alstria
First German REIT

INVITATION

to the extraordinary general meeting
of **alstria office REIT-AG**
Thursday, July 23, 2015

alstria office REIT-AG

Hamburg

ISIN: DE000A0LD2U1

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This is a convenience translation of the original German document.

Only the original German document is binding.

Invitation to the extraordinary general meeting

We hereby invite the shareholders of our Company to the extraordinary general meeting on

Thursday, July 23, 2015 at 10.00 a.m.

at the Hamburg Chamber of Skilled Crafts and Small Businesses

(Handwerkskammer),

Holstenwall 12, 20355 Hamburg,

Room 304.

Agenda of the extraordinary general meeting

1. **Increase of the Company's share capital against contributions in kind with the exclusion of shareholders' subscription rights and corresponding authorization for the amendment of the Articles of Association**

   On June 16, 2015, the management board of alstria office REIT-AG published its decision pursuant to Sec. 10, para. 1 and 3 sentence 1 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs und -Übernahmegesetz*, "**WpÜG**") to issue a takeover offer to the shareholders of DO Deutsche Office AG, Cologne, in the form of an exchange offer as stipulated in the WpÜG that relates to the acquisition of all their shares held in DO Deutsche Office AG. In consideration for each of the shares of DO Deutsche Office AG, each with a proportional amount of the share capital of EUR 1.00 per share, the shareholders of DO Deutsche Office AG shall be offered 0.381 shares of alstria office REIT-AG (the "**Exchange Offer**").

   The shares of DO Deutsche Office AG for which the takeover offer was accepted shall be contributed to alstria office REIT-AG in accordance with a capital increase against contributions in kind. The financial institutions

UBS Deutschland AG, Frankfurt am Main, and UniCredit Bank AG, Munich, acting as exchange trustees (*Umtauschtreuhänder*) (the "**Exchange Trustees**"), are instructed with the settlement of the capital increase against contributions in kind.

Pursuant to the Exchange Offer, the shareholders of DO Deutsche Office AG who accept the offer will transfer their shares of DO Deutsche Office AG to the Exchange Trustees. The Exchange Trustees, holding these shares in trust, will then contribute these shares to alstria office REIT-AG, subscribe the newly created shares of alstria office REIT-AG issued in accordance with the capital increase to be resolved upon as set forth under item 1 of the Agenda, and, following the creation of the new shares, transfer them to the shareholders of DO Deutsche Office AG in accordance with the terms of the Exchange Offer.

Based on the exchange ratio as further described above and the current number of outstanding shares of DO Deutsche Office AG, the maximum number of shares of alstria office REIT-AG to be issued in connection with the Exchange Offer amounts to 68,781,791.

The management board and supervisory board therefore propose adopting the following resolution:

a) *Capital Increase*

The Company's statutory share capital, which currently amounts to EUR 86,920,334.00, divided up into 86,920,334 no-par value bearer shares, each share with a proportional amount of the share capital of EUR 1.00 (excluding the shares issued in the fiscal year 2015 from the Company's conditional capitals in connection with the exercise of conversion rights), will be increased by up to EUR 68,781,791.00 to up to EUR 155,702,125.00 through the issuance of up to 68,781,791 no-par value bearer shares, each with a proportional amount of the share capital of EUR 1.00 (the "**New Shares**") against contributions in kind.

The issue price (*Ausgabebetrag*) of the New Shares is EUR 1.00. The difference between the issue price (*Ausgabebetrag*) of the New Shares and the contribution value (*Einbringungswert*) of the contributions in kind shall be allocated to the capital reserve.

b) *Dividend Rights*

The New Shares carry full dividend rights as of January 1, 2015.

c) *Exclusion of the Subscription Rights of the Shareholders*

The subscription rights of the shareholders of alstria office REIT-AG are excluded. The New Shares will be issued at a ratio of 1:0.381 in connection with a takeover offer to the shareholders of DO Deutsche Office AG pursuant to Sec. 29 et seq. of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*, "**WpÜG**") by way of an exchange offer (including the potential exercise of a right of sell-out (*Andienungsrecht*) pursuant to Sec. 39c WpÜG) ("**Exchange Offer**"). That means that every shareholder of DO Deutsche Office AG who accepts the Exchange Offer is entitled to receive for every share of DO Deutsche Office AG tendered for exchange 0.381 New Shares from this capital increase against contributions in kind.

d) *Exchange Trustees*

UBS Deutschland AG, Bockenheimer Landstraße 2-4, D-60306 Frankfurt am Main, and UniCredit Bank AG, Arabellapark 14, D-81925 Munich, will each subscribe for half of the New Shares in their respective capacity as Exchange Trustees (*Umtauschtreuhänder*) for those shareholders of DO Deutsche Office AG who have accepted the Exchange Offer. Accordingly, the Exchange Trustees are hereby permitted to subscribe for the New Shares. The Exchange Trustees will contribute the shares of DO Deutsche Office AG tendered for exchange as contributors in kind (*Sacheinleger*) to alstria office REIT-AG.

e) *Extent of the Capital Increase*

The capital increase against contributions in kind shall only be implemented to the extent the New Shares have been subscribed for by the Exchange Trustees by the deadline stipulated under number 1.i).

f) *No Appraisal of Contributions in Kind*

The management board intends to refrain from an appraisal of the contributions in kind (Sec. 183 para. 3 of the German Stock Corporation Act (*Aktiengesetz*, "**AktG**")) pursuant to Sec. 183a, 33a AktG.

g) *Further Details*

The management board is authorized to determine further details regarding the implementation of the capital increase against contributions in kind, in particular regarding the number of New Shares to be issued. The capital increase against contributions in kind can be implemented in several tranches.

h) *Authorization to adapt the Articles of Association*

The supervisory board is authorized to amend the articles of association according to the implementation of the capital increase against contributions in kind.

i) *Limitation in Time*

The resolution concerning the increase of the share capital against contributions in kind will become null and void if the implementation of the capital increase has not been registered with the commercial register within four months after the expiration of the additional acceptance period (Sec. 16 para. 2 sentence 1 WpÜG).

2. Election of a member of the supervisory board

Mr Roger Lee has declared to resign from office as member of the supervisory board effective with completion of the Exchange Offer, i.e. with the contribution of the shares of DO Deutsche Office AG tendered under the Exchange Offer to alstria office REIT-AG. Mr Hermann T. Dambach, shall be elected to the supervisory board as his successor.

Pursuant to Sec. 96 para. 1, 101 para. 1 AktG and Sec. 9 para 1 of the Company's Articles of Association, the supervisory board shall consist of six members of shareholders elected by the shareholders in general meeting. The shareholders in general meeting shall not be bound to nominations. Pursuant to Sec. 9 para. 4 of the Company's Articles of Association the successor for a member of the supervisory board who is elected by the general meeting and resigns prior to his tenure of office shall be elected for the remainder of the retired member's tenure of office.

The following recommendation for election takes into consideration the objectives concerning the composition of the supervisory board which were adopted by the supervisory board in November 2012 according to Sec. 5.4.1 para. 2 of the German Corporate Governance Code as of June 24, 2014 and are published in the Company's corporate governance statement.

The supervisory board recommends – in accordance with the recommendation of its nomination and remuneration committee – to resolve as follows:

Mr Hermann T. Dambach, director at Oaktree GmbH, Bad Homburg, will be elected as member of the supervisory board effective with the completion of the Exchange Offer, i.e. with the contribution of the shares of DO Deutsche Office AG tendered under the Exchange Offer to alstria office REIT-AG, and until the close of the general meeting which resolves upon approval of the actions of the supervisory board of alstria office REIT-AG for financial year 2015.

Information in accordance with Sec. 125 para. 1 sentence 5 AktG:

Membership of Mr Hermann T. Dambach in other supervisory boards as to be established by law:

- DO Deutsche Office AG (chairman of the supervisory board)

Membership of Mr Hermann T. Dambach in comparable German or foreign supervisory bodies of financial companies:

- none

Based on the supervisory board's evaluation Mr Hermann T. Dambach has the following personal and/or business relations with the Company or its affiliates, its managing bodies or significant shareholders of the Company, pursuant to Sec. 5.4.1 of the German Corporate Governance Code: Mr Dambach is director of Oaktree GmbH, which is part of the Oaktree group. Funds of the Oaktree group are shareholders of DO Deutsche Office AG. They will become shareholders of the Company to the extent they participate in the Exchange Offer.

Additional information on the professional background of the recommended candidate is available online at **www.alstria.com ► Investors ► Annual General Meeting** in the uploaded CV of the candidate.

Reports and Notices to the shareholders in the extraordinary general meeting

Report of the management board regarding item 1 of the Agenda

(Increase of the Company's share capital against contributions in kind with the exclusion of the shareholders' subscription rights and corresponding authorization for the amendment of the Articles of Association)

According to Sec. 186 para. 4 sentence 2 of the German Stock Corporation Act (*Aktiengesetz*, AktG), the management board has issued a written report regarding item 1 of the Agenda stating the grounds for the proposed exclusion of subscription rights as well as the justification of the proposed exchange ratio. The report of the management board with its material content, except for its annexes A and B, is attached to this invitation to the extraordinary general meeting as Annex 1. In addition, the report of the management board, together with its annexes A and B is available on the Internet at **www.alstria.com ► Investors ► Annual General Meeting** as of today.

Total number of shares and voting rights

As per the date of the convocation of the extraordinary general meeting, the share capital of the Company according to the Articles of Association is EUR 86,920,334.00 and is divided up into 86,920,334 no-par value bearer shares. Furthermore, as of today, an additional 176,382 no-par value bearer shares were issued by the Company from the conditional capitals of the Company so that the actual currently issued share capital is, as per the date of the convocation of the extraordinary general meeting, EUR 87,096,716.00 and is divided up into 87,096,716 no-par value bearer shares. Each of the 87,096,716 no-par value shares entitles the bearer to one vote in the extraordinary general meeting (Sec. 6 para. 1 sentence 2 and Sec. 15 para. 3 sentence 1 of the Articles of Association).

Participation in the extraordinary general meeting and exercise of voting rights

In accordance with Sec. 14 para. 2 and 3 of the Articles of Association, only those shareholders who register with the Company and provide separate proof of their shareholdings from their custodian bank to the address specified below within the prescribed period prior to the extraordinary general meeting shall be entitled to participate and exercise their voting rights in the extraordinary general meeting:

alstria office REIT-AG
c/o Computershare Operations Center
80249 München
Germany
Fax No.: +49 (0) 89 30903-74675
E-Mail: anmeldestelle@computershare.de

The proof of shareholdings must cite the date stipulated for such in the German Stock Corporation Act (*Aktiengesetz*, AktG), i.e., the commencement of the 21st day prior to the extraordinary general meeting (record date) and thus the **commencement of July 2, 2015, 0:00** and be received together with the registration by the Company by no later than the **expiration of July 16, 2015, 24:00** at the address specified above. The registration must be made and proof of shareholdings must be provided in writing (Sec. 126b of the German Civil Code (*Bürgerliches Gesetzbuch*, BGB)) and must be in German or English. Shareholders with registered office abroad may request for information and forms for registration and proof of shareholding in English at **hv@alstria.de**.

The eligibility to participate and the scope of the voting rights are determined solely according to the shareholdings of the shareholders on the record date. The record date does not coincide with a vesting period for the availability of the shareholdings for sale. Even if the shareholdings are sold in whole or in part after the record date, exclusively the shareholdings of shareholders on the record date shall be decisive for the participation and the scope of the voting rights; i.e., the sale of shares after the record date has no effect on the eligibility to participate and on the scope of voting rights. This also applies to the purchase of shares after the record date. Persons who do not hold any shares as per the record date and only later become shareholders are not eligible to participate and vote.

The shareholders will be sent entry tickets for the extraordinary general meeting by the registration office after the receipt of their registration and proof of their shareholdings by the Company. In order to ensure the timely receipt of the entry tickets, we ask that the shareholders request an entry ticket for the participation in the extraordinary general meeting from their custodian banks as early as possible. In such case, the necessary registration and proof of the decisive shareholdings are taken care of by the custodian bank.

Procedure for voting by proxy

Granting of proxies

Voting rights may be exercised by proxy. If neither a bank nor a shareholders' association nor another person or institution of equal status in accordance with Sec. 135 para. 8 and 10 of the German Stock Corporation Act (*Aktiengesetz*, AktG) is authorized, a proxy must be issued, revoked and proof of proxy provided to the Company at least in writing (Sec. 15 para. 3 sentence 3 of the Articles of Association, Sec. 134 para. 3 sentence 3 AktG in connection with Sec. 126b of the German Civil Code (*Bürgerliches Gesetzbuch*, BGB)).

We offer our shareholders the service of authorizing proxies appointed by the Company. The proxy must at least be issued and revoked in writing (Sec. 15 para. 3 sentence 2 of the Articles of Association, Sec. 134 para. 3 sentence 3 AktG in connection with Sec. 126b BGB). In the event proxies of the Company are authorized, instructions for the exercise of the voting rights must also be issued with the proxy. Proxies are obligated to vote pursuant to orders. The timely registration of the respective stock of shares and proof of shareholdings in accordance with the above provisions are also necessary in the event shareholders are having their voting rights exercised by a proxy.

The statutory provisions, in particular Sec. 135 AktG, shall apply to the authorization of financial institutions, shareholders' associations or other persons or institutions of equal status in accordance with Sec. 135 para. 8 and 10 AktG and to the revocation and proof of such authorization. Financial institutions, shareholders' associations and other persons of equal status pursuant to Sec. 135 para. 8 and 10 AktG may stipulate special provisions for the procedure for their own authorization. The shareholders are therefore requested to contact their intended proxies in due time with regard to the form of the proxy that the proxies might require.

Provision of proxy forms

Shareholders who have registered in accordance with Sec. 14 para. 2 and 3 of the Articles of Association will be sent a proxy form for the issuance of a proxy and instructions to the proxies appointed by the Company and for the issuance of a proxy to third parties as a part of their entry ticket. Proxy forms may also be requested in German or English at **hv@alstria.de**.

Delivery of proxies to the Company

The proof of the authorization must either be presented by the proxy on the date of the extraordinary general meeting or announced to the Company prior to the extraordinary general meeting at the following address:

alstria office REIT-AG
Reference: Extraordinary General Meeting 2015
Bäckerbreitergang 75
20355 Hamburg
Germany
Fax No.: +49 (0) 89 30903-74675
E-Mail: alstria-hv2015@computershare.de

On the date of the extraordinary general meeting, only the entry and exit control for the extraordinary general meeting at the Hamburg Chamber of Skilled Crafts and Small Businesses (*Handwerkskammer*), Holstenwall 12, 20355 Hamburg is available for the receipt of the proof of proxy starting at 9:00 a.m. up until shortly before the commencement of the votes.

In order to facilitate the organization, shareholders who wish to authorize the proxies appointed by the Company in advance of the extraordinary general meeting are requested to send their proxies and instructions by no later than **July 21, 2015, 24:00** (receipt by the Company), by mail, fax or e-mail to the following address:

alstria office REIT-AG
Reference: Extraordinary General Meeting 2015
Bäckerbreitergang 75
20355 Hamburg
Germany
Fax No.: +49 (0) 89 30903-74675
E-Mail: alstria-hv2015@computershare.de

Rights of the shareholders (motions, proposals and requests for information pursuant to Sec. 122 para. 2, 126 para. 1, 127 and 131 para. 1 AktG)

1. Requests for additions to the Agenda in accordance with Sec. 122 para. 2 AktG

Shareholders whose combined shares amount to 20% of the share capital or make up a prorated amount of at least EUR 500,000.00 (corresponds to 500,000 shares) may request pursuant to Sec. 122 para. 2 of the German Stock Corporation Act (*Aktiengesetz*, AktG) that items be placed on the Agenda and published. A justification or resolution proposal must be enclosed for each new item. The request is to be directed to the management board of the

Company in written form (Sec. 126 BGB). Such request, together with the proof that the shareholders hold the minimum number of shares, must be received by the Company by no later than 30 days prior to the meeting, i.e., by **June 22, 2015 at 24:00** at the latest.

Any requests for additions must be sent to the following address:

alstria office REIT-AG
- Management board -
Reference: Motions for the Extraordinary General Meeting 2015
Bäckerbreitergang 75
20355 Hamburg
Germany

As proof that the shareholders hold the minimum number of shares, the shareholders must submit a corresponding confirmation by their custodian bank.

Unless already published with the convocation, any additions to the Agenda which need to be published will be published directly upon receipt of the request in the Federal Gazette (*Bundesanzeiger*) and provided to that media for publication where it can be assumed that the information will be broadcast throughout the entire European Union. Such additions will also be published on the Internet at **www.alstria.com ► Investors ► Annual General Meeting** and communicated to the shareholders in accordance with Sec. 125 para. 1 sentence 3 AktG.

2. Countermotions and nominations, Sec. 126 para. 1, 127 AktG

Pursuant to Sec. 126 para. 1 AktG, each shareholder is entitled to send countermotions to the proposed resolutions regarding the items of the Agenda. If the countermotions are to be made accessible by the Company, such must be received by the Company together with justification and proof of capacity as shareholder no later than by 14 days prior to the meeting, i.e., by **July 8, 2015 at 24:00**, at the following address:

alstria office REIT-AG
Reference: Motions for the Extraordinary General Meeting 2015
Bäckerbreitergang 75
20355 Hamburg
Germany
Fax No.: +49 (0) 40 226 341 224
E-Mail: hv@alstria.de

Countermotions addressed otherwise will not be made accessible. Subject to Sec. 126 para. 2 and 3 AktG, countermotions of shareholders which are to be made accessible will be published on the Internet at **www.alstria.com ► Investors ► Annual General Meeting** together with the name of the shareholder and the justification and any position of the administration on such countermotion. Countermotions are to be submitted in German. If they are meant to be published in English as well, a translation is to be enclosed.

Pursuant to Sec. 127 AktG, these provisions apply analogously to a shareholder’s proposal to elect supervisory board members. However, such proposals do not have to be justified. In addition to the grounds specified in

Sec. 126 para. 2 AktG, the management board does not have to make a proposal accessible inter alia if the proposal does not contain the name, profession and residence of the candidate. Nominations for the election of supervisory board members also do not have to be made accessible if no information is included regarding the nominated supervisory board candidates' membership in other supervisory boards to be established by law in the terms of Sec. 125 para. 1 sentence 5 AktG.

3. Right to Information, Sec. 131 para. 1 AktG

Pursuant to Sec. 131 para. 1 AktG, the management board is obliged to provide each shareholder information regarding the matters of the Company upon request, provided such information is necessary to duly assess an item of the Agenda and the management board has no right to decline to provide the requested information. The management board's duty to provide information also extends to the legal and business relations of alstria office REIT-AG with its affiliates. The duty to provide information in addition also concerns the situation of the alstria group and the companies included in the consolidated annual financial statements of alstria office REIT-AG.

4. Further elaborations

Further elaborations regarding the rights of the shareholders in accordance with Sec. 122 para. 2, 126 para. 1, 127 and 131 para. 1 AktG can be downloaded on the Internet at **www.alstria.com ► Investors ► Annual General Meeting**.

Publication of the invitation to the extraordinary general meeting and other documents

The information to be made accessible on the Internet page of the Company pursuant to Sec. 124a of the German Stock Corporation Act (*Aktiengesetz*, AktG), in particular the convocation of the extraordinary general meeting, documents to be made accessible to the extraordinary general meeting, motions of shareholders and additional information, will be available on the Internet at **www.alstria.com ► Investors ► Annual General Meeting** shortly after the convocation of the extraordinary general meeting.

The results of the votes will be announced at the same Internet address after the extraordinary general meeting.

The convocation of the extraordinary general meeting was published in the Federal Gazette (*Bundesanzeiger*) on June 16, 2015 and has been provided to those media sources where it can be assumed that the information is broadcast in the entire European Union.

Hamburg, June 2015

The management board

Annex 1

to the invitation to the extraordinary general meeting

Report of the management board pursuant to Sec. 186 para. 4 sentence 2 of the German Stock Corporation Act regarding agenda item 1 of the extraordinary general meeting on Thursday, July 23, 2015, stating the grounds for the exclusion of subscription rights

According to Sec. 186 para. 4 sentence 2 of the German Stock Corporation Act (*Aktiengesetz*, **AktG**), the management board herewith issues the following report stating the grounds for the proposed exclusion of subscription rights within the proposed resolution on the increase of the share capital of alstria office REIT-AG with seat (*Sitz*) in Hamburg (**alstria** or the **Company** and together with its consolidated subsidiaries the **alstria Group**) against contributions in kind:

I. Proposed resolutions

The management board and the supervisory board of alstria office REIT-AG propose to the extraordinary general meeting to increase the share capital of the Company against contributions in kind with exclusion of subscription rights of the shareholders as well as to authorize the amendment of the articles of association.

The proposed resolutions are as follows:

1. Increase of the Company’s share capital against contributions in kind with the exclusion of shareholders’ subscription rights and corresponding authorization for the amendment of the Articles of Association

On June 16, 2015, the management board of alstria office REIT-AG published its decision pursuant to Sec. 10, para. 1 and 3 sentence 1 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs und -Übernahmegesetz*, “**WpÜG**”) to issue a takeover offer to the shareholders of DO Deutsche Office AG, Cologne, in the form of an exchange offer as stipulated in the WpÜG that relates to the acquisition of all their shares held in DO Deutsche Office AG. In consideration for each of the shares of DO Deutsche Office AG, each with a proportional amount of the share capital of EUR 1.00 per share, the shareholders of DO Deutsche Office AG shall be offered 0.381 shares of alstria office REIT-AG (the “**Exchange Offer**”).

The shares of DO Deutsche Office AG for which the takeover offer was accepted shall be contributed to alstria office REIT-AG in accordance with a capital increase against contributions in kind. The financial institutions UBS Deutschland AG, Frankfurt am Main, and UniCredit Bank AG, Munich, acting as exchange trustees (*Umtauschtreuhänder*) (the “**Exchange Trustees**”), are instructed with the settlement of the capital increase against contributions in kind.

Pursuant to the Exchange Offer, the shareholders of DO Deutsche Office AG who accept the offer will transfer their shares of DO Deutsche Office AG to the Exchange Trustees. The Exchange Trustees, holding these shares in trust, will then contribute these shares to alstria office REIT-AG, subscribe the newly created shares of alstria office REIT-AG issued in accordance with the capital increase to be resolved upon as set forth under item 1 of the Agenda, and, following the creation of the new shares, transfer them to the shareholders of DO Deutsche Office AG in accordance with the terms of the Exchange Offer.

Based on the exchange ratio as further described above and the current number of outstanding shares of DO Deutsche Office AG, the maximum number of shares of alstria office REIT-AG to be issued in connection with the Exchange Offer amounts to 68,781,791.

The management board and supervisory board therefore propose adopting the following resolution:

a) *Capital Increase*

The Company's statutory share capital, which currently amounts to EUR 86,920,334.00, divided up into 86,920,334 no-par value bearer shares, each share with a proportional amount of the share capital of EUR 1.00 (excluding the shares issued in the fiscal year 2015 from the Company's conditional capitals in connection with the exercise of conversion rights), will be increased by up to EUR 68,781,791.00 to up to EUR 155,702,125.00 through the issuance of up to 68,781,791 no-par value bearer shares, each with a proportional amount of the share capital of EUR 1.00 (the "**New Shares**") against contributions in kind.

The issue price (*Ausgabebetrag*) of the New Shares is EUR 1.00. The difference between the issue price (*Ausgabebetrag*) of the New Shares and the contribution value (*Einbringungswert*) of the contributions in kind shall be allocated to the capital reserve.

b) *Dividend Rights*

The New Shares carry full dividend rights as of January 1, 2015.

c) *Exclusion of the Subscription Rights of the Shareholders*

The subscription rights of the shareholders of alstria office REIT-AG are excluded. The New Shares will be issued at a ratio of 1:0.381 in connection with a takeover offer to the shareholders of DO Deutsche Office AG pursuant to Sec. 29 et seq. of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*, "**WpÜG**") by way of an exchange offer (including the potential exercise of a right of sell-out (*Andienungsrecht*) pursuant to Sec. 39c WpÜG) ("**Exchange Offer**"). That means that every shareholder of DO Deutsche Office AG who accepts the Exchange Offer is entitled to receive for every share of DO Deutsche Office AG tendered for exchange 0.381 New Shares from this capital increase against contributions in kind.

d) *Exchange Trustees*

UBS Deutschland AG, Bockenheimer Landstraße 2-4, D-60306 Frankfurt am Main, and UniCredit Bank AG, Arabellapark 14, D-81925 Munich, will each subscribe for half of the New Shares in their respective capacity as Exchange Trustees (*Umtauschtreuhänder*) for those shareholders of DO Deutsche Office AG who have accepted the Exchange Offer. Accordingly, the Exchange Trustees are hereby permitted to subscribe for the New Shares. The Exchange Trustees will contribute the shares of DO Deutsche Office AG tendered for exchange as contributors in kind (*Sacheinleger*) to alstria office REIT-AG.

e) *Extent of the Capital Increase*

The capital increase against contributions in kind shall only be implemented to the extent the New Shares have been subscribed for by the Exchange Trustees by the deadline stipulated under number 1.i).

f) *No Appraisal of Contributions in Kind*

The management board intends to refrain from an appraisal of the contributions in kind (Sec. 183 para. 3 of the German Stock Corporation Act (*Aktiengesetz*, "**AktG**")) pursuant to Sec. 183a, 33a AktG.

g) *Further Details*

The management board is authorized to determine further details regarding the implementation of the capital increase against contributions in kind, in particular regarding the number of New Shares to be issued. The capital increase against contributions in kind can be implemented in several tranches.

h) *Authorization to adapt the Articles of Association*

The supervisory board is authorized to amend the articles of association according to the implementation of the capital increase against contributions in kind.

i) *Limitation in Time*

The resolution concerning the increase of the share capital against contributions in kind will become null and void if the implementation of the capital increase has not been registered with the commercial register within four months after the expiration of the additional acceptance period (Sec. 16 para. 2 sentence 1 WpÜG).

II. Background and description of the planned exchange offer to the shareholders of DO Deutsche Office AG and of the planned transaction

The management board of the Company has resolved to issue a voluntary public takeover offer in the form of an exchange offer (the **Exchange Offer**) to all shareholders of DO Deutsche Office AG (**Deutsche Office** and together with its consolidated subsidiaries the **Deutsche Office Group**) pursuant to Sec. 29, 31 para. 2 sentence 1, second alternative of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*, **WpÜG**) and published this decision according to Sec. 10 para. 1 and 3 sentence 1 WpÜG. It is intended to offer the shareholders of Deutsche Office (the **Deutsche Office Shareholders**), for each of the Deutsche Office Shares (each such Deutsche Office Share having a proportionate amount of the share capital of EUR 1.00 per share) 0.381 shares of alstria (the **alstria Shares**).

In connection with the Exchange Offer, alstria Shares shall be offered to the Deutsche Office Shareholders. The alstria Shares shall be issued by means of the proposed capital increase against contributions in kind. Since the shares issued by means of the capital increase shall be offered in exchange for shares of Deutsche Office (the **Deutsche Office Shares**), the subscription rights of shareholders of the Company (the **alstria Shareholders**) are excluded in the proposed capital increase against contributions in kind.

1. Background of the planned transaction

a) alstria office REIT-AG

alstria office REIT-AG is an internally managed Real Estate Investment Trust (**REIT**) focused on acquiring, owning and managing office real estate in Germany. alstria was founded in January 2006 and was converted into the first German REIT in October 2007. Its headquarters are in Hamburg.

(i). Business Activities

alstria buys and manages office properties in Germany. As a long term oriented owner, alstria focuses on the expansion and active management of its property portfolio. As a fully integrated real estate company with offices in Hamburg and Düsseldorf and 62 dedicated professionals, alstria manages properties throughout their entire life cycle. This includes activities such as asset and property management but also expands to areas such as office design and floor planning or the complete redevelopment and repositioning of real estate assets.

Generally, alstria's strategy is based on an active asset and portfolio management approach supported by a consistent effort to establish and maintain long-term relationships with key customers and decision makers. alstria focuses on long-term real estate value creation by reviewing potential value-enhancing initiatives on an asset-by-asset basis. For the upcoming years, alstria intends to pursue a growth-oriented investment policy for its portfolio as part of a sustainable growth strategy. This strategy is based on selective real estate acquisitions focused on properties in attractive locations whose acquisition can either immediately lead to an increase of the operating profit (Funds from Operations, **FFO**) per share or offer the opportunity to undertake asset management or asset repositioning initiatives which are expected to lead to either an increase in FFO per share and/or Net Asset Value (equity in accordance with International Financial Reporting Standards (**IFRS**), as applicable within the EU, **IFRS NAV**) upon completion.

(ii). Portfolio

As of March 31, 2015, alstria's real estate portfolio consists of 74 properties with a total lettable area of around 873,300 sqm. The contractual annual rent amounts to EUR 99.7 million and the gross rental yield of the portfolio is at 6.0%. More than 90% of the portfolio by value is located in the German metropolitan areas of Hamburg, Rhein-Ruhr, Stuttgart, Rhein-Main, Berlin and Munich. The tenant structure mainly consists of public authorities and large corporates. The vacancy rate in the portfolio is at 11.1% while the weighted average unexpired lease term is at 6.8 years.

An independent valuation report by Colliers International Valuation UK LLP (**Colliers International**) values the alstria portfolio as of December 31, 2014, at a market value of EUR 1.703 billion (including the share of the Joint Venture "Kaisergalerie" which is attributable to alstria). This valuation was updated by alstria for purposes of the preparation of the interim report as of March 31, 2015. The definition of market value applied in the valuation by Colliers International is consistent with such recommended by the Royal Institute of Chartered Surveyors and can be summarized “as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

(iii). Share Capital

As of today, the share capital of the Company according to the articles of association amounts to EUR 86,920,334.00 and is currently divided up into 86,920,334 no-par value bearer shares, each with a proportionate amount of the share capital of EUR 1.00 per share. Furthermore, as of today, an additional 176,382 no-par value bearer shares were issued by the Company from the conditional capitals so that the currently issued and fully paid-in share capital of the Company amounts to EUR 87,096,716.00 (as of June 10, 2015). It is divided up into 87,096,716 no-par value bearer shares, each with a proportionate amount of the share capital of EUR 1.00 per share. The share capital is fully paid-in.

b) Deutsche Office Group

The following information as well as any other information in this report regarding Deutsche Office and/or the Deutsche Office Group is based exclusively on publicly available sources since the Company does not yet have access to any information of Deutsche Office that is not publicly available.

(i). Business Activities

Deutsche Office is a publicly listed office real estate company with its headquarters in Cologne. Deutsche Office emerged from a merger of Prime Office REIT-AG with and into OCM German Real Estate Holding AG. Following the merger, Deutsche Office was initially named Prime Office AG and was then renamed DO Deutsche Office AG in July 2014.

The core of Deutsche Office‘s business activities is the return-oriented management of office properties particularly in German metropolitan areas.

Part of Deutsche Office’s strategy is the selective acquisition of properties with potential for appreciation as well as value-enhancing investments into existing properties. In addition, potential sales opportunities are realized over the entire real estate cycle in order to achieve attractive sales proceeds.

According to Deutsche Office, the size and the high degree of diversification of the portfolio as well as the substantial vacancy in the portfolio offer substantial value creation potential, an attractive cost structure and high earnings power.

(ii). Portfolio

According to Deutsche Office, its office real estate portfolio is characterized by a high degree of geographic diversification and an attractive and broad tenant structure. Most of the currently held properties are located in West German metropolitan areas.

According to Deutsche Office, the multi-tenant structure with tenants from various sectors provides a solid foundation for a stable and diversified rental income and a sustainable dividend potential. Moreover, the regionally diversified real estate portfolio has, according to Deutsche Office, a high value creation potential, an adequate diversification of risk, an attractive cost structure and high earnings power.

As of March 31, 2015, Deutsche Office's real estate portfolio consisted of 51 properties with a total lettable area of around 900,000 sqm including one property held for sale, for which a sale and purchase agreement has been entered into, but for which transfer has not taken place until April 30, 2015. The value of the portfolio, excluding the assets held for sale, was EUR 1.785 billion as of the last reporting date, and generated approximately EUR 109 million in annual rent with a weighted average remaining lease term of 4.6 years. The vacancy rate in the portfolio was at 17.1%.

Based on the publicly available information, and its knowledge of the assets and the markets they trade in, alstria's management values the Deutsche Office portfolio at a market value of approximately EUR 1.7 billion as of March 31, 2015. The circa EUR 80 million difference in value as compared to Deutsche Office's last reported book value mainly relates to assets located in the Rhein-Main region. Given the estimation of alstria's management with respect to the rental income expected from such assets, alstria's management expects a devaluation of these assets, which will allow for a more flexible leasing approach in the respective sub markets with a focus on cash flow generation from the respective assets (the **Mark Down**).

(iii). Share Capital

The share capital of Deutsche Office amounts to EUR 180,529,633.00 and is currently divided up into 180,529,633 no-par value bearer shares, each with a proportionate amount of the share capital of EUR 1.00 per share.

c) Economic and Strategic Background for the Acquisition of Deutsche Office

The business strategy of alstria Group centers on expanding its position as a leading German real estate company with a focus on metropolitan areas through a combination of strategic acquisitions, efficiency improvements for its business and organic growth of its portfolio. alstria's acquisition strategy has focused over the past years on the acquisition of assets and portfolios that offer higher vacancy rates and therefore additional growth opportunities from stabilizing the leasing of such assets. The current portfolio of Deutsche Office meets this requirement and is in line with both the focus on office properties and the geographic focus on Germany's metropolitan areas.

So far alstria has been largely focused on the areas of Hamburg, Rhein-Ruhr and Stuttgart, with the intention to enter further attractive German real estate markets (such as Frankfurt or Berlin) if it can secure a critical portfolio size in these markets which allows efficient operations in the respective local market.

The combination with Deutsche Office substantially increases alstria's exposure to its key markets and allows alstria to reach a critical size in the Rhein-Main area as well as in Berlin.

The economic and strategic background of the acquisition of Deutsche Office by alstria is to achieve the competitive advantages, synergies and other business combination advantages (*Verbundvorteile*) described hereafter, from which the shareholders of the combined company shall benefit.

(i). Synergies and Other Business Combination Advantages

Based on publicly available information, alstria's management board estimates that the synergies that can be fully achieved over a 24 months period post completion of the Exchange Offer with first effects in 2016 and permanent synergies amounting to approximately EUR 2.5 million p.a., relating to operational efficiency gains. The total savings are expected to amount to approximately EUR 17.5 million p.a. upon full implementation (also see (iii) below).

The synergies of approximately EUR 2.5 million p.a. are primarily based on the following factors:

- *Administration*. According to Deutsche Office, its total administrative costs amounted to approximately EUR 10 million in 2014. The management board expects to realize cost reductions that are typically achieved by way of a combination of companies, in particular given the strong and largely comparable geographical focus of both alstria and Deutsche Office on key German metropolitan areas. In particular, cost savings are expected to arise from the consolidation of overlapping functions. The administrative functions will be centralized in Hamburg and represent the major part of the planned synergies. The management board therefore estimates that approximately 15% to 20% of Deutsche Office's current administrative costs can be saved, which will represent the major part of synergies, with the remainder expected to stem from the items described below.
- *Property Management*. The core of alstria's business is its strong internal Real Estate Operations department which manages alstria's entire portfolio. alstria's Real Estate Operations department has comprehensive property management skills which allow alstria to integrate Deutsche Office's property management, which is currently outsourced. It is the intention of alstria to capitalize on its existing property management platform, and therefore to benefit from efficiency increases as well as cost reductions in the property management of the combined real estate portfolio.

- *IT infrastructure*. alstria has invested substantially in its IT infrastructure in the past years. The management board therefore expects the IT infrastructure to be well suited to be deployed within the Deutsche Office Group, thereby removing long-term infrastructure cost and benefiting from further efficiency improvements and economies of scale.
- *Simplified corporate structure*. Following a corporate restructuring that is intended for the Deutsche Office Group, the corporate structure of the combined group will be simplified compared to its current set-up. This will lead to further cost savings with respect to the administration of the corporate group. Additional cost savings can result from potentially moving from a structure with two stock market listings to one.
- *Benefits from attaining the REIT status*. Following the full integration of Deutsche Office Group into alstria substantial benefits should also accrue from alstria's REIT status. Eventually, the Deutsche Office portfolio will also benefit from the income and trade tax transparency that the REIT status provides.

(ii). Higher footprint in local markets

The acquisition of Deutsche Office will result in a combined portfolio that comprises more than 120 properties with a total lettable area of over 1.7 million sqm and an annual rent of more than EUR 200 million. Therefore, the combined portfolio of alstria and Deutsche Office will be among the largest office portfolios in the major markets in which the combined company will operate. Deutsche Office's portfolio ideally complements alstria's strategy of expanding its leading market position through strategic acquisitions of portfolios with strong growth opportunities resulting from higher vacancies. In its key markets, alstria's exposure will increase substantially. In addition, alstria will reach a critical size in markets in the Rhein-Main region as well as in Berlin. The combined knowledge and market penetration of the real estate operation teams of both alstria and Deutsche Office are expected to offer a substantial competitive advantage in the local leasing markets of such key German metropolitan areas.

(iii). Significantly reduced cost of debt

Once the transaction is completed, alstria will be the largest listed office real estate company in Germany. alstria's current cost of debt is substantially lower than the one of Deutsche Office. alstria's management board plans to benefit from the difference in the companies' cost of debt by refinancing the current debt of Deutsche Office following the combination. By doing so, the management board of alstria expects to achieve a reduction in Deutsche Office's financing expenses of approximately EUR 15 million p.a., mainly as a consequence of an expected reduced margin linked to an improved credit quality of the company in the amount of estimated EUR 7.5 million. By way of breaking the existing hedging instruments and adjusting the financing to current market levels the management board of alstria expects an additional reduction of the financing costs in the amount of approximately EUR 7.5 million p.a.

2. Description of the planned transaction

Based on the resolutions as proposed by the management board and the supervisory board, the acquisition of the shares of Deutsche Office by the Company is planned as follows:

a) Takeover Offer in the Form of an Exchange Offer

On June 16, 2015, alstria announced that it will issue the Exchange Offer with an exchange ratio of rounded 2.625 Deutsche Office Shares for 1 (one) alstria Share (equivalent to an exchange ratio of 1 (one) Deutsche Office Share for 0.381 alstria Shares). The exchange ratio

- is substantially equivalent to a valuation of the two companies on the basis of their respective adjusted IFRS NAV per share as of March 31, 2015; and
- grants the Deutsche Office Shareholders a 12.3% premium compared to the closing price on June 10, 2015 and a 17.8% premium based on the volume weighted average price of the shares as per Bloomberg during the three months prior to June 10, 2015 (**3-months VWAP**).

The valuation on the basis of the IFRS NAV is based on an evaluation of alstria and Deutsche Office in accordance with the methodologies and parameters commonly used in the valuation of publicly listed real estate companies and based on business metrics as published in the respective latest annual report. The valuation, on the basis of the market valuation using the closing and average share prices, respectively, is based on an evaluation by alstria in accordance with the methodologies and parameters commonly used in the valuation of publicly listed real estate companies.

The Company plans to make the Exchange Offer subject to several conditions. The conditions currently proposed are as follows: minimum acceptance rate by the Deutsche Office Shareholders of at least 69.6% of the share capital of Deutsche Office, no material adverse effect (no occurrence of a materially adverse effect), no material compliance violations as well as registration of the capital increase in the commercial register.

b) Capital Increase Against Contributions in Kind with the Exclusion of Statutory Subscription Rights of Shareholders for the Purpose of the Implementation of the Exchange Offer

The shares required for the implementation of the Exchange Offer will be created by way of a capital increase against contributions in kind with the exclusion of statutory subscription rights of alstria's existing shareholders.

The Deutsche Office Shares shall be contributed as contributions in kind, and the Deutsche Office Shareholders shall receive the newly created shares of the Company in exchange for their shares. For those Deutsche Office Shareholders accepting the Exchange Offer only the Exchange Trustees shall each be admitted for the subscription of half of the New Shares each. The subscription rights of the shareholders of the Company shall be excluded.

Deutsche Office Shareholders accepting the Exchange Offer will transfer their Deutsche Office Shares to the Exchange Trustees. The Exchange Trustees will then contribute the Deutsche Office Shares held in trust to the Company as contributions in kind and will subscribe for the shares of the Company created by way of the proposed capital increase. Once the New Shares of the Company are created, the Exchange Trustees will transfer the shares, in their respective capacity as the settlement agent, to the respective Deutsche Office Shareholders in accordance with the exchange ratio.

Fractional amounts (*Spitzenbeträge*), i.e. Deutsche Office Shares for which their holder is not entitled to a full alstria Share according to the exchange ratio, will be sold by the Exchange Trustees. The proceeds from the sale of the fractional amounts will be credited pro rata in cash to the affected Deutsche Office Shareholders.

The maximum amount of this capital increase against contributions in kind is such that, based on the number of currently outstanding Deutsche Office Shares and the proposed exchange ratio in the Exchange Offer, a sufficient number of alstria Shares for all the tendered Deutsche Office Shares may be issued and shall amount to EUR 68,781,791 and therefore 68,781,791 shares.

As the Exchange Trustees do not assume differential liability (*Differenzhaftung*) pursuant to Sec. 188 para. 2 sentence 1 and Sec. 36a, para. 2 sentence 3 AktG in the amount of the contribution value (*Einbringungswert*) of the Deutsche Office Shares, the New Shares of the Company will be issued at the minimum issue price (Ausgabebetrag) of EUR 1.00 (Sec. 8 para. 3 sentence 3 and Sec. 9 para. 1 AktG) and the difference between the issue price (*Ausgabebetrag*) and the value of the contributions in kind (*Einbringungswert*) will be allocated to the capital reserve.

c) Agreement with the Oaktree Group

On June 16, 2015, alstria entered into an agreement with OCM Luxembourg VII Homer Holdings S.à r.l., OCM Luxembourg EPOF II Homer Holdings S.à r.l., OCM Luxembourg OPPS Herkules Holdings S.à r.l., OCM Luxembourg EPOF Herkules Holdings S.à r.l., OCM Luxembourg POF IV Herkules Holdings S.à r.l. and AMHERST S.à r.l. (together the **Majority Shareholders**), subsidiaries of fund companies managed by Oaktree Capital Management, regarding the Deutsche Office Shares held by the Majority Shareholders (the **Undertaking Agreement**). Pursuant to the Undertaking Agreement, the Majority Shareholders irrevocably undertake to tender their Deutsche Office Shares into the Exchange Offer, except a part of up to 5.4% of the respective share capital of Deutsche Office. Provided that the subsidiaries of Deutsche Office in the legal form of a limited partnership (*Kommanditgesellschaft*) are merged by way of collapse (*Anwachsung*) with their respective limited partners (*Kommanditisten*) (the **Collapses**) prior to the expiration of the acceptance period, the Majority Shareholders will – provided that certain formal requirements are fulfilled – exchange a part of generally 2.7% of the respective share capital of Deutsche Office for alstria Shares in connection with the Exchange Offer, to the extent the total shareholding of alstria after the implementation of the Exchange Offer does not reach 94.6% of the respective share capital of Deutsche Office. Pursuant to the Undertaking Agreement, following the implementation of the Exchange Offer and subject to the implementation of the Collapses, alstria has the right to demand from the Majority Shareholders the transfer of such Deutsche Office Shares which were not tendered into the Exchange Offer, to the extent that the total shareholding of alstria does not reach 94.6% of the respective issued share capital of Deutsche Office (the **Call Option**). The Majority Shareholders have the corresponding right, additionally subject to the registration of the necessary capital increase, to demand from alstria the transfer of such remaining Deutsche Office Shares to the Company (the **Put Option** and together with the Call Option the **Option**). The exchange ratio for alstria Shares granted due to the exercise of the Option is determined as follows: If the alstria Shares, which are granted due to the exercise of the Option, are delivered to the Majority Shareholders on a day on which the first price quoted for alstria Shares in the XETRA trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is lower than the volume weighted average of the stock exchange prices (*Börsenkurse*) quoted for shares in the XETRA trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during the three months period before June 16, 2015, the exchange ratio for the alstria Shares, which are granted due to the exercise of the Option, shall be equal to the exchange ratio of the Exchange Offer. On any other day, the exchange ratio for alstria Shares, which are granted due to the exercise of the Option, shall be 0.301 alstria Shares for 1 (one) Deutsche Office Share.

By way of the minimum acceptance rate of 69.6% together with the Option for up to 5.4%, alstria will have access to at least 75% of the Deutsche Office Shares following the closing of the Exchange Offer. The Put Option becomes exercisable irrespective of the percentage of Deutsche Office Shares held by alstria upon the implementation of a legal structure allowing for the acquisition of the remaining Deutsche Office Shares without triggering real estate transfer tax (*Grunderwerbsteuer*) on the level of Deutsche Office subsidiaries.

To the extent, pursuant to the Undertaking Agreement, the Majority Shareholders do not tender their Deutsche Office Shares in connection with the Exchange Offer, those shares will be acquired by alstria by way of the exercise of the Option, subject to the fulfilment of the conditions as set forth in the Undertaking Agreement. To enable alstria to deliver the number of alstria Shares required pursuant to the respective exchange ratio in the case of the exercise of the Option, additional shares shall be issued – to the extent required – by utilization of alstria's authorized capital (*Genehmigtes Kapital 2015*). The management board and the supervisory board adopted in advance a respective utilization resolution (*Ausnutzungsbeschluss*) with the exclusion of shareholders' subscription rights.

d) Further Steps

The intended Exchange Offer carries the risk that tax loss carry-forwards of Deutsche Office may not be usable following the completion of the Exchange Offer. However, corporate reorganizations within the Deutsche Office Group prior to the completion of the Exchange Offer, particularly the Collapses, could mitigate the negative tax consequences resulting therefrom.

Furthermore, in accordance with the German Act on German Real Estate Stock Corporations with Listed Shares (*Gesetz über deutsche Immobilien-Aktiengesellschaften mit börsennotierten Anteilen*, **REITG**) and the company purpose (*Unternehmensgegenstand*) according to the articles of association of the Company, the management board intends to either merge (by way of absorption) (Sec. 2 no. 1 of the German Transformation Act (*Umwandlungsgesetz*, **UmwG**)) Deutsche Office into the Company or to transform Deutsche Office by way of conversion (*Formwechsel*) (Sec. 190 para. 1 UmwG) into a limited partnership (*Kommanditgesellschaft*), in each case following the closing of the Exchange Offer.

e) Timetable

The transaction timetable is as follows:

- Within the four to eight week period beginning tomorrow, the offer document regarding the Exchange Offer will be submitted to the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, **BaFin**) (Sec. 34, 11, 14 para. 1 WpÜG).
- The offer document will be published immediately pursuant to Sec. 14 para. 2, 3 WpÜG if and when BaFin authorizes its publication or a period of ten working days (with the possibility of an extension of up to five working days) has elapsed after BaFin had received the offer document without BaFin prohibiting the offer.
- During this procedure, the extraordinary general meeting of the Company will take place on Thursday, July 23, 2015, 10:00 A.M. (CEST) and will vote on the proposed resolution as set forth under I.
- The offer period, which runs for at least four weeks and in general up to a maximum of ten weeks, and the subsequent additional two week acceptance period, which applies to takeover offers, begin with the publication of the offer document (Sec. 34, 16 para. 1 and 2, 23 para. 1 sentence 1 no. 2 WpÜG).
- If the extraordinary general meeting votes in favor of the proposed resolution, the resolution regarding the capital increase shall be registered following the expiration of the offer period. Subsequently, the Exchange Offer may be implemented if the other conditions have been met.

Following the implementation of the Exchange Offer, the Company will decide whether to merge Deutsche Office into the Company or to transform Deutsche Office by way of conversion (*Formwechsel*) (Sec. 190 para. 1 UmwG) into a limited partnership (*Kommanditgesellschaft*).

- Subject to the Company's decision to implement a merger, the Company will enter into negotiations with Deutsche Office regarding a merger agreement and the shareholders' meetings of both the Company and Deutsche Office will resolve on the merger. If following the implementation of the Exchange Offer, the Company holds at least 90% of Deutsche Office's share capital, the shareholders' meeting of the Company will, unless this is requested by shareholders representing at least 5% of the Company's share capital (Sec. 62 para. 1 UmwG), not resolve on the merger (Sec. 62 para. 2 UmwG) and the shareholders' meeting of Deutsche Office may additionally resolve on the transfer of the shares held by the minority shareholders to the Company against the payment of adequate cash compensation (Sec. 62 para. 5 UmwG in conjunction with Sec. 327a para. 1 sentence 1 AktG).
- Subject to the Company's decision to implement a transformation, the shareholders' meeting of Deutsche Office will resolve on the transformation of Deutsche Office into a limited partnership (*Kommanditgesellschaft*). Alternatively to the acceptance of new shares in the transformed entity, the Deutsche Office Shareholders will have the right to leave Deutsche Office against adequate cash compensation (Sec. 207, 231 UmwG).

3. Explanation and justification of the exchange ratio

a) Preliminary Remarks

The Company offers the Deutsche Office Shareholders for 1 (one) tendered Deutsche Office Share 0.381 alstria Shares from the capital increase against contributions in kind. This corresponds to an implicit price per Deutsche Office Share of EUR 4,86 on the basis of a price per alstria Share of EUR 12,76 (according to the minimum price pursuant to Sec. 31 para. 1 WpÜG, Sec. 5 para. 1 WpÜG Offer Regulation (*WpÜG-Angebotsverordnung*, **WpÜG-AngebotsVO**) based on the 3-months VWAP of the alstria Share).

The determination of the exchange ratio is based on the management board's valuation of both Deutsche Office and alstria. The same methods and valuation parameters commonly used in the valuation of real estate companies were applied in the valuation of both companies involved in the transaction.

In addition, the Company has mandated UBS Deutschland AG to provide the Company's supervisory board and management board with an opinion as to the fairness, from a financial point of view, of the consideration of the Transaction which reflects the exchange ratio (the **Opinion**). UBS Deutschland AG did not have access to the accounting of Deutsche Office or the financial planning. Therefore, the Opinion was based on publicly available information. In addition, as no financial planning of Deutsche Office was available, no comparative fundamental analytical valuations of alstria and Deutsche Office could be carried out. The Opinion, which is attached hereto as Annex A, supports the determination of the appropriateness of the exchange ratio by the management board as set forth in this section II.3.

The management board has reviewed the Opinion in detail and fully adopts as its own the statements contained therein, particularly with respect to the objectified company values of Deutsche Office and of alstria.

The Company and its advisers were not able to complete a due diligence with respect to the business and assets of Deutsche Office. As a result, the valuation of Deutsche Office is based on publicly available information, which was evaluated to the best of the management board's knowledge according to its industry experience. As part of the valuation of Deutsche Office, the following documents in particular were taken into consideration:

- Annual Reports of Deutsche Office or Prime Office AG, respectively, for the fiscal years 2014 and 2013
- Interim Report of Deutsche Office for the first quarter of 2015
- Prospectus regarding the offering of shares of Prime Office AG (former OCM German Real Estate Holding AG) following the merger with Prime Office REIT-AG (now DO Deutsche Office AG)
- Documentation regarding the merger of OCM German Real Estate Holding AG with Prime Office REIT-AG (now DO Deutsche Office AG)

In addition, the management board analysed analyst reports and other documents that it believed to be appropriate with respect to the determination of the appropriateness of the exchange ratio and took into consideration the result of such analysis for its assessment.

b) Valuation Approaches and Methods

The determination of the exchange ratio is based on the same methods applied to the valuation of both companies.

The management board will review the appropriateness of the exchange ratio on the valuation date, which is the date of the extraordinary general meeting, and will report to the general meeting in case of any material changes which have an effect on the assessment of the appropriateness.

In particular, the valuation was carried out on the basis of the following parameters:

(i). IFRS NAV

The future earnings of real estate companies depend significantly on the location and the qualities of the properties held by the company. These qualities are reflected in the current market values of the properties. The market value of a real estate company is in essence derived from the sum of the market values of the individual properties (valued in accordance with the International Accounting Standards 40 (**IAS 40**)) minus financing positions at market value, plus other assets and minus other liabilities. The net asset value (NAV) is therefore the central valuation figure for portfolio-holding real estate companies.

Against this background, the management board is of the opinion that the IFRS NAV is one of the most suitable valuation standards for determining the fair value of real estate companies that hold their properties on a long-term basis for rental and management purposes. Contrary to other asset value-based figures the IFRS NAV is subject to periodic review by the auditor und therefore part of the annual audit certificate. Thus, the IFRS NAV provides the highest possible comparability and reliability for the valuation of real estate companies.

(ii). Market Capitalization

The analysis of the market capitalization of the companies involved is performed by way of a comparison of the expectations of the capital market with respect to the companies on the valuation date. According to case law, the stock prices of companies are to be considered when determining the market value of shares for purposes of the appropriateness of the consideration.

The market capitalizations of Deutsche Office and alstria were determined based on the number of shares outstanding and the closing prices on XETRA of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on June 10, 2015. For purposes of comparison and to check for potential date-related fluctuations, the market capitalization was also determined using the 3-months VWAP of the shares, which was applied to the current number of outstanding shares of each company. The 3-months VWAP was calculated based on the closing prices and the daily trading volumes on XETRA.

A comparison of the market capitalization of each company is meaningful for purposes of a value comparison because both companies have a significant amount of free-float and trading in both companies is considered to be liquid.

The absolute valuation of Deutsche Office and alstria was initially carried out without considering advantages resulting from the business combination (*Verbundvorteile*) associated with the transaction.

c) Alternative Valuation Methods

The management board also considered alternative methods to value the companies involved in the transaction, but these were assessed as either unsuitable or less suitable and therefore were not taken into account.

(i). Value of Earnings Approach (*Ertragswertverfahren*)

The value of earnings approach (*Ertragswertverfahren*), which develops the market value of the company from the projected earnings expectation derived from the company's financial planning, is generally accepted in theory and practice for the valuation of companies. However, for the valuation of real estate companies, a valuation of the entire company based on the value of earnings approach is a less common method. Unlike a valuation on the basis of the value of earnings approach, the IFRS NAV-based valuation allows the appraisal of individual properties. The market values of the properties can usually be taken from the annual report of the real estate company. Therefore, the management board is of the opinion that a valuation on the basis of IFRS NAV leads to a more reliable result than the valuation of the entire company based on the value of earnings approach. Thus, the management board deemed the value of earnings approach as less suitable.

In addition, the management board did not have access to data essential to the valuation of Deutsche Office on the basis of the value of earnings approach, particularly with respect to the company's financial planning. On the contrary, Deutsche Office discloses its IFRS NAV in each of its annual and interim reports and has its real estate valuation, which is based on this figure, reviewed annually by an independent external appraiser for purposes of the preparation of its annual report.

(ii). Valuation on the Basis of Liquidation Values

A valuation on the basis of liquidation values is unsuitable because both companies involved in the transaction are intended to continue to operate. In addition, because leases are unaffected by a potential liquidation, it is not to be expected that this valuation method would have led to a substantially different value ratio compared with a valuation on the basis of IFRS NAV.

(iii). Price Targets from Analysts' Reports

The management board evaluated available reports from major equity research analysts for both alstria and Deutsche Office. The management board considered a valuation exclusively on the basis of the price targets stated in these reports as less suitable and therefore did not take into account such valuation. Firstly, the analysts' studies are based on different methods to estimate a share price target that is typically set for a 12 month time frame. Secondly, the valuation methods are not always fully transparent and therefore their informative value cannot be sufficiently assessed. Both companies were each evaluated and analyzed by more than eight analysts at major banks. There was a significant variation within this group of analysts with respect to the target price. A selection or a weighting of the various price targets would lead to a subjective valuation result. The arithmetic average as well as the median of each target price would also be less suitable given such a high variation in target prices.

(iv). FFO Yield

The determination of a company's absolute value on the basis of FFO yields requires a comparison with yields achieved by similar companies. Because of the different risk profiles, business focus and asset qualities of other leading German real estate companies the achieved yields are not fully comparable. It has to be noted that the FFO is not a measure of operating performance or liquidity under generally accepted accounting principles, in particular IFRS, and should not be considered as an alternative to the income or cash-flow measures as determined in accordance with IFRS. Furthermore, no standard definition exists for the FFO. Thus, the FFO or measures with similar names as presented by other companies may not necessarily be comparable to the Company's FFO. Therefore, the management board considers a relative valuation of both companies on the basis of the FFO yield only suitable to a limited extent.

(v). Multiples Approach

Multiples approaches value the company based on the market values of comparable stock-traded companies (so-called trading multiples) or actual transaction prices (so-called transaction multiples). This allows for the determination of indicative company values or ranges. However, this constitutes a simplified market-based valuation approach which allows only a rough approximation to the actual company value. Against this background, the management board assessed a valuation based on a multiples approach as less suitable and therefore did not perform such valuation.

d) Valuation of alstria office REIT-AG

On the basis of the valuation parameters described above under b), alstria is valued as follows:

(i). IFRS NAV

Based on the adjusted IFRS NAV as of March 31, 2015, the value of alstria amounts to EUR 895.3 million.

alstria's real estate portfolio was valued by Colliers International in accordance with the RICS Valuation-Professional Standards (incorporating the International Valuation Standards) January 2014 (the "Red Book") by the Royal Institution of Chartered Surveyors (**RICS**). Accordingly, the definition of market value applied in the valuation is consistent with such recommended by RICS and can be summarized "as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The method used is a hard-core and top-slice method, whereby rental income is horizontally segmented, with the hard-core portion representing the prevailing market rent. The top slice represents the difference between market rent and contractual rent. This method fulfils the requirements of RICS. The method used by Colliers International is also appropriate and suitable for determining market values in accordance with the provisions of the International Valuation Standards.

In order to derive the respective fair values, properties were divided into two groups and valued accordingly. Group 1 contained properties with lease terms of less than five years; Group 2 held properties with lease terms of more than five years.

Group 1 for properties with leases set to expire in five years or less: Hard-core and top-slice method, taking account of, in particular:

- the contractual rent for the remaining term of the lease;
- an appropriate vacancy period following expiry of the lease;
- the necessary maintenance costs to re-let the properties at a comparable rent level;
- re-lets at market rents estimated by Colliers International at the relevant time in the future;
- the capitalization rates reflecting the individual risk of the property as well as market activity (comparable transactions); and
- non-recoverable costs in the amount of 5% of the contractual rent p.a. for more than 5 years.

Group 2 for properties with anchor leases that are leased on a long-term basis to tenants with strong credit ratings: Hard-core and top-slice method, taking account of, in particular:

- the contractual rent for the remaining term of the lease;
- re-lettings at market rents (accounting for the difference between market rent and contractual rent);
- the capitalization rates reflecting the individual risk of the property as well as market activity (comparable transactions); and
- non-recoverable costs in the amount of 5% of the contractual rent p.a.

Gains or losses arising from changes in the fair values of investment property are disclosed in "Net gain/loss from fair value adjustments on investment property" in the income statement in the year in which they arise. Investment properties are derecognized when either 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 profit or loss in the year of retirement or disposal.

The result of the valuation by Colliers International does not differ significantly from the real estate value determined by the Company and reported in its financial statements. Colliers International's valuation report as of December 31, 2014 is included in this management report as Annex B. For purposes of this report, the management board adopts all information and statements contained in the valuation report as its own and therefore makes them part of this management report.

Colliers International currently performs a new valuation of the Company's properties for purposes of the offer document for the Exchange Offer. The management board currently expects that this additional valuation report largely confirms the valuation by the Company.

For purposes of the valuation, the IFRS NAV was adjusted as follows:

IFRS NAV as of March 31, 2015	EUR 938.7 million
Dividend paid in May 2015	EUR 43.5 million
Adjusted IFRS NAV	**EUR 895.3 million**

(ii). Market Capitalization

Based on its market capitalization, the value of alstria amounts to EUR 1,018,596,094.

This calculation is based on the closing price of alstria Shares on XETRA of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on June 10, 2015 of EUR 11.70 and the number of 87,096,716 bearer shares outstanding at this point in time. Based on the 3-months VWAP of EUR 12.76 per share, and the number of 87,096,716 bearer shares outstanding at this point in time, the market capitalization amounts to EUR 1,111,693,773.

e) Valuation of Deutsche Office[1]

On the basis of the valuation parameters described above under b), Deutsche Office is valued as follows:

(i). IFRS NAV

Based on the adjusted IFRS NAV as of March 31, 2015, the value of Deutsche Office amounts to EUR 707.0 million.

According to the annual report as of December 31, 2014, the valuation of Deutsche Office's real estate portfolio, based on the IFRS NAV, was carried out by CBRE GmbH and was updated by Deutsche Office for the preparation of the quarterly financial statements as of March 31, 2015.

At Deutsche Office, investment property is valued by an independent property expert (CBRE GmbH) on the basis of the discounted cash flow (**DCF**) methodology. The DCF method compares all cash inflows and outflows associated with the investment property over a ten year period. This involves considering a number of parameters as: Rent levels and associated letting costs, capital expenditures, non-recoverable expenses and fit-out expenses as well as vacancy rates and related costs. According to Deutsche Office, at the end of the review period a sale of the property is being assumed using the income capitalization method based on a stable income assumption and an appropriate return on investment. Deutsche Office further states that, eventually, the Net Present Value is calculated by discounting the cash flow in the period under review including proceeds from the assumed sale, to the valuation date, using an estimated discount rate derived from the capital markets.

[1] The following information as well as any other information in this report regarding Deutsche Office and/or the Deutsche Office Group is based exclusively on publicly available sources since the Company does not yet have access to any information of Deutsche Office that is not publicly available.

In addition, the Mark Down as well as the planned dividend have been deducted from the IFRS NAV of Deutsche Office in order to reflect the situation expected at the time of the closing of the Exchange Offer.

The IFRS NAV was derived as follows:

IFRS NAV as of March 31, 2015		EUR 814.1 million
Mark Down	approximately	EUR 80.0 million[2]
Expected dividend payment		EUR 27.1
Adjusted IFRS NAV	**approximately**	**EUR 707.0**

(ii). Market Capitalization

Based on its market capitalization, the value of Deutsche Office amounts to EUR 716,341,584.

This calculation is based on the closing price of Deutsche Office Shares on XETRA of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on June 10, 2015 of EUR 3.97 and the number of 180,529,633 bearer shares outstanding at this point in time. Based on the 3-months VWAP of EUR 4.13 per share, and the number of 180,529,633 bearer shares outstanding at this point in time, the market capitalization amounts to EUR 745,461,014.

f) Appropriateness of the Exchange Ratio Based on the Valuation of alstria and Deutsche Office

Based on the absolute valuations of alstria and Deutsche Office as set forth under d) und e), the value ratio (*Wertverhältnis*) of the two companies, based on the respective average values, is as follows:

(i). IFRS NAV

The exchange ratio of rounded 2.625 Deutsche Office Shares for 1 (one) alstria Share (equivalent to an exchange ratio of 1 (one) Deutsche Office Share for 0.381 alstria Shares) under the Exchange Offer is substantially equivalent to a valuation of the two companies on the basis of their respective adjusted IFRS NAV per share as of March 31, 2015, based on the number of 180,529,633 outstanding Deutsche Office Shares at this point in time.

(ii). Market Capitalization

Based on the closing prices on XETRA of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on June 10, 2015 and the outstanding number of bearer shares at this point in time, the market capitalization amounts to EUR 1,018,596,094 for alstria and to EUR 716,341,584 for Deutsche Office; this corresponds to a value ratio (*Wertverhältnis*) of 58.7% to 41.3%. Based on the 3-months VWAP of the shares and the outstanding number of bearer shares at this point in time, the market capitalization amounts to

[2] This is an estimation by the managing board, based on a valuation of the property portfolio of Deutsche Office as of March 31, 2015 with a market value of approximately EUR 1.7 billion.

EUR 1,111,693,773 for alstria and to EUR 745,461,014 for Deutsche Office; this corresponds to a value ratio (*Wertverhältnis*) of 59.9% to 40.1%.

Based on the closing prices on XETRA of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on June 10, 2015, the exchange ratio of rounded 2.625 Deutsche Office Shares for 1 (one) alstria Share (equivalent to an exchange ratio of 1 (one) Deutsche Office Share for 0.381 alstria Shares) under the Exchange Offer includes a premium of EUR 0.49 per Deutsche Office Share, or 12.3%. Based on the 3-months VWAP, the exchange ratio under the Exchange Offer includes a premium of EUR 0.73 per Deutsche Office Share, or 17.8%.

Based on a valuation of the two companies on the basis of their respective adjusted IFRS NAV per share as of March 31, 205, the exchange ratio does not lead to a premium. Based on a valuation of the two companies on the basis of their market capitalization the exchange ratio leads to a premium which results in a dilution of the interest held by alstria Shareholders in the Company's assets. Such dilution is, however, offset by an increase in value resulting from the synergies from the combination. Such business combination advantages (*Verbundvorteile*) must be taken into consideration when determining the appropriateness of the exchange ratio in connection with a capital increase against contributions in kind. The synergies and other business combination advantages (*Verbundvorteile*) result – as set forth in detail under II.1.c) – primarily from operational synergies as well as an expected significant reduction in financing costs.

The capitalized value of the operative synergies and other business combination advantages (*Verbundvorteile*) (reduction of the financing margin), calculated on an assumed capitalization rate of 5%, amounts to approximately EUR 200 million. After the deduction of necessary costs that the management board of alstria expects to be around EUR 50 million leading to net capitalized synergies and other business combination advantages (*Verbundvorteile*) of approximately EUR 150 million. Based on the number of currently outstanding Deutsche Office Shares, and assuming that 100% of these Deutsche Office Shares are tendered for exchange in the Exchange Offer, such capitalized value per outstanding alstria Share following the closing of the transaction amounts to approximately EUR 0.96. This assessment does not take into account the effects from breaking the existing hedging instruments of Deutsche Office and the adjustment to current market levels. The breaking of the hedging instruments would result in additional costs of approximately EUR 50 million and additional relief of approximately EUR 7.5 million p.a.

Therefore, the synergies and other business combination advantages (*Verbundvorteile*) result in a significant increase in value of the shares of the alstria Shareholders.

Based on its current real estate portfolio alstria's management board expects revenues of EUR 98 million for the fiscal year 2015 resulting in an FFO of EUR 49 million.

In the report for the first quarter 2015, Deutsche Office confirms its guidance for the fiscal year 2015. Based on expected rental income from investment properties of between EUR 105 million and EUR 107 million for the full year of 2015, Deutsche Office expects an FFO of at least EUR 50 million or of EUR 0.28 per share.

Despite the premium (based on the market capitalization), the FFO profile (without disposals) will improve significantly due to the expected realization of the synergies, other business combination advantages (*Verbundvorteile*) and the adjustment of the existing hedging instruments to current market levels. The management board of alstria assumes that the total effect of these savings amounts to approximately EUR 17.5 million p.a. and can be realized within 24 months after closing of the Exchange Offer. Therefore, on a purely mechanical pro forma calculation, the combined FFO is expected to increase from EUR 99 million to approximately EUR 116.5 million once the synergies have been fully realized.

Solely the operative synergies in the amount of EUR 2.5 million will result in an increase of the FFO per share from EUR 0.56 to EUR 0.66. This reflects an FFO per share accretion of approximately 15.7%. In addition, there is the expected upside from reduced financing costs.

Therefore, since the transaction, as shown above, enhances value for the alstria Shareholders, the management board considers the exchange ratio underlying the Exchange Offer to be appropriate.

III. Justification of the intended exclusion of subscription rights for the capital increase against contributions in kind

Generally, in case of a capital increase, the shareholders have a statutory subscription right (Sec. 186 para. 1 sentence 1 AktG). However, the supervisory board and the management board propose to the extraordinary general meeting to exclude the shareholders' subscription rights in the resolution on the increase of the share capital pursuant to Sec. 186 para. 3 AktG.

The purpose of the proposed capital increase with exclusion of the shareholders' subscription rights is to enable the Company to acquire an interest in Deutsche Office by way of an increase of the Company's share capital through the issuance of shares of the Company as consideration for the contribution of Deutsche Office Shares as contributions in kind. The shares issued in the course of the proposed capital increase of the Company shall be issued in connection with the Exchange Offer made to all Deutsche Office Shareholders pursuant to Sec. 29, 31 para. 2 sentence 1, second alternative WpÜG to acquire all Deutsche Office Shares held by the Deutsche Office Shareholders at a ratio of rounded 2.625:1. This means that in connection with the Exchange Offer, Deutsche Office Shareholders receive for rounded 2.625 Deutsche Office Shares 1 (one) alstria Share (equivalent to an exchange ratio of 1 (one) Deutsche Office Share for 0.381 alstria Shares).

The purpose of the proposed exclusion of the shareholders' subscription rights is in the interest of the Company. Furthermore, the exclusion of the shareholders' subscription rights is suitable and necessary for the fulfilment of the Company interests and is in appropriate proportion to the implications resulting from the dilution for the shareholders of the Company. The exchange ratio between the Deutsche Office Shares and the alstria Shares of 0.381 alstria Shares for 1 (one) Deutsche Office Share is not inappropriate to the detriment of the shareholders of the Company.

1. Interests of the Company in the exclusion of the shareholders' subscription rights

The purpose of the proposed exclusion of the shareholders' subscription rights – acquiring an interest in Deutsche Office by way of a capital increase against contributions in kind and Exchange Offer to the Deutsche Office Shareholders – is in the interest of the Company. The corporate bodies involved in the decision making are taking the view, based on their assessment, that the capital increase against contributions in kind is to the benefit of the Company and thus to the benefit of all shareholders. Because of the significant business combination advantages (*Verbundvorteile*) described under II.1.c), the Company's interests are particularly reflected in the expected operational synergies, the stronger footprint in key markets and a reduction of the cost of capital.

The management board expects operational synergies from the combination with Deutsche Office. The synergies that can be achieved over a 24 months period of time are estimated at approximately EUR 2.5 million p.a. The operational synergies result from the shared and efficient use of administrative functions, the deployment of alstria's IT infrastructure, the combined property management platform, and a simplified corporate structure.

Furthermore, the management board is of the view that the combination of the portfolios of alstria and Deutsche Office will lead to significant competitive advantages. The size of the combined portfolio is expected to result in a stronger market presence and leasing result, through a larger footprint in key markets, and the combined knowledge of the operational personnel of both alstria and Deutsche Office. In addition, Deutsche Office's portfolio ideally complements alstria's strategy of expanding its leading market position through strategic acquisitions of portfolios with strong growth opportunities resulting from higher vacancies.

Finally, the combination of alstria and Deutsche Office will, in the view of the management board, allow for a significant reduction of Deutsche Office's cost of capital. The combined company will benefit from alstria's credit and capital market standing. The management board intends to refinance Deutsche Office's current debt to reduce its financing expenses in an amount of approximately EUR 15 million p.a.

2. Suitability and Necessity of the Exclusion of Shareholders' Subscription Rights

The management board considers the exclusion of the shareholders' subscription rights to be suitable and necessary to achieve its purpose, which lies in the interest of the Company.

The exclusion of the shareholders' subscription rights is suitable to achieve the purpose pursued in the interest of the Company because the Exchange Offer to the Deutsche Office Shareholders requires an exclusion of the Company's shareholders' subscription rights.

Furthermore, the exclusion of the shareholders' subscription rights is necessary to achieve this purpose. The management board has thoroughly reviewed possible alternatives for the structuring of the proposed transaction, but has assessed them as not or less suitable and therefore did not pursue such alternatives further.

a) Debt Financing

Due to the magnitude of the financing required for the acquisition of Deutsche Office, a debt financing of the acquisition is not feasible. As of March 31, 2015, the Company's net loan-to-value (net LTV) ratio amounts to approximately 44% (reported net financial debt of EUR 727.6 million in relation to the reported fair value of immovable assets minus the reported value of investment companies reported as joint ventures at equity, in the amount of EUR 1,657.4 million). As of March 31, 2015, Deutsche Office has a loan-to-value ratio of approximately 53% (reported net financial debt of EUR 981.4 million in relation to real estate properties held as financial investments and assets for sale, amounting to a reported total value of EUR 1,862.7 million). If the acquisition of all shares in Deutsche Office including the proposed premium (total of approximately EUR 804.4 million based on the closing price on XETRA of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on June 10, 2015 of EUR 11.70) would be entirely financed by debt, the combined company would have a loan-to-value ratio of approximately 71%. This loan-to-value ratio would (i) be unsustainable for a real estate company, (ii) furthermore result in a significant failure to reach the required equity capital ratio of 45% required by the REITG (Sec. 15 REITG), and (iii) finally be significantly above the industry standard.

b) Capital Increase Against Cash Contributions Without Exclusion of the Shareholders' Subscription Rights

A capital increase against cash contributions without an exclusion of the shareholders' subscription rights, in order to pursue the contemplated transaction using cash and allowing the shareholders of the Company to subscribe for the shares issued in connection with the transaction, would have been less suitable than an acquisition by way of an Exchange Offer for several reasons. First, such a capital increase against cash contributions would have had to be implemented to an extent that allows for the financing of the entire takeover offer even in case of an acceptance rate of 100%. Neither the extent to which shareholders subscribe for new shares nor the purchase price of the subscription rights in the course of such capital increase – at least with such a volume – could have been predicted with any certainty and would have depended in particular on the market conditions at the time of the implementation of the capital increase. In order to obtain reasonable assurance as to the financial viability of the offer, a subscription rights issue would have had to precede the acceptance period of the Exchange Offer. This means that the capital increase would have had to be implemented before the actual acceptance rate and the success of the takeover offer could have been determined. Consequently, following the capital increase, the Company would have been significantly overcapitalized if the offer had not been implemented, for example, due to a competing offer or non-occurrence of offer conditions, or had only been partially implemented due to an acceptance rate lower than what was assumed when calculating the size of the capital increase. Finally, considering the size of the required capital increase, and in order to adequately manage the market risk during the subscription period, it would have been necessary to issue the new shares at a substantial discount to its current market value which would have substantially increased the number of shares issued. As a consequence, the potential accretion resulting from the transaction to the alstria Shareholders would have been reduced.

c) Combined Equity and Debt Financing

A combined equity- and debt-financed acquisition of the Deutsche Office Shares would also have been less suitable than a capital increase against contributions in kind with the exclusion of the shareholders' subscription rights in connection with the Exchange Offer. A partial debt financing could have in principle complemented a capital increase against cash contributions without an exclusion of the shareholders' subscription rights and could have led to a reduction of the market risk. However, taking into account the current debt financing of Deutsche Office's portfolio, the transaction would have led to a significant increase of the loan-to-value ratio of the combined company. Moreover, this would not have changed the fact that the Company would have been overcapitalized if the Exchange Offer had either not been at all or not fully implemented

d) Merger

Finally, an acquisition by way of a merger by absorption (*Verschmelzung zur Aufnahme*) (Sec. 2 no. 1 UmwG) without an exchange offer would have also been less suitable. A merger requires intensive joint preparations of both companies, i.e. of alstria and Deutsche Office. A merger auditor has to be court-appointed and has to carry out an audit. In addition, the subscription rights of the Company's shareholders would have been excluded in the same way as in the case of a capital increase against contributions in kind because the shares issued in the course of the merger with capital increase (*Verschmelzung mit Kapitalerhöhung*) (Sec. 69 UmwG) would also have required that the shareholders' subscription rights be excluded.

3. Appropriateness of the exclusion of subscription rights and appropriateness of the exchange ratio

The exclusion of the shareholders' subscription rights is appropriate in order to achieve the purpose of an acquisition of an interest in Deutsche Office, which is in the interest of the Company, by means of a capital increase against contributions in kind and an Exchange Offer to the Deutsche Office Shareholders. The exchange ratio between the Deutsche Office Shares and the alstria Shares is not inappropriately low to the detriment of the shareholders of the Company.

In connection with the capital increase against contributions in kind, the exclusion of subscription rights will inevitably cause a dilution of the membership rights (*Mitgliedschaftsrechte*) of the alstria Shareholders. The dilution of the existing participation in the Company associated with the exclusion of subscription rights is, however, in appropriate proportion to the purpose pursued in the interest of the Company and therefore justified.

There is no value-based dilution of the existing shareholdings. The exchange ratio (1 (one) Deutsche Office Share for 0.381 alstria Shares) between the alstria Shares and the Deutsche Office Shares

- is substantially equivalent to a valuation of the two companies on the basis of their respective adjusted IFRS NAV per share as of March 31, 2015;
- grants the Deutsche Office Shareholders a 12.3% premium compared to the closing price on June 10, 2015 and a 17.8% premium based on the 3-months VWAP of the shares.

Based on the valuation of both companies on the basis of their respective adjusted IFRS NAV per share as of March 31, 2015, the exchange ratio does not lead to a premium. The value-based dilution resulting from the premium on the basis of the market capitalization is more than offset, as set forth in further detail under II. 3f) of this management report, by the increase in value of the shares of the alstria Shareholders as a result of the significant synergies associated with the transaction. Business combination advantages (*Verbundvorteile*) are to be considered in assessing the appropriateness of the exchange ratio in the context of a capital increase against contributions in kind. In addition, it is acknowledged that an appropriate premium in favour of the new shareholders is acceptable in order to help the Exchange Offer succeed.

The management board therefore concludes that the exchange ratio underlying the capital increase against contributions in kind is appropriate from the perspective of alstria.

* * *

Hamburg, June 2015

alstria office REIT-AG

The management board