



alstria
First German REIT

Half-Year Financial Report
→ as at June 30, 2014

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Group financials

according to IFRS

EUR k	January 1 – June 30, 2014	January 1 – June 30, 2013	Change (%)
Revenues and Earnings			
Revenues	51,472	52,156	– 1.3
Net rental income	45,833	48,043	– 4.6
Consolidated loss/profit for the period	6,845	29,027	– 76.4
FFO	24,455	25,214	– 3.0
Earnings per share (EUR)	0.09	0.37	– 75.7
FFO per share (EUR)	0.31	0.32	– 3.1

EUR k	June 30, 2014	December 31, 2013	Change (%)
Balance sheet			
Investment property	1,639,747	1,632,362	0.5
Total assets	1,746,740	1,785,679	– 2.2
Equity	814,392	844,114	– 3.5
Liabilities	932,348	941,565	– 1.0
NAV per share (EUR)	10.31	10.69	– 3.6
Diluted NAV per share (EUR)	10.26 ¹⁾	10.60	– 3.2
Net LTV (%)	52.0	50.7	1.3 pp

G-REIT figures	June 30, 2014	December 31, 2013	Change (pp)
G-REIT equity ratio (%)	48.8	50.9	– 2.1
Revenues incl. other income from investment properties (%)	100	100	0.0

EPRA ²⁾ key figures	January 1 – June 30, 2014	January 1 – June 30, 2013	Change (%)
EPRA earnings per share (EUR)	0.31	0.33	– 6.1
EPRA cost ratio A (%) ³⁾	22.1	17.5	4.6 pp
EPRA cost ratio B (%) ⁴⁾	18.9	14.2	4.7 pp

	June 30, 2014	December 31, 2013	Change (%)
EPRA NAV per share (EUR) ⁵⁾	10.75	10.63	1.1
EPRA NNNNAV per share (EUR)	10.19	10.68	– 4.6
EPRA net initial yield (%)	5.1	5.6	– 0.5 pp
EPRA 'topped-upnet' initial yield (%)	5.3	5.8	– 0.5 pp
EPRA vacancy rate (%)	9.1	6.8	2.3 pp

¹⁾ Dilution based on potential conversion of convertible bond.

²⁾ Please refer to EPRA Best Practices Recommendations, www.epra.com.

³⁾ Including vacancy costs.

⁴⁾ Excluding vacancy costs.

⁵⁾ Based on cumulated fair value adjustments on financial derivatives as at June 30, 2014;
based on fair value of financial derivatives as at December 31, 2013.

Consolidated interim management report

Portfolio overview

Key metrics for the portfolio

Key metrics ¹⁾	June 30, 2014	Dec. 31, 2013
Number of properties	74	76
Number of joint venture properties	1	1
Market value (EUR bn)	1.6	1.6
Contractual rent (EUR m/annum)	102.5	106.7
Valuation yield (contractual rent/OMV)	6.3	6.5
Lettable area (sqm)	881,300	894,400
Vacancy (% of lettable area) ²⁾	10.6	9.1
WAULT (years)	6.7	6.8
Average rent/sqm (EUR/month)	10.8	10.9

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

²⁾ Contractual vacancy rate includes vacancies in assets of the Company's development pipeline.

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

Real Estate Operations

	Jan. 1 – June 30, 2014	Jan. 1 – June 30, 2013	Change (sqm)
Letting metrics			
New leases (in sqm) ¹⁾	21,700	17,100	4,600
Renewals of leases (in sqm)	25,400	9,700	15,700

¹⁾ New leases refer to letting vacant space. It does not account for any lease renewals, prolongations or a tenant's exercise of his renewal option.

	June 30, 2014	Dec. 31, 2013	Change
Vacancy metrics			
Vacancy rate (%)	10.6	9.1	1.5 pp
EPRA vacancy rate (%)	9.1	6.8	2.3 pp
Vacancy (sqm)	93,000	81,300	11,700
thereof vacancy in development projects (sqm)	17,000	24,100	–7,100

In comparison to H1 2013, alstria achieved an increase in its letting result of around 20,000 sqm.

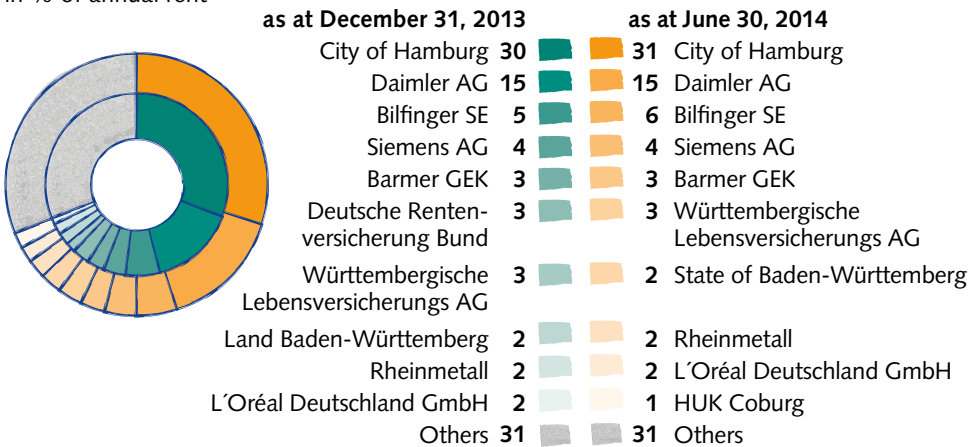
A key letting achievement was the lease prolongation and partial lease-up of additional office space to an existing tenant in Ditzingen, Siemensstraße. The lease is due to mature in December 2019 and encompasses around 10,200 sqm of office and ancillary space. Another letting success was the initial 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 nonetheless negative change in this vacancy rate mainly results from the lease expiry of the Deutsche Rentenversicherung Bund (approx. 21.000 sqm) in the property in the Darwinstrasse, Berlin in May 2014.

Tenants and regions

One of the main characteristics of alstria's portfolio is its focus on a set number of major tenants in selected core regions. Furthermore the portfolio reflects alstria's clear focus on office properties. 96%* of the total lettable area is office space.

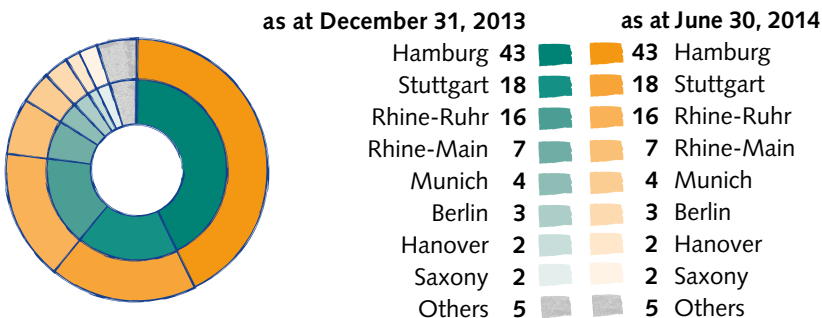
alstria's main tenants

in % of annual rent



Total portfolio by regions

% of market value



* Office and storage.

Transactions

Asset	City	Sales price (EUR k)	Annual rent (EUR k)	Avg. Lease length (years) ¹⁾	Signing SPA	Transfer of benefits and burdens
Max-Brauer-Allee 41–43	Hamburg	6,150	366	10.0	Feb. 25, 2014	Mar. 31, 2014
Ernstthaldenstr. 16	Stuttgart	3,300	261	4.6	Mar. 07, 2014	May 31, 2014
Total		9,450	627			

¹⁾ At the time of transfer of benefits and burdens.

Earnings position

Revenues

Revenues slightly decreased, especially due to the portfolio streamlining completed in 2013, to EUR 51,472 k in the first half-year of 2014 (compared to EUR 52,156 k in the first half-year of 2013).

Real estate operating expenses

Real estate operating expenses amounted to EUR 5,589 k or 10.9 % of total revenues during the reporting period (H1 2013: EUR 4,038 k or 7.7 % of revenues). The increase mainly results from a scheduled fire protection measure concerning a property in Hamburg.

Administrative expenses

Administrative expenses remained almost steady at EUR 2,566 k (H1 2013: EUR 2,687 k).

Financial result

The net financial result marginally improved by EUR 27 k from EUR –17,790 k to EUR –17,763 k as compared to the first half-year of 2013.

EUR k	Jan. 1 – June 30, 2014	Jan. 1 – June 30, 2013	Change (%)
Interest expense syndicated loan	–5,294	–5,501	–3.8
Interest expense other loans	–4,717	–4,581	3.0
Interest result derivatives	–5,299	–7,000	–24.3
Interest expense convertible bond	–2,424	–317	n/a
Other interest expenses	0	–123	n/a
Financial expenses	–17,734	–17,522	1.2
Financial income	73	172	–57.6
Other financial expenses	–102	–440	–76.8
Net financial result	–17,763	–17,790	–0.2

Other operating result

Other operating result reached EUR 2,007 k during the reporting period (H1 2013: EUR 1,570 k). The operating income was mainly driven by a one-time compensation payment in conjunction with a lease expiry.

Valuation result of financial derivatives

The valuation result concerning financial derivatives amounted to EUR –17,572 k in the period from January 1 to June 30, 2014 (please refer to chapter 3 for further details).

Funds from operations (FFO)

EUR k	Jan. 1 – June 30, 2014	Jan. 1 – June 30, 2013
Pre-tax income (EBT)	6,852	29,052
Net profit/loss from fair value adjustments on investment property	0	0
Net profit/loss from fair value adjustments on financial derivatives	17,572	–2,819
Profit/loss from the disposal of investment property	–179	–163
Other adjustments ¹⁾	95	–856
Fair value and other adjustments in joint venture	115	0
Funds from operations (FFO)²⁾	24,455	25,214
Maintenance capex	–5,112	–3,573
Adjusted funds from operations (AFFO)³⁾	19,343	21,641
Number of shares (k)	79,018	78,933
FFO per share (EUR k)	0.31	0.32

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, there is no standard definition 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.

Consolidated net result

The consolidated net result amounted to EUR 6,845 k (H1 2013: EUR 29,027 k) in the period under review. The decrease mainly resulted from a valuation loss in financial derivatives due to the interest rate development (H1 2014: EUR 17,572 k; H1 2013: EUR 2,819 k). Earnings per share amounted to EUR 0.09 for the first six months of 2014.

Financial and asset position

Investment properties

EUR k

Investment properties as at December 31, 2013	1,632,362
Capital expenditure	16,535
Acquisitions	0
Disposals	–9,150
Reclassifications	0
Net loss/gain from fair value adjustments on investment property	0
Investment properties as at June 30, 2014	1,639,747
Fair value of owner-occupied properties	6,082
Fair value of properties held for sale	0
Interests in joint ventures	21,483
Fair value of immovable assets	1,667,312

For a detailed description of the investment properties, please refer to the Annual Report 2013 (Part I/II – Company Report, pages 58 to 65).

Financial liabilities

The loan agreements in place as at June 30, 2014 and the amounts drawn are respectively as follows:

Liabilities	Maturity	Principal amount drawn as at June 30, 2014 (EUR k)	LTV as at June 30, 2014 (%)	LTV covenant (%)	Principal amount drawn as at Dec. 31, 2013 (EUR k)
Syndicated loan	Sep. 30, 2020	501,983	49.9	70.0	538,963
Non-recourse loan #1	Jan. 31, 2017	68,721	60.7	75.0	69,626
Loan #2	Dec. 31, 2015	11,284	51.3	75.0	11,328
Loan #3	Dec. 17, 2018	56,000	46.1	60.0	56,000
Loan #4	Sep. 30, 2019	67,000	44.9	65.0	39,500
Loan #5	Apr. 30, 2021	61,200	57.1	67.0	0
Loan #6	Mar. 28, 2024	60,000	54.3	75.0	0
Non-recourse loan #2	Dec. 31, 2014 ¹⁾	0	–	–	42,670
Non-recourse loan #3	June 30, 2014 ²⁾	0	–	–	28,503
Non-recourse loan #4	Oct. 20, 2015 ¹⁾	0	–	–	47,902
Total loans		826,188	50.7	–	834,492
Convertible bond	June 14, 2018	79,400	–	–	79,400
Total as at June 30, 2014		905,588	55.6	–	913,892

¹⁾ Refinanced in Q1 2014.

²⁾ Refinanced in Q2 2014.

	June 30, 2014	Dec. 31, 2013
Average term to maturity of loans/convertible bond (years)	5.8	5.3
Average cost of debt (%)	3.5	3.6

As at June 30, 2014 alstria was not in breach of any of its financial covenants. For a detailed description of alstria's financial management, please refer to the Annual Report 2013 (Part II/II – Financial Report, page 15).

Derivatives

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

Product	Strike p.a. (%)	Maturity date	June 30, 2014		December 31, 2013	
			Notional (EUR k)	Fair value (EUR k)	Notional (EUR k)	Fair value (EUR k)
Cap	3.0000	Sep. 30, 2019	42,500	173	42,500	641
Cap	4.6000	Oct. 20, 2015	47,902	(EUR 9.05)	47,902	3
Swap	2.9900	July 20, 2015	380,870	-11,446	380,870	-15,769
Interest rate derivatives – held for trading			471,272	-11,273	471,272	-15,125
Forward-Cap ¹⁾	0.0000	Sep. 30, 2020	380,870	15,798	380,870	31,932
Cap	3.0000	Apr. 30, 2021	48,960	409	0	0
Cap	3.0000	Mar. 29, 2024	10,900	281	0	0
Cap	3.0000	Dec. 17, 2018	56,000	136	56,000	541
Cap	3.2500	Dec. 31, 2015	11,241	(EUR 48,81)	11,327	2
Swap	2.1940	Dec. 31, 2014	0	0	37,283	-858
Interest rate derivatives – cash flow hedges			127,101²⁾	16,624	104,610²⁾	31,617
Total interest rate derivatives			598,373	5,351	575,882	16,492
Embedded Derivative	n/a	June 14, 2018	8,092 ³⁾	-11,155	7,884 ³⁾	-9,336
Total				-5,804		7,156

¹⁾ Not effective before July 20, 2015.

²⁾ Notional excluding the amount of EUR 380,870 k not effective before July 20, 2015.

³⁾ 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.

EUR k	cash flow hedge reserve	Financial assets		Financial liabilities	
		non-current	current	non-current	total
Hedging instruments as at December 31, 2013	-7,329	32,475	644	-25,963	7,156
Effective change in fair values of cash flow hedges	99	0	0	99	99
Ineffective change in fair values of cash flow hedges	0	-17,288	0	4,324	-12,964
Net result from fair value changes in financial derivatives not qualifying for cash flow hedging	0	0	-471	-1,778	-2,249
Reclassification of cumulated loss from equity to income statement	2,359	0	0	0	0
Changes in accrued interests due to financial derivatives	0	0	0	147	147
Acquisitions	0	1,436	0	0	1,436
Disposals	0	0	0	571	571
Hedging instruments as at June 30, 2014	-4,871	16,623	173	-22,600	-5,804

Overall, ineffective changes (EUR -12,964 k), losses on hedges not qualified for cash flow hedging (EUR -2,249 k) and reclassifications of an amount of EUR 2,359 k, result in a total loss of EUR 17,572 k (H1 2013: gain of EUR 2,819 k), which is shown as net result from fair value adjustments on financial derivatives. The reclassification amount of EUR 2,359 k relates to the cumulated losses from cash flow hedges for which the initially hedged transaction is no longer expected to occur due to a premature repayment of loans in question.

For a detailed description of the hedging instruments, please refer to the appendix of the consolidated financial report as at December 31, 2013.

Cash position

Cash position declined from EUR 82,782 k to EUR 49,936 k in the reporting period. The major factor was the dividend payment in an amount of EUR 39,467 k, which was partly compensated by the positive cash flow resulting from current operating activities.

Equity metrics

	June 30, 2014	Dec. 31, 2013	Change (%)
Equity (EUR k)	814,392	844,114	-3,5
Net operating assets per share (EUR)	10.31	10.69	-3,6
Equity ratio (%)	46.6	47.3	-0.7 pp
G-REIT equity ratio (%) ¹⁾	48.8	50.9	-2.1 pp

¹⁾ Is defined as total equity divided by immovable assets. Minimum requirement according to G-REIT regulation: 45 %.

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 situation as presented in that report, respectively.

Recent developments and financial targets

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 fiscal 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 as compared to the FFO of EUR 45 m as achieved in 2013 is mainly due to the Company's new financing 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.

* Please refer to page 7.

Consolidated financial statements

Consolidated income statement

for the period from January 1 to June 30, 2014

EUR k	Notes	April 1 – June 30, 2014	April 1 – June 30, 2013	January 1 – June 30, 2014	January 1 – June 30, 2013
Revenues		25,538	25,865	51,472	52,156
Income less expenses from passed on operating expenses		-40	-237	-50	-75
Real estate operating costs		-3,153	-2,458	-5,589	-4,038
Net rental income		22,345	23,170	45,833	48,043
Administrative expenses		-1,336	-1,471	-2,566	-2,687
Personnel expenses	6.1	-1,689	-1,611	-3,748	-3,046
Other operating income		86	513	2,267	1,595
Other operating expenses		-251	-15	-260	-25
Gain/loss on disposal of investment property	7.1	-5	-353	179	163
Net operating result		19,150	20,233	41,705	44,043
Net financial result	6.2	-8,744	-9,236	-17,763	-17,790
Share of the result of joint venture		29	25	482	-20
Net loss from fair value adjustments on financial derivatives		-7,614	3,010	-17,572	2,819
Pre-tax income (EBT)		2,821	14,032	6,852	29,052
Income tax expense	6.3	7	-7	-7	-25
Consolidated profit for the period		2,828	14,025	6,845	29,027
Attributable to:					
Shareholder		2,828	14,025	6,845	29,027
Earnings per share in EUR					
Basic earnings per share	6.4	0.04	0.18	0.09	0.37
Diluted earnings per share	6.4	0.04	0.18	0.09	0.37

Consolidated statement of comprehensive income

for the period from January 1 to June 30, 2014

EUR k	Notes	April 1 – June 30, 2014	April 1 – June 30, 2013	January 1 – June 30, 2014	January 1 – June 30, 2013
Consolidated loss/profit for the period		2,828	14,025	6,845	29,027
Items which might be reclassified to the income statement in a future period:					
<i>Cash flow hedges</i>	8.1	0	4,244	99	9,264
<i>Reclassification from cash flow hedging reserve</i>	8.1	878	236	2,359	496
Other comprehensive result for the period		878	4,480	2,458	9,760
Total comprehensive result for the period		3,706	18,505	9,303	38,787

Consolidated statement of financial position

as at June 30, 2014

Assets

EUR k	Notes	June 30, 2014	December 31, 2013
Non-current assets			
Investment property	7.1	1,639,747	1,632,362
Equity-accounted investments		21,483	21,001
Property, plant and equipment		5,209	5,156
Intangible assets		429	472
Derivatives	8.3	16,623	32,474
Total non-current assets		1,683,491	1,691,465
Current assets			
Trade receivables		5,183	3,708
Accounts receivable from joint ventures		90	89
Derivatives	8.3	173	644
Other receivables		7,867	6,991
Cash and cash equivalents	7.2	49,936	82,782
<i>thereof restricted</i>		251	252
Total current assets		63,249	94,214
Total assets		1,746,740	1,785,679

Equity and liabilities

EUR k	Notes	June 30, 2014	December 31, 2013
Equity	8.1		
Share capital		79,018	78,933
Capital surplus		691,376	730,486
Hedging reserve		-4,871	-7,329
Retained earnings		48,869	42,024
Total equity		814,392	844,114
Non-current liabilities			
Long-term loans, net of current portion	8.2	885,563	822,486
Derivatives	8.3	22,600	25,963
Other provisions		3,284	3,244
Other liabilities		1,482	1,052
Total non-current liabilities		912,929	852,745
Current liabilities			
Short-term loans	8.2	4,478	73,886
Trade payables		5,378	3,474
Profit participation rights		495	468
Reserves		584	2,015
Other current liabilities		8,484	8,977
Total current liabilities		19,419	88,820
Total liabilities		932,348	941,565
Total equity and liabilities		1,746,740	1,785,679

Consolidated statement of cash flows

for the period from January 1 to June 30, 2014

EUR k	Notes	January 1 – June 30, 2014	January 1 – June 30, 2013
1. Cash flows from operating activities			
Consolidated profit/loss for the period		6,845	29,027
Unrealized valuation movements		17,189	–2,799
Interest income	6.2	–73	–172
Interest expense	6.2	17,836	17,962
Result from income taxes		7	25
Other non-cash income (–)/expenses (+)		–464	–29
Gain (–)/loss (+) on disposal of fixed assets		–179	–163
Depreciation and impairment of fixed assets (+)		208	268
Decrease (+)/increase (–) in trade receivables and other assets that are not attributed to investing or financing activities		–1,707	–1,483
Decrease (–)/increase (+) in trade payables and other liabilities that are not attributed to investing or financing activities		468	–779
Cash generated from operations		40,130	41,857
Interest received		73	172
Interest paid		–15,993	–15,864
Income tax paid		–7	–25
Cash flows from operating activities		24,203	26,140
2. Cash flows from investing activities			
Acquisition of investment properties	7.1	–16,535	–33,540
Proceeds from sale of investment properties		9,450	27,563
Payment of transaction cost in relation to the sale of investment properties		–121	–242
Acquisition of other property, plant and equipment		–219	–123
Proceeds from the equity release of interests in joint ventures		0	826
Cash flows used in investing activities		–7,425	–5,516
3. Cash flows from financing activities			
Cash received from equity contributions	8.1	170	0
Proceeds from the issue of bonds and taking on loans		121,430	0
Proceeds from the issue of a convertible bond		0	79,400
Payments of dividends		–39,467	–39,467
Payments for the acquisition and termination of financial derivatives		–2,007	0
Payments of the redemption of bonds and borrowings		–129,010	–21,292
Payments of transaction costs for the issue of bonds and borrowings		–740	–993
Cash flows used in / generated from financing activities		–49,624	17,648
4. Cash and cash equivalents at the end of the period			
Change in cash and cash equivalents (subtotal of 1 to 3)		–32,846	38,272
Cash and cash equivalents at the beginning of the period		82,782	118,548
Cash and cash equivalents at the end of the period			
<i>thereof restricted: EUR 251 k; previous year: EUR 251 k</i>	7.2	49,936	156,820

Consolidated statement of changes in equity

for the period from January 1 to June 30, 2014

EUR k	Notes	Share capital	Capital surplus	Hedging reserve	Retained earnings	Total Equity
As at January 1, 2014		78,933	730,486	-7,329	42,024	844,114
Changes in H1 2014						
Consolidated profit		0	0	0	6,845	6,845
Other comprehensive income		0	0	2,458	0	2,458
Total comprehensive income		0	0	2,458	6,845	9,303
Payments of dividends	15	0	-39,467	0	0	-39,467
Share-based remuneration		0	272	0	0	272
Conversion of convertible participation rights		85	85	0	0	170
As at June 30, 2014	8.1	79,018	691,376	-4,871	48,869	814,392
EUR k	Notes	Share capital	Capital surplus	Hedging reserve	Retained earnings	Total Equity
As at January 1, 2013		78,933	769,412	-22,137	3,079	829,287
Changes in H1 2013						
Consolidated profit		0	0	0	29,027	29,027
Other comprehensive income		0	0	9,760	0	9,760
Total comprehensive income		0	0	9,760	29,027	38,787
Payments of dividends	15	0	-39,467	0	0	-39,467
Share-based remuneration		0	253	0	0	253
As at June 30, 2013	8.1	78,933	730,198	-12,377	32,106	828,860

Notes to the condensed interim consolidated financial statements

→ as at June 30, 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 June 30, 2014 (hereinafter referred to as the 'consolidated interim financial statements') were authorised for publication by resolution of the Company's Management Board on August 4, 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. They have been reviewed by Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Hamburg.

3 Significant accounting policies

The accounting policies applied are consistent with the 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:

EU-Endorsement until June 30, 2014	Standard/ interpretation	Content	Applicable for f/y beginning on/after	Effects
Dec. 11, 2012	IFRS 10	Consolidated financial statements	Jan. 1, 2014	None
Dec. 11, 2012	IFRS 11	Joint arrangements	Jan. 1, 2014	No material effects
Dec. 11, 2012	IFRS 12	Disclosure of interests in other entities	Jan. 1, 2014	Notes disclosure
Dec. 11, 2012	IAS 27	Separate financial statements	Jan. 1, 2014	None
Dec. 11, 2012	IAS 28	Investments in associates and joint ventures	Jan. 1, 2014	None
Dec. 13, 2012	Amendments to IAS 32	Offsetting financial assets and financial liabilities	Jan. 1, 2014	Notes disclosure
Dec. 19, 2013	Amendment to IAS 36	Impairment of assets – clarification of disclosures required	Jan. 1, 2014	None
Dec. 19, 2013	Amendment to IAS 39	Novation of derivatives and continuation of hedge accounting	Jan. 1, 2014	None
Apr. 4, 2013	Transition Guidance	Amendments to IFRS 10, IFRS 11 and IFRS 12	Jan. 1, 2014	No material effects
Nov. 20, 2013	Investment Entities	Amendments to IFRS 10, IFRS 12 and IAS 27	Jan. 1, 2014	No material effects
June 13, 2014	IFRIC 21	New interpretation 'taxes'	Jan. 1, 2014	None

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:

EU-Endorsement	Standard/ interpretation	Content	Applicable for f/y beginning on/after	Effects
not yet endorsed	IFRS 9	New Standard 'Financial instruments: classification and measurement'	Jan. 1, 2017	No material effects
not yet endorsed	IFRS 14	New Standard 'Regulatory deferral accounts'	Jan. 1, 2016	None
not yet endorsed	IFRS 15	New Standard 'Revenue from contracts with customers'	Jan. 1, 2017	Notes disclosure
not yet endorsed	Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	Jan. 1, 2016	None
not yet endorsed	Amendments to IFRS 7 and IFRS 9	Mandatory effective date and transition disclosure	Jan. 1, 2017	None
not yet endorsed	Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation	Jan. 1, 2016	None
not yet endorsed	Amendments to IAS 16 and IAS 41	Agriculture: bearer plants	Jan. 1, 2016	None
not yet endorsed	Amendments to IAS 19	Defined benefit plans: employee contributions (Amendments to IAS 19 'Employee Benefits')	July 1, 2014	None
not yet endorsed	Improvements to IFRSs	'Improvements to IFRSs 2010 – 2012'	July 1, 2014	None
not yet endorsed	Improvements to IFRSs	'Improvements to IFRSs 2011 – 2013'	July 1, 2014	None

The following new standards and amendments to published standards were issued after December 31, 2013, and are therefore not included in the consolidated financial statements as at 31 December 2013:

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 January 1, 2016. Since alstria is not a first-time adopter of IFRS the standard has no impact on the financial reporting of the Group.

IFRS 15 'Revenues from contracts with customers'

The new standard IFRS 15 was issued on May 28, 2014 and applies to an annual reporting period beginning on or after January 1, 2017. IFRS 15 specifies how and when an IFRS reporter shall recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures.

The standard provides a single, principles based five-step model to be applied to all contracts with customers. Apart from the additional disclosures, no impact on the net assets, financial and earnings position of the Group is expected.

Amendments to IFRS 11 'Joint Arrangements'

The amendments to IFRS 11 relate to the accounting for acquisitions of interests in joint operations. It clarifies the accounting treatment in the event that these shares constitute a business. The amendments were published on May 6, 2014. They are effective for annual periods beginning on or after January 1, 2016. The Group does not expect an impact on its reporting resulting from the amendments.

Amendments to IAS 16 and IAS 38 'Clarification of acceptable methods of depreciation and amortisation'

The amendments were issued on May 12, 2014 and relate to the clarification of acceptable methods of depreciation and amortisation. The revenue based depreciation method is not an acceptable depreciation method under IAS 16. Impacts on the Group's financial position and results of operations are not expected.

Amendments to IAS 16 and IAS 41 'Agriculture: bearer plants'

The amendments were issued on June 30, 2014 and add bearer plants, which are used solely to grow produce, to the scope of IAS 16. There will be no impact on the Group's financial accounting.

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 3,748 k (January 1 to June 30, 2013: EUR 3,046 k) include accrued bonuses in an amount of EUR 624 k (January 1 to June 30, 2013: EUR 623 k). Furthermore, personnel expenses of EUR 264 k (January 1 to June 30, 2013: income of EUR 93 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 387 k (January 1 to June 30, 2013: EUR 253 k).

6.2 Financial result

For details on the net financial result and the loan development, please refer to the section 'Financial and asset position' in the interim management report on page 6.

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.

6.4 Earnings per share

The tables below show the income and share data used in the earnings per share computations:

Basic earnings per share	January 1 – June 30, 2014 (unaudited)	January 1 – June 30, 2013 (unaudited)
Profit attributable to the shareholders (EUR k)	6,845	29,027
Average number of shares outstanding (H1; thousands)	78,940	78,933
Basic earnings per share (EUR)	0.09	0.37

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

Diluted earnings per share	January 1 – June 30, 2014 (unaudited)	January 1 – June 30, 2013 (unaudited)
Diluted profit attributable to the shareholders (EUR k)	7,922	29,027
Average diluted number of shares (thousands)	87,032	78,933
Diluted earnings per share (EUR)	0.09	0.37

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 June 30, 2014 resulted in a fair value increase of a total of EUR 16,535 k for investment properties held on December 31, 2013. This amount relates to capitalised expenditure, which was invested in refurbishment and project developments in the first half-year of 2014. 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.

A reconciliation of the properties held as investment properties since December 31, 2013, can be found in the interim consolidated financial statements as at June 30, 2014 on page 7.

7.2 Cash and cash equivalents

As at June 30, 2014, EUR 251 k of total cash and cash equivalents (EUR 49,936 k) are subject to restrictions. The amount corresponds to accrued interest obligations and other amounts, which the Company may not freely dispose of.

8 Notes to the consolidated income statement

8.1 Equity

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

Share capital

The conversion of profit participation rights (Note 12) in the second quarter of 2014 resulted in the issue of 85,000 new shares by making use of the conditionally increased capital provided for such purposes (Conditional Capital III 2012). As a result alstria office REIT-AG's share capital increased by EUR 85,000 and amounted to EUR 79,018,487 on June 30, 2014, represented by 79,018,487 non-par value bearer shares.

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

Treasury shares

On June 30, 2014, the Company held no treasury shares.

Cash flow hedging reserve

This reserve includes the cumulated 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 2,359 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 June 30, 2014 alstria's total interest-bearing debt, which mainly consists of loan balances drawn and the convertible bond, amounted to EUR 906,312 k (December 31, 2013: EUR 913,892 k). The lower carrying amount of EUR 890,041 k (EUR 885,563 k non-current and EUR 4,478 k current) takes into account interest liabilities and transaction costs which are 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 issue volume resulting from the convertible bond loan amounted to EUR 79,400 k and is included in the financial liabilities in full.

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 second quarter of 2014 (on page 8.) 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 9 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 by applying 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, which are derived from observable yield curves.

9 Dividend paid

	January 1 – June 30, 2014 (unaudited)	January 1 – June 30, 2013 (unaudited)
Dividends on ordinary shares ¹⁾ in EUR k (not recognised as a liability as at June 30)	39,467	39,467
Dividend per share (EUR)	0.50	0.50

¹⁾ Refers to all shares at the dividend payment date.

The Annual General Meeting of alstria office REIT-AG held on May 14, 2014 resolved to distribute dividends totalling 39,467 k (EUR 0.50 per outstanding share). The dividend was distributed on May 15, 2014.

10 Employees

In the period from January 1 to June 30, 2014, the Company had an average of 62 employees (January 1 to June 30, 2013: average of 59 people). The average number of employees was calculated based on the total number of employees at the end of each month. On June 30, 2014, 61 people (December 31, 2013: 63 people) were employed at alstria office REIT-AG, excluding the Management Board.

11 Share-based remuneration

A share-based remuneration system was implemented for members of the Management Board as part of alstria's success-based remuneration. 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 June 30, 2014 is shown in the following table:

Number of virtual shares	Jan. 1 – June 30, 2014 (unaudited)		Jan. 1 – Dec. 31, 2013 (unaudited)	
	LTI	STI	LTI	STI
As at Jan. 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 June 30/ Dec. 31	339,516	23,831	353,779	25,989

In the first half-year of 2014, the LTI and the STI generated remuneration expenses of a total balance of EUR 264 k (H1 2013: income of EUR 93 k) and, at the end of the reporting period, provisions amounting to EUR 1,006 k (December 31, 2013: EUR 2,397 k). Income generated in the first half year of 2013 resulted from the reversal of provisions for the share-based remuneration resulting from changes in the market data based on which the share-based remuneration is calculated. 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

During the half-year period the following share-based payment agreements were in place under the convertible profit participation rights scheme as established by the Supervisory Board of alstria office REIT-AG.

Number of Certificates

Granting date of tranche	June 9, 2011	June 18, 2012	June 7, 2013	May 22, 2014	Total
January 1, 2014	72,500	85,500	111,800	0	269,800
Expired due to termination of employment	-500	-500	-1,500	0	-2,500
Converted	0	-85,000	0	0	-85,000
Newly granted certificates	0	0	0	107,250	107,250
June 30, 2014	72,000	0	110,300	107,250	289,550

The following table shows the inputs into the model used to determinate the fair value of the options for conversion, which were granted on May 22, 2014:

**May 22, 2014
(unaudited)**

Dividend yield (%)	5.18
Risk-free interest rate (%)	0.06
Expected volatility (%)	21.5
Expected term of the option (years)	2.00
Exercise share price (EUR)	2.00
Employee fluctuation rate (%)	10.00
Stock price as at valuation date (EUR)	9.65
Estimated fair value of one option for conversion at the granting date (EUR)	6.77

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 June 30, 2014.

15 Management board

As at June 30, 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 the shareholders. The term of office for all members expires at the close of the Annual General Meeting of the shareholders in 2016.

As at June 30, 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, August 4, 2014

Olivier Elamine
Chief Executive Officer

Alexander Dexne
Chief Financial Officer

Management 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, August 4, 2014

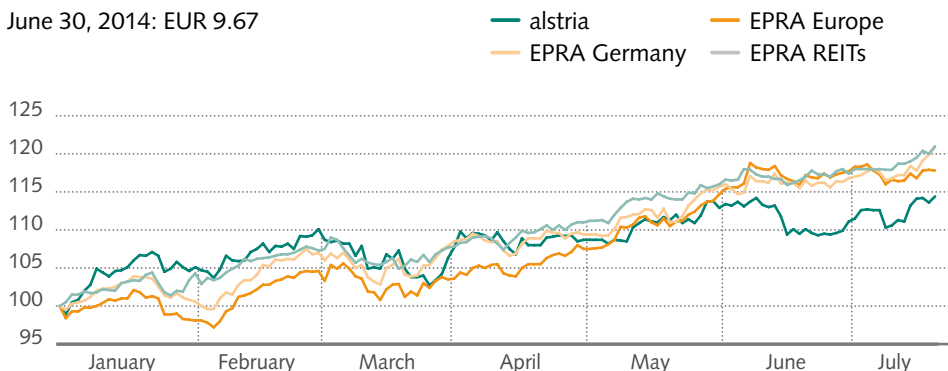
Olivier Elamine
Chief Executive Officer

Alexander Dexne
Chief Financial Officer

alstria's share

Share price development first half 2014

June 30, 2014: EUR 9.67



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

		June 30, 2014	December 31, 2013
Number of shares	thousand	79,018	78,933
<i>thereof outstanding</i>	<i>thousand</i>	79,018	78,933
Closing price ¹⁾	EUR	9.67	9.15
Market capitalisation	EUR k	764,104	722,237
Free float	percent	95	95

		January 1 – June 30, 2014	January 1 – June 30, 2013
Average daily trading volume (all exchange and OTC) ²⁾	EUR k	2,836	2,388
<i>thereof XETRA</i>	<i>EUR k</i>	1,060	1,215
Share price: high ¹⁾	EUR	10.19	10.01
Share price: low ¹⁾	EUR	9.05	8.30

¹⁾ Xetra closing share price.

²⁾ Source: Bloomberg.

2014 Events

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				

5, Hamburg: Half-year interim report

10-11, New York: BofA/ML Conference

23, Munich: Berenberg/Goldman Sachs Conference

24, Munich: Baader Investment Conference

23-25, London: EPRA Conference

30, Paris: Roadshow, Deutsche Bank

1, London: Societe Generale,

Pan-European Real Estate Conference

6-8, Munich: EXPO Real

16, Frankfurt: Real estate share initiative

4, Hamburg: Nine-months interim report

13, London: Commerzbank

German Office Conference

2-3, London: UBS Global Real Estate Conference

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