

# Quick Questions...

...WITH ALEXANDER VON CRAMM,  
CFO, PRIME OFFICE AG

**One of the biggest German pre-REITs, Prime Office AG, was the result of the conversion of closed funds. CFO Alexander von Cramm speaks about the strategy and the ipo plans.**



**REAL ESTATE MAGAZIN:** In which areas does Prime Office AG work?

**VON CRAMM:** Prime Office AG is a commercial real estate company with pre-REIT status investing in superb-quality office properties throughout Germany. The properties are leased to tenants with very strong credit ratings through long-term contracts. The present portfolio already has a diverse range of properties, locations and tenants. The focus is on sustainable growth and the company intends to selectively expand the portfolio by acquiring appropriate, architecturally appealing office properties in off-market transactions. Prime Office intends to convert into a REIT AG in line with the provisions of the German REIT Act.

**REAL ESTATE MAGAZIN:** How high is the market value of the properties and how high is the annual rent income?

**VON CRAMM:** The prime office portfolio encompasses 16 properties under management with a total market value of around EUR 1.36 billion. With a total volume of over 450,000 sqm of leasable floor space, the pro forma net rental income in 2007 was approx. EUR 68m.

**REAL ESTATE MAGAZIN:** Prime Office AG was the result of the conversion of closed funds. What obstacles did you have to overcome in the process?

**VON CRAMM:** Ten of Prime Office AG's 16 office buildings were formerly part of closed-end property funds initiated by the Munich-based DCM AG. In four separate shareholder meetings roughly 16,000 fund investors voted on spinning off these respective properties and implementing a REIT concept in the course of 2007. At least 75% needed to be obtained in order for the conversion to take place. By making this decision the starting signal to initiate one of the leading REITs in Germany through an Initial Public Offering was given. And as soon as conditions in the financial markets allow a fair valuation, we will go public.



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**REAL ESTATE MAGAZIN:** To what extent have you initiated direct investments in recent months?

**VON CRAMM:** In 2007 Prime Office acquired four properties with a total volume of over EUR 300m and increased leasable floor space by more than 115,000 sqm at an attractive average acquisition yield of 5.8%. All of the acquired real estate fits very well into our demanding acquisition strategy – one that places stringent requirements on both, economics and quality of the property in off-market transactions. Two highlights include the new headquarters of Süddeutscher Verlag, a very modern, environmentally friendly and architecturally appealing high rise building in Munich as well as the Headquarters of Hochtief in Essen, domiciling one of the leading international construction companies. Both transactions include attractive long-term tenancy agreements. One of the key elements of the agreement with Hochtief is to use the property as part of an attractive, joint development project in the thriving Ruhr metropolis of Essen.

**REAL ESTATE MAGAZIN:** What method of interim financing have you chosen and how long is the duration of the loans?

**VON CRAMM:** In general, Prime Office AG enjoys highly attractive long-term financing terms largely locked-in until 2019 through Follow-on Swap contracts. With regard to the financing of Prime Office AG's new acquisitions, we were able to finance quality assets in a volume of approximately EUR 300m even in a challenging market environment at very attractive financing costs.

**REAL ESTATE MAGAZIN:** Considering the fact that the capital market environment does not considerably improve in the medium term, will you implement a listing without a public equity offering?

**VON CRAMM:** Our primary goal is and remains an initial public offering as soon as the market allows a fair valuation. No other strategies are currently pursued.

**REAL ESTATE MAGAZIN:** Currently there are only two German REITs, who do you believe will be the third?

**VON CRAMM:** The next German REIT-IPO should be one of the larger, established pre-REIT-players with an attractive equity story and promising, value enhancing growth plans. Why should it not be Prime Office AG? We are prepared.

*The interview was conducted by Robert Cleve.*