Points of view

Interim Financial Report
as per September 30, 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	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Change
Revenues and earnings			
Revenues	78,123	75,089	4.0 %
Net rental income	72,443	66,711	8.6 %
Consolidated profit for the period	24,089	32,526	–25.9 %
FFO	34,425	32,025	7.5 %
Earnings per share (in EUR)	0.31	0.42	–26.2 %
FFO per share (in EUR)	0.44	0.41	7.5 %
EPRA[1] earnings per share (in EUR)	0.44	0.42	4.8 %
EPRA cost ratio	18.7 %	22.6 %	–3.9 pp

	Sept. 30, 2013	Dec. 31, 2012	Change
Balance sheet			
Investment property	1,635,928	1,622,988	0.8 %
Total assets	1,782,361	1,786,893	–0.3 %
Equity	827,271	829,287	–0.2 %
Liabilities	955,090	957,606	–0.3 %
NAV per share (in EUR)	10.48	10.51	–0.2 %
Net LTV	51.2 %	47.8 %	3.4 pp
G-REIT key figures			
G-REIT equity ratio	49.6 %	50.0 %	–0.4 pp
Revenues incl. other income from investment properties	100 %	100 %	0.0 pp
EPRA[1] key figures			
Diluted EPRA-NAV per share (in EUR)	10.49	10.98	–4.4 %
EPRA-NNNAV per share (in EUR)	10.46	10.50	–0.4 %
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	7.1 %	8.0 %	–0.9 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.

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Management Letter

Alexander Dexne
Chief Financial Officer

Olivier Elamine
Chief Executive Officer

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

The most important event for alstria in the third quarter of 2013 was the early refinancing of the syndicated loan in the amount of EUR 544 m. The seven year loan granted by a consortium of four German banks more than doubled the average debt maturity from 2.5 years to 5.6 years, and is testimony to the confidence of the financing banks in alstria's business model. We now have no major refinancing needs until 2018. In addition, the current favourable interest rate environment allows us to lower our funding costs in the years to come. We will use this additional financial flexibility to further reduce our debt.

In the operating business, the favourable development continued in the third quarter. Acquisitions and new leasing contracts laid the foundation for revenue growth in the first nine months of 2013, by 4.0 % to EUR 78.1 m. Our operating profit (FFO) rose even more strongly, by 7.5 % to EUR 34.4 m. As expected the cost situation normalised in the third quarter and we are well on our way to achieving our financial targets for the year 2013. The FFO per share improved in the same order of magnitude and reached EUR 0.44. Our balance sheet ratios remained strong with a net LTV of 51.2 % and a G-REIT equity ratio of 49.6 %.

In terms of leasing, alstria recorded a very good result in the first nine months of 2013. Due to a very dynamic German leasing market, we were able to sign new leases for 25,200 sqm and contracts for 14,700 sqm have been extended. Our leasing success reduced the EPRA vacancy rate by 90 bps to 7.1 % in the course of the first nine months 2013. A special highlight in the third quarter was the signature of a long-term lease in our development project Schaartor 1 in Hamburg. The building at the entrance of Hamburg's HafenCity was acquired in 2010 and is currently undergoing a substantial refurbishment. The Schaartor project is a good example of how the right acquisition strategy and hard work translate into value creation for our shareholders.

We have continued to streamline our portfolio and have exited a number of smaller locations. The funds from the sale of these properties, mainly in Eastern Germany, were immediately reinvested in our core markets of Düsseldorf and Stuttgart. The streamlining of our asset base increases our efficiency and the long-term attractiveness of our portfolio.

Kind Regards

Olivier Elamine **Alexander Dexne**

alstria's share

Share price development

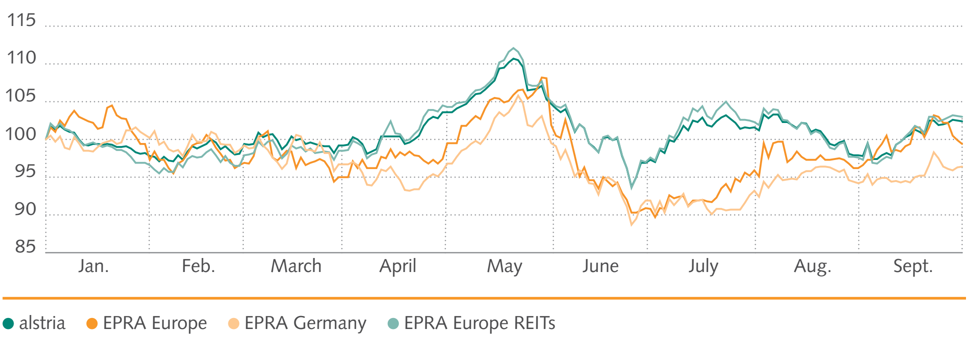
In the first nine months of 2013 share prices worldwide recorded a significant upward trend. This is particularly due to the continuing expansive monetary policy of all major central banks and investors' search for yield. In addition, most economic indicators showed improved expectancy components in the third quarter, expressing the hope of a speedy economic recovery. However, the continuing high volatility of stock prices is a clear indication that the unresolved debt problems in Europe, the U.S. and Japan still raises huge concerns on the investors' side. Above all, the uncertainty as to how long the central banks will hold their expansionary monetary policy and the possible tapering of the money supply is likely to impact the development of stock markets in the coming months.

As per the end of September, the German DAX30 index stood at 8,594 points and recorded, under heavy fluctuations, an increase of 12.9 % in the first nine months of the year. alstria's share price performed in line with the European stock-listed real estate sector. In the course of the first nine months of 2013 the share price fluctuated between EUR 8.30 and EUR 10.01. The share price movement also reflected the dividend payment on May 30, 2013, which resulted in a corresponding markdown of the share price.

The Annual General Meeting of alstria office REIT AG held on May 29, 2013 resolved to grant a dividend entitlement of EUR 0.50 per share for the financial year 2012. The total dividend therefore amounted to EUR 39,467 k.

Share price development

September 30, 2013 – EUR 8.40



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

		Sept. 30, 2013	**Sept. 30, 2012**
Number of shares	in thousand	78,933	78,933
thereof outstanding	*in thousand*	*78,933*	*78,933*
Closing price[1]	in EUR	8.40	8.35
Market capitalisation	in EUR k	663,037	659,091
Free float	in percent	88	80

		Q1–Q3 2013	**Q1–Q3 2012**
Average daily trading volume (all exchange and OTC)[2]	in EUR k	2,032	1,896
thereof XETRA	*in EUR k*	*1,073*	*801*
Share price: high[1]	in EUR	10.01	9.38
Share price: low[1]	in EUR	8.30	7.64

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

Consolidated interim management report

Portfolio overview

On September 30, 2013, alstria's portfolio consisted of 78 office properties and one retail property with a total lettable area of approximately 911,779 sqm and a contractual vacancy rate of 10.1 %. The portfolio is valued at a yield of 6.6 % and the remaining weighted average unexpired lease term is approximately 6.6 years. Additionally, alstria is shareholder in two joint ventures, in each case alstria holds 49 %.

For a detailed description of the alstria portfolio, please refer to the annual report 2012 (Parts I/II – company report, pp. 36–57).

Key metrics for the portfolio[1)]

as of September 30, 2013

Metric	Value
Number of properties[2)]	79
Number of joint venture properties	1
Market value (EUR bn)	1,6
Contractual rent (EUR m/annum)	107.5
Valuation yield (contractual rent/OMV)	6.6 %
Lettable area (k sqm)	912
Vacancy (% of lettable area)[3)]	10.1 %
WAULT (years)	6.6
Average rent/sqm (EUR/month)	10.93

1) Includes assets classified under property, plant and equipment.

2) As at reporting date, two assets are classified as 'assets held for sale'.

3) Contractual vacancy includes vacancy in assets of the Company's development pipeline. EPRA vacancy rate of 7.1 %.

Transactions

In the first nine months of 2013, the transfer of benefits and burden took place for seven properties, of which two were classified as 'assets held for sale' as of December 31, 2012. alstria signed binding and notarised agreements for the sale of six properties by the end of September 2013. While the transfer of benefits and burden of six properties took place in the first half of 2013, in Q3 2013, one asset was transferred on July 31, 2013.

As of September 30, 2013, two assets are classified as 'assets held for sale'. While the transfer of benefits and burden for the asset in Erfurt took place after the reporting period on October 31, 2013, an additional binding and notarised sales and purchase agreement was signed on October 24, 2013 for another asset in Halle. The transfer of benefits and burden is expected to take place before the end of 2013.

Sales and disposals 2013

Asset	City	Sales price (EUR k)[1]	Annual rent (EUR k)	Avg. lease length (years)[2]	Signing SPA	Transfer of ben. and bur.
Closed transactions Q1–Q3						
Zwinglistr.	Dresden	2,640	203	2.5	12-10-25	13-01-01
Benrather Schlossallee	Düsseldorf	7,620	614	8.4	12-11-14	13-02-01
Lothar-Streit-Str.	Zwickau	350	0	–	13-03-28	13-05-24
Schweinfurter Str.	Würzburg	4,530	397	3.0	13-04-02	13-06-30
Kanalstr.	Hamburg	15,000	914	4.3	13-03-05	13-05-31
Helene-Lange Str.	Potsdam	5,700	422	4.7	13-05-06	13-06-30
Am Roten Berg	Erfurt	1,060	142	1.5	13-04-23	13-07-31
		36,900	**2,692**			
Asset held-for-sale properties as of September 30, 2013						
Johannesstr.	Erfurt	5,850	577	3.9	13-07-18	13-10-31
Joliot-Curie-Platz	Halle	610	81	0.9	13-10-24	Q4 2013[3]
		6,460	**658**			
Total		**43,360**	**3,350**			

[1] Excluding transaction costs.

[2] At the time of transfer of benefits and burden; for future transfers of benefits and burden: expected at predicted time.

[3] Expected transfer of benefits and burden.

Up to September 30, 2013 alstria signed binding and notarised agreements for the acquisition of a freehold in Düsseldorf, which was held as a leasehold before, and two office properties in Stuttgart and Düsseldorf. The acquisition of the freehold was closed in April 2013, while the transfer of benefits and burden of the assets in Stuttgart and Düsseldorf took place on July 1, 2013 and September 1, 2013, respectively.

Acquisitions 2013

Asset	City	Purchase price (EUR k)[1]	Annual rent (EUR k)	Avg. lease length (years)[2]	Signing SPA	Transfer of ben. and bur.
Freehold Georg-Glock-Str.	Düsseldorf	7,564	–	–	13-02-13	13-04-23
Hauptstätter Str.	Stuttgart	19,576	1,701	3.5	13-05-22	13-07-01
Immermannstr.	Düsseldorf	16,803	1,140	3.4	13-07-11	13-09-01
Total		**43,943**	**2,841**			

[1] Including transaction costs.

[2] At the time of transfer of benefits and burden; for future transfers of benefits and burden: expected avg. lease length.

Real Estate Operations

In the first nine months of 2013, alstria signed new leases* totalling approximately 25,200 sqm.

With the successful lease-up of 7,700 sqm of office and ancillary space at Hans-Böckler-Str. 36, alstria signed one of the largest new leasing contracts in Düsseldorf this year. The Company agreed on a long-term lease for the entire building with the State of North Rhine-Westphalia for the accommodation of a regional tax office (Finanzamt Düsseldorf-Nord). The lease will start in the first half of 2014.

In Q3 2013, alstria signed a long-term lease for 4,000 sqm of office and ancillary space at Schaartor 1, Hamburg with a leading advertising agency in Germany. The lease will start after the completion of the development on August 1, 2014 and will generate EUR 0.7 m of rental income per annum on an eight-year lease-term basis.

Another key component in terms of letting achievements was the lease-up with a new tenant for the property Ernsthaldenstr. 17, Stuttgart. A five-year contract comprising around 2,500 sqm of office and ancillary space has been signed. The lease will start in the fourth quarter of the year 2013.

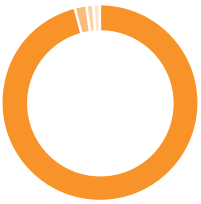
The vacancy rate decreased to 10.1 % or 92,163 sqm compared to the vacancy rate as of December 31, 2012 (11.4 % or 105,890 sqm). Of these 92,163 sqm, around 31,097 sqm represent strategic vacancy (intended vacancy implemented by alstria as part of its repositioning process for certain assets), while the remaining areas describe the operational vacancy.

Tenants and utilisation

The focus on a small number of anchor tenants remains one main characteristic of alstria's portfolio. More than 70 % of the total rental revenues are generated by the top-ten tenants. The 2013 portfolio still reflects the clear concentration on one asset class: offices. Offices make up to 96 % of the total lettable area.

Total portfolio by utilisation

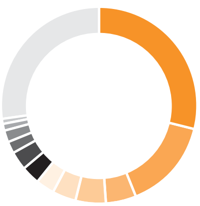
based on % of lettable area



Office	**96**
Retail	**2**
Residential	**1**
Others	**1**

alstria's core tenants

based on % of annual rent



City of Hamburg	**29**
Daimler AG	**15**
Bilfinger SE	**5**
Siemens AG	**5**
Barmer GEK	**4**
Deutsche Rentenversicherung Bund	**3**
Rheinmetall	**3**
Württembergische Lebensversicherung AG	**3**
L'Oréal Deutschland GmbH	**2**
HUK-COBURG	**2**
State of Baden-Württemberg	**1**
ATOS Origin	**1**
Others	**27**

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

EARNINGS POSITION

Revenues increased due to acquisitions

In the first three quarters of 2013, revenues increased due to previous-year acquisitions by 4.0 % compared to the first three quarters of 2012. Revenues amounted to EUR 78,123 k (Q1–Q3 2012: EUR 75,089 k) with real estate operating expenses of EUR 5,851 k or 7.5 % of revenues (Q1–Q3 2012: EUR 8,327 k or 11.1 % of revenues). As a result of the transactions which occurred in 2012 and 2013, and the lower real estate operating expenses, the net rental income increased by EUR 5,732 k to EUR 72,443 k compared to the first three quarters of the year 2012.

For the reporting period, administrative expenses and personnel expenses increased by EUR 392 k to EUR 9,686 k (Q1–Q3 2012: EUR 9,294 k). Increasing personnel expenses (EUR 768 k) were partly compensated by decreasing administrative expenses (EUR 376 k). In the first three quarters of 2013, total operating expenses amounted to 12.4 % of total revenues (Q1–Q3 2012: 12.4 %).

For the reporting period, funds from operations (FFO) amount to EUR 34,425 k compared to EUR 32,025 k in the first three quarters of 2012.

The increase of the FFO is mainly based on higher revenues (EUR 3,034 k), and a reduction of real estate operating expenses (EUR 2,476 k) partly compensated by an increase of financing costs (EUR 2,578 k). As a consequence of the reversal of accrued transaction costs for the existing syndicated loan, the financial result was burdened with one-off expenditures of EUR 2,710 k. (For more information, please refer to the financial management section.)

As a result, the FFO per share reached EUR 0.44 in the first nine months of 2013 (Q1–Q3 2012: EUR 0.41).

Funds from operations (FFO) at EUR 0.44 per share

EUR k	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012
Pre-tax income (EBT)	24,123	**32,544**
Net profit/loss from fair value adjustments on investment property	0	–248
Net profit/loss from fair value adjustments on financial derivatives	10,962	815
Profit/loss on disposal of investment property	–189	146
Other adjustments[1]	–471	–1,232
Fair value and other adjustments in joint venture	0	0
Funds from operations (FFO)[2]	**34,425**	**32,025**
Maintenance capex	–4,807	–1,362
Adjusted funds from operations (AFFO)[3]	**29,618**	**30,663**

[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.

Hedging Instruments

alstria uses hedge accounting on all qualifying hedges in order to limit the impact of volatile interest rate markets on the profit and loss account. This allows alstria to recognise part of 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.)

On June 7, 2013, alstria issued a convertible bond for a total amount of EUR 79,400 k. Due to the terms and conditions of the convertible bond, the conversion right has to be separately accounted as an embedded derivative.

In line with alstria's hedging strategy, a new interest rate forward cap agreement with a notional value of EUR 380,870 k and a cap rate of 0.0000 % was entered to hedge the variable interest payments. The cap will become effective on July 20, 2015 and will expire on September 30, 2020. This transaction was executed on September 11, 2013.

The interest rate forward cap agreement will replace the existing interest rate forward swap with a notional amount of EUR 380,870 k, a swap rate of 2.9900 % and a maturity to July 20, 2015. (For more information, please refer to the financial management section.)

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

			September 30, 2013		December 31, 2012	
Product	**Strike price %**	**Maturity date**	**Notional value (EUR k)**	**Fair value (EUR k)**	**Notional value (EUR k)**	**Fair value (EUR k)**
Cap	3.0000	Sept. 30, 2019	42,500	663	42,500	395
Cap	4.6000	Oct. 20, 2015	47,902	10	47,902[1)]	8
Financial derivatives – held for trading			**90,402**	**673**	**42,500[2)]**	**403**
Forward-Cap[3)]	0.0000	Sept. 30, 2020	380,870	30,536	0	0
Cap	3.0000	Dec. 17, 2018	56,000	695	56,000	395
Cap	3.2500	Dec. 31, 2015	11,371	6	11,500	5
Cap	3.3000	Oct. 20, 2014	0	0	22,876	2
Cap	3.3000	Oct. 20, 2014	0	0	7,871	1
Swap	2.1940	Dec. 31, 2014	37,283	–1,018	37,283	–1,632
Swap	2.9900	July 20, 2015	380,870	–18,100	472,500	–33,448
Financial derivatives – cash flow hedges			**485,524[4)]**	**12,118**	**608,030**	**–34,677**
Total Interest rate derivatives			**575,926**	**12,791**	**650,530**	**–34,274**
Embedded derivative	n/a	June 14, 2018	7,884[5)]	–11,025	0	0
Total				**1,767**		**–34,274**

1) Not effective before July 10, 2013.
2) Notional excluding the EUR 47,902 k not effective before July 10, 2013.
3) Not effective before July 20, 2015.
4) Notional excluding the EUR 380,870 k not effective before July 20, 2015.
5) Underlying number of shares for conversion in thousand.

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	11,658	49	0	11,609	**11,658**
Ineffective change in fair value cash flow hedges	0	–11,367	0	0	**–11,367**
Net result from fair value changes in financial derivatives not qualifying for cash flow hedging	0	0	270	1,429	**1,699**
Reclassification of cumulated loss from equity to income statement	1,294	0	0	0	**0**
Changes in accrued interests concerning financial derivatives	0	0	0	119	**119**
Acquisitions	0	42,152	0	–12,453	**29,699**
Disposals	0	0	0	4,233	**4,233**
Hedging instruments as at September 30, 2013	**–9,185**	**31,237**	**673**	**–30,143**	**1,767**

An increase of EUR 11,658 k is attributed to the change in fair value of cash flow hedges and has been recognised in the hedging reserve in the first three quarters of the financial year 2013 (Q1–Q3 2012: decrease of EUR 7,250 k).

The ineffective portion, which has been recognised in the profit or loss, arises from cash flow hedges and amounts to a fair value loss of EUR 11,367 k (Q1–Q3 2012: loss of EUR 823 k). Further gains totalling EUR 1,699 k (Q1–Q3 2012: gain of EUR 726 k), due to the market valuation of derivatives not included in hedge accounting, were recognised in the income statement.

A loss of EUR 1,294 k (Q1–Q3 2012: loss of EUR 717 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 loans.

Together, this results in a loss of EUR 10,962 k (Q1–Q3 2012: loss of EUR 815), which is shown as a net result from fair value adjustments on financial derivatives.

Financial result

The following table shows the financial result for the period January 1 to September 30, 2013:

Financial result breakdown

EUR k	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012	Change (%)
Interest expenses syndicated loan	–10,714	–11,539	–7.1
Interest expenses other loans	–6,861	–7,395	–7.2
Interest result derivatives	–10,524	–8,958	17.5
Interest expense convertible bond	–1,508	0	n/a
Other interest expenses	–119	–32	271.9
Financial expenses	**–29,726**	**–27,924**	**6.5**
Financial income	267	572	–53.3
Other financial expenses	–572	–101	n/a
Net financing result	**–30,031**	**–27,453**	**–9.4**

As at September 30, 2013, alstria was not in breach of any of its financial covenants.

Interest expenses of EUR 1,508 k relate to a convertible bond issued by alstria in the third quarter of the financial year 2013.

The increase in net financing costs by EUR 2,578 k in comparison with the first three quarters of the financial year 2012 mainly resulted from one-off expenses in relation to the refinancing of the syndicated loan.

Decrease in consolidated net result due to valuation effects

The consolidated net result amounts to EUR 24,089 k (Q1–Q3 2012: EUR 32,526 k). Compared to the same period in 2012, a higher net operating result could be generated (Q1–Q3 2013: EUR 65,231 k; Q1–Q3 2012: EUR 60,291 k). However, the increase was overcompensated by the losses of fair value adjustments on financial derivatives (Q1–Q3 2013: EUR 10,962 k; Q1–Q3 2012: EUR 815 k).

Earnings per share are EUR 0.31 for the first nine months of 2013.

Financial and asset position

Financial management

alstria's financial management is carried out at corporate level, with individual loans and corporate bonds being taken out at both property level and portfolio level. alstria's main financial goal is to establish a sustainable long-term finance structure. An integral part of this structure is for example the coverage of long-term loans by corresponding hedging instruments, more precisely swaps and caps. The aim of this strategy is largely to eliminate short-term interest volatility from the income statement.

During September 2013, alstria signed a credit agreement amounting to EUR 544 m, replacing the existing syndicated loan facility, which was due to mature as of July 20, 2015. The draw down on the new syndicated loan facility took place on September 30, 2013, while amortising the old syndicated loan with an amount of EUR 544 m at the same time. The new syndicated loan has a maturity of seven years and has been signed by four German banks. The early refinancing allows alstria to benefit from the attractive financing environment and significantly improves the overall debt maturity profile of the Company to around 5.5 years. With the new syndicated loan in place, alstria has no major refinancing needs before mid-2018.

Furthermore, alstria issued its first convertible bond in June 2013. The bonds have a maturity of five years, and are issued and will be redeemed at 100% of their principal amount. The coupon is set at 2.75% p.a., payable quarterly in arrears. The initial conversion price was set at EUR 10.0710, representing a conversion premium of 15% above the reference share price of EUR 8.7574. The convertible bond has also improved the current maturity profile and is considered to be an important step in diversifying the Company's sources of financing.

As one of the first refinancing measures resulting from the corporate bond issue, alstria terminated one non-recourse facility and repaid it on July 22, 2013 (EUR 30,240 k).

In conjunction with the disposal of five assets, an amount of EUR 20,619 k of the old syndicated loan has been repaid until September 30, 2013.

Existing financing agreements as per September 30, 2013

Financing	Maturity	Principal Amount Outstanding (EUR k)	Current LTV (%)	LTV-Covenant (%)
Loans				
Syndicated loan	Sept. 30, 2020	544,100	53.8	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	28,771	54.5	62.5
Non-recourse loan #4	Jan. 31, 2017	70,071	59.1	75.0
Loan #5	Dec. 31, 2015	11,371	58.1	80.0
Loan #6	Dec. 17, 2018	56,000	48.8	60.0
Loan #7	Sept. 30, 2019	42,500	45.6	65.0
Total loans		**843,385**	**54.6**	
Convertible bond	Jun. 14, 2018	79,400		
Total as of September 30, 2013		**922,785**		

Cash position is EUR 69,059 k

Cash flows from operating activities for the first nine months amounted to EUR 37,771 k. The increase compared to the first three quarters of the financial year 2012 (EUR 34,917 k) resulted mainly from higher rental revenues.

The cash flows from investing activities are impacted by cash inflows of EUR 34,449 k received for the sale of investment properties. Cash outflows related to the acquisition of investment properties and investments in existing properties (EUR 52,899 k) as well as contributions of capital to joint ventures (EUR 3,370 k).

The cash flows from financing activities reflect cash inflows in the amount of EUR 623,500 k for the issue of a convertible bond (EUR 79,400 k) and the refinancing of the syndicated loan (EUR 544,100 k). Cash outflows were made in an amount of EUR 597,699 k for the redemption of loans, in an amount of EUR 46,385 k for the acquisition and termination of financial derivatives and in an amount of EUR 39,467 k for the dividend payment.

As a result, alstria ended the first nine months of 2013 with a cash position of EUR 69,059 k (September 30, 2012: EUR 70,080 k).

Investment property remains stable

The total value of investment properties at the reporting date amounts to EUR 1,635,928 k in comparison with EUR 1,622,988 k at the beginning of the financial year. The increase of investment property relates to the acquisition of the assets Hauptstätterstr. and Immermannstr. during the third quarter of the financial year 2013.

Development of investment properties

in EUR k	
Investment properties at Dec. 31, 2012	**1,622,988**
Capital expenditures	8,956
Acquisitions	36,784
Disposals	–26,100
Reclassification	–6,700
Net loss/gain from fair value adjustments on investment property	0
Investment properties at Sept. 30, 2013	**1,635,928**
Fair value of owner-occupied properties	5,924
Fair value of properties held for sale	6,285
Interests in joint ventures	20,611
Fair value of immovable assets	**1,668,748**

Long-term derivatives increased by EUR 30,834 k

In the course of the refinancing of the syndicated loan facility, alstria purchased a forward cap with a strike rate of 0 %, starting in July 2015 and maturing in September 2020. The cap hedges 70 % of the notional amount of EUR 544 m. As per September 30, 2013, the cap is capitalised with an amount of EUR 30,536 k.

Equity ratio of 46.4 % – G-REIT equity ratio at 49.6 %

The balance sheet reflects a total equity position of EUR 827,271 k with an equity ratio of 46.4 % (December 31, 2012: EUR 829,287 k or 46.4 %).

The G-REIT equity ratio, which is defined as total equity divided by the fair value of immovable assets, decreased by 0.4 percentage points to 49.6 % (December 31, 2012: 50.0 %). According to the G-REIT Act (REIT-Gesetz – REITG), the minimum requirement for compliance with G-REIT criteria is a G-REIT equity ratio of 45 % calculated at the end of the financial year.

NNNAV at EUR 10.46 per share

The NNNAV (Triple Net Asset Value according to EPRA*) remains stable at EUR 10.46 per share as of September 30, 2013, in comparison to December 31, 2012 with a value of EUR 10.50 per share. The development considers the dividend payment in June 2013 of EUR 39,467 k, which is partly compensated by the consolidated profit for the period of EUR 24,089 k. As a result, this leads to a change in equity from EUR 829,287 k to EUR 827,271 k**.

Decrease of non-current liabilities

Non-current liabilities decreased by 2.8 % or EUR 25,749 k to EUR 903,756 k in Q1–Q3 2013. The main reason for the decrease is largely owing to the reduction of long-term loans of EUR 868,353 k as per September 30, 2013, in comparison to EUR 882,105 k as per September 30, 2012. Furthermore, a reduction of the financial liabilities in the amount of EUR 6,397 k resulted from the acquisition of a leasehold liability.

Increase in current liabilities

Current liabilities went up by 82.7 % or EUR 23,233 k to EUR 51,334 k, which is mainly linked to the increase of short-term loans by EUR 25,834 k. The increase is mainly based on the reclassification of a loan, which is due to expire within the next twelve months (EUR 27,943 k). On the other hand, other current liabilities decreased by EUR 4,213 k mainly because of advance payments received in December 2012 for a property which was transferred to the new owner at the beginning of 2013.

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 was transposed into national law by mid-2013. It is not yet clear whether alstria will fall under the scope of the directive. If so, the new 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.

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

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

Recent developments and outlook

One of two assets, which were accounted for as 'held for sale' as at September 30, 2013 was transferred to the buyer on October 31, 2013.

In the fourth quarter of 2013 alstria signed binding and notarised sales agreements for two assets. One agreement was signed for an asset in Halle, which was accounted for as 'held for sale' as at September 30, 2013, on October 24, 2013. The second agreement for one asset in Norderstedt has been signed at the end of October 2013.The transfers of benefits and burden for both assets are expected to take place on December 31, 2013.

Financial guidance

In consideration of the business development of the first nine months of 2013, and based on the expected course of business for the remainder of the year, alstria confirms its previous full–year guidance of EUR 103 m of revenues and approximately EUR 45 m of funds from operations (FFO).

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.

Consolidated interim financial statements

Consolidated income statement

for the period from January 1 to September 30, 2013

in EUR k	Notes	July 1 – Sept. 30, 2013	July 1 – Sept. 30, 2012	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012
Revenues		25,967	25,841	78,123	75,089
Income less expenses from passed on operating expenses		245	–3	171	–51
Real estate operating expenses		–1,812	–3,425	–5,851	–8,327
Net rental income		**24,400**	**22,413**	**72,443**	**66,711**
Administrative expenses		–1,330	–1,303	–4,017	–4,393
Personnel expenses	6.1	–2,623	–1,869	–5,669	–4,901
Other operating income		722	499	2,318	2,820
Other operating expenses		–8	–2	–33	–48
Net gain from fair value adjustments on investment property		0	–7	0	248
Gain/loss on disposal of investment property		26	–1	189	–146
Net operating result		**21,187**	**19,730**	**65,231**	**60,291**
Net financial result	6.2	–12,241	–9,199	–30,031	–27,453
Share of the result of joint venture		–95	513	–115	521
Net loss from fair value adjustments on financial derivatives		–13,781	–230	–10,962	–815
Pre-tax result (EBT)		**–4,930**	**10,814**	**24,123**	**32,544**
Income tax expense	6.3	–8	0	–34	–18
Consolidated profit/loss		**–4,938**	**10,814**	**24,089**	**32,526**
Attributable to:					
Shareholder		–4,938	10,814	24,089	32,526
Earnings per share in EUR					
Basic earnings per share	6.4	–0.06	0.14	0.31	0.42
Diluted earnings per share	6.4	–0.06	0.14	0.31	0.42

Consolidated statement of comprehensive income

for the period from January 1 to September 30, 2013

in EUR k	Notes	July 1 – Sept. 30, 2013	July 1 – Sept. 30, 2012	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012
Consolidated profit for the period		–4,938	10,814	**24,089**	32,526
Items which might be reclassified to the income statement in a future period:					
Cash flow hedges	8.1	2,394	–2,081	11,658	–7,250
Reclassification from cashflow hedging reserve	8.1	25	222	1,294	717
Other comprehensive result for the period		**2,419**	**–1,859**	**12,952**	**–6,533**
Total comprehensive result for the period		**–2,519**	**8,955**	**37,041**	**25,993**
Total comprehensive profit attributable to:					
Owners of the company		**–2,519**	**8,955**	**37,041**	**25,993**

Consolidated statement of financial position

as at September 30, 2013

Assets

in EUR k	Notes	Sept. 30, 2013	Dec. 31, 2012
Non-current assets			
Investment property	7.1	1,635,928	1,622,988
Equity-accounted investments		20,611	18,183
Property, plant and equipment		5,197	5,334
Intangible assets		470	467
Derivatives		31,237	403
Total non-current assets		**1,693,443**	**1,647,375**
Current assets			
Assets held for sale	7.1	6,285	10,010
Trade receivables		6,158	3,656
Accounts receivable from joint ventures		89	89
Derivatives	8.3	673	403
Other receivables		6,654	6,812
Cash and cash equivalents	7.2	69,059	118,548
thereof restricted		*251*	*252*
Total current assets		**88,918**	**139,518**
Total assets		**1,782,361**	**1,786,893**

Equity and liabilities

in EUR k	Notes	Sept. 30, 2013	Dec. 31, 2012
Equity	8.1		
Share capital		78,933	78,933
Capital surplus		730,355	769,412
Hedging reserve		–9,185	–22,137
Retained earnings		27,168	3,079
Total equity		**827,271**	**829,287**
Non-current liabilities			
Long-term loans, net of current portion	8.2	868,353	882,105
Derivatives	8.3	30,143	35,080
Other provisions		4,528	5,191
Other liabilities		732	7,129
Total non-current liabilities		**903,756**	**929,505**
Current liabilities			
Short-term loans	8.2	35,820	9,986
Trade payables		5,259	3,735
Profit participation rights	12	433	345
Other current liabilities		9,822	14,035
Total current liabilities		**51,334**	**28,101**
Total liabilities		**955,090**	**957,606**
Total equity and liabilities		**1,782,361**	**1,786,893**

Consolidated statement of changes in equity

for the period ended September 30, 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–Q3 2013						
Consolidated profit		0	0	0	24,089	24,089
Other comprehensive income		0	0	12,952	0	12,952
Total comprehensive income		**0**	**0**	**12,952**	**24,089**	**37,041**
Payments of dividends	9	0	–39,467	0	0	–39,467
Share-based remuneration		0	410	0	0	410
As of September 30, 2013	8.1	**78,933**	**730,355**	**-9,185**	**27,168**	**827,271**

Consolidated statement of changes in equity

for the period ended September 30, 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–Q3 2012						
Consolidated profit		0	0	0	32,526	32,526
Other comprehensive income		0	0	–6,533	0	–6,533
Total comprehensive income		**0**	**0**	**–6,533**	**32,526**	**25,993**
Payment of dividends	9	0	–34,705	0	0	–34,705
Share-based remuneration		0	379	0	0	379
Proceeds from shares issued		7,170	53,778	0	0	60,948
Transaction costs of issue of shares		0	–1,310	0	0	–1,310
Conversion of treasury shares		59	59	0	0	118
As of September 30, 2012	8.1	**78,933**	**769,285**	**–24,293**	**–4,307**	**819,618**

Consolidated statement of cash flow

for the period from January 1 to September 30, 2013

in EUR k	Notes	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012
1. Operating activities			
Consolidated profit for the period		24,089	32,526
Unrealised valuation movements		11,078	293
Interest income	6.2	–267	–572
Interest expense	6.2	30,298	28,025
Result from income taxes		34	18
Other non-cash income (–)/expenses (+)		1,086	614
Gain (–)/Loss (+) on disposal of fixed assets		–189	146
Depreciation and impairment of fixed assets (+)		408	277
Decrease (+)/Increase (–) in trade receivables and other assets that are not attributed to investing or financing activities		–2,343	–2,900
Decrease (–)/increase (+) in trade payables and other liabilities that are not attributed to investing or financing activities		–658	1,618
Cash generated from operations		**63,536**	**60,045**
Interest received		267	572
Interest paid		–25,998	–25,700
Income tax paid		–34	0
Cash flows from operating activities		**37,771**	**34,917**
2. Investing activities			
Acquisition of investment properties	7.1	–52,899	–103,607
Proceeds from sale of investment properties		34,449	8,542
Payment of transaction cost in relation to the sale of investment properties		–375	–251
Acquisition of other property, plant and equipment		–274	–369
Proceeds from the equity release of interests in joint ventures		826	23,276
Payments for capital contribution in joint ventures		–3,370	0
Proceeds from the repayment of loans granted to joint ventures		0	1,771
Cash flows used in investing activities		**–21,643**	**–70,638**

in EUR k	Notes	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012
3. Financing activities			
Cash received from equity contributions	8.1	0	61,066
Payment of transaction costs of issue of shares	8.1	0	–1,310
Proceeds from the issue of bonds and borrowings		623,500	0
Payments of dividends		–39,467	–34,705
Payments for the acquisition and termination of financial derivatives		–46,385	–8,104
Payments of the redemption of bonds and borrowings		–597,699	–7,155
Payments of transaction costs for the issue of bonds and borrowings		–5,655	0
Cash flows used in / generated from financing activities		**–65,617**	**9,792**
4. Cash and cash equivalents at the end of the period			
Change in cash and cash equivalents (subtotal of 1 to 3)		–49,489	–25,929
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 251 k; previous year: EUR 251 k*	7.2	**69,059**	**70,080**

Notes to the Condensed Interim Consolidated Financial Statements as at September 30, 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 September 30, 2013 (hereinafter referred to as the 'consolidated interim financial statements') were authorised for issue by resolution of the Company's Management Board on November 4, 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 have 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 do 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

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

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 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*.

› Amendment to IAS 36 'impairment of assets'. IAS 36 was amended by Recoverable Amount Disclosures for Non-Financial Assets (clarification of disclosures required). The amendment is applicable to reporting periods beginning on or after January 1, 2014 and will have no consequences for the Group's financial reporting.

› Amendment to IAS 39 'Financial instruments: recognition and measurement'. Amendment relating to the novation of derivatives and continuation of hedge accounting, whereby there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. The amendment is applicable to reporting periods beginning on or after January 1, 2014 and is available for early adoption. It is not assumed that the amendment will have consequences for the recognition and accounting of derivative instruments.

› IFRIC 21 'Levies'. The interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The interpretation is applicable to reporting periods beginning on or after January 1, 2014 and is not assumed to have material consequences for the Group's financial reporting.

* 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 5,669 k (January 1 to September 30, 2012: EUR 4,901 k) include accrued bonuses in the amount of EUR 925 k (January 1 to September 30, 2012: EUR 847 k). Furthermore, personnel expenses of EUR 782 k (January 1 to September 30, 2012: EUR 447 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 499 k (January 1 to September 30, 2012: EUR 483 k).

6.2 Financial result

The following table shows a breakdown of the financial result.

in EUR k	Jan. 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2012
Interest expense syndicated loan	–10,714	–11,539
Interest expense other loans	–6,861	–7,395
Interest result from derivatives	–10,524	–8,958
Interest expense convertible bond	–1,508	0
Other interest expenses	–119	–32
Financial expenses	**–29,726**	**–27,924**
Interest income	267	572
Other financial expenses	–572	–101
Net financing costs	**–30,031**	**–27,453**

The changes in the loan portfolio are explained in detailed under Section 8.2 'financial liabilities'.

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 – Sept. 30, 2013 (unaudited)	Jan. 1 – Sept. 30, 2012 (unaudited)
Profit attributable to the shareholders (in EUR k)	24,089	32,526
Average number of shares outstanding (Q1–Q3; in thousands)	78,933	77,483
Basic earnings per share (in EUR per share)	0.31	0.42

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 September 30, 2013, resulted in a fair value increase for investment properties held at December 31, 2012 totalling EUR 8,956 k. This amount relates to capitalised expenditure invested in the first three quarters of 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 nine month of 2013, the sales transfer of benefits and burden took place for seven properties, two of which were classified as 'asset held for sale' as of December 31, 2012. The transaction volume amounted to EUR 36,900 k.

In addition, alstria signed a binding and notarised agreement for the sale of a further property during the third quarter of 2013. The transfer of benefits and burden for the property took place on October 31, 2013. The asset is classified as 'asset held for sale' as of September 30, 2013.

The acquisition of one land asset in Düsseldorf (owned through leasehold before) was closed in the second quarter of 2013 and led to an increase in investment property of EUR 405 k.

Furthermore, the Group acquired two investment properties with the transfer of benefits and burden in the reporting period. The transaction volume for the properties amounted to EUR 36,379 k.

For more information about changes in the immovable property, please refer to the 'Transactions' section in the interim Group management report for the third quarter of 2013 (see page 8).

7.2 Cash and cash equivalents

As of September 30, 2013, EUR 251 k of total cash and cash equivalents (EUR 69,059 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 September 30, 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 September 30, 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	Jan. 1 – Sept. 30, 2013 (unaudited)	2012 (audited)
As at January 1	–22,137	–17,760
Net changes in cash flow hedges	12,952	–4,377
As at Sept. 30 / Dec. 31	**–9,185**	**–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 amounts to EUR 11,658 k. An amount of EUR 1,294 k relates to reclassifications of cumulated devaluations of cash flow hedges, for which the forecasted hedged transactions are no longer expected to occur due to the redemption of loans before maturity.

8.2 Financial liabilities

As at September 30, 2013, alstria's total interest-bearing debt, mainly consisting of outstanding loan balances and the convertible bond, amounted to EUR 922,785 k (December 31, 2012: EUR 896,984 k). The lower carrying amount of EUR 904,173 k (EUR 868,353 k non-current and EUR 35,820 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.

The issuing volume resulting from the convertible bond loan amounted to EUR 79,400 k and is included totally in the financial liabilities.

In the second quarter of the financial year 2013, alstria office REIT-AG issued a convertible bond generating proceeds of EUR 79,400 k. The convertible bond has a maturity of five years. It will be redeemed at 100 % of its principal amount and the coupon was set at 2.75 % p.a., payable quarterly in arrears.

alstria's main loan was refinanced in the third quarter. As a replacement, a new syndicated loan was taken out, amounting to 544,100 as at September 30, 2013.

Furthermore, a reduction of other non-current liabilities in the amount of EUR 6,746 k resulted from the acquisition of a piece of land previously used as a leasehold.

For a detailed description of the loans, loan terms and loan securities, please refer to the 'Financial management' section in the interim Group management report for the third quarter of 2013 (see page 14) and Section 11.2 of the consolidated financial statements as at December 31, 2012.

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. In addition, an embedded derivative resulting from the issue of the convertible bond is included.

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 12 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 Dividend paid

	Jan. 1 – Sept. 30, 2013 (unaudited)	Jan. 1 – Sept. 30, 2012 (audited)
Dividends on ordinary shares[1] in EUR k (not recognised as a liability as at Sept. 30):	39,467	34,705
Dividend per share in EUR	**0.50**	**0.44**

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

The Annual General Meeting of alstria office REIT-AG, held on May 29, 2013, resolved to distribute dividends totalling EUR 39,467 k (EUR 0.50 per outstanding share). The dividend was distributed on May 30, 2013.

10 Employees

In the period from January 1 to September 30, 2013, the Company had an average of 61 employees (January 1 to September 30, 2012: average 53 employees). The average number of employees was calculated on the basis of the total of employees at the end of each month. On September 30, 2013, 64 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 (LTI), and a short-term component, the Short-Term Incentive Plan (STI). The remuneration types are a cash-settled and a share-based payment transaction, respectively.

The development of the virtual shares until September 30, 2013 is shown in the following table:

Number of virtual shares	Jan. 1 – Sept. 30, 2013 (unaudited)		2012 (audited)	
	LTI	STI	LTI	STI
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
Sept. 30/ Dec. 31	**353,779**	**25,989**	**267,665**	**24,629**

In the first nine months of 2013, the LTI and the STI generated remuneration expenses amounting to EUR 782 k (Q1–Q3 2012: remuneration expenses of EUR 447 k) and, at the end of the reporting period, provisions amounting to EUR 2,113 k (December 31, 2012: EUR 1,472 k). 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, 269,800 convertible profit participation certificates ('certificates') existed as of September 30, 2013; 36,500 certificates have been terminated in the course of the first three quarters of 2013. A total of 111,800 certificates were offered to the employees on June 7, 2013, and issued after the expiration of the acceptance period on July 5, 2013.

The nominal amount of each certificate is EUR 1.00 and is payable on issuance. The fair value of the inherent options for conversion is estimated using a binary barrier option model based on the Black-Scholes pricing model. The model takes into account the terms and conditions upon which the instruments were granted.

The following table shows the inputs to the model used for the determination of the options for conversion granted on June 7, 2013:

	June 7, 2013 (unaudited)
Dividend yield (%)	5.68
Risk-free interest rate (%)	0.04
Expected volatility (%)	25.20
Expected life option (years)	2.00
Exercise share price (EUR)	2.00
Employee fluctuation rate (%)	10.00
Stock price as of valuation date (EUR)	8.80

The fair value of one option for conversion at the granting date was EUR 6.18.

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

One of the properties accounted for as 'held for sale' as at September 30, 2013 was transferred to the buyer on October 31, 2013.

In the fourth quarter of 2013, alstria office REIT-AG signed binding and notarised agreements for the sale of two assets, one of which had been classified as 'asset held for sale' as per September 30, 2013.

15 Management Board

As of September 30, 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 September 30, 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, November 4, 2013

Olivier Elamine
CEO

Alexander Dexne
CFO

Managment compliance statement

‘We confirm that, to the best of our knowledge, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the group management report gives a true and fair view of business performance including the results of operations and the situation of the Group, and describes the main opportunities and risks and anticipated development of the Group in accordance with the applicable financial reporting framework.’

Hamburg, Germany, November 4, 2013

Olivier Elamine CEO	Alexander Dexne CFO


Hauptstätter Str. 65–67, Stuttgart
48° 46' 11" N; 9° 10' 31" E

Events 2014

Special dates you should note …

February 28, 2014

Annual Press Conference
Financial Results 2013 (Frankfurt)

March 28, 2014

Publication of annual report
Annual report (Hamburg)

May 6, 2014

Publication of Q1 report
Interim report (Hamburg)

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