



alstria

BUILDING YOUR *FUTURE* *OF OFFICES*

Sustainability Report 2016



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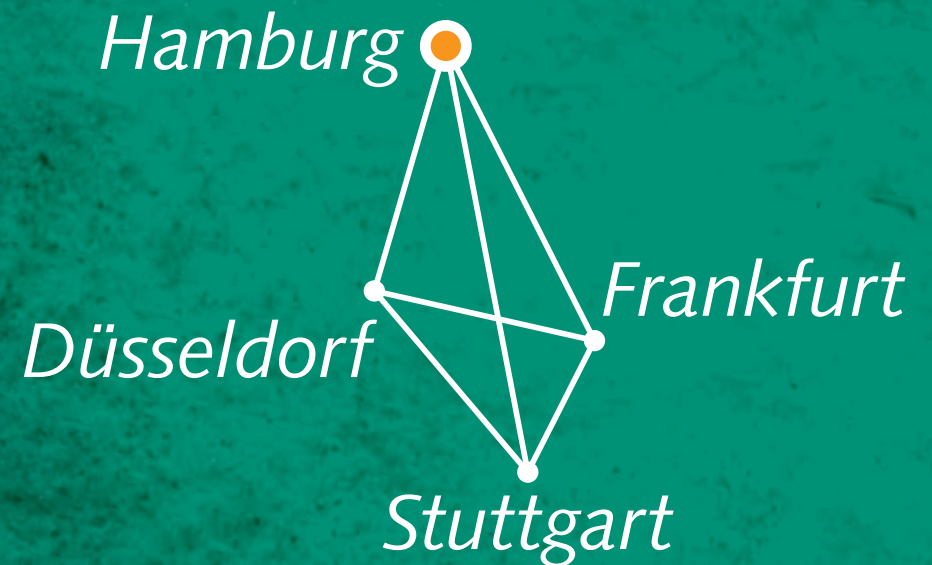


ALSTRIA AT A GLANCE

alstria office REIT-AG is the leading real estate operator that focuses solely on German office properties in selected German markets.



4 Local offices



Reporting date: December 31, 2016

MANAGEMENT LETTER

DEAR LADIES AND GENTLEMEN,
SHAREHOLDERS,
BUSINESS PARTNERS AND TENANTS,

It has been a number of years now since we embarked on the sustainability and annual reporting journey. And over these years, we have witnessed our company culture changing slowly but steadily in a way that allows most of the CSR topics to be embedded directly within our day-to-day operations. alstria is not a unique case, and a number of our listed peers have embraced the same journey with similar results. As a result, when it comes to sustainability, the European Listed Sector leads the real estate world alongside its Australian peers. And while real estate companies have been making substantial inroads into the sustainability field and have been moving away from 'green washing' toward tangible action on portfolios, one needs to acknowledge that our shareholders have not had the same journey.

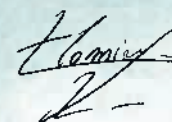
If you are reading this, then my above comment is very unfair to you; you obviously care. But the fact is that among the hundreds of roadshow meetings we conduct every year, I can count the meetings in which investors have openly engaged on the topic of CSR on my fingers. To be clear, we do receive, every year, dozens of letters signed by CIOs of large investment companies insisting that the CSR topic is important to them. We still receive dozens of demands for us to fill out CSR questionnaires. But real engagement, actual discussions that involve explaining why we do things the way we actually do, or being challenged on our policies? Not so much.

A substantial gap is growing between companies that have embraced the CSR topic and have dedicated time, money and resources into it and the investment community, which is still very much understaffed and is still treating the subject with a one-size-fits-all approach. A hint: the number of green buildings you have in your portfolio does not tell you anything about how sustainable your business is, nor does any of the other statistics being put together by CSR rating agencies. If you have any doubt about this, have a look at VW's ratings prior to the diesel scandal. (That's right; it was top of its industry.) If anything, now is the time for shareholders to follow the path of companies and, assuming CSR really matters to them, to agree to dedicate enough human and financial resources to be in a position to finally engage with us.

In the meantime, we are continuing on our journey and are delivering on the RE100 commitment that we made on the eve of the Paris Agreement, implementing smart metering across the portfolio to improve our energy management system, and, now more than ever, investing in innovation and technology that we think has the power to shake our future business. And finally, we recently introduced a CSR Committee at the level of our Supervisory Board, as a testimony to our company's highest governance body's involvement in our CSR journey.

We are looking forward to our future discussion.

KIND REGARDS



Olivier Elamine
Chief Executive Officer (CEO)



Alexander Dexne
Chief Financial Officer (CFO)

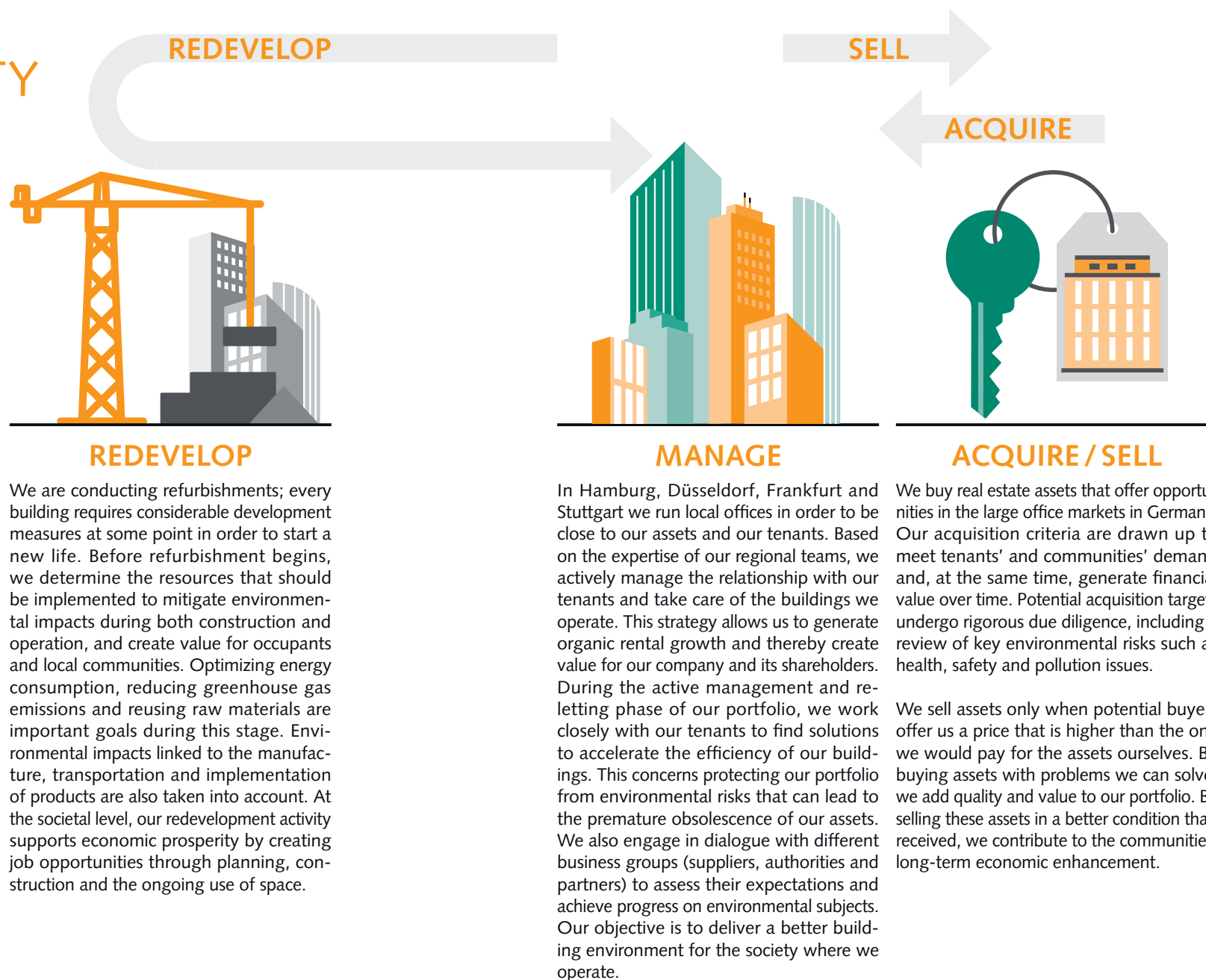
In an ever-changing business environment, sustainability seems to be the only thing that makes sense in order for the real estate market to advance. We see global sustainability challenges as an opportunity to develop innovative solutions for our stakeholders and to improve the environment that surrounds us.

SUSTAINABILITY RELOADED

Driving a sustainable portfolio has a positive effect on all of our major business areas. This practice can lead to an increased client demand, reduced speed of obsolescence, reduced vacancy rate, reduced rates of depreciation and lower operational costs. At the same time, by energetically upgrading our buildings, we contribute to reducing the carbon footprint of the real estate sector. Additionally, our success is more than that of any other business directly linked to the location on which we invest. Thus, we have a vested interest in the strong development of local communities. We are convinced that a lasting economic success can only be materialized when we act responsibly within the environment and the society around us.

VALUE CHAIN

We continuously integrate sustainability into our corporate strategy and this approach is made visible by the activities along the value chain that are described in this report – starting from the moment we acquire a new property to the point in time when we dispose of it.



A WARM WELCOME TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The UN's Sustainability Development Goals (SDGs) are the core of the 2030 Agenda for Sustainable Development - a global action plan that aims to mobilize governments, businesses and civil society to address social and economic challenges.

At alstria, we very much welcome the SDGs in our business strategy. This way, we take a shared responsibility for achieving positive changes and inspiring our business sector to act in a similar manner.

The nature of our business allows us to have a potential influence on a wide range of SDGs. Thus, we have analyzed which SDGs are a priority for alstria based on our materiality matrix. The following SDGs are currently relevant to our strategic orientation: SDG 7, SDG 11 and SDG 13.

Below we show some selected examples of how our business activities contribute to these goals:

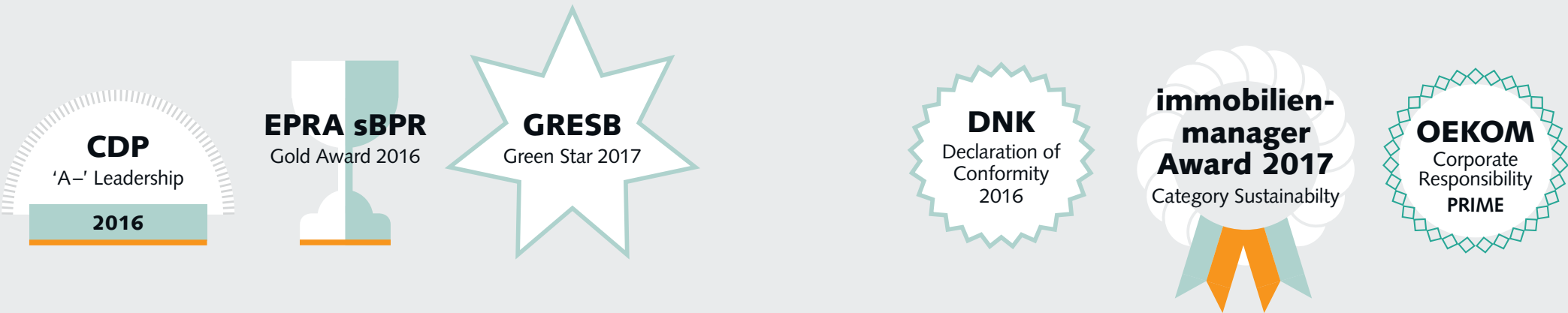


By powering all of the common areas of our buildings, as well as our own offices, with renewable energy by 2020, we increase demand for clean energy and therefore incentivize investment in that field. Furthermore, by offering our employees and tenants the chance to source affordable renewable energy, we improve the overall environment.

With our co-working spaces in major cities in Germany, we offer affordable and efficient office space to everyone who wants to benefit from short leases and flexibility. This way, we contribute to the productivity of the cities and enable start-ups and small businesses to thrive.

We work continuously to reduce the energy consumption of our buildings and the carbon emissions associated with it. We started providing our tenants with services, such as 'Mieterstrompool,' that enables them to source renewable energy for their own areas at a competitive price and, therefore, make a contribution toward the reduction of greenhouse gas emissions and the distribution of clean air in urban areas.

AWARDS



HIGHLIGHTS

REDUCING ABSOLUTE GHG EMISSIONS BY 31 %

Our call in 2016 to implement a framework contract for centralizing the procurement of renewable energy and carbon-neutral gas across our portfolio brought us closer to a carbon-free future. Through this action, we have been able to reduce our total carbon footprint by 31 % in 2016 compared with our baseline year of 2013.

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GAINING MOMENTUM THROUGH INNOVATION

Our actions to reduce our impact on the environment have been recognized most recently from the 'Immobilien Manager Verlag' that awarded alstria with the 'immobilien-manager Award 2017' in the sustainability category for the project 'Mieterstrompool'.

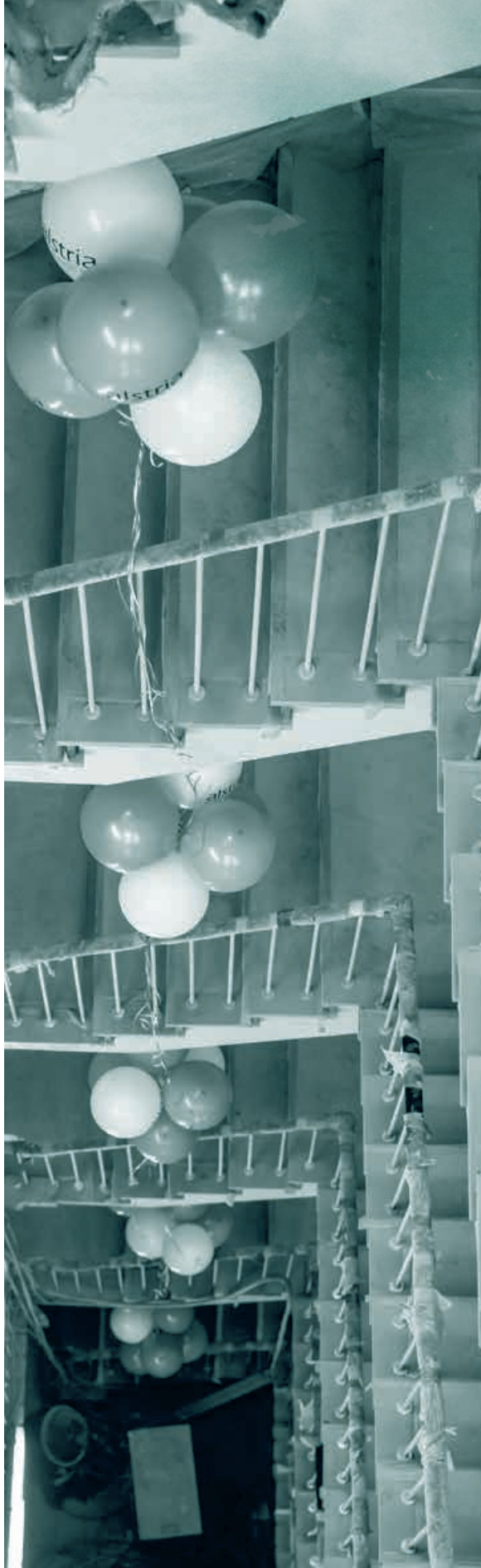
With our next endeavor to apply smart metering systems to our portfolio, we are expecting to monitor the efficiency of our buildings and realize instant reductions on carbon emissions.

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RE100 ... NOT JUST ANOTHER TARGET

We are driven by a desire to take a leadership position on reducing the carbon footprint of real estate. This aspiration made us the first German real estate company to join RE100 and emphasized our commitment to go 100 % renewable. It is a great way for us to show that alstria is actively changing the way in which we conduct business and allows us to influence our peers to follow our example. We believe that influential businesses can serve as a powerful example of how going 100 % renewable makes sense in social, economic and environmental ways.

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PROGRESS

REACHING OUT TO OUR TENANTS

We encourage dialogue and support our tenants in all decisions that relate to our buildings' efficiency. In 2016, we successfully disclosed a framework agreement to procure renewable energy for our common areas. Having achieved fair conditions on setting up the contract, we decided to offer the same beneficial conditions to our tenants and employees without generating any profit of our own. Participation in the framework contract will have an immediate impact on the reduction of our portfolio's carbon footprint.

Our real estate expertise allows us to recommend energy solutions that suit our tenants' individual needs. In the next few years, we are planning to extend our reach to our tenants in order to encourage them to adopt environmentally sound practices.

POST-PARIS TREND

The reduction of carbon emissions is becoming the key endeavor for all business operations. We see a trend toward the intensification of all efforts to minimize carbon emissions on the governmental side. This post-Paris trend will further develop as the scheme of the climate agreement finds its way into new domestic and national laws and restrictions regarding carbon emissions. This new era will bring challenges along with new opportunities from which the real estate sector can benefit. Taking that into account, we will continue to invest in research and innovation and try to keep ourselves and our assets in the best-in-class position.

Our business success is founded on the strong relationships we maintain with our stakeholders: investors, tenants, employees, business partners and the local communities. With an ongoing and multi-channel engagement, we determine their expectations and drive our business value forward.

STAKEHOLDER ENGAGEMENT

Throughout the year, we hold regular meetings with a broad array of our stakeholders on key environmental, social and governance topics. Additionally, we seek to join forces with our peers, suppliers, external consultants and non-governmental organizations (NGOs) in order to tackle the major challenges that our industry face. To this end, we are involved in a number of local and global industry collaborations, partnerships and multi-stakeholder initiatives.

TENANTS

- › Regular meetings with key tenants
- › Feedback at all different stages of a tenancy, as collected by our own property managers
- › Access to all important documentation by means of an online tenant portal

EMPLOYEES

- › Annual appraisal meetings
- › Open-door policy
- › Anonymous company feedback survey

INVESTORS

- › Discussion at roadshows, conferences and site tours of our properties
- › Direct dialogue and voting right at the Annual General Meeting
- › Direct chat via our website

BUSINESS PARTNERS

- › One-on-one dialogue before the beginning of a new business relation
- › Weekly meetings with contractors during the construction stage
- › Dialogue in the form of online feedback via the company's website

Our communication channels and frequency of contact with our major stakeholders

LOCAL COMMUNITIES

- › One-on-one dialogue with affected neighborhoods before and during redevelopment
- › Press conferences
- › Responsive communication through social media

DIALOGUE AT INDUSTRY LEVEL

We are participating in a number of working groups and answer a number of public inquiries with respect to accounting, regulatory and sustainability topics. We are mainly engaged in initiatives that aim to improve transparency and innovation in the real estate sector. This involvement gives us the opportunity to anticipate future regulatory requirements, identify new trends at an early stage and be in a position to take part in the new trend-setting process. In 2016, our Management Board invested 40 hours and approximately EUR 50,000 in supporting relevant causes.



We regularly participate in meetings, conferences and discussions of the EPRA. Our CEO is serving as the chair of the EPRA's Sustainability Committee and is a member of the EPRA's Advisory Board. The EPRA represents the interests of the major European property management companies and supports the development and market presence of these companies by establishing, among others, best practice recommendations in the fields of accounting, reporting and sustainability.



Our CFO regularly joins the working group discussions regarding climate change and sustainability within the ZIA (German Property Federation), a regulatory and economic lobby group for policy in the property sector. Other senior staff members are also involved in similar working groups on topics of corporate responsibility, innovation and management of offices.

In 2016, we also participated in the development of green leases in Germany. We took part in the 'ZIA-AG Green Lease' working group and offered our real estate expertise to its discussions.



Since 2010, we have supported the Hamburg Environmental Partnership 'Umwelt Partnerschaft Hamburg' and remain in close collaboration with the city's policy makers.

www.hamburg.de/umweltpartnerschaft/



Every year since 2011, we have submitted our climate change data to the CDP and, thus, embrace transparent communication in our sector. We are also taking part in various discussions organized by the CDP throughout the year. The CDP focuses on taking urgent action to build a sustainable economy by measuring and understanding the environmental impact of organizations and countries.

Our CEO has actively participated in working groups for the establishment of GRI-G4 guidelines and the Construction and Real Estate Sector Supplement.

Over the years we have developed a sustainability approach tailored to address our different stakeholders' interests.


OUR PRIORITIES


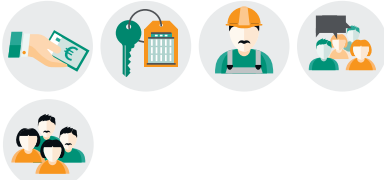



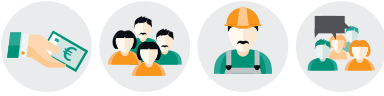
To determine what is most relevant to our stakeholders, we decided in early 2015 to review our priorities and align our resources and strategy accordingly. This process included a survey that was sent to 1,420 identified stakeholders (shareholders, debt providers, analysts, tenants, employees, press and others) and received a response rate of 4.3 %. The results we obtained from this survey allowed us to define alstria's material topics. Ever since then, we annually run an internal revision to diagnose the emergence of new material topics or assess the shift in importance of existing ones. This process has resulted in renaming our material topics in order to better illustrate their significance. A complete overview of alstria's materiality assessment findings and process is available at [SUSTAINABILITY REPORT 2015, PAGES 24–27](#)

OUR BUILDINGS	OUR PEOPLE	SOUND BUSINESS
<ul style="list-style-type: none">› Carbon Emissions› Consumption of Resources	<ul style="list-style-type: none">› Recruiting, Training & Development› Diversity & Equal Treatment› Working Conditions› Ethical Conduct	<ul style="list-style-type: none">› Financial Performance› Contribution to Communities› Supplier Management

STAKEHOLDER INTERESTS

The following table summarizes the highlights of our stakeholder engagement on sustainability issues. More in-depth discussions about many of these topics may be found throughout the report.

Create long-term value 	<ul style="list-style-type: none">› We only invest in assets that will sustain our growth requirements and deliver returns over a long period of time.› Our operational focus is on maintaining the level of occupancy in our portfolio and the quality of our revenue stream.
Promote good governance & transparency 	<ul style="list-style-type: none">› Our financial and environmental performance receives external third-party assurance.› We ensure compliance with the most recommendations of the German Corporate Governance Code.

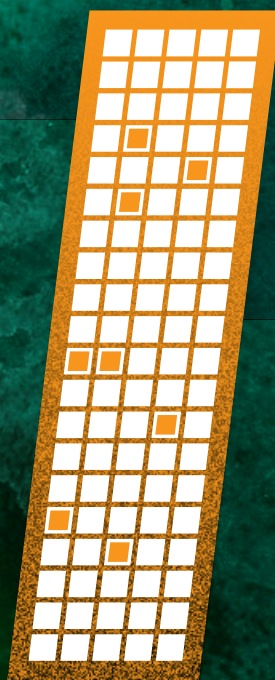
Retain reliability 	<ul style="list-style-type: none">› We believe that open and honest dialogue with our stakeholders is key for the long-term prospects of the Company. Credibility is built over time.› We have a responsible contracting policy and provide payment of agreed prices within the set time frame.
Promote equal & fair treatment 	<ul style="list-style-type: none">› We believe in positive and respectful communication, a cooperative management style and continuous employee development.› We have fair and balanced employee policies in place, including prohibition of discrimination.
Maintain long-term relationships 	<ul style="list-style-type: none">› We choose our business partners carefully and we value their work. We often continue working with them for more than one project.› Part of our daily work is to ensure that our real estate operations team is always available to respond to tenants' and business partners' concerns and to develop ideas and solutions.
Improve supplier management 	<ul style="list-style-type: none">› We have issued a code of conduct that defines our ethical and legal guidelines and sets forth the specific behavior that is expected from our external providers.› We have established a 'green list,' which includes all the providers with whom the company is allowed to enter into a business relationship.
Provide efficient office space 	<ul style="list-style-type: none">› We set new trends and follow up on developments in the field of office concepts to offer our tenants best-in-class solutions.› We are engaged in different working groups to pursue opportunities to reduce the carbon footprint of real estate.
Support the local economy 	<ul style="list-style-type: none">› We work closely with the local authorities during any redevelopment process. We believe that only a close collaboration of all involved parties leads to success.› We engage with local suppliers in our development projects and in the regular maintenance of our buildings.

REPORTING BOUNDARIES

105 covered buildings

97 office buildings

8 other buildings



OUR BUILDINGS

AREAS BY TYPE

Office

76%

5%

Common parts

7%

Storage

3%

Retail

9%

Other
(Nursing homes,
Logistics, Hotels)

P

External parking spaces

2,100

P

Internal parking spaces

14,700

ALSTRIA'S OWN OFFICES

Hamburg

1,668 m²

448 m²

Düsseldorf

300 m²

Frankfurt

188 m²

Stuttgart



– 8,407
tCO₂e

112 % LESS GREENHOUSE
GAS EMISSIONS (2016 vs. 2015)

CO-WORKING
Work_Hubs
BigData
SMART_ASSISTANCE
3D-Printing
ARTIFICIAL_INTELLIGENCE
BIM

A LOOK INTO THE FUTURE - SKYLINE



*Does digitization
enable resource
efficiency?*

There is no doubt that new technology will allow the real estate industry to better optimize its use of resources. If anything, because it already allows users increased efficiency, it therefore reduces the amount of office space needed to host their activities. However, technology can from time to time be at the core of the problem it is trying to solve. It accelerates the speed of obsolescence of the assets, which in turn requires spending more resources to keep the asset up to date.

As our business grows, so does our environmental responsibility. Our real estate assets are responsible for producing a substantial part of greenhouse gas emissions and for consuming major resources. Focusing our efforts on finding solutions that meet our business needs, support our tenants and benefit the environment is how we try to live up to this responsibility. Our commitment extends to inspiring others toward greater awareness and actions. To do so, we focus on three environmental issues most important to alstria and our stakeholders: carbon emissions, consumption of resources and workspace experience.

ENVIRONMENTAL PRIORITIES

CARBON EMISSIONS

Climate change is a reality we cannot deny. Being one of Germany's largest real estate operators, we bear the responsibility of maximizing our climate change action and raising the environmental awareness among our tenants and employees. We also support global efforts to mitigate the impact of climate change. Within our climate protection scope, we work diligently to reduce the energy consumption of our buildings and the carbon associated with it. Our objective is to deliver a better building environment to the society where we operate.

CONSUMPTION OF RESOURCES

We offer office space to accommodate businesses and help people prosper. Our buildings' operation requires a substantial amount of energy, primarily in the form of electricity and heating. Our tenants and ourselves also consume water and produce waste. Our scope is to limit the demand on energy and water as much as possible and run our buildings efficiently.



WORKSPACE EXPERIENCE

A place of work is more than just a property or an office, it's an opportunity to enhance people's well-being and help them thrive. Hence, our responsibility does not stop the moment we create a new workspace but extends throughout the entire tenancy by providing our expertise and services. When it comes to smart-building technologies, we do not necessarily follow all trends, but we are looking to the ones that make sense both economically and ecologically to minimize the use of resources and to contribute to a long-term reduction in costs.



THE FRUITS OF OUR COMMITMENT

	2016	2013	Change
Number of properties	108	76	↑ 42 %
Lettable area in m²	1,524,300	894,400	↑ 70 %
Market value in EUR million	3,022	1,638	↑ 84 %
Energy consumption in MWh	146,425	129,038	↑ 13 %
Energy intensity in kWh per m²	110	205	↓ 46 %
Total carbon footprint in tCO₂e	34,420	49,825	↓ 31 %
CO₂ reduction in tCO₂e	8,407	688	↑ 1122 %

HOW WE IMPROVE

Our approach to resources, emissions and workspace experience focuses on a comprehensive plan of four principles that span each of these areas.

*smart
meters*

RUNNING AN ENVIRONMENTAL MANAGEMENT SYSTEM

Over the last eight years, we have developed an environmental management system that helps us to ensure the systematic approach of our sustainability objectives. It entails the setting, development and monitoring of our environmental protection plan and supports the ongoing implementation of our commitments. Designed by alstria and ran by the Sustainability department of the Company, this framework safeguards the organization from potential risks and guides the Company to a successful sustainable future.

Managing our portfolio in a sustainable manner starts with properly measuring the environmental impact of our operations. We have thus established a meaningful environmental reporting system. This entails a stringent reporting base and a monthly evaluation of the energy and resource consumption of our portfolio. This year, we took monitoring to the next level by starting the introduction of smart metering systems to our buildings, which provide us with real-time data of our portfolio's consumptions. This increased density of information, in conjunction with an analysis of our GHG emissions, helps us optimize the energy efficiency of our buildings and accurately report externally on our environmental performance data.

Our increased understanding of our portfolio's consumption enables us to:

- › Advise our tenants on how to reduce their operational costs and their environmental impact
- › Obtain external third-party assurance on our environmental performance with a high degree of transparency
- › Identify opportunities for future R&D and capital expenditures

REDUCING EMISSIONS

We take a comprehensive approach to reducing GHG emissions, which also includes major parts of our value chain. Our plan includes:

- › Centralizing the procurement of renewable energy and carbon-neutral gas across our portfolio; in 2016, we successfully implemented a framework agreement that covers all landlord-shared services of our properties as well as our own offices
- › Providing tenants with services that help them reduce their environmental impact; one such service is the tenant electricity pool ('Mieterstrompool') – a service that enables our tenants to source renewable energy for their own areas at a competitive price
- › Helping increase public awareness around climate change; by joining the RE100 Initiative, we emphasize our commitment to go 100 % renewable. It is a great way for us to show that alstria is actively changing the way we conduct business and allows us to influence our peers to follow our example

*tenant
electricity
pool*

- › Reducing the carbon footprint of our business travel by favoring rail transportation over flying for distances of less than 300 km
- › Offering a subsidy to our employees to increase commuting by local public transportation rather than by cars
- › Engaging in regulatory and economic lobby groups, such as ZIA and EPRA, to acquire better knowledge of the climate legislation

*building
data*

REDUCING ENERGY USE

A building's lifecycle is divided into three main phases: construction, operation and dismantling. Each phase requires significant energy input. The energy invested for construction remains embodied in the building over its entire service life. During operation, a constant flow of energy is needed to provide the necessary conditions for its users. At the end of its life phase, energy is consumed for disassembling and recycling, while the embodied energy is lost. By maintaining and modernizing our buildings on a regular basis, we significantly extend their service life. This way, we ensure that the already-invested energy is used for as long as possible.

Since most of our assets are in the operational phase, our main focus lies in reducing the use of operating energy and achieving cost savings for our tenants. To realize this, we are:

- › Increasing control of existing building services by running in-house facility management
- › Investing in automatizations that can enable retrieval of real-time data and thus detect building services' inefficiencies
- › Increasing the overall efficiency of a building by upgrading building envelope, replacing windows and implementing insulation in walls and roofs

*predictive
analytics*

USING TECHNOLOGY TO OUR ADVANTAGE

The workplace as we know it is changing. At alstria, we pave the way for new opportunities to come by:

- › Creating co-working spaces that provide a range of services for their occupants, that are connected to the city's surroundings and that are sustainable
- › Integrating holistic ideas of smart-building solutions that interact with one another and improve workplace experience
- › Using data analytics to predict the provision of energy and services

Being one of Europe's largest listed real estate operator, with regard to managed lettable area, we are driven by a desire to lead our sector on the transition to a carbon-free future. Only once we have a sustainable approach to real estate can we build and create value over time.

CARBON EMISSIONS



In light of the Paris Agreement, Germany has committed to reducing greenhouse gas emissions to 80–95 % by 2050 and thereby playing its part in limiting the average global temperature increase to well below 2 degrees Celsius above pre-industrial levels. En route to realizing this ambitious but necessary target, all business sectors, including real estate, would need to take action. Exiting the carbon world is highly relevant for us, as it presents us with enormous business opportunities, which we will discuss in detail below.

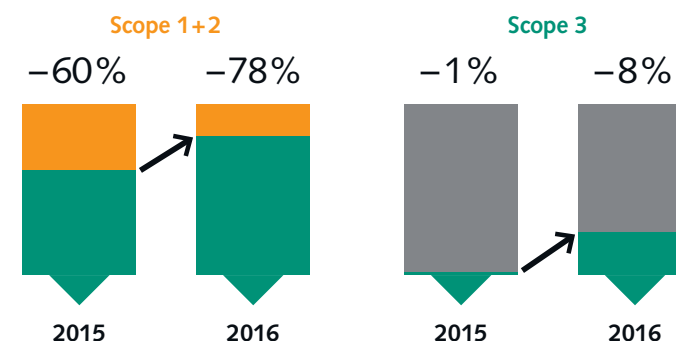
RENEWABLE TARGET

Having identified greenhouse gas (GHG) emissions as one of our main environmental impacts, we have designed a strategy to substantially reduce our carbon footprint in a short period of time and at minimal cost. Our decision to join the RE100 initiative in 2015, as the first real estate company, shows the degree of our commitment to promote for change in the way that business is conducted.

Our renewable target is to power all the common areas of our portfolio as well as the entire area of our own offices with renewable energy until 2020. The journey to go 100 % renewable began for us in 2013 when we started buying fuel-free energy for some of our buildings. In 2016, we set a successful framework agreement to centralize the procurement of renewable energy (hydropower) and carbon-neutral natural gas across our portfolio. This contract covers all landlord-shared services in our portfolio as well as our own offices. In 2016, already 79 % of the energy used in our common parts areas was produced from renewable energy. As a result, we were able to cut down on emissions by approximately 8,407 tCO₂e (Scope 1–3) and decrease the utility costs by 30 %.

While we understand that the energy used in some of our properties might still be generated by fossil fuels, we are working to increase the demand for renewable energy and therefore incentivize investment in that field. To emphasize this commitment, we have decided to focus on further GHG reductions across our value chain.

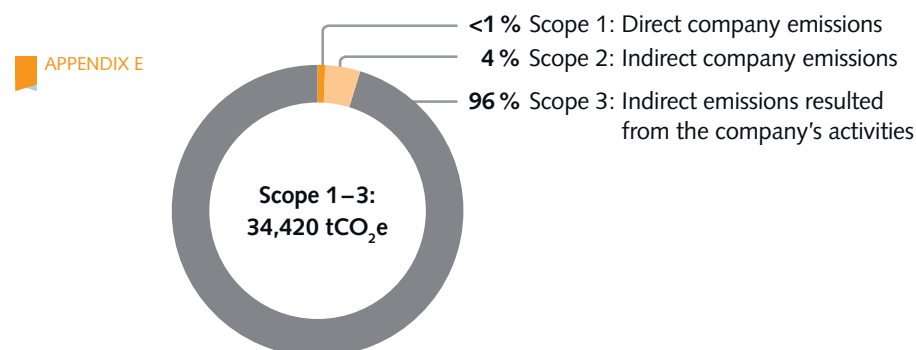
GHG Emissions Improvement

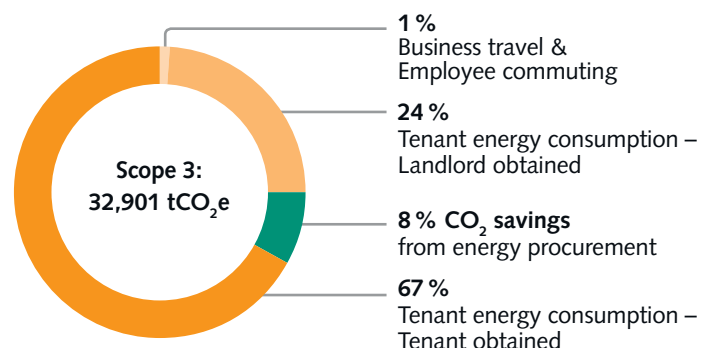
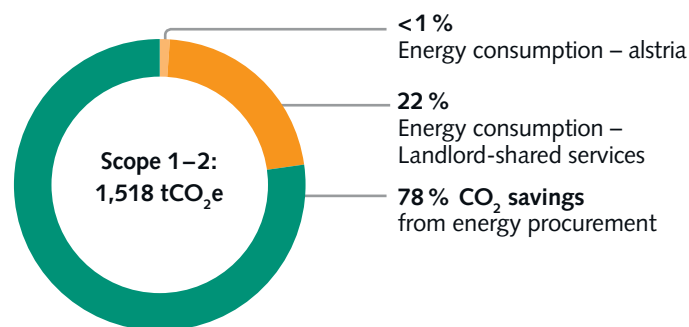


A major step we took in 2016 toward that direction was to offer all of our tenants and employees the same fair conditions we received in buying renewable energy and carbon-neutral gas for their own office areas – with us making no profit. Participation in the framework contract has already brought the first good results by contributing to approximately 8 % reduction of our Scope 3 emissions. We are planning to continue offering our stakeholders this opportunity and to stimulate them in adopting environmentally sound practices.

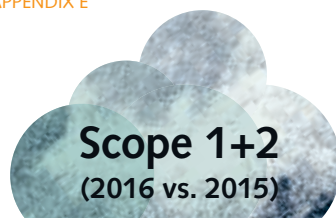
GHG EMISSIONS BY SOURCE


Since 2009, we have reported on our total GHG emissions in line with two standards: the GHG Protocol and the EPRA like-for-like approach. Following the recommendations of the GHG Protocol, the GHG emissions deriving from our business activities are divided into three categories:






APPENDIX E



 **–45 %**
per employee

 **–40 %**
per lettable area in m²

 **–42 %**
per OMV in EUR

Figures depicted on the left, represent the change of three intensities of carbon between 2015 and 2016. These different intensities help to increase understanding and illustrate for stakeholders how specific components of our business are reducing their carbon intensity.

EMISSIONS PERFORMANCE

We address the challenge of reducing our GHG emissions across our whole value chain, starting from the business areas under our own control and continuing to the areas controlled by our tenants.

In 2016, we managed to include almost 88 % of our multi-let buildings and all of our own offices to our renewable framework contract, and we have therefore achieved a reduction in emissions of almost 78 % (Scope 2). Our ultimate goal is to cut down the emissions we can influence (Scope 1, 2) to zero and to reduce our dependency on energy grids as much as possible.

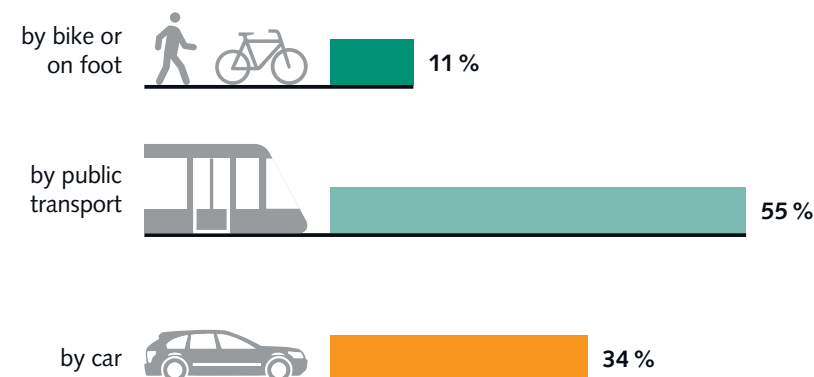
Scope 3 emissions decreased by 21 % compared to 2015. This decrease can be mainly attributed to:

- › the issuance of our framework agreement for renewable electricity and carbon-neutral heating. Specifically, our tenants used 2 % green electricity and 14 % heating from carbon-neutral natural gas by offsetting
- › receiving more reliable data as part of our improved facility management
- › applying the new emissions factors provided by the GHG Protocol for results of the years 2016 and 2015

Reducing emissions across our value chain make us really happy, but we still have long ways to go. Given the fact that the tenant areas account for approximately 96 % of our total portfolio's carbon footprint, we will concentrate all our efforts on increasing our influence in this area.

Emissions related to our business travel increased by 98 % as a consequence of our staff and executives paying extra visits to the Company's new offices and the new assets in Frankfurt and Stuttgart. We are expecting to see a decrease in those emissions in the coming years, as a lot of our meetings will be held online and will thus prevent unnecessary travelling.

Employee commuting



For travel within the inner city, we prefer to use the Company's electric cars. In 2016, we had one available at our headquarters in Hamburg, but we plan on expanding their use to our other office locations in the future.

As expected, emissions that resulted from commuting increased by 41 %, associated with a 50 % increase in workforce. We continue to offer our employees a subsidy to local transportation, which yet again proved to be successful for this year, as the majority of our employees commuted to work by means of regional public transportation.

MEASURING SUCCESS



IMMOBILIENMANAGER AWARD 2017

Early introduction of a company-wide sustainability strategy and transparent communication of our environmental performance have led to a competitive advantage. Our actions to lessen our impact on the environment have been recognized most recently from the 'Immobilien Manager Verlag' that awarded alstria with the 'immobilienmanager Award 2017' in the sustainability category for the project 'Mieterstrompool.' Such nominations positively impact our value on the capital market.

CDP SECTOR & COUNTRY LEADER

Our consistent endeavor to reduce the carbon footprint of our operations that are in line with our sustainability strategy has been recognized by the Carbon Disclosure Project (CDP), whose members awarded alstria for two consecutive years, 2014 and 2015, with the CDP Climate Action Award. In 2016, we were acknowledged as the leader in the real estate sector in Europe and were included among the best five companies in Germany.



WHAT'S NEXT

After the adoption of the Paris Agreement, we decided to intensify our activities and increase our engagement to decrease emissions. Our long-term objectives to reduce our carbon emissions include:

- › Further increase the implementation of new building technologies to become self-sustainable (e.g., energy storage technologies, intelligent building automation solutions, organic solar cells)
- › Intensify the monitoring of our existing building services and eventually replace them with highly efficient components
- › Continue reaching out to our tenants to share our expertise on energy efficiency and explain new knowledge about our buildings

Motives for the 'Mieterstrompool' Campaign ►



Reducing energy use makes perfect business sense; it saves money, reduces reliance on limited fossil fuels and is the right step to take in the fight against climate change.

CONSUMPTION OF RESOURCES



Since the founding of our Company in 2006, we have focused on increasing the energy and resource efficiency of our operations. We have furthermore addressed our concerns in our supply chain and our local communities and will continue to act alike. Yet, there is still a lot to do to reduce the overall carbon footprint of our real estate.

On the following pages, we will demonstrate how simple actions can save resources, cut costs and increase profit. This will require, among others, the good will of our tenants because their responsible user behavior can have a direct impact on the total resource consumption.

BETTER CONTROL OVER OUR ENERGY CONSUMPTIONS

Reducing the energy use of our portfolio demands a clear understanding of the legal environment for commercial real estate in Germany. For example, the law gives us the right to only control and manage the energy use in the common areas of our buildings and in our own offices. However, energy control and procurement in the tenant areas remain in the most cases the sole responsibility of the respective tenant. This reality often impedes the immediate application of efficient measures for our properties during tenancy. We thus promote working together with our tenants to reduce their consumptions. After all, we both share the same goal: reducing operational costs.

In 2016, we started applying smart meters for shared services in the common parts areas of our portfolio. This measure will eventually enable us to better understand the consumptions of our leased areas and thus design custom-made solutions.



RUNNING AN ENERGY MANAGEMENT SYSTEM

To increase the operational control of our operations, we have applied an energy management system that helps us:

- › Meter energy consumption and collect data
- › Find opportunities to save energy and estimate how much energy each measure could save (e. g., LED lighting)
- › Take measures to save energy (e. g., replacing or upgrading the inefficient equipment)
- › Benchmark our progress by analyzing our meter data to see how well our energy-saving efforts have worked

We are proud to be one of the first real estate companies to have obtained ISO 50001 for our energy management system in 2015, and we have continued to use it annually. The last results of our management system showed no significant material changes to our energy consumption compared to last year. The predominant consumer groups responsible for approximately 80 % of the total electricity usage of our offices remain the servers and lighting.

Concentrating our efforts on both sections, we have started replacing light bulbs with LED lighting, updated our server with modern and more efficient components and replaced our printers. As we consider ourselves a typical office user, similar measures can also be applied to tenants' office buildings.

OPTIMIZING FACILITY MANAGEMENT

A building's energy performance is often interrupted by malfunctions in building services and equipment. Such system anomalies could even cause a loss of gross amounts of energy, which would result in an increase in the consumers' energy bills. To increase the energy saving in our buildings, we have adopted an in-house facility management team that controls our business services and monitors possible anomalies on these systems.

The team is also investigating several measures to help us achieve further energy savings, including heating automated appliances that regulate the temperature of an office room depending on a given user profile; the extended use of LED lighting; and better control systems. Our ultimate concern is to encourage everybody to act responsibly and to make use of our buildings in a sustainable manner.

MANAGING OUR RESOURCES

In 2016, we took a fresh look at the options we have for managing our buildings as efficiently as possible. We thus categorized the consumption of our resources to the following:

ELECTRICITY

We intend to power all the common areas of our buildings as well as our own offices with renewable energy by 2020. By implementing our framework contract, we managed to already power 88 % of our common parts areas and all of our own offices with renewable energy. We target to expand the use of renewable energy to our tenant areas as well.

HEATING

We prefer to connect our buildings to the local district heating system whenever possible. We strongly believe that this option benefits the environment, as it uses waste heat that would be otherwise lost. When our buildings have no access to a district heating grid, we choose to replace conventional heating to carbon-neutral natural gas. With the use of our framework contract, we managed to procure carbon-neutral gas via offsetting for 39 % of our tenant areas. However, carbon offsetting is not the path we want to pursue in the long run. We see a future where heating will be possible without the use of fossil fuels or of carbon-neutral options. We will keep monitoring changes in this area and adopt green solutions with the first opportunity.

WATER

Regardless of the abundance of water in Germany, we consider it our duty to conserve water and to use it in a responsible manner. As all our business operations take place in Germany, the water challenges we face are mostly related to an increasingly scaling rate of rainfall events. Specifically, metropolitan regions have to confront problems such as overloaded sewers and must find new wastewater treatment processes. For our part, whenever we refurbish one of our buildings, we try to include a rainwater collection or stormwater retention system and greywater systems for toilets or sprinklers. So far, we have installed such systems in three of our buildings. The latest measures we took in that area were to run a control of most of our sewer pipes for detecting significant liquid spills.



↓ 40 %
Electricity
in kWh per m²
(2016 vs. 2015)



↓ 9 %
Heating
in kWh per m²
(2016 vs. 2015)



↓ 1.6 %
Water
in m³ per m²
(2016 vs. 2015)



↑ 11 %
Waste
in tonnes per m²
(2016 vs. 2015)

WASTE

Since most of our operations are in urban areas, we recognize our responsibility to the local communities and try to reverse any or all negative effects of our construction processes into valuable resources. Our building approach to retrofitting assets generates much lower waste and uses much fewer resources and less energy than the full demolition and rebuilding of an asset. In this way, we share the responsibility of minimizing the waste generated during our refurbishment operations and save the embodied energy of our buildings. To reduce the waste produced by our tenants, we have successfully applied since 2012 a waste management system to about half of our portfolio (53 of 105 buildings). Every new property acquired is immediately introduced to our waste management system. This way, we can eventually include more buildings into our system and improve our recycling rate.

BUILDINGS PERFORMANCE

ENERGY PERFORMANCE

The use of energy in our organizational boundaries is divided into three parts:

- › Electricity and heating consumed in tenant areas
- › Electricity consumed from shared services in common part areas of our buildings
- › Electricity and heating consumed in our own offices

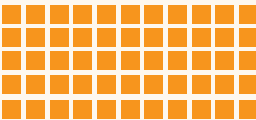
Heating consumption is further categorized into: district heating based on waste incineration and heating from fossil / alternative fuels.

The largest share of energy consumption (approximately 90 %) originates from the tenant areas. The remaining part (approximately 10 %) results from the energy consumption in the common areas of our buildings and in our own occupied offices.

The heating intensity (per lettable area) shows a decrease of approximately 9 % compared to the previous year, mainly due to a milder winter in 2016.

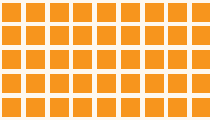
HEATING SYSTEMS
IN OUR PORTFOLIO

District heating



54 % of lettable area
heated by district heating

Natural gas



Oil Heat pump

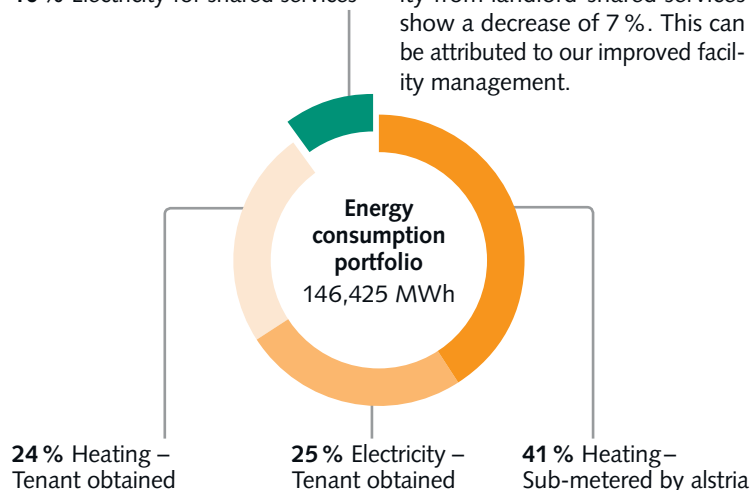
46 % of lettable area
heated by fuels

Consumptions controlled by alstria

10% Electricity for shared services

The like-for-like figures for electricity from landlord-shared services show a decrease of 7 %. This can be attributed to our improved facility management.

APPENDIX E



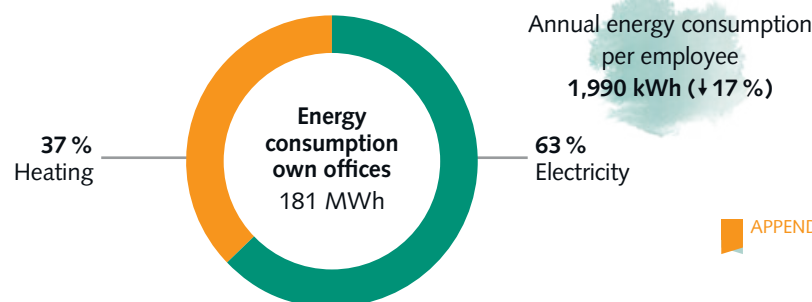
Consumptions controlled by tenants

In 2016, the like-for-like figures for electricity consumption show a decrease of 37 % compared to 2015. This substantial decrease is a result of receiving more reliable data from our tenants.

APPENDIX E

alstria's own offices

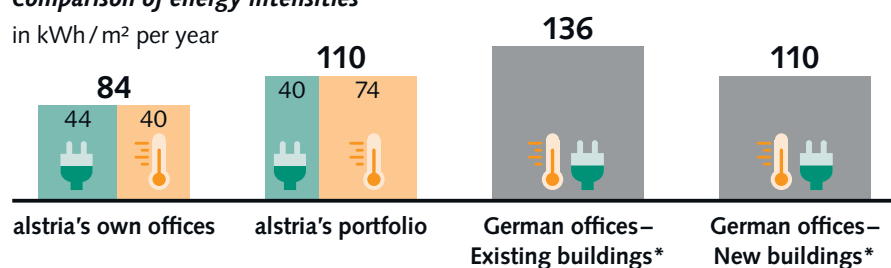
In 2016, the energy consumption of our own offices increased by 7 % compared to the previous year. By contrast, the energy consumption per employee dropped by 17 %, while the number of employees working in the same bureau premises increased. In 2016, the solar panels installed on the rooftop of our headquarters in Hamburg generated 2,370 kWh (+60 %) of solar energy. This energy was fed into the power grid and covered around 2 % of our own offices' demand for electricity.



APPENDIX E

Comparison of energy intensities

in kWh / m² per year



*Dena-Studie Büroimmobilien, by Deutsche Energie-Agentur, 2017.

Comparing the energy intensity of our own offices to the energy intensity of our portfolio and the average German office premises*, it is apparent that our offices are already reasonably efficient.

WATER PERFORMANCE

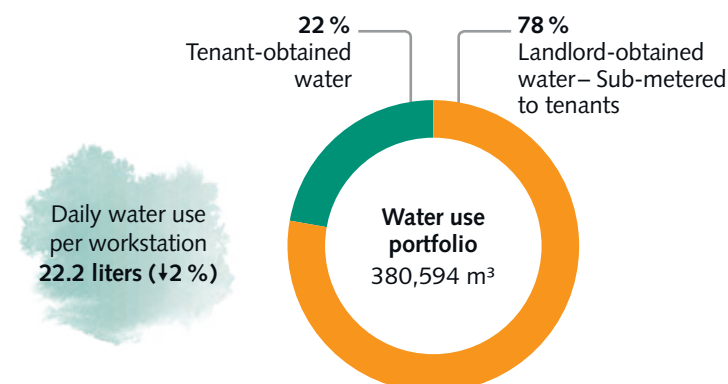
The use of water in our organizational boundaries is divided into two parts:

- Water used in tenant areas
- Water used in our corporate offices

Tenant areas

For the biggest part of our portfolio (83 of 89 buildings), we procure water and then exclusively sub-meter it to our tenants. We believe that, by measuring water consumption properly, we can manage water more effectively; therefore, we publish and share our water usage data every year. The like-for-like figures for water consumption show an increase of 4 % compared to 2015.

Contrary to the previous figures, the water consumption per lettable area of our portfolio has decreased by 1 % and remains (0.287 m³/m²/year) half as much as the average German office water intensity usage (0.6 m³/m²/year).**



alstria's own offices

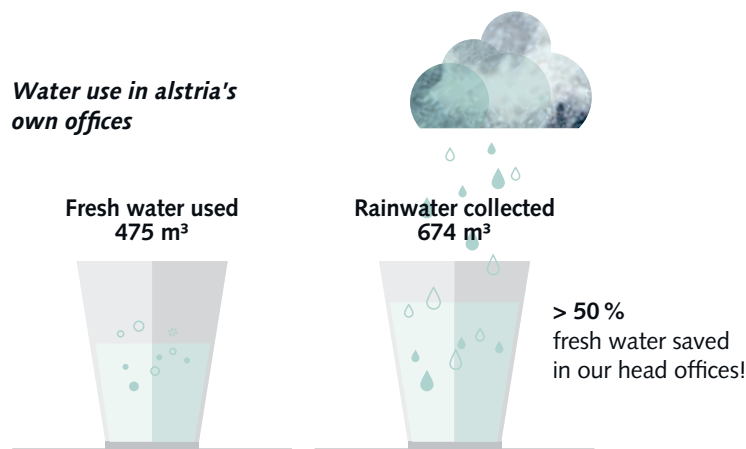
In our own offices, the total consumption of fresh water increased by 9 % in comparison to the previous year. In contrast, the water use per employee per day decreased by 26 %. Toward our goal for water conservation, we have installed a rainwater tank at our headquarters in Hamburg. This enables us to collect rainwater, direct it into the undrinkable water distribution system and thus reduce the amount of water required to operate the entire building. The rainwater collected helped us to save more than 50 % of our annual fresh water demand. Similarly, rainwater and water detention tanks have been installed in two of our buildings in Steinstraße in Hamburg and Siemensstraße in Ditzingen.

Comparing the water intensity of our own offices to the water use per workstation of our portfolio and the average German office premises, it is apparent that our water use is reasonably low.

*Dena-Studie Büroimmobilien, by Deutsche EnergieAgentur, 2017.

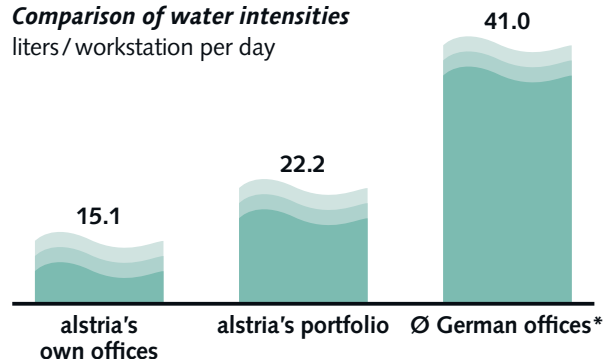
**Greenprint Performance Report™, Volume 6, by ULI Greenprint Center for Building Performance.

Water use in alstria's own offices



Comparison of water intensities

liters / workstation per day

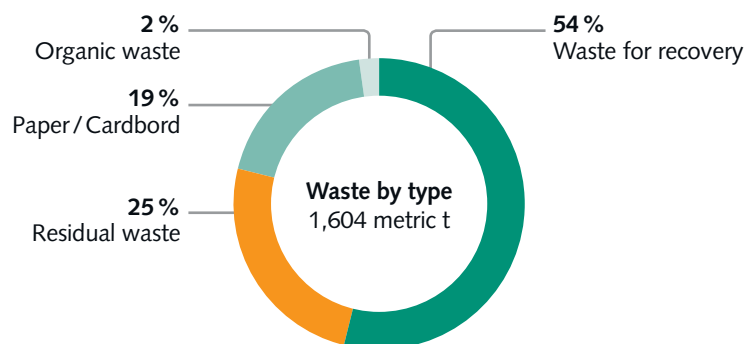


WASTE GENERATION

The generation of waste in our organizational boundaries is divided into three parts:

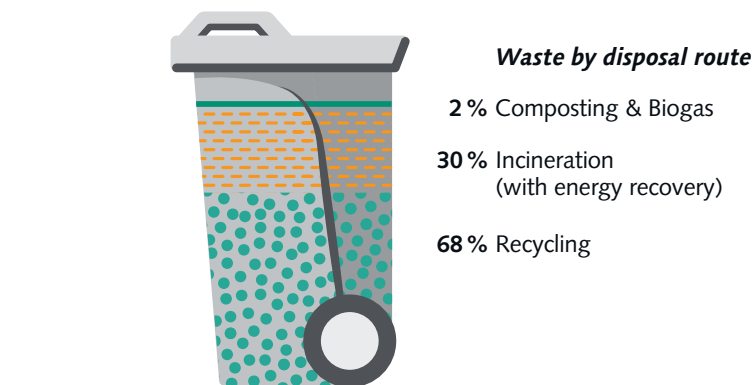
- > Waste generated in tenant areas
- > Waste generated in our own offices
- > Construction waste generated during redevelopment projects

APPENDIX E



*Greenprint Performance Report™, Volume 6, by ULI Greenprint Center for Building Performance.

Waste by disposal route



Tenant areas

In 2016, the total waste generated in the tenant areas increased by 16 % compared to the previous year. The like-for-like figures show an increase of 9 %.

Annual waste generation
per lettable area
2.75 kg/m² (↑ 11 %)

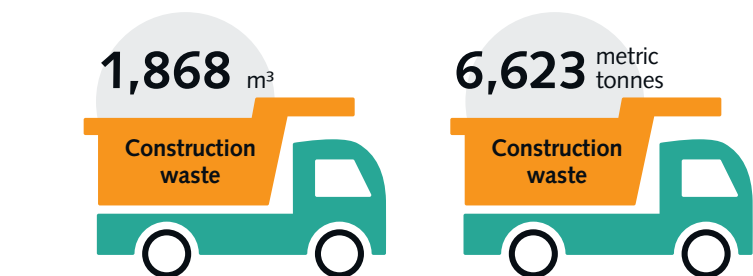
alstria's own offices

In our own offices, we printed on 305,000 sheets of paper (1,586 kg). This corresponds to 11 sheets of paper per employee per working day. The paper used is FSC certified.

Construction waste

We report on our construction waste every year. However, a comparison between years is not possible due to the different designs of the buildings and the different types of waste that are generated. What is more, our development projects are often at different stages, so even a comparison between two reporting periods of one project is not feasible. During 2016, construction waste was generated due to the redevelopment of two large assets: the Wehrhahn Center in Düsseldorf and Bieberhaus in Hamburg.

APPENDIX E



The game has changed for buildings' owners. Due to emerging technologies, work is no longer confined to a single location. Office space tenants, from start-ups to major corporations, now demand workspaces that are flexible, collaborative and engaging.

WORKSPACE EXPERIENCE

As we enter this era, we see new opportunities for growth and productivity to arise. Staying a step ahead, we have already embraced the co-working mentality in our real estate strategy, and we have realized flexibility in our space and in our leases as a common practice.

Adapting to what the future brings does not mean that we forgot our primary objective: to offer efficient and healthy office space while opting for reductions in energy use and operational costs for our tenants. Designing a workplace that serves the needs of the occupants is our mission.

On the following pages, we will discuss how the workspace can increase the productivity of employees as well as benefit the environment and local communities.



THE OFFICE OF TOMORROW, AVAILABLE TODAY

CO-WORKING – IT IS HERE TO STAY

The commercial real estate is changing at a rapid pace. This change is not being driven by the landlord, but by the impact that digitalization is having on our tenants' businesses. The acceleration of business cycles, the massive changes in the processes that are introduced by the new technologies will render the traditional real estate system of long-term leases obsolete in the medium term. Shorter leases, flexible workspace, and space as a service will become the norm. In a world where technology is changing faster and faster, cooperation between companies will become a key factor of success, as very few will be able to grasp all the changes on their own. In that regard, real estate landlords that will be in position to build an eco-system in their assets, which will help to enhance this cooperation, will provide substantial added value to their tenants.

This is what we have started to do in 'The Spot', a building which we have converted into a fintech center in Frankfurt. In this ecosystem, we have combined a co-working space, with a Fintech Incubator, a number of established Fintech start-ups and a traditional boutique investment bank. The ecosystem is fed through the sharing of experience and resources between the tenants, and with other fintech players, under alstria's impulse.

www.thespot.tech

Olivier Elamine, CEO of alstria

SMART SOLUTIONS IS THE ANSWER

The question for the real estate sector is no longer whether to invest in smart-building features and an interconnected workspace environment but when. Smart-building systems respond to real-time conditions. For example, they can automatically turn off the lights when a conference room is empty, lower the thermostat when the temperature outside rises or diagnose a system failure and fix it immediately to enable maximum operational efficiency. At alstria, we adopt those technologies that we consider relevant for our business operations. This year, for example, we have tested room sensors that can control the desired room temperature depending on a room's occupancy at our own offices. By introducing such technology, we are in the position to test the nice-to-have amenities of the market that can turn into core functionalities for our tenants' office space and make it more reactive and proactive.

Even though today's real estate sector is manifested by innovations, there are only a few companies in the REIT industry spending money on Research & Development (R&D). This year, we continued supporting the research on organic photovoltaics at the University of California, Santa Barbara. We consider that this key technological development will allow for better use of building structures to produce energy and will eventually allow us to be energy independent in the years to come.

ORGANIC SOLLAR CELLS

Solar cells convert sunlight directly into electricity harvesting energy that would otherwise be wasted. While solar cells can be made from many materials, the dominant player is silicon, a material that is the basis of modern computer chips. Silicon is a relatively expensive because of the requirement to form highly pure, large crystals to obtain the highest efficiency solar cells. Increasing the deployment of energy harvesting solar cells requires dramatic improvements in their manufacturing and systems costs.

Efficient solar cells can be formed from carbon-based dyes that can readily made from low-cost precursors. Such solar cells are referred to as organic solar cells because they use semiconductors based on carbon. These materials allow solar cells to be coated on virtually any surface, including plastic, to make flexible light-weight energy harvesting devices. These carbon-based dyes can be used to design new types of solar cells that are semi-transparent. Semi-transparent solar cells transmit visible light, but to capture light with other energies, making solar windows possible and improve the ability to integrate them into buildings.

Researchers at University of California have collaborated with international research teams on characterization of leading edge organic solar cells to understand their performance. With researchers in South Korea, solar cells suitable for absorption of light in the blue region of the spectrum have been found to have high power conversion efficiency making them suitable for future tandem solar cells. In a collaboration with researchers in Israel, the vertical composition of organic solar cells with performance enhancing additives were examined. These studies have been reported in high impact factor peer reviewed journals demonstrating the world-wide attention focused on novel solar cell technologies.

www.researchgate.net/publication/319074149
<http://pubs.rsc.org/en/content/articlelanding/2017/ee/c6ee03051c#!divAbstract>

Professor Michael L. Chabinyc
 University of California, Santa Barbara

BUILDING WITH RESPONSIBILITY

We hold assets over their entire life cycle. Therefore, we continuously invest in our buildings in order to maintain the quality of our assets. We are conducting heavy-duty refurbishments; as per some stages, every building requires considerable development measures to start a new cycle. We always choose retrofitting rather than demolishing and avoid participating in greenfield projects.

Over the past years, we built up internal capacities in order to carry out challenging refurbishments. At any given moment in time, we have a number of assets under development, i.e., existing buildings are undergoing a substantial refurbishment process in order to upgrade the buildings to modern standards.

IMPROVING OUR ASSETS' EFFICIENCY

A building's efficiency is mostly dependent on two components: its envelope and its building services. When refurbishing a building, we usually introduce a new façade, roof insulation and optimal external shading techniques to induce an optimal indoor environmental quality and achieve energy savings. For the same reason, we monitor our existing building services and opt to gradually replace them with highly efficient components.

As offices usually operate during daytime, we believe that solar power can be a key component to increase their energy independence. Thus, we will monitor development of the German law regarding the approval to sell self-produced electricity to tenants in order to start using our buildings' shell for solar energy production. Developments on onsite energy storage for self-produced energy will follow and eventually lessen the heavy dependency of today's office buildings on energy grids. We envision a future where buildings will be self-sustainable. They will produce and store more energy than they need to run their operations. They will also use minimal ground water, generate nearly zero waste and preserve most of their embodied energy over a long time.

DEVELOPMENT PROJECTS



Harburger Ring	
Scheduled delivery date	██████████████████ 2016
Lettable area	3,600 m²
Asset class	office/residential/retail
New efficient façade and roof isolation; 40 % LED lighting; new efficient heating plant; reuse of robust building parts, such as radiators	



Hagebaumarkt Ditzingen	
Scheduled delivery date	██████████████████ 2016
Lettable area	23,800 m²
Asset class	retail
900-m² solar panels installed on rooftop for the tenant's own use; 100 % recycling of demolition waste onsite; new stormwater detention tank with a capacity of 670 m³ that is reused by the gardening center onsite; 50 % green façade placement that contributes to improving biodiversity	



Momentum	
Scheduled delivery date	██████████ 2018
Lettable area	23,200 m²
Asset class	office/retail
Complete refurbishment of building services; new efficient building shell; new roof terraces for office users; flexible office layout; demand-driven mechanical ventilation with heat recovery; exterior window shades; LED lighting	



Bieberhaus	
Scheduled delivery date	██████████ 2018
Lettable area	12,000 m²
Asset class	office
New efficient heating and building services; refurbishment of old heritage-listed façade; new roof and roof isolation; LED lighting	

Development pipeline			
	Status	Lettable area	Asset class
Amsinckstrasse 28 & 34	planning	14,300 m²	office
Besenbinderhof	planning	5,000 m²	office
Gustav-Nachtigal-Strasse	planning	16,000 m²	office
Carl-Reiß-Platz	pre-planning	17,500 m²	office

CREATING A HEALTHIER WORKPLACE

Every day our buildings are welcoming thousands of employees, visitors, tenants, suppliers and contractors. They provide space for businesses to operate more effectively and to contribute to the well-being of their occupants. When we design an office space, our goal is to create long-term value for our tenants, our local communities, our partners and ourselves. Thus, we consider the following factors important to increase the immaterial value of our office buildings:

- › Health and safety
- › Thermal, visual and acoustic comfort
- › Indoor air quality
- › Connection to transport and recreational areas
- › Accessibility

HEALTHY BUILDINGS

We understand the pivotal role that our buildings play in their environment as well as the risks they may impose to the health of their occupants and the communities surrounding them. At alstria, we take the health, safety and comfort of our employees, tenants, suppliers, contractors and local communities very seriously.

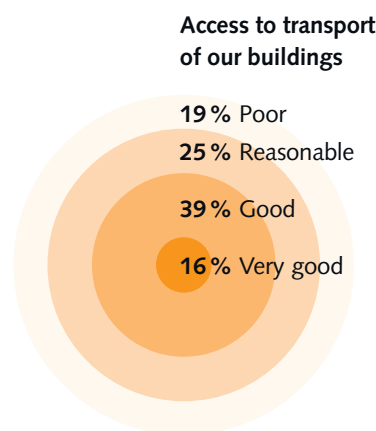
Our focus is to prevent potential health risks for the occupants of our buildings and mitigate risks for the environment. We thus run before any significant acquisition a due-diligence process to thoroughly examine all potential technical, regulatory and environmental risks.

When refurbishing an asset, we communicate our construction activities and our time plan to the affected tenants and to the immediate neighbors beforehand. In the occasion of a conflict of interest, we aim to find solutions and to reduce the negative effects for our tenants. This includes, for example, minimizing the incremental noise generated by our activities on all construction sites.

Every construction company working for us is responsible for the safety and training of its workers. To ensure optimal work in a construction site, 'BG BAU,' the German Social Accident Insurance Institution for the building trade regularly supervises all of our sites for workers' safety and training. Additionally, 'Si-Ge-Ko,' the safety and health coordinator, is entitled to visit the construction sites on our behalf and to proceed with their closure or with the termination of workers' contracts when proven necessary. Since the founding of the Company in 2006, there have been no fatal accidents at our offices or at our constructions sites.

WE ARE WELL CONNECTED

When it comes to real estate, location is everything. In the context of growing cities, the locations of office buildings and their access to transportation networks in part determine their lettability. Due to the immobile nature of our assets and the limited control we have over their surroundings, it is essential for us to know their connectivity to the urban fabric. For this reason, we have examined in the last two years their accessibility to existing transportation systems and their distance to local supplies and recreational areas.



We found out that more than 55 % of our buildings have a 'good' to 'very good' access to transportation systems and local supplies. This can mainly be attributed to the composition of our portfolio, with most of our buildings located in dense metropolitan areas. More than 49 of our buildings have a charging station for electric cars in a distance of less than 500 m. Following this new trend, many of our tenants cooperated with us to install charging points in their parking lots for new electric vehicles. To support the transition to e-mobility, we will continue exploring our sites for potential public charging stations.

SUSTAINABILITY REPORT
2015 | 2016, PAGE 49

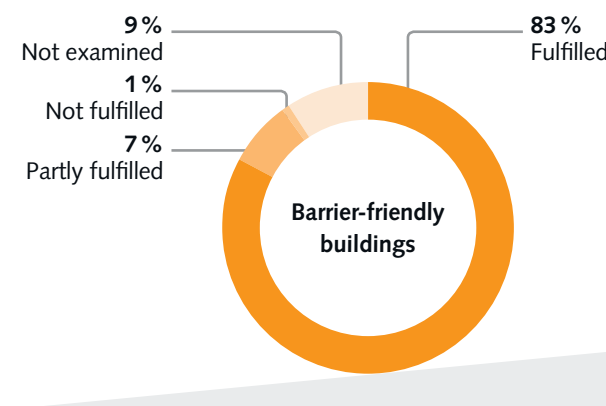
OUR BUILDINGS ARE EASY TO ACCESS

We want every building user to feel comfortable in our premises. Thus, we want the common parts areas of our buildings to be appropriate and safe for people with disabilities.

In an effort to gain a better insight regarding the barrier friendliness of our properties, we decided in 2016 to analyze the common parts areas of our portfolio using the following six criteria:

- › Access to the building
- › Entrance areas and ramps
- › Movement areas and corridors
- › Stairs and elevators
- › Handrails on stairs and ramps
- › Doors and passages

Of the total 113 properties examined, the clear majority (83 %) met our constructional criteria for a barrier-friendly building. This shows that most of our buildings are either already designed to be barrier friendly or can be converted accordingly with just a few measures.

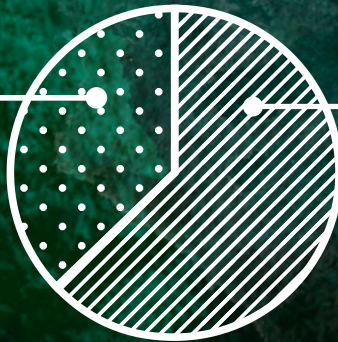


WHO WE ARE

108 active employees

37%

Finance & Administration



63%

Operations

+ 50%



OUR PEOPLE

58%
Female

EMPLOYEES
BY GENDER



42%
Male



42%
Female
senior
managers



EMPLOYEES BY LOCATION

Hamburg
74%

14%
Düsseldorf

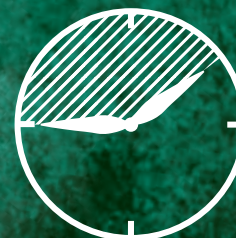
6%
Frankfurt

6%
Stuttgart

WORK-TIME
MODELS



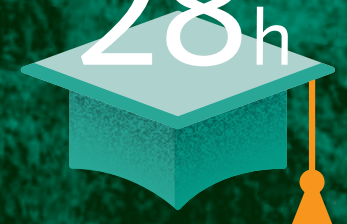
88%
Full-time



12%
Part-time

TRAINING
PER EMPLOYEE

28^h



EUR 2,116

A LOOK INTO THE FUTURE – HORIZON



*How to win the war
for talent?*



Winners like winners – this is a reality in the recruiting market. This is why we believe in the importance of excelling our business first in order to attract and retain the best people. What differentiates us from the others is that we put innovation into practice by giving our employees the space to do things differently. We believe this is necessary for the real estate market.

Behind everything we do and accomplish stands an expert team ready to provide solutions to our customers for any given challenge. At alstria, we make it our mission to offer employees an attractive, secure, and opportunity-rich working environment that empowers high-quality performance. To do so, we focus on four issues: employee development, equal treatment, working conditions and ethical conduct.

EMPLOYEE PRIORITIES

EMPLOYEE DEVELOPMENT

Our business growth over the last few years is, among others, a direct result of our ability to employ talented people and retain them for the long term. Our Company's viability is inextricably linked to their expertise and motivation. We thus offer them a palette of different choices to grow within alstria and prosper.

EQUAL TREATMENT

As the European market becomes more diverse, cultivating an inclusive work environment becomes a business imperative. At alstria, we believe that our Company benefits from the blending of different backgrounds, ideas and perspectives. Our focus is on sustaining an inclusive work environment that enhances innovation and further increases our competitiveness in the market.

WORKING CONDITIONS

We make it a priority to understand our employees' needs and offer them appropriate solutions that empower them to be their best. Our objective is to build, at each of our offices, a positive, supportive and healthy working environment.

ETHICAL CONDUCT

We believe the best way to maintain our good reputation, along with the trust of our business partners and the public, is to treat every element of our business with the highest level of integrity. Operating with integrity means doing the right thing for the long-term success of the Company.



At every step of our employees' careers, we invest in them and ensure that their interests remain focused on the long term and closely aligned with those of our tenants and shareholders. We support entrepreneurship, encourage team work and reward excellence.

RECRUITMENT, TRAINING & DEVELOPMENT

All aspects related to our people are managed through HR strategies and principles designed to fulfil our vision of enabling our people to deliver quality work. These include:

- › Identification of employees' views to match those of the Company
- › Promotion of people from within
- › Creation of suitable development opportunities

To effectively manage our people, we have also applied a set of behavioral guidelines throughout our organization. These guidelines address all the important employee rights and responsibilities that our employees are expected to follow. The responsibility for ensuring that our employees respect our policies lies with our Compliance Officer.

 **CODE OF CONDUCT FOR EMPLOYEES**
www.alstria.com/code-of-conduct/

To help measure the effectiveness of our HR practices, we regularly ask our employees to give us feedback. In addition, we have set a target for our annual employee turnover rate to remain below 10 %.

MORE EMPLOYEES, BETTER CONNECTED

The number of our active employees increased significantly by 50 %, from 72 in 2015 to 108 in 2016. This came as no surprise, particularly as it followed an active year of portfolio acquisitions that led to significant business growth. In 2016, we decided to increase our representation in two major cities in Germany and opened local offices in Frankfurt and Stuttgart. With the support of our IT team, we managed in a short period to gain well-connected teams and thus increase our productivity.

Most of our employees (63 %) are working in operating departments, such as asset management, transactions and development. The other part is working in administrative departments such as finance & controlling, legal, reporting & accounting and office administration.

A year following the takeover of Deutsche Office, we are working toward enhancing employee engagement and bringing new employees into our corporate culture.



We offer secure jobs and provide long-term career prospects to our employees. In 2016, the number of employees under fixed-term contracts remained at 6 %. These contracts were mainly offered for replacement positions and two-year trainee program positions. The rest of our employees have a permanent position.

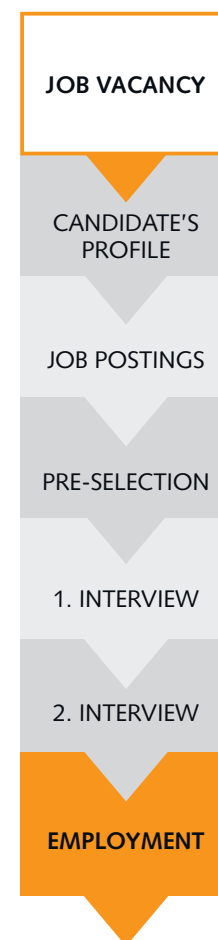
When a business cycle closes or our staff's needs change, we take every possible measure to retain our people instead of releasing them. These measures include: employee transfer to equivalent positions in other departments and training them to succeed in their new roles; voluntary transfer to equivalent positions in different locations; and promotion from within in the event of an in-house vacancy. In 2016, two employees were internally promoted.

FAST AND TRASPARENT RECRUITMENT

Our recruitment policies are designed to attract and retain the best talents on the market. We strive to create an inclusive work environment where the contribution of each individual is valued and equal treatment is fostered. The decision for hiring new staff is made on the basis of an annual personnel plan and of dynamic changes, e. g., employee fluctuation or market conditions. Aside from specific positions that require certain technical know-how, nearly all recruiting is handled in-house and guided by our HR specialists.

Depending on the position, we select among the following recruitment channels:

- › Online and print advertisement
- › Search on social media channels
- › Direct contact at trade fairs and universities
- › Intranet entries for employee referrals



The common recruitment process includes a two-step selection interview, attended by the associated senior manager, a team member and an HR specialist. In this interview, applicants are handled individually and are presented with a basic set of questions as well as case studies.

To select young talents, we also organize annual 'Assessment days.' On these days, participants can demonstrate their skills in various individual and group tasks and at the same time gain insight into our corporate culture and future areas of job responsibility.

At all stages of our recruitment process, we place great importance on objectivity and fairness toward the applicant. Our selection criteria are occasionally reviewed to ensure that they are suitable for achieving our Company's objectives and preventing discrimination.

YOUNG TALENTS

We consider trainee programs particularly favorable to our corporate culture because they increase internal interdisciplinary cooperation and improve long-term succession planning within the Company.

Therefore, we hire young professionals every year to complete a two-year program especially designed to provide hands-on experience with our real estate business and our corporate culture. Since this program's inception in 2013, we have hired eight trainees. Seven have successfully finished their traineeship, and four now belong to our permanent staff. In August 2016, we continued our efforts to support young talents by hiring our first apprentice.

WELCOME ON BOARD

We warmly welcome our employees to their first day at work by introducing them to our office premises and our staff. Upon starting at alstria, each employee is assigned to an HR associate who always remains available for any questions. The respective department is in turn responsible for providing its new employee-specialized training and team building.

To help our new employees integrate faster into our Company, we organize frequent onboarding events in our head offices. During these events, we present our corporate values and strategy and train them in our internal IT programs. Most importantly, these events offer networking opportunities for our new colleagues to ease their start in the new job positions.

TRAINING & PERSONAL DEVELOPMENT

Everyone at alstria has the opportunity to learn and to improve his/her skills while working. It is in our own best interest that employees continue their career development and extend their knowledge and qualifications as desired. For this reason, employees are offered a wide variety of learning and development opportunities that build on their strengths, grow their skills and help them achieve their full potential.

At the start of the year, each employee undergoes a performance appraisal guided by the manager in charge, in which a variety of topics are discussed, including individual career development planning. After this session, the employee's specific training goals are further discussed and agreed upon by HR specialists. After the successful completion of training sessions, the employee is evaluated by his/her supervisor at the following annual appraisal.

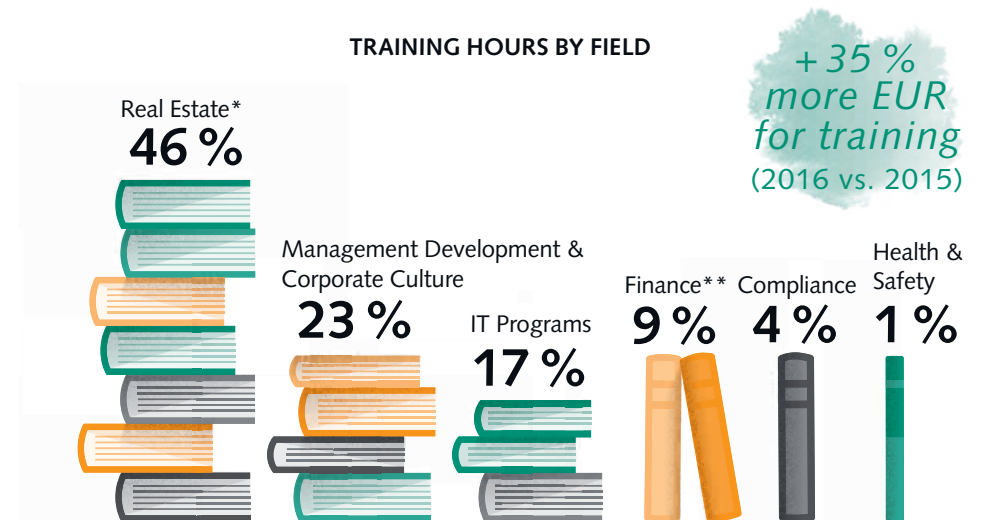
Given our significant employee growth, we have doubled our budget invested in training sessions this year to a total of EUR 228,500. This investment represented an average of EUR 2,116 per employee – an increase of 35 % to the previous year. Each employee received an average of 28 hours of training (2015: 27 hours).

This year's emphasis has been on supporting new employees in quickly adjusting to their new positions. Accordingly, onboarding sessions and IT office programs amounted to 17 % of the total number of training hours. Topics related to real estate totaled the most hours at 46 % of the total number of training hours provided within the Company. Another important program, which was fully implemented in 2016, provided senior managers with specific training to develop leadership skills. Management training will continue to take place once a year, contributing to future successful senior management. A detailed breakdown of employee training is provided in the chart below.

The highlight of each year's training cycle is our unique two-day offsite team event. The main objective of this workshop is to inform all employees of the Company's annual performance and upcoming projects. During this workshop, employees receive training in various topics such as compliance mechanisms, human rights aspects, sustainability and energy strategy. At the same time, employees participate in team activities and have the opportunity to share their ideas on a variety of topics, which allows employees to genuinely contribute to the Company's corporate identity.

*All employees
receive an annual
appraisal*

TRAINING HOURS BY FIELD



WHAT'S NEXT

Over the next few years, we will strengthen our personnel competence by taking the following five steps:

- › Introduce a step-by-step personnel development plan, accustomed to each employee; in this way, we will ensure that our employees receive further development and that they pursue the position-specific development goals. In addition, we will take on surveys following training courses to evaluate the quality of the given provider and success of the training session
- › Adopt a feedback culture to gauge the effectiveness of our senior management staff and team members; to this end, we will formalize our personnel performance appraisal
- › Promote the cooperation between teams and departments to create a knowledge-sharing culture
- › Optimize our HR planning, administration and control by implementing a user-friendly database that enables information to be collected quickly and reliably and handled with flexibility
- › Expand our employer brand to attract future talented employees; to this end, we increase our brand awareness to universities and various real estate events as well as our social media presence

*Incl. real estate, development, transactions, sustainability and ISO 5001 topics.

**Incl. legal, finance, controlling, accounting and office administration topics.

The world as we know it is changing. Digitization coupled with globalization create greater diversity and lifestyle changes for individuals. Employees and companies are expected to be flexible and collaborative.

DIVERSITY & EQUAL TREATMENT

The process of developing a diverse workforce commences with hiring talented individuals, regardless of their origin and gender, promoting people based solely on their performance and having managers capable of fostering inclusive working environments.

ENSURING EQUAL OPPORTUNITIES

Each of our employees is treated fairly and respectfully by supervisors and other employees. We seek to prevent discrimination on any grounds throughout the Company's upstream and downstream activities.

alstria's 'Equal Treatment Policy' vehemently prohibits any sort of discrimination, based on ethnic or national background, gender, sexual orientation, marital status, age, religion, ideology, political attitude, age or any disability, that affects the working relationship we have with our employees, from hiring to the termination process. Additional details regarding the prohibition of discrimination and harassment in the workplace are included in the handbook provided to each of alstria's employees.

Employees experiencing or witnessing any discriminatory incidents must report such incidents to their direct supervisors or the Company's Compliance Officer. The Company's external compliance hotline lets employees anonymously and confidentially report any relevant breaches. Since the foundation of the Company in 2006, no concerns related to possible discrimination were officially addressed within alstria.

7 % Employees
with a multinational
background

+25 %

More female
senior managers
(2016 vs. 2015)



MORE WOMEN THAN MEN

We are committed to promoting gender diversity and increasing the representation of women in management positions. In 2016, we employed 63 women and 45 men. This equates to a female-to-male ratio of 58 % to 42 %.

Our Management Board has determined that female representation for the first management level shall not fall below 27 % until June 2017. This target was overreached in 2016, with alstria having 42 % of our senior management positions covered by women. A similar quota of 30 % female representation has been set for the members of the Supervisory Board. This target has also been achieved with women in the Supervisory Board amounting to 33 % in 2016. In Germany, the equivalent proportion is 22.5 %*.

We consider equal pay for female and male employees a key priority, even a necessity. In 2016, the salaries of our female and male employees across equivalent positions were aligned and did not differ more than 0–4 %. On average, female employees earned 44 % less than male employees. In Germany, the equivalent difference was 21 %**.

WHEN MILLENNIANS MEET GENERATION X

With a business history spanning ten years, alstria has a relatively young workforce, whose average age is 37 years. As the pension age and the number of years each employee works for the Company increase, we expect to have four generations of people working together at the same place in the future. This new 'normal' calls for flexibility and foresight in management.

When it comes to the creation of a new location of operations or a new division, we recruit people regardless of age. For example, during our recent business expansion with local operational teams in Frankfurt, Düsseldorf and Stuttgart, we recruited a mixed-aged workforce from the beginning. This principle allows us to benefit from the special strengths of each age group and to avoid potential conflicts. Options regarding gradual retirement have not yet been considered, as none of our employees have reached retirement age. Due consideration will be given once it is relevant.

The measures we take to benefit from the experience of employees of different ages include facilitating mentoring and encourage cross-generational interaction. This way, we engage employees to share knowledge and understand different perspectives. To compliment this, we raise our managers' awareness of the challenges posed by mixed-age teams.

*Statista, Das Statistik-Portal, 2017, at de.statista.com

**DESTATIS, Statistisches Bundesamt, at www.destatis.de

We place special emphasis on designing a thoughtful workplace that can improve our employees' comfort. To enable all employees to balance work and personal responsibilities, we provide a wide range of flexible work arrangements, which allows them to tailor their working hours and locations to their personal needs. We also endeavor to increase their health and safety by using a combination of training, continuous communication on safety issues and medical support.

GOOD WORKING CONDITIONS

Finally, we believe in the benefits of involving employees in the Company's decision-making processes. That is why we regularly ask for their feedback. To enable short communication channels, we have had an 'open-door' policy since day one. In addition, we regularly host informational events, in which all employees are encouraged to raise questions or share ideas.

FAIR WORKING CONTRACTS

Our employment contracts are based on the principles of collective bargaining agreements in the real estate sector. In principle, we compare our standard employment contracts to the ones proposed by collective bargaining on a regular basis to strengthen our employer brand.

The main differences between our employment contracts and collective bargaining ones are the flexible working models and our bonus payment. Most recommendations in the collective bargaining agreement, with respect to paid holidays, termination notice, retirement age, sick payment, travel expenses etc., are fully covered in our contracts. In most cases, they exceed these standards.

alstria follows the German labor laws and Constitution and all ratified labor standards by the International Labour Organization (ILO) in Germany. Freedom of association is a right guaranteed to employees in Germany. As such, the Company does not, by any means, restrict employees' rights as it operates under the rules of German law.



HEALTH & SAFETY AT WORK

The health, safety and wellness of our employees are a top priority for our business. This is why we have applied since 2010 a Health, Safety and Environmental policy (HSE) across our organization that ensures that we:

- › Meet or exceed all applicable national legal requirements
- › Prevent occupational injury and illness risks, and promote employee wellness
- › Offer our office tenants safe and environmentally sound products and services
- › Pursue pollution prevention, resource conservation and waste reduction in our operations
- › Work closely with related authorities, professional associations and institutions
- › Offer our employees training in HSE matters

Accountable for guaranteeing the improvement of the Company's health and safety performance is the Committee for Safety at Work, whose members are the Management Board, the Security Officer, an external Company's doctor and an industrial safety expert. The Committee organizes meetings with different departments to inform and discuss matters of safety and health protection on a regular basis.

We ensure that occupational health and safety hazards are addressed before they result in possible injuries by carrying out authorized inspections in all our local offices twice per year. In the event of a hazard, our safety expert shall report this to our Committee and propose an appropriate solution. The Committee is then responsible for removing or guarding against this hazard.

Each employee receives specific training in health, safety and environmental practices upon hiring. This training is organized by her/his direct supervisor and complemented by annual updates. Our employees individually bear responsibility for understanding and following our HSE policy as well as actively participating in training programs to expand their knowledge.

Finally, we encourage our suppliers and contractors to adopt the same practices and conduct their operations in a socially and environmentally responsible manner.

COMFORTABLE OFFICES

We constantly strive to offer our employees the best atmosphere; a healthy working environment is essential to delivering good work results. To improve the wellness of our employees, we have arranged our employees' workstations in accordance with the following principles:

Thermal comfort

Each office is equipped with heaters that can be individually regulated. Windows directly exposed to the sun have internal sunshades that can be individually controlled at each workstation.

Privacy of speech/noise control

In the open space of our offices, closed rooms are equipped with telephones and docking stations for employees who want privacy or need to concentrate on work.

In addition to offering ergonomic workstation equipment, we provide diverse benefit plans to meet the health and wellness needs of various employee groups. These include a yearly vaccine against influenza, vision care, business travel accident insurance and work-life coaching.

All these measures have contributed to low absenteeism due to illness in 2016, corresponding to 9.5 days per employee (2015: 9.1 days). We have reduced this rate by approximately ten days in comparison to the German average of 19.4 days.*



Visual comfort

All of our workstations and meeting rooms have natural daylight exposure.

Recreational facilities

Our offices are equipped with a kitchen/recreation room accessible to the staff all day. During the summer, roof terraces equipped with seating facilities are available for employee use. Moreover, our offices are equipped with shower facilities and lockers. Secure bicycle storage is available for staff any time.

WORK-LIFE BALANCE

WORKING FLEXIBLE

We support our employees in maintaining a healthy work-life balance in many ways. In addition to the statutory working arrangements, we offer our employees flexible working hours and the possibility to work remotely. This means that each employee is free to arrange his personal time model in cooperation with the manager in charge in light of the business' needs. Our employees are also given the option to perform part of their job off-site. Such arrangements are mainly based on the nature of the work involved. In principle, most real estate operations include heavy in-house communication to tenants and suppliers, which results in managers tending to stay at the office.

However, in the case of an employee caring for a child or other dependent, remote work may be the appropriate solution insofar as it enhances personal freedom and flexibility. To ensure instant remote work, we offer laptops to the majority of our employees.

SUPPORTING PARENTS

As an employer, it is our responsibility to offer adequate positions for employees with family and home care responsibilities. Therefore, we offer part-time work arrangements and job-sharing positions. The number of people employed part time in 2016 amounted to 14 % of the total workforce. Among our senior female managers, approximately 80 % chose to work part time because of their family model. We ensure that none of our part-time employees face discrimination in terms of working conditions, salary, recruitment or training.

*AOK, Fehlzeiten-Report 2017.

ADDITIONAL BENEFITS

We further invest in our people by offering a competitive range of other benefits in addition to those for health and well-being. These benefits are provided to both full- and part-time employees. Generally speaking, temporary employees are not eligible for the benefits outlined below.

Public transport pass

We contribute a monthly payment for a public transportation ticket to all our employees that is limited to the cities where our offices are located.

Tuition grant

Under certain conditions, we support our employees' academic pursuits by helping with tuition fees and offering flextime.

Company car provision

Company car provision: We provide company cars to managers, technicians and employees, i. e., those who must work off-site.

Sabbatical option

We offer to employees who have been working for more than five years at alstria the option of sabbatical in agreement with their supervisor and HR.

Competitive vacation policy

We offer all our employees 30 days of vacation.

Pension plan

In addition to the legally mandated social pension, we offer a voluntary company pension plan to all employees (excluding the Management Board). The company matches employee contributions up to a limit of EUR 1,320 per year.

Compensation in the event of an employee's demise

We continue paying the employee's fixed salary for 18 months to his/her heirs.

Special occasion gifts

We give our employees gifts for their birthdays and weddings as well as in the event of childbirth.

Profit participation program

This program grants employees with stocks of the Company at preferential terms.

ALSTRIA ANNUAL REPORT 2016,
PAGES 106–108

WHAT'S NEXT

The focus on the next few years will be on improving the ergonomics of our local offices. Our new head offices in Hamburg are being prepared to meet all the latest standards on flexible office design.

Each office unit will feature adjustable-height desks for extra comfort, sound-absorbing privacy panels and monitors that move up and down with the desktop. All major furniture will be on wheels to allow employees to shape the space on their own terms. Saying goodbye to the office as we know it, our new head offices will embrace an open area culture.

In order to systematically protect the Company from compliance-related risks and promote ethical behavior among our employees, we have set up suitable compliance mechanisms.

ETHICAL CONDUCT

Upon hiring, each employee receives a handbook that contains the code of conduct as well as the Company's internal policies. All employees are asked to confirm their acceptance of its terms in writing. To make sure that all employees can understand our guiding principles, we issue the employee handbook in both German and English. The code of conduct for employees is also available on the Company's website.

INSIDE OUR EMPLOYEE HANDBOOK

Our employee handbook mainly deals with:

- › Compliance with applicable laws and regulations
- › Health and safety in the work environment
- › Group's refusal to tolerate discrimination, harassment or intimidation in any form
- › Reporting potential misconduct
- › Ethical conduct including measures against corruption
- › Dealing with office bearers
- › Managing of conflicts of interest
- › Protection of confidential information and personal data
- › Procedure with regard to insider information
- › Relations with business partners
- › Guidelines to prevent money laundering

OUR COMPLIANCE ORGANIZATION

In conjunction with the existing code of conduct, the Management Board has set up a compliance organization to strengthen the implementation of alstria's ethical standards within the Company. A compliance officer was appointed to control compliance with the Company's internal guidelines and ensure that all employees are well informed.

Our employees are encouraged to raise concerns with regard to compliance, ethics or any other business conduct with their direct supervisor or the Compliance Officer. Accordingly, the Compliance Officer collects all complaints, breaches and actions taken and reports them directly to the Management Board.

Employees may also use an external whistle-blower hotline, through which they can anonymously report any violations of the code of conduct or the Company's internal guidelines. Our policy is explicit, in that it affords protection for the whistle-blower, and employees will face no sanctions due to the reporting of incidents.

To ensure consistent compliance with our internal guidelines, we offer regular training to all employees. These courses include all important information concerning alstria's anticorruption policies, data privacy protection and unlawful behavior. All new employees receive specific training regarding the compliance policy of the Company upon hiring. Moreover, 'refresher' courses are delivered each year to all employees. Finally, with regard to new policy amendments, we immediately update our employees. All relevant information is available via the Company's intranet and accessible from all employees.

ANTI-CORRUPTION MECHANISMS

Corruption is understood as the acceptance or granting of advantages or benefits used to unfairly influence business or official decisions. A possible failure to prevent corrupt behavior can have consequences for the individual and also negatively affect alstria's business, financial conditions and results of operations. It could also lead to an imminent loss of alstria's reputation in the real estate market and thereby negatively affect future business opportunities.

alstria's operations are exclusively located in Germany, where the legal environment and business practices against corruption, bribery and labor rights abuse are binding and mature. In order to systematically protect the Group from corruption-related risks, we have implemented an early-warning risk identification system that evaluates and monitors all associated risks on a quarterly basis at the least. This evaluation helps define specific prevention measures, which include various controls and access security measures. The Group's anti-corruption policies are supervised by the Compliance Officer. In addition, we maintain a 'two-man' rule as a control mechanism for most internal processes.

In 2016, no incidents of corruption in relation to employees and business partners were officially reported to alstria.

WHAT'S NEXT

To safeguard the Company from potential compliance risks, we are planning to strengthen our process for risk assessment and enhance the principles that govern employee behavior. We also want to increase control over our local offices to make sure that all our employees are well informed with regards to changes in our employee guidelines.

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IloveUrSustainabilityReport@alstria.de
and we will donate EUR 50 to UNICEF
for the first 100 chats



No. 1

in listed REITs in fundamental
R&D (89,000 EUR)

SOUND BUSINESS



1 million
EUR

in funds for the development
of innovations



34%

of our revenue
for efficiency measures
in our portfolio


A LOOK INTO THE FUTURE – RADAR



#

BLOCKCHAIN
INTERNET OF THINGS
TRANSPARENCY
DIGITAL ECONOMY

*How to lead
the way into
the digital economy?*



Leasing contracts tend to get shorter, and tenants are increasingly asking for flexibility. With our beehive project, we offer a flexible working space that can be booked from just one day up to one year. A fully digitalized booking system enables the user to book from everywhere without signing any papers. There is no fixed cost for the user; it's purely pay per use.

Through our business operations in major cities in Germany, we inject financial flows into these regions and into the overall economy. What makes us viable as a business is not merely sustaining profit but also enabling individuals to live better. Our economic approach is based on three issues most important to alstria and our stakeholders: financial performance, contributions to society and engagement with our suppliers.

ECONOMIC PRIORITIES

FINANCIAL PERFORMANCE

We consider our economic performance our number-one priority, since we cannot facilitate our sustainability strategy without a stable financial position. We generate profit in a responsible manner and always take into account the consequences of our business actions to our stakeholders. We endeavor for a long-term, profitable path.

CONTRIBUTION TO COMMUNITIES

By hosting thousands of people day by day, our assets are an important part of the communities where they are located. Through our operations and our corporate contributions, we strive to enhance the quality of life in these communities. We also work hard to ensure that our assets are welcoming and accessible to all members of the community.

SUPPLIER MANAGEMENT

We are aware that a significant amount of the impact we have on issues concerned with environmental and social responsibility is derived from processes that, both upstream and downstream, lie beyond our own control. Therefore, our performance is significantly dependent on our suppliers, service contractors, consultants and builders. Applying an effective control over these groups is the only way to ensure that their actions do not harm but benefit our business reputation.



A sound economic performance allows us to invest in initiatives that help minimize our environmental impact; for example, the procurement of renewable energy and the use of advanced building technologies. Such innovative solutions offer an added value to our buildings and tenants by reducing ancillary expenses. In addition, a good financial position equals the creation of new and well-paid jobs and gives us the opportunity to contribute to the communities where we operate.

FINANCIAL PERFORMANCE

At alstria, we have a long history of producing strong financial results and maintaining a best-in-class, transparent financial reporting. We primarily report on changes in the structure of the Company and financial performance through our annual report and investor relations website. In this report, we provide financial information that we consider especially important for developing our growth strategy in terms of sustainability.

ALSTRIA ANNUAL REPORT 2016

OUR CONTRIBUTION TO SUSTAINABILITY

Our business contributes to sustainability by making our buildings as resource efficient as possible. To achieve this, we:

Dedicate a budget for energy efficiency measures

One of our main objectives, when refurbishing our buildings, is the creation of an efficient office space and the reduction of the energy consumption and occupancy costs for our tenants. In 2016, we invested approximately EUR 22 million in refurbishment measures and EUR 9 million in development projects.

Invest in research and development (R&D)

We support fundamental research as we try to identify the future trends that we should incorporate in our analysis of our real estate portfolio. In 2016, we continued supporting, with a grant of USD 50,000, the research on organic photovoltaics at the University of California, Santa Barbara. We believe that such collaborations are mutually beneficial since they allow us to provide researchers with early feedback on whether we can see a direct application of their research to our business, and they allow us to identify potential game-changing technologies early on at the same time.

Contribute to industry partnerships

We invested EUR 50,000 in partnerships within the real estate industry. In 2016, we took part in the Green lease working group to improve the regulatory recommendations for landlords and tenants. This includes, among others, the introduction of energy-saving measures and regulations for utility costs to support sustainable behavior.

Engage with our employees and tenants

We help our tenants to make their own business more efficient by sharing our expertise and offering them already-tested solutions. In 2016, we offered the same competitive price to our tenants to obtain renewable energy for their own areas.

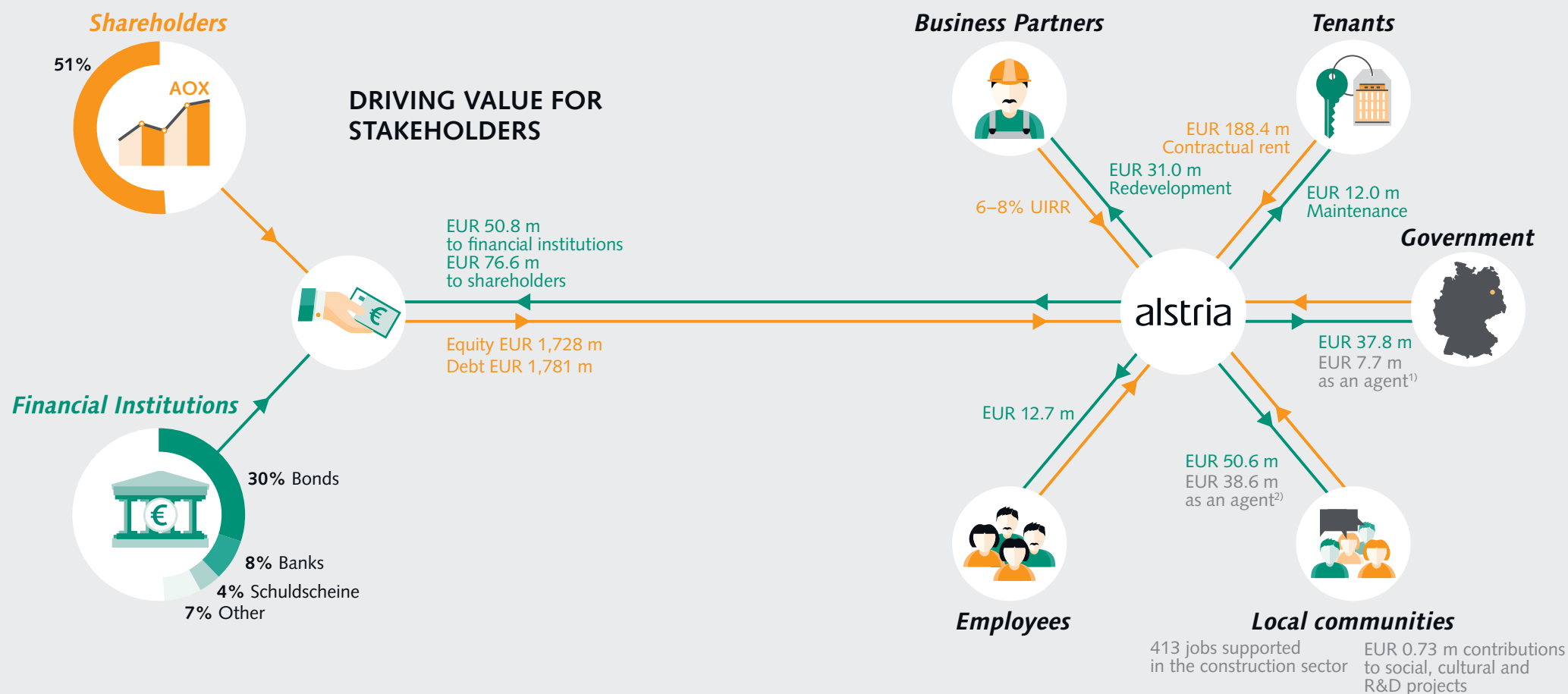
We also encourage our employees to adopt green practices by offering specialized training. Following ISO 50001 certification, we organized training sessions on the topics of energy efficiency for office buildings. All our new and existing employees took part in this training.

FINANCIAL HIGHLIGHTS

Following a year of intense growth, as a result of the Company's acquisition in 2015, we concentrated on the optimization of our portfolio in 2016.

As the acquired portfolio contained a number of assets that did not meet our investment criteria in terms of size, location or asset class, we sold assets worth EUR 402 million in order to streamline the entire organization. As a result, we recorded a strong improvement with regard to the efficiency of our company. Our cost ratio (measured in accordance with EPRA standards) dropped by 550 basis points to 16.6 % and therefore further strengthens the long-term competitiveness of our Company. The disposal of assets at a premium of 7.8 % to our most recent appraised value also reduced alstria's indebtedness and improved our net LTV by 840 basis points to 40.9 %. Our G-REIT equity ratio stood at 56.7 % as per December 31, 2016 and therefore clearly exceeded the legal requirement of 45.0 %.

Higher revenues, better efficiency and lower financing costs also drove our results. In 2016, our operating profit, Funds from Operations (FFO), almost doubled to EUR 116.4 million (2015: EUR 59.4 million), and the FFO per share reached EUR 0.76 (2015: EUR 0.61).



¹⁾ Taxes paid to the government as agent through real estate operating expenses.

²⁾ Capital distributed to the wider community as agent through real estate operating expenses.

CLIMATE EFFECT ON OUR BUSINESS

Variations in weather conditions, new energy consumption practices and recently adopted climate agreements will fundamentally transform the way the urban landscape is constructed over time. Considering the long-term nature of our business and the immovable nature of our assets, it is of key importance to take the effect of climate change on our future prospects. We are thus committed on doing our part to contribute solutions to the global challenge of climate change.

At alstria, we have implemented a Group-wide risk management and an early warning system in accordance with section (91) of the German Stock Corporation Act. All risks, including those of climate change, are recorded, evaluated and monitored on a quarterly basis at the least.

 **ALSTRIA ANNUAL REPORT 2016**
Section 'Risk and Opportunity Report,'
pages 24–39

REGULATORY RISKS

The Company is exposed to the risk of increasingly numerous and constantly changing regulations, notably with regard to environmental or energy efficiency restrictions that might limit the possibility of letting or operating certain buildings or impose more stringent obligations upon them; for example, the German Energy Saving Ordinance (EnEV) and possible national carbon taxation.

Impact

Failing to meet new environmental regulations can result in a loss of attractiveness of our assets, which can in turn result in a decrease of their rental potential (occupancy rate) and, ultimately, a decrease of the Company's annual revenues. Not meeting new regulations can also increase the compliance costs of the Company. These costs are estimated between EUR 1.5 and EUR 6.0 million.

Method

We anticipate changes in law and thus protect the Company from unexpected costs by:

- › Having a legal team in place that ensures strict compliance with regulations; when necessary, we also call upon external consultants
- › Monitoring legislative changes while acquiring, refurbishing or managing an asset
- › Engaging in regulatory and economic lobby groups to acquire better knowledge of the current legislation

PHYSICAL RISKS

Climate change causes extreme weather events such as intense heat waves, heavy winds and storms and flooding. The Company's properties, especially those located close to coastal areas and rivers, are exposed to possible structural damages resulting from these events that may disrupt a redevelopment process or our tenants' activities.

Impact

Failing to respond to those risks can subsequently increase the capital costs for maintenance and repair of the damaged structures or may lose potential revenue due to business interruption. According to our recent risk management process, our estimated financial implications amount to EUR 0.6 and 1.5 million.

Method

Our strategy for the climate change adaptation process is based on:

- › Advanced monitoring of associated risks
- › Insurances covering our buildings from loss of rent during reconstruction, fire, storm or water damage; these insurances have a total value of EUR 3.7 billion

OTHER RISKS

Climate change has presumably shaped the behavior of our tenants in requiring more 'green' rental space. Increasingly, more tenants express an interest in maximizing the energy efficiency of their buildings while minimizing their carbon footprint.

Impact

Failing to respond to the growing demand of sustainability services can result in a lack of attractiveness of our assets, implying a subsequent decrease of their rental potential (occupancy rate) and thus a decrease of the Company's annual revenues. The estimated financial implications amount to EUR 0.6 and EUR 1.5 million.

Method

We mainly prevent those risks by:

- › Designing smart offices
- › Recognizing early the financial requirements to upgrade and modernize a building
- › Offering services to our tenants during the whole tenancy to enable them to live and work in a healthier working environment and decrease their carbon emissions
- › Providing an annual disclosure on our environmental performance and responding to various inquiries from investors and rating agencies

OPPORTUNITIES

Climate change not only poses risks but also presents us with opportunities. For example, the ability to monitor current and future regulatory changes enables us to better control the speed of the deterioration of our assets. In addition, changes in outside temperature extremes give us the opportunity to extend the use of renewable energy sources and maintain a comfortable indoor temperature in our buildings. Finally, by offering high-performing buildings and communicating with transparency on our sustainability performance to the public, we gain a competitive advantage against our competitors over the long term.

To realize those opportunities and to continue adding value to our assets, we are:

- › Increasing R&D expenditure, as new technologies will improve the indoor environmental quality of our buildings and ultimately boost the rental potential of our portfolio
- › Investing in smart metering to access all the energy use data of our buildings and to take the correct measures at the right time
- › Taking advantage of weather extremes and reverting their negative impact, for example, by using solar cells or by recycling rainwater
- › Keeping an open and direct communication line with all our stakeholders to identify their needs and expectations

WHAT'S NEXT

As the real estate business is very capital intensive, the current profitability of the industry clearly benefits from the low interest rate environment. As in the past, we will continue to use the 'windfall profits' to delever our balance sheet. We feel this is the most sustainable way to prepare the Company for a possible rate increase in the future.

We are also investigating new digital technologies that will enable us to facilitate transactions and develop contracts faster and with more transparency.

More than in any other business, our success is directly linked to the location to which we invest. Thus, we have a vested interest in the strong development of the local community.

CONTRIBUTION TO COMMUNITIES

We are convinced that a lasting economic success can only be materialized when we act responsibly against the environment and the society that surround us.

SAFEGUARDING HISTORICAL BUILDINGS

In our daily asset management, we take the opportunity and responsibility to support historical buildings and preserve places of cultural heritage. Those refurbishment projects strive to strike the right balance between the spirit of the asset, its history and future needs in order to meet our tenants' demands for the foreseeable future. By safeguarding historical buildings, we ultimately increase the cultural value and attractiveness of our portfolio in the leasing markets.



**Unesco World Heritage Award
for Kontorhaus District**

In the last two years, we were honored to have two of our buildings located in the historic Kontorhaus District and Speicherstadt in Hamburg inscribed to the UNESCO World Heritage List. Inscription on the list confirms the outstanding universal value of a cultural property, which requires protection for the benefit of all humanity. As the owner of these buildings, we fully supported this perennial application process.

COMMUNITY PROJECTS

Since our foundation, we have consistently supported the local economy and enhanced the quality of life in our surroundings.

Hamburg Towers

In 2016, we continued supporting 'Hamburg Towers' – a second-league basketball team, in Wilhelmsburg, Hamburg. Beyond the sport itself, the purpose of this team is to give younger people, especially those with a difficult social background, the opportunity to be involved in sports activities and to develop an attitude of fair play.

Beneficial leasing

During 2016, we offered space to the City of Hamburg in one of our buildings near the central station to support the refugees' action plan. We also continued supporting the humanitarian work of UNICEF by giving them preferential terms for their lease. We also donated EUR 500, as a symbolic prize of our last year's sustainability reporting game. In total, we have leased 5,333 m² of space for diverse cultural causes, e.g., theaters and galleries.

Sustainable office supplies

For us, social and environmental responsibility sees no geographic boundaries. Although all of our business operations are in Germany, where rainfall is high, we do care about the world's most eminent problem of water shortage and accessibility. Supporting the Viva con Agua initiative for another year was the least that we could do. The objective of this initiative is to enable people who are living in developing countries to gain access to drinking water. Sixty percent of Viva con Agua's profit goes to long-term drinking water projects. The initiative generates these funds by selling the water bottles it produces for the purpose of financing its projects. In 2016, we supported the initiative with more than EUR 5,050 (2015: EUR 3,402).

With regard to our own office supplies, we prefer buying only fair-trade coffee and in that way support better trading and working conditions in developing countries. Finally, for our office needs, we only use FSC paper.

WHAT'S NEXT

We aim to continually support at least two projects related with the research and development of the real estate as well as two projects beneficial to the cultural enhancement of our local communities.



We have a highly diverse and locally based supply chain, with providers ranging from multinational companies to small businesses. To us, every provider is equally important and can have both a positive or negative impact on the Company's reputation.

SUPPLIER MANAGEMENT

We thus try to familiarize everyone with corporate fairness and a perspective that is committed to sustainability in the real estate business.

BETTER CONTROL OVER OUR SUPPLY CHAIN

We believe in shaping a sustainable future together with our business partners and service providers. Therefore, before entering any new business relationship, we evaluate our suppliers and partners against certain criteria that may expose us to high compliance risks. These criteria include quality of service, price-performance relation and environmental standards. As a result, we have established a 'green list' that includes all the providers with whom the Company is allowed to enter into a business relationship. This list is compiled by all senior managers and supervised by the Compliance Officer on an annual basis.

Over the last few years, we have developed many strategies to support our relationship with suppliers. Since 2014, we include a range of issues in our lease contracts, such as energy efficiency, waste recycling and the use of eco-friendly materials. Furthermore, we have enhanced our building contracts with provisions covering protection of minimum wages.

The most important step we took during the last two years, with regard to improving our supplier relationship management, was the creation of a code of conduct for service providers and suppliers. This code, similar to the one for employees, defines the Company's ethical and legal guidelines and sets forth the specific behavior expected from our service providers and suppliers. We direct all existing and potential business partners to read the code of conduct on the Company's website and to be aware that compliance with the code is recommended. The code is available in German and English.

 **CODE OF CONDUCT FOR SERVICE PROVIDERS**
www.alstria.com/code-of-conduct/

INSIDE OUR CODE OF CONDUCT FOR SERVICE PROVIDERS

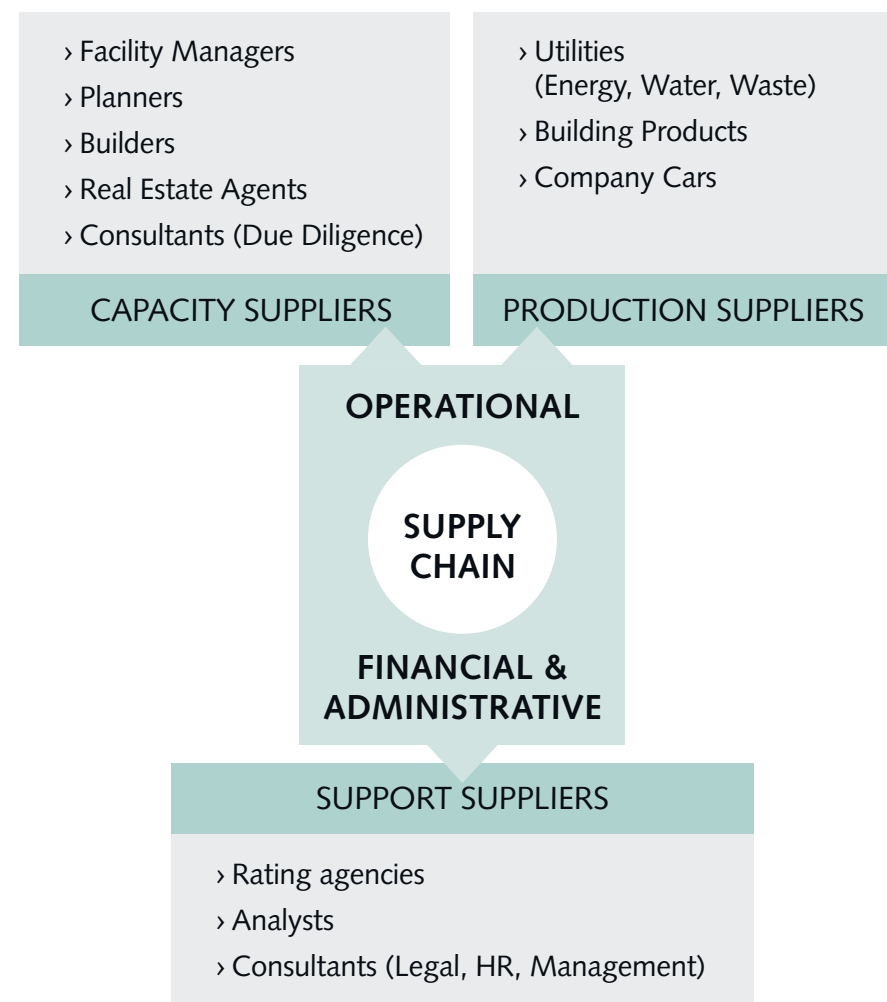
Our code of conduct mainly deals with:

- › Compliance with applicable laws and regulations
- › Respect for employees' basic labor rights, including minimum wage
- › Ethical conduct, including measures against corruption
- › Prohibition of bribery, including facilitation payments
- › Group's refusal to tolerate discrimination, harassment or intimidation in any form
- › Managing conflicts of interest
- › Reporting potential misconduct

ENGAGING WITH LOCAL SUPPLIERS

We engage third-party suppliers in our development projects as well as in the regular maintenance of our buildings. As our business is local, we aim to engage, whenever possible, with local small- and medium-sized enterprises (SMEs).

As our business grows, we have increased our investment, with EUR 69.6 million, in the refurbishment, development and maintenance of our buildings this year. This corresponds to supporting 413 jobs (2015: 324 jobs) in the construction sector. This year, we continued working with local SMEs and hired approximately 33 % locally based suppliers and contractors.



WHAT'S NEXT

We will continue collaborating with industry partners and suppliers to develop and integrate sustainable best practices in our supply chain. We will also continue to expand our training with regard to the compliance practices to all our office locations.

We conduct our business with integrity, fairness and respect for the law, which are values we consider necessary to maintain the trust of our stakeholders and flourish profitably.

EFFECTIVE GOVERNANCE

We therefore treat compliance with all applicable legal provisions and ethical standards as top priorities and encourage our business partners to do the same.

CORPORATE GOVERNANCE

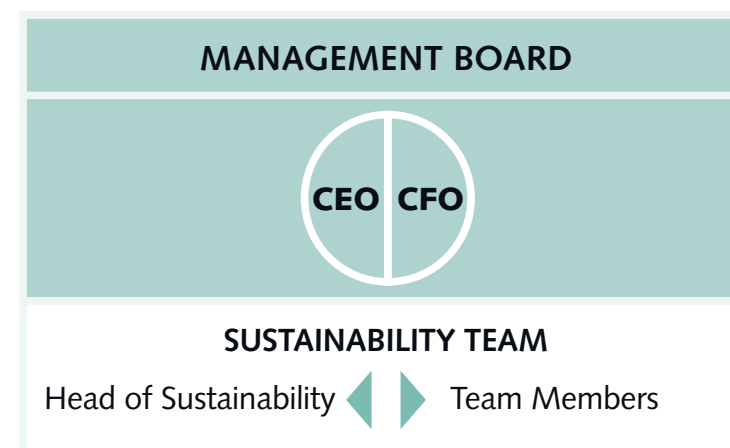
We maintain direct control over our business by applying sound corporate governance practices at every level of our organization. We operate under a dual board management system. Our Management Board is responsible for, and committed to, leading and executing the Company's overall strategy as well as overseeing our corporate affairs. To successfully fulfil its responsibility, the Management Board advises the senior managers and receives regular updates on a wide variety of business matters affecting the Company. The Management Board, in turn, informs the Supervisory Board at least four times per year, ensuring comprehensive information on all matters pertaining to planning, business development, risk situations and risk management. This also includes environmental strategies and targets.

The Group, consisting of alstria office REIT-AG and its subsidiaries, complies with most recommendations included in the German Corporate Governance Code. The annual declaration of compliance, in accordance with Section 161 AktG, is permanently available to shareholders on the Company's website.

A full description of the Company's corporate governance, including a description of the structure and the function of the Supervisory and Management boards that details their roles, powers, limitations, activities and remuneration policies and fees, is available online as part of our Annual Report 2016.

 **ALSTRIA ANNUAL REPORT 2016**
Section 'Corporate Governance', pages 126–143

This chapter also contains information on the Company's articles of association, the target quota for female participation on the Supervisory Board, general shareholder meetings, share capital and voting rights.



MANAGING SUSTAINABILITY

Our sustainability strategy has been gradually integrated into our everyday management. Depending on the field of expertise, the Company's staff is increasingly involved in sustainable practices in recognition of the major impact that the real estate sector has on the environment.

The highest level of direct responsibility for all decisions and issues concerning sustainable development within the company resides with the Chief Executive Officer (CEO). The CEO, together with the Chief Financial Officer, is responsible for the risk management practices of the Company. This concerns all risks, including those related to climate change.

By establishing a department of Sustainability & Quality Management in 2014, we managed to significantly expand our sustainability program. Responsible for the further development of the sustainability strategy and management of the implementation of this strategy is the Head of this department. He is a member of the Company's leadership team and directly reports all relevant issues to the CEO at least once per month.

At an operational level, the sustainability team is responsible for regularly assessing the level of implementation of the sustainability program. The team collects and evaluates all adequate environmental performance data resulting from the Company's operations and is responsible for the annual publication of the Company's Sustainability Report. Moreover, it is responsible for implementing and controlling operational measures designed to improve the Company's nonfinancial performance.

Other staff members are equally responsible for maintaining the successful sustainability strategy of the Company: asset managers, property managers and IT specialists. In particular, the HR department and the Sustainability & Quality Management department are jointly responsible for ensuring employees' environmental awareness and competence. Additionally, the Company's Investor Relations department is responsible for communicating all relevant issues and results to alstria's shareholders.

REMUNERATION AND COMPENSATION

EXECUTIVES

The remuneration system for the members of the Management Board was determined by the Supervisory Board in 2009, and it is reviewed by the Nomination and Remuneration Committee accordingly.

The Management Board remuneration consists of a fixed basic salary, a short-term and a long-term variable component (which vest over four years) and ancillary benefits for each Management Board member. The compensation is based on customary market terms and conditions, individual performance and the long-term success of the Company.

 **ALSTRIA ANNUAL REPORT 2016**
Section 'Remuneration Report', pages 143–149

EMPLOYEES

We offer competitive salaries and total compensation plans to both full- and part-time employees. We set our employees' compensation levels based on the principles of collective bargaining agreements for the real estate sector. alstria follows equal remuneration policies with regard to women and men and complies with the applicable German legislation.

STOCK OWNERSHIP

alstria offers a convertible profit participation rights program as part of its overall remuneration package to its employees. This allows employees to participate in the future success of the Company and the development of its share price. Our employees began sharing the benefits of stock ownership in 2007, when the Company became publicly listed. In 2016, approximately 62 % of full-time employees were granted profit participation rights.

APPENDIX



A – ABOUT THIS REPORT

Every year since 2009, we issue a sustainability report that provides readers with comprehensive information regarding the progress we have made in environmental, financial and social areas. This report has been prepared in accordance with the GRI Standards: Core option.

STRUCTURE OF THE REPORT

The evaluation of the topics in the report is based on the results of our materiality analysis. The scope of the report and the topic boundaries are, therefore, based on those in the Sustainable Report 2015. Each chapter starts with a one-page overview of the chapter-specific topics and their relevance for the company. The sub-sections of each chapter are introduced by a summary of our management approach and boundaries of the topic.

The report contains key performance indicators that help to measure alstria's sustainability performance. We also present our sector's specific information of the 'EPRA Sustainability Best Practices Recommendations Guidelines, third version.' Where appropriate, references are also provided to supplement information in the annual report or supporting websites.

 **GRI** www.globalreporting.org/standards/
 **EPRA** www.epra.com/sustainability

REPORTING PERIOD

The reporting period is the 2016 calendar year. The effective day for all quantitative data is 31 December. However, we provide some facts that reflect decisions and events that occurred in 2017 so that our readers receive up-to-date information.

EXTERNAL ASSURANCE

For the second consecutive year, we engaged Deloitte GmbH Wirtschaftsprüfungsgesellschaft to run a third-party assurance for all our resource consumption and carbon emissions data. These data have received a limited assurance in accordance with ISAE 3000 (revised). Each section of this report and all EPRA tables in Appendix E marked with this symbol (displayed next to the section title) are audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft.



Indicators from the area of occupational health and safety were reviewed by external experts in accordance with the German Directive 89/391/EWG. Our energy management system also receives internal and external third-party auditing every year that is issued by TÜV Rheinland.

REPORTING SCOPE

The statements that are made in the Sustainability Report 2016 refer to the group of consolidated companies in the alstria Annual Report 2016. Any deviations from that are indicated and are specified in the footnotes of the respective tables and charts. Nothing significant has changed with regard to material topics and boundaries in comparison to the previous reporting year.

Environmental boundary

We provide figures for the energy, water and waste consumption of our buildings, including our own corporate offices. In addition, we report on the total carbon footprint of our operations. For properly measuring our carbon emissions, we apply the operational control approach of the Greenhouse Gas Protocol Corporate Standard and use the latest calculation tools that are available.

 **APPENDIX E,**
PAGES 101–103

Unless otherwise stated, our figures do not include joint ventures. Buildings that underwent major redevelopment and those that were acquired during the reporting year are not covered by this report.

Social boundary

We report on our employee-specific metrics in accordance to the new GRI Standards and additional recommendations of the new EPRA social measures. Employee information provided within the Section "Our people" refer to both permanent and temporary staff, unless otherwise stated.

 **APPENDIX E,**
PAGE 103

Financial boundary

All information covering the consolidated financial statements of the alstria Group are prepared in accordance with the International Financial Reporting Standards (IFRS) and receive annual third-party assurance.

 **ALSTRIA ANNUAL REPORT 2016,**
PAGE 124

In order to increase comparability between years, we provide results on the two most recent full reporting years. For key performance indicators, we present figures for up to three years. Our base year for measuring our performance against our targets is 2013, with the exception of key figures that only became relevant after 2013.

The Sustainability Report is published on the alstria website. The next Sustainability Report will be published in the third quarter of 2018.

B – GRI CONTENT INDEX

GENERAL DISCLOSURES		
Disclosure Number	Description	Response
GRI 102: General Disclosures 2016		
Organizational Profile		
102-1	Name of the organization	Page 'alstria at a glance'
102-2	Activities, brands, products, and services	Page 'alstria at a glance'
102-3	Location of headquarters	Page 'alstria at a glance'
102-4	Location of operations	Page 'alstria at a glance'
102-5	Ownership and legal form	Page 'alstria at a glance'
102-6	Markets served	Page 'alstria at a glance'
102-7	Scale of the organization	Pages 113–114 'alstria at a glance', 'Our people'
102-8	Information on employees and other workers	Pages 'Our people', 53, 54, 59 <u>Additional information</u> <u>102-8a/b</u> : Permanent employment contract: 102 employees (2015: 68); 61 women, 41 men; 75 in head office, 27 in other local offices. Fixed-term employment contract: 6 employees (2015: 4); 2 women, 4 men; 5 in head office, 1 in other local offices. <u>102-8c</u> : Full-time employees: 95 (2015: 61); 50 women, 45 men. Part-time employees: 13 (2015: 11); all women. <u>102-8d</u> : Total number of trainees: 2 (2015: 2); trainees retained: 1 (2015: 3); trainees released: 2 (2015: 1); apprenticeships: 1 (2015: 0); employees with migration background: 7 % (2015: 11 %); employees with disabilities: 0 (2015: 0); temporary contractors: 0 (2015: 0)
102-9	Supply chain	Page 83
102-10	Significant changes to the organization and its supply chain	Pages 81, 82, 83
102-11	Precautionary principle or approach	Pages 6–11, Annual Report 2016, p. 24–42 We are fully aware of the environmental risks, impacting our business operations and we are deeply engaged to manage our business to reduce, avoid, or mitigate them. Throughout the whole report, we demonstrate how we apply the precautionary approach to our corporate strategy.
102-12	External initiatives	Page 15
102-13	Memberships of associations	Page 15
Strategy		
102-14	Statement from senior decision-maker	Pages 6–7
102-15	Key impacts, risks, and opportunities	Pages 20–25, 26, 32, 40, 50–51, 52–53, 58, 60, 65, 70–71, 72–79, 81
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Pages 65–67
102-17	Mechanisms for advice and concerns about ethics	Pages 65–67

GENERAL DISCLOSURES		
Disclosure Number	Description	Response
Governance		
102-18	Governance structure	Page 84, Annual Report 2016, p. 126–142
102-19	Delegating authority	Page 85
102-20	Executive-level responsibility for economic, environmental, and social topics	Page 85, Annual Report 2016, p. 133–137
102-21	Consulting stakeholders on economic, environmental, and social topics	Annual Report 2016, p. 138
102-22	Composition of the highest governance body and its committees	Annual Report 2016, p. 133–138
102-23	Chair of the highest governance body	Annual Report 2016, p. 133–138
102-24	Nominating and selecting the highest governance body	Annual Report 2016, p. 133–138
102-25	Conflicts of interest	Annual Report 2016, p. 132–135 No conflicts of interest concerning members of the Management Board arose during financial year 2016.
102-26	Role of the highest governance body in setting purpose, values, and strategy	Page 85
102-27	Collective knowledge of highest governance body	Page 85
102-28	Evaluating the highest governance body's performance	Annual Report 2016, p. 136–137
102-29	Identifying and managing economic, environmental, and social impacts	Annual report 2016, p. 23–30
102-30	Effectiveness of risk management process	Annual Report 2016, p. 23–30
102-31	Review of economic, environmental, and social topics	Page 85
102-32	Highest governance body's role in sustainability reporting	The Management Board formally reviews and approves the Sustainability Report of alstria. Besides of the formal process that alstria follows with regard to its communication with the public, our shareholders have the opportunity to voice their concerns to alstria at the Annual General Meeting. Our employees can address their concerns to the Compliance Officer or make use of the hotline provided for this purpose.
102-33	Communicating critical concerns	Annual Report 2016, p. 138
102-34	Nature and total number of critical concerns	This information is confidential and is not communicated externally by alstria.
102-35	Remuneration policies	Annual Report 2016, 'Remuneration Report', p. 143–150
102-36	Process for determining remuneration	Annual Report 2016, p. 143–150
102-37	Stakeholders' involvement in remuneration	Annual Report, p. 136, 138, 143–150
102-38	Annual total compensation ratio	Annual Report 2016, p. 143–150 <u>Additional information</u> <u>102-38a</u> : Relation between the salary of the highest-paid and average-paid individual is here expressed in times: 17.5:1 (2015: 15.2:1)

GENERAL DISCLOSURES		
Disclosure Number	Description	Response
102-39	Percentage increase in annual total compensation ratio	Annual Report 2016, p. 143–150 <u>Additional information</u> 102-39a: Percentage increase in annual total salary of highest paid individual (CEO alstria): 55 % (2015: –35 %); Percentage increase in annual total salary of all employee categories: 32 % (2015: 14 %); Ratio of percentage increase in annual total salary of CEO to the company's average salary of all employee levels: 163 % (2015: –242 %)
Stakeholder Engagement		
102-40	List of stakeholder groups	Page 14
102-41	Collective bargaining agreements	Page 60
102-42	Identifying and selecting stakeholders	Pages 14, 16–17
102-43	Approach to stakeholder engagement	Pages 14, 16–17
102-44	Key topics and concerns raised	Pages 16–17
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Annual Report 2016, p. 61–65
102-46	Defining report content and topic boundaries	Pages 16, 89 A complete overview of our materiality assessment findings and process is available at Sustainability Report 2015, p. 24–25 > www.alstria.com/fileadmin/user_upload_en/sustainability/alstria_SR2015_single.pdf
102-47	List of material aspects	Pages 16, Appendix B: page 96
102-48	Restatements of information	We have made no material restatements of information provided in previous reports. The material topics for alstria did not change as of 2016. In order to present them better to the reader, we have decided to rename them, where appropriate. A comparison of the material names used in our last reports are provided on page 96.
102-49	Changes in reporting	Appendix A: About this report, p. 88–89 Our material topics and boundaries have remained the same since our materiality assessment in 2014–2015.
102-50	Reporting period	Appendix A: About this report, p. 88–89
102-51	Date of most recent report	November 7, 2016
102-52	Reporting cycle	Appendix A: About this report, p. 88–89
102-53	Contact point for questions regarding the report	Imprint, p. 120
102-54	Claims of reporting in accordance with the GRI Standards	Appendix A: About this report, p. 88–89
102-55	GRI content index	Appendix B: GRI Content Index, p. 90–96
102-56	External assurance	Appendix C: Assurance, p. 97–99

TOPIC-SPECIFIC DISCLOSURES		
Disclosure Number	Description	Response
GRI 201: Economic Performance 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 70–79, 81
103-2	The management approach and its components	Pages 70–79, 81
103-3	Evaluation of the management approach	Pages 70–79, 81
201-1	Direct economic value generated and distributed	Pages 74–75
201-2	Financial implications and other risks and opportunities due to climate change	Page 76–78
201-3	Defined benefit plan obligations and other retirement plans	We provide detailed disclosures about our pension and retirement plans in our Annual Report 2016, p. 141–150
201-4	Financial assistance received from government	Pages 'Sound business', Annual Report 2016, p. 72–75
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Pages 74–75
203-2	Significant indirect economic impacts	Pages 74–75, 79–81
GRI 204: Procurement Practices 2016		
204-1	Proportion on spending on local suppliers	Pages 74–75, 82
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Pages 65–67
205-2	Communication and training about anti-corruption policies and procedure	Page 56–57, 66
205-3	Confirmed incidents of corruption and actions taken	Pages 67
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	In 2016, alstria was not involved in any proceedings regarding violations of anti-trust legislation
GRI 302: Energy 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 20–25, 32–39
103-2	The management approach and its components	Pages 20–25, 32–39
103-3	Evaluation of the management approach	Pages 20–25, 32–39
302-1	Energy consumption within the organization	Pages 18–40, Appendix E, p. 104–112
302-2	Energy consumption outside of the organization	Pages 18–40, Appendix E, p. 104–112
302-3	Energy Intensity	Pages 18–40, Appendix E, p. 104–112
302-4	Reduction of energy consumption	Pages 18–40, Appendix E, p. 104–112

TOPIC-SPECIFIC DISCLOSURES		
Disclosure Number	Description	Response
GRI 303: Water 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 20–25, 34–35, 37–38
103-2	The management approach and its components	Pages 20–25, 34–35, 37–38
103-3	Evaluation of the management approach	Pages 20–25, 34–35, 37–38
303-1	Water withdrawal by source	Pages 18–40, Appendix E, p. 104–112
303-3	Water recycled and reused	Pages 18–40, Appendix E, p. 104–112
GRI 305: Emissions 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 20–25, 26–31
103-2	The management approach and its components	Pages 20–25, 26–31
103-3	Evaluation of the management approach	Pages 20–25, 26–31
305-1	Direct (Scope 1) GHG emissions	Pages 18–40, Appendix E, p. 104–112
305-2	Energy indirect (Scope 2) GHG emissions	Pages 18–40, Appendix E, p. 104–112
305-3	Other indirect (Scope 3) GHG emissions	Pages 18–40, Appendix E, p. 104–112
305-4	GHG emissions intensity	Pages 18–40, Appendix E, p. 104–112
305-5	Reduction of GHG emissions	Pages 18–40, Appendix E, p. 104–112
GRI 306: Effluents and Waste 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 20–25, 38–39
103-2	The management approach and its components	Pages 20–25, 38–39
103-3	Evaluation of the management approach	Pages 20–25, 38–39
306-2	Waste by type and disposal method	Pages 22, 34–39, Appendix E, p. 104–112
GRI 401: Employment 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 48–57
103-2	The management approach and its components	Pages 48–57
103-3	Evaluation of the management approach	Pages 48–57
401-1	New employee hires and employee turnover	Appendix E, p. 113
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 64 <u>Additional information</u> We offer our employees a free vaccine against influenza. In 2016, nearly 14 % of alstria's employees made use of this arrangement (2015: 26%).

TOPIC-SPECIFIC DISCLOSURES		
Disclosure Number	Description	Response
401-3	Parental leave	Page 63 <u>Additional information</u> <u>401-3a/b:</u> In 2016, 10 employees were entitled to parental leave and 10 employees took it. All of them were women (2015: 13 women, 1 man). <u>401-3c:</u> In 2016, 3 female employees returned to work after parental leave ended (2015: 8 women, 1 man). <u>401-3d:</u> In 2016, 8 employees (7 women, 1 man) that returned to work after parental leave ended in the previous year are still employed 12 months after their return to work (2015: 2 women, 1 man). <u>401-3e:</u> Retention rate of all employees that took parental leave was at 100 % in 2016 (2015: 100 %).
GRI 403: Occupational Health and Safety 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 50–52, 60–65
103-2	The management approach and its components	Pages 50–52, 60–65
103-3	Evaluation of the management approach	Pages 50–52, 60–65
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Page 62, Appendix E: p. 113 <u>Additional information</u> <u>403-2a:</u> Total absent days of all employees in 2016: 996.5 (2015: 656); women: 785.5, men: 211. Total working days of all employees: 254 (2015: 254). Average number of employees in 2016: 105 (2015: 72). Absent days of employees in Hamburg: 867.5. Absent days of employees in other local offices: 129. Average annual number of employees in Hamburg: 71.58. Average annual number of employees in other local offices: 32.58
GRI 404: Training and Education 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 50–52, 53, 56–57
103-2	The management approach and its components	Pages 50–52, 53, 56–57
103-3	Evaluation of the management approach	Pages 50–52, 53, 56–57
404-1	Average hours of training per year per employee	Pages 56–57, 'Our people', Appendix E: p. 113 <u>Additional information</u> <u>401-1a:</u> In 2016, the total training hours for employees was 2,973 h (2015: 1,979 h); men: 1,312 h, women: 1,661 h; senior-level employees: 205 h, team members: 2,768 h
404-2	Programs for upgrading employee skills and transition assistance programs	Pages 56–57 No employees took sabbatical in the reporting year.
404-3	Percentage of employees receiving regular performance and career development reviews	Page 56 All employees at alstria have received annual appraisals.

TOPIC-SPECIFIC DISCLOSURES		
Disclosure Number	Description	Response
GRI 405: Diversity and Equal Opportunity 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 50–52, 58–59
103-2	The management approach and its components	Pages 50–52, 58–59
103-3	Evaluation of the management approach	Pages 50–52, 58–59
405-1	Diversity of governance bodies and employees	Appendix E: p. 113
405-2	Ratio of basic salary and remuneration of women to men	Appendix E: p. 113
GRI 406: Non-discrimination 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 50–52, 65–67
103-2	The management approach and its components	Pages 50–52, 65–67
103-3	Evaluation of the management approach	Pages 50–52, 65–67
406-1	Incidents of discrimination and corrective actions taken	Page 58 There have been no, monetary or nonmonetary penalties, law suits or fines for cases of discrimination or unequal treatment so far.
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Pages 79–80, 61
GRI 419: Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	alstria is compliant to applicable laws and regulations as of 2016.

ALSTRIAS MATERIAL TOPICS

2016	2015	2014
Carbon Emissions	Energy Consumption & Carbon Footprint	Energy Efficiency & Procurement
Consumption of Resources	Use of Resources – Water Consumption, Waste Generation, Energy Consumption	Water Management, Waste Management, Energy Consumption
Recruiting, Training & Development	Employee Development	Fair Company
Diversity & Equal Treatment	Diversity & Equal Treatment, Working Conditions	Fair Company
Working Conditions	Diversity & Equal Treatment, Working Conditions	Fair Company
Ethical Conduct	Ethical Conduct	Ethics & Integrity
Financial Performance	Financial Performance	Financial Performance
Contribution to Communities	Contribution to Communities	Contribution to Communities
Supplier Management	Supplier Management	Level of Control

C – ASSURANCE

NOTE FROM THE INDEPENDENT AUDITOR REGARDING AN AUDIT TO OBTAIN LIMITED ASSURANCE OF SUSTAINABILITY INFORMATION

To the client

We have been engaged to perform a limited assurance engagement on the selected subsections 'Carbon Emissions' and 'Consumption of Resources' within the section 'Our Buildings' as well as the 'Appendix E – EPRA Sustainability Performance Measures – Environment' of the Sustainability Report (hereafter referred to as 'report') for the period 1 January to 31 December 2016 prepared by alstria office REIT-AG, Hamburg (hereafter alstria).

Responsibility of the legal representatives

The company's legal representatives are responsible for the preparation of the report in accordance with the reporting criteria as well as for the selection of the information to be assessed. alstria applies the criteria set out in the Sustainability Reporting Standards 2016 of the Global Reporting Initiative (hereafter 'GRI criteria') as reporting criteria.

The responsibility of the company's legal representatives includes the selection and application of appropriate sustainability reporting methods as well as the use of assumptions and estimates for individual sustainability disclosures that are reasonable in the circumstances.

In addition, the legal representatives are responsible for the arrangements and measures they have identified as necessary to prepare the report, which is free from material misstatement due to intentional or unintentional errors.

Statements by the auditor regarding independence and quality

We are independent of the company in accordance with German commercial and professional regulations and have fulfilled our professional duties in accordance with these.

The audit firm applies the national legal regulations and professional standards on quality assurance, in particular the professional standards for auditors and certified accountants as well as the IDW quality assurance standards: Quality assurance requirements in the auditing practices (IDW QS 1), in accordance with International Auditing and Assurance Standards Board (IAASB) issued by the International Standard on Quality Control (ISQC 1).

Practitioner's responsibility

Our responsibility is to express an audit opinion with limited assurance on the subsections 'Carbon Emissions' and 'Consumption of Resources' within the section 'Our Buildings' as well as the 'Appendix E – EPRA Sustainability Performance Measures – Environment'.

We conducted our audit in accordance with the International Standard on Assurance Exposure (ISAE) 3000 (Revised): 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', issued by the IAASB.

Accordingly, this standard requires that we plan and perform the assurance engagement to obtain a limited level of assurance to preclude that the information contained in the subsections 'Carbon Emissions' and 'Consumption of the Capital' within the section 'Our Buildings' as well as the 'Appendix E – EPRA Sustainability Performance Measures – Environment' in the company's Sustainability Report for the period from 1 January to 31 December 2016 is not in accordance, in all material respects, with the relevant GRI criteria.

For such limited assurance engagements, the audit procedures are less extensive than in a reasonable assurance engagement, so that a correspondingly lower level of assurance is obtained. The selection of the auditing procedures is at the discretion of the auditor.

Within the scope of our audit, we have carried out, amongst others, the following auditing procedures and other activities:

- › Understanding the structure of the sustainability organization and the involvement of stakeholders
- › Survey of employees, involved in the preparation of the Sustainability Report as well as the preparation process including the prescribed measures and precautions taken, in addition to selected information in the Sustainability Report
- › Assessment of risks of material misstatements in the Sustainability Report
- › Analytical assessment of selected data in the report
- › Comparison of selected data with the corresponding data in the consolidated financial statements and group management report
- › Assessing the presentation of selected sustainability performance information

Audit opinion

On the basis of the audit carried out and the obtained audit evidence, we have not been aware of any facts which may lead us to believe that the subsections 'Carbon Emissions' and 'Consumption of Resources' within the section 'Our Buildings' as well as the 'Appendix E – EPRA Sustainability Performance Measures – Environment' in the Company's Sustainability Report for the period from 1 January to 31 December 2016 have not been prepared, in all material respects, in accordance with the relevant GRI criteria.

Recommendations

Without limiting our audit opinion, we recommend the further development of sustainability management and sustainability reporting:

- › Further automation of the collection and validation of relevant data
- › Formalize the documentation of relevant reporting processes with regard to responsibilities, internal control systems and defined procedures to ensure process stability

Purpose of the note

We issue this note based on the engagement agreed with the company. The audit has been conducted for the purpose of the company and the note is only intended to inform the company about the results of the audit.

Limitation of liability

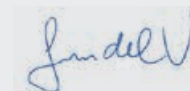
The note is not intended for any third parties to base any (investment) decision thereon. Our responsibility lies solely with the company. We do not assume any responsibility towards third parties.

Hamburg, 02 November 2017

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft



Annika Deutsch
(Wirtschaftsprüferin)
(German Public Auditor)



ppa. Vinzenz Fundel

D – ENERGY POLICY

RESPONSIBILITY

As a responsible company, alstria office REIT-AG is committed to limiting the impact of its operations on the overall environment to the largest extent possible. In line with this objective, the Management Board recognizes the significance of energy management and provides all necessary reasonable resources for appropriate energy management. In particular, it ensures that all of alstria's business activities will be performed in accordance with legal and regulatory obligations.

IMPROVEMENT

We are committed to continually improving our energy management system through regular reviews. Our ultimate goal is to reduce our environmental footprint and, subsequently, our energy consumption. We believe that reducing our energy demand is alstria's most sustainable long-term path. Whenever possible, we endeavor to decrease our dependence on fossil fuels by increasing the use of renewable energy sources.

ENERGY

We ensure the responsible use of energy throughout all business operations. To this end, we will begin a process that allows us to monitor energy data for energy used in our operational processes. Through such measures (including operational energy audits), we will be able to analyze our energy requirements and identify all viable measures to save energy. The successful implementation of these measures ensures the optimal energy use from an economic and environmental perspective.

AWARENESS

Through regular and specific training sessions, we keep our employees informed on our energy goals and encourage them to act responsibly and participate actively in our energy management program. The Company's illustration and understanding of its own energy consumption effectively raises employees' awareness with regard to tenants' energy requirements.

COMMUNICATION

We conduct open, objective and comprehensive dialogue with the public and our business partners. We also work closely with authorities and adequately inform stakeholders regarding relevant energy topics. In doing so, we develop a deeper mutual understanding.

PROCUREMENT

We support the procurement of energy-efficient products and services for the management of our offices. This is why the acquisition costs and the energy consumption during operation are considered.

This policy applies to all operations of alstria office REIT-AG.

E – EPRA SUSTAINABILITY PERFORMANCE MEASURES



ENVIRONMENTAL METHODOLOGY

To provide our readers with a comprehensive view on our environmental performance, we report on both absolute and like-for-like measures. We also occasionally use appropriate intensity indicators.

Absolute performance measures (Abs) indicate the consumption of our buildings for the whole reporting year.

Like-for-like performance measures (LfL) are a necessary complement to absolute performance measures, as they allow us to compare consumptions for the same size of portfolio for the most recent two reporting years. Disclosure on a like-for-like basis better demonstrates a change in performance that is not affected by fluctuations in the size of our portfolio (through acquisitions, disposals, refurbishments).

Intensity indicators (Int) are used to present the amount of consumption per unit of a suitable denominator. For office buildings, we usually use the denominators 'per floor space' and 'per workstation' (one workstation equals 25 m² of office space). For calculating the intensity metrics for the landlord-shared services in common parts areas, we use the combined floor area of common and tenant parts.

Coverage

In 2016, the size of our portfolio was 108 buildings. However, we covered 105 buildings in calculations as two of them were under development and one was recently acquired. In our LfL measures, we disclosed buildings that have been consistently in operation for the most recent full two-year period. The number of buildings disclosed is provided separately to each indicator within the EPRA Tables, pages 104–112.

Collecting data for the energy consumption of our portfolio has never been an easy task for us. In some cases, we obtain consumption data from specific areas of our buildings, such as common parts areas and tenant areas, by using smart meters. In other cases, usually with regard to our single-let buildings, we obtain records from our tenants that we have no means to control or verify. However, we choose to report on all available data and make no estimates in order to fill gaps.

Water utilities are usually sub metered exclusively to our tenants or are directly obtained by tenants (single-let buildings). District cooling systems are not yet used in our portfolio.

GHG Reporting

We calculate our total GHG emissions using the most recent available conversion factors (downloaded in October 2017) of the GHG Protocol Corporate Standard. We apply the operational control method and use the global warming potential of the IPCC Fifth Assessment Report (AR5 – 100 year). Additional software provided by the GHG Protocol helps us to accurately report on our emissions. We report on our total carbon footprint in three separate categories:

Scope 1: includes only **direct (Dir) emissions** that result from our own company's vehicles

Scope 2: includes **indirect (Indir) emissions** associated with the consumption of both electricity and heating for the landlord-shared services of our buildings, as well as the energy consumption (electricity and district heating) of our own local offices. GHG emissions resulting from the offsite generation of purchased electricity and heat are calculated according to the location-based method. Grid emission factors used for calculations derive from the energy fuel-mix of Germany as provided by the GHG Protocol. All emissions resulting from the energy purchased through our renewable framework agreement are calculated separately according to the market-based method. In order to report on our total Scope 2 emissions and avoid the double counting of GHG emissions, we subtract the amount of emissions derived from our framework contract (GHG-savings from green electricity) from the total amount of energy purchased from the grid.

Scope 3: includes **indirect (Indir) emissions** besides those covered in Scope 2. Scope 3 is an optional reporting category that allows for the reporting of all other indirect emissions, both upstream and downstream, resulting from the company's operations. Scope 3 disclosure covers emissions arising from business travel, employee commuting and the energy consumption in tenant areas. The energy in the form of natural gas for the heating of tenants' areas is carbon neutral (obtained via our framework contract for natural gas) and emission reductions are, therefore, realized via offsetting.

Base year

We provide data on the total carbon emissions of our operations for the two most recent reporting years. We demonstrate the change on our performance emissions on a year-to-year basis, as well as in comparison to our base year of 2013; that year was the moment when we started to apply significant measures to reduce our carbon emissions across our portfolio. Therefore, we have utilized it as our benchmark ever since.

Restatements

Figures associated with the resource consumption of our portfolio for the reporting year 2015 have been restated, as we have received additional energy consumption data from our tenants after the issue of the Sustainability Report 2015 | 2016.

The GHG Emissions figures for the 2015 reporting year have also been restated, as we have decided to apply the most recent conversion factors from the GHG Protocol to both the 2015 and 2016 reporting years to allow for better comparability.

SOCIAL METHODOLOGY

We report on our employee-specific metrics in accordance to the new GRI Standards and additional recommendations of the new EPRA social measures.

Coverage

As of December 31, 2016, the alstria Group employed 114 employees and one apprentice. Seven employees were released from their duties at the end of the reporting year, as part of the takeover of Deutsche Office and were not therefore classified as 'active'.

The number of active employees covered in this report is 108. In addition to standard employees, this figure includes trainees and apprentices. Interns, students, employees on parental leave and employees released from their duties are excluded.

All employee figures in this report refer to active employees.

Intensity figures for alstria's own office consumptions that use the number of employees as denominator are calculated on the basis of the average employee number for the reporting year.



EPRA Sustainability Performance Measures – Environment

Portfolio data		Total Portfolio					Office Portfolio					Retail Portfolio			Other	
	Units	2016	2015				2016	2015				2016	2015		2016	2015
Covered Buildings	#	105	113				97	105				1	1		6	1
Single-let buildings	#	33	35				31	32				0	0		2	0
Multi-let buildings	#	75	86				69	80				1	1		4	1
Open Market Value	EUR m	2,954	3,195				2,749	2,948				36	32		168	21
Total lettable area	km²	1,502	1,665				1,362	1,542				13	12		127	8

Environmental Performance		Total Portfolio					Office Portfolio					Retail Portfolio			Other	
	Units	2016	2015	2016	2015	Change	2016	2015	2016	2015	Change	2016	2015	Change	2016	2015
Total electricity consumption		Elec-Abs		Elec-LfL			Elec-Abs		Elec-LfL			Elec-Abs/-LfL			Elec-Abs/-LfL	
For landlord shared services	MWh	14,579	13,547	10,743	11,545	–6.9%	14,050	13,263	10,661	11,526	–7.5%	82	19	333%	447	N/A
Number of applicable properties	#	67 of 72	49 of 79	40			62 of 66	47 of 74	39			1 of 1	1 of 1		4 of 4	N/A
Coverage of common area	%	94.4%	81.7%	58.5%			94.2%	82.1%	63.7%			100%	100%		100%	N/A
Total electricity from renewable sources in shared services	MWh	11,445	8,219				11,128	8,219				73	N/A		244	N/A
Ratio of electricity from renewable sources	%	78.5%	60.7%				79.2%	62.0%				89.8%	N/A		54.4%	N/A
(Sub)metered exclusively to tenants	MWh	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A		N/A	N/A		N/A	N/A
Total landlord-obtained electricity	MWh	14,579	13,547	10,743	11,545	–6.9%	14,050	13,263	10,661	11,526	–7.5%	82	19	333%	447	N/A
Total tenant-obtained electricity	MWh	36,561	55,893	33,960	54,219	–37.4%	36,561	55,893	33,960	54,219	–37.4%	N/A	N/A		N/A	N/A
Number of applicable properties	#	44 of 105	40 of 112	30			44 of 97	40 of 105	30			0 of 1	0 of 1		N/A	N/A
Coverage of lettable area	%	43.8%	37.6%	33.0%			48.2%	40.3%	36.4%			N/A	N/A		N/A	N/A
Total tenant-obtained electricity from renewable sources	MWh	710	779				710	779				N/A	N/A		N/A	N/A
Ratio of electricity from renewable sources	%	1.9%	1.4%				1.9%	1.4%				N/A	N/A		N/A	N/A
Total district heating consumption		DH&C-Abs		DH&C-LfL			DH&C-Abs		DH&C-LfL			DH&C-Abs/-LfL			DH&C-Abs/-LfL	
For landlord shared services	MWh	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A		N/A	N/A		N/A	N/A
(Sub)metered exclusively to tenants	MWh	26,091	26,311	4,157	3,678	13.0%	26,091	24,185	4,157	3,678	13.0%	N/A	2,126		N/A	N/A
Number of applicable properties	#	31 of 33	31 of 38	25			31 of 32	30 of 37	25			0 of 1	1 of 1		N/A	N/A
Coverage of lettable area	%	96.0%	80.9%	65.4%			99.2%	80.3%	67.6%			N/A	100%		N/A	N/A
Total landlord-obtained DH&C	MWh	26,091	26,311	4,157	3,678	13.0%	26,091	24,185	4,157	3,678	13.0%	0	2,126		N/A	N/A
Total tenant-obtained DH&C	MWh	20,041	18,312	18,878	17,920	5.3%	20,041	18,312	18,878	17,920	5.3%	N/A	N/A		N/A	N/A
Number of applicable properties	#	16 of 21	16 of 22	15			16 of 19	16 of 21	15			N/A	N/A		N/A	N/A
Coverage of lettable area	%	74.6%	69.7%	69.0%			84.4%	74.0%	78.1%			N/A	N/A		N/A	N/A
Total fuel consumption		Fuels-Abs		Fuels-LfL			Fuels-Abs		Fuels-LfL			Fuels-Abs/-LfL			Fuels-Abs/-LfL	
For landlord shared services	MWh	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A		N/A	N/A		N/A	N/A
(Sub)metered exclusively to tenants	MWh	33,416	28,537	19,160	18,681	2.6%	29,532	27,640	19,160	18,681	2.6%	N/A	N/A		3,884	N/A
Number of applicable properties	#	33 of 35	19 of 38	16			30 of 32	18 of 35	16			N/A	N/A		3 of 3	N/A
Coverage of lettable area	%	95.6%	59.7%	50.4%			94.9%	61.7%	58.6%			N/A	N/A		100%	N/A
Total fuels (natural gas) – carbon offsetting	MWh	12,976					12,976	N/A				N/A	N/A		N/A	N/A
Ratio of natural gas – carbon offsetting	%	38.8%					43.9%	N/A				N/A	N/A		N/A	N/A
Total landlord-obtained fuels	MWh	33,416	28,537	19,160	18,681	2.6%	29,532	27,640	19,160	18,681	2.6%	N/A	N/A		3,884	N/A
Total tenant-obtained fuels	MWh	15,737	18,318	13,640	18,318	–25.5%	13,881	18,318	13,640	18,318	–25.5%	N/A	N/A		1,856	N/A
Number of applicable properties	#	10 of 14	8 of 14	8			9 of 13	8 of 12	8			N/A	N/A		1 of 1	N/A
Coverage of lettable area	%	72.4%	59.6%	59.4%			70.4%	72.9%	63.8%			N/A	N/A		100%	N/A
Total energy consumption of building portfolio	MWh	146,425	160,918	55,836	58,597	–4.7%	140,156	157,610	55,836	58,597	–4.7%	82	2,145		6,187	N/A



Environmental Performance		Total Portfolio			Office Portfolio			Retail Portfolio			Other	
Units		2016	2015	Change	2016	2015	Change	2016	2015	Change	2016	2015
Building energy intensity		Energy-Int			Energy-Int			Energy-Int			Energy-Int	
For landlord shared services (whole building area)	kWh/m ² /year	17	20		19	21		7	2		N/A	N/A
	kWh/workstation/year	432	512	-15.8%	466	522	-10.7%	165	38	333.3%	N/A	N/A
(Sub)metered exclusively to tenants (tenant area)	kWh/m ² /year	112	79		107	78		0	172		N/A	N/A
	kWh/workstation/year	2,800	1,985	41.1%	2,682	1,952	37.4%	0	4,300	-100%	N/A	N/A
Total landlord-obtained energy (whole building area)	kWh/m²/year	78	76		81	74		7	174		N/A	N/A
	kWh/workstation/year	1,942	1,888	2.9%	2,018	1,849	9.1%	165	4,338	-96.2%	N/A	N/A
Total tenant-obtained energy (tenant area)	kWh/m ² /year	106	142		106	142		N/A	N/A		N/A	N/A
	kWh/workstation/year	2,652	3,545	-25.2%	2,650	3,545	-25.3%	N/A	N/A	N/A	N/A	N/A
Specific intensities												
Electricity intensity of building portfolio (tenant area)	kWh/m ² /year	40	67		43	69		6	2		N/A	N/A
	kWh/workstation/year	1,004	1,675	-40.1%	1,071	1,713	-37.5%	160	38	320.5%	N/A	N/A
Heating intensity of building portfolio (tenant area)	kWh/m ² /year	74	81		74	80		N/A	172		N/A	N/A
	kWh/workstation/year	1,847	2,025	-8.8%	1,850	2,006	-7.8%	N/A	4,300	N/A	N/A	N/A
Energy intensity of building portfolio (tenant area)	kWh/m ² /year	110	137		113	137		6	174		N/A	N/A
	kWh/workstation/year	2,745	3,425	-19.9%	2,822	3,434	-17.8%	160	4,338	-96.3%	N/A	N/A

Environmental Performance		Total Portfolio			Office Portfolio			Retail Portfolio			Other	
Units		2016	2015	Change	2016	2015	Change	2016	2015	Change	2016	2015
Total GHG emissions		GHG-Abs			GHG-Abs			GHG-Abs			GHG-Abs	
Direct – Scope 1, GHG-Dir-Abs	tonnes CO ₂ e	0	6	-100%	0	0	0%	0	0	0%	0	N/A
Indirect – Scope 2, GHG-Indir-Abs	tonnes CO ₂ e	1,490	2,351	-36.6%	1,389	2,225	-37.6%	4	8	-52.2%	97	N/A
Other indirect – Scope 3, GHG-Indir-Abs	tonnes CO ₂ e	32,642	41,670	-21.7%	31,340	41,114	-23.8%	0	375	-100%	1,163	N/A
Total (only Scope 1+2)	tonnes CO₂e	1,490	2,357	-36.8%	1,389	2,225	-37.6%	4	8	-52.2%	97	N/A
Ratio Scope 1+2 and Scope 3	%	4.6%	5.7%	-19.3%	4.4%	5.4%	-18.1%	N/A	2.2%	N/A	8.3%	N/A
Total GHG intensity from building energy consumption		GHG-Int			GHG-Int			GHG-Int			GHG-Int	
For landlord shared services (whole building area)	kg CO ₂ e/m ² /year	2	4		2	3		0.005	0.013		N/A	N/A
	kg CO ₂ e/workstation/year	44	89	-50.4%	41	84	-51.1%	0	0	-62.6%	N/A	N/A
(Sub)metered exclusively to tenants (tenant area)	kg CO ₂ e/m ² /year	16	15		15	14		0	1		N/A	N/A
	kg CO ₂ e/workstation/year	411	377	9.1%	374	357	4.9%	0	14	-100%	N/A	N/A
Total landlord-obtained energy (whole building area)	kg CO₂e/m²/year	12	12		11	11		0	0.4		N/A	N/A
	kg CO₂e/workstation/year	298	288	3.6%	277	272	1.9%	0	10	-100%	N/A	N/A
Total tenant-obtained energy (tenant area)	kg CO ₂ e/m ² /year	35	51		34	45		0	0		N/A	N/A
	kg CO ₂ e/workstation/year	871	1,270	-31.4%	857	1,128	-24.0%	0	0	N/A	N/A	N/A



Environmental Performance		Total Portfolio					Office Portfolio					Retail Portfolio			Other	
Units		2016	2015	2016	2015	Change	2016	2015	2016	2015	Change	2016	2015	Change	2016	2015
Total water consumption		Water-Abs		Water-LfL			Water-Abs		Water-LfL			Water-Abs/-LfL			Water-Abs/-LfL	
(Sub)metered exclusively to tenants	m³	298,913	268,852	216,852	208,061	4.2%	278,287	252,351	216,852	208,061	4.2%	11,083	N/A		9,543	N/A
Number of applicable properties	#	83 of 89	68 of 98	58			79 of 83	66 of 91	58			1 of 1	N/A		3 of 3	N/A
Coverage of lettable area	%	94.2%	72.5%	66.0%			95.3%	76.0%	72.0%			100%	N/A		100%	N/A
Total landlord-obtained water		298,913	268,852	216,852	208,061	4.2%	278,287	252,351	216,852	208,061	4.2%	11,083	N/A		9,543	N/A
Total tenant-obtained water	m³	81,681	76,259	80,707	77,804	3.7%	81,681	76,259	80,707	77,804	3.7%	N/A	N/A		N/A	N/A
Number of applicable properties	#	3 of 16	2 of 15	2			3 of 14	2 of 14	2			N/A	N/A		N/A	N/A
Coverage of lettable area	%	34.0%	31.2%	33.3%			38.6%	33.3%	37.9%			N/A	N/A		N/A	N/A
Rainwater collected	m³	674	339			98.9%	N/A	N/A				N/A	N/A		N/A	N/A

Environmental Performance		Total Portfolio			Office Portfolio			Retail Portfolio			Other	
Units		2016	2015	Change	2016	2015	Change	2016	2015	Change	2016	2015
Building water intensity		Water-Int			Water-Int			Water-Int			Water-Int	
Total landlord-obtained water – (sub)metered exclusively to tenants (tenant area)	m³/m²/year	0.287	0.289		0.288	0.280		0.870	N/A		N/A	N/A
	litres/workstation/day	19.7	19.8	–0.6%	19.7	19.2	2.9%	59.6	N/A		N/A	N/A
Total tenant-obtained water (tenant area)	m³/m²/year	0.606	0.643		0.606	0.643		N/A	N/A		N/A	N/A
	litres/workstation/day	41.5	44.0	–5.8%	41.5	44.0	–5.8%	N/A	N/A		N/A	N/A
Water intensity of building portfolio (tenant area)	m³/m²/year	0.324	0.329		0.327	0.322		0.870	N/A		N/A	N/A
	litres/workstation/day	22.2	22.5	–1.6%	22.4	22.1	1.5%	59.6	N/A		N/A	N/A

Environmental Performance		Total Portfolio					Office Portfolio					Retail Portfolio			Other	
Units		2016	2015	2016	2015	Change	2016	2015	2016	2015	Change	2016	2015	Change	2016	2015
Total weight of waste by type		Waste-Abs		Waste-LfL			Waste-Abs		Waste-LfL			Waste-Abs/-LfL			Waste-Abs/-LfL	
Waste for recovery	metric tonnes	871.1	750.8	774.5	729.7	6.1%	739.9	604.0	643.4	582.9	10.4%	131.2	146.9	–10.7%	0.0	N/A
Organic waste	metric tonnes	24.9	16.6	24.9	16.6	50.1%	24.9	16.6	24.9	16.6	50.1%	0.0	0.0	0%	24.9	N/A
Paper/ Cardbord waste	metric tonnes	311.9	232.9	290.2	224.6	29.2%	301.1	232.9	279.4	224.6	24.4%	10.8	0.0	0%	311.9	N/A
Residual waste	metric tonnes	396.4	397.1	384.9	380.3	1.2%	390.6	391.4	379.2	374.6	1.2%	5.7	5.7	0%	396.4	N/A
Total waste created in operations		1,604	1,397	1,474	1,351	9%	1,457	1,245	1,327	1,199	11%	148	153	–3%	733	N/A
Number of applicable properties	#	53 of 105	54 of 113	53			52 of 97	53 of 105	50			1 of 1	1 of 1		0 of 3	N/A
Coverage of lettable area	%	38.8%	33.9%	38.8%			41.8%	35.8%	38.3%			100%	100%		0%	N/A

Environmental Performance		Total Portfolio			Office Portfolio			Retail Portfolio			Other	
Units		2016	2015	Change	2016	2015	Change	2016	2015	Change	2016	2015
Total weight of waste by disposal route		Waste-Abs/-LfL			Waste-Abs/-LfL			Waste-Abs/-LfL			Waste-Abs/-LfL	
Recycling	metric tonnes	1,095.9	908.6	20.6%	967.1	776.4	24.6%	128.8	132.2	–2.5%	311.9	N/A
Incineration (with energy recovery)	metric tonnes	483.5	472.2	2.4%	464.6	451.8	2.8%	18.8	20.4	–7.7%	396.4	N/A
Composting & Biogas	metric tonnes	24.9	16.6	50.1%	24.9	16.6	50.1%	0.0	0.0	0%	24.9	N/A
Proportion of waste by disposal route		Waste-Abs/-LfL			Waste-Abs/-LfL			Waste-Abs/-LfL			Waste-Abs/-LfL	
Recycling	%	68.3%	65.0%	5.1%	66.4%	62.4%	6.4%	87.2%	86.6%	0.7%	42.5%	N/A
Incineration (with energy recovery)	%	30.1%	33.8%	–10.8%	31.9%	36.3%	–12.1%	12.8%	13.4%	–4.6%	54.1%	N/A
Composting & Biogas	%	1.6%	1.2%	30.7%	1.7%	1.3%	28.2%	0%	0%	0%	3.4%	N/A
Waste intensity of building portfolio (tenant area)		2.75	2.47	11.3%	2.56	2.25	13.5%	11.59	12.34	–6.1%	N/A	N/A



alstria's own offices	Units	2016	2015	Change
Hamburg (Head office)	m²	1,668	1,668	0%
	Ø employees	72	64	13%
Düsseldorf	m²	433	264	64%
	Ø employees	14	5	180%
Frankfurt	m²	300	–	–
	Ø employees	5	–	–
Stuttgart	m²	188	–	–
	Ø employees	5	–	–
Total corporate office area	m²	2,589	1,932	34%
	Ø employees	96	69	39%

Environmental Performance	Units	2016	2015	Change
Total electricity consumption		Elec-Abs		
alstria's own offices ¹⁾	kWh	114,575	90,341	27%
Number of applicable properties	#	4 of 4	2 of 2	
Solar generation onsite & sold to grid	kWh	2,370	1,478	60%
Ratio of solar energy to own office consumption	%	2.1%	1.6%	
Building electricity intensity		Elec-Int		
Electricity intensity per employee	kWh/employee	1,061	1,255	–15%
Electricity intensity per office area	kWh/m²/year	44	47	–5%

Total district heating & cooling consumption		DH&C-Abs		
alstria's own offices	kWh	66,918	65,966	1%
Number of applicable properties	#	1 of 2	1 of 1	
Total fuel consumption		Fuels-Abs		
alstria's own offices	kWh	0	13,623	–100%
Number of applicable properties	#	0 of 1	1 of 1	
Total heating consumption	kWh	66,918	79,589	–16%
Building heating intensity		Heating-Int		
Heating intensity per employee	kWh/employee	929	1,153	–19%
Heating intensity per office area	kWh/m²/year	40	41	–3%

Building energy consumptions		Energy-Int		
alstria's own offices	kWh	181,493	169,930	7%
Energy intensity per employee	kWh/employee	1,990	2,408	–17%
Energy intensity per office area	kWh/m²/year	84	88	–4%

Total GHG emissions		GHG-Abs		
Direct – Scope 1	tonnes CO ₂ e	0.0	6.0	–100%
Indirect – Scope 2 ¹⁾	tonnes CO ₂ e	11.6	69.0	–83%
Total Scope 1+2	tonnes CO₂e	11.6	75.0	–85%
GHG intensity from building energy consumption		GHG-Int		
GHG intensity per employee	kgCO ₂ e/employee/year	161	1,087	–85%

Total water consumption		Water-Abs		
alstria's own offices	m³	475	393	21%
Number of applicable properties	#	2 of 4	2 of 2	
Building water intensity		Water-Int		
Water intensity per employee per day	l/employee/day	15.1	15.6	–3%
Rainwater collected, recycled & reused	m³	674	339	99%



Carbon Emissions	Units	2016	2015	Change
Total direct GHG emissions – Scope 1		GHG-Dir-Abs		
Company vehicles	tonnes CO ₂ e	17.0	9.4	81%
alstria's direct energy consumptions	tonnes CO ₂ e	0.0	6.0	–100%
Total Scope 1 emissions	tonnes CO₂e	17.0	15.4	11%
Total indirect GHG emissions – Scope 2		GHG-Indir-Abs		
alstria's indirect energy consumptions	tonnes CO ₂ e	12	69	–83%
Energy consumption for landlord shared services	tonnes CO ₂ e	6,931	5,977	16%
GHG savings from green electricity in shared services ²⁾	tonnes CO ₂ e	–5,441	–3,626	50%
Total Scope 2 emissions³⁾	tonnes CO₂e	1,501	2,420	–38%
Ratio of GHG savings in Scope 2	%	–78%	–60%	31%
Total Scope 1+2 emissions	tonnes CO₂e	1,518	2,435	–38%

GHG intensity – Scope 1 & 2		GHG-Int		
Scope 1 – GHG intensity per employee	tCO ₂ e/employee/year	0.2	0.2	–26%
Scope 2 – GHG intensity per employee	tCO ₂ e/employee/year	13.9	33.6	–59%
Scope 1+2 – GHG intensity per employee	tCO ₂ e/employee/year	14.1	33.8	–58%
Scope 1+2 – GHG intensity per total lettable area	kgCO ₂ e/m²/year	1.00	1.46	–32%
Scope 1+2 – GHG intensity per total OMV	gCO ₂ e/EUR/year	0.50	0.76	–34%

Total indirect other GHG emissions – Scope 3		GHG-Indir-Abs		
Business travel	tonnes CO ₂ e	133	67	98%
Employee commuting	tonnes CO ₂ e	127	90	41%
Tenant energy consumption – landlord obtained	tonnes CO ₂ e	11,506	10,418	10%
Tenant energy consumption – tenant obtained	tonnes CO ₂ e	24,101	31,597	–24%
GHG savings from green tenant electricity	tonnes CO ₂ e	–337	–344	–2%
GHG savings from carbon offsetting of natural gas	tonnes CO ₂ e	–2,628	–	
Total Scope 3 emissions	tonnes CO₂e	32,901	41,828	–21%
Ratio of GHG savings in Scope 3	%	–8.3%	–0.8%	914%
Total Scope 1+2+3 emissions	tonnes CO₂e	34,420	44,263	–22%
Total GHG savings Scope 1–3	tonnes CO₂e	–8,407	–3,970	112%
Ratio of Scope 1+2 in relation to Scope 3	%	4.6%	5.8%	–21%

GHG intensity – Scope 3		GHG-Int		
Scope 3 – GHG intensity per employee	tCO ₂ e/employee/year	305	581	–48%
Scope 3 – GHG intensity per total lettable area	kgCO ₂ e/m²/year	21.58	25.12	–14%
Scope 3 – GHG intensity per total OMV	gCO ₂ e/EUR/year	10.89	13.09	–17%

Mobility Data	Units	2016	2015	Change
Cumulative distance of company vehicles	km	70,519	38,814	82%
Cumulative distance of business travels	km	1,134,105	537,048	111%
Number of all business trips	#	1,887	1,081	75%
Cumulative distance of employee commuting	km	836,434	497,994	68%

¹⁾ The electricity used in alstria's own offices is obtained from renewable sources and helped to avoid 54.5 tCO₂e (location-based).

²⁾ The GHG savings from green electricity are calculated according to the market-based method.

³⁾ The total location-based GHG Emissions for Scope 2 derives from alstria's indirect energy consumptions (54.5 tCO₂e + 11.6 tCO₂e) and energy consumption for landlord shared services (6,930.8 tCO₂e) and equals to 6,996.9 tCO₂e.



Green Building Certificates	Units	2016	2015	Change
Type and number of sustainably certified assets		Cert-Tot		
BREEAM – good	#	2	2	0%
Coverage of total lettable area	%	1.0%	0.9%	
Leed – gold	#	1	1	0%
Coverage of total lettable area	%	2.0%	1.8%	
DGNB Redevelopment – gold	#	1	1	0%
Coverage of total lettable area	%	0.6%	0.7%	
BREEAM In-Use	#	4	4	0%
Coverage of total lettable area	%	7.3%	6.6%	
Total number of sustainability certifications	#	8	8	0%
Coverage of total lettable area	%	11.0%	10.1%	

Construction waste	Units	2016	2015	Change
By type, volume and weight		Waste-Abs		
Construction waste mixed	m³	189	0	
Demolition waste, concrete, bricks	m³	1,228	350	
Demolition waste contaminated (asbestos)	m³	35	40	
Gypsum-based building materials	m³	297	30	
Insulating materials	m³	113	12	
Bituminous mixtures	m³	6	0	
Total volume of construction waste	m³	1,868	432	332%
Construction waste, mixed	metric tonnes	1,160	44	
Demolition waste, concrete, bricks	metric tonnes	4,442	0	
Demolition waste contaminated (asbestos)	metric tonnes	22	5	
Gypsum-based building materials	metric tonnes	640	164	
Insulating materials	metric tonnes	133	5	
Wood	metric tonnes	104	0	
Mixed metals	metric tonnes	6	0	
Bituminous mixtures	metric tonnes	116	4	
Total weight of construction waste	metric tonnes	6,623	221	2895%

Construction waste data is summarised either in volume or in weight, depending on how it is available to us. The data of both categories are separate from each other, as we do not convert volume to weight or vice versa.

Return On Carbon Emissions (ROCE)	Units	2016	2015	Change
Scope 1+2 Emissions	tCO ₂ e	1,343	2,435	–45%
Earnings Before Taxes (EBT)	EUR	193,694	–110,567	
ROCE	tCO₂e/EUR	0.007	–0.022	–131%

EPRA Sustainability Performance Measures – Social

Employee gender diversity	All employees			Non-management		
	2016	2015	Change	2016	2015	Change
By gender	Diversity-Emp			Diversity-Emp		
Male employees	42%	43%	–1%	40%	38%	1%
Female employees	58%	57%	1%	60%	62%	–1%
By age group						
<30 years	22%	18%	5%	25%	22%	3%
30–50 years	70%	80%	–10%	68%	75%	–7%
>50 years	8%	3%	5%	7%	3%	4%
	Senior management			Management Board		
By gender	Diversity-Emp			Diversity-Emp		
Male employees	58%	67%	–8%	100%	100%	0%
Female employees	42%	33%	8%	0%	0%	0%
By age group						
<30 years	0%	0%	0%	0%	0%	0%
30–50 years	92%	100%	–8%	50%	100%	–50%
>50 years	8%	0%	8%	50%	0%	50%

Gender pay ratio	All employees			Non-management		
	2016	2015	Change	2016	2015	Change
Remuneration women to men	Diversity-Pay			Diversity-Pay		
Average remuneration	–44%	–31%	–13%	–30%	–20%	–10%
Remuneration by same function	4%	0%	4%			
Average remuneration senior management	–47%	–14%	–33%			

Training and development	All employees			Non-management			Senior management		
	2016	2015	Change	2016	2015	Change	2016	2015	Change
Average number of hours training	Emp-Training			Emp-Training			Emp-Training		
All employees	28 h	27 h	0%	29 h	21 h	35%	17 h	58 h	–70%
Male employees	29 h	25 h	16%						
Female employees	26 h	29 h	–10%						

Employee turnover and retention	All employees			By gender– Male			By gender– Female		
	2016	2015	Change	2016	2015	Change	2016	2015	Change
New employees	Emp-Turnover			Emp-Turnover			Emp-Turnover		
Total number of new employee hires	45	9	400%	17	3	467%	28	6	367%
– in head office	24	9	167%						
– in other local offices	21	0							
Rate of new employee hires	42%	13%	+29 pp	16%	4%	+12 pp	26%	8%	+18 pp
Leaving employees									
Total number of leaving employees	15	6	150%	10	2	400%	5	4	25%
– in head office	7	6	17%						
– in other local offices	8	0							
Rate of employee turnover	14%	8%	+6 pp	9%	3%	+6 pp	5%	6%	–1 pp

Employee turnover and retention	By age group < 30			By age group 30–50			By age group > 50		
	2016	2015	Change	2016	2015	Change	2016	2015	Change
New employees	Emp-Turnover			Emp-Turnover			Emp-Turnover		
Total number of new employee hires	19	3	533%	21	6	250%	5	0	500%
Rate of new employee hires	18%	4%	+13 pp	19%	8%	+11 pp	5%	0%	+5 pp
Leaving employees									
Total number of leaving employees	2	1	100%	13	5	160%	0	0	0%
Rate of employee turnover	1.9%	1.4%	+0.5 pp	12%	7%	+5 pp	0%	0%	+0 pp

Employee health and safety H&S-Emp	All employees		
	2016	2015	Change
Absentee rate of all employees	5.4%	4.8%	+0.6 pp
– by gender male	1.7%	1.8%	–0.1 pp
– by gender female	3.7%	3.6%	+0.1 pp
– in head office	4.8%	–	
– in other local offices	1.6%	–	
Injury Rate, Lost Day Rate & Accident Severity Rate	0	0	0
Work-related fatalities	0	0	0

Employee performance appraisals Emp-Dev	% of employees		
	2016	2015	Change
Employees at alstria that have received annual appraisals	100%	100%	0%

Asset health and safety assessments H&S-Asset	% of assets		
	2016	2015	Change
All of our multi-let buildings (full management control) are reviewed annually for health and safety issues: fire safety, water quality, mechanical systems and accessibility standards	> 60%	> 60%	N/A
During maintenance or redevelopment of our assets, all buildings are monitored for hazardous substances and contaminants, including asbestos.	5–10%	5–10%	N/A

Asset health and safety compliance H&S-Comp	No. of incidents		
	2016	2015	Change
Incidents of non-compliance with regulations and/or voluntary codes concerning health and safety of our assets	0	0	N/A
Fines, penalties or warnings	0	0	N/A

Community engagement, impact assessments and development programmes	Comty-Eng
See pages 79–80, 61	

Composition of the highest governance body	Gov-Board
We provide detailed disclosures about our Corporate Governance in our Annual Report 2016, p. 133–138	

Nominating and selecting the highest governance body	Gov-Select
We provide detailed disclosures about our Corporate Governance in our Annual Report 2016, p. 133–138	

Process for managing conflicts of interest	Gov-Col
We provide detailed disclosures about our Corporate Governance in our Annual Report 2016, p. 133–138	

GLOSSARY

Value-driven management and/or optimization of real estate investments through letting management, refurbishment, repositioning and tenant management.

Asset Management

The Building Research Establishment Environmental Assessment Method is a rating system for sustainable building design, construction and operation, as well as the measurement of a building's environmental performance.

BREEAM

The Carbon Disclosure Project is an independent not-for-profit organization working to reduce greenhouse gas emissions and promote sustainable water use by businesses and cities. It aims to establish a global database for carbon emissions.

CDP

Carbon dioxide, a gas produced primarily through the combustion of fossil fuels, is believed to be the main cause of climate change.

CO₂

Carbon dioxide equivalent is a measure used to compare the emissions from various greenhouse gases based upon their global warming potential.

CO₂e

A formal corporate statement including the values and business practices of a company and its pledge to observe said values and practices.

Code of Conduct

Areas shared with other occupants in multi-let buildings, including entrance areas, corridors, lifts, staircases, waste stores, communal kitchen or breakout facilities and any other parts within the asset and outside it that are intended for use by the asset's occupiers.

Common Areas

The system by which business corporations are directed and controlled. A set of relationships between a company's management, its board, its shareholders and other stakeholders.

Corporate Governance

Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.

CSR

The development program and its proposed developments.

Development Pipeline

The Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB; German Sustainable Building Council) establishes a system for the assessment and certification of sustainable buildings.

DGNB

An investigation or audit of a potential investment that serves to confirm all material facts in regard to a sale.

Due Diligence

Energy Management System	ISO 50001 supports organizations' efforts in all sectors to use energy more efficiently through the development of an energy management system (EnMS).
EnEV	The German Energy Savings Ordinance regulates the energy performance of buildings and building stock, as well as the energy certification of buildings.
EPRA	The European Public Real Estate Association is an organization that represents the interests of the major European property management companies and supports the development and market presence of European public property companies.
Fair value or Open Market Value (OMV)	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 each acted knowledgeably, prudently and without compulsion. The fair value for alstria's investment properties is reviewed regularly by external appraisers.
FFO	Funds from Operations result from real estate management. alstria's FFO represents the operating result, excluding valuation effects and other adjustments such as noncash expenses/income and nonrecurring effects.
FSC	The Forest Stewardship Council is an independent, non-governmental, not-for-profit organization that established a certification program for the labeling of products from sustainable sources.
G-REIT	Real Estate Investment Trusts (REITs) are publicly listed companies and fully tax transparent; they invest exclusively in properties.
GHG Protocol	The Greenhouse Gas (GHG) Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify and manage greenhouse gas emissions.
GRI	The Global Reporting Initiative is a network-based organization that releases widely used sustainability reporting guidelines. These guidelines are for voluntary use by organizations for reporting on the economic, environmental and social dimensions of their activities, products and services.
Joint Venture	Legally independent entity formed between two or more parties to undertake economic activity together. It is jointly controlled by the parties under a contractual arrangement whereby decisions on financial and operating policies essential to the operation, performance and financial position of the venture require each party's consent.

A Kilowatt/Megawatt hour is a unit of energy.	kWh/MWh
Consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years.	Like-for-Like (LfL)
The Mid-Cap Index contains, with variable weighting, the prices of the 50 most important, in terms of market capitalization and turnover, German joint stock companies not included in DAX30. In addition to dividend payments, subscription right proceeds are also included when calculating the MDAX.	MDAX
Buildings or a group of buildings with a mixed tenant structure. These buildings consist of common areas and exclusively leased areas. Energy and utilities required for operation are usually obtained by the landlord and they are then allocated either to the common areas or sub-metered to the tenants. Other resources, such as electricity, are directly obtained by the tenants according to the existing legal requirements.	Multi-let / Multi-tenant buildings
The boundaries that determine the direct and indirect emissions associated with operations owned or controlled by the reporting company.	Operational Approach
Property where at least 75 % of the lettable area is destined for office use (disregarding potential ground-floor retail).	Office Building
Property management is the management of real estate assets including the processes, systems and manpower required to manage the life cycle of a building.	Property Management
RE100 is a collaborative, global initiative of influential businesses committed to 100 % renewable electricity, working to massively increase the demand for, and delivery of, renewable energy.	RE100
A measure of the probability that damage to life, health, property and/or the environment will occur as a result of a given hazard. Risk is measured in terms of impact and likelihood.	Risk
The introduction of change or control measures with the intention of eliminating or bringing the level of risk associated with a hazard within acceptable limits.	Risk Management
Corporate presentations to institutional investors	Roadshows
Research and development	R & D

Share	The term ‘share’ describes both the membership rights (holding in the joint stock company) and the security that embodies these rights. The holder of a share (shareholder) is a ‘sharer’ in the assets of the joint stock company. Their rights are protected by the regulations contained in the Companies Act.
Single-let / Single-tenant Buildings	Buildings or a group of buildings that are leased to only one tenant. In most cases, these buildings are leased from large companies as head offices or by the public sector. The energy and utilities required for operation are usually obtained directly by tenants.
Stakeholder	An individual, community or organization that affects (or is affected by) some aspect of an organization’s products, operations, markets, industries and outcomes.
Supervisory Board	The Supervisory Board is one of the three executive bodies of a joint stock company: Annual General Meeting, Management Board and Supervisory Board. The Supervisory Board appoints the Management Board and provides supervision and advice regarding management of the company’s business.
Transparency	A principle that allows those affected by administrative decisions, business transactions or charitable work to know the relevant basic facts and figures, as well as the relevant mechanisms and processes. It is the duty of civil servants, managers and trustees to act visibly, predictably and understandably.
ULI Greenprint Center for Building Performance	The Urban Land Institute Greenprint Center is a worldwide alliance of leading real estate owners, investors and strategic partners committed to improving the environmental performance of the global real estate industry.
UNESCO	The purpose of United Nations Educational, Scientific and Cultural Organization is to contribute to peace and security by promoting international collaboration through education, science and culture in order to further universal respect for justice, the rule of law and human rights, along with the fundamental freedoms proclaimed in the UN Charter.
UNICEF	The United Nations Children’s Fund is an agency created by the United Nations General Assembly in 1946 that is concerned with improving the health and nutrition of children and mothers throughout the world.
ZIA	Zentraler Immobilienausschuss (ZIA)/the German Property Federation is a regulatory and economic lobby group for policy in the property sector.

IMPRINT

Numerous alstria employees participated in creating this Sustainable Report 2016:

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Forward-looking statements

The alstria Sustainability Report 2016 contains various forward-looking statements. These statements represent assessments that we have made on the basis of the information available to us at the time. Should the assumptions on which the statements are based not occur or if unpredictable risks arise, the actual outcome could differ considerably. The alstria Group makes no commitment to update such forward-looking statements or to adapt them to future events or developments.

Note

This report is published in English and German. The English version is the sole authoritative text. The report can be found on the website at

 www.alstria.com/en/sustainability/sustainability-reports

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<http://cdn.loc.gov/service/pnp/habshaer/wi/wi0000/wi0052/photos/171425pr.jpg> (page 40)

We will be happy to answer your questions and receive your feedback.

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