

DIC ASSET

DIC ■



## UPDATE CALL PRESENTATION

## FULL YEAR RESULTS 2011

13 MARCH 2012

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## HIGHLIGHTS

Target results 2011 achieved, FFO growth 2012 by 10%

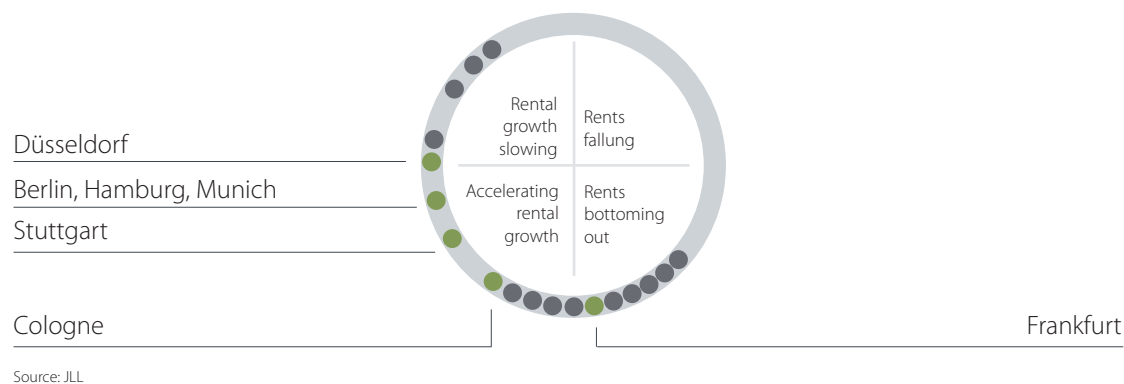


- 2011 in **growth mode**, investment volume of around **€ 300 mn** realised
- With 247,000 sqm, once again **strong lettings results**, **vacancy rate** significantly reduced **from 14.3% to 12.4%**
- Target results 2011 fulfilled: **FFO with € 40.6 mn** and **FFO per share at € 0.92**
- **Attractive dividend proposal** for 2011 – stable at € 0.35
- **Property values up 0.7%**, NAV per share at € 14.93
- **FFO growth** by 10% planned for 2012 to € 43-45 mn; FFO per share with around € 1 expected

## MARKET

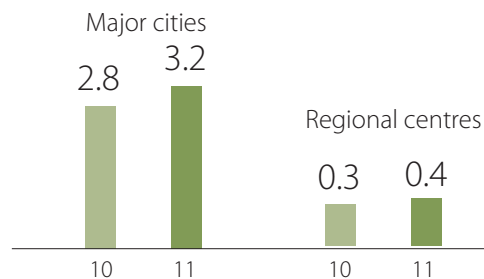
### Strong German commercial real estate market

#### Office property clock



#### Lettings

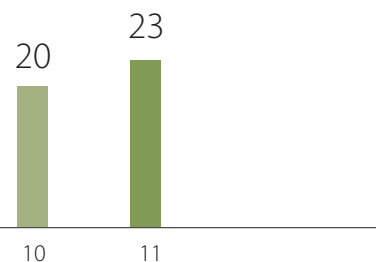
in sqm mn



Office letting volume ; Source: DIP

#### Transaction volume

in € bn



Major locations, German commercial real estate, Source: JLL, CBRE

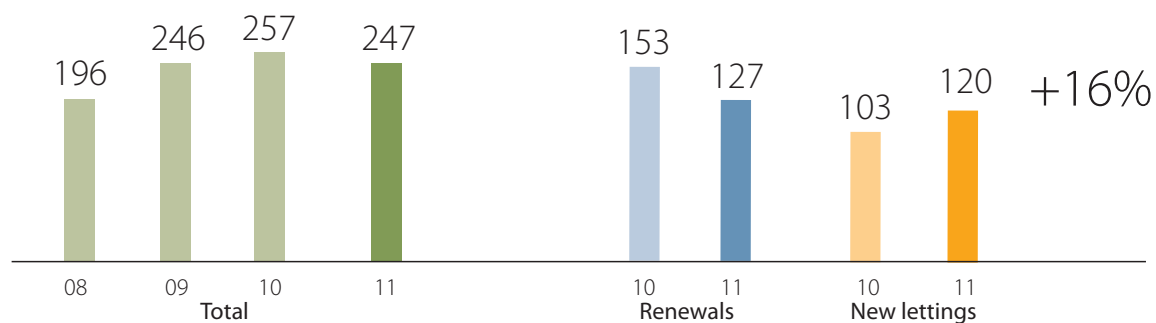
- **German GDP growth** 2011 of around 3%, strong job market conditions; German economy still **on top position** in Europe
- **Strong letting markets** overall: major locations grew by +13%, regional centres by even +16%
- **Lower vacancy rates** in average and stable rents, first increase of **rents in prime segments**
- **Transaction volume increased** to €23 bn – core office and retail properties still highly searched for
- **Solid growth 2012** expected; indicators (i.e. ifo index) show optimism for next 6 months

## PORTFOLIO

### Strong letting results reduce vacancy rate

#### Letting volume

in tsqm



#### Vacancy rate

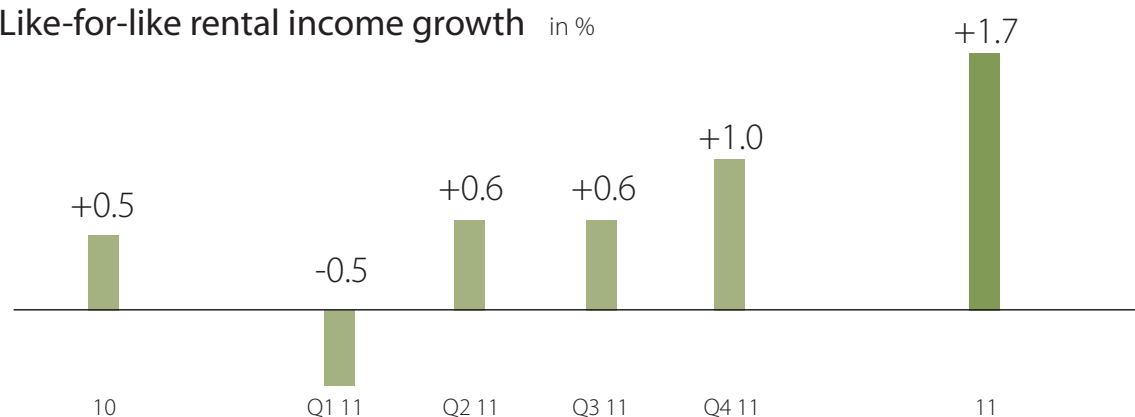


- **Letting volume** with 247,000 sqm once again at high level
- **Strong increase of new lettings:** +16% to 120,000 sqm
- **Renewals** with 127,000 sqm on high level, according to lower expiring volume 2011 and reduced portfolio
- **Well balanced letting structure** between smaller, mid-sized and large letting contracts (each ca. 1/3 of letting volume)
- **Vacancy rate strongly reduced to 12.4%** by 1.9 percentage points (12/2010: 14.3%)

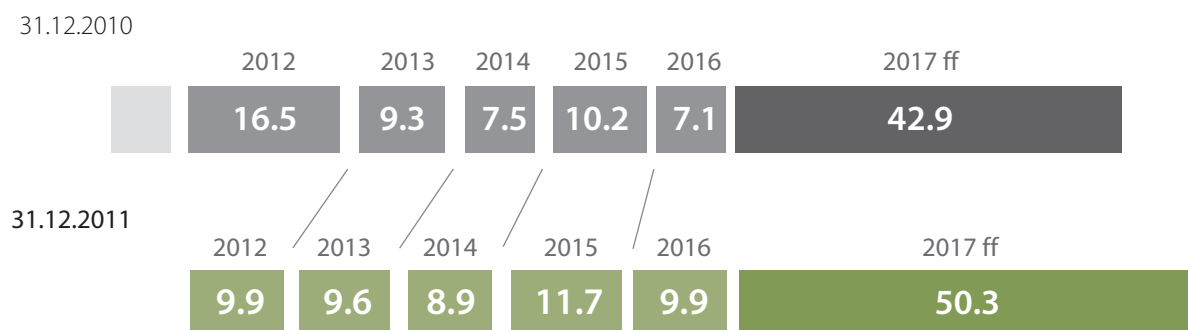
## PORTFOLIO

### Portfolio quality improved

#### Like-for-like rental income growth in %



#### Lease maturities Annual rental income in %

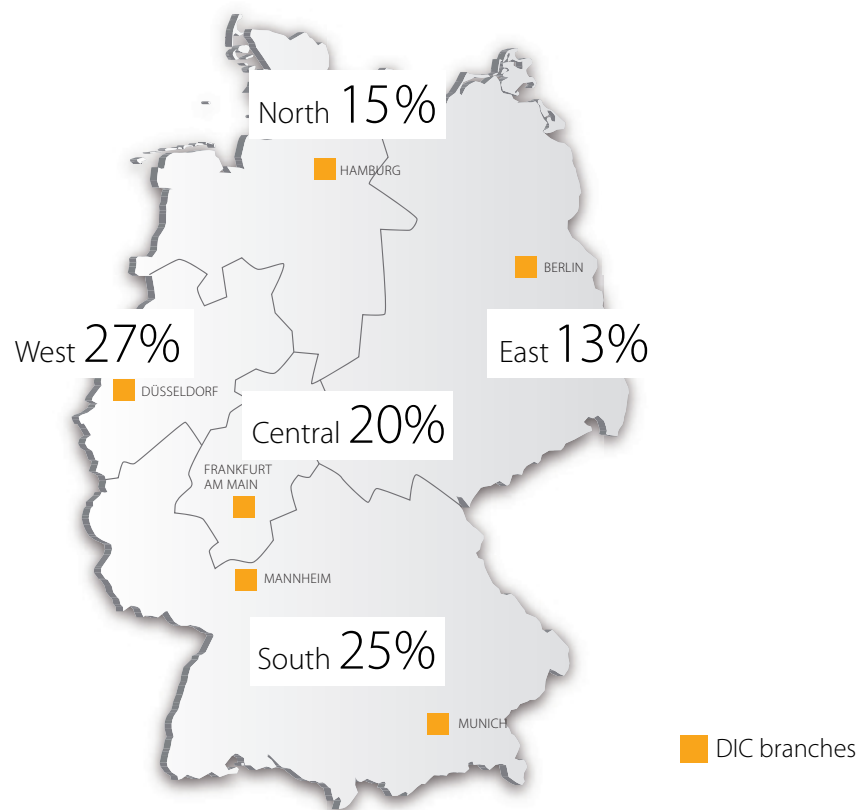


- **Like-for-like rental income** grown by +1.7% (2010: +0.5%); Q4 with strong increase by +1.0%
- **Stable lease terms** with 5.5 years in average mainly due to new lettings (8 year term in average)
- **Lease maturities significantly improved:** mid-term expiries 2012-2013 already reduced from 26% to 19.5%
- **Around 60% of rent** with expiry after 2016
- **Average rent** per sqm raised by € 0.10 to € 10.50

## PORTFOLIO

Regional clustering follows company approach

**Portfolio by regions** Basis: pro rata lettable area in sqm



- Market and portfolio activities **managed by DIC branches in the regions**
- Segment reporting **follows the regional view**, transparent structure with five regions
- **Balanced portfolio distribution** all over Germany with 280 properties and € 3.3 bn assets under management

## PORTFOLIO

### Detailed view on regions

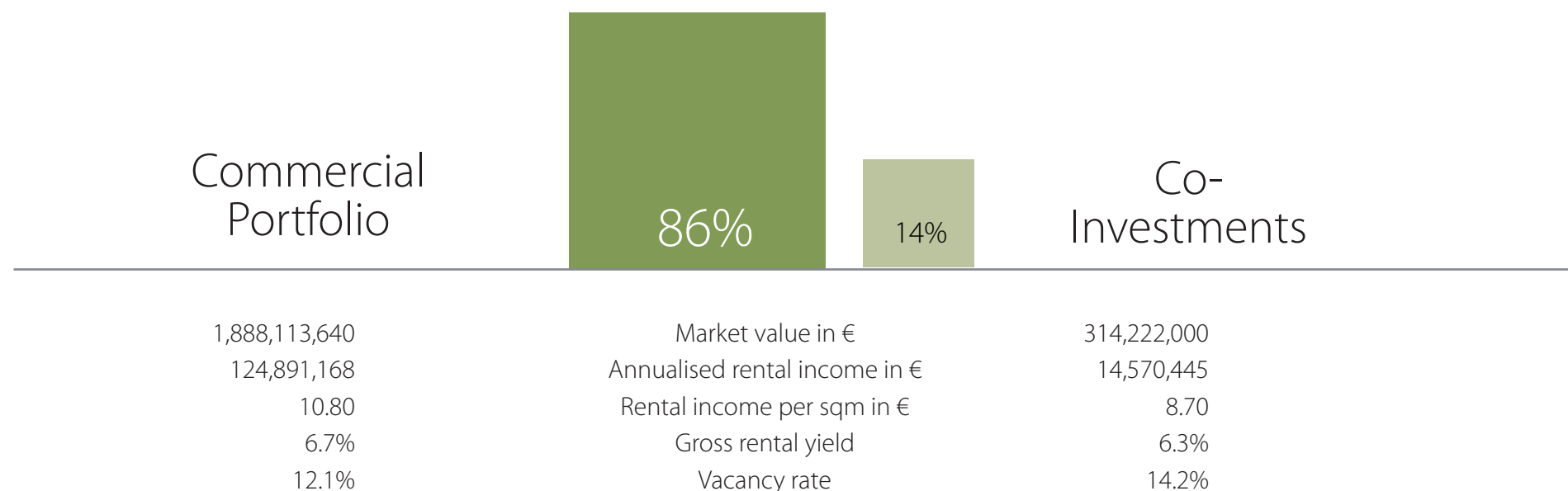
#### Portfolio by regions \*

	North	East	Central	West	South	Total 2011	Total 2010
Number of properties	50	38	56	62	72	278	288
Market value in € mn	234.2	270.6	646.5	641.3	409.7	2,202.3	2,001.8
Lettable area in sqm	178,300	160,700	245,200	340,700	303,200	1,228,000	1,171,100
Portfolio proportion based on rental space	15%	13%	20%	25%	27%	100%	
Annualised rental income in € mn	14.7	19.7	33.4	41.4	30.3	139.5	128.9
Rental income per sqm in €	7.70	10.90	13.20	11.50	8.80	10.50	10.40
Lease maturity in years	6.9	4.8	6.6	5.5	3.9	5.5	5.4
Gross rental yield	6.4%	7.3%	6.0%	6.5%	7.4%	6.6%	6.6%
Vacancy rate	11.1%	9.3%	16.2%	14.2%	9.5%	12.4%	14.3%

\* All figures pro rata, except number of properties; except number of properties and market values, all figures without developments

# PORTFOLIO

## Portfolio investments



### Commercial Portfolio

- High rental yields and stable rental income from investment properties
- Preserving values and taking advantage of value creation
- Mid to long-term investment horizon
- Selective disposals at appropriate time

### Funds

- Core properties in major cities
- Steady income from investments and services

### Joint Venture Portfolio

- Investments with potential for value creation and new positioning
- Upside potential in developments and refurbishments
- Ongoing fee income from asset and property management



# ACQUISITIONS

€ 300 mn invested, strong portfolio and FFO growth realised



- Acquisition **volume of around € 300 mn;**  
at the higher end of target range
- **Portfolio strengthened** by properties with
  - high initial yields (ø 7.3%)
  - long leases (ø 8.5 years)
  - high quality tenants
  - low vacancy rate (ø 3%)
  - above-average rent per sqm (€11.30 per sqm)
- **Portfolio growth** by 112,000 sqm and  
volume of around € 250 mn (DIC Asset share)
- **Annualised FFO contribution** of € 8.5 mn

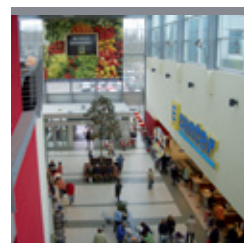
## ACQUISITIONS

### Transaction details of joint venture take-over



- **Complete takeover** of three 50/50 joint ventures previously held with funds from Morgan Stanley Real Estate via cost-efficient share deal
- **Additional cash flow and simplification of portfolio and asset management structures** in the Commercial Portfolio
- **Diversified tenant structure** with average term of around 6 years and occupancy rate at around 90%
- **Attractive ongoing debt financing**, average interest rate 3.2%
- **FFO accretion** annualised at around € 3.5 mn

## ACQUISITIONS IN DETAIL



### ACQUISITIONS 2011

	Galeria Kaufhof properties	Marktforum Duisburg	Office properties Karlsruhe, Leipzig	Joint venture portfolios	Office property Airport Frankfurt
Number of properties	2	1	2	22	1
Volume in € mn	108	16	62	95	22
Rental area in sqm	49,000	10,000	40,000	90,000	11,500
Average rent per sqm in €	11	10	8	14	12
Vacancy rate	0%	0%	0%	10%	0%*
Average lease term in years	11	12	8	6	7
Annual rental income, in € pro rata	7.3	1.2	4.0	7.0	1.6
Transfer of ownership	Q1 2011	Q4 2011	Q4 2011	Q4 2011	planned Q1 2012
Portfolio segment	Commercial Portfolio	Commercial Portfolio	Co-Investments/ Funds	Commercial Portfolio	Commercial Portfolio

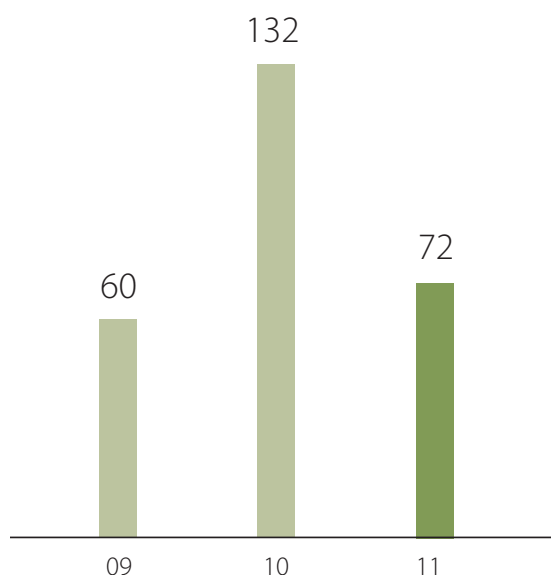
\* including rental guarantee of the seller

## DISPOSALS

### Portfolio optimisation through disposals

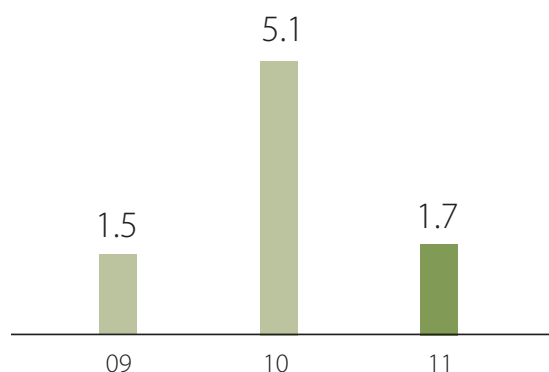
#### Sales volume

in € mn



#### Profit on disposals

in € mn



- For 2011 as planned smaller disposal volume realised – the main focus was **portfolio optimisation**
- 22 (2010: 29) mainly **smaller properties sold** – average volume of € 3 mn
- **Disposal volume** of € 72 mn achieved, thereof € 18 mn property disposal proceeds from commercial portfolio (profit € 1.7 mn)
- 2012: **around € 80 mn** sales volume planned

## MAINTOR FRANKFURT

Successful start in 2011



- One of the most important **city district developments** in Germany
- MIPIM Award 2012 for „**Best German Project**“
- Break-down to 5 separate subprojects, which **broadens marketing possibilities** and **minimises risk**
- Art show on MainTor area (20th jubilee of MMK Museum for Modern Art) in summer 2011 with **over 100,000 visitors** – puts MainTor on the map in the city
- With around € 190 mn, 1/3 of the **commercial project volume** is now in realisation
- Next step: start of marketing for **residential subproject** (Patio and Palazzi) in 2012





## MAINTOR FRANKFURT

Start of two subprojects within six months



MainTor Primus

- **Within six months** pre-marketing of two subprojects
- **MainTor Primus sold** via forward deal to private investor in June 2011
- **Starting shot** for demolition of whole site and construction start of MainTor Primus
- **New headquarter of DIC** as anchor tenant with 3,300 sqm, further demand for remaining spaces
- **Project volume** of € 50 mn, including demolition



MainTor Porta

- **Pre-letting of MainTor Porta** to Triple A tenant Union Investment (which takes up 70% of space)
- **Union Investment** to rent first 7 upper floors incl. entire plinth building for 10 years with option of prolongation
- **Project volume** of approx. € 140 mn
- **Start of construction** in February 2012

## FUND BUSINESS

Expansion for further growth



- In Q1 2011, full placement of „DIC Office Balance I“
- Fund business already **contributes significantly**: fees for real estate management with € 1.6 mn and profits from associates with € 1.4 mn in 2011
- **Additional equity raised** and fund volume increased to € 275 mn with **acquisitions of two properties** in Karlsruhe and Leipzig
- Second fund „DIC Highstreet Balance“ planned with focus on investments in top retail properties in city prime locations and target volume of € 250 mn; start in 2012

## SUSTAINABILITY

First separate report published



- Analysis and first figures of around 60 properties regarding **energy consumption** and **carbon dioxide emission**; DIC Asset properties well in line with relevant benchmarks
- Aim: **optimisation of consumption and emission** – together with tenants
- One of the activities in 2011: „**Project Green**“ – switch of electricity from traditional sources to eco-friendly power
- **Mile stone plan for 2012-2016** and goals towards our engagement with stakeholders
- Report on economic, ecological and social activities, including DIC as employer
- As of today, our first sustainability report is available on our website



## RESULTS

### Overview of consolidated profit and loss account

€ mn	FY 2011	FY 2010		H2 2011	H1 2011	
<b>Gross rental income</b>	<b>116.7</b>	<b>124.9</b>	<b>-7%</b>	<b>60.2</b>	<b>56.5</b>	<b>+7%</b>
Net rental income	106.8	113.9	-6%	54.6	52.2	+5%
Property disposal proceeds	17.7	81.2	-78%	8.4	9.3	-10%
Management fee income	5.3	3.5	+51%	3.0	2.3	+30%
Administr./Personnel expenses	-18.7	-17.4	-7%	-9.6	-9.1	-5%
Depreciation	-29.8	-30.8	+3%	-15.7	-14.1	-11%
Net other income	1.0	0.2	>+100%	1.1	-0.1	>+100%
Profit on property disposals	1.7	5.1	-67%	1.1	0.6	+83%
Share of the profit of associates	2.4	7.8	-69%	1.5	0.9	+67%
Net financing cost	-56.0	-64.0	+13%	-29.9	-26.1	-15%
<b>Profit for the period</b>	<b>10.6</b>	<b>16.5</b>	<b>-36%</b>	<b>4.4</b>	<b>6.2</b>	<b>-29%</b>
<b>FFO</b>	<b>40.6</b>	<b>44.0</b>	<b>-8%</b>	<b>20.5</b>	<b>20.1</b>	<b>+2%</b>
<b>FFO per share*</b>	<b>0.92</b>	<b>1.15</b>	<b>-20%</b>	<b>0.45</b>	<b>0.47</b>	<b>-4%</b>

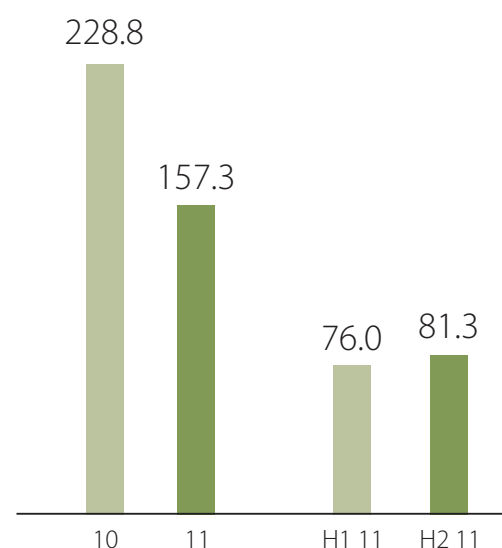
\* including effect of capital increase

# REVENUES

Impact from acquisitions in second half of 2011

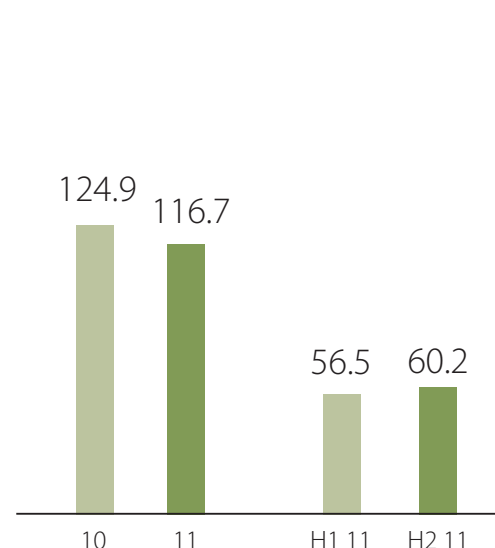
## Total revenues

in € mn



## Gross rental income

in € mn

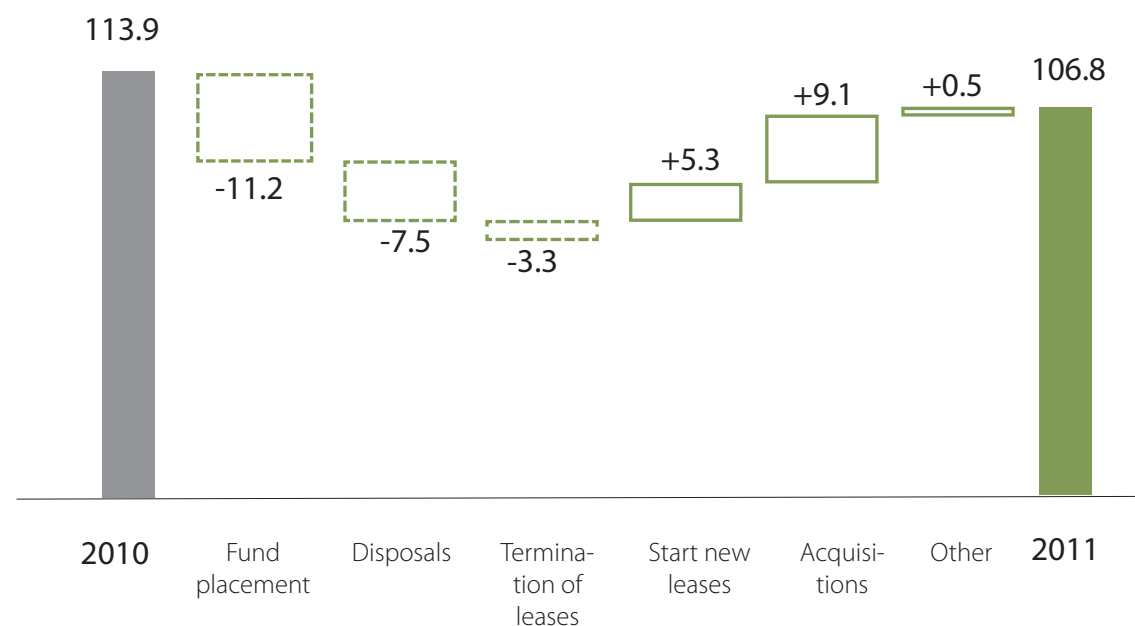


- **Gross rental income** as planned at € 116.7 mn (2010: € 124.9 mn); due to smaller portfolio at the beginning of 2011
- **Positive trend towards year-end:** GRI increased to € 60.2 mn in H2 2011, thanks to good letting and acquisitions
- **Net rental income** at € 106.8 mn (2010: € 113.9 mn)
- **Total revenues** at € 157.3 mn (2010: € 228.8 mn), decrease mainly due to significantly lower sales volume (€ -60 mn)

# RENTAL INCOME

Portfolio reduction largely compensated by lettings and acquisitions

Net rental income bridge in € mn



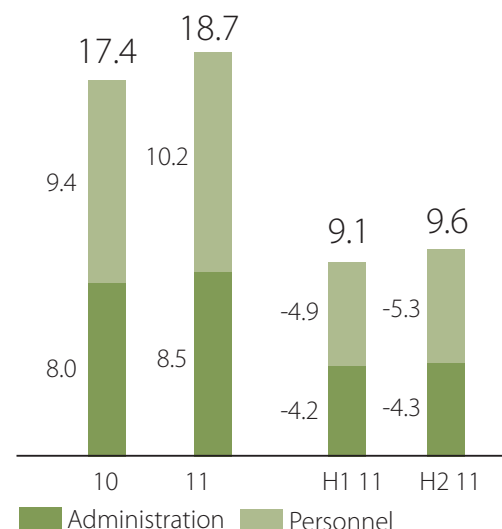
- Effect of fund placement with transfer of properties and from sales with a **reduction of rental income** by around -16% (€ -18.7 mn)
- Termination of leases more than compensated through **new leases started** (+ € 2 mn)
- Net rental income 2011 increased by of € 9.1 mn **via acquisitions**

# COST STRUCTURE

Operating cost ratio within target range

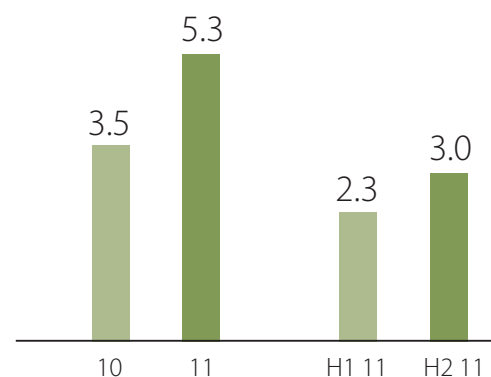
## Operating costs

in € mn



## Management fee income

in € mn



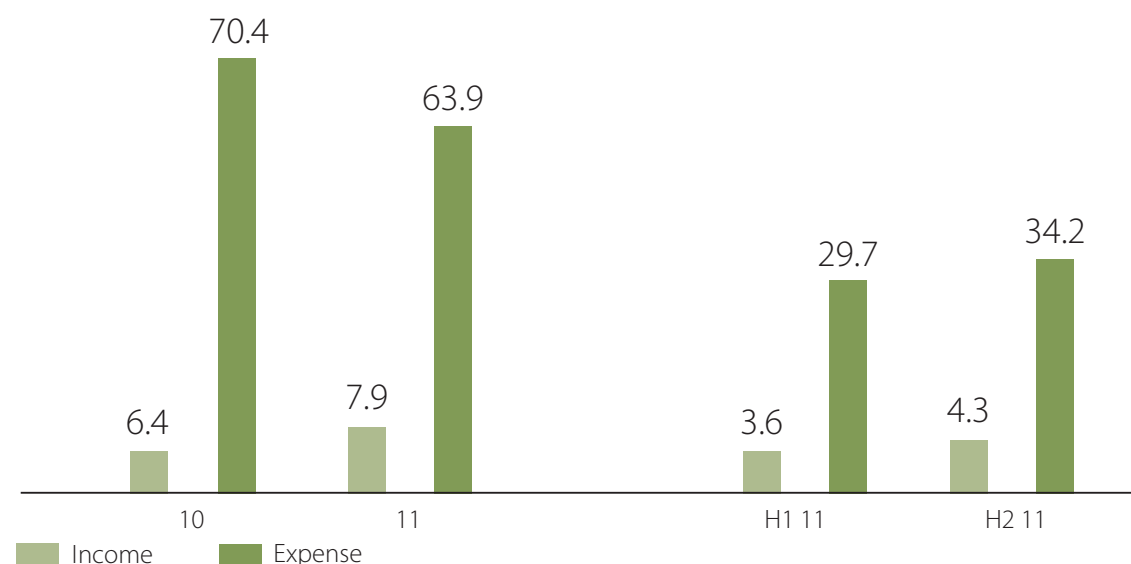
- **Personnel and administrative cost** up by € 1.3 mn (+7%) to € 18.7 mn following the business expanding
- **Management fee income** strongly increased by 51% to € 5.3 mn (+ € 1.8 mn)
- **27% of operating cost covered** by management fee income (2010: 20%)
- **Cost ratio** of personnel and administrative expenses (net of management fee income) to gross rental income with 11.5% in target range
- With increasing gross rental income in H2/2011: operating **cost ratio at 11.0%**

# COST STRUCTURE

Interest expenses clearly reduced in 2011

## Interest result

in € mn



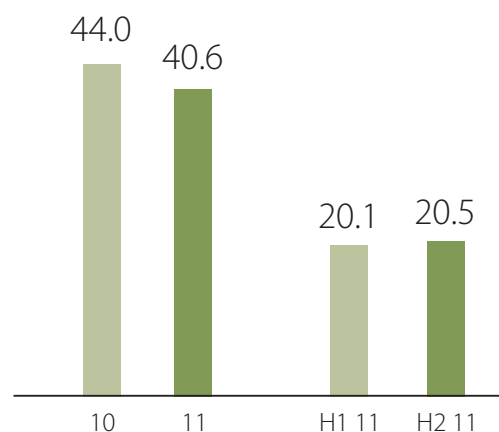
- **Interest result** in 2011 **significantly improved** by € 8.0 mn (-13%) to € -56.0 mn
- **Interest expenses** reduced by € 6.5 mn from € 70.4 mn to € 63.9 mn
- Increase in H2 2011 to € 34.2 mn, due to bond issue (€ 2.6 mn) and higher financing volume after acquisitions
- **Interest income** increased with high level of cash in 2011 and higher income from loans to affiliated companies
- **Interest cover ratio** (NRI/interest expenses) **improved** to 167% (2010: 162%)

# RESULTS

## Earnings within target range

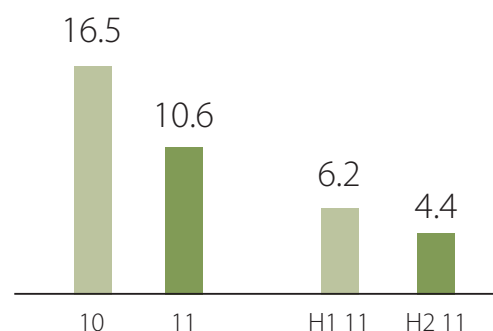
### FFO

in € mn



### Profit for the period

in € mn



- **FFO at € 40.6 mn (€ -3.4 mn) in line with target 2011** – increasing FFO in H2 11
- **As planned**, reduced profits from disposals (€ -3.4 mn) and profits from associates (€ -5.4 mn)
- **Profit for the period at € 10.6 mn (€ -5.9 mn)** – reduction from disposals and associates partly compensated through high operating efficiency and higher management fee income
- **FFO per share at € 0.92** and earnings per share at € 0.24

## FFO DERIVATION

Attractive level of FFO per share

€ mn	2011	2010	
Net rental income	106.8	113.9	-6%
Administrative expenses	-8.5	-8.0	-6%
Personnel expenses	-10.2	-9.4	-9%
Result of other operating income/expenses	+0.9	+0.2	>+100%
Management fee income	+5.3	+3.5	+51%
Share of the profit from associates	+2.3	+7.8	-69%
Interest result	-56.0	-64.0	+13%
Funds from operations	40.6	44.0	-8%
FFO per share in €	0.92	1.15	

## BALANCE SHEET

Balance sheet expanded by 10%

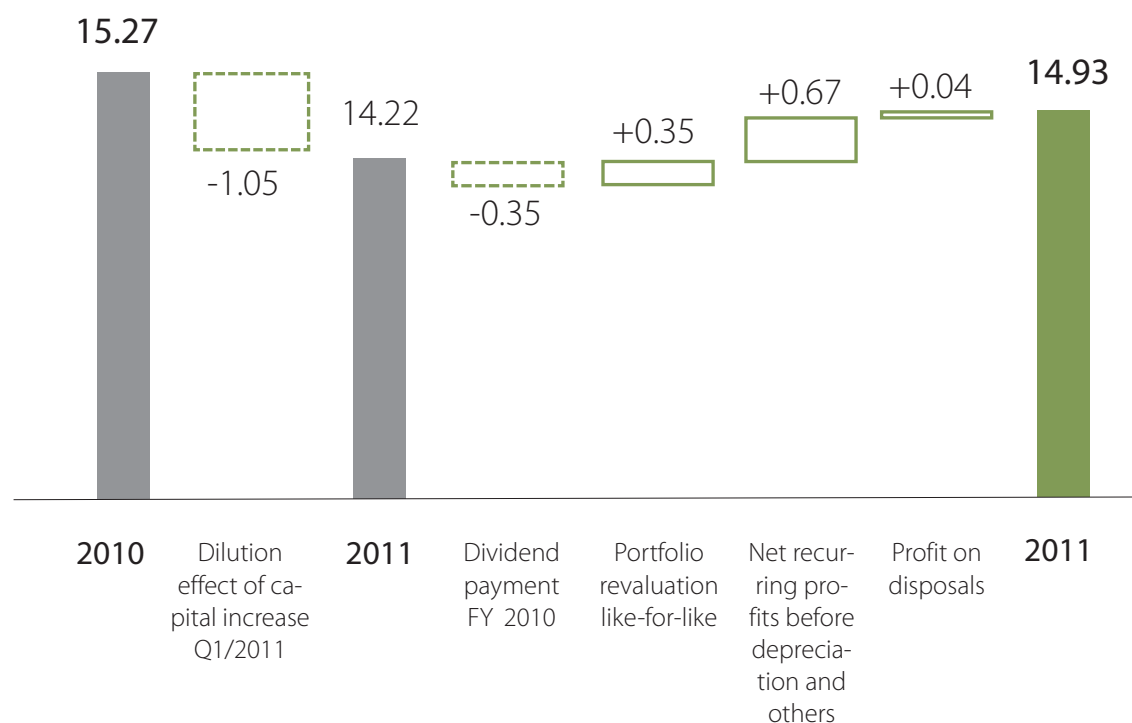
	31.12.2011	31.12.2010	
Non-current assets	1,997.3	1,803.1	+11%
Current assets	250.8	246.9	+2%
	2,248.1	2,050.0	+10%
Equity	624.2	587.1	+6%
Non-current liabilities	1,406.7	1,307.4	+8%
Current liabilities	217.2	155.5	+40%
	2,248.1	2,050.0	+10%
Balance sheet equity ratio	27.8%	28.6%	
Balance sheet debt ratio	72.2%	71.4%	
Net debt equity ratio (excl. hedging reserve, derivatives, deferred tax for hedges)	31.7%	32.8%	



## NET ASSET VALUE

NAV stable at around € 15 per share

NAV bridge per share, in €



- **Property values up by 0.7%** based on annual external valuation and caused by internal growth
- Total **portfolio volume** at € 2.202 mn
- **Net increase of portfolio** volume by € 201 mn, mainly due to acquisitions (222 mn) and valuation uplift (16 mn)
- **NAV per share** at € 14.93, main positive effects: valuation and profit for the period
- NNAV per share with € 14.76, NNNNAV per share with € 14.50 (+€ 0.07)

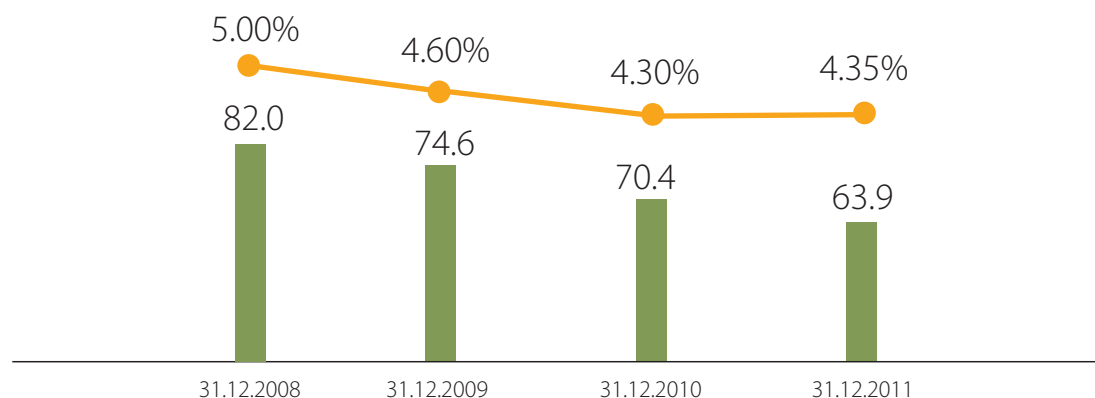
# BALANCE SHEET

## Stable financial fundament

### Debt maturities as of 31 December 2011



### Interest expenses and interest rate



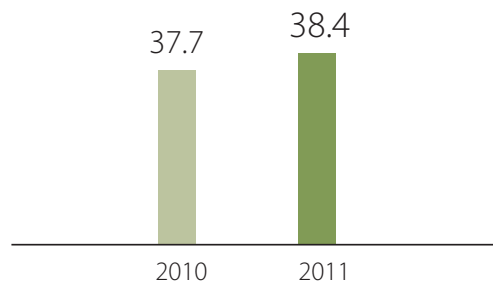
- **Financial debt** at € 1,519.7 mn; increased due to portfolio growth
- **Average debt maturities** of around 3.5 years; prolongations in 2011 improved maturity structure and average interest rate
- Beside bond issue of € 70 mn around € 90 mn in acquisition **financings** and ca. € 70 mn of **refinancings** arranged
- **Around € 160 mn** to be refinanced in 2012 – split up in mainly 3 separate loans, already on track
- 80% of interest expenses **fixed long-term**
- **Average interest rate** at 4.35% (9M 2011: 4.45%) remains at attractive level

## CASH FLOW

Around € 100 mn free liquidity

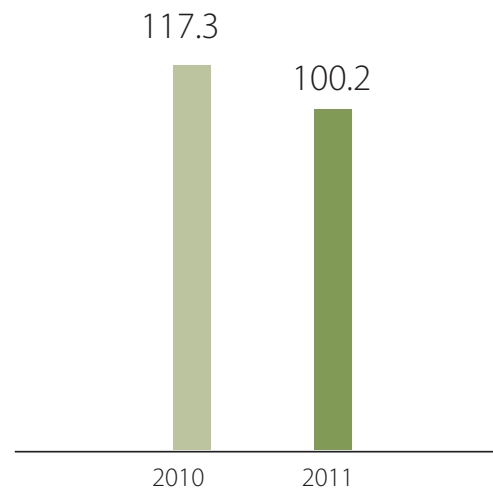
### Cash flow from operating activities

in € mn



### Cash and cash equivalents

in € mn



- **Cash generated from operations** at € 97.1 mn, below previous year due to smaller portfolio (2010: € 108.2 mn)
- **Cash flow from operating activities** increased by 2%) to € 38.4 mn – mainly due to optimised financing costs
- **Cash flow for investments** of € 156 mn mainly used for portfolio growth and investments in properties (€ 15.3 mn)
- **Cash flow from financing** of € 100.3 mn by capital increase and bond issue, reduced by dividend
- € 100.2 mn **cash and cash equivalents** at hand at year-end gives flexibility for 2012

## OUTLOOK AND GUIDANCE 2012

### Significant growth in income and earnings



- Expectation: **Stable economy and real estate markets** in 2012
- Ongoing **disposals** for optimising the portfolio and realising profits, volume of around € 80 mn planned
- **Net buyer** over all activities with **acquisitions worth at least € 200 mn**
- Further **significant progress with developments**: MainTor Frankfurt and Opera Offices Hamburg
- **Expansion of fund business**, start of second fund
- Internal growth: powerful letting and further reduction of **vacancy rate** to around 11.5%
- **Rental income** between € 124-126 mn (+8%) planned; **like for like rental income growth** around +1%
- Strong **FFO growth** by 10% to € 43-45 mn – around € 1 per share planned

THANK YOU!



Immo von Homeyer  
Head of Investor Relations &  
Corporate Communications



Peer Schlinkmann  
Manager Investor Relations

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