



UPDATE CALL PRESENTATION

NINE MONTHS RESULTS 2014

11 November 2014



MAJOR ACHIEVEMENTS

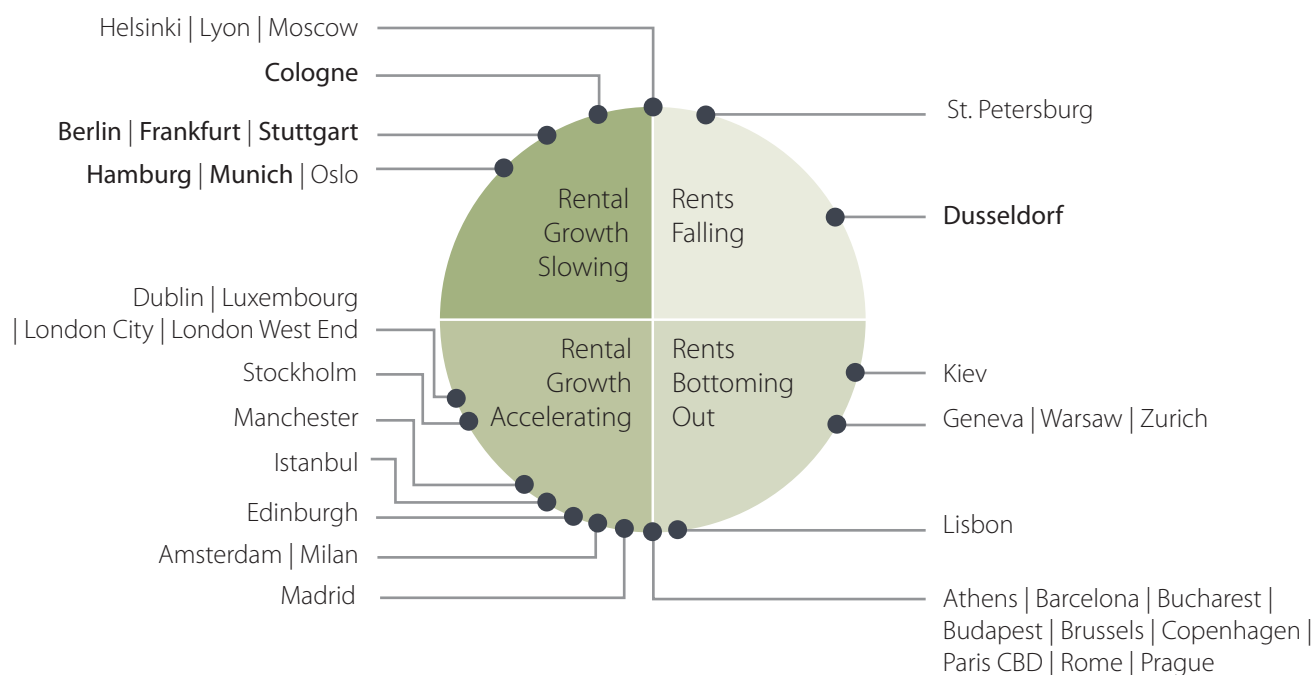


„Opera Offices Neo“ development

- Further **growth** of FFO and gross rental income:
 - FFO up 3% to € 35.4 mn
 - Gross rental income increased 20% to € 110.7 mn
- Good **letting results** of c. 155,000 sqm, signed lettings up by 6% to € 16.3 mn
- **Sales volume** of c. € 85 mn YTD
- **Third corporate bond** issued with a volume of € 125 mn
- Average **cost of debt** down to 3.9%
- Marketing milestones with „Opera Offices Neo“ development

STRONG REAL ESTATE TRANSACTION MARKET

JLL office property clock Q3 2014

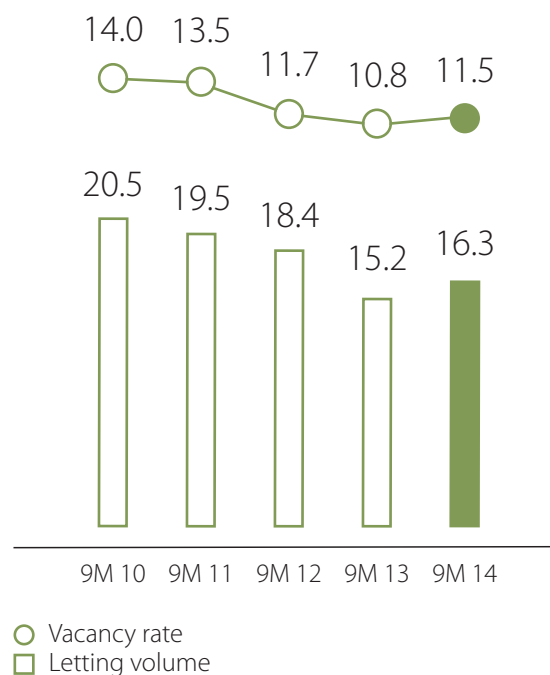


- Cautious outlook on **German economy** due to geopolitical concerns and Russian embargo
- Third quarter **GDP growth** of 0.2%, expectations for 2014 at around 1.3%
- **Job market** in good shape with unemployment rate in October 2014 at 6.3% (October 2013: 6.5%).
- Weaker **letting results** with 2.1 mn sqm, 7% below previous year's quarter
- **Vacancy rates** across Top 7 down to 7.9% (Q3 2013: 8.5%)
- **Investment volume** strongly increased by 35% to € 25.5 bn (9M 2013: € 18.9bn), full year expectations at € 35 – 40 mn

STEADY AND HIGH LETTING PERFORMANCE

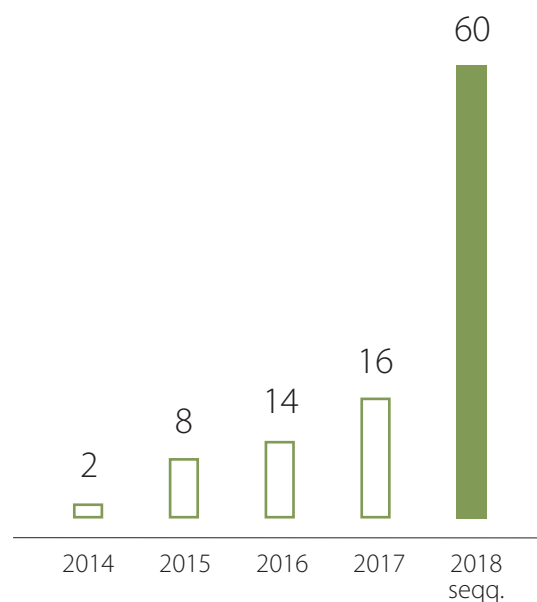
Vacancy rate / Letting volume

in % / annualised rental income in € mn



Lease maturities

in %

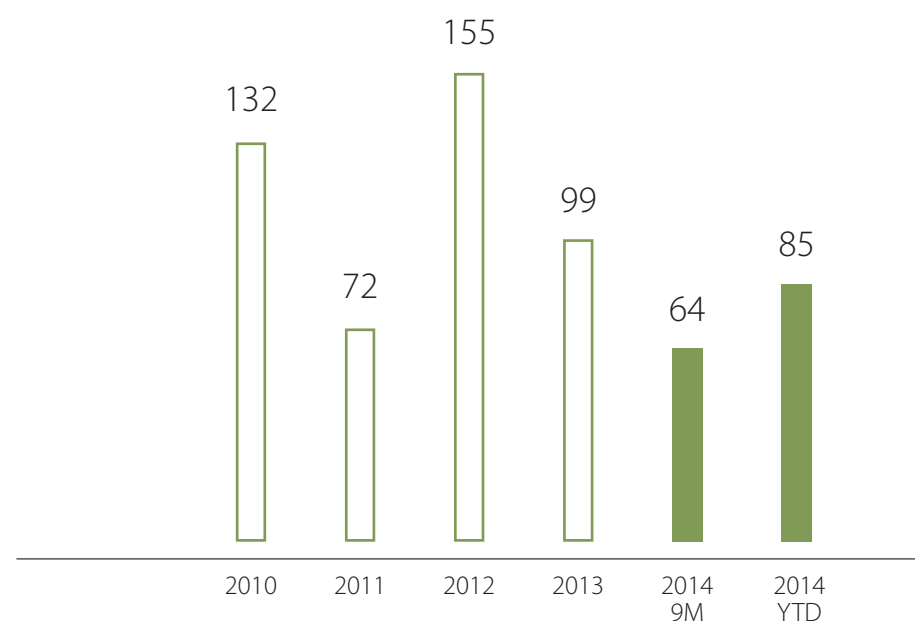


- Signed lettings up by 6% with **annualised rental income** of € 16.3 mn (9M 2013: € 15.2 mn)
- This corresponds to c. 155,000 sqm, with **new lettings** of c. 66,900 sqm and **renewals** of c. 88,100 sqm
- **Vacancy rate** at 11.5%, down 2.5pp since 2010
- **Improved maturity structure:** Expiries in 2014 reduced to 2%, 60% of annualised rent with maturity after 2018
- **Gross rental yield** at 6.6%

SALES ACCELERATING TOWARDS YEAR-END

Sales volume

in € mn



- **Sales volume** 9M 2014 at c. € 64 mn, sold on average 4% above latest market value
 - 7 properties (€ 42 mn) from Commercial Portfolio
 - 2 properties (€ 22 mn) from Co-Investments
- Sales volume YTD at c. € 85 mn, additional 4 properties sold for € 21 mn
- Focus on Q4, several transactions to be signed quite soon

„OPERA OFFICES NEO“: SIGNIFICANT MILESTONES ACHIEVED

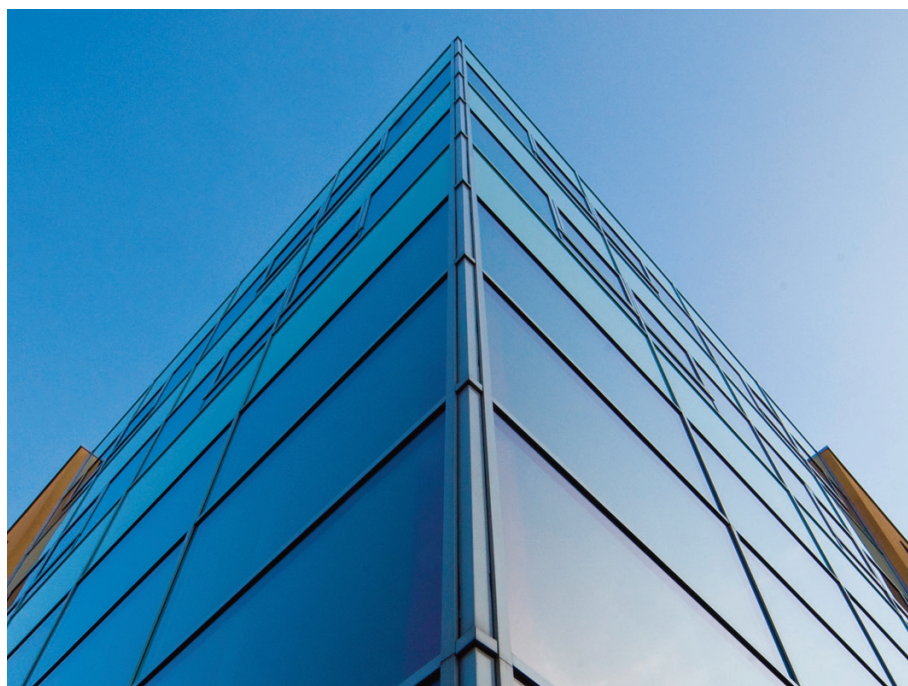


- **Project volume** of around € 40 mn
- **Sold** in September 2014 in a forward deal
- **Pre-letting** of 3,000 sqm (more than 30%) to fund investment company in November 2014
- **Construction** has just started, **completion** in second half of 2016

MAINTOR DEVELOPMENT ON TRACK

- Five of six subprojects **sold** and under construction
- „**MainTor Porta**“ subproject expected to be put into operation at year-end
- „**MainTor Palazzi**“: condominiums nearly fully sold (more than 96%)
- News on last subproject „**WINX – The Riverside Tower**“ expected within next months

FINANCIAL HIGHLIGHTS



- **FFO increased** to € 35.4 mn (+3%)
- Successful placement of **third corporate bond**
- **Average interest rate** decreased to 3.9%, average debt maturity at 4.0 years
- **Profits from associates** more than doubled to € 3.7 mn (9M 2013: 1.4 mn)
- **Net debt equity ratio** at 32.4% (31.12.2013: 32.6%)

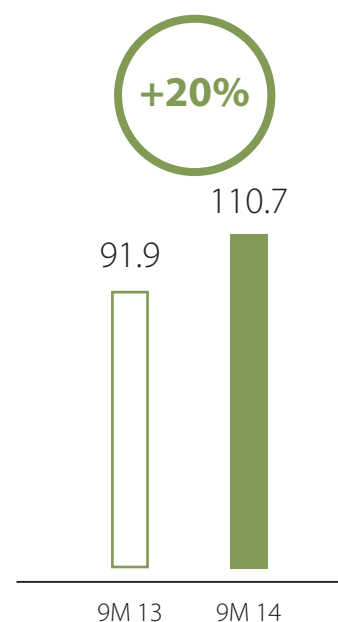
SUCCESSFUL PLACEMENT OF THIRD BOND



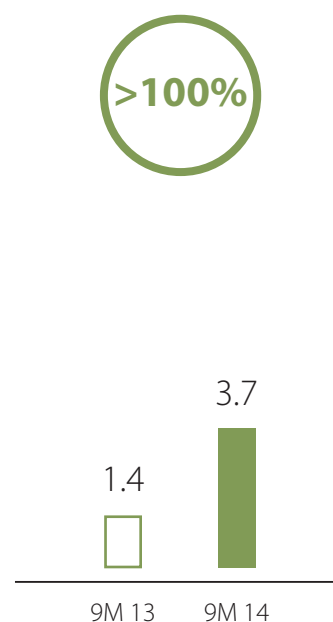
- Successful **placement** of € 125 mn senior unsecured / unrated bond in September 2014
 - lower coupon of 4.625%
 - proceeds primarily used for repayment of first bond with coupon of 5.875%
 - improved debt maturity structure and lower interests
- All bonds **trading** above par value

STRONG INCREASE OF RENTAL INCOME

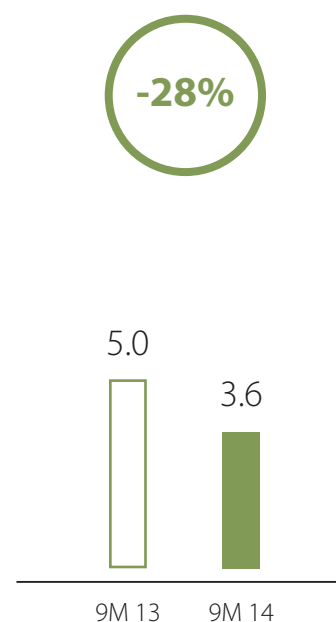
Gross rental income
in € mn



Profits from associates in € mn



Management fee income in € mn



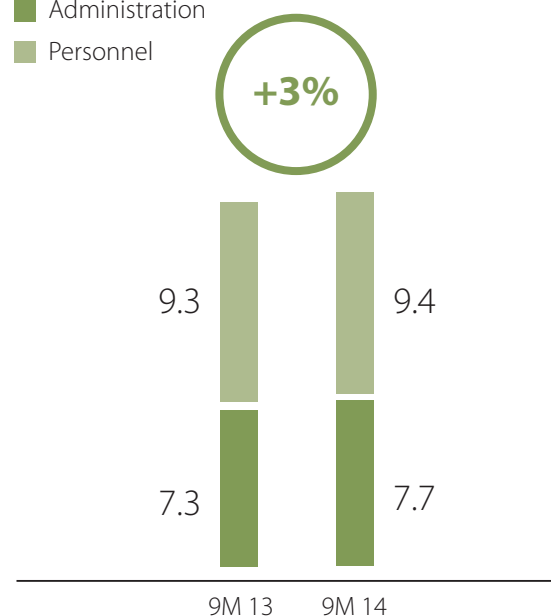
- Higher **gross rental income** with € 110.7 mn (9M 2013: € 91.9 mn) after portfolio acquisition end of 2013
- **Profits from associates** more than doubled to € 3.7 mn (9M 2013: € 1.4 mn) thanks to first earnings from MainTor development
- **Management fee income** declined to € 3.6 mn as expected after loss of fees from acquired portfolio

COST RATIO ON LOW LEVEL

Operating costs

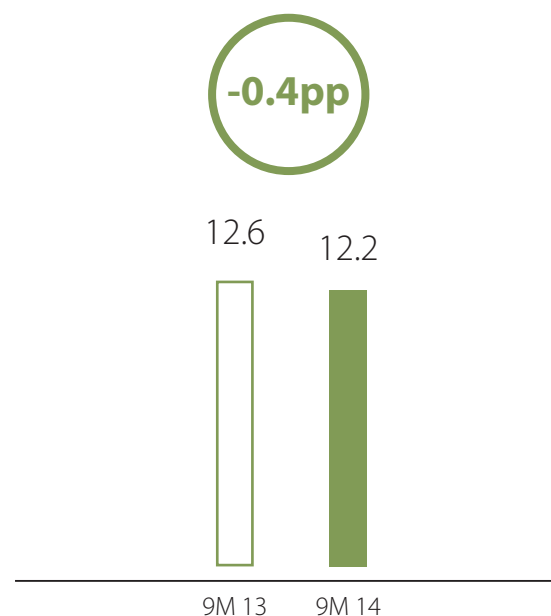
in € mn

- Administration
- Personnel



Cost ratio

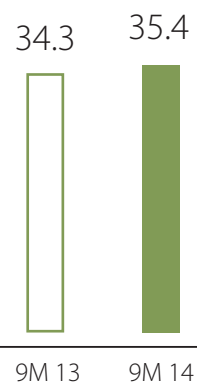
in %



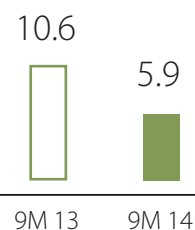
- Personnel and administrative costs**
3% higher at € 17.1 mn, primarily due to costs in connection with refinancing and new bond issue (9M 2013: € 16.6 mn)
- Cost ratio** improved 0.4 pp to 12.2%, based on higher gross rental income

FURTHER FFO GROWTH

FFO
in € mn



Profit for the period
in € mn

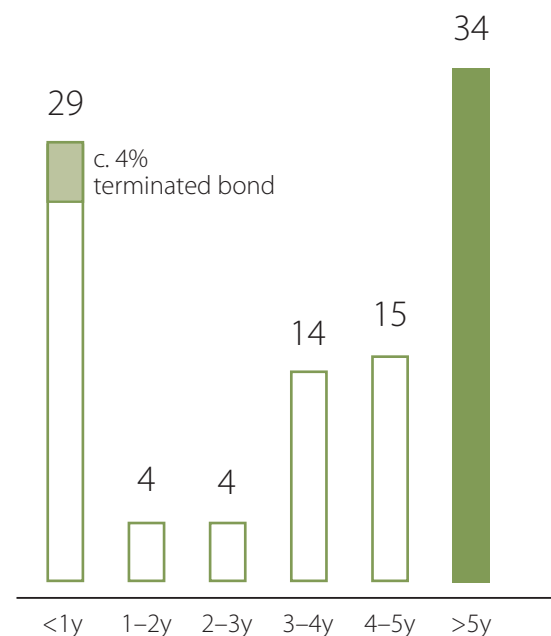


- **FFO** increased to € 35.4 mn (+3%) driven by higher rental income
- **Profit for the period** decrease largely attributable to lower profits from property disposals

INTEREST RATE AT RECORD LOW

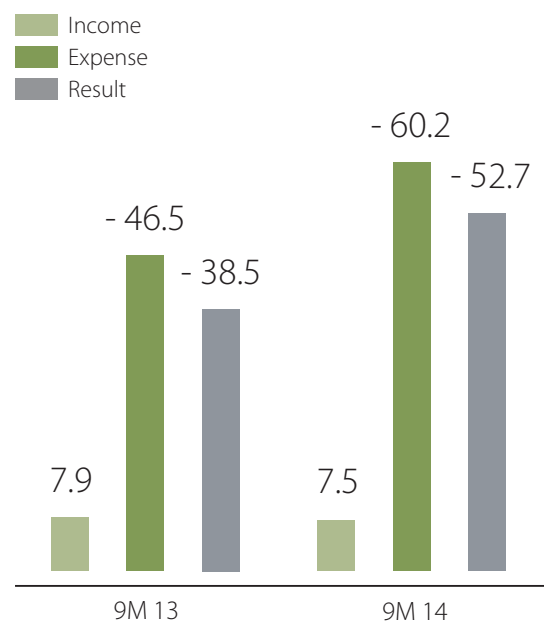
Debt maturities

as at 30.09.2014



Interest result

in € mn



- Average **debt maturities** at 4.2 years without bond I (31.12.2013: 4.5 years)
- Average **interest rate** significantly decreased to 3.9% (31.12.2013: 4.1%)
- **Interest result** at - € 52.7 mn (9M 2013: - € 38.5 mn) mainly due to higher debt volume after portfolio acquisition and one-time costs from bonds

FINANCIAL STRUCTURE WITH ONE-TIME EFFECTS

€ mn	30.09.2014	31.12.2013	Δ
Total assets	2,674.8	2,596.0	+3%
Non-current assets	2,421.0	2,506.0	-3%
Current assets	253.8	90.0	>100%
Total Equity	766.5	793.1	-3%
Non-current liabilities	1,347.9	1,608.3	-16%
Current liabilities	560.4	194.6	>100%
Total liabilities	1,908.3	1,802.9	+6%
Net debt equity ratio *	32.4%	32.6%	-0.2pp
Loan to value ratio **	67.6%	66.9%	+0.7pp

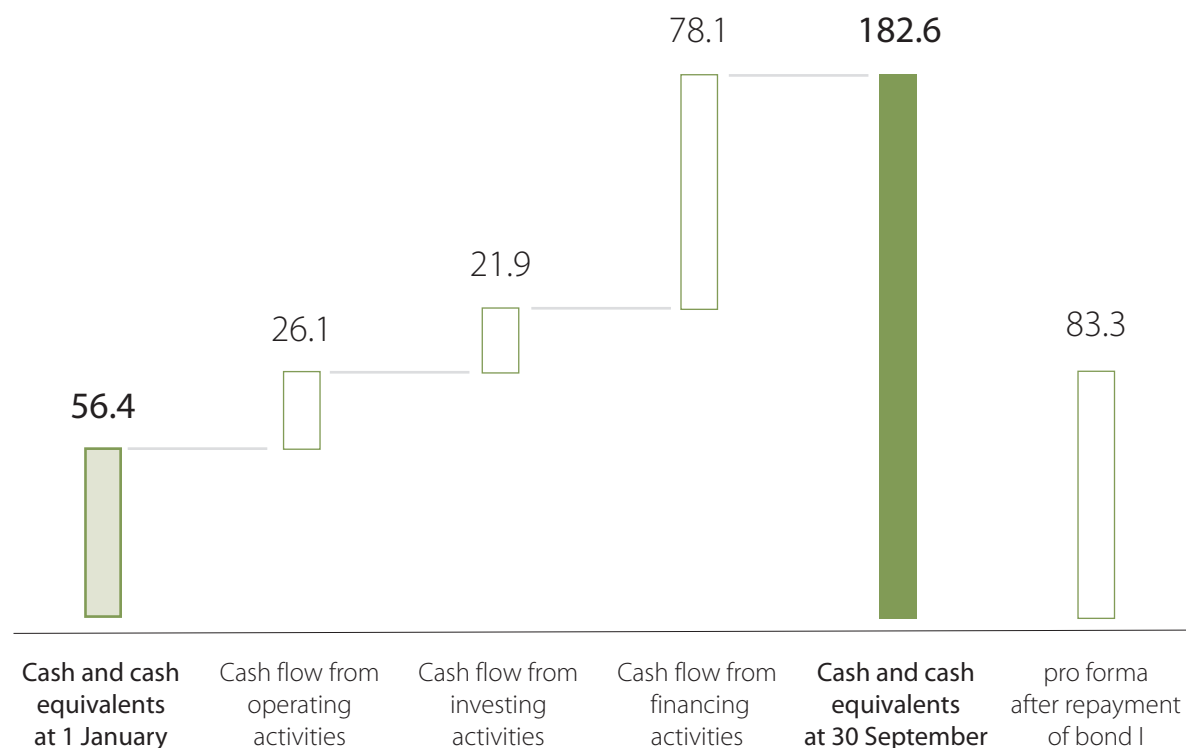
* Calculated by setting the shareholders' equity, adjusted for hedging reserve, in relation to the total assets, adjusted in turn for hedging reserve, derivatives and cash in banks.

** 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.

- **Non-recurring effect** on financial liabilities: € 100 mn of current liabilities related to prematurely terminated bond
- **Net debt equity ratio** decreased to 32.4% (31.12.2013: 32.6%) due to increased hedging reserves and dividend payout
- **Loan to value** at 67.6% (31.12.2013: 66.9%)

CASH FLOW STATEMENT BIASED BY BONDS

Cash and cash equivalents bridge in € mn



- **Cash generated from operations** up 11% at € 88.7mn (9M 2013: € 80.4 mn)
- **Cash flow from operating activities** at € 26.1 mn (9M 2013: € 35.1 mn) mostly attributable to higher interest expenses
- **Cash flow from investing activities** at € 21.9 mn (9M 2013: € 29.8 mn), c. 36% free cash flow generated from sales proceeds
- **Cash flow from financing activities** higher at € 78.1 mn (9M 2013: - € 74.7 mn) after pileup of bond II and issue of bond III
- **Cash at hand** of € 182.6 mn allowed payback of bond I in October 2014 and offers flexibility going forward

GUIDANCE 2014



- **Funds from Operations:** € 47 mn – € 49 mn
- **Portfolio**
 - Gross rental income of € 145 mn – € 147 mn
 - Sales of around € 130 mn
 - Vacancy rate in a range of 11 – 11.5%
- **Developments**
 - „Opera Offices Neo“: construction just started
 - MainTor: first completions in 2014, positive “WINX” news expected within next months
- **Fund business**
 - Further growth with investments of around € 100 mn – € 120 mn
 - Target volume of € 1 bn within next 18 – 24 months
- **Deleveraging**
 - Loan-to-Value down to 60% by end of 2016 mainly via increased disposal volume of c. € 450 mn

THANK YOU!



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