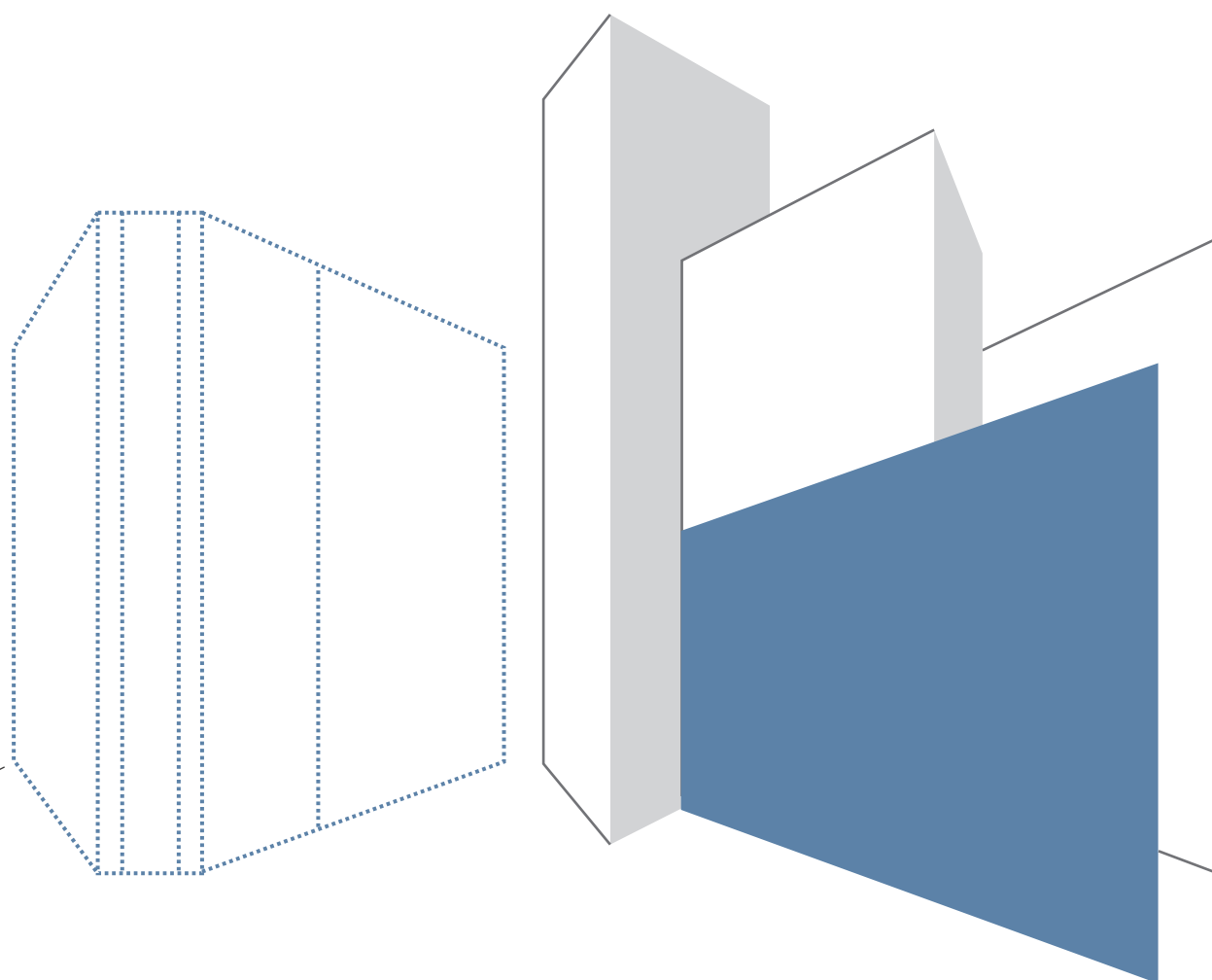


Q2 /2016

CONFERENCE
CALL

3 August 2016



HIGHLIGHTS

- **FFO** grew by 15% to € 27.7 mn
- Strong **letting performance** with annualised rental income of € 15.3 mn
- **Management fees** rose sharply to € 15.0 mn
- **Acquisitions** of c. € 300 mn for fund business
- Significant reduction of **joint venture investments**
- **LTV** down to 57.2%
- **Guidance 2016** adjusted: higher rental income, acquisition target for funds increased

Q2 / 2016

2016

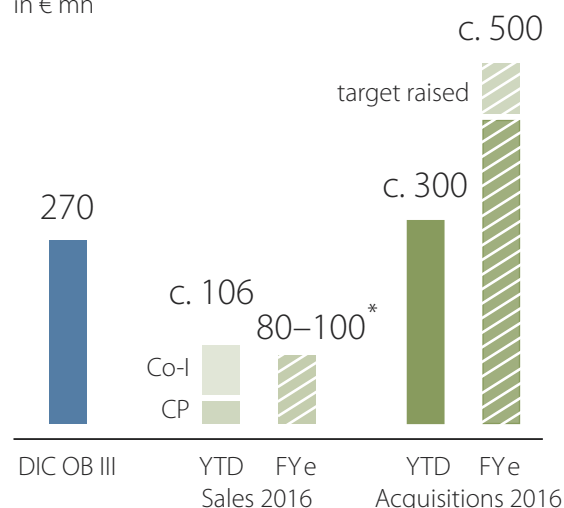


PERFORMANCE REAL ESTATE MANAGEMENT-PLATFORM

Growth of Assets under Management on track

Transaction volume

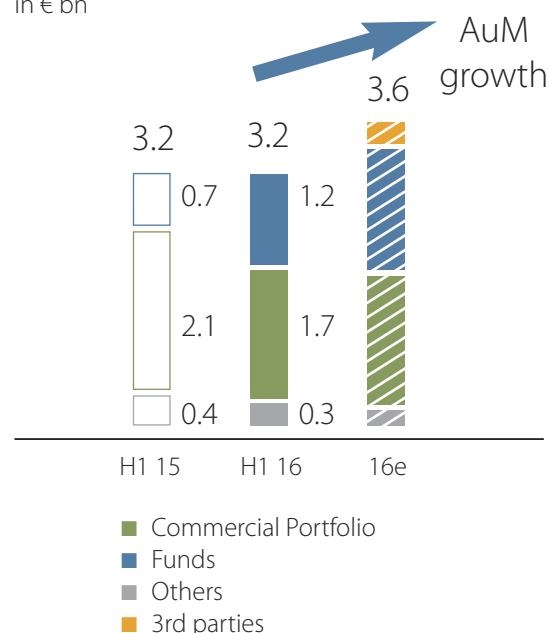
in € mn



* for Commercial Portfolio (CP)

Assets under Management

in € bn

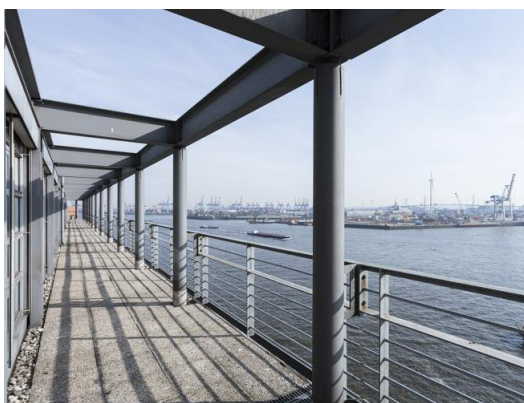


- **Sales** with a total of c. € 106 mn YTD
 - for **optimisation of Commercial Portfolio**: 6 properties (c. € 33 mn)
 - for **reduction of joint ventures**: 4 properties from Co-Investments (c. € 73 mn), reduction via disposals planned by end of 2017
- **Acquisitions** for growth of AuM: Total of c. € 300 mn YTD for fund business, c. € 220 mn thereof for planned retail fund
- **Acquisitions target** 2016 raised to c. € 500 mn
- **Assets under Management** of € 3.2 bn:
 - Commercial Portfolio with € 1.7 bn
 - Co-Investments with € 1.5 bn, thereof € 1.2 bn Funds**

** recent transaction not included

PERFORMANCE REAL ESTATE MANAGEMENT-PLATFORM

Case Study: Repositioning and Revitalisation of Elbspeicher, Hamburg



ACQUISITION (2014 / 2015)

- DIC Asset acquires **historic former warehouse** on the Hamburg waterfront for fund "DIC Office Balance II"
- Total area of c. 10,900 sqm with around **40% vacancy**

MANAGEMENT APPROACH

- **Reposition property** in the rental market
- **Capex** of approx. € 2.6 mn invested in modernisation and conversion to hotel space
- Signed **long term lease** of more than 20 years with Hotel Gold INN in June 2016

RESULT (2016)

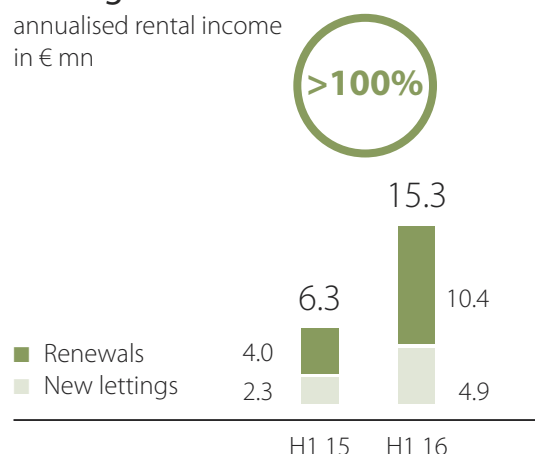
- **Full occupancy** achieved within 18 months of purchase
- **Annual rental income** up 90% from c. € 1.2 mn to € 2.3 mn
- **Yield on cost** of c. 41%
- **WALT** more than doubled from around 6 years at time of purchase to c. 13 years

PORTFOLIO DEVELOPMENT

Strong letting performance continues throughout H1 2016

Letting result

annualised rental income
in € mn



Top leases

Top 3 new lettings

	location	sqm
Landeshauptstadt München	Munich	19,800
Angleterre Hotel GmbH & Co. KG	Hamburg	4,400
Goetzfried AG	Wiesbaden	1,300

Top 3 renewals

	location	sqm
AXA Konzern AG	Wiesbaden	35,100
Deutsche Bahn AG	Nuremberg	26,500
Siemens AG	Erlangen	6,500

- **Lettings** of 143,700 sqm (H1 2015: 62,600 sqm), with **renewals** accounting for annualised rental income of € 10.4 mn, **new lettings** for € 4.9 mn
- **Vacancy rate** of 13.2% mainly caused by DIC Office Balance III transaction in January
- **Maturity structure:** remaining lease expiries in 2016 down to 5%, 56% of annualised rent with maturity from 2020 onwards

Portfolio overview

	H1 2016	H1 2015
Number of properties	210	230
Market value Assets under Management in € bn	3.2	3.2
Annualised rental income in € mn	113.8	147.9
WALT in years	4.2	4.4
Vacancy rate	13.2%	11.1%
Gross rental yield	6.4%	6.6%

FUND BUSINESS

“Warehousing” for planned retail fund



Hybrid centre “Neustadt-Centrum” in Halle



Shopping centre in Hamburg

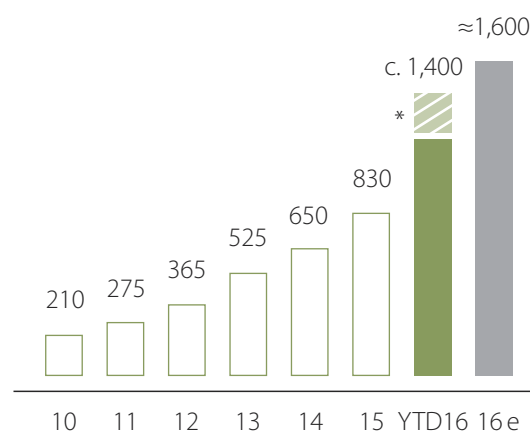
- Retail property portfolio worth € 220 mn **acquired** in July 2016
- 3 **fully occupied properties** with c. 75,000 sqm and WALT of 11 years
 - 1 hybrid centre (retail, offices, restaurants and a cinema) in Halle with 30,700 sqm
 - 2 shopping centres located in Hamburg with around 44,500 sqm
- Investor targeting towards German institutional investors started - **Launch** of fund expected by end of 2016

FUND BUSINESS

Accelerated expansion of fund business in 2016

Fund volume

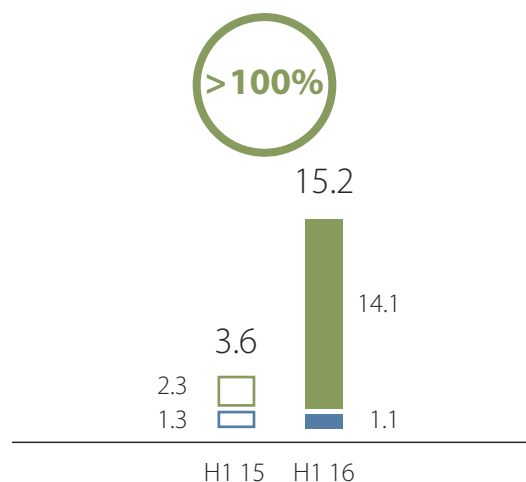
in € mn



* properties acquired by DIC Asset AG, transfer to new retail fund planned by end of 2016

FFO contribution

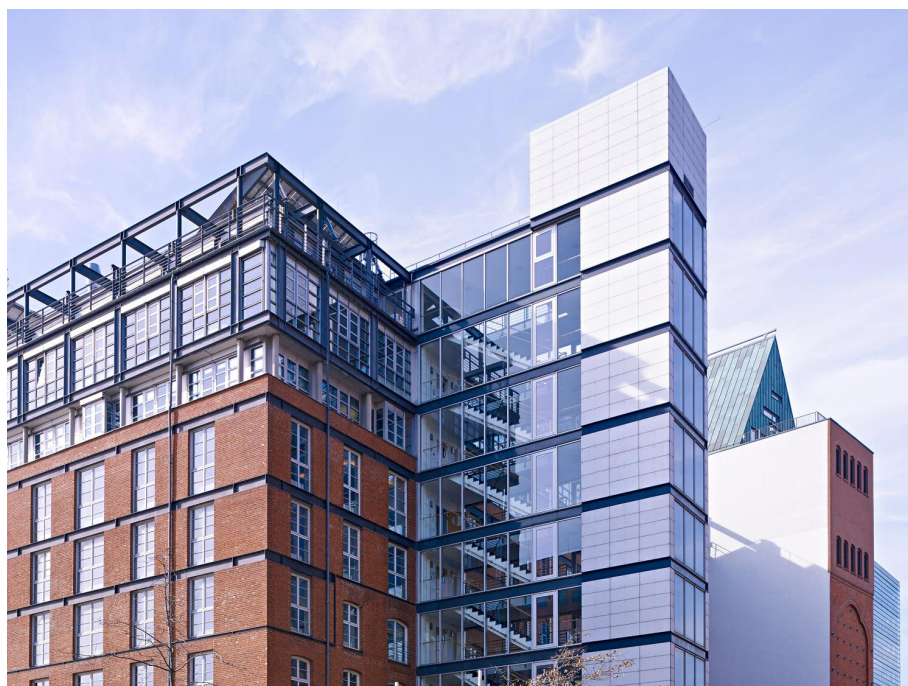
in € mn



■ Management fees
■ Equity returns

- **Transfer of properties** with a market value of around € 270 mn in January to "DIC Office Balance III"
- Four properties worth € 77 mn **acquired** 2016 YTD for existing funds
- **FFO contribution** of fund business increased by € 11.6 mn to € 15.2 mn (H1 2015: € 3.6 mn)
- Current **fund volume** at c. € 1,200 mn, plus properties worth € 220 mn acquired in July for planned retail fund

FINANCIAL HIGHLIGHTS

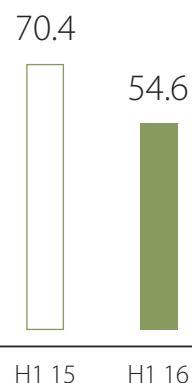


- FFO increased by 15% to € 27.7 mn
- Real estate management fees rose >100% to € 15.0 mn
- Interest result improved by 27% to € -23.2 mn
- Profit for the period up to € 20.2 mn (>100%)
- LTV significantly down to 57.2%

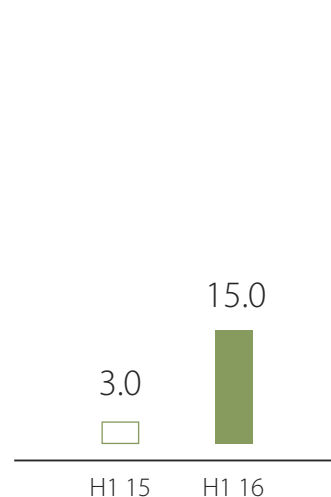
OPERATING RESULT

Total income driven by DIC Office Balance III transaction

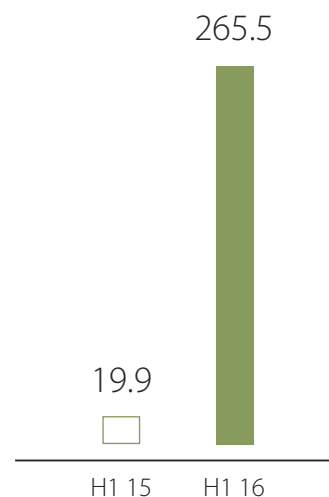
Gross rental income
in € mn



Management fees
in € mn



Sales proceeds
in € mn



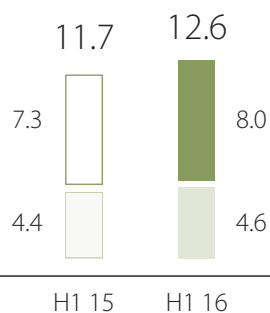
- **Gross rental income** lower at € 54.6 mn (H1 2015: 70.4 mn) as budgeted following high sales activities
- **Management fees** sharply rose to € 15.0 mn mainly due to set-up fee for the DIC OB III fund
- Sharp rise in **sales proceeds** to € 265.5 mn (H1 2015: € 19.9 mn) primarily caused by DIC OB III transaction

OPERATING RESULT

Low cost ratio

Operating costs

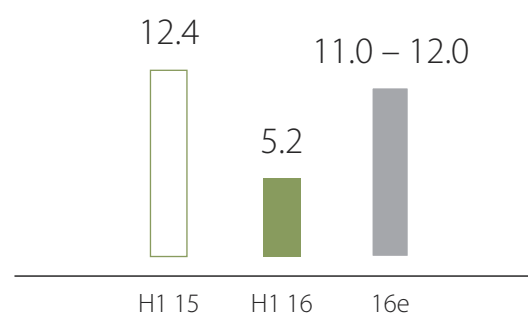
in € mn



■ Personnel
■ Administrative

Cost ratio*

in %



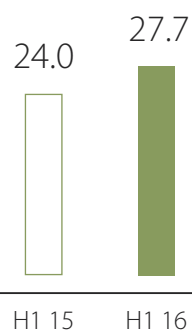
- **Operating costs** rose by 8% to € 12.6 mn mainly due to increased personnel costs
- **Cost ratio*** down to 5.2% thanks to higher management fees y-o-y

* adjusted by set-up fee for DIC OB III transaction on quarterly basis

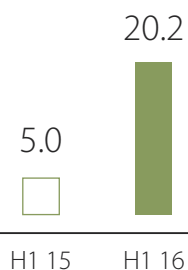
EARNINGS

Strong FFO growth

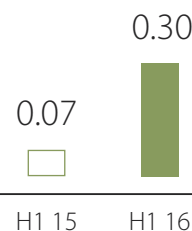
FFO
in € mn



Profit for the period
in € mn



Earnings per share
in €



- FFO rose 15% to € 27.7 mn (H1 2015: € 24.0 mn)
- Considerably higher **profit for the period** of € 20.2 mn (H1 2015: € 5.0 mn) mainly attributable to improved net interest income, higher management fees and strong sales profits
- **Earnings per share** amounted to € 0.30 after € 0.07 in the previous year

FFO RECONCILIATION

€ mn	H1 2016	H1 2015	Δ
Net rental income	46.5	62.7	-26%
Administrative expenses	-4.6	-4.4	+5%
Personnel expenses	-8.0	-7.3	+10%
Result of other operating income/expenses	0.3	0.3	+0%
Management fee income	15.0	3.0	>100%
Share of the profit of associates *	1.3	1.9	-32%
Interest result	-22.8	-32.2	-29%
Funds from operations	27.7	24.0	+15%
FFO per share in €	0.40	0.35	+14%

* excluding sales and developments of Co-Investment segment

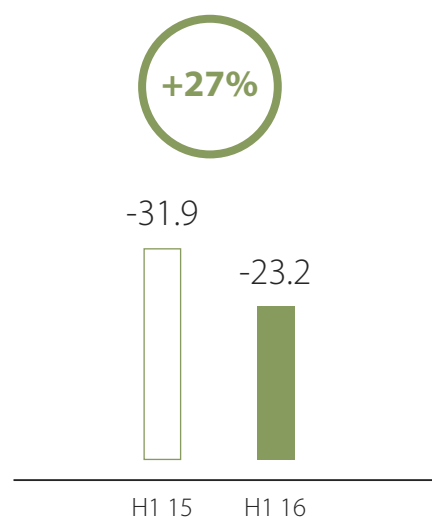
- **FFO margin** (FFO in relation to gross rental income) increased significantly by around 17 pp to 51% due to the decrease in interest expenses and higher management fees
- **FFO per share** up 14% at € 0.40 (H1 2015: € 0.35)

FINANCIAL STRUCTURE

Improved interest result

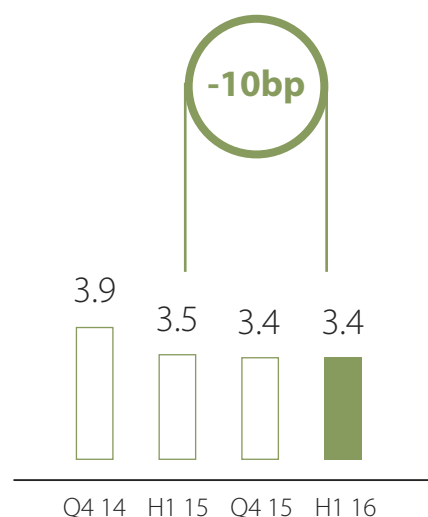
Interest result

in € mn



Interest rate*

average, in %



- **Interest result** improved 27% to € -23.2 mn (H1 2015: € -31.9 mn) based on lower average interest rate and reduced debt after repayment of loans
- **Average interest rate*** at 3.4% after favourable refinancings in 2015
- **Average debt maturities** at 3.6 years (YE 2015: 4.3 years)
- Around 88% of debt **long-term hedged** against interest rate fluctuations (YE 2015: 89%)

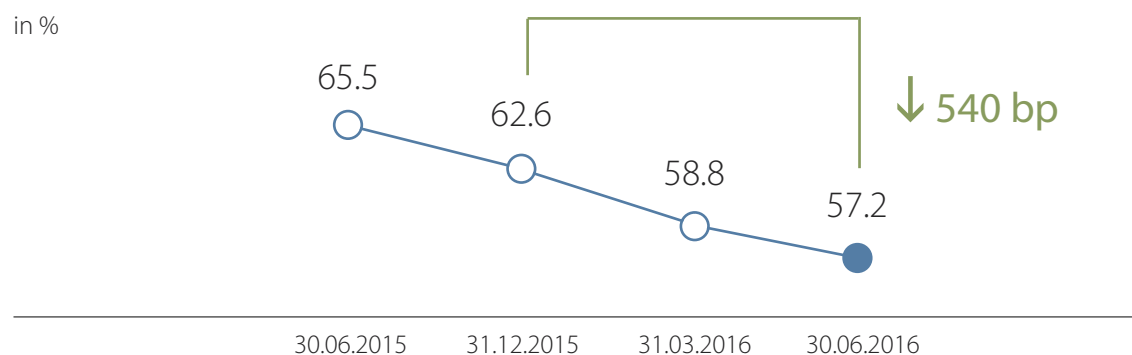
* based on bank liabilities

LTV

Significant reduction of LTV

Loan-to-value ratio

in %

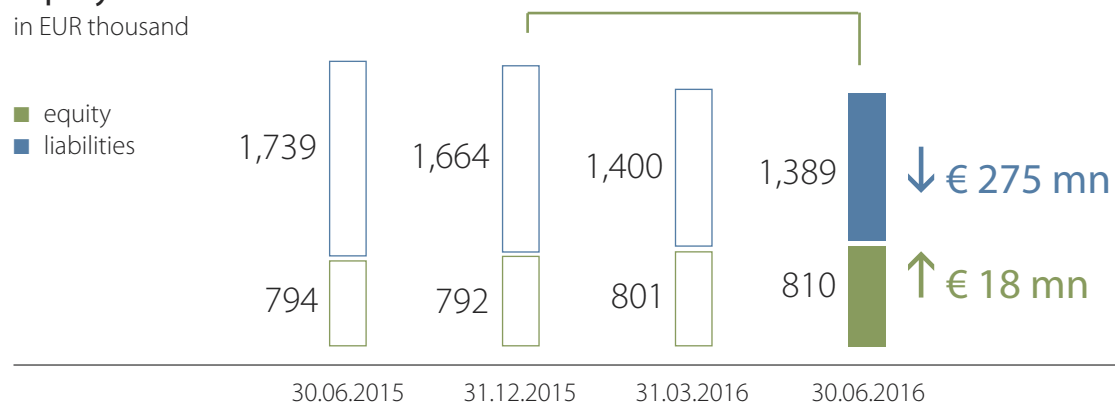


■ **Total equity** c. € 18 mn higher at € 809.9 mn (YE 2015: € 792.1 mn) mainly attributable to high profit for the period

■ **Loan-to-value ratio** reduced significantly by 540 bp to 57.2% (YE 2015: 62.6%)

Equity and liabilities

in EUR thousand



GUIDANCE 2016

Higher rental income and acquisition volume for funds



Targets for 2016

- ⇒ **Gross rental income** target raised from c. € 100 mn to € 105 – 107 mn due to good letting results and effective disposals in 2016 later than originally planned
- ⇒ **FFO** of € 43 – 45 mn
- ⇒ Guidance for **acquisition volume** of fund business increased from € 400 – 450 mn to c. € 500 mn*
- ⇒ Ongoing portfolio optimisation with **disposals** of around € 80 – 100 mn from Commercial Portfolio

* transaction of DIC Office Balance III not included

THANK YOU!



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