# 2010 FULL YEAR RESULTS
# DIC ASSET AG

15 MARCH 2011

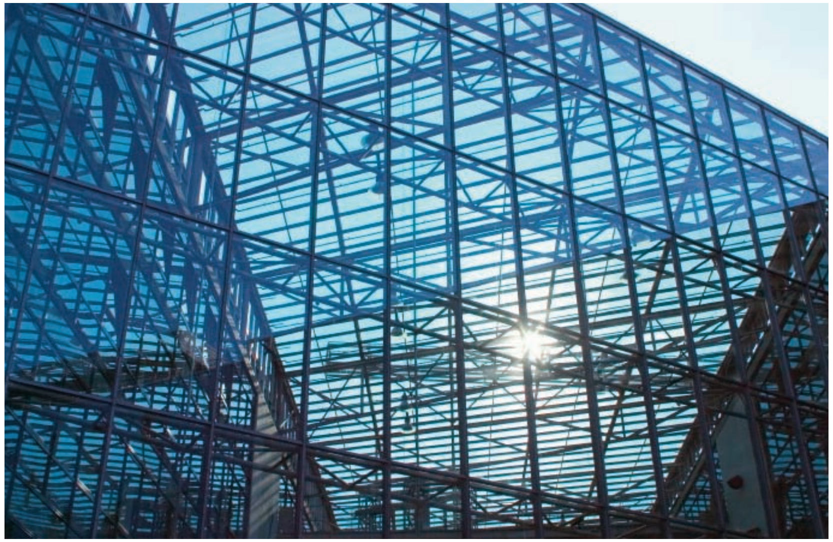
UPDATE CALL

**Not for distribution in the United States/**
**Nicht zur Verbreitung in den Vereinigten Staaten von Amerika**

# RESULTS 2010: STRONGER THAN EXPECTED

HIGHLIGHTS

- Target exceeded with FFO of € 44.0 mn
- Profit for the period increased to € 16.5 mn
- Dividend proposal for full year 2010 raised by 17% to € 0.35 per share
- Higher NAV per share at € 15.27
- Fund business established, equity of DIC Office Balance I fully placed
- Returned as buyer with transaction of € 108 mn
- Next step for growth: capital increase at subscription ratio of 6:1 to finance further acquisitions



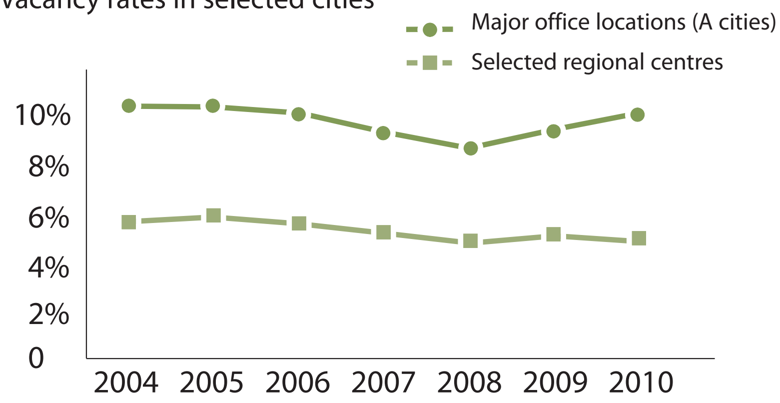
MARKET

# GERMAN REAL ESTATE MARKET MORE POSITIVE

- German GDP 2010 at 3.6%,
  3.0% expected for 2011, above European average (1.9%)
- Increase of letting volume +26% in major German cities
- Major office locations: peak rents declining,
  higher vacancy
- Regional centres: higher stability in vacancy and rents
- Transaction market is back: volume of € 20 bn in 2010,
  further increase in 2011 expected
- Improved market conditions in 2011 expected:
  lower incentives, decrease of vacancies,
  rents starting to increase

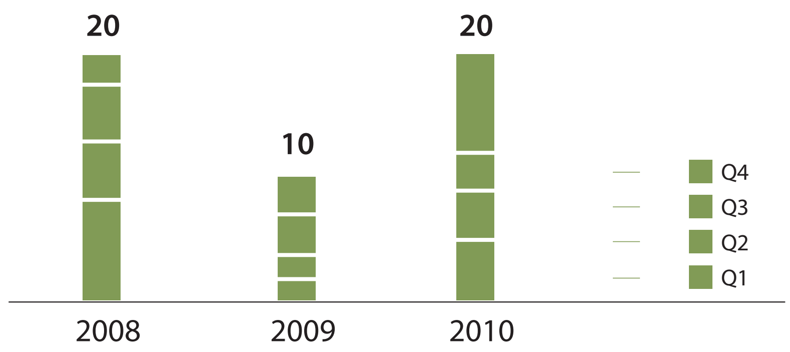
**Letting: More stability in regional centres**

Vacancy rates in selected cities




**Comeback of the transaction market**

Transactions in German commercial real estate, € bn

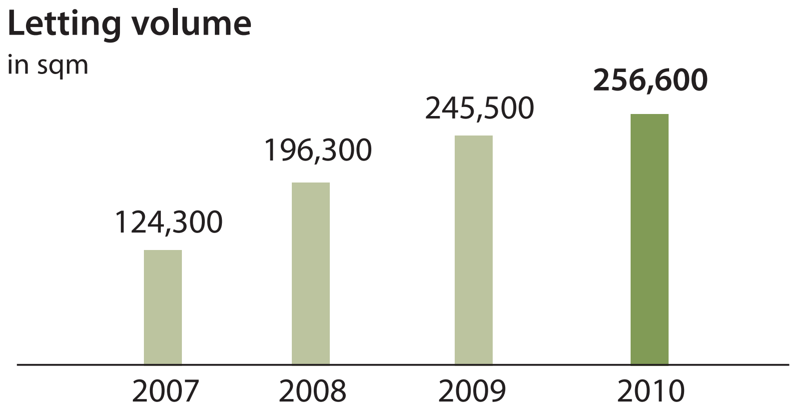


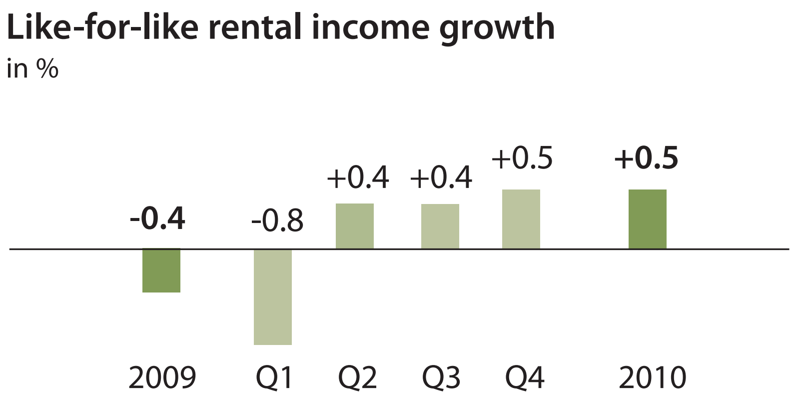

Major German office locations; Source: JLL, BNP Paribas Real Estate

## PORTFOLIO QUALITY PROVED – LIKE-FOR-LIKE RENTAL GROWTH



- Total volume: 256,600 sqm (+5% against 2009)
- Emphasis on renewals: +12% to 153,400 sqm, new lettings nearly on last year's level with 103,200 sqm
- Occupancy rate stable at 86%
- Like for like rental growth of 0.5% – picking up in H2 2010
- Average lease term nearly stable at 5.4 years
- Lease expiries 2011 only 6%: Homework done in 2010, with reduction by 52% from € 15.4 mn to € 7.4 mn




Note: without developments

## DIC Office Balance I fully launched

- 75% of equity placed until October 2010 – start of operations
- Five core properties with 85,000 sqm transferred
- Equity fully placed in February 2011

Fund property in Berlin

### Fund placement DIC Office Balance I

| | |
|---|---|
| Lettable space | 85,000 sqm |
| Property volume | € 211 mn |
| Initial rent | € 13.8 mn p.a. |
| Ø initial lease term | around 6 years |

### Effects

- Steady income from investments and services
- Remaining portfolio financing improved
- Debt reduced and maturities extended
- Less interest expenses
- Equity position strengthened

**Strategical options through fund placement**

- Attractive extension to DIC Asset's business model
- Investment of core properties in major cities
- New group of institutional investors with long-term commitments to DIC
- Additional steady source of income: dividend payments and fees for asset and property management

**Next steps**

- Further equity commitments already attracted
- Growth of existing fund „DIC Office Balance I"
- Launch of further funds planned in coming years

Fund property in Wiesbaden

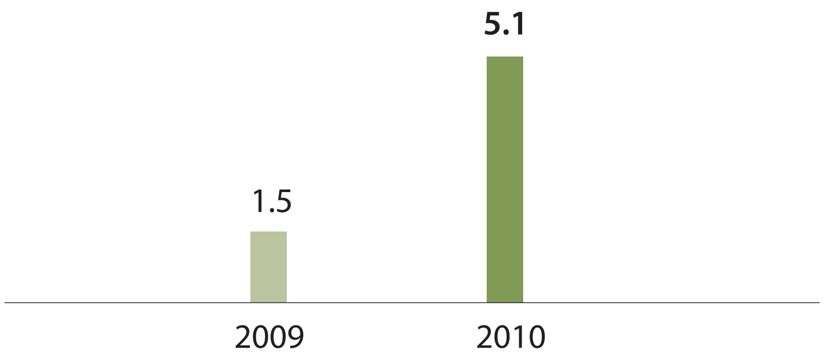
# SUCCESSFUL DISPOSALS

- Disposal volume more than doubled to reach € 132 mn
- Overall disposals +6% above market value: strong proof of portfolio quality
- Average transaction volume significantly increased
- Profit on disposals (related to DIC Asset's share) increased to € 5.1 mn
- Opportunities realised: high Q4 disposal volume of € 64 mn backed by better market conditions

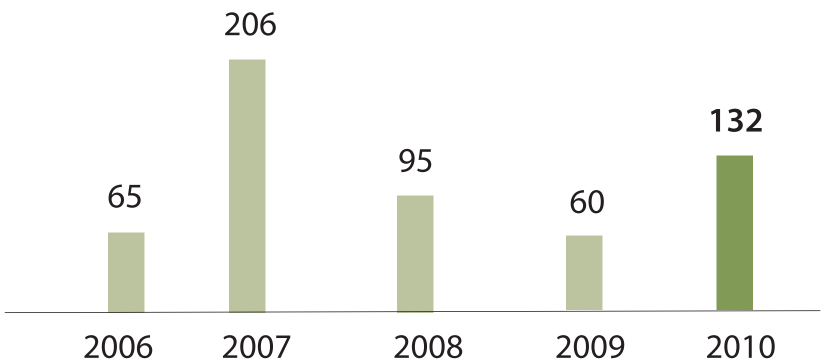
P6, Mannheim

Holm, Flensburg

**Profits from disposals**
in € mn



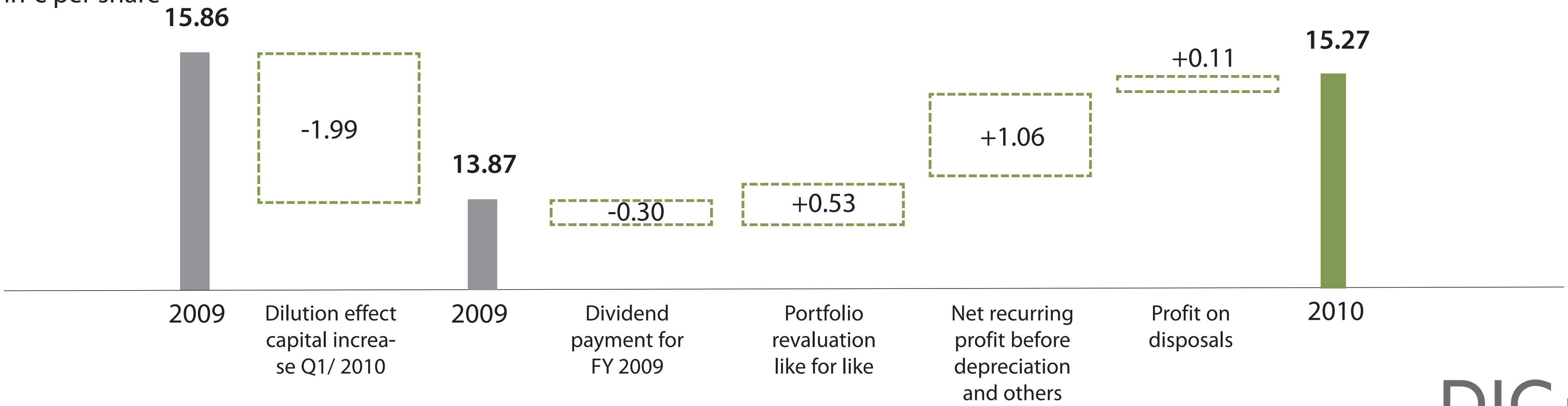

**Disposal volume**
in € mn



# APPRAISAL VALUES HIGHER THAN LAST YEAR

- Valuation uplift +1.1% on average
- Total portfolio value at € 2,001.8 mn
- Decrease of portfolio volume by € 190 mn, mainly due to disposals and fund placement
- NAV per share improved by € 1.40 to € 15.27, main effects through:
  - Higher valuation of investment properties
  - Higher profit for the period and profit on disposals

**NAV bridge**
in € per share



# OVERVIEW OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

RESULTS

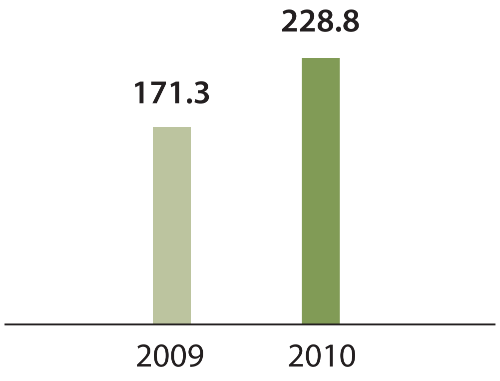
| € mn | 2010 | 2009 | | H2 10 | H1 10 | |
|---|---|---|---|---|---|---|
| **Gross rental income** | **124.9** | **133.6** | **-7%** | **60.8** | **64.1** | **-5%** |
| Net rental income | 113.9 | 123.8 | -8% | 55.5 | 58.4 | -5% |
| Administr./Personnel expenses | -17.4 | -18.2 | +4% | -8.7 | -8.7 | 0% |
| Management fee income | 3.5 | 3.4 | +3% | 2.0 | 1.5 | +33% |
| Depreciation | -30.8 | -30.4 | -1% | -15.1 | -15.7 | +4% |
| Net other income | 0.2 | 0.3 | -33% | 0 | 0.2 | --- |
| Profit on property disposals | 5.1 | 1.5 | +240% | 4.5 | 0.6 | +650% |
| Share of the profit of associates | 7.8 | 7.5 | +4% | 4.2 | 3.6 | +17% |
| Net financing cost | -64.0 | -69.1 | +7% | -31.1 | -32.9 | +5% |
| Tax expense | -1.9 | -2.6 | +27% | -1.2 | -0.7 | -71% |
| **Profit for the period** | **16.5** | **16.1** | **+2%** | **10.2** | **6.3** | **+62%** |
| **FFO** | **44.0** | **47.6** | **-8%** | **22.0** | **22.0** | **0%** |

## RENTAL INCOME BASIS EFFECTED BY PORTFOLIO CHANGES

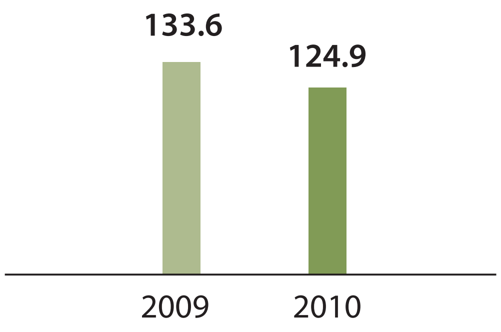


- Total revenues increased to € 228.8 mn (2009: € 171.3 mn)
- Gross rental income at € 124.9 mn (2009: € 133.6 mn); decline mainly due to disposals and placement of fund properties
- Net rental income at € 113.9 mn (2009: € 123.8 mn)
- € 81.2 mn proceeds from disposals, strongly raised against 2009 (€ 15.2 mn)

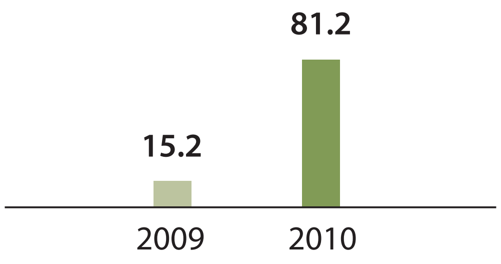
**Total revenues**
in € mn




**Gross rental income**
in € mn



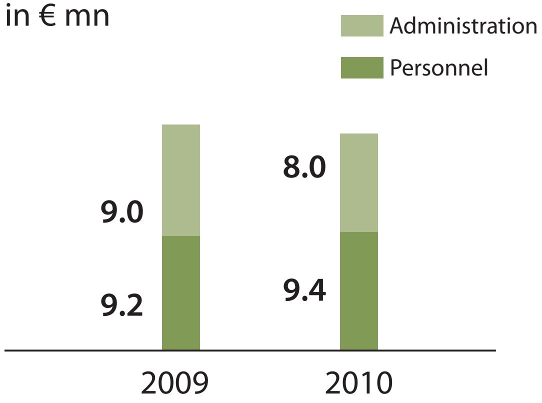

**Disposal proceeds**
in € mn



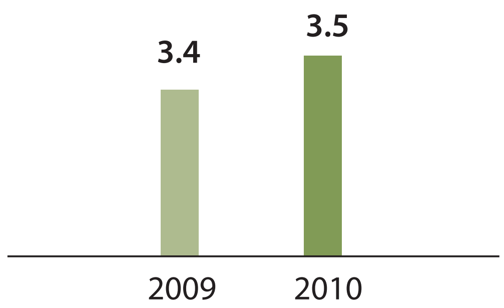
# EFFICIENT COST STRUCTURE

- Significant reduction of personnel and administrative cost by € 0.8 mn (-4%) to € 17.4 mn
- Income from management fees increased to € 3.5 mn; it covers a significant part of operational costs
- Ratio of personnel and administrative expenses (reduced by management fee income) to gross rental income shows efficiency with 11.1% – despite reduction of income basis
- Interest expenses reduced by € 4.2 mn (-5%) to € 70.4 mn
- Interest cover ratio (NRI/interest expenses) stable at 162%

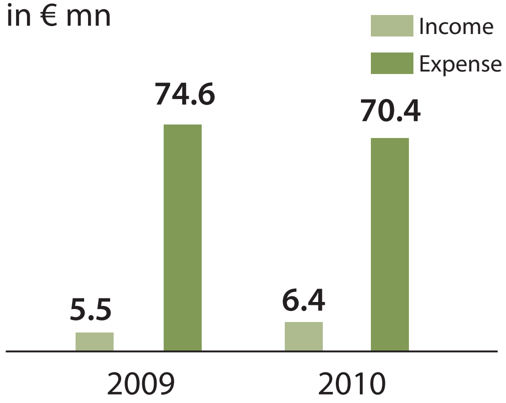
**Operative costs**
in € mn




**Management fee income**
in € mn



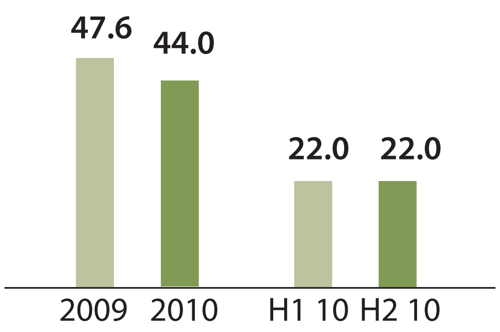

**Financial result**
in € mn



# EARNINGS ON GOOD LEVEL

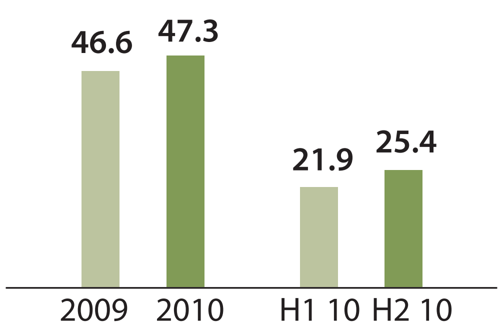
- FFO with € 44.0 mn on high level; target exceeded; FFO per share at € 1.18
- EBDA raised by € 0.7 mn to € 47.3 mn; significant increase in H2
- Profit for the period with € 16.5 mn above previous year (€ 16,1 mn)
- Earnings per share with € 0.44 slightly lower compared to 2009 (€ 0.49)

**FFO** [1]
in € mn

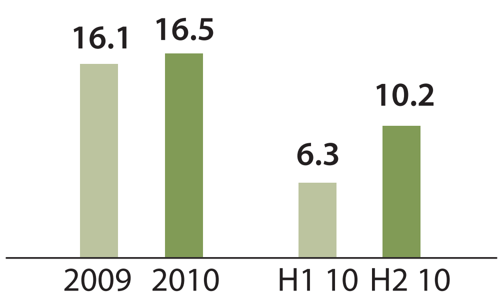



1. FFO (Funds from Operations): Earnings before depreciation and amortisation, taxes and gains on disposals and development projects

**EBDA**
in € mn




**Profit for the period**
in € mn



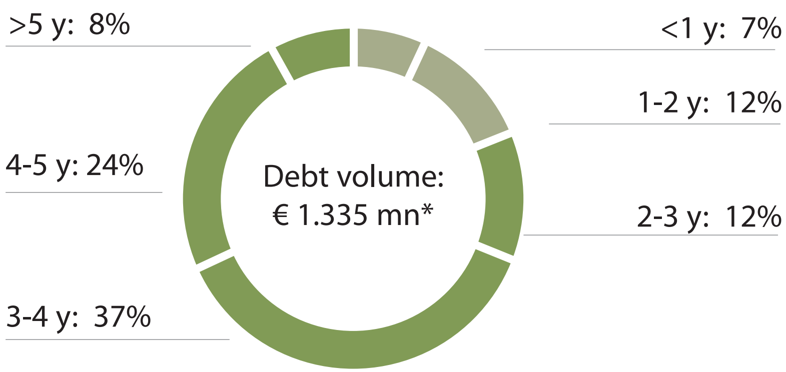
- Equity ratio increased by 4.6%-points to 28.6%, mainly through capital increase, debt reduction and profit from the period
- Financial debt reduced by € 213 mn thanks to disposals and fund placement
- 81% of all interest expenses are fixed long-term
- Prolongations used to optimise debt maturities, 4 years in average overall
- 69% of all debt with maturities from 2014 onwards
- Average interest rate down to 4.30% from 4.60% (31.12.2009)

**Balance sheet overview**

€ mn

| | 31.12.2010 | 31.12.2009 |
|---|---|---|
| Total assets | 2,050.0 | 2,213.4 |
| Non-current assets | 1,803.1 | 2,072.6 |
| Current assets | 246.9 | 140.8 |
| Equity | 587.1 | 530.7 |
| Non-current liabilities | 1,307.4 | 1,605.0 |
| Current liabilities | 155.5 | 77.7 |
| | | |
| Equity ratio in % | 28.6 | 24.0 |
| Debt ratio in % | 71.4 | 76.0 |

**Debt maturities as of 31 December 2010**

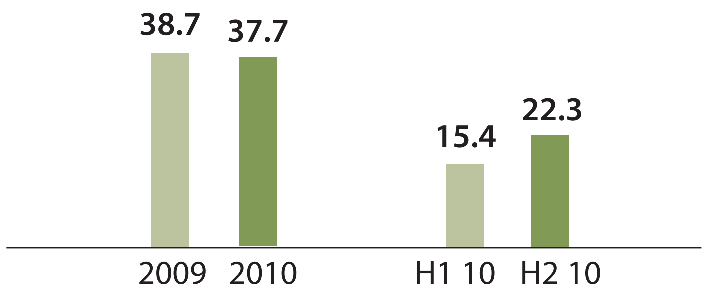



* without outstanding releases after disposals at end of 2010

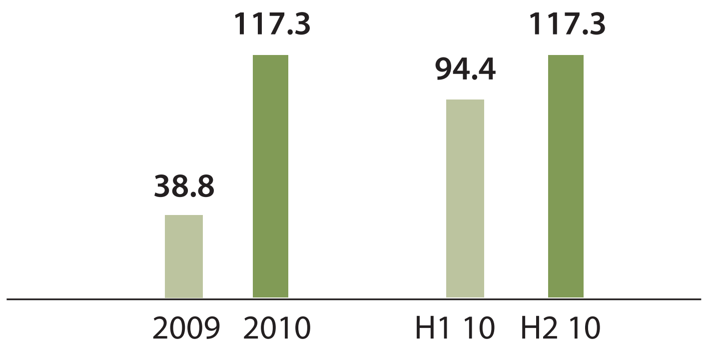
# MORE CASH AT HAND FOR FUTURE DEVELOPMENT

- Cash generated from operations lower at € 108.2 mn (2009: € 120.3 mn), mainly due to decreased rental income, fund placement and disposals
- Cash flow from operating activities at € 37.7 mn – only slight decrease thanks to reduced financing expenses
- Strong inflow through fund placement and disposals (€ 265.9 mn in total)
- Financing cash flow in 2010 at € -160.8 mn, impacted by debt repayments (€ -202.4 mn) after disposals and fund placement as well as capital increase (+€ 47.0 mn)
- Cash and cash equivalents increased strongly by € 78.5 mn to € 117.3 mn
- Based on good results 2010 and a positive outlook the company decides to increase the dividend to € 0.35 per share

**Cash flow from operating activities**
in € mn




**Cash and cash equivalents**
in € mn



# BACK AS BUYER: PURCHASE OF RETAIL ASSETS SIGNED

ACQUISITION

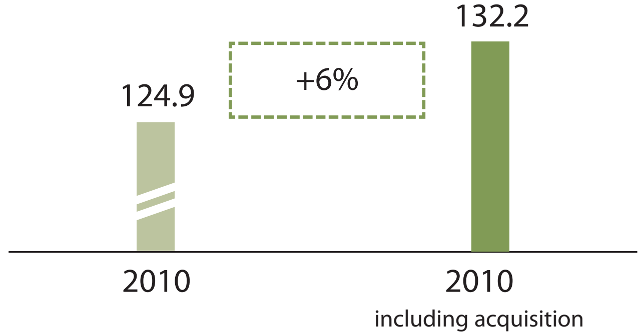
- As announced: DIC Asset AG is back as buyer on investment market with a transaction of € 108 mn
- Portfolio strengthened by two retail properties in prime locations (Bremen and Chemnitz)
- Acquired via exclusive transaction as share deal
- Existing funds predominantly used, combined with flexible and attractive financing
- FFO accretive with more than € 3 mn already in 2011


# ACQUISITION: POSITIVE EFFECTS ON PORTFOLIO

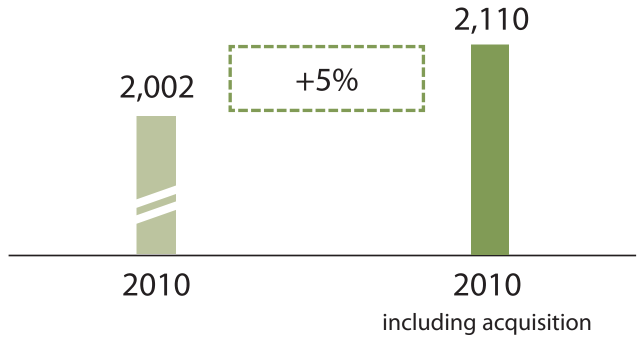
**Portfolio details:**

- Fully let with long-term lease agreements to „Galeria Kaufhof", 49,000 sqm retail space
- Lease expiry of around 11.5 years in average
- Long-term stable rental income with € 7.3 mn per year
- Attractive 7% gross rental yield (related to purchase price)
- Positive effects on portfolio:
  - Annual rental income increases by 6%
  - Portfolio volume up by 5%
  - On average, remaining lease term up to 5.7 years

**Pro forma annualised rental income**
Effect of acquisition, in € mn




**Pro forma portfolio volume**
Effect of acquisition, in € mn



# PREPARING FOR GROWTH – CAPITAL INCREASE IN MARCH 2011

- Take advantage of currently favourable capital market environment
- High level of trust in DIC Asset AG by our shareholders:
  - reflected in current share price development
  - principal shareholders covenant to exercise all their subscription rights
- Proceeds from new capital increase to finance further acquisition opportunities
- Capital increase adressed only to existing shareholders
- New shares with full dividend rights for 2010
- Details of offer to current shareholders:

| | |
|---|---|
| Subscription ratio: | 6:1 |
| New shares to subscribe: | up to 6,531,249 |
| Offer price: | € 8.00 per new share |
| Share capital after placement: | up to 45,718,747 (+16,7%) |

## PREPARED FOR GROWTH PATH



- Real estate market improving
- Ongoing disposals to monetize value creation, improve the portfolio and finance acquisitions
- DIC Asset AG will be a net buyer in 2011
- Two significant projects in the making: Opera Offices in Hamburg and MainTor in Frankfurt, in case of pre-lettings start until end of 2011
- First fund DIC Office Balance I is fully placed, expansion of this business as next steps
- Internal growth: reduction of vacancy rate and rental income increase in positive market climate expected

MainTor – The Riverside Financial District

# GUIDANCE 2011

- Internal growth: increase of occupancy rate by up to 1 percentage point to 87%
- Further acquisitions planned in all segments as well as special funds growth
- Rental income between € 112-115 mn expected
- Disposal volume of around € 80-100 mn
- FFO between € 40-42 mn

**For more information: dic-asset.de/ir**

For instance:
- Our up-to-date company presentation
- Recordings and presentation of this and recent calls available

If you have further questions, please don't hesitate to ask us.

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