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SUSTAINABILITY
REPORT
2017/18

alstria

Sustainability Report 2017/18



This is alstria's ('Company') ninth sustainability report – a proud product that we publish every year in November with the ambition of providing our readers a comprehensive set of information about our company's sustainability approach and the progress made in environmental, social and governance areas.

The selection of topics in the report is based on the results of our materiality analysis, effective since 2015. Each chapter starts with a two-page photo-collage of one of the five German office markets in which we operate, featuring the voice of our team leads in our local branches. The upcoming two pages represent an overview of the most important key figures with a teaser to the chapter-specific thematic. The sub-sections of each chapter are further introduced by a summary of our management approach and boundaries of the topic.

The report contains key performance indicators (KPIs) that help measure our sustainability performance. The reporting period is the 2017 calendar year. However, we provide some facts that reflect decisions and events that occurred in 2018 so that our readers receive up-to-date information. 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. This report has been prepared in accordance with the GRI Standards: Core option.

For further information about our reporting concept and assurance, please refer to Appendix, pages 102–135.

We wish you pleasant reading.

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More on our assurance, you can find on page 104.



Berlin



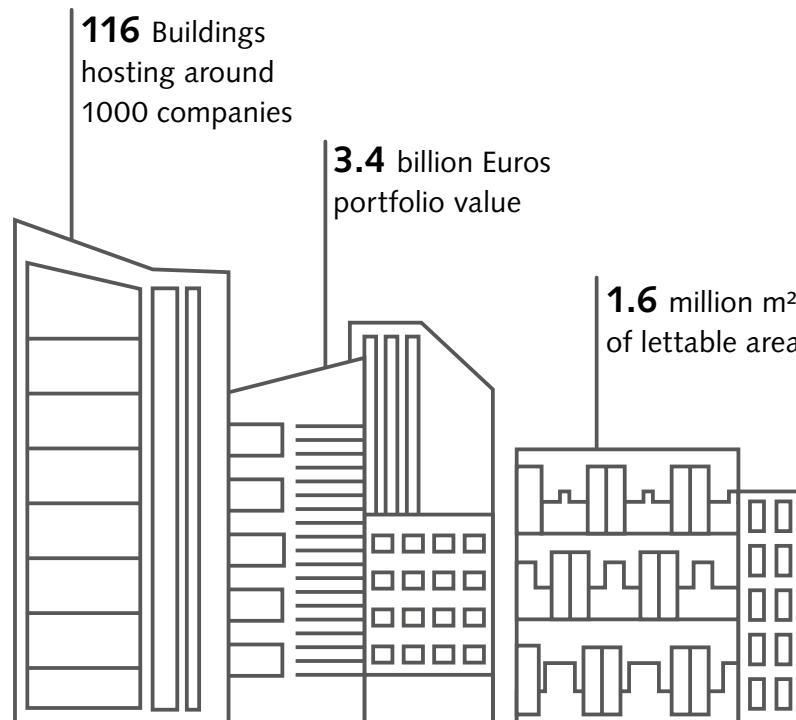
What are your impressions so far on the
Berlin scene as alstria's youngest addition
to our real estate operations team?

*Thomas Luber, Office Head
Real Estate Operations in Berlin*

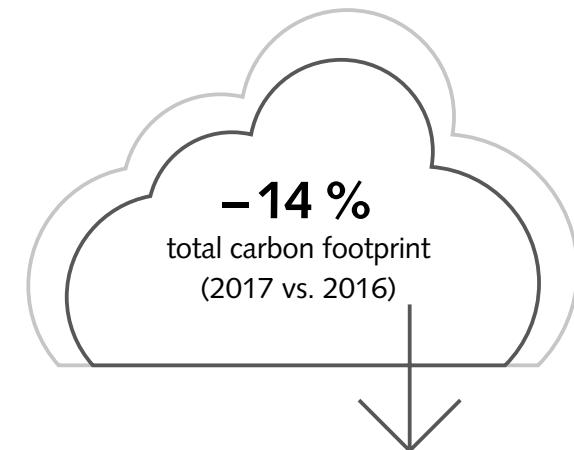


Note that alstria's brand is not fully established in Berlin compared to, for example, in Hamburg or Frankfurt. However, the opening of our local offices in January 2018 showed us that being close to the local market players and properties gives us a big advantage. So far, the feedback from real estate brokers and tenants is steadily positive, as meetings with short notice are always possible. Our focus is now on furthering alstria's brand in Berlin's real estate scene at many events.

ALSTRIA AT A GLANCE



alstria office REIT-AG is the only real-estate operator focusing solely on offices in the large and liquid German markets. Our strategy is based on the ownership and active management of our properties throughout their entire life cycle, strong added-value services to our customers and deep knowledge of the markets in which we operate.



We managed to avoid the carbon emissions of 791 typical German households. This is 71 % more than last year.



MANAGEMENT LETTER

Dear ladies and gentlemen, shareholders, business partners and tenants,

We are writing these lines while on our way to the next EXPO REAL, the German real estate industry's annual gathering in Munich. Of the 195 pages of the conference program, and the thousands of talks that will take place there, fewer than 10 relate to sustainability topics. What a difference two years can make. Back at the 2016 EXPO REAL sustainability was THE trending topic. RIP #sustainability, and welcome #proptech, says the trend setter.

The point here is not to oppose sustainability and innovation but merely to highlight that the hard part of the work is not to follow the trend but to identify what matters and what doesn't. We know now that in sustainability, emissions reduction and tackling climate change is the only priority that matters. The recent report from the Intergovernmental Panel on Climate Change is a stark reminder that we are running out of time. Certifications, ratings, green finance / bonds, are irrelevant (this is only alstria's view). They all have nice marketing gimmicks attached to them (and it might be good enough of a reason to undertake these), but when it comes to real life impact, their added value is low.

Chances are that within the proptech, IoT, AI, BIM and point cloud – excitement around which we are seeing today – we will realize in a few years that only a fraction of this adds value and truly matters. The rest will most probably turn out to be nice gadgets but a waste of time and money.

In the meantime, we have continued working on making our business more sustainable and essentially focused our work on carbon reduction. Our clean energy procurement policy is up and running. We are rolling smart meters across the portfolio and using the data to prioritize our actions to reduce energy usage. We have currently rolled over our ISO 50001 certification to all our corporate offices across Germany.

We are also working on innovation and digitalization. We have identified areas that would benefit from further automations within our operational processes. These activities usually require little skills, have a low-added value and generate a high volume of work. We are in the process of implementing an alternative approach to manage these. Furthermore, we have identified areas in our business where we believe technology can provide a key competitive advantage on the market. In that case, we internalize the technological solution that we intend to use. What is the point of buying an advantage that everyone else can buy?

Looking forward, we will continue to focus our main effort and attention on reducing our carbon footprint and considering alternative ways to help at our level, accelerating the transition to a carbon-light real estate. We will continue to monitor the different technology fields that are available to real estate companies and selectively invest where we see a long-term competitive edge for our business, as well as stand on the sidelines when we feel that the technology is not yet sufficiently developed or spread across the industry.

We are looking forward to our future discussion.

Kind regards,



Olivier Elamine
Chief Executive Officer (CEO)

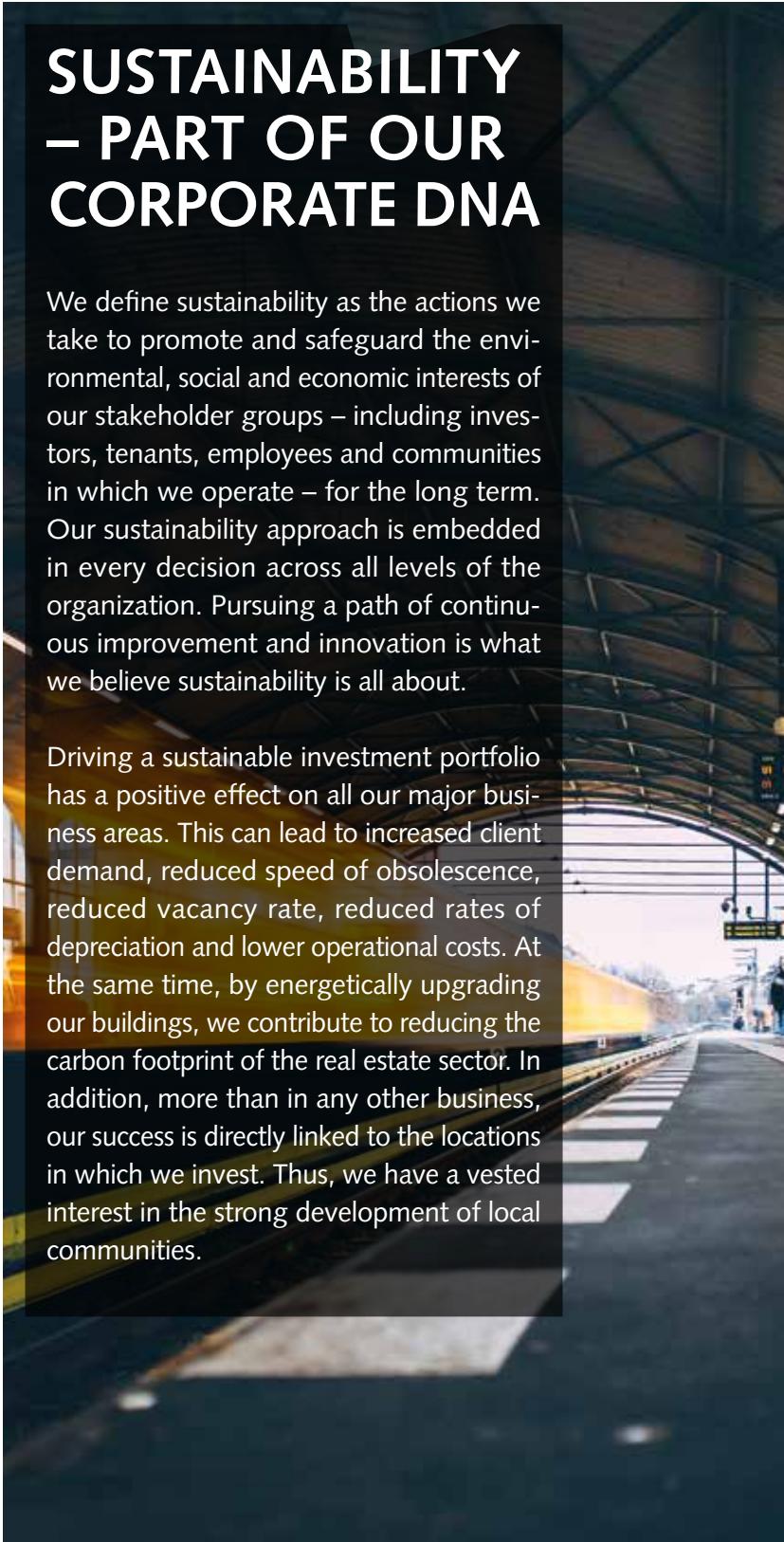


Alexander Dexne
Chief Financial Officer (CFO)

SUSTAINABILITY – PART OF OUR CORPORATE DNA

We define sustainability as the actions we take to promote and safeguard the environmental, social and economic interests of our stakeholder groups – including investors, tenants, employees and communities in which we operate – for the long term. Our sustainability approach is embedded in every decision across all levels of the organization. Pursuing a path of continuous improvement and innovation is what we believe sustainability is all about.

Driving a sustainable investment portfolio has a positive effect on all our major business areas. This can lead to 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. In addition, more than in any other business, our success is directly linked to the locations in which we invest. Thus, we have a vested interest in the strong development of local communities.

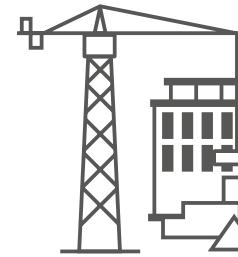


SUSTAINABILITY ALONG THE VALUE CHAIN



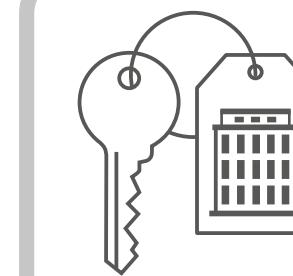
Re-letting & Management

During the management of our assets, we work with our tenants to find solutions to accelerate the efficiency of our buildings. We also engage in dialogue with authorities, suppliers and business partners to assess their expectations and achieve progress on environmental subjects. Our objective is to deliver a better building environment for the society in which we operate.



Refurbishment

Before refurbishment begins, we determine the resources that should be implemented to mitigate environmental impacts during construction and operation. Concrete measures include reducing energy consumption during construction, reusing building materials whenever possible and preferring to use local contractors and products to avoid emissions resulting from transportation. Our construction activities also offer new job opportunities and create value for local communities.



Transactions

Potential acquisition targets undergo rigorous due diligence, including a review of key environmental risks, such as health, safety and pollution issues. By selling assets in better condition than they were received, we contribute to the communities' long-term economic enhancement.



OUR STRATEGY IS ALIGNED WITH THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The UN's 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 deeply welcome SDGs in our business strategy. This way, we take shared responsibility for achieving positive changes and inspiring our business sector to act similarly.

The nature of our business allows us to have an 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 and our own offices with renewable energy by 2020, we increase demand for clean energy and 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 such consumption. We started providing our tenants services, such as 'Mieterstrompool,' which enables them to source renewable energy for their own areas at a fair price and to contribute to the reduction of greenhouse gas emissions and the distribution of clean air in urban areas.

AWARDS



CDP Rating
A- Leadership
2017



EPRA sBPR
Gold Award
2017



ZIA
Award for alstria's
CO₂ concept
2018



GRESB
Public Disclosure
Score A
2018



**immobilien-
manager**
Award 2017
Category
Sustainability



OEKOM
Corporate
Responsibility
PRIME



STAKEHOLDER ENGAGEMENT

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.

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 to tackle the major challenges that our industry faces. 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



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



Communication channels and frequency of contact with our major stakeholders



INVESTORS

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



LOCAL COMMUNITIES

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

EMPLOYEES

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

DIALOGUE AT INDUSTRY LEVEL

Every year, we participate in a number of working groups and answer several public inquiries with respect to sustainability, regulatory and financial 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 take part in the new trend-setting process. In 2017, our Management Board invested around 100 hours and EUR 55,500 in supporting relevant actions.



Our Board regularly joins discussions around environment, social and governance topics of the German Property Federation (ZIA). The ZIA is 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 2017, 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.



We regularly participate in meetings, conferences and discussions of the European Public Real Estate Association (EPRA). Our CEO is serving as the chair of the EPRA's Reporting & Accounting 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.

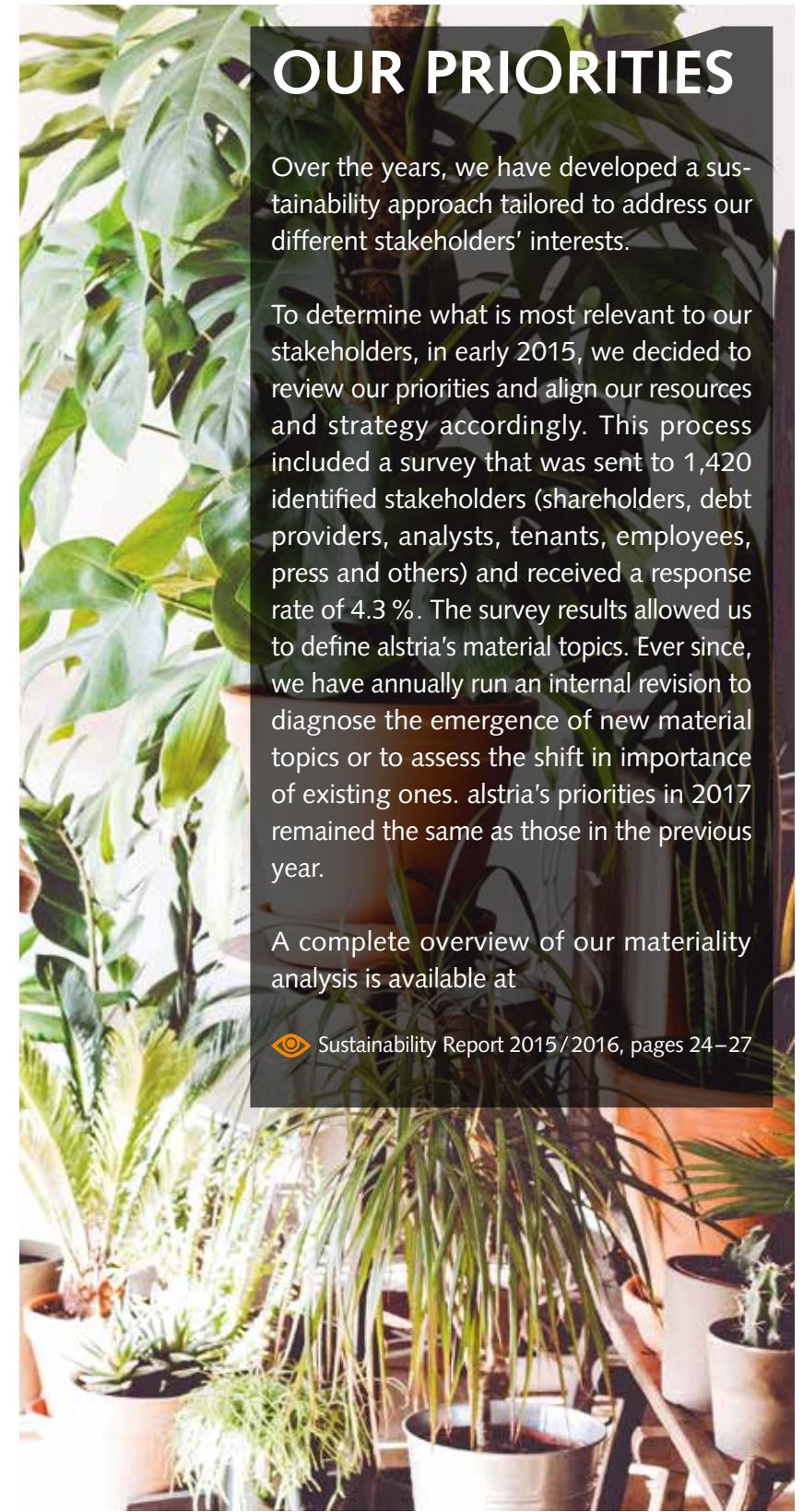


Since 2010, we have supported the Hamburg Environmental Partnership 'Umwelt Partnerschaft Hamburg' and have remained in close collaboration with the city's policy makers.

www.hamburg.de/umweltpartnerschaft/



Every year since 2011, we have submitted our environmental data to the Climate Disclosure Project (CDP) and forge transparency in our sector. We also take 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 PRIORITIES

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

To determine what is most relevant to our stakeholders, in early 2015, we decided 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 survey results allowed us to define alstria's material topics. Ever since, we have annually run an internal revision to diagnose the emergence of new material topics or to assess the shift in importance of existing ones. alstria's priorities in 2017 remained the same as those in the previous year.

A complete overview of our materiality analysis is available at

Sustainability Report 2015/2016, pages 24–27

OUR MATERIAL TOPICS

<u>Our Buildings</u>	<u>Our People</u>	<u>Sound Business</u>
› Carbon Emissions	› Employee Growth & Development	› Financial Performance
› Consumption of Resources	› Diversity & Equal Treatment	› Contribution to Communities
	› Working Conditions	› Supplier Management
	› Ethical Conduct	

STAKEHOLDER INTERESTS

The following table summarizes the highlights of our stakeholder engagement on sustainability issues. More in-depth discussions about many of these topics can 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. › Our operational focus is on maintaining the level of occupancy in our portfolio and the quality of our revenue stream. 	Maintain long-term relationships 	<ul style="list-style-type: none"> › We choose our business partners carefully, and we value their work. We often return to them for other projects. › 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
Promote good governance & transparency  	<ul style="list-style-type: none"> › Our financial and environmental performance receives external third-party assurance. › We ensure compliance with most of the recommendations made by the German Corporate Governance Code. 	Provide efficient office space  	<ul style="list-style-type: none"> › We set new trends and follow up on in-field developments of office concepts to offer our tenants best-in-class solutions. › We are engaged in different working groups to pursue opportunities to reduce the real estate carbon footprint.
Retain reliability  	<ul style="list-style-type: none"> › We believe that maintaining open and honest dialogue with our stakeholders is key for the Company's long-term prospects. Credibility is built over time. › We have a responsible contracting policy and provide the 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 prohibiting discrimination.
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 the close collaboration of all involved parties leads to success. › We engage local suppliers in our development projects and in the regular maintenance of our buildings. 		



Stuttgart



How does mobility work in the
Germany's car capital?

*Felix Gronbach, Office Head
Real Estate Operations in Stuttgart*

Due to the high volume of traffic and the limited parking spaces in the greater Stuttgart region, most of my colleagues, including myself use public transport. As carsharing is on the rise, I am sure it will play an increasingly important role in the future, especially among youngsters, where car ownership has already lost its importance. From my perspective, a need to develop solutions for easily charging electric cars at the office exists, as does a need at home, without additional burden. If such solutions were available, we would gladly switch to electric cars provided that long-range options are developed faster by the car industry.

OUR BUILDINGS

A TYPICAL BUILDING

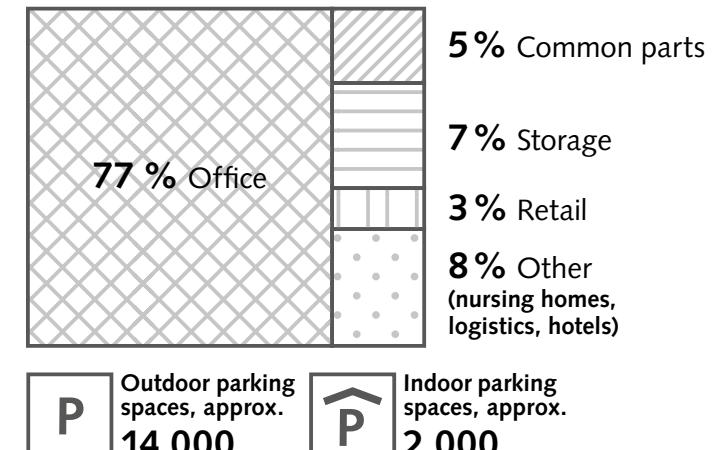


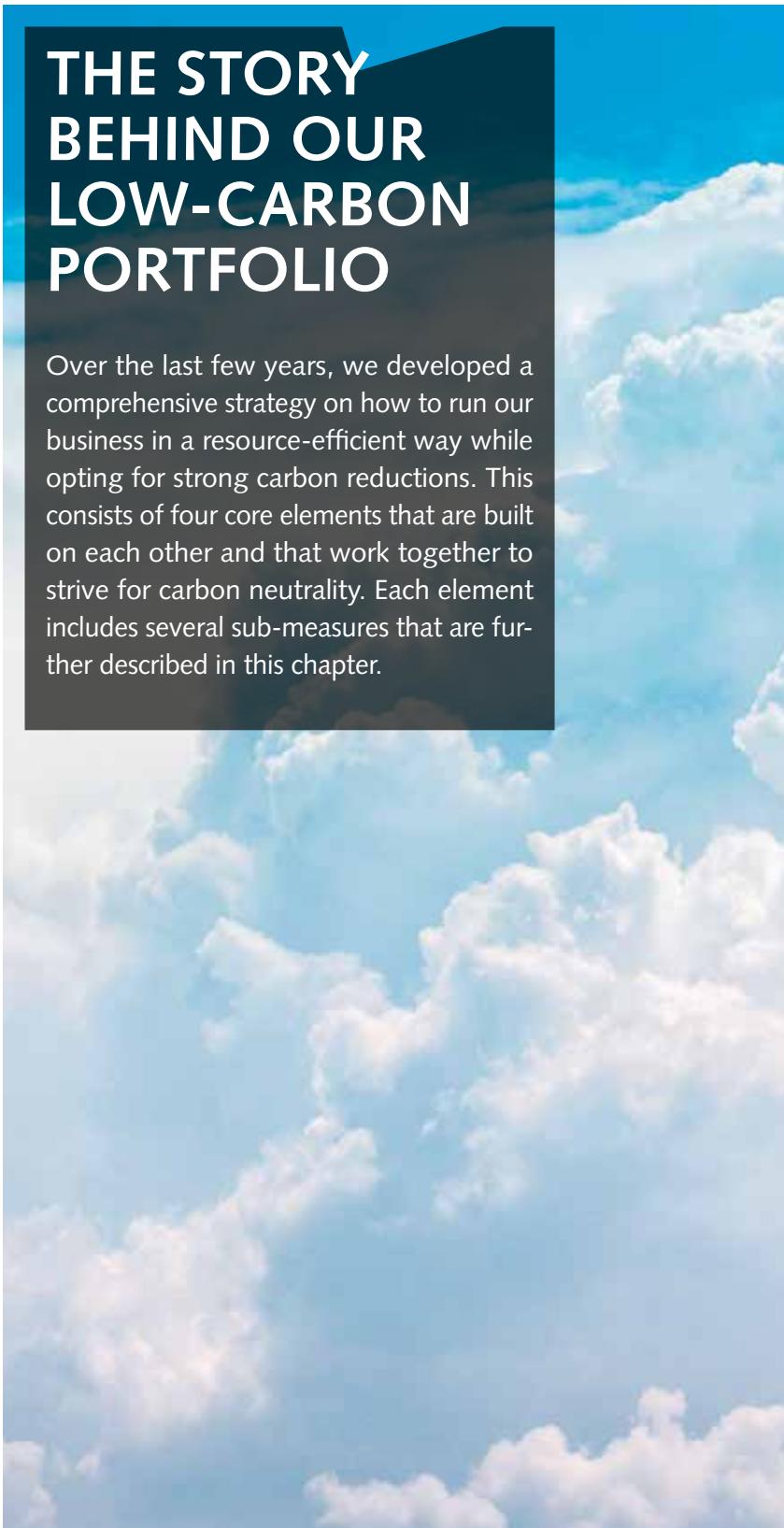
As our business grows, so does our environmental responsibility. Our tenants' activities in our buildings are responsible for producing a substantial part of greenhouse gas emissions and for consuming major resources. Focusing our efforts on finding solutions that meet our business needs, support our 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 issues: carbon emissions, consumption of resources and workplace experience.

REPORTING BOUNDARIES



AREA TYPES IN PORTFOLIO





THE STORY BEHIND OUR LOW-CARBON PORTFOLIO

Over the last few years, we developed a comprehensive strategy on how to run our business in a resource-efficient way while opting for strong carbon reductions. This consists of four core elements that are built on each other and that work together to strive for carbon neutrality. Each element includes several sub-measures that are further described in this chapter.

RENEWABLES FIRST + CENTRALIZE

The first element of our strategy, 'Renewables First + Centralize,' has been successfully implemented since 2016 via a framework contract for the procurement of 100 % renewable energy. This contract covers the areas that are under our control, which are the landlord-shared services in our portfolio and our own offices. These areas are supplied with electricity from hydropower plants and are heated by CO₂-neutral natural gas supported by local climate projects.

We extend these conditions to our tenants and employees to procure green electricity via our tenant electricity pool and help them reduce their own carbon footprint using this method. This initiative has been widely recognized by the German real estate community and was awarded the immobilienmanager-Award in 2017. We are glad to see that, since then, other companies have been replicating this approach. The more, the better.

 www.mieterstrompool.de

For our heating systems in our portfolio, we prefer low-carbon heat options. When we are given the option, we choose natural gas over oil heaters and local district heating over natural gas. When we use fossil-fuel heat systems, we strive to offset the carbon expense. However, carbon offsetting is not the path we seek to pursue in the long run. We see a future where heating will be possible without the use of fossil fuels, and we remain ready to adopt greener solutions once they appear on the market.

MEASURE + DIGITALIZE

The second element of our strategy, 'Measure + Digitalize,' was introduced in 2009 with the establishment of an environmental management system that helped us ensure the systematic approach of our sustainability objectives. This entails a stringent reporting base and a monthly evaluation of the energy and resource consumption across our portfolio.

The second part 'Digitalize' includes installing smart measuring devices that can display the energy consumption in our portfolio in real time. These data are used to assess the behavior of buildings in regard to internal and external influences, such as climate variation, room occupancy and internal energy loads. In 2017, we replaced one third of our electricity meters in the common areas of our portfolio with smart meters. In addition, we have been testing IoT systems that provide us the measure of occupation in our buildings.

We will continue rolling out smart metering across our tenant areas once the legal environment allows us to install such systems on behalf of our tenants. This will entitle them to draw their own consumptions in an open-data format and monitor their costs at any given time. Understanding the consumption patterns of our leased areas will eventually enable us to offer custom-made solutions to assist our tenants in reducing their consumptions and their carbon footprint.

IMPROVE EFFICIENCY + USER EXPERIENCE

VIRTUALIZE + AUTOMATE

In the third phase of our plan, 'Improve Efficiency + User Experience,' real-time data from our buildings are used to uncover inefficiencies in the operation of our buildings and help us take the right measures to promote continuous improvement in the workplace.

In 2015, we applied an energy-management system according to the ISO 50001 to increase the operational control of our own offices. In 2016, we established an in-house facility management team to control our business services and monitor possible anomalies on these systems. In 2017, we went one step forward and employed technology developed by energy start-ups to examine the energy performance of several buildings in our portfolio and found out that, with a minimal investment in optimizing our building services, we could save 10–30 % in energy use. This is translated to around EUR 1,000,000 in savings per year across the whole portfolio.

We will continue applying 'digital audits' to the entire portfolio in the coming years, as we expect them to become more reliable and cheaper, thanks to the use of artificial intelligence and real-time data.

The fourth step of our plan, 'Virtualize & Automate,' combines the recognition from data patterns and knowledge from the previous steps and enables the predictive operation of buildings.

Predictive analytics and maintenance, coupled with the strong development of e-mobility and allowance for self-produced energy and storage in our buildings, can lead to further CO₂ reductions and cost savings for our tenants through smart-charging, load-balancing and peak-shaving approaches.

To that end, in 2018, we will start the first pilot projects with start-ups and energy companies for installing EV charging stations in three buildings of our portfolio. The first preliminary investigations have showed that such systems can result in an estimated 10–20 % of potential energy consumption savings.

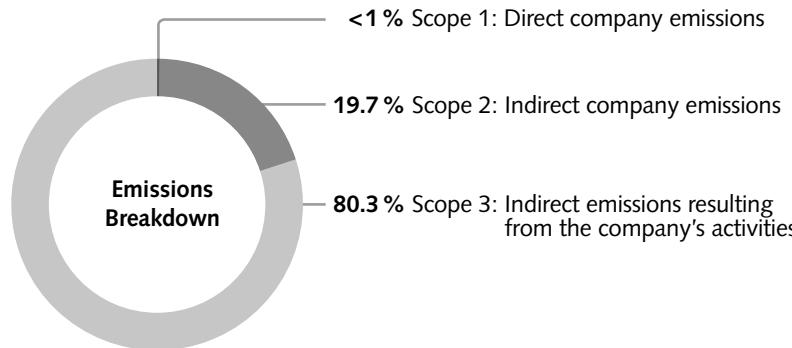


CARBON EMISSIONS

In light of the Paris Agreement, Germany has committed to reducing greenhouse gas emissions by 80–95 % by 2050, 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 enormous business opportunities, which we will discuss in the following pages.

2017 GHG EMISSIONS

Appendix E



Scope 1: 18 tCO₂e

Company vehicles 88 %

Gas heating in alstria offices 12 %

Scope 2: 8,531 tCO₂e

Energy consumption in alstria offices 0.8 %

Electricity consumption in landlord-shared services 98 % 99.2 % Projection for full disclosure¹⁾

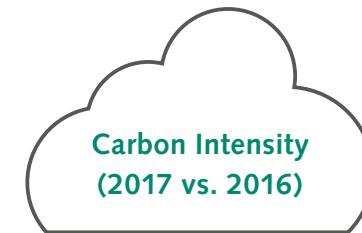
Scope 3: 34,841 tCO₂e

Business travel & Employee commuting 0.7 %

Energy consumption in tenant areas – alstria obtained 27.8 % 15.1 % Green procurement

Energy consumption in tenant areas – tenant obtained 71.5 % 2.2 % Green procurement Projection for full disclosure¹⁾

¹⁾ Extrapolation of carbon emissions for full coverage of building portfolio.



-89 %
per employee



-88 %
per lettable area in m²



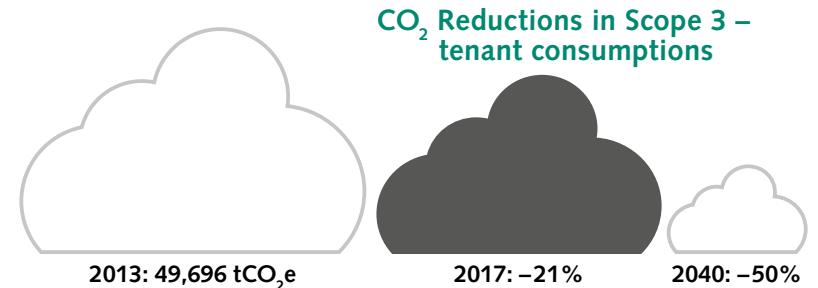
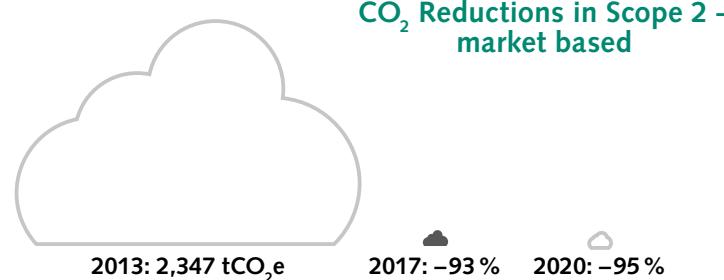
-89 %
per OMV in EUR

These figures represent three different carbon intensity metrics (Scope 1+2, market-based) to increase the understanding and illustrate for stakeholders how specific components of our business reduce their carbon intensity.

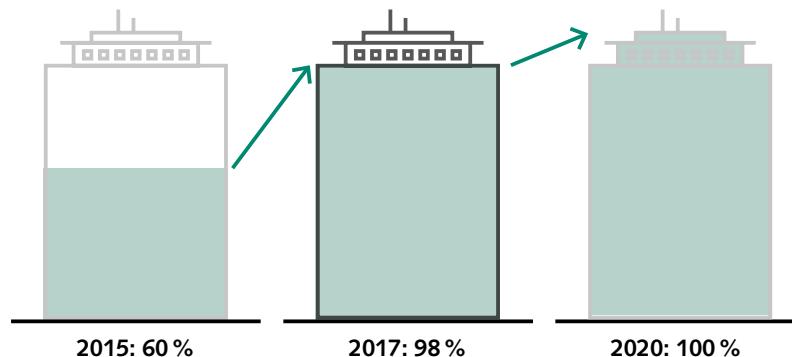
TARGETS & PERFORMANCE

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

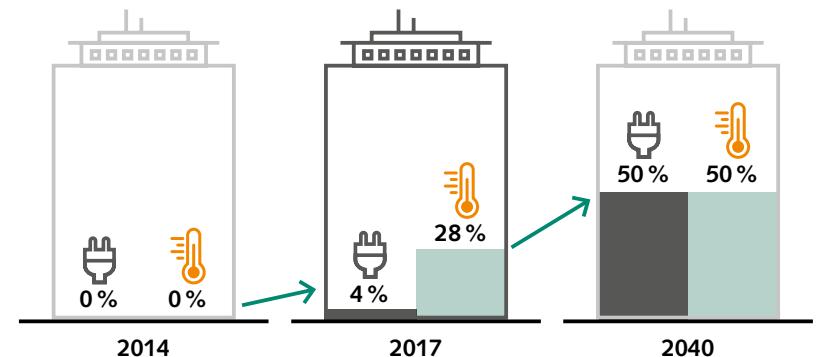
We believe that acting on our climate ambitions is more valuable than just talking about doing so. Therefore, we usually prefer to work on our assets and report later on our results, once they are achieved. However, we found signing the RE100 initiative of utmost importance back in 2015 and thus emphasize our commitment to become 100 % renewable while increasing public awareness in our industry around climate change.



Progress against RE100 target



Progress against energy target



1. Renewable target for own areas (RE100)

We intend to power all the common areas of our portfolio and the entire area of our own offices with 100 % renewable energy until 2020. This way, we can achieve our ultimate goal of cutting the emissions that we can influence to zero.

The path & our progress

Our journey began in 2013, when we started buying fossil-free energy for some areas in our portfolio. In 2016, we implemented a framework contract and centralized the energy procurement for the landlord-shared services in our portfolio and our own offices.

The framework contract is scheduled to run for four years (2016–2020) and has already helped us save 22,846 tonnes* of CO₂e in the first two years of its implementation (2016–2017). Due to its large scale, it enables us to cut energy costs by approximately 30 %, which corresponds to a cumulative total of around EUR 2.5 million over a four-year period. These savings fully accrue to our tenants, who bear the costs of utilities in the common areas of our portfolio. By consistently converting all energy procurement to the new framework contract, we expect to significantly increase our CO₂ savings annually; in 2017 alone, almost 98 % of our common areas and offices was procured from renewables.

2. Renewable target for leased areas

We aim to transition to a nearly zero-carbon generation of heat in our portfolio by 2040 and opt for reductions in our heating demand. By 2040, we also intend to reach 50 % clean renewable energy for the electricity used in our portfolio.

The path & our progress

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 to incentivize investment in that field. A major step we took in the last few years toward doing so was offering 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, resulting in us making no profit. Participation in the framework contract has already shown the first good results by contributing to approximately 17.3 % reduction of our tenant emissions in 2017.

In regard to the heating supply in our portfolio, 55 % of our portfolio's lettable area is heated by local district heating and the remaining by fuel-based systems. The parts we can influence are the fuels in our portfolio, of which we managed to procure 86 % natural gas via carbon offsetting.

* Equals the annual emissions of 1,255 typical German households, Source: de.statista.com



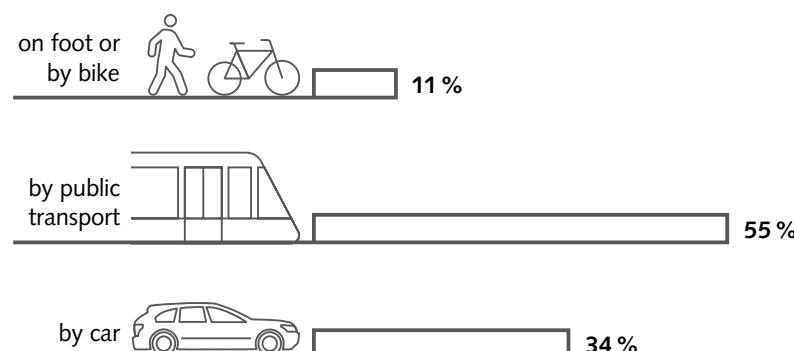
Further reductions across the value chain

Emissions related to our business travel decreased by 18 %. This is a result of our successful consolidation management of our local offices that have further expanded with a new local office in Berlin. We are expecting to see a further decrease in those emissions in the coming years, as a lot of our meetings will be held online and will prevent unnecessary travelling.

For travel within the inner city, we prefer to use the Company's electric cars and bikes. In 2017, we had two electro-cars and two bikes available at our head office in Hamburg. We plan on expanding their use to our other office locations in the future.

Emissions that resulted from commuting increased by 6 %. We continue to offer our employees a subsidy to local transportation, which again has proven to be successful for this year, as the majority of our employees commuted to work using regional public transportation.

Employee commuting¹⁾



¹⁾ Data on employee commuting for 2017 are calculated based on the data available from the previous year and further adjusted to the associated employee growth.



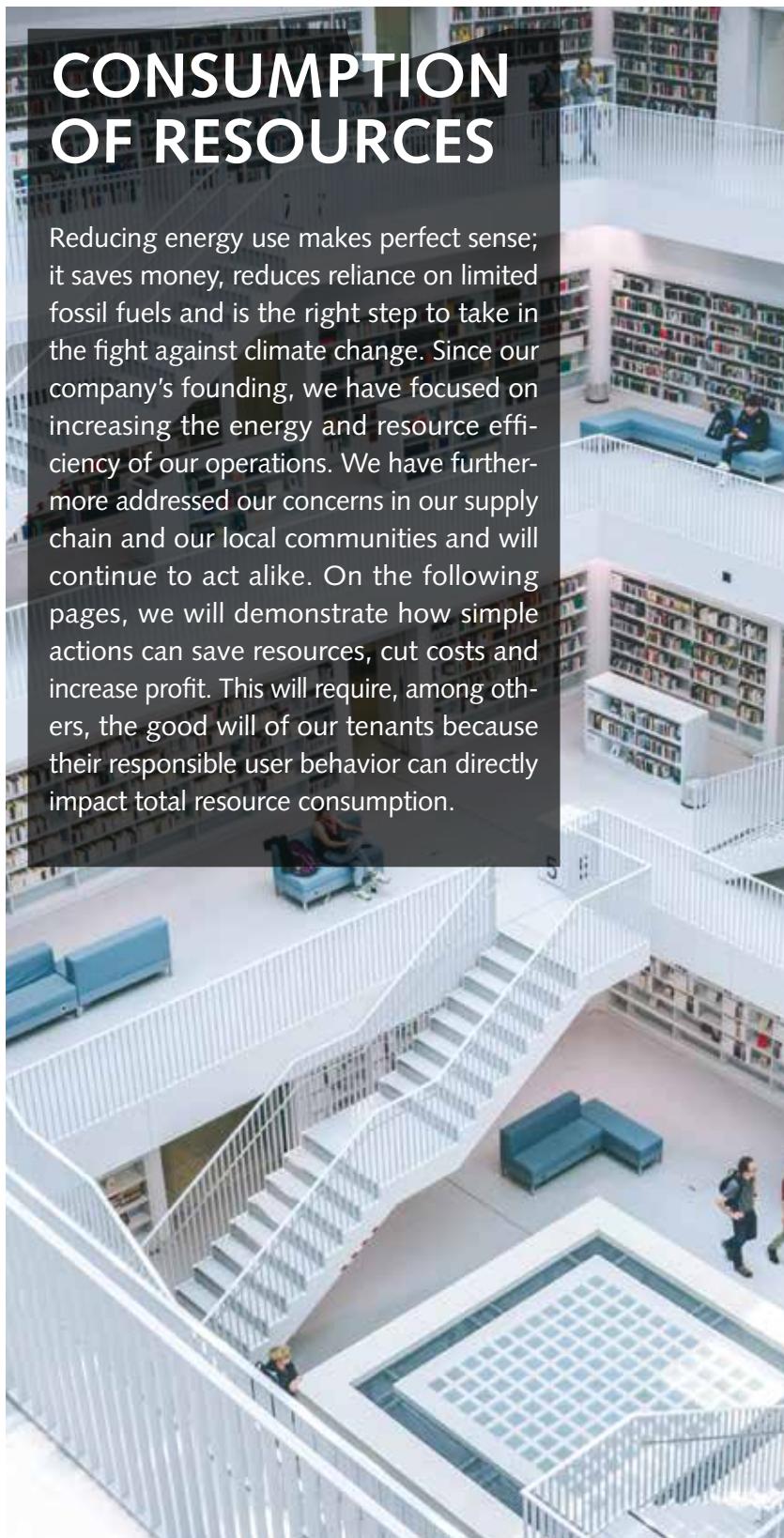
WE ARE ON THE RIGHT PATH!

ZIA awards alstria for its climate concept

Our actions to lessen our industry's carbon footprint have been most recently recognized by the ZIA, which awarded alstria for its carbon-neutral concept throughout its portfolio. However, numerous institutions have shown huge interest in our concept, and we remain willing to engage in constructive discussions and forge new alliances.

CDP acknowledges alstria as climate 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 Climate Disclosure Project (CDP), whose members recognized us as a top performer in the last four years and included us for the second year in a row to its Leadership A– Group.



MORE EFFICIENT BUILDINGS YEAR AFTER YEAR!

	2017	2013	Change
Number of properties	116	76	↑ 53 %
Lettalbe area in m ²	1,570,100	894,400	↑ 75 %
Market value in EUR million	3,409	1,638	↑ 108 %
Energy consumption in MWh	149,505	129,038	↑ 16 %
Energy intensity in kWh per m ²	122	205	↓ 41 %
Total carbon footprint in tCO ₂ e	43,315	49,825	↓ 13 %
CO ₂ reductions in tCO ₂ e	14,385 ¹⁾	688 ²⁾	↑ 20 times

¹⁾ Equals the annual emissions of 791 German households, Source: de.statista.com

²⁾ Equals the annual emissions of 38 German households, Source: de.statista.com

ENERGY CONSUMPTION

Appendix E

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

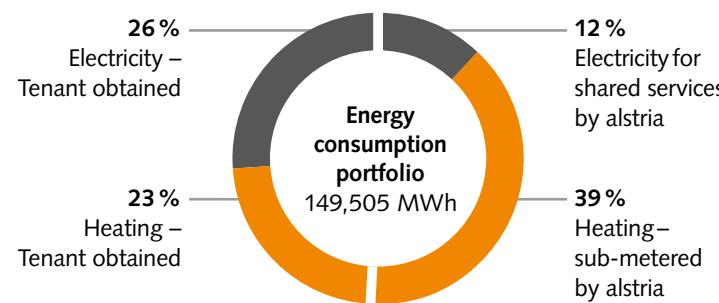
- › Electricity and heating consumed in tenant areas
- › Electricity consumed from shared services in common areas of our buildings
- › Electricity and heating consumed in our offices

Heating consumption is further categorized into the following:

- › District heating based on waste heat
- › Heating from fossil / alternative fuels

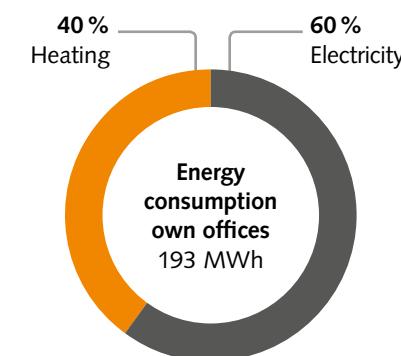
Tenant areas

The largest share (88 %) of energy consumption originates from the tenant areas. The remaining part (12 %) results from energy consumption in the common areas of our buildings and in our own offices. The like-for-like figures for tenant electricity consumption show a decrease of 4 % * compared to the previous year. This decrease partly results from receiving more accurate data from our tenants. The like-for-like figures for electricity consumption from landlord-shared services show a decrease of 4 %. This can be attributed to our in-house facility management.



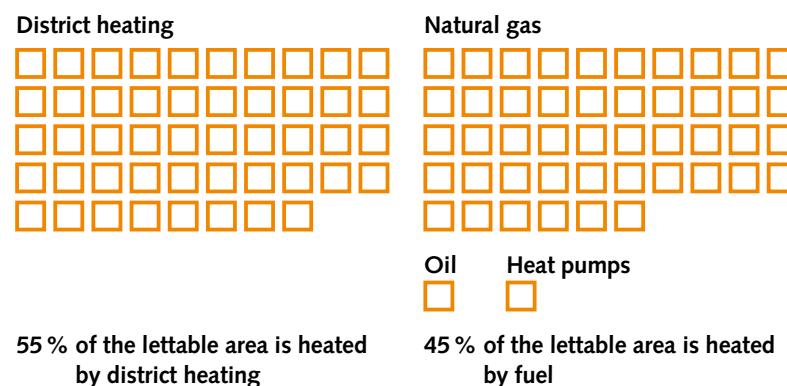
alstria's own offices

In 2017, the energy consumption of our own offices increased by 6 % compared to the previous year. By contrast, the energy consumption per employee dropped by 8 %, while the number of employees working in our offices increased by 12 %. In 2017, the solar panels installed on the rooftop of our head office in Hamburg generated 2,274 kWh (-4 %) of solar energy. This energy was fed into the power grid and covered around 2 % of our offices' demand for electricity.



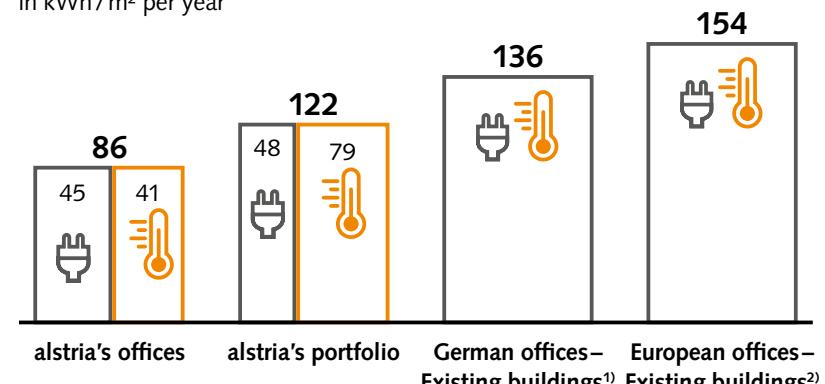
1,751 kWh per year
Energy consumption per employee
(↓ 8 %)

Heating systems in our portfolio



Comparison of energy intensities

in kWh / m² per year



Comparing the energy intensity of our own offices to the energy intensity of our portfolio and the average German/European offices, it is evident that our offices are already reasonably efficient.

*For more information, please see Appendix E, 'Limitations- Environmental Data' section.

¹⁾Dena-Studie Büroimmobilien, by Deutsche Energie-Agentur, 2017.
²⁾2018 GRESB Real Estate Results.

WATER CONSUMPTION

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

- › Water used in tenant areas
- › Water used in our own offices

**19.3 liters
per day**

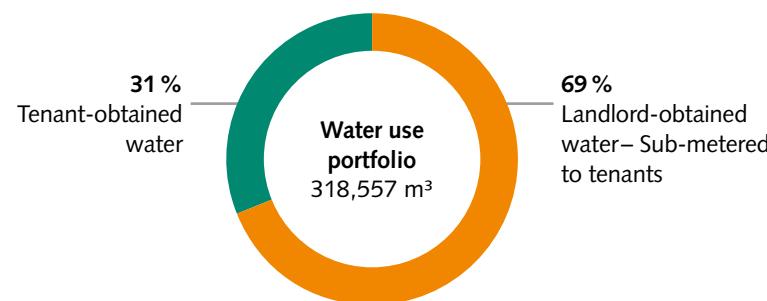
Water use per
tenant workstation
(↓13 %)

**12.9 liters
per day**

Water use for
alstria's employee
(↓6 %)

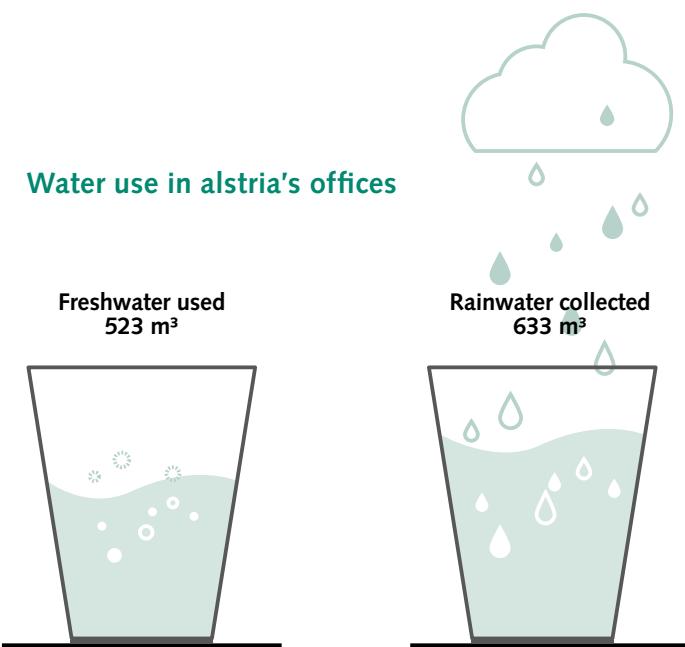
Tenant areas

For the biggest part of our portfolio (74 of 78 buildings), we procure water and then exclusively sub-meter it to our tenants. The like-for-like figures for water consumption show a slight increase of 0.3 % compared to 2016. On the contrary, the water use per lettable area of our portfolio has decreased by 13 % at $0.282 \text{ m}^3/\text{m}^2/\text{year}$. Whenever we refurbish one of our buildings, we try to include a rainwater collection or storm water retention system and greywater systems for toilets or sprinklers. So far, we have installed such systems in three of our buildings.



alstria's own offices

In our own offices, the total consumption of fresh water increased by 10 % compared to the previous year. In contrast, the daily water use per employee decreased by 6 %. To work toward our goal for water conservation, we have installed a rainwater tank in our head office in Hamburg. This enables us to collect rainwater, direct it into the undrinkable water distribution system and reduce the amount of water required to operate the entire building. The rainwater collected helped us save more than 50 % of our annual fresh water demand.



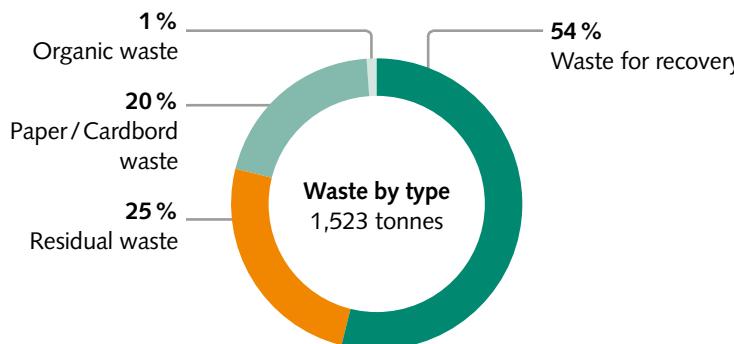
WASTE GENERATION

Waste generation 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

Tenant areas

In 2017, the total waste generated in the tenant areas decreased by 5 % compared to the previous year. Similarly, the like-for-like figures show a decrease of 2 %, followed by a same trend of –2 % in waste generation per lettable area.



To increase the recycling rate in our portfolio and reduce the waste produced by our tenants, since 2012, we have applied a waste management system, run by an environmental service provider from northern Germany, across our portfolio. In 2017, about half our portfolio (52 of 97 buildings) was introduced to that system. Our goal is to eventually include all the buildings of our portfolio in this system.

2.69 kg / m²

Annual waste generation
per lettable area
(↓2 %)

alstria's own offices

In our offices, we printed on 538,000 sheets of paper (2,690 kg). This corresponds to approx. 18 sheets of paper per employee per working day. The paper used is FSC certified. Since 2011, we have introduced a company-wide document management system, which aims to reduce the paper used across the Company, among other things.

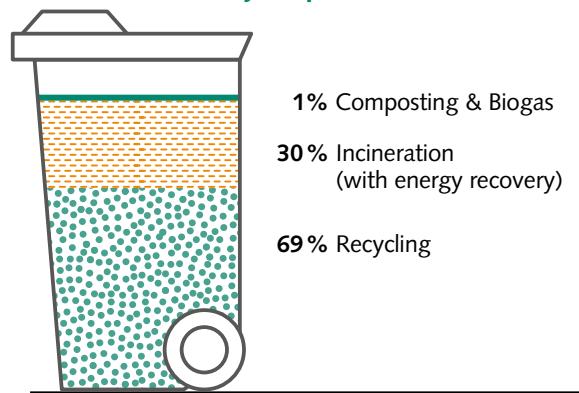
Construction waste

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 generated. Furthermore, our development projects are often at different stages, so even a comparison between two reporting periods of the same project is not possible.

Our building approach to retrofitting assets generates much lower waste and energy than the full demolition and rebuilding of an asset. It also uses fewer resources, as we can use the existing superstructure and re-use a building's embedded energy, material and carbon. In this way, we share the responsibility of minimizing the overall impact of our development activities on the environment while improving the state of the build's environment in the city where we operate.

During 2017, construction waste was generated due to the redevelopment of three large assets: Momentum in Düsseldorf and Bieberhaus and Brick & Brain in Hamburg. In average, 85 % of the construction waste generated in Germany is either reused or recycled.

Waste by disposal route



1,495 m³



13,725 t

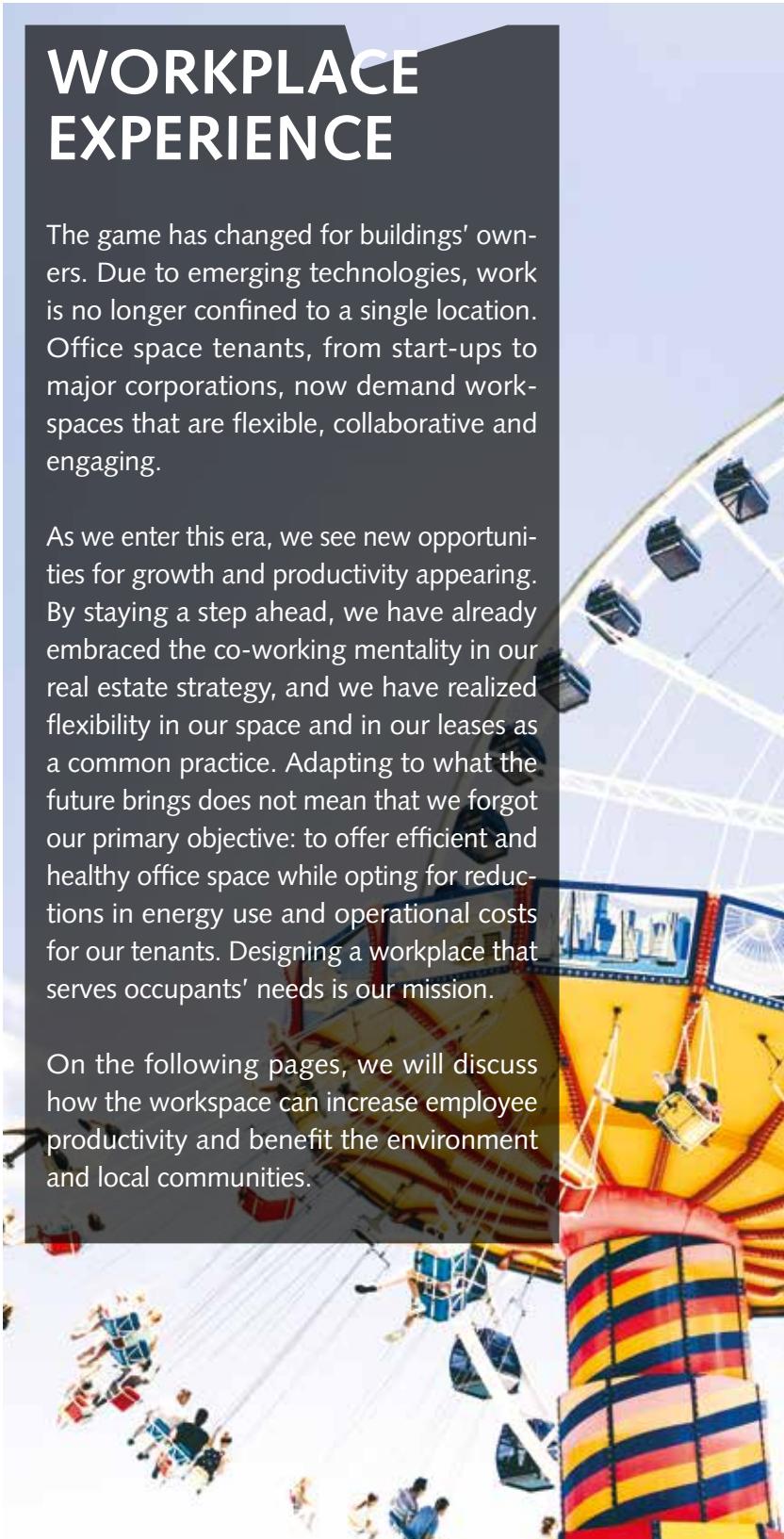


WORKPLACE EXPERIENCE

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.

As we enter this era, we see new opportunities for growth and productivity appearing. By 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 occupants' needs is our mission.

On the following pages, we will discuss how the workspace can increase employee productivity and benefit the environment and local communities.

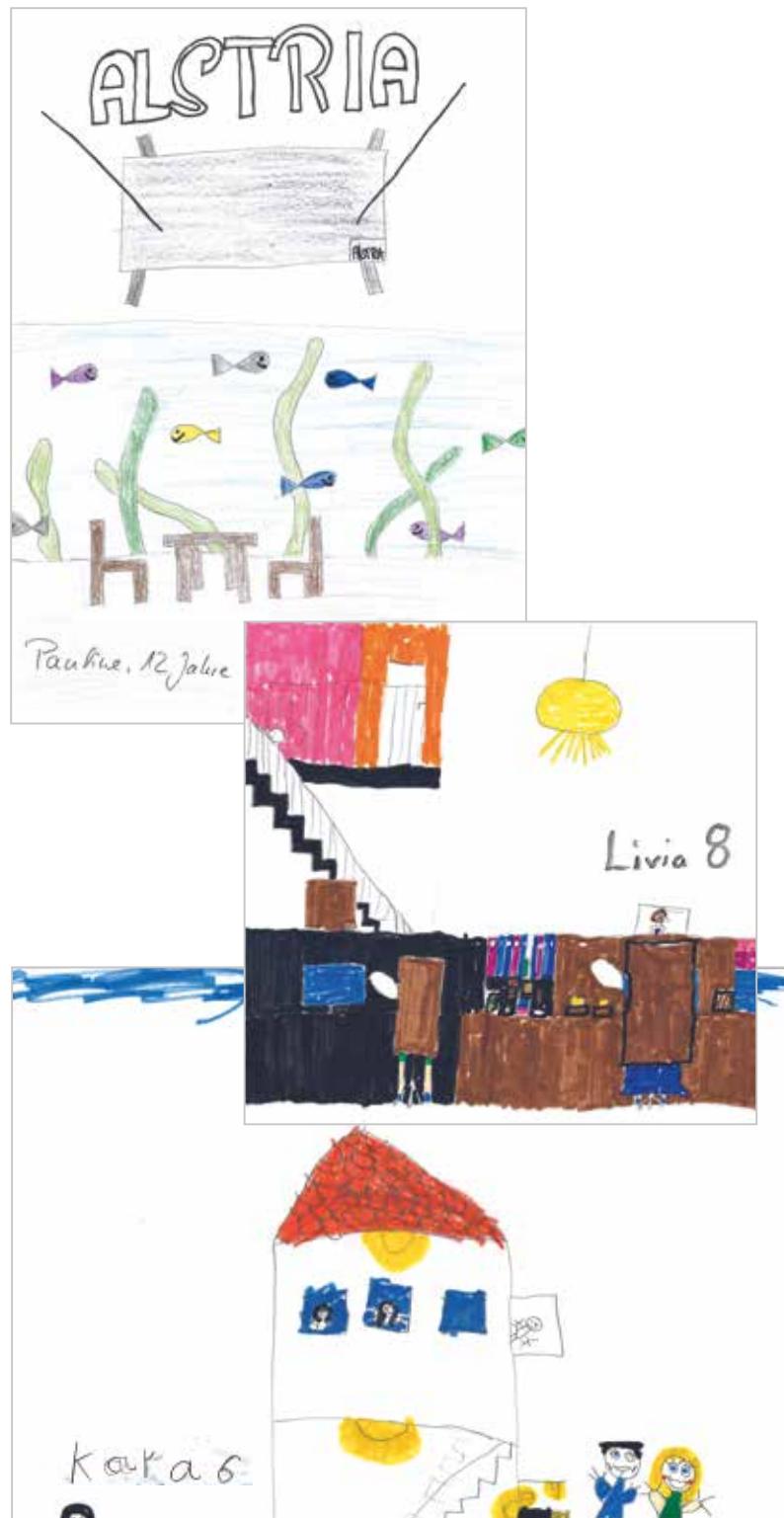


THE FUTURE OF OFFICES THROUGH THE EYES OF CHILDREN

How will the workplace of the future be, and how do you want to work in the future?

This is what we asked 10 students between the ages of 6 and 14 years who visited our new head office in Hamburg during the 'Girl's and Boy's Day' in Germany. The answers we received positively surprised us and made us rethink the way that we envision the future of real estate. Engaging future generations of office users is the only way forward. Up next, we demonstrate some of the great ideas that the young visionaries supported with their drawings:

- › Having interior walls that move with voice command to enable flexible office space
- › Having interior walls that host aquariums in conference rooms
- › Having milky glass walls in conference rooms that can change designs based on visitor's choices
- › Moving across office areas on scooters
- › Working flexibly with no stable workstation but only a personal roller container
- › Having computers with online speech recognition that enable efficient writing
- › Having office buildings that are designed according to the initials of a given company
- › Having free food in the cafeteria
- › Working only 6 hours per day
- › Having desks with big iPad that enable drawing by hand
- › Having software programs that enable designing a building and that have its 3-D representation in real time
- › Having a personal robot assistant
- › Having desks where one can pull out a bigger monitor on demand for projecting special projects



'NEW WORK' NEEDS CROSS-SECTOR COLLABORATIONS!

Among countless climate initiatives in the European scene, WWF and Stiftung 2°Grad introduced a platform for cooperation among companies in the building sector to initiate projects to support the German climate targets for 2050. Back in the summer of 2017, we entered this platform, 'Der Weg in die <2°-Wirtschaft,' with no big expectations and, one year later, ended up with new industry friendships and a very promising project that got the positive feedback of the Federal Minister for the Environment.

Yes! CO₂ savings of up to 5 million tonnes are possible in commercial real estate alone.

Our project is called 'Working2Climate' and was created with Signify (former Philips Lighting), Schüco and Telekom. It presents how sustainable and future-oriented working environments can be created by applying concepts of space efficiency and 'new work models' – all in a cost – and environmentally effective way. During this project, we had some very productive meetings and drew team inspiration from our BEEHIVE co-working spaces, the new Philips head office in Hamburg, the Telekom Innovation Laboratories and the new building plans of Schüco. We have summarized this on a few pages that are available on the following websites:

eye icon www.2gradwirtschaft.de/
www.working2climate.jimdosite.com/

We are looking forward to further discussions and remain open to new collaborations with partners and investors.

Working2Climate



NEWS FROM OUR CO-WORKING BUSINESS



Every day, Anna and her team welcome hundreds of freelancers, small companies, start-ups, journalists and anyone who wants to enjoy the benefits of a co-working environment in our BEEHIVEs. Run on a 24/7 basis with 365-day access to flexible workspace spread across major cities* in Germany, our co-working business offers not only a place to work but a place to grow. New business contacts and a platform for start-ups is only the beginning of a journey that appears to drive the future of real estate. Be part of our co-working community and ask for exclusive offers if you are one of our tenants.

*BEEHIVEs are open today in Hamburg and Frankfurt and will be soon available in Düsseldorf and Berlin.

Where there is a BEEHIVE, there is a home for bees!



In 2018, we rented two rooftop terraces with preferential terms to local bee-keepers to support the biodiversity of the cities and, most importantly, the bee population. The first 50 kg of honey was successfully gathered in our Kastor skyscraper in Frankfurt and was offered to our tenants.

The innovative company 'Vilisto' supplies alstria with thermostats that 'smartly' regulate the inner temperature of our BEEHIVE space.



»We enjoy working with alstria because we share the same values. Together, we are committed to a sustainable future by acting responsibly and optimizing the energy efficiency of office space in continuous dialogue with tenants and users. We particularly value alstria's open, fair and trustworthy exchange at eye level; its impeccable reliability; and its innovative strength and look forward to working together to create more environmentally friendly properties in the future.«

Christoph Berger, CEO Vilisto

RESPONSIBLE DEVELOPMENT PROJECTS

As a long-term real estate investor, we hold buildings over their entire life cycle, which spans between 20 and 30 years. During this period, we conduct full refurbishments; as per some stages, every building requires modernization measures to start a new life cycle. As a matter of principle, we choose retrofitting rather than demolishing and avoid participating in greenfield projects.

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. As offices usually operate during the daytime, we believe that solar power can be a key component to increasing their energy independence. Thus, we monitor the development of the German law regarding the approval to sell self-produced electricity to tenants to start using our buildings' shell for solar energy production. Developments on on-site 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.



Momentum [completed]

Scheduled delivery date	2018
Lettable area	23,200 m ²
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; new green courtyard



Bieberhaus [completed]

Scheduled delivery date	2018
Lettable area	12,000 m ²
Asset class	office

New efficient heating plant and building services, incl. LED lighting; refurbishment of old heritage-listed façade; new roof; insulation of roof and windows; new windows in courtyard



Amsinckstraße 28 & 34 [in construction]

Scheduled delivery date	2019
Lettable area	14,300 m ²
Asset class	office

New windows, new sunshades and new façade insulation; overnight cooling; LED lighting; roof terraces; development of acoustic solutions for workplaces



Besenbinderhof 41 [planning]

Scheduled delivery date	2020
Lettable area	5,000 m ²
Asset class	office

Refurbishment of old heritage-listed façades; historic reconstruction of the two top floors destroyed in WW2; new insulation; complete refurbishment of all building services; LED lighting



Gustav-Nachtigal-Straße 3 [planning]

Scheduled delivery date	2020
Lettable area	16,800 m ²
Asset class	office

Update of fire and safety and building services; LED lighting

Development pipeline

	Status	Lettable area	Asset class
Carl-Reiß-Platz 1 – 5	planning	17,500 m ²	office / resid.
Momentum living	planning	2,300 m ²	residential
Ivo-Beuker-Straße	planning	7,800 m ²	office
Sternhöhe	planning	107,500 m ²	office
Rothebühlstraße	pre-planning	8,400 m ²	office / retail
Werner-v.-Siemens-Platz 1	pre-planning	21,100 m ²	office

A HEALTHIER OFFICE SPACE

Every day, our buildings welcome thousands of employees, visitors, suppliers and contractors. They provide space for businesses to grow and contribute to the well-being of their users. This is why, when we design an office space, we focus on creating long-term value for our tenants and the local communities. To fulfill this aspiration, we base our design on the following principles:

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

First comes the health and safety of our office users and the local communities around our buildings. To prevent potential health and environmental risks, we run a due-diligence process before any new significant building acquisition. During a redevelopment project, we communicate our construction activities and our time plan to the affected tenants and 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.

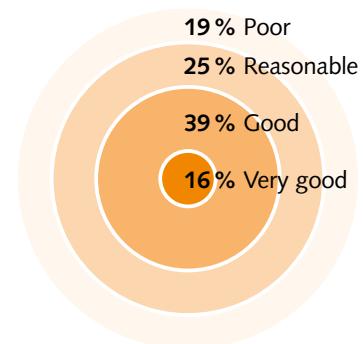
The safety and training of our contractors falls to the sole responsibility of the given construction company that works for us. To ensure optimal work in a construction site, 'BG BAU,' the German Social Accident Insurance Institution for the building trade, regularly supervises all of our sites for workers' safety and training. Additionally, 'Si-Ge-Ko,' the safety and health coordinator, is entitled to visit our construction sites on our behalf and 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 construction sites.

Well-connected buildings

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 determines in part their letability. 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, in 2015, we examined their accessibility to existing transportation systems and their distance to local supply and recreational areas.

Access to transport



The results of this study showed 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. Furthermore, more than 49 buildings in our portfolio have a charging station for electric cars in a distance of less than 500 m. Following this trend, many of our existing tenants have shown interest in installing 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.

As today's portfolio of 116 buildings differs only slightly compared to the size of portfolio in 2015 (119 buildings), we consider the results of this study still relevant for us.



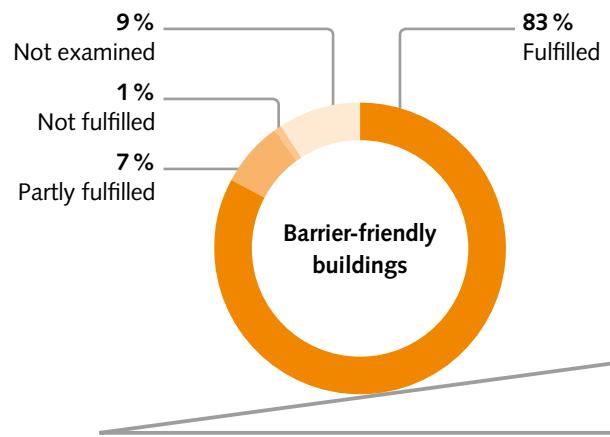
Sustainability Report 2015/2016, page 49

Barrier-friendly buildings

We want every office user to feel comfortable in our premises. Thus, we want the common areas of our buildings to be appropriate and safe for people with disabilities. In an effort to gain a better insight about the barrier friendliness of our portfolio, in 2016, we examined our common parts areas by 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 easily converted to being so with just a few measures. As today's portfolio of 116 buildings differs only slightly from the size of that in 2016, we consider the results of this study still relevant for us.





Hamburg

Do you consider alstria to be
a modern workplace?

Martin Jenke, Office Head
Real Estate Operations in Hamburg

In recent years, open layouts in offices have become a trend due to the rising demand for collaboration and flexibility in the workplace. This, of course, does not necessarily lead to packed workspaces; on the contrary, it promotes creativity and communication, as more recreational areas are usually available. Younger people often take these working environments for granted, which makes alstria ready to win top talents in a rather tense job market.

OUR PEOPLE

A TYPICAL ALSTRIANER

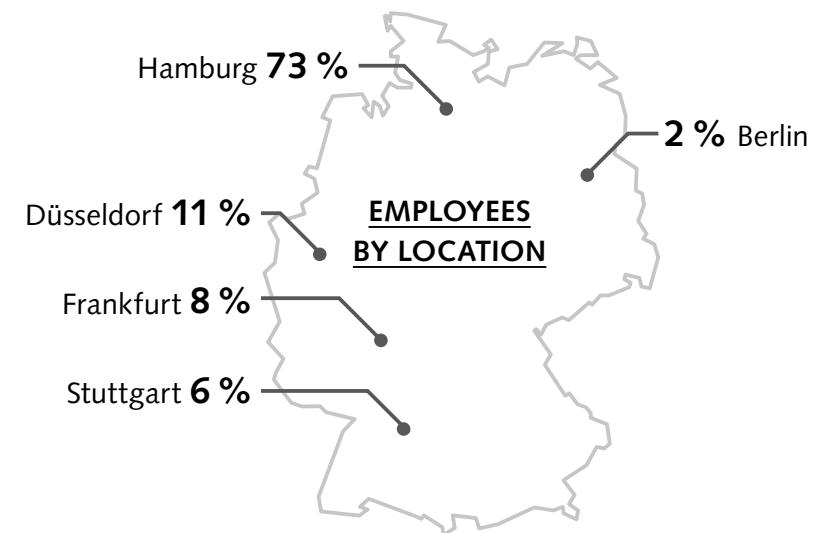
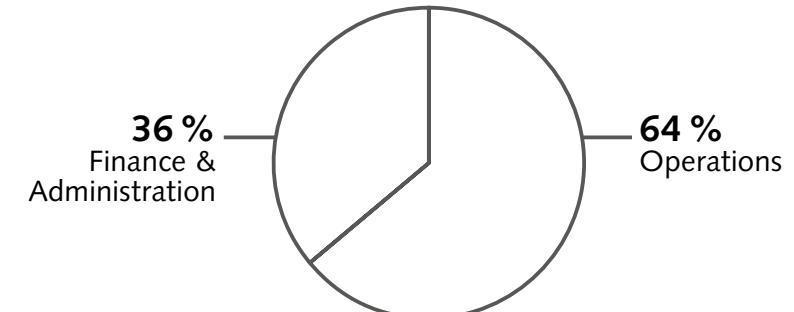


Behind everything we do and accomplish stands an expert team ready to provide our customers solutions for any given challenge. At alstria, we make it our mission to offer employees an attractive, secure and opportunity-rich working environment that enables high-quality performance. To do so, we focus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

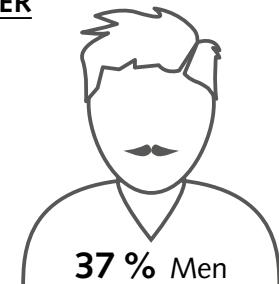
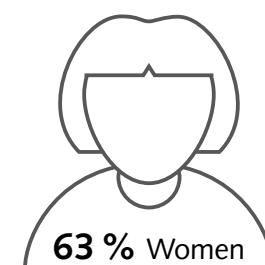
WHO WE ARE

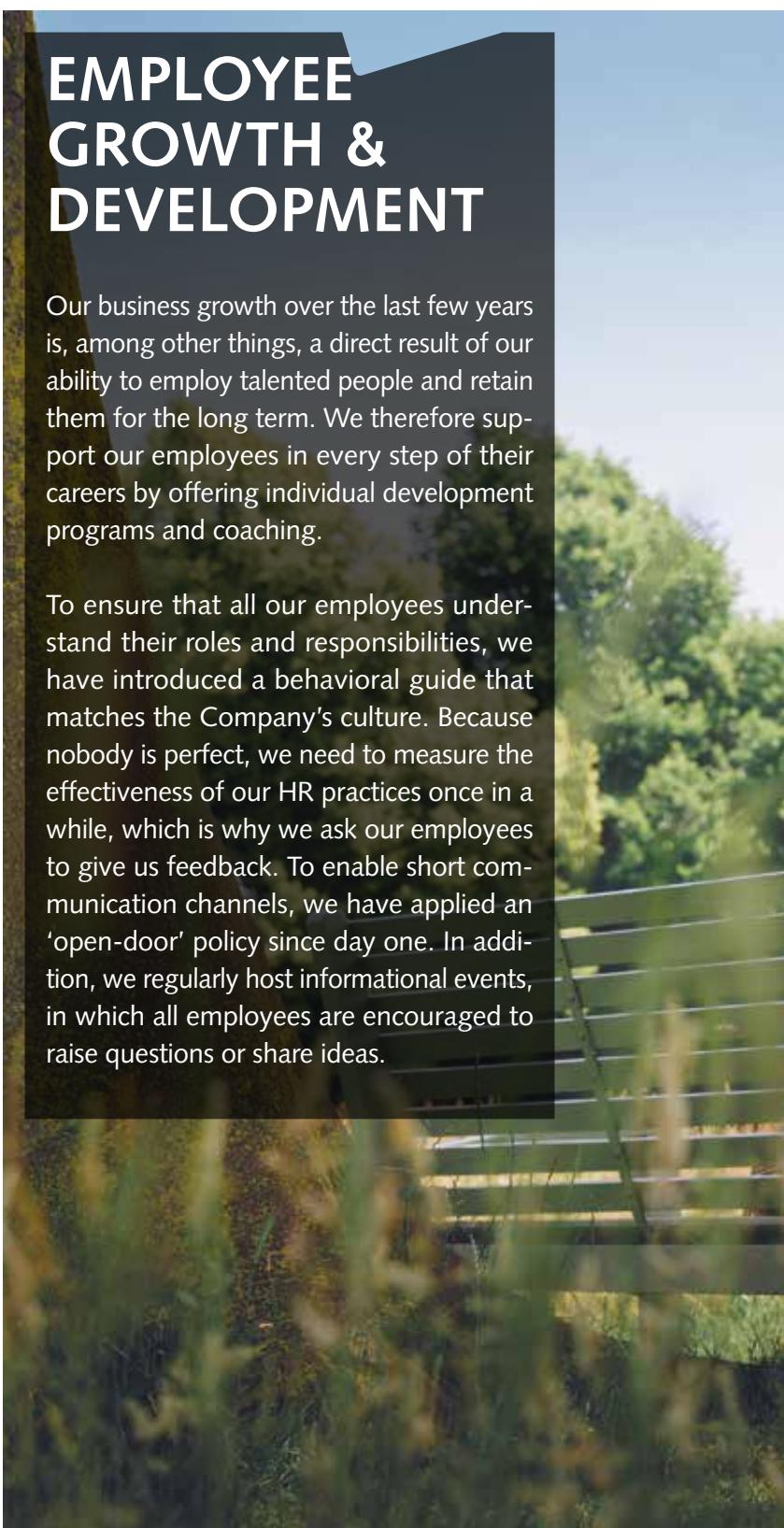
121 Employees

↑ **12 %**



EMPLOYEES BY GENDER





EMPLOYEE GROWTH & DEVELOPMENT

Our business growth over the last few years is, among other things, a direct result of our ability to employ talented people and retain them for the long term. We therefore support our employees in every step of their careers by offering individual development programs and coaching.

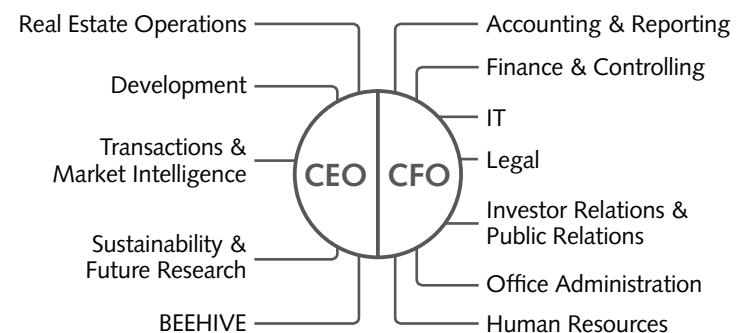
To ensure that all our employees understand their roles and responsibilities, we have introduced a behavioral guide that matches the Company's culture. Because nobody is perfect, we need to measure the effectiveness of our HR practices once in a while, which is why we ask our employees to give us feedback. To enable short communication channels, we have applied 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.

WE KEEP GROWING!

In 2017, our number of employees increased by 12 % from the previous year. This increase came as no surprise as we continued acquiring new properties and therefore decided to open another local branch in Berlin.

Most of our employees (64 %) work in operating departments, such as asset & property management, transactions and development. The rest work in support departments, such as finance & controlling, legal, reporting & accounting and office administration.

Our Teams



We offer secure jobs and provide our employees long-term career prospects. In 2017, only 4 % of our employees received fixed-term contracts. These contracts were mainly offered for replacement positions and two-year trainee program positions. The rest of our employees have permanent positions.

When a business cycle closes or our staffs needs change, we take every possible measure to retain our people instead of releasing them. These measures include transferring employees to equivalent positions in other departments and training to help them 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 2017, eight employees were internally promoted.

FAST AND TRANSPARENT RECRUITMENT

We make the decision to hire new staff members on the basis of an annual personnel plan and 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 from the following recruitment channels.

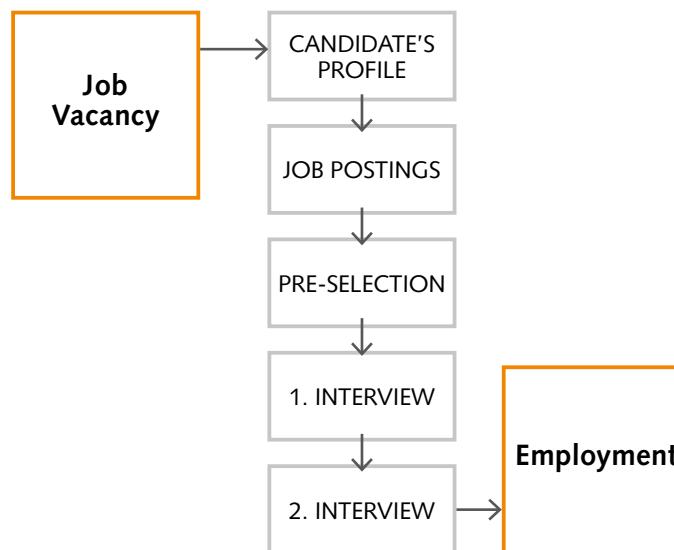
Depending on the position, we select among the following recruitment channels:

- › 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 and 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 while gaining 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

Students are our future, and this is why we actively represent our company at universities in Germany by giving talks and support students with their theses. In 2017, we have invested more than 130 hours in such events and supported three master theses.

We also 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 eleven trainees, five now belong to our permanent staff. In 2017, we continued our efforts to support young talents by hiring our second 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 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 more quickly 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 them into the new job positions.

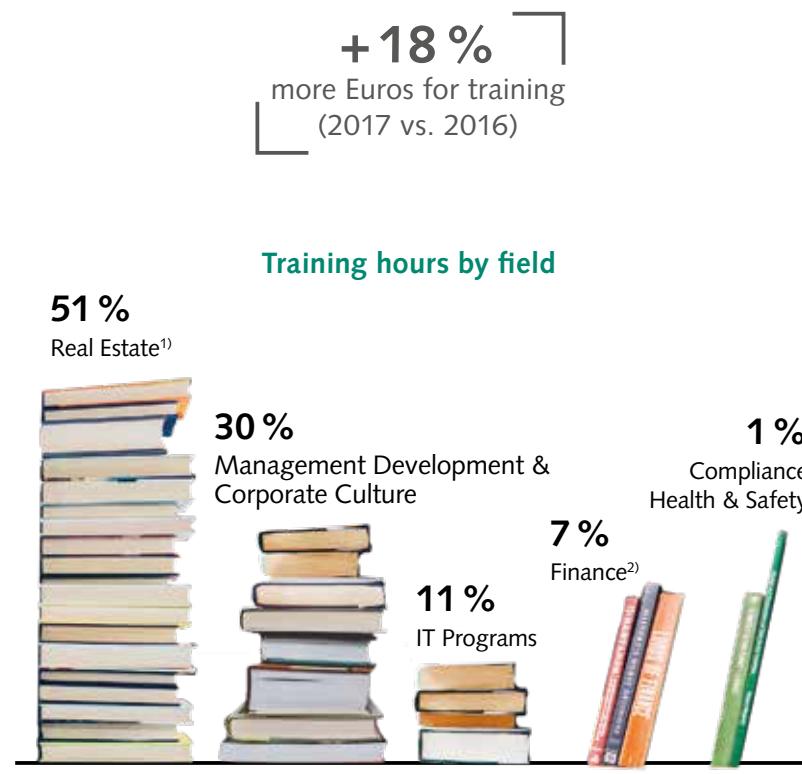


TRAINING & PERSONAL DEVELOPMENT

Everyone at alstria has the opportunity to learn and to improve his / her skills while working. It is in our best interest that employees continue their career development and extend their knowledge and qualifications as desired.

For this reason, 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 continuous employee growth, we have increased our training session budget this year to a total of EUR 269,510. This investment represented an average of EUR 2,227 per employee – an increase of 18 % from the previous year. Each employee received an average of 47 hours of training (2016: 28 hours).



This year's emphasis has been on boosting our corporate culture and increasing communication across several locations and teams. Topics related to real estate made up the most hours at 51 % of the total number of training hours provided. Management training was also offered to senior managers to develop leadership skills and will continue to take place at least once a year, contributing to future successful senior management.

The highlight of each year's training cycle is our unique two-day off-site team event. The main objective of this event is to inform our employees of the Company's performance and future plans. During this workshop, employees learn about, among other matters, our CSR activities and our compliance and human rights policies. At the same time, employees participate in workshops and share their ideas, which allows them to genuinely contribute to the Company's corporate identity.



WHAT'S NEXT

We will focus in the next few years on strengthening our people's competence with a five-step plan:

Introduce a step-by-step employee training plan; in this way, we can ensure that each employee receives further development and pursues the position-specific development goals. In addition, we will give surveys following training courses to evaluate the given provider's quality and the training session's success.



Adopt a feedback culture to gauge our senior management staff's and team members' effectiveness; to this end, we will formalize our people's performance appraisal.



Promote cooperation between teams to create a knowledge-sharing culture.



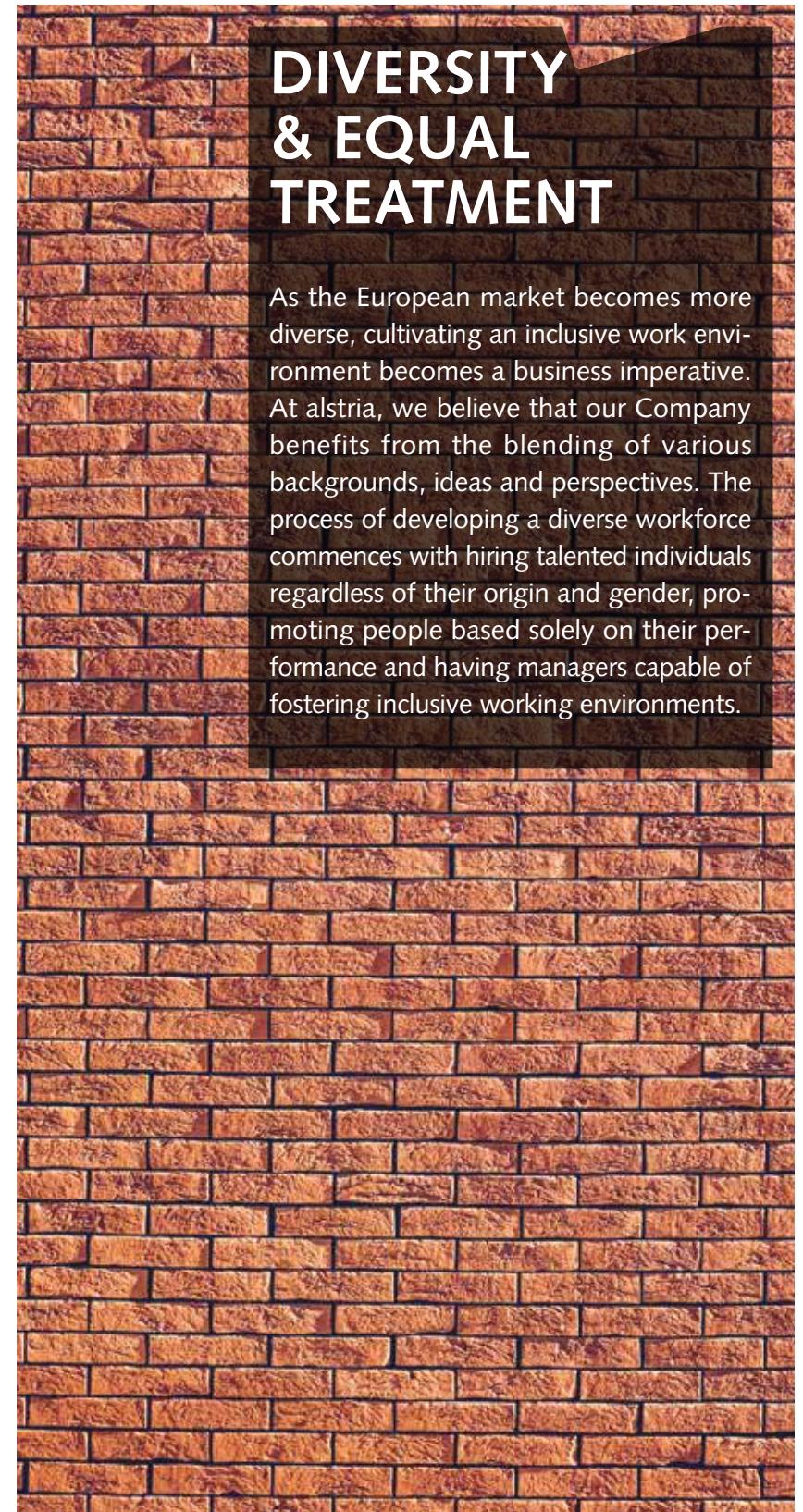
Optimize our HR planning, administration and control by implementing a user-friendly database that enables information to be collected quickly and reliably and handled with flexibility.



Expand our employer brand to attract future talented employees; to this end, we increased our brand awareness to universities and real estate events as well as our social media presence.

DIVERSITY & 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 various backgrounds, ideas and perspectives. 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.



ENSURE EQUAL OPPORTUNITIES

Each of our employees is to be 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.

Employees experiencing or witnessing any discriminatory incidents must report such incidents to their direct supervisor or the Company's compliance officer. The Company's external compliance hotline lets employees anonymously and confidentially report any relevant breaches. Since the Company's founding in 2006, no concerns related to possible discrimination have been officially addressed at alstria.



42 %
women in leadership
positions

We consider equal pay for female and male employees a necessity. In 2017, the salaries between women and men in equivalent positions and homogeneous teams were aligned and did not differ by more than 1.2 %. On average, our female employees earned 44 % less than our male employees.

MILLENNIALS AND GENERATION X ARE GETTING ALONG!

With a business history spanning eleven years, alstria has a relatively young workforce, whose average age is 38 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 in the future.

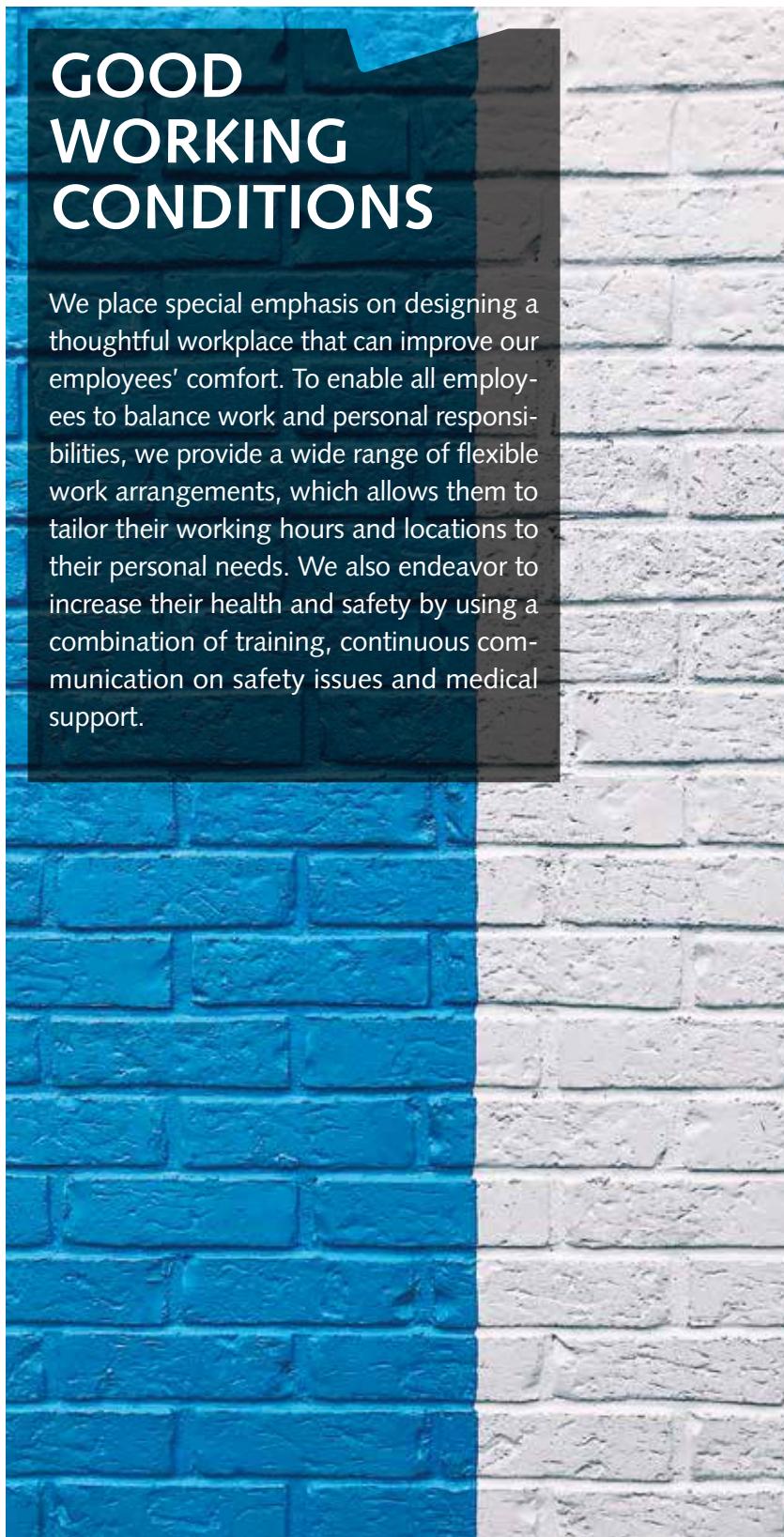
This new 'normal' calls for flexibility and foresight in management. When it comes to the creation of a new location of operations or a new division, we recruit people regardless of age. For example, during our recent business expansion with a local operational team in Berlin, we recruited a mixed-aged workforce from the beginning. This principle allows us to benefit from each age group's special strengths and avoid potential conflicts.

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

WOMEN LEAD THE WAY AT ALSTRIA

We are committed to promoting gender diversity and increasing the representation of women in management positions. In 2017, we employed 76 women and 45 men, a female-to-male ratio of 63 % to 37 %.

Although we firmly believe that candidates applying for any job position need to be selected based on their talent and not on their gender, we recognize that our industry has a deficit in women in management positions. Our Management Board has therefore determined that female representation for the first management level below the Management Board should not be less than 30 % until December 2021. This target was overreached in 2017, with 41.7 % of alstria's upper management positions covered by women. A similar target quota of 30 % female representation until 2021 has been set for the members of the Supervisory Board. This target has also been achieved with women making up 33.33 % of the Supervisory Board in 2017.



GOOD WORKING CONDITIONS

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.

HEALTH & SAFETY AT WORK

Our employees' health, safety and well-being are a top priority for our business, which 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 well-being
- › Offer our office tenants safe and environmentally sound 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

The improvement of the Company's health and safety performance is the responsibility of 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.

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 it 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.

Medical support

We provide diverse benefit programs to meet various employee groups' health and wellness needs, including 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 2017, corresponding to 10.9 days per employee (2016: 9.5 days). We have reduced this rate by approximately nine days in comparison to the German average of 19.4 days.*

*AOK, Fehlzeiten-Report 2018.

MOVING DAY IN HAMBURG!

Years of aspiration were brought together to design an office space that addresses the needs of its people and embraces the future of real estate. In March 2018, our head offices in Hamburg moved to a new building of cultural heritage, and alstria found its new home.

Our new offices meet the latest standards in flexible office design and follow the principles of thermal and visual comfort as well as noise control. They embrace an open culture defined by middle glass zones that serve as think tanks and recreational areas. To maintain a certain privacy, all think tanks feature a foil coating. Each office unit features adjustable-height desks for extra comfort, sound-absorbing privacy panels and furniture on wheels to allow employees to shape the space on their own terms.

Our employees' well-being is boosted through our new fitness room that accommodates modern shower facilities. We also offer free bicycle parking to make it easier for our employees to use green transportation. Finally, to support the use of e-mobility, we have installed four e-charging stations in our garage.



WORK-LIFE BALANCE

We are flexible

We help our employees maintain a healthy work-life balance in many ways. In addition to the statutory working arrangements, we offer our employees flexible working hours and opportunities to work remotely.

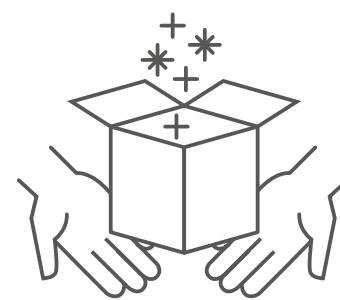
These arrangements mean that each employee is free to arrange his or her personal time in cooperation with the manager in charge in light of the business's needs. Our employees are also given the option to perform part of their job off-site, for example at our co-working business 'BEEHIVE.' Such arrangements are mainly based on the nature of the work involved. In principle, most real estate operations include heavy in-house communication with 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 instantaneous remote work, we offer the majority of our employees laptops.

We are family-friendly

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 working part-time almost doubled from the previous year. Among women that hold leadership positions, 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.





MORE BENEFITS

We further invest in our people by offering a competitive range of benefits in addition to those for health and well-being. These benefits are provided to 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, which is limited to the cities where our offices are located.

› Competitive vacation policy

We offer all our employees 30 days of vacation, which is 33 % above the statutory requirement.

› Tuition grant

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

› Company car provision

We provide company cars to managers, technicians and selected other employees, i. e., those who must work off-site.

› Sabbatical option

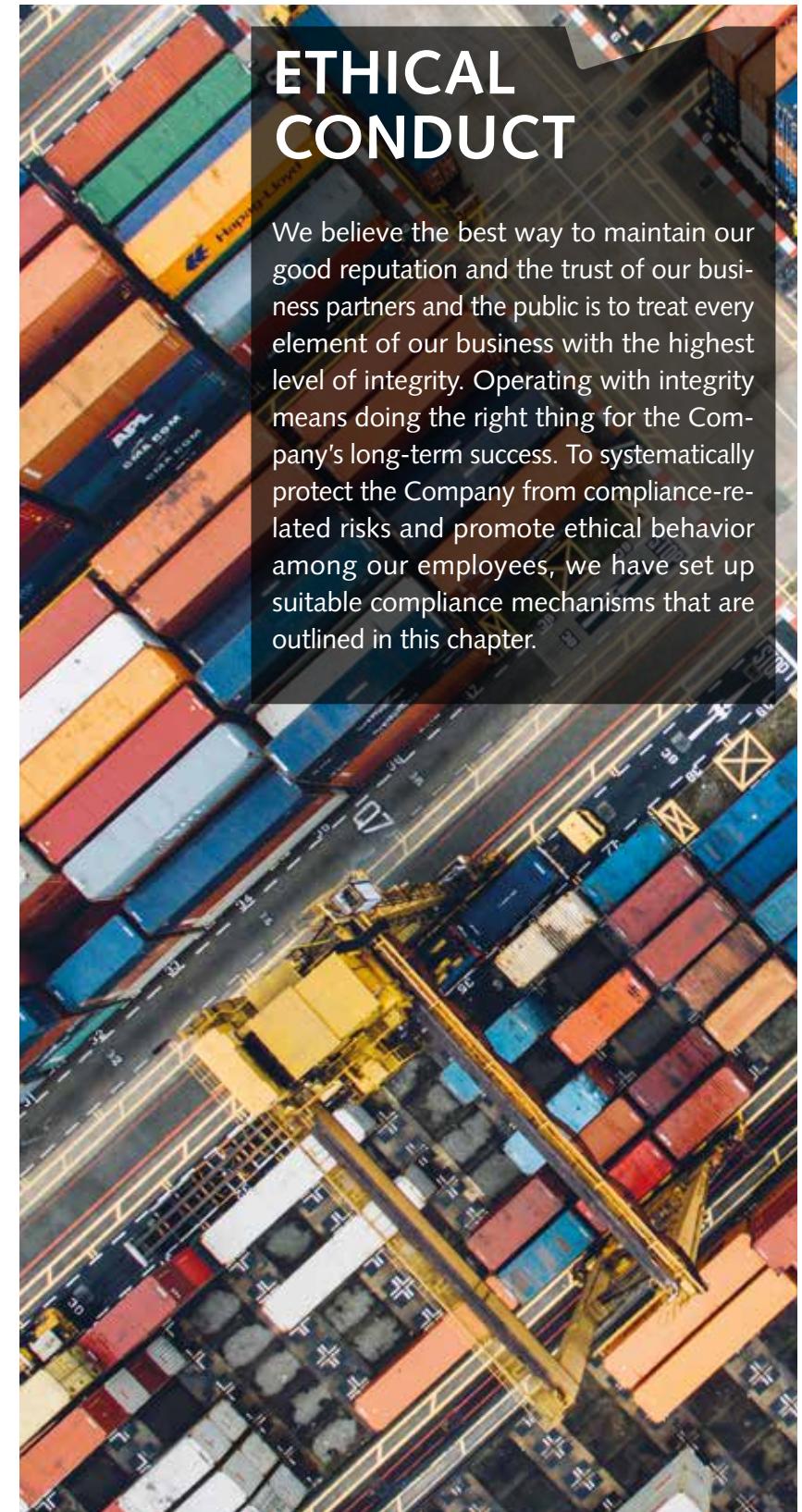
We offer employees who have been working for more than five years at alstria the option of a sabbatical in agreement with their supervisor and HR.

WHAT'S NEXT

The focus in the next few years will be on improving workstation ergonomics in our local offices and increasing awareness of health & safety issues across our company.

ETHICAL CONDUCT

We believe the best way to maintain our good reputation and 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 Company's long-term success. To systematically protect the Company from compliance-related risks and promote ethical behavior among our employees, we have set up suitable compliance mechanisms that are outlined in this chapter.



OUR COMPLIANCE ORGANIZATION

Our Management Board has set up a compliance organization to strengthen the implementation of our ethical standards across the Company. These standards include a set of internal behavioral guidelines that are communicated to all our employees upon hiring and a code of conduct addressing our employees and our service providers, available on the Company's website.

Compliance is monitored by colleagues, supervisors and the Company's compliance officer, as well as via regular investigation by auditors. Furthermore, the Management Board discusses compliance topics with the Supervisory Board's audit committee.

Our employees are encouraged to raise concerns about compliance with their direct supervisor or the compliance officer. 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 explicitly affords protection for whistle-blowers, and employees will face no sanctions due to the reporting of incidents.

All new employees receive training regarding our compliance policy upon hiring. Refresher courses are also delivered each year to all our employees. If any changes are made to our existing policies, we try to communicate them immediately and with transparency to our employees.

Behavioral guide for employees

- › Compliance with applicable laws and regulations
- › Health and safety in the work environment
- › The 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 regarding insider information
- › Relations with business partners
- › Guidelines to prevent money laundering



 [Code of Conduct for Employees](http://www.alstria.com/en/code-of-conduct/)
www.alstria.com/en/code-of-conduct/

ANTI-CORRUPTION-MECHANISM

Corruption is understood as the acceptance or granting of advantages used to unfairly influence business decisions. A possible failure to prevent corrupt behavior can have consequences for the individual and 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 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. 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 at least on a quarterly basis. This evaluation helps define specific prevention measures, which include various controls and access-security measures. Our anti-corruption policies are controlled by the compliance officer. In addition, we maintain a 'two-man' rule as a control mechanism for most internal processes.

In 2017, 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 risk assessment process 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 of changes in our employee guidelines.



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How do the current geopolitical changes influence Frankfurt?

*Sandra Mengel, Office Head
Real Estate Operations in Frankfurt*

Frank furt

Frankfurt's office market is well prepared for the upcoming changes: space reserves are available, and building projects are continuously being completed. However, regarding the housing market – well, that's another story! Currently, rental prices are way too high for Frankfurters, but for international tenants, who are used to the prices in London or other metropolises, prices are still moderate. The same applies to the commuting time to the city center. A commuter who is used to travelling 90 min. by train to central London will also find Mannheim or Heidelberg acceptable; therefore, not only the city but the whole metropolitan region can benefit. It is more the lack of international schools and kindergartens that slow down the enthusiasm for Frankfurt at the moment.

SOUND BUSINESS

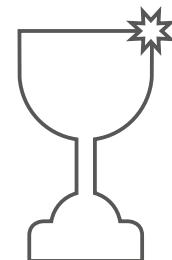
A TYPICAL RENTAL SPACE



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

No. 1

in listed REITs
in fundamental R&D
(EUR 60,000)



3,552 m²
support for cultural,
social and nonprofit purposes



1 million Euros

in funds for the development
of innovations

FINANCIAL PERFORMANCE

We consider our economic performance our number one priority because we cannot facilitate our sustainability strategy without a stable financial position. We generate profit responsibly and always take into account our business actions' consequences for our stakeholders. We strive for a long-term profitable growth path.

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 modern building technologies. Such innovative solutions bring added value to our buildings and tenants by reducing utility expenses. In addition, a favorable financial position enables the creation of new, well-paying jobs and gives us the opportunity to contribute to the communities where we operate.

At alstria, we have a long history of producing strong financial results and maintaining best-in-class, transparent financial reporting. We primarily report changes in the Company's structure and financial performance in 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.



OUR CONTRIBUTION TO SUSTAINABILITY

Our business contributes to sustainability by making our buildings as resource-efficient as possible.

To achieve this goal, we:

Dedicate a budget for energy efficiency measures

One of our main objectives when we refurbish our buildings is the creation of an efficient office space and the reduction of energy consumption and utility costs for our tenants. In 2017, we invested around EUR 18 million for development projects and EUR 41 million in refurbishment measures.

Support industry partnerships

We invested EUR 55,500 in partnerships within the real estate industry. In 2017, we took part in the Green Lease working group to improve the regulatory recommendations for landlords and tenants. This investment includes, among other efforts, the introduction of energy-saving measures and regulation of utility costs to support sustainable behavior.

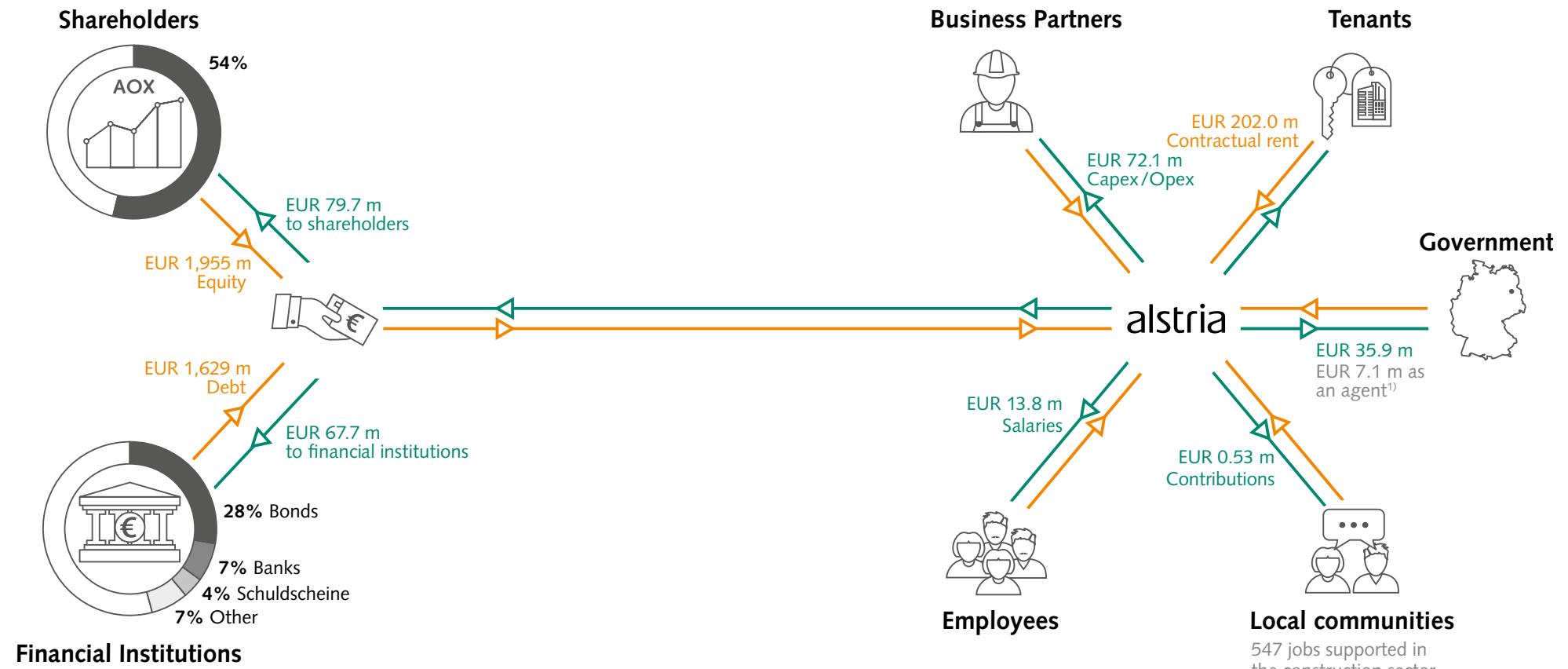
Invest in research and development (R&D)

We support fundamental research as we try to identify the future trends that we should incorporate into our analysis of our real estate portfolio. In 2017, with a grant of USD 50,000, we continued to support research on organic photovoltaics at the University of California, Santa Barbara. We believe that such collaborations are mutually beneficial as they allow us to provide researchers early feedback on whether we can see a direct application of their research to our business. Such collaborations also allow us to identify potential game-changing technologies early.

Engage our employees and tenants

In 2017, we ran a campaign to inform our tenants of the benefits of obtaining renewable energy for their own rental spaces. 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.

VALUE CREATION



FINANCIAL HIGHLIGHTS

Throughout 2017, our company continued to gain operational and financial strength. With a letting performance of 245,400 m², our real estate operations team achieved the best letting result in the company's history and thereby secured future cash flows of EUR 94.2 million. To further improve the portfolio quality and meet our tenants' desire for modern and contemporary office space, we invested EUR 72.1 million in our buildings during the year.

In the area of new acquisitions, we remained cautious in view of the high prices but were nevertheless able to purchase properties worth EUR 187.7 million, thus meaningfully supplementing our portfolio. Despite these investments, we strengthened the Company's balance sheet. At the end of 2017, our REIT equity ratio stood at 56.7 %, and our net debt ratio of 40.0 % was the lowest in the company's history. At the same time, the operating profit margin (FFO margin) reached an all-time high of 58.8 %. This result was made possible by our efficient corporate structure and persistently low financing costs.

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

CLIMATE'S EFFECT ON OUR BUSINESS

Extreme weather events, changing consumer behavior and new climate regulations will fundamentally transform the way the urban landscape is constructed over time. Considering our business's long-term nature and our assets' immovable nature, it is of key importance to consider climate change's effect on our future prospects. We are therefore committed to doing our part by contributing solutions to the global challenge of climate change.

PHYSICAL RISKS – acute

We own a portfolio of 116 buildings concentrated in the large German office markets. Part of our portfolio is subject to extreme climate events, such as flooding, storms and hail, that may weaken structures and threaten our buildings' and tenants' safety. According to most climate scenarios, such phenomena will intensify in the coming years.

Impact

The financial impact concerns mainly the capital costs to repair a damaged structure and the operating costs resulting from reduced revenues due to business interruption. According to our risk analysis, such an impact is estimated at less than 1 % of our revenues and equals losses of EUR 0.6 million and Compliance 1.5 million.

Method

Our prevention measures are focused on:

- › Advanced monitoring of physical risks in various scenarios
- › Insurances that cover our portfolio from the loss of rent due to fire, storm, hail or any act of God with a total insured value at least as high as our assets' balance sheet value
- › Energy audits across our portfolio that help us identify the energy potential that we can extract from our buildings and most importantly how to keep them safe and sound for their occupants

TRANSITION RISKS – regulatory

Following the Paris Agreement, Germany adopted national climate targets for 2050, adding to the existing energy transition plan and complete phase-out of nuclear power plants in 2022. As an owner of office buildings solely in Germany, we anticipate new regulations, notably regarding energy efficiency restrictions, that might impose more stringent obligations on the building sector, for example the upcoming 'GEG' law.

Impact

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

Method

We anticipate changes in law and therefore 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 monitor quickly emerging legislation

TRANSITION RISKS – market

Climate change has presumably shaped our tenants' behavior by requiring more 'green' rental space. Over the past few years, we have noticed an increased demand for flexible office space, often associated with energy-efficient solutions.

Impact

Failing to adapt quickly to our tenants' demands can make finding or retaining them in our buildings difficult and result in a decrease in our assets' attractiveness, implying a subsequent decrease of their rental potential and hence a decrease in our annual revenues. A possible 1 % reduction in our 2017 net rents would cost us around EUR 1.7 million.

Method

We mainly prevent those risks by:

- › Recognizing early the financial requirements to upgrade and modernize a building
- › Designing smart offices with flexible layouts
- › Offering our tenants additional services to help them run their offices efficiently
- › Investigating the path for all-in rental solutions

WHAT'S NEXT

The positive economic environment in Germany suggests that demand for office space will remain high. Our increasing investments in portfolio quality allow us to benefit from this environment. In addition, we continue to work intensively on strengthening our balance sheet and reducing our LTV ratio because only a low level of debt protects our earning power from rising interest rates in the long term.

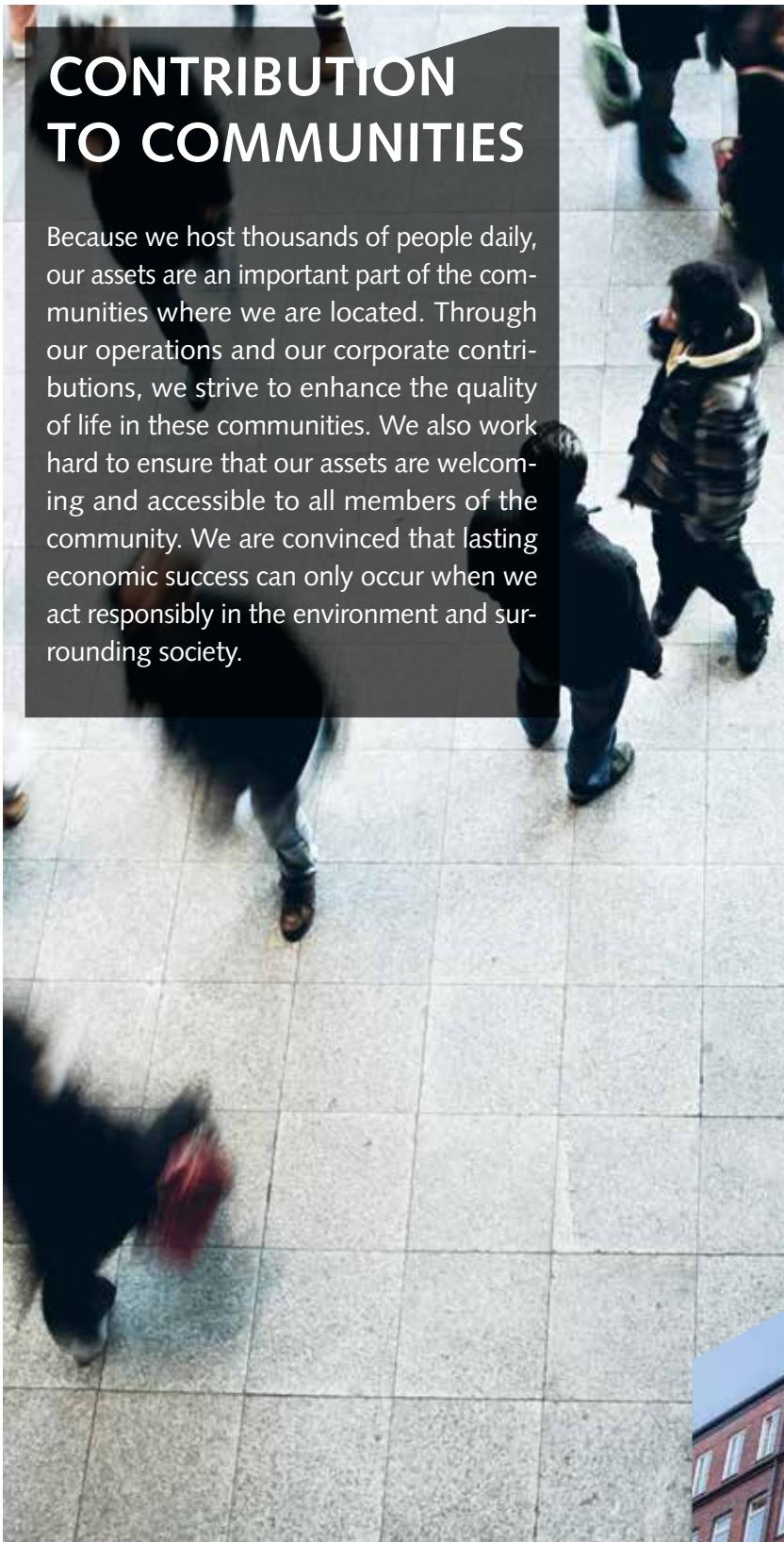
We are also investigating new digital technologies that will enable us to facilitate transactions and develop contracts more quickly and with more transparency.

CLIMATE RELATED OPPORTUNITIES

Climate change not only poses risks but also gives us opportunities. For example, the ability to monitor current and future regulatory changes enables us to better control the speed at which our assets deteriorate. 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 about our sustainability performance with the public, we gain a competitive advantage over our competitors over the long term.

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

- › Making progress in R&D expenditures because we believe that modern technologies will improve our buildings' indoor environmental quality and ultimately boost our portfolio's rental potential
- › Taking advantage of weather extremes and countering their negative impact, for example by using solar cells or recycling rainwater
- › Maintaining open and direct communication with all our stakeholders to identify their needs and expectations



CONTRIBUTION TO COMMUNITIES

Because we host thousands of people daily, our assets are an important part of the communities where we 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. We are convinced that lasting economic success can only occur when we act responsibly in the environment and surrounding society.

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 asset's spirit, history and future needs to meet our tenants' demands for the foreseeable future. By safeguarding historical buildings, we ultimately increase our portfolio's cultural value and attractiveness in the leasing markets.

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



alstria's new offices in Hamburg – a building with history

COMMUNITY PROJECTS

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



Hamburg Towers

In 2017, we gave EUR 16,500 to support Hamburg Towers, a second-league basketball team in Wilhelmsburg, Hamburg. Besides playing the sport, this team's purpose is to give younger people, especially those from a challenging social background, the opportunity to be involved in sports activities and develop an attitude of fair play.



Beneficial leasing

In 2017, we continued supporting UNICEF's humanitarian work by giving them preferential terms for their lease. We also donated EUR 30,000 to support the new rental agreement and the children's organization 'Straßenkinderprojekt KIDS,' which was a former alstria tenant. In total, we have leased 3,552 m² of space for diverse cultural causes, e.g., theaters and galleries.



Sustainable office supplies

For us, social and environmental responsibility have no geographic boundaries. Although all of our business operations are in Germany, where rainfall is high, we 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 we could do. This initiative's objective is to enable people living in developing countries to gain access to drinking water. Sixty percent of Viva con Agua's profits goes to long-term drinking water projects. The initiative generates these funds by selling the water bottles it produces to finance its projects. In 2017, we supported the initiative with around EUR 6,489 (2016: EUR 5,050).

Regarding our office supplies, we prefer buying only fair-trade coffee, thus supporting 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 to real estate research and development and two projects beneficial to the cultural enhancement of our local communities.

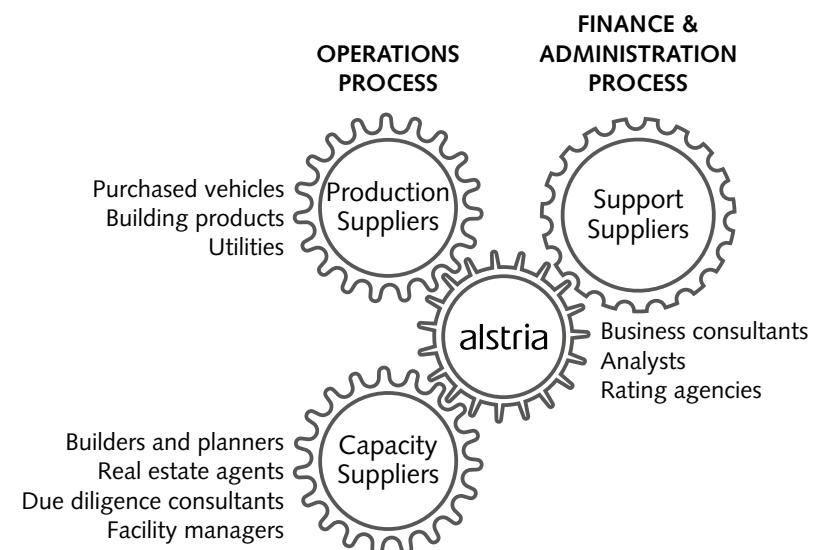
SUPPLIER MANAGEMENT

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



OUR SUPPLY CHAIN

We have a highly diverse and locally based supply chain, with providers ranging from multinational companies to small businesses. This graphic shows the major third parties we work with in our operations and administration business processes.



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 based on 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,' which 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 annually.

Over the last few years, we have developed many strategies to support our relationships with suppliers. Since 2014, we have included 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.

We have also created 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 be aware that compliance with the code is recommended. The code is available in German and English.

LOCALLY BASED SUPPLIERS

We engage third-party suppliers in our development projects and in the regular maintenance of our buildings. Because 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 to EUR 94.4 million in the refurbishment, development and maintenance of our buildings this year. This increase supports 547 jobs (2016: 413 jobs) in the construction sector. This year, we continued working with local SMEs, and locally based suppliers and contractors made up approximately 25 % of our hires.



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



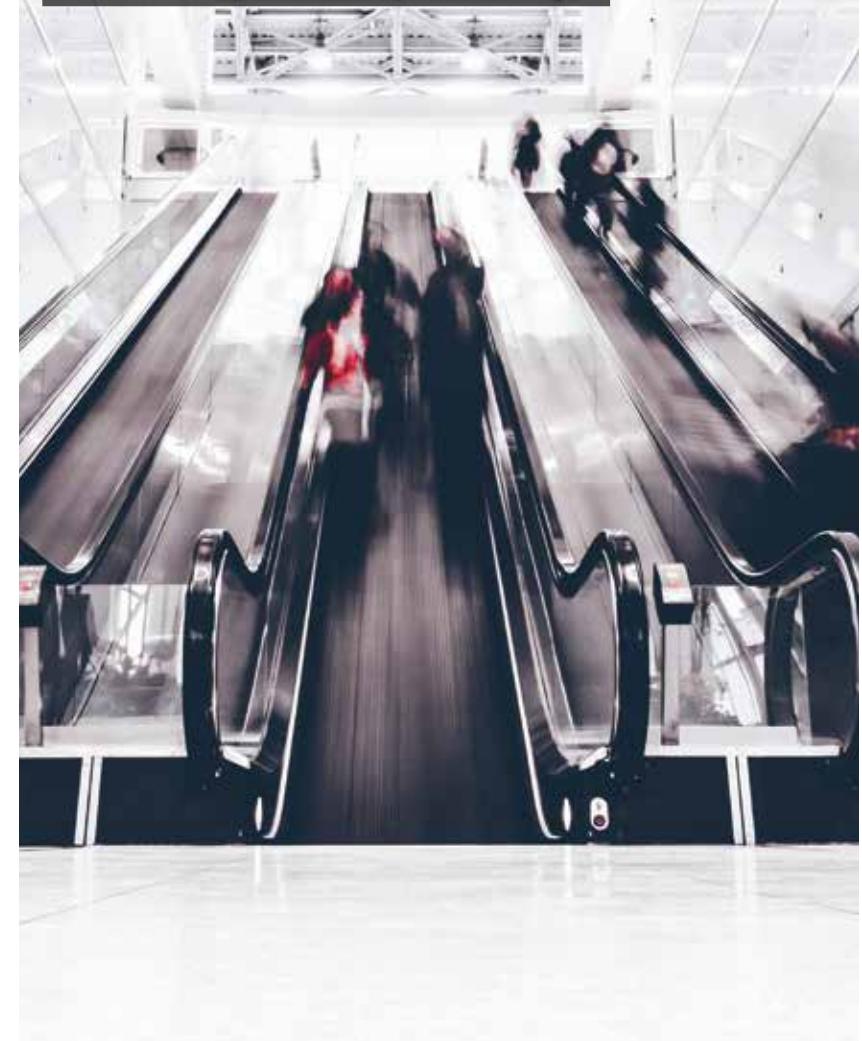
[Code of Conduct for Service Providers](http://www.alstria.com/en/code-of-conduct/)
www.alstria.com/en/code-of-conduct/

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.

EFFECTIVE GOVERNANCE

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 to flourish profitably. We therefore treat ethical standards and compliance with all applicable legal provisions 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 two-tier board structure. This consists of a chief executive officer (CEO) and a chief financial officer (CFO). Our Management Board is responsible for, and committed to, leading and executing the Company's overall strategy and overseeing our corporate affairs. To successfully fulfil its responsibility, the Board advises the senior managers and receives regular updates on a wide variety of business matters affecting the company. The 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 2017:

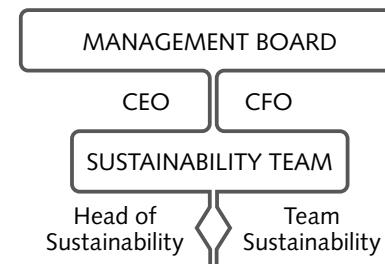
 **alstria Annual Report 2017**
 'Corporate Governance' section
 pages 135–167

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.

SUSTAINABILITY GOVERNANCE STRUCTURE

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 issues concerning sustainable development within the company resides with the CEO. Both members of the Board are equally responsible for the company's risk management practices. This concerns all environmental risks, including those related to climate change. In 2017, we introduced a corporate social responsibility (CSR) committee at the Supervisory Board level as a testimony to our company's highest governance body's involvement in our CSR journey. The Committee, presided by the chairman of the Supervisory Board, overlooks alstria's CSR activities and safeguards the company in this regard for potential environmental risks.



Our Sustainability & Future Research department has existed since 2014 and has managed so far to significantly expand our sustainability program. Responsible for the further development and implementation of the sustainability 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 sustainability program's level of implementation. 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 company's successful sustainability strategy: asset managers, property managers and IT specialists. In particular, the HR department and the sustainability 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 2017 remuneration system for the members of the Management Board was determined by the Supervisory Board in 2009 and has been reviewed annually ever since. Recently, the Supervisory Board adopted a new remuneration system that became effective on January 1, 2018.

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 company's long-term success. Changes effective per January 1, 2018, concern mainly the variable remuneration components as required by the German Governance Code and the introduction of share ownership guidelines under which the members of the Management Board are obliged to invest part of their remuneration in the company's shares.

 alstria Annual Report 2017
'Remuneration Report' section
pages 155–167

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 company's future success and in the development of its share price. Our employees began sharing the benefits of stock ownership in 2007, when the Company became publicly listed. In 2017, approximately 84 % of full-time employees were granted profit participation rights (2016: 62 %). At their own request, some employees, depending on their position, have been offered fixed bonuses instead of profit participation rights since 2017.



Düsseldorf



What is the dress code among
real estate people in Düsseldorf?

*Christian Fricke, Office Head
Real Estate Operations in Düsseldorf*

The dress code in the real estate scene in Düsseldorf does not really differ from that in any other big city in Germany. Obviously, we are in the home of fashion in Germany, where a great deal of value is placed on high-quality clothing, but this fact alone does not suggest a style revolution. Now and then, we still see the classic image of a broker with gelled hair, starched shirt and colorful socks, but by and large, the typical dark blue suit still takes priority. Here, again, everyday tie wearers are becoming rarer, but they still exist... just not in our offices!



APPENDIX

A – SCOPE OF THE REPORT

Reporting period

The reporting period is the 2017 calendar year. The effective day for all quantitative data is the 31st of December. However, we provide some facts that reflect decisions and events that occurred in 2018 so our readers receive up-to-date information.

To increase comparability between years, we usually provide results on the two most recent full reporting years. For KPIs, 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.

Our Sustainability Report is publicly available on our website. The next Sustainability Report will be published in the third quarter of 2019.

Limitations

The statements made in the 2017 / 18 Sustainability Report refer to the group of consolidated companies in the 2017 alstria Annual Report. Any deviations from that report are indicated and specified in the respective tables' and charts' footnotes. Nothing significant has changed regarding material topics and boundaries from the previous reporting year.

Environmental boundary

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

Appendix E, page 117

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 with the new GRI Standards and additional recommendations of the new EPRA social measures. Employee information provided in the chapter 'Our people' refers to permanent and temporary staff members unless otherwise stated. Graphics in this chapter can entail rounding of numbers to allow for a better representation of information.

Appendix E, page 118

Financial boundary

All information covering the alstria Group's consolidated financial statements is prepared in accordance with the International Financial Reporting Standards (IFRS) and receives annual third-party assurance.

 alstria Annual Report 2017, page 125

External audit

For the third consecutive year, we engaged Deloitte GmbH Wirtschaftsprüfungs-gesellschaft to run a third-party assurance for all our environmental data included in the chapters 'Carbon Emissions' and 'Consumption of Resources.' This year, our auditors reviewed for the first time all our social data excluding the data referring to 'Asset health and safety assessments,' 'Asset health and safety compliance' and 'Community engagement, impact assessments and development programmes.'

All data reviewed 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 German Directive 89/391/EWG. Our energy management system also receives external third-party auditing every year that is issued by TÜV Rheinland.

B – GRI CONTENT INDEX

GENERAL DISCLOSURES		
Disclosure Number	Description	Response
GRI 102: General Disclosures 2016		
Organizational Profile		
102-1	Name of the organization	Pages 6–7
102-2	Activities, brands, products, and services	Pages 6–7
102-3	Location of headquarters	Pages 6–7
102-4	Location of operations	Pages 6–7
102-5	Ownership and legal form	Page 136
102-6	Markets served	Pages 6–7
102-7	Scale of the organization	Pages 6–7, 22–23, 56–57
102-8	Information on employees and other workers	Pages 58–63 Additional information <u>102-8a/b:</u> Permanent employment contract: 116 employees (73 women, 43 men; 83 in head office, 33 in other local offices). Fixed-term employment contracts: 5 employees; 3 women, 2 men; all employed in head office. <u>102-8c:</u> Full-time employees: 97; 52 women, 45 men. Part-time employees: 24, all women. <u>102-8d:</u> Total number of trainees: 3; trainees retained: 1; trainees released: 1; apprenticeships: 2; employees with disabilities: 1; temporary contractors: 0
102-9	Supply chain	Page 93
102-10	Significant changes to the organization and its supply chain	Pages 93–94
102-11	Precautionary principle or approach	Pages 8–13, Annual Report 2017, p. 24–41 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	Pages 15–16
102-13	Memberships of associations	Pages 15–16
Strategy		
102-14	Statement from senior decision-maker	Pages 8–9
102-15	Key impacts, risks, and opportunities	Pages 24–27, 33–34, 42–47, 84–86
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Pages 73–75
102-17	Mechanisms for advice and concerns about ethics	Pages 73–75
Governance		
102-18	Governance structure	Pages 95–96, Annual Report 2017, p. 135–155
102-19	Delegating authority	Page 97

GENERAL DISCLOSURES		
Disclosure Number	Description	Response
102-20	Executive-level responsibility for economic, environmental, and social topics	Page 97, Annual Report 2017, p. 148–151
102-21	Consulting stakeholders on economic, environmental, and social topics	Annual Report 2017, p. 145–146
102-22	Composition of the highest governance body and its committees	Annual Report 2017, p. 143–145
102-23	Chair of the highest governance body	Annual Report 2017, p. 143–145
102-24	Nominating and selecting the highest governance body	Annual Report 2017, p. 143–145
102-25	Conflicts of interest	Annual Report 2017, p. 141 No conflicts of interest concerning members of the Management Board arose during financial year 2017.
102-26	Role of the highest governance body in setting purpose, values, and strategy	Page 97
102-27	Collective knowledge of highest governance body	Page 97
102-28	Evaluating the highest governance body's performance	Annual Report 2017, p. 149–151
102-29	Identifying and managing economic, environmental, and social impacts	Annual Report 2017, p. 24–38
102-30	Effectiveness of risk management process	Annual Report 2017, p. 24–38
102-31	Review of economic, environmental, and social topics	Page 97
102-32	Highest governance body's role in sustainability reporting	alstria's Management Board formally reviews and approves the sustainability report of the Company. Since 2017, the Company has in place a CSR committee at the Supervisory Board level, which overlooks also the processes around the report.
102-33	Communicating critical concerns	Annual Report 2017, p. 145–146 Besides the formal process that alstria follows regarding its communication with the public, our shareholders can 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.
102-34	Nature and total number of critical concerns	This information is confidential and is not communicated externally by alstria.
102-35	Remuneration policies	Annual Report 2017, 'Remuneration Report,' p. 155–167
102-36	Process for determining remuneration	Annual Report 2017, p. 155–167
102-37	Stakeholders' involvement in remuneration	Annual Report 2017, p. 145–146, 150, 155–167
102-38	Annual total compensation ratio	Annual Report 2017, p. 155–167 <u>Additional information</u> 102-38a: Relation between the salary of the highest-paid and average-paid individual is here expressed in times: 17.3

GENERAL DISCLOSURES		
Disclosure Number	Description	Response
102-39	Percentage increase in annual total compensation ratio	Annual Report 2017, p. 155–167 <u>Additional information</u> 102-39a: Percentage change in annual total salary of highest paid individual (CEO alstria): –5 %; Percentage change in annual total salary of all employee categories: –4 %; Ratio of percentage change in annual total salary of CEO to the company's average salary of all employee levels: 119 %
Stakeholder Engagement		
102-40	List of stakeholder groups	Page 15
102-41	Collective bargaining agreements	Our employment contracts have been built upon the collective bargaining agreements in the real estate sector. The main differences between our contracts and collective bargaining ones are the flexible working models and our bonus payment. Most recommendations with respect to paid holidays, termination notice, retirement age, sick payment, travel expenses etc., are fully covered in our contracts.
102-42	Identifying and selecting stakeholders	Pages 14–15, 17–19
102-43	Approach to stakeholder engagement	Pages 14–15, 17–19
102-44	Key topics and concerns raised	Pages 17–19
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Annual Report 2017, p. 67–71
102-46	Defining report content and topic Boundaries	Page 18 A complete overview of our materiality assessment findings and process is available at Sustainability Report 2015, p. 24–25 > www.alstria.com/sr
102-47	List of material aspects	Pages 18
102-48	Restatements of information	Our material topics remained unchanged since 2015. In 2016, we have changed the naming of some material topics to improve readability. For more information, please refer to page 96 of the sustainability report 2016.
102-49	Changes in reporting	Appendix A: 'Scope of the Report,' p. 103–104 No change regarding material topics and boundaries from the previous reporting year.
102-50	Reporting period	Appendix A: 'Scope of the Report,' p. 103
102-51	Date of most recent report	November 7, 2017
102-52	Reporting cycle	Appendix A: 'Scope of the Report,' p. 103
102-53	Contact point for questions regarding the report	Imprint, p. 136
102-54	Claims of reporting in accordance with the GRI Standards	Flap text, page 1
102-55	GRI content index	Appendix B: 'GRI Content Index,' p. 105
102-56	External assurance	Appendix C: 'Assurance Statement,' p. 112

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 80–87
103-2	The management approach and its components	Pages 80–87
103-3	Evaluation of the management approach	Pages 80–87
201-1	Direct economic value generated and distributed	Pages 82–83
201-2	Financial implications and other risks and opportunities due to climate change	Pages 84–86
201-3	Defined benefit plan obligations and other retirement plans	We provide detailed disclosures about our pension and retirement plans in our Annual Report 2017, p. 143–144
201-4	Financial assistance received from government	Pages 82–83
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Pages 81–83, 88–91
203-2	Significant indirect economic impacts	Pages 81–83, 88–91
GRI 204: Procurement Practices 2016		
204-1	Proportion on spending on local suppliers	Pages 82–83, 94
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Pages 73–75
205-2	Communication and training about anti-corruption policies and procedure	Pages 73–75, 62–63
205-3	Confirmed incidents of corruption and actions taken	Page 75 In 2017, no incidents of corruption in relation to employees and business partners were officially reported to alstria.
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	In 2017, 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 22–23, 24–26, 34–37
103-2	The management approach and its components	Pages 22–23, 24–26, 34–37
103-3	Evaluation of the management approach	Pages 22–23, 24–26, 34–37
302-1	Energy consumption within the organization	Pages 35, 37, Appendix E: p. 120–126
302-2	Energy consumption outside of the organization	Pages 35–36, Appendix E: p. 120–126
302-3	Energy Intensity	Pages 22, 34–37, Appendix E: p. 120–126

TOPIC-SPECIFIC DISCLOSURES		
Disclosure Number	Description	Response
302-4	Reduction of energy consumption	Pages 22, 34–37, Appendix E: p. 120–126
GRI 303: Water 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 22, 27, 38–39
103-2	The management approach and its components	Pages 22, 27, 38–39
103-3	Evaluation of the management approach	Pages 22, 27, 38–39
303-1	Water withdrawal by source	Pages 38–39, Appendix E: p. 124–126
303-3	Water recycled and reused	Pages 38–39, Appendix E: p. 124–126
GRI 305: Emissions 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 22, 24–26, 27–33
103-2	The management approach and its components	Pages 22, 24–26, 27–33
103-3	Evaluation of the management approach	Pages 22, 24–26, 27–33
305-1	Direct (Scope 1) GHG emissions	Pages 27–33, Appendix E: p. 127
305-2	Energy indirect (Scope 2) GHG emissions	Pages 27–33, Appendix E: p. 127
305-3	Other indirect (Scope 3) GHG emissions	Pages 27–33, Appendix E: p. 127
305-4	GHG emissions intensity	Pages 27–33, Appendix E: p. 127
305-5	Reduction of GHG emissions	Pages 27–33, Appendix E: p. 127
GRI 306: Effluents and Waste 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 22, 34 ,40–41
103-2	The management approach and its components	Pages 22, 34 ,40–41
103-3	Evaluation of the management approach	Pages 22, 34 ,40–41
306-2	Waste by type and disposal method	Pages 40–41, Appendix E: p. 124–125, 128
GRI 401: Employment 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 56–61
103-2	The management approach and its components	Pages 56–61
103-3	Evaluation of the management approach	Pages 56–61
401-1	New employee hires and employee turnover	Appendix E: p. 129–130
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 72 <u>Additional information</u> We offer our employees a free vaccine against influenza. In 2017, nearly 13 % of alstria's employees used this offer.

TOPIC-SPECIFIC DISCLOSURES		
Disclosure Number	Description	Response
401-3	Parental leave	<p>Page 71</p> <p>Additional information</p> <p>401-3a/b: In 2017, 9 employees took parental leave (7 women: 2 men).</p> <p>401-3c: In 2017, 5 women and 2 men returned to work after parental leave ended.</p> <p>401-3d: In 2017, 1 woman, who returned to work after parental leave ended in the previous year is still employed 12 months after her return.</p> <p>401-3e: Retention rate of all employees that took parental leave was at 100 % in 2017.</p>
GRI 403: Occupational Health and Safety 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 56, 68–72
103-2	The management approach and its components	Pages 56, 68–72
103-3	Evaluation of the management approach	Pages 56, 68–72
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<p>Page 56, Appendix E: p. 118, 130</p> <p>Additional information</p> <p>403-2a: Total absent days of all employees in 2017: 1281.5; women: 1034.5; men: 247. Total working days of all employees: 251. Average number of employees: 118. Absent days of employees in head office: 963. Absent days of employees in other local offices: 341.5. Average number of employees in head office: 86.41. Average number of employees in other local offices: 30.33.</p>
GRI 404: Training and Education 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 58, 62–64
103-2	The management approach and its components	Pages 58, 62–64
103-3	Evaluation of the management approach	Pages 58, 62–64
404-1	Average hours of training per year per employee	<p>Pages 56, Appendix E: p. 129</p> <p>Additional information</p> <p>401-1a: In 2017, the total training hours for employees were 5,691 h; men: 2.045 h, women: 3,646 h; Upper-Management: 382 h, Non-Management: 5,309 h</p>
404-2	Programs for upgrading employee skills and transition assistance programs	<p>Pages 62–64</p> <p>One employee took sabbatical in 2017.</p>
404-3	Percentage of employees receiving regular performance and career development reviews	<p>Appendix E: p. 130</p> <p>All employees at alstria have received annual appraisals.</p>
GRI 405: Diversity and Equal Opportunity 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 65–67, 56–57

TOPIC-SPECIFIC DISCLOSURES		
Disclosure Number	Description	Response
103-2	The management approach and its components	Pages 65–67, 56–57
103-3	Evaluation of the management approach	Pages 65–67, 56–57
405-1	Diversity of governance bodies and employees	Appendix E: p. 129
405-2	Ratio of basic salary and remuneration of women to men	Appendix E: p. 129
GRI 406: Non-discrimination 2016		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 56–57, 65–66
103-2	The management approach and its components	Pages 56–57, 65–66
103-3	Evaluation of the management approach	Pages 56–57, 65–66
406-1	Incidents of discrimination and corrective actions taken	<p>Page 66</p> <p>There have been no, monetary or nonmonetary penalties, law suits or fines for cases of discrimination or unequal treatment so far.</p>
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Pages 88–91, 69
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 in the social and economic area as of 2017.

C – ASSURANCE STATEMENT

Independent Assurance Engagement Report on a Limited Assurance Engagement concerning selected parts of the sustainability report of alstria office REIT-AG for the period from 1 January to 31 December, 2017

To alstria office REIT-AG, Hamburg

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', on the selected subsections 'Employee Growth & Development', 'Diversity and Equal Treatment' and 'Good Working Conditions' within the section 'Our People' as well as the 'Appendix E – EPRA Sustainability Performance Measures – Environment' and on the selected subsections 'Employee gender diversity', 'Gender pay ratio', 'Employee training and development', 'New employee hires and turnover by gender', 'New employee hires and turnover by age group', 'Employee health and safety' and 'Employee performance appraisals' within the 'Appendix E – EPRA Sustainability Performance Measures – Social' of the sustainability report (hereafter referred to as 'report') for the period 1 January to 31 December 2017 prepared by alstria office REIT-AG, Hamburg (hereafter alstria).

Responsibilities of the Executive Directors

The executive directors of the alstria office REIT-AG are responsible for the preparation of the sustainability report in accordance with the principles listed in option 'Core' of the Global Reporting Initiative's Sustainability Reporting Standards (hereafter 'GRI standards') and the 'European Public Real Estate Association (EPRA) Sustainability Best Practices Recommendations Guidelines (Third Version)' (hereafter 'EPRA criteria') as well as for the selection of the information to be assessed. The responsibility of the executive directors 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 executive directors are responsible for the internal controls they have identified as necessary to prepare the report, which is free from material misstatements due to intentional or unintentional errors.

Practitioner's responsibility

Based on our assurance procedures our responsibility is to express a limited assurance conclusion on the subsections 'Carbon Emissions' and 'Consumption of Resources' within the section 'Our Buildings', on the selected subsections 'Employee Growth & Development', 'Diversity and Equal Treatment' and 'Good Working Conditions' within the section 'Our People' as well as the 'Appendix E – EPRA Sustainability Performance Measures – Environment' and on the selected subsections 'Employee gender diversity', 'Gender pay ratio', 'Employee training and development', 'New employee hires and turnover by gender', 'New employee hires and turnover by age group', 'Employee health and safety' and 'Employee performance appraisals' within the 'Appendix E – EPRA Sustainability Performance Measures – Social'.

We are independent of the entity in accordance with the provisions under German commercial law and professional requirements and have fulfilled our other ethical responsibilities in accordance with the relevant provisions within these requirements.

Our audit firm applies the national legal requirements and the German profession's pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession (Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer) as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in Audit Firms [IDW Qualitätssicherungsstandards 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis (IDW QS 1)], that are consistent with the International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB).

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (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 Resources' within the section 'Our Buildings', on the selected subsections 'Employee Growth & Development', 'Diversity and Equal Treatment' and 'Good Working Conditions' within the section 'Our People' as well as the 'Appendix E – EPRA Sustainability Performance Measures – Environment' and on the selected subsections 'Employee gender diversity', 'Gender pay ratio', 'Employee training and development', 'New employee hires and turnover by gender', 'New employee hires and turnover by age group', 'Employee health and safety' and 'Employee performance appraisals' within the 'Appendix E – EPRA Sustainability Performance Measures – Social' in the company's sustainability report for the period from 1 January to 31 December 2017 is not in accordance, in all material respects, with the relevant GRI standards and EPRA criteria. This does not include individual assurance opinions on every disclosure. 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 practitioner's professional judgment.

Within the scope of our assurance engagement from July to October 2018, we have carried out, amongst others, the following assurance procedures and other activities:

- › Understanding the structure of the sustainability organization and the involvement of stakeholders
- › Examination of the processes for the collection, analysis and aggregation of selected information in the administrative center in Hamburg
- › Questioning of the executive directors and relevant employees involved in the preparation of the report from the corporate headquarter in Hamburg, regarding the preparation process including the prescribed measures and precautions taken (system) during preparation, as well as regarding the information in the report
- › Identification of risks of material misstatements in the report according to the GRI standards and EPRA criteria

- › Analytical assessment of data in the report
- › Comparison of selected data with the corresponding data in the annual financial statements / consolidated financial statements and management report / group management report
- › Assessing the presentation of selected sustainability performance information

Practitioner's Conclusion

On the basis of the assurance procedures carried out and the obtained assurance evidence, we have not become aware of any facts which may lead us to believe that the subsections 'Carbon Emissions' and 'Consumption of Resources' within the section 'Our Buildings', on the selected subsections 'Employee Growth & Development', 'Diversity and Equal Treatment' and 'Good Working Conditions' within the section 'Our People' as well as the 'Appendix E – EPRA Sustainability Performance Measures – Environment' and on the selected subsections 'Employee gender diversity', 'Gender pay ratio', 'Employee training and development', 'New employee hires and turnover by gender', 'New employee hires and turnover by age group', 'Employee health and safety' and 'Employee performance appraisals' within the 'Appendix E – EPRA Sustainability Performance Measures – Social' in the Company's sustainability report for the period from 1 January to 31 December 2017 have not been prepared, in all material respects, in accordance with the relevant GRI standards or EPRA criteria.

Intended Use of the Assurance Report

We issue this note based on the engagement agreed with alstria office REIT-AG, Hamburg. The assurance engagement has been conducted for the purpose of the alstria office REIT-AG, Hamburg and the report is only intended to inform the alstria office REIT-AG, Hamburg, about the results of the assurance engagement.

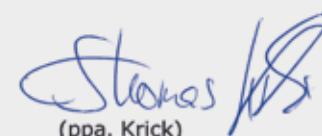
Limitations of Liability

The report is not intended for any third parties to base any (investment) decision thereon. Our responsibility lies solely with the alstria office REIT-AG, Hamburg, and is in accordance with the contract of 21 March 2018 agreed with alstria office REIT-AG, Hamburg, as well as the 'General Engagement Terms for German Public Auditors and Public Audit Firms' ('Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften') from 1 January 2017 of the 'Institut der Wirtschaftsprüfer in Deutschland e. V.'. We do not assume any responsibility towards third parties.

Hamburg, 2 November 2018

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft


(Tesch)
Wirtschaftsprüfer
[German Public Auditor]


Steffens (ppa. Krick)

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

In this section, we provide a detailed picture of our sustainability performance based on the EPRA guidelines. Our focus remains as always on providing clear and transparent data. Similar to previous years, we continue to increase the level of disclosure and breadth of data sets. In the following tables, we present separately our performance against environmental, social and governance measures. We also exhibit absolute and like-for-like measures as well as appropriate intensity indicators. Below, we display briefly which figures are included in the following tables.

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

Likewise, Abs for social data represent the total employee figures for the whole reporting year.

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

LfL measures are not used for social data; instead, absolute figures from the last two reporting years are provided to allow for comparison.

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). To calculate the intensity metrics for the landlord-shared services in common areas, we use the combined floor area of common and tenant parts. To calculate the intensity metrics for our own offices' consumptions, we use the total number of employees for the reporting year. Finally, to calculate the GHG intensity metrics, we choose a variety of denominators, such as 'per employee' and per 'total Open Market Value (OMV).'

Likewise, for social data, we use denominators such as number of employees, average hours, and number of incidents to display employee-specific metrics.

Coverage

In 2017, our portfolio included 116 buildings. However, we included 97 buildings in our calculations as six were under development and 13 were recently acquired. In our LfL measures, we disclosed buildings that have been consistently in operation for the most recent full two-year period. For each performance measure and indicator, the number of buildings and associated area are separately provided in the EPRA Tables, pages 120–126.

As of December 31, 2017, we employed 121 employees and two apprentices. In addition to standard employees, this figure includes trainees. Interns, students, employees on parental leave and employees released from their duties are excluded.

In this report, we made no restatements of data or information provided for the previous reporting years.

Limitations – Environmental data

Collecting data for the energy, water and waste consumption of our portfolio has never been an easy task. For a considerable part of our portfolio, namely the common areas and some tenant areas, we obtained consumption data by using smart meters. For the rest, namely all 'tenant-obtained' consumption, we obtained records from our tenants, over which we have no control or verification possibilities.

However, we choose to report all available data and make no estimates to fill gaps. 'The freeze date for the collection of our environmental data 2017, was the end of August 2018. Buildings, whose data (2016) have been updated or corrected past the end of the previous freeze date (August 2017) are excluded from like-for-like comparisons.'

Regarding water utilities, we usually submeter water exclusively to our tenants and can therefore report these data reliably. However, in the case of single-let buildings, water is directly obtained by our tenants; therefore, we must rely solely on their records.

Finally, regarding the generation of waste in our portfolio, we are able to report data with a certain reliability because they are collected and managed by an external waste management company (52 of 97 buildings). For the rest of the portfolio that has not been yet introduced to a waste management system, we choose not to disclose data.

Limitations – Social data

For the data associated with the pay gap between women and men, namely the EPRA 'Diversity pay' indicator, we compared the total remuneration of our female and male employees, which includes fixed salary, bonuses and stock options as well as the leasing of company vehicles. To increase our understanding, we made a pay gap-specific comparison using one of our departments where the women and men work in equivalent positions.

For the data related to our employees' health and safety, namely the EPRA 'Employee health and safety' indicator, we calculated our employees' absent days as working days according to the Hamburg model. Employees that left the Company during the reporting year were not taken into account.

GHG Reporting

We calculate our total GHG emissions using the GHG Protocol Corporate Standard's most recent available conversion factors. 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 accurately report our emissions. For the district heating in our portfolio we use GHG emission factors obtained by the heating providers or factors obtained by the Umwelt Bundesamt for the various federal states in Germany.

We report on our total carbon footprint in three separate categories:

Scope 1: includes direct (Dir) emissions that result from our company's vehicles and gas heating in our corporate offices.

Scope 2: includes indirect (Indir) emissions associated with the consumption of electricity and heating for our buildings' landlord-shared services, as well as our corporate offices' energy consumption (electricity and district heating). Scope 2 emissions are further divided into location and market-based emissions. For alstria, location-based emissions are calculated based on factors of the German energy grids, and market-based emissions are calculated based on deductions from our renewable energy procurement (electricity from renewable sources).

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, 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. Scope 3 emissions in tenant areas is further divided into location- and market-based emissions. Location-based emissions are calculated based on factors of the German energy grids, and market-based emissions are calculated based on deductions from our renewable energy procurement (offsetting of natural gas used for heating and electricity from renewable sources).

Base year

We provide data on our operations' total carbon emissions for the two most recent reporting years. We demonstrate the change in 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 we started to apply significant measures to reduce our carbon emissions across our portfolio. Therefore, we have utilized it as our benchmark ever since.

EPRA Sustainability Performance Measures – Environment



Portfolio data		Units	Total Portfolio				Office Portfolio				Other ¹⁾					
			2017	2016			2017	2016			2017	2016				
Covered Buildings	#		97	105			91	97			6	7				
Single-let buildings	#		34	33			32	31			2	2				
Multi-let buildings	#		84	75			80	69			4	5				
Open Market Value	EUR m		3,015	2,954			2,824	2,749			191	204				
Total lettable area	km ²		1,364	1,502			1,280	1,362			84	139				
Environmental Performance		Units	Total Portfolio				Office Portfolio				Other					
			2017	2016	2017	2016	Change	2017	2016	2017	2016	Change				
Total electricity consumption		MWh	Elec-Abs		Elec-LfL		Elec-Abs		Elec-LfL		Elec-Abs/-LfL					
For landlord shared services	MWh		17,808	14,579	10,895	11,361	-4.1%	17,476	14,050	10,856	11,271	-3.7%	332	529		
Number of applicable properties	#		63 of 67	67 of 72	51			60 of 63	62 of 66	49			3 of 3	5 of 5		
Coverage of common area	%		93.4%	94.4%	74.4%			93.3%	94.2%	74.1%			100%	100%		
Total electricity from renewable sources in shared services	MWh		17,481	11,445				17,149	11,128				332	317		
Ratio of electricity from renewable sources	%		98.2%	78.5%				98.1%	79.2%				100%	59.9%		
(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		
Total landlord-obtained electricity	MWh		17,808	14,579	10,895	11,361	-4.1%	17,476	14,050	10,856	11,271	-3.7%	332	529		
Total tenant-obtained electricity	MWh		39,128	36,561	16,126	16,764	-3.8%	39,115	36,561	16,126	16,764	-3.8%	13	N/A		
Number of applicable properties	#		56 of 97	44 of 105	24			54 of 91	44 of 97	24			2 of 6	N/A		
Coverage of lettable area	%		61.8%	43.8%	24.0%			64.0%	48.2%	25.6%			28.2%	N/A		
Total tenant-obtained electricity from renewable sources	MWh		1,586	710				1,586	710				N/A	N/A		
Ratio of electricity from renewable sources	%		4.1%	1.9%				4.1%	1.9%				N/A	N/A		
Total district heating consumption		MWh	DH&C-Abs		DH&C-LfL		DH&C-Abs		DH&C-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		
(Sub)metered exclusively to tenants	MWh		27,709	26,091	18,061	17,988	0.4%	25,927	26,091	16,279	16,055	1.4%	1,782	N/A		
Number of applicable properties	#		30 of 30	31 of 33	21			29 of 29	31 of 32	20			1 of 1	N/A		
Coverage of lettable area	%		100%	96.0%	61.5%			100%	99.2%	60.1%			100%	N/A		
Total landlord-obtained DH&C	MWh		27,709	26,091	18,061	17,988	0.4%	25,927	26,091	16,279	16,055	1.4%	1,782	N/A		
Total tenant-obtained DH&C	MWh		18,117	20,041	14,748	14,687	0.4%	18,117	20,041	14,748	14,687	0.4%	N/A	N/A		
Number of applicable properties	#		12 of 17	16 of 21	11			12 of 15	16 of 19	11			N/A	N/A		
Coverage of lettable area	%		72.0%	74.6%	52.6%			82.6%	84.4%	60.3%			N/A	N/A		
Total fuel consumption		MWh	Fuels-Abs		Fuels-LfL		Fuels-Abs		Fuels-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		
(Sub)metered exclusively to tenants	MWh		30,171	33,416	23,202	23,198	0.0%	29,003	29,532	22,034	22,277	-1.1%	1,168	3,884		
Number of applicable properties	#		32 of 33	33 of 35	23			31 of 32	30 of 32	22			1 of 1	3 of 3		
Coverage of lettable area	%		97.1%	95.6%	68.2%			97.1%	94.9%	67.6%			100%	100%		
Fuels (natural gas) – carbon offsetting	MWh		25,993	12,976				25,993	12,976				N/A	N/A		
Ratio of natural gas – carbon offsetting	%		86.2%	38.8%				89.6%	43.9%				N/A	N/A		
Total landlord-obtained fuels	MWh		30,171	33,416	23,202	23,198	0.0%	29,003	29,532	22,034	22,277	-1.1%	1,168	3,884		
Total tenant-obtained fuels	MWh		16,573	15,737	16,506	15,952	3.5%	14,590	13,881	14,523	14,096	3.0%	1,983	1,856		
Number of applicable properties	#		11 of 15	10 of 14	10			10 of 14	9 of 13	9			1 of 1	1 of 1		
Coverage of lettable area	%		73.0%	72.4%	69.8%			71.0%	70.4%	67.6%			100%	100%		
Total energy consumption of building portfolio	MWh		149,505	146,425	99,538	99,950	-0.4%			144,228	140,156	94,566	95,150	-0.6%	5,278	4,413

¹⁾ 'Other' refers to the asset categories: retail (1), nursing homes (3), parking (1) and hotels (1).



Environmental Performance		Units	Total Portfolio			Office Portfolio			Other		
			2017	2016	Change	2017	2016	Change	2017	2016	Change
Building energy intensity			Energy-Int			Energy-Int			Energy-Int		
For landlord shared services (whole building area)	kWh/m ² /year	24	17	38.1%		25	19	32.1%	9	6	53.9%
	kWh/workstation/year	596	432			615	466		225	146	
(Sub)metered exclusively to tenants (tenant area)	kWh/m ² /year	80	74	7.9%		79	107	-26.5%	152	305	-50.3%
	kWh/workstation/year	1,988	1,842			1,971	2,682		3,789	7,622	
Total landlord-obtained energy (whole building area)	kWh/m²/year	91	78	17.4%		91	81	13.1%	89	49	82.3%
	kWh/workstation/year	2,279	1,942	17.4%		2,282	2,018	13.1%	2,227	1,222	82.3%
Total tenant-obtained energy (tenant area)	kWh/m ² /year	91	106	-14.2%		91	106	-13.9%	82	110	-26.0%
	kWh/workstation/year	2,276	2,652			2,280	2,650		2,039	2,742	
Specific intensities											
Electricity intensity of building portfolio (tenant area)	kWh/m ² /year	48	40	18.5%		49	43	13.9%	9	6	64.9%
	kWh/workstation/year	1,190	1,004			1,220	1,071		237	144	
Heating intensity of building portfolio (tenant area)	kWh/m ² /year	79	74	6.4%		77	74	3.8%	136	72	87.4%
	kWh/workstation/year	1,965	1,847			1,920	1,850		3,390	1,809	
Energy intensity of building portfolio (tenant area)	kWh/m²/year	122	110	11.0%		121	113	7.3%	145	68	113.1%
	kWh/workstation/year	3,046	2,745	11.0%		3,028	2,822	7.3%	3,627	1,702	113.1%

Environmental Performance		Units	Total Portfolio			Office Portfolio			Other		
			2017	2016	Change	2017	2016	Change	2017	2016	Change
Total GHG emissions – location-based			GHG-Abs			GHG-Abs			GHG-Abs/-LfL		
Direct – Scope 1, GHG-Dir-Abs	tonnes CO ₂ e	0	0	0.0%		0	0	0%	0	0	-
Indirect – Scope 2, GHG-Indir-Abs	tonnes CO ₂ e	8,466	6,931	22.2%		8,308	6,679	24.4%	158	251	-37.0%
Total Scope 1+2	tonnes CO₂e	8,466	6,931	22.2%		8,308	6,679	24.4%	158	251	-37.0%
Other indirect – Scope 3, GHG-Indir-Abs	tonnes CO ₂ e	34,522	35,468	-2.7%		33,618	34,306	-2.0%	904	1,163	-22.0%
Ratio Scope 1+2 to Scope 3	%	24.5%	19.5%	5.0 pp		24.7%	19.5%	5.2 pp	17.5%	21.6%	-4.2 pp
GHG emissions – market-based			GHG-Abs			GHG-Abs			GHG-Abs/-LfL		
Indirect – Scope 2, GHG-Indir-Abs	tonnes CO ₂ e	155	1,490	-89.6%		155	1,389	-88.8%	0	101	-
Market-based, CO₂ savings	tonnes CO₂e	-8,311	-5,441	52.7%		8,153	-5,290	-54.1%	-158	-151	4.8%
Indirect – Scope 3, market-based	tonnes CO ₂ e	28,503	32,503	-12.3%		27,599	31,340	-11.9%	904	1,163	-22.0%
Market-based, CO₂ savings	tonnes CO₂e	-6,019	-2,966	102.9%		-6,019	-2,966	102.9%	0	0	-
GHG intensity from building energy consumption – location-based			GHG-Int			GHG-Int			GHG-Int		
For landlord shared services (whole building area)	kg CO ₂ e/m ² /year	11.3	8.2	38.1%		11.7	8.9	32.1%	4.3	2.8	53.9%
	kg CO ₂ e/workstation/year	283	205			293	221		107	70	
(Sub)metered exclusively to tenants (tenant area)	kg CO ₂ e/m ² /year	13.3	14.1	-5.5%		13.0	14.2	-8.7%	25.5	12.6	102.5%
	kg CO ₂ e/workstation/year	332	352			324	355		638	315	
Total landlord-obtained energy (whole building area)	kg CO₂e/m²/year	21.9	19.2	13.9%		22.0	20.0	10.3%	17.8	11.5	54.6%
	kg CO₂e/workstation/year	546	480	13.9%		551	500	10.3%	444	287	54.6%
Total tenant-obtained energy (lettable building area)	kg CO ₂ e/m ² /year	30.6	35.3	-13.3%		31.0	35.7	-13.0%	17.2	22.2	-22.4 %
	kg CO ₂ e/workstation/year	766	884			776	892		431	555	



Environmental Performance		Units	Total Portfolio						Office Portfolio						Other		
			2017	2016	2017	2016	Change	2017	2016	2017	2016	Change	2017	2016	Change	2017	2016
			Water-Abs	Water-LfL		Water-Abs	Water-LfL		Water-Abs	Water-LfL		Water-Abs/-LfL	Water-Abs/-LfL	Water-Abs/-LfL	Water-Abs/-LfL	Water-Abs/-LfL	Water-Abs/-LfL
Total water consumption		m³	220,104	298,913	208,159	208,159	0.3 %	215,950	278,287	204,698	197,076	3.9 %	4,126	11,083	-63.0 %		
(Sub)metered exclusively to tenants		m³	74 of 78	83 of 89	65			72 of 76	79 of 83	64			2 of 2	4 of 5			
Number of applicable properties		#	95.0 %	94.2 %	78.6 %			94.8 %	95.3 %	79.8 %			100 %	81.6 %			
Total landlord-obtained water		m³	220,104	298,913	208,824	208,159	0.3 %	215,950	278,287	204,698	197,076	3.9 %	4,126	11,083	-63.0 %		
Total tenant-obtained water		m³	98,453	81,681	98,453	99,352	-0.9 %	98,453	81,681	98,453	99,352	-0.9 %	N/A	N/A			
Number of applicable properties		#	9 of 18	3 of 16	9			9 of 15	3 of 14	9			N/A	N/A			
Coverage of lettable area		%	57.4 %	34.0 %	57.4 %			65.5 %	38.6 %	0.0 %			N/A	N/A			
Rainwater collected		m³	633	674		-6.1 %		633	674		-6.1 %		N/A	N/A			
Environmental Performance		Units	Total Portfolio						Office Portfolio						Other		
			2017	2016	Change				2017	2016	Change				2017	2016	Change
Building water intensity			Water-Int						Water-Int						Water-Int		
(Sub)metered exclusively to tenants – landlord-obtained water (tenant area)		m³/m²/year litres/workstation/day	0.250	0.287	-13.0 %				0.254	0.288	-12.0 %				0.140	N/A	
Tenant-obtained water (tenant area)		m³/m²/year litres/workstation/day	0.393	0.606	-35.0 %				0.393	0.606	-35.0 %				9.593	N/A	
Water intensity of total building portfolio (tenant area)		m³/m²/year litres/workstation/day	0.282	0.324	-13.0 %				0.285	0.327	-12.7 %				0.140	N/A	
Environmental Performance		Units	Total Portfolio						Office Portfolio						Other		
			2017	2016	2017	2016	Change	2017	2016	2017	2016	Change	2017	2016	Change	2017	2016
Total weight of waste by type			Waste-Abs						Waste-Abs						Waste-Abs/-LfL		
Waste for recovery		metric tonnes	824.6	871.1	755.4	765.9	-1.4 %	749.4	739.9	630.4	634.8	-0.7 %	125.0	131.2	-5.0 %		
Organic waste		metric tonnes	21.4	24.9	21.4	23.4	-8.8 %	21.4	24.9	21.4	23.4	-8.8 %	0.0	0.0	0.0 %		
Paper/Cardbord waste		metric tonnes	302.4	311.9	280.9	283.7	-1.0 %	282.0	301.1	252.6	272.9	-7.4 %	28.3	10.8	162.0 %		
Residual waste		metric tonnes	374.9	396.4	371.4	378.8	-2.0 %	382.8	390.6	365.7	373.1	-2.0 %	5.7	5.7	0.0 %		
Total waste created in operations		metric tonnes	1,523	1,604	1,429	1,452	-2.0 %	1,436	1,457	1,270	1,304	-2.6 %	159	148	8.0 %		
Number of applicable properties		#	52 of 97	52 of 105	48			47 of 91	52 of 97	45			1 of 6	1 of 7			
Coverage of lettable area		%	37.9 %	38.8 %	37.9 %			39.4 %	41.8 %	36.6 %			15.2 %	9.1 %	66.5 %		
Environmental Performance		Units	Total Portfolio						Office Portfolio						Other		
			2017	2016	2017	2016	Change	2017	2016	2017	2016	Change	2017	2016	Change	2017	2016
Total weight of waste by disposal route			Waste-Abs/-LfL						Waste-Abs/-LfL						Waste-Abs/-LfL		
Recycling		metric tonnes	1,044.5	1,095.9	68.6 %	68.3 %	0.3 pp	956.4	967.1	66.6 %	66.4 %	0.2 pp	140.8	128.8	9.3 %		
Incineration (with energy recovery)		metric tonnes	457.4	483.5	30.0 %	30.1 %	-0.1 pp	457.8	464.6	31.9 %	31.9 %	0.0 pp	18.2	18.8	-3.3 %		
Composting & Biogas		metric tonnes	21.4	24.9	1.4 %	1.6 %	-0.1 pp	21.4	24.9	1.5 %	1.7 %	-0.2 pp	0.0	0.0	0.0 pp		
Proportion of waste by disposal route		%	2.69	2.75	2.75	2.75	-2.4 %	2.59	2.56	2.59	2.56	1.3 %	12.5	11.59	7.7 %		
Waste intensity of building portfolio (tenant area)		kg/m²/year															



alstria offices	Units	2017	2016	Change
Hamburg (Head office)	m ²	1,668	1,668	0%
	employees	90	80	13%
Düsseldorf	m ²	448	448	0%
	employees	14	15	-7%
Frankfurt	m ²	300	300	0%
	employees	10	7	43%
Stuttgart	m ²	188	188	0%
	employees	7	6	17%
Total corporate office area	m²	2,604	2,604	0%
	employees	121	108	12%
Office area per employee	m ² /employees	21.5	24.1	-11%

Environmental Performance alstria's offices	Units	2017	2016	Change
Total electricity consumption				
alstria's own offices	kWh	116,000	114,575	1%
Number of applicable properties	#	4 of 4	4 of 4	
Solar generation onsite & sold to the grid	kWh	2,274	2,370	-4%
Ratio of solar energy to own office consumption	%	2.0%	2.1%	-0,1 pp
Building electricity intensity				
Electricity intensity per employee	kWh/employee	959	1,061	-10%
Electricity intensity per office area	kWh/m ² /year	45	44	1%
Total district heating & cooling consumption				
alstria's own offices	kWh	66,150	66,918	-1%
Number of applicable properties	#	1 of 2	1 of 2	
Total fuel consumption				
alstria's own offices	kWh	10,683	N/A	
Number of applicable properties	#	1 of 1	0 of 1	
Total heating consumption	kWh	76,833	66,918	15%
Building heating intensity				
Heating intensity per employee	kWh/employee	792	836	-5%
Heating intensity per office area	kWh/m ² /year	41	40	3%
Building energy consumptions				
alstria's own offices	kWh	192,833	181,493	6%
Energy intensity per employee	kWh/employee	1,751	1,897	-8%
Energy intensity per office area	kWh/m ² /year	86	84	2%
Total GHG emissions				
Direct – Scope 1	tonnes CO ₂ e	2.2	0.0	
Indirect – Scope 2	tonnes CO ₂ e	9.7	11.6	-17%
Total Scope 1+2	tonnes CO₂e	11.8	11.6	2%
GHG intensity from building energy consumption				
GHG intensity per employee	kgCO ₂ e/empl./year	98	108	-9%
Total water consumption				
alstria's own offices	m ³	523	475	10%
Number of applicable properties	#	3 of 4	2 of 4	
Building water intensity				
Water intensity per employee per days	l/employee/day	12.9	13.7	-6%
Rainwater collected, recycled & reused	m ³	633	674	-6%

Carbon Emissions alstria	Units	2017	2016	Change
Total direct GHG emissions – Scope 1				
Company vehicles	tonnes CO ₂ e	16.0	17.0	-6%
alstria's direct energy consumptions	tonnes CO ₂ e	2.2	0.0	-
Total Scope 1 emissions	tonnes CO₂e	18.1	17.0	6%
Total indirect GHG emissions – Scope 2				
alstria's indirect energy consumptions	tonnes CO ₂ e	64.8	66.1	-2%
Energy consumption for landlord shared services	tonnes CO ₂ e	8,466	6,931	22%
Total Scope 2 emissions, location-based	tonnes CO₂e	8,531	6,997	22%
GHG savings from green electricity in shared services	tonnes CO ₂ e	-8,366	-5,495	52%
Ratio of GHG savings in Scope 2	%	98%	79%	19.5 pp
Total Scope 2 emissions, market-based	tonnes CO₂e	165	1,501	-89%
Total Scope 1+2 emissions, location-based	tonnes CO ₂ e	8,549	7,014	22%
Total Scope 1+2 emissions, market-based	tonnes CO₂e	183	1,518	-88%
GHG intensities – Scope 1 & 2				
Scope 1 per employee	tCO ₂ e/empl./year	0.150	0.158	-5%
Scope 2, location-based, per employee	tCO ₂ e/empl./year	70.504	64.786	9%
Scope 2, market-based, per employee	tCO ₂ e/empl./year	1.365	13.902	-90%
Scope 1+2, location-based, per employee	tCO ₂ e/empl./year	70.654	64.944	9%
Scope 1+2, location-based, per total lettable area	kgCO ₂ e/m ² /year	5.443	4.601	18%
Scope 1+2, location-based, per total OMV	gCO ₂ e/EUR/year	2.508	2.321	8%
Scope 1+2, market-based, per employee	tCO ₂ e/empl./year	1.515	14.060	-89%
Scope 1+2, market-based, per total lettable area	kgCO ₂ e/m ² /year	0.117	0.996	-88%
Scope 1+2, market-based, per total OMV	gCO ₂ e/EUR/year	0.054	0.502	-89%
Total indirect other GHG emissions – Scope 3				
Business travel	tonnes CO ₂ e	109	133	-18%
Employee commuting	tonnes CO ₂ e	135	127	6%
Tenant energy consumption – landlord obtained	tonnes CO ₂ e	9,752	11,506	-15%
Tenant energy consumption – tenant obtained	tonnes CO ₂ e	24,846	24,101	3%
Total Scope 3 emissions, location-based	tonnes CO₂e	34,841	35,867	-3%
GHG savings from green tenant electricity	tonnes CO ₂ e	-754	-337	123%
GHG savings from carbon offsetting, natural gas	tonnes CO ₂ e	-5,265	-2,628	100 %
Total Scope 3 emissions, market-based	tonnes CO₂e	28,823	32,901	-12%
Total GHG savings from green procurement	tonnes CO ₂ e	-6,019	-2,966	103%
Ratio of GHG savings in Scope 3	%	17.3%	8.3%	9.0 pp
Total Scope 1+2+3 emissions, location-based	tonnes CO₂e	43,390	42,881	1%
Total GHG savings, Scope 1–3	tonnes CO₂e	-14,385	-8,461	70%
Ratio of GHG savings in Scope 1–3	%	11.2%	5.2%	6.0 pp
Total Scope 1+2+3 emissions, market-based	tonnes CO₂e	29,006	34,420	-16%
Ratio of Scope 1+2 to Scope 3, location-based	%	24.5%	19.6%	5.0 pp
Ratio of Scope 1+2 to Scope 3, market-based	%	0.6%	4.6%	-4.0 pp
GHG intensity – Scope 3				
Scope 3 per employee	tCO ₂ e/empl./year	287.944	332.102	-13%
Scope 3 per total lettable area	kgCO ₂ e/m ² /year	22.182	23.530	-6%
Scope 3 per total OMV	gCO ₂ e/EUR/year	10.219	11.867	-14%



Mobility Data	Units	2017	2016	Change
Cumulative distance of company vehicles	km	67,324	70,519	-5%
Cumulative distance of business travels	km	918,977	1,134,105	-19%
Number of all business trips	#	1,888	1,887	0%

Green Building Certificates	Units	2017	2016	Change
Type and number of sustainably certified assets		Cert-Tot		
BREEAM – good	#	2	2	0%
Coverage of total lettable area	%	1.2%	1.0%	
Leed – gold	#	1	1	0%
Coverage of total lettable area	%	2.2%	2.0%	
DGNB Redevelopment – gold	#	1	1	0%
Coverage of total lettable area	%	0.7%	0.6%	
BREEAM In-Use	#	4	4	0%
Coverage of total lettable area	%	8.1%	7.3%	
Number of assets with sustainability certifications	#	8	8	0%
Coverage of total lettable area	%	12.2%	11.0%	

Construction waste ¹⁾	Units	2017	2016	Change
By type, volume and weight		Waste-Abs		
Construction waste, mixed	m³	822	189	
Demolition waste, concrete, bricks	m³	328	1,228	
Demolition waste contaminated (asbestos)	m³	18	35	
Gypsum-based building materials	m³	211	297	
Insulating materials	m³	116	113	
Bituminous mixtures	m³	0	6	
Total volume of construction waste	m³	1,495	1,868	-20%
Construction waste, mixed	metric tonnes	1,929	1,160	
Demolition waste, concrete, bricks	metric tonnes	7,375	4,442	
Demolition waste contaminated (asbestos)	metric tonnes	37	22	
Gypsum-based building materials	metric tonnes	3,780	640	
Insulating materials	metric tonnes	301	133	
Wood	metric tonnes	174	104	
Mixed metals	metric tonnes	4	6	
Bituminous mixtures	metric tonnes	124	116	
Total weight of construction waste	metric tonnes	13,725	6,623	107%

¹⁾Construction waste is summarised either in volume or in weight, depending on how it is available to us. The data of both categories are separated from each other, as we do not convert volume to weight or vice versa.

Return On Carbon Emissions (ROCE)	Units	2017	2016	Change
Scope 1+2 Emissions, location based	tCO ₂ e	8,549	7,014	22%
Earnings Before Taxes (EBT)	kEUR	193,680	202,663	-4%
ROCE	tCO₂e/EUR	44.140	34.609	28%

EPRA Sustainability Performance Measures – Social

Employee gender diversity	All Employees			Non-Management		
	2017	2016	Change	2017	2016	Change
Employees by gender	Diversity-Emp			Diversity-Emp		
Male	37%	42%	-4 pp	35%	40%	-5 pp
Female	63%	58%	4 pp	65%	60%	5 pp
Employees by age group						
<30 years	17%	22%	-5 pp	19%	25%	-6 pp
30–50 years	75%	70%	6 pp	72%	68%	5 pp
>50 years	7%	8%	-1 pp	8%	7%	1 pp

Employee gender diversity	Upper Management			Management Board		
	2017	2016	Change	2017	2016	Change
Employees by gender	Diversity-Emp			Diversity-Emp		
Male	58%	58%	0 pp	100%	100%	0 pp
Female	42%	42%	0 pp	0%	0%	0 pp
Employees by age group						
<30 years	0%	0%	0 pp	0%	0%	0 pp
30–50 years	100%	92%	8 pp	50%	50%	0 pp
>50 years	0%	8%	-8 pp	50%	50%	0 pp

Gender pay ratio ¹⁾	All Employees			Non-Management			Upper Management		
	2017	2016	Change	2017	2016	Change	2017	2016	Change
Pay gap women to men	Diversity-Pay			Diversity-Pay			Diversity-Pay		
Average remuneration	-44%	-44%	0 pp	-30%	-30%	0 pp	-41%	-47%	6 pp
Remuneration by same function	1%	4%	-3 pp						

¹⁾For Limitations, please see page 108.

Employee training and development	All Employees			Non-Management			Upper Management		
	2017	2016	Change	2017	2016	Change	2017	2016	Change
Average hours of training per year	Emp-Training			Emp-Training			Emp-Training		
All employees	47 h	28 h	71%	49 h	29 h	69%	32 h	17 h	86%
Male employees	45 h	29 h	56%						
Female employees	48 h	26 h	82%						

New employee hires and employee turnover by gender	All Employees			By Gender-Male			By Gender-Female		
	2017	2016	Change	2017	2016	Change	2017	2016	Change
New employees	Emp-Turnover			Emp-Turnover			Emp-Turnover		
Total number of new employee hires	26	45	-42%	11	17	-35%	15	28	-46%
- in head office	18	24	-25%						
- in other local offices	8	21	-62%						
Rate of new employee hires	21%	42%	-20 pp	9%	16%	-7 pp	12%	26%	-14 pp
Leaving employees									
Total number of leaving employees	16	15	7%	10	10	0%	6	5	20%
- in head office	11	7	57%						
- in other local offices	5	8	-38%						
Rate of employee turnover	13%	14%	-1 pp	8%	9%	-1 pp	5%	4%	1 pp



New employee hires and employee turnover by age group	By Age Group <30			By Age Group 30–50			By Age Group >50		
	2017	2016	Change	2017	2016	Change	2017	2016	Change
New employees									
Total number of new employee hires	10	19	-47%	15	21	-29%	1	5	-80%
Rate of new employee hires	8%	18%	-9 pp	12%	19%	-7 pp	1%	5%	-4 pp
Leaving employees									
Total number of leaving employees	7	2	250%	8	13	-38%	1	0	
Rate of employee turnover	5.8%	1.9%	3.9 pp	7%	12%	-5 pp	1%	0%	1 pp

Employee health and safety ¹⁾	All Employees		
	2017	2016	Change
Absentee Rate			
All employees	4.3%	3.7%	0.6 pp
Male employees	2.1%	1.7%	0.4 pp
Female employees	5.8%	5.4%	0.4 pp
Employees in head office	4.4%	4.8%	-0.4 pp
Employees in other local offices	4.5%	1.6%	2.9 pp
Injury Rate, Lost Day Rate & Accident Severity Rate	0%	0%	0 pp
Work-related fatalities	0%	0%	0 pp

¹⁾ For Limitations, please see page 118.

Employee performance appraisals	All Employees			By Gender–Male			By Gender–Female		
	2017	2016	Change	2017	2016	Change	2017	2016	Change
Percentage of employees who received annual appraisals									
Emp-Dev	Emp-Dev		Emp-Dev			Emp-Dev			

Employee performance appraisals	Non-Management			Upper Management		
	2017	2016	Change	2017	2016	Change
Percentage of employees who received annual appraisals						
Emp-Dev	Emp-Dev		Emp-Dev			

By employee category	100%	100%	0 pp	100%	100%	0 pp
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Asset health and safety assessments	Assets		
	2017	2016	Change
Percentage of assets screened against health and safety issues			
H&S-Asset	30–60%	30–60%	0
European, German and State regulations foresee that buildings of certain size, height and use are to be screened every 1–3 years for health and safety issues, such as fire safety, legionella presence, accessibility etc.. At alstria, we follow all applicable recommendations of the law and therefore we examine every year a large part of our portfolio.			
Buildings under redevelopment or maintenance that are monitored for hazardous substances and contaminants, including asbestos.	5–10%	5–10%	0
Asset health and safety compliance	Number of incidents		
	2017	2016	Change
Number of incidents			
H&S-Comp	0	0	0
Incidents of non-compliance with regulations and/or voluntary codes concerning health and safety of our assets			
Fines, penalties or warnings	0	0	0
Community engagement, impact assessments and development programmes			Compty-Eng
See pages 88–91			

EPRA Sustainability Performance Measures – Governance

Composition of the highest governance body	Gov-Board
We provide a detailed disclosure about our Corporate Governance in our Annual Report 2017, p. 135–143	
Nominating and selecting the highest governance body	Gov-Select
We provide a detailed disclosure about our Corporate Governance in our Annual Report 2017, p. 135–143	
Process for managing conflicts of interest	Gov-Col
No conflicts of interest concerning members of the Supervisory Board or Management Board arose during 2017, Annual Report 2017, page 141	

GLOSSARY

Asset management	Value-driven management and / or optimization of real estate investments through letting management, refurbishment, repositioning and tenant management.	An investigation or of a potential investment that serves to confirm all material facts in regard to a sale. Due Diligence
BREEAM	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.	ISO 50001 supports organizations' efforts in all sectors to use energy more efficiently through the development of an energy management system (EnMS) Energy Management System
CDP	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.	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. EPRA
CO₂	Carbon dioxide, a gas produced primarily through the combustion of fossil fuels, is believed to be the main cause of climate change.	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. Fair Value, or Open Market Value (OMV)
CO₂e	Carbon dioxide equivalent is a measure used to compare the emissions from various greenhouse gases based upon their global warming potential.	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. FFO
Code of Conduct	A formal corporate statement including the values and business practices of a company and its pledge to observe said values and practices.	The Forest Stewardship Council is an independent, nongovernmental, not-for-profit organization that established a certification program for the labeling of products from sustainable sources. FSC
Common Areas	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.	Real Estate Investment Trusts (REITs) are publicly listed companies and fully tax transparent; they invest exclusively in properties. G-REIT
Corporate Governance	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.	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. GHG Protocol
CSR	Corporate social responsibility is a management concept whereby	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. GRI
Development Pipeline	The development program and its proposed developments.	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. Joint Venture
DGNB	The Deutsche Gesellschaft für Nachhaltiges Bauen (DGNB; German Sustainable Building Council) establishes a system for the assessment and certification of sustainable buildings.	

kWh / MWh	A Kilowatt / Megawatt hour is a unit of energy.
Like-for-Like (LfL)	Consumption of a portfolio that has been consistently in operation, and not under development, during the most recent two full reporting years.
MDAX	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.
Multi-let / Multi-tenant Buildings	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.
Operational Approach	The boundaries that determine the direct and indirect emissions associated with operations owned or controlled by the reporting company.
Office Building	Property where at least 75 % of the lettable area is destined for office use (disregarding potential ground-floor retail).
Property Management	Property management is the management of real estate assets including the processes, systems and manpower required to manage the life cycle of a building.
RE100	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.
Risk	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 Management	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.
Roadshows	Corporate presentations to institutional investors
R&D	Research and development

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.
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

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Forward-looking statements

This sustainability report contains forward-looking statements. These statements represent assessments we have made on the basis of the information available to us at the time. Should the assumptions on which the statements are based not occur or if risks should arise, the actual outcome could differ materially from the results currently expected.

Note

This report is published in English and German. The English version is the sole authoritative text. The report is posted on our website: www.alstria.com/sr

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We are happy to answer your questions and receive your feedback.

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