DIC

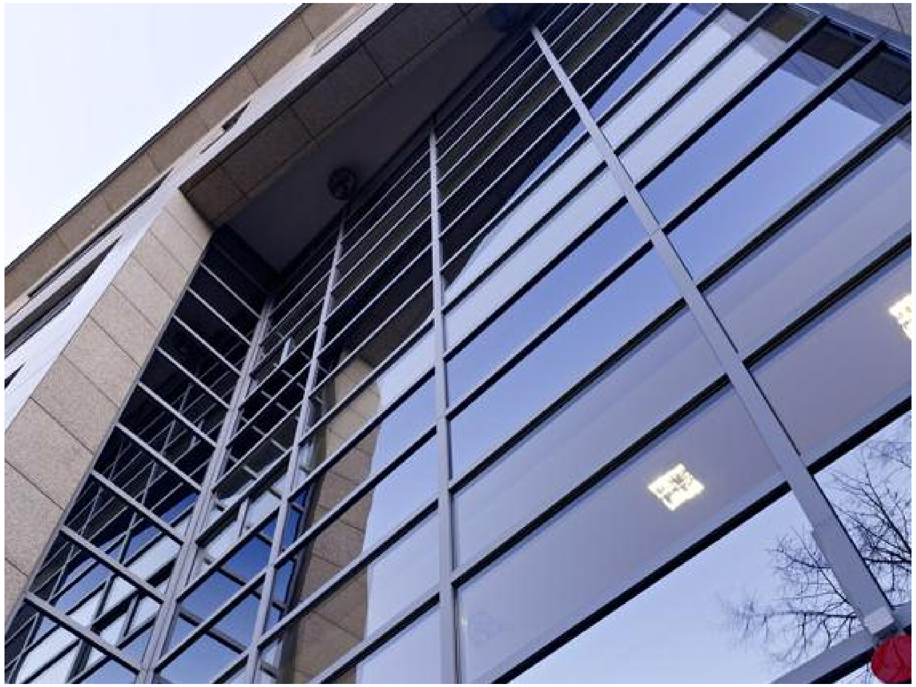
UPDATE CALL PRESENTATION

FULL YEAR RESULTS 2015

1 March 2016

DIC

TARGETS 2015 ACHIEVED – HIGHER DIVIDEND PROPOSED

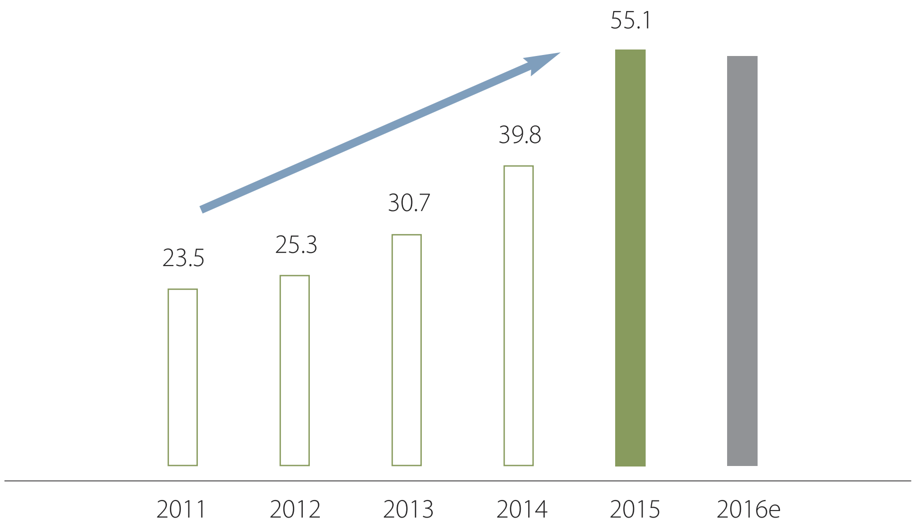


- **FFO** up to € 49.0 mn
- **Sales** target exceeded with € 220 mn
- Rapidly growing **fund business**, more than € 1 bn AuM
- **NAV** increased to € 12.89 per share
- **Financial structure** optimised
- **Strategy 2016**: LTV target met in January 2016
- Proposal of a **dividend** of € 0.37 per share, attractive yield of 4.4%*

* based on VWAP year-to-date

TRANSACTION MARKET BROKE 2007 RECORD

Transaction volume in EUR billion



- **German economy** in good shape despite a difficult global economic environment, **GDP grew** by 1.7% in 2015
- GDP expectations for 2016 within the range of 1–2%
- **Investment volume** increased by 38% to € 55.1 bn
- **Office property** the most sought-after asset class (41%)
- **Foreign investors** accounting for more than half of the investment volume
- Ongoing **pressure on yields** in almost all segments, office properties down to 4.15%
- **Expectations for 2016**: Investment volume at level of 2015 or slightly below

Source: JLL

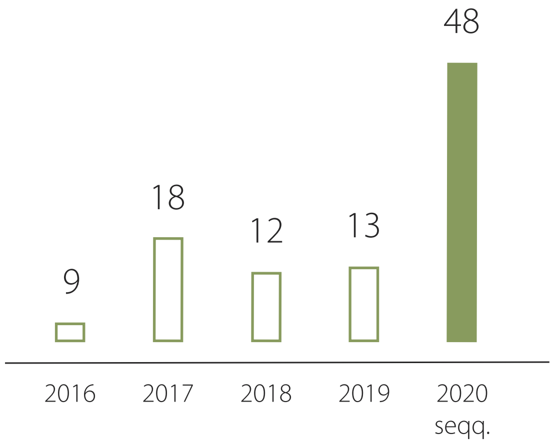
PORTFOLIO DEVELOPMENT

Portfolio overview

	31.12.2015	31.12.2014
Number of properties	**215**	233
Market value AuM in € bn	**3.2**	3.4
Annualised rental income in € mn	**132.7**	150.1
WALT in years	**4.4**	4.6
Vacancy rate	**11.3%**	10.9%
Gross rental yield	**6.4%**	6.6%

Lease maturities

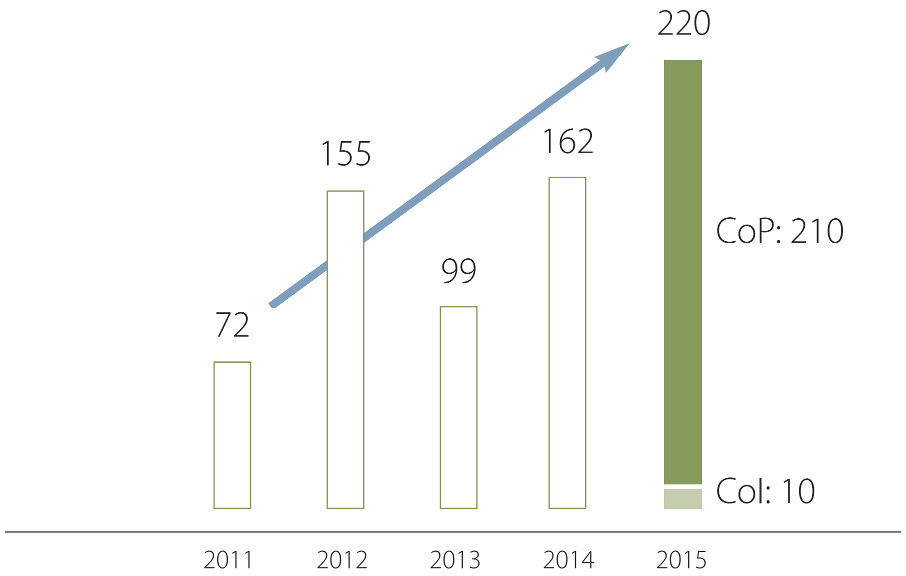
in %, based on annualised rental income



- **Letting volume** of 202,800 sqm corresponding to annualised rental income of € 23.7 mn; **renewals** accounted for € 16.5 mn, **new lettings** accounted for € 7.2 mn
- **Annualised rental income** of € 132.7 mn, following high sales activities for deleveraging
- **Maturity structure**: few expiries in 2016 (9%), 48% of annualised rent with maturity from 2019 onwards

SALES SURPASSING GUIDANCE

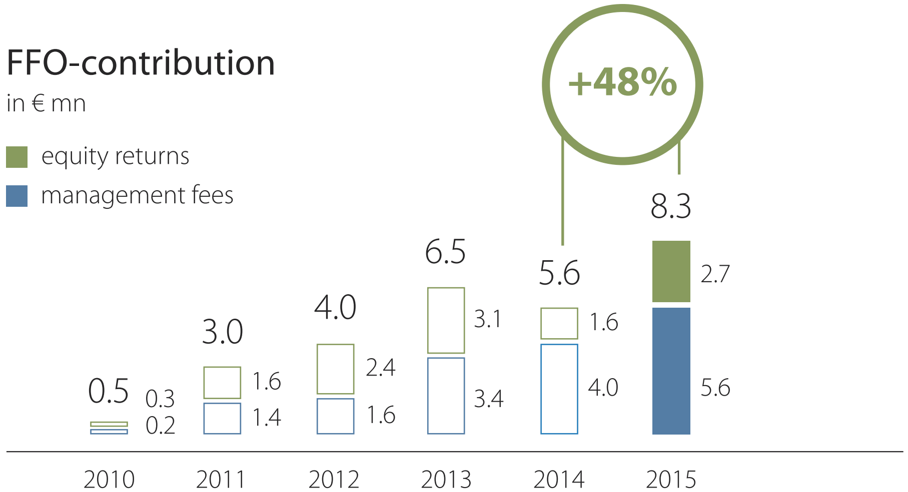
Sales volume
in € mn

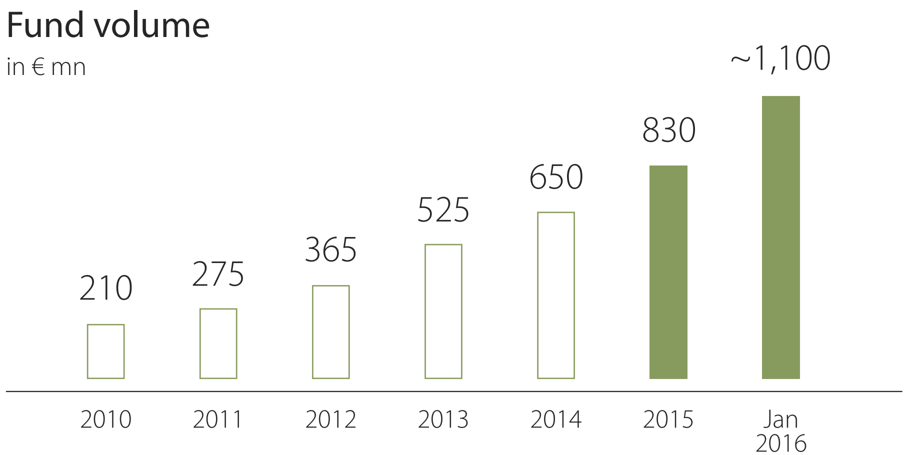


CoP: Commercial Portfolio
CoI: Co-Investments

- Strong **sales performance** with € 220 mn
  - 22 properties (€ 210 mn) from Commercial Portfolio
  - 3 properties (€ 10 mn) from Co-Investments
- **Sales prices** on average 5% above latest market value
- **Free cash flow** of € 44.6 mn (c. 22%) from sales proceeds

FUND VOLUME CROSSED 1 BILLION EURO THRESHOLD





- **Acquisition volume** 2015 of € 160 mn (2014: € 135 mn); fund volume increased to € 830 mn
- **Fund volume** of around € 1,100 mn after launch of fourth fund „DIC Office Balance III“
- **FFO-contribution** of fund business increased 48% to € 8.3 mn (2014: € 5.6 mn)

NEW FUND „DIC OFFICE BALANCE III" LAUNCHED

DIC Office Balance III	Key data
Properties	9 office properties
Locations	Berlin, Cologne, Frankfurt and other economically strong regions
Initial portfolio volume	€ 270 mn
Lettable space	c. 150,000 sqm
Vacancy rate	c. 1%
Focus of usage	80% office
Debt ratio	up to 50%
Initial rent	€ 17 mn p.a.
WALT	4.6 years

- **Successful placement** among German institutional investors (pension funds, superannuation schemes, savings banks)
- Initial portfolio properties mainly from **directly held Commercial Portfolio** of DIC Asset AG
- Sales price c. **7% above market values** as of 31.12.2014
- DIC Asset AG continues to **provide real estate management services**
- DIC Asset AG remains **co-invested** with around 5%


Frankfurt

Berlin


Nuremberg


Bochum


Cologne

MAJOR PROGRESS OF PROJECT DEVELOPMENTS

- Five of six subprojects of MainTor fully implemented and completed
- „WINX“ construction started in 2015, already pre-let by 60% to Union Asset Management
- Subprojects „MainTor Palazzi“ and „MainTor Panorama“ completed in 2015
- Significant earnings contribution of € 4.8 mn

FINANCIAL HIGHLIGHTS - LTV BELOW 60%

- **FFO increased** to € 49.0 mn (+2%)
- Strong **sales profits** of € 14.9 mn
- Sharp rise in the share of the **profit of associates** and **real estate management fees**
- Further improvement of **operating efficiency**
- **Average interest rate** reduced by 50 basis points year-on-year
- Significant progress in **deleveraging** – LtV decreased to below 60% by January 2016

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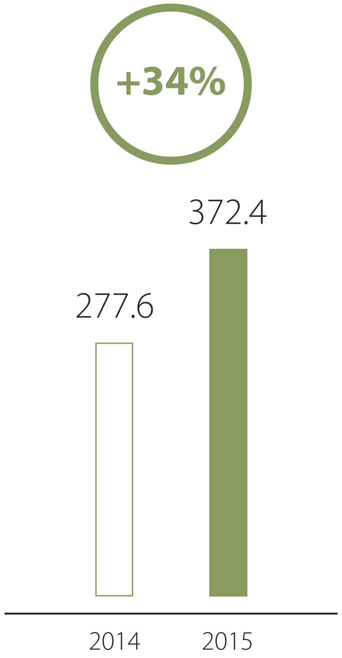
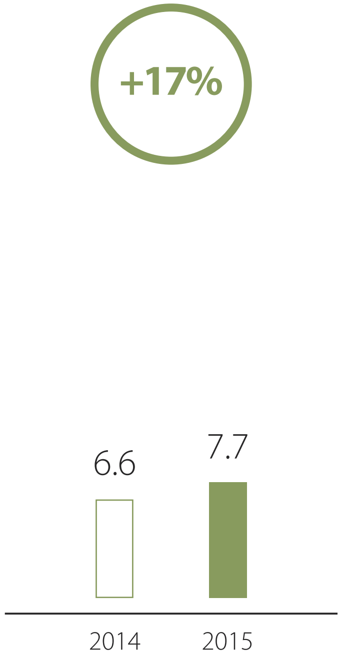
TOTAL INCOME DRIVEN BY INCREASED SALES

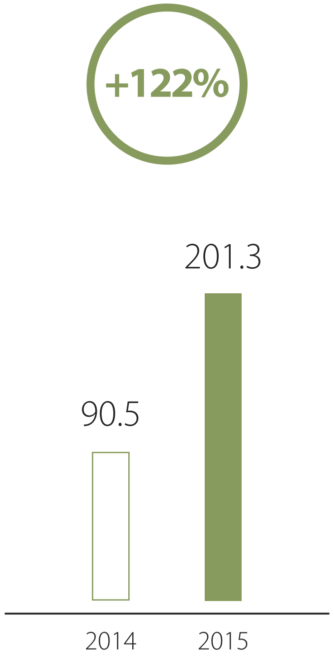
Total income
in € mn



Profit of associates
in € mn



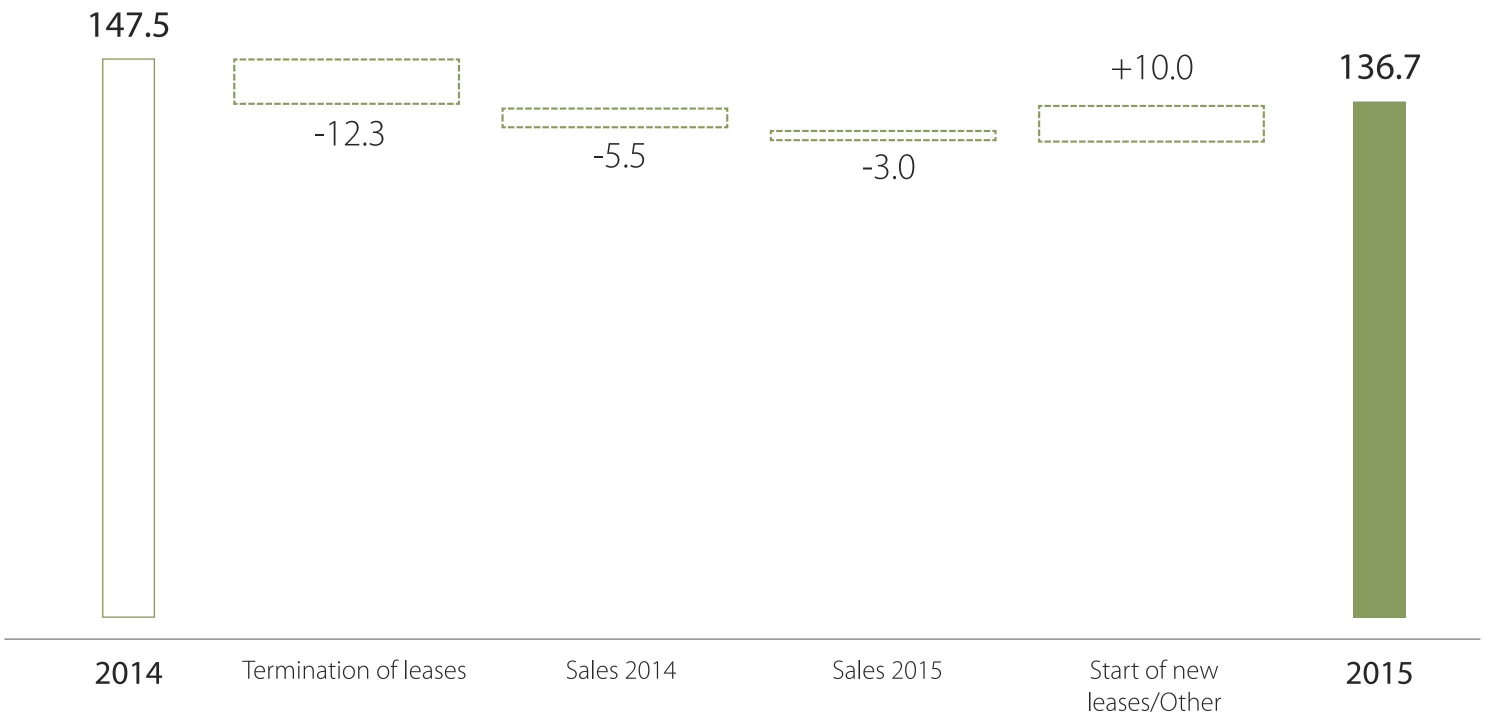
Sales proceeds
in € mn



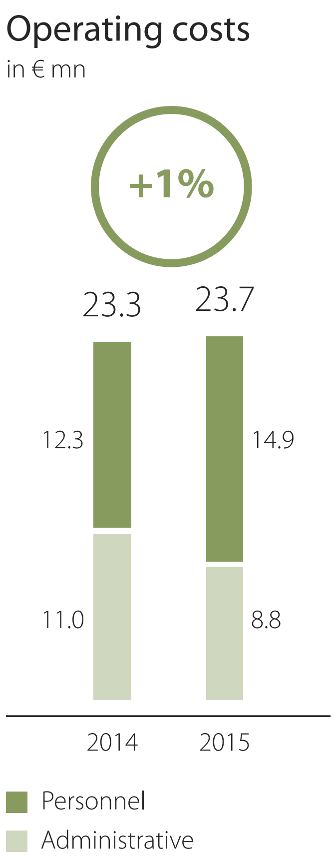
- **Total income** significantly increased to € 372.4 mn, following high sales activities
- **Profit of associates** increased to € 7.7 mn (2014: € 6.6 mn) mainly due to contributions to earnings of MainTor subprojects (€ 4.8 mn) and funds business (€ 2.7 mn)
- Sharp rise in **sales proceeds** to € 201.3 mn (2014: € 90.5 mn)

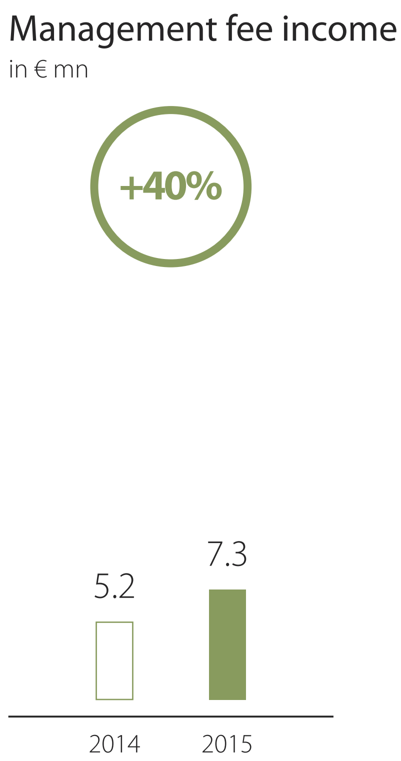
RENTAL INCOME SLIGHTLY ABOVE TARGET RANGE

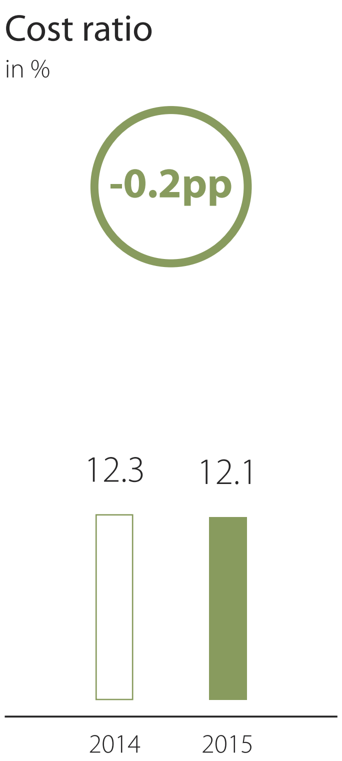
Gross rental income bridge in € mn



IMPROVED COST RATIO



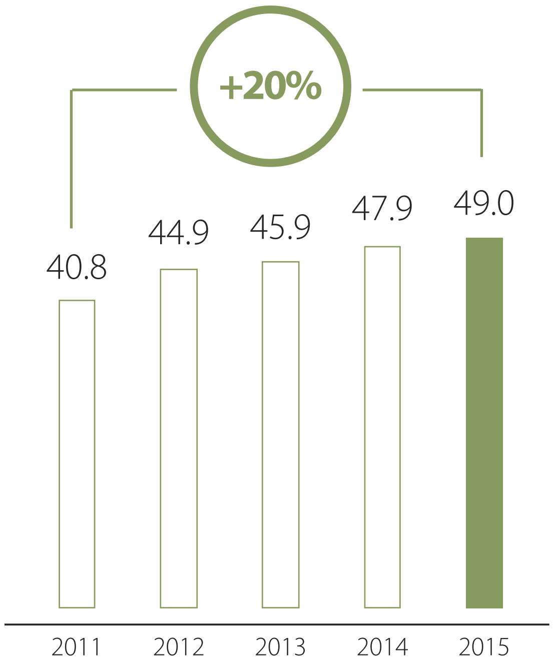




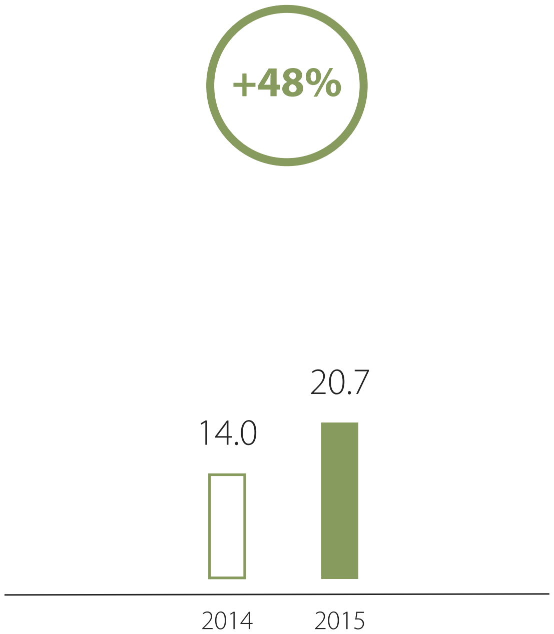
- Change in cost structure after **insourcing** of services in Q1 2015 (Accounting and Finance, Financial Services, Human Resources, and IT):
  - **personnel costs** increased 21% to € 14.9 mn (2014: € 12.3 mn)
  - **administrative costs** declined 20% to € 8.8 mn (2014: € 11.0 mn)
- 31% of **operating costs** covered by management fee income
- **Cost ratio** improved to 12.1% based on higher management fees

HIGHER PROFITS

Funds from Operations
in € mn



Profit for the period
in € mn



- **FFO** improved by 2% to € 49.0 mn (2014: € 47.9 mn) based on higher management fees and lower financing expenses
- **Profit for the period** increased 48% to € 20.7 mn (2014: € 14.0 mn) largely attributable to higher sales profits and earnings from project developments
- **Earnings per share** amounted to € 0.30 after € 0.22 in the previous year

FFO RECONCILIATION

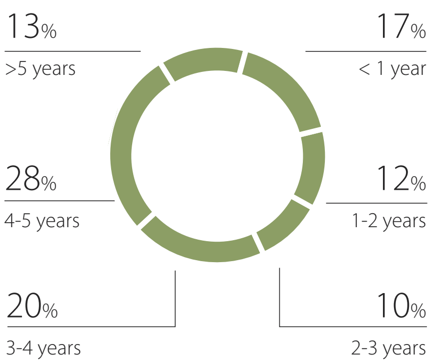
€ mn	2015	2014	Δ
Net rental income	**120.4**	**132.2**	**-9%**
Administrative expenses	-8.8	-11.0	-20%
Personnel expenses	-14.9	-12.3	+21%
Result of other operating income/expenses	0.1	1.0	-90%
Management fee income	7.3	5.2	+40%
Share of the profit of associates *	3.9	2.8	+39%
Interest result	-59.0	-70.0	-16%
Funds from operations	**49.0**	**47.9**	**+2%**
FFO per share in €	0.72	0.70	+3%

* excluding sales and developments of Co-Investment segment

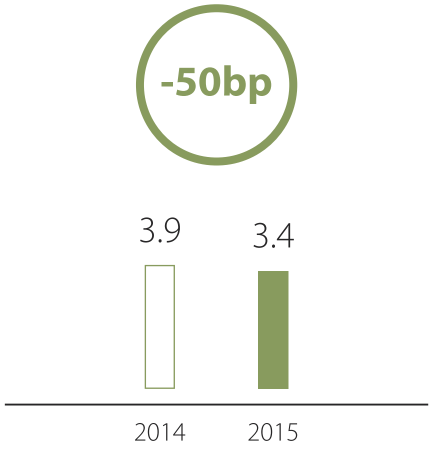
- **FFO margin** (FFO in relation to gross rental income) increased by around 4 pp to 36% due to a decrease in financing expenses
- **FFO per share** at € 0.72 (2014: € 0.70)

OPTIMISED FINANCIAL STRUTURE

Debt maturities
in %



Interest rate
average, in %



- **Financing volume** of € 670 mn realised in 2015
- **Average interest rate*** significantly down by 50bp to 3.4% after favourable refinancings (31.12.2014: 3.9%)
- Average **debt maturities** at 4.3 years (31.12.2014: 4.0 years)
- No **refinancings** in 2016
- Around 89% of debt **long-term hedged** against interest rate fluctuations (31.12.2014: 91%)

* based on bank liabilities

BALANCE SHEET OVERVIEW

€ mn	31.12.2015	31.12.2014
Total assets	**2,456.1**	2,537.0
Non-current assets	**1,961.6**	2,384.3
Current assets	**494.5**	152.7
Equity	**792.1**	774.8
Non-current liabilities	**1,300.5**	1,260.4
Current liabilities	**35.5**	405.9
Other liabilities	**328.0**	95.9
Total liabilities	**1,664.0**	1,762.2
Balance sheet equity ratio	**32.3%**	30.5%
Loan-to-value ratio *	**62.6%**	65.9%

* 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.

- **Total assets** down to € 2,456 mn after deleveraging
- **Total liabilities** € 98 mn lower at € 1,664 mn after loan repayments following disposals
- **Total equity** higher at € 792 mn mostly due to lower hedging reserve
- Balance sheet **equity ratio** increased by 1.8 percentage points to 32.3% (2014: 30.5%)

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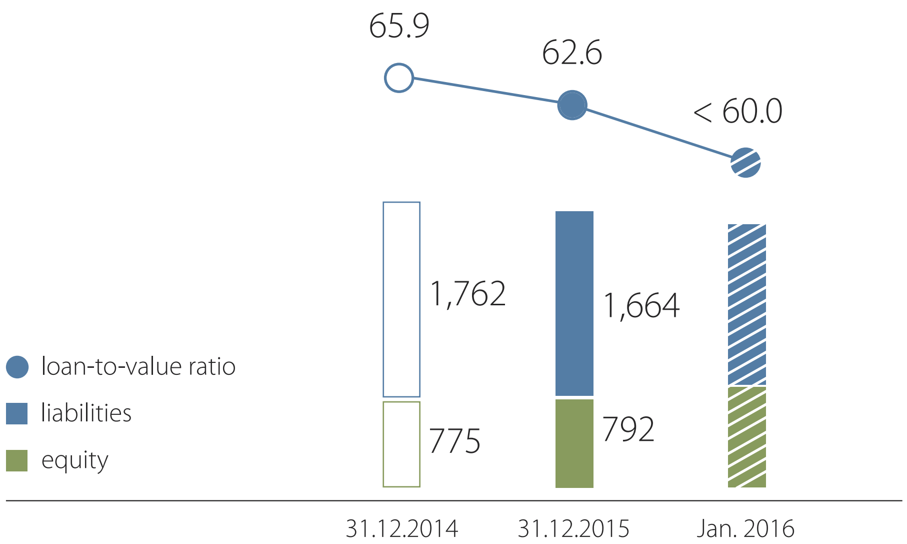
LTV SIGNIFICANTLY REDUCED TO < 60%

Loan-to-value ratio in %
Equity and total liabilities in EUR thousand



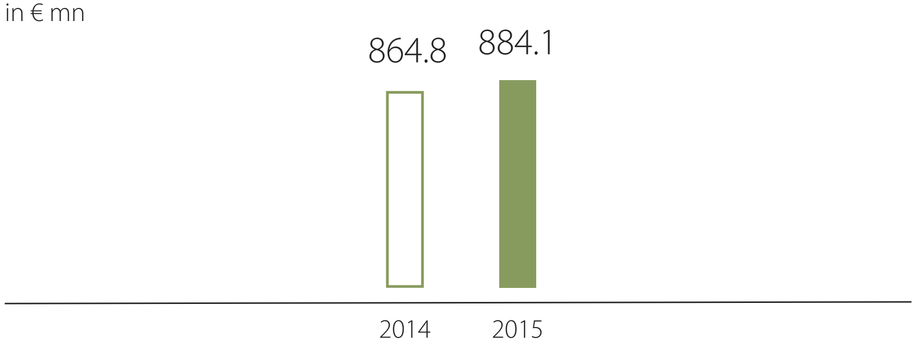
- **Loan-to-value ratio** reduced by 330 bp to 62.6% per year-end
- **Significant reduction of LtV below 60%** after transfer of ownership of own assets to fund „DIC Office Balance III“ in January 2016

NET ASSET VALUE INCREASED

	€ mn
Market value portfolio as at 31.12.2014	**2,396.9**
Disposals Co-Investments	-1.2
Investments	43.2
Additions Funds	18.5
Sales	-261.0
Valuation impact (+0.13%)	2.8
Market value portfolio as at 31.12.2015	**2,199.2**

- **Sales** reduced portfolio market value by € 261 mn to € 2,199.2 mn
- **NAV per share** at € 12.89 (2014: € 12.61)

Net asset value
in € mn



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GUIDANCE 2016

- Primary objective of **„Strategy 2016"** was achieved with **LtV below 60%**
- **Targets for 2016**
  - Ongoing portfolio optimisation with **disposals** of around € 80 – 100 mn
  - **Gross rental income** of c. € 100 mn
  - **FFO** of € 43 – 45 mn
  - Strong growth of fund business, **acquisition volume** of € 400 – 450 mn planned

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STRATEGY GOING FORWARD

Strategic targets

- Strengthen positioning of DIC Asset in the listed German commercial real estate sector
- Increasing operational efficiency
- Keep sustainable earnings base and dividend continuity
- Looking for growth opportunities in the real estate sector

Measures

- Active management of directly held Commercial Portfolio, finalising project developments and further sale of joint venture property holdings
- Expand business of DIC Asset's real estate management platform as full service provider for institutional clients
- Strong increase of AuM of funds by € 450 mn in 2016, increasing sustainable earnings from third party business
- Elaborate growth potential via strategic partnerships

THANK YOU!

Peer Schlinkmann
Head of Investor Relations

Tel. +49 (0) 69 9 45 48 58-12 21

For more information:

www.dic-asset.de/ir

For instance:
- Up-to-date company presentation
- Recording and presentation of Update Call available

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