

# HALF-YEAR FINANCIAL REPORT

as per June 30, 2017

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# GROUP FINANCIALS

EUR k	H1 2017	H1 2016	Change (%)
<b>Revenues and Earnings</b>			
Revenues	93,332	102,114	-8.6
Net rental income	83,101	89,870	-7.5
Consolidated profit for the period <sup>1)</sup>	78,579	52,824	48.8
FFO <sup>1)</sup>	56,603	57,361	-1.3
Earnings per share (EUR) <sup>1)</sup>	0.51	0.35	45.7
FFO per share (EUR) <sup>1)</sup>	0.37	0.37	0.0

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

EUR k	June 30, 2017	Dec. 31, 2016	Change (%)
<b>Balance Sheet</b>			
Investment property	3,210,792	2,999,099	7.1
Total assets	3,382,985	3,382,633	0.0
Equity <sup>1)</sup>	1,728,061	1,728,438	0.0
Liabilities	1,654,924	1,654,195	0.0
Net asset value (NAV) per share (EUR) <sup>1)</sup>	11.27	11.28	-0.1
Diluted NAV per share (EUR) <sup>1),2)</sup>	11.28	11.28	0.0
Net LTV (%)	45.0	40.9	4.1 pp

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

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

G-REIT Figures	June 30, 2017	Dec. 31, 2016	Change (%)
G-REIT equity ratio (%)	52.8	56.7	-3.9 pp
Revenues including other income from investment properties (%)	100	100	0.0 pp

EPRA <sup>1)</sup> Key Figures	H1 2017	H1 2016	Change (%)
EPRA earnings per share (EUR)	0.37	0.28	32.1
EPRA cost ratio A (%) <sup>2)</sup>	20.0	22.4	-2.4 pp
EPRA cost ratio B (%) <sup>3)</sup>	15.9	18.1	-2.2 pp

	June 30, 2017	Dec. 31, 2016	Change (%)
EPRA NAV per share (EUR)	11.30	11.31	-0.1
EPRA NNNNAV per share (EUR)	10.83	10.81	0.2
EPRA net initial yield (%)	5.0	5.0	0.0 pp
EPRA 'topped-up' net initial yield (%)	5.4	5.4	0.0 pp
EPRA vacancy rate (%)	9.3	9.2	0.1 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, 2017 <sup>1)</sup>	Dec. 31, 2016
Number of properties	119	108
Number of joint venture properties	1	1
Market value (EUR bn) <sup>2)</sup>	3.2	3.0
Annual contractual rent (EUR m)	203.5	188.4
Valuation yield (in %, contractual rent / market value)	6.4	6.2
Lettable area (m <sup>2</sup> )	1,636,000	1,524,300
Vacancy (% of lettable area) <sup>3)</sup>	11.0	11.3
WAULT (years)	4.9	4.9
Average rent/m <sup>2</sup> (EUR/month)	11.6	11.6

<sup>1)</sup> Including the new portfolio, transferred on July 1, 2017.

<sup>2)</sup> Including fair value of owner-occupied properties.

<sup>3)</sup> The contractual vacancy rate includes vacancies in assets of the Company's development pipeline.

### 1.2 REAL ESTATE OPERATIONS

Letting metrics	H1 2017	H1 2016	Change (m <sup>2</sup> )
New leases (m <sup>2</sup> ) <sup>1)</sup>	46,500	38,000	8,500
Renewals of leases (m <sup>2</sup> )	108,400	42,800	65,600
<b>Total</b>	<b>154,900</b>	<b>80,800</b>	<b>74,100</b>

<sup>1)</sup> New leases refer to letting of vacant space. This category does not include lease renewals, prolongations, or exercised renewal options.

Vacancy metrics	June 30, 2017	Dec. 31, 2016	Change
Vacancy rate (%) <sup>1)</sup>	11.0	11.3	-0.3 pp
EPRA vacancy rate (%)	9.3	9.2	0.1 pp
Vacancy (m <sup>2</sup> )	179,700	171,700	8,000
<i>thereof vacancy in develop- ment properties (m<sup>2</sup>)</i>	<i>31,400</i>	<i>35,200</i>	<i>-3,800</i>

<sup>1)</sup> Without assets held for sale.

In the first six months of fiscal year 2017, letting activities (as measured by new leases and lease extensions) were at a good level.

The signings of the following lease contracts had a substantial impact on the positive development of the new leases:

Asset	City	Area <sup>1)</sup> (m <sup>2</sup> )	Annual rent (EUR k)	Lease length (years)	Beginning of lease contract
Jagenbergstraße 1	Neuss	8,700 <sup>2)</sup>	810	10.5	May 1, 2017
Am Seestern 1	Düsseldorf	7,600	1,310	10.0	Dec. 1, 2017
Ernst-Merck-Straße 9	Hamburg	5,850	1,285	10.0	May 1, 2018 <sup>3)</sup>
Platz der Einheit 1	Frankfurt	2,250	515	5.0	July 1, 2017
Washingtonstraße 16/16a	Dresden	1,630	155	4.3	Sept. 1, 2017

<sup>1)</sup> Office and ancillary space.

<sup>2)</sup> Thereof 6,700 m<sup>2</sup> extension of an existing lease and 2,000 m<sup>2</sup> new lease.

<sup>3)</sup> Expected.

### 1.3 REGIONS AND TENANTS

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

Total portfolio by region (% of market value)	June 30, 2017	Dec. 31, 2016	Change (in pp)
Rhine-Ruhr	29	29	0
Hamburg	27	27	0
Rhine-Main	22	21	1
Stuttgart	13	14	-1
Berlin	4	3	1
Hanover	1	1	0
Saxony	1	1	0
Others	3	4	-1

Another main characteristic of alstria's portfolio is its focus on a small number of major tenants.

alstria's main tenants (% of annual rent)	June 30, 2017	Dec. 31, 2016	Change (in pp)
Stadt Hamburg	12	13	-1
Daimler AG	11	12	-1
GMG Generalmietgesellschaft	9	10	-1
Zürich Versicherung AG	4	5	-1
HOCHTIEF Aktiengesellschaft	4	4	0
Bilfinger SE	2	3	-1
Residenz am Dom gemeinn. Betriebsgesellschaft mbH	2	2	0
Württembergische Lebens- versicherung AG	1	1	0
Stadt Berlin	1	1	0
Others	54	49	5

In addition, the portfolio reflects alstria's clear focus on a particular asset class: office properties – 90 %\* of the total lettable area is office space.

## 1.4 TRANSACTIONS

alstria performed the following transactions in the first quarter of 2017:

Asset	City	Sale/ac- quisition 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>						
Max-Eyth-Straße 2	Dortmund	4,200	4	2.2	Oct. 14, 2016	Feb. 28, 2017
Zellescher Weg 21 – 25 a	Dresden	10,500	695	2.0	Dec. 15, 2016	Feb. 1, 2017
<b>Total Disposals</b>		<b>14,700</b>	<b>699</b>			
<b>Acquisitions</b>						
Friedrich-List-Straße 20	Essen	18,500	1,478	3.0	Mar. 2, 2017	Apr. 22, 2017
<b>New Portfolio</b>						
Am Borsigturm 13 – 19, 27 – 33	Berlin		1,277	2.9	Apr. 24, 2017	July 1, 2017
Am Borsigturm 44 – 46, 52 – 54	Berlin		761	3.1	Apr. 24, 2017	July 1, 2017
Rankestraße 17 / Schaperstraße 12	Berlin		476	4.3	Apr. 24, 2017	July 1, 2017
Willstätterstraße 11 – 15	Düsseldorf		2,301	3.2	Apr. 24, 2017	July 1, 2017
Immermannstraße 59 / Karlstraße 76	Düsseldorf		962	4.3	Apr. 24, 2017	July 1, 2017
Kanzlerstraße 8	Düsseldorf		951	2.4	Apr. 24, 2017	July 1, 2017
Am Wehrhan 28 – 30	Düsseldorf		382	6.8	Apr. 24, 2017	July 1, 2017
D2-Park 5	Ratingen		669	1.5	Apr. 24, 2017	July 1, 2017
Essener Bogen 6 a – d	Hamburg		705	5.2	Apr. 24, 2017	July 1, 2017
Essener Straße 97	Hamburg		148	2.3	Apr. 24, 2017	July 1, 2017
Heidenkampsweg 44 – 46	Hamburg		348	2.8	Apr. 24, 2017	July 1, 2017
Heidenkampsweg 99 – 101	Hamburg		897	3.9	Apr. 24, 2017	July 1, 2017
<b>Total New Portfolio</b>		<b>158,500</b>				
<b>Total Acquisitions</b>		<b>177,000</b>	<b>11,355</b>			

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

<sup>2)</sup> At the time of the signing of the sales and purchase agreement.

\* Office and storage space.

## 2. EARNINGS POSITION

### 2.1 REVENUES

Revenues amounted to EUR 93,332 k in the first half of 2017 and thus decreased compared to the respective prior year period by EUR 8,782 k (H1 2016: EUR 102,114 k). The decrease mainly results from the disposal of assets in 2016. Thus, net rental income of the Group decreased by EUR 6,769 k to EUR 83,101 k.

### 2.2 REAL ESTATE OPERATING EXPENSES

Real estate operating expenses amounted to EUR 9,960 k during the reporting period (H1 2016: EUR 11,898 k). The expense ratio decreased slightly from 11.7% in H1 2016 to 10.7% in H1 2017. This was mainly due to fire-protection measures that needed to be implemented in two assets from the Deutsche Office portfolio in the first half of 2016.

### 2.3 ADMINISTRATIVE AND PERSONNEL EXPENSES

Administrative expenses amounted to EUR 4,232 k (H1 2016: EUR 5,571 k). The main drivers for the decrease in administrative expenses were the synergy effects resulting from the consolidation of Deutsche Office and higher legal and advisory costs related to the higher amount of property disposals in 2016.

Personnel expenses were at EUR 6,245 k, as compared to EUR 6,625 k in the first half of 2016. The main reason for the slight decrease in personnel expenses was the remuneration for virtual shares which decreased by EUR 661 k to EUR 285 k. This effect was slightly levelled by the increase in salaries and bonuses by EUR 186 k to EUR 4,161 k, due to an increased number of employees in the first half of 2017 compared to the first half of 2016.

### 2.4 OTHER OPERATING RESULT

The other operating result amounted to EUR 1,447 k in the first half of 2017 (H1 2016: EUR –4,808 k). An increase in income by EUR 4,959 k resulted mainly from a compensation payment by a tenant in the amount of EUR 5,000 k. Furthermore, the expenses in the previous year were burdened by legal and advisory costs due to the takeover of the Deutsche Office.

### 2.5 GAIN FROM DISPOSAL OF INVESTMENT PROPERTY

The result from the sale of investment property decreased over the previous year by EUR 21,796 k.

## 2.6 FINANCIAL RESULT

The significant improvement in the net financial result by EUR 9,950 k is the result of the refinancing activities in the financial years 2015 and 2016, which led to a reduction in the average interest rate as well as to a lower level of indebtedness (LTV) (for further information, please see section 3.2, 'Financial Liabilities').

EUR k	H1 2017	H1 2016
Interest expenses, corporate bonds	-11,754	-8,590
Interest expenses, convertible bond	-2,607	-2,519
Interest expenses, other loans	-1,618	-2,395
Interest result Schuldschein	-1,591	-466
Interest expenses, Deutsche Office portfolio loans	-93	-7,634
Interest result derivatives	-7	-204
Interest expenses, syndicated loan	0	-3,973
Other interest expenses	-194	0
<b>Financial expenses</b>	<b>-17,864</b>	<b>-25,781</b>
Financial income/interest income	458	169
Other financial expenses	-193	-1,937
<b>Net financial result</b>	<b>-17,599</b>	<b>-27,549</b>

Other financial expenses in the previous year relate mainly to prepayment fees for the termination of some Deutsche Office 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 -2,884 k in the period from January 1 to June 30, 2017 (please refer to section 3.3 for further details). The valuation loss essentially results from the derivative embedded in the issued convertible bond. The valuation loss of the embedded derivative is based on the positive development of alstria's share price during the first half-year, which increases the market value of the potential repayment obligation in the event of the conversion of the convertible bond. This is reflected in the negative market value of the embedded derivative.



## 2.8 FUNDS FROM OPERATIONS (FFO)

EUR k	H1 2017	H1 2016
<b>Pre-tax income (EBT)</b>	<b>78,876</b>	<b>56,475</b>
Net profit/loss from fair value adjustments on financial derivatives	2,884	12,793
Profit/loss from the disposal of investment properties	-1,177	-22,973
Fair value and other adjustments in joint venture	-23,296	0
Other adjustments <sup>1)</sup>	1,481	13,868
<b>Funds from operations (FFO)<sup>2)</sup></b>	<b>58,768</b>	<b>60,164</b>
Attributable to minority shareholders	2,165	2,803
<b>Attributable to alstria office REIT-AG shareholders</b>	<b>56,603</b>	<b>57,361</b>
Maintenance and re-letting	-18,073	-10,049
<b>Adjusted funds from operations (AFFO)<sup>3)</sup></b>	<b>38,530</b>	<b>47,312</b>
Number of shares (k)	153,342	153,231
FFO per share (EUR k)	0.37	0.37

<sup>1)</sup> This is noncash income or expenses plus nonrecurring effects. The main effects in the first two quarters of 2016 were costs related to the takeover of alstria office Prime (EUR 4,416 k). The main effects in the first two quarters of 2017 were an other operating income from a compensation payment by a tenant (EUR 5,000 k), expenses for the valuation of the limited partner capital (EUR 3,946 k), as well as costs related to the takeover of alstria office Prime (EUR 930 k).

<sup>2)</sup> (A)FFO is not a measure of operating performance or liquidity under generally accepted accounting principles, in particular IFRS, and it 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, alstria's (A)FFO values and the measures with similar names presented by other companies may not be comparable.

<sup>3)</sup> AFFO is equal to FFO after adjustments are made for capital expenditures used to maintain the quality of the underlying investment portfolio and expenses for lease-ups.

## 2.9 CONSOLIDATED NET RESULT

alstria's consolidated net result amounted to EUR 78,579 k in the period under review, as compared to the first half of 2016 (H1 2016: EUR 56,454 k). Lower financial expenses as well as an improved net loss from fair value adjustments on financial derivatives and an improved share of the result of joint venture contributed substantially to the increase of the consolidated net result of the Group (for further information, please refer to section 5.1, 'Recent Developments'). Undiluted earnings per share amounted to EUR 0.51 in the first six months of 2017 (H1 2016: EUR 0.35 per share).

### 3. FINANCIAL AND ASSET POSITION

#### 3.1 INVESTMENT PROPERTIES

EUR k

<b>Investment properties as of December 31, 2016</b>	<b>2,999,099</b>
Investments	25,224
Acquisitions	19,783
Disposals	0
Reclassifications	-1,153
Net loss/gain from fair value adjustments on investment properties	0
<b>Property portfolio as of June 30, 2017</b>	<b>3,042,953</b>
Prepayments	167,839
<b>Investment properties as of June 30, 2017</b>	<b>3,210,792</b>
Carrying amount of owner occupied properties	7,065
Fair value of properties held for sale	0
Interests in joint ventures	54,502
<b>Carrying amount of immovable assets</b>	<b>3,272,359</b>
Adjustments to fair value of owner occupied properties	1,469
<b>Fair value of immovable assets</b>	<b>3,273,828</b>

The prepayments in the amount of EUR 167,839 k refer to the acquisition of the new portfolio of 12 properties purchased in April 2017. The transfers of benefits and burdens took place on July 1, 2017, after the reporting period (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 2016.

### 3.2 FINANCIAL LIABILITIES

On June 15, 2017, alstria concluded a loan agreement for an unsecured revolving credit line in the nominal amount of EUR 100 million. As of June 29, 2017, EUR 30 million of the EUR 100 million were drawn down in order to partly finance the new Portfolio.

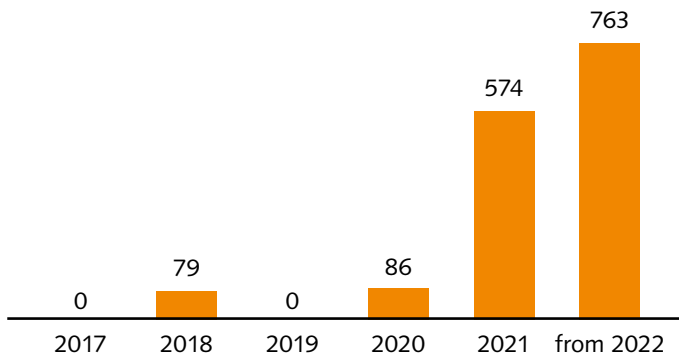
As of June 30, 2017, the loan agreements in place and the respective amounts drawn were as follows:

Liabilities	Maturity	Principal amount drawn as of June 30, 2017 (EUR k)	LTV as of June 30, 2017 (%)	LTV covenant (%)	Principal amount drawn as of Dec. 31, 2016 (EUR k)
Loan #1	June 28, 2024	67,000	39.1	65.0	67,000
Loan #2	Apr. 30, 2021	58,435	48.6	64.0	58,896
Loan #3	Mar. 28, 2024	45,900	47.0	75.0	56,500
Loan #4	June 30, 2026	56,000	44.0	65.0	56,000
Loan #5	July 31, 2021	15,190	50.3	60.0	15,268
<b>Total secured loans</b>		<b>242,525</b>	<b>44.4</b>	<b>–</b>	<b>253,664</b>
Bond #1	Mar. 24, 2021	500,000	–	–	500,000
Bond #2	Apr. 12, 2023	500,000	–	–	500,000
Convertible bond	June 14, 2018	79,200	–	–	79,200
Schuldschein 10 y/fix	May 6, 2026	40,000	–	–	40,000
Schuldschein 7 y/fix	May 8, 2023	37,000	–	–	37,000
Schuldschein 4 y/fix	May 6, 2020	38,000	–	–	38,000
Schuldschein 7 y/variable	May 8, 2023	17,500	–	–	17,500
Schuldschein 4 y/variable	May 6, 2020	17,500	–	–	17,500
Revolving credit line	June 15, 2020	30,000	–	–	–
<b>Total unsecured loans</b>		<b>1,259,200</b>	<b>–</b>	<b>–</b>	<b>1,229,200</b>
<b>Total</b>		<b>1,501,725</b>	<b>49.9</b>	<b>–</b>	<b>1,482,864</b>
<b>Net LTV</b>			<b>45.0</b>		

	June 30, 2017	December 31, 2016
Average term to maturity of loans/bonds/convertible bond (years)	4.9	5.4

### Maturity profile of financial debt<sup>1)</sup>

as of June 30, 2017 in EUR million



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

	H1 2017	H1 2016
Average cost of debt (% p.a.)	2.0	2.3

### 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%

On June 15, 2017, alstria concluded a contract for an unsecured revolving credit line in the amount of EUR 100 million. As of June 30 2017, EUR 30 million of the EUR 100 million were drawn.

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

EUR k	June 30, 2017
Consolidated Net Financial Indebtedness as of the reporting date	1,442,767
Net Financial Indebtedness incurred since the reporting date	–
<b>Sum Consolidated Net Financial Indebtedness</b>	<b>1,442,767</b>
Total Assets as of the reporting date (less cash)	3,331,187
Purchase price of any Real Estate Property acquired or contracted for acquisition since the reporting date	–
Proceeds of any Financial Indebtedness incurred since the reporting date that were not used to acquire Real Estate Property or to reduce Financial Indebtedness	–
<b>Sum Total Assets</b>	<b>3,331,187</b>
<b>Ratio of the Consolidated Net Financial Indebtedness over Total Assets (max. 60%)</b>	<b>43%</b>

EUR k	June 30, 2017
Secured Consolidated Net Financial Indebtedness as of the reporting date	233,260
Secured Net Financial Indebtedness incurred since the reporting date	–
<b>Sum Secured Consolidated Net Financial Indebtedness</b>	<b>233,260</b>
Total Assets as of the reporting date (less cash attributable to secured debt)	3,374,611
Purchase price of any Real Estate Property acquired or contracted for acquisition since the reporting date	–
Proceeds of any Financial Indebtedness incurred since the reporting date that were not used to acquire Real Estate Property or to reduce Financial Indebtedness	–
<b>Sum Total Assets</b>	<b>3,374,611</b>
<b>Ratio of the Secured Consolidated Net Financial Indebtedness over Total Assets (max. 45%)</b>	<b>7%</b>

EUR k	June 30, 2017
Value of Unencumbered Real Estate Property	2,657,799
Value of all other assets	76,041
<b>Unencumbered Assets as of the Reporting Date</b>	<b>2,733,840</b>
Net Unencumbered Assets recorded since the Reporting Date	–
<b>Sum Unencumbered Assets</b>	<b>2,733,840</b>
Unsecured Consolidated Net Financial Indebtedness as of the Reporting Date	1,135,956
Net Unsecured Financial Indebtedness incurred since the Reporting Date	–
<b>Sum Unsecured Consolidated Net Financial Indebtedness</b>	<b>1,135,956</b>
<b>Ratio of Unencumbered Assets over Unsecured Consolidated Net Financial Indebtedness (min. 150%)</b>	<b>241%</b>

Furthermore, 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 calculation and publication of the ratio should be done at every reporting date and starting after the fifth reporting date following the issuance of the bond, first in the annual report 2016.

EUR k	Q3 2016–Q2 2017 cumulative
<b>Earnings Before Interest and Taxes (EBIT)</b>	<b>256,939</b>
Net profit/loss from fair value adjustments to investment properties	–72,806
Net profit/loss from fair value adjustments to financial derivatives	–1,809
Profit/loss from the disposal of investment properties	–3,669
Other adjustments <sup>1)</sup>	4,511
Fair value and other adjustments in joint venture	–27,154
<b>Consolidated Adjusted EBITDA</b>	<b>156,012</b>
Cash interest and other financing charges	–27,135
One-off financing charges	–
<b>Net Cash Interest</b>	<b>–27,135</b>
<b>Consolidated Coverage Ratio (min. 1.80 to 1.00)</b>	<b>5.75</b>

<sup>1)</sup> Depreciation and amortisation and nonrecurring or exceptional items.

As of June 30, 2017, no covenants under the loan agreements and / or the terms and conditions of the bonds / the Schuldschein have been breached.

### 3.3 DERIVATIVES

The following derivative financial instruments were in place at the end of the reporting period:

Product	Strike p.a. (%)	Maturity date	June 30, 2017		December 31, 2016	
			Notional (EUR k)	Fair value (EUR k)	Notional (EUR k)	Fair value (EUR k)
Cap	0.2500	Dec. 31, 2017	340,000	0	340,000	5
Cap	3.0000	Sept. 30, 2019	50,250	4	50,250	10
<b>Financial derivatives – held for trading</b>			<b>390,250</b>	<b>4</b>	<b>390,250</b>	<b>15</b>
Cap	3.0000	Mar. 29, 2024	0	0	10,900	50
Cap	3.0000	Apr. 30, 2021	46,748	34	47,116	46
Cap	3.0000	Dec. 17, 2018	56,000	1	56,000	3
<b>Financial derivatives – cash flow hedges</b>			<b>102,748</b>	<b>35</b>	<b>114,016</b>	<b>99</b>
<b>Total interest rate derivatives</b>			<b>492,998</b>	<b>39</b>	<b>504,266</b>	<b>114</b>
Embedded derivative	n/a	June 14, 2018	8,607 <sup>1)</sup>	–22,967	8,408 <sup>1)</sup>	–20,099
<b>Total</b>				<b>–22,928</b>		<b>–19,985</b>

<sup>1)</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, 2016:

EUR k	Financial assets		Financial liabilities		Total
	Noncurrent	Current	Noncurrent	Current	
<b>Hedging instruments as of January 1, 2017</b>	<b>109</b>	<b>5</b>	<b>-20,099</b>	<b>0</b>	<b>-19,985</b>
Ineffective change in fair values cash flow hedges	-4	0	0	0	-4
Net result from fair value changes in financial derivatives not qualifying for cash flow hedging	-7	-5	-2,868	0	-2,880
Termination	-59	0	0	0	-59
Reclassification due to change of maturity	0	0	22,967	-22,967	0
<b>Hedging instruments as of June 30, 2017</b>	<b>39</b>	<b>0</b>	<b>0</b>	<b>-22,967</b>	<b>-22,928</b>

Overall, ineffective value losses (EUR -4 k) and losses on hedges not qualified for cash flow hedging (EUR -2,880 k) resulted in a total loss of EUR 2,884 k (H1 2016: loss of EUR 12,793 k), which is presented as the net result from fair value adjustments to financial derivatives in the income statement. For a detailed description of the hedging instruments, please refer to the appendix of the consolidated financial report as of December 31, 2016.

### 3.4 CASH POSITION

Cash and cash equivalents decreased in the amount of EUR 195,691 k from EUR 247,489 k to EUR 51,798 k in the reporting period. The decrease primarily resulted from investing activities from the acquisition and sale of investment properties in the net amount of EUR 168,160 k. The net cash used in financing activities was mainly affected by the dividend payment of EUR 79,680 k while refinancing activities nearly balanced. A positive cash flow of EUR 50,184 k was generated from operating activities.

### 3.5 EQUITY METRICS

Equity metrics	June 30, 2017	Dec. 31, 2016	Change
Equity (EUR k)	1,728,061	1,728,438	0.0%
NAV per share (EUR)	11.27	11.28	-0.1%
Equity ratio (%)	51.1	51.1	0.0 pp
G-REIT equity ratio (%) <sup>1)</sup>	52.8	56.7	-3.9 pp

<sup>1)</sup> This is defined as total equity divided by the carrying amount for immovable assets. The minimum requirement according to G-REIT regulations is 45%.

Compared to December 31, 2016 equity slightly decreased to EUR 1,728,061 k as of June 30, 2017. The dividend payment in May 2017 led to a decrease of EUR 79,680 k. For the most part the decrease was compensated by the profit of the period in the amount of EUR 78,579 k (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 2016. There have been no changes to the status presented in that report.

## 5. RECENT DEVELOPMENTS AND FINANCIAL TARGETS

### 5.1 RECENT DEVELOPMENTS

On April 24, 2017, alstria signed an agreement for the acquisition of a portfolio of 12 office buildings in Hamburg, Düsseldorf or Ratingen, and Berlin for a total consideration of EUR 168.5 million. The transfers of benefits and burdens took place on July 1, 2017.

On July 17, 2017, alstria announced the signature of a new lease with the state of Baden-Württemberg for 8,400 m<sup>2</sup> office and ancillary space for its asset Hauptstätter Straße 65–67 in Stuttgart. The new lease contract is expected to start on January 1, 2018, and has a maturity of ten years. With the conclusion of the contract the asset is fully let.



On July 18, 2017, Alstria VI. Hamburgische Grundbesitz GmbH & Co. KG, a 49/51 percent joint venture between alstria office REIT-AG and Quantum Immobilien AG, agreed on the sale of its property 'Kaisergalerie' (Grosse Bleichen 23–27, Hamburg) for a total consideration of EUR 170 million. The final closing is expected to take place until the end of financial year 2017.

Please refer to the table on page 6 for more details regarding the transactions that took place in the current fiscal year 2017.

## 5.2 FINANCIAL TARGETS

alstria proactively focuses on the following key financial performance indicators: revenues and FFO. Revenues mainly comprise rental income derived from the Company's leasing activities. FFO is the operating result and is derived from real estate management. It excludes valuation effects and other adjustments, such as non-cash expenses/income and non-recurring effects.\*

The first half of financial year 2017 proceeded as expected. alstria's original revenue and FFO forecasts for 2017 increase in the most part due to the transfer of benefits and burdens of the new portfolio as of July 1, 2017. As a result, the revenue forecast increases by EUR 8 million from EUR 185 million to EUR 193 million for financial year 2017. As a consequence, the FFO forecast increases by EUR 5 million from EUR 108 million to EUR 113 million. Any other forecasts or statements presented in the annual statement 2016 regarding the prospective development of the Company for financial year 2017 have not changed substantially.

## 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 section 2.8.

# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

for the period from January 1 to June 30, 2017

EUR k	Notes	Q2 2017	Q2 2016	H1 2017	H1 2016
Revenues		47,922	51,048	93,332	102,114
Income less expenses from passed on operating expenses		-363	-5	-271	-346
Real estate operating costs		-4,644	-6,359	-9,960	-11,898
<b>Net Rental Income</b>		<b>42,915</b>	<b>44,685</b>	<b>83,101</b>	<b>89,870</b>
Administrative expenses		-2,295	-3,561	-4,232	-5,571
Personnel expenses	6.1	-3,794	-3,238	-6,245	-6,625
Other operating income	6.2	5,311	551	7,280	2,321
Other operating expenses	6.2	-2,430	-5,276	-5,833	-7,129
Gain on disposal of investment property	7.1	11	22,984	1,177	22,973
<b>Net Operating Result</b>		<b>39,718</b>	<b>56,145</b>	<b>75,248</b>	<b>95,839</b>
Net financial result	6.3	-8,975	-14,911	-17,599	-27,549
Share of the result of joint venture		23,788	585	24,111	978
Net loss/gain from fair value adjustments on financial derivatives	8.3	-6,562	95	-2,884	-12,793
<b>Pre-Tax Income (EBT)</b>		<b>47,969</b>	<b>41,914</b>	<b>78,876</b>	<b>56,475</b>
Income tax expense	6.4	-287	-63	-297	-21
<b>Consolidated Profit for the period</b>		<b>47,682</b>	<b>41,851</b>	<b>78,579</b>	<b>56,454</b>
Attributable to:					
Owners of the company		47,682	39,201	78,579	52,824
Noncontrolling interest		0	2,650	0	3,630
<b>Earnings per share in EUR</b>					
<i>based on the profit attributable to alstria's shareholders</i>					
Basic earnings per share	6.5	0.31	0.26	0.51	0.35
Diluted earnings per share	6.5	0.30	0.25	0.49	0.34

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to June 30, 2017

EUR k	Notes	Q2 2017	Q2 2016	H1 2017	H1 2016
<b>Consolidated Profit for the period</b>		<b>47,682</b>	<b>41,851</b>	<b>78,579</b>	<b>56,454</b>
Items which might be reclassified to the income statement in a future period:					
<i>Reclassification from Cashflow Hedging Reserve</i>		0	249	0	270
<b>Other Comprehensive Result for the period</b>		<b>0</b>	<b>249</b>	<b>0</b>	<b>270</b>
<b>Total Comprehensive Result for the period</b>		<b>47,682</b>	<b>42,100</b>	<b>78,579</b>	<b>56,724</b>
<b>Total comprehensive profit attributable to:</b>					
Owners of the company		47,682	39,450	78,579	53,094
Noncontrolling interest		0	2,650	0	3,630

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as of June 30, 2017

**ASSETS**

EUR k	Notes	June 30, 2017	Dec. 31, 2016
<b>Non-Current Assets</b>			
Investment property	7.1	3,210,792	2,999,099
Equity-accounted investments		54,502	30,381
Property, plant and equipment		7,998	6,858
Intangible assets		255	329
Financial assets	7.3	34,803	34,803
Derivatives	8.3	39	109
<b>Total Non-Current Assets</b>		<b>3,308,389</b>	<b>3,071,579</b>
<b>Current Assets</b>			
Trade receivables		9,597	7,257
Derivatives	8.3	0	5
Tax receivables		25	25
Other receivables		13,176	41,578
Cash and cash equivalents	7.2	51,798	247,489
<i>thereof restricted</i>		0	0
Assets held for sale		0	14,700
<b>Total Current Assets</b>		<b>74,596</b>	<b>311,054</b>
<b>Total Assets</b>		<b>3,382,985</b>	<b>3,382,633</b>

## EQUITY AND LIABILITIES

EUR k	Notes	June 30, 2017	Dec. 31, 2016
<b>Equity</b>			
Share capital		153,342	153,231
Capital surplus		1,355,745	1,434,812
Retained earnings		218,974	140,395
<b>Total Equity</b>	8.1	<b>1,728,061</b>	<b>1,728,438</b>
<b>Non-Current Liabilities</b>			
Liabilities minority interests		48,817	58,458
Long-term loans, net of current portion	8.2	1,408,335	1,466,521
Derivatives		0	20,099
Other provisions		833	1,313
Other liabilities		3,617	2,808
<b>Total Non-Current Liabilities</b>		<b>1,461,602</b>	<b>1,549,199</b>
<b>Current Liabilities</b>			
Liabilities minority interests		9,500	12,966
Short-term loans	8.2	86,230	19,330
Trade payables		7,144	4,584
Profit participation rights	12	551	421
Derivatives	8.3	22,967	0
Liabilities of current tax		20,381	20,104
Other provisions		2,029	2,257
Other current liabilities		44,520	45,334
<b>Total Current Liabilities</b>		<b>193,322</b>	<b>104,996</b>
<b>Total Liabilities</b>		<b>1,654,924</b>	<b>1,654,195</b>
<b>Total Equity and Liabilities</b>		<b>3,382,985</b>	<b>3,382,633</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

for the period from January 1 to June 30, 2017

EUR k	Notes	H1 2017	H1 2016
<b>1. Operating activities</b>			
Consolidated profit for the period		78,579	56,454
Interest income	6.3	-458	-169
Interest expense	6.3	18,057	27,718
Result from income taxes	6.4	287	21
Unrealized valuation movements		-17,441	11,815
Other non-cash expenses (+)/income(-)		1,257	-3,018
Gain (-)/Loss (+) on disposal of fixed assets		-1,177	-22,983
Depreciation and impairment of fixed assets (+)		252	335
Decrease (+)/Increase (-) in trade receivables and other assets that are not attributed to investing or financing activities		811	-1,074
Decrease (-)/increase (+) in trade payables and other liabilities that are not attributed to investing or financing activities		-2,085	2,884
<b>Cash generated from operations</b>		<b>78,082</b>	<b>71,982</b>
Interest received		458	45
Interest paid		-28,345	-27,428
Income tax received (+)/paid (-)		-11	32
<b>Net cash generated from operating activities</b>		<b>50,184</b>	<b>44,631</b>
<b>2. Investing activities</b>			
Acquisition of investment properties	7.1	-212,849	-15,851
Proceeds from sale of investment properties	7.1	44,852	77,398
Payment of transaction cost in relation to the sale of investment properties		0	-575
Acquisition of other property, plant and equipment		-163	-194
Payments for investment in equity interests		0	-34,803
<b>Net cash used in / generated from investing activities</b>		<b>-168,160</b>	<b>25,975</b>

EUR k	Notes	H1 2017	H1 2016
<b>3. Financing activities</b>			
Cash received from equity contributions	8.1	0	34,803
Payment for the acquisition of minority interests		-16,957	-113
Proceeds from the issue of bonds and borrowings	8.2	30,000	150,000
Proceeds from the issue of a company bond	8.2	0	500,000
Payments of transaction costs		0	-6,817
Payments of dividends	9	-79,680	-76,564
Payments of the redemption of bonds and borrowings		-11,137	-961,682
Payments for the acquisition / redemption / adjustment of financial derivatives		59	-4,668
<b>Net cash used in financing activities</b>		<b>-77,715</b>	<b>-365,041</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)		-195,691	-294,435
Cash and cash equivalents at the beginning of the period		247,489	460,253
<b>Cash and cash equivalents at the end of the period</b> <i>(thereof restricted: EUR 0; previous year: EUR 0)</i>	7.2	<b>51,798</b>	<b>165,818</b>
<i>(thereof cash in disposal group)</i>		0	76
<b>Cash and cash equivalents reported on the balance sheet</b>		<b>51,798</b>	<b>165,742</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period from January 1 to June 30, 2017

EUR k	Notes	Share capital	Capital surplus	Hedging reserve	Retained earnings	Equity of alstria shareholders	Non-controlling interests	Total Equity
<b>As of Jan. 1, 2017</b>		<b>153,231</b>	<b>1,434,812</b>	<b>0</b>	<b>140,395</b>	<b>1,728,438</b>	<b>0</b>	<b>1,728,438</b>
Changes H1 2017								
Consolidated profit		0	0	0	78,579	78,579	0	78,579
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>78,579</b>	<b>78,579</b>	<b>0</b>	<b>78,579</b>
Payments of dividends	9	0	-79,680	0	0	-79,680	0	-79,680
Share-based remuneration	12	0	502	0	0	502	0	502
Conversion of convertible participation rights	8.1	111	111	0	0	222	0	222
<b>As of June 30, 2017</b>	<b>8.1</b>	<b>153,342</b>	<b>1,355,745</b>	<b>0</b>	<b>218,974</b>	<b>1,728,061</b>	<b>0</b>	<b>1,728,061</b>

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 Jan. 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>
Changes in H1 2016								
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		964	10,847	0	0	11,811	-11,811	0
Change of minority interest share within equity due to the sale of minority share		0	0	0	0	0	34,803	34,803
Change of minority interest share within equity due to the purchase of minority shares		0	0	0	0	0	-113	-113
Share-based remuneration for convertible participation rights	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>



# NOTES

## 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, 2016.

The condensed interim consolidated financial statements for the period from January 1, 2017, to June 30, 2017 (hereinafter referred to as the 'consolidated interim financial statements'), were authorised for publication by a resolution of the Company's Management Board on August 7, 2017.

## 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 of December 31, 2016.

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

## 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, 2016.

Additional new standards, interpretations and amendments to standards and interpretations that would have been mandatory for the financial reporting period beginning on January 1, 2017 do not exist.

The following new standards, interpretations and amendments to the published standards have been issued, but they are not in effect for the 2017 financial year and have not been applied by the Group prior to becoming mandatory:

<b>EU Endorsement until June 30, 2017</b>	<b>Standard/ Interpre- tation</b>	<b>Content</b>	<b>Applicable for f / y beginning on / after</b>	<b>Effects</b>
Nov. 22, 2016	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	n/a
Sep. 22, 2016	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
Not yet endorsed	IFRS 17	New standard 'Insurance contracts'	Jan. 1, 2021	Under review
Not yet endorsed	Amendments to IFRS 2	Classification and measurement of share-based payment transactions	Jan. 1, 2018	No material effects
Not yet endorsed	Amendments to IFRS 4	Applying IFRS 9 financial instruments with IFRS 4 insurance contracts	Jan. 1, 2018	No material 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 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
Not yet endorsed	Amendments to IAS 40	Transfers of investment property	Jan. 1, 2018	Under review
Not yet endorsed	Annual Improvements to IFRSs	Improvements to IFRSs 2014 – 2016	Jan. 1, 2017/ Jan. 1, 2018	None
Not yet endorsed	IFRIC 22	Foreign currency transactions and advance consideration	Jan. 1, 2018	None
Not yet endorsed	IFRIC 23	Uncertainty over income tax treatment	Jan. 1, 2019	Under review
Clarifications	IFRS 15	Clarifications issued for IFRS 15, 'Revenue from Contracts with Customers'	Jan. 1, 2018	None

Between December 31, 2016, and the date on which these interim consolidated financial statements were prepared the IASB issued the new standard IFRS 17 'Insurance contracts' and the interpretation IFRIC 23 'Uncertainty over income tax treatment'. Further standards, interpretations or amendments to published standards and interpretations were not published by the IASB during this period.

#### 4 CONSOLIDATED GROUP

Following the disposal of their real estate property five Group companies were merged into their parent company during the reporting period. In addition, all companies so far incorporated as companies with limited liability ['Gesellschaft mit beschränkter Haftung' or 'GmbH'] holding real estate property were transferred into the legal form of a limited liability partnership ['GmbH & Co. Kommanditgesellschaft' or 'GmbH & Co. KG']. The registration of the relevant changes of form in the commercial register also took place in the first half year of the 2017 financial year.

There have been no further changes to the consolidated Group since the preparation of the consolidated financial statements as of December 31, 2016.

#### 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

##### 6.1 PERSONNEL EXPENSES

EUR k	H1 2017 (unaudited)	H1 2016 (unaudited)
Salaries and wages	3,451	3,348
Social insurance contribution	643	567
Bonuses	994	1,019
Expenses for share-based compensation	948	1,488
<i>thereof relating to virtual shares</i>	285	946
<i>thereof relating to convertible profit participation certificates</i>	663	542
Amounts for retirement provisions and disability insurance for the members of the Management Board	122	121
Other	87	82
<b>Total</b>	<b>6,245</b>	<b>6,625</b>

## 6.2 OTHER OPERATING EXPENSES

The increase in other operating income relates in particular to higher compensation payments made by tenants in the course of lease termination.

Other operating expenses are down, as higher sums were recorded in the previous year as a result of the takeover of the former DO Deutsche Office AG, and these sums were no longer at this scale. Other operating expenses for the reporting period mainly comprise the valuation result for the valuation of the liability for non-controlling interests limited partnership capital.

## 6.3 FINANCIAL RESULT

For details on the net financial results and on the loans' development, please refer to the sections '2.6 Financial result' and '3.2 Financial liabilities' 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). With the change of legal form of the alstria office Prime companies, with a tax effect in the 2016 financial year, the alstria office Prime Group was transferred to the tax-exempt REIT structure.

Tax payment obligations may arise for affiliates serving as general partners in a partnership or for REIT service companies as well as on the basis of tax field audits for fiscal periods before inclusion in the REIT structure.

## 6.5 EARNINGS PER SHARE

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

<b>Basic earnings per share</b>	<b>H1 2017 (unaudited)</b>	<b>H1 2016 (unaudited)</b>
Profit attributable to shareholders (EUR k)	78,579	52,824
Average number of outstanding shares (thousands)	153,241	152,387
Basic earnings per share (EUR)	0.51	0.35

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

<b>Diluted earnings per share</b>	<b>H1 2017 (unaudited)</b>	<b>H1 2016 (unaudited)</b>
Diluted profit attributable to shareholders (EUR k)	79,659	53,904
Average number of diluted shares (thousands)	161,848	160,803
Diluted earnings per share (EUR)	0.49	0.34

## 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 of December 31, 2016. For a detailed description of the process for determining the asset value, please refer to Section 2.4 of the consolidated financial statements as of December 31, 2016. A reconciliation of the changes in investment properties since December 31, 2016, can be found on page 10 of the interim consolidated financial statements as of June 30, 2017.

In the first half of the year 2017, alstria office REIT-AG signed notary agreements for the acquisition of 13 investment properties. One of the properties was transferred to alstria until the end of the reporting period. For the remaining twelve properties, the transfer of benefit and burden was carried out on July 1, 2017.

In addition, two 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 51,798 k. This amount is not subject to any restrictions.

### 7.3 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 2017 resulted in the issuance of 111,000 new shares by making use of the conditionally increased capital provided for such purposes. The share capital increased by EUR 111,000 to EUR 153,342,217. As of June 30, 2017, it is represented by 153,342,217 no par value bearer shares.

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

### Capital reserve

The share premium resulting from the conversion of 111,000 profit participation rights resulted in an increase in capital reserves of EUR 111 k.

### Treasury shares

As of June 30, 2017, the Company held no treasury shares.

## 8.2 FINANCIAL LIABILITIES

As of June 30, 2017, alstria's total interest bearing debt, which consists of corporate bonds, loan balances drawn and convertible bonds, amounted to EUR 1,501,725 k (as at December 31, 2016, it was EUR 1,482,864 k). The lower carrying amount of EUR 1,494,565 k (non-current: EUR 1,408,335 k; current: EUR 86,230 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, a loan agreement for a revolving credit facility of EUR 100,000 k was entered into to serve for general corporate finance purposes as well as the financing of the acquisition of real estate property. As of June 30, 2017, the loan was drawn in an amount of EUR 30,000 k.

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 2017 (see page 11) and to Section 7.3 of the consolidated financial statements as December 31, 2016.

## 8.3 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments comprise interest 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 14 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

	H1 2017 (unaudited)	H1 2016 (unaudited)
Dividends on ordinary shares <sup>1)</sup> in EUR k (not recognised as a liability as at June 30)	79,680	76,564
Dividend per share (EUR)	0.52	0.50

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

The alstria office REIT-AG Annual General Meeting, held on May 16, 2017, resolved to distribute dividends totalling EUR 79,680 k (EUR 0.52 per outstanding share). The dividends were distributed on May 19, 2017.

## 10 EMPLOYEES

In the period from January 1 to June 30, 2017, the Company had, on average, 118 employees (average for January 1 to June 30, 2016: 99 people). The average number of employees was calculated based on the total number of employees at the end of each month. On June 30, 2017, 117 people (December 31, 2016: 114 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, 2017, is shown in the following table:

Number of virtual shares	H1 2017 (unaudited)		H1 2016 (audited)	
	LTI	STI	LTI	STI
<b>As at Jan. 1</b>	<b>312,104</b>	<b>20,580</b>	<b>335,740</b>	<b>20,516</b>
Granted in the reporting period	69,444	9,349	68,318	10,817
Terminated in the reporting period	-86,114	-9,763	-91,954	-10,753
<b>As at June 30/ Dec. 31</b>	<b>295,434</b>	<b>20,166</b>	<b>312,104</b>	<b>20,580</b>

In the first half of 2017, the LTI and the STI generated remuneration expenses with a total balance of EUR 285 k (expenses in H1 2016: EUR 946 k). In addition, the LTI and STI resulted in provisions amounting to EUR 1,680 k at the end of the reporting period (December 31, 2016: EUR 2,890 k). 86,114 virtual shares from the LTI and 9,763 virtual shares from the STI were exercised in the first quarter of 2017, resulting in payments of EUR 1,494 k. The Group recognises liabilities arising from vested virtual shares as items within other provisions. Please refer to Section 13.1 of the consolidated financial statements as at December 31, 2016, 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 7, 2015	May 18, 2016	May 19, 2017	Total
Jan. 1, 2017	111,000	144,750	0	255,750
Converted	-111,000	0	0	-111,000
Newly granted certificates	0	0	185,675	185,675
<b>June 30, 2017</b>	<b>0</b>	<b>144,750</b>	<b>185,675</b>	<b>330,425</b>

For a detailed description of the employee profit participation rights programme, please refer to Section 13.2 of the consolidated financial statements as at December 31, 2016.

## 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 18, 2017, alstria VI. Hamburgische Grundbesitz GmbH & Co. KG, a joint venture alstria office REIT-AG holds a 49% share agreed on the sale of its investment property 'Kaisergalerie' (Grosse Bleichen 23-27, Hamburg) for a total consideration of EUR 170 million. The transfer of the investment property to the buyer is expected for the second half of the year.



### 15 MANAGEMENT BOARD

As of June 30, 2017, 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 of June 30, 2017, are listed below:

Dr Johannes Conradi (Chairman)  
Mr Richard Mully (Vice Chairman)  
Mr Bernhard Düttmann (Member since January 3, 2017)  
Ms Stefanie French  
Mr Benoît Hérault  
Ms Marianne Voigt

Hamburg, Germany, August 7, 2017

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 7, 2017

Olivier Elamine  
Chief Executive Officer

Alexander Dexe  
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, 2017 to June 30, 2017, 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 7, 2017

Deloitte & Touche GmbH  
Wirtschaftsprüfungsgesellschaft

Signed Reiher  
Wirtschaftsprüfer  
[German Public Auditor]

Signed Deutsch  
Wirtschaftsprüferin  
[German Public Auditor]

**BUILDING YOUR FUTURE**



**alstria**

**alstria office REIT-AG**

[www.alstria.com](http://www.alstria.com)

[info@alstria.de](mailto:info@alstria.de)

Bäckerbreitergang 75  
20355 **Hamburg**, Germany  
**T** +49 (0) 40 / 22 63 41-300  
**F** +49 (0) 40 / 22 63 41-310

Elisabethstrasse 11  
40217 **Düsseldorf**, Germany  
**T** +49 (0) 211 / 30 12 16-600  
**F** +49 (0) 211 / 30 12 16-615

Platz der Einheit 1  
60327 **Frankfurt / Main**, Germany  
**T** +49 (0) 69 / 153 256-740  
**F** +49 (0) 69 / 153 256-745

Danneckerstrasse 37  
70182 **Stuttgart**, Germany  
**T** +49 (0) 711 / 33 50 01-50  
**F** +49 (0) 711 / 33 50 01-55