redemption of bonds and borrowings | | –5,757 | –2,704 |
| **Cash flows used in / generated from financing activities** | | **–5,757** | **56,927** |
| **4. Cash and cash equivalents at the end of the period** | | | |
| Change in cash and cash equivalents (subtotal of 1 to 3) | | 13,072 | 57,398 |
| Cash and cash equivalents at the beginning of the period | | 118,548 | 96,009 |
| **Cash and cash equivalents at the end of the period** *thereof restricted: EUR 301 k; previous year: EUR 270 k* | 7.3 | **131,620** | **153,407** |

# Notes to the Condensed Interim Consolidated Financial Statements as at March 31, 2013

## 1 Corporate information

alstria office REIT-AG, Hamburg, (hereinafter referred to as the 'Company' or 'alstria office REIT-AG' and, together with its subsidiaries, as 'alstria' or the 'Group'), is a German stock corporation registered in Hamburg. The Group's principal activities are described in detail in section 1 of the Notes to the consolidated financial statements for the financial year ended December 31, 2012.

The condensed interim consolidated financial statements for the period from January 1, 2013 to March 31, 2013 (hereinafter referred to as the 'consolidated interim financial statements') were authorised for issue by resolution of the Company's Management Board on May 2, 2013.

## 2 Basic of preparation

These consolidated interim financial statements were prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not contain all of the disclosures and explanations required in the annual financial statements and should therefore be read in conjunction with the consolidated financial statements as at December 31, 2012.

These condensed interim consolidated financial statements have not been audited.

## 3 Significant accounting policies

The accounting policies applied are consistent with those policies applied in the Group's annual financial statements for the year ended December 31, 2012, as outlined in those annual financial statements.

The following new interpretations and amendments to standards and interpretations are mandatory for the first time for the financial reporting period beginning January 1, 2013:

› IFRS 13 'Fair value measurement'; new standard issued on May 12, 2011. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements, except for share-based payment transactions within the scope of IFRS 2 'Share-based Payment', leasing transactions within the scope of IAS 17 'Leases', measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 'Inventories', or value in use in IAS 36 'Impairment of Assets'. IFRS 13 is applicable to annual reporting periods beginning on or after January 1, 2013.
› Amendments to IFRS 1 'Severe hyperinflation and removal of fixed dates for first-time adopters', issued on December 20, 2010. The amendment is generally applicable for financial years starting on July 1, 2011 or later but was allowed to be applied not before January 1, 2013 on as a result of the European Union endorsement process. Since alstria has no exposure to hyperinflation markets, the amendments has no effect on alstria's financial reporting.
› Amendment to IFRS 1 with regard to government grants with interest rates not in line with market level. The amendment was published on March 13, 2012 and will give first-time adopters the same relief to recognition and measurement of government grants as existing preparers. The amendment applies to annual periods beginning on or after January 1, 2013 and has no effect on the Group's financial reporting.
› The IASB has revised the requirements for offsetting financial assets and financial liabilities and as a result, published amendments to IAS 32 'Financial instruments: presentation' and IFRS 7 'financial instruments: disclosure'. The current offsetting model in IAS 32 has been basically maintained and was solely substantiated by additional application guidance, which applies to annual periods beginning on or after January 1, 2014.
A new feature is the IFRS 7 disclosure requirements inserted in connection with certain settlement agreements. The amendments to IFRS 7 are to apply retrospectively for annual periods beginning on or after January 1, 2013. Impact from these changes may result in terms of reporting in the event that there is a netting agreement.
› Amendments to IAS 1 'Presentation of financial statements'. On June 16, 2011, the International Accounting Standards Board (IASB) published amendments to IAS 1. The amendments to IAS 1 retain the 'one or two statement' approach at the option of the entity and only revise the way other comprehensive income is presented, requiring

separate subtotals for those elements which may be 'recycled', and those elements that will not. The amendments are applicable to annual periods beginning on or after July 1, 2012, with early adoption permitted. The amendments does not affect the presentation of the Group's financial statements.

› Amendment to IAS 12 'Deferred tax: Recovery of underlying assets', issued on December 20, 2010. This amendment, which will have no impact on the financial reporting of alstria is generally to apply from January 1, 2012 but was allowed to be applied not before January 1, 2013 on as a result of the European Union endorsement process.
› Amendments to IAS 19 'Employee benefits'. On June 16, 2011, the IASB published amendments to IAS 19, implementing new reporting procedures on employee benefits. The amendments are applicable to annual periods beginning on or after January 1, 2013, with early adoption permitted. The amendments are not affecting the presentation of the Group's financial reporting.
› IFRIC 20 'Stripping costs in the production phase of a surface mine': IFRIC 20 considers when and how to account separately for benefits arising from the stripping activities in surface mining operations. IFRIC 20 applies to annual periods beginning on or after January 1, 2013. The interpretation has no relevance for the Group.
› The International Accounting Standards Board (IASB) issued 'Annual Improvements 2009–2011', a collection of amendments to IFRSs, in response to issues addressed during the 2009–2011 cycle. Five standards (IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34) are primarily affected by the amendments, with consequential amendments to numerous others. The improvements apply to annual periods beginning on or after January 1, 2013 and will be of only minor, if any, relevance for the Group.
› The initial application of the newly applied IFRS had no material effect on the presentation of the consolidated interim financial statements.

The following new standards, interpretations and amendments to published standards have been issued but are not effective for the financial year 2013 and have not been applied by the Group before they are mandatory:

› IFRS 9 'Financial instruments'; new standard issued November 12, 2009. The standard addresses the classification and measurement of financial assets and is likely to affect the Group's accounting of financial assets. Application of the standard is not mandatory until January 1, 2015. But subject to EU endorsement, the standard is available for early adoption. The Group has not yet assessed the full impact of IFRS 9.
› IFRS 10 'Consolidated financial statements'; new standard issued on May 12, 2011. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. The standard supersedes the guidelines on consolidation as outlined in the present IAS 27 'Consolidated and Separate Financial Statements' and SIC-12 'Consolidation – Special Purpose Entities'. IFRS 10 is applicable to annual reporting periods beginning on or after January 1, 2014*. It is not expected that the application of the new standard will lead to a change in the basis of consolidation of the Group.
› IFRS 11 'Joint arrangements'; new standard issued on May 12, 2011. The core principle of IFRS 11 is that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations, and accounts for those rights and obligations, in accordance with that type of joint arrangement. The standard supersedes IAS 31 'Interests in Joint Ventures' and SIC-13 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers'. IFRS 11 is applicable to annual reporting periods beginning on or after January 1, 2014*. It is not expected that the application of the new standard will lead to a change in the accounting for joint ventures.
› IFRS 12 'Disclosures of interests in other entities'; new standard issued on May 12, 2011. The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, the interests in other entities and the effects of those interests on their financial position, financial performance and cash flows. IFRS 12 is applicable to annual reporting periods beginning on or after January 1, 2014*. The Group has not yet assessed the full impact of IFRS 12.
› IAS 27 'Separate financial statements'; new revised standard issued on May 12, 2011. IAS 27 (revised 2011) has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements. IAS 27 (2011) together with IFRS 10 'Consolidated Financial Statements' supersedes

* Shift of the mandatory apllication date for EU companies to January 1, 2014.

the previous version of IAS 27 (2008) 'Consolidated and Separate Financial Statements' including the related interpretation SIC-12 'Consolidation – Special Purpose Entities'. IAS 27 (revised 2011) is applicable to annual reporting periods beginning on or after January 1, 2014*. Since none of alstria's Group companies prepares single entity financial statements in accordance with IFRS, no impact on accounting is expected as a result of the revised standard.

- IAS 28 'Investments in associates and joint ventures'; new standard issued May 12, 2011. The objective of IAS 28 (revised 2011) is to prescribe the accounting for investments in associates, and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 (2011), together with IFRS 12 'Disclosures of interests in other entities', supersedes the previous version of IAS 28 (2008) 'Investments in Associates'. IAS 28 (revised 2011) is applicable to financial years beginning on or after January 1, 2014*. It is not expected that the application of the new standard will lead to a change in the accounting for joint ventures.
- An entity may apply the aforementioned standards IFRS 10 'Consolidated Financial Statements', IFRS 11 'Joint Arrangements', IFRS 12 'Disclosure of Interests in Other Entities', IAS 27 'Separate Financial Statements (2011)' and IAS 28 'Investments in Associates and Joint Ventures 2011' to an earlier accounting period, but if it elects to do this prematurely, it must adopt all standards together.
- The IASB has revised the requirements for offsetting financial assets and financial liabilities and as a result, published amendments to IAS 32 'Financial instruments: presentation' and IFRS 7 'financial instruments: disclosure'. The current offsetting model in IAS 32 has been basically maintained and was solely substantiated by additional application guidance, which applies to annual periods beginning on or after January 1, 2014.
- Amendments to IFRS 10 'Consolidated financial statements', IFRS 11 'Joint arrangements', and IFRS 12 'Disclosures of interests in other entities' – Transition Guidance. The amendments will clarify the transition guidance in IFRS 10 and grants additional relief in all three standards. The amendments are applicable – similar to IFRS 10, IFRS 11 and IFRS 12 – to annual periods beginning on or after January 1, 2014*.

* Shift of the mandatory apllication date for EU companies to January 1, 2014.

## 4 Consolidated group

There have been no changes to the consolidated Group since the consolidated financial statements as of December 31, 2012.

## 5 Key judgements and estimates

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

## 6 Notes to the Consolidated Income Statement

### 6.1 Personnel expenses

The personnel expenses shown in the profit and loss account totalling EUR 1,435 k (January 1 to March 31, 2012: EUR 1,330 k) include accrued bonuses in the amount of EUR 329 k (January 1 to March 31, 2012: EUR 282 k). Furthermore, income from the reversal of provision for personnel liabilities of EUR 115 k (January 1 to March 31, 2012: EUR 21 k) relating to share-based compensation granted to the management are included (see note 11), as are expenses for share-based compensation resulting from the convertible profit participation rights granted to employees in an amount of EUR 127 k (January 1 to March 31, 2012: EUR 117 k).

### 6.2 Financial result

The following table shows a breakdown of the financial result.

| in EUR k | Jan. 1 – March 31, 2013 (unaudited) | Jan. 1 – March 31, 2012 (unaudited) |
|---|---|---|
| Interest expense syndicated loan | –2,732 | –4,486 |
| Interest expense other loans | –2,282 | –2,627 |
| Interest result from derivatives | –3,496 | –2,359 |
| Other interest expenses | –94 | 0 |
| **Financial expenses** | **–8,604** | **–9,472** |
| Interest income | 72 | 294 |
| Other financial expenses | –22 | –9 |
| **Net financing costs** | **–8,554** | **–9,187** |

There were no new loans taken out in the first quarter 2013. The syndicated loan was amortised in an amount of EUR 5,460 k.

### 6.3 Income taxes

As a consequence of its status as a G-REIT, alstria office REIT-AG is exempt from German corporation tax (Körperschaftsteuer – KSt) and German trade tax (Gewerbesteuer – GewSt).

Minor tax payment obligations may arise for affiliates serving as a general partner of a partnership or REIT Service Companies.

For a detailed description of the tax implications, please refer to section 9.10 of the consolidated financial statements as at December 31, 2012.

### 6.4 Earnings per share

The table below shows the income and share data used in the earnings per share computations:

| | Jan. 1 – March 31, 2013 (unaudited) | Jan. 1 – March 31, 2012 (unaudited) |
|---|---|---|
| Profit attributable to the shareholders (in EUR k) | 15,001 | 10,229 |
| Average number of shares outstanding (in thousands) | 78,933 | 74,619 |
| Basic earnings per share (in EUR per share) | 0.19 | 0.14 |

## 7 Notes to the Consolidated Balance Sheet – Assets

### 7.1 Investment property

alstria office REIT-AG uses the fair value model pursuant to IFRS 13 for revaluation. External appraisals were obtained for the determination of value as at December 31, 2012. A management review of fair values as at the date of the consolidated interim financial statements as at March 31, 2013 resulted in a fair value increase for investment properties held at December 31, 2012 totalling EUR 3,002 k. This amount relates to capitalised expenditure invested in the first quarter 2013 for refurbishment and project development. For a detailed description of the asset value determination process, please refer to section 7 of the consolidated financial statements as at December 31, 2012.

In the first quarter of 2013, the transfer of benefits and burden took place for two properties, which were classified as "asset held for sale" as of December 31, 2012. The transaction volume amounted to EUR 10,260 k.

In addition alstria signed binding and notarised agreements for the sale of two further properties during the first quarter of 2013. The transfer of benefits and burden is expected to take place during the second and third quarter of 2013. Five assets are classified as "assets held for sale" as of March 31, 2013.

### 7.2 Cash and cash equivalents

As of March 31, 2013, EUR 301 k of total cash and cash equivalents (EUR 131,620 k) is subject to restrictions. The amount corresponds to accrued interest obligations and other amounts over which the Company may not freely dispose.

## 8 Notes to the Consolidated Balance Sheet – Equity and Liabilities

### 8.1 Equity

Please refer to the consolidated statement of changes in equity for details.

#### Share capital

On March 31, 2013 alstria office REIT-AG's share capital amounted to EUR 78,933,487, represented by 78,933,487 non-par value bearer shares.

The majority of the shares in the Company are in free float.

#### Treasury shares

On March 31, 2013, the Company held no treasury shares.

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

#### Cash flow hedging reserve

| in EUR k | 2013 (unaudited) | 2012 (audited) |
|---|---|---|
| As at January 1 | –22,137 | –17,760 |
| Net changes in cash flow hedges | 5,281 | –4,377 |
| **As at March 31 / December 31** | **–16,856** | **–22,137** |

This reserve includes the portion of the gain or loss on hedging instruments in cash flow hedge that is determined to be an effective hedge. The net changes for the increased valuation of derivative financial instrument amount to EUR 5,020 k.

An amount of EUR 261 k relates to reclassifications of cumulated devaluations of cash flow hedges, for which the forecast hedged transactions are no longer expected to occur due to the redemption of loans before maturity.

### 8.2 Financial liabilities

As at March 31, 2013, the repayment amount of loans of alstria office REIT-AG amounted to EUR 891,228 k (December 31, 2012: EUR 896,984 k). The lower carrying amount of EUR 887,924 k (EUR 866,994 k non-current and EUR 20,930 k current) takes into account interest liabilities and transaction costs to be allocated under the effective interest method upon the raising of liabilities. Financial liabilities with a maturity of up to one year are recognised as current loans.

For a detailed description of the loans, loan terms and loan securities, please refer to section 11.2 of the consolidated financial statements as at December 31, 2012.

In relation to the disposal of a office buildings alstria repaid EUR 5,460 k on its syndicated loan in the reporting period 2013.

### 8.3 Derivative financial instruments

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

The fair value of the derivative financial instruments was determined by an independent expert by discounting the expected future cash flows at prevailing market interest rates.

For a more detailed description of the Group's derivative financial instruments and the presentation of their fair values please refer to page 11 et seq. of the consolidated interim management report.

All of the Group's financial instruments which are measured in the balance sheet at fair value are valued using the level 2 valuation measurement approach. This only applies to the Group's financial derivatives, as there are no other financial instruments that are measured in the balance sheet at fair value. The fair value determination of the Group's financial derivatives is based on forward interest rates extracted from observable yield curves.

## 9 Proposed dividends

| | March 31, 2013 (unaudited) | March 31, 2012 (unaudited) |
|---|---|---|
| Dividends on ordinary shares[1] in EUR k (not recognised as a liability as at March 31): | 39,467 | 34,705 |
| **Dividend per share in EUR** | **0.50** | **0.44** |

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

The Management Board and Supervisory Board will propose the Annual General Meeting of alstria office REIT-AG to be held on May 29, 2013 to resolve to distribute dividends totalling EUR 39,467 k (EUR 0.50 per outstanding share).

## 10 Employees

In the period from January 1 to March 31, 2013, the Company had an average of 59 employees (January 1 to March 31, 2012: average 51 people). The average number of employees was calculated on the basis of the total of employees at the end of each month. On March 31, 2013, 58 people (December 31, 2012: 59 people) were employed at alstria office REIT-AG, excluding the Management Board.

## 11 Share-based remuneration

As part of the success based remuneration for members of the Management Board a share-based remuneration system was implemented. The share-based remuneration is made up of a long-term component, the Long-Term Incentive Plan (LTIP), and a short-term component, the Short-Term Incentive Plan (STIP). The remuneration type is a cash-settled and share-based payment transaction respectively.

The development of the virtual shares until March 31, 2013 is shown in the following table:

| Number of virtual shares | Jan. 1 – March 31, 2013 (unaudited) | | 2012 (audited) | |
|---|---|---|---|---|
| | LTIP | STIP | LTIP | STIP |
| January 1 | 267,665 | 24,629 | 175,711 | 11,718 |
| Granted in the reporting period | 86,114 | 13,078 | 91,954 | 12,911 |
| Terminated in the reporting period | 0 | –11,718 | 0 | 0 |
| **March 31/ Dec. 31** | **353,779** | **25,989** | **267,665** | **24,629** |

In the first quarter 2013, the LTIP and the STIP generated income amounting to EUR 115 k (Q1 2012: income of EUR 21 k) and at the end of the reporting period, provisions amounting to EUR 1,236 k (December 31, 2012: EUR 1,472 k). The income generated in the first quarter resulted from the reversal of provision for share is based remuneration based on market data. The Group recognises the liabilities arising from the vested virtual shares under other provisions. Please refer to section 18 of the consolidated financial statements as of December 31, 2012 for a detailed description of the employee profit participation rights programme.

## 12 Convertible profit participation rights programme

Under the convertible profit participation rights scheme established by the Supervisory Board of alstria office REIT-AG, 193,500 convertible profit participation certificates ('certificates') existed as of March 31, 2013. 1,000 certificates have been terminated in the course of the first quarter 2013.

For a detailed description of the employee profit participation rights programme, please refer to section 19 of the consolidated financial statements as of December 31, 2012.

## 13 Related parties

Except for the granting of virtual shares to the members of the Company's Management Board as detailed in note 11, no significant legal transactions were executed with related parties during the reporting period.

## 14 Significant events after the end of the reporting period

In the second quarter of 2013, alstria office REIT-AG signed binding and notarised agreements for the sale of two further assets, classified as "asset held for sale" as per March 31, 2013.

Furthermore, alstria office REIT-AG signed a binding and notarised agreement for the acquisition for one land asset in Düsseldorf (owned through leasehold before) which was taken over by alstria. The transfer of benefits and burden took place in the second quarter of 2013.

## 15 Management Board

As of March 31, 2013, the members of the Company's Management Board are:

Mr Olivier Elamine (Chief Executive Officer)

Mr Alexander Dexne (Chief Financial Officer)

## 16 Supervisory Board

Pursuant to section 9 of the Company's Articles of Association, the Supervisory Board consists of six members, all of whom are elected by the Annual General Meeting of shareholders. The term of office for all members expires at the close of the Annual General Meeting of shareholders in 2016.

As at March 31, 2013, the members of the Supervisory Board are:

Mr Alexander Stuhlmann (Chairman)
Dr Johannes Conradi (Vice-Chairman)
Mr Benoît Hérault
Mr Roger Lee
Mr Richard Mully
Ms Marianne Voigt

Hamburg, Germany, May 2, 2013

| | |
|---|---|
| Olivier Elamine<br>CEO | Alexander Dexne<br>CFO |


Kaiser-Wilhelm-Strasse 79–87
53° 33' 15' N; 9° 58' 54" E

# Events 2013

## Special dates you should note …

### May 29

**Annual General Meeting**
Hamburg

### August 6

**Publication of Q2 report**
Half-year interim report (Hamburg)

### November 5

**Publication of Q3 report**
Interim report (Hamburg)
**Publication of the sustainability report 2013**

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