

2016 FULL YEAR RESULTS CONFERENCE CALL

23 February 2017



HIGHLIGHTS

All targets for 2016 exceeded,
FFO at **EUR 47 mn**

Letting result **45 %** higher than 2015,
like-for-like rental growth of **+0.6 %**

Acquisitions of **EUR 520 mn**
for fund business

Management fees nearly tripled
to **EUR 21.5 mn**

Complete **Refinancing** of Commercial Portfolio
arranged in December, **average interest rate** of **1.7 %**

Proposal of a **8 % higher dividend**
of **EUR 0.40** per share

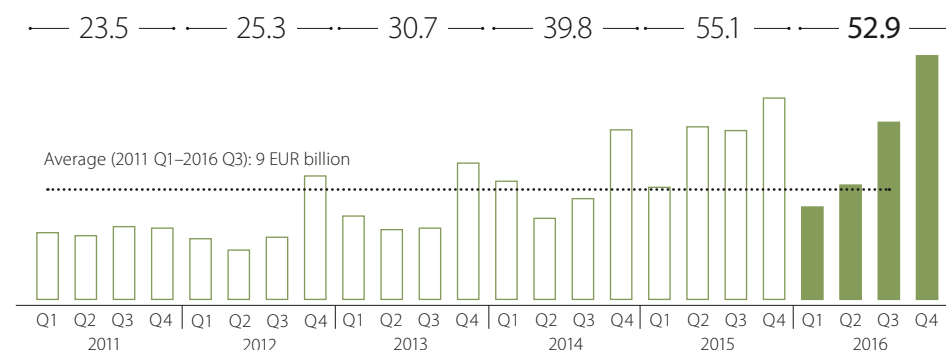
2016

TRANSACTION MARKET

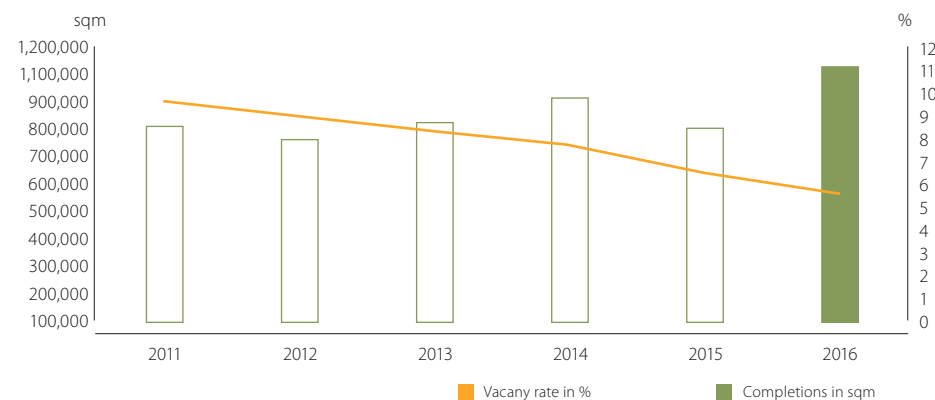
Ongoing pressure on yields

TRANSACTION VOLUME

in EUR billion



COMPLETIONS AND VACANCY IN BIG 7



Source: JLL

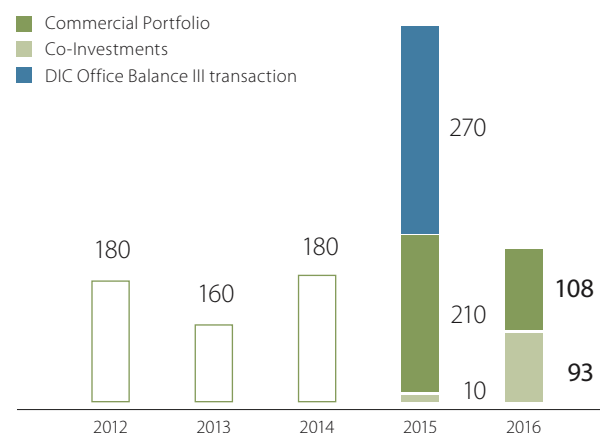
- German GDP growth of 1.9% amid difficult global economic environment
- Strong domestic demand based on a stable labour market, strong consumer spending and a rise in public sector spending
- Positive outlook: **ifo Index** at 111.0 points in December – its highest level since February 2012.
- Increase in take-up led to decline of vacancies in BIG 7 to 5.1 million sqm (-11% year-on-year)
- Transaction volume declined 4% to EUR 52.9 billion due to limited supply
- Yields declined further across all asset classes. Prime yields for office properties dropped to 3.6% in 2016 across BIG 7

PERFORMANCE OF THE ASSET MANAGEMENT PLATFORM

Driving growth of fund business while reducing JVs

SALES

in EUR million

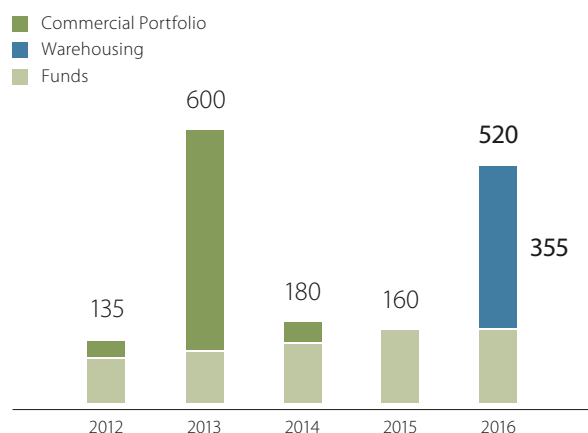


SALES BY SEGMENTS

in EUR million	Sigining 2016	Sigining 2016 Transfer 2016	Sigining 2015 Transfer 2016
Commercial Portfolio	108	86	3
Co-Investments	93	89	
DIC OB III transaction			270
– Commercial Portfolio			244
– Co-Investments			26
Total Commercial Portfolio	108	86	247
Total Co-Investments	93	89	26
Total	201	175	273

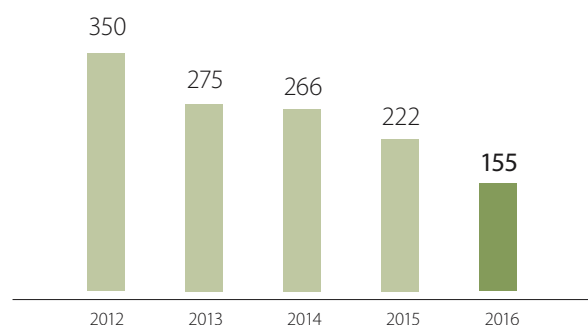
ACQUISITION VOLUME

in EUR million



REDUCTION OF JOINT VENTURES

total market value in EUR mn*



* without project development MainTor

■ Signed **sales in 2016** of 31 properties totalling EUR 201 million,

- 22 properties from the Commercial Portfolio (EUR 108 million)
- 9 properties from Co-Investments (EUR 93 million)

■ **Sales prices** on average 11 percent higher than the most recently determined market value

■ “**DIC Office Balance III**”-transaction with a total volume of c. EUR 270 million, 9 properties, thereof one asset from Co-Investments recognised in 2016

■ **Acquisition volume** totalling EUR 520 million for the fund business. 6 properties (EUR 355 million) in warehousing phase

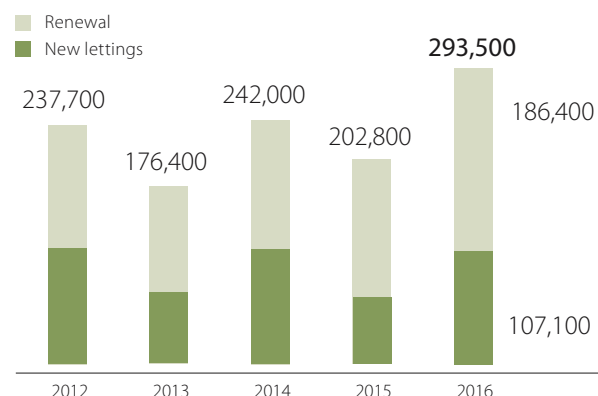
■ **Reduction of joint ventures** as planned, roughly EUR 155 million remaining to be sold

DEVELOPMENT OF THE PORTFOLIO

In-house Asset Management with strong letting performance

LETTING RESULTS

in sqm



TAKE-UP (by type of use)

	in sqm		annualised in EUR million	
	2016	2015	2016	2015
Office	212,100	126,300	27.5	14.4
Retail	15,800	20,500	1.7	2.6
Further commercial	62,800	52,800	2.6	6.3
Residential	2,800	3,200	0.3	0.4
Total	293,500	202,800	32.1	23.7
Parking	2,065 units	1,791 units	1.0	0.8

OVERVIEW PORTFOLIO*

	Commercial Portfolio	Co-Investments	Total 2016	Total 2015
Number of properties	142	58	200	215
Market value in EUR million	1,919.4	208.7	2,128.1	2,199.2
Rental space in sqm	1,000,200	54,600	1,054,800	1,256,000
Portfolio proportion by rental space	95 %	5 %	100 %	100 %
Annualised rental income in EUR million	104.5	7.8	112.3	132.7
Rental income in EUR per sqm	9.6	11.7	9.7	9.6
Lease maturities in years	4.4	3.5	4.3	4.4
Gross rental yield in %	6.5 %	6.6 %	6.5 %	6.4 %
Vacancy rate in %	11.8 %	2.5 %	11.3 %	11.3 %

* All figures pro rata, except number of properties; all figures excluding developments and warehousing, except number of properties and market value

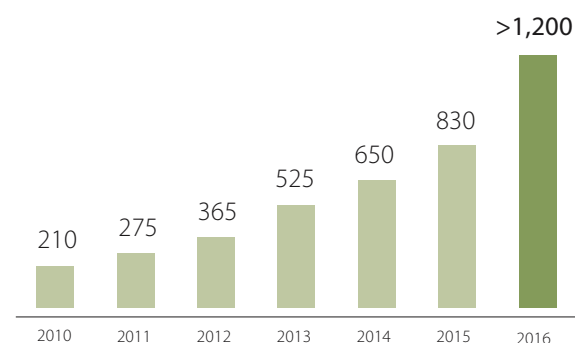
- Strong letting performance: **Increase in take-up** to 293,500 sqm (+45%) with annual rental income of EUR 32.1 million, thereof
 - New leases: EUR 10.7 million and
 - Lease renewals: EUR 21.4 million
- 50% each attributable to the Commercial Portfolio (EUR 16.0 million) and the Co-Investments (EUR 16.1 million), respectively
- **Like-for-like rental income** grew 0.6% from EUR 108.6 to EUR 109.7 million
- **Stable KPIs:** gross rental yield and rental income per sqm were slightly higher, average lease maturity was slightly lower as compared to 2015
- **Vacancy rate** on previous year's level at 11.3%, vacancy in the central region was significantly reduced from 22.7% to 16.7%

FUND BUSINESS

Dynamic fund growth

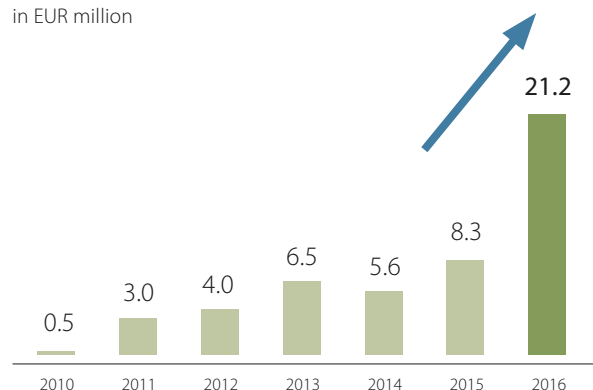
FUND VOLUME

in EUR million



FFO CONTRIBUTION OF FUND BUSINESS

in EUR million



- Launch of “DIC Office Balance III” with a volume of c. EUR 270 million in January 2016
- Two **new funds** are in preparation with the formation of start portfolios
- Further **fund growth realised**: acquisition of 12 properties with a volume of c. EUR 520 mn
 - 6 properties (EUR 165 million) for existing funds
 - 6 properties (volume of EUR 355 million) in warehousing-phase for new funds
- **FFO-Contribution** from fund business nearly tripled to EUR 21.2 million

LATEST ACQUISITION IN DECEMBER WORTH EUR 190 MILLION

Retail property in Berlin

combines hybrid centre (retail and commercial floor area) and superstore

➔ Rental space	13,900 sqm
➔ Anchor tenants	Kaufland, Aldi Rossmann
➔ Occupancy rate	100 %
➔ Fund	Warehousing for planned Retail fund



Office properties

	Bonn	Düsseldorf	Munich
➔ Rental space	16,700 sqm	13,800 sqm	17,300 sqm
➔ Anchor tenants	Bundesanstalt für Immobilienaufgaben GIZ, Deutsche Post Immobilien	Marc Cain, Basler Fashion, Rabe Moden	FWU AG, Bayerische Eisenbahngesellschaft
➔ Occupancy rate	94 %	94 %	90 %
➔ Fund	DIC Office Balance II	Warehousing for planned Office fund	

FINANCIAL HIGHLIGHTS

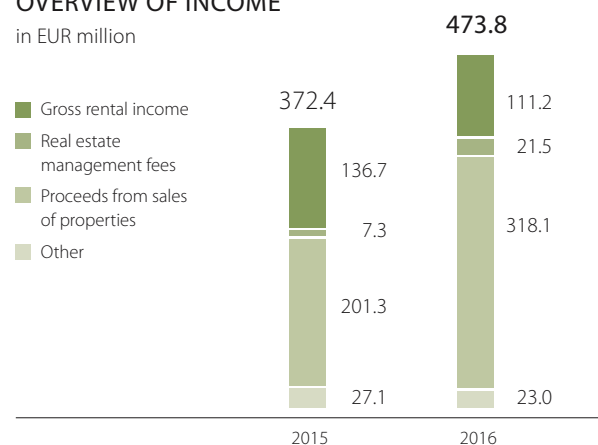


INCOME DEVELOPMENT

Dynamic fund business driving management fees

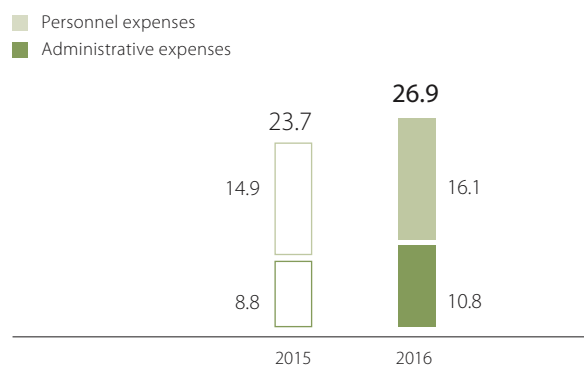
OVERVIEW OF INCOME

in EUR million



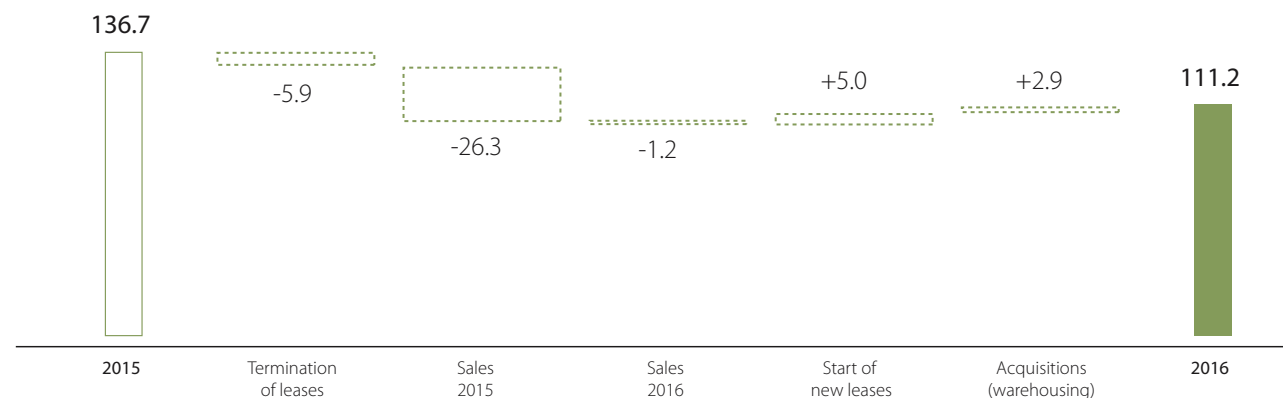
OPERATING COSTS

in EUR million



GROSS RENTAL INCOME BRIDGE

in EUR million



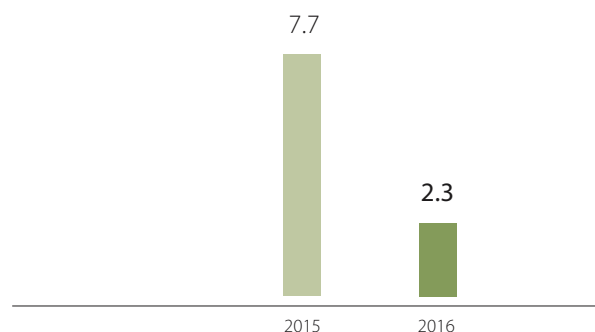
- **Gross rental income** above target due to better-than-expected take-up and rental income from warehousing properties
- **Real estate management fees** nearly tripled to EUR 21.5 million on the basis of fund growth and rising income from third-party business
- **Proceeds from sales** increased by over 50% to EUR 318.1 million in comparison to the previous year
- **Total income** increased to EUR 473.8 million mainly on account of high sales proceeds of EUR 318.1 million
- Increase in **personnel and administrative expenses** due to expansion of fund business
- **Cost ratio** down to 11.7% from 12.1%

EARNINGS

Impact of non-recurring expenses from refinancing

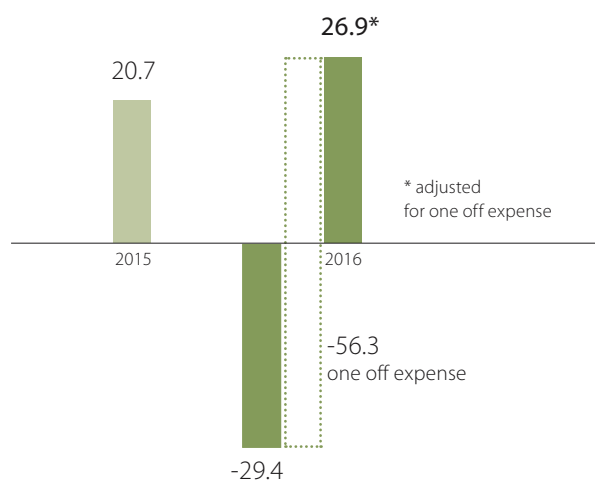
SHARE OF THE PROFIT OF ASSOCIATES

in EUR mn



PROFIT FOR THE PERIOD

in EUR million



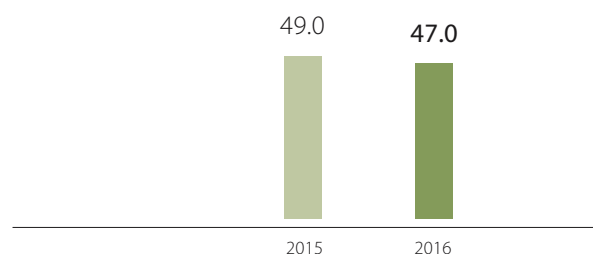
INTEREST RESULT

in EUR mn

	2016	2015	Δ
Interest income	9.4	10.5	-10%
Interest expenses	-56.1	-70.3	-20%
One off expense refinancing	-56.3	-	-
Interest result	-103.0	-59.8	72%

FUNDS FROM OPERATIONS

in EUR mn



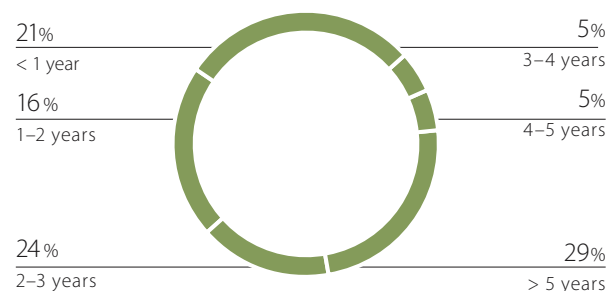
- **Share of the profit of associates** lower at EUR 2.3 million, mainly due to contribution of project developments in the previous year and planned reduction of joint venture investments
- Adjusted **interest result** significantly improved following loan redemptions and better interest rate terms
- **Non-recurring expenses** of c. EUR 56 million for refinancing of the Commercial Portfolio
- Adjusted **profit for the period** rose 30% to EUR 26.9 million (2015: EUR 20.7 million) mainly due to higher sales profits and increased fund business earnings
- Despite a 20% decrease in net rental income, **FFO** was down only 4% thanks to the strong contribution of the fund business
- **FFO per share** amounted to EUR 0.69

FINANCIAL STRUCTURE

Significantly improved by refinancing

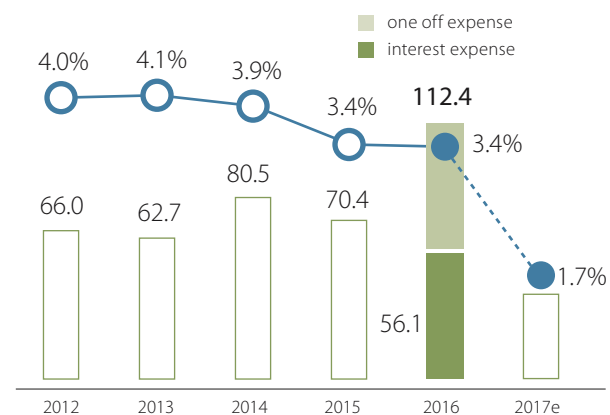
DEBT MATURITIES

as at 31.12.2016



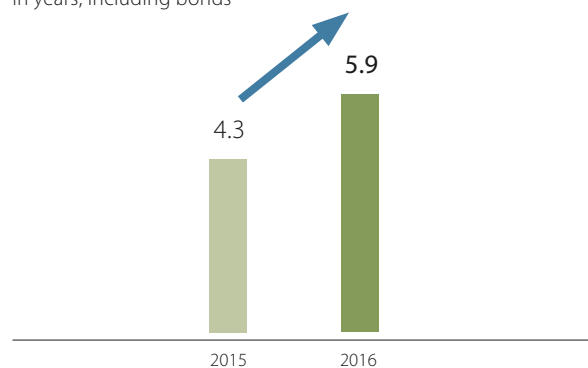
AVERAGE INTEREST RATE AND INTEREST EXPENSES

expenses in EUR mn



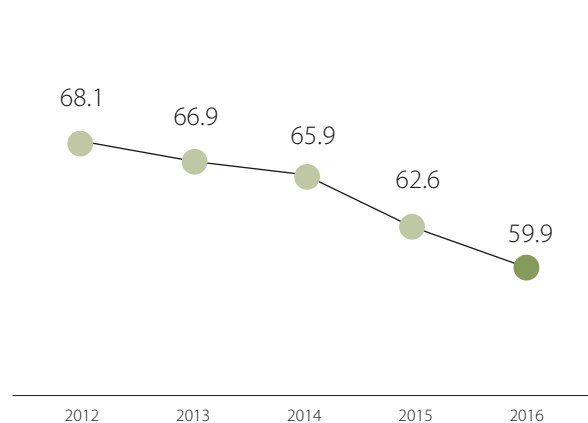
AVERAGE DEBT MATURITIES

in years, including bonds



LOAN-TO-VALUE

in %



- **Refinancing of the Commercial Portfolio** in the amount of EUR 960 million in December 2016
- Sharp rise in **average maturity** of financial debt to 5.9 years (2015: 4.3 years)
- **Average interest rate** of bank liabilities reduced from 3.4% to 1.7%, savings of up to EUR 20 million per year
- **LTV ratio** adjusted for warehousing 2.7 percentage points lower at 59.9% (2015: 62.6%)

BALANCE SHEET AND NAV

Effect of refinancing, NAV stable

BALANCE SHEET OVERVIEW

in EUR million

	31.12.2016	31.12.2015
Total assets	2,395.5	2,456.1
Total non-current assets	1,908.6	1,961.6
Total current assets	486.9	494.5
Equity	757.0	792.1
Non-current loans and borrowings	1,181.4	1,300.5
Current loans and borrowings	268.9	35.5
Other liabilities	188.2	328.0
Total liabilities	1,638.5	1,664.0
Reported equity ratio	31.6%	32.3%
Loan to value ratio	59.9%	62.6%

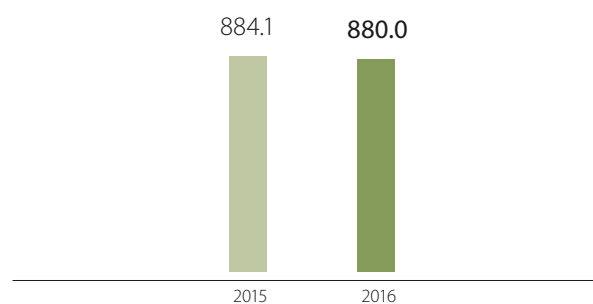
MARKET VALUE

in EUR million

Market value portfolio as at 31.12.2015	2,199.2
Disposals Co-Investments	-28.5
Investments	17.2
Addition Funds (including Warehousing)	292.7
Sales (including OB III)	-354.0
Valuation impact (+0.1%)	1.5
Market value portfolio as at 31.12.2016	2,128.1

NET ASSET VALUE

in EUR million



- Non-recurring effect of refinancing reduced **total equity**
- Therefore, the reported **equity ratio** dropped slightly from 32.3% to 31.6%
- **Hedging Reserve:** Since we have ceased our hedge accounting in respect of the refinanced loans, the hedging reserve has been recycled to p/l amounting to EUR 20.5 million
- Valuation impact of +0.1% on **market values** of properties
- **Net asset value** stable at EUR 880.0 million
- **NAV per share** amounted to EUR 12.83

FORECAST

Strong growth of FFO in 2017



INVESTOR RELATIONS

Contact



Peer Schlinkmann
Head of Investor Relations

Tel. +49 (0) 69 9 45 48 58-12 21
Fax +49 (0) 69 9 45 48 58-93 99
P.Schlinkmann@dic-asset.de



Caitlin Carnes
Junior Investor Relations Manager

Tel. +49 (0) 69 9 45 48 58-12 25
Fax +49 (0) 69 9 45 48 58-93 99
C.Carnes@dic-asset.de

Disclaimer

This quarterly statement contains forward-looking statements including associated risks and uncertainties. These statements are based on the Management Board's current experience, assumptions and forecasts and the information currently available to it. The forward-looking statements are not to be interpreted as guarantees of the future developments and results mentioned therein. The actual business performance and results of DIC Asset AG and of the Group are dependent on a multitude of factors that contain various risks and uncertainties. In the future, these might deviate significantly from the underlying assumptions made in this quarterly statement. Said risks and uncertainties are discussed in detail in the risk report as part of financial reporting. This quarterly statement does not constitute an offer to sell or an invitation to make an offer to buy shares of DIC Asset AG. DIC Asset AG is under no obligation to adjust or update the forward-looking statements contained in this quarterly statement.

For more information:

www.dic-asset.de/ir

For instance:

- >> Up-to-date company presentation
- >> Audio-Webcast
- >> Financial calendar

DIC Asset AG
Neue Mainzer Straße 20 · MainTor
60311 Frankfurt am Main
Tel. +49 (0) 69 9 45 48 58-0 · Fax +49 (0) 69 9 45 48 58-93 99
ir@dic-asset.de · www.dic-asset.de

Realisation
LinusContent AG, Frankfurt am Main