# UPDATE CALL PRESENTATION

# HALF YEAR RESULTS 2014

14 August 2014

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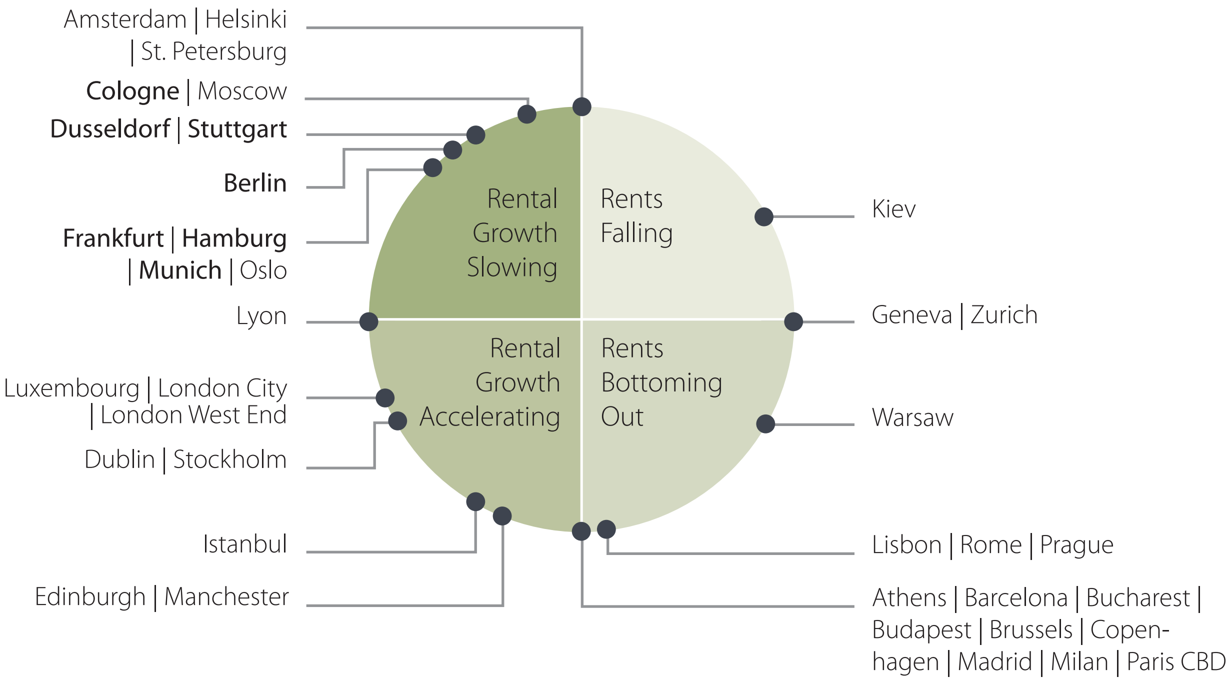
# ON TRACK

- **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

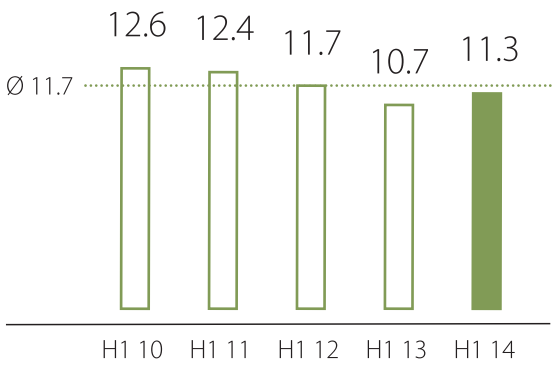
## JLL office property clock Q2 2014



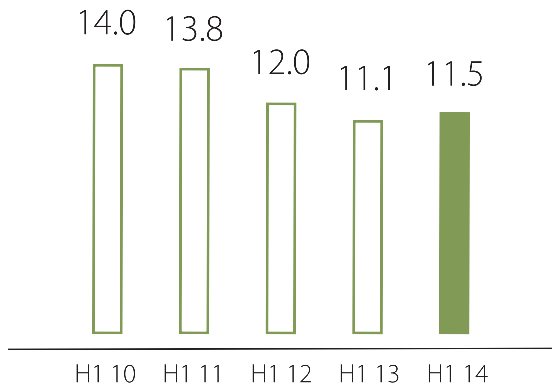

- **German economy** positive, but optimism falling due to potential impacts from geopolitical concerns
- Moderate **GDP growth** of 0.1% in the second quarter, expectations for 2014 between 1.2 and 2.6%
- **Investment volume** increased by 29% to € 16.9 bn (H1 2013: € 13.1 bn), strong focus on office 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%

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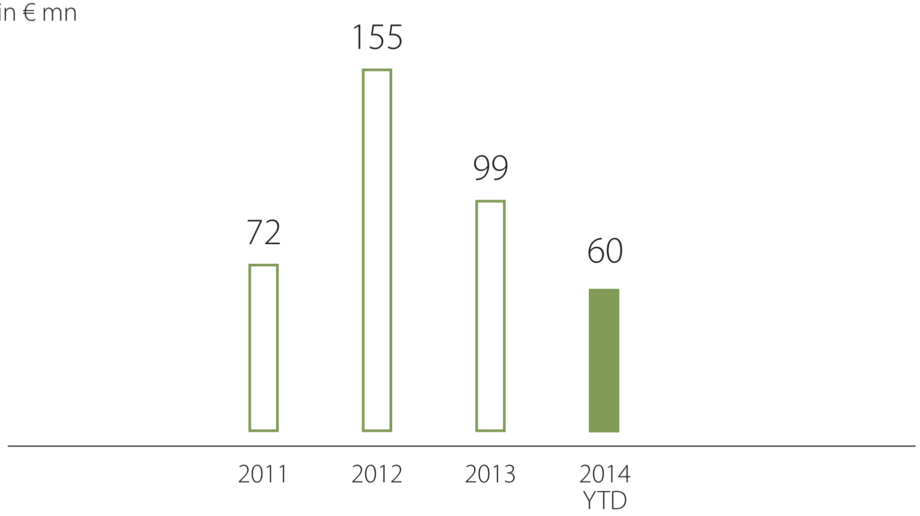
# SALES

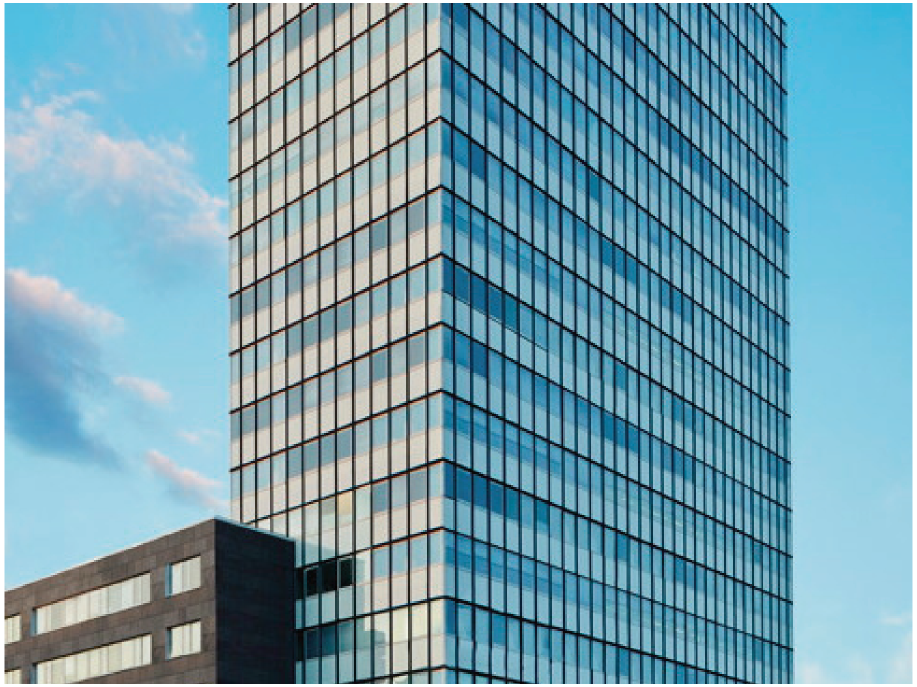
## Sales volume

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

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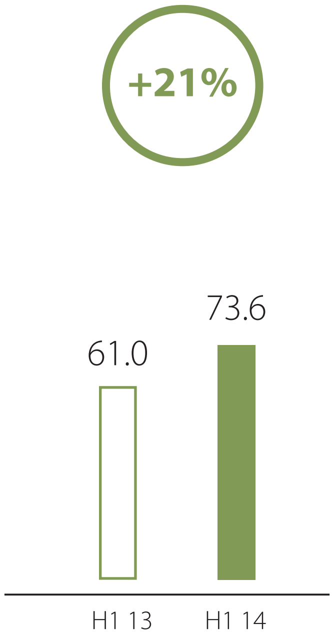
# FINANCIAL HIGHLIGHTS

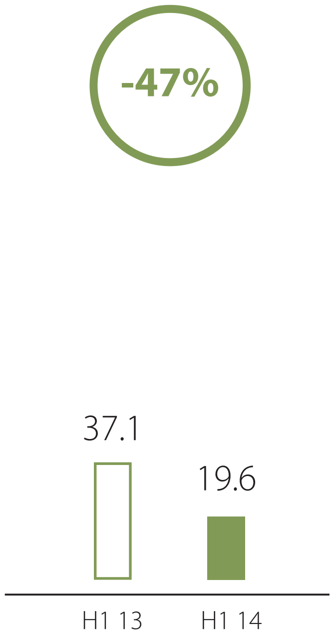
- **Ongoing deleveraging:**
  - Net debt equity ratio increased to 33.3%
  - Loan to value further decreased to 66.4%
- **Growth:** FFO increased to € 23.6 mn (+2%)
- **Stable financial structure:**
  - Average debt maturity at 4.0 years
  - Average interest rate at low level with 4.1%
  - Interest cover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

# HIGHER INCOME

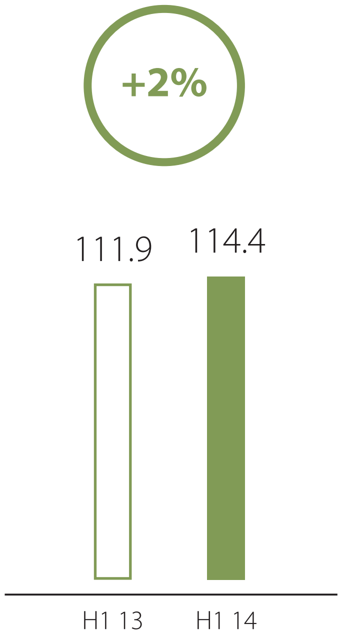
**Gross rental income**
in € mn




**Sales proceeds**
in € mn



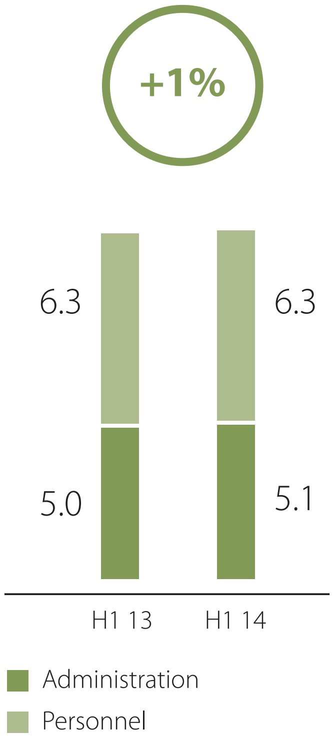

**Total income**
in € mn




- **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

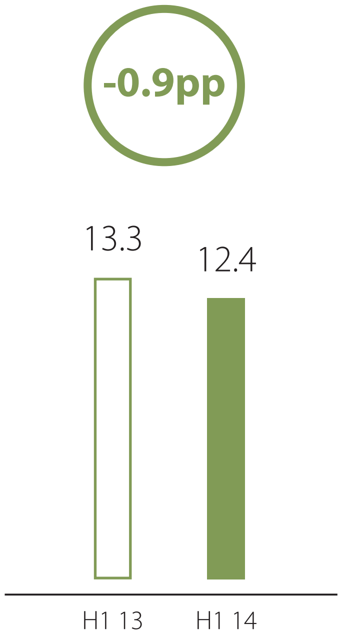
# COST RATIO OPTIMISED

## Operating costs
in € mn




## Management fee income in € mn

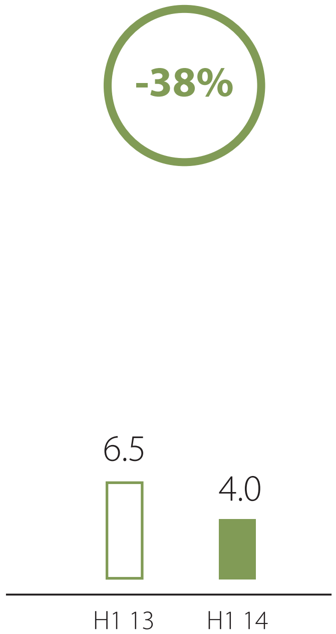

## Cost ratio
in %



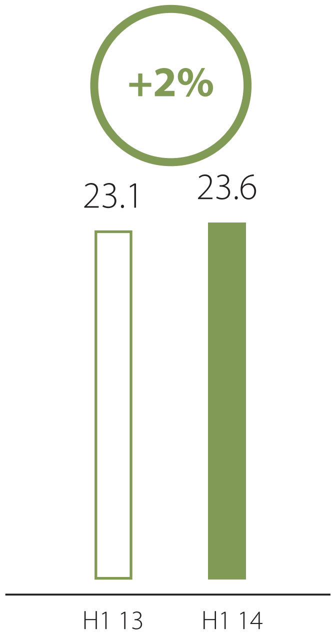

- **Personnel and administrative costs** almost stable with € 11.4 mn (H1 2013: € 11.3 mn)
- **Management fee income** declined to € 2.3 mn as expected after loss of fees from acquired portfolio
- **Cost ratio** improved 0.9pp to 12.4%, based on higher gross rental income

# FURTHER FFO GROWTH

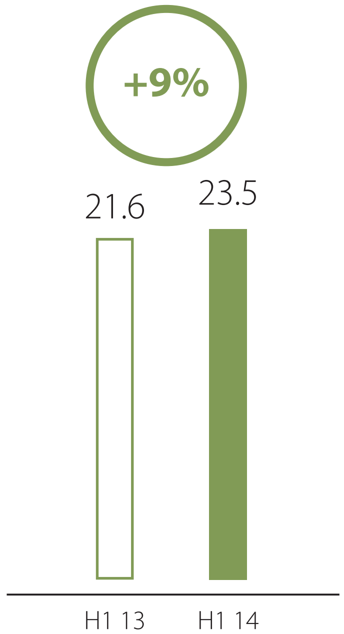
**Profit for the period**
in € mn




**FFO**
in € mn



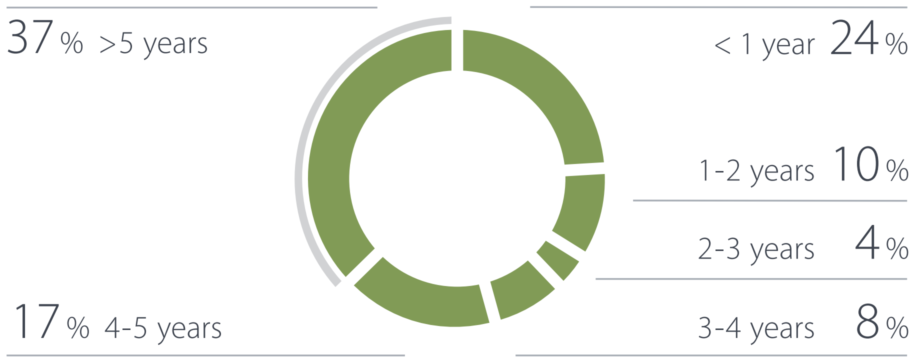

**EPRA earnings**
in € mn




- **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 stucture:
  - 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%

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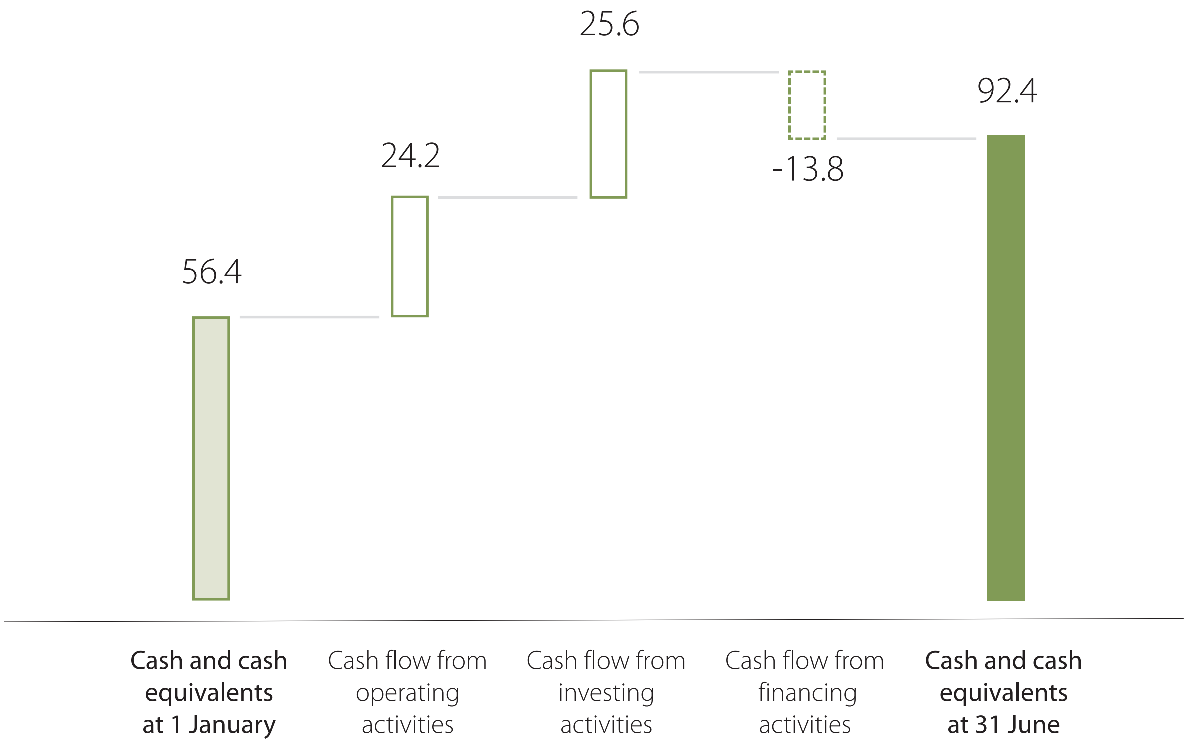
# STRONG CASH FLOW STATEMENT

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

For more information:

www.dic-asset.de/ir

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