



H1

*HALF-YEAR FINANCIAL  
REPORT*

as per June 30, 2016

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## GROUP FINANCIALS

EUR k	Jan. 1– June 30, 2016	Jan. 1– June 30, 2015	Change (%)
<b>Revenues and Earnings</b>			
Revenues	102,114	48,324	111.3
Net rental income	89,870	43,319	107.5
Consolidated profit/loss for the period	56,454	15,060	274.9
FFO	60,164	23,174	159.6
Earnings per share (EUR) <sup>1)</sup>	0.35	0.18	94.5
FFO per share (EUR) <sup>1)</sup>	0.37	0.27	37.0

EUR k	June 30, 2016	Dec. 31, 2015	Change (%)
<b>Balance sheet</b>			
Investment property	3,035,138	3,260,467	-6.9
Total assets	3,552,295	3,850,580	-7.7
Equity <sup>1)</sup>	1,608,348	1,619,377	-0.7
Liabilities	1,879,151	2,192,916	-14.3
Net asset value (NAV) per share (EUR) <sup>1)</sup>	10.50	10.64	-1.3
Diluted NAV per share (EUR) <sup>1), 2)</sup>	10.56	10.68	-1.2
Net LTV (%)	49.4	49.3	0.1 pp

<sup>1)</sup> Without minority shares.

<sup>2)</sup> Dilution based on potential conversion of convertible bond.

G-REIT figures	June 30, 2016	Dec. 31, 2015	Change (%)
G-REIT equity ratio (%)	50.4	49.4	1.0 pp
Revenues incl. other income from investment properties (%)	100.0	100.0	0.0 pp

EPRA <sup>1)</sup> key figures	Jan. 1– June 30, 2016	Jan. 1– June 30, 2015	Change (%)
EPRA earnings per share (EUR)	0.28	0.19	47.4
EPRA cost ratio A (%) <sup>2)</sup>	22.4	27.1	-4.7 pp
EPRA cost ratio B (%) <sup>3)</sup>	18.1	22.4	-4.3 pp

	June 30, 2016	Dec. 31, 2015	Change (%)
EPRA NAV per share (EUR)	10.80	10.91	-1.0
EPRA NNNAV per share (EUR)	10.53	10.66	-1.2
EPRA net initial yield (%)	5.1	5.0	0.1 pp
EPRA 'topped-up' net initial yield (%)	5.4	5.3	0.1 pp
EPRA vacancy rate (%)	9.8	11.2	-1.4 pp

<sup>1)</sup> For further information, please refer to EPRA Best Practices Recommendations: [www.epra.com](http://www.epra.com).

<sup>2)</sup> Including vacancy costs.

<sup>3)</sup> Excluding vacancy costs.

# CONSOLIDATED INTERIM MANAGEMENT REPORT

## 1 PORTFOLIO OVERVIEW

### 1.1 KEY METRICS OF THE PORTFOLIO

Key metrics	June 30, 2016	Dec. 31, 2015
Number of properties	117	120
Number of joint venture properties	1	1
Market value (EUR bn) <sup>1)</sup>	3.3	3.3
Annual contractual rent (EUR m)	210.7	208.3
Valuation yield (contractual rent/market value)	6.5	6.3
Lettable area (sqm)	1,708,500	1,724,100
Vacancy (% of lettable area) <sup>2)</sup>	11.8	11.8
WAULT (years)	4.8	5.2
Average rent/sqm (EUR/month)	11.6	11.5

<sup>1)</sup> Incl. fair value of owner-occupied properties.

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

For a detailed description of alstria's portfolio, please refer to our Company Report of 2015.

### 1.2 REAL ESTATE OPERATIONS

Letting metrics	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015	Change (in m <sup>2</sup> )
New leases (in sqm) <sup>1)</sup>	38,000	22,200	15,800
Renewals of leases (in sqm)	42,800	12,100	30,700
<b>Total</b>	<b>80,800</b>	<b>34,300</b>	<b>46,500</b>

<sup>1)</sup> New leases refer to letting vacant space. They do not account for any lease renewals, prolongations or a tenant's exercise of its renewal option.

Vacancy metrics	June 30, 2016	Dec. 31, 2015	Change
Vacancy rate (%)	11.8	11.8	0.0 pp
EPRA vacancy rate (%)	9.8	11.2	-1.4 pp
Vacancy (sqm)	191,200	198,300	-7,100
<i>thereof vacancy in development properties (sqm)</i>	<i>28,500</i>	<i>27,700</i>	<i>800</i>

In the first half of 2016 the rental result amounted to approximately 80,800 sqm (measured by new lettings as well as relettings).

A significant letting success was the initial lease to a new tenant in Frankfurt, Platz der Einheit 1 (KASTOR TOWER), for approximately 5,600 sqm of office and ancillary space. The lease started on June 15, 2016, and reduced the vacancy in the 30,600 sqm building from 71 % to 53 %.

Furthermore, alstria contracted another new tenant for the asset in Platz der Einheit 1, Frankfurt, for approximately 3,500 sqm of office and ancillary space. The lease will commence by the end of Q1 2017.

An additional lease totalling approximately 2,500 sqm was signed with a tenant in Maarweg in Cologne. The lease has a maturity of five years and will start in September 2016.

In May 2016, a new lease for 1,500 sqm of office space in Harburger Ring 17, Hamburg, was signed. The lease, which started in Q3 2016, after the reporting period, has a lease length of 12.5 years. With the signature of this lease, the full office space of the building has been let.

### 1.3 TENANTS AND REGIONS

The core of alstria's investment portfolio is concentrated in the following regions:

#### Total portfolio by regions

% of market value	June 30, 2016	Dec. 31, 2015	Change (in pp)
Rhine-Ruhr	25	25	0
Hamburg	24	23	1
Rhine-Main	21	20	1
Stuttgart	14	14	0
Berlin	8	7	1
Munich	3	3	0
Hanover	2	1	1
Saxony	1	1	0
Others	2	6	-4

Another main characteristic of alstria's portfolio is that it focuses on a small number of major tenants.

### alstria's main tenants

as a %age of annual rent	June 30, 2016	Dec. 31, 2015	Change (in pp)
City of Hamburg	13	14	-1
Daimler AG	11	11	0
GMG Generalmietgesellschaft	9	9	0
Allianz Deutschland AG	7	7	0
Zürich Versicherung AG	4	4	0
HOCHTIEF Aktiengesellschaft	4	4	0
Bilfinger SE	3	3	0
Residenz am Dom gemeinn. Betriebsgesellschaft mbH	2	2	0
Württembergische Lebensver- sicherung AG	1	1	0
Others	46	45	1

In addition, the portfolio reflects alstria's clear focus on a particular asset class: office properties – 88% \* of the total lettable area is office space.

#### 1.4 TRANSACTIONS

alstria's investment decisions are based on both analyses of local markets and the individual inspection of each asset. The latter is focussed on location, size and quality as compared to assets belonging to direct competitors and their long-term potential for value growth. alstria's strategy is aimed at increasing its portfolio to a critical size at every respective location and, at the same time, retracting from those markets that do not adhere to alstria's core investment focus. Following this strategy, alstria sold an asset in Munich with a total lettable size of 11,200 sqm in the first half of 2016. This asset has not yet been transferred to the new owner and is therefore accounted for under 'assets held for sale' as of June 30, 2016. Furthermore, a sale and purchase agreement for the disposal of an asset in Hamburg with a total lettable size of 3,200 sqm was signed during the reporting period; the transfer of benefits and burden took place on June 30, 2016.

Additionally, in July, after the reporting period, alstria signed a transfer agreement for the sale of a real estate company holding one asset in Berlin with a total lettable area of 85,400 sqm. This real estate company has not yet been transferred to the new owner and is therefore accounted for under 'assets held for sale' as of June 30, 2016.

\* Office and storage space.

alstria performed the following transactions in 2016:

Asset	City	Sales price (EUR k) <sup>1)</sup>	Annual rent (EUR k) <sup>2)</sup>	Ø Lease length (years) <sup>2)</sup>	Signing SPA	Transfer of benefits and burdens
<b>Disposals</b>						
Landshuter Allee 174	Munich	14,000	55	0.2	June 11, 2015	June 30, 2016
Dieselstraße 18	Ditzingen	13,395	888	19.8	Aug. 31, 2015	June 25, 2016
Hofmannstraße 51	Munich	44,387	1,222	2.0	Nov. 5, 2015	June 30, 2016
Wandsbeker Chaussee 220	Hamburg	5,920	78	2.7	May 19, 2016	June 30, 2016
Taunusstraße 34-36 <sup>3), 5)</sup>	Munich	26,830	1,774	5.5	June 27, 2016	Aug. 31, 2016 <sup>4)</sup>
An den Treptowers 3 <sup>3), 5)</sup>	Berlin	228,431	13,921	2.7	July 8, 2016	Sept. 30, 2016 <sup>4)</sup>
<b>Total</b>		<b>332,963</b>	<b>17,938</b>			
<b>Acquisitions</b>						
Gasstraße 18	Hamburg	38,000	2,336	3.2	Nov. 26, 2015	Jan. 1, 2016
<b>Total</b>		<b>38,000</b>	<b>2,336</b>			

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

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

<sup>3)</sup> Balance sheet as reported under assets held for sale.

<sup>4)</sup> Expected.

<sup>5)</sup> From the Deutsche Office portfolio.

## 2 EARNINGS POSITION

### 2.1 REVENUES

Revenues amounted to EUR 102,114 k in the first half of 2016 and, as expected, increased compared to the respective prior year period (H1 2015: EUR 48,324 k). This includes revenues from the Deutsche Office portfolio in an amount of EUR 52,478 k. The revenues of the alstria subgroup increased by around 2.7% mainly due to the acquisition of two assets in the second half of 2015 and the lease of vacant space. As a result, net rental income increased by EUR 46,552 k to EUR 89,871 k.

### 2.2 REAL ESTATE OPERATING EXPENSES

Real estate operating expenses amounted to EUR 11,898 k during the reporting period (H1 2015: EUR 4,987 k). The expense ratio increased slightly from 10.3% in H1 2015 to 11.7% in H1 2016. This was mainly due to fire-protection measures regarding two assets from the Deutsche Office portfolio.

### 2.3 ADMINISTRATIVE AND PERSONNEL EXPENSES

Administrative expenses amounted to EUR 5,571 k (H1 2015: EUR 2,968 k). The main drivers for the increase in administrative expenses were the consolidation of Deutsche Office and an increase in legal and advisory costs related to the disposal of properties.

Personnel expenses were at EUR 6,625 k, as compared to EUR 5,925 k in the first half of 2015, and therefore increased disproportionately lower than revenues. The main reasons for the slight increase in personnel expenses were personnel expenses in conjunction with the engagement of staff from Deutsche Office.

#### 2.4 OTHER OPERATING RESULT

The other operating result amounted to EUR –4,808 k in the first half of 2016 (H1 2015: EUR –2,190 k). An increase in the other operating expenses by EUR 1,773 k resulted from higher legal and advisory costs for preparations to legally convert the DO Deutsche Office AG into a limited partnership as well as the consequent determination of a cash settlement offer to the shareholders of the DO Deutsche Office AG.

#### 2.5 GAIN FROM DISPOSAL OF INVESTMENT PROPERTY

The result from the sale of investment property increased over the previous year by EUR 21.3 m. The disposal gain resulted from the sale of an investment property as well as a group company that is the owner of an investment property.

#### 2.6 FINANCIAL RESULT

alstria's net financial result was mainly influenced by the refinancing activities in 2015 and 2016 (for further information, please see section 3.2, 'Financial Liabilities'). The increase in net financial result from EUR –16,098 k in the first half of 2015 to EUR -27,549, which was mainly related to a higher level of liabilities in the first half of 2016 in conjunction with the takeover of Deutsche Office, was disproportionately lower than the increase in revenues.

EUR k	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015	Change (in %)
Interest expense - syndicated loan alstria	-3,973	-4,183	-5.0
Interest expense - loans Deutsche Office portfolio	-7,634	0	n/a
Interest expense - further loans	-2,861	-4,178	-31.5
Interest result - derivatives	-204	-5,632	-96.4
Interest expenses - corporate bonds	-8,590	0	n/a
Interest expenses - convertible bond	-2,519	-2,127	18.4
<b>Financial expenses</b>	<b>-25,781</b>	<b>-16,120</b>	<b>59.9</b>
Financial income	169	43	n/a
Other financial expenses	-1,937	-21	n/a
<b>Net financial result</b>	<b>-27,549</b>	<b>-16,098</b>	<b>71.1</b>

Other financial expenses contain mainly prepayment fees for the termination of loans prior to their maturity.

## 2.7 VALUATION RESULT OF FINANCIAL DERIVATIVES

The valuation of financial derivatives resulted in a net loss from fair value adjustments in an amount of EUR –12,793 k in the period from January 1 to June 30, 2016 (please refer to chapter 3.3 for further details). The main reason for the decrease in value is a further decrease in the yield curve compared to the end of business year 2015.

EUR 2,227 k of this valuation loss is attributable to the derivative embedded in the convertible bond. The positive development of alstria's share price increases the market value of the potential repayment obligation in the event that the convertible bond is converted. This is reflected in the negative fair value of the embedded derivative.

## 2.8 FUNDS FROM OPERATIONS (FFO)

EUR k	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
<b>Pre-tax income (EBT)</b>	<b>56,475</b>	<b>15,068</b>
Net profit/loss from fair value adjustments on financial derivatives	12,793	2,819
Net profit/loss from the disposal of investment property	–22,973	–1,674
Fair value and other adjustments in joint venture	0	600
Net profit/loss from fair value adjustments on investment property	0	–120
Other adjustments <sup>1)</sup>	13,868	6,481
<b>Funds from operations (FFO)<sup>2)</sup></b>	<b>60,164</b>	<b>23,174</b>
Attributable to minority shareholders	2,803	–
<b>Attributable to alstria office REIT-AG shareholders</b>	<b>57,361</b>	<b>23,174</b>
Maintenance and reletting	–10,049	–7,716
<b>Adjusted funds from operations (AFFO)<sup>3)</sup></b>	<b>47,312</b>	<b>15,458</b>
Number of shares (k)	153,231	87,097
FFO per share (EUR k) <sup>4)</sup>	0.37	0.27

<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, there is no standard definition for (A)FFO. Thus, (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 FFO with adjustments made for capitalised capital expenditures and investments, which are made to maintain the quality of the underlying investment portfolio and expenses connected with concluding tenancy agreements.

<sup>4)</sup> Without minorities.

### 2.9 CONSOLIDATED NET RESULT

alstria's consolidated net result amounted to EUR 56,454 k (of which EUR 3,630 k is attributable to minorities) in the period under review, as compared to the first half of 2015 (H1 2015: EUR 15,060 k). The increase is mainly the result of the consolidation of Deutsche Office. Undiluted earnings per share amounted to EUR 0.35\* in the first six months of 2016 (H1 2015: EUR 0.18 per share).

## 3 FINANCIAL AND ASSET POSITION

### 3.1 INVESTMENT PROPERTIES

EUR k

<b>Investment properties as of Dec. 31, 2015</b>	<b>3,260,467</b>
Investments	15,159
Acquisitions	0
Disposals	-3,300
Reclassifications	-237,188
Net loss/gain from fair value adjustments on investment property	0
<b>Investment properties as of June 30, 2016</b>	<b>3,035,138</b>
Carrying amount of owner-occupied properties	5,894
Fair value of properties held for sale	254,500
Interests in joint ventures	24,879
<b>Carrying amount of immovable assets</b>	<b>3,320,411</b>
Adjustments to fair value of owner-occupied properties	3,595
<b>Fair value of immovable assets</b>	<b>3,324,006</b>

The fair value of properties held for sale in the amount of EUR 254,500 k refers to the sale of two properties sold by July 2016. The transfers of benefits and burdens are expected to take place in the second half of 2016 (for further information, please refer to section 1.4, 'Transactions').

For a detailed description of the investment properties, please refer to the Annual Report of 2015.

### 3.2 FINANCIAL LIABILITIES

On February 22, 2016, the loan to finance the Herkules portfolio, with a nominal value of EUR 332 m, was repaid prematurely. The refinancing was made using proceeds from the bond that had been issued in November 2015.

On April 12, 2016, alstria issued a second unsecured, fixed-rate bond with a nominal value of EUR 500 m. The corporate bond, which

\* Without minorities.

matures in April 2023, bears a fixed coupon of 2.125%. The proceeds from the bond serve for the refinancing of bank liabilities.

With the proceeds from the second bond, the Company was able to refinance further bank liabilities. On May 31, 2016, the loan agreement for the financing of the Homer portfolio with a nominal value of EUR 333 m, which had been terminated prematurely, was repaid in total. Furthermore, as of June 30, 2016, another three loans from the Deutsche Office portfolio, with a total nominal value of EUR 129 m, which had been terminated prior to maturity, were repaid.

Besides the issuance of a bond, on May 6, 2016, the Company issued a Schuldschein with a nominal value of EUR 150 m (senior unsecured debt). The Schuldschein, with an average coupon of 2.07%, has an average maturity of 7.1 years. The proceeds will be used to refinance existing bank debt.

Furthermore, during the reporting period alstria extended two loans. A loan with a nominal amount of EUR 67 m was extended for another eight years. The second prolongation concerns a loan with a nominal amount of EUR 56 m and has a maturity of ten years. In the process of the prolongation, the margin on these two loans reduced from 1.29% on average to 0.84% on average.

As of June 30, 2016, the loan agreements in place and the respective amounts drawn were as follows:

Liabilities	Maturity	Principal amount drawn as of June 30, 2016 (EUR k)	LTV as of June 30, 2016 (%)	LTV covenant (%)	Principal amount drawn as of Dec. 31, 2015 (EUR k)
Syndicated loan #1	Sept. 30, 2020	311,612	43.8	70.0	470,556
Syndicated loan #2 <sup>1)</sup>	Feb. 22, 2016	0	–	–	331,910
Syndicated loan #3 <sup>2)</sup>	Sept. 30, 2018	0	–	–	336,320
Loan #1 <sup>3)</sup>	June 28, 2024	67,000	45.2	65.0	67,000
Loan #2	Apr. 30, 2021	59,357	50.0	65.0	60,048
Loan #3	Mar. 28, 2024	56,500	50.2	75.0	56,500
Loan #4 <sup>3)</sup>	June 30, 2026	56,000	45.9	65.0	56,000
Loan #5	July 31, 2021	15,345	51.8	60.0	15,423
Loan #6 <sup>4)</sup>	June 30, 2017	0	–	–	58,868
Loan #7 <sup>4)</sup>	Dec. 31, 2018	0	–	–	53,432
Loan #8 <sup>5)</sup>	Dec. 30, 2017	94	n/a	n/a	18,507
<b>Subtotal loans</b>		<b>565,908</b>	<b>45.5</b>	<b>–</b>	<b>1,524,564</b>

Liabilities	Maturity	Principal amount drawn as of June 30, 2016 (EUR k)	LTV as of June 30, 2016 (%)	LTV covenant (%)	Principal amount drawn as of Dec. 31, 2015 (EUR k)
<b>Subtotal loans</b>		<b>565,908</b>	<b>45.5</b>	–	<b>1,524,564</b>
Bond #1	Mar. 24, 2021	500,000	–	–	500,000
Bond #2	Apr. 12, 2023	500,000	–	–	–
Convertible bond	June 14, 2018	79,200	–	–	79,200
Schuldschein 10y/fix	May 6, 2026	40,000	–	–	–
Schuldschein 7y/fix	May 8, 2023	37,000	–	–	–
Schuldschein 4y/fix	May 6, 2020	38,000	–	–	–
Schuldschein 7y/variable	May 8, 2023	17,500	–	–	–
Schuldschein 4y/variable	May 6, 2020	17,500	–	–	–
<b>Total</b>		<b>1,795,108</b>	<b>55.0</b>	–	<b>2,103,764</b>
<b>Net LTV</b>			<b>49.4</b>		

<sup>1)</sup> Loan agreement terminated; withdrawal occurred on February 22, 2016.

<sup>2)</sup> Loan agreement terminated; withdrawal occurred on May 31, 2016.

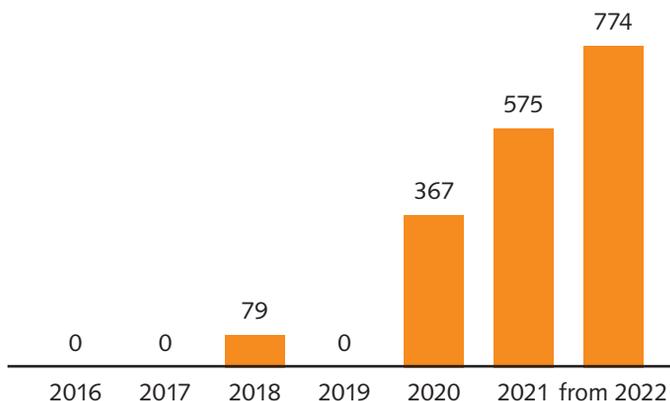
<sup>3)</sup> Refinanced in Q2 2016.

<sup>4)</sup> Loan agreement terminated; withdrawal occurred on June 30, 2016.

<sup>5)</sup> Loan agreement terminated, taking effect on June 30, 2016; withdrawal of EUR 94 k did not occur before July 04, 2016.

	June 30, 2016	Dec. 31, 2015
Average term to maturity of loans/bonds/Schuldschein/convertible bond (years)	5.6	3.6

Maturity profile of financial debt as of June 30, 2016<sup>1)</sup> in EUR m



<sup>1)</sup> Excluding regular amortisation.

	Jan 1. – June 30, 2016	Jan 1. – June 30, 2015
Average cost of debt (% p.a.)	2.3	3.3

The average cost of debt for the first half of 2016 takes into account five Deutsche Office loans that were terminated prematurely and repaid in the reporting period. Excluding these loans, the average cost of debt is approximately 2.0% p.a.

**Compliance with and calculation of the Covenants referring to §11 of the Terms and Conditions\***

In case of the incurrence of new Financial Indebtedness that is not drawn for the purpose of refinancing existing liabilities, alstria needs to comply with the following covenants:

- › The ratio of the Consolidated Net Financial Indebtedness over Total Assets will not exceed 60%
- › The ratio of the Secured Consolidated Net Financial Indebtedness over Total Assets will not exceed 45%
- › The ratio of Unencumbered Assets over Unsecured Consolidated Net Financial Indebtedness will be more than 150%

Following the issuance of the first bond on November 24, 2015 up to the reporting date, alstria incurred two further Financial Indebtedness to refinance existing Secured Financial Indebtedness. Additionally, as of June 30, 2016, alstria had prolonged two existing loans prior to maturity (for further information, please see section 3.2, 'Financial Liabilities').

Furthermore, starting from the fifth reporting date following the issuance of the bonds, alstria needs to maintain a ratio of the Consolidated Adjusted EBITDA over Net Cash Interest of not less than 1.80 to 1.00. The initial calculation and publication of the ratio will be done together with the 2016 annual report.

As of June 30, 2016, no covenants under the loan agreements and/or the terms and conditions of the bond have been breached.

\* The following section refers to the Terms and Conditions of the bonds issued on November 24, 2015, and April 12, 2016, and the Terms and Conditions of the Schuldschein issued on May 6, 2016 (for further information, please refer to [www.alstria.de](http://www.alstria.de)). Capitalised terms have the meaning as defined in the Terms and Conditions.

### 3.3 DERIVATIVES

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

Produkt	Strike p.a. (%)	Maturity date	June 30, 2016		Dec. 31, 2015	
			Notional (EUR k)	Fair value (EUR k)	Notional (EUR k)	Fair value (EUR k)
Cap	0.0250	Dec. 31, 2017	340,000	39	340,000	213
Cap	3.0000	Sep. 30, 2019	50,250	9	50,250	43
Swap	0.1100	Dec. 18, 2020 <sup>1)</sup>	–	–	172,156	651
Swap	0.0000	Dec. 30, 2019 <sup>1)</sup>	–	–	53,155	133
Cap	1.2500	Sep. 30, 2018 <sup>1)</sup>	–	–	174,370	70
Swap	0.0000	Dec. 18, 2018 <sup>1)</sup>	–	–	155,944	–180
Swap	0.0000	Sep. 30, 2018 <sup>1)</sup>	–	–	117,000	–202
<b>Financial derivatives – held for trading</b>			<b>390,250</b>	<b>48</b>	<b>1,062,875</b>	<b>728</b>
Cap	0.0000	Sep. 30, 2020	380,870	2,283	380,870	7,113
Cap	3.0000	Mar. 29, 2024	10,900	65	10,900	116
Cap	3.0000	Apr. 30, 2021	47,485	50	47,854	100
Cap	3.0000	Dec. 17, 2018	56,000	5	56,000	23
<b>Financial derivatives – cash flow hedges</b>			<b>495,255</b>	<b>2,403</b>	<b>495,624</b>	<b>7,352</b>
<b>Total interest rate derivatives</b>			<b>885,505</b>	<b>2,451</b>	<b>1,558,499</b>	<b>8,080</b>
Embedded derivative	n/a	June 14, 2018	8,408 <sup>2)</sup>	–25,053	8,241 <sup>2)</sup>	–22,826
<b>Total</b>				<b>–22,602</b>		<b>–14,746</b>

<sup>1)</sup> Terminated before the end of the originally agreed term.

<sup>2)</sup> Underlying number of shares for conversion in thousand.

The value changes of the financial derivatives are reflected in various balance sheet items. The following table shows the changes in their values since December 31, 2015:

EUR k	Cash flow – hedge reserve	Financial assets non-current	Financial liabilities non-current	total
<b>Hedging instruments as of Jan. 1, 2016</b>	<b>–270</b>	<b>8,462</b>	<b>–23,208</b>	<b>–14,746</b>
Ineffective change in fair values of cash flow hedges	0	–4,950	0	–4,950
Net result from fair value changes in financial derivatives not qualifying for cash flow hedging	0	–1,052	–6,522	–7,573
Reclassification of cumulated loss from equity to income statement	270	0	0	0
Terminations	0	–9	4,676	4,668
<b>Hedging instruments as of June 30, 2016</b>	<b>0</b>	<b>2,451</b>	<b>–25,053</b>	<b>–22,602</b>

Overall, ineffective value losses (EUR -4,950 k), losses on hedges not qualified for cash flow hedging (EUR -7,573 k) and reclassifications of an amount of EUR 270 k resulted in a total loss of EUR 12,793 k (H1 2015: loss of EUR 2,819 k). This is presented as the net result from fair value adjustments to financial derivatives. The reclassification amount of EUR 270 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 of December 31, 2015.

### 3.4 CASH POSITION

Cash and cash equivalents decreased from EUR 460,253 k to EUR 165,742 k in the reporting period. The decrease primarily resulted from refinancing activities. A total of EUR 650,000 k in debt capital – EUR 500,000 k as a corporate bond and EUR 150,000 k as a Schuldscheindarlehen – were funded in the first half of 2016. On the other hand, debt repayments in an amount of EUR 961,682 k were made. The payment of the dividend resulted in a cash outflow of EUR 76,564 k. Investing activities resulted in net cash inflows of EUR 25,975 k, and a positive cash flow of EUR 44,631 k was generated from operating activities.

### 3.5 EQUITY METRICS

	June 30, 2016	Dec. 31, 2015	Change
Equity (EUR k)	1,673,144	1,657,664	0.9%
<i>Thereof non-controlling interests</i>	64,796	38,287	69.2%
NAV per share (EUR)	10.50	10.64	-1.3%
Equity ratio (%)	47.1	43.0	4.1 pp
G-REIT equity ratio (%) <sup>1)</sup>	50.4	49.4	1.0 pp

<sup>1)</sup> Defined as total equity divided by the carrying amount of immovable assets; minimum requirement according to G-REIT regulation: 45%.

The increase in equity on the balance sheet date by EUR 15,480 k to EUR 1,673,144 k is mainly based on the profit of the period, which resulted in an equity increase of EUR 56,454 k. Due to the sale of 5.1% of Deutsche Office shares, non-controlling interests increased by EUR 26,509 k. This development was partially offset by the dividend payment of EUR 76,564 k in May 2016. (For further information, please refer to the consolidated statement of changes in equity and the corresponding notes.)

## 4 RISK AND OPPORTUNITY REPORT

The risks and opportunities to which alstria is exposed are described in detail in alstria's Annual Report 2015. There have been no changes to the status presented in that report.

## 5 RECENT DEVELOPMENTS AND FINANCIAL TARGETS

### 5.1 RECENT DEVELOPMENTS

On July 8, 2016, alstria signed an agreement for the disposal of all shares in a real estate company owning one asset in Berlin. The transfer of the company to the buyer is expected to take place in the second half of 2016. Therefore, the company is classified under 'assets held for sale' as of June 30, 2016.

At the Annual General Meeting of alstria's subsidiary DO Deutsche Office AG held on July 12, 2016, the shareholders of the company decided to change its legal form from a public limited company (AG) to a limited partnership (KG) as well as to change the company name. According to the shareholders' resolution, DO Deutsche Office AG is to be converted into alstria office Prime Portfolio GmbH & Co. KG. Furthermore, the resolution comprised the relocation of the company's registered office to Hamburg.

On July 28, 2016, alstria signed a new lease with the City of Berlin for around 17,600 sqm of office and ancillary space in Darwinstraße 14-18 in Berlin. The lease is expected to start on February 1, 2017, has a lease term of ten years and will generate an annual rent of EUR 2,761 k. With the signature of the new lease, the building is fully let.

### 5.2 FINANCIAL TARGET

alstria mainly focuses on the following financial performance indicators: revenues and FFO. Revenues include mostly rental income generated from the letting activities of the Group. FFO reflects the operational result from real estate management, without consideration of effects from valuation, as well as other non-cash expenses/income and non-recurring effects.\*

Neither forecasts nor any other statements presented in the annual statement of 2015 regarding the prospective development of the Company for financial year 2016 have changed substantially. Based on the executed transactions and the contractually agreed rental income, alstria still expects revenues in an amount of approximately EUR 200 m and an operating result of EUR 115 m. The increase

\* Please refer to part 2.8.

compared to the FFO in 2015 mainly results from the full-year consolidation effect of Deutsche Office, in comparison to a 2-month consolidation period in 2015, and from the further reduction of financing costs.

Since the Company pays out a significant part of its funds from operations as dividends, future external growth largely depends on the Group's ability to raise additional equity. Consequently, further portfolio growth is highly dependent on the development of the global equity markets and is therefore difficult to predict over a longer period of time.

### 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.

**INCOME STATEMENT**

for the period from January 1 to June 30, 2016

EUR k	Notes	April 1 – June 30, 2016	April 1 – June 30, 2015	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
Revenues		51,048	24,252	102,114	48,324
Income less expenses from passed on operating expenses		-5	47	-346	-18
Real estate operating costs		-6,358	-2,905	-11,898	-4,987
<b>Net Rental Income</b>		<b>44,685</b>	<b>21,394</b>	<b>89,870</b>	<b>43,319</b>
Administrative expenses		-3,561	-1,902	-5,571	-2,968
Personnel expenses	6.1	-3,239	-2,762	-6,625	-5,925
Other operating income		551	696	2,321	1,665
Other operating expenses	6.2	-5,275	-3,571	-7,129	-3,855
Net gain from fair value adjust- ments on investment property		0	120	0	120
Gain from disposal of investment property	7.1	22,983	1,674	22,973	1,674
<b>Net Operating Result</b>		<b>56,144</b>	<b>15,649</b>	<b>95,839</b>	<b>34,030</b>
Net financial result	6.3	-14,911	-7,848	-27,549	-16,098
Share of the result of joint venture		586	164	978	-45
Net loss from fair value adjustments on financial derivatives		95	17,631	-12,793	-2,819
<b>Pre-Tax Income (EBT)</b>		<b>41,914</b>	<b>25,596</b>	<b>56,475</b>	<b>15,068</b>
Income tax expense	6.4	-63	-5	-21	-8
<b>Consolidated Profit/Loss for the period</b>		<b>41,851</b>	<b>25,591</b>	<b>56,454</b>	<b>15,060</b>
Attributable to:					
Owners of the company		39,201	25,591	52,824	15,060
Noncontrolling interest		2,650	0	3,630	0
<b>Earnings per share in EUR</b>					
Basic earnings per share	6.5	0.26	0.29	0.35	0.18
Diluted earnings per share	6.5	0.25	0.27	0.34	0.18

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

for the period from January 1 to June 30, 2016

EUR k	Notes	April 1 – June 30, 2016	April 1 – June 30, 2015	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
<b>Consolidated loss/profit for the period</b>		<b>41,851</b>	<b>25,591</b>	<b>56,454</b>	<b>15,060</b>
Items which might be reclassified to the income statement in a future period:					
<i>Reclassification from Cashflow     Hedging Reserve</i>		249	878	270	1,747
<b>Other comprehensive result for the period:</b>		<b>249</b>	<b>878</b>	<b>270</b>	<b>1,747</b>
<b>Total comprehensive result for the period:</b>		<b>42,100</b>	<b>26,469</b>	<b>56,724</b>	<b>16,807</b>
<b>Total comprehensive profit/loss attributable to:</b>					
Owners of the company		39,450	26,469	53,094	16,807
Noncontrolling interest		2,650	0	3,630	0

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at June 30, 2016

**ASSETS**

EUR k	Notes	June 30, 2016	December 31, 2015
<b>Non-Current Assets</b>			
Investment property	7.1	3,035,138	3,260,467
Equity-accounted investments		24,879	23,900
Property, plant and equipment		6,700	5,161
Intangible assets		457	607
Financial assets	7.4	34,803	0
Derivatives	8.3	2,451	8,462
<b>Total Non-Current Assets</b>		<b>3,104,428</b>	<b>3,298,597</b>
<b>Current Assets</b>			
Trade receivables		13,714	12,578
Tax receivables		59	226
Other receivables		11,510	9,783
Cash and cash equivalents	7.2	165,742	460,253
<i>thereof restricted</i>		0	32,036
Assets held for sale	7.3	256,842	69,143
<i>thereof investment properties</i>		254,500	69,143
<i>thereof other assets</i>		2,342	0
<b>Total Current Assets</b>		<b>447,867</b>	<b>551,983</b>
<b>Total Assets</b>		<b>3,552,295</b>	<b>3,850,580</b>

**EQUITY AND LIABILITIES**

EUR k	Notes	June 30, 2016	December 31, 2015
<b>Equity</b>	8.1		
Share capital		153,231	152,164
Capital surplus		1,434,287	1,499,477
Hedging reserve		0	-270
Retained earnings		20,830	-31,994
<b>Equity attributable to the owners of the company</b>		<b>1,608,348</b>	<b>1,619,377</b>
Noncontrolling interests		64,796	38,287
<b>Total Equity</b>		<b>1,673,144</b>	<b>1,657,664</b>
<b>Non-Current Liabilities</b>			
Long-term loans, net of current portion	8.2	1,773,428	1,715,590
Derivatives	8.3	25,053	23,208
Other provisions		3,970	3,221
Other liabilities		1,285	1,854
Deferred taxes		185	132
<b>Total Non-Current Liabilities</b>		<b>1,803,921</b>	<b>1,744,005</b>
<b>Current Liabilities</b>			
Short-term loans	8.2	7,173	376,402
Trade payables		8,781	20,477
Profit participation rights	12	422	362
Liabilities of current tax		8,681	8,687
Other provisions		858	1,794
Other current liabilities		47,599	41,189
Liabilities held for sale	7.3	1,716	0
<b>Total Current Liabilities</b>		<b>75,230</b>	<b>448,911</b>
<b>Total Liabilities</b>		<b>1,879,151</b>	<b>2,192,916</b>
<b>Total Equity and Liabilities</b>		<b>3,552,295</b>	<b>3,850,580</b>

**CONSOLIDATED STATEMENT OF CASH FLOW**

for the period from January 1 to June 30, 2016

EUR k	Notes	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
<b>1. Operating activities</b>			
Consolidated profit/loss for the period		56,454	15,060
Unrealized valuation movements		11,815	2,698
Interest income	6.3	-169	-43
Interest expense	6.3	27,718	16,142
Result from income taxes		21	8
Other non-cash expenses (+)		-3,018	2,676
Gain (-)/Loss (+) on disposal of fixed assets		-22,983	-1,674
Depreciation and impairment of fixed assets (+)		335	198
Decrease (+)/Increase (-) in trade receivables and other assets that are not attributed to investing or financing activities		-1,074	-3,786
Decrease (-)/increase (+) in trade payables and other liabilities that are not attributed to investing or financing activities		2,883	1,196
<b>Cash generated from operations</b>		<b>71,982</b>	<b>32,475</b>
Interest received		45	43
Interest paid		-27,428	-16,584
Income tax received (+)/paid (-)		32	-8
<b>Net cash generated from operating activities</b>		<b>44,631</b>	<b>15,926</b>
<b>2. Investing activities</b>			
Acquisition of investment properties	7.1	-15,851	-11,341
Proceeds from sale of investment properties	7.1	77,398	2,044
Payment of transaction cost in relation to the sale of investment properties		-575	0
Acquisition of other property, plant and equipment		-194	-73
Proceeds from the equity release of interests in joint ventures		0	3
Payments for investment in financial assets	7.4	-34,803	0
<b>Net cash generated from/used in investing activities</b>		<b>25,975</b>	<b>-9,367</b>

EUR k	Notes	Jan. 1 – June 30, 2016	Jan. 1 – June 30, 2015
<b>3. Financing activities</b>			
Cash received from equity contributions	8.1	34,803	102,881
Payment made for purchase of interests in fully consolidated subsidiaries	8.1	-113	0
Payment of transaction costs of issue of shares		0	-1,339
Proceeds from the issue of bonds and borrowings	8.2	150,000	0
Proceeds from the issue of a company bond	8.2	500,000	0
Payments of transaction costs		-6,817	0
Payments of dividends		-76,564	-43,470
Payments of the redemption of bonds and borrowings		-961,682	-4,693
Payments for the acquisition/redemption/adjustment of financial derivatives		-4,668	0
<b>Net cash used in/generated from financing activities</b>		<b>-365,041</b>	<b>53,379</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)		-294,435	59,938
Cash and cash equivalents at the beginning of the period		460,253	63,145
<b>Cash and cash equivalents at the end of the period</b>			
<i>(thereof restricted: EUR 0; previous year: EUR 0)</i>	7.2	165,818	123,083
<i>(thereof cash in disposal group)</i>		76	0
<b>Cash and cash equivalents reported on the balance sheet</b>		<b>165,742</b>	<b>123,083</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the period from January 1 to June 30, 2016

EUR k	Notes	Share capital	Capital surplus	Hedging reserve	Retained earnings	Equity of alstria shareholders	Non-controlling interests	Total Equity
<b>As of January 1, 2016</b>		<b>152,164</b>	<b>1,499,477</b>	<b>-270</b>	<b>-31,994</b>	<b>1,619,377</b>	<b>38,287</b>	<b>1,657,664</b>
<b>Changes H1 2016</b>								
Consolidated profit		0	0	0	52,824	52,824	3,630	56,454
Other comprehensive income		0	0	270	0	270	0	270
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>270</b>	<b>52,824</b>	<b>53,094</b>	<b>3,630</b>	<b>56,724</b>
Payments of dividends	9	0	-76,564	0	0	-76,564	0	-76,564
Proceeds from shares issued against contribution in kind	8.1	964	10,847	0	0	11,811	-11,811	0
Change of minority interest share within equity due to the sale of minority shares	8.1	0	0	0	0	0	34,803	34,803
Change of minority interest share within equity due to the purchase of minority shares	8.1	0	0	0	0	0	-113	-113
Share-based remuneration	12	0	424	0	0	424	0	424
Conversion of convertible participation rights	8.1	103	103	0	0	206	0	206
<b>As of June 30, 2016</b>	<b>8.1</b>	<b>153,231</b>	<b>1,434,287</b>	<b>0</b>	<b>20,830</b>	<b>1,608,348</b>	<b>64,796</b>	<b>1,673,144</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the period from January 1 to June 30, 2015

EUR k	Notes	Share capital	Capital surplus	Hedging reserve	Retained earnings	Total Equity
<b>As of January 1, 2015</b>		<b>79,018</b>	<b>691,693</b>	<b>-3,095</b>	<b>78,977</b>	<b>846,593</b>
<b>Changes in H1 2015</b>						
Consolidated profit		0	0	0	15,060	15,060
Other comprehensive income		0	0	1,747	0	1,747
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>1,747</b>	<b>15,060</b>	<b>16,807</b>
Payments of dividends	9	0	-43,470	0	0	-43,470
Proceeds from shares issued		7,903	94,822	0	0	102,725
Transaction costs of issue of shares		0	-1,339	0	0	-1,339
Share-based remuneration	11.1	0	347	0	0	347
Conversion of convertible participation rights	12	156	156	0	0	312
Conversion of convertible bond		20	243	0	0	263
<b>As of June 30, 2015</b>	<b>8.1</b>	<b>87,097</b>	<b>742,452</b>	<b>-1,348</b>	<b>94,037</b>	<b>922,238</b>

# NOTES

## alstria office REIT-AG, Hamburg

### Notes to the condensed interim consolidated financial statements as at June 30, 2016

#### 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, 2015.

The condensed interim consolidated financial statements for the period from January 1, 2016, to June 30, 2016 (hereinafter referred to as the 'consolidated interim financial statements'), were authorised for publication by a resolution of the Company's Management Board on August 8, 2016.

#### 2 BASIS 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 which are required in the annual financial statements; they should therefore be read in conjunction with the consolidated financial statements as at December 31, 2015.

These condensed interim consolidated financial statements have not been audited, but they have been reviewed by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Hamburg.

Due to the takeover of DO Deutsche Office AG (in the following also referred to as 'Deutsche Office'), implemented on October 27, 2015, the Group's data for the first six months of 2016 is only comparable to a limited extent with the figures posted for the same period of 2015.

#### 3 SIGNIFICANT ACCOUNTING POLICIES

The applied accounting policies are consistent with the policies applied and outlined in the Group's annual financial statements for the year ending on December 31, 2015.

The following new interpretations and amendments to standards and interpretations are mandatory for the financial reporting period beginning on January 1, 2016:

<b>EU Endorsement until June 30, 2016</b>	<b>Standard/ Interpre- tation</b>	<b>Content</b>	<b>Applicable for f/y beginning on/after</b>	<b>Effects</b>
Nov. 24, 2015	Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations	Jan. 1, 2016	None
Dec. 18, 2015	Amendments to IAS 1	Disclosure initiative	Jan. 1, 2016	Notes disclosure
Dec. 02, 2015	Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation	Jan. 1, 2016	None
Nov. 23, 2015	Amendments to IAS 16 and IAS 41	Agriculture: bearer plants	Jan. 1, 2016	None
Dec. 17, 2014	Amendments to IAS 19	Defined benefit plans: employee contributions (Amendments to IAS 19, 'Employee Benefits')	Feb. 1, 2015	None
Dec. 18, 2015	Amendments to IAS 27	Equity method in separate financial statements	Jan. 1, 2016	None
Dec. 17, 2014	Annual Improvements to IFRSs	Improvements to IFRSs 2010-2012	Feb. 1, 2015	None
Dec. 15, 2015	Annual Improvements to IFRSs	Improvements to IFRSs 2012-2014	Jan. 1, 2016	None

The following new standards, interpretations and amendments to the published standards have been issued, but they are not in effect for the 2016 financial year and have not been applied by the Group prior to becoming mandatory:

<b>EU Endorsement until June 30, 2016</b>	<b>Standard/ Interpre- tation</b>	<b>Content</b>	<b>Applicable for f/y beginning on/after</b>	<b>Effects</b>
not yet endorsed	IFRS 9	New standard 'Financial instruments: classification and measurement'	Jan. 1, 2018	No material effects
standard shall not be 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, 2018	Notes disclosure
not yet endorsed	IFRS 16	New standard 'Leases'	Jan. 1, 2019	No material effects

EU Endorsement until June 30, 2016	Standard / Interpretation	Content	Applicable for f/y beginning on/after	Effects
not yet endorsed	Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	postponed	Under review
not yet endorsed	Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: applying the consolidation exception	Jan. 1, 2016	None
not yet endorsed	Amendments to IAS 7	Disclosure initiative	Jan. 1, 2017	Notes disclosure
not yet endorsed	Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses	Jan. 1, 2017	Under review
clarifications	IFRS 15	Clarifications issued for IFRS 15, 'Revenue from Contracts with Customers'	Jan. 1, 2018	None

The IASB did not issue any new standards and interpretations or any amendments to published standards and interpretations between December 31, 2015, and the date on which these interim consolidated financial statements were prepared.

#### 4 CONSOLIDATED GROUP

In preparation for the planned transformation of the Deutsche Office into a limited partnership (Kommanditgesellschaft or KG), alstria Prime Portfolio GP GmbH was founded. This small corporation shall serve as KG's general partner. There have been no further changes to the consolidated Group since the preparation of the consolidated financial statements as at December 31, 2015.

#### 5 KEY JUDGEMENTS AND ESTIMATES

Preparing the consolidated financial statements in accordance with IFRS requires assumptions and estimates to be made for various items. These assumptions and estimates affect the amounts of the disclosures concerning assets, liabilities, income and expenses. Actual amounts may vary from these estimates.

## 6 NOTES TO THE CONSOLIDATED INCOME STATEMENT

EUR k	Jan. 1 – June 30, 2016 (unaudited)	Jan. 1 – June 30, 2015 (unaudited)
Salaries and wages	3,348	1,985
Social insurance contribution	567	355
Bonuses	1,019	623
Expenses for share-based compensation	1,488	2,810
<i>thereof relating to virtual shares</i>	946	2,364
<i>thereof relating to convertible profit participation certificates</i>	542	446
Amounts for retirement provisions and disability insurance for the members of the Management Board	121	100
Other	82	52
<b>Total</b>	<b>6,625</b>	<b>5,925</b>

### 6.1 Personnel expenses

Salaries and wages, including social insurance contributions and bonuses, rose by EUR 1,971 k, mainly as a result of the integration of Deutsche Office. This was offset by a EUR 1,322 k reduction in expenses for share-based compensation. Overall, an increase of EUR 700 k to EUR 6,625 k was recorded for personnel expenses.

### 6.2 Other operating expenses

The increase in other operating expenses mainly resulted from legal and consulting expenses of EUR 1,773 k for the preparations to legally convert the Deutsche Office into a limited partnership and from the consequent determination of a cash settlement offer to the shareholders of Deutsche Office. Another expense of EUR 2,568 k was incurred for the further integration of Deutsche Office.

### 6.3 Financial result

For details on the net financial results and on the loans' development, please refer to the 'Financial and asset position' section in the interim management report.

### 6.4 Income taxes

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

The exemption does not apply to REIT-AG's subsidiaries. Due to the acquisition of Deutsche Office, however, companies that are not subject to the REIT exemption have been included in the consolidated financial circle. This results in income taxation at the level of the Deutsche Office subgroup.

Minor tax payment obligations may arise for affiliates serving as general partners in a partnership or for REIT service companies.

### 6.5 Earnings per share

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

	Jan. 1 - June 30, 2016 (unaudited)	Jan. 1 - June 30, 2015 (unaudited)
<b>Basic earnings per share</b>		
Profit attributable to shareholders (EUR k)	52,824	15,060
Average number of outstanding shares (thousands)	152,387	83,239
Basic earnings per share (EUR)	0.35	0.18

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

	Jan. 1 - June 30, 2016 (unaudited)	Jan. 1 - June 30, 2015 (unaudited)
<b>Diluted earnings per share</b>		
Diluted profit attributable to shareholders (EUR k)	53,904	16,140
Average number of diluted shares (thousands)	160,803	91,480
Diluted earnings per share (EUR)	0.34	0.18

## 7 NOTES TO THE CONSOLIDATED BALANCE SHEET - ASSETS

### 7.1 Investment property

Pursuant to IFRS 13, alstria office REIT-AG uses the fair-value model for revaluation purposes. External appraisals were obtained to determine the respective values as at December 31, 2015. For a detailed description of the process for determining the asset value, please refer to Section 7 of the consolidated financial statements as at December 31, 2015. A reconciliation of the changes in investment properties since December 31, 2015, can be found on page 10 of the interim consolidated financial statements as at June 30, 2016.

In the second quarter of the year 2016, alstria office REIT-AG signed notary agreements for the sale of two investment properties. One of the properties was transferred to the buyer before the balance sheet date. The other property is designated as being held for sale as at June 30, 2016.

In early July 2016, alstria signed a transfer agreement for the sale of a real estate company. The real estate company is also reported under the assets held for sale.

In addition, three properties which were held for sale at the end of the previous year have been transferred to the buyer.

### *7.2 Cash and cash equivalents*

Cash and cash equivalents, which refer to cash held at banks, are in the amount of EUR 165,742 k. This amount is not subject to restrictions.

### *7.3 Assets and liabilities held for sale*

The assets and liabilities held for sale include an investment property and a real estate company.

The assets held for sale also include other receivables of the company held for sale, while liabilities held for sale mainly consist of the Held for sale company's liabilities.

### *7.4 Financial assets*

The financial assets of EUR 34,803 k relate to long-term bank deposits with a maturity until the financial year 2021.

## **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 2016 resulted in the issuance of 102,750 new shares by making use of the conditionally increased capital provided for such purposes. The share capital increased by EUR 102,750.

In the course of the previous year's acquisition of Deutsche Office, the former majority shareholder of Deutsche Office was granted an option for later conversion of shares. In exercising this option, alstria office REIT-AG acquired additional shares of Deutsche Office. In return for each share of Deutsche Office, 0.381 new shares of alstria office REIT-AG were granted. The exchange ratio is equal to the exchange ratio of the 2015 tender offer.

To create the new shares of alstria office REIT-AG, the Company made a capital increase in the amount of EUR 964,182 by partially making use of authorized capital and by excluding the shareholders' subscription rights.

In total, due to the capital measures stated above, alstria office REIT-AG's share capital increased to EUR 153,231,217 (EUR 1,066,932 higher than on December 31, 2015). As at June 30, 2016, it is represented by 153,231,217 no par value bearer shares.

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

**Capital reserve**

The exchange in shares described above was made based on alstria's stock exchange share price of EUR 12.25 per share. Consequently, the 964,182 newly created alstria shares led to proceeds of EUR 11,811 k. These proceeds exceeded the nominal share capital by EUR 10,847 k and were recognised in the capital reserves.

The share premium resulting from the conversion of 102,750 profit-participation rights resulted in an increase in capital reserves of EUR 103 k.

**Treasury shares**

As at June 30, 2016, the Company held no treasury shares.

**Cash flow hedging reserve**

This reserve relates to the accumulated portion of the gain or loss on hedging instruments within the cash flow hedge (which has been determined to be an effective hedge). The net change of EUR 270 k relates to reclassifications of the cumulated devaluations for the cash flow hedges; the forecasted and hedged transactions are no longer expected to occur due to the redemption of loans prior to their maturity. At the balance sheet date, the Group has no further derivative financial instruments (which are designated in an effective hedging relationship and which have an effective change in value), the amount of the reserve at the end of the reporting period is EUR 0.

**Non-controlling interests**

Non-controlling interests relate to minority shares in alstria's subsidiary Deutsche Office. These interests increased by EUR 34,083 k in the second quarter due to the sale of a 5.1% stake in Deutsche Office to third parties.

The acquisition of shares in Deutsche Office as part of the exchange in shares described above (see the 'Share capital' section) led to a 1.4% increase in shares of Deutsch Office, thus reducing the non-controlling interests by EUR 11,811 k. Purchases of shares in Deutsche Office on the stock market reduced non-controlling interests by a further EUR 113 k.

**8.2 Financial liabilities**

As at June 30, 2016, alstria's total interest-bearing debt, which consists of corporate bonds, loan balances drawn and convertible bonds, amounted to EUR 1,795,108 k (as at December 31, 2015, it was EUR 2,103,764 k). The lower carrying amount of EUR 1,780,601 k (non-current: EUR 1,773,428 k; current: EUR 7,173 k) takes into account the interest liabilities and transaction costs which are allocated according to the effective interest rate method at the time when the loans in question were taken out. Financial liabilities with a maturity of up to one year are recognised as current loans.

During the reporting period, the Group issued a corporate bond with a nominal value of EUR 500,000 k and a debt (in promissory notes; *Schuldscheindarlehen* in German) of EUR 150,000 k. With the proceeds, the Group refinanced the loan agreement for the financing of the Homer portfolio, which has a nominal value of EUR 333 m. Furthermore, the Group repaid three loans from the Deutsche Office portfolio (total nominal value EUR 129 m) which had been terminated prior to maturity. Additionally, the loan to finance the Herkules portfolio (nominal value EUR 332 m) was repaid in advance.

After exercising the conversion rights for a nominal value of EUR 200 k, EUR 79,200 k of the convertible bond remains included in the financial liabilities.

For a detailed description of the loans, including their terms and securities, please refer to the 'Financial liabilities' section in the Group's interim management report for the second quarter of 2016 (see page 11.) and to Section 11.2 of the consolidated financial statements as at December 31, 2015.

### *8.3 Derivative financial instruments*

Derivative financial instruments comprise interest swaps and caps. The purpose of these financial derivatives is to hedge the Group against interest-rate risks arising from the Group's business activities and its sources of financing. In addition, they include an embedded derivative resulting from the issue of a convertible bond.

An independent expert determined the fair value of the derivative financial instruments 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 xx and page 11 of the Group's interim 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 approach. This, however, only relates to the Group's financial derivatives, as none of the other financial instruments are recognised in the balance sheet at fair value. The fair-value determination of the Group's financial derivatives is based on future interest rates, which are derived from observable yield curves.

## **9 DIVIDENDS PAID**

The alstria office REIT-AG Annual General Meeting, held on May 12, 2016, resolved to distribute dividends totalling EUR 76,564 k (EUR 0.50 per outstanding share). The dividend was distributed on May 13, 2016.

	2016 (unaudited)	2015 (unaudited)
Dividends on ordinary shares <sup>1)</sup> in EUR k (not recognised as a liability as at June 30)	76,564	43,470
Dividend per share (EUR)	0.50	0.50

<sup>1)</sup>Refers to all shares at the dividend payment date.

## 10 EMPLOYEES

In the period from January 1 to June 30, 2016, the Company had, on average, 99 employees (average for January 1 to June 30, 2015: 63 people). The average number of employees was calculated based on the total number of employees at the end of each month. On June 30, 2016, 105 people (December 31, 2015: 93 people) were employed at alstria office REIT-AG, not including 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. This 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). In addition, there is a cash-settled component.

The development of the virtual shares through June 30, 2016, is shown in the following table:

Number of virtual shares	Jan. 1 – June 30, 2016 (unaudited)		Jan. 1 – Dec. 31, 2015 (audited)	
	LTI	STI	LTI	STI
<b>As at Jan. 1</b>	<b>335,740</b>	<b>20,516</b>	<b>339,516</b>	<b>23,831</b>
Granted in the reporting period	68,318	10,817	72,926	9,763
Terminated in the reporting period	-91,954	-10,753	-76,702	-13,078
<b>As at June 30/ Dec. 31</b>	<b>312,104</b>	<b>20,580</b>	<b>335,740</b>	<b>20,516</b>

In the first half of 2016, the LTI and the STI generated remuneration expenses with a total balance of EUR 946 k (expenses in H1 2015: EUR 2,364 k). In addition, the LTI and STI resulted in provisions amounting to EUR 2,834 k at the end of the reporting period (December 31, 2015: EUR 3,470 k). 91,954 virtual shares from the LTI and 10,753 virtual shares from the STI were exercised in the first quarter of 2016, resulting in payments of EUR 1,581 k. The Group recognises liabilities arising from vested virtual shares as items

within other provisions. Please refer to Section 17.1 of the consolidated financial statements as at December 31, 2015, 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 (certificates) were in place with respect to the convertible profit participation rights scheme which the Supervisory Board of alstria office REIT-AG established.

#### Number of certificates

Granting date of tranche	May 22, 2014	May 7, 2015	May 18, 2016	Total
Jan. 1, 2016	102,750	121,000	0	223,750
Expired due to termination of employment	0	-8,500	0	-8,500
Converted	-102,750	0	0	-102,750
Newly granted certificates	0	0	144,750	144,750
June 30, 2016	0	112,500	144,750	257,250

For a detailed description of the employee profit participation rights programme, please refer to Section 17.2 of the consolidated financial statements as at December 31, 2015.

### 13 RELATED PARTIES

No significant legal transactions were executed with respect to related parties during the reporting period, with the exception of virtual shares being granted to the members of the Company's Management Board, as laid out in detail in note 11.

### 14 SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

On July 8, 2016, the Group signed an agreement for the sale of all shares in a real estate company. The real estate company owns the property "An den Treptowers" in Berlin. The transfer of the real estate company to the buyer is expected in the second half of the year. The transaction price was EUR 228.4 m.

At the Annual General Meeting of alstria's subsidiary Deutsche Office, which was held on July 12, 2016, the shareholders of the subsidiary decided to change its name and shift its legal form from a public limited company (AG) to a limited partnership (KG). According to the shareholders' resolution, Deutsche Office will be converted into alstria office Prime Portfolio GmbH & Co. KG. The resolution furthermore indicates the relocation of the subsidiary's registered office to Hamburg.

### 15 MANAGEMENT BOARD

As at June 30, 2016, the members of the Company's Management Board are Mr Olivier Elamine (Chief Executive Officer) and 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 shareholders at the Annual General Meeting.

The members of the Supervisory Board, as at June 30, 2016, are listed below:

- › Dr Johannes Conradi (Chairman since May 12, 2016)
- › Mr Herrmann T. Dambach (Vice-Chairman)
- › Ms Stefanie Frensch (Member since May 12, 2016)
- › Mr Benoît Hérault
- › Mr Richard Mully
- › Ms Marianne Voigt
- › Mr Alexander Stuhlmann (Member and Chairman until May 12, 2016)

Hamburg, Germany, August 8, 2016

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 Group's net assets, its financial position and the results of its operations. Furthermore, we confirm that the group management report gives a true and fair view of business performance, including the results of the Group's operations and its economic position, and that it describes the Group's main opportunities and risks, as well as its anticipated development, in accordance with the applicable financial reporting framework.'

Hamburg, Germany, August 8, 2016

Olivier Elamine  
Chief Executive Officer

Alexander Dexne  
Chief Financial Officer

# REVIEW REPORT

To the alstria office REIT-AG, Hamburg

We have reviewed the condensed interim consolidated financial statements of the alstria office REIT-AG, Hamburg, comprising the condensed income statement, the condensed balance sheet, condensed statement of changes in equity, condensed cash flow statement and selected explanatory notes, together with the interim group management report of the alstria office REIT-AG, Hamburg, for the period from January 1, 2016 to June 30, 2016, that are part of the semi annual financial report pursuant to Article 37w paragraph 2 WpHG [Wertpapierhandelsgesetz: German Securities Trading Act]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review such that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with

our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Hamburg, August 8, 2016

Deloitte & Touche GmbH  
Wirtschaftsprüfungsgesellschaft

Signed Reiher  
Wirtschaftsprüfer  
[German Public Auditor]

Signed Deutsch  
Wirtschaftsprüferin  
[German Public Auditor]

**BUILDING YOUR FUTURE**



**alstria office REIT-AG**

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