



Prime Office REIT-AG
EXCELLENCE IN GERMAN REAL ESTATE

**Berenberg Bank and Goldman Sachs
Inaugural German Corporate Conference**
September 2012



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Prime Office – investment highlights



1

Pure Play German office in major cities

2

Attractive prime office property portfolio

3

High occupancy rate and high credit-quality tenants

4

Strong track record in off market transactions and properties letting

5

NAV growth potential through decreasing yields (yield compression), re-letting, follow-up leases and further property investments

6

REIT status and lean corporate structure

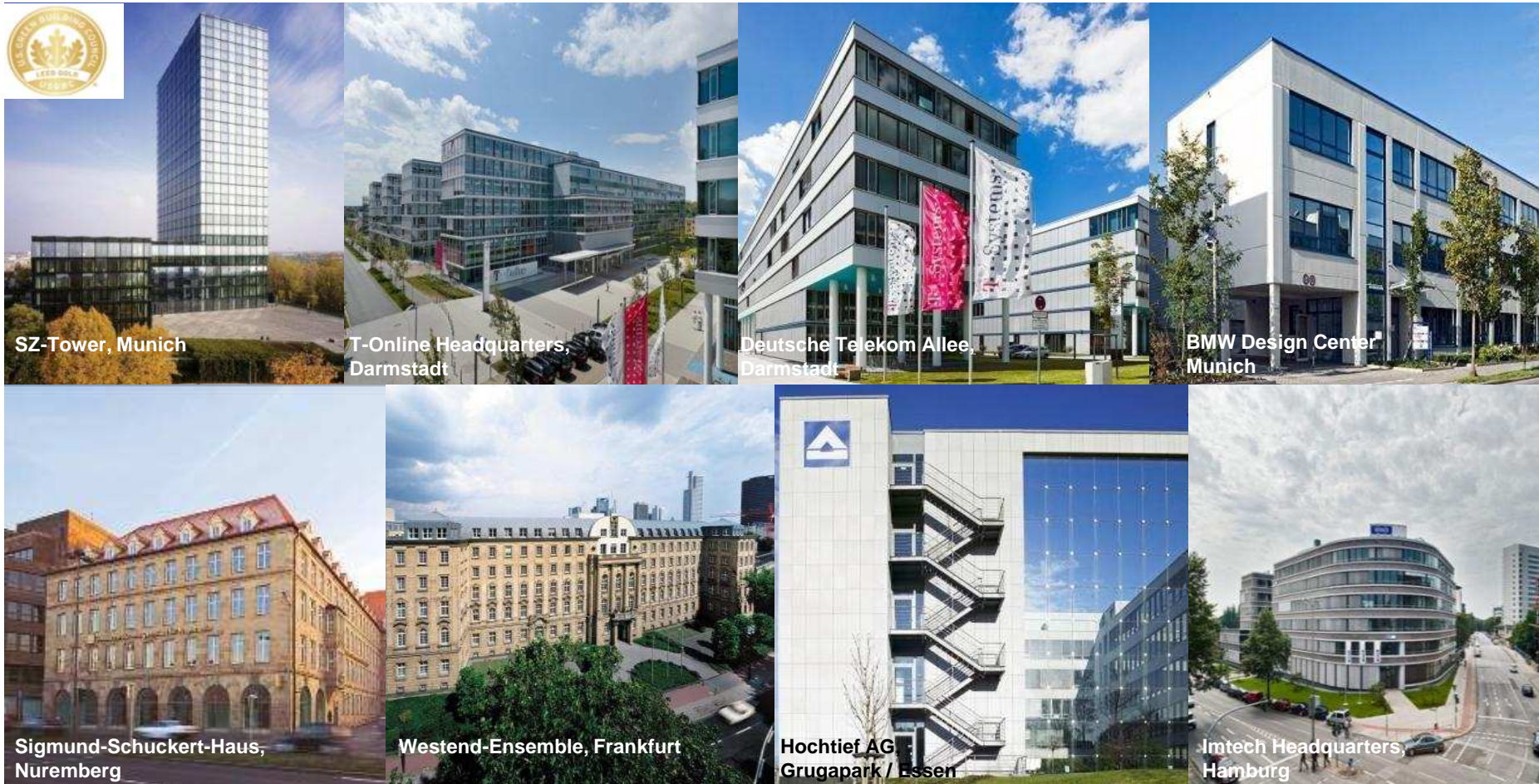
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Highly experienced management and supervisory board with strong off market access

Property report H1/2012



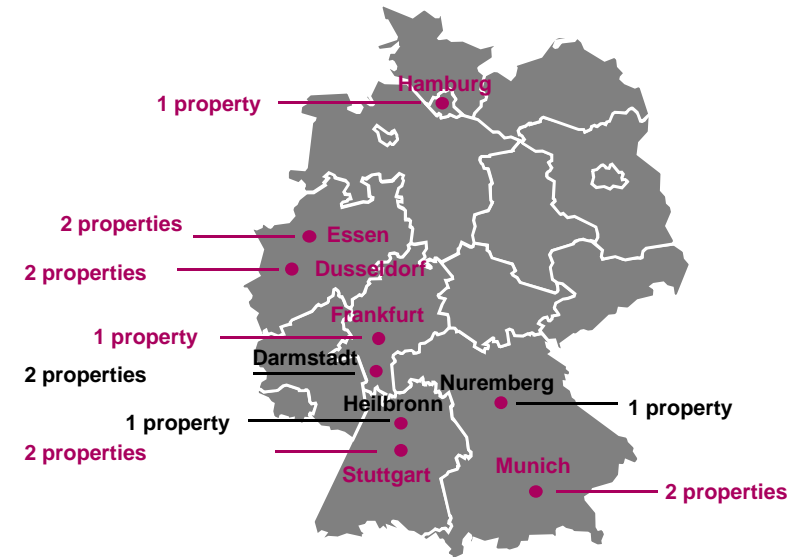
Prime Office portfolio (I)



Prime Office portfolio (II)



14 properties in 9 cities



— 10 properties are located in 6 of the 9 major German office markets

Key property data

	30/06/2012	31/12/2011	Delta in %	Comment
Number of properties	14	14	n.a.	<ul style="list-style-type: none"> - Slight decline in the value of the property portfolio (-0.9%) to 963.1 m Euro <ul style="list-style-type: none"> - general development of the German property market - pro-rata decline of remaining terms of lease - temporary vacancies in individual properties and particularly the short remaining terms of lease of the properties in Frankfurt and Dusseldorf - Aggregate occupancy (94.7%) in the portfolio is high since 5.3% or about 20,000 sqm are vacant in the properties in Stuttgart, Frankfurt and Heilbronn - WALT year-to-date at 6.5 years due to lease prolongations/ leases signed in Munich and Heilbronn (compared to 6.8 years as at 31/12/2011)
Market value according to CBRE appraisal	963.1	971.6	-0.9%	
Lettable space	383,819	383,440	-0.1%	
Occupancy rate	94.7	96.1	-1.4 PP	
Vacancy level	5.3	3.9	+1.4 PP	
Annual rent exclusive of heating charges	64.5	65.4	-1.4%	
Gross initial yield	6.7	6.7	0.0%	
Net initial yield	6.0	6.0	0.0%	
Weighted average lease term (WALT) (in years)	6.5	6.8	-4.4%	
Average amount per sqm in Euro	2,509	2,534	-1.0%	
Average rent per sqm in Euro	14.00	14.21	-1.5%	

Valuation update H1/2012

Property		Total space	Market value		Change
			in sqm	31/12/2011	
Munich	BMW Design-Center	8,224	24.1	24.2	0.4%
Frankfurt	Westend-Ensemble	35,101	161.8	157.9	-2.4%
Darmstadt	T-Online headquarters	72,528	172.5	172.5	0.0%
Meerbusch	Medtronic headquarters	8,038	16.4	16.4	0.0%
Essen	Hochtief headquarters	24,531	38.6	38.5	-0.3%
Munich	SZ-Turm	62,237	186.6	186.6	0.0%
Stuttgart/ Fellbach	State Agency for Compensation and Retirement	19,854	39.7	39.4	-0.8%
Hamburg	Imtech headquarters	16,008	45.5	45.6	+0.2%
Essen	Hochtief (Gruga)	30,314	73.1	73.2	+0.1%
Darmstadt	T-Systems	24,686	53.2	53.2	0.0%
Stuttgart-M.	emporia	25,284	41.7	40.5	-2.9%
Nuremberg	Sigmund-Schuckert-Haus	6,445	13.0	13.0	0.0%
Heilbronn	Neckarturm	14,750	29.7	29.9	+0.7%
Dusseldorf	Xcite	35,819	75.7	72.2	-4.6%
		383,819	971.6	963.1	-0.9%

Comment

- Slight devaluation of the properties in Essen/ Gruga and Stuttgart/ Fellbach (due to market development and terms of lease)
- Devaluations in Stuttgart/ Moehringen, Frankfurt and Dusseldorf result from temporary vacancies and the short remaining term of lease respectively
- Valuation gains in
 - Heilbronn - due to the letting situation
 - Munich (BMW) - due to early lease prolongation
 - Hamburg, Essen - due to the market environment

Breitwiesenstraße 5-7, Stuttgart-Moehringen



Property

Rentable area:	25,284 sqm
WALT:	8.4 years
Market value (30/06/2012):	40.5 m Euro
Value per sqm:	1,602 Euro
Annual rent:	1.3 m Euro
Average rent per sqm:	4.20 Euro (incl. vacancies)
Gross initial yield (GIY):	3.2% (total rent incl. vacancy)
Occupancy level:	38.9%

Letting activities

- Occupancy level: about 9,800 sqm or 40% of the total lettable space:
 - Cenit AG (10 years) and Hochtief Solutions AG (5 years)
 - With 10.50 Euro/sqm, both rents are at the upper range of the market rent in Stuttgart's south
- While original LOI prospect remains generally interested, the exclusivity has expired due to delays in the decision-making process
- Prospective tenant from the automotive sector for the entire remaining space: due diligence initiated
- Two potential tenants for leases of up to 3 years (potential complete take-up each) in due diligence process
- Spaces of between 1,000 and 2,000 sqm are being reviewed by several prospective tenants

Westend-Ensemble – Frankfurt

Ludwig-Erhard-Anlage 2-8, Frankfurt / Main



Property

Rentable area:	35,101 sqm
WALT:	0.5 years
Market value (30/06/2012):	157.9 m Euro
Value per sqm:	4,498 Euro
Annual rent:	9.7 m Euro
Average rent per sqm:	23.03 Euro (incl. vacancy)
Gross initial yield (GIY):	6.1%
Occupancy level:	89.6%

Letting activities

- Frankfurt property market remains difficult due to the economic framework (particularly for the financial sector)
- While the Frankfurt market is currently being reviewed by several major tenants, they tend to hold back given the economic framework:
 - Major tenants that have been approached keep holding back for now
- The strategy of letting to major tenants has been continued since there is still a competitive advantage in this area
- Joint lead brokers: In addition to Knight Frank (which remains the market leader in Frankfurt by contracted volumes), Jones Lang LaSalle has been introduced as second lead broker

Dusseldorf – Xcite

Am Seestern 1, Dusseldorf



Property

Rentable area:	35,819 sqm
WALT:	0.8 years
Market value (30/06/2012):	72.2 m Euro
Value per sqm:	2,016 Euro
Annual rent:	7.1 m Euro
Average rent per sqm:	16.63 Euro
Gross initial yield (GIY):	9.9%
Occupancy level:	100%

Letting activities

- Marketing activities continue with good momentum and positive feedback from prospective tenants
- Several prospective tenants
 - Sub-contractors: A new condensed building occupation scheme is being adopted after the board change
 - List of potential tenants for larger spaces (direct leasing) or for smaller spaces (office providers) is being worked through
 - Major prospective tenant for approximately 15,000 sqm over 10 years:
 - Selection process is far advanced: Xcite is competing with one other property only
 - Decision expected in the summer / late summer
- On-going due diligence of two potential tenants from the financial services sector (8,000 – 15,000 sqm):
 - Xcite has been shortlisted together with other competing properties

BMW Design-Center, Munich



- Early lease prolongation with BMW until Sep 2023 (original term of lease: September 2016)
- Anchor tenant BMW is using 56% of the total space
- Semcon Group is the second major tenant (lease expires by June 2017)

Neckarturm, Heilbronn



- About 5,000 sqm rented in H1/2012 increase occupancy level in Heilbronn to about 93%
 - Leases extended for about 3.100 sqm overall (Aachen Mecklenburgische Versicherungen, Santander Bank and Lidl)
 - New leases with various medical doctors and the Lidl Foundation for an overall 1,830 sqm

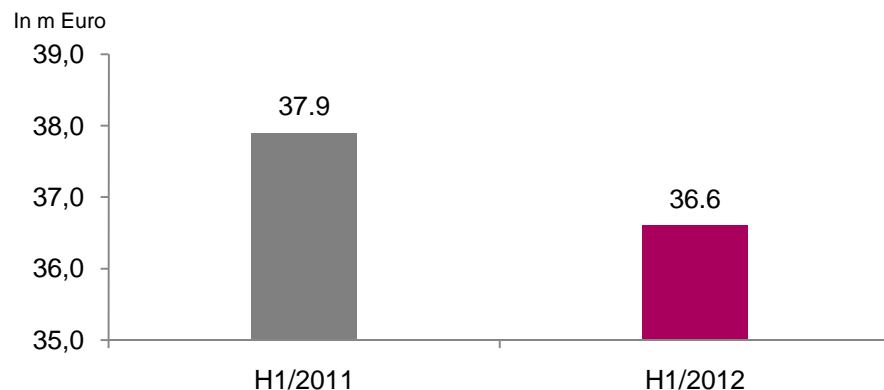
> Additional negotiations for early lease extensions in process

Financial data H1/2012 (IFRS)

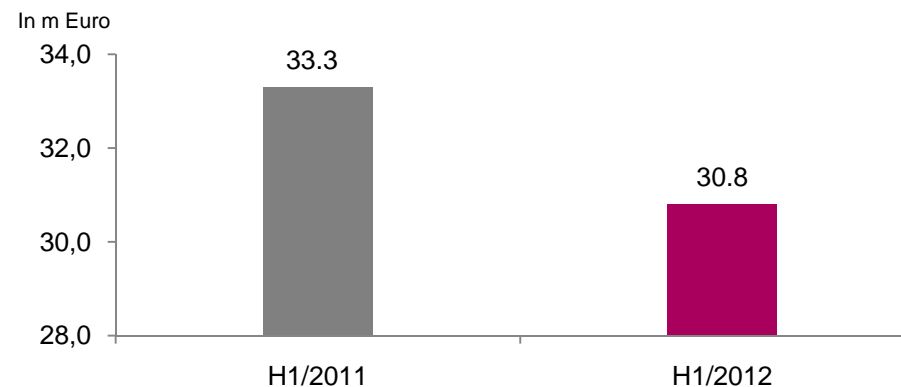


Key financial data in H1/2012 (I)

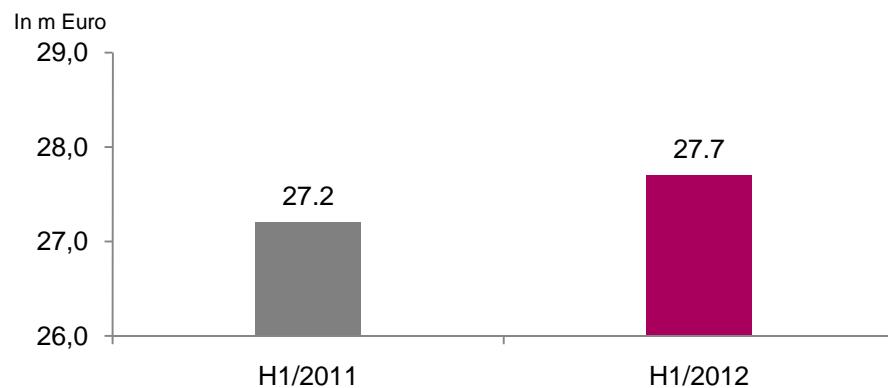
Gross rental income



Net rental income



Operating earnings (EBIT) before valuation effects

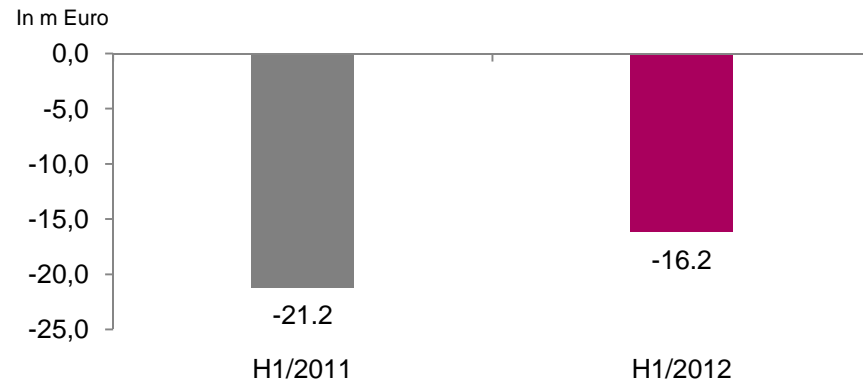


Comments

- Gross rental income of 36.6 m Euro in H1/2012 slightly down compared to H1/2011 due to temporary vacancies
- Net rental income with 30.8 m Euro below H1/2011 as expected
- Slight increase of operating earnings before valuation effects to 27.7 m Euro compared to H1/2011

Key financial data in H1/2012 (II)

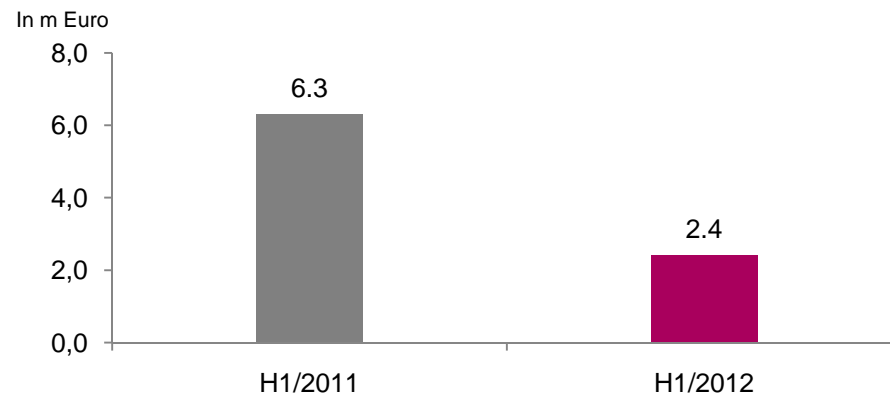
Financial result



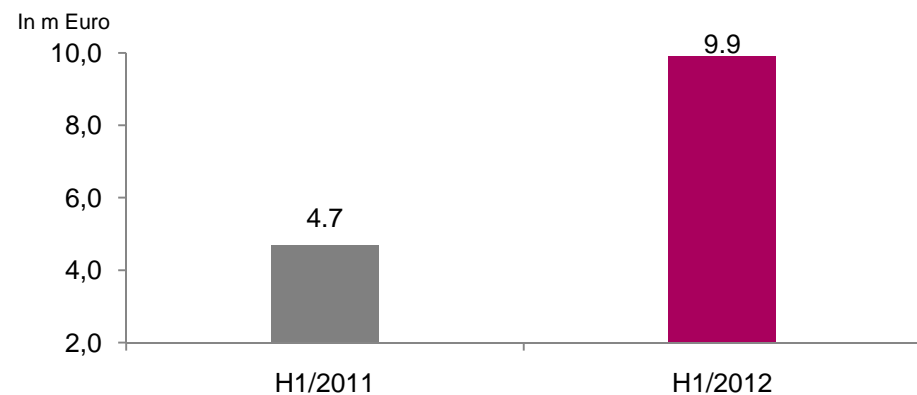
Comments

- Interest expenses with 14.7 m Euro in H1/2012 substantially below H1/2011 (-18.8 m Euro)
- Financial result in H1/2012 significantly improved compared to H1/2011
- Net income in H1/2012: 2.4 m Euro
- Substantial increase of EPRA earnings (net income adjusted by valuation effects) compared to H1/2011

Income for the reporting period

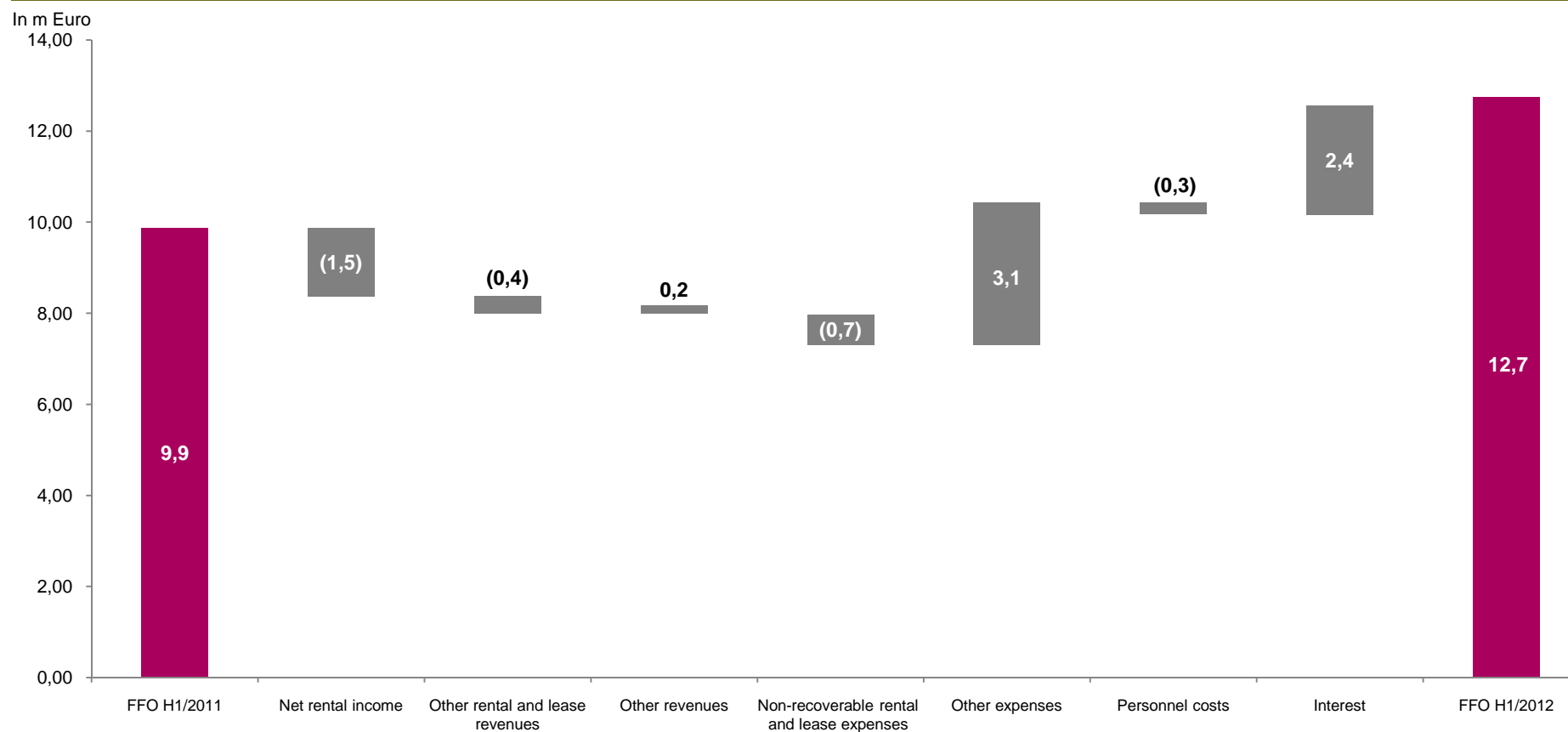


EPRA earnings



Key financial data in H1/2012 (III)

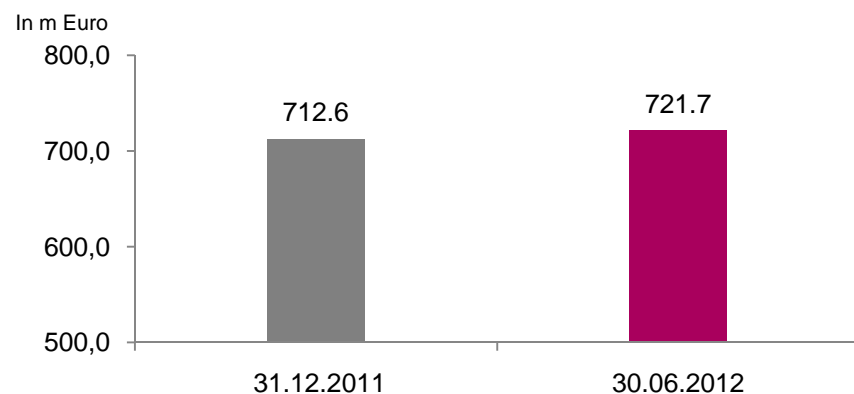
FFO bridge



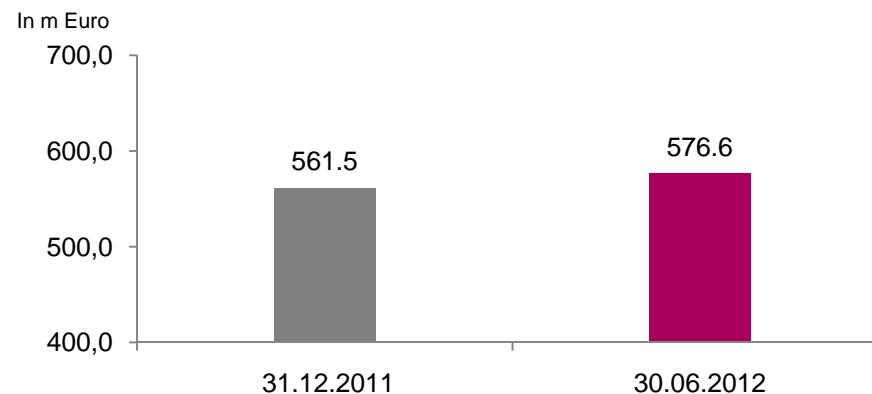
- FFO of 12.7 m Euro in H1/2012 substantially exceeds H1/2011 and the guidance for fiscal year 2012
- FFO guidance for 2012 remains unchanged at 17 - 19 m Euro due to expected business development in H2/2012

Key financial data in H1/2012 (IV)

Total liabilities¹⁾



Net debt²⁾



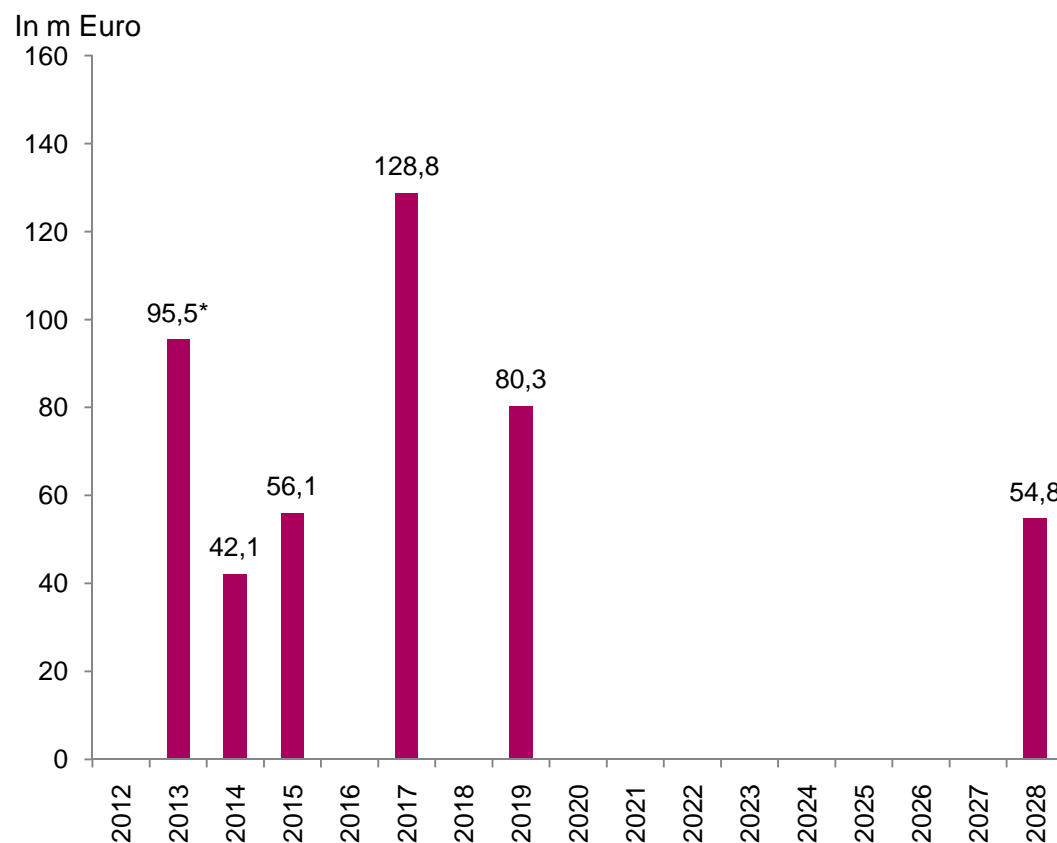
Comments

- Total liabilities slightly higher than on 31 December 2011 mainly due to the valuation of the derivative financial instruments at market rates
- Net debt of 576.6 m Euro (IFRS) slightly up compared to 31 December 2011 (2.7%) due to the swap valuation
- Leverage at 59.9%; LTV at 65.4%
- REIT equity ratio at 41.4% due to swap valuation and dividend payment (31 December 2011: 43,1%)
- Net asset value at 459.6 (31/12/2012: 471.6) m Euro; Net asset value per share at 8.86 (31/12/2012: 9.08) Euro

¹⁾ Current + non-current liabilities ²⁾ Liabilities - current assets

Key financial data in H1/2012 (V)

Maturity profile



* Of these about 45 m Euro from the IPO proceeds are held against financings

Comments

- Grand total of the loans to be prolonged until 2028: 457.6 m Euro
- In addition: CHF loan the nominal amount of which is being provided for in CHF (59.6 m Euro). Repayment planned for September 2013

Guidance

- The board continues to expect the economic environment and the office property market in Germany to progress steadily
- The board anticipates in fiscal year 2012 revenues of 72 - 74 m Euro and FFO of 17 - 19 m Euro
- In spite of the negative effects from the reconstruction and temporary vacancies, the board also expects to achieve a dividend of 9 to 12 m Euro in fiscal year 2012



Strategy of Prime Office



Focus on Prime Office properties in major German cities

Active and value-driven asset management

Extension of the multi-tenant approach

short-term

Objective of becoming a leading office REIT in Germany

Expansion of property portfolio

Single property strategy

Selective investments in “value add”

mid-/ long-term

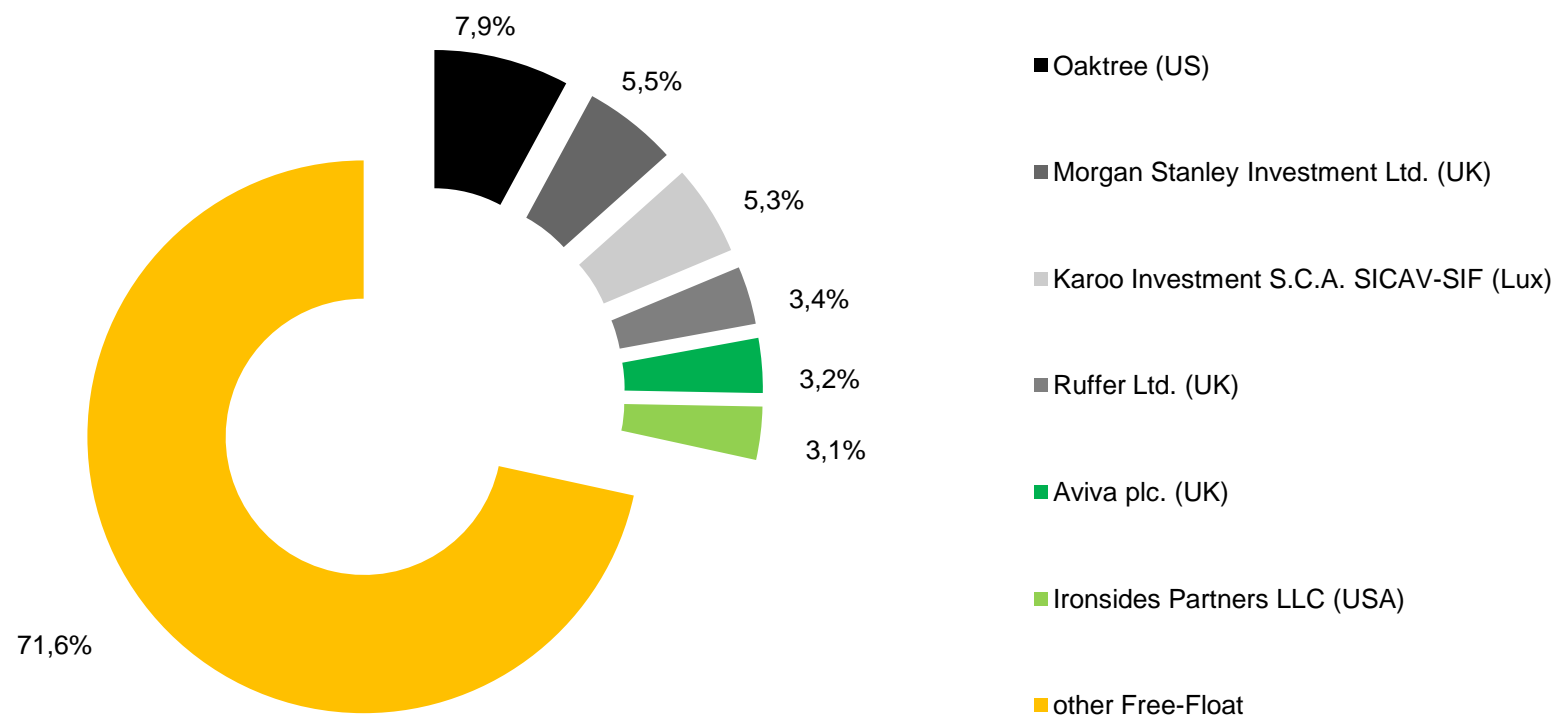
Prime Office – investment highlights



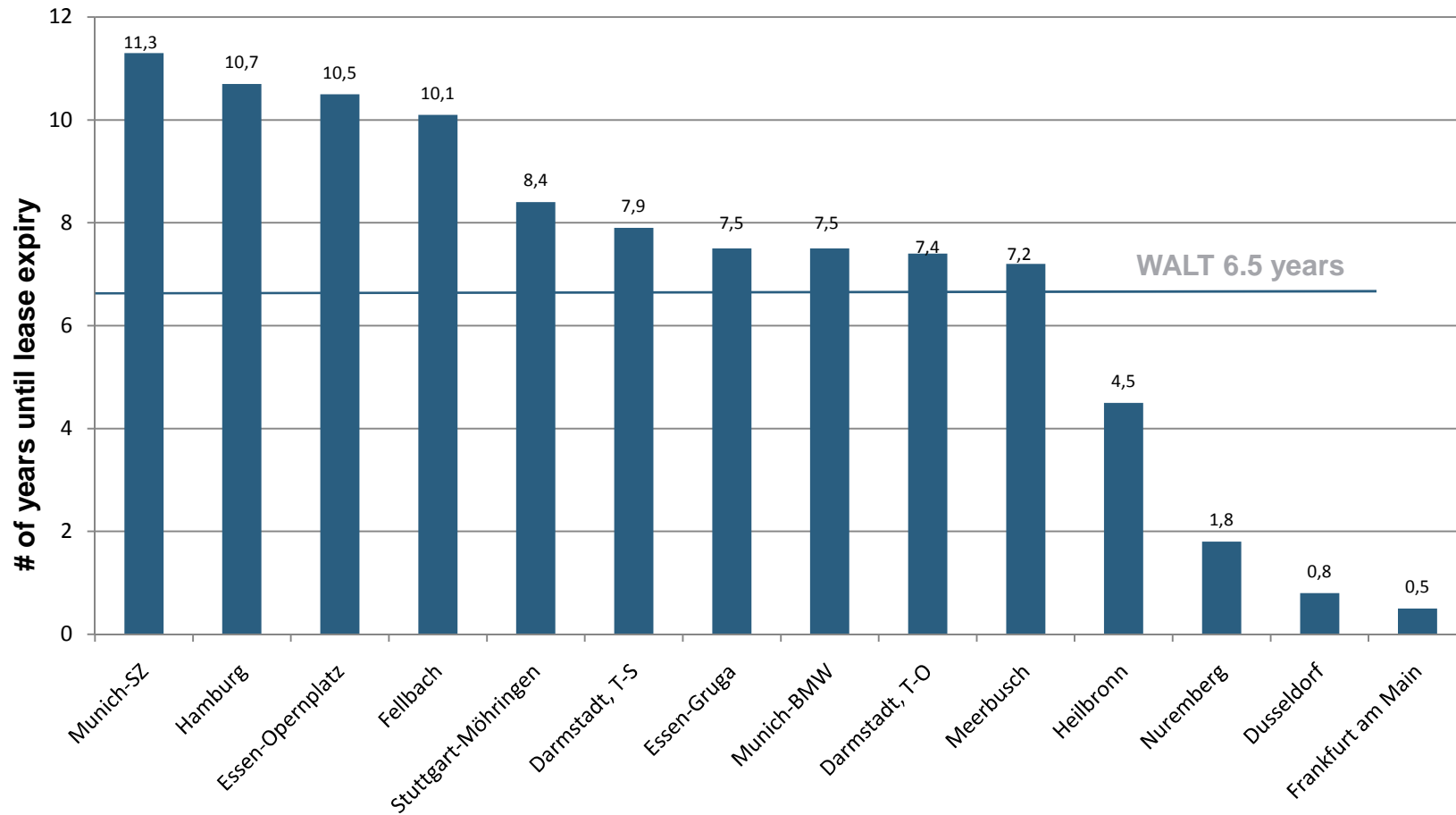
- 1** Pure Play German office in major cities
- 2** Attractive prime office property portfolio
- 3** High occupancy rate and high credit-quality tenants
- 4** Strong track record in off market transactions and properties letting
- 5** NAV growth potential through decreasing yields (yield compression), re-letting, follow-up leases and further property investments
- 6** REIT status and lean corporate structure
- 7** Highly experienced management and supervisory board with strong off market access

Appendix

Shareholder structure



WALT Prime Office Portfolio (30.06.12)



Property portfolio of Prime Office (I) (30.06.2012)



Main tenant	BMW AG	Deutsche Post AG / Deutsche Postbank	T-Online (GMG)	Hochtief AG	Medtronic
Duration lease contract	Sep. 2023	Dec / Jun. 2012	Nov. 2019	Dec. 2019	Aug. 2019
Property details					
Purchase year	Dec. 2001	Oct. / Dec. 2002	July 2003	Dec. 2004	Dec. 2007
Year of construction/refurbishment	2001	1912 / 1992	2005	2002	2008
Property size	9,950 sqm	14,279 sqm	34,207 sqm	11,161 sqm	6,296 sqm
Lettable area	8,224 sqm	35,101 sqm	72,528 sqm	30,314 sqm	8,038 sqm
Vacancy rate	0.0%	10.4%	0.0%	0.0%	0.0%
Rental income (GRI) ¹⁾ p.a.	EUR 1.7mn	EUR 9.6mn	EUR 11.8mn	EUR 5.6mn	EUR 1.3mn
Current rent (per sqm)	EUR 17.30	EUR 25.60	EUR 13.60	EUR 15.50	EUR 13.44
Market rent (per sqm)	EUR 12.60	EUR 24.40	EUR 12.70	EUR 11.40	EUR 10.90
Gross Yield	7.04%	6.11%	6.84%	7.72%	7.89%
Market value 30.06.2012	EUR 24.2mn	EUR 157.9mn	EUR 172.5mn	EUR 73.2mn	EUR 16.4mn

1) GRI: Gross rental income

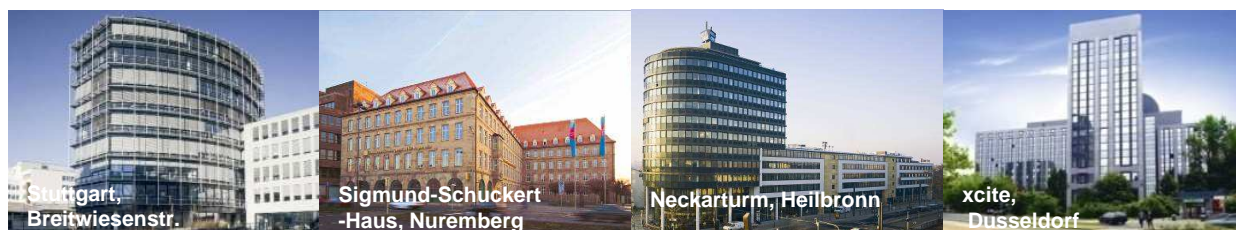
Property portfolio of Prime Office (II) (30.06.2012)



Main tenant	SZ-Verlag	State of Baden-Wurttemberg	Imtech	Hochtief AG	T-Systems (GMG)
Duration lease contract	Oct. 2023	Dec. 2025	Feb. 2023	Dec. 2022	May. 2020
Property details					
Purchase year	Dec. 2007	Nov. 2007	Oct. 2004	Dec. 2007	Dec. 2003 / Nov.
Year of construction/refurbishment	2008	1995	2006	1934 / 1969	2004
Property size	21,491 sqm	7,001 sqm	4,479 sqm	11,195 sqm	2005
Lettable area	62,237 sqm	19,854 sqm	16,008 sqm	24,531 sqm	11,068 sqm
Vacancy rate	0.0%	0.0%	0.0%	0.0%	24,686 sqm
Rental income (GRI) ¹⁾ p.a.	EUR 10.5mn	EUR 3.5mn	EUR 2.9mn	EUR 2.6mn	0.0%
Current rent (per sqm)	EUR 14.10	EUR 14.50	EUR 14.90	EUR 8.70	EUR 3.4mn
Market rent (per sqm)	EUR 14.10	EUR 9.40	EUR 12.80	EUR 8.40	EUR 11.40
Gross Yield	5.63%	8.78%	6.27%	6.64%	EUR 12.10
Market value 30.06.2012	EUR 186.6mn	EUR 39.4mn	EUR 45.6mn	EUR 38.5mn	6.33%
					EUR 53.2mn

1) GRI: Gross rental income

Property portfolio of Prime Office (III) (30.06.2012)



Main tenant	Genit AG, Hochtief	Deutsche Rentenversicherung	Federal Employment Agency, Accor	Vodafone
Duration lease contract	Nov. 2011	Dec. 2013	open end / Aug. 2022	Mar. 2013
Property details				
Purchase year	Dec. 2003	Feb. 2004	Nov. 2004	Dec. 2004
Year of construction/ Refurbishment	2002 ²⁾	1913 / 2003	2002	1992
Property size	10,967 sqm	2,851 sqm	4,864 sqm	12,547 sqm
Lettable area	24,284 sqm	6,445 sqm	14,750 sqm	35,819 sqm
Vacancy rate	61.1%	0.0%	7.4%	0.0%
Rental income (GRI) ¹⁾ p.a.	EUR 1.3mn	EUR 1.1mn	EUR 2.0mn	EUR 7.1mn
Current rent (per sqm)	EUR 10.80	EUR 13.80	EUR 12.30	EUR 16.60
Market rent (per sqm)	EUR 9.80	EUR 10.90	EUR 12.10	EUR 13.40
Gross Yield	3,15%	8.24%	6.75%	9.90%
Market value 30.06.2012	EUR 40.5mn	EUR 13.0mn	EUR 29.9mn	EUR 72.2mn

1) GRI: Gross rental income

Focussed strategy

Target portfolio Prime Office

- Targeted average gross rate of return in the portfolio $\geq 6.0\%$ (currently 7%)
- Maximum 10% vacancy rate in the portfolio
- Maximum $\leq 10\%$ of the market value of the total portfolio in properties with development potential

Target cities

- Focus on nine major German office cities (Berlin, Cologne, Dusseldorf, Essen, Frankfurt, Hamburg, Leipzig, Munich, Stuttgart)
- Selective investments in large German cities with strong economic fundamentals

Target properties

- Concentration on premium office properties (high-quality, primarily "Green Buildings")
- Single properties with a value between 20 and 200 m Euro
- High credit-quality tenants
- Focus on core assets
- Selective investments in properties with development potential ("value add" properties)
- Gross initial rate of return of currently at least 5.5% (18-times annual rent) at purchase

Highlights H1/2012 (I)

- Stable business development: Strong funds from operations (FFO) in H1/2012; FFO increased substantially to 12.8 m Euro, compared to 9.9 m Euro in H1/2011
- Significant improvement of financial result due to debt repayments after the IPO (H1/2012: -16.2 m Euro; H1/2011: -21.2 m Euro)
- On-going financial crisis: Interest rate levels continue to cause non-cash losses from the valuation of the derivative interest rate hedges (swap market values) of about 8 m Euro. Slightly lower property portfolio valuation (-0.9%) caused mainly by lower remaining terms of lease in Frankfurt and Dusseldorf
- Net income of 2.4 m Euro in H1/2012 dominated by temporary vacancies and a lower property valuation
- “EPRA earnings“, i.e. the net income adjusted by valuation effects, of 9.9 m Euro in H1/2012, substantially in excess of the 4.7 m Euro achieved in H1/2011



Highlights H1/2012 (II)

- Net debt increases slightly to 576.6 m Euro in spite of a loan repayment (6.9 m Euro) due to the valuation of interest rate hedges: leverage at 59.9%, loan-to-value at 65.4%
- REIT equity ratio at 41.4% due to swap valuation and dividend payment
- Net asset value per share at 8.86 Euro as of 30/06/2012
- Early long-term prolongation of the lease for the BMW-Designcenter
- Sustainable drag on the share price from selling pressure caused by pre-IPO shareholders did not materialise: lock-up periods expired on 01/07/2012. Secondary placement of about 5.7 m shares from the holdings of pre-IPO shareholders successfully completed. Shares booked into the private depository accounts of pre-IPO shareholders at the beginning of July 2012. Share price increases from 2.73 Euro to 3.50 Euro (31/07/2012)
- The board confirms the revenue, FFO and dividend targets for 2012



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