



UPDATE CALL PRESENTATION

HALF YEAR RESULTS 2014

14 August 2014



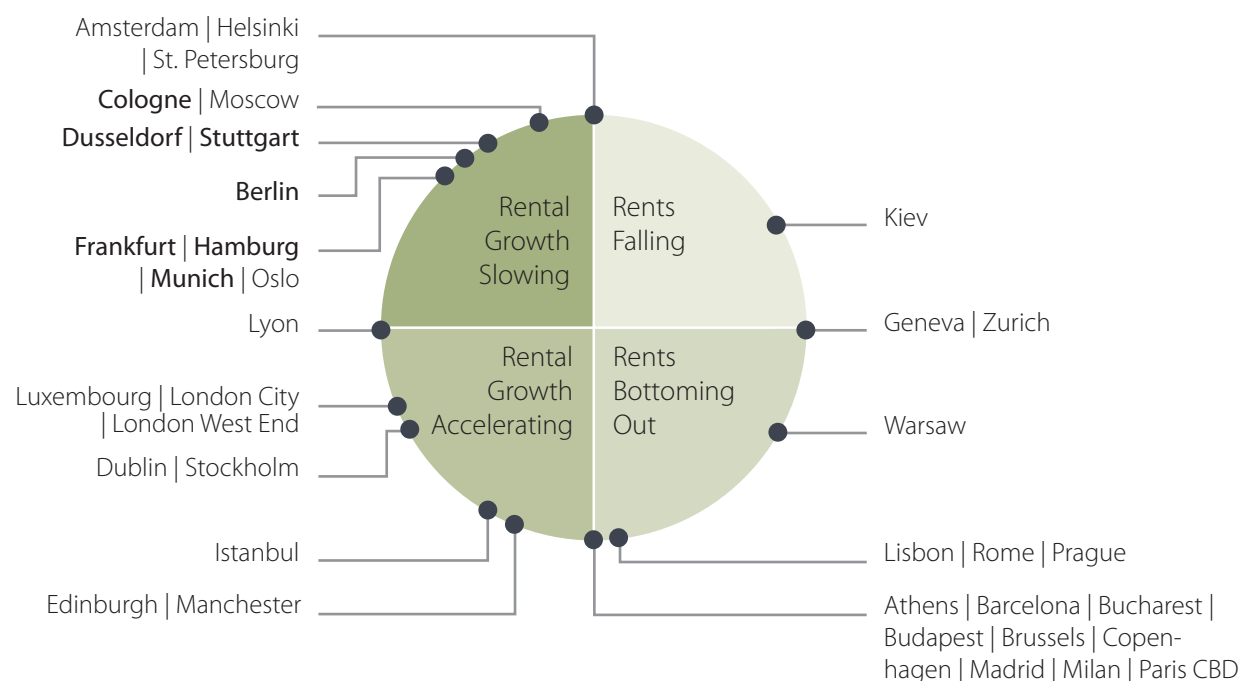
ON TRACK



- **Growth** of FFO and gross rental income:
 - FFO up 2% to € 23.6 mn
 - Gross rental income increased by 21%
- Ongoing **deleveraging**:
 - Net debt equity ratio up to 33.3%
 - LTV down to 66.4%
- **Sales volume** of c. € 60 mn YTD
- Growing **fund business**:
 - Start of third institutional fund „DIC Office Balance II“

GERMAN COMMERCIAL REAL ESTATE MARKET

JLL office property clock Q2 2014

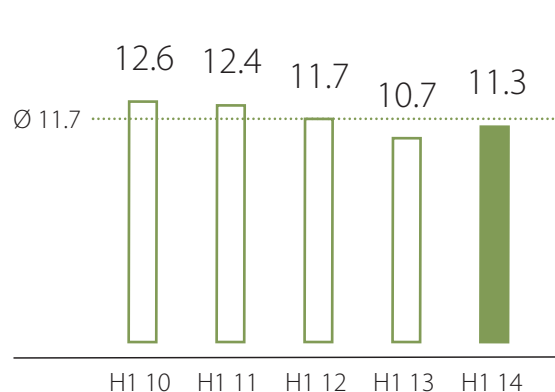


- **German economy** positive, but optimism falling due to potential impacts from geopolitical concerns
- Moderate **GDP growth** of 0.1% in the second quarter, expectations for 2014 between 1.2 and 2.6%
- **Investment volume** increased by 29% to € 16.9 bn (H1 2013: € 13.1 bn), strong focus on office properties
- **Letting results** with 1,380,000 sqm 3% below previous year's quarter
- **Vacancy rates** across Top 7 down to 8.1% (Q2 2013: 8.7%)

LETTING VOLUME INCREASED

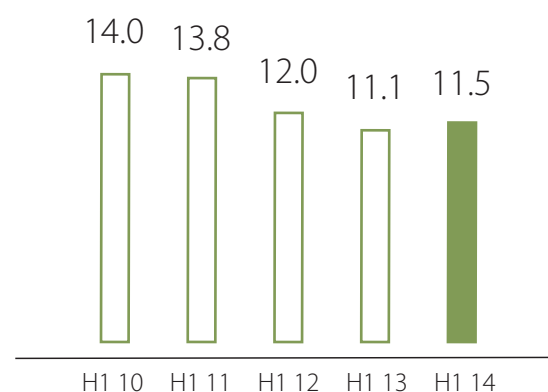
Letting volume

€ mn annualised rental income



Vacancy rate

in %

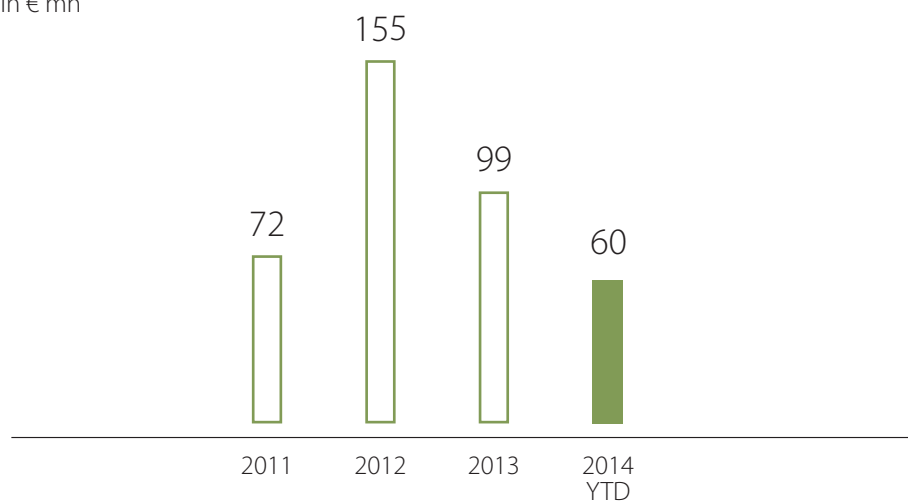


- Signed lettings up by 6% with **annualised rental income** of €11.3 mn (H1 2013: € 10.7 mn)
- **Vacancy rate** at 11.5%, down 2.5pp since 2010. Increase since end of 2013 due to terminated leases in H1 as expected
- **Maturity structure improved:** Expiries in 2014 reduced to 3%, expiries from 2018 up to 57%
- **Gross rental yield** stable at 6.6%

SALES

Sales volume

in € mn



■ Sales volume YTD at c. € 60mn

- 6 properties (€ 37 mn) from Commercial Portfolio
- 2 properties (€ 22 mn) from Co-Investments, further reducing joint venture portion

■ Sales prices on average 4% above latest market value

■ Several transactions in the pipeline

GROWING FUND BUSINESS



Office property „Barbarossa Center“, Cologne

- Start of 3rd institutional fund, DIC Asset's **equity stake** of around 5%
- **Reduction of equity stake** in fund „DIC Office Balance I“ to 10%
- **Acquisitions** of around € 60 mn YTD for fund business
 - First acquisition of € 32 mn in July: „Barbarossa Center“ in Cologne
 - Further acquisitions for retail fund with volume of € 27 mn
- **Target volume** of all three funds up to € 1 bn

FINANCIAL HIGHLIGHTS



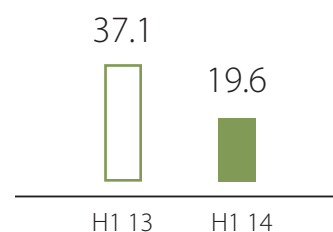
- **Ongoing deleveraging:**
 - Net debt equity ratio increased to 33.3%
 - Loan to value further decreased to 66.4%
- **Growth:** FFO increased to € 23.6 mn (+2%)
- **Stable financial structure:**
 - Average debt maturity at 4.0 years
 - Average interest rate at low level with 4.1%
 - Interest cover ratio (NRI/interest expense) at 169%

HIGHER INCOME

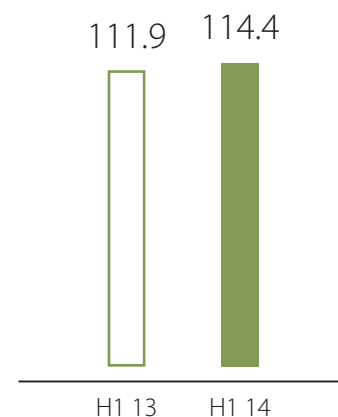
Gross rental income
in € mn



Sales proceeds
in € mn



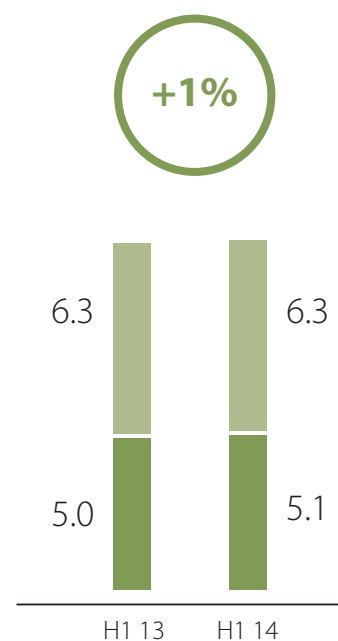
Total income
in € mn



- **Higher gross rental income** with € 73.6 mn (H1 2013: € 61.0 mn) after portfolio acquisition end of 2013
- **Sales proceeds** at € 19.6 mn
- **Total income** increased 2% to € 114.4 mn (H1 2013: € 111.9 mn), increased rental income compensating for lower sales proceeds

COST RATIO OPTIMISED

Operating costs
in € mn

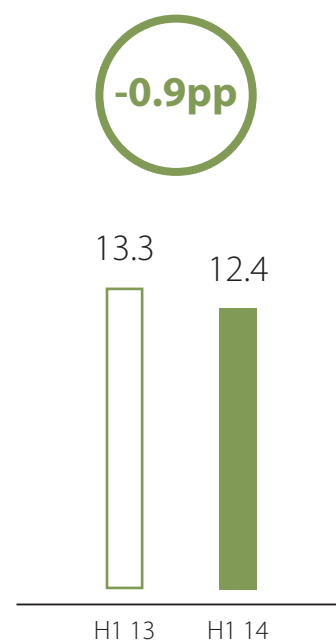


■ Administration
■ Personnel

Management fee income
in € mn



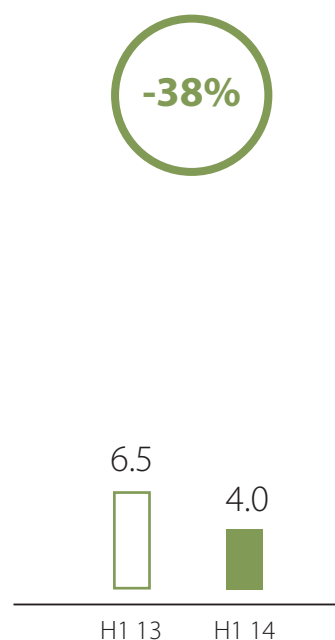
Cost ratio
in %



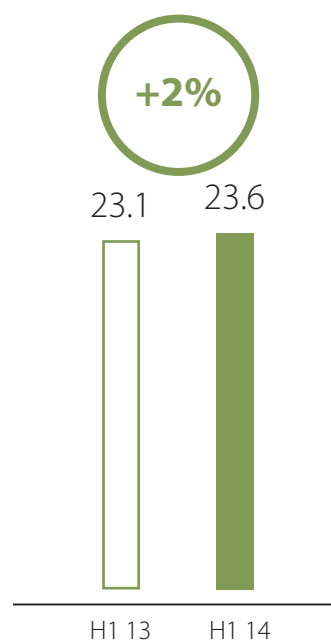
- **Personnel and administrative costs** almost stable with € 11.4 mn (H1 2013: € 11.3 mn)
- **Management fee income** declined to € 2.3 mn as expected after loss of fees from acquired portfolio
- **Cost ratio** improved 0.9pp to 12.4%, based on higher gross rental income

FURTHER FFO GROWTH

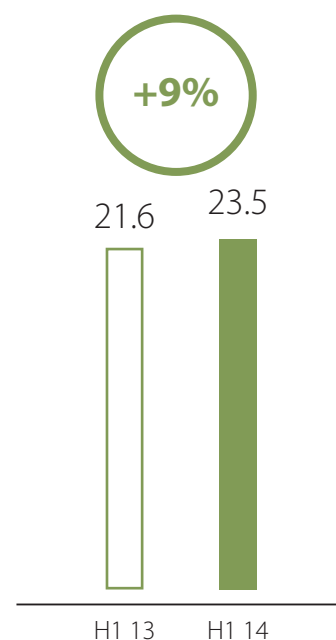
Profit for the period
in € mn



FFO
in € mn



EPRA earnings
in € mn

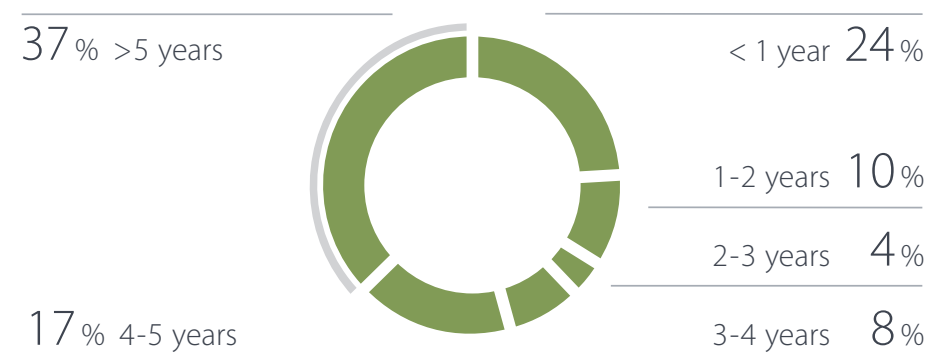


- **FFO** increased to € 23.6 mn (+2 %) driven by higher rental income
- **FFO per share** at € 0.34 lower due to higher number of outstanding shares (H1 2013: € 0.49)
- **Profit for the period** lower mainly due to lower profits on property disposals and increased depreciations on investments for existing properties
- **EPRA earnings per share** at € 0.34 (H1 2013: € 0.46)

STABLE FINANCIAL STRUCTURE

Debt maturities

as at 30.06.2014



■ Ongoing deleveraging:

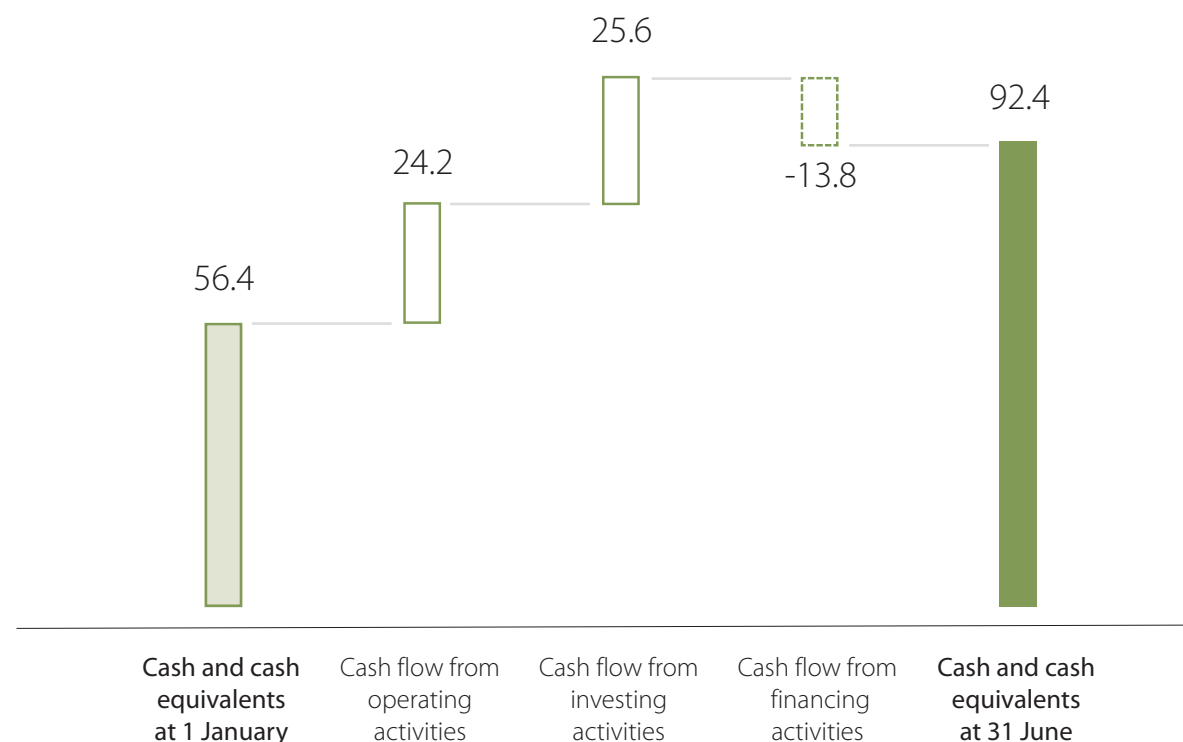
- **Net debt equity ratio** increased to 33.3% (31.12.2013: 32.6%)
- **Loan to value** further reduced to 66.4% (31.12.2013: 66.9%)

■ Stable financial structure:

- Average **debt maturities** at 4.0 years (31.12.2013: 4.5 years), average **interest rate** at low level of 4.1% (31.12.2013: 4.1%)
- **Interest result** at - € 34.0 mn (H1 2013: - € 24.8 mn) due to higher debt volume after portfolio acquisition and second bond issued in H2 2013
- **Interest cover ratio** (NRI/interest expense) at 169%

STRONG CASH FLOW STATEMENT

Cash and cash equivalents bridge in € mn



- **Cash flow from operating activities**
stable at € 24.2 mn (H1 2013: € 23.0 mn)
- **Cash flow from investing activities**
higher at € 25.6 mn (H1 2013: € 21.9 mn),
reduction of equity stake in „DIC Office
Balance I“ more than compensating for
lower proceeds from disposals
- **Cash flow from financing activities**
at - € 13.8 mn (H1 2013: - € 31.8 mn),
mostly attributable to repayment of
loans
- **Cash at hand** of € 92.5 mn offers high
flexibility going forward

KEEPING FOCUS ON ROADMAP



■ Funds from Operations

- Full year forecast: € 47 mn up to € 49 mn

■ Portfolio

- Focus on deleveraging
- Disposals of at least around € 130 mn
- Full year forecast gross rental income: around € 145 – 147 mn

■ Funds

- Further growth of fund business, with investments in the range of at least € 150 mn

THANK YOU!



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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.

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