



UPDATE CALL PRESENTATION

FULL YEAR RESULTS 2014

18 March 2015

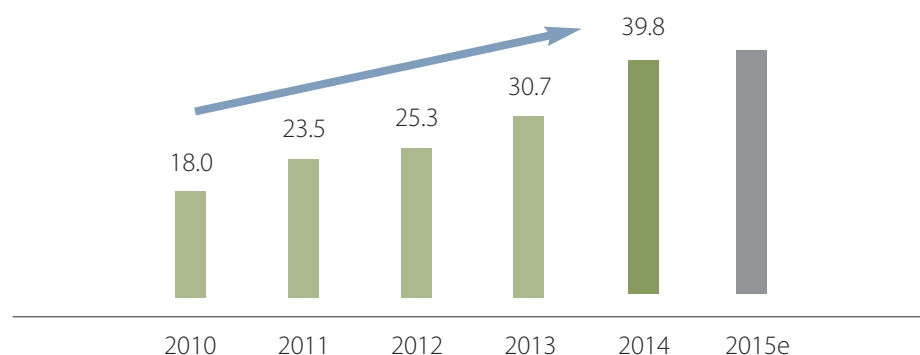
TARGETS ACHIEVED – ON TRACK WITH STRATEGY



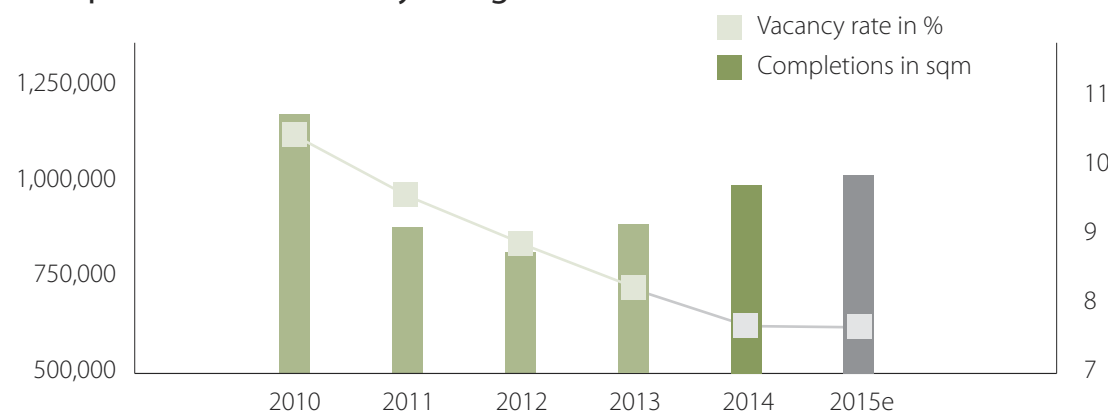
- FFO up to € 47.9 mn (+4%)
- **Gross rental income** +18% up to € 147.5 mn
- Stable property values, **NAV per share** at € 12.61
- **Loan-to-value ratio** reduced to 65.9%
- Growth of **fund business**, € 135 mn of acquisitions
- Significant marketing milestones with „MainTor“ and „Opera Offices“ **developments**
- High **dividend continuity**: proposal of € 0.35 per share, attractive yield of 4.7%

TRANSACTION MARKET BREAKING RECORDS

Transaction volume in EUR billion



Completions and vacancy in Big 7

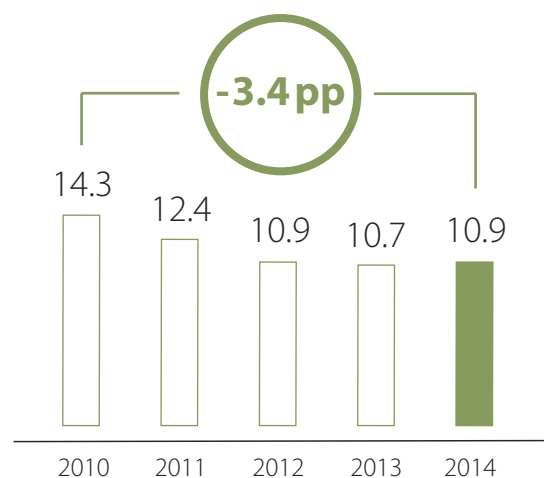


- **Positive German economy** with strong job market, growing domestic demand but still uncertainty due to international crises
- German **GDP growth** 2014 by 1.6%, expectations for 2015 within the range of 1.0 – 2.0%
- Office **letting results** stable: Big 7 at 3 mn sqm (+3%)
- **Vacancy rates** across Big 7 decreased further to 7.6%, lowest rate since 2002
- **Investment volume** increased to € 39.8 bn (+30%), ongoing pressure on yields expected
- **Expectations 2015:** Investment volume above € 40 bn and stable letting results

STRONG LETTING PERFORMANCE

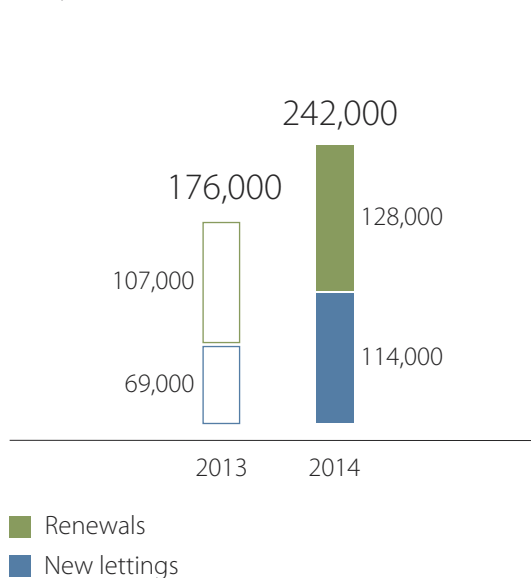
Vacancy rate

in %



Letting volume

in sqm

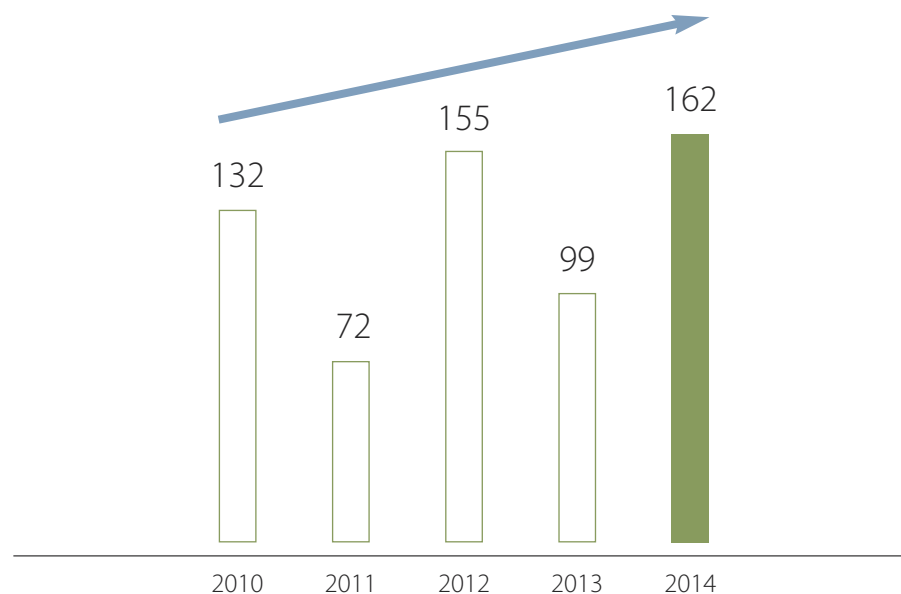


- High **letting volume** of 242,000 sqm (2013: 176,000 sqm), **new lettings** increased to 114,000 sqm (2013: 69,000 sqm), thereof 27,000 sqm for project developments
- **Vacancy rate** on low level of 10.9% (2013: 10.7%)
- **Like-for-like** annualised rental income with € 147 mn stable year-on-year
- **Maturity structure:** few expiries in 2015 (8%), 51% of annualised rent with maturity from 2019 onwards
- Average **lease term** at 4.6 years
- **Gross rental yield** stable at 6.6%

SALES 2014: LAST QUARTER WITH HIGH DYNAMICS

Sales volume

in € mn

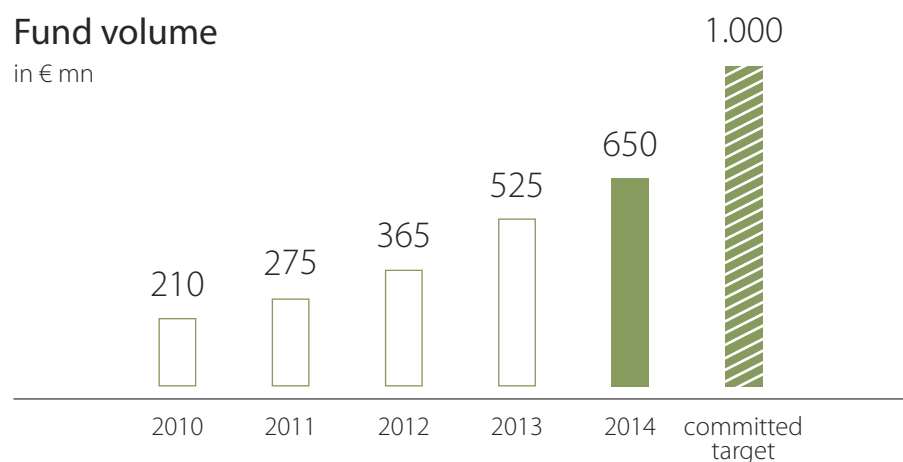


- Total **sales volume 2014** of € 162 mn
 - Sales prices on average 6% above latest market values
 - Commercial Portfolio: 14 properties (€ 95 mn)
 - Co-Investments: 6 properties (€ 67 mn)
- **Free cash flow** of € 20.3 mn (c. 22%) from sales proceeds

FUND BUSINESS ON GROWTH PATH

Fund volume

in € mn



■ **Acquisition volume** 2014 of € 135 mn (2013: € 120 mn); fund volume increased to € 650 mn

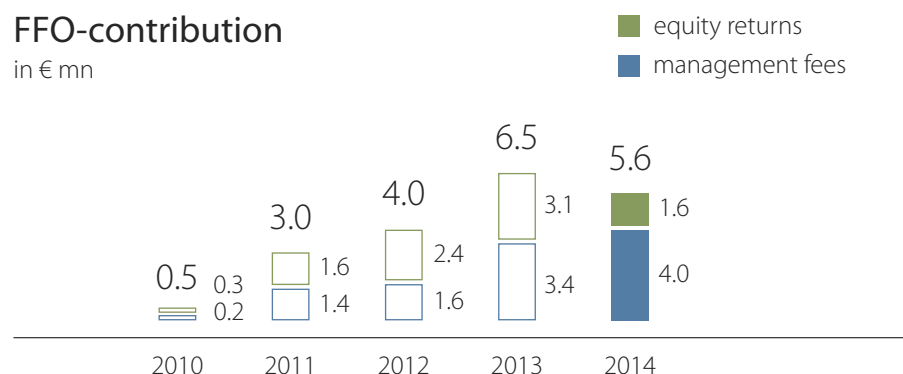
■ **FFO-contribution** of € 5.6 mn (2013: € 6.5 mn)

■ Two **steady sources of income**: equity returns and real estate management fees

- **Equity returns** decreased to € 1.6 mn after reduction of equity stake in first office fund
- **Real estate management fees** increased by +18% to € 4.0 mn (2013: € 3.4 mn)

FFO-contribution

in € mn



SIGNIFICANT MILESTONES WITHIN PROJECT DEVELOPMENTS



MainTor,
Frankfurt

■ MainTor

- All subprojects **sold**: they are either under construction or already completed
- Office subprojects “Primus” and “Porta” **handed over** to purchaser, condominiums of “Palazzi” nearly fully sold (more than 96%)
- “WINX” successfully marketed last quarter:
 - **60% let** to Union Investment (c. 24.000 sqm)
 - **Sold via forward deal** to well-known German HNWI
 - **Construction** has just started

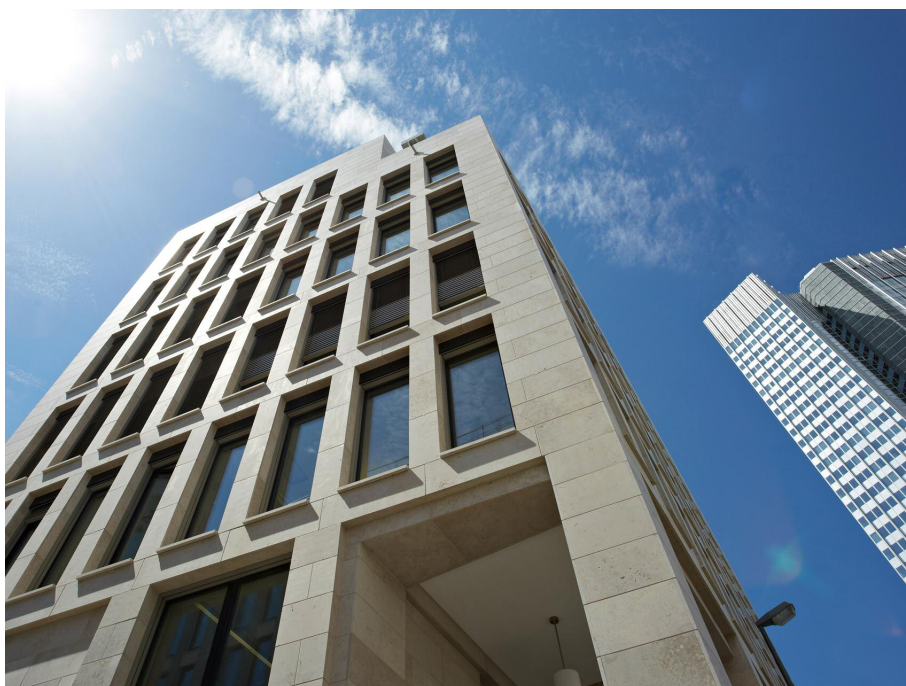


Opera Offices Neo,
Hamburg

■ Opera Offices Neo

- **Sold via forward deal** in September 2014
- **Letting** of more than 30% in November 2014
- **Construction** has started

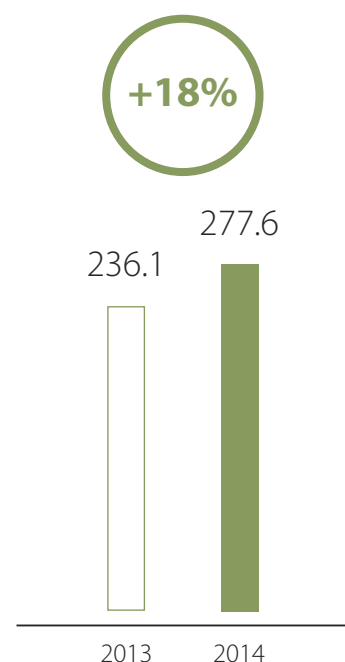
FINANCIAL HIGHLIGHTS - TARGETS ACHIEVED



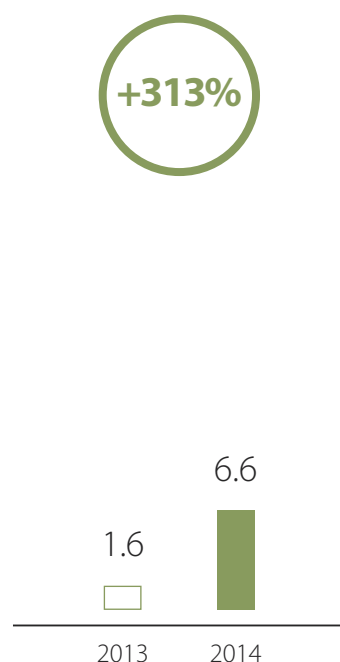
- **FFO increased** by 4% to € 47.9 mn (2013: € 45.9 mn)
- **Profit of associates** driven by MainTor profits up to € 6.6 mn (2013: € 1.6 mn)
- Enhanced **operational efficiency** with improved cost ratio
- **Loan-to-value ratio** decreased to 65.9% (2013: 66.9%)
- **Average interest rate** reduced to 3.9% (2013: 4.1%)
- **Net Asset Value** stable at € 864.8 mn (+0.3%), € 12.61 per share

TOTAL INCOME DRIVEN BY INCREASED PORTFOLIO

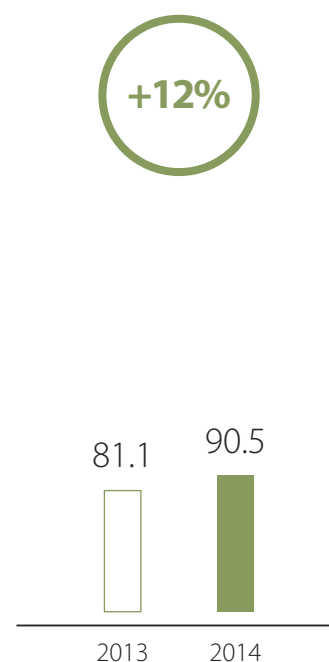
Total income
in € mn



Profit of associates
in € mn



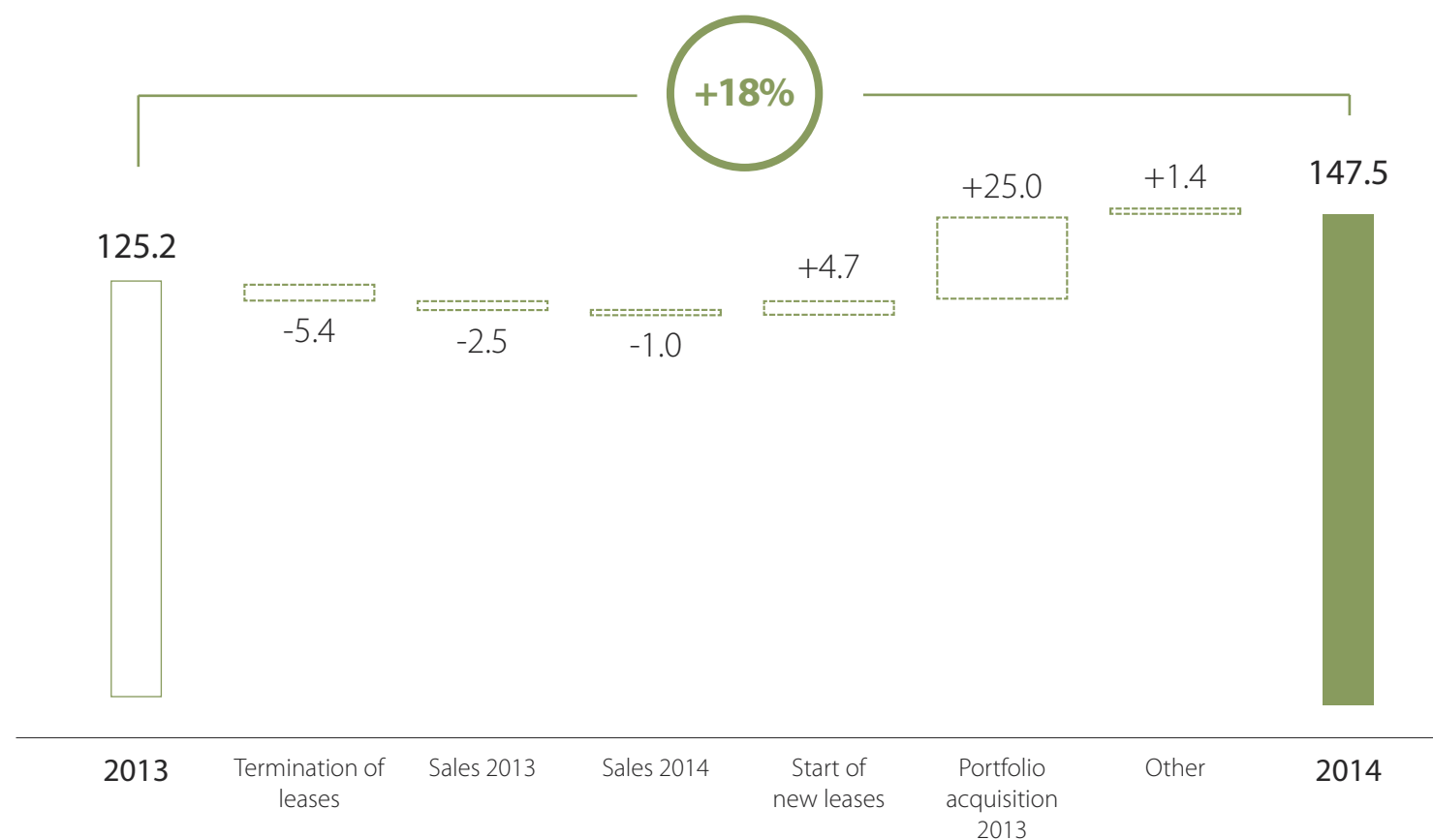
Sales proceeds
in € mn



- **Total income increased** to € 277.6 mn, following higher gross rental income due to increased portfolio after acquisition end of 2013
- **Profit of associates** significantly increased to € 6.6 mn (2013: € 1.6 mn) by profits from MainTor
- **Higher sales proceeds** with € 90.5 mn (2013: € 81.1 mn)

RENTAL INCOME GREW BY 18%

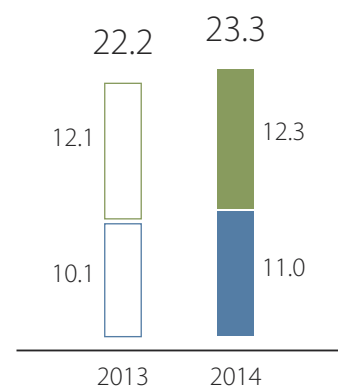
Gross rental income bridge in € mn



SUSTAINABLE COST STRUCTURE

Operating costs

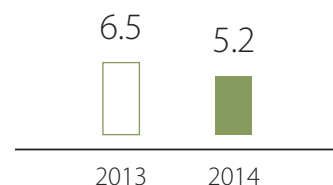
in € mn



■ Personnel
■ Administrative

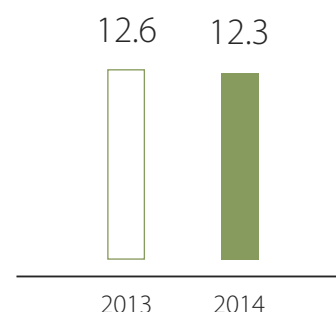
Management fee income

in € mn



Cost ratio

in %



■ **Personnel costs** stable at € 12.3 mn (2013: € 12.1 mn)

■ Higher **administrative costs** at € 11.0 mn (2013: € 10.1 mn) due to other general costs

■ **Management fees** lower at € 5.2 mn (2013: € 6.5 mn) due to consolidation of acquired portfolio, partly compensated by increased management fees for funds

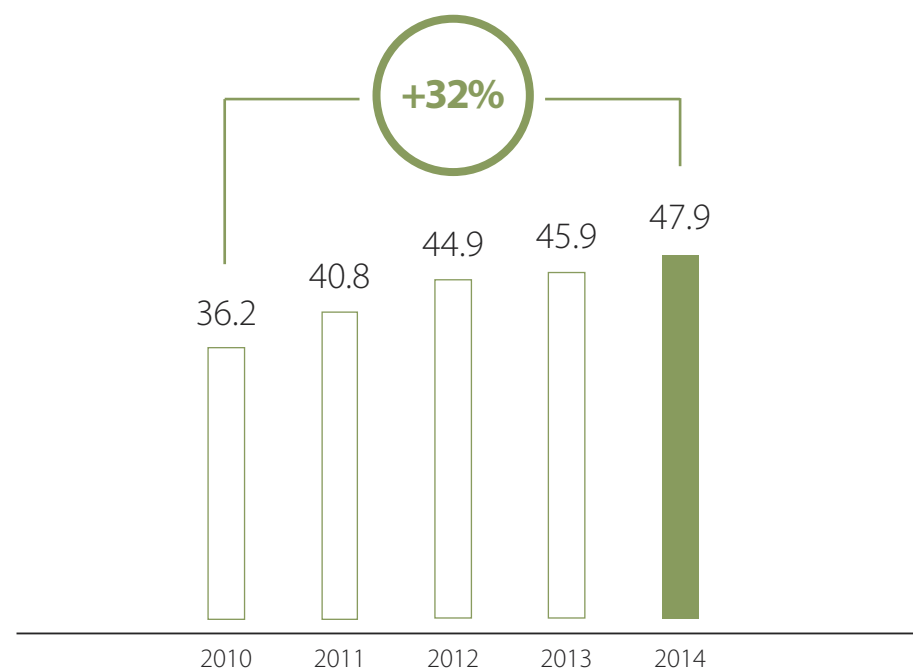
■ 22% of **operating costs** covered by management fee income

■ **Cost ratio** improved to 12.3% based on higher gross rental income

STEADY RELIABLE FFO GROWTH

Funds from Operations

in € mn



- **FFO** with steady growth, improved by 4% to € 47.9 mn (2013: € 45.9 mn) based on higher net rental income
- **Profit for the period** decreased to € 14.0 mn (2013: € 16.0 mn) largely attributable to one-time effects from placement of corporate bonds

FFO RECONCILIATION

€ mn	2014	2013	Δ
Net rental income	132.2	112.3	+18%
Administrative expenses	-11.0	-10.1	+9%
Personnel expenses	-12.3	-12.1	+2%
Result of other operating income/expenses	1.0	0.4	+150%
Management fee income	5.2	6.5	-20%
Share of the profit of associates *	2.8	1.9	+47%
Interest result	-70.0	-53.0	+32%
Funds from operations	47.9	45.9	+4%
FFO per share in € **	0.70	0.67	+4%

■ **FFO contribution** excluding results from developments and profit from sales

■ **FFO increase** driven by higher rental income

■ **FFO per share**** at € 0.70 (+4%)

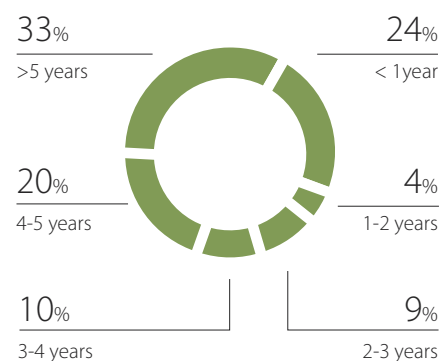
* excluding sales and developments of Co-Investment segment

** based on comparable average number of shares

LOWER COST OF DEBT

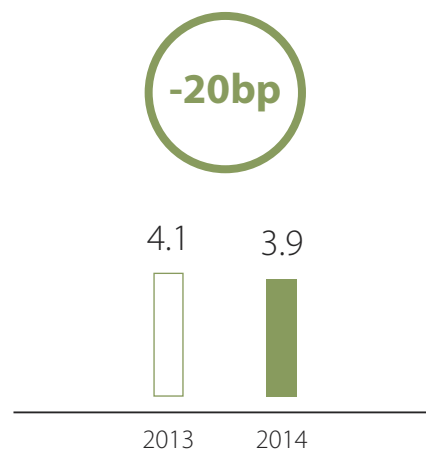
Debt maturities

in %



Interest rate

average, in %



- **Average interest rate** with 3.9% at record low (31.12.2013: 4.1%)
- Average **debt maturities** at 4.0 years (31.12.2013: 4.5 years)
- **Refinancing volume** 2015 of around € 370 mn
- Around 91% of debt **long-term hedged** against interest rate fluctuations (31.12.2013: 95%)

BALANCE SHEET OVERVIEW

€ mn	31.12.2014	31.12.2013
Total assets	2,537.0	2,596.0
Total non-current assets	2,384.3	2,506.0
Total current assets	152.6	89.9
Total equity	774.8	793.1
Total non-current liabilities	1,324.1	1,608.3
Total current liabilities	436.4	194.6
Total liabilities	1,762.1	1,802.9
Balance sheet equity ratio	30.5%	30.5%
Net debt equity ratio *	33.4%	32.6%
Loan-to-value ratio **	65.9%	66.9%

* Calculated by setting the shareholders' equity, adjusted for hedging reserve, in relation to the total assets, adjusted in turn for hedging reserve, derivatives, and cash in banks.

** The relationship between the total financial debt, corporate bonds and liabilities to related parties minus cash in banks, on the one hand, and the real estate held at fair market values as financial investments, equity investments, and receivables due from related parties, on the other hand.

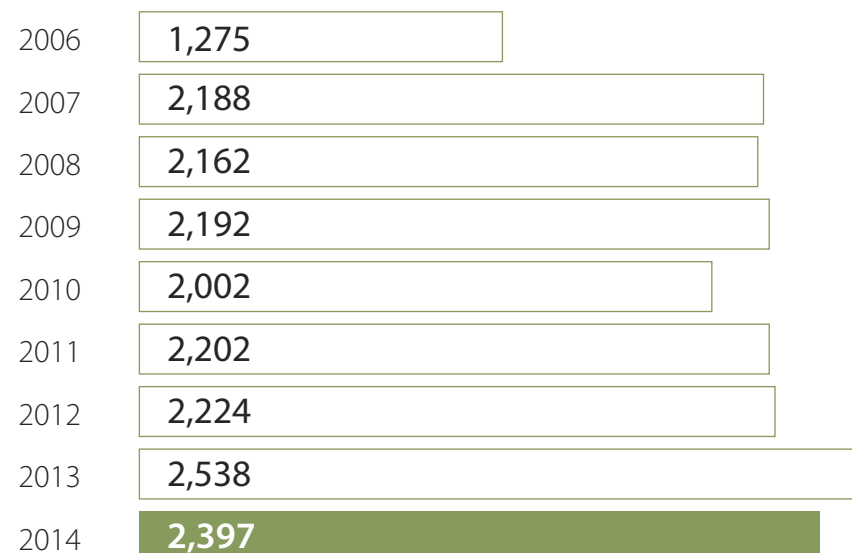
- Decrease of **total assets** following optimisation of portfolio
- **Total equity** slightly lower at € 774.8 mn mostly due to changes in hedging reserve and retained earnings
- **Net debt equity ratio** improved to 33.4% (2013: 32.6%)
- **Loan-to-value ratio** decreased by 1pp to 65.9% (2013: 66.9%)

STABLE MARKET VALUES

	€ mn
Market value portfolio as at 31.12.2013	2,538.3
Investments	55.2
Additions Co-Investments	18.4
Additions Funds	9.2
Disposals Co-Investments	-37.3
Sales	-182.1
Valuation impact (-0.20%)	-4.8
Market value portfolio as at 31.12.2014	2,396.9

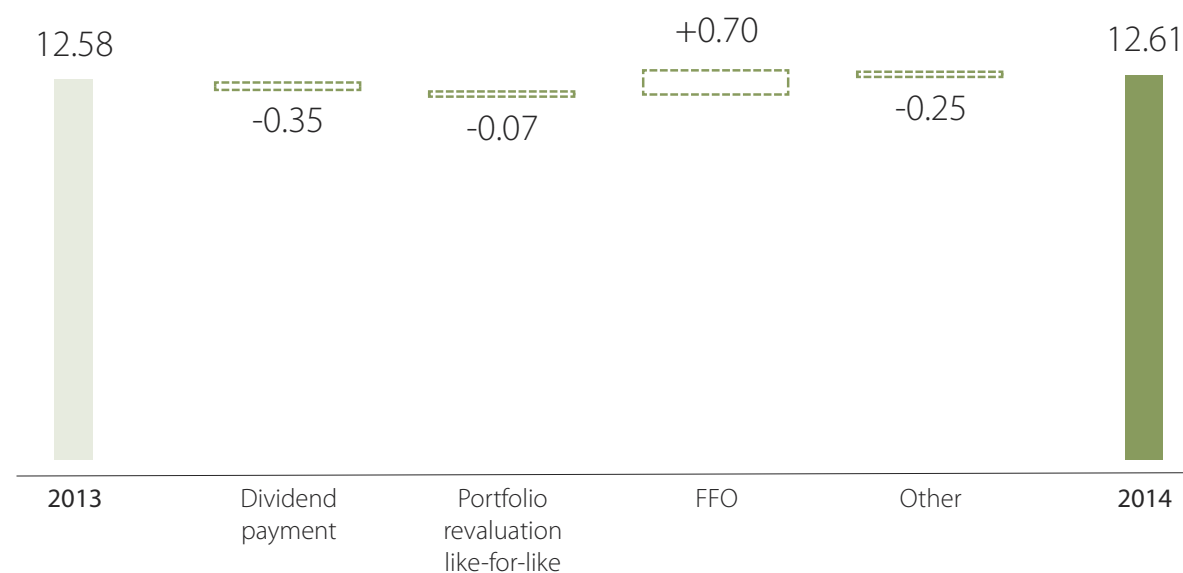
- **Stable market values** of our properties
(Valuation impact -0.20%, successful lettings almost offset incrementally shortened lease terms)

- **Sales volume** of around € 182 mn reduced portfolio market value to € 2,396.9 mn



SOLID NET ASSET VALUE

NAV bridge per share in €



■ NAV stable at € 864.8 mn (+0.3%)

■ NAV per share at € 12.61
(2013: € 12.58)

GUIDANCE 2015



- Targets 2015 – following our strategy
 - Disposals of € 150 - 170 mn
 - Reduction of **vacancy rate** to 10.5%
 - **Gross rental income** of € 134 – 136 mn, lower due to ongoing sales
 - Further growth of fund business, **acquisition volume** of € 130 – 150 mn
 - FFO of € 48 – € 50 mn
 - Ongoing **deleveraging**

STRATEGY GOING FORWARD



Strategic targets

2014

- Simplify corporate structure
- Improving financial structure
- Keeping FFO on high level, reliable recurring cashflows



Outcome

- ✓ **Increased sales** activities – total volume of €162 mn, divestment of non-core assets of Commercial portfolio, further reduction of Joint Ventures
- ✓ **Project developments** “MainTor” and “Opera Offices Neo” – successful steps in marketing and completion
- ✓ **LtV down** to 65.9%, average interest rate decreased by 20 bp to 3.9%
- ✓ **FFO increased** by +4% in 2014, since 2010 c. 32%

STRATEGY GOING FORWARD

- Strengthen profile as direct investor with lower risk profile
- Increasing operational efficiency
- LtV down to 60% by year-end 2016
- Looking for growth opportunities

- **Focus** on active management and cash flows of directly held **commercial portfolio**, no further new project development, full sale of other joint ventures
- Further **growth of fund business** up to € 1 bn, delivering attractive equity returns and management fees
- Maximize efficiency of DIC Onsite, offering selective **real estate management for 3rd parties**
- **C. €450 mn of sales** (period 01/2013 – 12/2016) to reduce debt and interest expenses

THANK YOU!



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