alstria

2021

ANNUAL REPORT

IFRS financial statements

KEY FIGURES

FIVE-YEAR OVERVIEW

Revenues and earnings	2021	2020	2019	2018	2017
Revenues (EUR k)	183,670	177,063	187,467	193,193	193,680
Net rental income (EUR k)	163,271	154,823	162,904	169,068	172,911
Consolidated profit for the period (EUR k)	209,678	168,489	581,221	527,414	296,987
FFO (EUR k)[1)]	116,455	108,673	112,572	114,730	113,834
Earnings per share (EUR)[1)]	1.18	0.95	3.27	3.02	1.94
FFO per share (EUR)[1)]	0.65	0.61	0.63	0.65	0.74

1) Excluding minorities.

Balance sheet	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Investment property (EUR k)	4,775,801	4,556,181	4,438,597	3,938,864	3,331,858
Total assets (EUR k)	5,234,372	5,090,249	5,029,328	4,181,252	3,584,069
Equity (EUR k)	3,367,083	3,252,442	3,175,555	2,684,087	1,954,660
Liabilities (EUR k)	1,867,290	1,837,806	1,853,773	1,497,165	1,629,409
Net asset value (NAV) per share (EUR)	18.91	18.29	17.88	15.13	12.70
Net loan-to-value (Net LTV, %)	28.8	27.0	27.1	30.4	40.0

G-REIT figures	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
G-REIT equity ratio (%)	69.1	71.1	70.9	67.2	57.1
Revenues including other income from investment properties (%)	100	100	100	100	100

EPRA figures[1)]	2021	2020	2019	2018	2017
EPRA earnings per share (EUR)	0.55	0.61	0.61	0.62	0.68
EPRA cost ratio A (%)[2)]	25.0	26.6	26.1	23.0	19.6
EPRA cost ratio B (%)[3)]	21.1	22.1	21.7	19.0	16.4

	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
EPRA NRV per share (EUR)	20.86	20.13	19.67	n/a	n/a
EPRA NTA per share (EUR)	18.97	18.34	17.91	15.14	12.71
EPRA NDV per share (EUR)	18.82	17.95	17.61	14.96	12.45
EPRA net initial yield (%)	2.9	3.3	3.3	4.0	4.6
EPRA ‘topped-up’ net initial yield (%)	3.4	3.7	3.8	4.4	5.0
EPRA vacancy rate (%)	6.9	7.6	8.1	9.7	9.4

1) For further information, please refer to EPRA Best Practices Recommendations, www.epra.com.

2) Including vacancy costs.

3) Excluding vacancy costs.

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A. COMBINED MANAGEMENT REPORT

I. ECONOMICS AND STRATEGY

1. STRATEGY

alstria office REIT-AG (alstria) (herein referred to as the “Company”, or “alstria AG”) is a German stock corporation in the legal form of a Real Estate Investment Trust (REIT) that invests in office real estate in major German economic centers. The Company has been listed on the Frankfurt Stock Exchange since 2007 (WKN: A0LD2U). As of December 31, 2021, the alstria group consisted of the parent company alstria AG and 43 direct and indirect subsidiaries (hereinafter “alstria” or the “Group”). The parent company makes operational decisions. As of December 31, 2021, alstria’s real estate portfolio comprised 112 buildings, with a lettable area of 1.4 million m² and a total value of EUR 4.9 billion. The properties are predominantly located in the major German office markets of Hamburg, Düsseldorf, Frankfurt, Stuttgart, and Berlin, where local and operating offices represent alstria, which alstria defines as its core market. As a fully integrated and long-term oriented company, alstria’s 171 employees actively manage the buildings over their entire life cycle.

At the end of fiscal year 2021, the Company entered into an investment agreement with Alexandrite Lake Lux Holdings S.à r.l. (“Alexandrite” or the “Bidder”), a that the real estate private funds of Brookfield Asset Management (“Brookfield”) controls on a voluntary public takeover offer for all alstria-shares against cash compensation (the "Offer"). The takeover offer was published on December 13, 2021, and the Executive Board and Supervisory Board expressed support in their joint reasoned opinion, which was published on December 27, 2021. On January 18, 2022, the Bidder declared the occurrence of all offer conditions and thus the successful takeover of the Company. At the end of the second offer period on February 3, 2022, the ownership interest of the new majority shareholder was 91.6 %.

The new majority shareholder has committed to support the Executive Board in the further implementation of the Company's business strategy and to continue to drive the Company's growth. In particular, value-enhancing modernization and repositioning opportunities with potential for sustainable value creation based on hands-on asset management will be advanced to future-proof the portfolio and continue the ongoing decarbonization process. In addition, in light of the new shareholder structure, the Company's Executive Board will conduct a strategic review of the Company's capital structure together with the Supervisory Board and the new majority shareholder. In the future, the Company shall operate with a leverage ratio that meets the minimum requirements for an investment grade rating with a Company leverage ratio of no more than 55 % (loan-to-value). Any excess cash is to be used either for the purpose of reinvestment in strategic M&A transactions or for other profitable investment opportunities (e.g., geographic diversification, investment in adjacent asset classes). Fundamentally, the focus of the business will no longer be on paying dividends. Rather, the preference will be for yield-enhancing reinvestment of available cash, focused on total return.

Therefore, the new majority shareholder intends to reduce the annual distribution of dividends to the extent legally permissible.

alstria's corporate strategy is based on the following principles:

- Access to capital and a comprehensive operational knowledge based on an integrated business model are fundamental success factors for alstria.
- By concentrating the real estate portfolio on the major German office markets and by focusing on solvent tenants, alstria generates steady income primarily used for reinvesting in the portfolio.
- Continuous investments in the quality of the real estate portfolio secure and increase rental income and property values, and improve the portfolio's energy efficiency.
- Depending on the assessment of the market situation, properties are bought or sold. The goal is risk-adjusted corporate growth and achieving a return in line with the market over the real estate cycle.

2. CORPORATE MANAGEMENT

Alstria proactively controls the Group based on two key financial performance indicators: revenues and funds from operations (FFO). Revenues mainly comprise rental income derived from the Company's leasing activities. The FFO is derived from real estate management. It excludes valuation effects and other adjustments, such as noncash expenses / income, gain on disposal and expected nonrecurring effects.*

In the 2021 financial year, alstria generated revenues of EUR 184 million and FFO of approx. EUR 116 million. The result was thus significantly above the forecasted revenues of EUR 177 million and FFO of EUR 108 million published at the beginning of 2021. alstria already raised the original revenue and earnings forecast to the expected revenues of EUR 181 million and FFO of EUR 115 million in the course of 2021. This was due to additional rental income from acquiring two properties and concluding new leases on the one hand and lower real estate operating costs due to postponing measures to 2022 on the other. A lower-than-planned disposal volume of non-strategic properties explains how the revised forecast was also exceeded at the end of 2021.

The Company also monitors the progress of its Net LTV**, G-REIT equity ratio***, net-debt****/EBITDA, and cash (cash and cash equivalents). For the Company's internal control, in each case these are not classified as the most relevant performance indicators. alstria's Net LTV was 28.8% as of December 31, 2021, compared to 27.0% at the end of the 2020 financial year. The G-REIT equity ratio was 69.1%, compared to 71.1% in the previous year, and the minimum statutory rate of 45%. The net-debt / EBITDA was 9.0% as of December 31, 2021, compared to 9.5% as of December 31, 2020.

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* For further details, please refer to page 12f.

** Net-debt / fair value of immovable assets (deducted by interests in joint ventures).

*** Total equity divided by the carrying amount for immovable assets. The minimum requirement according to G-REIT regulations is 45 %.

**** Total debt deducted by cash positions and short-term financial assets.

The management at the level of the Company primarily focuses on the total operating performance. alstria AG strives for stable results with low volatility.

3. ECONOMY AND OFFICE MARKETS

3.1. Economic development

The economic performance in Germany in 2021 was again characterized by the effects of the ongoing COVID-19 pandemic, material shortages due to the disruption of global supply chains, and rising inflation. The optimistic growth forecasts from the beginning of the year could not be maintained in the course of the year. With gross domestic product up 2.7% and consumer prices rising by 3.1%, economic activity remained at a slow pace. The unemployment rate in Germany remained at a moderate level of 5.7%, and the number of corporate insolvencies decreased further year-on-year.

3.2. Office markets*

3.2.1. Vacancy slightly up, rents stable

An area's economic performance directly affects the corresponding office property market because economic activity, and with it the increase or decrease in employment, usually directly affects the demand for office space. The ongoing COVID-19 pandemic in Germany continued to restrain leasing activity over the course of the year, with the final quarter of 2021 seeing some revival in the commercial leasing markets. The vacancy rate rose to 4.7% over the course of the year (previous year: 4.0%), while both prime and average rents increased slightly despite the weak market situation. Overall, office take-up rose by 23.7% year-on-year to 3,200,000 m² ("Big 7" cities: Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich, and Stuttgart), according to the major commercial brokerage houses. On the other hand, average rents in the "Big 7" cities remained largely stable. Berlin reached the highest average rent for office space at EUR 30.50/m² (previous year: EUR 28.36/m²), followed by Munich at EUR 23.68/m² (previous year: EUR 21.46/m²), Frankfurt at EUR 22.04/m² (previous year: EUR 23.07/m²), Hamburg at EUR 18.06/m² (previous year: EUR 17.40/m²), Düsseldorf at EUR 16.57/m² (previous year: EUR 15.77/m²), Cologne at EUR 16.42/m² (previous year: EUR 15.90/m²), and Stuttgart at EUR 16.10/m² (previous year: EUR 16.50/m²).

* Sources of real estate market data in this chapter are Colliers International Deutschland GmbH, BNP Paribas Real Estate, CBRE GmbH, and Jones Lang LaSalle.

** Colliers International Deutschland GmbH, BNP Paribas Real Estate, CBRE GmbH and Jones Lang LaSalle.

3.2.2. High transaction volumes, prices continue an upward trend

Despite the uncertainty regarding overall economic growth, the German office real estate sector recorded a transaction volume of slightly over EUR 30 billion**. This is the second-highest figure ever registered and is around 30 % above the 10-year average. Over 2021 as a whole, the transaction volume in the "Big 7" cities was EUR 27.6 billion (Berlin: EUR 6.7 billion, Frankfurt: EUR 5.7 billion, Hamburg: EUR 2.4 billion, Munich: EUR 6.7 billion, Düsseldorf: EUR 1.5 billion, Cologne: EUR 2.9 billion, and Stuttgart: EUR 1.7 billion). Even with the ongoing COVID-19 pandemic, prices for office properties in Germany remained at a high level. Despite an increasing share of home office use, investor confidence in the asset class remains strong. Investors focused on well-located properties with long-term leases from solvent tenants in A-locations in 2021.Prime yields in all A-locations declined over the course of the year.

4. PORTFOLIO ANALYSIS

4.1. Key metrics of the portfolio and investment locations

alstria owns, manages, and develops office buildings with a total lettable area of 1.4 million m². At the end of 2021, 90.1 % of this was office and storage space and 9.9 % included other types of use (retail, hotel, and other). By focusing on the large and liquid German office markets, from the Management Board’s perspective, alstria benefits from the fundamental strength of the German economy as a whole and can efficiently manage substantial sub-portfolios from its local offices. Rather than large buildings, alstria typically prefers smaller, geographically close properties. alstria’s management believes that such a portfolio design allows the company to spread the operational risk over a larger number of buildings and thus reduce the overall risk of the real estate portfolio. The buildings in the alstria portfolio have an average lettable area of 12,800 m² and an average market value of EUR 43.5 million.

Key metrics	Dec. 31, 2021	Dec. 31, 2020
Number of properties	112[1)]	109
Market value (EUR bn)[2)]	4.9	4.6
Annual contractual rent (EUR m)	204.6	199.1
Valuation yield (%, contractual rent / market value)	4.2	4.4
lettable area (m²)	1,434,000	1,427,800
EPRA vacancy rate (%)	6.9	7.6
WAULT (weighted average unexpired lease term in years)	5.7	6.1
Average value per m² (EUR)	3,398	3,205
Average rent/m² (EUR / month)[3)]	13.33	12.93

1) The change as of December 31, 2020 is based on the acquisition of two properties and the sale of one property in fiscal year 2021 as well as on the division of buildings 1 to 3 of the Carl-Reiß-Platz property into three independent properties.

2) Including fair value of owner-occupied properties.

3) Average rent for the office space.

Total portfolio by region (% of market value)	**Dec. 31, 2021**	**Dec. 31, 2020**	**Change (pp)**
Hamburg	34	33	1
Düsseldorf	25	27	−2
Frankfurt	21	20	1
Stuttgart	10	12	−2
Berlin	9	8	1
Others	1	0	1

4.2. Tenants and leases

Public tenants and large national and international companies in particular characterize alstria's tenant structure. The following table shows the ten largest tenants as of December 31, 2021:

alstria's main tenants (% of annual rent)	Dec. 31, 2021	Dec. 31, 2020	Change (pp)
City of Hamburg	12	12	0
Mercedes-Benz AG	11	12	–1
Bundesanstalt für Immobilienaufgaben	5	5	0
City of Frankfurt	3	3	0
GMG Generalmietgesellschaft	2	2	0
HOCHTIEF Aktiengesellschaft	2	2	0
Commerzbank Aktiengesellschaft	2	2	0
Hamburger Hochbahn AG	2	2	0
Residenz am Dom gem. Betriebsgesellschaft mbH	2	1	1
Württembergische Lebensversicherung AG	1	1	0

Due to the COVID-19 pandemic in Germany and the resulting uncertainty with regard to future economic developments, the commercial leasing market again proved difficult. Large companies in particular were reluctant to sign new leases, which is why the average size of the leases signed in 2021 was lower than in previous years. In view of the continuing uncertainty on the part of commercial tenants, there was also an increased desire for partial or special termination rights and flexible terms in the past year.

Letting metrics (m^2)	2021	2020	Change
New leases	51,700	62,000	–10,300
Renewals of leases[1)]	103,600	57,500	46,100
Total	**155,300**	**119,500**	**35,800**

[1)] Option drawings of existing tenants are included.

Despite the weak commercial leasing market, alstria increased its letting volume (measured in terms of new lettings and lease extensions) in 2021 compared to the prior year level. This was due to the conclusion of several large-volume lease extensions at the end of the year.

Commercial leases usually have a limited term agreed in the respective lease. The following table summarizes the share of expiring leases as a share of the total portfolio over the next three years:

Lease expiry profile (% of annual rent)	Dec. 31, 2021	Dec. 31, 2020	Change (pp)
2022	7.0	11.3	–4.3
2023	10.7	10.3	0.4
2024	8.0	8.3	–0.3

4.3. Capital expenditure into the existing portfolio

In 2021, EUR 122 million was invested in the existing portfolio. The largest part of this amount, EUR 90 million, was invested in development projects, which significantly improved the quality of the spaces to achieve higher rents for new leases. The development capex increased significantly in 2021 because alstria currently sees the best return opportunities here. The current development portfolio comprises 20 projects with a total lettable area of 342,900 m^2.

Project	Lettable area (m^2)	Status	Estimated completion
Besenbinderhof 41, Hamburg	5,500	Under construction	Q3 2022
Carl-Reiss-Platz 1, Mannheim	8,500	Under construction	Q1 2023
Carl-Reiss-Platz 2,3,4, Mannheim	5,300[1)]	Under construction	Q1 2024
Augustaanlage 60, Mannheim	4,400	Under construction	Q3 2022
Friedrich-Scholl-Platz 1, Karlsruhe	26,800	Under construction	Q3 2024
Gustav-Nachtigal-Str. 3, Wiesbaden	18,400	Under construction	Q2 2022
Gustav-Nachtigal-Str. 4, Wiesbaden	800	In planning	n/a
Gustav-Nachtigal-Str. 5, Wiesbaden	7,600	Under construction	Q3 2022
Gasstr. 18, Hamburg	26,800	Under construction	Q3 2022
Deutsche Telekom Allee 7, Darmstadt	22,200	In planning	n/a
Deutsche Telekom Allee 9, Darmstadt	60,700	In planning	n/a
Gartenstr. 2, Düsseldorf	4,800	In planning	n/a
Friedrich-List-Str. 20, Essen	9,000	In planning	n/a
Uhlandstr. 85, Berlin	9,400	In planning	n/a
Adlerstr. 63, Düsseldorf	2,700	In planning	n/a
Corneliusstr. 36, Düsseldorf	3,100	In planning	n/a
Maxstr. 3a, Berlin	4,200	In planning	n/a
Hanauer Landstr. 161–173, Frankfurt	10,500	In planning	n/a
Epplestr. 225, Stuttgart	106,000	In planning	n/a
Handwerkstr. 4/Breitwiesenstr. 27, Stuttgart	6,200	In planning	n/a
Total	**342,900**		

[1)] Planned lettable area.

4.4. Transactions

alstria’s investment decisions are based on both analyses of local markets and individual inspections of each asset. The latter focuses on the attributes of location, size, and quality (relative to those of direct competitors’ assets) as well as the long-term potential for value growth. alstria’s strategy aims at both establishing a lucrative portfolio size at the respective locations and retracting from markets that do not adhere to alstria’s core investment focus (“Big 7” office markets in Germany). In this context, a property in Trier was sold in 2021. The sales made in Hamburg and Stuttgart were opportunistic in character and served to optimize the portfolio’s risk/return profile. The sales proceeds were mainly used to finance modernization measures in the existing portfolio. Reallocating the capital provided continuously improves the portfolio’s risk/return profile. New properties were purchased in the Frankfurt and Berlin core markets. There is significant value enhancement potential for both properties acquired, which is to be leveraged in the coming years.

Disposals

Asset	City	Disposal price (EUR k)	Gain to book value (EUR k)[1), 2)]	Signing SPA	Transfer of benefits and burdens
Frauenstraße 5–9	Trier	24,750	-650	July 15, 2021	Oct. 31, 2021
Heidenkampsweg 44–46	Hamburg	9,100	1,070	Dec. 9, 2021	March 31, 2022[3)]
Vaihinger Str. 131	Stuttgart	63,000	15,730	Dec. 23, 2021	March 31, 2022[3)]
Total Disposals		**96,850**	**16,150**		

1) Different from the position “Net result from the disposal of investment property” in the income statement. This position only contains contracts which were signed in 2021 financial year and their transaction costs as well as capitalizations during the year which were booked until the time of disposal.

2) Rounded to the nearest five thousand Euros.

3) Expected.

Acquisitions

Asset	City	Acquisition price (EUR k)[1)]	Signing SPA	Transfer of benefits and burdens
Hanauer Landstr. 161–173	Frankfurt	30,300	Dec. 17, 2020	March 1, 2021
Mehringdamm 32–34	Berlin	50,250	Apr. 30, 2021	Aug. 1, 2021
Total Acquisitions		**80,550**		

1) Excluding transaction costs.

4.5. Portfolio valuation

An external valuer (Savills Advisory Services Germany GmbH & Co. KG) valued alstria‘s entire real estate portfolio at fair market value as of December 31, 2021 in accordance with the requirements of IAS 40 in connection with IFRS 13. For the entire portfolio, the 2021 valuation resulted in an appreciation of EUR 94.8 million; previous year: EUR 61.5 million (after deduction of capex and acquisitions). Based on the determined market value as of December 31, 2021, there is an average value of EUR 3,397 per m^2 and, based on the ratio of contractual rent to the market value, a yield of 4.2 % in the total portfolio.

II. FINANCIAL ANALYSIS

1. EARNINGS POSITION

EUR k	2021	2020
Revenues	183,670	177,063
Net rental income	163,271	154,823
Administrative and personnel expenses	–28,094	–27,028
Other operating result	–8,684	2,486
Operating income	**126,493**	**130,281**
Net result from fair value adjustments to investment property	94,827	61,522
Net result from disposal of investment property	15,134	8,340
Net operating result	**236,454**	**200,143**

1.1. Net operating result

alstria closed the 2021 financial year with a net operating result (before financing costs and taxes) of EUR 236,454 k, compared to EUR 200,143 k for the previous year.

Compared to the previous year, alstria had a significantly higher result from fair value adjustments to investment properties.

1.2. Revenues

In the reporting period, revenues totaled EUR 183,670 k (compared to EUR 177,063 k in 2020). This corresponds to an increase of 3.7 % or EUR 6,607 k. The increase mainly resulted from revenues from new leases and indexations, as well as revenues from new leases for the properties acquired in 2020 and 2021. The scheduled expiry of leases did not have a significant impact in the reporting period. Partially offsetting the increase in revenues was a decrease in revenues due to the scheduled sales of properties in 2020.

1.3. Real estate operating expenses

Real estate operating expenses consist of recoverable and non-recoverable operating costs, and they amounted to EUR 59,307 k (compared to EUR 60,607 k in 2020). The expense ratio of non-recoverable operating costs decreased from 13.8 % in 2020 to 11.2 % in 2021. Thus, the Group's net rental income increased by EUR 8,448 k to EUR 163,271 k (compared to EUR 154,823 k in 2020).

1.4. Administrative and personnel expenses

Administrative expenses remained stable year-on-year at EUR 8,325 k (compared to EUR 8,460 k in 2020). Personnel expenses were EUR 19,769 k for the reporting period and, therefore, EUR 1,201 k higher than in the previous year (2020: EUR 18,568 k). The reason for the increase in the reporting period is mainly due to an increase in the remuneration for convertible profit participation certificates by EUR 893 k to EUR 2,785 k (2020: EUR 1,892 k), which resulted from alstria's higher stock price. In addition, due to an increased number of employees, salaries increased by EUR 444 k to EUR 10,983 k (the annual average number of employees was 171 in 2021 compared to 166 in the previous year).

Total administrative and personnel expenditures were approx. 15.3% of total revenue and 0.6% of the portfolio's market value (compared to 15.3% and 0.6% in 2020, respectively).

1.5. Other operating result

alstria's other operating results amounted to EUR −8,684 k during the reporting period (compared to EUR 2,486 k in 2020). An increase in income of EUR 1,301 k mainly resulted from EUR 910 k more income from the reversal of individual value adjustment and from EUR 828 k higher income from compensation payments and other charges on to tenants. An increase in expenses of EUR 12,471 k resulted mainly from EUR 10,174 k higher expenses for legal and advisory fees due to the voluntary public takeover offer and EUR 3,476 k higher expenses for the valuation of limited partner capital.

1.6. Net result from fair value adjustments to investment property

In the 2021 financial year, the net result from fair value adjustments to investment property was EUR 94,827 k (compared to EUR 61,522 k in 2020). The total of the increases in value amounted to EUR 233,320 k (compared to EUR 218,686 k in 2020), while the total of the decrease in value amounted to EUR 138,493 k (compared to EUR 157,164 k in 2020). Different value developments are recorded on the asset level. While assets in prime locations with long-term leases and assets with completed development projects showed valuation gains, assets in peripheral locations suffered from a decrease in prices due to less demand.

1.7. Net result from the disposal of investment property

In 2021, alstria achieved a positive result of EUR 15,134 k from the disposal of investment properties (compared to EUR 8,340 k in 2020). The realized disposal gains mainly resulted from the sale of the Vaihinger Strasse asset in Stuttgart.

1.8. Net financial result

EUR k	2021	2020
Interest expenses, corporate bonds	−21,954	−27,269
Interest expenses, other loans	−2,142	−2,321
Interest result Schuldschein	−1,977	−2,190
Other interest expenses	−815	−228
Financial expenses	**−26,888**	**−32,008**
Income from financial instruments	1,323	533
Other financial expenses	−454	−357
Net financial result	**−26,019**	**−31,832**

Financial expenses decreased by EUR 5,120 k to EUR 26,888 k mainly due to lower interest expenses for corporate bonds.

The net financial result for the year increased by EUR 5,813 k to EUR 26,019 k, as compared to the prior year. The average portfolio decreased compared with the previous year.

For details on the new loans, refer to the 'Noncurrent and current financial liabilities' section starting on page 17.

1.9. Share of the result of companies accounted for at equity

In 2021, alstria's share of the result of companies accounted for at equity was EUR −108 k (compared to EUR −9 k in 2020).

1.10. Net result from fair value adjustments to financial derivatives

To minimize the impact of interest-rate volatility on profits and losses, alstria uses financial derivatives to hedge on floating-interest-rate loans. The amount of variable-rate bank loans was reduced in favor of fixed-rate bonds. A derivative financial instrument, in the form of a cash flow hedge with a most recent nominal value of EUR 44,168 k (December 31, 2020: EUR 44,168 k) ended on April 30, 2021.

The net result from fair value adjustments on these financial derivatives amounted to EUR 0 k in 2021 (with no change from 2020).

Further details can be found in Section 6.5 of the consolidated financial statements.

1.11. Consolidated profit

The consolidated profit amounted to EUR 209,678 k (compared to EUR 168,489 k in 2020) in the reporting period, which is an increase of EUR 41,189 k. The main drivers of this increase are the increase of the net result from fair value adjustments on investment property, the increase of the net result from the disposal of investment property, and higher revenues. Higher other operating expenses caused a slightly opposite effect compared with the previous year. Undiluted earnings per share amounted to EUR 1.18 for the reporting period (compared to EUR 0.95 in 2020).

REITs are fully exempt from German corporate income tax and trade tax. However, tax obligations can arise to a minor extent for REIT subsidiaries.

1.12. Funds from operations (FFO)

alstria's revenues and earnings developed above plan in the reporting period. Rental income increased by 3.7% to EUR 183,670 k (previous year: EUR 177,063 k), mainly due to revenues from new leases as well as indexations. The scheduled expiry of leases did not significantly affect the reporting period. A decrease in rental income due to the scheduled sales of properties in the 2020 financial year partially offset the increase in rental income.

FFO after minority interests amounted to EUR 116.5 million (previous year: EUR 108.7 million), close to the forecast figure of EUR 115.0 million. The increase of EUR 7.8 million compared to the corresponding period of the previous year is directly related to the higher revenues and the lower real estate operating expenses. The FFO margin improved accordingly to 63.4% in 2021, 200 basis points above the corresponding period of the previous year. Reconciliation of consolidated net income to FFO is based on eliminating non-cash income items, those that are not expected to recur annually, non-periodic items and items that do not serve the operating business. The adjustments between the income figures in the income statement and FFO are shown in the table on the next page. The most significant adjustments (> EUR 1,000 k) related to non-cash personnel expenses (EUR 2,071 k), non-recurring other operating income (EUR –2,371 k), non-cash other operating expenses (EUR 13,949 k), and expenses not attributable to the operating business in the net financial result (EUR 3,713 k). Adjustments shown in the table are related primarily to Bond #5, which was issued at the end of the second quarter of 2020. The share of the interest expense for Bond #5 that is not attributable to the operating business was essentially deducted. The proceeds of Bond #5 have already been partially invested in the portfolio and are also serving to finance future investments. The adjustments in the other operating income relate to tenants' compensation payments. The adjustments in the other operating expenses mainly relate to expenses incurred in the course of the takeover bid and the valuation of the limited partner capital.

EUR k[1]	IFRS P&L	Adjustments	FFO 2021	FFO 2020
Revenues	183,670	–	183,670	177,063
Revenues from service charge income	38,908	–	38,908	38,367
Real estate operating expenses	–59,307	–	–59,307	–60,607
Net rental income	**163,271**	**–**	**163,271**	**154,823**
Administrative expenses	–8,325	943	–7,382	–7,350
Personnel expenses	–19,769	2,071	–17,698	–17,900
Other operating income	5,930	–2,371	3,559	2,389
Other operating expenses	–14,614	13,949	–665	–1,806
Net result from fair value adjustments to investment property	94,827	–94,827	0	0
Net result from the disposal of investment property	15,134	–15,134	0	0
Net operating result	**236,454**	**–95,369**	**141,085**	**130,156**
Net financial result[2]	–26,019	3,713	–22,306	–19,604
Share of the result of companies accounted for at equity	–108	–	–108	–9
Pretax income	**210,327**	**–91,656**	**118,671**	**110,543**
Income tax expenses	–649	649	0	0
Consolidated profit	**209,678**	**–91,007**	**118,671**	**110,543**
Minority interests	–	–2,216	–2,216	–1,870
Consolidated profit / FFO (after minorities)[3]	**209,678**	**–93,223**	**116,455**	**108,673**
Number of outstanding shares (k)			178,033	177,793
FFO per share (EUR)			**0.65**	**0.61**

[1] Numbers may not sum up due to rounding.

[2] The operating financial result contains interest expenses for financial liabilities, which are used for the financing of the existing portfolio. The nonoperating financial result contains interest expenses for financial liabilities, which are not used for the financing of the existing portfolio. This concerns the interest expenses for already refinanced financial liabilities and financial liabilities, which are intended for future property investments.

[3] FFO is not a measure of operating performance or liquidity under generally accepted accounting principles, in particular IFRS, and it should not be considered an alternative to the Company's income or cash flow measures as determined in accordance with IFRS. Furthermore, there is no standard definition for FFO. Thus, alstria's FFO values and the measures with similar names presented by other companies may not be comparable.

2. FINANCIAL AND ASSET POSITION

2.1. Investment properties

The total value of investment properties as of December 31, 2021 was EUR 4,775,801 k, compared to EUR 4,556,181 k at the beginning of 2021. This increase in investment property value was mainly due to investments during the year (EUR 121,590 k), the increase in value of the investment portfolio following the revaluation (EUR 94,827 k), and the acquisition of a property in Frankfurt and a property in Berlin (EUR 85,855 k). A slightly opposite effect resulted from a property in Trier being sold (EUR 25,400 k) and two properties in Hamburg und Stuttgart (EUR 55,010 k), which were reclassified as held for sale as of December 31, 2021.

EUR k	
Investment property as of December 31, 2020	**4,556,181**
Investments	121,590
Acquisitions	80,559
Acquisition costs	5,296
Disposals	–25,400
Transfer to assets held for sale	–55,010
Transfer to property, plant, and equipment (owner-occupied properties)	–2,242
Net loss / gain from fair value adjustments to investment property	94,827
Investment property as of December 31, 2021	**4,775,801**
Carrying amount of owner-occupied properties	18,832
Carrying amount of the forest	2,683
Fair value of assets held for sale	72,100
Interests in joint ventures	923
Carrying amount of immovable assets	**4,870,339**
Fair value adjustments of owner-occupied properties	10,563
Fair value of immovable assets	**4,880,902**

2.2. Cash and cash equivalents

Cash and cash equivalents decreased by EUR 147,276 k, from EUR 460,960 k to EUR 313,684 k, in the reporting period. Operating activities generated a positive cash flow of EUR 116,434 k, which is close to the FFO. Financing activities have shown a net cash outflow of EUR 77,278 k. This is mainly due to the dividend payment of EUR 94,230 k. The borrowing of EUR 21,210 k for the energy-efficient refurbishment of two development projects slightly offset this. Investing activities amounted to a cash inflow of EUR 186,432 k, mainly because of acquiring investment properties for EUR 206,996 k. This was slightly offset by proceeds of EUR 24,750 k from the sale of investment properties.

2.3. Equity

	Dec. 31, 2021	Dec. 31, 2020	Change
Equity (EUR k)	3,367,083	3,252,442	3.5%
Number of outstanding shares (k)	178,033	177,793	0.1%
Net asset value per share (EUR)	18.91	18.29	3.4%
Equity ratio (%)	64.3	63.9	0.4 pp
G-REIT equity ratio (%)	69.1	71.1	−2.0 pp

Compared to December 31, 2020, equity increased by EUR 114,641 k as of December 31, 2021. The period's profit contributed to a higher equity of EUR 209,678 k. On the other hand, dividend payments in May 2021 decreased the equity by EUR 94,230 k.*

2.4. Limited partnership capital noncontrolling interests

Liabilities due to minority interests represent the limited-partner capital of noncontrolling shareholders in the alstria office Prime Portfolio GmbH & Co. KG. In line with IFRS requirements, the share capital that minority shareholders in German partnerships owned is treated as a liability on the Company's balance sheet.

2.5. Noncurrent and current financial liabilities

alstria's financial management is carried out at the corporate level. Individual loans and corporate bonds are taken out at the property and the portfolio levels. alstria's main financial goal is to establish a sustainable long-term financial structure. Therefore, alstria diversifies its financing sources and strives for a balanced maturity profile to enable coordinated and constant refinancing (see the following overview of the loan facilities and maturity profile of financial debt on the next page).

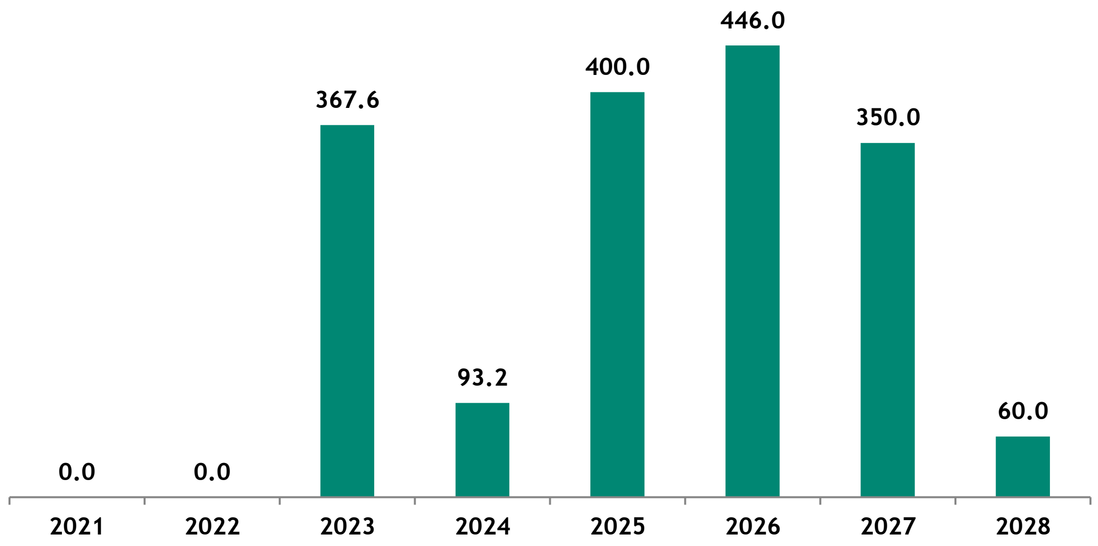
* See also the consolidated statement of changes in equity on page 80.

The loan facilities in place as of December 31, 2021 are in the following table.

Liabilities	Maturity	Principal amount drawn as of Dec. 31, 2021 (EUR k)	LTV as of Dec. 31, 2021 (%)	LTV covenant (%)	Principal amount drawn as of Dec. 31, 2020 (EUR k)
Loan #1	June 28, 2024	34,000	13.4	65.0	34,000
Loan #2	Mar. 28, 2024	45,900	28.1	75.0	45,900
Loan #3	June 30, 2026	56,000	35.0	65.0	56,000
Loan #4	Sept. 29, 2028	60,000	30.2	n/a	60,000
Loan #5	Sept. 30, 2024	13,338	n/a	n/a	0
Loan #6	Mar. 31, 2023	5,550	n/a	n/a	0
Total secured loans		**214,788**	**20.2**	**-**	**195,900**
Bond #2	Apr. 12, 2023	325,000	–	–	325,000
Bond #3	Nov. 15, 2027	350,000	–	–	350,000
Bond #4	Sept. 26, 2025	400,000	–	–	400,000
Bond #5	Jun. 23, 2026	350,000	–	–	350,000
Schuldschein 10y/fixed	May 6, 2026	40,000	–	–	40,000
Schuldschein 7y/fixed	May 6, 2023	37,000	–	–	37,000
Revolving credit line	Sept. 15, 2024	0	–	–	0
Total unsecured loans		**1,502,000**	**–**	**–**	**1,502,000**
Total		**1,716,788**	**35.2**	**–**	**1,697,900**
Net LTV			**28.8**		

Cash cost of debt	Dec. 31, 2021			Dec. 31, 2020		
	Nominal amount (EUR k)	Ø cost of debt (%)	Ø maturity (years)	Nominal amount (EUR k)	Ø cost of debt (%)	Ø maturity (years)
Bank debt	214,788	0.9	4.1	195,900	1.0	5.3
Bonds	1,425,000	1.4	3.9	1,425,000	1.4	4.9
Schuldschein	77,000	2.5	3.0	77,000	2.5	4.0
Total	**1,716,788**	**1.4**	**3.9**	**1,697,900**	**1.4**	**4.9**

Maturity profile of financial debt[1] as of December 31, 2021 in EUR m



[1] Excluding regular amortization.

2.6. Compliance with and calculation of the Covenants, referring to § 11 of the Terms and Conditions*

In case of the incurrence of new Financial Indebtedness for purposes other than the refinancing of existing liabilities, alstria needs to comply with the following covenants:

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

In 2021 alstria did not incur any Financial Indebtedness. The nominal amount of the new loans concluded in the fourth quarter of 2020 was paid out in the first quarter of 2021.

* The following section refers to the Terms and Conditions of the Fixed Rate Notes, as well as to the Terms and Conditions of the Schuldschein (for further information, please refer to www.alstria.com). Capitalized terms have the meanings defined in the Terms and Conditions.

Furthermore, alstria needs to maintain a ratio of the Consolidated Adjusted EBITDA over Net Cash Interest of no less than 1.80 to 1.00. The ratio should be calculated and published at every reporting date following the issuance of the bond or the Schuldschein, starting after the fifth reporting date.

EUR k	Cumulative 2021
Earnings Before Interest and Taxes (EBIT)	**236,347**
Net profit / loss from fair value adjustments to investment property	–94,827
Net profit / loss from fair value adjustments to financial derivatives	–
Profit / loss from the disposal of investment property	–15,134
Other adjustments[1)]	14,593
Fair value and other adjustments in joint venture	–
Consolidated Adjusted EBITDA	**140,979**
Cash interest and other financing charges	–23,382
One-off financing charges	–
Net Cash Interest	**–23,382**
Consolidated Coverage Ratio (min. 1.80 to 1.00)	**6.03**

1) Depreciation, amortization, and nonrecurring or exceptional items.

In the 2021 financial year no covenants under the loan agreements and / or the terms and conditions of the bonds and Schuldschein had been breached. The breach of a covenant would lead to liquidity outflow.

2.7. Current liabilities

Current liabilities amounted to EUR 82,932 k (December 31, 2020: EUR 71,555 k) and mainly consisted of short-term loan obligations of EUR 19,594 k (December 31, 2020: EUR 10,325 k) and of limited partnership capital noncontrolling interests of EUR 15 k (December 31, 2020: EUR 15 k). Another EUR 4,525 k of this total was attributable to income tax obligations (December 31, 2020: EUR 4,780 k) that arose at the level of the consolidated alstria office Prime companies. Moreover, current liabilities include trade payables (December 31, 2021: EUR 3,487 k; December 31, 2020: EUR 3,943 k) and other current liabilities (December 31, 2021: EUR 52,331 k; December 31, 2020: EUR 49,948 k). The other current liabilities include value-added tax liabilities (December 31, 2021: EUR 1,728 k; December 31, 2020: EUR 3,359 k), as well as received advance rent payments (December 31, 2021: EUR 3,259 k; December 31, 2020: EUR 3,293 k). Furthermore, the other current financial liabilities consisted of provisions for outstanding invoices (December 31, 2021: EUR 28,488 k; December 31, 2020: EUR 21,109 k) and tenants' deposits (December 31, 2021: EUR 8,858 k; December 31, 2020: EUR 8,800 k).

3. THE MANAGEMENT BOARD’S OVERALL ASSESSMENT OF THE FINANCIAL YEAR

Even though the economic restrictions due to the COVID-19 pandemic substantially strain the economy, alstria‘s earnings position in 2021 developed as planned. Sales and earnings reflected the real estate portfolio’s high quality and the efficient corporate structure. Note that regarding the financial and asset position, the asset values again showed slight gains. The liquidity situation also presented very comfortable throughout the 2021 financial year.

III. EXPECTED DEVELOPMENTS

The report on expected developments contains statements related to anticipated future developments. The Company’s development depends on various factors, some of which are beyond alstria’s control. Statements about expected developments are based on current assessments and are thus, by their nature, are exposed to risks and uncertainty.

The alstria Group’s actual development may differ positively or negatively from the predicted development presented in this report’s statement.

1. EXPECTED ECONOMIC DEVELOPMENT

The German government's very optimistic forecasts for GDP growth at the beginning of 2021 had to be revised downward in the course of the year. The ongoing COVID-19 pandemic and resulting disruptions to global supply chains again delayed economic recovery. For the current year, the German government remains cautiously optimistic that the German economy will continue to recover despite the ongoing pandemic, rising energy prices and continuing supply bottlenecks.

2. DEVELOPMENT OF THE REAL ESTATE MARKET: OUTLOOK FOR 2022

The continuing slowdown in economic development is also expected to affect the commercial real estate market. The leasing market is expected to remain tight in 2022 because companies are reluctant to sign long-term leases and lease additional space in light of the economic uncertainty. However, regarding the transaction markets, alstria expects demand for real estate to remain at a high level because of the persistently low level of interest rates.

3. OUTLOOK FOR THE ALSTRIA GROUP

Based on the existing leases and the high proportion of tenants with strong credit ratings, alstria expects a stable revenue development of around EUR 183 million in 2022 despite the expected subdued macroeconomic development. By contrast, FFO is expected to decrease to EUR 106 million. This development in particular reflects how investments in the real estate portfolio had to be postponed due to the pandemic and interrupted supply chains in 2021, and it will be made up for accordingly in the current year. Postponing investment measures was a major cause of the higher-than-planned earnings in 2021, which puts into perspective the expected decline in earnings in the current year. However, the change of control resulting from the voluntary public takeover bid in January 2022 and the subsequent discussion with the new majority owner regarding the future corporate strategy may lead to adjustments in the sales and earnings forecast in the course of the year.

IV. REPORT REGARDING ALSTRIA AG

1. EARNINGS POSITION

The following table shows the key operating figures of the audited income statements for the 2021 and 2020 financial years:

in EUR k	2021	% of oper. perf.	2020	% of oper. perf.	Change
Total operating performance	131,209	100.0	129,824	100.0	1,385
Other operating income	11,709	8.9	20,308	15.6	-8,599
Cost of purchased services	-25,366	-19.3	-24,424	-18.8	-942
Personnel expenses	-23,613	-18.0	-17,983	-13.9	-5,630
Depreciation	-39,455	-30.1	-36,954	-28.5	-2,501
Other operating expenses	-37,114	-28.3	-31,606	-24.3	-5,508
Net financial result	-48,280	-36.8	3,283	2.5	-51,563
Net result of the year	**-30,910**	-23.6	**42,448**	32.7	**-73,358**

1.1. Operating performance

The net result for the 2021 financial decreased by EUR 73,358 k to EUR -30,910 k (compared with EUR 42,448 k in 2020). As the Company has been exempt from income taxes since its conversion into a REIT structure, no tax expenses arose in 2021.

The decrease in the net result was mainly due to, a decrease of the net financial result by EUR 51,563 k a decrease of other operating income by EUR 8,599 k, an increase of personnel expenses by 5,630 k as well as an increase by EUR 5,508 k of other operating expenses.

1.2. Total operating performance

alstria’s total operating performance improved in the 2021 financial year, primarily due to an increase in let revenues as well as an increase in income from real estate-related services passed on to subsidiaries. In the reporting period, revenues amounted to EUR 131,164 k. Together with the changes in inventory amounting to EUR 45 k, alstria’s total operating performance amounted to EUR 131,209 k (versus EUR 129,824 k in the previous year).

1.3. Other operating income

The other operating income decreased by EUR 8,600 k to EUR 11,709 k. While no properties were sold in the year under review, income of EUR 13,827 k was generated from the sales in the previous year. On the other hand, income from the issue of convertible profit participation rights increased by EUR 1,067 k. In addition, write-ups on property, plant, and equipment increased by an additional EUR 1,640 k compared to the previous year. Finally, income from charges passed on and income from the reversal of allowances increased by a total of EUR 1,606 k.

1.4. Personnel expenses

Personnel expenses increased by EUR 5,630 k compared to the previous year. The increase results from higher expenses for share-based remuneration due to a change in the issuing modalities as well as a grown share price compared to the previous year‘s reporting date (EUR +5,132 k).

1.5. Depreciation and amortization

Depreciation increased by EUR 2,501 k compared to the previous year, to EUR 39,455 k. The effect is mainly the result of an increase in scheduled depreciation on property, plant, and equipment.

1.6. Other operating expenses

Other operating expenses increased by EUR 5,508 k. The increase resulted primarily from expenses in connection with the takeover bid (EUR 10,057 k) that arose in the second half of the financial year. In contrast, property operating costs fell by EUR 3,279 k compared to the previous year. This is due to a lower volume of new acquisitions, which caused lower expenses for reletting projects (EUR -1,403 k) as well as lower expenses for maintenance (EUR -1,660 k). Expenses for the allowance on receivables decreased by an additional EUR 1,976 k. The high expenses of the previous year resulted from write downs on receivables caused by the COVID-19 pandemic.

1.7. Financial result

in EUR k	2021	2020	Change (%)
Interest expenses, corporate bonds	-19,406	-24,142	-20
Transaction costs	-333	-2,393	-86
Interest result “Schuldschein” (“senior unsecured debt“)	-1,940	-2,140	-9
Interest expenses from bank loans	-680	-891	-24
Interest result from financial derivatives	-48	-134	-64
Other interest expenses	-269	-314	-14
Financial expenses	**-22,676**	**-30,014**	**-24**
Income from participating interests	0	27,460	-100
Income from loans to affiliates	4,778	5,334	-10
Other interests and similar income	1,057	510	107
Write down on financial assets	-31,439	-6	523,883
Net financial result	**-48,280**	**3,284**	**-1,571**

Compared to the previous period, financial expenses decreased by EUR 7,338 k to EUR 22,676 k.

The decrease is mainly based on the decrease in interest expenses from corporate bonds by EUR 4,736 k, which resulted from the repayment of a bond in the previous year. In addition, the transaction costs decreased by EUR 2,060 k. In the previous year, these included the costs of issuing a corporate bond.

In contrast, depreciation on financial assets increased by EUR 31,439 k. The increase results from an unscheduled depreciation of an investment to its fair value.

2. FINANCIAL AND ASSET POSITION

On the balance sheet date, alstria owned 72 real estate properties (in 2020: 70). The following table illustrates alstria’s changes in investment property in 2021:

in EUR m	
Land and Buildings on December 31, 2020	**1,384.96**
Investments	93.82
Adjustments	26.15
Disposals	0.00
Appreciations on market value	1.64
Nonscheduled depreciation	-2.48
Ordinary depreciation	-36.60
Land and Buildings as of December 31, 2021	**1,467.49**

The land and buildings line item increased by EUR 82.6 m. In the reporting period, two properties were acquired at purchase prices totaling EUR 80.6 m and an additional amount of EUR 13.3 m was invested in existing properties. A contract for the disposal of a property was signed in the reporting period, and the transfer of benefits and burdens is expected to take place in the first quarter of the financial year 2022.

The following table shows the real estate transactions during the period:

Disposals

Asset	City	Sales price (EUR k)	Signing SPA	Transfer of benefits and burdens
Heidenkampsweg 44	Hamburg	9,100	Dec. 09, 2021	March 31, 2022
Total Disposals		**9,100**		

Acquisitions

Asset	City	Sales price (EUR k)[1]	Signing SPA	Transfer of benefits and burdens
Hanauer Landstraße 161-173	Frankfurt	30,300	Dec. 17, 2021	March 01, 2021
Mehringdamm 32-34	Berlin	50,250	May 30, 2021	August 01, 2021
Total Acquisitions		**80,550**		

[1] Excluding transaction costs.

The prepayments and constructions in progress increased by EUR 6,314 k compared to the previous year to EUR 39,405 k. In the year under review, modernization projects with an amount of EUR 26,148 k were reclassified to the item buildings and land after completion. In contrast, EUR 32,462 k were invested in modernization measures in the reporting year.

Financial assets decreased by EUR 85,751 k to EUR 1,038,782 k compared to the previous year's reporting date. The decline is primarily based on the withdrawal of EUR 34,324 k from a subsidiary and the impairment of an investment by EUR 31,439 k. In addition, loans amounting to EUR 22,069 k were repaid in the year under review. On the other hand, a subsidiary was founded in the year under review, with a contribution of EUR 2,638 k.

The Company's cash position decreased by EUR 169,576 k to EUR 270,943 k. The cash outflows resulted mainly from the payment of dividends (EUR 94,230 k), investments in fixed assets (EUR 126,287 k), and interest repayments of EUR 22,676 k. In contrast, cash inflows resulted primarily from rents and property-related services (EUR 131,164 k) as well as the taking up of loans (EUR 22,069 k).

Total equity amounted to EUR 1,318,615 k, reflecting an equity ratio of 43.0 %, which is 2.5 percentage points below the prior year´s ratio of 45.5 %. The decrease in equity by EUR 124,660 k results from the distribution of the dividends for the 2020 financial year of EUR 94,230 k and the annual loss of EUR 30,910 k partly from the capital increase in the course of the conversion of convertible participation rights of EUR 480 k.

Provisions increased by EUR 8,984 k, compared with the previous balance sheet date to EUR 30,159 k as of December 31, 2022. The increase is mainly due to the addition of costs as part of the takeover bid by Brookfield of EUR 10,057 k (see section 1.3.2, page 33f.). The line item mainly includes accruals due to outstanding balances (EUR 19,710 k), share-based remuneration (EUR 4,497 k), bonuses

(EUR 2,335 k), risks of litigation (EUR 1,369 k), tax consulting (EUR 1,124 k), supervisory board compensation (EUR 525 k), audit fees (EUR 362 k), and miscellaneous provisions (EUR 239 k).

Additionally, liabilities increased by EUR 12,547 k compared with the prior year. The increase results primarily from taking out a loan in connection with the refurbishment of a property (EUR 5,550 k). Finally, liabilities to affiliated companies increased by EUR 8,272 k, primarily due to an increase in deposits from subsidiaries in the cash pool due to the net income for the year.

3. ADDITIONAL DISCLOSURE REGARDING ALSTRIA AG

3.1. Employees

As of December 31, 2021, alstria AG had 163 employees (December 31, 2020: 159). The annual average number of employees was 162 (previous year: 158). These figures exclude Management Board members.

3.2. Outlook for alstria AG

For the fiscal year 2022 the company expects a stable total operating performance.

V. RISK AND OPPORTUNITY REPORT

1. RISK REPORT

1.1. Risk management

alstria has implemented a Group-wide system for structured risk management and early warning in accordance with Section 91 para. 2 of the German Stock Corporation Act (AktG).

alstria AG is the parent company of the alstria group. alstria AG's directly and indirectly held subsidiaries considerably influence its results. Its business performance is fundamentally subject to the same risks and opportunities as those of the alstria group, and therefore the following explanations for the alstria group also apply to alstria AG.

All risks are recorded, evaluated, and monitored on at least a quarterly basis. The aim of alstria's risk management strategy is to minimize – or, where possible, completely avoid – the risks associated with entrepreneurial activity in order to safeguard the Company against losses and risks to its going concerns. The Company's risk identification allows for the early identification of potential new risks on an ongoing basis. Risk mitigation measures are defined so that alstria can undertake the necessary steps to circumvent any identified risks (i.e., to insure, diversify, manage, or avoid those risks).

For alstria, risk management means growing sustainably and increasing the company's value while managing appropriate risks and opportunities as well as avoiding inappropriate risks. alstria's risk-management system is an integral part of its management and control system, with the risk policy being specified by the Management Board. The risk-management system is integrated into its regular reporting to the Management Board and Supervisory Board, which ensures that risks are addressed proactively and efficiently. The risk-management system thereby focuses on full coverage of the risks. Identifying and assessing opportunities are not part of alstria's risk-management system.

1.1.1. Structure of the risk-management system

Risk management is coordinated independently from individual business divisions. The risk manager prepares a risk report on a quarterly basis and provides it to the Management Board. This report is based on reports from the risk owners — those who are responsible for particular risk areas. The risk manager also informs the Management Board on matters relating to implementing, operating, and overseeing the risk and internal control system and assists the Management Board by, for example, reporting to the Audit Committee of the Supervisory Board.

alstria faces various risk areas within the context of its business activities. These are divided into the following four risk categories:

- Strategic risks
- Operational risks
- Compliance risks
- Financial risks

Each risk category is assigned to one or several so-called “risk owners.” Inherent to the risk owners’ position in the Company is that they represent the area in which the identified risks could materialize; the risk owner is also responsible for the assigned risk category.

alstria’s areas of risk and risk categories

Risk category	Risk owner
Strategic risks	Finance & Controlling
Operational risks	Real Estate Operations, Development, and IT
Compliance risks	Legal
Financial risks	Finance & Controlling

The risk report presents the findings observed during risk identification, assessment, evaluation, and monitoring. At the same time, this report’s comprehensive documentation ensures an orderly assessment, which the responsible departments and the Supervisory Board conduct.

In addition, the divisions report their respective risks and opportunities to the Management Board in weekly meetings.

1.1.2. Risk valuation

Risks are assessed according to their likelihood of occurrence and their magnitude of affect. Accordingly, they are categorized as high, medium, or low. The potential damage includes any potential negative deviation from alstria’s forecasts and objectives with regard to its total comprehensive income or effects on the overall result of alstria.

Classification according to degree of impact

Expected impact in EUR m	Degree of impact
Between 0.0 and 0.6	minor
Between 0.6 and 1.5	low
Between 1.5 and 6.0	moderate
Between 6.0 and 15.0	high
Greater than 15.0	very high

Classification according to likelihood

Probability/likelihood of occurrence	Description
1 to 15 %	very unlikely
16 to 35 %	unlikely
36 to 55 %	possible
56 to 75 %	likely
76 to 99 %	highly likely

According to this framework, a very unlikely risk is defined as one that occurs only in exceptional circumstances and a highly likely risk as one that is expected to occur within a specified period.

Based on the likelihood that a specific risk event will occur and the affect it would have on alstria's business, financial position, profit, and cash flow, each risk is classified as high, medium, or low according to the following matrix.

Risk classification

Probability					
highly likely	L	M	H	H	H
likely	L	M	M	H	H
possible	L	L	M	M	H
unlikely	L	L	L	M	M
very unlikely	L	L	L	L	M
Degree of impact	minor	low	moderate	high	very high

L = low risk.
M = medium risk.
H = high risk.

In 2021, in principle the Company's risk-management system was not subject to any significant changes compared to the previous year. The following updates were implemented as part of the new version of the auditing standard 340 issued by the Institute of Public Auditors for the audit of the risk early warning system (IDW PS 340 new version):

- Determination of the risk-bearing capacity and comparison with the aggregated overall risk,
- use of a Monte Carlo simulation to determine the value at risk,
- documentation of the control measures to mitigate the main risks.

1.2. Key characteristics of accounting-related internal controls and risk-management system

Regarding the reporting process, the control and risk-management system aims to ensure that reporting is consistent and in line with legal requirements, generally accepted accounting principles, the International Financial Reporting Standards (IFRS), and internal guidelines. Only then can it provide true and reliable information to the recipients of the annual financial statements and the combined management report. To this end, alstria has implemented an internal control and risk-management system that combines all relevant principles, processes, and measures.

The internal control system consists of two areas: control and monitoring. In organizational terms, the divisions' treasury, controlling, and accounting divisions are responsible for control.

The monitoring measures consist of elements incorporated into the process as well as independent external elements. The integrated measures include process-related, system-based technical controls such as the “dual control principle” (which is applied universally) and software-based checking mechanisms. In addition, qualified employees with the appropriate expertise and specialized departments, such as controlling, legal, and treasury, perform monitoring and control functions as part of the various processes.

The Management Board and Supervisory Board (in particular, the Audit Committee) are involved in the monitoring system. These groups perform various checks independent of the Company’s processes. The internal audit function is transferred to an external auditing firm.

The Accounting Department acts as the central interlocutor for special technical questions and complex reporting issues. If required, external experts (auditors, qualified accounting specialists, etc.) are consulted.

In addition, the Company’s controlling department executes monitoring related to accounting. All items and main accounts for the consolidated companies’ income statements and balance sheets, as well as the consolidated income statements and the consolidated statement of financial position, are reviewed regularly for accuracy and plausibility. This process is conducted for both the consolidated financial statements and alstria’s individual financial statement. Accounting-related data are monitored monthly or quarterly, depending on the frequency of their preparation.

The accounting-related risk-management system forms part of the alstria Group’s risk-management system. The risk owner responsible for the finance area monitors the risks relevant to the accuracy of accounting-related data. Risks are identified on a quarterly basis and the risk-management committee assesses and documents them. Appropriate action is taken to monitor and optimize accounting-related risks throughout the Group.

1.3. Description and assessment of risks

According to the four risk categories described, alstria differentiates between strategic risks, operational risks, compliance risks, and financial risks. All material risks inherent to the future development of the Group’s position and performance (including effects on assets, liabilities, and cash flows) and reputation are described in this section.

The order in which the risks are presented in each of the four categories reflects the currently estimated relative exposure for alstria associated with these risks and thus indicates the risks’ current importance to the Group. Additional unknown risks and those currently considered immaterial may also negatively affect alstria’s business objectives and operations. Unless otherwise stated, the risks described below relate to all Group companies.

The individual risks described relate to the planning period from 2022 to 2024.

Corporate risks

	Likelihood	Risk impact	Risk level	Change since prior year
Strategic risks				
Market environment risks	likely	high	H	unchanged
Risks in relation to changes to the legal environment	unlikely	moderate	L	unchanged
Risks due to inefficient organizational structures	unlikely	moderate	L	unchanged
Operational risks				
Refurbishment project risks	possible	very high	H	unchanged
Vacancy risks	possible	high	M	unchanged
Shortfalls of rental payment risks	possible	high	M	unchanged
Maintenance risks	Possible	high	M	unchanged
HR risks	possible	low	L	unchanged
IT risks	possible	low	L	unchanged
Risks relating to property transactions	unlikely	moderate	L	unchanged
Compliance risks				
Risks resulting from not complying with G-REIT legislation	unlikely	moderate	L	unchanged
Risks arising from fraud or noncompliance	unlikely	moderate	L	unchanged
Litigation risks	unlikely	moderate	L	unchanged
Climate-related risks	unlikely	low	L	unchanged
Human rights risks	unlikely	low	L	unchanged
Financial risks				
Breaches of covenants	possible	high	M	increased
Valuation risks	unlikely	high	M	unchanged
Refinancing on unfavorable terms	unlikely	high	M	increased
Interest rate risks	unlikely	high	M	increased
Tax risks	unlikely	high	M	unchanged
Liquidity risks	unlikely	moderate	L	unchanged
Counterparty risks	very unlikely	high	L	unchanged

1.3.1. Impact of COVID-19 issues on alstria‘s risk situation

Due to the ongoing adverse effects of the COVID-19 pandemic, there are considerable uncertainties regarding the global economic outlook. In particular, a renewed intensity of the COVID-19 pandemic, for example, due to the appearance of new virus variants, could bring the recovery achieved thus far to a standstill and even lead to a new recession. This could occur, for example, if current vaccines are less effective with new variants, leading to the return of contact restrictions or lockdowns. The spread of COVID-19 intensified again around the end of 2021 and beginning of 2022, with the appearance of the highly infectious Omicron variant, which led to the number of new infections in many countries increasing again and possibly further increasing. The number of diseases and the course of the disease develop differently depending on the vaccination rate in each country.

Therefore, the pandemic’s effect varies considerably between regions and customer sectors. Governments and other local authorities are working to contain the spread of infection through implementing various countermeasures, such as contact restrictions, adherence to minimum hygienic standards, wearing respiratory masks, vaccine mandates, and vaccination and testing services to avoid widespread curfews and restrictions on the opening of certain economic sectors. Depending on epidemiological trends and political pressure, governments are expected to relax existing restrictions and avoid new ones to reduce the associated economic harm.

As a result, the extent and duration of the individual effects on the letting business are extremely difficult to predict. For example, if containment measures are tightened or if they take an unpredictably long time, this might significantly affect alstria’s business development in a way that exceeds current expectations and might go beyond already initiated mitigation measures. Key uncertainties of the COVID-19 crisis are its duration — these include, for example, further waves of infections, virus mutations, the development of global vaccination progress, and the economic costs of restrictions.

Potential consequences include an unsustainable burden of public and private debt that hampers the post-pandemic recovery, severe disruptions in the financial system, and bankruptcies among alstria’s customers and suppliers. In the long term, a rollback of globalization could reduce the potential for future growth. Crisis assessment and management measures have been put in place across functions to monitor carefully and to mitigate the various COVID-19 effects, with an emphasis on the health and safety of its employees and its business continuity.

That the extent of the recession and unemployment did not result in being even higher in Germany is primarily due to the extensive state support payments and short-time working. Even if the leading indicators pointed to a limited recovery in the economy in 2022, the further course of the pandemic will also incite great uncertainty for the coming months.

Regarding alstria’s risk situation, this uncertainty has negative effects, in particular on the market environment risks, vacancy risks, and rent default risk (see table above). The effects are discussed in detail below in these risks’ descriptions.

1.3.2. Effects of the change of control

On January 12, 2022, Alexandrite Lake Lux Holdings S.à r.l. (“Bidder”) announced that the Bidder and persons acting jointly with the Bidder acquired in total 89,904,173 of shares and voting rights (50.50% of the issued share capital) of alstria office REIT-AG (“alstria,” ISIN DE000A0LD2U1). Subject to fulfilling all offer conditions of the takeover offer, these shares and voting rights in alstria are attributed, inter alia, to Brookfield Asset Management Inc. (“Brookfield”) to the effect that, after settlement of the takeover offer, Brookfield will own indirectly more than 50% of alstria’s voting rights and shares. Even though the takeover became effective after the balance sheet date, the Bidder’s intention to make a takeover bid to the shareholders of alstria office RET-AG had already been announced in November 2021. alstria AG’s Management Board and the Supervisory Board believe the transaction is in the company’s interest and they recommended that alstria's shareholders accept the offer. The successful conclusion of the transaction in the first quarter of 2022 had already been expected at this point in time.

In the context of the Investment Agreement, the Bidder has committed to support the continued execution of alstria’s strategy in particular by reducing the annual dividend payment and re-investing excess cash through actively pursuing new value-add refurbishment and repositioning opportunities and accelerated assets rotation.

In doing so, the Bidder announced it would support alstria's incumbent Management Board and intends for the current members to continue running the company after the offer’s closing. The start of the bidding process did not affect the risk management’s current structure and the current three-year medium-term plan. Nevertheless, there are individual risks, not least because of “change of control” clauses, which affect the risk assessment. For example, when Alexandrite exceeded a 50% stake in January 2022, there was a change of control within the meaning of the bond terms.

Provisions were therefore made in an investor agreement to offset the takeover’s negative effects. The assessment of the effects on the individual risks is discussed in the description of the respective risk in the following sections. This is essentially the case with interest, refinancing, tax, REIT, and employee risks.

1.3.3. Strategic risks

Strategic risk management addresses the factors that influence the Company's market environment, regulatory environment, and strategic corporate organization.

Market environment risks

For the Group, market environment risks are derived from macroeconomic developments and their impact on respective real estate markets. An economic downturn in the German market could result in a decreasing number of employees and in lower demand for rental areas in office properties. For alstria, this would lead to a higher risk of vacant space or to lower rental income.

Due to global markets' high dependency, especially for the German economy, the global economy's development also has an indirect influence on alstria's business development, although alstria's business activities are limited to the domestic rental market. Moreover, during the COVID-19 pandemic, significant macroeconomic challenges have not been defused and in some cases, they have intensified. A renewed escalation of the trade conflict between the U.S. and China, an intensified de-coupling, and an intensification of the Western states' disagreement with Russia would significantly worsen global growth prospects. A significant risk to alstria's letting potential and cost structure comes from mounting supply chain bottlenecks due to the increasing unavailability of circuit boards for building technology and certain building materials. Bottlenecks in energy supply on the one hand and in access to raw materials on the other would substantially reduce industrial production potential. The escalating possibility of major defaults in the Chinese property sector, with potential spillover effects into the entire real estate market and financial markets, would significantly affect growth prospects of the Asian emerging countries and China. Further, it might have reverberations even on the global financial system and the world economy. A substantial increase in inflation rates could lead to serious distortions in global currency, capital, and foreign exchange markets if central banks initiate the tightening cycle too fast and too aggressively.

Because the fiscal and monetary policy scope for action appears already largely exhausted, the economic affect could be much greater compared to the fiscal year 2021. There is also great uncertainty about the pandemic's long-term consequences for important industries. In addition, beyond COVID-19, the aforementioned essential trouble spots have not been defused and in some cases even have intensified. Additionally, the highly interconnected global economy remains vulnerable to natural disasters or further pandemics.

After the severe economic downturn in 2020, along with only moderate improvement in 2021, the uncertainties of further economic development in Germany, the E.U., and the global economy remain considerable. As a result, the market environment risks continue to show a high-risk level (H), as was the case on the previous year's reporting date.

Risks in relation to changes in the legal environment

Risks related to the Company's legal environment result from changes to regulations and laws. These may in turn affect key regulatory requirements and the corporate constitution of the alstria companies. These include alstria's classification as an REIT and other regulations concerning publicly listed companies. New laws and regulations may result in new regulatory requirements and thus in higher expenses. Overall, risks regarding the legal environment are classified as low (L), as they were in the previous year.

Risk caused by inefficient organizational structures

Within the scope of the business organization's strategic direction, there are further risks that the inefficient organizational structures and the Company's dependence on IT systems and structures cause. Both the organizational structure and the IT infrastructure support strategic and operational objectives. The transition from work in an office to digital work in locally decentralized structures could thus be implemented without friction losses. Therefore, the risk of strategic corporate organization remains low (L).

1.3.4. Operational risks

alstria's operational risk management addresses property-specific risks and general business risks. These include vacancy risk, tenants' creditworthiness, and the risk of falling market rents. This risk area also monitors personnel-related risks, such as loss of expertise and competencies due to staff fluctuations. alstria applies various early warning indicators to monitor these risks. Ongoing insurance checks, such as rent projections, vacancy analyses, and controlling lease terms and termination clauses, are designed to help identify potential dangers and risks.

Refurbishment project risks

alstria realizes a significant number of refurbishment projects. All risks related to these projects are managed through extensive project control and through a related budget-management process. Potential risks include those of delayed completion, budget overrun, and deficiencies in construction. The still-strong economy in the construction industry places high demands on procuring and executing contracts due to the limited availability of craftsmen and construction companies. Even against the backdrop of the COVID-19 pandemic, the bottlenecks the economy causes have not eased. Supply chain issues and rising inflation make planning and executing construction projects difficult. The volume of construction projects planned for the three financial years after the reporting period remains high compared to the previous years' long-term average. For these reasons, the risk resulting from refurbishment projects continues to be classified as high (H).

Vacancy risk

In the cases of lease terminations, leases that are not extended, and existing vacancies, there is a risk that the rental area will not be re-let as planned, resulting in lower-than-anticipated revenues.

alstria's budgeting is based on the assumption that rental areas can be re-let within a defined period following the end of a lease. Because of the COVID-19 countermeasures, the economic downturns described and the increased trend toward working from home already began in the 2020 financial year. Even if the economic situation recovered somewhat in the reporting period, many companies still had a high proportion of staff working from home. This development led to a continued reluctance among many market participants to conclude new leases for office and commercial space. However, the effect on existing tenancies is very limited. Due to long-cycle development of the demand for office rental areas, there is usually time lag between changes in macroeconomic conditions and their effect on alstria's letting results. Vacancy risks are expected if tenants move out because they can no longer pay their rents, if the leases of the rental space are not extended after the lease agreement has expired, or if the space can no longer be re-let after tenants have moved out because the demand due to economic situation or a sustainable trend toward home office no longer exists to a comparable extent.

On the other hand, tenancies are of a long-term nature, thus, rental income does not usually fall away spontaneously. For some tenants, the uncertainty also leads to maintaining the status quo and due to the unclear entrepreneurial perspective, not looking for new rental space but rather extending the existing lease with alstria. It was thus possible to enable new lettings and lease extensions in the past financial year. Overall, the volume of lettings was again lower than the years before the COVID-19 pandemic outbreak. Due to the longer planning and decision-making phases regarding the companies leasing office space, a longer-lasting lag effect is to be expected. As a result, the vacancy risk remains at a higher level and, as at the end of the previous reporting period, is classified as a medium risk (M).

Shortfall of rental payment risks

An operational risk is a potential shortfall of rental payments from one or more major tenants; it could be realized because of an economic downturn or of a particular case. Due to the described consequences of the COVID-19 pandemic on many market participants' economic situation, the risk had increased that alstria's tenants could also have trouble in meeting their rental payment obligations. alstria's main tenants are predominantly public institutions or companies with a high rating. Actual defaults were limited during the year following the initial lockdown. Precautions had already been taken in the previous financial year via increasing the write-downs on receivables. To what extent the situation will affect the future payment behavior of tenants in the medium term cannot be conclusively assessed at this time. If, due to a rampant spread of COVID-19 or the emergence of a more dangerous virus variant, it becomes necessary to completely close down the office space to extend contact restrictions, a large proportion or all of alstria's tenants could claim the loss of business basis (legal term: “Wegfall der Geschäftsgrundlage”). In such a scenario, it is possible there would be absolutely no rental income for the entire duration of the restriction. This would significantly affect alstria's overall results. Due to the group’s equity position, there would still be no threat to the going concern for the risk forecast period. As a result, the risk of default on rental payments remains a medium risk (M), as was the case on the previous year’s reporting date.

Maintenance risks

To plan for the requirements of maintenance measures, the Company makes assumptions about a property’s condition and the intended standard. Undetected defects, repair requirements resulting from external damage, new legal requirements regarding the building’s condition, or incorrect assessment of maintenance requirements could all result in higher-than-planned maintenance costs. Due to alstria’s high maintenance budgets, the maintenance risk is categorized as medium (M), as it was in the previous year.

HR risks

The skills and motivations of alstria’s employees decisively affect the Company’s success. The risk of losing knowledge results from staff member fluctuation and from the inability to recruit sufficiently qualified experts to fill vacancies in good time. Both cases could result in a shortfall of suitable experts and key personnel, which could endanger alstria’s competitive advantages and further growth opportunities in its markets. alstria mitigates these risks through the following measures: selective, needs-oriented skill development for existing staff members; strengthening its image as an attractive employer; university marketing; trainee programs; training apprentices; and profit-oriented variable remuneration schemes. Furthermore, independent external experts anonymously carry out employee surveys on employee motivation, management, and corporate culture. The takeover activities (see Section V.1.3.2) could lead to impaired employee motivation if the impression is given that the transferred company would not continue the operational and administrative activities in the existing structure and manner, or if there is a major change in the corporate identity. To counteract this, the Investor Agreement with the Bidder states that employees are critical to alstria's success and the Bidder will therefore support alstria in attracting, developing, and retaining talent and maintaining a collaborative work environment. The Bidder has also undertaken not to take any action that would result in terminating alstria employees for operational reasons. In addition, alstria's headquarters will remain in Hamburg and all of alstria's local branches will continue to operate in their current form. Overall, alstria estimates the described risks to be at a low level (L), which corresponds to the situation at the end of the previous year.

IT risks

IT systems support the majority of alstria's business processes. Any fault affecting the IT systems' reliability or security could lead to delays or interruptions in operating activities. alstria protects itself against IT risks through constantly examining and enhancing the information technology it deploys. In addition, it has installed modern hardware and software solutions and safeguards against attacks. In view of attempted hacker attacks, measures were implemented to combat such cyberattacks. Structural security measures are in place to protect the computer center. All data are backed up daily in an internal depository and once per week in a separate data depository. Workstations have access restrictions so that employees can only access the systems they need for their work. During the transition from office work to decentralized digital work in home offices, the IT security measures were transferred as far as possible to distance work. An external IT consultant's review confirmed the IT security's effectiveness in the home offices. Therefore, overall IT risks are assessed as unlikely to materialize; as in the prior year, their possible consequences are considered low (L).

Risks relating to property transactions

alstria is exposed to risks related to the acquisition and disposal of real estate properties. A related risk includes the partial or complete failure to detect the risks and liabilities associated with properties during the due diligence process. In case of the disposal of real estate assets, alstria usually provides potential purchasers certain warranties regarding factual and legal matters for the property in question. The possibility that alstria's management may not be aware of risks that are covered by certain elements and warranties given in a sales agreement cannot be fully ruled out. As a result, there is generally a risk that a prospective purchaser may charge alstria (as the seller) with breach of warranty.

From a purchasing perspective, alstria is exposed to risks that hidden deficiencies on land and/or property may not be observed and that unfavorable contractual agreements may be transferred to the Company, resulting in additional future costs.

In both acquisition and selling proceedings, alstria responds to these risks with thorough technical, legal, and tax analyses of all relevant property and contractual issues. It does so by employing internal and external lawyers, tax advisors, architects, construction engineers, and other required experts. As before, risks relating properties' transactions are assessed to be of a medium (M) level.

1.3.5. Compliance risks

Risks resulting from not complying with G-REIT legislation

alstria is registered in the commercial register as a German REIT-AG (G-REIT). The German REIT segment allows alstria to offer investors an attractive profile and to distinguish itself in the capital markets as a REIT. The REIT shares are traded on the Frankfurt Stock Exchange. The G-REIT status does not influence admission to the regulated market (Prime Standard).

The Company must meet certain requirements to qualify for and retain its designation as a G-REIT. The most significant requirements are that A G-REIT must be a stock corporation listed on an organized market, and its registered office and management must be in Germany. Its registered share capital must amount to at least EUR 15 million. All shares must be voting shares of the same class. Free float must be at least 15 %, and no investor can directly hold 10 % or more of the shares or shares that represent 10 % or more of the voting rights. Furthermore, at least 75 % of assets must consist of real estate, and at least 75 % of gross income must be generated from real estate. At least 90 % of annual profits as resulting under German GAAP-accounting are to be distributed to shareholders. The G-REIT's equity cannot fall below 45 % of the fair value of its real estate assets as recorded under IFRS.

REIT corporations are exempt from German corporate income tax (KSt) and German trade tax (GewSt). This tax exemption has been applied to the Company with a retrospective effect since January 1, 2007.

Capital and investment management activities maintain the Company's G-REIT status in order to support its business activities.

According to Section 15 of the REIT Act, alstria's equity (as reported in its consolidated financial statements) must not fall short of 45 % of its immovable assets. However, if the minimum equity ratio is not satisfied for three consecutive financial years, the German exemption from corporate income taxes (KSt) and trade taxes (GewSt) ceases at the end of the third financial year.

The G-REIT equity ratio is 69.1 % as of the balance sheet date. Accordingly, alstria complies with the minimum G-REIT equity ratio requirement according to Section 15 of the G-REIT Act (REITG). alstria cannot lose its G-REIT status because of failing to meet the 45 % threshold within the three-year forecast period through December 31, 2024.

As part of the takeover process (see Section V.1.3.2), the acquiring company, Alexandrite, directly acquired a stake of more than 10% in alstria-office REIT-AG. As of December 31, 2021, the share of direct participation in the share capital and voting rights of alstria office REIT-AG amounted to 33.76%. This share has increased further after the balance sheet date and as of February 21, 2022 amounted to 65.59%. In addition, Lapis Luxembourg Holdings S.à r.l., a company acting jointly with the Bidder within the meaning of Section 2, para. 5 WpÜG, directly held around 10.23% of the share capital and the voting rights of alstria office REIT-AG. Furthermore, because of the further accumulation of shares in the hands of the Bidder or companies affiliated with the Bidder, there is the possibility that the free float pursuant to the REIT Act of shares in the Company will fall below the limit of 15% of the shares. As of the balance sheet date, the free float in accordance with the REIT Act was 46.69%.

The requirement to exceed the 10% ownership interest only takes effect once the direct interest has existed for three years. If the proportion of a direct holding is not reduced to below 10% by the end of the third year following the end of the year in which it was first exceeded, the REIT status is lost retrospectively at the end of the second financial year following the end of the year in which it was first exceeded. If the exceeding maximum investment limit in the present case is not remedied by December 31, 2024, the REIT status of alstria office REIT-AG would cease to exist on December 31, 2023.

The Bidder has undertaken to alstria office REIT-AG to ensure compliance with the maximum investment limit in good time, within the three-year period in accordance with the REIT Act.

In the event of violating the minimum free float, the same rule applies with regard to the timing: because the free float was complied with as of December 31, 2021, the REIT status could not be lost before December 31, 2024. Curing this regulation would be possible until December 31, 2025.

alstria constantly monitors compliance with all of the REIT criteria described, which the company could influence. The Bidder has undertaken to avert violating exceeding the maximum holding and the REIT status cannot be lost due to a potential violation of the minimum free float ratio in the three-year forecast period relevant to the risk forecast. Therefore, as in the previous year, the risk of non-compliance with the REIT criteria continues to be classified as low (L).

Risks resulting from fraud or noncompliance

alstria depends on all employees and management respecting the compliance standards in place. alstria's business expects employees and management members to comply with documented laws, policies, and procedures. If alstria's senior management fails to document and reinforce the Company's policies and procedures, or if employees commit criminal, unlawful, or unethical acts (including corruption), such actions could have an adverse material effect on alstria's business, financial condition, and the results of operations. They would also harm alstria's reputation in the real estate market, thereby negatively affecting future business opportunities. The General Data Protection Regulation (Datenschutzgrundverordnung), which came into force in the financial year 2020, provides significantly higher fines in the event of infringement. The data protection measures already in place at alstria, as well as newly introduced guidelines and processes, are in line with the General Data Protection Regulation's requirements. alstria has implemented a compliance organization, which addresses adequate and documented compliance rules and regulations and provides training to all employees concerning compliance-related topics.

In doing so, the Company has established central behavioral principles in the areas of:

- anti-corruption,
- avoiding conflicts of interest,
- handling confidential information and insider knowledge, and
- anti-discrimination, equality, and diversity concerns.

The materialization of compliance risks is assessed to be low (L), which is unchanged from the previous year's assessment.

Litigation risks

alstria AG or any of its subsidiaries could be involved in pending or foreseeable court or arbitration proceedings that might significantly affect the Group's business position at any time. Other risks might arise from legal actions taken to address warranty claims, repayment claims, or any other claims brought forward in connection with divested properties or development projects implemented over the last few years.

After the legally binding clarification of the legal disputes in connection with converting DO Deutsche Office AG into the limited partnership alstria office Prime Portfolio GmbH & Co. KG in 2016, neither alstria office REIT-AG nor its subsidiaries are involved in current or foreseeable court or arbitration proceedings that could significantly affect the Group's economic position. This also applies to warranty, repayment, or other claims asserted in legal proceedings in connection with the sale of real estate or development projects carried out in recent years. Appropriate provisions have been made at the respective Group company for any financial burdens arising from ongoing or foreseeable court or arbitration proceedings.

Because none of the Group's companies are currently exposed to civil rights proceedings or other types of legal disputes and none are expected to occur, the risk of legal disputes is classified as low (L), as it was in the previous year.

Climate-related risks

Considering the long-term nature of the real estate business and the immovable nature of the assets, it is imperative to take into account the effect of climate change on the prospects. The specific risks related to climate change that the Company faces are listed below.

Physical risks — acute: alstria's property portfolio is subject to extreme weather events, such as flooding, storms, and hail, which may weaken building structures and threaten tenants' safety. Such phenomena will intensify in the coming years. alstria's control process includes the following:

- Use of risk assessments from insurance companies to determine which buildings need to be upgraded.
- Insurances covering the portfolio from the loss of rent due to fire, storms, hail, or any act of God with a total insured value at least as high as alstria's assets' balance sheet value.

Transition risks — regulatory: After the Paris Agreement, new regulations, notably regarding energy efficiency restrictions, are anticipated. These might impose increased stringent obligations on the building sector, resulting in a need for more renovations per year. alstria's control process includes the following:

- Ongoing environmental monitoring and compliance with applicable laws and standards.
- Participation in industry bodies to monitor emerging legislation early.

Transition risks - market: Climate change has shaped tenants' behavior in requiring flexible office space often associated with energy-efficient solutions. Failing to respond to the growing demand for sustainability services can result in a lack of attractive assets, implying a subsequent decline in their rental potential. The prevention measures alstria takes are as follows:

- Offering additional services to help tenants run their offices efficiently.
- Recognizing early the financial requirements to upgrade and modernize buildings.

Similar to in the previous year, environmental risks are assessed at a low (L) level.

Risk of noncompliance with human rights

There is a risk that alstria's activities will trigger activities or have an effect that violates human rights, for instance, as a result of unworthy working conditions at construction sites or the production of products or services used in business activities. alstria is fully committed to its responsibility to respect human rights. Efficient management guidelines and the compliance organization, which is particularly geared toward legal compliance, anti-discrimination, and diversity, support the goal that alstria's legal representatives and employees' behaviors always correspond to high ethical standards. These standards also apply to drafting contracts with contractors or customers, which should be done to minimize the risk of noncompliance with human rights along the value chain. Throughout the group, alstria especially respects the UN Guiding Principles on Business and Human Rights, which are grounded in recognizing that states and companies must respect human rights. States are primarily responsible for protecting their citizens' human rights, and it is their obligation to translate their international human rights duties into national regulations and laws that ensure protection of human rights. In situations where national laws do not cover internationally recognized human rights, or the implementation of such laws is weak, the UN Guiding Principles clearly expect companies to operate according to a higher international standard.

In Germany, the degree to which the government respects and protects human rights is rather high. As a German real estate company focusing solely on German office properties, alstria operates within the German law's framework and accordingly obeys its human rights rules and regulations. Overall, the risk of noncompliance with regard to human rights is classified as low (L), as in the previous year.

1.3.6. Financial risks

Due to alstria's refinancing strategy, its financial risk situation remained stable compared to the previous year's reporting period.

Breaches of covenants

In the process of issuing corporate bonds, taking out loans and the issuance of a Schuldschein, alstria agrees to comply with certain covenants, such as achieving a minimum income (debt service coverage ratios) from mortgaged properties or not exceeding a certain level of debt (LTV). In the event of a breach of these covenants, consequences arise, such as increased credit margins or, in the worst case, a lender's extraordinary termination of a loan. The risk of breaching loan agreements was classified as a medium risk (M) as of the previous year's reporting date due to the low LTVs, which were and still are well below the permitted gearing ratios.

When Alexandrite exceeded its 50% stake in January 2022 (see Section V.1.3.2), there was a change of control within the meaning of the bond conditions. If within 120 days after the change of control the rating falls below the category "investment grade" due to the change of control, the bondholders are entitled to demand repayment of the fixed rate bonds from alstria at 101% of the nominal amount of the fixed rate bonds plus unpaid claim accrued interest. The update of the rating by the rating agency Standard & Poor's (S&P), which considered the increase in the LTV intended by the Bidder, led to a reclassification of the rating to BBB-. This lowered the rating, which was previously BBB+. An investment grade rating could be maintained, so that there is no breach of the bond conditions. The decrease of the rating to the lowest level of the investment grade rating has nevertheless increased the probability that the rating could fall below investment grade, violating the bond conditions, resulting in its early repayment. The Bidder, Alexandrite, has undertaken to provide bridge financing of the required magnitude and a term of up to two years in this case. Furthermore, it has assured that it will offset any higher refinancing costs. Therefore, the effects on alstria's financing situation are limited. Nevertheless, the probability of occurrence of the risk was increased from "unlikely" to "possible". Overall, the risk from breaches of covenants as of December 31, 2021, was still classified as a medium risk (M).

Valuation risks

The fair value of the real estate properties the Company owns reflects their market value as independent appraisers determine, which could be subject to change in the future. Generally, the real estate properties' market value depends on various factors, some of which are exogenous and may be outside alstria's control. These factors include declining rent levels, decreasing demand, and increasing vacancy rates. Many qualitative factors also decide a property's valuation, including its conditions, expected market rents, and location. The mandated appraiser's final assessment is to a certain extent discretionary and may differ from another appraiser's opinion. Should the factors considered or assumptions made in valuing a property change to reflect new developments or for other reasons, subsequent valuations of the respective property may result in a diminished market value. If such valuations reveal significant decreases in market value compared to prior valuations, the Company may incur significant revaluation losses with respect to such properties.

Factors such as economic changes, interest rate fluctuations, and inflation may adversely affect properties' value. To minimize these risks, regional diversification of investment portfolios, consistent focus on the tenants' individual needs, and detailed market research and analysis (broker reports) are applied. In addition, Independent, internationally recognized experts determine the market value of all of alstria's assets at the end of each year. The consequences of the COVID-19 pandemic have not yet had negative effects on the current assessment.

The risk of higher inflation becoming entrenched, which could negatively affect the demand for real estate and thus its value via the rise in interest rates, is perceived as inconsistent. In return, ceteris paribus, higher nominal rental income would be expected, so that, at least in terms of model theory, valuation pressure appears manageable. Historically, real estate has been inflation-proof in practice.

In summary, the risk of unexpected devaluations is classified as moderate (M), as in the previous year.

Refinancing risks

The Group’s main financial instruments are fixed-interest bonds. In addition, there are mortgage-backed bank loans. The bonds and bank loans’ main purpose is to finance alstria’s business activities. The main risks arising from the Group’s financial instruments are cash flow risks, interest rate risks, and liquidity risks. alstria Group’s current Net LTV is 28.8 %, which is a low value compared to the average LTV of the real estate companies listed in the DAX segment of Deutsche Börse AG (DAX, MDAX, and SDAX). The Group’s bank loan LTVs on the balance sheet date are well below the LTVs permitted under the respective loan agreements (see an overview of loan facilities on page 18). Thus, the risk of a covenant breach was encountered effectively. As of the balance sheet date, alstria's creditworthiness was still rated BBB + by the rating agency Standard & Poor's and BBB - ("investment grade") up to the date of publication. Refinancing the majority of alstria’s bonds and bank loans is not required before the 2023 financial year, the maturity of one in four bonds. The other three bonds have different maturities up to the 2027 financial year, so that there is a diversified maturity profile and the refinancing of the entire loan at one point can be avoided (see the maturity profile of the loans on page 19).

Due to the change in financing strategy because of the change of control in January 2022 (see the comments on the risk from the breach of covenants and section V.1.3.2) with the reduction in the S&P rating from BBB+ to BBB -, refinancing risk are estimated as more likely than on the previous year's reporting date. While it was categorized as “very unlikely” that the risk from the refinancing would materialize as of the previous year's reporting date, the assessment has now been changed to "unlikely". The Bidder's assurance to ensure the financing requirements by providing bridge financing of the required magnitude and with a term of up to two years and to offset any higher refinancing costs was considered in this assessment.

Therefore, the effects on alstria's financing situation are limited, but the conditions to be achieved as part of the refinancing after the end of the two-year bridge financing could differ and make refinancing on favorable terms more difficult.

The refinancing risk is therefore now classified as a medium risk (M) as of the balance sheet date, after being classified as a low risk (L) on the previous year's reporting date.

Interest rate risks

Interest rate risks result from fluctuations in market interest rates. These floating rates influence the sum of interest expenses in the financial year and the three-year forecast period on which risk management is based. Developing nominal interest rates also depends on the further development of inflation rates.

alstria's hedging policy included the use of classic interest rate caps and if necessary, interest rate swaps, if applicable to limit the Company's exposure to interest rate fluctuations. It still provided enough flexibility to dispose real estate assets. The interest base for the financial liability (loan) is the EURIBOR, which is adjusted every three months. The majority of funding consists of long-term fixed-interest loans and bonds and therefore, is not subject to interest rate risk up to its maturity. For this reason, the interest rate risk was classified as a low risk (L) as of the previous year's reporting date.

The downgrade of the rating as a result of the change of control in January 2022 (see the comments on the risk of breaches of covenants and the refinancing risks as well as Section V.1.3.2) and the possible refinancing of a corporate bond in the 2022 financial year led to the assessment of higher interest rate risks. As of the previous year's reporting date, the need for refinancing, which could have led to a change in the interest rate structure within the three-year risk assessment period, was limited.

Therefore, the interest rate risk is now classified as a medium risk (M) as of the balance sheet date.

Tax risks

REITs are completely exempt from corporate income tax and trade tax. As a result, tax risks can only arise in the case of lost REIT status or at a subsidiary level. Additionally, the Group faces risks from value-added tax, real transfer tax, and property tax. Furthermore, changes in tax laws or their interpretations may result in higher tax liability for prior tax periods that have not yet been approved. Due to the takeover of the alstria office Prime Group, companies are included in the consolidated financial statements that are not subject to the REIT legislation's regulations. The restructuring, which was implemented during the 2016 financial year, particularly the conversion of these companies' legal forms into limited partnerships, resulted in taxing hidden reserves and liabilities within the acquired companies. Subsequently, the companies are tax transparent.

Due to the income tax exemption as a REIT and internal and external tax experts' consistent monitoring of tax-relevant issues, the probability of a tax loss is limited. Because certain tax-related issues, such as real estate transactions or valuations of assets and liabilities as well as reentry into a tax liability status that could result in high tax obligations over the three-year risk period, the risk impact is considered significant.

Because of the Federal Constitutional Court judgment, the German legislature passed a new regulation on property tax at the end of 2020. From January 1, 2022, new property tax values will apply; these will be the new tax base for property taxes beginning January 1, 2025. Basically, the new model is value based. At the same time, an amendment to the Basic Law (Grundgesetz) grants German states the right to deviate from the federal regulation, such as through using an area model. In the case of nonresidential properties relevant to alstria — particularly business properties — the so-called real value method is used in principle. The property value is thereby determined from the building value, which is calculated based on standard production costs, usable space, year of construction, and land value. The latter results from the multiplication of the land area by the standard land value. Therefore, it is unnecessary to determine standard rents. Even if the new concept is to be revenue neutral, an increase in the property tax for alstria's real estate cannot be ruled out. Basically, changes in property tax may affect tenants through higher service charge costs because passing on costs to tenants was not restricted. The Federal Constitutional Court will allow applying the current property tax rates until the end of 2024. Therefore, higher property tax rates are not expected for the next three years.

The transfer of shares in companies with real estate assets can under certain circumstances, if certain share quotas are exceeded, result in real estate transfer tax on the real estate of the company or their subsidiaries. Because of Alexandrite's takeover activities, shares in alstria office REIT-AG will be transferred. Due to the extensive real estate assets of the alstria Group, real estate transfer taxes could be incurred to a considerable extent. Therefore, the Bidder has guaranteed the company that it will refrain from transferring a harmful number of shares. In addition, the Bidder has warranted to the Company that it will indemnify the Company and its affiliates against any property tax damage or loss resulting from a breach of warranty or any other harmful measures.

Overall, there is therefore a medium (M) tax risk, which is unchanged from the previous year.

Liquidity risk

One of alstria's core processes is cash management. The Company manages its future cash position and monitors its progress daily. The Company uses a cash-forecasting tool to prevent liquidity risks. As a basis for analysis, this liquidity-planning tool uses the expected cash flows from business activities and the maturity of the financial investments.

Due to refinancing activities in recent years, such as placing several corporate bonds with diversified maturity profiles, the substantial liquidity risk arising from repaying all or most of alstria's credit commitments in one sum ("balloon repayment") has been managed successfully. Since the repayment of the majority of the loans and bonds will not be due until 2023, the liquidity risk from the obligation to repay loans has been classified as low (L), as in the previous year's reporting date. The change of control (see the explanations on the risk of breach of covenants, refinancing risks and the interest rate risks as well as section V.1.3.2), will not result in any material changes, among other things due to the Bidder's assurance that any financing requirements will be immediately offset by a bridge financing.

Counterparty risks

alstria hedges a portion of its risk by applying third-party instruments (interest rate derivatives, property insurance, and others). alstria’s counterparties in these contracts are internationally recognized institutions that leading rating agencies rate. alstria regularly reviews the ratings of its counterparties to mitigate any risk of default. The 2007 financial crisis raised doubts regarding the reliability of rating agencies’ assessments. In response to this concern, alstria uses other information sources to verify rating agencies’ assessments. The COVID-19 crisis has not yet affected the creditworthiness of alstria’s major contractual partners. The determination of fiscal policy and monetary policy to support industries and particularly affected companies, as well as systemically important institutions such as banks and insurance companies, can also contribute to this.

alstria is otherwise not exposed to significant credit risks. Hence, counterparty risk can be classified as low (L), just as it was last year.

1.4. Overall risk assessment by the Management Board

alstria AG consolidates and aggregates all risks reported by the different business units and functions adhering to its risk management policy. The most significant challenges have been mentioned first in each of the four risk categories: strategic, compliance, operational, and financial.

Compared to the previous year, the COVID-19 pandemic also influenced alstria’s risk situation. Furthermore, for assessing certain risks in relation to certain financial risks and risks from violations of the REIT Act due to the change of control (see the explanations on the risk from the breaches of covenants, the refinancing risks and the interest rate risk as well as Section V.1.3.2), questions arose that led to updating the assessment and, as a result, there were only minor changes in the risks.

For the 2021 financial year, compared to 2020, only minor changes were noted in alstria’s risk level matrix for risks categorized as high (H) or medium (M). At the end of the year, high risks accounted for 9.1% (December 31, 2020: 10.0%) of all identified risks, whereas medium risks accounted for 34.5% (December 31, 2020: 32.7%). This is based on the continuing uncertainty of the economic situation described above and the resulting increase in the probability of a drop in demand for new office space as well as the possibility of payment difficulties and even bankruptcy among alstria’s tenants. Due to the high proportion of government agencies, public-sector companies, and companies with high credit ratings, the Management Board assesses the risk situation as manageable. The COVID-19-related risks did not pose a threat to the company’s existence.

From the Management Board’s point of view, the conservative LTV and the solid REIT equity ratio are stabilizing factors. Even if the long-term refinancing position with the downgrading of the S&P rating to the lowest "investment grade" level BBB- appears somewhat less secure than before, the Bidder's refinancing guarantees and compensation commitments represent a balance regarding the refinancing risk and the risk of higher borrowing costs in the event of rising interest rates or margins. The low LTV ratio reduces the risk that could arise if the property valuations come under pressure (e.g., because of inflation-driven interest rate hikes).

Sufficient precautionary measures have been undertaken to counteract identifiable risks.

In addition to assessing the potential impact of the realization of risks on the value of the Group's net assets, the potential liquidity requirements for selected key risks are identified for a period of three years. The assessed amount of liquidity amounted to EUR 55.1 million as of the balance sheet date, compared to EUR 45.9 million as per December 31, 2020.

The risks described in the aggregated risk report do not threaten, whether individually or cumulatively, alstria's ability to continue as a going concern, given the likelihood of occurrence and potential levels of impact.

2. REPORT ON OPPORTUNITIES

2.1. Management of opportunities

alstria's management aims to identify and assess opportunities as early as possible and to initiate appropriate measures to take advantage of those opportunities and transform them into business success.

Growth and earnings opportunities result both from alstria's existing real estate portfolio and from its acquired properties. Depending on a property's position in its life cycle, opportunities may be found in repositioning and development, in strengthening tenant relationships, or in selling the property.

The Company's financing activities safeguard the necessary funding to implement these activities. Here, opportunities are based on ensuring sustainable financing, including equity funding, on favorable terms.

Evaluating opportunities occurs in the context of annual budget planning and on an ongoing, occasional basis during the year. The process begins with a careful analysis of the market environment and of market opportunities related to the properties held in the portfolio. This analysis includes assessing criteria, such as tenant needs, property categories, and regulatory changes. Regular reporting addressing the management supports monitoring growth initiatives within the budget and planning-approval processes.

The alstria Management Board is regularly updated on the status and progress of the initiatives being implemented. The real estate operations department receives monthly reports in which the planned costs and revenues are compared to the actual budget consumption and revenues. In addition, financial and liquidity planning and forecasts are updated, and changes to the project scope are clarified.

2.1.1. Opportunities related to real estate acquisitions

A property's location is essential for its attractiveness. Opportunities arise when favorable demographics and real estate dynamics characterize a regional market. Together with optimal property management, location results in opportunities for long-term capital appreciation. alstria's acquisition strategy aims at identifying properties with the described opportunity structure. Therefore, its investment strategy focuses on acquiring properties and portfolios with higher vacancy rates, which are thus open to additional growth opportunities through the stabilization of the properties' leases. An important task to preserve these opportunities is the possibility of turning COVID-19 challenges into opportunities, for example, through implementing pandemic-proof space expansions and intelligent area use concepts with the integration of home offices with tenants and potential tenants. Furthermore, negotiations with tenants to avert acute bottlenecks can include not only a moratorium on rent payments, but also in return, an extension of the lease agreement and thus secure the chance of long-term rental income.

Acquisitions will only be performed if the investment volume offers the prospect of achieving a sustainable increase in value. In particular, the low LTV debt ratio offers opportunities in the form of greater flexibility for acquiring real estate.

2.1.2. Opportunities related to tenant relationships

Structured and active property and asset management both ensures the quality of alstria's leasing service and is the basis for sustainable tenant relationships. Opportunities arise through flexible response to existing or potential tenants' needs. The Company has the knowledge and resources to provide solutions and implement tenants' requirements, which allows opportunities to generate sustainable, long-term leases.

2.1.3. Opportunities arising from real estate development

As a long-term-oriented real estate owner, alstria's property portfolio also entails aging buildings that require refurbishment or repositioning. Modernizing properties provides the opportunity for value creation through reshaping assets for the next 20 to 30 years and through strengthening their future attractiveness in the market and for tenants. The implementation of development projects is becoming increasingly important, especially against the background of historically low purchase yields on real estate. Corresponding to the risks from development projects, which have a high rating, the renewed increase in the budget for development projects supports the opportunity to generate higher rental yields and increases in the properties' value through office developments tailored to the needs of tenants and the market.

2.1.4. Opportunities from sustainable management

The alstria Management Board sees opportunities for a long-term strategy in supporting measures to comply with and achieve the goals of the International Climate Change Agreement in Paris. This consists of using a favorable political and regulatory environment, including sustainability, to shape the basis for business activity in a sustainable manner. To this end, projects are actively initiated and implemented that aim to reduce the high CO_2 emissions generated in the real estate sector and to neutralize them in the long term. Examples of this are the promotion of reliable, industry-compatible CO_2 reporting or the investigation of CO_2-neutral building materials and solutions in the context of construction and renovation projects.

2.1.5. Opportunities arising from financing

alstria's financing strategy focuses on the optimal provision of funds to invest in new properties and development projects. Opportunities arise from optimizing these financing terms, which requires implementing long-term and flexible funding at favorable conditions and safeguarding financial covenants at all times. Significant opportunities arise out of a low debt ratio (the Net LTV of bank loans is currently 28.8%; see the overview of loan facilities on page 18), which represents a comfortable base for future funding and growth. Thus far, the funding options have mainly been geared toward corporate bonds, mortgage-secured loans, or capital increases. Opportunities arise from the diversification of funding sources and regarding the rating obtained. However, changes in the financing strategy and the type of financing are expected as a result of the change of control (cf.

the relevant comments on the risk of breaching covenants and the interest rate risk as well as Section V.1.3.2). The low LTV offers opportunities in the sense of a wide range of alternative courses of action, as well as the creation of a higher risk-return profile corresponding to the private real estate market and a more effective overall return approach.

2.2. Overall summary of the Opportunities Report

alstria's current refinancing situation with a relatively high equity ratio, which is reflected in the low LTV, represents a stable basis for further development and offers degrees of freedom in the event of a possible realignment of the financing strategy that resulted from the change of control. In terms of revenues, alstria benefits from rental agreements with an average remaining term of around 5.7 years and a potential increase in rental income due to implementing value-added development projects. The Company owns a number of properties that offer attractive and value-adding refurbishment opportunities. alstria's portfolio is well balanced and has high-quality properties with tenants with good credit ratings. The low LTV debt ratio also offers a chance for greater flexibility to acquire real estate in the event that spontaneous opportunities arise.

alstria sees itself — also against the backdrop of the COVID-19 effects — well positioned to successfully continue its strategy of acquisition, property development, letting, and property management, and to recognize and implement its future market opportunities in this regard.

alstria's core competence is asset management. The asset repositioning and refurbishment that alstria continues to pursue and implement provide a strong basis for further organic increases in value within the portfolio. Against this backdrop, the Bidder has undertaken under the Investor Agreement to support further implementing alstria's strategy and to drive further growth through the active pursuit of new value-enhancing restructuring and repositioning opportunities as well as an accelerated rotation of assets.

VI. SUSTAINABILITY REPORT*

In November 2021, alstria published its annual sustainability report for the financial year 2020. The report provides insights into alstria's environmental, employee-related, and societal performance. It was prepared in accordance with the GRI standards and the EPRA real estate specific guidelines. In addition, the recommendations of the FSB Task Force on Climate-related Financial Disclosure (TCFD) have been considered. The report has received independent limited assurance for the sections 'Our Buildings' and 'Our People' as well as for the 'EPRA Sustainability Performance Indicators'.

Key sustainability achievements in financial year 2020 include the following:

- The average operational GHG emissions of alstria's portfolio in use were approx. 50 % below the benchmark for Germany as the scientific CRREM consortium determined.
- the embedded and avoided GHG emissions of alstria's complete development portfolio were modeled. The calculation shows that an average alstria development generates about 60 % less greenhouse gas emissions compared to the construction of a comparable new office building.
- The assessment of climate-related risks for the Company was extended in financial terms through publishing alstria's first Carbon Accounting Report.
- The protection of biodiversity was further prioritized, for example, by preparing the acquisition of a forest and by assessing the status and potential of green roofs.
- At the annual general meeting for financial year 2020, for the first time, a large majority of alstria's shareholders approved spending EUR 1.8 million of corporate assets on climate change mitigation projects that do not meet the company's risk-return expectations (Green Dividend).
- The HR excellence awards 2020 recognized alstria's approach to addressing COVID-19-related challenges.
- ESG ratings confirmed the Company's leading industry position in sustainability. For example, the Dow Jones Sustainability Index Europe and the Bloomberg Gender-Equality Index listed alstria.

For further information, please refer to alstria's Sustainability Report 2020/21.

* This section is an unaudited statement.

VII. DISCLOSURES REQUIRED BY TAKEOVER LAW

Disclosures and the explanatory report pursuant to Sections 289a and 315a of the German Commercial Code *(Handelsgesetzbuch, HGB*)

1. COMPOSITION OF SUBSCRIBED CAPITAL

On the balance sheet dated December 31, 2021, alstria's share capital amounted to EUR 178,032,997.00, divided into 178,032,997 no-par value bearer shares. All shares are fully paid in and have equal rights and obligations. Each share entitles the bearer to one vote at the Annual General Meeting and is decisive for the shareholder's share in the Company's profits. The shareholders' individual rights and duties result from the provisions of the German Stock Corporation Act (*Aktiengesetz*, AktG), particularly Sections 12, 53a *et seq.*, 118 *et seq.*, and 186.

2. RESTRICTIONS ON VOTING RIGHTS OR THE TRANSFER OF SHARES

The exercise of voting rights and the transfer of shares are based on statutory requirements and alstria's Articles of Association; the latter basis does not restrict either of these activities. According to Sections 71b and 136 of the AktG, for example, the voting rights of the affected shares are excluded by law. Other restrictions as to voting rights or the transfer of shares do not exist, or, as far as they arise from agreements between shareholders, are not known to the Management Board.

3. SHAREHOLDINGS EXCEEDING 10 % OF VOTING RIGHTS

The Company was notified in accordance with Section 33 of the German Securities Trading Act (WpGH) that Brookfield Asset Management Inc., Toronto, Canada held 95.11 % of the voting rights in the Company as of February 17, 2022. 10.23 % of the voting rights were attributable to Lapis Luxembourg Holdings S.à r.l. and 83.14% of the voting rights were attributable to Alexandrite Lake Lux Holdings S.à r.l. As of the balance sheet date December 31, 2021, alstria was not aware of any other shareholders whose direct shareholding exceeded 10 % of voting rights.

4. SHARES WITH SPECIAL RIGHTS

There are no shares with special rights of control.

5. SYSTEM OF CONTROL FOR ANY EMPLOYEE SHARE SCHEME IN WHICH EMPLOYEES DO NOT DIRECTLY EXERCISE CONTROL RIGHTS

Employees who hold alstria shares exercise their rights of control as any other shareholders do, in accordance with the applicable law and the Articles of Association.

6. APPOINTMENT AND DISMISSAL OF MANAGEMENT BOARD AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

alstria's Management Board consists of one or more members who may be appointed or dismissed in accordance with Sections 84 and 85 of the AktG. The Articles of Association do not contain any special provisions in this respect. Pursuant to Section 84 of the AktG, members of the Management Board are appointed by the Supervisory Board for a maximum term of five years. Reappointment or extension of the term of office is permitted for a maximum of five years in each case.

Amendments to the Articles of Association are made pursuant to Sections 179 and 133 of the AktG. Pursuant to Section 12, para. 2 of the Articles of Association, the Supervisory Board is also authorized to make changes and amendments to the Articles of Association that merely affect the wording without passing a shareholder resolution in at General Meeting. In addition, the Supervisory Board is, by resolution of the Annual General Meetings on May 16, 2017, and September 29, 2020, authorized to adapt the wording of the Articles of Association to the utilization of the Company's capitals and after expiration of the applicable authorization periods.

Pursuant to Section 15, para. 5 of the Articles of Association, in conjunction with Sections 179 paras. 2 and 133 of the AktG, shareholders may make resolutions regarding such amendments at a general meeting with a simple majority of the votes cast and a simple majority of the share capital represented. Insofar as a larger majority is prescribed by law, such a majority shall be decisive.

The Articles of Association were last amended in the reporting year by a resolution passed by the Supervisory Board on September 9, 2021: Section 5, paras. 1, 2, and 7 of the Articles of Association were formally adapted to a capital increase executed from the Company's Conditional Capital III 2017. Section 5, para. 4b and 4c of the Articles of Association were deleted because the Conditional Capital II 2020 and the Conditional Capital III 2020 had become obsolete.

7. AUTHORITY OF MANAGEMENT BOARD REGARDING THE ISSUE AND BUYBACK OF SHARES

The Articles of Association authorize the Management Board, with the approval of the Supervisory Board, to increase the share capital on or before September 28, 2025, by issuing new no-par value bearer shares against contributions in cash and/or in kind one or more times, up to a total amount of EUR 35,198,684.00. Further details are governed by Section 5, paras. 3, 4, and 4a of the Articles of Association.

7.1 Conditional Capital

alstria holds three conditional capitals (pursuant to Sections 192 et seq. of the AktG), which are regulated in Section 5, paras. 5, 7, and 8 of the Company's Articles of Association.

7.1.1. Conditional Capital I 2020

The share capital is conditionally increased by up to EUR 16,750,000.00 by issuing up to 16,750,000 no-par value bearer shares. The conditional capital is to be carried out to the extent that the holders of option or conversion rights or persons obliged to conversion under option or conversion bonds, profit participation rights or participating bonds which were issued by alstria AG on the basis of the authorization resolved by the shareholders in the Annual General Meeting on September 29, 2020, under item 11 of the agenda exercise their option or conversion rights or, if they are obliged to conversion or exercise of the option, fulfill their conversion obligation or, as the case may be, their obligation to exercise the option and that no cash settlement is granted and no own shares are being used to satisfy such claims. Further details are governed by Section 5, para. 5 of the Articles of Association.

7.1.2. Conditional Capital III 2017

The share capital is conditionally increased by an amount of up to EUR 560,425.00 by issuing up to 560,425 no-par-value bearer shares. The conditional capital increase shall be used exclusively to grant shares to the holders of convertible profit participation certificates issued by the Company through May 15, 2022, in accordance with the authorization of the General Meeting held on May 16, 2017. The conditional capital increase is only carried out to the extent that issued convertible profit participation certificates are converted into shares of the Company and no treasury shares are used to satisfy the certificates. The new shares shall participate in the Company's profits from the beginning of the financial year in which they come into existence as a result of converting of certificates.

7.1.3. Conditional Capital III 2020

Furthermore, the share capital is conditionally increased by an amount of up to EUR 1,000,000.00 by issuing up to 1,000,000 no-par-value bearer shares. The conditional capital increase shall be used exclusively to grant shares to the holders of convertible profit participation certificates issued by the Company on or before September 28, 2025, in accordance with the authorization of the General Meeting held on September 29, 2020. The conditional capital increase is only carried out to the extent that issued convertible profit participation certificates are converted into shares of the Company and no treasury shares are used to satisfy the certificates. The new shares shall participate in the Company's profits from the beginning of the financial year in which they come into existence as a result of conversion of certificates.

7.2 Purchase of treasury shares

In the General Meeting held on September 29, 2020, the shareholders authorized the Management Board, subject to the approval of the Supervisory Board, to acquire their own shares of the Company of up to a total of 10 % of the share capital in place at the time of the authorization's issuance on or before September 28, 2025. The acquired shares and other treasury shares in the possession of, or to be attributed to, alstria (pursuant to Sections 71a et seq. of the AktG) may at no time amount to more than 10 % of the share capital. Shares may be purchased through a stock exchange, by means of a public offer to all shareholders, or by making use of financial derivatives (put or call options, or a combination of both).

8. SIGNIFICANT AGREEMENTS OF ALSTRIA AG THAT TAKE EFFECT UPON A CHANGE OF CONTROL FOLLOWING A TAKEOVER BID

Some of alstria AG's financing agreements contain clauses common to such contracts regarding a change of control. In particular, the agreements entitle the lenders to request repayment of the loans or an obligation by alstria to repay the loans in the event that any person, company, or a group of persons should acquire, directly or indirectly, 50 % of the voting rights or a controlling influence in alstria. However, for some financing agreements, the repayment obligation is subject to a downgrade of the Company's or the bonds rating, occurring within 120 days of the control change.

The total volume of obligations under those agreements with corresponding change of control clauses amounted to approx. EUR 1,627 million on the balance sheet date.

There was no lowering of the rating as of the reporting date. As a result of the acquisition by Brookfield, no loan was called or required to be repaid by alstria; only an undrawn credit line was terminated.

9. COMPENSATION AGREEMENTS WITH MANAGEMENT BOARD MEMBERS AND EMPLOYEES IN CASE OF A TAKEOVER BID

No compensation agreements with Management Board members or employees are in place that will take effect in case of a takeover bid.

All these takeover provisions comply with statutory requirements or are reasonable and common practice at comparable, publicly listed companies. They are not intended to hinder potential takeover bids.

VIII. RENUMERATION REPORT

The remuneration report of alstria office REIT-AG (hereafter: alstria) explains the main elements of the remuneration of the Company's Management Board and Supervisory Board members. It describes the amount and structure of the remuneration. The Management Board and the Supervisory Board have jointly created this remuneration report and ensured that it corresponds with the legal requirements of section 162 German Stock Corporation Act (AktG) as well as the recommendations and suggestions of the German Corporate Governance Code (GCGC) in its current version as of December 19th, 2019. The remuneration report was audited by KPMG AG Wirtschaftsprüfungsgesellschaft in accordance with the requirements of section 162 (3) AktG and is an integral part of the audited combined management report for alstria office REIT-AG as of December 31st, 2021.

The note of the audit of this remuneration report (www.alstria.com/annual_report_2021), the current remuneration system for the Management Board (https://alstria.de/remuneration-system-management-board) and the Supervisory Board (https://alstria.de/remuneration-system-supervisory-board) as well as this remuneration report (https://alstria.de/Remuneration-report-2021.pdf) are published on the website of the Company.

1. VIEW ON THE FINANCIAL YEAR 2021

- COVID-19 pandemic: weak leasing market
- Strong investments in the existing portfolio
- Stable transaction activity
- Introduction of new Management Board remuneration system
- Takeover offer from Brookfield

Due to the COVID-19 pandemic in Germany, which will continue in 2021, and the resulting uncertainty with regard to further economic development, the commercial letting market was again difficult. Despite the weak commercial leasing market, alstria was able to increase its leasing performance (in terms of new lettings and lease renewals) in 2021 compared to the previous year. This was due to the conclusion of several large-volume lease extensions at the end of the year.

In 2021, a total of EUR 122 million was invested in the existing portfolio. The lion's share of this sum (EUR 90 million) was spent on development investments, which significantly improved the quality of the space in order to achieve higher rents for new leases. Development investments have increased significantly in 2021 because alstria currently sees the best return opportunities in these properties. The current development portfolio comprises 20 projects with a total lettable area of 342,400 m^2.

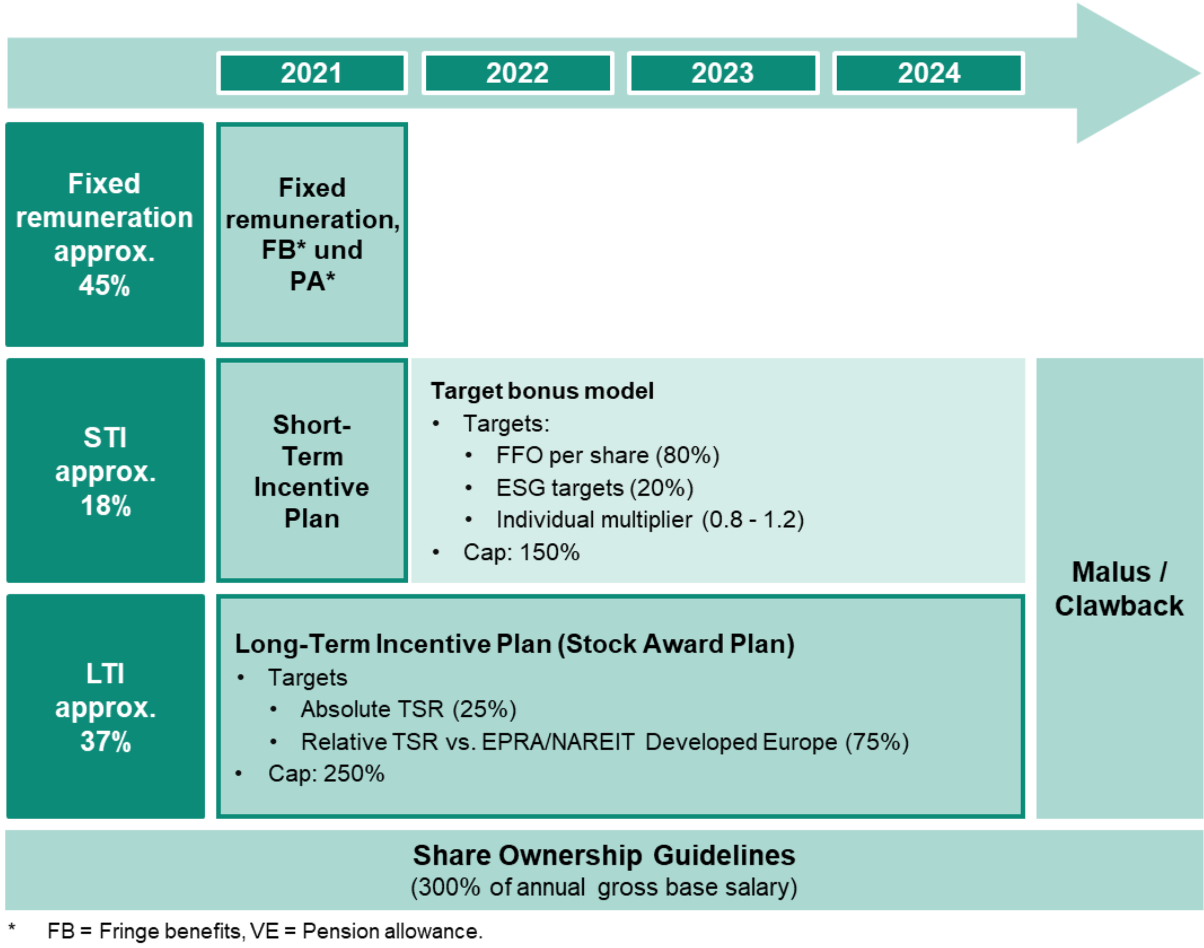
alstria's investment decisions are based on analyses of the local markets, individual consideration of the respective building in terms of location, size and quality compared to direct competitor properties, as well as long-term value enhancement potential. alstria's strategy is to build what it considers to be a lucrative portfolio size in the respective locations and, if necessary, to withdraw from markets that are not in the company's core investment focus ("Big 7" office markets in Germany). In this context, a property in Trier was sold in 2021. The sales in Hamburg and Stuttgart were opportunistic in nature and served to optimize the risk/return profile of the portfolio. The sales proceeds were mainly used to finance the development measures in the existing portfolio. The reallocation of the capital employed should make it possible to continuously improve the risk/return profile of the portfolio. New properties were purchased in the core markets of Frankfurt and Berlin. For both acquired properties, there is significant potential for value appreciation, which is to be exploited in the coming years.

The Supervisory Board of alstria revised the remuneration system, which was last adjusted effective January 1, 2018, in line with the new regulatory requirements under the AktG and the GCGC, and presented it for approval at the annual general meeting of shareholders on May 6, 2021, which approved the remuneration system 2021 by 85.93 % of votes cast.

The main changes in the 2021 remuneration system for the management board are summarized in the following figure:

Significant changes in the remuneration system 2021	
Short-Term Incentive Plan	• Introduction of ESG targets • Reduction of range of the individual multiplier
Long-Term Incentive Plan	• Removal of the individual multiplier
Maximum remuneraion	• Definition of maximum remuneration according to section 87a AktG
Malus & Clawback	• Introduction of Malus and Clawback regulations

The remuneration system of the Management Board is performance-based and geared towards promoting sustainable company performance. It is systematically depicted in the diagram below and its main features are described in the following.



The composition of the Supervisory Board changed in the financial year 2021. As Dr Bernhard Düttmann and Stefanie Frensch left the Supervisory Board with the annual general meeting of shareholders 2021, they were succeeded by Dr Frank Pörschke and Elisabeth Stheeman. Ms. Stheeman is a member of the nomination and remuneration committee.

On December 13, 2021, Alexandrite Lake Lux Holdings S.à r.l., a company indirectly controlled by Brookfield, made a voluntary public takeover offer to the shareholders to acquire all shares in alstria office REIT-AG against payment of a cash consideration.

2. REMUNERATION OF THE MANAGEMENT BOARD MEMBERS

2.1. Remuneration Governance

The Supervisory Board is responsible for determining, implementing and reviewing the remuneration of the Management Board. The nomination and remuneration committee formed from among the members of the Supervisory Board discusses and reviews the remuneration system for the Management Board at regular intervals and whenever necessary and prepares resolutions on any changes. Therefore, any changes or relevant updates for the remuneration system will be prepared by the nomination and remuneration committee. However, the whole Supervisory Board is responsible for the final decision. The remuneration system will be submitted to the annual general meeting of shareholders for approval in the event of significant changes, but at least every four years.

Total remuneration of the individual Management Board members is determined by the Supervisory Board and covers all activities within the alstria Group. Criteria for the appropriateness of the remuneration include the duties of the individual Management Board member, the personal performance, the economic situation, the success and future prospects of alstria, as well as the customary nature of the remuneration, taking into account the competitive environment and the remuneration structure otherwise applicable in alstria.

To assess the appropriateness of the total remuneration of the members of the Management Board compared to other companies, the Supervisory Board uses a suitable peer group of relevant competitors in the Real Estate business. When the Supervisory Board revised the remuneration system for the Management Board in financial years 2020/2021, this peer group comprised the following companies of the EPRA Germany Index (ADO Properties, Aroundtown, Deutsche Euroshop, Deutsche Wohnen, Grand City Properties, Hamborner REIT, LEG Immobilien, TAG Immobilien, TLG Immobilien, Vonovia), and, in addition, for the European perspective, the companies of the EPRA Developed Europe Office Index. In order to reflect national market practice and company size, MDAX companies were also considered.

In order to assess the customary nature of remuneration within alstria, the ratio of Management Board remuneration to the remuneration of Senior Management reporting directly to the Management Board and of all employees is taken into account. Thereby, alstria regularly compares the average remuneration levels (fixed salary, bonus, participation rights, excluding pension and healthcare) and reviews and publishes the CEO pay ratio, which shows the CEO total remuneration in relation to the median total remuneration of all employees and managers.

A lack of independence and conflicts of interest of members of the Supervisory Board and its nomination and remuneration committee may prevent independent advice and supervision when determining the remuneration of the Management Board. The Supervisory Board considers its members and the members of its nomination and remuneration committee as independent. Furthermore, the members of the Supervisory Board and the nomination and remuneration committee are required by law, the GCGC and the internal rules of procedure for the Supervisory Board to disclose immediately any conflicts of interest they may have. In such cases, the Supervisory Board takes appropriate measures to take account of the conflict of interest. For example, the members concerned do not participate in discussions and resolutions.

In the process of adjusting the remuneration system, the service contracts of the Management Board members were also revised. The current remuneration amounts and a comparison with the 2020 financial year are shown individually in section 3.1 "Target remuneration and remuneration structure".

The remuneration in the financial year 2021 is fully in line with the remuneration system adopted by the annual general meeting of shareholders 2021. The details of the application in the financial year are presented hereafter.

2.2. Management Board Remuneration System

The following table summarizes the essential remuneration components and further contractual provisions of the remuneration system for the Management Board 2021, which are described in more detail below, and compares them to the previous remuneration system. Main changes compared to the previous system are highlighted by underlining.

Remuneration system for the Management Board		
New remuneration system (applied for the financial year 2021)	**Remuneration element**	**Previous remuneration system (applied for the financial year 2020)**
	Fixed remuneration	
• Annual base salary paid in twelve monthly installments	**Annual base salary**	• Annual base salary paid in twelve monthly installments
• Use of company cars and insurance premiums	**Fringe benefits**	• Use of company cars and insurance premiums
• Monthly grants of cash for private pension purposes	**Pension allowance**	• Monthly grants of cash for private pension purposes
	Variable remuneration	

• Target bonus model
• Performance period: 1 year
• Targets:
  • FFO per share (80%)
  • ESG targets (20%)
• Individual multiplier (0.8-1.2)
• Cap: 150%
• Payout in cash
	Short-Term Incentive Plan	• Target bonus model
		• Performance period: 1 year
		• Targets:
		  • FFO per share (100%)
		• Individual multiplier (0.7-1.3)
		• Cap: 150%
		• Payout in cash

• Stock award plan
• Performance period: 4 years
• Targets
  • Absolute TSR (25%; target achievement 0-150%)
  • Relative TSR (75%; target achievement 0-150%) compared to EPRA/NAREIT developed Europe Index
• Cap: 250%
• Payout in shares
	Long-Term Incentive Plan	• Stock award plan
		• Performance period: 4 years
		• Targets
		  • Absolute TSR (25%; target achievement 0-150%)
		  • Relative TSR (75%; target achievement 0-150%) compared to EPRA/NAREIT developed Europe Index
		• Individual multiplier (0.7-1.3)
		• Cap: 250%
		• Payout in shares

	Other contract and system components	
• CEO: EUR 2,600,000 p.a. • CFO: EUR 2,100,000 p.a.	**Maximum remuneration**	-
• Reduction of variable remuneration which has not been paid out and reclaim of variable remuneration which has been paid out in cases of compliance violations and/or incorrect consolidated financial statements	**Malus & Clawback**	-
• Management Board members are obliged to hold shares amounting to three times annual gross base salary	**Share Ownership Guidelines**	• Management Board members are obliged to hold shares amounting to three times annual gross base salary
• Management Board members are considered not responsible for a withdrawal for up to 12 months after a change of control	**Termination in case of change of control**	• Management Board members are considered not responsible for a withdrawal for up to 6 months after a change of control
• Comprehensive post-contractual non-competition clause for a period of six months after termination of the service agreement, irrespective of the reason for termination • Compensation in the amount of 100 % of the last annual base salary for the duration of the non-competition clause	**Post-Contractual Non-Compete Obligation**	• Comprehensive post-contractual non-competition clause for a period of six months after termination of the service agreement, irrespective of the reason for termination • Compensation in the amount of 100 % of the last annual base salary for the duration of the non-competition clause

2.2.1. Target Remuneration and Remuneration Structure

The target remuneration of the Management Board members for the financial years 2021 and 2020, which is contractually defined as payable upon 100 % target achievement, and the resulting remuneration structure are presented below. The structure of the total target compensation is nearly identical for both members of the Management Board.

Target remuneration

	Olivier Elamine (CEO)			Alexander Dexne (CFO)		
	2021		2020	2021		2020
	in T€	in %	in T€	in T€	in %	in T€
Annual base salary	500	37	440	400	36	360
Fringe benefits 1)	28	2	27	33	3	28
Pension allowance	88	6	88	73	7	73
Short-Term Incentive Plan	**250**	**18**	**231**	**200**	**18**	**189**
STI 2020	-	-	*231*	-	-	*189*
STI 2021	*250*	-	-	*200*	-	-
Long-Term Incentive	**500**	**37**	**440**	**400**	**36**	**360**
LTI 2020-2024	-	-	*440*	-	-	*360*
LTI 2021-2025	*500*	-	-	*400*	-	-
Total target remuneration	**1,366**	**100**	**1,226**	**1,106**	**100**	**1,010**

1) Benefits for company cars and insurances.

The sum of the fixed and variable remuneration elements constitutes the total target remuneration in the event of 100 % target achievement by a Management Board member. The focus on the long-term and sustainable development of alstria pursuant to section 87 (1) sentence 2 AktG is ensured by the higher weighting of the Long-Term Incentive Plan compared to the Short-Term Incentive Plan. The share of the Short-Term Incentive Plan in the variable remuneration amounts to around 33 %, whereas the share of the Long-Term Incentive Plan accounts for around 67 % of the variable remuneration.

2.2.2. Fixed Remuneration

Annual Base Salary

The annual base salary is paid in twelve equal monthly installments at the end of each month. If the service contract begins or ends during a financial year, the annual base salary for that financial year is payable on a *pro rata temporis* basis.

Fringe Benefits

Members of the Management Board also receive fringe benefits; these mainly consist of insurance premiums and the private use of company cars. As a remuneration component, these ancillary benefits are taxable. In principle, all Management Board members are equally entitled to them, while the amount of use varies depending on their personal situations. The fringe benefits are included in the maximum remuneration and therefore capped.

Furthermore, the company has taken out a D&O insurance (Directors & Officers Liability Insurance) for the benefit of the members of the Management Board with a deductible of 10 % of the damage up to the amount of one and a half times the annual fixed remuneration of the respective Management Board member.

Pension Allowance

In addition, the Company grants the members of the Management Board monthly cash payments for pension purposes in form of a pension allowance. These pension benefits amount to approximately 18 % of the members' annual fixed salaries. For reasons of transparency and risk management, the

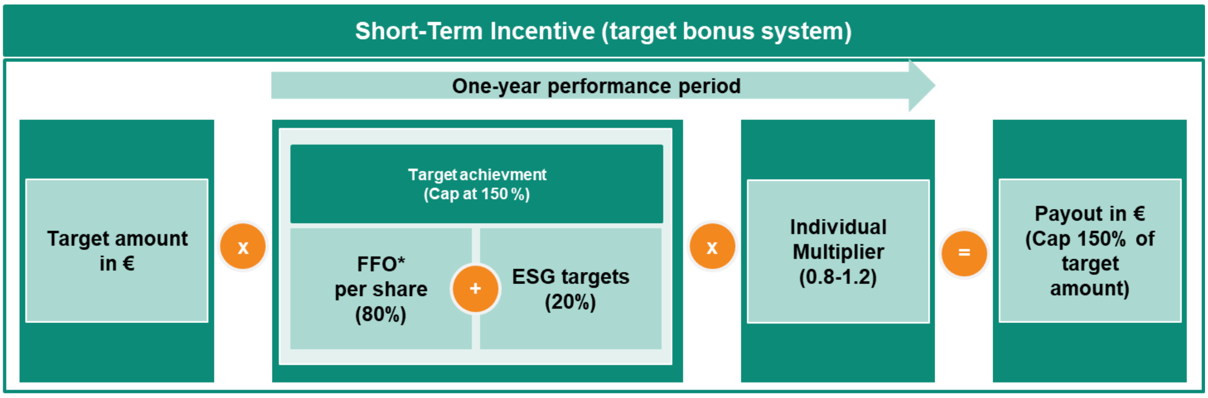
Company has chosen a defined model for contribution to the members' private pension plans. Thus, there are no unforeseen future liabilities for alstria for pension claims.

2.2.3. Variable Remuneration

Short-Term Incentive Plan (STI)

As a short-term performance-based remuneration component, the STI is linked to the development of certain quantitative performance targets. It is designed as a target bonus system. A possible STI payout amount is calculated as the overall target achievement times the individual target amount as indicated in the respective service contract; it is capped at 150 % of the individual target amount (cap) and is paid out in cash. Overall target achievement is determined based on the weighted target achievement of the performance targets. The performance targets support alstria's strategy. In addition to the performance targets, an individual multiplier ranging between 0.8 to 1.2 is applied to determine the final payout.

The STI functions as follows:



* Funds From Operations.

FFO per share

The first STI performance target is the Funds From Operations (FFO) per share which contributes a weighting of 80 % to the overall achievement of the STI. Funds From Operations are a key metric of alstria's strategy since they define the cash flow from operations. FFO per share is a non-GAAP metric which is frequently used for real estate companies in lieu of earnings per share. alstria annually publishes its FFO and FFO per share as well as a detailed reconciliation with its IFRS accounts.

The impact that acquisitions or disposals and changes to alstria's share capital have on the FFO per share for a financial year, will be disregarded by the Supervisory Board to guarantee a fair and well-balanced incentive.

The payout amount of the STI depends on the degree of target achievement for the FFO per share. The ratio of the FFO per share actually achieved during the financial year is measured against the budgeted FFO per share. Target achievement for the FFO per share target can range between 0 % and 150 %. For a payout to occur, at least 70 % of the performance target value must be achieved (threshold). If the actually achieved FFO per share is equal to the budgeted FFO per share the target achievement will be 100 %. A maximum of 130 % of the performance target value can be achieved (cap) and results in a target achievement of 150 %.

The values of FFO per share set for the financial year 2021 as well as the actually achieved value and the resulting target achievement are shown in the following table:

STI 2021	FFO per share 1)
Threshold	0.45 €
Target value	0.64 €
Maximum	0.83 €
Actual value 2)	0.67 €
Target achievement 2)	**108%**

1) Before minorities.
2) Preliminary numbers at the time of the preparation of this report.

ESG targets

As second STI performance target, ESG targets with a total weighting of 20% are used.

For the year 2021, carbon emissions, resource management and compliance have been selected as ESG criteria.

- Carbon emissions (50 % weighting):
- alstria remains at least on the path to achieve the science-based targets (assuming a linear decrease of emissions between 2018 and 2030). This target cannot be exceeded and is thus capped at 100 % target achievement. If alstria is not on the path, the target achievement is zero.
- Resource Management (50 % weighting):
- Successful renewal of the ISO 50001 certification for the energy management system. This target cannot be exceeded and is thus capped at 100 % target achievement. If alstria does not successfully renew the ISO 50001 certification, the payout is zero.
- Compliance is used as a knock-out criterion:
- In case of incidents of corruption or non-compliance, i.e. a fine/penalty or other payment (higher than EUR 5,000) for a major breach of corporate compliance regulations, the target achievement for the entire ESG component is zero.

The target and actually achieved values of the selected ESG targets set for the 2021 financial year and the resulting target achievement are shown in the following table:

STI 2021	ESG		
Target	**Carbon emissions**	**Ressource management**	**Compliance**
Target value	Continue science based targets path of linear decrease of carbon emissions between 2018 and 2030	Renewal ISO 50001 certification for alstria's energy management system	Zero incidences of corruption or major breaches of corporate compliance regulations
Actual value	Fulfilled	Fulfilled	Fulfilled
Target achievement	**100%**	**100%**	**100%**

The performance target “Carbon emissions” is measured as shown in the following table:

Carbon emissions

Target	Linear reduction of direct carbon emissions (Scope 1 GHG-protocol) by 30% between 2018 and 2030 for the company in thousand tCO2e	Linear reduction of carbon portfolio emissions (Scope 3 "leased spaces" GHG-protocol) by 30% between 2018 and 2030 in thousand tCO2e	Use of renewable energies in alstrias offices and common areas in leased spaces in %
Starting point 2018	17.3	64.7	100
Target value 2030	12.1	45.3	100*)
Actual value	13.8	32.6	100
Target achievement	**100%**	**100%**	**100%**

*) Target value 2021.

Overall target achievement for the STI is determined by calculating the weighted target achievements of the two performance targets (FFO per share and ESG targets). The preliminary payout value achieved is multiplied with an individual multiplier ranging between 0.8 and 1.2. This enables the Supervisory Board to take into account the personal performance of the individual Management Board member in addition to the achievement of financial and ESG performance targets.

The Supervisory Board set the individual modifier for the financial year 2021 on 1.0 for both Olivier Elamine and Alexander Dexne. Thus, the Supervisory Board takes into account the excellent operational performance in financial year 2021 in difficult market conditions.

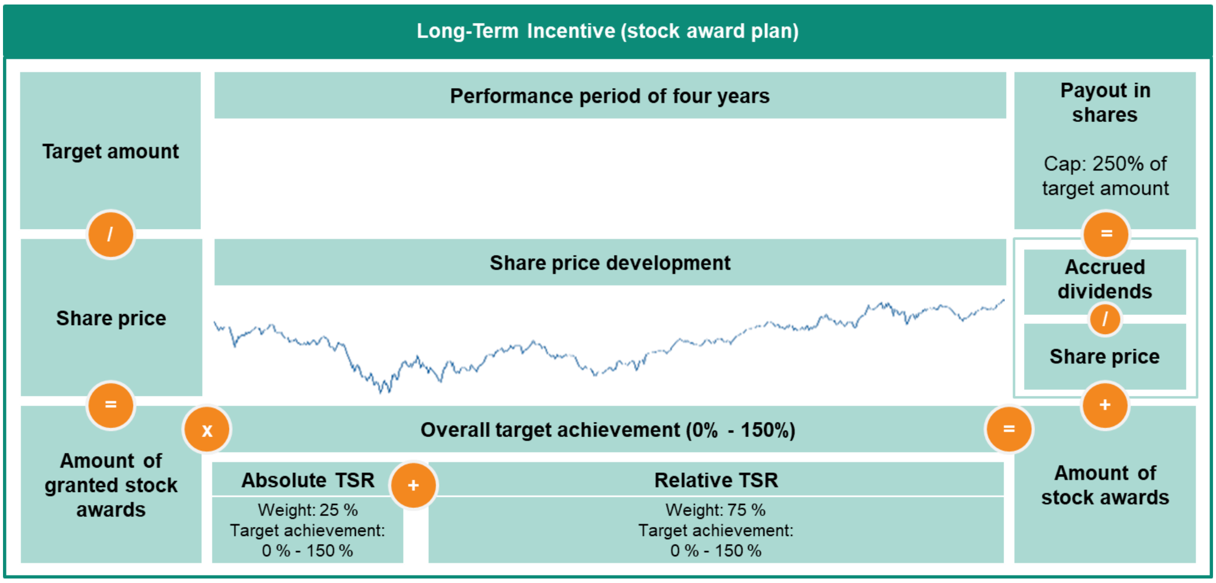
The target achievement of the individual performance criteria as well as the resulting overall target achievement after application of the individual modifier is shown in total below:

STI Target achievement 2021

	Target achievement FFO per share	**Target achievement ESG**	**Multiplier**	**Total target achievement**
Olivier Elamine	108%	100%	1.0	**106%**
Alexander Dexne	108%	100%	1.0	**106%**

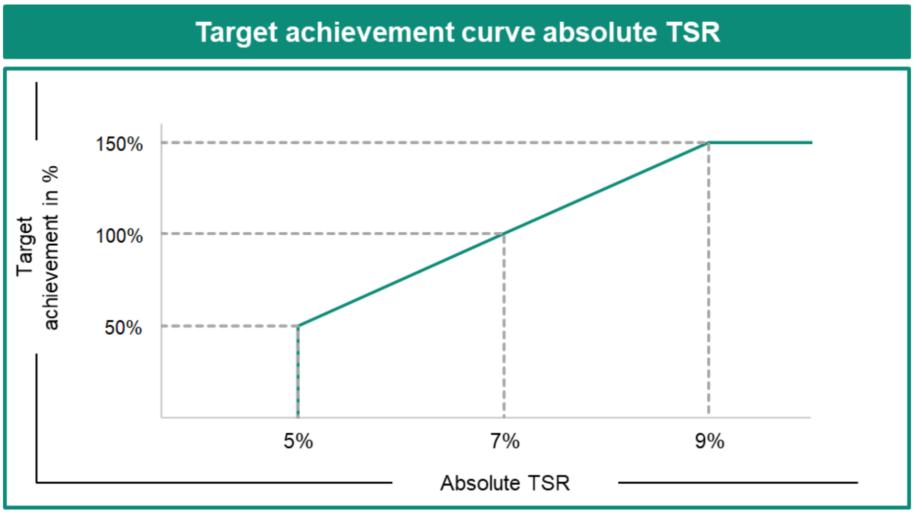
Long-Term Incentive 2021-2025

The Long-Term Incentive (LTI) consists of so-called virtual stock awards, which are converted into alstria shares after a four-year performance period. In each financial year, the members of the Management Board are granted a long-term variable remuneration element with a target amount determined in the service contract. The number of stock awards to be granted is based on the target amount divided by the arithmetic mean of the alstria share price during the 60 trading days prior to the grant date. The number of stock awards granted is then adjusted depending on the performance of alstria's share during the performance period both in absolute and relative terms compared to a peer group. Payout of the Long-Term Incentive is capped at 250 % of the target amount.



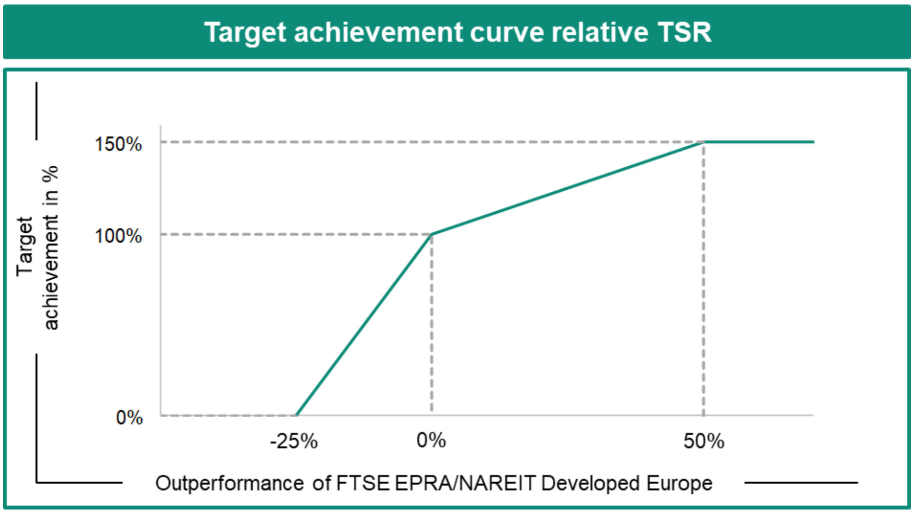
Absolute TSR

The absolute TSR has a weighting of 25 %. Using the absolute TSR as a performance target aligns the interests of the members of the Management Board with those of the shareholders. The absolute TSR is generally derived from the weighted average cost of capital (WACC). The target values set by the Supervisory Board for the financial year 2021 are shown in the figure below:



Relative TSR

The relative TSR has a weighting of 75 %. By using relative TSR, an outperformance of relevant competitors is incentivized, and interests of the shareholders are taken into account. The relative TSR measures the return for shareholders consisting of share price development (including reinvested dividends) of alstria compared to a selected peer group over the entire four-year performance period. alstria compares its performance to the performance of relevant competitors, the FTSE EPRA/NAREIT Developed Europe Index. As for the absolute TSR of alstria, 60 trading day averages are used for the TSR of FTSE EPRA/NAREIT Developed Europe Index as well. The resulting absolute TSR of the FTSE EPRA/NAREIT Developed Europe Index is subtracted from the absolute TSR of alstria to calculate the outperformance. The target values set by the Supervisory Board for the financial year 2021 are shown in the figure below:



The target amounts granted to the Management Board members for the financial year 2021, the grant value at the start of the LTI tranche 2021-2025 and the resulting number of stock awards granted are shown in the table below. Target achievement for the LTI tranche 2021-2025 will be reported in the remuneration report for the corresponding financial year once the performance period is over.

LTI Tranche 2021 Grant	Target amount	Grant value	Number of stock awards granted
Olivier Elamine	500,000 €	14.23	35,137
Alexander Dexne	400,000 €	14.23	28,110

Long-Term Incentive 2017-2021

The previous tranches of the LTI up to and including the LTI tranche 2020-2024 included an individual multiplier with a range of 0.7-1.3 in addition to the financial performance criteria, absolute and relative TSR. In the course of the redesign of the 2021 remuneration system, this individual multiplier was removed for all future tranches and retroactively for all tranches still in progress (LTI 2017-2021, LTI 2018-2022, LTI 2019-2023, LTI 2020-2024) at the effective date of the new system.

The LTI tranche 2017-2021 was paid out in financial year 2021 and is reported as part of the remuneration awarded and due to the Management Board members. To ensure transparent comprehensibility of the payout amounts, the following table shows the target achievement of the absolute and relative TSR of the LTI tranche 2017-2021. Outperformance in the LTI tranche 2017-2021 is calculated by dividing the absolute TSR of alstria by the absolute TSR of the FTSE EPRA/NAREIT Index Europe Ex UK. With the redesign of the 2021 remuneration system, starting with the LTI tranche 2021-2025 outperformance is calculated by subtracting the TSR of the FTSE EPRA/NAREIT Developed Europe from the absolute TSR of alstria.

LTI Tranche 2017-2021	alstria office REIT-AG	FTSE EPRA/NAREIT Europe Ex UK
Absolute TSR p.a.	**9.11%**	-
Target achievement absolute TSR	**150%**	
Development 2017-2021	41.75%	21.28%
Outperformance	96.23%	
Target achievement relative TSR	**150%**	

The following table also summarizes the overall target achievement of the 2017-2021 LTI tranche for each Management Board member individually.

Target achievement LTI Tranche 2017-2021	Target achievement absolute TSR (weighting: 50%)	Target achievement relative TSR (weighting: 50%)	Total target achievement
Olivier Elamine	150%	150%	**150%**
Alexander Dexne	150%	150%	**150%**

2.2.4. Share Ownership Guidelines

Members of the Management Board have undertaken to build a stock portfolio equivalent to three years' fixed annual salaries over a period of five years starting in the 2018 financial year, which they will hold until they leave office. As an interim target, Management Board members agreed to have invested 2/3 of their full obligation within three years. The Share Ownership Guidelines (SOG) are binding for the members of the Management Board as long as they are being granted stock awards according to the Company's Long-Term Incentive with a target value at least equal to their fixed remuneration on an annual basis. The Share Ownership Guidelines aim, in particular, to align the interests of the Board members with those of the shareholders and thus promote sustainable entrepreneurial action.

At the end of the reporting period, all Management Board members had fulfilled their obligation to purchase shares. To support the voluntary public takeover offer by Brookfield, the members of the Management Board have tendered all shares which they held in excess of the currently required SOG interim target. The SOG requirement as well as the status quo as of December 31, 2021 (post tendering shares into the Takeover Offer) are shown in the following table:

Share Ownership Guidlines

	Requirement			Number of alstria shares held before Takeover Offer	Number of alstria shares tendered *)	Status quo
	in % of annual base salary	in T€	in shares	in shares	in shares	in shares
Olivier Elamine	300	1,500	119,510	**139,540**	**69,113**	**70,427**
Alexander Dexne		1,200	95,686	**85,453**	**27,800**	**57,653**

*) in light of the voluntary public takeover offer by Brookfield, both Management Board members have tendered their individual amount of shares except for the portion which they are required to hold based on the SOG requirement.

2.2.5. Malus / Clawback

All variable remuneration components of the Management Board members are only paid out after the end of the regular performance period. In the event that a Management Board member deliberately commits a material breach of

- a material duty of care within the meaning of section 93 German Stock Corporation Act (AktG) or
- a material duty under the service contract,

the Supervisory Board may at its reasonable discretion (section 315 of the German Civil Code (Bürgerliches Gesetzbuch, "BGB")) reduce the unpaid variable remuneration in the performance period of which the breach occurred in part or in full ("Malus") or reclaim parts or all of the gross amount of any variable remuneration already paid out ("Clawback").

Notwithstanding the above, Management Board members must repay any variable remuneration already paid out if and to the extent that

- it turns out after the payment that the audited and approved consolidated financial statement on which the calculation of the payment amount was based was incorrect and must therefore be publicly restated according to legal requirements and the relevant accounting standards, and

- based on the restated, audited consolidated financial statement and the relevant remuneration system, a lower or no payment amount would have been owed from the variable remuneration.

In the financial year 2021 no Malus or Clawback regulations were applied.

2.2.6. Remuneration Related Legal Acts

Explanations of the post-contractual non-competition obligations agreed on with the members of the Management Board, the provisions in the event of premature contract termination, and the information required under section 162 (2) AktG on possible third-party benefits are provided below.

Third-Party Benefits

The Members of the Management Board were not awarded any third-party benefits in the financial year 2021 for their activities as a Management Board member of alstria.

Contract Termination Provisions

In the event of resignation from office by the member of the Management Board or a withdrawal of the appointment as member of the Management Board pursuant to section 84 paragraph 3 AktG, the service contract ends after the expiration of the notice period of section 622 BGB. The right of alstria and the Management Board member to terminate the service contract for good cause ("wichtiger Grund") pursuant to section 626 paragraph 1 BGB remains unaffected.

In case of an early termination of the service contract by mutual agreement, the Management Board member will receive the remuneration for the rest of the term of the service contract, but no more than the value of two years' full remuneration in any case calculated on the basis of the total remuneration for the foregoing full financial year (severance payment). The same shall apply in case of a withdrawal of the appointment according to section 84 paragraph 3 AktG, (but not in case of resignation by the Management Board member), if the withdrawal of appointment occurred for reasons the Management Board member is not responsible for.

Any withdrawal of the appointment occurring within a period of up to twelve months following a change of control, shall be considered as a withdrawal the Management Board member is not responsible for, unless the withdrawal is for good cause ("wichtiger Grund" pursuant to section 626 paragraph 1 BGB).

In case within a period of up to twelve months after a change of control the position as member of the Management Board is materially negatively impacted (e.g., by a material reduction of his responsibilities), the Management Board member has the right to resign from office and to terminate the service contract with a notice period of three months to the end of a month. In this case, the Management Board member will receive the severance payment.

A change of control occurs if (i) a third party acquires at least 30 % of the voting rights in alstria pursuant to sections 29, 30 German Takeover Law (WpÜG) or (ii) alstria as a dependent entity, concludes a corporate agreement within the meaning of section 291 et seq. AktG or (iii) alstria is merged with a non-affiliated entity pursuant to section 2 et seq. of the German Reorganization Act (UmwG), unless the enterprise value of the other entity is, at the time the merger decision is made by the transferring company, less than 20 % of alstria's enterprise value.

In the event of a contract termination, the STI shall be forfeited in case the contract is terminated by alstria for good cause or the Management Board member has terminated the service relationship without notice and without good cause ("wichtiger Grund"). In any other cases, the STI shall remain unaffected.

For the LTI, there is no payout respectively transfer of shares before the end of the performance period, except for the case alstria is delisted.

If a Board member retires from service with alstria for reasons of reaching the retirement age, invalidity, occupational disability, early retirement, or death the number of granted stock awards shall remain unaffected. The stock awards will still be transferred at the end of the performance period. The same applies in the case of termination due to mutual agreement.

If the service contract with alstria is terminated by alstria for good cause ("wichtiger Grund") subject to section 626 BGB, all granted stock awards forfeit. The same applies in the event that the Management Board member has resigned from office without good cause.

In the financial year 2021 no contract termination provisions or change-of-control provisions were applied.

Post-Contractual Non-Compete Obligation

Post-contractual non-compete-obligations are agreed on with the Management Board members. For the duration of six months after the termination of the service contract (for whatever reason), the Management Board member may not exercise any professional activity for an enterprise which is in direct or indirect competition to alstria. The Management Board member also undertakes, for the duration of six months, not to set up or to acquire or to participate in such a company directly or indirectly. alstria may waive the post-contractual non-compete-obligation at any time, and with the expiration of a period of notice of six months.

For the duration of the post-contractual non-compete-obligation, alstria shall pay to the Management Board member a remuneration amounting to 100 % of his last base salary. Payment of this remuneration is due at the end of each month. Remuneration from any professional activity which is not in competition to alstria shall be set off against accordingly. Furthermore, any severance payment to a Management Board member will be offset against any payments according to the post-contractual non-compete-obligation as far as the severance payment is due for the duration of the post-contractual non-compete-obligation.

3. INDIVIDUALIZED DISCLOSURE OF THE REMUNERATION OF THE MANAGEMENT BOARD

The following table shows on an individual basis the remuneration awarded and due in accordance with section 162 AktG for the members of the Management Board. Furthermore, the compliance with the maximum remuneration according to section 87a AktG is reported.

3.1. Remuneration Awarded and Due

As part of the individualized disclosure of the remuneration awarded and due to the members of the Management Board for the financial year 2021, the following specific remuneration elements are reported:

- The base salary as well as the fringe benefits and the pension allowance that were paid in the financial year 2021
- The STI 2021 assessing performance in 2021 that will be paid out in the financial year 2022
- The LTI tranche 2017-2021, as the performance period ended in 2021 and it was paid out in financial year 2021

In order to allow for a transparent disclosure, the respective remuneration amounts for the financial year 2020 are included as additional information.

Remuneration awarded and due

	Olivier Elamine (CEO)			Alexander Dexne (CFO)		
	2021		2020	2021		2020
	in T€	in %	in T€	in T€	in %	in T€
Annual base salary	500	28	440	400	27	360
Fringe benefits [1]	28	2	27	33	2	28
Pension allowance	88	5	88	73	5	73
Short-Term variable remuneration	**266**	**15**	**231**	**213**	**14**	**189**
STI 2020	-	-	*231*	-	-	*189*
STI 2021 [2]	*266*	-	-	*213*	-	-
Long-Term variable remuneration	**936**	**51**	**1,357**	**765**	**52**	**1,110**
STI 2017 (Deferral) [3]	-	-	*83*	-	-	*68*
LTI 2016-2020	-	-	*1,274*	-	-	*1,042*
LTI 2017-2021	*936*	-	-	*765*	-	-
Total remuneration	**1,818**	**100**	**2,143**	**1,484**	**100**	**1,760**

1) Benefits for company car and insurances.
2) Preliminary numbers at the time of the preparation of this report.
3) Payout of 25% of the STI after 3 years.

3.2. Maximum Remuneration according to section 87a AktG

Pursuant to section 87a paragraph 1 sentence 2 number 1 AktG, the Supervisory Board is required to set a maximum remuneration for all remuneration elements, comprising base salary, fringe benefits, pension allowance and short-term variable as well as long-term variable remuneration.

For the CEO, the maximum remuneration that can be paid in relation to any given year is EUR 2,600,000. For the CFO and potential future Ordinary Management Board members, maximum remuneration that can be paid in relation to any given year is set at EUR 2,100,000. Extraordinary performance is required to actually achieve these maximum amounts.

The total of all payments resulting from commitments for the 2021 financial year can only be determined after the expiry of the four-year performance period of the Long-Term Incentive. However, in compliance with the maximum remuneration pursuant to section 87a paragraph 1 sentence 2 number 1 AktG it can already be ensured today, that even in the event of a payout of the Long-Term Incentive amounting to 250 % of the target amount (cap) the total of all remuneration components would be below the maximum remuneration. A detailed report on compliance with the maximum remuneration of the remuneration granted for the financial year 2021 will be provided in the remuneration report for the corresponding year after the end of the performance period of the LTI tranche 2021-2025.

4. REMUNERATION OF THE SUPERVISORY BOARD MEMBERS

The remuneration system of the Supervisory Board as well as the individual remuneration awarded and due to the members of the Supervisory Board in the financial year 2021 are shown below.

4.1. Remuneration system for the Supervisory Board Members

4.1.1. Remuneration governance

At the end of the fiscal year, the members of the Supervisory Board receive remuneration for each full fiscal year, which is determined by resolution of the annual general meeting. The remuneration for the members of the Supervisory Board was last confirmed by the annual general meeting of shareholders in 2021 by 99.7 % of votes cast. The determination shall apply until the annual general meeting decides otherwise. At least every four years or in case of a change, the remuneration system of the members of the Supervisory Board is resubmitted to the annual general meeting of shareholders for resolution. In the event that the annual general meeting of shareholders does not approve a remuneration system put to the vote, a revised remuneration system shall be presented at the latest at the following the annual general meeting of shareholders.

4.1.2. Remuneration system

The remuneration of the Supervisory Board members is not performance-related. It consists of a fixed remuneration and a likewise fixed remuneration for committee work. The company reimburses the expenses of the members of the Supervisory Board. The company has, at its own expense, taken out an appropriate liability insurance (D&O insurance) for the benefit of the members of the Supervisory Board to cover the risks arising from the performance of their duties (Art. 13 par. 2 of the Articles of Association).

Members of the Supervisory Board each receive an annual fixed remuneration of EUR 50,000. The chair of the Supervisory Board receives an additional annual amount of EUR 100,000 (factor 3); the deputy chair receives an additional amount of EUR 25,000 (factor 1.5).

Membership in the audit committee entitles a member to an additional remuneration of EUR 10,000, while the chair of the audit committee receives EUR 20,000 per year (factor 2). Membership in the nomination and remuneration committee as well as the finance and investment committee each entitle a member to an additional annual remuneration of EUR 7,500. The chairs of these committees are compensated with additional EUR 15,000 per year (factor 2). Membership in the ESG committee and in temporary committees does not entitle a member to additional remuneration.

Members who belong to the Supervisory Board respectively one of its committees for only part of a year receive a *pro rata temporis* remuneration. Variable remuneration elements do not exist and no attendance fees are paid.

Remuneration element	Remuneration of the Supervisory Board
Annual fixed remuneration	Chair: EUR 150,000 Deputy Chair: EUR 75,000 Supervisory Board Member: EUR 50,000
Committee remuneration	Audit Committee: EUR 10,000 / EUR 20,000 (Chair) Nomination and Remuneration Committee: EUR 7,500 / EUR 15,000 (Chair) Finance and Investment Committee: EUR 7,500 / EUR 15,000 (Chair)

4.1.3. Self-Commitment for Share Purchases

The members of the Supervisory Board have agreed upon and entered into a commitment to acquire shares of the Company for an amount corresponding to the annual fixed remuneration for their activity as members, chair, or deputy chair of the Supervisory Board (without committees) within a build-up phase and to hold them for the duration of their membership in the Supervisory Board of the Company (Self-Commitment). By means of this Self-Commitment the members of the Supervisory Board intend to adhere to the guiding principles of the Share Ownership Guidelines introduced for the members of the Management Board and to declare their sustained commitment to the Company.

In December 2021, all Supervisory Board members with a tenure of three years or more had fulfilled their Self-Commitment. The German authorities approved the voluntary public takeover offer pursuant to the German Takeover Act (WpÜG) for up to 100% of the shares in the Company as announced by Brookfield (Takeover Offer) in December 2021. In this context, the Supervisory Board and the Management Board of the Company decided to support the Takeover Offer and, on December 23rd, 2021, published a corresponding reasoned statement with a recommendation to the Company's shareholders to accept the Takeover Offer. In order to align with their own recommendation, the Supervisory Board decided to suspend the Self-Commitment and tendered all of their shares.

4.2. Individualized Disclosure of the Remuneration of the Supervisory Board

The remuneration awarded and due to the current and former members of the Supervisory Board in the 2021 financial year is presented in the following. A distinction is made between fixed remuneration and committee remuneration.

Supervisory Board Remuneration	2021					2020				
	Fixed remuneration		Committee remuneration		Total remuneration	Fixed remuneration		Committee remuneration		Total remuneration
	in T€	in %	in T€	in %	in T€	in T€	in %	in T€	in %	in T€
Dr Johannes Conradi (Chair)	150.0	91	15.0	9	**165.0**	150.0	91	15.0	9	**165.0**
Richard Mully (Deputy Chair)	75.0	83	15.0	17	**90.0**	75.0	83	15.0	17	**90.0**
Dr Bernhard Düttmann [1)]	17.3	74	6.0	26	**23.3**	50.0	74	17.5	26	**67.5**
Stefanie Frensch [1)]	17.3	77	5.2	23	**22.5**	50.0	77	15.0	23	**65.0**
Benoît Hérault	50.0	74	17.5	26	**67.5**	50.0	74	17.5	26	**67.5**
Dr Frank Pörschke [2)]	32.9	74	11.5	26	**44.4**	-	-	-	-	**-**
Elisabeth Stheeman [2)]	32.9	77	9.9	23	**42.8**	-	-	-	-	**-**
Marianne Voigt	50.0	71	20.0	29	**70.0**	50.0	71	20.0	29	**70.0**

1) Appointed until the annual general meeting of shareholders in the 2021 financial year.
2) Appointment at the annual general meeting of shareholders in the 2021 financial year.

In order to allow for more comprehensibility of the committee compensation above, the following table gives an overview over the committee work of the Supervisory Board members for the year 2021.

	2021			
	Committee work [1)]			
	Audit Committee	Nomination and Remu-neration Committee	Finance and Investment Committee	ESG Committee
Dr Johannes Conradi (Chair)	-	C	-	C
Richard Mully (Deputy Chair)	-	-	C	M
Dr Bernhard Düttmann [2)]	M	-	M	-
Stefanie Frensch [2)]	-	M	M	-
Benoît Hérault	M	M	-	-
Dr Frank Pörschke [3)]	M	-	M	-
Elisabeth Stheeman [3)]	-	M	M	-
Marianne Voigt	C	-	-	M

1) M = Member, C = Chair.
2) Appointed until the annual general meeting of shareholders in the 2021 financial year.
3) Appointment at the annual general meeting of shareholders in the 2021 financial year.

5. COMPARATIVE PRESENTATION OF REMUNERATION AND COMPANY PERFORMANCE

In addition to the individualized disclosure of the remuneration of the Management Board and Supervisory Board, section 162 (1) sentence 2 of the German Stock Corporation Act (AktG) also requires a comparative presentation thereof with the remuneration of the workforce as well as the Company's performance. The following table therefore compares the remuneration awarded and due to members of the Management and Supervisory Board with the average employee remuneration and the key financial figures revenues and FFO per share, which were selected on the basis of their central management function for the Company.

For the average employee remuneration, all employees of alstria are considered, with the exception of trainees, interns, working students and marginally employed part-time employees. In addition, employees who were not employed for the entire year under review or who were absent for more than two months during the year under review are also not included. The remuneration stated comprises the base salary and the bonus (each extrapolated to full-time equivalents) for the year in question, the long-term variable remuneration amount paid out during the year in question as well as contributions to the company pension scheme. Furthermore, fringe benefits such as payments for a job ticket or allowances for a company car are also taken into account, as is the "Corona-bonus" for 2020.

Looking at the comparative presentation, it can be noted that the positive development of the company is also reflected in the overall target achievement for the long-term variable remuneration of the Management Board. For the LTI tranche 2017-2021, the total target achievement lies at 150 %, the cap. The decrease in compensation is due in particular to the lower payout of the LTI tranche 2017-2021 compared to the LTI tranche 2016-2019, as the share price at the beginning of 2020, before the start of the Covid 19 pandemic, was higher than at the beginning of 2021. In addition, with the implementation of the changes to the Management Board remuneration system on January 1, 2021, the individual multiplier for the LTI tranche 2017-2021 was also abolished. In terms of employee remuneration, an adjustment effect is becoming apparent after many years of moderate salary development.

Comparative presentation

	2021	2020	Development 2021/2020
	in T€	in T€	in %
Management Board			
Olivier Elamine	1,818	2,143	-15
Alexander Dexne	1,484	1,760	-16
Supervisory Board			
Dr. Johannes Conradi	165	165	0
Richard Mully	90	90	0
Dr. Bernhard Düttmann 1)	23	68	-65
Stefanie Frensch 1)	23	65	-65
Benoît Hérault	68	68	0
Dr. Frank Pörschke 2)	44	-	-
Elisabeth Stheeman 2)	43	-	-
Marianne Voigt	70	70	0
Employees			
Average	96	89	8
Company performance			
Revenues	183,670	177,063	4
FFO per share (in EUR) 3)	0.67	0.62	8

1) Appointed until the annual general meeting of shareholders in the 2021 financial year.
2) Appointment at the annual general meeting of shareholders in the 2021 financial year.
3) Before minorities.

IX. ADDITIONAL GROUP DISCLOSURE

1. CORPORATE GOVERNANCE GROUP DECLARATION PURSUANT TO SECTIONS 289F AND 315D HGB (“HANDELSGESETZBUCH”: GERMAN COMMERCIAL CODE)

The complete corporate governance declaration is published on alstria AG’s website (www.alstria.com). Thus, it is made permanently accessible to the public.

2. EMPLOYEES

As of December 31, 2021, alstria had 171 employees (compared to 167 on December 31, 2020). The annual average number of employees was 171 (compared to 166 in the previous year). These figures exclude Management Board members.

3. DIVIDEND

The Management Board, in agreement with the Supervisory Board, intends to propose to the Annual General Meeting to use the balance sheet profit of alstria office REIT-AG for the 2021 financial year to pay a dividend of EUR 0.04 per share. In the event that there are significant changes in the company's available liquidity in the further course of the 2022 financial year, the Management Board and Supervisory Board reserve the right to submit a different dividend proposal to the Annual General Meeting. The payment of a dividend depends on the approval of the General Meeting.

Hamburg, February 24, 2022

alstria office REIT-AG

The Management Board

Olivier Elamine	**Alexander Dexne**
CEO	CFO

DETAIL INDEX CONSOLIDATED FINANCIAL STATEMENTS

B. CONSOLIDATED FINANCIAL STATEMENTS

I. CONSOLIDATED INCOME STATEMENT

For the period from January 1 to December 31, 2021

EUR k	Notes	2021	2020
Revenues	5.1	183,670	177,063
Revenues from service charge income	5.1	38,908	38,367
Real estate operating expenses	5.2	-59,307	-60,607
Net rental income		**163,271**	**154,823**
Administrative expenses	5.3	-8,325	-8,460
Personnel expenses	5.4	-19,769	-18,568
Other operating income	5.5	5,930	4,629
Other operating expenses	5.6	-14,614	-2,143
Net result from fair value adjustments to investment property	6.1	94,827	61,522
Net result from the disposal of investment property	5.7	15,134	8,340
Net operating result		**236,454**	**200,143**
Net financial result	5.8	-26,019	-31,832
Share of the result of companies accounted for at equity	2.2.3	-108	-9
Pretax result		**210,327**	**168,302**
Income tax expenses	5.9	-649	187
Consolidated profit		**209,678**	**168,489**
Attributable to:			
Shareholders of alstria office REIT-AG		209,678	168,489
Earnings per share in EUR			
Basic earnings per share	10	1.18	0,95
Diluted earnings per share	10	1.18	0,95

II. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from January 1 to December 31, 2021

EUR k	Notes	2021	2020
Consolidated profit for the period		**209,678**	**168,489**
Other comprehensive income for the period		**0**	**0**
Total comprehensive income for the period		**209,678**	**168,489**
Total comprehensive income attributable to			
Shareholders of alstria office REIT-AG		209,678	168,489

III. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2021

ASSETS			
EUR k	**Notes**	**Dec. 31, 2021**	**Dec. 31, 2020**
Noncurrent assets			
Investment property	6.1	4,775,801	4,556,181
Equity-accounted investments	6.2	923	1,021
Property, plant, and equipment	6.3	22,936	18,360
Intangible assets	6.3	274	55
Financial assets	6.4	39,185	39,108
Total noncurrent assets		**4,839,119**	**4,614,725**
Current assets			
Trade receivables	6.6	3,922	4,572
Income tax receivables		1,289	1,230
Other receivables	6.6	4,258	8,762
Cash and cash equivalents	6.7	313,684	460,960
Assets held for sale	6.8	72,100	0
Total current assets		**395,253**	**475,524**
Total assets		**5,234,372**	**5,090,249**

EQUITY AND LIABILITIES

EUR k	Notes	Dec. 31, 2021	Dec. 31, 2020
Equity	7.1		
Share capital		178,033	177,793
Capital surplus		1,261,630	1,356,907
Retained earnings		1,923,935	1,714,257
Revaluation surplus		3,485	3,485
Total equity		**3,367,083**	**3,252,442**
Noncurrent liabilities			
Limited partnership capital noncontrolling interests	7.2	69,798	68,275
Long-term loans and bonds, net of current portion	7.3	1,697,605	1,685,349
Other provisions	7.4	2,585	0
Other liabilities	7.5	14,369	12,628
Total noncurrent liabilities		**1,784,357**	**1,766,252**
Current liabilities			
Limited partnership capital noncontrolling interests	7.2	15	15
Short-term loans	7.3	19,594	10,325
Trade payables	7.5	3,487	3,943
Profit participation rights	5.4; 13.2	541	514
Income tax liabilities	7.6	4,525	4,780
Other provisions	7.4	2,439	2,030
Other current liabilities	7.5	52,331	49,948
Total current liabilities		**82,932**	**71,555**
Total liabilities		**1,867,289**	**1,837,807**
Total equity and liabilities		**5,234,372**	**5,090,249**

IV. CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ending December 31, 2021

EUR k	Notes	2021	2020
1. Cash flows from operating activities			
Consolidated profit or loss for the period		**209,678**	**168,489**
Interest income	5.8	-1,323	-533
Interest expense	5.8	27,343	32,365
Result from income taxes	5.9	649	-187
Unrealized valuation movements		-91,239	-61,769
Other noncash income (–)/expenses (+)	8.3	5,957	7,181
Gain (–)/loss (+) on disposal of investment properties	5.7	-15,134	-8,340
Depreciation and impairment of fixed assets (+)	6.3	942	1,110
Increase (–)/decrease (+) in trade receivables and other assets not attributed to investing or financing activities		987	-2,342
Increase (+)/decrease (–) in trade payables and other liabilities not attributed to investing or financing activities		-688	-182
Cash generated from operations		**137,172**	**135,792**
Interest received		1,323	649
Interest paid		-24,705	-32,383
Income taxes paid		2,644	-827
Net cash generated from operating activities		**116,434**	**103,231**
2. Cash flows from investing activities			
Acquisition of investment properties		-206,996	-153,162
Proceeds from the sale of investment properties		24,750	126,510
Payment of transaction cost in relation to the sale of investment properties		-1,006	-1,482
Acquisition of other property, plant, and equipment		-3,093	-238
Proceeds from the equity release of interests in joint ventures		0	46
Payments for investment in financial assets	6.4	-87	-50,000
Proceeds from disposal of financial assets	6.4	0	250,000
Net cash used in/generated from investing activities		**-186,432**	**171,674**

EUR k	Notes	2021	2020
3. Cash flows from financing activities			
Cash received from cash equity contributions	7.1	240	400
Payments for the acquisition of shares in limited partnerships of minority interests	7.1	0	-9
Distributions on limited partnerships of minority shareholders		-1,957	-1,949
Proceeds from the issue of bonds and borrowings		21,210	0
Proceeds from the issuing of corporate bonds	7.3	0	350,000
Payments of transaction costs for taking out loans		0	-2,204
Proceeds from the issue of convertible participation rights		287	0
Payments for the redemption portion of leasing obligations		-505	-477
Payments of dividends	11	-94,230	-94,125
Payments due to the redemption of bonds and borrowings		-2,323	-363,800
Net cash used in financing activities		**-77,278**	**-112,164**

4. Cash and cash equivalents at the end of the period			
Change in cash and cash equivalents (subtotal of 1 to 3)		-147,276	162,741
Cash and cash equivalents at the beginning of the period		460,960	298,219
Cash and cash equivalents at the end of the period *thereof restricted: EUR 0 k; previous year: EUR 0 k*	6.7	**313,684**	**460,960**

V. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from January 1 to December 31, 2021

EUR k	Notes	Share capital	Capital surplus	Retained earnings	Revaluation surplus	Total equity
As of Dec. 31, 2020		**177,793**	**1,356,907**	**1,714,257**	**3,485**	**3,252,442**
Changes in the financial year 2021						
Consolidated profit		0	0	209,678	0	**209,678**
Other comprehensive income		0	0	0	0	**0**
Total comprehensive income		**0**	**0**	**209,678**	**0**	**209,678**
Payments of dividends	11	0	-94,230	0	0	**-94,230**
Share-based remuneration	5.4; 13.2	0	3,210	0	0	**3,210**
Change to the Stock Awards Compensation Conditions	7.1	0	-4,497	0	0	**-4,497**
Conversion of convertible participation rights	13.2	240	240	0	0	**480**
As of Dec. 31, 2021	7.1	**178,033**	**1,261,630**	**1,923,935**	**3,485**	**3,367,083**

For the period from January 1 to December 31, 2020

EUR k	Notes	Share capital	Capital surplus	Retained earnings	Revaluation surplus	Total equity
As of Dec. 31, 2019		**177,593**	**1,448,709**	**1,545,768**	**3,485**	**3,175,555**
Changes in the financial year 2020						
Consolidated profit		0	0	168,489	0	**168,489**
Other comprehensive income		0	0	0	0	**0**
Total comprehensive income		**0**	**0**	**168,489**	**0**	**168,489**
Payments of dividends	11	0	-94,125	0	0	**-94,125**
Share-based remuneration	5.4; 13.2	0	2,123	0	0	**2,123**
Conversion of convertible participation rights	13.2	200	200	0	0	**400**
As of Dec. 31, 2020	7.1	**177,793**	**1,356,907**	**1,714,257**	**3,485**	**3,252,442**

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

alstria office REIT-AG (the Company) is a listed real estate property corporation under the scope of the G-REIT Act. The main objectives of the Company and its subsidiaries (the Group or alstria) are the acquisition, management, operation, and sale of owned real estate property and the holding of participations in enterprises that acquire, manage, operate, and sell owned property.

Alexandrite Lake Lux Holdings S.à r.l., Luxembourg, Grand Duchy of Luxembourg, (hereinafter "Alexandrite" or “Bidder”) published its decision on December 13, 2021 to offer the shareholders of alstria office REIT-AG to acquire their bearer shares in alstria office REIT-AG by way of a voluntary public takeover bid. By the end of the offer period on February 3, 2022, the total number of alstria shares to be taken into account for the minimum acceptance threshold was exceeded and amounted to 91.63% of the share capital. The total number of alstria shares to be considered for the minimum acceptance threshold was reached for the first time on January 11, 2022. This corresponded to a share of 50.50% of the share capital. The company was thus to be included in the consolidated financial statements of Alexandrite's ultimate parent company, Brookfield Asset Management Inc., Toronto, Canada (hereinafter "Brookfield"), for the first time on January 11, 2022. Brookfield Asset Management Inc. prepares the consolidated financial statements for the largest and smallest group of companies in the Brookfield Group. Brookfield's consolidated financial statements are published on the company's website at www.brookfield.com. As of the balance sheet date, December 31, 2021, Alexandrite held 46.17% of the shares in the company, so that a significant influence on alstria office REIT-AG can be assumed. As a result, alstria office REIT-AG is accounted for at equity in Brookfield's consolidated financial statements as of the reporting date.

alstria prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and with the additional requirements set forth in Section 315e para. 1 of the German Commercial Code (HGB). The Management Board authorized for issue the consolidated financial statements on February 24, 2022.

alstria office REIT-AG’s registered office and address is Steinstrasse 7, 20095 Hamburg, Germany. The Company is entered in the commercial register at the local court of Hamburg under HRB No. 99204.

alstria prepares and reports its consolidated financial statements in Euro (EUR), the Group’s functional currency. Due to rounding, the numbers presented may not add up precisely to the totals provided.

The financial year ends on December 31 of each calendar year. The consolidated financial statements presented in this report were prepared for the period from January 1 to December 31, 2021.

2. BASIS OF PREPARATION

Apart from investment property (land and buildings), properties held for sale and certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below, the consolidated financial statements have been prepared based on historical cost.

The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates and for management to exercise its judgement when applying the Group’s accounting policies. Areas involving a higher degree of judgement or complexity, or items wherein assumptions and estimates have a significant impact on the consolidated financial statements, are disclosed in Note 2.3.

The consolidated income statement is prepared using the total cost method. Single items are summarized in the consolidated statement of financial position and the income statement. They are commented on in the Notes to the financial statements.

Assets and liabilities are classified as noncurrent and current, respectively. Current items are defined as items that are due in less than 1 year and vice versa for noncurrent items.

2.1. Changes in accounting policies and mandatory disclosures

Effects of new and amended IFRSs

The Company adopted the following new amendments to existing standards for the first time for the financial year beginning January 1, 2021:

EU Endorsement	Standard/ interpretation	Content	Applicable for FY beginning on/after	Effects
Dec. 15, 2020	Amendments to IFRS 4	The effective date of IFRS 17, which will replace IFRS 4, is now Jan. 1, 2023; the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 has been deferred to Jan. 1, 2023	Jan. 1, 2021	None
January 13, 2021	Amendments to IFRS 9, IAS 39, IFRS 7, and IFRS 16	Interest Rate Benchmark Reform – Phase 2	Jan. 1, 2021	None

The changes to standards and to the framework concept did not have any material effects on the Group's net assets, financial position, and results of operations.

New and amended IFRSs and interpretations to existing standards that are not yet effective and that the Group has not adopted early

EU Endorsement	Standard/ interpretation	Content	Applicable for FY beginning on/after	Effects
Nov. 19, 2021	IFRS 17	New standard "Insurance contracts"	Jan. 1, 2023	None
Not yet endorsed	Amendments to IFRS 17	Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Jan. 1, 2023	None
June 28, 2021	Amendments to IFRS 3	Business Combinations: Update of an outdated reference in IFRS 3 without significantly changing its requirements.	Jan. 1, 2022	None
Not yet endorsed		Annual Improvement 2018-2020	Jan. 1, 2023	None
Not yet endorsed	Amendments to IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Noncurrent	Jan. 1, 2023	None
Not yet endorsed	Amendments to IAS 1	Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies	Jan. 1, 2023	None
Not yet endorsed	Amendments to IAS 8	Definition of Accounting Estimates	Jan. 1, 2023	None
Not yet endorsed	Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Jan. 1, 2023	None

No significant impact on financial reporting is expected from the other new standards and amendments to the existing standards listed above.

The Group did not adopt any new or amended standards or interpretations early in the 2021 financial year.

2.2. Basis of consolidation

2.2.1. Subsidiaries

The consolidated financial statements incorporate the financial statements of alstria office REIT-AG and entities controlled by the Company and its subsidiaries. Control is achieved when the Company

- exercises authority over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- can use its authority to affect the amount of its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date when the Company gains control until the date when the Company ceases to control the subsidiary.

The profit or loss and each component of the other comprehensive income are attributed to the Company's owners and noncontrolling interests. The total comprehensive income of the subsidiaries is attributed to the Company's owners and noncontrolling interests, even if this results in the noncontrolling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest, and
(ii) the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any noncontrolling interests.

All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity, as specified/permitted by applicable IFRSs).

Business combinations

Acquisitions of businesses within the meaning of IFRS 3 are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree, and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable acquired assets and the assumed liabilities are recognized at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. After reassessment, if the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree and fair value of the acquirer's previously held interest in the acquiree fit and the excess is recognized immediately in profit or loss as a bargain purchase gain.

Noncontrolling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the noncontrolling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets and reported under liabilities. The choice of measurement is made on a transaction-by-transaction basis. Other types of noncontrolling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value, and the resulting gain or loss, if any, is recognized in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive incomes are reclassified as profit or loss, where such treatment would be appropriate if that interest were disposed of.

Significant companies wherein alstria office REIT-AG is directly or indirectly able to significantly influence financial and operating decisions (associates), or directly or indirectly share control (joint ventures), are accounted for using the equity method.

The acquisition of real estate property companies that do not represent a business in the sense of IFRS 3 is shown as a direct purchase of real estate (asset deal). The acquisition costs of the property company are assigned to the individually identifiable assets and liabilities on the basis of their fair values. In this case, there is no goodwill.

2.2.2. Fully consolidated subsidiaries

The Group of consolidated companies, including alstria office REIT-AG, comprised 46 companies in the financial year (2020: 48). As of the balance sheet date, 44 companies (prior-year balance sheet date: 45 companies) existed. In addition, one joint venture and one noncontrolling interest have been accounted for using the equity method.

In the consolidated financial statements of alstria office REIT-AG, the following companies are included (statement according to Section 313 para. 2 and Section 315 (e) HGB):

No.	Company	Headquarters	Equity interest (%)	Held by no.	Business activity
1	alstria office REIT-AG	Hamburg	Parent company		Asset management; holding
2	alstria Bamlerstraße GP GmbH	Hamburg	100.0	1	General Partner of 8
3	alstria Englische Planke GP GmbH	Hamburg	100.0	1	General Partner of 9
4	alstria Gänsemarkt Drehbahn GP GmbH	Hamburg	100.0	1	General Partner of 10
5	alstria Halberstädter Straße GP GmbH[2)]	Hamburg	100.0	1	Former General Partner
6	alstria Ludwig-Erhard-Straße GP GmbH[2)]	Hamburg	100.0	1	Former General Partner
7	alstria Mannheim/Wiesbaden GP GmbH	Hamburg	100.0	1	General Partner of 12
8	alstria office Bamlerstraße GmbH & Co. KG[1)]	Hamburg	100.0	1	Own property
9	alstria office Englische Planke GmbH & Co. KG[1)]	Hamburg	100.0	1	Own property
10	alstria office Gänsemarkt Drehbahn GmbH & Co. KG[1)]	Hamburg	100.0	1	Own property
11	alstria office Insterburger Straße GmbH & Co. KG[1)]	Hamburg	100.0	1	Own property
12	alstria office Mannheim/Wiesbaden GmbH & Co. KG[1)]	Hamburg	100.0	1	Own property
13	alstria office Steinstraße 5 GmbH & Co. KG[1)]	Hamburg	100.0	1	Own property
14	alstria Portfolio 1 GP GmbH	Hamburg	100.0	1	General Partner of 11 and 21
15	alstria Portfolio 3 GP GmbH	Hamburg	100.0	1	General Partner of 20
16	alstria Prime Portfolio 2 GP GmbH	Hamburg	100.0	1	General Partner of 23 to 46
17	alstria Prime Portfolio GP GmbH	Hamburg	100.0	1	General Partner of 22
18	alstria solutions GmbH	Hamburg	100.0	1	Service company
19	alstria Steinstraße 5 GP GmbH	Hamburg	100.0	1	General Partner of 13
20	beehive GmbH & Co. KG[1)]	Hamburg	100.0	1	Service company
21	First Pine GmbH & Co. KG[3)]	Hamburg	100.0	1	Own property
22	alstria office Prime Portfolio GmbH & Co. KG[1)]	Hamburg	94.0	1	Intermediate holding
23	alstria office PP Holding I GmbH & Co. KG[1)]	Hamburg	94.0	22	Intermediate holding
24	alstria office Kampstraße GmbH & Co. KG[1)]	Hamburg	94.0	23	Own property
25	alstria office Berliner Straße GmbH & Co. KG[1)]	Hamburg	94.0	23	Own property
26	alstria office Hanns-Klemm-Straße GmbH & Co. KG[1)]	Hamburg	94.0	23	Own property
27	alstria office Maarweg GmbH & Co. KG[1)]	Hamburg	94.0	23	Own property
28	alstria office Heerdter Lohweg GmbH & Co. KG[1)]	Hamburg	94.0	23	Own property
29	alstria office Solmsstraße GmbH & Co. KG[1)]	Hamburg	94.0	23	Own property
30	alstria office PP Holding II GmbH & Co. KG[1)]	Hamburg	94.0	22	Intermediate holding
31	alstria office Wilhelminenstraße GmbH & Co. KG[1)]	Hamburg	94.0	30	Own property
32	alstria office Hauptstraße GmbH & Co. KG[1)]	Hamburg	94.0	30	Own property
33	alstria office Mergenthaler Allee GmbH & Co. KG[1)]	Hamburg	94.0	30	Own property
34	alstria office Am Hauptbahnhof GmbH & Co. KG[1)]	Hamburg	94.0	30	Own property
35	alstria office Kastor GmbH & Co. KG[1)]	Hamburg	94.0	30	Own property
36	alstria office Heidenkampsweg GmbH & Co. KG[1)]	Hamburg	94.0	30	Own property

37	alstria office An den Dominikanern GmbH & Co. KG[1)]	Hamburg	94.0	30	Own property
38	alstria office Carl-Schurz-Straße GmbH & Co. KG1)	Hamburg	94.0	30	Own property
39	alstria office Pempelfurtstraße GmbH & Co. KG1)	Hamburg	94.0	30	Own property
40	alstria office Frauenstraße GmbH & Co. KG1)	Hamburg	94.0	30	Own property
41	alstria office Olof-Palme-Straße GmbH & Co. KG1)	Hamburg	94.0	30	Own property
42	alstria office Region Nord GmbH & Co. KG1)	Hamburg	94.0	30	Own property
43	alstria office Region Süd GmbH & Co. KG1)	Hamburg	94.0	30	Own property
44	alstria office Region Mitte GmbH & Co. KG1)	Hamburg	94.0	30	Own property
45	alstria office PP Holding III GmbH & Co. KG1)	Hamburg	94.0	22	Intermediate holding
46	alstria office Vaihinger Straße GmbH & Co. KG1)	Hamburg	94.0	45	Own property

[1)] The Company has made use of the exemption from the obligation to prepare annual financial statements in accordance with the provisions applicable to corporations in accordance with Section 264b HGB.

[2)] Terminated as a result of an upstream merger in financial year 2021.

[3)] Founded in financial year 2021.

Alongside alstria office REIT-AG, the consolidation comprised companies in which the Company directly or indirectly held the majority of voting rights. The consolidated group at the balance sheet date consisted of the Company, 21 domestic subsidiaries, and 24 domestic second-tier subsidiaries. One company was founded in the financial year, two subsidiaries were terminated as a result of mergers.

The reporting date for the consolidated financial statements is the same as the reporting date for the Company and consolidated subsidiaries.

There were no further changes to the consolidated group in the 2021 financial year in comparison to the consolidated financial statements as of December 31, 2020. All of the Group's companies are property management, holding, or general partner companies.

2.2.3. Interests in joint ventures and noncontrolling interests

As of the balance sheet date, the Group held investments in a joint venture and an associated company. As of the previous year's reporting date, there were investments in two joint ventures. The companies are or were accounted for using the equity method. The carrying value of EUR 923 k relates to the associated company with EUR 815 k and the joint venture with EUR 108 k. As of the previous year's reporting date, the book value of the associated company was EUR 915 k and that of the joint venture was EUR 106 k.

Details of the Group's joint ventures at the end of the reporting period are as follows:

in %			Proportion of ownership, interest, and voting rights held by the Group	
Name of joint venture	Principal activity	Place of incorporation and business	Dec. 31, 2021	Dec. 31, 2020
Kaisergalerie General Partner GmbH i.L	n/a	Hamburg, Germany	49.0	49.0

There were no unrecognized shares of joint venture's losses or any significant restrictions as to the ability of joint ventures to transfer cash funds to the Group.

Furthermore, alstria holds a noncontrolling interest in an affiliate, Fluxus Innovations S.C.Sp. Luxemburg, based in Luxembourg, Grand Duchy of Luxembourg, amounting to EUR 815 k. The Company was acquired in the 2016 financial year and is considered immaterial. Its business is the investment in innovative real estate technology concepts. The Company recorded a loss of -EUR 100 k (2020: EUR 0) in the reporting period, the joint venture a loss of -EUT 8 k (2020: -EUR 9 k).

2.3. Key judgments and estimates

To a certain degree, estimates, assessments, and assumptions must be made in the course of preparing the Group's consolidated financial statements. These can affect the reported amounts and recognition of assets and liabilities, contingent assets and liabilities on the balance sheet date, and the amounts of income and expenses reported for the overall period. The major items that such estimates, assessments, and assumptions affect are described hereafter. Actual amounts may differ from the estimates. Changes in the estimates, assessments, and assumptions can have a material impact on the consolidated financial statements.

2.3.1. Judgements

Management has made the following discretionary decisions in line with the Group's accounting policies. Apart from decisions involving estimations, it has the most significant effect on the amounts recognized in the financial statements:

Operating lease commitments—the Group as lessor

The Group has entered into commercial property leases in its investment-property portfolio. Based on an evaluation of the terms and conditions of the arrangements, the Group has determined that all significant risks and rewards of ownership of these properties remain with the Group. As a result, the contracts are treated and accounted for as operating leases.

Equity-settled share-based payment transactions

As part of its remuneration, the Management Board was granted share-based payments (see Note 13.1). While the virtual shares issued in business year 2017 were cash-settled share-based payments, in the 2018 financial year, share-based payments were for the first time equity settled.

All conditions of the share-based payment conditions were settled in advance by the parties involved. The predominant value-determining parameters are objectively observable market parameters, such as the share price performance of the alstria share or the performance of a benchmark index. At the end of the term, the number of equity instruments to be granted can be adjusted by the Supervisory Board of the Company in a narrow band (so-called discretionary factor). This leads to the question of whether the grant date is in the current financial year or only at the time when the Supervisory Board determines the discretionary factor. In the first case, the virtual shares are measured at fair value at their issue. The amount of the valuation is to be recognized pro rata in equity over the term until conversion. If the grant date falls to the end of the term, the value of the virtual shares must be revalued at each reporting date and recognized as a liability.

The terms of the agreement on which the equity instruments were granted were already fixed when the virtual shares were issued during the reporting period. The main value drivers are observable market parameters. Therefore, the issue date of the virtual shares is considered the date of granting the share-based payment with the result that the virtual shares were valued at the issue date and recognized pro rata as personnel expenses and in the equity of the Group.

Four tranches of the stock awards described were granted by the end of the reporting period. With the resolution of the Supervisory Board on December 2, 2021, it was determined that the stock awards granted in the 2018 financial year are not to be settled with shares in the company, but with cash settlement. This is a change in the terms of compensation for the Stock Awards, as a result of which compensation changes from equity-settled to cash-settled. The values required for this are to be shown as obligations under other provisions. In order to allocate the probable amount to the provision, the Management Board has exercised the option of withdrawing these allocations from the capital reserve without affecting income. As a result of this resolution, it is also assumed that the other existing stock awards that were granted in the financial years 2019 to 2021 will be converted by cash settlement as a result of a change in the contractual terms. Therefore, provisions are made for these stock awards as well.

2.3.2. Estimates and assumptions

Significant key sources of estimation uncertainty and key assumptions concerning the future as of the balance sheet date relate to the following balance sheet items. They present a significant risk, possibly resulting in necessary material adjustments to the carrying amounts of assets and liabilities within the next financial year. Applying estimates is particularly necessary to

- determine the fair value of investment property (see Note 6.1);
- determine the amortized cost of limited partnership capital of noncontrolling interests (see Note 7.2);
- determine the fair value of other provisions (see Notes 7.4) and
- determine the fair value of stock awards granted to management (see Note 13.1)

At the end of the reporting period, the above-stated assets, liabilities, and equity instruments, which are particularly exposed to estimation uncertainties, had the following impact on the consolidated statement of financial position:

EUR k	Dec. 31, 2021	Dec. 31, 2020
Investment property and properties held for sale, without prepayments made	4,847,901	4,556,725
Limited partnership capital of noncontrolling interests	69,813	68,290
Other provisions	2,439	2,031
thereof stock award	*1,911*	*1,301*
Other provisions	2,585	0
thereof stock award	*2,585*	*0*

2.4. Summary of significant accounting policies

The following accounting and valuation methods have been used to prepare the consolidated financial statements of alstria office REIT-AG.

2.4.1. Fair value measurement

The Group measures financial instruments, such as derivatives, and nonfinancial assets, such as investment property, at their fair value at each reporting date.

The fair value of an asset or liability is determined based on the assumptions that market participants would use in pricing the asset or liability, regardless of whether that price is directly observable or estimated by applying another valuation technique. In estimating fair value, it is assumed that the transaction during which the disposal of the asset or the transfer of the liability occurs takes place either

- in the principal market for the asset or liability, or
- in the most advantageous market for the asset or liability if no principal market exists.

The Group must have access to the principal market or the most advantageous market.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis. Hereby excluded are the following:

- share-based payment transactions that are within the scope of IFRS 2 “Share-based payments”;
- leasing transactions that are within the scope of IFRS 16 “Leases”; and
- measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 “Inventories” or value in IAS 36 “Impairment of assets.”

Market prices are not always available to determine the fair value. It must often be determined based on various valuation parameters. In addition, for financial-reporting purposes, fair value measurements are categorized as Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Level 3 inputs require more extensive disclosures.

2.4.2. Investment property

Investment properties are properties held to earn rental income and/or for capital appreciation (including property under construction for such purposes). They are not used in production or for administrative purposes. This includes properties that are in production and are intended to serve the aforementioned purposes. Investment properties are measured initially at cost at the time of purchase or construction, including transaction costs. In accordance with IAS 40.17, costs incurred subsequently for dismantling, replacement of parts, or maintenance of property are also included, insofar as these contribute to an increase in the fair value of the property.

Costs of debt, which can be directly allocated to the acquisition or production of investment property, are capitalized in the year in which they arise.

For subsequent measurement, the Company uses the fair value model according to IFRS 13.61 et seq., which reflects an income-capitalization approach combined with market conditions at the end of the reporting period.

In the context of the fair value hierarchy described above, only inputs from Levels 2 and 3 are applicable for property. The majority is categorized as Level 3. Inputs used in the valuation approach that the Group has adopted for all of its properties include rental revenues, adjusted yield figures (e.g., property-based capitalization rates), and vacancy periods. These inputs are not observable in markets and are considered significant. Therefore, the fair value measurement used by the Group for valuation of all investment properties is generally categorized as Level 3. Information about the significant unobservable inputs used and their sensitivities to the fair values of the Group’s investment property is presented in Note 6.1.

Gains and losses arising from changes in the fair value of investment properties are included in the profit or loss in the period when they arise.

An investment property derecognized upon disposal, or when the investment property is permanently withdrawn from use, and future economic benefits are expected from the disposal. Any gain or loss arising from derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Investment properties are transferred to property, plant, and equipment when there is a change in use evidenced by the commencement of owner occupation. The properties' deemed cost for subsequent accounting corresponds to the fair value at the date of reclassification.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising from this remeasurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in OCI and presented in the revaluation reserve.

Any loss is recognized in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognized in other comprehensive income and reduces the revaluation surplus within equity.

Leases of land and buildings in which the Group acts as a lessee and which it sublet are also classified as financial investments and subsequently measured at fair value. The investment properties are shown with the addition of the leasing liabilities.

2.4.3. Valuation process for investment properties

The fair value hierarchy gives no information about the applied valuation techniques.

The basis for deriving fair value, as defined by IFRS 13.61, should, if possible, be based on valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, thereby maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The analysis in the previous section showed there was no sufficient number of official comparable transactions to derive any market values. Therefore, fair value was determined based on an income approach in accordance with IFRS 13.61.

In estimating the fair value of the properties, their current use of the property is the highest and best option. No fundamental change to the valuation method has occurred during the year.

As in the previous year, external real estate experts conducted the valuation of investment property at fair value on December 31, 2021, using the “hardcore-and-top-slice” method, according to internationally accepted valuation methods in accordance with IFRS. An accredited, external, and independent expert performed the fair value measurement (Savills Advisory Services Germany GmbH & Co. KG, Frankfurt am Main, Germany).

Description of the hardcore-and-top-slice method

According to the hardcore-and-top-slice method, rental income is horizontally segmented. The hardcore portion represents the prevailing contractual rent. The top slice represents the difference between market and contractual rent. This method fulfills the requirements of the *Red Book*, a set of international valuation standards, set forth by the Royal Institution of Chartered Surveyors. In addition, the method used by the independent experts is also appropriate and suitable for determining market values in accordance with the provisions of the International Valuation Standards (IVS, or the *White Book*).

To determine the fair values, the hardcore-and-top-slice method takes into account the following points:

- the contractual rent for the remaining term of the lease (in the case of open-ended leases, a residual term of 1 year to half of the previous rental period is assumed);
- a vacancy period of between 0 and 32 months following the expiry of the lease;
- the necessary maintenance costs to relet the properties;
- relets at market rents (accounting for the difference between market and contractual rent);
- capitalization rates reflecting the individual risk of the property and market activity (comparable transactions);
- management costs between 1 and 3 % of the market rent;
- non-allocable costs of ongoing maintenance between EUR 3.50/m^2 and EUR 11.50/m^2 depending on the property standard; and
- the net selling price as comparable.

If the future development of these properties differs from the estimate, large-scale losses resulting from the change in the fair value may be incurred. This can have a negative impact on future earnings. The effects of the most significant input parameters on the valuation of the Group's investment properties are shown in Note 6.1.

The valuation method described also applies to investment properties in which development projects are realized. In the case of development projects, the construction costs incurred are also taken into account.

Gains or losses arising from changes in the fair values of investment properties are disclosed in the income statement under the item "Net gain/loss from fair value adjustments on investment property" in the year in which they arise.

Investment properties are derecognized when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year of retirement or disposal.

2.4.4. Assets held for sale

Noncurrent assets intended for disposal under an asset deal are reported separately as being held for sale in the consolidated financial statements if the formally required resolution of the Board — and, when above a certain level of transaction volume, the Supervisory Board — for the sale of a property is met until the end of the reporting period. If the disposal is to take the form of a share deal, noncurrent assets and other assets and liabilities held for sale are reported separately on the consolidated balance sheet.

Assets held for sale are measured at fair value on the date of reclassification and each subsequent reporting date. Gains or losses from measuring individual assets held for sale and disposal groups are reported under gain or loss on the disposal of investment property until they have been sold.

2.4.5. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Further information on leases can be found in Notes 5.3 Administrative expenses, 5.8 Financial and valuation results, 6.1 Investment property, 6.3 Intangible assets and property, plant and equipment and 7.5 Trade payables and other obligations.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the contractually agreed fee is to be allocated on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, minus any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and is discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain that it will not terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension, or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant, and equipment" and lease liabilities in "loans and borrowings" in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense in a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the asset's economic life. The Group has classified the sublease contracts on the basis of the right of use and not the underlying asset, and it has come to the conclusion that the leases are operating leases in accordance with IFRS 16.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as revenues.

2.4.6. Revenue and expense recognition

Revenues and other operating expenses are generally only recognized when the entity satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of the asset.

This is usually the case when services are rendered or goods or products have been delivered and the risk has thus been transferred.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duties. Revenues are recorded, excluding VAT. In addition, the following specific recognition criteria must be met before revenues are recognized.

Rental income from operating leases on investment properties is, according to IFRS 16, recognized on a straight-line basis over the terms of the relevant lease, regardless of the payment date. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

Revenues from service charge income are, according to IFRS 15, realized over the period of performance, which essentially corresponds to the time at which service charge expenses are recorded. With regard to the service charge costs of letting, alstria has a principal position. In this respect, the operating costs charged to the tenants must be shown as sales. The costs incurred relating to the provision of services in this context are presented as real estate operating expenses.

Proceeds from the sale of investment properties are recognized when the risks and opportunities associated with ownership of the property have passed to the buyer (transfer of ownership, benefits, and burdens of the property).

Operating expenses are recognized at the time of the service or when they are incurred.

Interest expenses and interest income are recognized using the effective interest method.

2.4.7. Income taxes

Income tax expense is recognized in profit or loss, except when it relates to items recognized in other comprehensive income or directly in equity, in which case, current taxes are also recognized in other comprehensive income or directly in equity, respectively.

As a REIT-AG parent company, alstria office REIT-AG is exempt from corporation and trade taxes.

Current tax assets and liabilities for the current and prior periods are shown as the amount expected to be recovered from or paid to the tax authorities. To take effect, the determination of the amount is based on the tax rates and laws applicable on the reporting date or soon after.

2.4.8. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the shareholders of the parent company by the weighted-average number of shares outstanding during the financial year. Diluted earnings per share are calculated based on the assumption that all potentially dilutive securities and share-based payments are converted or exercised.

2.4.9. Impairments of assets according to IAS 36

Assets are tested for impairment when triggering events or changes in circumstances indicate that the carrying amount may no longer be recoverable. The consequences of the COVID-19 pandemic gave no indication that the carrying amounts of the assets for which IAS 36 is to be applied could no longer be achieved.

An impairment loss is recorded at an amount equivalent to the excess of the carrying amount over the recoverable amount. If the reasons for an impairment loss cease to apply, the impairment loss is reversed as appropriate, but not above the maximum value that would have resulted if normal amortization had been charged.

2.4.10. Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and impairment losses. They include owner-occupied real estate, right-of-use assets according to IFRS 16, and operating and office equipment. Such costs include the cost of replacing part of the property, plant, and equipment at the time the cost is incurred, if the recognition criteria are met. All other repair and maintenance costs are recognized in profit or loss as incurred.

The depreciation of operating and office equipment is calculated on a straight-line basis over the estimated useful life of the asset (3 to 13 years). The useful life of owner-occupied property is estimated at 33 to 50 years. While the building is depreciated on a scheduled basis, the land is not subject to depreciation.

The growth of the tree population on a forest property in accordance with IAS 41 is also reported under property, plant and equipment. Initial and subsequent valuations are measured at fair value less estimated cost of sales.

2.4.11. Intangible assets

The Group amortizes intangible assets with finite useful lives on a straight-line basis over their respective estimated useful lives. Estimated useful lives for patents, licenses, and other similar rights generally range from 3 to 10 years. Currently, the Company does not have intangible assets with indefinite useful lives.

2.4.12. Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortized cost;
- FVOCI — debt investment;
- FVOCI — equity investment;
- or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise to specified dates for cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms provide an increase of specified dates for cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost are measured at FVTPL. This includes all derivative financial assets (see Note 6.5.). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

With respect to financial assets, the Group pursues a business model with the objective of holding assets in order to collect the contractual cash flows.

Financial assets – Assessment of whether contractual cash flows are solely payments of principal and interest

In assessing whether contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

A prepayment feature is consistent with the exclusive payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the outstanding principal amount, which may include reasonable additional compensation for early termination of the contract.

Financial assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Financial liabilities - Classification, subsequent measurement, and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as being at FVTPL if it is categorized as held-for-trading, it is a derivative, or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value; net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss. All financial liabilities are currently classified at amortized cost.

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which all significant risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains all significant risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, are cancelled, or expire. The Group also derecognizes a financial liability when its terms are significantly modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Upon derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any noncash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting

Derivative financial instruments, such as interest rate swap contracts, are measured at fair value and classified as being held for trading unless they are designated as hedging instruments, for which hedge accounting is applied. At the end of the previous year's reporting period, the Group used derivative financial instruments in the form of interest cap hedging relationships, the market values of which were of a negligible magnitude, because the guaranteed interest rate cap is far above the underlying yield curve. Due to the large gap between the yield curve and the secured interest rate cap, there were no valuation effects (see Note 6.5).

Cash flow hedges

The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges is recognized in the line item other comprehensive income, and any ineffective portion is recognized immediately in net income. Amounts accumulated in equity are reclassified to net income during the same periods in which the hedged item affects net income.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated, or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a nonfinancial item, it is included in the nonfinancial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods in which hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, the amounts that have been accumulated in the hedging reserve and the cost of the hedging reserve are immediately reclassified to profit or loss.

Other hedges

The Group uses neither any financial derivatives that qualify for the hedging of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges) nor such financial derivatives that qualify for the hedging of a net investment in a foreign operation (net-investment hedge).

Cash and cash equivalents

The Company considers all highly liquid investments with less than three months' maturity from the date of acquisition to be cash equivalents.

For the purposes of the consolidated cash flow statement, cash and cash equivalents include those defined above, other short-term, highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.4.13. Impairment

Nonderivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost.

The Group generally measures loss allowances at an amount equal to the 12-month ECLs if the default risk (for example, the credit default risk) has not increased significantly since the initial recognition.

Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs unless they are trade receivables from alstria's main tenant.

Value adjustments on trade receivables are always based on the amount of the ECL over the term. The Group applies the simplified approach in accordance with IFRS 9.5.5.15. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk of a financial asset other than trade receivables measured at an amount equal to lifetime ECLs will have significantly increased if it is more than 30 days past due. For trade receivables, the number of days past due could be significantly higher due to the fact that service charge invoices are regularly under investigation on the tenants' side, causing a delay in acceptance by alstria until consent has been met. The same applies for rental receivables not paid by the tenants in case of other disputes relating to the tenancy.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held). This usually does not apply to rental receivables for which the usual security deposit of two months' net rent is included in the assessment of whether a rental claim is deemed canceled.

The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade." The Group considers this to be Baa3 or higher per Moody's Corporation, New York, USA or BBB- or higher per Standard & Poor's Corporation, New York, USA.

Lifetime ECLs are ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs for financial assets are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial problems of the borrower or issuer;
- a breach of contract, such as a default; or
- probability that the borrower will enter bankruptcy or other financial restructuring.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in whole or in part. For tenants, the Group makes assessments individually with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities.

2.4.14. Noncontrolling interests of limited partners

In addition to alstria office REIT-AG, other limited partners are minority shareholders in the subsidiary alstria office Prime Portfolio GmbH & Co. KG ("alstria office Prime"), which is included in the consolidated financial statements. From the Group's point of view, the equity of these limited partners is to be reported as debt capital in accordance with IFRS. They are shown in the consolidated balance sheet under the item "limited partnerships of noncontrolling interests." The limited partner contributions are shown at amortized cost in accordance with the articles of association.

2.4.15. Provisions

Provisions are recognized when a present obligation to third parties exists as a result of a past event, a future outflow of resources is probable, and a reliable estimate of that outflow can be made. Provisions are measured, taking all risks into account at the best estimate of future cash outflows required to meet the obligation. If they are not current, they are discounted. Provisions are not offset with reimbursements.

A debt resulting from termination of employment (severance) is recognized when the Group may not withdraw the offer of such services or if the Group recorded costs related to restructuring earlier.

2.4.16. Share-based payments

Share-based payments comprise cash-settled liability awards and, until the prior-year reporting date, also stock awards that were intended to be settled in equity instruments.

The fair value of equity awards is generally determined using a modified Black-Scholes option-pricing model at the grant date. It measures the total personnel expense, which is to be recognized in profit or loss for the service period and which, in turn, increases equity (paid-in capital) by the same amount. Equity-settled awards are granted to the Group's employees in the form of convertible profit participation certificates, the fair value of which is estimated at the respective grant dates by applying a binary barrier-option model based on the Black-Scholes model; assumptions include an automatic conversion once the barrier is reached. The model took the terms and conditions upon which the instruments were granted into account. This valuation required the Company to make estimates concerning these parameters, which are therefore subject to uncertainty. Share-based compensation plans with compensation through equity instruments were issued to the Company's Management Board for the first time in the 2018 financial year (so called „long term Incentive plan 2018" or „LTIP 2018" with the granting of so called stock awards). The fair value of these stock awards at the grant date was calculated using a 100,000-path Monte Carlo simulation based on the terms of the LTIP 2018.

Cash-settled liability awards were related to the virtual shares granted to the Management Board until the 2017 financial year. The virtual shares are measured at each balance sheet date and are accounted for as provisions. The proportional expense incurred in the period comprises the addition to and reversal of the provision between two reporting dates and the dividend paid during the respective period. This valuation requires the Company to make estimates about certain parameters, and hence, they are subject to uncertainty. The fair value of the virtual shares granted is allocated to the vesting period subject to the terms of the underlying share-based incentive plan. Due to the changes, that have been made in the reporting period in the remuneration conditions for the stock awards granted since the 2018 financial year, according to which these are no longer to be settled with equity instruments but also with cash payments, the stock awards were also valued, as described for the virtual shares that were granted up to and including 2017.

The personnel expenses resulting from the LTIP 2017 led to additions to other provisions in the consolidated financial statements as of December 31, 2021 in the amount of EUR 400 k (December 31, 2020: EUR 75 k). Provisions for these instruments no longer existed as of the balance sheet date (December 31, 2020: EUR 1,301 k) because the last tranche issued as cash-settled equity instruments was converted in the reporting period. As a result of changes to the agreements on the stock awards originally intended to be settled by equity instruments, which were granted from the 2018 financial year, the agreement that these instruments are settled by equity shares was changed so that in the event of Conversion to a cash settlement occurs. As a result, the presentation of the obligations arising from these equity instruments has changed. The Group now reports obligations under other provisions, which were reclassified from the capital reserve with no effect on income.

As of the balance sheet date, a provision amount of EUR 4,496 k was reported under other provisions.

Further details on the share-based payment schemes are given in Note 13 and the combined management report.

3. SEASONAL OR ECONOMIC EFFECTS ON BUSINESS

The business activities of alstria office REIT-AG (primarily the generation of revenues from investment properties) are not generally affected by seasonality. However, the sale of one or more large properties can have a significant impact on revenues and operating expenses.

Experience shows that the real estate market tends to fluctuate as a result of factors such as changes in consumers’ net income, GDP, interest rates, consumer confidence, demographics, and other factors inherent to the market. Changes in interest rates might lead to a modified valuation of the investment property.

4. SEGMENT REPORTING

IFRS 8 requires a management approach, under which information on segments is presented to the Management Board on the same basis used for internal-reporting purposes.

The services offered by alstria office REIT-AG focus exclusively on letting activities to commercial-property tenants in Germany. In accordance with IFRS 8, a single reporting segment is identified that comprises all of the Group's operations.

The manner of reporting for this segment is consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources to the operating segments of an entity and assessing their performance. The Group's chief operating decision maker is the Management Board.

A larger number of tenants generate revenues. Total revenues amount to EUR 222,578 k (2020: EUR 215,430 k), of which EUR 29,936 k (2020: EUR 29,020 k) and EUR 25,012 k (2020: EUR 25,966 k) are related to leases to the Group's two largest customers. No other single customer has contributed 10 % or more to the consolidated revenues in the 2020 or 2021 financial years.

5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.1. Revenues

EUR k	2021	2020
Revenues from investment properties	183,670	177,063
Revenues from service charge income	38,908	38,367
Revenues	**222,578**	**215,430**

Revenues from investment properties mainly comprised rental income. The rental income includes effects totaling EUR 3,144 k (2020: EUR 4,058 k), which are attributable to rent-free periods. Due to the granting of rent relief in connection with the COVID-19 pandemic, rental income in the amount of EUR 753 k was waived in the previous financial year. Agreements for such a rent waiver were no longer made in the reporting period. The reduced rental income was spread over the remaining term of the respective rental agreement. In addition, revenues from investment properties include income from asset management services in relation to the leased real estate properties in the amount of EUR 3,049 k (2020: EUR 2,617 k).

Rental income from property leases contains variable rental income amounting to EUR 5,945 k (2020: EUR 6,686 k). These are rental agreements in which the rental payments are linked to the operating results of the tenants.

5.2. Real estate operating expenses

EUR k	2021	2020
Operating costs that can be charged to tenants	38,822	36,173
Vacancy costs	7,185	7,803
Maintenance and refurbishment	5,431	8,429
Ongoing repairs	4,838	5,598
Legal and advisory fees	1,122	842
Electricity costs	286	252
Property management	208	177
Insurance expenses	194	190
Rent expenses	122	86
Other expenses	1,099	1,057
Total	**59,307**	**60,607**

5.3. Administrative expenses

EUR k	2021	2020
Legal and consulting fees	2,138	2,563
Depreciation	943	1,110
IT maintenance	656	705
Communication and marketing	590	653
Audit fee (audit and audit-related services)	564	584
Supervisory Board compensation	526	525
Leasing payments and rents	494	484
Insurance expenses	446	302
Office area costs	290	296
Recruitment	290	218
Contributions	200	160
Office equipment	183	172
Travel expenses	141	183
Training & workshops	137	148
Other	727	357
Total	**8,325**	**8,460**

The lease payments and rents in the 2021 financial year amounting to EUR 494 k are related to short-term and low-value leases.

5.4. Personnel expenses

EUR k	2021		2020
Salaries and wages	10,983		10,539
Social insurance contribution	1,971		1,873
Bonuses	2,392		2,402
Expenses for share-based compensation	3,772		3,132
thereof relating to virtual shares	*987*	*1,240*	
thereof relating to the convertible profit participation certificates	*2,785*	*1,892*	
Amounts for Management Board retirement provisions and disability	161		162
Other	490		460
Total	**19,769**		**18,568**

The increase in personnel expenses is based on the increase in expenses for share-based compensations from the convertible profit participation certificates for the employees. The reason is a higher number of convertible profit participation certificates issued and the higher share price at the time they were granted.

Convertible profit participation rights granted to employees grant the right not only to a conversion when the conditions apply but also to an annual payment equivalent to the dividend amount paid out per share.

The employer's contribution to statutory pension insurance, included in wages and salaries, amounts to EUR 944 k for the 2021 financial year.

On average, the Group employed 171 employees in 2021 (2020: 166).

5.5. Other operating income

EUR k	2021	2020
Compensation payments and other recharges	3,686	3,365
Revaluation of trade receivables	910	0
Income from the reversal of accrued liabilities	350	99
Property management services	80	107
Health insurance reimbursement	61	41
Proceeds from forest management	60	0
Revaluation of the limited partnership capital noncontrolling interests	0	279
Reversal of allowance on financial assets	0	250
Collection of security deposits	0	75
Other	783	413
Total	**5,930**	**4,629**

Compensation payments and other charges result from early termination of leases and refurbishment activities conducted by alstria. The latter refers to refurbishments the tenants had originally committed to carry out themselves upon conclusion of the leasing contracts. The revaluation of trade receivables is based on a better than originally, in the light of the COVID-19 pandemic, assumed payment behavior of tenants.

5.6. Other operating expenses

EUR k	2021	2020
Legal and advisory fees	10,213	39
Revaluation of the limited partnership capital noncontrolling interests	3,476	0
VAT payments made for previous years	377	0
Settlement agreements	354	0
Impairment on trade receivables	156	1,371
Final settlement of sales based rents from previous years	0	459
Other operating expenses	38	274
Total	**14,614**	**2,143**

Legal and consulting fees mainly relate to consulting services in connection with the Brookfield's takeover bid (see Note 1). The higher valuation allowances on receivables in the 2020 financial year were related to higher expected defaults on rent receivables as a result of the COVID-19 pandemic.

5.7. Net results of the disposal of investment property

EUR k	2021	2020
Proceeds from the disposal of investment property - transferred to buyer	24,750	126,510
Carrying amount of investment property disposed of - transferred to buyer	-25,418	-116,687
Costs in relation to the sale of investment properties - transferred to buyer	-222	-1,483
Gain on disposal of investment property - transferred to buyer	**-890**	**8,340**
Agreed selling price of held-for-sale investment properties	72,100	0
Carrying amount of investment property at the time of reclassification to held-for-sale	-55,292	0
Costs in relation to the sale of investment properties - held for sale	-784	0
Valuation result of held-for-sale investment properties	**16,024**	**0**
Gain on disposal of investment property	**15,134**	**8,340**

In the 2021 financial year, the sale of properties that were sold below their book value resulted in a loss of EUR 890 k. In the 2020 financial year, no properties were sold below their book value.

5.8. Net financial result

The financial result breaks down as follows:

EUR k	2021	2020
Income from financial instruments and other interest income	**1,323**	**533**
Interest expenses, corporate bonds	-21,954	–27,269
Interest result "Schuldschein"	-2,142	–2,321
Interest expenses, other loans	-1,977	–2,190
Other interest expenses	-815	–228
Financial expenses	**-26,888**	**–32,008**
Commitment fees	–283	–254
Financial expenses lease liability IFRS 16	–89	–95
Other	–82	–8
Other financial expenses	**–454**	**–357**
Net financial result	**–26,019**	**–31,832**

Income from financial instruments and other interest income result primarily from loans and interests received. Negative interest income is included in the amount of EUR 316 k.

The decrease in interest expenses from corporate bonds is due to the repayment of a corporate bond in the fourth quarter of the previous year.

The total interest expenses calculated by applying the effective interest method for financial liabilities (i.e., not recognized at fair value through profit or loss) amounted to EUR 2,669 k (interest expenses, 2020: EUR 3,261 k).

In neither of the two former financial years did the Group hold any financial assets available for sale. Therefore, the net result from the disposal of financial assets available for sale amounted, as in the previous year, to EUR 0.

There was no net gain or loss from the change in the fair values of derivative financial instruments, either in the 2021 financial year or the previous year.

Further details and explanations on derivatives are presented in Note 6.5.

5.9. Income tax expenses

On January 1, 2007, alstria office REIT-AG obtained G-REIT status. At that time, it was subject to final taxation and has been effectively tax exempt with regard to corporate and trade tax since then.

Minor tax-payment obligations may arise at Group level for affiliates serving as a general partner of a partnership or for REIT Service Companies.

With the acquisition of the alstria office Prime Portfolio GmbH & Co. KG, however, companies were included in the consolidated financial circle that are not subject to the REIT exemption. This resulted in expenses for income taxation at the level of the alstria office Prime Portfolio GmbH & Co. KG subgroup.

Income tax expense comprises essentially current tax expenses from previous years. A deferred tax result is no longer expected due to the de facto tax exemption of the Group.

6. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

6.1. Investment property

This item, comprising investment properties held by the Company, breaks down as follows:

EUR k	2021	2020
Investment property as of December 31	**4,556,181**	**4,438,597**
Investments	121,590	144,928
Acquisitions	80,559	7,000
Acquisition costs	5,296	784
Disposals	–25,400	-96,650
Transfer to assets held for sale	–55,010	0
Transfer to property, plant, and equipment (owner-occupied properties)	–2,242	0
Net loss / gain from fair value adjustments to investment property	94,827	61,522
Investment property as of December 31	**4,775,801**	**4,556,181**

Three properties were sold in the 2021 financial year, one of which was transferred to the buyer in the financial year and two of which are included in assets held for sale at the end of the reporting period.

	Acquisition		**Disposal**	
Property transaction	**Number of properties**	**Transaction amount in EUR k**	**Number of properties**	**Transaction amount in EUR k**
Contract signed until 2020, transferred in 2021	1	30,300	0	0
Contract signed and transferred in 2021	1	50,250	1	24,750
Contract signed in 2021, transferred 2022	0	0	2	72,100
Total	**2**	**80,550**	**3**	**96,850**

Capital expenditure (EUR 121,590 k) comprises subsequent acquisition and production costs relating to property acquisitions and refurbishment projects.

The investment property includes rights-of-use assets from leases, which are shown in the amount of the leasing liabilities of EUR 4,695 k.

Borrowing costs that would have had to be capitalized as construction costs were not incurred during the reporting period (2020: EUR 0).

The alstria office REIT-AG applied the fair value model pursuant to IAS 40.33 et seq. for subsequent measurement of investment property. External appraisals were obtained for measurement. For a detailed description of the valuation of assets, please see Note 2.4.

The item “net result from fair value adjustments on investment property” on the income statement in the amount of EUR 138,493 k (2020: EUR 156,892 k) is attributable to a change in unrealized losses.

The total of the increases in value amounted to EUR 233,320 k (2020: EUR 218,686 k). The properties sold in the financial year did not affect the net result from the valuation of investment properties (2020: devaluation of EUR 272 k).

As in the previous year, all real estate held as investment property measured at fair value is classified as Level 3 in the fair value hierarchy.

The Group has considered the nature, characteristics, and risks of its properties, as well as the level of the fair value hierarchy within which the fair value measurements are categorized, in determining the appropriate classes of investment property.

The following factors help determine the appropriate classes:

a) The real estate segment: Within all investment portfolios, the majority of the lettable area is dedicated to offices. Therefore, all investment properties belong to one asset class: offices.
b) The geographical location of all properties is Germany.
c) The level of fair value hierarchy for all investment properties is Level 3.
d) There are large differences between the contractual lease terms. This also affects the weighted average unexpired lease term (**WAULT**) for each investment property. A distinction is made between objects with a short, medium, and long WAULT.

As a result, three appropriate classes of investment properties emerged:

- Germany – Office – Level 3 – short WAULT (0–5 years);
- Germany – Office – Level 3 – medium WAULT (> 5–10 years); and
- Germany – Office – Level 3 – long WAULT (> 10 years).

Quantitative information about fair value measurements using unobservable inputs (alstria portfolio) (Level 3)

EUR k, unless stated otherwise Portfolio	Fair value on Dec. 31, 2021	Valuation technique	Unobservable inputs	Range Min.	Range Max.	Weighted average
German offices	4,775,801	Hardcore and top slice	Estimated rental value (EUR/m²/mo.)	7.2	25.6	14.4
Number of properties:			Adjusted yield	2.5 %	8.9 %	4.3 %
111			Void period of office leases expiring within the next 5 years [months]	1.0	32.0	15.2
0 ≤ WAULT ≤ 5 Years						
German offices	2,506,715	Hardcore and top slice	Estimated rental value (EUR/m²/mo.)	7.2	25.6	14.1
Number of properties:			Adjusted yield	2.9 %	8.9 %	4.6 %
75			Void period of office leases expiring within the next 5 years [months]	1.0	30.0	15.2
5 < WAULT ≤ 10 Years						
German offices	1,588,340	Hardcore and top slice	Estimated rental value (EUR/m²/mo.)	9.4	23.3	14.7
Number of properties:			Adjusted yield	2.8 %	6.4 %	4.2 %
29			Void period of office leases expiring within the next 5 years [months]	1.0	32.0	15.5
WAULT > 10 Years						
German offices	680,746	Hardcore and top slice	Estimated rental value (EUR/m²/mo.)	10.8	20.7	15.1
Number of properties:			Adjusted yield	2.5 %	3.2 %	2.7 %
7			Void period of office leases expiring within the next 5 years [months]	1.0	12.0	6.5

Sensitivity of measurement to variance of significant unobservable input

A decrease in the estimated rental income decreases the fair value.

An increase in the vacancy period decreases the fair value.

An increase in the adjusted yield decreases the fair value.

A decrease in the estimated rental income leads to an increase in the adjusted yield; an increase in the estimated rental income leads to a decrease in the adjusted yield.

A decrease in the vacancy period increases the adjusted yield; an increase in the vacancy period decreases the adjusted yield.

In the following, the influence of changes in the capitalization rates (adjusted return) on the market values is indicated. As of December 31, 2021, the valuation report contains an indication that the market disturbance in view of the COVID-19-pandemic resulted in a reduction in the transaction values and liquidity of the markets. This note implies that there are currently significantly greater uncertainties than would be the case under normal market conditions. Against the background of the increased uncertainty due to the COVID-19 pandemic, the intervals have been extended this year.

Fair value of investment properties (EUR m)

Capitalization rate	Dec. 31, 2021	Dec. 31, 2020
−0.50 %	5,631	5,353
−0.25 %	5,169	4,924
0.00 %	4,776	4,556
0.25 %	4,436	4,236
0.50 %	4,139	3,954

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio, which consists of the Group’s offices and commercial real estate. These noncancelable leases have remaining maturity of between 1 and 20 years. Most leases include an indexation clause allowing rental charges to be raised annually according to consumer price indexation.

Future minimum rental charges receivable as agreed in noncancelable operating leases are as follows:

EUR k	Dec. 31, 2021	Dec. 31, 2020
Within 1 year	186,926	196,220
After 1 year but not longer than 5 years	550,571	562,729
Longer than 5 years	428,047	452,403
Total	**1,165,544**	**1,211,352**

Disclosures concerning expenses/income as recorded in the income statement pursuant to IAS 40.75 (f) include the following:

- EUR 222,577 k (2020: EUR 215,430 k) in revenues from investment properties, of which EUR 344 k is related to subleases of rights-of-use assets;
- EUR 52,121 k (2020: EUR 52,804 k) in operating expenses (including repairs and maintenance) directly allocable to investment properties from which rental income was generated during the period under review; and
- EUR 7,185 k (2020: EUR 7,803 k) in operating expenses (including repairs and maintenance) arising from investment properties that did not generate rental income during the period under review.

Investment properties, held-for-sale properties, and own used properties amounting to EUR 1,039,701 k (December 31, 2020: EUR 807,100 k) served as collateral for bank loans.

6.2. Equity-accounted investment

As of the balance sheet date, alstria held shares in an investment with a book value of EUR 815 k and shares in a joint venture with a book value of EUR 108 k. Further details on the investments accounted for using the equity method can be found in Note 2.2.3.

6.3. Intangible assets and property, plant, and equipment

The intangible assets consist of licenses to other rights and software licenses with carrying amounts of EUR 242 k and EUR 32 k, respectively. The useful life of the intangible assets is estimated to be between 1 and 10 years.

The alstria office REIT-AG occupies areas for its own use in five of its office buildings in Hamburg, Berlin, Düsseldorf, Frankfurt and Stuttgart. Therefore, the owner-occupied areas of the properties are categorized as “Property, plant, and equipment” according to IAS 16, and amortized according to plan. The area in Stuttgart was occupied in the reporting period and led to the reclassification of EUR 2,243 k, which corresponds to the market value of the area at the time the own use started.

The following table shows the development of property, plant, and equipment.

EUR k	Plant	Furniture and fixtures	Owner-occupied property	Forrest	IFRS 16 right-of-use assets	Total 2021
Acquisition and production cost						
As of January 1, 2021	**1,266**	**2,838**	**17,944**	**0**	**807**	**22,855**
Additions	0	91	5	2,683	402	3,181
Reclassification from Investment Property	0	0	2,243	0	0	2,243
Disposals	0	-122	0	0	0	-122
As of December 31, 2021	**1,266**	**2,807**	**20,192**	**2,683**	**1,209**	**28,157**
Accumulated amortization, depreciation, and write-downs						
As of January 1, 2021	**1,227**	**1,704**	**1,034**	**0**	**530**	**4,495**
Additions	13	219	326	0	257	815
Disposals	0	-89	0	0	0	-89
As of December 31, 2021	**1,239**	**1,834**	**1,360**		**788**	**5,221**
Net book values as of December 31, 2021	**27**	**973**	**18,832**	**2,683**	**421**	**22,936**

EUR k	Plant	Furniture and fixtures	Owner-occupied property	IFRS 16 right-of-use assets	Total 2020
Acquisition and production cost					
As of January 1, 2020	**1,266**	**3,348**	**17,929**	**787**	**23,330**
Additions	0	172	15	20	207
Disposals	0	-682	0	0	-682
As of December 31, 2020	**1,266**	**2,838**	**17,944**	**807**	**22,855**
Accumulated amortization, depreciation, and write-downs					
As of January 1, 2020	**1,215**	**2,097**	**713**	**250**	**4,275**
Additions	12	272	321	280	885
Disposals	0	-665	0	0	-665
As of December 31, 2020	**1,227**	**1,704**	**1,034**	**530**	**4,495**
Net book values as of December 31, 2020	**39**	**1,134**	**16,910**	**277**	**18,360**

Three (previous year: two) of these properties were pledged with a mortgage to secure loans from the Group.

The forest property with an area of 2,168 hectares was acquired in the reporting period for sustainable management and use. The growth is a mixed pine forest. Accounting is carried out in accordance with IAS 41.

6.4. Financial assets

EUR k	Dec. 31, 2020	Repayments	Investment in financial assets	Valuation	Dec. 31, 2021
Noncurrent financial assets	**39,108**	0	87	-10	**39.185**

The financial assets of EUR 39,185 k (December 31, 2020: EUR 39,108 k) are related to long-term deposits in the amount of EUR 38,864 k with a term up to the end of the 2032 financial year. A further amount of EUR 234 k is attributable to a below -3 % share in a stock corporation on which alstria cannot exert any significant influence. A further EUR 87 k was invested in a minority interest in a company to enable CO_2 storage technology.

Current financial assets did neither exist at the end of the reporting period nor at the end of the previous.

There were no further value adjustments for financial assets as of the balance sheet date.

6.5. Derivative financial instruments

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

				Dec. 31, 2021		Dec. 31, 2020	
Product	Strike p.a.	(%)	Maturity date	Notional (EUR k)	Fair value (EUR k)	Notional (EUR k)	Fair value (EUR k)
Cap		3.000	Apr. 30, 2021	0	0	44,168	0
Financial derivatives - cash flow hedges				**0**	**0**	**44,168**	**0**
Total				**0**	**0**	**44,168**	**0**

Derivative financial instruments that are not designated for a cash flow hedge relationship were not held on the balance sheet date or during the year. A derivative financial instrument, qualifying for cash flow hedging, with a most recent nominal value of EUR 44,168 k (December 31, 2020: EUR 44,168) ended April 30, 2021.

Because the value of the derivatives on the balance sheet date, the previous balance sheet date, and during the financial year was EUR 0, there was no impact from the change in value of derivative financial instruments in the 2021 financial year.

6.6. Receivables and other assets

Due to the specific nature of the business, the Group considers receivables with a remaining term of up to 1 year to be current. The following table presents an overview of the Group's receivables:

EUR k	Dec. 31, 2021	Dec. 31, 2020
Trade receivables		
Rent receivables	**3,922**	**4,572**
Other receivables		
Maintenance reserves	268	268
Receivables against employees	238	222
Creditors with debit balance	92	174
Security deposits and other deposits granted	11	36
Cash in transit	6	314
Receivables and other assets	21	128
Financial assets	**636**	**1,142**
VAT receivables	1,880	2,677
Deductible capital gains taxes	1,029	4,578
Prepayments made	713	365
Non-financial assets	**3,622**	**7,620**
Other receivables	**4,258**	**8,762**

The deductible capital gains taxes are related to the taxation on hidden reserves in the course of the change of legal form in subsidiaries in the 2016 financial year. Affected are companies of the Prime Portfolio subgroup, which, following the takeover of the former DO Deutsche Office Group, changed from the legal form of a limited liability company to the legal form of a limited partnership.

All receivables are due within 1 year from the balance sheet date. The fair value of all receivables is equal to their carrying amount.

The expected credit losses are calculated in two ways. For alstria's key tenants, default probabilities observed on the market made available by Bisnode Deutschland GmbH, Darmstadt, Germany, are used. For its receivables from the remaining (non-key) tenants, alstria uses an impairment matrix. The receivables of these other tenants are valued based on historical probabilities of default. Future developments or macroeconomic indicators are monitored, and adjustments are made if necessary.

Based on various regulations applied by the state to mitigate the medical risks of the COVID-19 pandemic, the expectation of a cooling business climate was considered in the valuation of assets in the financial year 2020. The clustering of receivables was refined in accordance with the internal monitoring of the effects of the pandemic. In addition, adjustments were made for the calculation of the expected credit loss according to IFRS 9 for trade receivables, which should cover the possible effects of the pandemic on the respective customers. As a result, the risk provision for tenants who are not classified as key tenants (other tenants) in the financial year 2020 increased by EUR 381 k. In the reporting period, adjustments that could be explicitly derived from the consequences of the pandemic were no longer necessary.

On this basis, alstria estimates the following default rates:

EUR k	0-30 days overdue	31-90 days overdue	91-180 days overdue	More than 180 days overdue
Default rate	11.22%	23.70%	41.54%	100.00 %

Trade receivables from tenants of alstria are valued as follows:

EUR k	Gross amount	Provision made for default of receivables over the entire term	Provision made for default of receivables over 12 months	Net amount
0-30 days overdue	633	-71		562
31-90 days overdue	331	-78		253
91-180 days overdue	368	-153		215
More than 180 days overdue	490	-490		0
Total other tenants	**1,822**	**-792**		**1,030**
Key tenants	2,926	-	-34	2,892
Total	**4,748**	**-792**	**-34**	**3,922**

The allowance for trade receivables developed as follows:

EUR k	2021	2020
As of January 1	1,736	436
Additions	156	1,371
Net revaluation of allowances (see Note 5.5 and 5.6)	-1,066	-71
As of December 31	**826**	**1,736**

Receivables from rental agreements and property disposals, as well as insurance receivables and derivative financial instruments, have been assigned to the lenders (Note 7.3) to secure the Group's mortgage-backed loans.

6.7. Cash and cash equivalents

EUR k	Dec. 31, 2021	Dec. 31, 2020
Bank balances	313,684	460,960

Current accounts held with banks attract variable interest rates for on-call balances. As of the reporting date, no cash amounts were subject to restrictions. Due to the very low credit default probabilities of the banks for the daily available bank balances, there was no impairment of cash and cash equivalents. The credit rating was based on observable market parameters.

In addition, cash and cash equivalents include EUR 8,858 k in rent deposits received from tenants (December 31, 2020: EUR 8,800 k). These tenant deposits, recognized under cash and cash equivalents, are offset by an item included under Other Liabilities.

6.8. Assets held for sale

The assets held for sale comprise two properties. The transfer of benefits and burdens is expected for both properties in the first quarter of 2022 after the preparation of these consolidated financial statements. The sale of properties resulted in disposal revenues of EUR 72,100 k.

The properties reported are not the properties shown in the previous year, which were transferred to the buyer as planned in 2021.

The ‘gain on disposal of investment property’ is increased by the valuation result from the property held for sale in the amount of EUR 16,024 k (see Note 5.7).

The valuation of assets held for sale is generally based on the contract prices and, therefore, included within Level 1 of the fair value hierarchy.

7. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

7.1. Equity

For detailed information on equity, please refer to the consolidated statement of changes in consolidated equity.

Share capital

EUR k	Dec. 31, 2021	Dec. 31, 2020
Ordinary shares of EUR 1 each	**178,033**	**177,793**

The conversion of profit participation rights (Note 13.2) in the second quarter of 2021 resulted in the issuance of 240,250 new shares by making use of the conditionally increased capital provided for such purposes. The share capital of alstria office REIT-AG increased by EUR 240,250.00 as compared with December 31, 2020, and as of December 31, 2021, it is represented by 178,032,997 no-par value bearer shares.

The following table shows the reconciliation of the number of shares outstanding:

Number of shares	2021	2020
Shares outstanding on January 1	**177,792,747**	**177,593,422**
Conversion of convertible participation rights	240,250	199,325
As of December 31	**178,032,997**	**177,792,747**

As a result of the takeover bid by Alexandrite (see Note 1), 46.17% of the shares in the company were attributable to Alexandrite as of the balance sheet date.

Capital reserve

The capital reserve changed as follows during the financial year:

EUR k	2021	2020
As of January 1	**1,356,907**	**1,448,709**
Payment of dividends	−94,230	−94,125
Share-based remuneration	3,210	2,124
Change in the payment conditions of the Stock Awards from equity to cash settled	-4,497	0
Conversion of convertible participation rights	240	199
As of December 31	**1,261,630**	**1,356,907**

The change in the payment conditions for the Stock Awards is a contractual change, as a result of which the payment changes from being settled through equity instruments to being settled in cash. The values required for this settlement are to be shown as obligations under other provisions. In order to allocate the corresponding amount to the provision, the Management has used the option of allocating them from the capital reserve without affecting income (see Note 2.3.1).

The share premium resulting from the conversion of 240,250 profit-participation rights resulted in an increase in capital reserves of EUR 240 k.

Revaluation surplus

Following the relocation of the headquarters within Hamburg in the first quarter of the financial year 2018, the office space that had previously been used as owner-occupied property again became investment property and was remeasured at fair value. The fair value revaluation resulted in an increase in the carrying amount of the property in the amount of EUR 3,485 k. The increase in value was recognized in other comprehensive income and allocated to the revaluation surplus.

Treasury shares

As of December 31, 2021, the Company held no treasury shares.

By resolution of the Annual General Meeting held on September 29, 2020, the Company's authorization to acquire treasury shares was renewed. The resolution authorized alstria office REIT-AG to acquire up to 10 % of the capital stock until September 28, 2025. There is no intention to make use of this authorization at present.

Retained earnings

Retained earnings as of December 31, 2021, totaled EUR 1,923,935 k (December 31, 2020: profit carried forward of EUR 1,714,257 k). At the dividend's due date, alstria office REIT-AG's stand-alone positive retained earnings were not high enough for the payment of the dividend according to German GAAP (HGB). Therefore, the amount of the dividend payouts was released from the available capital reserve in 2021.

Authorized capital

By resolution of the Annual General Meeting on September 29, 2020, the Company's Authorized Capital 2019 in the amount of EUR 35,483 k was renewed through the Authorized Capital I.

The Authorized Capital I 2020 authorizes the Management Board, with the Supervisory Board's approval, to increase the Company's share capital by September 28, 2025, by up to a total of EUR 35,199 k.

Conditional capital

The Company's share capital has been conditionally increased to grant convertible profit participation rights to the employees of the Company and its subsidiaries and to issue bearer convertible or option bonds, profit participation rights, or participating bonds. As of December 31, 2020, the conditional capital amounted to EUR 18,310 k. This was divided into Conditional Capital I 2020 (EUR 16,750 k), Conditional Capital III 2017 (EUR 560 k), and Conditional Capital III 2020 (EUR 1,000 k).

In the year under review, Conditional Capital III 2017 was used in the amount of EUR 240 k.

7.2. Noncontrolling interests of limited partners

In the 2017 financial year, alstria office REIT-AG acquired 2,128,048 limited partner shares. A further 3,593,463 limited partner shares were redeemed against cash compensation by alstria office Prime. In the financial years 2018 to 2020, a further 47,781 limited partner shares were acquired. No limited partnership shares were acquired in the 2021 financial year.

In the reporting period, the change in value of the existing limited partnership shares of noncontrolling interests resulted in expenses of EUR 3,476 k (2020: gain of EUR 279 k). The fair value of the limited partnerships of noncontrolling interests reported as of the balance sheet date amounted to EUR 69,813 k, whereby EUR 69,798 k are to be classified as long term and EUR 15 k as short term.

7.3. Financial liabilities

	Noncurrent	Current			Total
EUR k		Loan	Accrued interest	Total current	Dec. 31, 2021
Loans					
Corporate bonds	1,415,486	0	8,964	8,964	**1,424,450**
Mortgage loans	195,619	0	64	64	**195,683**
Schuldschein	76,902	0	1,276	1,276	**78,178**
KfW-loan	9,598	9,290	0	9,290	**18,888**
Total	**1,697,605**	**9,290**	**10,304**	**19,594**	**1,717,199**

	Noncurrent	Current			Total
EUR k		Loan	Accrued interest	Total current	Dec. 31, 2020
Loans					
Corporate bonds	1,412,849	0	8,964	8,964	1,421,813
Mortgage loans	195,635	0	94	94	195,729
Schuldschein	76,865	0	1,267	1,267	78,132
Total	**1,685,349**	**0**	**10,325**	**10,325**	**1,695,674**

The table presents the long-term loans and the net of the current portion as stated under noncurrent liabilities. Furthermore, it shows the current amount due within 1 year, recorded as an item in short-term loans in current liabilities.

As of December 31, 2021, the total repayable amount of the corporate bonds, the bank loans, the Schuldscheindarlehen, and the convertible bond drawn by alstria (as of the prior year's balance sheet date) was EUR 1,716,788 k (December 31, 2020: EUR 1,697,900 k). The carrying amount of EUR 1,717,199 k (EUR 1,697,605 k, noncurrent, and EUR 19,594 k, current) considers interest liabilities and accrued transaction costs. Financial liabilities with a maturity of up to 1 year are recognized as current loans.

The following table shows the changes in financial liabilities:

EUR k	December 31, 2020	Payments of the period	Reclassification noncurrent/ current	Changes in fair value	December 31, 2021
Long-term loans and bonds, net of current portion	1,685,349	21,210	-11,613	2,658	1,697,605
Short-term loans	10,325	-2,323	11,613	-21	19,594
Total	**1,695,674**	**18,888**	**0**	**2,638**	**1,717,199**

[1)] Changes in deferred loan costs (effective interest).

[2)] Changes in the accrued interest.

The cash changes in borrowings shown in the column "Payments of the period" include, in addition to the cash inflows and outflows from loans and corporate bonds, the payments of transaction costs for taking out loans.

Corporate bonds

To finance its debt financing, the group predominantly uses corporate bonds. The following table contains a summary of the corporate bonds in existence in the financial year:

Corporate Bond	Issu-ance	Maturity	Notional in EUR k	Coupon in %	Utilization as of 31.12.2021 in EUR k	Book Value as of 31.12.2021 in EUR k	Fair Value as of 31.12.2021 (hierarchy level 1) in EUR k	Accrued interests as of 31.12.2021 in EUR k
Corporate Bond II	*II 2016*	12.04.2023	500,000	2.125	325,000	324,111	330,512	4,995
Corporate Bond III	*IV 2017*	15.11.2027	350,000	1.500	350,000	347,396	345,905	676
Corporate Bond IV	*III 2019*	26.09.2025	400,000	0.500	400,000	395,564	395,200	532
Corporate Bond V	*II 2020*	23.06.2026	350,000	1.500	350,000	348,416	355,170	2,762

Mortgage loans

These are property-related bank loans, most of them with variable interest rates. The loans are secured by mortgages and other collateral customary for bank loans.

Schuldschein

As of May 6, 2016, alstria issued a Schuldschein (a debenture bond) with a nominal value of EUR 150,000 k. The Schuldschein has an average coupon of 2.07 % p.a. payable according to end-of-year convention and a staggered term of between 4 and 10 years (see table on page 149). In the meantime, loan shares in the amount of EUR 73,000 k were repaid before the end of their term, so that the Schuldschein had a notional value of EUR 77,000 k at the end of the reporting period. The fair value (hierarchy Level 2) amounted to EUR 84,729 k as of the balance sheet date.

KfW-Darlehen

The funds from the KfW loan are used to invest in measures to increase energy efficiency. They were granted by the KfW or Kreditanstalt für Wiederaufbau, a German development bank. Due to the short remaining term of the KfW loan and the low interest rates, their market value is assumed to be the reported value.

Further details regarding the loan liabilities

The current portion of the loans refers to scheduled repayments and accrued interest on the loans. As of the balance sheet date, EUR 10,304 k have been accrued for interest payment liabilities, which will be payable in the course of the next 12 months (December 31, 2020: EUR 10,325 k).

The variable interest for the loans is payable on a quarterly basis, whereby the standard margin and borrowing costs for the market are added to the respective EURIBOR rate.

Due to the variable interest rate of the main part of the mortgage loans, there are no significant differences between the carrying amounts and the fair value of these loans, with the exception of transaction costs.

A total of EUR 37,100 k (December 31, 2020: EUR 37,100 k) in financial liabilities from mortgage loans is related to a fixed interest rate loan. At the end of the reporting period, the loan had a fair value of EUR 39,592 k (December 31, 2020: EUR 41,034 k). The fair value estimation is based on the discounted cash flows using quoted prices for loans with equivalent risk and maturity as a discount rate (Level 2 in fair value hierarchy).

As of December 31, 2021, the loans and the convertible bond were reduced by accrued transaction costs of EUR 9,893 k (December 31, 2020: EUR 12,551 k).

The average debt maturity slightly decreased from 4.9 years as of December 31, 2020, to 3.9 years as of December 31, 2021. The Group’s average interest rate remained unchanged from the previous balance sheet date at 1.4 %.

The carrying amounts of the loans are all reported in euros. With the exception of the fixed rate loan, the corporate bonds, the Schuldschein, and the convertible bond described above, the fair values of the Group's financial liabilities approximate their carrying values at the end of the reporting period. This does not apply to their accrued transaction costs.

As of December 31, 2021, a loan facility of EUR 100,000 k was in place.

The liabilities exposed to an interest rate risk are due as follows:

EUR k	Dec. 31, 2021	Dec. 31, 2020
Up to 1 year	0	0
More than 1 year	158,800	158,800
Total	**158,800**	**158,800**

The following loans are secured by land charges:

EUR k	Dec. 31, 2021	Dec. 31, 2020
Financial liabilities secured by land charges	209,238	195,900
thereof on investment property	*202,688*	*189,801*
thereof on own used property	*6,550*	*6,099*

7.4. Other provisions

	Due			Due		
EUR k	up to 1 year	in more than 1 year	Total Dec. 31, 2021	up to 1 year	in more than 1 year	Total Dec. 31, 2020
Other provisions						
Provision virtual share liabilities	1,911	2,585	**4,496**	1,301	0	**1,301**
Other	528	0	**528**	729	0	**729**
Total	**2,439**	**2,585**	**5,024**	**2,030**	**0**	**2,030**

The development of other provisions is shown in the following overview:

EUR k	Dec. 31, 2020	Consumption	Resolution	Additions	Dec. 31, 2021
Development of other provisions					
Provision virtual share liabilities	**1,301**	-1,701	0	4,896	**4,496**
Other	**729**	-261	-38	98	**528**
Total	**2,030**	**-1,962**	**-38**	**4,994**	**5,024**

As of the balance sheet date, EUR 4,496 k (December 31, 2020: EUR 1,301 k) was recognized as a provision for awarding the Long- and in the previous year still Short-Term Incentive Plan (Note 13.1).

Other provisions are related to litigation expenses.

7.5. Trade payables and other liabilities

EUR k	Due up to 1 year	Due in more than 1 year	Total Dec. 31, 2021	Due up to 1 year	Due in more than 1 year	Total Dec. 31, 2020
Trade payables	**3,487**	**0**	**3,487**	**3,943**	**0**	**3,943**
Other current liabilities						
Accruals for outstanding invoices	28,488	0	28,488	21,109	0	21,109
Rent and security deposits received	8,858	9,669	18,527	8,800	7,856	16,656
IFRS 16 lease liabilities	373	4,700	5,073	405	4,772	5,177
Cash compensation	2,565	0	2,565	6,052	0	6,052
Salary obligations	2,353	0	2,353	2,335	0	2,335
Accruals for tax consulting	870	0	870	800	0	800
Customers with credit balances	807	0	807	2,142	0	2,142
Supervisory Board compensation	525	0	525	525	0	525
Interests for tax provisions	521	0	521	106	0	106
Auditing costs	412	0	412	380	0	380
Vacation provisions	197	0	197	296	0	296
Miscellaneous liabilities	1,158	0	1,158	116	0	116
Financial liabilities	**47,127**	**14,369**	**61,496**	**43,066**	**12,628**	**55,694**
Advance rent payments received	3,259	0	3,259	3,293	0	3,293
Value-added tax liabilities	1,728	0	1,728	3,359	0	3,359
Income tax and social security contributions	217	0	217	230	0	230
Non-financial liabilities	**5,204**	**0**	**5,204**	**6,882**	**0**	**6,882**
Total other liabilities	**52,331**	**14,369**	**66,700**	**49,948**	**12,628**	**62,576**

The disclosed carrying amounts approximate their fair values.

The increase in obligations for outstanding invoices is due to the consulting expenses in connection with the takeover bid by Alexandrite (see Note 5.6), which had not yet been settled as of the reporting date.

In its decision of September 26, 2019, the Regional Court of Hamburg set the cash compensation to be paid to entitled shareholders of the former DO Deutsche Office AG, which was leaving the company with regard to the change of the legal form, at an amount of EUR 5.58 per share plus interest. The decision is meanwhile effective. This led to a resurgence of the liability from the cash value settlement, in terms of the outstanding settlement obligation including interests according to the court decision, in the amount of EUR 6,052 k. At the end of the reporting period, after part of the obligation has been settled, this still amounts to EUR 2,176 k, including interest.

The IFRS 16 lease liability relates to the contractually agreed rental terms, including the expected extension options. Future cash outflows that the lessee might face due to extension options that were not considered in the measurement of the lease liability amount to EUR 8,992 k.

7.6. Income tax liabilities

The recognition of income tax liabilities as of December 31, 2021, is described in Note 5.9 regarding income tax expenses. Obligations from income taxes arise almost exclusively at the level of the alstria office's Prime companies acquired through the business combination on October 27, 2015.

The tax liabilities mainly resulted from taxes arising out of the realization of hidden reserves as a result of the inclusion of the companies into the tax-exempt REIT structure. As a result, no further deferred tax liabilities had to be formed since the 2016 financial year.

8. OTHER NOTES

8.1. Compensation of the Management Board and Supervisory Board

Management Board The following total remuneration was granted to the members of the Management Board, according to IAS 24.17:

EUR k	2021	2020
Short-term benefits	1,411	1,275
Share-based remuneration	900	800
Postemployment benefits	161	161
Total	**2,472**	**2,236**

On the reporting date, liabilities for the compensation of the Management Board members amounted to EUR 433 k (2020: EUR 433 k).

As of December 31, 2021, members of the Management Board were issued 234,620 virtual shares (December 31, 2020: 240,817 virtual shares) from the cash-settled share-based management remuneration plan implemented in 2010 and the equity-settled management remuneration plan in place since 2018 (see Note 13.1).

Supervisory Board Pursuant to the Articles of Association, Supervisory Board members' fixed annual payments amounted to EUR 526 k (2020: EUR 525 k).

Further information on the disclosures from HGB Section 314, para. 1, no. 6a (German Commercial Code) and IAS 24.17 is provided in the remuneration report (see Combined Management Report 2021, Section VIII, 1).

8.2. Other financial commitments and contingencies

Other financial obligations from refurbishment projects and ongoing maintenance amounted to EUR 45,402 k (2020: EUR 78,605 k). The decrease results from a higher level of ongoing development projects at the end of the previous period.

As of December 31, 2021, rental agreements for the car parking spaces and administrative premises were subject to a minimum lease term. Future financial obligations of EUR 6,236 k arose from other leasing agreements. Of these, EUR 459 k in obligations has a residual maturity of up to 1 year; EUR 1,191 k in obligations has a remaining maturity of 1 to 5 years; and the remaining EUR 4,586 k has more than 5 years.

8.3. Consolidated cash flow statement

The cash flow statement shows how the Group's cash and cash equivalents have changed over the financial year as a result of cash received and paid. In accordance with IAS 7, cash flows are distinguished from operating activities and from investing and financing activities.

Cash flows from investing and financing activities are calculated based on payments, whereas cash flows from operating activities are indirectly derived based on the consolidated profit for the year.

The net cash generated from operating activities for the 2021 financial year amounted to EUR 116,434 k, which is above the level of previous year's operating cash flow (EUR 103,231 k). The increase results on one hand from higher revenue received and on the other hand from higher interest payments in the previous financial year due to the early interest payment for a corporate bond. The net cash generated from operating activities includes other noncash income and expenses totaling EUR 5,957 k. These essentially relate to allocation to provisions and other liabilities. Cash outflows for leases amounted to EUR 999 k for the financial year.

The cash flow from investing activities is affected by the cash outflow for investments in the investment property portfolio in the amount of EUR 206,996 k while the inflow of cash from property disposals amounted to EUR 24,750 k.

The cash flows from financing activities includes cash inflows from taking out a bank loans in the amount of EUR 21,210 k. Cash outflows resulted mainly from the dividend distribution in the amount of EUR 94,230 k.

Cash and cash equivalents reported in the cash flow statement relate to all liquidity items disclosed on the balance sheet (e.g., cash in hand and bank balances).

9. RELATED PARTY RELATIONSHIPS

9.1. Preliminary remarks

The related parties are the Management Board, the members of the Supervisory Board, the managing directors of the subsidiaries and second-tier subsidiaries, and their close relatives. The related parties also include entities with a controlling influence over the Group and entities with joint control or significant influence over alstria office REIT-AG.

As of the balance sheet date, alstria office REIT-AG is the parent company of the alstria group.

The joint ventures over which alstria office REIT-AG has joint control are also considered related parties.

In the view of alstria office REIT-AG's management, all transactions with related parties entered into during financial year 2021 were undertaken in terms of arm's-length transactions or under conditions favoring alstria office REIT-AG.

9.2. Remuneration of key management personnel

For a detailed description of the remuneration of key management personnel, please refer to Note 8.1 and the remuneration report (see combined management report).

9.3. Related party transactions

At the end of the reporting period, the Group recorded no receivables from or liabilities to joint ventures. In the previous year, alstria received EUR 5 k from the joint ventures as compensation for services connected to real estate. These services were no longer provided in the reporting period.

No further transactions with related parties were carried out during the reporting period.

10. EARNINGS PER SHARE

Basic earnings per share are calculated as the quotient of the profit attributable to the shareholders and the weighted average number of shares outstanding during the financial year — except for the average number of treasury shares held by the Company itself.

Diluted earnings per share are calculated by dividing the profit attributable to the parent company's ordinary owners by the weighted average number of ordinary shares outstanding during the year — except for the treasury shares held by the Company itself — plus the weighted average of shares that would be issued as a result of the dilutive potential ordinary shares' conversion.

The following table reflects the income and share data used in the earnings per share computations:

Earnings per share	2021	2020
Profit attributable to the shareholders (EUR k)	209,678	168,489
Average number of shares outstanding (thousands)	177,949	177,644
Basic earnings per share (EUR)	1.18	0.95

The granted Stock Awards and the convertible profit participation rights did not result in dilution effects during the period under review.

alstria office REIT-AG is authorized to issue up to EUR 18,310 k in shares as conditional capital. These contingently issuable shares could dilute basic earnings per share in the future, but they were not included in the calculation of diluted earnings per share because they are nondilutive for the presented period.

11. DIVIDENDS PAID AND DIVIDENDS PROPOSED

EUR k	2021	2020
Dividends on ordinary shares[1)] not recognized as a liability as of December 31	94,230	94,125
Dividend per share	0.53	0.53

[1)] Refers to all shares except treasury shares on the dividend payment date

At the Annual General Meeting held on May 6, 2021, alstria office REIT-AG resolved to distribute dividends totaling EUR 94,230 k (EUR 0.53 per outstanding share). The dividends were distributed on May 11, 2021. By comparison, the dividends paid out in 2020 totaled EUR 94,125 k (EUR 0.53 per outstanding share). Due to the COVID 19 pandemic, the 2020 Annual General Meeting did not take place until September. The dividend was therefore distributed in the second half of the year.

The Management Board, in agreement with the Supervisory Board, intends to propose to the Annual General Meeting to use the balance sheet profit of alstria office REIT-AG for the 2021 financial year to pay a dividend of EUR 0.04 per share. In the event that there are significant changes in the company's available liquidity in the further course of the 2022 financial year, the Management Board and Supervisory Board reserve the right to submit a different dividend proposal to the Annual General Meeting. The payment of a dividend depends on the approval of the General Meeting.

12. EMPLOYEES

From January 1 to December 31, 2021, the Company had an average of 171 employees (January 1 to December 31, 2020: 166 employees on average). The average was calculated based on the total number of employees at the end of each quarter. On December 31, 2021, 171 people were employed at alstria, excluding the Management Board members (December 31, 2020: 167 employees).

Employees	Average 2021	December 31, 2021	Average 2020	December 31, 2020
Real estate management and development	101	104	96	95
Finance and legal	39	39	37	40
Other occupations	31	28	33	32
Total	**171**	**171**	**166**	**167**

13. SHARE-BASED REMUNERATION

13.1. Share-based remuneration (virtual shares and stock awards) for Management Board members

The virtual shares issued to the Management Board relate to share-based remuneration. In January 2017, the Supervisory Board of the Company adopted an amendment to the remuneration system for members of the Management Board, which has remained unchanged since 2010 and which came into effect on January 1, 2018. As the term of the virtual shares granted is four years, virtual shares still existed for the last time in the 2021 financial year until their conversion in March 2021 under the remuneration system that was valid from 2010. The criteria of the new compensation system that came into effect on January 1, 2018 and with adjustments on January 1, 2021, apply to all other share-based compensation entitlements that now exist. The latter are referred to as Stock Awards. In the following, therefore, the cornerstones of the virtual shares under the Remuneration System 2010 and the Stock Awards under the new Remuneration System 2018 are explained.

13.1.1. Virtual share-based remuneration 2010 to 2017

On March 2, 2010, the Company's Supervisory Board established a share-based remuneration system to provide success-based remuneration for members of the Management Board. This system was made up of a long-term component, the **Long-Term Incentive Plan 2010 (LTIP 2010)**, and a short-term component, the **Short-Term Incentive Plan 2010 (STIP 2010)**. These plans offered cash-settled and share-based payment transactions, respectively.

Under the LTIP 2010, alstria office REIT-AG granted virtual shares, which entitle the recipient to a conversion into cash payments after 4 years.

The amount of the conversion payment was based on the number of virtual shares multiplied by the average stock market price of alstria's shares on the Frankfurt Stock Exchange during the 60 trading days prior to the relevant maturity date. An amount equal to the sum of the dividend per share that the Company paid to its shareholders between the grant date and the maturity date was added as well. The payment cannot be higher than 250 % of the average stock market price of alstria's shares on the Frankfurt Stock Exchange in the 60 trading days prior to the relevant grant date multiplied by a specified discretionary factor.

The discretionary factor was a multiplier that could vary between 0.8 and 1.2; it was subject to each participant's individual performance during the holding period.

The assessment of target achievement equally depended on the absolute return of alstria's share price (absolute total shareholder return) and on the relative performance of alstria's shares in relation to the EPRA/NA-REIT Index Europe Ex UK (relative total shareholder return).

Since the payment per vested virtual share depended on the average quoted price of alstria's shares for 60 trading days, the quoted average prior to the end of the reporting period essentially represented the fair value of each virtual share.

The virtual shares resulting from the STI 2010 remuneration were subject to a minimum vesting period of two years. Virtual STI 2010 shares were converted, the last time in the financial year 2020, into a cash amount after the expiration of the vesting period. This cash amount was calculated based on the number of virtual shares multiplied by the share price of one alstria share at that time, which was in turn calculated based on a reference period.

13.1.2. Stock award-based remuneration starting in 2018 and 2021

Unlike the STIP 2010, no virtual shares or stock awards are issued under the STIP 2018.

The structure of the long-term share-based compensation system was retained in principle. The key difference is that LTIP 2010 was a cash-settled share-based remuneration system, while the LTIP 2018/LTIP 2021 provides equity-settled share-based compensation. Apart from that, only simplifications and adjustments were made. As part of the LTIP 2018/LTIP 2021, alstria office REIT-AG grants stock awards, which entitle the holder to receive shares in the Company after 4 years, instead of a cash payment, as in the LTIP 2010.

The number of shares to be issued to a Management Board member at the term's end is calculated as the number of stock awards achieved, multiplied by the average price of alstria shares on the Frankfurt Stock Exchange during the last 60 trading days prior to the respective conversion date, plus an amount equal to the total dividend paid by the Company to its shareholders per alstria share during the respective term of a stock award. However, in no case can this be more than 250 % of the average price of alstria shares on the Frankfurt Stock Exchange during the last 60 days before the grant date. The number of shares to be issued to a Management Board member is multiplied by a specified discretionary factor.

The basis for determining the performance targets, as in the LTIP 2010, is the absolute and relative total shareholder returns. However, the relative total shareholder return will be weighted more heavily, at 75 % (previously 50%). The comparative index for the relative total shareholder return is the FTSE EPRA/NAREIT Developed Europe Index (previously the EPRA/NAREIT Europe Ex-UK Index) for alignment with real estate industry standards.

The fair value of the stock awards at the grant date was estimated using a 100,000-path Monte Carlo simulation based on the terms of the LTIP 2018/LTIP 2021.

The following table lists the model specifications used to determine the fair value:

Grant date	March 7, 2018	March 4, 2019	March 2, 2020	March 1, 2021
Expected term of the option (in years)	4.00	4.00	4.00	4.00
Risk-free interest rate (%)	0.11	−0.39	−0.84	−0.67
Share volatility (%)	18.77	18.11	15.95	24.67
Volatility of the FTSE EPRA/NAREIT Developed Europe Index (%)	16.46	16.09	13.58	18.25
Correlation between share price and benchmark index (%)	65.19	66.21	56.57	73.56
Expected dividend yield of the share (%)	4.03	3.88	3.11	3.75
Share price on grant (in EUR)	12.06	13.40	16.74	14.15
Index value when granted	2,085.51	2,166.92	2,333.61	2.113.90
Reference share price (in EUR)	12.69	12.83	17.40	14.23
Reference price of the FTSE EPRA/NAREIT Developed Europe Index	2,176.16	2,112.40	2,502.27	2.108.17
Estimated fair value of one option on the grant date (in EUR)	8.61	10.22	12.48	10.36

Comparison of the key terms of the variable remuneration systems 2010 and 2018/2021

	Until 2017	From 2018	From 2021
STI (Short-Term Incentive)	▪ FFO as target value ▪ Threshold for the performance target: 50 % ▪ Discretionary factor to reflect individual performance: 0.8–1.2 ▪ 75 % cash payout / 25 % payout in virtual shares	▪ FFO per share as target value ▪ Threshold for the performance target: 70 % ▪ Discretionary factor to reflect individual performance: 0.7–1.3 ▪ 100 % cash payout	▪ FFO per share as target value with 70% and ESG-targets with 30% ▪ Threshold for the performance target: 70 % ▪ Discretionary factor to reflect individual performance: 0.8-1.2 ▪ 100 % cash payout
LTI (Long-Term Incentive)	▪ Virtual shares with term of 4 years, then payout in cash ▪ Performance subject to absolute TSR (50 %) and relative TSR (EPRA/NAREIT Europe Ex-UK Index) (50 %) ▪ Discretionary factor to reflect individual performance: 0.8–1.2	▪ Stock awards with term of min. 4 years, payout in Company shares or cash payment ▪ Performance subject to absolute TSR (25 %) and relative TSR (FTSE EPRA/ NAREIT Developed Europe Index) (75 %) ▪ Discretionary factor to reflect individual performance: 0.7–1.3	▪ Stock awards with term of min. 4 years, payout in Company shares or cash payment ▪ Performance subject to absolute TSR (25 %) and relative TSR (FTSE EPRA/ NAREIT Developed Europe Index) (75 %) ▪ Discretionary factor to reflect individual performance: 1.0

The table below summarizes the number of virtual shares and (from 2018 onward) stock awards granted under the existing STIP and LTIP that remained outstanding as of December 31, 2021:

				Olivier Elamine	Alexander Dexne
	Start of deferral period	Reference share price in EUR	End of deferral period	Number of virtual shares/Stock Awards from 2018	Number of virtual shares/Stock Awards from 2018
LTI 2018	2018	12.69	2022	34,673	28,369
LTI 2019	2019	12.83	2023	34,295	28,059
LTI 2020	2020	17.40	2024	25,287	20,690
LTI 2021	2021	14.23	2025	35,137	28,110

The development of the virtual shares through December 31, 2021, is shown in the following table:

Number of virtual shares and stock awards	2021		2020	
	LTI	STI	LTI	STI
As of January 1	**240,817**	**0**	**263,158**	**8,313**
Stock Awards (2017: virtual shares) granted in the reporting period	63,247	0	45,977	0
Converted into cash in the reporting period	-69,444	0	−68,318	−8,313
As of December 31	**234,620**	**0**	**240,817**	**0**

In the first quarter of 2021, 69,444 virtual shares from the LTIP were exercised, resulting in payments of EUR 1,701 k.

In 2021, the LTIP generated remuneration expenses amounting to EUR 987 k (2020: EUR 1,241 k) and provisions amounting to EUR 4,496 k (2020: EUR 1,301 k). The 234,620 stock awards issued under the LTI were share-based payments that were intended to be settled in the form of equity instruments when issued. The change in value was taken into account in the capital reserve. Due to a resolution of the Supervisory Board, according to which the LTI 2018 will be settled in cash instead of converted into shares in the company, the Group recognizes the obligation from granted stock awards at the end of the reporting period in other provisions (see Note 2.3.1). Virtual shares in the form of STI no longer exist.

The 8,313 virtual shares converted into cash under the STIP 2010 resulted in payments to the Management Board amounting to EUR 151 k within the 2020 financial year. The conversion amount was the weighted average price of the first 20 trading days in the 2020 calendar year plus the dividend paid during the vesting period. This amounted to EUR 18.16, of which EUR 17.12 was related to the share price and EUR 1.04 was related to the dividend paid.

13.2. Convertible profit participation rights program

On September 5, 2007, the Company’s Supervisory Board resolved the issuance of convertible profit participation certificates (“certificates”) to employees of the Company and of companies in which alstria office REIT-AG directly or indirectly holds a majority interest. Members of alstria office REIT-

AG's Management Board are not considered employees of the Company in terms of this convertible profit participation rights program. The Supervisory Board passed a resolution to specify the details of the convertible profit participation rights program in accordance with an authorization granted at the General Meeting of shareholders on March 15, 2007. The convertible profit participation rights program was renewed by the Supervisory Board with minor modifications in 2012 in accordance with an authorization granted at the General Meeting of shareholders on April 24, 2012.

The main terms of the program can be summarized as follows:

The nominal amount of each certificate is EUR 1.00, which is payable upon issuance. A maximum of 1,000,000 certificates with a total nominal value of up to EUR 1,000,000.00 can be issued as part of the Conditional Capital III 2017 created by resolution of the Annual General Meeting. By the end of the reporting period, certificates were granted corresponding to EUR 732,925 of conditional capital III 2017. In 2021, the Annual General Meeting approved the implementation of additional Conditional Capital III 2020 with an aggregate nominal value of up to EUR 1,000,000 for the conversion of 1,000,000 certificates. At the end of the reporting period, 281.050 certificates related to this Conditional Capital III 2020 had still been granted.

The certificates are issued as nontransferable rights and are not sellable, pledgeable, or otherwise chargeable.

The maximum term of each certificate is 5 years.

During its term, each certificate entitles the holder to a disbursement corresponding to the amount of the dividend per share that the Company paid for a full financial year. For certificates held by a beneficiary for less than a full financial year, the profit share is reduced pro rata temporis.

Each certificate shall be converted into one no-par value bearer share in the Company on the second, third, fourth, or fifth anniversary of the issue date if the Company's then-current stock exchange share price has exceeded the share price on the issue date by 5% or more on at least seven non-subsequent trading days (market condition). For 260,025 certificates issued on September 30, 2020, and 281,050 certificates issued on May 7, 2021, this market condition was fulfilled until the end of the 2021 financial year.

Upon conversion of a certificate, the beneficiary shall pay an additional conversion price to the Company for each certificate to be converted. This conversion price shall be the aggregate proportionate amount of the Company's share capital to which the certificate entitles the holder; this amount shall be payable in addition to the offer price.

The fair values of the inherent options for conversion were estimated on the respective grant dates using a binary barrier option model based on the Black-Scholes model. The conversion will automatically be affected once the barrier has been reached. The model considers the terms and conditions upon which the instruments were granted.

The following share-based payment agreements under the employee profit participation program existed during this year:

Number of certificates				
Grant date of tranche	**May 23, 2019**	**Sept 30, 2020**	**May 7, 2021**	**Total**
January 1, 2021	**240,250**	**273,975**	**0**	**514,225**
Expired due to termination of employment	0	-13,950	-6,050	**-20,000**
Converted	-240,250	0	0	**-240,250**
Granted	0	0	287,100	**287,100**
December 31, 2021	**0**	**260,025**	**281,050**	**541,075**

For the conversion of 240,250 of the 2019 convertible profit participation rights certificates, the relevant XETRA share price on the conversion date was EUR 14.37 per share.

Total expenses relating to convertible profit participation rights amounted to EUR 2,785 k in 2021 (see Note 5.4).

The following table lists the inputs used to determine the fair value of the options for conversion:

Grant date of tranche	**May 23, 2019**	**Sept 30, 2020**	**May 7, 2021**
Dividend yield (%)	3.77	4.47	3.67
Risk-free interest rate (%)	−0.69	−0.82	−0.69
Expected volatility (%)	15.01	20.20	26.00
Expected life of option (years)	2.00	2.00	2.00
Exercise share price (EUR)	2.00	2.00	2.00
Labor turnover rate (%)	5.50	6.00	5.40
Stock price as of valuation date (EUR)	13.80	11.86	14.44
Estimated fair value of one option for conversion on the grant date	9.50	8.57	11.49

The expected volatility was based on the implied volatility of alstria shares.

14. FINANCIAL RISK MANAGEMENT

14.1. Managing financial risk factors

The Group's activities expose it to a variety of financial risks related to interest rates, credit, and liquidity. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. To this end, sources of funding are diversified and a balanced maturity profile is planned, enabling a coordinated and continuous refinancing process. The financial instruments mainly used by the Group are corporate bonds. Bank loans and a Schuldschein (promissory note loans) are used only to a lesser extent, as the corporate bond instrument was favored, due to the fixed interest rate and direct access to the capital market. The refinancing strategy could change in the future as a result of Alexandrite taking over the majority of the shares (see Note 1). Should the corporate bonds and the promissory note be returned before the end of their regular term, the new majority shareholder has committed to provide a bridge financing with a term of up to two years. In the event of the loss of the investment grade rating assigned to alstria by the rating agency Standard & Poor's (S&P), the bondholders could have demanded that the corporate bonds to be repaid. In February 2022, S&P confirmed the investment grade rating, although the rating was downgraded from BBB+ to BBB-, the lowest notch within the investment grade rating. The main purpose of the debt funding is to finance alstria's business activities. In addition, the Group also owns various financial assets, such as loans granted and short-term deposits, which arise directly from business activities.

The treasury function (group treasury) within the finance and controlling department manages financial risks. The group treasury identifies, evaluates, and hedges financial risks in close cooperation with the CFO. The Management Board provides written principles for overall risk management and policies that cover specific areas, such as interest rate risk and credit risk, making use of both derivative and nonderivative financial instruments, as well as excess liquidity investment.

Derivative financial instruments comprise interest caps. The purpose of these derivative financial instruments is to hedge against the interest risks arising from the Group's business activities and funding.

The main risks arising from the Group's financial instruments are related to cash flow, interest rates, and liquidity. The Group is exposed mainly to credit risks, due to derivative financial instruments being held as assets and due to its bank balances. The carrying amount of the financial assets is the amount that best presents the maximum credit risk. The Management Board decides on strategies and processes to manage specific risk types, as defined in the following paragraphs.

Risks that can arise from an economic slowdown are seen mainly in the potential default of payment by tenants. For the increase in economic risks as a result of the COVID-19 pandemic, precautions have been taken, in the form of increased value adjustments. Given that all of the Company's main tenants are public institutions or are highly rated, the risk of such defaults is currently still limited.

The loan agreements of alstria Group allow for the loan-to-value (LTV) ratios outlined by the following table. As represented in the overview, the Group managed to keep its LTV below the LTV of the loan at the relevant date — in some cases, significantly so. The risk of a breach of covenant is effectively countered.

The following table presents the single-LTV ratios and covenants for the Group's loans as of the end of the reporting period:

Liabilities	Maturity	Principal amount drawn as of Dec. 31, 2021 (EUR k)	LTV as of Dec. 31, 2021 (%)	LTV covenant (%)	Principal amount drawn as of Dec. 31, 2020 (EUR k)
Loan #1	June 28, 2024	34,000	13,4	65,0	34,000
Loan #2	Mar. 28, 2024	45,900	28,1	75,0	45,900
Loan #3	June 30, 2026	56,000	35,0	65,0	56,000
Loan #4	Sept. 29, 2028	60,000	30,2	n/a	60,000
Loan #5	Sept. 30, 2024	13,338	n/a	n/a	0
Loan #6	Mar. 31, 2023	5,550	n/a	n/a	0
Total secured loans		**214,788**	**20,2**	**-**	**195,900**
Bond #2	Apr. 12, 2023	325,000	–	–	325,000
Bond #3	Nov. 15, 2027	350,000	–	–	350,000
Bond #4	Sept. 26, 2025	400,000	–	–	400,000
Bond #5	Jun. 23, 2026	350,000	–	–	350,000
Schuldschein 10y/fixed	May 6, 2026	40,000	–	–	40,000
Schuldschein 7y/fixed	May 6, 2023	37,000	–	–	37,000
Revolving credit line	Sept. 15, 2024	0	–	–	0
Total unsecured loans		**1,502,000**	**–**	**–**	**1.502.000**
Total		**1,716,788**	**35,2**	**–**	**1.697.900**
Net LTV			**28,8**		

Apart from the risks mentioned above, the Group is not exposed to any commodity or currency risks.

14.1.1. Interest rate risk

The following tables display the carrying amount of the Group's financial instruments that are exposed to interest rate risk by maturity:

EUR k	< 1 year	1-2 years	2-3 years	3-4 years	> 4 years	Total
Financial year ending Dec. 31, 2021						
Variable interest						
Mortgage bank loans	0	0	42,800	0	116,000	**158,800**
Total	**0**	**0**	**42,800**	**0**	**116,000**	**158,800**

EUR k	< 1 year	1-2 years	2-3 years	3-4 years	> 4 years	Total
Financial year ending Dec. 31, 2020						
Variable interest						
Mortgage bank loans	0	0	0	42,800	116,000	**158,800**
Total	**0**	**0**	**0**	**42,800**	**116,000**	**158,800**

Given its noncurrent financial liabilities with variable interest rates, alstria is exposed to risks from fluctuations in market interest rates. The interest base for these financial liabilities (loans) is the three-month EURIBOR rate, which is adjusted every three months. Derivative financial instruments were originally acquired to hedge the interest expense. With the change in refinancing favoring fixed-interest corporate bonds, the hedging strategy was also discontinued and no new interest rate hedging instruments in the form of interest rate caps or swaps were used. The term of the last interest rate swap ended in the reporting period (see Note 6.5).

The following table shows the sensitivity of the Company's loans to consolidated profit or loss and equity, due to a reasonably possible change in interest rates (due to the effect on the floating-interest loans). All of the variables remain constant; the effects from the derivative financial instruments were not factored into this calculation.

Interest expenses per annum

EUR k	2021	2020
+ 100 bps	1,588	1,588
– 50 bps	–169	–189

The fair market value of derivative financial instruments is also subject to interest rate risks. A change in the interest rate would give rise to the following changes in respective fair market values:

Due to the termination of the remaining derivative financial instruments, the sensitivities did not result in any changes in value as of December 31, 2021.

14.1.2. Credit risk

Credit risks are managed at the group level, except for those relating to accounts receivable balances.

The department responsible for managing the operating business property oversees and analyzes credit risks in relation to each reletting activity before the standard payment and lease terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, and credit exposures to customers (including outstanding receivables and other compensatory commitments). Only banks and financial institutions are accepted as counterparties—and only if they are independently rated parties with a minimum rating of "investment grade." If the tenants are independently rated, then their ratings are applied. If there is no independent rating, the tenant's credit quality is assessed; its financial position, past experience, and other factors are taken into account. Credit limits are generally not provided to tenants. Lease receivables from tenants are settled in bank transfers, which are usually due at the beginning of each payment term. Tenants must pay a deposit or provide other warranties prior to the start of a lease term.

14.1.3. Liquidity risk

The Company continually monitors the Group-wide risk of potential liquidity bottlenecks with a liquidity planning tool. The tool uses the expected cash flows from business activities and the maturity of the financial liabilities as a basis for analysis. The Group's long-term refinancing strategy ensures that these medium- and long-term liquidity requirements are met. Such forecasting considers the Group's debt-financing plans, covenant compliance, compliance with internal balance sheet targets, and, if applicable, external regulatory or legal requirements (e. g., G-REIT equity ratio).

At the end of the reporting period, the nominal financial liabilities had the following maturities in line with their contractual maturity (based on the three-month EURIBOR) as of December 31, 2021.

The following chart shows the related future undiscounted cash flows of financial liabilities:

EUR k	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Financial year ending Dec. 31, 2021							
Corporate bond	0	325,000	0	400,000	350,000	350,000	1,425,000
Loans	9,290	5,960	83,538	0	56,000	60,000	214,788
Interest	23,437	23,853	15,350	14,206	12,218	6,461	95,525
Schuldschein	0	37,000	0	0	40,000	0	77,000
Trade payables	3,487	0	0	0	0	0	3,487
Other liabilities	52,331	2,321	2,306	2,217	2,127	6,520	67,822
	88,545	**394,134**	**101,194**	**416,423**	**460,345**	**422,981**	**1,883,622**

EUR k	< 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Financial year ending Dec. 31, 2020							
Corporate bond	0	0	325,000	0	400,000	700,000	1,425,000
Loans	2,322	13,310	4,850	80,627	0	116,000	217,109
Interest	23,412	23,399	23,335	14,565	13,856	17,863	116,430
Schuldschein	0	0	37,000	0	0	40,000	77,000
Trade payables	3,943	0	0	0	0	0	3,943
Other liabilities	49,948	1,853	1,785	1,792	1,745	5,454	62,577
	79,625	**38,562**	**391,970**	**96,984**	**415,601**	**879,317**	**1,902,059**

Details on the loans, borrowings, and bonds can be found in Note 7.3. The loans' maturity profile is shown in Note 2.5 of the Combined Management Report. To secure the bank loans, receivables from rental and property purchase agreements, as well as from insurance and derivative financial instruments, were assigned to the lenders. Liens were granted on bank accounts, and charges were registered on the land. Obligations arising from floating-interest bank loans were fully secured. Land charges for real estate properties with a carrying amount of EUR 1,059,264 k (December 31, 2020: EUR 787,716 k) were provided as collateral.

14.2. Capital management

Capital management activities are aimed at maintaining the Company's classification as a REIT to support its business activities and maximize shareholder value.

The Group actively manages its capital structure and makes adjustments in response to changes in economic conditions. To maintain or adjust its capital structure, the Group can make a capital repayment to its shareholders or issue new shares. No changes were made to the aims, guidelines, and processes as of either December 31, 2020 and December 31, 2021.

The Company monitors its capital structure using the LTV indicator, as well as the relevant performance indicators, for its classification as a REIT. The REIT equity ratio, which is the ratio of equity to immovable assets, is the most important of these indicators. According to the Group's strategy, the REIT equity ratio is aimed at exceeding the REIT equity ratio of 45%, within the relevant terms provided by REIT law. G-REIT status is unaffected, as long as the G-REIT ratio is not below 45% at the end of the financial year for 3 consecutive financial years.

The following ratios are also used to manage capital:

Ratios according to G-REIT law

%	2021	2020	G-REIT covenant
Equity ratio according to G-REIT law	69,13	71.11	> 45
Immovable assets	93,05	89.86	> 75
Revenues gained from immovable assets	100,00	100.00	> 75
Income gained from disposal of immovable assets	13,09	23.59	< 50[1]

[1] Within five years, based on the average property value during this period.

14.3. Determination of fair value

The following table shows the carrying amount and fair value of all financial instruments disclosed in the consolidated financial statements:

Assets as per balance sheet (EUR k) as of Dec. 31, 2021	Carrying amount	Nonfinancial assets	Financial assets			
			At amortized costs	Fair value through p/l	Total	Fair value
Financial assets	39,185	0	38,941	321	39,262	39,262
Total long-term	**39,185**	**0**	**38,941**	**321**	**39,262**	**39,262**
Trade receivables	3,922	0	3,922	0	3,922	3,922
Tax receivables	1,289	1,289	0	0	0	0
Receivables and other assets	4,258	3,622	636	0	636	636
Cash and cash equivalents	313,684	0	313,684	0	313,684	313,684
Total short-term	**323,153**	**4,911**	**318,242**	**0**	**318,242**	**318,242**
Total	**362,338**	**4,911**	**357,183**	**321**	**357,504**	**357,504**

Liabilities as per balance sheet (EUR k) as of Dec. 31, 2021	Carrying amount	Nonfinancial liabilities	Financial liabilities		
			At amortized costs	Total	Fair value
Ltd. equity of noncontrolling interests	69,798	0	69,798	69,798	69,798
Long-term loans	1,697,605	0	1,697,605	1,697,605	1,729,207
Other liabilities	14,369	0	14,369	14,369	14,369
Total long-term	**1,781,772**	**0**	**1,781,772**	**1,781,772**	**1,813,374**
Ltd. equity of noncontrolling interests	15	0	15	15	15
Short-term loans	19,594	0	19,594	19,594	19,594
Trade payables	3,487	0	3,487	3,487	3,487
Tax liabilities	4,525	4,525	0	0	0
Other liabilities	52,331	5,204	47,127	47,127	47,127
Total short-term	**79,952**	**9,729**	**70,223**	**70,223**	**70,223**
Total	**1,861,724**	**9,729**	**1,851,995**	**1,851,995**	**1,883,597**

Assets as per balance sheet (EUR k) as of Dec. 31, 2020	Carrying amount	Nonfinancial assets	Financial assets			
			At amortized costs	Fair value through p/l	Total	Fair value
Financial assets	39,108	0	38,864	244	39,108	39,108
Total long-term	**39,108**	**0**	**38,864**	**244**	**39,108**	**39,108**
Trade receivables	4,572	0	4,572	0	4,572	4,572
Tax receivables	1,230	1,230	0	0	0	0
Receivables and other assets	8,762	7,620	1,142	0	1,142	1,142
Cash and cash equivalents	460,960	0	460,960	0	460,960	460,960
Total short-term	**475,524**	**8,850**	**466,674**	**0**	**466,674**	**466,674**
Total	**514,632**	**8,850**	**505,538**	**244**	**505,782**	**505,782**

Liabilities as per balance sheet (EUR k) as of Dec. 31, 2020	Carrying amount	Nonfinancial liabilities	Financial liabilities		
			At amortized costs	Total	Fair value
Ltd. equity of noncontrolling interests	68,275	0	68,275	68,275	68,275
Long-term loans	1,685,349	0	1,685,349	1,685,349	1,753,754
Other liabilities	12,628	0	12,628	12,628	12,628
Total long-term	**1,766,252**	**0**	**1,766,252**	**1,766,252**	**1,834,657**
Ltd. equity of noncontrolling interests	15	0	15	15	15
Short-term loans	10,325	0	10,325	10,325	10,325
Trade payables	3,943	0	3,943	3,943	3,943
Tax liabilities	4,780	4,780	0	0	0
Other liabilities	49,948	6,882	43,067	43,067	43,067
Total short-term	**69,011**	**11,662**	**57,350**	**57,350**	**57,349**
Total	**1,835,263**	**11,662**	**1,823,602**	**1,823,602**	**1,892,007**

All of the Group’s financial instruments, which are measured at fair value on the balance sheet, are valued by applying the level 2 valuation measurement approach.

The disclosures in the Notes on the market values of the corporate bonds were assessed according to Level 1.

15. SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

After the balance sheet date, the Bidder took over the majority of the shares in the company as described in Note 1. As a result, alstria is to be included in the consolidated financial statements of Brookfield Asset Management Inc, Toronto, Canada, from January 11, 2022. As a result of the takeover, the company rating was reclassified to the S&P rating BBB- (see Note 14.1 and the explanations in the combined management report).

16. UTILIZATION OF EXEMPTING PROVISIONS

Certain subsidiaries that have been included in the consolidated financial statements of alstria office REIT-AG have claimed an exemption from the obligation to prepare annual financial statements in accordance with the provisions applicable to corporations, in accordance with Section 264b HGB. An overview of the companies that made use of the exemption can be found in the table in Note 2.2.2.

17. DISCLOSURES PURSUANT TO THE WERTPAPIERHANDELSGESETZ [GERMAN SECURITIES TRADING ACT] AND EUROPEAN MARKET ABUSE REGULATION [MAR]

17.1. Ad hoc announcements

The following table summarizes the announcements pursuant to Art. 17 MAR, as published by the Company during the reporting period:

Date	Topic
Jan 13, 2021	Portfolio value increases by approx. EUR 150 m to approx. EUR 4.6 billion as per December 31, 2020
Jul 21, 2021	Market speculation with respect to a potential takeover offer by Brookfield
Nov 4, 2021	alstria office REIT-AG: Voluntary public takeover offer to the shareholders of alstria by Brookfield, alstria enters into an Investment Agreement with Brookfield
Jan 12, 2022	Voluntary public takeover offer to the shareholders of alstria by Brookfield: • Brookfield secures more than 50% of the shares of alstria office REIT-AG • Change of control within the meaning of the terms and conditions of the Fixed Rate Notes has occurred • In the event of a rating downgrade of the Fixed Rate Notes, the note holders may request repayment of the Fixed Rate Notes at 101% of the principal amount of the Fixed Rate Notes unpaid interest accrued

17.2. Directors' dealings

The following transactions regarding the shares of the Company (ISIN DE000A0LD2U1) have been reported to the Company during the reporting period pursuant to Art. 19 MAR:

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Marianne Voigt	Member of the Supervisory Board	Tendering[1)]	Outside a trading venue	Jan 31, 2022 UTC + 1	19.50	167,700.00

Aggregated information for the transactions by Ms. Voigt on Jan 31, 2022:
Average weighted share price: EUR 19.50; aggregated volume: EUR 167,700.00

[1)]Tendering of shares in the framework of the voluntary public take over offer from Alexandrite Lake Lux Holdings S.à r.l. in December 2021; pursuant to the conditions of the offer the settlement took place on January 31, 2022.

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Richard Mully	Member of the Supervisory Board	Tendering[1)]	Outside a trading venue	Jan 31, 2022 UTC + 0	19.50	390,000.00

Aggregated information for the transactions by Mr. Mully on Jan 31, 2022:
Average weighted share price: EUR 19.50; aggregated volume: EUR 390,000.00

[1)]Tendering of shares in the framework of the voluntary public take over offer from Alexandrite Lake Lux Holdings S.à r.l. in December 2021; pursuant to the conditions of the offer the settlement took place on January 31, 2022.

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Dr. Johannes Conradi	Chairman of the Supervisory Board	Tendering[1)]	Outside a trading venue	Jan 31, 2022 UTC + 1	19.50	1,170,000.00

Aggregated information for the transactions by Mr. Conradi on Jan 31, 2022:
Average weighted share price: EUR 19.50; aggregated volume: EUR 1,170,000.00

[1)]Tendering of shares in the framework of the voluntary public take over offer from Alexandrite Lake Lux Holdings S.à r.l. in December 2021; pursuant to the conditions of the offer the settlement took place on January 31, 2022.

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Benoît Hérault	Member of the Supervisory Board	Tendering[1)]	Outside a trading venue	Jan 31, 2022 UTC + 1	19.50	180,375.00

Aggregated information for the transactions by Mr. Hérault on Jan 31, 2022:
Average weighted share price: EUR 19.50; aggregated volume: EUR 180,375.00

[1)]Tendering of shares in the framework of the voluntary public take over offer from Alexandrite Lake Lux Holdings S.à r.l. in December 2021; pursuant to the conditions of the offer the settlement took place on January 31, 2022.

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Alexander Dexne	CFO	Tendering[1)]	Outside a trading venue	Jan 31, 2022 UTC + 1	19.50	542,100.00

Aggregated information for the transactions by Mr. Dexne on Jan 31, 2022:
Average weighted share price: EUR 19.50; aggregated volume: EUR 542,100.00

[1)]Tendering of shares in the framework of the voluntary public take over offer from Alexandrite Lake Lux Holdings S.à r.l. in December 2021; pursuant to the conditions of the offer the settlement took place on January 31, 2022.

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Olivier Elamine	CEO	Tendering[1)]	Outside a trading venue	Jan 31, 2022 UTC + 1	19.50	1,347,703.50

Aggregated information for the transactions by Mr. Elamine on Jan 31, 2022:
Average weighted share price: EUR 19.50; aggregated volume: EUR 1,347,703.50

[1)]Tendering of shares in the framework of the voluntary public take over offer from Alexandrite Lake Lux Holdings S.à r.l. in December 2021; pursuant to the conditions of the offer the settlement took place on January 31, 2022.

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Dr. Johannes Conradi	Chairman of the Supervisory Board	Buy	XETRA	Mar 1, 2021 UTC + 1	14.08	21,120.00
Dr. Johannes Conradi	Chairman of the Supervisory Board	Buy	XETRA	Mar 1, 2021 UTC + 1	14.07	9,314.34
Dr. Johannes Conradi	Chairman of the Supervisory Board	Buy	XETRA	Mar 1, 2021 UTC + 1	14.09	110,437.42
Aggregated information for the transactions by Mr. Conradi on March 1, 2021: Average weighted share price: EUR 14.0872; aggregated volume: EUR 140,871.76						

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Benoît Hérault	Member of the Supervisory Board	Buy	XETRA	Mar 1, 2021 UTC + 1	13.86	20,790.00
Aggregated information for the transactions by Mr. Hérault on March 1, 2021: Average weighted share price: EUR 13.86; aggregated volume: EUR 20,790.00						

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 2, 2021 UTC + 1	14.15	2,830.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 2, 2021 UTC + 1	14.05	2,810.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 2, 2021 UTC + 1	14.00	2,100.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 2, 2021 UTC + 1	14.00	2,800.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 2, 2021 UTC + 1	13.95	2,092.50
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 2, 2021 UTC + 1	13.97	2,794.00
Aggregated information for the transactions by Mr. Elamine on March 2, 2021: Average weighted share price: EUR 14.0241; aggregated volume: EUR 15,426.50						

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Benoît Hérault	Member of the Supervisory Board	Buy	XETRA	Mar 2, 2021 UTC + 1	13.90	17,375.00
Aggregated information for the transactions by Mr. Hérault on March 2, 2021: Average weighted share price: EUR 13.90; aggregated volume: EUR 17,375.00						

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Richard Mully	Member of the Supervisory Board	Buy	Munich Exchange	Mar 2, 2021 UTC + 0	14.0986	70,493.00
Aggregated information for the transactions by Mr. Mully on March 2, 2021: Average weighted share price: EUR 14.0986; aggregated volume: EUR 70,493.00						

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 3, 2021 UTC + 1	14.03	2,806.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 3, 2021 UTC + 1	14.00	2,800.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 3, 2021 UTC + 1	13.95	2,790.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 3, 2021 UTC + 1	13.95	2,790.00

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 3, 2021 UTC + 1	13.90	2,085.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 3, 2021 UTC + 1	13.85	2,077.50
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 3, 2021 UTC + 1	13.84	2,768.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 3, 2021 UTC + 1	13.80	2,070.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 3, 2021 UTC + 1	14.03	1,403.00

Aggregated information for the transactions by Mr. Elamine on March 3, 2021:
Average weighted share price: EUR 13.9311; aggregated volume: EUR 24,379.50

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 4, 2021 UTC + 1	13.98	2,796.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 4, 2021 UTC + 1	13.95	2,790.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 4, 2021 UTC + 1	13.84	1,384.00

Aggregated information for the transactions by Mr. Elamine on March 4, 2021:
Average weighted share price: EUR 13.94; aggregated volume: EUR 6,970.00

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Marianne Voigt	Member of the Supervisory Board	Buy	XETRA	Mar 4, 2021 UTC + 1	13.84	20,760.00
Marianne Voigt	Member of the Supervisory Board	Buy	XETRA	Mar 4, 2021 UTC + 1	13.80	20,700.00

Aggregated information for the transactions by Ms. Voigt on March 4, 2021:
Average weighted share price: EUR 13.82; aggregated volume: EUR 41,460.00

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 8, 2021 UTC + 1	14.11	2,822.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 8, 2021 UTC + 1	13.87	2,774.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 8, 2021 UTC + 1	14.14	4,242.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 8, 2021 UTC + 1	14.15	4,245.00

Aggregated information for the transactions by Mr. Elamine on March 8, 2021:
Average weighted share price: EUR 14.083; aggregated volume: EUR 14,083.00

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 9, 2021 UTC + 1	14.04	4,212.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 9, 2021 UTC + 1	14.04	4,212.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 9, 2021 UTC + 1	14.00	4,200.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 9, 2021 UTC + 1	14.05	1,405.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 9, 2021 UTC + 1	14.00	3,500.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 9, 2021 UTC + 1	13.95	4,185.00

Aggregated information for the transactions by Mr. Elamine on March 9, 2021:
Average weighted share price: EUR 14,009; aggregated volume: EUR 21,714.00

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Olivier Elamine	CEO	Buy	XETRA	Mar 10, 2021 UTC + 1	14.05	2,810.00
Olivier Elamine	CEO	Buy	XETRA	Mar 10, 2021 UTC + 1	13.99	4,197.00
Olivier Elamine	CEO	Buy	XETRA	Mar 10, 2021 UTC + 1	14.05	4,215.00
Olivier Elamine	CEO	Buy	XETRA	Mar 10, 2021 UTC + 1	14.06	4,218.00
Aggregated information for the transactions by Mr. Elamine on March 10, 2021: Average weighted share price: EUR 14.0364; aggregated volume: EUR 15,440.00						

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Alexander Dexne	CFO	Buy	XETRA	Mar 10, 2021 UTC + 1	13.95	2,943.45
Alexander Dexne	CFO	Buy	XETRA	Mar 10, 2021 UTC + 1	13.95	38,906.55
Aggregated information for the transactions by Mr. Dexne on March 10, 2021: Average weighted share price: EUR 13,95; aggregated volume: EUR 41,850.00						

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 11, 2021 UTC + 1	14.07	4,221.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 11, 2021 UTC + 1	14.04	4,212.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 11, 2021 UTC + 1	14.01	4,203.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 11, 2021 UTC + 1	13.96	5,318,76
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 11, 2021 UTC + 1	13.95	1,395.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 11, 2021 UTC + 1	13.95	4,185.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 11, 2021 UTC + 1	13.95	4,185.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 11, 2021 UTC + 1	14.00	4,200.00
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 11, 2021 UTC + 1	14.05	4,215.00
Aggregated information for the transactions by Mr. Elamine on March 11, 2021: Average weighted share price: EUR 14.0003 ; aggregated volume: EUR 36,134.76						

Name of person subject to the disclosure requirement	Function	Transaction	Place	Transaction date	Price per share in EUR	Volume in EUR
Olivier Elamine	CEO	Buy	Lang & Schwarz Exchange	Mar 12, 2021 UTC + 1	14.18	850.80
Aggregated information for the transactions by Mr. Elamine on March 11, 2021: Average weighted share price: EUR 14.18 ; aggregated volume: EUR 850.80						

17.3. Voting right notifications

Below is information according to Section 160 para. 1 No. 8 German Stock Corporation Act (AktG): The following table shows shareholdings in the Company that were in place until the date of the preparation of the financial statements, were communicated to us pursuant to Section 33 para. 1 WpHG, and have been published pursuant to Section 40 para. 1 WpHG.

No.	Shareholders, registered office	Voting rights (new) (%)[1]	Amount of shares	Date of change	Attribution of voting rights	Contains 3 % or more of voting rights from
1	The Goldman Sachs Group, Inc. Wilmington, Delaware, USA	2.84	5,060,820	Jan. 12, 2022	Yes	
2	DWS Investment GmbH, Frankfurt, Germany	2.78	4,958,004	Jan. 10, 2022	No	
3	SAS Rue la Boétie, Paris, France	0.56	989,070	Jan. 31, 2022	Yes	
4	BlackRock Inc., Wilmington, Delaware, USA	2.59[2]	4,613,770	Feb. 10, 2022	Yes	
5	Brookfield Asset Management Inc., Toronto, Canada	95.11	169,328,485	Feb. 17, 2022	Yes	Lapis Luxembourg Holdings S.à r.l. (10.23%), Alexandrite Lake Lux Holdings S.à r.l. (83.14%)

[1] Percentage as per date of change. Current percentage in voting rights can deviate, e. g., due to changes in the share capital of the issuer.
[2] Contains 0.04% financial instruments pursuant to Sec. 38 para. 1 No. 1 and No. 2 WpHG (equivalent to 71,552 voting rights).

The Company did not receive any notifications pursuant to Section 20 para. 1 and 4 AktG or pursuant to Section 33 para. 2 WpHG during the reporting period.

18. DECLARATION OF COMPLIANCE PURSUANT TO AKTG SECTION 161

The Management Board and the Supervisory Board have submitted the declaration of compliance required by AktG Section 161 with respect to the recommendations of the German Corporate Governance Code as developed by a government commission. It is permanently available to the public on alstria office REIT-AG's website (www.alstria.com) and is included in the Group's declaration of corporate management according to HGB Section 315d.

19. AUDITORS' FEES

On September 2, 2021, the General Meeting elected KPMG Wirtschaftsprüfungsgesellschaft (Ludwig-Erhard-Strasse 11-17, Hamburg) auditor of the separate and consolidated financial statements for the 2021 financial year. The fees totaled EUR 564 k in 2021. They were structured as follows:

Auditors' fees in EUR k	**2021**	**2020**
Audit services	525	494
thereof from previous year	*-5*	*-16*
Other confirmation services	28	87
Tax advisory services	0	0
Other services	11	3
Total	**564**	**584**

The non-audit services essentially relate to the review of the sustainability report and audit related advisory.

René Drotleff is the professionally qualified auditor in charge of the financial statements for alstria office REIT-AG and the Group. He first assumed this position in fiscal year 2018.

20. MANAGEMENT BOARD

During the financial year, the Company's members of the Management Board were:

Olivier Elamine	**Hamburg, Germany**	**CEO of the Company**
	COIMA RES S.p.A. SIIQ	Non-Executive Director
	Urban Campus Group SAS	Member of the Advisory Board
Alexander Dexne	**Hamburg, Germany**	**CFO of the Company**
	International School of Management (ISM), Hamburg	Lecturer

The remuneration report (see combined management report) details the principles used to define the remuneration of the Management Board and Supervisory Board.

21. SUPERVISORY BOARD

Pursuant to the Company's Articles of Association (Section 9), the Supervisory Board consists of six members who are elected at the General Meeting of the shareholders.

During the 2021 financial year, the members of the Supervisory Board and their membership in supervisory boards of German companies or comparable German or foreign controlling committees of commercial enterprises were as follows:

Dr. Johannes Conradi **Chairman**	**Hamburg, Germany**	**Lawyer and Partner, Freshfields Bruckhaus Deringer PartGmbB**
	Elbphilharmonie und Laeiszhalle Betriebsgesellschaft mbH	Member of the Advisory Board
	Flughafen Hamburg GmbH	Member of the Supervisory Board
	HamburgMusik gGmbH	Member of the Supervisory Board
Richard Mully **Vice-Chairman**	**Cobham (Surrey), United Kingdom**	**Director, Starr Street Limited**
	Great Portland Estates plc, UK	Non-Executive Chairman
Dr. Bernhard Düttmann Left alstria's Supervisory Board on May 6, 2021	**Meerbusch, Germany**	**CEO, CECONOMY AG** (until Oct. 16, 2021)/ **Executive Consultant**
Stefanie Frensch Left alstria's Supervisory Board on May 6, 2021	**Berlin, Germany**	**Management Board member, Familienstiftung Becker & Kries**
Benoît Hérault	**Uzès, France**	**CEO, Elaia Investment Spain, SOCI S.A. (Batipart Group), Spain**
Until June 15, 2021	Shaftesbury Fund Management, Luxemburg	Independent Director
	Batipart Immo Long Terme, Louxemburg (Batipart Group)	Independent Director
Dr. Frank Pörschke Joined alstria's Supervisory Board on May 6, 2021	**Hamburg, Germany**	**CEO, P3 Logistic Parks s.r.o. (GIC group), Czech Republic** (Since Apr. 1, 2021)
Until Aug. 8, 2021	Verianos SE	Non-Executive Director
Until Aug. 8, 2021	Deka Immobilien Investment GmbH (Deka Bank group)	Member of the Supervisory Board
Until Aug. 8, 2021	Westinvest Gesellschaft für Immobilienanlagen GmbH (Deka Bank group)	Member of the Supervisory Board
Until June 30, 2021	AXA Investment Managers Deutschland GmbH (AXA S.A. group)	Vice-Chairman of the Supervisory Board
Until Mar. 31, 2021	ECE Projektmanagement G.m.b.H. & Co. KG	Member of the Advisory Board

	Aug. Prien Bauunternehmung (GmbH & Co. KG)	Member of the Supervisory Board
Until June 30, 2021	Von Poll Immobilien Holding GmbH (Deutsche Beteiligung AG Gruppe)	Member of the Advisory Board
Elisabeth Stheeman Joined alstria's Supervisory Board on May 6, 2021	**Walton-On-Thames (Surrey), United Kingdom**	**Supervisory Board member in various companies**
	Aareal Bank AG	Member of the Supervisory Board
	Edinburgh Investment Trust PLC, UK	Member of the Board
Marianne Voigt	**Berlin, Germany**	**Managing Director, bettermarks GmbH**
	BDO AG Wirtschaftsprüfungs-gesellschaft	Member of the Supervisory Board
	DISQ Deutsches Institut für Service-Qualität GmbH & Co. KG	Member of the Advisory Board

Hamburg, February 24, 2022

alstria office REIT-AG

The Management Board

Olivier Elamine	**Alexander Dexne**
CEO	CFO

C. RESPONSIBILITY STATEMENT

To the best of our knowledge, we confirm that, in accordance with the applicable reporting principles, the Consolidated Financial Statements for 2021 give a true and fair view of the Group's assets, liabilities, financial position and profit or loss, and that the Group Management Report 2021, which has been combined with the Management Report for alstria office REIT-AG, includes a fair review of the business's development and performance and the Group's position, together with a description of the principal opportunities and risks associated with the Group's expected development.

Hamburg, February 24, 2022
alstria office REIT-AG

The Management Board

Olivier Elamine
CEO

Alexander Dexne
CFO

D. INDEPENDENT AUDITOR’S REPORT

To alstria office REIT-AG, Hamburg

I. REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

1. OPINIONS

We have audited the consolidated financial statements of alstria office REIT-AG, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of December 31, 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2021, and Notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of alstria office REIT-AG including the remuneration report and related disclosures contained in Section 8 of the combined management report for the financial year from January 1 to December 31, 2021. In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the “Other Information” section of our auditor’s report.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the “Other Information” section of our auditor’s report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as of December 31, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021, and
- the accompanying combined management report as a whole provides an appropriate view of the Group’s position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the “Other Information” section of the auditor’s report. The combined management report contains cross-references that are marked as unchecked and not provided for by law. We have not audited the content of these cross-references and the

information to which the cross-references refer in accordance with the German legal regulations.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

2. BASIS FOR THE OPINIONS

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

3. KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Valuation of investment property

For information on the valuation of investment property, please see the comments in the Notes to the consolidated financial statements concerning valuation (‘accounting policies’ section) and the Notes to the consolidated statement of financial position (‘investment property’ section).

THE FINANCIAL STATEMENT RISK

In the consolidated statement of financial position of alstria office REIT-AG as of December 31, 2021, the total value of investment properties amounted to EUR 4,776 million These items represent 91.2 % of total assets and thus significantly influence the Company’s balance sheet. The investment property is measured at fair value according to IAS 40 in connection with IFRS 13. For 2021, a net gain of EUR

95 million resulting from the fair value adjustment was recognized in the consolidated income statement.

The measurement of investment property at market value is carried out using a capitalized earnings valuation model (“hardcore and top slice”). The valuation date was December 31, 2021.

The fair values were determined by the accredited, external and independent valuation appraiser Savills Advisory Services Germany GmbH & Co. KG, Frankfurt am Main.

Besides information on actual data provided by the company, including for example the floor space available for leasing, vacancies, planned maintenance and modernization measures and current rents, numerous assumptions relevant to valuation are included in the determination of the property’s fair value, which are subject to considerable estimation uncertainties and judgments. Even minor changes in the assumptions relevant to measurement may have a material effect on the resulting fair value. The key valuation assumptions used to measure the investment are market rents and the capitalization rates.

There is a risk for the financial statements that, due to inaccurate or incomplete data provided by alstria office, the measurement of the investment property by the external expert is not appropriate. Estimation uncertainties and the incorrect exercise of judgment in relation to the relevant measurement parameters can also lead to inaccurate measurement results.

In addition, there is the risk for the financial statements that the disclosures on property held for investment required in the Notes pursuant to IAS 40 and IFRS 13 are incomplete and inadequate.

OUR AUDIT APPROACH

Our audit procedures particularly include assessing the appropriateness of the valuation method, the accuracy and completeness of the actual data as well as the appropriateness of the assumptions and parameters. We involved our appraisal specialists to carry out our substantive audit procedures.

In inquiries with the Management Board, representatives of the company’s departments (particularly controlling and group financial accounting and reporting) and the external expert engaged by the company, we sought to gain an understanding of the appropriateness of the measurement method applied, the measurement process and the independent expert´s activities. We then sought to satisfy ourselves of the appropriate design and implementation and the operating effectiveness of the controls used to ensure the correct and complete recording of actual date and its proper provision to the independent expert.

As part of our substantive audit procedures, we assessed whether the data provided to the external expert was complete and correct and, thus, if it allowed the expert an appropriate basis for making an assessment. For this purpose, among other things, we reconciled the company’s current tenant lists with the underlying contracts for randomly selected rental spaces.

We further verified the qualifications and objectivity of the external appraiser engaged by the company to assess the investment property and evaluated the valuation logic applied in their expert appraisal in terms of compliance with IAS 40 in conjunction with IFRS 13.

We assessed the appropriateness of the selected assumptions for measurement using a risk-based selection of real estate. In particular, we assessed the assumptions made to determine the current and future real estate-specific market rents, operating and maintenance costs and capitalization rates and reviewed these assumptions for appropriateness, taking into account the type and location of the real estate.

We evaluated the development of general assumptions underlying the valuations in course of time. We compared the average multiples arising from the fair values and assumed market rents per location in the light of the characteristics of the individual asset and location with multiples derived from reports issued by real estate associations, expert committees, transaction databases and renowned real estate experts.

In addition, we have determined an indicative range of appropriate property values of the risk-based selection of real estate and compared them with the values determined by the external appraiser.

We also assessed the completeness and adequacy of disclosures on investment property required in the Notes to the consolidated financial statements pursuant to IAS 40 and IFRS 13.

OUR OBSERVATIONS

The data used to assess the valuation of investment property is appropriate. The assumptions used for valuation are appropriate.

The disclosures on investment property in the Notes to the consolidated financial statements pursuant to IAS 40 and IFRS 13 are complete and appropriate.

4. OTHER INFORMATION

Management and the Supervisory Board are responsible for the other information. The other information comprises

- the combined corporate governance statement, which is referred to in the combined management report
- information extraneous to combined management reports and marked as unaudited

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor’s report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

5. RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE COMBINED MANAGEMENT REPORT

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group’s position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group’s financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Furthermore, the management and the Supervisory Board are responsible for the preparation of the remuneration report contained in a separate section of the combined management report, including the related disclosures, in accordance with the requirements of Section 162 AktG. They are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

6. AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group’s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group’s position it provides.
- perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

II. OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Renderings of the Consolidated Financial Statements and the Combined Management Report prepared for Disclosure Purposes in accordance with Section 317 (3b) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file „alstriaofficereitag v2.xhtml" (SHA256-Hashwert: f0a7c3fe98de0305ea978ded6ff5bfd2aeb 777b58ccaaa399370d50a74abc62d) available and prepared for disclosure purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1, 2021 to December 31, 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Auditing Standard: Assurance Work of financial statements and management reports prepared for publication purposes in accordance with Section 317 (3a) HGB (IDW AuS 410(10.2021)) [if conducive to the understanding of the report at an international level: and the International Standard on Assurance Engagements 3000 (Revised)]. Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for quality control in audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1).

The company’s management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the markup of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the company’s management is responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide a content-equivalent XHTML rendering of the audited consolidated financial statements and the audited combined management report.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the annual general meeting held on May 6, 2021. We were engaged by the supervisory board on May 28, 2021. We have been the group auditor of alstria office REIT-AG without interruption since the financial year 2018.

We declare that the opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

III. OTHER MATTER – USE OF THE AUDITOR’S REPORT

Our auditor’s report must always be read together with the audited consolidated financial statements and the combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be published in the German Federal Gazette [Bundesanzeiger] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

IV. GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is René Drotleff.

Hamburg, February 24, 2022

KPMG AG

Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Schmidt
Wirtschaftsprüfer
[German Public Auditor]

Drotleff
Wirtschaftsprüfer
[German Public Auditor]

E. REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

In this report, we explain the Supervisory Board’s monitoring of and consultation with the Management Board, the key issues discussed by the full Supervisory Board and its committees and the audit of the annual and consolidated financial statements for the reviewed year 2021.

I. FOCUS OF THE DISCUSSION

The main topics discussed by the Supervisory Board and its committees in the 2021 financial year were business and financial situation and the Company’s strategy, each in the light of the COVID-19-pandemic, the adjustment of the Management Board’s remuneration system to a new legal framework and the voluntary public takeover offer by Alexandrite Lake Lux Holdings S.à r.l. (Bidder), a company indirectly controlled by Brookfield, to alstria’s shareholders regarding the acquisition of all Company shares against a cash consideration, as published on December 13, 2021 (Takeover Offer).

II. MONITORING AND ADVISING THE COMPANY’S MANAGEMENT

In the 2021 reporting year, we performed the duties incumbent on us under the law and under the articles of association, we advised the Company’s Management Board, and we monitored its management. Based on the Management Board's reports, we thoroughly discussed business development as well as decisions and events of importance to the group. The Supervisory Board was intensively involved in the Company’s fundamental decisions. The Management and Supervisory Boards discussed in detail all measures that required approval. To the extent provided by law, by the articles of association, or by the rules of procedure, the Supervisory Board voted based on thorough examination and consultation.

At Supervisory Board and committee meetings, the Management Board regularly informed the Supervisory Board, in a timely and comprehensive manner, about the Company’s business development, financial situation, planning, important business transactions, risk situations, risk management and compliance. The Supervisory Board also met regularly without the Management Board. The Management Board was also not present at the auditor's report on the 2021 half-year financial report.

The Management Board informed the Supervisory Board between meetings about the development of the real estate portfolio, rental activities and important events, generally by means of monthly reports. The chairmen of the Supervisory and Management Boards held informative and advisory meetings on a fortnightly basis.

III. BOARD MEMBERS

With the end of the annual general meeting on May 6, 2021, the Supervisory Board members Dr. Bernhard Düttmann and Stefanie Frensch resigned from the Supervisory Board. As their successors, the annual general meeting elected Dr. Frank Pörschke and Elisabeth Stheeman to the Supervisory Board, each for a term of three years. Dr. Pörschke has been elected by the Supervisory Board to the Audit Committee and the Finance and Investment Committee, Ms. Stheeman to the Nomination and Remuneration Committee and the Finance and Investment Committee.

In the year under review, the Supervisory Board and its committees comprised the following members:

Supervisory Board member	Audit Committee	Nomination & Remuneration Committee	Finance & Investment Committee	ESG Committee
Dr. Johannes Conradi (chair)	–	Chair	–	Chair
Richard Mully (deputy chair)	–	–	Chair	Member
Dr. Bernhard Düttmann [1)]	Member	–	Member	–
Stefanie Frensch [1)]	–	Member	Member	–
Benoît Herault	Member	Member	–	–
Dr. Frank Pörschke [2)]	Member	–	Member	–
Elisabeth Stheeman [2)]	–	Member	Member	–
Marianne Voigt	Chair	–	–	Member

1) Until the annual general meeting 2021

2) Since the annual general meeting 2021

The Supervisory Board reviewed the implementation status of the profile for the Supervisory Board with concrete objectives regarding the composition of the board, including the competencies represented on the board and its diversity, as presented in the Company's Corporate Governance Statement on pages 185 to 203 of the annual report. As of December 31, 2021, the composition of the Supervisory Board meets these objectives. The profile for the Supervisory Board is complete.

Structured appointment procedures for the Supervisory Board, the regular 3-year terms of office and the annual Supervisory Board elections, are described in the Corporate Governance Statement. The Company has set up an onboarding process and supports new Supervisory Board members' inauguration by familiarizing them with the people involved, the rules and the regulations of the Company and the Supervisory Board's working methods. In addition, the Company supports Supervisory Board members' training measures with regular internal training courses. No conflicts of interest occurred in the past financial year for members of the Supervisory or Management Boards.

After the change of control occurred in the course of the Takeover Offer in January 2022, the members of the Supervisory Board Dr. Johannes Conradi (chair), Richard Mully (deputy chair), Benoît Hérault and Marianne Voigt resigned from their offices effective end of February 28, 2022. The resignations were made in order to allow a representation of the Bidder in the Supervisory Board according to their participation in the Company.

IV. MEETINGS OF THE SUPERVISORY BOARD

The full Supervisory Board held four ordinary and six extraordinary meetings in the 2021 financial year. Based on detailed documents, we also made seven decisions via circular resolution. In the 2022 financial year, one additional meeting of the full Supervisory Board and one circular resolution have taken place before this report's completion. In the reporting year, nearly all meetings of the Supervisory Board and its committees have been held via video conference due to the COVID-19-pandemic.

At the regular Supervisory Board meetings, the Company's situation, development, course of business and market situation were discussed with the Management Board, and the Company's financial results (the interim quarterly and half-year financial reports and the annual and consolidated financial statements) were discussed. Committee chairs reported on the committees' work.

In February 2021, the Supervisory Board, via written circulation, decided on the revision of the rules of procedures for the Management Board and the Supervisory Board of alstria office REIT-AG and its committees, on the profiles for the Supervisory and Management Boards and the status of their implementation as of December 31, 2020, as well as on the Corporate Governance Statement which is submitted jointly with the Management Board.

At the meeting in February 2021, the Supervisory Board addressed the annual and consolidated financial statements as of December 31, 2020, and the consolidated management report and discussed these reports with the auditor. The Supervisory Board approved the annual financial statements for alstria office REIT-AG and its consolidated financial statements as of December 31, 2020 and agreed with the Management Board's proposal to appropriate the annual net profit for the 2020 financial year. The Supervisory Board intensively discussed with the Management Board on its proposal to the shareholders to withhold a so-called “Green Dividend” and to invest it to “Green Projects”. The Management Board presented the newly established carbon accounting for financial year 2020 to the Supervisory Board, by which alstria reports on the Company's carbon emissions as per December 31, 2020. The Supervisory Board passed a resolution on its report to the annual general meeting for the 2020 financial year, dealt with the agenda items and proposed resolutions for the annual general meeting and approved calling a so-called virtual annual general meeting without physical presence of the shareholders and their representatives. The Supervisory Board further dealt with the annual structured succession planning process for the Management Board as well as with the succession planning for the Supervisory Board in the course of the preparation of the recommendations to the annual general meeting for supervisory board elections. In the course of the adjustment of the Management Board's remuneration system to a new legal framework the Supervisory Board resolved on the new Management Board remuneration system and the new Management Board service agreements. The Supervisory Board also discussed the variable remuneration for the Management Board's members: We deliberated on the results of the long-term variable remuneration element for financial year 2017 and on the short-term variable remuneration for financial year 2020 — in each case considering individual performance — and on the parameters of the long-term variable remuneration of the Management Board's members for financial year 2021 applying the new Management Board's remuneration system. The deliberations were each done after a vertical remuneration comparison and in the light of the recommendation from its Nomination and Remuneration Committee. Finally, the Supervisory Board discussed with the Management Board on the market situation and real estate transactions and decided on the approval of investments into the Company's existing portfolio.

In March 2021, the Supervisory Board resolved by way of written circular resolution on the recommendation for resolution to the annual general meeting 2021 and on a corporate governance declaration pursuant to section 161 German Stock Corporation Act (AktG).

In May 2021, the Supervisory Board resolved on further investments into the Company's real estate portfolio as well as on the composition of the Supervisory Board's committees. In June 2021, the Supervisory Board dealt with the results of the corporate governance roadshow by the Supervisory Board's chair and deputy chair, with the new regulatory requirements for the Supervisory Board's composition as well as with the succession planning for the Management and Supervisory Boards. In July 2021, the Supervisory Board in two meetings deliberated on a potential takeover offer by Brookfield. By way of written circular resolution, the Supervisory Board approved mandating an investment bank for the potential takeover offer and set up a Special Committee Offer, which was staffed with four Supervisory Board members.

At the ordinary meeting in September 2021, the Management and Supervisory Boards discussed the Company's strategy. They discussed the Company's largest properties and related development projects as well as capital management. The Supervisory Board discussed with the Management Board the market situation as well as potential real estate transactions and dealt with the positive results from the review of its composition and effectiveness of work. Using the written circular resolution procedure, the Supervisory Board resolved on the adjustment of the profile for the Supervisory Board and made editorial amendments to the Company's articles of association to reflect a capital increase from conditional capital: A total of 140,250 new shares were issued to Company employees under the Company's employee participation plan. In two meetings held in November 2021, the Supervisory Board dealt with the planned takeover offer by Brookfield and approved the deliberation and signing of an investment agreement with the Bidder. The Supervisory Board continued its strategy deliberations in the light of the intended takeover offer, discussed the possibility of a share buyback program for the purpose of settlement of Management Board remuneration elements and thoroughly dealt with investments into the Company's real estate portfolio.

The two meetings in December 2021 concerned corporate and budget planning for the 2022 financial year. The Supervisory Board further deal with the Takeover Offer by Brookfield, the support of the Takeover Offer by Management and Supervisory Boards and the issuance of a joint reasoned statement by Management and Supervisory Boards on the Takeover Offer to the Company's shareholders as published on December 13, 2021. Management and Supervisory Boards further deliberated on alstria's current and planned future financing as well as on potential consequences of the Takeover Offer on the group structure. The Supervisory Board dealt with the impact of the Takeover Offer on the share ownership guidelines for Management and Supervisory Boards and resolved to suspend the Supervisory Board members' self-commitment. The Supervisory Board also discussed with the Management Board the current market environment, the planned real estate transactions, and the activities of the Company's Real Estate Operations team during these meetings. Furthermore, the Supervisory Board dealt with the performance targets for the Management Board members' variable remuneration elements for financial year 2022. Via written circular resolution, the Supervisory Board approved the joint reasoned statement by Management and Supervisory Board on the Takeover Offer.

In February 2022, the Supervisory Board passed a resolution via written circulation procedure on the corporate governance statement and on the remuneration report for the 2021 financial year. At the balance sheet meeting in February 2022, the Supervisory Board dealt with the annual and consolidated financial statements as of December 31, 2021, with the Management Board's proposal for appropriating profits and passed a resolution on the report to the annual general meeting for the 2021 financial year.

Attendance of Supervisory Board members at meetings

Supervisory Board member attendance at meetings of the Supervisory Board in plenary session averaged 99.2% in the 2021 financial year.

	Attendance at meetings*		Participation in %
Full Supervisory Board	regular meetings	extraordinary meetings	total
Dr. Johannes Conradi (Chair)	4/4	6/6	100
Richard Mully (Deputy Chair)	4/4	6/6	100
Dr. Bernhard Düttmann	1/1	0/0	100
Stefanie Frensch	1/1	0/0	100
Benoît Hérault	4/4	6/6	100
Dr. Frank Pörschke	3/3	5/6	90
Elisabeth Stheeman	3/3	6/6	100
Marianne Voigt	4/4	5/6	90
Audit Committee			
Marianne Voigt (Chair)	5/5		100
Dr. Bernhard Düttmann	5/5		100
Benoît Hérault	5/5		100
Dr. Frank Pörschke	5/5		100
Nomination and Remuneration Committee			
Dr. Johannes Conradi (Chair)	7/7		100
Stefanie Frensch	2/2		100
Benoît Hérault	7/7		100
Elisabeth Stheeman	5/5		100
Finance and Investment Committee			
Richard Mully (Chair)	3/3		100
Dr. Bernhard Düttmann	0/0		100
Stefanie Frensch	0/0		100
Dr. Frank Pörschke	3/3		100
Elisabeth Stheeman	3/3		100
ESG Committee			
Dr. Johannes Conradi (Chair)	2/2		100
Richard Mully	2/2		100
Marianne Voigt	2/2		100
Total			99.2

* Participation in a meeting can also be via telephone or video conference

V. COMMITTEES OF THE SUPERVISORY BOARD

The six-member Supervisory Board established four standing committees to support its work, each with at least three members. The committees prepared some of the Supervisory Board's resolution via resolution recommendations; in some cases, decision-making powers were delegated to the committees to the extent permitted by law. In the 2021 financial year, the Supervisory Board's committees primarily dealt with the following topics:

1. AUDIT COMMITTEE

The Audit Committee held five meetings in the 2021 financial year, each attended by the Chief Financial Officer. At the beginning of the reporting year, the Audit Committee thoroughly dealt with property valuation as of December 31, 2020, and with the key audit matters selected by the auditors for the audit of the financial statements for the 2020 financial year. In February 2021, the Audit Committee discussed the annual financial statements and consolidated financial statements as of December 31, 2020, and the consolidated management report as part of the audit of the financial statements. They discussed the documents with the auditors, conducted a preliminary review of the annual and consolidated financial statements and of the Management Board's proposal for the appropriation of profits and submitted corresponding resolution proposals to the full Supervisory Board. The Audit Committee dealt with the auditor's report in accordance with Section 1 para. 4 of the REIT Act and handled the non-auditing services provided by the auditors in the 2020 financial year. In the summer, the Audit Committee dealt with the half-year financial report issued as of June 30, 2021 prior to publication and discussed this with the Management Board and thereafter, in the absence of the Management Board, with the auditor. The Company’s risk situation was discussed regularly. Other topics included the audit of the auditor’s independence, the appointment of KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, as auditor and discussions of accounting, the accounting process, the risk management system, the material risks identified, the effectiveness of the internal control and audit system and an extensive deliberation of alstria’s revised compliance system. The Audit Committee also discussed the internal audit’s results for the 2021 financial year and the financial audit’s quality, and it approved certain non-auditing services provided by the auditors for the 2022 financial year. The division heads of Reporting and Finance as well as the Compliance Officer participated in some of the Audit Committee’s meetings.

2. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee met seven times during the 2021 financial year. Against the background of regulatory changes regarding Management Board remuneration, the updated recommendations of the German Corporate Governance Code and the expectations of investors, the Nomination and Remuneration Committee dealt with the corresponding adjustment of the Management Board remuneration system and the preparation of a proposal to the annual general meeting in the 2021 financial year for the approval of the updated Management Board remuneration system as well as the preparation of new Management Board service agreements. The Nomination and Remuneration Committee dealt with the regular issues of Management Board remuneration and, in particular, deliberated on the amount of variable remuneration for the Management Board’s members, taking into account their individual performance in each case. They also submitted corresponding resolution proposals to the full Supervisory Board. The Nomination and Remuneration Committee gave its approval to the sideline activities of the Management Board members and decided in each case against a possible offsetting of the remuneration earned for these activities against the Management Board remuneration at alstria. The Nomination and Remuneration Committee also assessed the implementation status of the share ownership obligation for members of the Management and Supervisory Boards. They also reviewed the Management Board’s composition and continued the development of a structured process for long-term succession planning. The Nomination and Remuneration Committee also reviewed the composition and succession planning for the Supervisory

Board based on results from the review of the Supervisory Board's composition and effectiveness of work in the context of the expiration of two members' terms of office in each of the 2021 and 2022 financial years. The profiles for the Management and the Supervisory Boards with the criteria for the composition of both bodies were further developed by the Nomination and Remuneration Committee in the reporting year and the committee recommended their adaptation to the Supervisory Board.

3. FINANCE AND INVESTMENT COMMITTEE

The Finance and Investment Committee held three meetings in the 2021 financial year and took one decision on the disposal of a building by way of written circular procedure. During meetings with the Management Board, the committee discussed the financing strategy of alstria office REIT-AG and approved real estate transactions. The head of the Transactions team also participated in some of the committee's meetings.

4. ESG COMMITTEE

The ESG Committee held two meetings in fiscal year 2021. With the Management Board, the committee discussed corporate social responsibility issues, like the concept of the "Green Dividend" and the "Green Projects" in which the Company will invest the Green Dividend, the renewal of the ISO 50.001 certification of the Company's energy management, alstria's purchase of a forest plot. Further, the ESG Committee discussed with the Management Board alstria's sustainability report and the report on alstria's carbon emissions as of December 31, 2020 (carbon accounting). Finally, the committee discussed the ESG targets for the variable Management Board remuneration for the financial year 2021.

5. SPECIAL COMMITTEE OFFER

In the summer of the reporting year, the Supervisory Board established the Special Committee Offer on the occasion of the possible takeover bid by Brookfield, which consisted of the four Supervisory Board members Dr. Johannes Conradi, Richard Mully, Dr. Frank Pörschke and Elisabeth Stheeman. The Special Committee Offer held six meetings in the reporting year, each of which was also open to the other members of the Supervisory Board. The Special Committee Offer dealt intensively with all aspects of the Takeover Offer, advised the Management Board and prepared the decisions of the Supervisory Board on the investment agreement with the Bidder and on the submission of the joint reasoned statement of the Management Board and the Supervisory Board on the Takeover Offer of December 13, 2021.

VI. AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, audited the annual financial statements and the management report of alstria office REIT-AG prepared by the Management Board as well as the consolidated financial statements - including the group management report for the fiscal year from January 1 to December 31, 2021 - and issued an unqualified audit opinion.

The annual financial statements of alstria office REIT-AG, the consolidated financial statements and the combined management report, the Management Board’s proposal for the appropriation of the net income, as well as the auditor's reports, were made available to all Supervisory Board members immediately after their preparation. The Supervisory Board comprehensively reviewed documents prepared by the Management Board in the Audit Committee and in the plenary session. At the Audit Committee meeting, the auditor reported on his audit’s scope, focal points and main results (including the audit of the internal control and risk management system). The auditor addressed the particularly important audit issues (key audit matters) and the audit procedures and was available to answer questions. The Audit Committee prepared the audit by the Supervisory Board and dealt, in particular, with the key audit matters described in the auditor's report, including the audit procedures performed. The full Supervisory Board examined the annual financial statements and consolidated financial statements prepared by the Management Board, along with the combined management report and discussed the results of the audit with the auditor. No objections were raised following the final result of the Supervisory Board's examination. The Supervisory Board approved the annual financial statements and the consolidated financial statements. The annual financial statements are thus deemed adopted. The Supervisory Board concurred with the Management Board's proposal for appropriating net profit.

The Supervisory Board thanks the Management Board and all employees for their extra-ordinary performance, which made it possible for alstria - despite the impacts of the COVID-19-pandemic - to look back on a successful financial year 2021.

Hamburg, February 2022

For the Supervisory Board

Dr Johannes Conradi
Chairman of the Supervisory Board

F. CORPORATE GOVERNANCE STATEMENT

This declaration, pursuant to Section 289f and 315d of the German Commercial Code (*Handelsgesetzbuch*, HGB), describes the working methods of the Management Board and Supervisory Board as well as the composition and working methods of the Supervisory Board committees, the diversity concepts for the Management Board and Supervisory Board composition, the provisions to promote women's participation in management positions in accordance with Section 76 para. 4 and Section 111 para. 5 of the German Stock Corporation Act (*Aktiengesetz*, AktG), the current declaration of compliance in accordance with Section 161 AktG and relevant information on corporate governance practices. The declaration also includes the report on the corporate governance of the Company and forms part of the combined management report of alstria office REIT-AG (**alstria**) and the Group.

The disclosures are made as of December 31, 2021 in each case. Alexandrite Lake Lux Holdings S.à r.l. and its affiliated companies acquired 95.11% of the Company's share capital by February 2022 as part of a public takeover bid. In the course of the takeover, four members of the Company's Supervisory Board have resigned from office with effect from February 28, 2022 (cf. Section I. 5.7 below). Following the replacement of the Supervisory Board members, the Company's intends to review its corporate governance in the light of the takeover and it is possible that this review will lead to substantial deviations to the extent permitted by law.

I. MANAGEMENT BOARD AND SUPERVISORY BOARD

The German stock corporation is legally required to have a dual management system, which provides a strict personnel and functional separation between the Management Board as the management body and the Supervisory Board as the monitoring and advising body. Within this dual management system, the Management Board and Supervisory Board cooperate closely and faithfully in the Company's interest.

1. MANAGEMENT BOARD

As of December 31, 2021, the Management Board of alstria office REIT-AG consists of two members:

Member		Term of office (in years)	Appointed until
Olivier Elamine	Chief Executive Officer	15	31.12.2022
Alexander Dexne	Chief Financial Officer	14	31.12.2022

The Management Board is responsible for managing the Company in the Company's interests. In particular, the Management Board determines the corporate objectives and develops the Company's fundamental strategic orientation, agrees on these with the Supervisory Board and ensures their implementation. Furthermore, the Management Board ensures an appropriate internal control and risk management system as well as the observation of legal provisions and internal guidelines and works towards their observance in the group (Compliance).

The Management Board members are jointly responsible for the management of the Company. Fundamental matters or financially significant material matters stipulated by law, by the Articles of Association or by the rules of procedure for the Management Board, are decided by the Management Board as a whole. The Management Board's resolutions are passed by a simple majority, whereby a unanimous vote shall generally be sought. Certain resolutions on the Company's significant business transactions are also subject to approval by the Supervisory Board. The Management Board reports regularly to the Supervisory Board. At least once a year, the Management Board reports on the intended business policy and on other fundamental issues of corporate planning for the Company and the Group. The Management Board reports regularly (at least quarterly) on the state of business, particularly on sales revenues and income, material indicators and the net assets development, financial position and operation results. The work of the Management Board, the transactions requiring supervisory board approval, the allocation of responsibilities between the individual Management Board members and the reporting and information obligations to the Supervisory Board are detailed in the rules of procedure for the Management Board.

The Management Board's members are committed to the Company's interest and do not pursue personal interests in their decisions or take advantage of business opportunities to which the Company is entitled. They must immediately disclose any conflicts of interest to the chairman of the Supervisory Board. In particular, members of the Management Board shall not directly compete with the Company through private real estate investments; real estate transactions between the Company and members of the Management Board are forbidden. Major business transactions between the Company on the one hand and the Management Board's members, related parties, companies or associations within the meaning of Section 111a AktG on the other hand, require the Supervisory Board's approval. All such transactions must be concluded under customary commercial conditions. The Management Board's members require the Supervisory Board's approval to conduct secondary activities, particularly memberships in supervisory boards of companies not affiliated with the Group. The members of alstria's Management Board had no conflicts of interest in the reporting year. There were no agreements on such transactions between the Company and members of the Management Board and related parties in the reporting period. With the approval of the Supervisory Board, the members of the Management Board sit on the boards of companies outside the Group. A list of the memberships of the Management Board members in supervisory boards of listed companies or companies with comparable requirements pursuant to Section 285 No. 10 HGB can be found on page 162 of the Company's Annual Report.

The compensation of the members of the Management Board is presented in the Compensation Report on pages 58 to 74 of this Annual Report. The Compensation Report, together with the other documents required by Sec. 289 f of the HGB, is also available on the Company's website at www.alstria.com → Company → Corporate Governance → Remuneration.

2. PROFILE FOR THE MANAGEMENT BOARD AND LONG-TERM SUCCESSION PLANNING

The Supervisory Board appoints and dismisses the members of the Management Board and, with the support of its Nomination and Remuneration Committee and the Management Board, ensures long-term succession planning. The Supervisory Board strives for a Management Board composition that ensures that all the knowledge, skills and experience necessary to best manage the Company are available on the Management Board. Therefore, with due consideration of alstria's specific situation, on February 18, 2021 the Supervisory Board last established this profile of skills and expertise and diversity concept with targets for the composition of the Management Board (**Profile for the Management Board**), pursuant to Section 289 f HGB, Section 76 para. 3 AktG and to the German Corporate Governance Code.

The Company's Articles of Association provide that the Management Board shall consist of one or more members. The Supervisory Board decides on the exact number of Management Board members, the Management Board's individual staffing and the Management Board's chairman. Potentially suitable candidates for each Management Board position are generally identified once per calendar year with the help of external personnel consultants. Search profiles for each Management Board position are used as a basis, in which the professional and personal requirements of the candidates for the respective position are described. The search profiles are drawn up by the Supervisory Board as part of a due analysis of the current and future challenges of the Company. The search profiles also take into account the Profile for the Management Board. On this basis a shortlist of available candidates is drawn up with whom structured discussions can be held without delay if necessary. Internal candidates for Management Board succession are identified by the Supervisory Board, which gets to know particularly qualified employees, both professionally and personally, in the course of its meetings.

The initial appointment of Management Board members shall be for a maximum of three years; reappointment of Management Board members shall also generally be for a maximum of three years. Acting members of the Management Board will only be reappointed one year before the end of their term of office, and their current appointment will be terminated at the same time if there are special circumstances.

2.1. Requirements for all management board members

All Management Board members shall have the personal qualification for being a member on the Company's Management Board and shall each meet the legal as well as the following requirements:

- a managerial mindset,
- integrity,
- a capacity for interaction and teamwork,
- leadership skills and persuasive power,
- communication skills,
- an ability to balance risk appetite and risk avoidance,
- relevant education and sufficient professional experience and

- an age of up to 65 years, as a general rule.

2.2. Requirements for the entire Management Board

Viewed as a whole, the members of the Management Board shall have all knowledge, skills and experience needed. In particular, at all times at least one Management Board member shall have due / be duly:

- expertise regarding real estate management (ideally in the management of office properties, acquired in a comparable company);
- knowledge of the German real estate market;
- skills in the sectors real estate transactions, asset management/letting, project development, real estate valuation and all other relevant business divisions;
- experience in defining, setting and executing corporate strategy and an ability to implement profound change and ensure good communication;
- familiarity with the requirements concerning corporate governance and investor communication, gained within a listed company (ideally with a comparable market capitalization);
- experience in leadership and corporate management (ideally acquired in a comparable company) and
- experience in corporate finance and capital markets (ideally acquired in a comparable company).

The composition of the Management Board shall also reflect internationality in terms of diverse cultural backgrounds and international experience of the Management Board members.

2.3. Diversity

- The members of the Management Board shall complement one another in terms of their backgrounds, professional experience and expertise in order to let the leadership benefit from diverse sources of experience, skills and points of view on corporate challenges.
- In the recruitment process, the candidates are treated neutrally in terms of sex and age and will be assessed according to their qualifications.

2.4. Status of implementation as of December 31, 2021

The Profile for the Management Board was fully implemented as of December 31, 2021.

3. SUPERVISORY BOARD

The alstria office REIT-AG Supervisory Board is generally elected by the Annual General Meeting. It is composed exclusively of shareholder representatives. As of December 31, 2021, the Supervisory Board comprised the following six members:

Supervisory Board member			Committee memberships			
	Term of office (in years)	Appointed until[1]	Audit committee	Nomination & Remuneration committee	Finance & Investment committee	ESG committee
Dr. Johannes Conradi (Chair)	15	2023	–	Chair	–	Chair
Richard Mully (Vice Chair)	15	2022	–	–	Chair	Member
Benoît Hérault	10	2022	Member	Member	–	–
Dr. Frank Pörschke	1	2024	Member	–	Member	
Elisabeth Stheeman	1	2024	–	Member	Member	
Marianne Voigt	10	2023	Chair	–	–	Member

[1] until the close of the Annual General Meeting in the respective financial year

The Supervisory Board advises the Management Board on the management of the Company and monitors how it conducts business. The Management Board involves the Supervisory Board in decisions of fundamental importance to the Company. To this end, the rules of procedure for the Management Board stipulate that its approval is required, for example, for the acquisition or disposal of real estate property, for the conclusion of new financing agreements with a consideration or volume of more than EUR 30 million, or for modernization measures not included in the budget approved by the Supervisory Board that exceed a total annual amount of EUR 2 million. Furthermore, transactions with related parties pursuant to Section 111 b para.1 AktG require the approval of the Supervisory Board.

The Supervisory Board elects a Chairman and a Deputy Chairman from among its members. The Chairman of the Supervisory Board coordinates the Supervisory Board's work, chairs its meetings and attends to its affairs externally. The Chairman maintains regular contact with the Management Board and discusses strategy, planning, business development, the risk situation, risk management and corporate compliance with its members. The Management Board immediately informs the Chairman of important events that are of material significance for assessing the situation as well as for development and management. If necessary, the Chairman then informs the Supervisory Board and, when appropriate, convenes a Supervisory Board meeting. The Chairman and Deputy Chairman of the Supervisory Board also regularly hold discussions with investors on Supervisory Board-specific topics.

Supervisory Board resolutions are adopted through a majority of votes by the Supervisory Board members as specified in the Articles of Association, unless otherwise required by law. Resolutions are generally passed at ordinary or extraordinary meetings. Supervisory Board members may attend Supervisory Board meetings in person or via telephone, videoconference or similar audiovisual means. The Supervisory Board also meets regularly without the Management Board. Supervisory Board resolutions may also be adopted outside of meetings by means of written, telephonic or electronic communication if the Chairman permits it for an individual case.

The Supervisory Board regularly reviews, whether internally or with the assistance of external consultants, how effectively the Supervisory Board as a whole and its committees perform their duties. During the 2021 financial year, very positive results were achieved through an effectiveness assessment conducted by means of online questionnaires, which were discussed by the Supervisory Board.

All Supervisory Board members are committed to the Company's interests and do not pursue personal interests in their decisions or take advantage of business opportunities to which the Company is entitled. Conflicts of interest must be disclosed to the Chairman of the Supervisory Board without delay. In the case of resolutions for which a conflict of interest exists, the Supervisory Board member concerned abstains from voting. Members of the Supervisory Board shall not directly compete with the Company through private real estate investments; real estate transactions between the Company and members of the Supervisory Board are forbidden. Significant transactions between the Company on the one hand and members of the Supervisory Board, related parties, companies or associations within the meaning of Section 111a AktG on the other hand require the approval of the Supervisory Board. In the reporting year, there were no conflicts of interest involving members of alstria's Supervisory Board. There were no agreements on such transactions between the Company on the one hand and members of the Supervisory Board and related parties on the other in the reporting period.

Supervisory Board members ensure that they have sufficient time to perform their duties. The members of the Supervisory Board observed the overboarding rules as defined in the Profile for the Supervisory Board (see below). alstria's website contains the member's curricula vitae and an overview of their main activities in addition to their Supervisory Board mandate. A list of the memberships of the Supervisory Board members on supervisory boards or similar supervisory bodies of non-Group companies in accordance with Section 285 no. 10 of the HGB can also be found in the annual report on pages 163 to 165.

The compensation of the members of the Supervisory Board is presented in the compensation report on pages 75 to 78 of this Annual Report.

4. SUPERVISORY BOARD COMMITTEES

To manage its tasks efficiently, the Supervisory Board has formed four standing committees from among its members: an Audit Committee, a Finance and Investment Committee, a Nomination and Remuneration Committee and a purely advisory and preparatory ESG Committee. Each committee has its own rules of procedure, which further regulate the committee's affairs, tasks and decision-making powers, where appropriate. The rules of procedure for the Supervisory Board can be viewed on the Company's website.

4.1. Audit Committee

The Audit Committee deals with the Company's accounting and accounting process, risk management, internal control and audit system and compliance. In addition, the Audit Committee deals with the audit of the financial statements, in particular the selection, independence and qualification of the auditors and the additional services provided by the auditors, the issuing of the corresponding audit engagement, the determination of focal points of the audit, the fee agreement and the assessment of the audit's quality.

4.2. Finance and Investment Committee

The Finance and Investment Committee discusses the Company's financing strategy and grants Supervisory Board approval for the conclusion of financing agreements and for the acquisition or disposal of real estate properties or other assets, provided that the underlying financing volume or the consideration for the transaction exceeds EUR 30 million and does not exceed EUR 100 million. Financing agreements and transactions that exceed this amount must be submitted to the full Supervisory Board for approval. The Finance and Investment Committee also grants Supervisory Board approval for the conclusion or early termination of lease agreements with third parties as well as for contracts with Supervisory Board members, in accordance with Section 114 of the AktG.

4.3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee deals with the preparation of the resolutions of the full Supervisory Board on the appointment and dismissal of Management Board members (including the preparation of the Profile for the Management Board), on the Management Board's compensation system and the total compensation of individual Management Board members, on the target figures for the proportion of women on the Management Board and Supervisory Board, and on the rules of procedure for the Management Board. The Nomination and Remuneration Committee deals with ongoing succession planning for the Management Board and decides on the conclusion, amendment, extension and termination of Management Board employment contracts, on the content of contracts (with the exception of compensation), and on the approval of certain other activities of Management Board members. Finally, the Nomination and Remuneration Committee prepares the Supervisory Board's resolution on election proposals to the Annual General Meeting for suitable Supervisory Board members (including the Profile for the Supervisory Board) and on determining the compensation for the Supervisory Board, and it deals with any insider information that falls within the Supervisory Board's remit.

4.4. ESG Committee

The ESG Committee deals with environment social governance issues such as environmental policies and CO_2 targets, energy management policies, the potential impact of climate change, corporate social responsibility legislation, corporate social responsibility ratings and the Company's sustainability reports.

The Supervisory Board reports on its activities and its committees' work during the 2021 financial year in its report to the Annual General Meeting on pages 176 to 184 of the Annual Report. The Compensation Report, together with the other documents required by Sec. 289 f of the HGB, is also available on the Company's website at www.alstria.com → Company → Corporate Governance → Remuneration.

5. PROFILE FOR THE SUPERVISORY BOARD

alstria office REIT-AG's Supervisory Board shall ensure proper consultation with and control of the Management Board. Therefore, Supervisory Board members shall have the knowledge, skills and experience necessary to properly fulfil their duties and complement one another. For this reason, on September 9, 2021, the Supervisory Board has last established this profile of skills and expertise and diversity concept with targets for the composition of the Supervisory Board ("**Profile for the Supervisory Board**") according to Sec. 289 f of the German Commercial Code and the German Corporate Governance Code. Thereby, the Supervisory Board has especially considered alstria's specific situation and shareholder structure.

5.1. General profile of qualification

- Managerial or operational experience
- Availability and willingness to dedicate sufficient time
- Discretion and integrity
- Capacity for interaction and teamwork
- Leadership skills and persuasive power
- Willingness to engage in regular and independent advanced training
- Age of up to 70 years, as a rule;
- No board membership, no advisory function excluding independence with and no personal relationship to a significant competitor of the Company.

5.2. Overboarding

Including their membership on alstria's Supervisory Board, our Supervisory Board members shall, as a rule, not permanently have more than five board mandates at listed companies with registered seats in Germany and abroad. For the purposes of calculating this limit, a Supervisory Board mandate or a comparable function in non-listed companies is counted as one mandate, with a supervisory board chair being counted as two; management board mandates at listed companies are counted as three and should not be held by the Chair of our Supervisory Board.

5.3. Qualification and diversity

- The members of the Supervisory Board shall complement one another in terms of background, professional experience and skills in order to provide the Supervisory Board with the most diverse sources of experience and skills possible.
- Viewed as a whole, the members must be familiar with the real estate sector. At least two members shall have due expertise in the office real estate market.
- At least two members shall have strong international backgrounds. At least two members shall have strong German backgrounds.
- At least one member shall have experience as a management board member (ideally as the chief executive officer of a listed company) and be familiar with stakeholder management.

- At least two members of the Audit Committee, including the Chair, shall be financial experts: At least one member shall have gained special expertise and experience in accounting, the application of accounting principles and internal control systems (e.g., as the chief financial officer of a comparable company). At least one further member shall have gained special expertise and experience in the auditing of annual statements (e.g., as auditor in an audit firm or as chief financial officer of a comparable company).
- The members of the Supervisory Board shall complement one another in terms of gender. At least two members shall be female. At least two members shall be male.

5.4. Independence

A Supervisory Board member is independent from the Company and its management as long as it has no personal or business relationships with the Company or its Management Board, which could cause a substantial and not merely temporary conflict of interest.

A Supervisory Board member is independent from a controlling shareholder if the Supervisory Board member or a close relative is neither a controlling shareholder, nor a member of the executive governing body of the controlling shareholder and does not have a business or personal relationship with the controlling shareholder that may cause a substantial and not merely temporary conflict of interest.

The Supervisory Board has determined the following requirements for the independence of its members from the Company and its management. The Supervisory Board regularly reviews at its reasonable discretion, whether its members are independent in its assessment. Thereby, the Supervisory Board particularly considers if a Supervisory Board member or one of their close relatives

- was a member of the Management Board in a Group company in the three years before its appointment (for Supervisory Board members themselves, a five-year period shall apply);
- has, or had within the 3 years up to his appointment, a material business relationship with the Group or a member of the Management Board (e.g., as a tenant, lender or advisor), either directly or as a shareholder, director or senior employee of a non-group entity that has such a relationship with the Group (acceptance of payment in excess of EUR 50,000 p.a. is considered as material);
- is a close relative of one of the members of the Management Board of the Company;
- has been a member of the Supervisory Board for more than 12 years;
- is affiliated with a not-for-profit entity that receives significant contributions from the Company; or
- was a partner or employee of the Company’s outside auditor during the past three years (only applicable to Supervisory Board members themselves).

Should the Supervisory Board come to the conclusion that a Supervisory Board member is independent even though there are opposing criteria, the Supervisory Board will give reasons for this assessment in the corporate governance statement. A membership of more than 12 years in the Supervisory Board does not exclude independence as long as there are no further criteria for a missing independence.

5.4.1. Independence in the plenum and committees:

The Supervisory Board has determined the following requirements for the independence regarding the composition of the plenum and the committees:

- At least four members of the Supervisory Board shall be independent from the Company and its Management Board.
- Should the Company have a controlling shareholder, at least three members of the Supervisory Board shall be independent from the controlling shareholder.
- No more than two Supervisory Board members shall be former members of the Management Board.
- The **Chair of the Supervisory Board** shall be independent from the Company and its Management Board as well as from a controlling shareholder. The Chair of the audit committee shall not chair the Supervisory Board.
- The Chair as well as the majority of the members of the **Audit Committee** shall be independent from the Company and its Management Board and from a controlling shareholder.
- The Chair as well as the majority of the members of the **Nomination and Remuneration Committee** shall be independent from the Company and its Management Board.

5.5. Succession planning and annual elections to the Supervisory Board

alstria appoints Supervisory Board members using a structured process. The Supervisory Board submits nominations to the Annual General Meeting for each vacant Supervisory Board position. The Supervisory Board’s Nomination and Remuneration Committee prepares these recommendations for an election.

The Supervisory Board chooses the candidates whom it recommends to the Annual General Meeting for an election as follows: Annually, the Supervisory Board assesses the effectiveness of its work – every three years this is done by an external advisor – and checks the composition of the Supervisory Board and whether the targets laid down in the Profile for the Supervisory Board are being met. The Supervisory Board also checks whether the targets need to be adjusted in light of alstria’s situation and circumstances, which might have evolved. Given such results, the Supervisory Board assesses in the first place whether it would be appropriate to recommend to the Annual General Meeting to reappoint the Supervisory Board member whose term of office will end with the next Annual General Meeting. When doing so, the Supervisory Board takes into consideration the criteria for independence mentioned above, especially whether the candidate is a member of the Supervisory Board for more than 12 years. The Supervisory Board will search for external candidates for the vacant position with the help of an external advisor and thereby strives to fulfil the Profile for the Supervisory Board.

In its election proposals to the Annual General Meeting, the Supervisory Board discloses the personal and business relationships of every candidate with the Company, the Management and Supervisory Boards and any shareholders with a material interest in the Company. The election proposals go along with a curriculum vitae, providing information on each candidate’s relevant knowledge, skills and professional experience and an overview of the candidate's material activities in addition to the Supervisory Board mandate. The curricula vitae of all Supervisory Board members are updated annually and published on the Company's website.

The Supervisory Board agreed on recommending at the Annual General Meeting to elect Supervisory Board members for a term of three years only - rather than for five years as permitted by law. Two members of the Supervisory Board will have equal terms of office. As a result, the Annual General Meeting of shareholders elects two members of the Supervisory Board each year and thus has the opportunity to shape the composition of the Supervisory Board every year. In this way, the legitimacy of the shareholder representatives on the Supervisory Board is annually renewed. The Annual General Meeting of shareholders elects each member of the Supervisory Board individually. Where an application is made for the appointment of a Supervisory Board member by a court, the term of that member will be limited until the next Annual General Meeting.

5.6. Status of implementation as of December 31, 2021

In line with the appointment procedure described above, Dr. Frank Pörschke and Elisabeth Stheeman were proposed for election as Supervisory Board members at the Annual General Meeting of alstria office REIT-AG in Mai 2021 and elected to the Supervisory Board for a term of three years. All the objectives set out in the Profile for the Supervisory Board were implemented as of December 31, 2021, and the Profile was fully completed by the full Supervisory Board in terms of the set general requirements, overboarding rules, qualification and diversity, independence and conflicts of interest.

The Supervisory Board considers the members Dr. Johannes Conradi and Richard Mully to be independent despite their fifteen years of membership on the Supervisory Board of the Company. Their special familiarity with the Company's affairs enables them to use their expertise for the benefit of the Company. The Supervisory Board also does not see any other criteria that stand against independence. Neither of the two members has a significant business relationship with the Company or any of its subsidiaries. Likewise, there are no family or other personal relationships. The occasional advice given to the Company by the law firm Freshfields Bruckhaus Deringer PartG mbB, of which Dr. Johannes Conradi is a partner, does not conflict with the independence of Dr. Johannes Conradi, as the advice given in each case concerns nonessential matters of the Company. Accordingly, the remuneration paid to Freshfields Bruckhaus Deringer PartG mbB in the last three financial years was in total less than EUR 10 k. Furthermore, these mandates were exclusively handled by other lawyers and not by Dr. Johannes Conradi. The Supervisory Board therefore regards both longstanding members as independent of the Company and the Management Board, especially since both members had declared at an early stage that they will not be available for a further term of office after their terms expire (Richard Mully in 2022 and Johannes Conradi in 2023).

The following table illustrates the achievement of the target in the area of independence from the Company and the Management Board as of December 31, 2021:

Member[1)]	Term of office exceeding 12 years	Former member of alstria's Management Board	Substantial business relationship with alstria[2)]	Close relative of a member of alstria's Management Board	Independent[3)]
Dr. Johannes Conradi (Chair)	yes	no	no	no	yes
Richard Mully (Vice Chair)	yes	no	no	no	yes
Benoît Hérault	no	no	no	no	yes
Dr. Frank Pörschke	no	no	no	no	yes
Elisabeth Stheeman	no	no	no	no	yes
Marianne Voigt	no	no	no	no	yes

1) with the exception of the term of office, the information relates in each case to the Supervisory Board member and his/her close relatives

2) currently or in the three years up to appointment; directly or as a shareholder or in a responsible function of a company outside the Group

3) ff the Company, the Management Board and a controlling shareholder (in the opinion of the Supervisory Board)

The following table illustrates the achievement of targets in the area of overboarding as of December 31, 2021. A Supervisory Board member should not permanently have more than five board mandates (including the membership on alstria's Supervisory Board). Supervisory Board mandates at non-group listed companies in Germany and abroad and, due to size, internationality and complexity, comparable functions at non-listed companies are considered, with a supervisory board chair counting as two mandates; management board mandates at non-group listed companies in Germany and abroad are counting as three mandates:

Member	Management board mandates at listed companies		Supervisory board mandates at listed or comparable companies		Total count of mandates	Overboarded
Dr. Johannes Conradi (Chair)			2	alstria office REIT-AG (chairman)	2/5	no
Richard Mully (Vice Chair)			3	alstria office REIT-AG (member) Great Portland Estates PLC, UK (non-executive chairman)	3/5	no
Benoît Hérault	3	Elaia Investment Spain SOCIMI, S.A. (CEO) (Batipart Group)	1	alstria office REIT-AG (member)	4/5	no
Dr. Frank Pörschke			2	alstria office REIT-AG (member) AUG. PRIEN Bauunternehmung (GmbH & Co. KG) (member)	2/5	no
Elisabeth Stheeman			3	alstria office REIT-AG (member) Aareal Bank AG (member) Edinburgh Investment Trust PLC, UK (member)	3/5	no
Marianne Voigt			1	alstria office REIT-AG (member)	1/5	no

The following table illustrates the knowledge and experience of the single members of the Supervisory Board relevant to their work on the Supervisory Board as of December 31, 2021:

Member	Nationality	Industry background	Real estate sector	Office real estate	International background	German background	Experience as management board member	Financial expert
Dr. Johannes Conradi (Chair)	German	Law	X	X	X	X		
Richard Mully (Vice Chair)	British	Finance	X	X	X		X	
Benoît Hérault	French	Law Finance	X	X	X		X[1]	X (audit)
Dr. Frank Pörschke	German	Real Estate	X	X	X	X	X	
Elisabeth Stheeman	German and British	Finance	X	X	X	X	X	X (accounting)
Marianne Voigt	German	Controlling/ Finance, IT, Management				X	X	X (audit and accounting

[1] as CEO of a non-group, listed company

5.7. Further developments

Following the takeover of the Company by Alexandrite Lake Lux Holdings S.à r.l., the Chairman of the Supervisory Board, Dr. Johannes Conradi, and the members of the Supervisory Board, Benoît Hérault, Richard Mully and Marianne Voigt, had resigned from office with effect from February 28, 2022.

On February 11, 2022, the Company had applied for the judicial appointment of Messrs. Brad Hyler, Jan Sucharda and Karl Wambach and Ms. Rebecca Worthington as members of the Supervisory Board of the Company with effect from March 1, 2022 until the end of the next Annual General Meeting. The motion was granted by resolution dated February 16, 2022.

II. WOMEN IN LEADING POSITIONS

Employees and their development within the Company are of central importance for society to achieve sustainable success. When filling management positions in the Company, the Management Board strives for a high level of diversity among employees and a high proportion of female managers. The Management Board determined a target figure of at least 30 % for the proportion of women in the first management level below the Management Board (Head of Departments) in accordance with Section 76 para. 4 AktG. This target figure has been achieved with 36,4 % as of December 31, 2021 and will apply until December 31, 2026. Due to the lack of an additional management level with decision-making competence and budget responsibility, there was no need to determine a target figure for women’s participation at the second management level.

The Supervisory Board set a target figure of at least 30 % for the proportion of women on the Supervisory Board. This target was reached at 33.3 % as of December 31, 2021 and will apply until December 31, 2024. The target for the proportion of women on the Management Board was initially 0 % against the background of the terms of office of the two Management Board members lasting until

December 31, 2022. In December 2020 the target for the proportion of women on the Management Board was raised to at least 30 %. This target was not reached as of

December 31, 2021 and will apply until December 31, 2024.

III. GERMAN CORPORATE GOVERNANCE CODE

The recommendations and suggestions of the Government Commission, as appointed by the German Federal Ministry of Justice, contain internationally and nationally accepted standards of good and responsible corporate governance. Our declarations of compliance with the recommendations of the German Corporate Governance Code pursuant to Section 161 AktG are published on the Company's website (www.alstria.com). alstria complied and complies with the recommendations of the German Corporate Governance Code with the few exceptions stated in the declaration of compliance.

These exceptions and the reasons for the Company's nonconformity are set out in the declaration of compliance, as last issued by the Management Board and the Supervisory Board on March 12, 2021:

Declaration of compliance dated March 12, 2021

"I. alstria office REIT-AG ("**Company**") complies with all recommendations of the 'Government Commission German Corporate Governance Code' in the version which entered into force on March 20, 2020 ("**GCGC**") with the following exception. The Company intends to comply with all recommendations of the GCGC in future, except for the temporary deviation mentioned below.

Number of mandates outside the group, C. 4 GCGC

According to the recommendations of the GCGC, a supervisory board member who is not a member of any management board of a listed company shall not accept more than five supervisory board mandates at non-group listed companies or comparable functions with an appointment as chair of the supervisory board being counted twice. The Supervisory Bord, based on the recommendation of its nomination and remuneration committee, will recommend Dr Frank Pörschke to the Company's Annual General Meeting on May 6, 2021 for election to the Supervisory Board. Dr Pörschke has declared that he will terminate most of his current external mandates effective June 30, 2021 and thus will meet the requirements set out in C. 4 GCGC.

II. The Company has - apart from the exceptions stated below - complied with the recommendations of the GCGC since its last Declaration of Compliance on December 3, 2020 with the following exceptions.

Publication of rules of procedure for the Supervisory Board, D.1 GCGC

The rules of procedure for the Supervisory Board of alstria office REIT-AG have been revised and adapted to the current regulatory framework. Since the completion of the revision, the rules of procedure for the Supervisory Board are being published on the Company website.

Remuneration of the Management Board

Compared to the previous version, Section G.I. of the GCGC contains new recommendations on the remuneration of the Management Board. The Company's Management Board remuneration system, which was approved by the Annual General Meeting of alstria office REIT-AG on May 16, 2017 complied largely, but not fully with these new recommendations. At the beginning of financial year 2021, the Supervisory Board has revised and adapted the Management Board compensation system to the new regulatory requirements, also implementing the requirements of the GCGC. The Company will present the adjusted remuneration system for the Management Board to the Annual General Meeting of the Company in financial year 2021 for approval and has implemented it as per January 1, 2021, subject to the approval of the Annual General Meeting.

Determination of a maximum compensation, G.1 GCGC

The remuneration system for the Management Board which was in place until December 31, 2020 specified maximum amounts for the remuneration, these did not yet include fringe benefits for Company cars and insurance benefits. As part of the introduction of the remuneration system for the Management Board 2021, a maximum remuneration has been determined for each Management Board position which includes any and all fringe benefits.

Determination of performance targets for variable remuneration elements, G.7 GCGC

The Supervisory Board is in agreement that it will determine the performance targets for all Management Board members and all variable remuneration elements before the start of each respective financial year. However, due to the implementation of the Management Board remuneration system 2021, this was not possible for the variable remuneration elements for financial year 2021. The Supervisory Board has set these targets at the beginning of financial year 2021.

Change of performance targets for elements of variable remuneration, G.8 GCGC

In the Management Board remuneration system as applicable until December 31, 2020, the short-term incentive remuneration element of the Management Board was mainly based on the achievement of a funds from operations per share ("FFO per share") target. In the event that the achieved FFO per share in a financial year was impacted by real estate acquisitions and disposals, the Supervisory Board adjusted the FFO per share target accordingly. In doing so, the Supervisory Board ensured the Management Board was not incentivized to enter into acquisitions by means of achieving personal short-term benefits. The impact of any real estate transaction on the management remuneration was solely linked to multi-year remuneration elements, therefore aligning the interest of the Management Board with those of the Company and its shareholders. Furthermore, the FFO per share target was being adjusted to changes in the Company's share capital carried out in the relevant financial year. The Management Board remuneration system 2021 still provides the FFO per share target, cleared up by the effects mentioned above. However, a case-by-case decision of the Supervisory Board is no longer necessary.

Possibility to retain or reclaim variable compensation, G.11 GCGC

The remuneration system for the Management Board as applicable until December 31, 2020 did not provide for a possibility to entirely retain or reclaim variable remuneration components. As part of the revision of the Management Board compensation system, these possibilities have been introduced."

IV. CORPORATE MANAGEMENT PRACTICES

To achieve a value-oriented and trust-building corporate management, alstria applies management practices that go beyond the legal requirements.

1. CORPORATE GOVERNANCE

In managing the Company, the Management Board and Supervisory Board of alstria are aware of their responsibility towards the shareholders, employees, tenants and business partners of alstria. Good corporate governance strengthens the trust of our stakeholders and is therefore the basis for our decision-making and control processes. It stands for a responsible, value and long-term success-driven governance and control of the Company, a targeted and efficient cooperation between the Management Board and the Supervisory Board, respect for the interests of our shareholders and employees, transparency and responsibility in all entrepreneurial decisions as well as an appropriate risk management.

alstria has implemented large parts of the recommendations and suggestions of the German Corporate Governance Code and thus goes beyond the legal requirements. At least once a year and whenever necessary, a corporate governance officer in the Company reports to the Management Board and the Supervisory Board any changes to the German Corporate Governance Code. alstria thus ensures that these principles are observed throughout the Company.

2. INTEGRITY AND COMPLIANCE

Behavior with integrity is one of alstria's most important principles. The trust of shareholders, tenants, employees and business partners depends crucially on the conduct of each individual. The Company's Management Board has therefore implemented a compliance management system geared towards the risk situation of the Company, to ensure compliance with legal requirements and internal guidelines, and it also sets standards for fair treatment of business partners, competitors and employees.

A code of conduct for employees sets our principles of conduct, provides guidance in conflict situations (e.g., a conflict of interest) and thus serves as a model and orientation for correct behavior for all employees of the company. The code of conduct is published on the alstria website. The Compliance Officer is responsible for communicating these values to the employees by in-house training for all employees and by answering questions on the code of conduct's implementation of the as well as internal guidelines. Compliance with the code of conduct is monitored by colleagues, superiors and the Compliance Officer, as well as by regular reviews by an auditor. Employees are given the opportunity to report violations within the Company via various reporting channels. alstria has also set up a telephone hotline at a law firm where employees can anonymously report violations of the code of conduct or the Company's internal guidelines. In addition, the Management Board regularly discusses the Company's compliance with the Audit Committee of the Supervisory Board. Violations of the code of conduct will not be tolerated and will be fully investigated and sanctioned. These may include disciplinary measures up to and including termination of employment, the assertion of a claim for damages and criminal charges.

Integrity is also an essential condition for building trusting partnerships and cooperation with our business partners. For this reason, alstria has introduced a code of conduct for its service providers, craftsmen, suppliers and business partners, which describes fundamental legal and ethical requirements. This code of conduct for service providers is published on the website of alstria and defines the Company's expectations of integrity and compliant behavior of its business partners.

3. COMMUNICATION AND TRANSPARENCY

Transparent corporate governance and good communication with the shareholders and the public help to strengthen the confidence of investors and the public in alstria's work.

3.1. Relationship to the shareholders

alstria respects the rights of its shareholders and guarantees to the best of its ability to exercise these rights within the legal and statutory framework. These rights include, in particular, the free acquisition and free sale of shares, participation in the Annual General Meeting, adequate satisfaction of the need for information and adequately distributed voting rights per share (one share - one vote). Shareholders have the option of exercising their voting rights at the Annual General Meeting in person or through a proxy of their choice or a company-appointed proxy that is bound by instructions. The invitation to the Annual General Meeting explains how instructions for exercising voting rights can be issued. The documents convening the Annual General Meeting can also be sent electronically at the request of the shareholder. The convening notice and the documents to be made available for inspection in accordance with the statutory provisions will be published on alstria's website together with the agenda and the additional documents pursuant to Section 124a AktG. The Annual General Meeting of alstria office REIT-AG is usually chaired by the Chairman of the Supervisory Board, who aims to hold the Annual General Meeting within a time window of no more than four to six hours. Following the Annual General Meeting, the voting results will be announced on alstria's website.

3.2. Communication with the public

When sharing information with persons outside the Company, the Management Board follows the principles of transparency, promptitude, comprehensibility and equal treatment of shareholders. alstria informs its shareholders and the interested public about the Company's situation, significant business events, and changes in the business outlook and risk situation in particular through financial reports, analyst and press conferences, press and ad-hoc announcements and the Annual General

Meeting. The alstria website provides comprehensive information about the Company, its shares and other financial instruments and the share price development, as well as notifications of directors' dealings in accordance with Article 19 of the Market Abuse Regulation (Regulation (EC) No. 596/2014 of the European Parliament and the Council) (Directors' Dealings). Furthermore, alstria publishes a financial calendar in its financial reports and on its website, listing all dates of importance to shareholders. The notices and information are additionally published in English.

3.3. Financial reporting

alstria regularly informs shareholders and third parties during each financial year by means of the consolidated and half-year financial statements, as well as quarterly interim statements. The accounting of the alstria Group is based on International Financial Reporting Standards (IFRS) as applied in the European Union. For corporate law purposes (calculation of dividends, creditor protection), financial statements for alstria office REIT-AG are prepared in accordance with the national commercial law (HGB).

The Annual General Meeting appoints an independent auditor for alstria office REIT-AG and the Group as well as for the audit review of the interim financial reports. Following the election by the Annual General Meeting, the Audit Committee of the Supervisory Board awards the mandate for the audit of the financial statements and agrees on the fee with the auditor. It is agreed with the auditors that the auditors will inform the Audit Committee without delay of all findings and events of significance for their duties which come to their attention during the performance of the audit. In the event that the auditor, during the performance of the audit, discovers facts that indicate that the declaration of compliance with the German Corporate Governance Code issued by the Management Board and Supervisory Board in accordance with Section 161 AktG is incorrect, an obligation to provide information and disclosure in the audit report is agreed upon.

The auditor participates in the deliberations of the Audit Committee and the full Supervisory Board to discuss the financial statements of alstria office REIT-AG and the consolidated financial statements of the Group. The auditor also participates in the meeting of the Audit Committee to discuss the half-year financial report. In the meetings, the auditor presents the main results of the respective audit. KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, was appointed to audit the annual financial statements of alstria office REIT-AG and of the Group for the 2021 financial year and for further interim financial reports until the next ordinary general meeting in 2022. Since the 2018 financial year, René Drotleff has been the auditor directly responsible for auditing the financial statements of alstria office REIT-AG and the Group.

4. SUSTAINABILITY

alstria's sustainability approach is based on a three-pillar model and considers the effects of business activities in the areas of economy, ecology and social issues. As a commercial organization, alstria's main objective is to increase the value of the Company on a sustainable basis. It strives to generate the best possible return on its capital in the long-term. alstria's sustainability approach is not exclusively focused on the environment, as the economic and social impacts of its activities are also taken into account. The Company weighs the risk–benefit of all three areas before making any decisions and adapts its actions to what it feels is the most viable course of action in each case. The result of this approach is that alstria might not always make decisions that maximize its short-term profit, but strives to follow the path that will produce the best long-term prospects for the Company.

alstria's sustainability approach and performance in the three sustainability areas, as well as its future goals, are described in detail in the Company's annual sustainability report, which is available on alstria's website.

February 2022

The Management Board **The Supervisory Board**

G. REIT DISCLOSURES

I. REIT DECLARATION

Statement of the management board

In relation to the financial statements according to Section 264 of the German Commercial Code (*Handelsgesetzbuch,* HGB) and the IFRS consolidated financial statements according to Section 315e HGB as per December 31, 2021, the Management Board of alstria office REIT-AG (alstria or the company) issues the following declaration regarding compliance with the requirements of Sections 11 to 15 of the REIT Act (German Real Estate Investment Trust Act) and regarding how the composition of income subject to and not subject to income tax is calculated for the purposes of Section 19 paragraph 3 REIT Act, in conjunction with Section 19a REIT Act:

1. As per balance sheet date, to our knowledge, 46.69 % of alstria's shares were free float according to Section 11 paragraph 1 REIT Act. This was communicated in writing to the German Federal Financial Supervisory Authority (BaFin) on January 10, 2022.
2. Alexandrite Lake Lux Holdings S.à r.l., Luxembourg, Grand Duchy of Luxembourg, announced pursuant to section 23 para. 1 sentence 1 no. 1 WpÜG (German Securities Takeover Act) that it directly held 60,098,666 or 33.76 % of alstria's shares as of the balance sheet date. Additionnaly, Lapis Luxembourg Holdings S.à r.l., Luxembourg, Luxembourg, was reported to directly hold 18.213.868 or 10,23 % of alstria's shares. This is a deviation from the regulation of Section 11, Paragraph 4 of the REIT Act, which means that no investor should directly hold 10% or more of the shares in the company. Apart from the two named companies, according to our knowledge, no investor directly owns 10% or more of the shares in our company or shares to such an extent that he has 10% or more of the voting rights.
3. In relation to the sum of the assets pursuant to the consolidated statements less the distribution obligation and the reserves pursuant to Section 12 paragraph 2 REIT Act
   a) As per the balance sheet date, the immovable assets amounted to EUR 4,870,339 k, which equals 93.05 % of the assets; therefore, at least 75 % of the assets are immovable assets.
   b) The assets belonging to the property of REIT service companies as per balance sheet date which were included in the consolidated statements amount to a maximum of 20 %, namely EUR 1,314 k and therefore 0.03 %.
4. In relation to the sum of the entire sales revenue plus the other earnings from immovable assets pursuant to the IFRS consolidated financial statements (Section 12 paragraph 3 and 4 REIT Act)
   a) For the financial year 2021, the entire sales revenues plus other earnings from immovable assets amounted to EUR 332.4 million. This equals 100 % of total revenues plus other earnings from immovable assets;

b) The sum of the sales revenue plus the other earnings from immovable assets of the REIT service companies amounted to EUR 64 k in the financial year 2021. This equals 0.02 % of the Group's total revenue plus other earnings from immovable assets.

5. In financial year 2021, a dividend payment of EUR 94,230 k for the prior financial year was distributed to the shareholders. Financial year 2020 resulted in a net gain amounting to EUR 42,448 k, according to commercial law.
6. alstria office REIT-AG's dividend is not derived from already taxed parts of the annual profit.
7. Since 2017, the Group has realised 13.09 % of the average portfolio of its immovable assets and therefore did not trade with real estate, according to Section 14 REIT Act.
8. On the balance sheet date, the Group's equity was EUR 3,367.1 million, as shown in the IFRS Consolidated Financial Statements. This equals 69.13 % of the value of the immovable assets shown in the consolidated financial statements, in accordance with Section 12 paragraph 1 REIT Act (Section 15 REIT Act).

Hamburg, February 24, 2022
alstria office REIT-AG

Olivier Elamine
CEO

Alexander Dexne
CFO

II. REIT MEMORANDUM

Auditor’s memorandum according Section 1 (4) REIT Act

To alstria office REIT-AG, Hamburg

As auditor of the annual financial statements and the consolidated financial statements of alstria office REIT-AG, Hamburg, for the financial year from January 1 to December 31, 2021, we have audited the information given in the attached declaration of the management board members for the compliance with the requirements of sections 11 to 15 of the REIT Act and the composition of the proceeds concerning the pretaxation of proceeds according to section 19 (3), section 19a REIT Act as of December 31, 2021 (hereinafter referred to as “REIT declaration”). The information given in the REIT declaration is the responsibility of the management board of the Company. Our responsibility is to express an opinion on the information given based on our audit.

We conducted our audit considering the audit guidance promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW): Particularities concerning the audit of a REIT stock corporation according to section 1 (4) REIT Act, a pre-REIT stock corporation according to section 2 clause 3 REIT Act and the audit according to section 21 (3) clause 3 REIT Act (IDW PH 9.950.2). Therefore, we have planned and performed our audit to make a judgment with reasonable assurance if the free float ratio and the maximum stock ownership per shareholder according to section 11 (1) and (4) REIT Act agrees with the announcements according to section 11 (5) REIT Act as of December 31, 2021 and if the provided information concerning the requirements of sections 12 to 15 REIT Act and the composition of the proceeds concerning the pretaxation of proceeds according to section 19a REIT Act is appropriate. It was not part of our engagement to fully assess the company’s tax assessments or position. Within our audit procedures we compared the information concerning the free float ratio and the maximum stock ownership per shareholder according to section 11 (1) and (4) REIT Act provided within the REIT declaration with the announcements according to section 11 (5) REIT Act as of December 31, 2021 and agreed the provided information concerning the requirements of sections 12 to 15 REIT Act with the information disclosed in the annual financial statements and the consolidated financial statements of the Company. Furthermore, we tested the adjustments made to the valuation of immovable assets held as investment for their compliance with section 12 (1) REIT Act. We believe that our audit provides a reasonable basis for our opinion.

In our opinion based on the findings of our audit, the information given in the REIT declaration concerning the free float ratio and the maximum stock ownership per shareholder according to section 11 (1) and (4) REIT Act agrees with the announcements made according to section 11 (5) REIT Act as of December 31, 2021 and the information provided concerning the compliance with sections 12 to 15 REIT Act and the composition of the proceeds concerning the pretaxation of proceeds according to section 19a REIT Act are appropriate.

This memorandum is solely provided for submission to the tax authorities of the city of Hamburg within the tax declaration according to section 21 (2) REIT Act and is not to be used for other purposes.

The Engagement in whose fulfilment we provided abovenamed services for alstria office REIT-AG was based on the General Engagement Terms for German Public Auditors and Public Audit Firms dated January 1, 2017 (Appendix 3). By acknowledging and using the information contained in this memo, each recipient confirms that he/she has taken note of the regulations made therein (including the liability regulation under no. 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

Hamburg, February 24, 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Schmidt
Wirtschaftsprüfer
[German Public Auditor]

Drotleff
Wirtschaftsprüfer
[German Public Auditor]

H. FINANCIAL CALENDAR/IMPRINT

I. FINANCIAL CALENDAR

Events 2022	
May 3	**Publication of Q1** Interim report
June 10	**Annual General Meeting**
August 9	**Publication of Q2** Half-year interim report
November 8	**Publication of Q3** Interim report Publication of sustainability report

II. CONTACT/IMPRINT

alstria office REIT-AG is a member of DIRK (Deutscher Investor Relations Verband, the German Investor Relations Association).

Other reports issued by alstria office REIT-AG are posted on the Company's website.

Forward-looking statements
This annual report contains forward-looking statements. These statements represent assessments which we have made on the basis of the information available to us at the time. Should the assumptions on which the statements are based not occur, or if risks should arise the actual results could differ materially from the results currently expected.

Note
This report is published in German (original version) and English (non-binding translation).

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