



## UPDATE CALL PRESENTATION

## FINANCIAL RESULTS 2012

5 MARCH 2013

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## HIGHLIGHTS

Strong FFO growth to € 45 mn, positive outlook for 2013



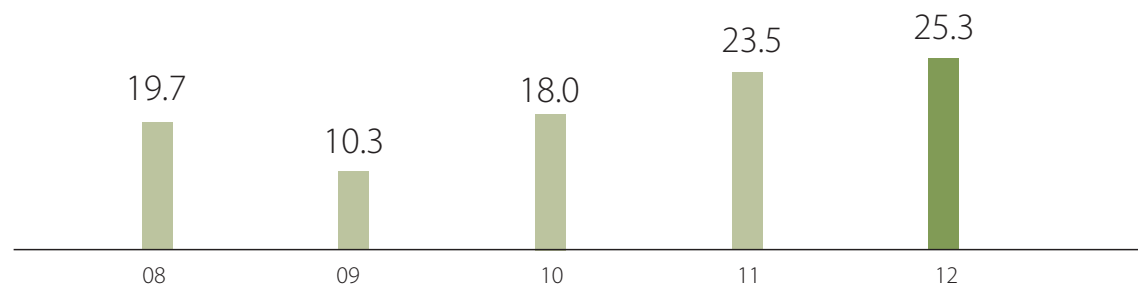
- **Strong lettings results** of 238,000 sqm, **vacancy rate** significantly reduced **from 12.4% to 10.9%**
- **FFO +10% to € 44.9 mn**, FFO per share nearly at € 1
- **Stable property values**, NAV per share at € 14.99
- **Dividend proposal** € 0.35 per share
- **Major steps forward with** MainTor city quarter in Frankfurt
- **Outlook 2013:** further growth of FFO, vacancy reduction is moving forward

# GERMAN COMMERCIAL REAL ESTATE MARKET

## Positive market environment

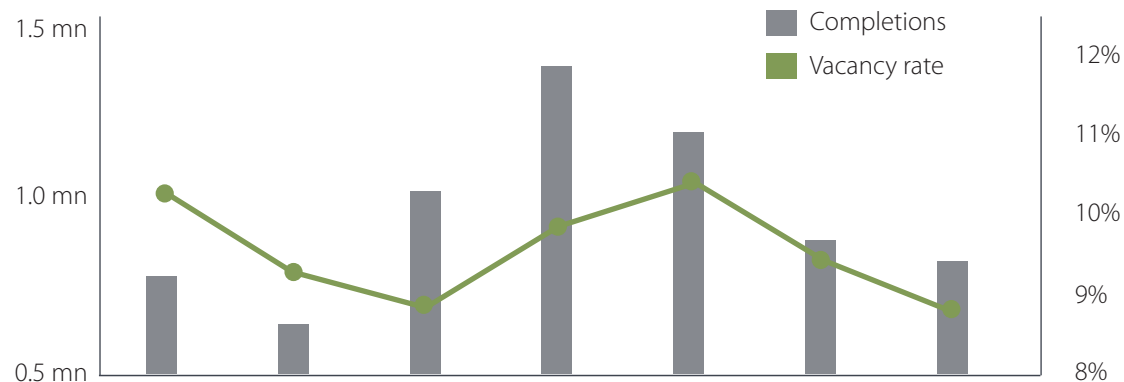
### Transaction result in major office markets

in € bn



### Completions and vacancy in major office markets

in sqm mn/in%



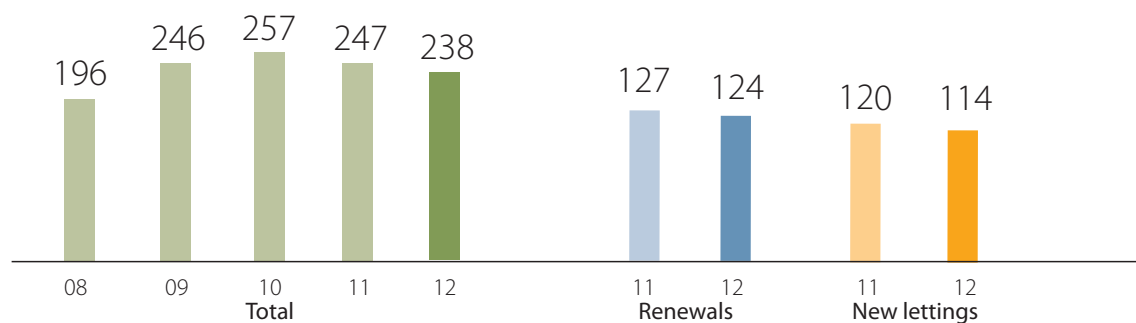
- **German GDP growth** 2013 at 0.5%, job market still strong; early indicators (ifo, ZEW) show upward trend
- **Letting markets** performed solid: major locations with long-term average result of around 3.0 mn
- **Vacancy rates** across BIG 7 with 8.8% at 10-year low, supported also by low completion volumes
- **Investment volume increased** to € 25 bn (+8%) – office properties with highest share at 40%
- **Letting and transactions results 2013 on last year's level possible** – if economy stays favorably

## PORTFOLIO

Strong letting results reduce vacancy rate

### Letting volume

in tsqm



■ Again high letting volume with 238,000 sqm

■ Renewals and new lettings on last year's level

■ Letting volume equates to **annualised GRI** of € 32.4 mn (+€ 5.1 mn against 2011)

■ Strong growth in office lettings (177,000 sqm with € 26.6 mn)

■ Well balanced letting structure, light emphasis on mid-sized lettings with 1,000-5,000 sqm

### Letting structure

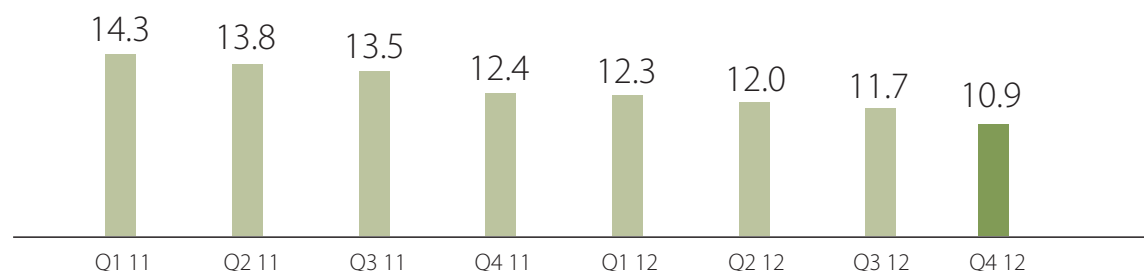


## PORTFOLIO

### Portfolio quality improved

#### Vacancy rate

in %, at the end of the quarter



■ Vacancy rate strongly reduced to **10.9%** by 1.5 percentage points (12/2011: 12.4%)

■ Like-for-like rental income increased by +1.0% (2011: +1.7%)

■ **Stable lease terms** with 5.2 years – despite general trend for more flexibility

#### Lease maturities Annual rental income in %



■ Lease maturities significantly improved: only 4% of leases end 2013



■ Expiring 2017 and later: **around 60% of rent**

## PORTFOLIO

### Performance of regional portfolios

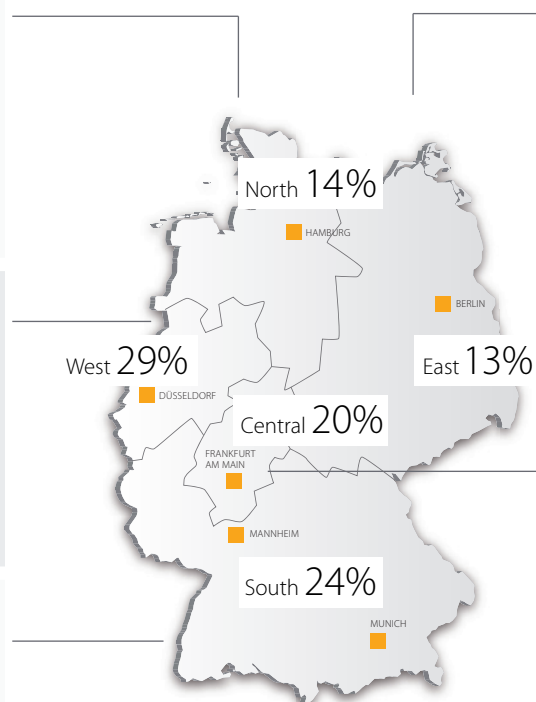
North	2012	2011
Gross rental yield	6.7%	6.4%
Vacancy rate	5.2%	11.1%
WALT in years	6.2	6.9
Average rent per sqm	7.80	7.70

West	2012	2011
Gross rental yield	6.6%	6.5%
Vacancy rate	12.1%	14.2%
WALT in years	5.3	5.5
Average rent per sqm	10.90	11.50

South	2012	2011
Gross rental yield	7.4%	7.4%
Vacancy rate	7.6%	9.5%
WALT in years	4.1	3.9
Average rent per sqm	8.70	8.80



East	2012	2011
Gross rental yield	7.6%	7.3%
Vacancy rate	7.8%	9.3%
WALT in years	4.3	4.8
Average rent per sqm	11.50	10.90

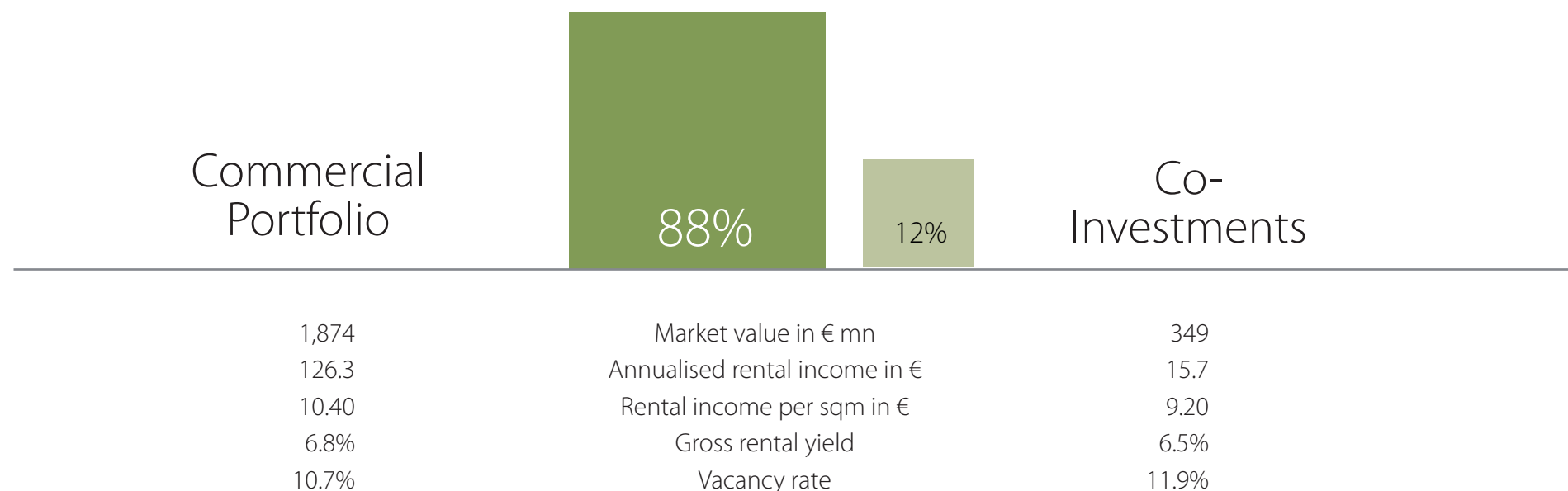
Central	2012	2011
Gross rental yield	6.0%	6.0%
Vacancy rate	18.8%	16.2%
WALT in years	6.0	6.6
Average rent per sqm	12.40	13.20

Total	2012	2011
Gross rental yield	6.8%	6.6%
Vacancy rate	10.9%	12.4%
WALT in years	5.2	5.5
Average rent per sqm	10.30	10.50

# 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

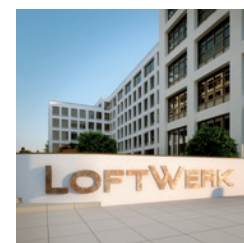
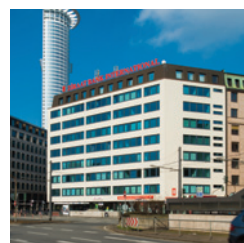
Selective investments of € 135 mn realised



- Selective acquisitions for **“Commercial Portfolio”** in Cologne and Frankfurt, for approx. € 40 mn: well occupied, leases of around 10 years, initial rental yield of around 8%
- **Acquisition for funds** of around € 100 mn: office properties „Loftwerk“ (€ 44 mn) and „Looper“ (€ 27 mn), 2 retail properties (€ 25 mn)
- **Acquisition volume 2012** at around € 135 mn, FFO contribution 2013 of € 3 mn, for 2012 already € 1 mn
- **Outlook 2013:** Emphasis on fund acquisitions, using opportunities for Commercial Portfolio



# ACQUISITIONS IN DETAIL



## ACQUISITIONS 2012

Office property  
Frankfurt/railway station

Office property  
Rewe HQ

Office property  
„Loftwerk“

Office property  
„Looper“

Two retail properties

Number of properties	1	1	1	1	2
Location	Frankfurt	Cologne	Frankfurt/Eschborn	Duisburg	Mannheim, Dresden
Investment volume in € mn	17	23	44	27	25
Rental space in sqm	7,200	24,000	14,700	10,000	8,500
Average rent per sqm in €	15	6	15	15	15
Vacancy rate in %	9%	0%	0% *	0% *	0% *
WALT in years	9	10	10	6	8.5
Annual rental income in € mn	1.3	1.8	2.7	1.7	1.5
Gross initial yield	7.6%	8.0%	6.1%	6.3%	6.0%
FFO impact p.a. in € mn	0.6	1.3	0.5	0.3	0.3
Portfolio segment	Commercial Portfolio	Commercial Portfolio	Co-Investments/Funds	Co-Investments/Funds	Co-Investments/Funds

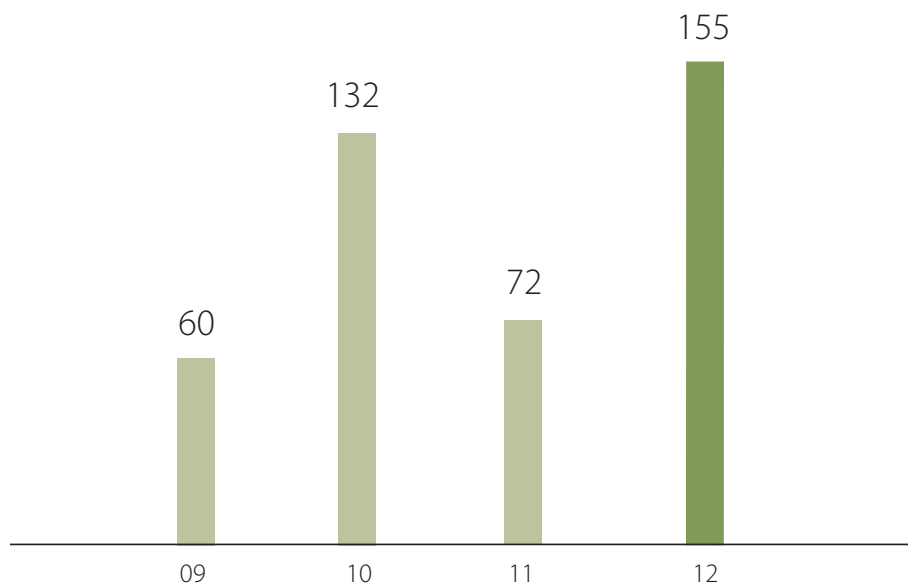
\* including rental guarantee of the seller

## SALES

### Portfolio optimisation and profitable sales

#### Sales volume

in € mn



■ 16 **properties sold** (2011: 22) – sales volume of € 155 mn

■ € 115 mn sales volume from **Commercial Portfolio**,  
thereof Bienenkorbhaus as biggest asset (€ 73 mn)

■ **Sales from Co-Investments**: 10 properties for € 40 mn

■ All sales enable **debt reduction** by more than € 120 mn

■ Transactions with 5% on average **well above market** resp.  
book values

## MAINTOR FRANKFURT

Major steps forward with top project of Frankfurt



- **Well ahead of plan** with major marketing successes in 2012

- **Forward sale** of „MainTor Panorama“ and „MainTor Patio“ for € 150 mn

- **„MainTor Porta“** fully let to Union Investment (22,000 sqm)

- CMS Hasche Sigle as main tenant for „MainTor Panorama“ (9,000 sqm, 70% pre-let)

- **Sales of condominiums** of „MainTor Palazzi“ (investment volume approx. € 75 mn) with very successful start in late 2012

- Construction work started for „MainTor Patio“ and „MainTor Panorama“

- Around 60% of **project volume** in realisation



## FUND BUSINESS

### Fund business moves forward



- Equity of more than € 105 mn raised for second fund „**DIC HighStreet Balance**“ (incl. 20% DIC Asset co-investment); investments of more than € 200 mn made possible
- **Additional acquisitions** of € 70 mn realised for „**DIC Office Balance I**“ in 2012, fund volume now at € 340 mn
- **Target volume of fund investments** of around € 700 mn in coming 2 years, € 365 mn already realised
- Fund business with higher **FFO contribution** in 2012 at **€ 3.9 mn** (2011: € 3.2 mn), thereof profits from associates at € 1.6 mn and fees from real estate management at € 2.3 mn

## FINANCIAL FOCUS

### Financial structure enhanced



- **Attractive financings of total € 640 mn** arranged with interest costs quite below average; platform of banks and financing partners broadened
- Successful **extension of corporate bond** by € 30 mn to **€ 100 mn**, admittance to „Prime Standard for corporate bonds“ at Frankfurt stock exchange
- Average **interest rate** down by 40 bps to 3.95% (2011: 4.35%)
- **Average debt maturity** significantly improved to 3.5 years
- **Growing rental income and FFO** through portfolio additions and successful letting performance
- **Ongoing cost efficiency:** operating cost ratio at 12%, within target range; ICR up to 172%

## RESULTS

### Overview of consolidated profit and loss account

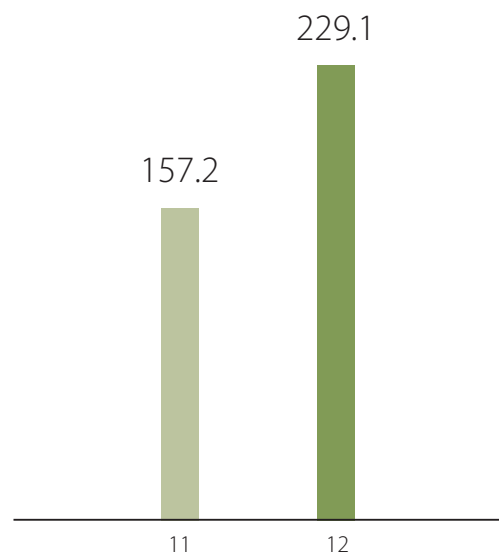
€ mn	2012	2011	
<b>Gross rental income</b>	<b>126.5</b>	<b>116.7</b>	<b>+8%</b>
Net rental income	113.2	106.8	+6%
Administr./Personnel expenses	-20.9	-18.7	+12%
Management fee income	5.7	5.3	+8%
Depreciation	-33.5	-29.6	+13%
Net other income	0.3	0.6	-50%
Profit on property disposals	3.8	1.7	+124%
Share of the profit of associates	1.8	2.6	-31%
Net financing cost	-56.2	-56.0	0%
Tax expense	-2.3	-2.0	+15%
Profit for the period	11.8	10.6	+11%
<b>FFO</b>	<b>44.9</b>	<b>40.8</b>	<b>+10%</b>
<b>EPRA earnings</b>	<b>41.7</b>	<b>37.9</b>	<b>+10%</b>

## REVENUES

Increased revenues through acquisitions and property sales

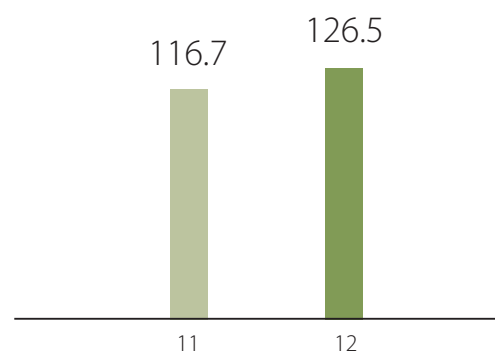
### Total revenues

in € mn



### Gross rental income

in € mn



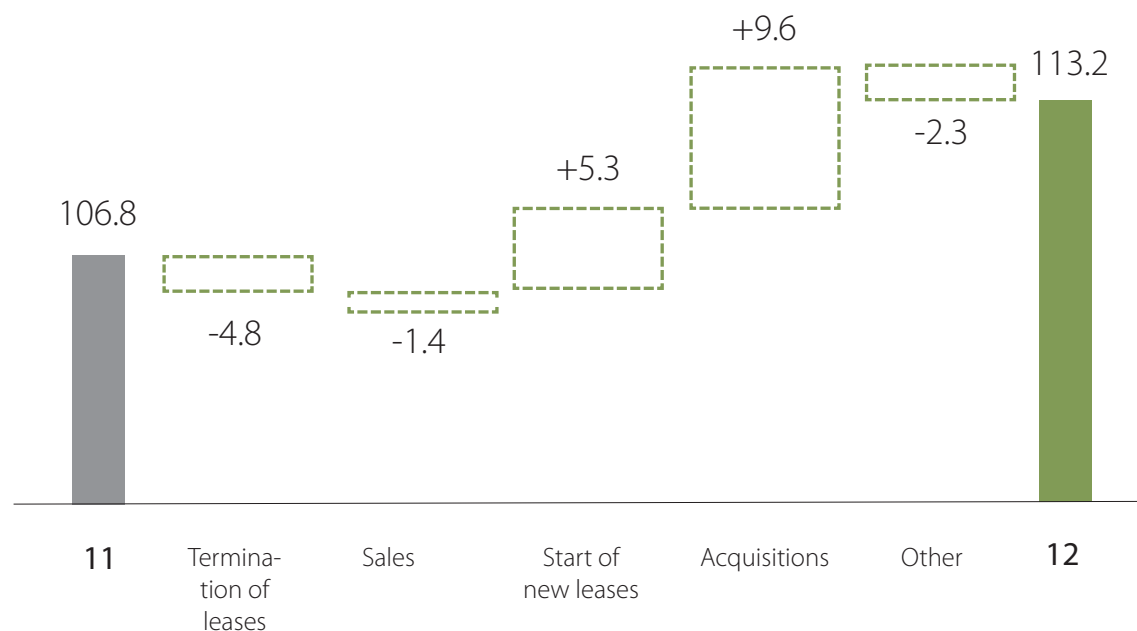
- **Gross rental income** as planned at € 126.5 mn (2011: € 116.7 mn); due to portfolio expansion
- **Net rental income** at € 113.2 mn (2011: € 106.8 mn)
- **Sales proceeds** of € 75.7 mn (+€ 58.0 mn against 2011)
- **Total revenues** at € 229.1 mn (2011: € 157.2 mn), increase mainly due to significantly higher GRI and sales volume



## RENTAL INCOME

Net rental income base strengthened by lettings and acquisitions

Net rental income bridge in € mn



- **Strong growth** through new acquisitions
- Effects from **acquisitions exceed** sales by +€ 8.2 mn
- New leases overcompensate terminations
- Higher operating activities with cost effect on NRI
- **Net rental income** increased by € 6.4 mn to € 113.2 mn

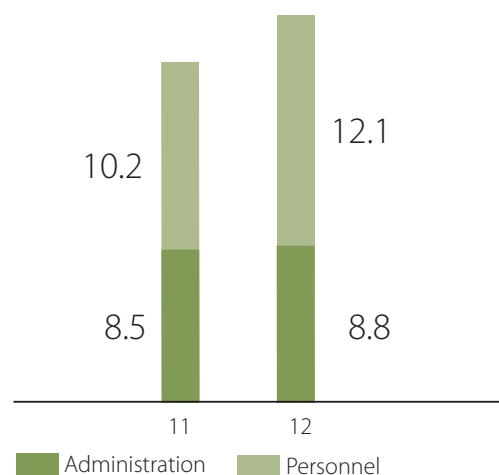


## COST STRUCTURE

Operating cost ratio within target range

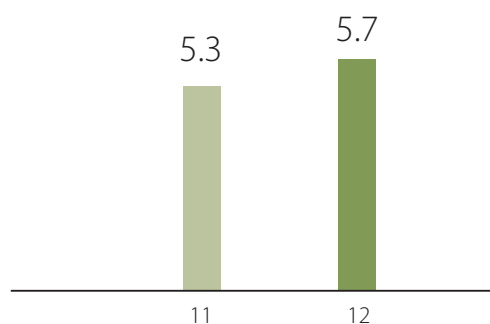
### Operating costs

in € mn



### Fees from real estate management

in € mn



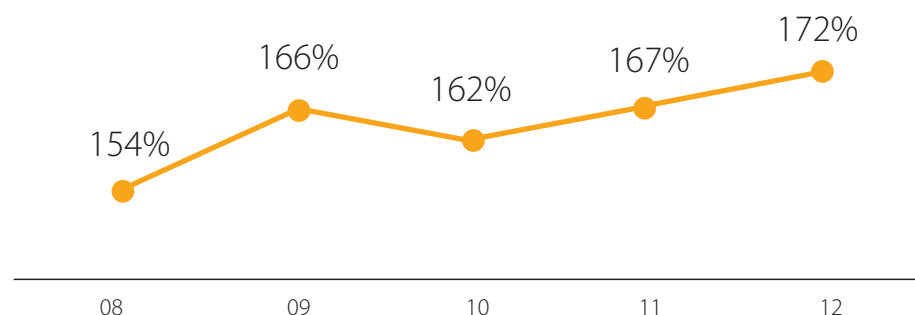
- **Personnel and administrative cost** up by € 2.2 mn (+10%) to € 20.9 mn, due to expanded business activities
- **Management fee income** increased by 8% to € 5.7 mn (+ € 0.4 mn) thanks to increased management and acquisition fees from fund business
- **Cost efficiency retained:** operational cost ratio\* with 12.0% in target range of 11-12%
- **27% of operating cost covered** by management fee income

\* personnel and administrative expenses (net of management fee income) to gross rental income

## COST STRUCTURE

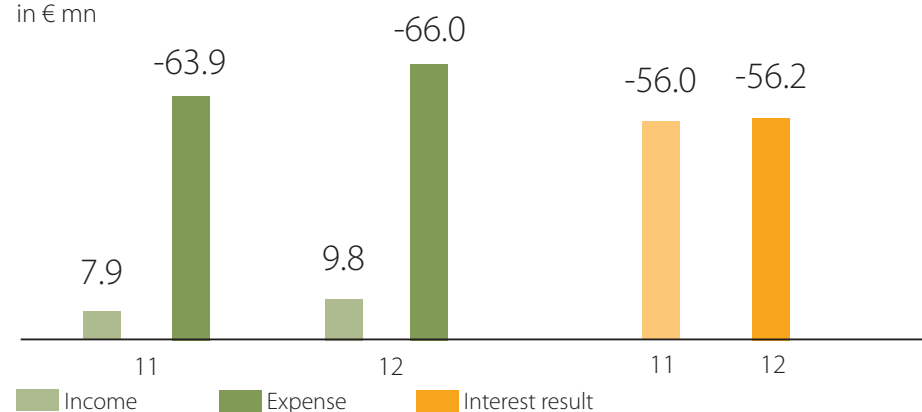
Interest result held stable

### Interest cover ratio



### Interest result

in € mn



■ **Interest result stable** with -€ 56.2 mn (2011: -€ 56.0 mn)

■ **Interest expenses** increased underproportionally to rental income by only € 2.1 mn to -€ 66.0 mn due to attractive financing conditions achieved

■ **Interest income** increased with higher income from loans to affiliated companies, mainly through MainTor mezzanine loan

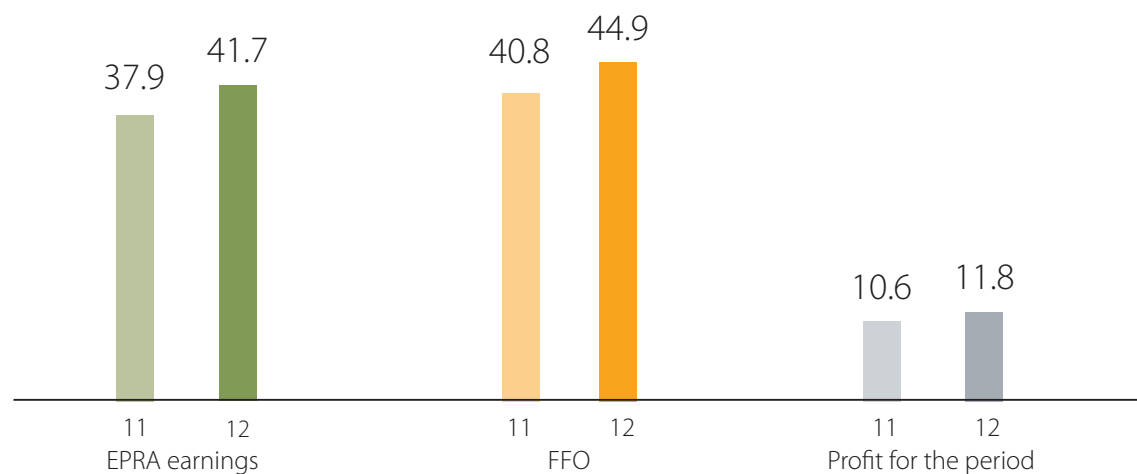
■ **Interest cover ratio** (NRI/interest expenses) significantly improved to 172%

## RESULTS

Earnings increased by 10%

### EPRA earnings, FFO and profit for the period

in € mn



■ EPRA earnings at € 41.7 mn

■ FFO at € 44.9 mn (+10%) **in line with target**

■ **Profit for the period** increased +11% to € 11.8 mn (+€ 1.2 mn) due to sales profits

■ **Profits from associates** down to € 1.8 mn, especially due to „start-up“ costs for developments

■ **FFO per share at € 0.98** and earnings per share at € 0.26

## FFO DERIVATION

€ mn	2012	2011	
<b>Net rental income</b>	<b>113.2</b>	106.8	+6%
Administrative expenses	-8.8	-8.5	+4%
Personnel expenses	-12.1	-10.2	+19%
Result of other operating income/expenses	+0.3	+0.6	-50%
Management fee income	+5.7	+5.3	+8%
Share of the profit from associates *	+2.8	+2.9	-3%
Interest result	-56.2	-56.0	0%
<b>Funds from operations</b>	<b>44.9</b>	40.8	+10%
<b>FFO per share in €</b>	<b>0.98</b>	0.92	+7%

■ **FFO contribution** excluding results from developments and profit from sales in Co-Investments

■ **Increase of net rental income** partly offset by higher costs: together with stable interest result significant increase of FFO

■ **FFO per share** at € 0.98 (2011: € 0.92)

\* FFO derivation recently adjusted due to increasing importance of project development earnings from associates

# BALANCE SHEET

## Overview

€ mn	31.12.2012	31.12.2011	
Non-current assets	1,959.9	1,993.8	-2%
Current assets	250.3	250.8	0%
	2,210.2	2,244.6	-2%
Equity	614.3	621.3	-1%
Non-current liabilities	1,402.0	1,406.0	0%
Current liabilities	193.9	217.3	-11%
	2,210.2	2,244.6	-2%
Balance sheet equity ratio	27.8%	27.7%	-0.1 pp
Net debt equity ratio *	31.2%	31.6%	-0.4 pp
Net debt ratio *	68.8%	68.4%	+0.4 pp

\* Net of cash and excl. hedging reserve, derivatives, deferred tax for hedges

## PROPERTY VALUATION

### Changes in market value

€ mn

Market value portfolio on 31.12.2011

2,202.3

Investments

+43.4

Additions Commercial Portfolio

+60.4

Additions Funds

+18.8

Sales

-87.0

Valuation impact (-0.65%)

-14.5

Market value portfolio on 31.12.2012

2,223.5

■ Stable market environment, no changes in **capitalisation and discount rates**

■ **Valuation effect** of -0.65%

■ Successive shorter lease terms nearly compensated through successful letting work

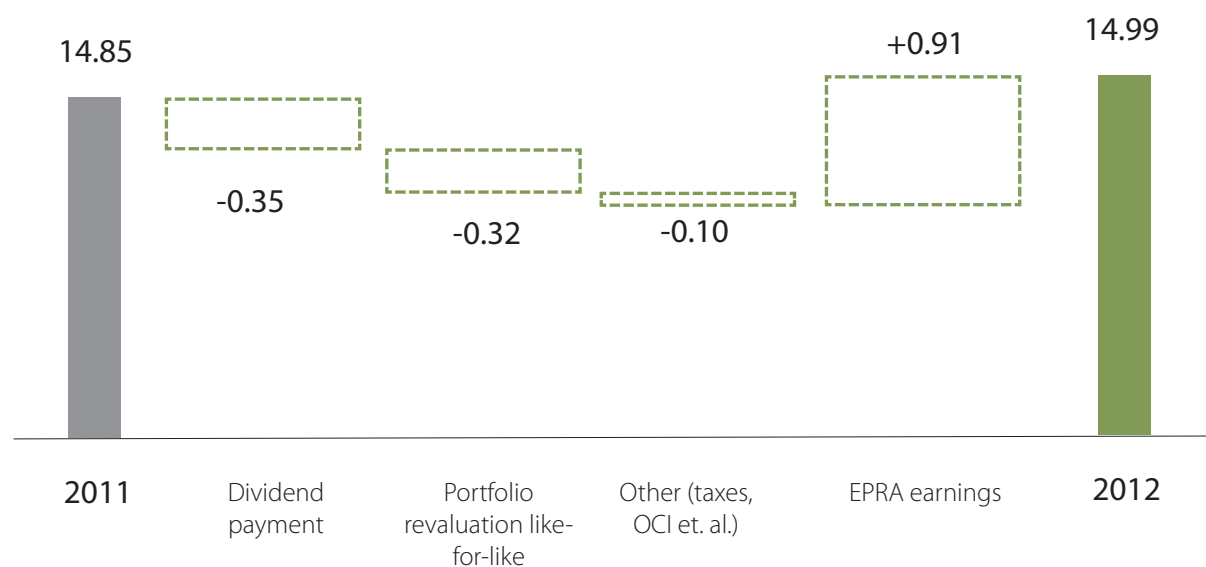
■ Value added of € 122 mn through **investments and acquisitions**

■ **Market value of portfolio** increased to € 2,223.5 mn

## NET ASSET VALUE

NAV increased to around € 15 per share

NAV bridge per share in €



■ Total portfolio value at € 2,224 mn

■ Net increase of **portfolio volume** by € 21 mn due to acquisitions

■ NAV at € 685.4 mn (+1%)

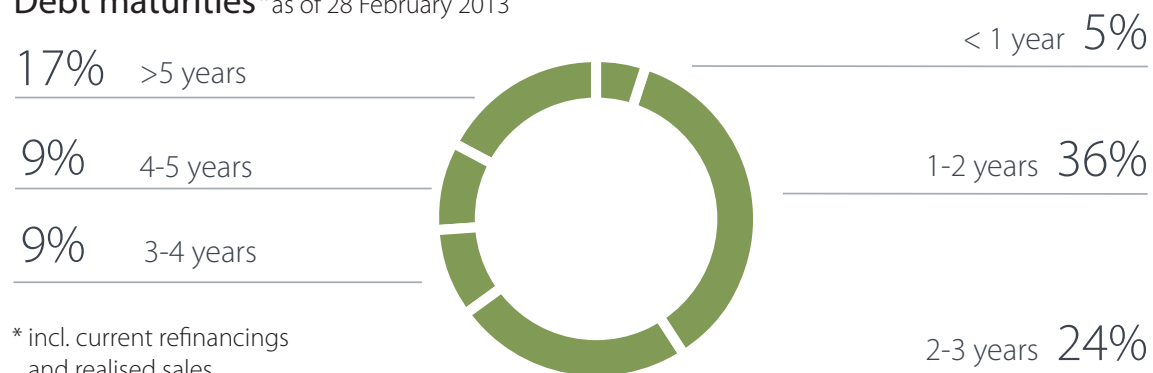
■ NAV per share increased to € 14.99

■ NNNAV per share stable at € 13.13 (2011: € 13.12)

## FINANCIAL DEBT

### Financial structure enhanced

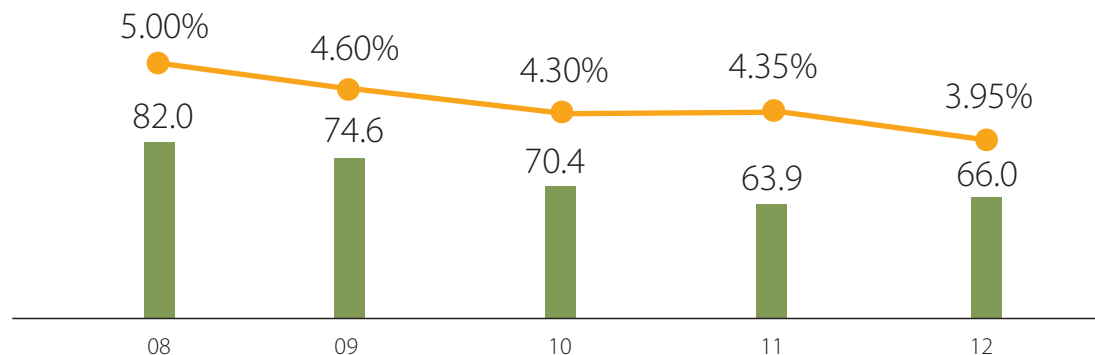
Debt maturities\* as of 28 February 2013



\* incl. current refinancings and realised sales

### Debt profile clearly improved

Interest expenses in € mn and interest rate in % at year-end



- **Financial debt currently** at € 1,462.6 mn; reduced especially due to sales
- **Total financing volume** of around € 640 mn arranged
- **Commercial portfolio** (€ 250 mn): long-term arrangements (average 7 years) at favorable conditions (average 3.25%)
- Currently, **only around € 50 mn** still to be **refinanced** in 2013
- **Average debt maturities** increased significantly to around 3.5 years as of today
- **Average interest rate** reduced by 40 bps to **3.95%** and by 105 bps since 2008

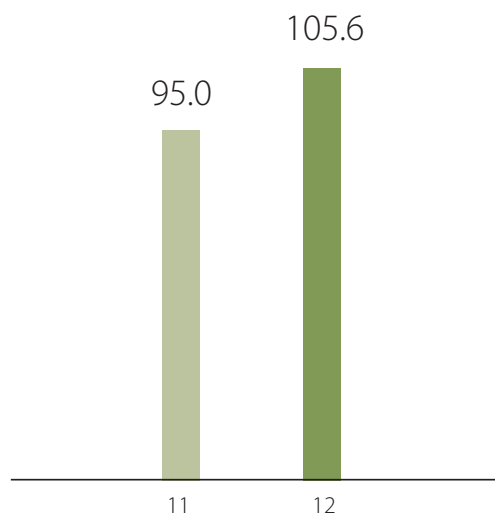


## CASH FLOW

Operating cashflow increased by 14%

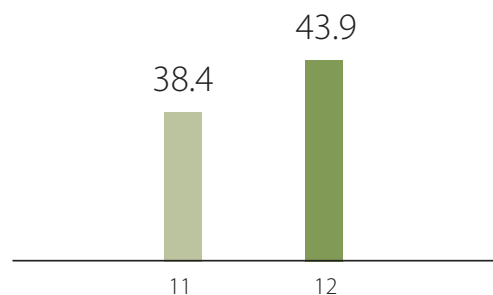
### Cash generated from operations

in € mn



### Cash flow from operating activities

in € mn



- Cash generated from operations at € 105.6 mn, above previous year (2011: € 95.0 mn) due to higher rental income and sales
- Cash flow from operating activities increased by 14% to € 43.9 mn
- € 57 mn **cash and cash equivalents** at hand at year-end
- **After** closing of sales and pile-up of corporate bond at the beginning of 2013, **cash at hand now at around € 80 mn**

## OUTLOOK AND GUIDANCE 2013

Positive look forward



- Expectation: **Stable economy and real estate markets** in 2013
- **Acquisitions** of at least € 150 mn, focus on fund business to use existing commitments
- **Disposals** of at least € 80 mn
- Use momentum **of MainTor for further progress**
- **Internal growth**: ongoing reduction of vacancy rate to around 10%
- **Further growth in earnings**: FFO increase to € 45-47 mn

THANK YOU!



Immo von Homeyer  
Head of Investor Relations &  
Corporate Communications



Peer Schlinkmann  
Manager Investor Relations

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

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#### Disclaimer

#### Financial Report

This Financial Report contains a summary of the consolidated financial statements with selected information about the 2012 financial year. The complete consolidated financial statements and the management report for the 2012 financial year summarised with the Group management report have been audited by Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, and an unqualified audit opinion was issued for each of them. We will publish these documents on our website [dic-asset.de](http://dic-asset.de) on 14.03 2013 in the 2012 Annual Report and submit them to the German Federal Gazette.

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