

“One of the capital market’s solution could be a stepwise IPO approach”

INTERVIEW WITH DR MARTIN STEINBACH,
HEAD OF ISSUER & INVESTOR MARKETS,
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Dr Martin Steinbach, Head of Issuer & Investor Markets, Deutsche Börse AG

The IPO windows are not exactly open, and market participants are not considering alternative strategies. New solutions are required for companies to meet their capital requirements or for Pre REITs to achieve REIT status. One solution for the capital market could be a “stepwise IPO approach”. Dr Martin Steinbach, Head of Issuer & Investor Markets, Deutsche Börse AG, proposes a listing in the Entry Standard as a means to enter the market. In his opinion, this would give Pre REITs a welcome opportunity to establish investor contacts and build up confidence. The next step would then be to enter the market with a fully flexible IPO concept. In tough times, this might be easier and more relaxed in terms of timing and would certainly allow more transactions than the classic route.

REAL ESTATE MAGAZIN: What should be done in order to draw greater investor attention back to REITs?

DR STEINBACH: The key initiative to regain investor attention for REITs is communication, communication, and communication: First of all, international and retail investors, especially in countries with new REIT regimes, need information about the specifics and benefits of REITs in comparison to similar instruments with a real estate underlying. Secondly, ongoing and continuous investor relations activities in good and in challenging times will pay off in the long run and could serve to restore investors’ confidence. Furthermore, REITs are evolving as an attractive investment opportunity based on a strategic position-

ing as an asset class with high transparency levels, relative stable cash flow streams, and dividend yields.

REAL ESTATE MAGAZIN: What are the general conditions offered by the Deutsche Börse REITs segment?

DR STEINBACH: German or international companies with a REIT status benefit from a stock exchange listing in our REITs segment, because it supports REITs as a unique asset class in the capital market in an unparalleled way. Investors can identify and distinguish REITs more easily from other securities. In addition, analysts can identify participants in the REITs segment clearly and compose peer groups easily. Companies in the REITs segment visually manifest their affiliation to an asset class for investors and analysts. Connected to the asset class is a high level of transparency deriving from the special tax status of the REIT companies participating. Participation in the REITs segment also shows investors that REIT – related governance regulations

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are adhered to. The Deutsche Börse REITs indices are based on the REITs segment and give structure to the capital market. They additionally focus the attention of investors and ensure a higher coverage by analysts. At the same time the indices serve as important indicators for the development of the REIT sector, frequently also serving as underlying values for special futures-market products. They enable investors to implement their various investment strategies individually. The result increases liquidity. The new benchmark indices can thus hold their own alongside the proven DAX®, MDAX®, SDAX® stock selection indices.

REAL ESTATE MAGAZIN: For foreign REITs, what are the advantages of a secondary listing in Germany?

DR STEINBACH: We provide the same service for both German and non-German REITs, for both primary listings and secondary listings. The advantages are clear. There is high liquidity that locks into the pool of international investors and the German retailer. There is visibility in a peer group displayed in REIT and selection indices. There are low transaction costs due to an efficient custody, listing, trading, clearing and settlement value chain, covering equities and a broad range of derivatives that enable investors to execute any investment strategy. And last but not least: high transparency in the “Deutsche Börse REITs” listing segment, something that offers investors a global comparison of all REITs listed in one market place.

REAL ESTATE MAGAZIN: What chances do Pre-REITs have of getting the requisite listing on the stock exchange?

DR STEINBACH: All over the world, IPO windows are not really open. Market participants are now considering alternative strategies. New solutions are required to solve capital requirements or to cover the REIT status for Pre REITs looking for a listing in Germany’s regulated market. One of the capital market’s solution could be a “stepwise IPO approach”. This means to enter the market by a listing in the Entry Standard with or without a prospectus and including the option to realize either a public or private placement in a first step. It gives Pre-REITs a welcome opportunity to establish investor contacts and build up confidence, visibility as well as liquidity by designated sponsors in the second phase in order to create and prepare the required free float of 25%. The third step is to enter the regulated market at the right time by an upgrade, with the full flexibility of a customized issuing (IPO) concept. In tough times, this might be easier, more relaxed in terms of timing, and with more transaction certainty than the classical route.

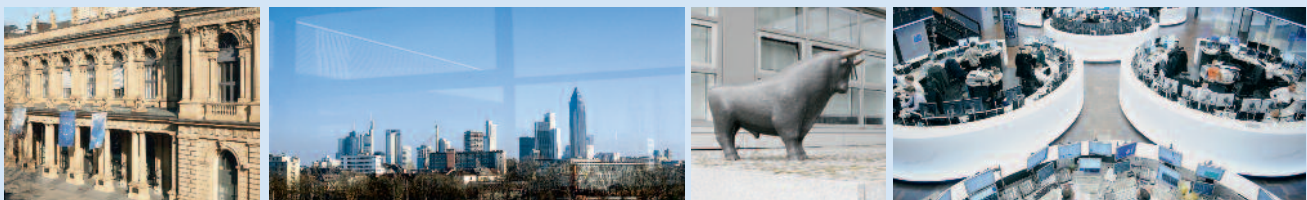
REAL ESTATE MAGAZIN: Thank you for the insights.

The interview was conducted by Christian Schiffmacher.

Key features of the German REIT Act:
www.realestate-magazin.de/g-reit-law

Information on Deutsche Börse market segments:
www.deutsche-boerse.com/listing > Market Structure

www.deutsche-boerse.com/reits



New Statistics on Capital Increasesments

The statistics include all seasoned equity offerings and the current market cap for all Entry, General and Prime Standard companies.

www.deutsche-boerse.com/listing > Reports and Statistics > Statistics on Capital Increasesments

Events

German Equity Forum Fall 2009

09th – 11th November 2009
 Congress Center, Frankfurt
www.eigenkapitalforum.com

Deutsche Börse REITs participants

Origin	Number
Germany	2
■ alstria office REIT-AG	
■ Fair Value REIT-AG	
USA	116
Canada	4
Asia	14
Europe*	25
Total	161

*Germany excluded
 Date: April, 30th 2009
 Source: Deutsche Börse

RX REIT Index



Date: May, 15th 2009