



# alstria

First German REIT

*Interim financial report*

→ as per March 31, 2014

# Key figures

*according to IFRS*

EUR k	January 1 – March 31, 2014	January 1 – March 31, 2013	Change (%)
<b>Revenues and earnings</b>			
Revenues	25,934	26,291	–1.4
Net rental income	23,488	24,873	–5.6
Consolidated profit for the period	4,017	15,001	–73.2
FFO	12,734	13,919	–8.5
Earnings per share (in EUR)	0.05	0.19	–73.6
FFO per share (in EUR)	0.16	0.18	–8.5
EPRA <sup>1)</sup> earnings per share (in EUR)	0.17	0.19	–6.0
EPRA cost ratio (%)	20.9	14.9	6.0 pp

EUR k	March 31, 2014	December 31, 2013	Change (%)
<b>Balance sheet</b>			
Investment property	1,630,679	1,632,362	–0.1
Total assets	1,783,687	1,785,679	–0.1
Equity	849,841	844,114	0.7
Liabilities	933,846	941,565	–0.8
NAV per share (EUR)	10.77	10.69	0.7
Net LTV (%)	50.4	50.7	–0.3 pp

## G-REIT key figures

G-REIT equity ratio (%)	51.2	50.9	0.3 pp
Revenues incl. other income from investment properties (%)	100	100	0.0 pp

## EPRA<sup>1)</sup> key figures

Diluted EPRA NAV per share (in EUR)	10.79	10.63	1.5
EPRA NNNNAV per share (in EUR)	10.75	10.68	0.7
EPRA net initial yield (%)	5.6	5.6	0.0 pp
EPRA 'topped-up' net initial yield (%)	5.8	5.8	0.0 pp
EPRA vacancy rate (%)	7.0	6.8	0.2 pp

<sup>1)</sup> Please refer to EPRA Best Practices Recommendations » [www.epra.com](http://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



**Olivier Elamine**  
*Chief Executive Officer*

A stylized, handwritten signature in blue ink, appearing to read 'Elamine' with a large flourish underneath.



**Alexander Dexne**  
*Chief Financial Officer*

A stylized, handwritten signature in blue ink, appearing to read 'Dexne' with a large flourish underneath.

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

alstria had a good start into the year 2014. Having refinanced two thirds of our long-term debt on favorable terms in 2013, we continued our efforts in the first quarter of 2014 with the refinancing of two further loans in the amount of EUR 121 m, replacing our maturing debt in 2014 and 2015. The new credit agreements have an average term of 8.5 years and secure the attractive current financing conditions on a long-term basis. With our recent refinancings in place, the average debt maturity increases to approx. six years. We now have no substantial financing needs until mid-2018. In combination with an average lease term of 6.6 years, alstria has one of the most attractive and reliable cash flow profiles in the European real estate industry.

The operating business in the first quarter of 2014 developed as planned. The loss in rental income resulting from the disposal of non-strategic assets was nearly compensated by additional income from new lettings and acquisitions. Sales for the first three months of 2014 fell slightly by 1.4 % to EUR 25.9 m. Our funds from operations (FFO) amounted to EUR 12.7 m and are fully in line with our guidance for the full year 2014. alstria's balance sheet ratios remained strong with a net LTV of 50.4% and a G-REIT equity ratio of 51.2 %.

Our letting activities also continued to be positive. The dynamic leasing market in Germany enabled us to sign new leases for 13,400 sqm and renewals for 6,800 sqm. A special success in the first quarter of 2014 was the agreement of a long-term lease in our Bamler Service Park in Essen, where we were able to re-let 8,900 sqm of office space, directly replacing an upcoming lease expiry in 2015. The EPRA vacancy rate now stands at 7.0 %. The slight increase in the first quarter is mainly impacted by the sale of fully let assets, as alstria continues to actively recycle capital.

In the first quarter 2013 we sold two assets for a total consideration of EUR 9.5 m, reflecting a premium of 3.3 % to FY 2013 valuations. The two assets (one in Stuttgart, the other one in Hamburg) have been fully leased up and repositioned since their acquisition in 2007/2008.

On the basis of our financial result in the first quarter we are very confident to achieve our financial targets for 2014, a rental income of EUR 102 m and an operating profit of EUR 47 m.

*Kind Regards*

# alstria's share

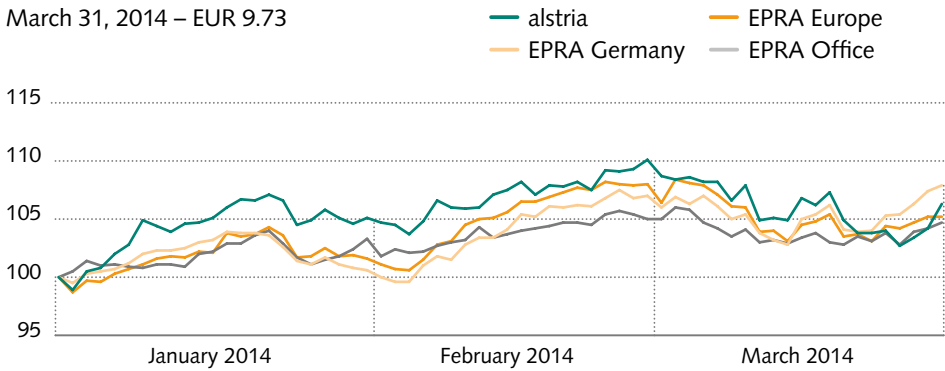
## Stock market in general

After a steep rise in stock prices, the market was flat in the first three months of 2014. This was due to ongoing uncertainty about future economic development in the first place, but also the Crimea crisis was a burden for the market. On balance, the German index DAX 30 was not able to record any profits in the first three months of 2014 and ended the quarter with 9,556 points.

However, alstria's share price had a good run in the first three months of 2014. With a closing price of EUR 9.73 on March 31, 2014, the stock price increased by 6.3 % in the first quarter. Thus, the alstria share also developed significantly better than the main benchmark indices.

## Share price development

March 31, 2014 – EUR 9.73



## 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, 2014	March 31, 2013
Number of shares	thousand	78,933	78,933
<i>thereof outstanding</i>	<i>thousand</i>	78,933	78,933
Closing price <sup>1)</sup>	EUR	9.73	8.79
Market capitalisation	EUR k	768,018	693,821
Free float	%	95	88

		January 1 – March 31, 2014	January 1 – March 31 2013
Average daily trading volume (all exchange and OTC) <sup>2)</sup>	EUR k	2,868	2,382
<i>thereof XETRA</i>	<i>EUR k</i>	1,057	1,130
Share price: high <sup>1)</sup>	EUR	10.07	9.67
Share price: low <sup>1)</sup>	EUR	9.05	8.73

<sup>1)</sup> Xetra-closing share price.

<sup>2)</sup> Source: Bloomberg.

# Consolidated interim management report

## Portfolio overview

On March 31, 2014, alstria's portfolio consisted of 74 office properties and one retail property with approximately 890,700 sqm of lettable area and a contractual vacancy rate of 9.5 %. The portfolio is valued at a yield of 6.5 %. Its remaining weighted average unexpired lease term is approximately 6.6 years. Additionally, alstria holds 49 % of the shares in two joint ventures, respectively.

For a detailed description of the alstria portfolio, please refer to the Annual Report 2013 (Part I/II - Company Report, pp. 58 to 65).

## Key metrics for the portfolio<sup>1)</sup>

as at March 31, 2014

Metric	Value
Number of properties <sup>2)</sup>	75
Number of joint venture properties	1
Market value (EUR bn)	1.6
Contractual rent (EUR m/annum)	106.0
Valuation yield (contractual rent/OMV, %)	6.5
Lettable area (k sqm)	891
Vacancy (% of lettable area) <sup>3)</sup>	9.5
WAULT (years)	6.6
Average rent/sqm (EUR/month)	10.95

<sup>1)</sup> Includes assets classified under property, plant and equipment.

<sup>2)</sup> As at the reporting date, one asset is classified as 'assets held for sale'.

<sup>3)</sup> The contractual vacancy rate includes vacancies of assets within the Companies development pipeline. The EPRA vacancy rate amounts to 7.0 %.

## Transactions

alstria signed binding and notarised agreements for the sale of two properties during the first quarter of 2014:

- › At the end of February, alstria signed a binding and notarised agreement for the sale of one asset in Hamburg. The transfer of benefits and burdens occurred on March 31, 2014.

- › At the beginning of March, alstria signed a binding and notarised agreement for the sale of one asset in Stuttgart. Presumably the transfer of benefits and burdens will take place during the second quarter of 2014. This asset is classified as 'assets held for sale' as at March 31, 2014.

## Disposals 2014

Asset	City	Sales price (EUR k) <sup>1)</sup>	Annual rent (EUR k)	Avg. lease length (years) <sup>2)</sup>	Signing SPA	Transfer of benefits and burdens
Max-Brauer-Allee	Hamburg	6,150	366	10.0	Feb. 25, 2014	14-03-31
Ernstthalenstr.	Stuttgart	3,300	261	4.5	Mar. 7, 2014	Q2 2014 <sup>3)</sup>
<b>Total</b>		<b>9,450</b>	<b>627</b>			

<sup>1)</sup> Excluding transaction costs.

<sup>2)</sup> At the time of transfer of benefits and burdens.

<sup>3)</sup> Expected transfer of benefits and burdens.



## Real Estate Operations

In the first quarter of 2014, alstria signed new leases\* totalling approx. 13,400 sqm.

A key letting achievement was the initial lease to a new tenant in Essen, Bamlerstrasse. The tenant signed a seven-year contract for around 9,700 sqm of office and ancillary space. The new lease will start in the third quarter of 2015 and will replace an expiring contract.

The vacancy rate increased to 9.5 % or 84,200 sqm as compared to the vacancy rate as at December 31, 2013 (9.1 % or approx. 81,300 sqm). The increase in vacancy was driven by the disposal of fully let assets and the expiry of some leases. Of these 84,200 sqm, around 25,900 sqm represent strategic vacancy (intended vacancy implemented by alstria as part of its repositioning process for certain assets), while the remainder is operational vacancy.

## Tenants and utilisation

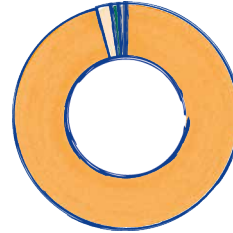
One of the main characteristics of alstria's portfolio is its focus on a set number of major tenants. About 69 % of total rental revenues are generated by alstria's top ten tenants. The 2014 portfolio also reflects the clear focus on the office asset class. 96 %\*\* of the total lettable area is office space.

\* New leases correspond to leases of vacant space. The figure does not account for any lease renewal, prolongation or a tenant's exercise of his renewal option.

\*\* Office and storage.

## Total portfolio by utilisation

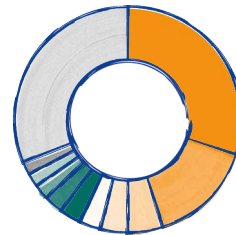
% of total lettable area



<span style="color: orange;">■</span>	office	96
<span style="color: lightorange;">■</span>	retail	2
<span style="color: darkgreen;">■</span>	residential	1
<span style="color: grey;">■</span>	others	1

## alstria's core tenants

% of annual rent



<span style="color: orange;">■</span>	City of Hamburg	30
<span style="color: orange;">■</span>	Daimler AG	15
<span style="color: orange;">■</span>	Bilfinger SE	6
<span style="color: orange;">■</span>	Siemens AG	4
<span style="color: orange;">■</span>	Barmer GEK	3
<span style="color: darkgreen;">■</span>	Deutsche Rentenversicherung Bund	3
<span style="color: darkgreen;">■</span>	Württembergische Lebensversicherungs AG	2
<span style="color: darkgreen;">■</span>	Rheinmetall	2
<span style="color: darkgreen;">■</span>	L'Oréal Deutschland GmbH	2
<span style="color: darkgreen;">■</span>	State of Baden-Württemberg	2
<span style="color: grey;">■</span>	Others	31

## Earnings position

### Revenues decreased due to transactions 2013

Revenues slightly decreased to EUR 25,934 k in the first quarter of 2014 as compared to the first quarter of 2013 (EUR 26,291 k). The decrease is mainly due to disposals in 2013, which could only be compensated in part by respective acquisitions in 2013.

Real estate operating expenses amounted to EUR 2,436 k or 9.4 % of revenues (Q1 2013: EUR 1,580 k or 6.0 % of revenues). The increase of EUR 856 k mainly results from a scheduled fire protection measure, which was conducted in one of the Hamburg properties.

Administrative expenses remained steady at EUR 1,230 k (Q1 2013: EUR 1,216 k). The increase in personnel expenses (Q1 2014: EUR 2,059 k, Q1 2013: EUR 1,435 k) is mainly based on the revaluation of virtual shares as a result of the positive development of the alstria share. In the first quarter of 2014 total operating expenses amounted to 12.7 % of total revenues (Q1 2013: 10.1 %).

### Funds from operations (FFO) at EUR 0.16 per share

EUR k	January 1 – March 31, 2014	January 1 – March 31, 2013
<b>Pre-tax income (EBT)</b>	<b>4,031</b>	<b>15,019</b>
Net profit/loss from fair value adjustments on investment property	0	0
Net profit/loss from fair value adjustments on financial derivatives	9,958	192
Profit/loss from the disposal of investment property	-184	-516
Other adjustments <sup>1)</sup>	-1,071	-776
Fair value and other adjustments in joint ventures	0	0
<b>Funds from operations (FFO)<sup>2)</sup></b>	<b>12,734</b>	<b>13,919</b>
Maintenance capex	-2,771	-2,545
<b>Adjusted funds from operations (AFFO)<sup>3)</sup></b>	<b>9,963</b>	<b>11,374</b>

<sup>1)</sup> Non-cash income or expenses and non-recurring effects.

<sup>2)</sup> (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.

<sup>3)</sup> 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 12,734 k in the reporting period as compared to EUR 13,919 k in the first quarter of 2013. The decrease is mainly due to higher real estate operating expenses of EUR 856 k (Q1 2014: EUR 2,436 k; Q1 2013: EUR 1,580 k) as well as higher SG&A of EUR 638 k (Q1 2014: EUR 3,289 k; Q1 2013: EUR 2,651 k).

As a result, FFO per share\* amounted to EUR 0.16 in the first quarter of 2014 (Q1 2013: EUR 0.18).

\* Based on an unchanged amount of shares of 78,933,487.

## Hedging Instruments

alstria uses hedge accounting on all qualifying hedges in order to limit the impact of the volatility of interest rate markets 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, 2013.

alstria held the following derivative financial instruments at the end of the reporting period:

Product	Strike p.a. (%)	Maturity date	March 31, 2014		December 31, 2013	
			Notional (EUR k)	Fair value (EUR k)	Notional (EUR k)	Fair value (EUR k)
Cap	3.0000	Sept. 30, 2019	42,500	365	42,500	641
Cap	4.6000	Oct. 20, 2015	47,902	0	47,902	3
Swap	2.9900	Jul. 20, 2015	380,870	-13,532	380,870	-15,769
<b>Interest rate derivatives – held for trading</b>			<b>471,272</b>	<b>-13,167</b>	<b>471,272</b>	<b>-15,125</b>
Forward-Cap <sup>1)</sup>	0.0000	Sept. 30, 2020	380,870	23,682	380,870	31,932
Cap	3.0000	Apr. 30, 2021	49,144	701	0	0
Cap	3.0000	Mar. 28, 2024	10,900	404	0	0
Cap	3.0000	Dec. 17, 2018	56,000	291	56,000	540
Cap	3.2500	Dec. 31, 2015	11,284	1	11,327	2
Swap	2.1940	Dec. 31, 2014	0	0	37,283	-858
<b>Interest rate derivatives – cash flow hedges</b>			<b>127,328<sup>2)</sup></b>	<b>25,079</b>	<b>104,610<sup>2)</sup></b>	<b>31,616</b>
<b>Total Interest rate derivatives</b>			<b>598,600</b>	<b>11,912</b>	<b>575,882</b>	<b>16,491</b>
Embedded Derivative	n/a	June 14, 2018	7,884 <sup>3)</sup>	-10,980	7,884 <sup>3)</sup>	-9,336
<b>Total</b>				<b>932</b>		<b>7,155</b>

<sup>1)</sup> Not effective before July 20, 2015.

<sup>2)</sup> Notional excluding the EUR 380,870 k not effective before July 20, 2015.

<sup>3)</sup> 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, 2013:

### Change in financial derivatives since December 31, 2013

in EUR k	Cash flow hedge reserve	Financial assets		Financial liabilities	
		Non-current	Current	Non-current	Total
<b>Hedging instruments as at December 31, 2013</b>	<b>-7,329</b>	<b>32,474</b>	<b>644</b>	<b>-25,963</b>	<b>7,155</b>
Effective change in fair values of cash flow hedges	99	0	0	99	99
Ineffective change in fair values of cash flow hedges	0	-8,831	0	2,237	-6,594
Net result from fair value changes in financial derivatives not qualifying for cash flow hedging	0	0	-279	-1,604	-1,883
Reclassification of cumulated loss from equity to income statement	1,481	0	0	0	0
Changes in accrued interests due to financial derivatives	0	0	0	148	148
Acquisitions	0	1,436	0	0	1,436
Disposals	0	0	0	571	571
<b>Hedging instruments as at March 31, 2014</b>	<b>-5,749</b>	<b>25,079</b>	<b>365</b>	<b>-24,512</b>	<b>932</b>

An increase of EUR 99 k due to changes in the fair value of derivatives, which are effective in a cash flow hedge, has been recognised in the hedging reserve in the first quarter of 2014 (Q1 2013: EUR 5,020 k).

The ineffective portion recognised in profit or loss that arises from cash flow hedges, amounted to a fair value loss of EUR 6,594 k (Q1 2013: gain of EUR 49 k). Further losses totalling EUR 1,883 k (Q1 2013: gain of EUR 20 k) due to the market valuation of derivatives not included in hedge accounting were recognised in the income statement.

A loss of EUR 1,481 k (Q1 2013: loss of EUR 261 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.

Altogether, this results in a loss of EUR 9,958 k (Q1 2013: loss of EUR 192) 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 from January 1 to March 31, 2014:

### Financial result – breakdown

EUR k	January 1 – March 31, 2014	January 1 – March 31, 2013	Change (%)
Interest expense syndicated loan	–2,769	–2,732	1.3
Interest expense other loans	–2,269	–2,282	–0.6
Interest result derivatives	–2,720	–3,496	–22.2
Interest expense convertible bond	–1,205	0	n/a
Other interest expenses	0	–94	–100.0
<b>Financial expenses</b>	<b>–8,963</b>	<b>–8,604</b>	<b>4.2</b>
Financial income	40	72	–44.5
Other financial expenses	–96	–22	336.4
<b>Net financial result</b>	<b>–9,019</b>	<b>–8,554</b>	<b>5.4</b>

As at March 31, 2014 alstria was not in breach of any of its financial covenants.

Interest expenses of EUR 1,205 k relate to a convertible bond issued by alstria in the third quarter of the financial year 2013.

Net financing costs increased by EUR 465 k to EUR 9,019 k in comparison with the first quarter 2013. The increase is attributable to a higher average loan level as compared to the previous reporting period.

### Decrease in consolidated net result driven by valuation effects

The resulting consolidated net result amounts to EUR 4,017 k (Q1 2013: EUR 15,001 k). The main reason for the decrease in the consolidated net result as compared to the same period in 2013 is a valuation loss in financial derivatives (Q1 2014: EUR 9,958 k; Q1 2013: EUR 192 k).

Earnings per share amount to EUR 0.05 for the first three months of 2014.

## Financial and asset position

### Financial management

alstria's financial management is carried out at corporate level. Individual loans and corporate bonds are 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 floating loans by corresponding hedging instruments, more precisely swaps and caps. Depending on the individual situation, fixed interest rate loans are used. The aim of this strategy is to largely eliminate short-term interest rate volatility from the income statement while providing the group with operational flexibility.

In February 2014, alstria signed a credit agreement amounting to EUR 61 m. The loan was taken out to replace an existing loan facility, which was due to mature on December 31, 2014 as well as to finance a further property in Hamburg. The new loan facility was drawn on March 19, 2014, amortising the existing loan by an amount of EUR 43 m at the same time. The new loan has a maturity of seven years.

Furthermore, alstria signed a credit agreement amounting to EUR 60 m in order to replace an existing loan facility, which was due to mature as of October 19, 2015 as well to finance two properties in Stuttgart and Düsseldorf, which were acquired in 2013. The new loan was drawn on March 31, 2014, amortising the old loan facility by an amount of EUR 48 m at the same time. The new loan has a maturity of ten years.

The excess amount of cash, generated by the afore mentioned transactions, has been used to partly amortize the existing syndicated loan facility by EUR 35 m on March 31, 2014. Hereby alstria will profit from more attractive conditions, which will lead to a long-term reduction of the group's interest expenditure.

The early refinancing-measures allow alstria to benefit from the currently attractive financing environment. They furthermore improve the overall debt maturity profile of the Company to around 5.9 years as at the end of March 2014. As a result, alstria has no major refinancing needs before 2018.

### Loan agreements in place as at March 31, 2014

Loan	Maturity	Principal Amount Outstanding (EUR k)	Current LTV (%)	LTV-Covenant (%)
Syndicated loan	Sep. 30, 2020	503,963	50.0	70.0
Non-recourse loan #1 <sup>1)</sup>	Jun. 30, 2014	28,225	54.3	62.5
Non-recourse loan #2	Jan. 31, 2017	69,176	61.1	75.0
Loan #3	Dec. 31, 2015	11,284	51.3	75.0
Loan #4	Dec. 17, 2018	56,000	46.1	60.0
Loan #5	Sep. 30, 2019	39,500	40.6	65.0
Loan #6	Apr. 30, 2021	61,430	57.3	67.0
Loan #7	Mar. 28, 2024	60,000	54.3	75.0
<b>Total loans</b>		<b>829,578</b>	<b>50.8</b>	
Convertible bond	Jun. 14, 2018	79,400		
<b>Total as at March 31, 2014</b>		<b>908,978</b>	<b>55.7</b>	

<sup>1)</sup> Refinancing of EUR 28 m has already been signed with a maturity date of Sep. 30, 2019.

## Cash position of EUR 81,760 k

Cash flows from operating activities amounted to EUR 7,988 k for the first three months of 2014. The decrease as compared to the first quarter of 2013 (EUR 14,381 k) resulted mainly from a shift in payment dates for interest expenses in the first quarter of 2013 as well as higher one-off payouts for the conversion of virtual shares in the first quarter of 2014.

Cash flows from investing activities are impacted by cash inflows of EUR 6,150 k received for the sale of investment properties. Cash outflows related to investments in existing properties (EUR 7,467 k).

Cash flows from financing activities reflect cash inflows of an amount of EUR 121,430 due to taking out loans. Cash outflows of an amount of EUR 126,344 k were made towards the redemption of loans.

As a result, alstria ended the first three months of 2014 with a cash position of EUR 81,760 k (March 31, 2013: EUR 131,620 k).

## Investment properties remain stable

The total value of investment property as at the reporting date amounted to EUR 1,630,679 k in comparison with EUR 1,632,362 k at the beginning of the financial year. The slight decrease of investment property is based on the disposal of two properties in the first quarter of 2014, which were partly compensated by investments in revitalization measures.

EUR k

### Investment properties

as at December 31, 2013 **1,632,362**

Capital expenditure 7,467

Acquisitions 0

Disposals -5,950

Reclassifications -3,200

Net loss/gain from fair value adjustments on investment property 0

### Investment properties

as at March 31, 2014 **1,630,679**

Fair value of owner-occupied properties 6,087

Fair value of properties held for sale 3,213

Interests in joint ventures 21,454

**Fair value of immovable assets 1,661,433**

## Equity ratio at 47.6 % – G-REIT equity ratio at 51.2 %

The balance sheet reflects a total equity position of EUR 849,841 k, which is an equity ratio of 47.6 % (December 31, 2013: EUR 844,114 k or 47.3 %), respectively.

The G-REIT equity ratio which is defined as total equity divided by immovable assets increased by 0.3 percentage points to 51.2 % (December 31, 2013: 50.9 %). According to the G-REIT Act (REIT-Gesetz – REITG), the minimum requirement for compliance with G-REIT criteria is an equity ratio of 45 % as 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 10.68 per share as at December 31, 2013 to EUR 10.75 per share as at March 31, 2014. The consolidated profit for the period amounted to EUR 4,017 k and was primarily accountable for the increase in equity. In total, this led to an increase in equity from EUR 844,114 k to EUR 849,841 k\*\*.

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

\*\* For further information, please refer to the consolidated statement of changes in equity for the reporting period.

## Increase in long-term loans

Long-term loans increased by 4.6% to EUR 860,017 k in the first quarter of 2014. The development is due to drawing new loans (EUR 121,430 k) in conjunction with the refinancing measures conducted in Q1 2014. Counter-effects were the amortizations at the end of the first quarter of 2014 amounting to EUR 82,902 k, as well as re-classifications to short-term loans amounting to EUR 1,436 k.

## Decrease in current liabilities

Current liabilities decreased to EUR 44,741 k (December 31, 2013: EUR 88,820), which is mainly linked to the repayment of short-term loans of an amount of EUR 43,442 k.

## Risk and opportunity report

The risks and opportunities to which alstria is exposed are described in detail in alstria's Annual Report 2013. There have been no changes to the status represented in that report.

## Recent developments and outlook

In March 2014, alstria signed binding and notarised agreements for the sale of an asset in Stuttgart. The transfer of benefits and burdens will take place on May 31, 2014. This asset is classified as an 'asset held for sale' as at March 31, 2014.

## Financial guidance

alstria proactively focuses on the following financial key performance indicators: revenues and funds from operations (FFO).

Revenue is mainly comprised of rental income, which derives from the leasing activities of the Company.

FFO is the operating result from real estate management, excluding valuation effects and other adjustments such as non-cash expenses / income and non-recurring effects.\*

The statements and forecasts made in the Group management report 2013 with respect to the expected development of the Group for the financial year 2014 have not changed.

For the financial year 2014, the Company is expecting forecasted revenues of around EUR 102 m and an FFO of around EUR 47 m. The increase in FFO compared to the FFO of EUR 45 m as achieved in 2013 is mainly due to the Company's new finance structure, which results in lower financing costs.

## 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.

\* For further details, please refer to page 10.





*Hofmannstrasse, Munich*



# Consolidated financial statements

## Consolidated income statement

for the period from January 1 to March 31, 2014

EUR k	Notes	January 1 – March 31, 2014	January 1 – March 31, 2013
Revenues		25,934	26,291
Income less expenses from passed-on operating expenses		–10	162
Real estate operating expenses		–2,436	–1,580
<b>Net rental income</b>		<b>23,488</b>	<b>24,873</b>
Administrative expenses		–1,230	–1,216
Personnel expenses	6.1	–2,059	–1,435
Other operating income		2,181	1,082
Other operating expenses		–9	–10
Gain on disposal of investment property	7.1	184	516
<b>Net operating result</b>		<b>22,555</b>	<b>23,810</b>
Net financial result	6.2	–9,019	–8,554
Share of the result of joint venture		453	–45
Net loss from fair value adjustments on financial derivatives		–9,958	–192
<b>Pre-Tax Income (EBT)</b>		<b>4,031</b>	<b>15,019</b>
Income tax expense	6.3	–14	–18
<b>Consolidated Profit for the period</b>		<b>4,017</b>	<b>15,001</b>
Attributable to:			
Shareholders		4,017	15,001
<b>Earnings per share in EUR</b>			
Basic earnings per share	6.4	0,05	0,19
Diluted earnings per share	6.4	0,05	0,19

## Consolidated statement of comprehensive income

for the period from January 1 to March 31, 2014

EUR k	Notes	January 1 – March 31, 2014	January 1 – March 31, 2013
<b>Consolidated profit for the period</b>		<b>4,017</b>	<b>15,001</b>
Items which might be classified to the income statement in a future period:			
Cash flow hedges	8.1	99	5,020
Reclassification from cash flow hedging reserve	8.1	1,481	261
<b>Other comprehensive income for the period</b>		<b>1,580</b>	<b>5,281</b>
<b>Total comprehensive income for the period</b>		<b>5,597</b>	<b>20,282</b>

## Consolidated statement of financial position

as at March 31, 2014

### Assets

EUR k	Notes	March 31, 2014	December 31, 2013
<b>Non-current assets</b>			
Investment property	7.1	1,630,679	1,632,362
Equity-accounted investments		21,454	21,001
Property, plant and equipment		5,239	5,156
Intangible assets		477	472
Derivatives	8.3	25,079	32,474
<b>Total non-current assets</b>		<b>1,682,928</b>	<b>1,691,465</b>
<b>Current assets</b>			
Assets held for sale	7.1	3,213	0
Trade receivables		5,081	3,708
Accounts receivable from joint ventures		89	89
Derivatives	8.3	365	644
Other receivables		10,251	6,991
Cash and cash equivalents	7.2	81,760	82,782
<i>thereof restricted</i>		251	252
<b>Total current assets</b>		<b>100,759</b>	<b>94,214</b>
<b>Total assets</b>		<b>1,783,687</b>	<b>1,785,679</b>

**Equity and liabilities**

<b>EUR k</b>	<b>Notes</b>	<b>March 31, 2014</b>	<b>December 31, 2013</b>
<b>Equity</b>	8.1		
Share capital		78,933	78,933
Capital surplus		730,616	730,486
Hedging reserve		-5,749	-7,329
Retained earnings		46,041	42,024
<b>Total equity</b>		<b>849,841</b>	<b>844,114</b>
<b>Non-current liabilities</b>			
Long-term loans, net of current portion	8.2	860,017	822,486
Derivatives	8.3	24,512	25,963
Other provisions		3,398	3,244
Other liabilities		1,178	1,052
<b>Total non-current liabilities</b>		<b>889,105</b>	<b>852,745</b>
<b>Current liabilities</b>			
Short-term loans	8.2	31,352	73,886
Trade payables		4,153	3,474
Profit participation rights	12	490	468
Other provisions		566	2,015
Other current liabilities		8,180	8,977
<b>Total current liabilities</b>		<b>44,741</b>	<b>88,820</b>
<b>Total liabilities</b>		<b>933,846</b>	<b>941,565</b>
<b>Total equity and liabilities</b>		<b>1,783,687</b>	<b>1,785,679</b>

## Consolidated statement of cash flows

for the period from January 1 to March 31, 2014

EUR k	Notes	January 1 – March 31, 2014	January 1 – March 31, 2013
<b>1. Cash flows from operating activities</b>			
Consolidated profit for the period		4,017	15,001
Unrealized valuation movements		9,505	238
Interest income	6.2	–40	–72
Interest expense	6.2	9,059	8,626
Result from income taxes		14	18
Other non-cash expenses (+)		–519	128
Gain (-)/Loss (+) on disposal of fixed assets		–184	–516
Depreciation and impairment of fixed assets (+)		102	133
Decrease (+)/Increase (-) in trade receivables and other assets that are not attributed to investing or financing activities		–4,222	165
Decrease (-)/increase (+) in trade payables and other liabilities that are not attributed to investing or financing activities		–1,027	–2,475
<b>Cash generated from operations</b>		<b>16,705</b>	<b>21,246</b>
Interest received		40	72
Interest paid		–8,743	–6,919
Income taxes paid		–14	–18
<b>Net cash generated from operating activities</b>		<b>7,988</b>	<b>14,381</b>
<b>2. Cash flows from investing activities</b>			
Acquisition of investment properties	7.1	–7,467	–3,002
Proceeds from the sale of investment properties		6,150	7,620
Payment of transaction cost in relation to the sale of investment properties		–30	–96
Acquisition of other property, plant and equipment		–191	–74
<b>Net cash used in /generated from investing activities</b>		<b>–1,538</b>	<b>4,448</b>
<b>3. Cash flows from financing activities</b>			
Proceeds from the issue of bonds and borrowings		121,430	0
Payments for the acquisition and termination of financial derivatives		–2,007	0
Payments due to the redemption of bonds and borrowings		–126,344	–5,757
Payments of transaction costs		–551	0
<b>Net cash used in financing activities</b>		<b>–7,472</b>	<b>–5,757</b>
<b>4. Cash and cash equivalents at the end of the period</b>			
Change in cash and cash equivalents (subtotal of 1 to 3)		–1,022	13,072
Cash and cash equivalents at the beginning of the period		82,782	118,548
<b>Cash and cash equivalents at the end of the period</b>			
<i>thereof restricted: EUR 251 k; previous year: EUR 301 k</i>	7.2	<b>81,760</b>	<b>131,620</b>

## Consolidated statement of changes in equity

for the period from January 1 to March 31, 2014

EUR k	Notes	Share capital	Capital surplus	Hedging reserve	Retained earnings	Total equity
<b>As at January 1, 2014</b>		<b>78,933</b>	<b>730,486</b>	<b>-7,329</b>	<b>42,024</b>	<b>844,114</b>
<b>Changes in Q1 2014</b>						
Consolidated profit		0	0	0	4,017	4,017
Other comprehensive income		0	0	1,580	0	1,580
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>1,580</b>	<b>4,017</b>	<b>5,597</b>
Share-based remuneration		0	130	0	0	130
<b>As at March 31, 2014</b>	<b>8.1</b>	<b>78,933</b>	<b>730,616</b>	<b>-5,749</b>	<b>46,041</b>	<b>849,841</b>

for the period from January 1 to March 31, 2013

<b>As at January 1, 2013</b>		<b>78,933</b>	<b>769,412</b>	<b>-22,137</b>	<b>3,079</b>	<b>829,287</b>
<b>Changes in Q1 2013</b>						
Consolidated profit		0	0	0	15,001	15,001
Other comprehensive income		0	0	5,281	0	5,281
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>5,281</b>	<b>15,001</b>	<b>20,282</b>
Share-based remuneration		0	127	0	0	127
<b>As at March. 31, 2013</b>	<b>8.1</b>	<b>78,933</b>	<b>769,539</b>	<b>-16,856</b>	<b>18,080</b>	<b>849,696</b>



# Notes to the condensed interim consolidated financial statements

→ as at March 31, 2014

## 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 based 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 ending on December 31, 2013.

The condensed interim consolidated financial statements for the period from January 1, 2014 to March 31, 2014 (hereinafter referred to as the 'consolidated interim financial statements') were authorised for publication by resolution of the Company's Management Board on May 5, 2014.

## 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, 2013.

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 ending on December 31, 2013, and 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 on January 1, 2014:

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

In May 2011, the IASB issued a set of five standards relating to group accounting, which are described below.

### › 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 for an entity controlling 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\*.

### › 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. It accounts for those rights and obligations in accordance with that specific 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\*.

### › IFRS 12 'Disclosures on 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\*.



### › 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 when accounting for investments in subsidiaries, joint ventures, and associates if an entity chooses to or is by local regulations required to present separate (non-consolidated) financial statements. Together with IFRS 10 'Consolidated Financial Statements', IAS 27 (2011) 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\*.

### › IAS 28 'Investments in associates and joint ventures'

New standard issued on May 12, 2011. The objective of IAS 28 (revised 2011) is to set the accounting for investments in associates and to set 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\*.

### › Transition guidance

Amendments to IFRS 10 'Consolidated financial statements', IFRS 11 'Joint arrangements', and IFRS 12 'Disclosures of interests in other entities' – Transition Guidance. The amendments clarify the transition guidance in IFRS 10, which also grants additional relief to the application of all three standards. Similar to IFRS 10, IFRS 11 and IFRS 12 the amendments are applicable to annual periods beginning on or after January 1, 2014\*.

### › Amendment to IAS 32 'Financial instruments: presentation'

The IASB has revised the requirements for offsetting financial assets and financial liabilities and as a result has published amend-

ments to IAS 32 'Financial instruments: presentation' and IFRS 7 'financial instruments: disclosure'. The current offsetting model in IAS 32 has basically been maintained and has solely been substantiated by an additional application guidance, which applies 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 (further clarification of disclosures is required). The amendment is applicable to reporting periods beginning on or after January 1, 2014.

### › Amendment to IAS 39 'Financial instruments: recognition and measurement'

The amendment relates to the novation of derivatives and the continuation of hedge accounting. According to the amendment 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.

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 2014 and have not been applied by the Group prior to becoming mandatory:

### › IFRS 9 'Financial instruments'

New standard issued on 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 mandatory from January 1, 2018 onwards. However, the standard is available for early adoption subject to EU endorsement. The Group has not yet assessed the full impact of IFRS 9 on its reported figures.

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

### › IFRS 14 'Regulatory deferral accounts'

New standard issued on January 30, 2014. The standard permits an entity, which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required. IFRS 14 applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016. Since alstria is not a first-time adopter of IFRS the standard has no impact on the financial reporting of the Group.

### › Effective date of IFRS 7 amendments on application of IFRS 9

On 16 December 2011, the IASB issued Mandatory Effective Date and Transition Disclosures (Amendments to IFRS 9 and IFRS 7), which: amends the effective date of IFRS 9 Financial Instruments to annual periods beginning on or after 1 January 2018 modifies the relief from restating comparative periods and the associated disclosures in IFRS 7 Financial Instruments: Disclosures. The amendments to IFRS 7 apply when an entity first applies the requirements of IFRS 9 and so apply to annual periods beginning on or after 1 January 2018 (or such other date as when an entity applies IFRS 9).

### › Amendments to IAS 19 'Employee benefits'

On November 21, 2013, the IASB published further amendments to IAS 19. The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service. The amendments are effective for annual periods beginning on or after July 1, 2014,

with earlier application permitted. The amendments do not affect the presentation of the Group's financial reporting.

### › IFRIC 21 'Levies'

The interpretation provides guidance on when to recognise a liability for a levy imposed by a government. Guidance is given for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those for which the timing and amount of the levy is known and certain. The interpretation is basically applicable to reporting periods beginning on or after January 1, 2014. However, it was not yet adopted by the European Union. It is not assumed that the interpretation has material consequences for the Group's financial reporting.

### › Annual improvement process IFRS 2010–2012

The International Accounting Standards Board (IASB) issued 'Annual Improvements 2010–2012', a collection of amendments to IFRSs, in response to issues addressed during the 2010–2012 cycle. Eight standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 und IAS 34) are affected by the amendments. The improvements apply to annual periods beginning on or after July 1, 2014 and will be of only minor, if any, relevance for the Group.

### › Annual improvement process IFRS 2011–2013

The International Accounting Standards Board (IASB) issued 'Annual Improvements 2011–2013', a collection of amendments to IFRSs, in response to issues addressed during the 2011–2013 cycle. Four standards (IFRS 1, IFRS 3, IFRS 13, IAS 40) are affected by the amendments. The improvements apply to annual periods beginning on or after July 1, 2014 and will be of only minor, if any, relevance for the Group.

## 4 Consolidated Group

There have been no changes to the consolidated Group since the preparation of the consolidated financial statements as at December 31, 2013.

## 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 the 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 2,059 k (January 1 to March 31, 2013: EUR 1,435 k) include accrued bonuses of an amount of EUR 317 k (January 1 to March 31, 2013: EUR 329 k). Furthermore, personnel expenses of EUR 360 k (January 1 to March 31, 2013: income of EUR 115 k) relating to a share-based compensation granted to the management are included (see Note 11), as are expenses for a share-based compensation resulting from convertible profit participation rights granted to employees of an amount of EUR 155 k (January 1 to March 31, 2013: EUR 127 k).

### 6.2 Financial result

The following table breaks down the financial result.

	January 1 – March 31, 2014 (unaudited)	January 1 – March 31, 2013 (unaudited)
Interest expenses		
syndicated loan	-2,769	-2,732
Interest expenses		
other loans	-2,269	-2,282
Interest result derivatives	-2,720	-3,496
Interest expenses		
convertible bond	-1,205	0
Other interest expenses	0	-94
<b>Financial expenses</b>	<b>-8,963</b>	<b>-8,604</b>
Financial income	40	72
Other financial expenses	-96	-22
<b>Net financial result</b>	<b>-9,019</b>	<b>-8,554</b>

For details on the loan development, we refer to the section 'Financial and asset position' in the interim management report.

### 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, 2013.

### 6.4 Earnings per share

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

	January 1 – March 31, 2014 (unaudited)	January 1 – March 31, 2013 (unaudited)
Profit attributable to the shareholders (in EUR k)	4,017	15,001
Average number of shares outstanding (Q1; in thousands)	78,933	78,933
Basic earnings per share (in EUR per share)	0.05	0.19

The potential conversion of shares in relation to the convertible bond could dilute basic earnings per share in the future:

	January 1 – March 31, 2014 (unaudited)	January 1 – March 31, 2013 (unaudited)
Diluted profit attributable to the shareholders (EUR k)	4,555	15,001
Average diluted number of shares (thousands)	86,818	78,933
Diluted earnings per share (EUR)	0.05	0.19

## 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 purposes. External appraisals were obtained for the value-determination as at December 31, 2013. A management review of fair values as at the date of the consolidated interim financial statements as at March 31, 2014 resulted in a fair value increase for investment properties held at December 31, 2013 totalling EUR 7,468 k. This amount relates to capitalised expenditure invested in the first quarter 2014 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, 2013.

In the first quarter of 2014, benefits and burdens were transferred for one disposed property. The transaction volume amounted to EUR 6,150 k.

In addition, alstria signed a binding and notarised agreement for the sale of a further property during the first quarter of 2014. The transfer of benefits and burden is expected to take place during the second quarter of 2014. One asset is classified as 'asset held for sale' as of March 31, 2014.

### 7.2 Cash and cash equivalents

As at March 31, 2014, EUR 251 k of total cash and cash equivalents (EUR 81,760 k) are 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, 2014 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, 2014, 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 this 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	March 31, 2014 (unaudited)	December 31, 2013 (audited)
As at January 1	-7,329	-22,137
Net changes in cash flow hedges	1,580	14,808
<b>As at March 31 / December 31</b>	<b>-5,749</b>	<b>-7,329</b>

This reserve includes the portion of the gain or loss on hedging instruments within the 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 99 k. An amount of +EUR 1.481 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 prior to maturity.

### 8.2 Financial liabilities

As at March 31, 2014 alstria's total interest-bearing debt, mainly consisting of outstanding loan balances and the convertible bond, amounted to EUR 908,978 k (December 31, 2013: EUR 913,892 k). The lower carrying amount of EUR 891,369 k (EUR 860,017 k non-current and EUR 31,352 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 in full in the financial liabilities.

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 first quarter of 2014 (see page 14) and Section 11.2 of the consolidated financial statements as at December 31, 2013.

### 8.3 Derivative financial instruments

Derivative financial instruments are comprised of 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 11 of the interim Group management report.

All of the Group's financial instruments, which are recognised in the balance sheet at fair value, are valued using the level 2-valuation measurement approach. This, however, only applies to the Group's financial derivatives, as there are no other financial instruments that are recognised 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

	2014	2013
Dividends on ordinary shares <sup>1)</sup> in EUR k (not recognised as a liability as at March 31):	39,467	39,467
<b>Dividend per share in EUR</b>	<b>0.50</b>	<b>0.50</b>

<sup>1)</sup> 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 14, 2014 to pass resolution on distributing dividends in a total amount of EUR 39,467 k (EUR 0.50 per outstanding share).

## 10 Employees

In the period from January 1 to March 31, 2014, the Company had an average of 62 employees (January 1 to March 31, 2013: average 59 people). The average number of employees was calculated on the basis of total employees at the end of each month. On March 31, 2014, 60 people (December 31, 2013: 63 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 is comprised of both a cash-settled and share-based payment transaction, respectively.

The development of the virtual shares until March 31, 2014 is shown in the following table:

Number of virtual shares	January 1 – March 31, 2014 (unaudited)		December 31, 2013 (audited)	
	LTIP	STIP	LTIP	STIP
As at January 1	353,779	25,989	267,665	24,629
Granted in the reporting period	84,746	10,753	86,114	13,078
Terminated in the reporting period	-99,009	-12,911	0	-11,718
As at March 31/ December 31	339,516	23,831	353,779	25,989

In the first quarter of 2014, the LTI and the STI generated remuneration expenses amounting to EUR 360 k (Q1 2013: income of EUR 115 k) and, at the end of the reporting period, provisions amounting to EUR 1,102 k (December 31, 2013: EUR 2,397 k). Income generated in the first quarter of 2013 resulted from the reversal of provisions for share-based remuneration as based on market data. The Group recognises liabilities arising from the vested virtual shares in other provisions. Please refer to section 18 of the consolidated financial statements as at December 31, 2013 for a detailed description of the employee profit participation rights programme.

## 12 Convertible profit participation rights program

Under the convertible profit participation rights scheme established by the Supervisory Board of alstria office REIT-AG, 267,300 convertible profit participation certificates ('certificates') were in place as at March 31, 2014, 2,500 certificates were terminated in the course of the first quarter of 2014.

For a detailed description of the employee profit participation rights programme, please refer to section 19 of the consolidated financial statements as at December 31, 2013.

## 13 Related parties

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

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

No events that must be reported pursuant to IAS 10 (Events after the reporting period) occurred after the end of the reporting period March 31, 2014.

## 15 Management Board

As of March 31, 2014, 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, 2014, 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 5, 2014

Olivier Elamine  
Chief Executive Officer

Alexander Dexne  
Chief Financial Officer

# Responsibility Statement

'We confirm that, to the best of our knowledge, the consolidated interim financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and the interim 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, May 5, 2014

alstria office REIT-AG

Management board



**Olivier Elamine**

Chief Executive Officer



**Alexander Dexne**

Chief Financial Officer



# 2014 *Events*

## January

Wk	M	T	W	T	F	S	S
1			1	2	3	4	5
2	6	7	8	9	10	11	12
3	13	14	15	16	17	18	19
4	20	21	22	23	24	25	26
5	27	28	29	30	31		

## March

Wk	M	T	W	T	F	S	S
9						1	2
10	3	4	5	6	7	8	9
11	10	11	12	13	14	15	16
12	17	18	19	20	21	22	23
13	24	25	26	27	28	29	30
14	31						

## May

Wk	M	T	W	T	F	S	S
18				1	2	3	4
19	5	6	7	8	9	10	11
20	12	13	14	15	16	17	18
21	19	20	21	22	23	24	25
22	26	27	28	29	30	31	

## July

Wk	M	T	W	T	F	S	S
27		1	2	3	4	5	6
28	7	8	9	10	11	12	13
29	14	15	16	17	18	19	20
30	21	22	23	24	25	26	27
31	28	29	30	31			

## February

Wk	M	T	W	T	F	S	S
5						1	2
6	3	4	5	6	7	8	9
7	10	11	12	13	14	15	16
8	17	18	19	20	21	22	23
9	24	25	26	27	28		

## April

Wk	M	T	W	T	F	S	S
14		1	2	3	4	5	6
15	7	8	9	10	11	12	13
16	14	15	16	17	18	19	20
17	21	22	23	24	25	26	27
18	28	29	30				

## June

Wk	M	T	W	T	F	S	S
22							1
23	2	3	4	5	6	7	8
24	9	10	11	12	13	14	15
25	16	17	18	19	20	21	22
26	23	24	25	26	27	28	29
27	30						

## August

Wk	M	T	W	T	F	S	S
31					1	2	3
32	4	5	6	7	8	9	10
33	11	12	13	14	15	16	17
34	18	19	20	21	22	23	24
35	25	26	27	28	29	30	31



**September**

Wk	M	T	W	T	F	S	S
36	1	2	3	4	5	6	7
37	8	9	10	11	12	13	14
38	15	16	17	18	19	20	21
39	22	23	24	25	26	27	28
40	29	30					

**October**

Wk	M	T	W	T	F	S	S
40			1	2	3	4	5
41	6	7	8	9	10	11	12
42	13	14	15	16	17	18	19
43	20	21	22	23	24	25	26
44	27	28	29	30	31		

**November**

Wk	M	T	W	T	F	S	S
44						1	2
45	3	4	5	6	7	8	9
46	10	11	12	13	14	15	16
47	17	18	19	20	21	22	23
48	24	25	26	27	28	29	30

**December**

Wk	M	T	W	T	F	S	S
49	1	2	3	4	5	6	7
50	8	9	10	11	12	13	14
51	15	16	17	18	19	20	21
52	22	23	24	25	26	27	28
1	29	30	31				

**Conferences / Roadshows**March 28

Publication of the annual report  
Financial report (Hamburg)

May 6

Publication of Q1 report  
Interim report (Hamburg)

May 14

Annual General Meeting  
Hamburg

August 5

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

November 4

Publication of Q3 report  
Interim report (Hamburg)  
Publication of sustainability  
report 2014

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## Kaisergalerie, Hamburg



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