



alstria
First German REIT

Interim Financial Report
→ as at September 30, 2014

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Group financials

according to IFRS

EUR k	Jan. 1 – Sept. 30, 2014	Jan. 1 – Sept. 30, 2013	Change (%)
Revenues and Earnings			
Revenues	76,755	78,123	–1.8
Net rental income	69,667	72,443	–3.8
Consolidated profit for the period	19,061	24,089	–20.9
FFO	37,902	34,425	10.1
Earnings per share (EUR)	0.24	0.31	–22.6
FFO per share (EUR)	0.48	0.44	10.0
EUR k	Sept. 30, 2014	Dec. 31, 2013	Change (%)
Balance sheet			
Investment property	1,593,362	1,632,362	–2.4
Total assets	1,757,931	1,785,679	–1.6
Equity	827,654	844,114	–1.9
Liabilities	929,277	941,565	–1.3
NAV per share (EUR)	10.47	10.69	–2.1
Diluted NAV per share (EUR)	10.41 ¹⁾	10.60	–1.8
Net LTV (%)	51.4	50.7	0.7 pp
G-REIT figures	Sept. 30, 2014	Dec. 31, 2013	Change (pp)
G-REIT equity ratio (%)	49.3	50.9	–1.6 pp
Revenues incl. other income from investment properties (%)	100	100	0.0 pp
EPRA ²⁾ key figures	Jan. 1 – Sept. 30, 2014	Jan. 1 – Sept. 30, 2013	Change (%)
EPRA earnings per share (EUR)	0.47	0.44	6.8
EPRA cost ratio A (%) ³⁾	20.5	18.7	1.8 pp
EPRA cost ratio B (%) ⁴⁾	17.5	15.6	1.9 pp
	Sept. 30, 2014	Dec. 31, 2013	Change (%)
EPRA NAV per share (EUR) ⁵⁾	10.94	10.63	2.9
EPRA NNNAV per share (EUR)	10.33	10.68	–3.3
EPRA net initial yield (%)	5.3	5.6	–0.3 pp
EPRA 'topped-upnet' initial yield (%)	5.2	5.8	–0.6 pp
EPRA vacancy rate (%)	7.9	6.8	1.1 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 September 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⁾	Sept. 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)	102.6	106.7
Valuation yield (contractual rent/OMV)	6.3	6.5
Lettable area (sqm)	884,500	894,400
Vacancy (% of lettable area) ²⁾	9.9	9.1
WAULT (years)	6.8	6.8
Average rent/sqm (EUR/month)	10.7	10.9

¹⁾ Excluding assets, which were sold by Sept. 30, 2014, but not have been transferred.

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 – Sept 30, 2014	Jan. 1 – Sep. 30, 2013	Change
Letting metrics			
New leases (in sqm) ¹⁾	46,700	25,200	21,500
Renewals of leases (in sqm)	27,600	14,700	12,900

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.

	Sept. 30, 2014	Dec. 31, 2013	Change
Vacancy metrics			
Vacancy rate (%)	9.9	9.1	0.8 pp
EPRA vacancy rate (%)	7.9	6.8	1.1 pp
Vacancy (sqm) ¹⁾	87,700	81,300	6,400
thereof vacancy in development projects (sqm)	23,300	24,100	-800

¹⁾ Rounded.

In comparison to the first nine months of 2013, alstria increased its letting activities successfully (in terms of new leases and lease renewals) by approximately 34,400 sqm.

alstria and Hagebau have agreed on the construction and long-term lease of a 10,000 sqm building supply store, making use of available land in Siemensstraße, Ditzingen. The lease contract will have a maturity of 20 years and is planned to start in Spring 2016.

Another significant item of success was the signing of a new lease with a new tenant for an asset in Jagenbergstrasse, Neuss. The new tenant, a subsidiary of a leading automotive company, signed a 10-year rental contract for 7,300 sqm of office and ancillary space. The lease will commence on January 1, 2015, when the rental agreement with the current tenant Rheinmetall expires.

The nonetheless negative development of the vacancy rate mainly results from the lease expiry of the Deutsche Rentenversicherung Bund (approx. 21,000 sqm) who moved out of the property in 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.

alstria's main tenants

annual rent (%)	Sept. 30, 2014	Dec. 31, 2013	Change (pp)
City of Hamburg	31	30	1
Daimler AG	15	15	0
Bilfinger SE	6	5	1
Siemens AG	4	4	0
Barmer GEK	3	3	0
Württembergische Lebensversicherungs AG	3	3	0
State of Baden-Württemberg	2	2	0
L'Oréal Deutschland GmbH	2	2	0
HUK Coburg	2	1	1
ATOS Origin	1	1	0
Rheinmetall	1	2	-1
Deutsche Rentenversicherung Bund	–	3	-3
Other	30	29	1

Furthermore, the portfolio reflects alstria's clear focus on office properties. 95% of the total lettable area is office space.

Total portfolio by regions

market value (%)	Sept. 30, 2014	Dec. 31, 2013	Change (pp)
Hamburg	43	43	0
Stuttgart	18	18	0
Rhine-Ruhr	16	16	0
Rhine-Main	7	7	0
Munich	4	4	0
Berlin	3	3	0
Hanover	2	2	0
Saxony	2	2	0
Other	5	5	0

Transactions

Asset	City	Sales price (EUR k) ¹⁾	Annual rent (EUR k)	Avg. Lease length (years) ²⁾	Signing SPA	Transfer of benefits and burdens
Disposals						
Max-Brauer-Allee 41–43	Hamburg	6,150	366	10.0	Feb. 25, 2014	Mar. 31, 2014
Ernstthalenstr. 16	Stuttgart	3,300	261	4.6	Mar. 07, 2014	May 31, 2014
Total		9,450	627			
Acquisitions						
Elisabethstr. 5–11	Düsseldorf	30,475	1,565	8.1	Sept. 26, 2014	Nov. 01, 2014 ³⁾
Hansaallee 247	Düsseldorf	9,700	490	5.7	Sept. 26, 2014	Nov. 01, 2014 ³⁾
Total		40,175	2,055			
Assets held for sale						
Spitzweidenweg 107	Jena	1,415	155	1.6	Sept. 02, 2014	Oct. 31, 2014
Hamburger Str. 43–49	Hamburg	41,662	2,553	9.1	Oct. 02, 2014	Nov. 30, 2014 ⁴⁾
Englische Planke 2	Hamburg	14,530	823	2.2	Oct. 10, 2014	Nov. 30, 2014 ⁴⁾
Total		57,607	3,531			

¹⁾ Excluding transaction costs.

²⁾ At the time of transfer of benefits and burdens; for future transfers of benefits and burdens: as anticipated for the predicted point in time.

³⁾ Expected, after the occurrence of retroactive conditions.

⁴⁾ Anticipated.

Earnings position

Revenues

Revenues slightly decreased by 1.8% to EUR 76,755 k in the first nine months of 2014 as compared to EUR 78,123 k in the first nine months of 2013.

Real estate operating expenses

Real estate operating expenses amounted to EUR 7,123 k or 9.3% of total revenues during the reporting period (Q1–Q3 2013: EUR 5,851 k or 7.5% of revenues). The increase mainly results from a scheduled fire protection measure concerning a property in Hamburg.

Administrative and personnel expenses

Administrative expenses decreased by EUR 241 k to EUR 3,776 k (Q1–Q3 2013: EUR 4,017 k). Personnel expenses remained steady at EUR 5,604 k.

Financial result

The net financial result improved by EUR 3,713 k from EUR –30,031 k to EUR –26,318 k as compared to the first three quarters of 2013.

EUR k	Jan. 1 – Sept. 30, 2014	Jan. 1 – Sept. 30, 2013	Change (%)
Interest expense syndicated loan	–7,704	–10,714	–28.1
Interest expense other loans	–6,926	–6,861	0.9
Interest result derivatives	–8,007	–10,524	–23.9
Interest expense convertible bond	–3,644	–1,508	141.7
Other interest expenses	0	–119	n/a
Financial expenses	–26,281	–29,726	–11.6
Financial income	102	267	–61.9
Other financial expenses	–139	–572	–75.8
Net financial result	–26,318	–30,031	–12.4

Other operating result

Other operating results amounted to EUR 3,245 k during the reporting period (Q1–Q3 2013: EUR 2,285 k). Other 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 –21,837 k in the period from January 1 to September 30, 2014 (please refer to page 10 for further details).

Funds from operations (FFO)

EUR k	Jan. 1 – Sept. 30, 2014	Jan. 1 – Sept. 30, 2013
Pre-tax income (EBT)	19,073	24,123
Net profit/loss from fair value adjustments on investment property	0	0
Net profit/loss from fair value adjustments on financial derivatives	21,837	10,962
Profit/loss from the disposal of investment property	–3,538	–189
Other adjustments ¹⁾	414	–471
Fair value and other adjustments in joint venture	116	0
Funds from operations (FFO)²⁾	37,902	34,425
Maintenance capex	–7,433	–4,807
Adjusted funds from operations (AFFO)³⁾	30,469	29,618
Number of shares (k)	79,018	78,933
FFO per share (EUR)	0.48	0.44

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

alstria's consolidated net result amounted to EUR 19,061 k (Q1–Q3 2013: EUR 24,089 k) in the period under review. The decrease mainly resulted from a valuation loss in financial derivatives due to current interest rate developments (Q1–Q3 2014: EUR 21,837 k; Q1–Q3 2013: EUR 10,962 k). The decrease was partly compensated by an increase in operating result and lower net financing costs as compared to the previous reporting period. Earnings per share amounted to EUR 0.24 for the first nine months of 2014.

Financial and asset position

Investment properties

EUR k	
Investment properties as at December 31, 2013	1,632,362
Capital expenditure	23,970
Acquisitions	0
Disposals	–9,150
Reclassifications	–53,820
Net loss/gain from fair value adjustments on investment property	0
Investment properties as at September 30, 2014	1,593,362
Fair value of owner-occupied properties	6,083
Fair value of properties held for sale	57,189
Interests in joint ventures	21,896
Fair value of immovable assets	1,678,530

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

Financial liabilities

As at September 30, 2014 the loan agreements in place and the respective amounts drawn are as follows:

Liabilities	Maturity	Principal amount drawn as at Sept. 30, 2014 (EUR k)	LTV as at Sept. 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	68,260	60.3	75.0	69,626
Loan #2	Dec. 31, 2015	12,891	58.6	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	60,969	56.9	67.0	–
Loan #6	Mar. 28, 2024	60,000	54.3	75.0	–
Non-recourse loan #2	Dec. 31, 2014 ¹⁾	–	–	–	42,670
Non-recourse loan #3	June 30, 2014 ²⁾	–	–	–	28,503
Non-recourse loan #4	Oct. 20, 2015 ¹⁾	–	–	–	47,902
Total loans		827,103	50.8	–	834,492
Convertible bond	June 14, 2018	79,400	–	–	79,400
Total as at Sept. 30, 2014		906,503	55.6	–	913,892

¹⁾ Refinanced in Q1 2014.

²⁾ Refinanced in Q2 2014.

	Sept. 30, 2014	Dec. 31, 2013
Average term to maturity of loans/convertible bond (years)	5.6	5.3
	Jan. 1 – Sept. 30, 2014	Jan. 1 – Sept. 30, 2013
Average cost of debt (%)	3.4	3.7

As at September 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 of 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	September 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	90	42,500	641
Cap	4.6000	Oct. 20, 2015	47,902	(EUR 45.02)	47,902	3
Swap	2.9900	July 20, 2015	380,870	–9,039	380,870	–15,769
Interest rate derivatives – held for trading			471,272	–8,949	471,272	–15,125
Forward-Cap ¹⁾	0.0000	Sep. 30, 2020	380,870	9,598	380,870	31,932
Cap	3.0000	Apr. 30, 2021	48,775	242	0	0
Cap	3.0000	Mar. 29, 2024	10,900	209	0	0
Cap	3.0000	Dec. 17, 2018	56,000	62	56,000	541
Cap	3.2500	Dec. 31, 2015	11,198	(EUR 93.06)	11,327	2
Swap	2.1940	Dec. 31, 2014	0	0	37,283	–858
Interest rate derivatives – cash flow hedges			126,873²⁾	10,111	104,610²⁾	31,617
Total interest rate derivatives			598,145	1,162	575,882	16,492
Embedded Derivative	n/a	June 14, 2018	8,092 ³⁾	–10,345	7,884 ³⁾	–9,336
Total				–9,183		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.

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	total
		non-current	current	non-current	
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	-23,800	0	6,733	-17,067
Net result from fair value changes in financial derivatives not qualifying for cash flow hedging	0	0	-554	-969	-1,523
Reclassification of cumulated loss from equity to income statement	3,247	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 September 30, 2014	-3,983	10,111	90	-19,383	-9,183

Overall, ineffective changes (EUR -17,067 k), losses on hedges not qualified for cash flow hedging (EUR -1,523 k) and reclassifications of an amount of EUR 3,247 k, resulted in a total loss of EUR 21,837 k (Q1–Q3 2013: loss of EUR 10,962 k), which is shown as the net result from fair value adjustments on financial derivatives. The reclassification amount of EUR 3,247 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 the loans in question.

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

Cash position

Cash and cash equivalents declined from EUR 82,782 k to EUR 54,915 k in the reporting period. The cash was mainly used for the dividend payment of an amount of EUR 39,467 k, other net repayments of loans in addition to capital expenditure invested in the property portfolio. This was partly compensated by the positive cash flow resulting from current operating activities.

Equity metrics

	Sept. 30, 2014	Dec. 31, 2013	Change (%)
Equity (EUR k)	827,654	844,114	-1.9
NAV per share (EUR)	10.47	10.69	-2.1
Equity ratio (%)	47.1	47.3	-0.2 pp
G-REIT equity ratio (%) ¹⁾	49.3	50.9	-1.6 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.

Recent developments and financial targets

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

Revenue is mainly comprised of rental income, which is generated 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 of 2013 with respect to the expected development of the Group for the financial year 2014 have not changed. For the fiscal year 2014, the Company is expecting forecasted revenues of approximately EUR 102 m and an FFO of approximately 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 September 30, 2014

EUR k	Notes	July 1 – Sept. 30, 2014	July 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2014	Jan. 1 – Sept. 30, 2013
Revenues		25,283	25,967	76,755	78,123
Income less expenses from passed on operating expenses		85	245	34	171
Real estate operating costs		-1,534	-1,812	-7,123	-5,851
Net rental income		23,834	24,400	69,666	72,443
Administrative expenses		-1,210	-1,330	-3,776	-4,017
Personnel expenses	6.1	-1,857	-2,623	-5,604	-5,669
Other operating income		1,298	722	3,565	2,318
Other operating expenses		-60	-8	-320	-33
Gain on disposal of investment property	7.1	3,358	26	3,538	189
Net operating result		25,363	21,187	67,069	65,231
Net financial result	6.2	-8,555	-12,241	-26,318	-30,031
Share of the result of joint venture		-322	-95	159	-115
Net loss from fair value adjustments on financial derivatives		-4,266	-13,781	-21,837	-10,962
Pre-tax income (EBT)		12,220	-4,930	19,073	24,123
Income tax expense	6.3	-4	-8	-12	-34
Consolidated profit for the period		12,216	-4,938	19,061	24,089
Attributable to:					
Shareholders		12,216	-4,938	19,061	24,089
Earnings per share in EUR					
Basic earnings per share	6.4	0.15	-0.06	0.24	0.31
Diluted earnings per share	6.4	0.15	-0.06	0.24	0.31

Consolidated statement of comprehensive income

for the period from January 1 to September 30, 2014

EUR k	Notes	July 1 – Sept. 30, 2014	July 1 – Sept. 30, 2013	Jan. 1 – Sept. 30, 2014	Jan. 1 – Sept. 30, 2013
Consolidated loss/profit for the period		12,216	–4,938	19,061	24,089
Items which might be reclassified to the income statement in a future period:					
<i>Cash flow hedges</i>	8.1	0	2,394	99	11,658
<i>Reclassification from cash flow hedging reserve</i>	8.1	888	25	3,247	1,294
Other comprehensive result for the period		888	2,419	3,346	12,952
Total comprehensive result for the period		13,104	–2,519	22,407	37,041

Consolidated statement of financial position

as at September 30, 2014

Assets

EUR k	Notes	Sept. 30, 2014	Dec. 31, 2013
Non-current assets			
Investment property	7.1	1,593,362	1,632,362
Equity-accounted investments		21,896	21,001
Property, plant and equipment		5,161	5,156
Intangible assets		381	472
Derivatives	8.3	10,111	32,474
Total non-current assets		1,630,911	1,691,465
Current assets			
Assets held for sale	7.1	57,189	0
Trade receivables		5,606	3,708
Accounts receivable from joint ventures		89	89
Derivatives	8.3	90	644
Other receivables		8,131	6,991
Cash and cash equivalents	7.2	54,915	82,782
<i>thereof restricted</i>		0	252
Total current assets		126,020	94,214
Total assets			
		1,756,931	1,785,679

Equity and liabilities

EUR k	Notes	Sept. 30, 2014	Dec. 31, 2013
Equity	8.1		
Share capital		79,018	78,933
Capital surplus		691,534	730,486
Hedging reserve		-3,983	-7,329
Retained earnings		61,085	42,024
Total equity		827,654	844,114
Non-current liabilities			
Long-term loans, net of current portion	8.2	853,620	822,486
Derivatives	8.3	19,383	25,963
Other provisions		3,439	3,244
Other liabilities		1,582	1,052
Total non-current liabilities		878,024	852,745
Current liabilities			
Short-term loans	8.2	36,888	73,886
Trade payables		4,336	3,474
Profit participation rights		437	468
Reserves		604	2,015
Other current liabilities		8,988	8,977
Total current liabilities		51,253	88,820
Total liabilities		929,277	941,565
Total equity and liabilities		1,756,931	1,785,679

Consolidated statement of cash flows

for the period from January 1 to September 30, 2014

EUR k	Notes	Jan. 1 – Sept. 30, 2014	Jan. 1 – Sept. 30, 2013
1. Cash flows from operating activities			
Consolidated profit for the period		19,061	24,089
Unrealized valuation movements		21,777	11,078
Interest income	6.2	–102	–267
Interest expense	6.2	26,420	30,298
Result from income taxes		12	34
Other non-cash income (–)/expenses (+)		–806	1,086
Gain (–)/loss (+) on disposal of fixed assets		–3,538	–189
Depreciation and impairment of fixed assets (+)		314	408
Decrease (+)/increase (–) in trade receivables and other assets that are not attributed to investing or financing activities		–1,744	–2,343
Decrease (–)/increase (+) in trade payables and other liabilities that are not attributed to investing or financing activities		–1	–658
Cash generated from operations		61,393	63,536
Interest received		102	267
Interest paid		–24,293	–25,998
Income tax paid		–12	–34
Cash flows from operating activities		37,190	37,771
2. Cash flows from investing activities			
Acquisition of investment properties	7.1	–23,970	–52,899
Proceeds from sale of investment properties		9,450	34,449
Payment of transaction cost in relation to the sale of investment properties		–131	–375
Acquisition of other property, plant and equipment		–231	–274
Proceeds from the equity release of interests in joint ventures		1,470	826
Payments for capital contributions in joint ventures		–2,205	–3,370
Cash flows used in investing activities		–15,617	–21,643
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		123,123	544,100
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	–46,385
Payments of the redemption of bonds and borrowings		–130,519	–597,699
Payments of transaction costs for the issue of bonds and borrowings		–740	–5,566
Cash flows used in financing activities		–49,440	–65,617
4. Cash and cash equivalents at the end of the period			
Change in cash and cash equivalents (subtotal of 1 to 3)		–27,867	–49,489
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 0; previous year: EUR 252 k</i>	7.2	54,915	69,059

Consolidated statement of changes in equity

for the period from January 1 to September 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 Q1–Q3 2014						
Consolidated profit		0	0	0	19,061	19,061
Other comprehensive income		0	0	3,346	0	3,346
Total comprehensive income		0	0	3,346	19,061	22,407
Payments of dividends	9	0	-39,467	0	0	-39,467
Share-based remuneration		0	430	0	0	430
Conversion of convertible participation rights		85	85	0	0	170
As at September 30, 2014	8.1	79,018	691,534	-3,983	61,085	827,654
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 Q1–Q3 2013						
Consolidated profit		0	0	0	24,089	24,089
Other comprehensive income		0	0	12,952	0	12,952
Total comprehensive income		0	0	12,952	24,089	37,041
Payments of dividends	9	0	-39,467	0	0	-39,467
Share-based remuneration		0	410	0	0	410
As at September 30, 2013	8.1	78,933	730,355	-9,185	27,168	827,271

Notes to the condensed interim consolidated financial statements

→ as at September 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 September 30, 2014 (hereinafter referred to as the 'consolidated interim financial statements') were authorised for publication by resolution of the Company's Management Board on November 3, 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 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 Sept. 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, 2018	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 IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Jan. 1, 2016	Under review
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	Amendments to IAS 27	Equity method in separate financial statements	Jan. 1, 2016	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
not yet endorsed	Improvements to IFRSs	Improvements to IFRSs 2012 – 2014	Jan. 1, 2016	Under review

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.

Amendments to IAS 27 'Equity method in separate financial statements'

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

Amendments to IFRS 10 and IAS 28 'Sale or contribution of assets between an investor and its associate or joint venture'

The amendments were proposed due to the conflict between the requirements of IAS 28 'Investments in Associates and Joint Ventures' and IFRS 10 'Consolidated Financial Statements'. The IASB and the Interpretations Committee had also concluded that a full gain or loss should be recognised on the loss of control of a business, whether the business is housed in a subsidiary or not. The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

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 5,604 k (January 1 to September 30, 2013: EUR 5,669 k) include accrued bonuses in an amount of EUR 948 k (January 1 to September 30, 2013: EUR 925 k). Furthermore, personnel expenses of EUR 440 k (January 1 to September 30, 2013: expenses of EUR 782 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 502 k (January 1 to September 30, 2013: EUR 499 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.

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

Basic earnings per share	Jan. 1 – Sept. 30, 2014 (unaudited)	Jan. 1 – Sept. 30, 2013 (unaudited)
Profit attributable to the shareholders (EUR k)	19,061	24,089
Average number of shares outstanding (thousands)	78,966	78,933
Basic earnings per share (EUR)	0.24	0.31

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

Diluted earnings per share	Jan. 1 – Sept. 30, 2014 (unaudited)	Jan. 1 – Sept. 30, 2013 (unaudited)
Diluted profit attributable to the shareholders (EUR k)	20,676	24,089
Average diluted number of shares (thousands)	87,058	78,933
Diluted earnings per share (EUR)	0.24	0.31

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 September 30, 2014 resulted in a fair value increase of a total of EUR 23,970 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 nine months 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 September 30, 2014 on page 7.

In the third quarter alstria signed a purchase agreement for the sale of one property. In addition, after the balance sheet date notarial purchase contracts for the sale of two properties were signed. The legal transfer of the three objects is expected in the fourth quarter. As at September 30, 2014 the properties are reported as "assets held for sale".

7.2 Cash and cash equivalents

Cash and cash equivalents in an amount of EUR 54,915 k refer to cash at banks. The cash amount is not subject to any restrictions.

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

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 September 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 September 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 3.247 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 September 30, 2014 alstria's total interest-bearing debt, which mainly consists of loan balances drawn and the convertible bond, amounted to EUR 906,503 k (December 31, 2013: EUR 913,892 k). The lower carrying amount of EUR 890,508 k (EUR 853,620 k non-current and EUR 36,888 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 liabilities' section in the interim Group management report for the second quarter of 2014 (see 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

	Jan. 1 – Sept. 30, 2014 (unaudited)	Jan. 1 – Sept. 30, 2013 (unaudited)
Dividends on ordinary shares ¹⁾ in EUR k (not recognised as a liability as at Sept. 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 September 30, 2014, the Company had an average of 62 employees (January 1 to September 30, 2013: average of 61 people). The average number of employees was calculated based on the total number of employees at the end of each month. On September 30, 2014, 63 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 September 30, 2014 is shown in the following table:

Number of virtual shares	Jan. 1 – Sept. 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 Sept. 30/ Dec. 31	339,516	23,831	353,779	25,989

In the first nine months of 2014, the LTI and the STI generated remuneration expenses of a total balance of EUR 440 k (Q1–Q3 2013: expenses of EUR 782 k) and, at the end of the reporting period, provisions amounting to EUR 1,181 k (December 31, 2013: EUR 2,397 k). 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 reporting 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	-13,000	-500	-15,000	0	-28,500
Converted	0	-85,000	0	0	-85,000
Newly granted certificates	0	0	0	107,250	107,250
September 30, 2014	59,500	0	96,800	107,250	263,550

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

After the end of the reporting period, September 30, 2014, agreements for the sale of two properties, with a transaction volume of EUR 56,192 k, have been signed. Furthermore, a purchase agreement to acquire a portfolio, consisting of two properties was closed. The transaction costs for the portfolio amounted to EUR 40,175. K. The economic transfer of ownership is expected in early November 2014. A further property was transferred to the buyer in the fourth quarter of the business year 2014.

15 Management board

As at September 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 September 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, November 3, 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, November 3, 2014

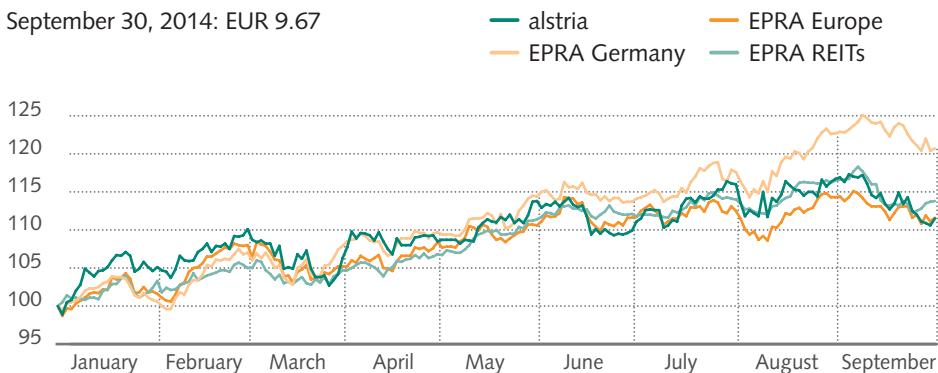
Olivier Elamine
Chief Executive Officer

Alexander Dexne
Chief Financial Officer

alstria's share

Share price development

September 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

		Sept. 30, 2014	Dec. 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

		Jan. 1 – Sept. 30, 2014	Jan. 1 – Sept. 30, 2013
Average daily trading volume (all exchange and OTC) ²⁾	EUR k	1,856	2,032
<i>thereof XETRA</i>	<i>EUR k</i>	1,017	1,073
Share price: high ¹⁾	EUR	10.23	10.01
Share price: low ¹⁾	EUR	9.05	8.30

¹⁾ Xetra closing share price.

²⁾ Source: Bloomberg.

2014/2015

2014

November 12, London:

November 13, London:

November 13, Helsinki:

November 17, Amsterdam:

November 24-25, Frankfurt:

November 24, Frankfurt:

December 2-3, London:

December 8.-14.:

Events

Roadshow, Warburg Bank

Commerzbank German Office Conference

Roadshow Berenberg

Roadshow Kempen

Investment Conference Berenberg

Roundtable Morgan Stanley

UBS Global Real Estate Conference

Roadshow Asia

2015

January 14, London:

February 27, Hamburg:

J.P. Morgan Cazenove European Real Estate Conference

Publication of annual report 2014 & Annual press conference

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