Q1 2019

QUARTERLY STATEMENT

WEBCAST

AGENDA

- HIGHLIGHTS
- ASSET- AND PROPERTY MANAGEMENT
- COMMERCIAL PORTFOLIO
- FUNDS
- OTHER INVESTMENTS
- FINANCIALS
- FORECAST

HIGHLIGHTS

LETTING PERFORMANCE

of EUR 8.8 million represents **best first quarter** in 5 years

EPRA VACANCY RATE

of the Commercial Portfolio **reduced** by 100 bp to 8.4 %

WALT

in the Commercial Portfolio **rises** from 4.9 to 5.8 years

AuM

EUR 5.6 billion

+17%

INCOME FROM FUND BUSINESS

up 27 % to EUR 11.2 million

FFO

increases by 25 % to EUR 17.0 million

LtV ratio

down 330 bp to **below** 50 % for the first time

Q1 2019

ASSET- AND PROPERTY MANAGEMENT

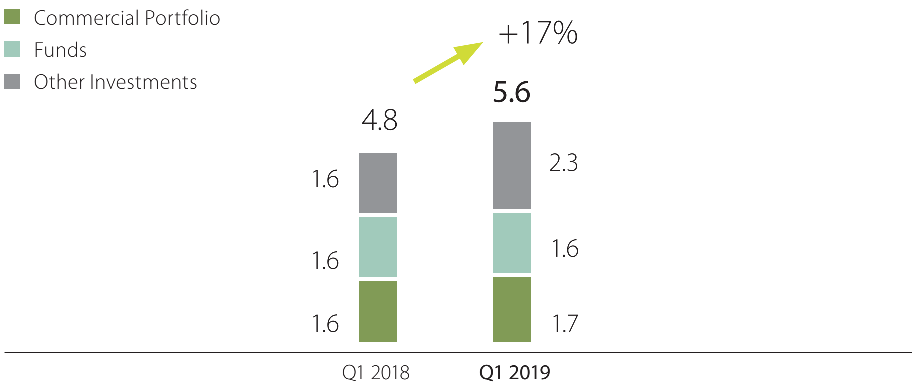
DIC

PERFORMANCE OF THE ASSET- AND PROPERTY MANAGEMENT (1/2)

Assets under management up 17 %

ASSETS UNDER MANAGEMENT

in EUR billion



PORTFOLIO BY SEGMENT

		Commercial Portfolio	Funds	Other Investments	Total
Number of properties	Q1 19	100	49	20	169
	Q1 18	110	59	13	182
Market value in EUR million *	Q1 19	1,700.1	1,638.4	2,301.4	5,639.9
	Q1 18	1,614.5	1,533.2	1,630.1	4,777.8
Rental space in sqm	Q1 19	901,800	606,800	327,300	1,835,900
	Q1 18	937,300	632,800	244,300	1,814,400

* Market value as at 31.12.2018 / 31.12.2017, later acquisitions generally considered at cost

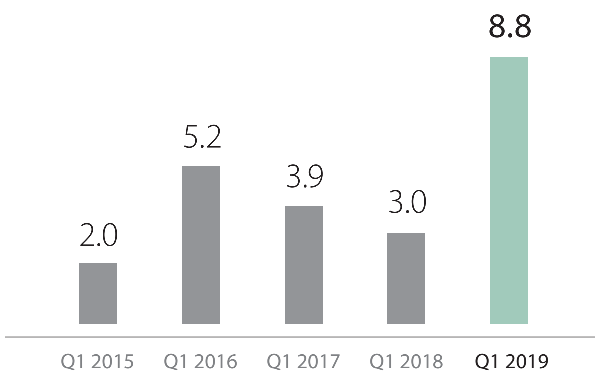
- With a lower number of properties, **Assets under management** rose by 17 % year-on-year to EUR 5.6 billion (31 March 2018: EUR 4.8 billion); at the end of the quarter, our employees managed a total of 169 properties (31 March 2018: 182 properties) with rental space of around 1.8 million sqm
- As of 31 March 2019, the **Commercial Portfolio** comprised 100 prop-erties with a market value of approximately EUR 1.7 billion (31 March 2018: 110 properties totalling EUR 1.6 billion)
- The Assets under management in the **Funds** segment remained steady at EUR 1.6 billion (31 March 2018: EUR 1.6 billion) after the dis-posal of the HighStreet Balance fund
- With a total market value of around EUR 2.3 billion as of 31 March 2019 the **Other Investments** segment increased by 44% compared to last year due to the growth of the third-party business

PERFORMANCE OF THE ASSET- AND PROPERTY MANAGEMENT (2/2)

Strongest letting performance in five years

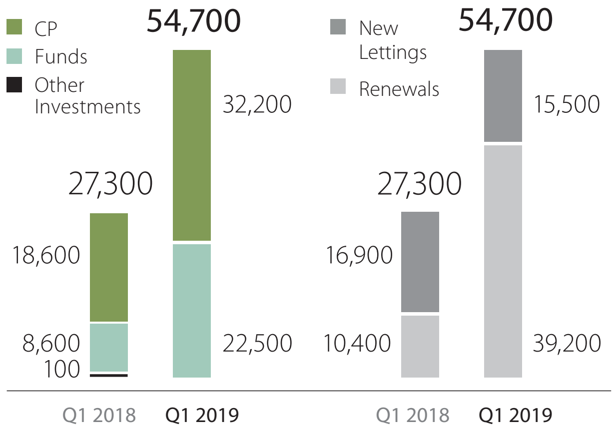
LETTING RESULT

annualised rental income in EUR million



LETTING STRUCTURE

in sqm



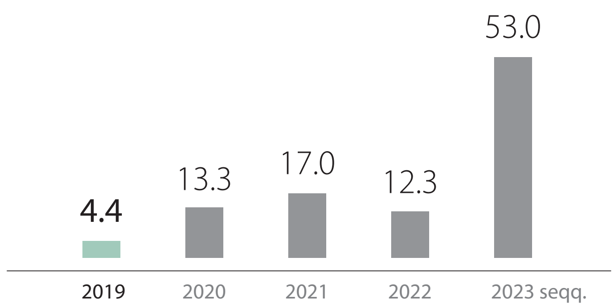
TOP LETTINGS

Commercial Portfolio			sqm
NH Hotels	R	Düsseldorf	15,000
ver.di	R	Saalfeld	6,900
Ed.Züblin	R	Mannheim	1,100
Funds			
Ricoh Deutschland	R	Hannover	6,900
Bundesanstalt für Immobilienaufgaben	N	Düsseldorf	3,500
Bundesanstalt für Immobilienaufgaben	R	Düsseldorf	3,000

N - New Lettings, R - Renewals

LEASE MATURITY

annualised rental income in %



- The **total letting performance** reached EUR 8.8 million in annualised rental income in the first three months of 2019, best performance in the past five years (Q1 2018: EUR 3.0 million)
- Of the 54,700 sqm let, 59 % (32,200 sqm) was attributable to the **Commercial Portfolio** and 41 % (22,500 sqm) to the **Funds** segment
- The majority of this strong letting performance in the first quarter was generated by **lease renewals** (72 %, 39,200 sqm), **new leases** contributed 15,500 sqm (28 %)
- This quarter was dominated by the conclusion of **high-volume leases**, including lease renewals for around 15,000 sqm of space at "CPO" in Düsseldorf, for 6,900 sqm at "Vahrenwalder Welle" in Hanover and for 6,900 sqm with ver.di in Saalfeld
- As a result, the **lease expiry** volume in 2019 decreased to 4.4 %. More than 50 % of leases expire in 2023 or later

DIC

COMMERCIAL PORTFOLIO

DIC

COMMERCIAL PORTFOLIO SEGMENT

EPRA vacancy rate down 100 bp

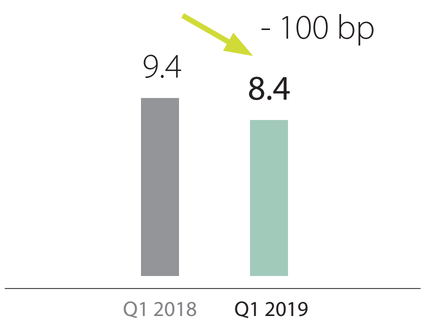
DEVELOPMENT COMMERCIAL PORTFOLIO*

	Q1 2019	Q1 2018
Number of properties	**100**	110
Market value in EUR million	**1,700.1**	1,614.5
Rental space in sqm	**901,800**	937,300
Annualised rental income in EUR million	**98.3**	93.1
Average rental income in EUR per sqm	**9.63**	9.40
WALT in years	**5.8**	4.9
EPRA vacancy rate in %	**8.4**	9.4
Gross rental yield in %	**5.8**	6.3

* without project developments, repositioning properties and warehousing, except for number of properties, market value and rental space

EPRA VACANCY RATE

in % *



WALT

in years *

* without project developments, repositioning properties and warehousing

- As of 31 March 2019, the **Commercial Portfolio** comprised 100 properties with a market value of approx. EUR 1.7 billion and **rental space** of 901,800 sqm
- The rise in assets under management is primarily attributable to the **significant increase in the value** of our properties
- To date, two properties have been **purchased** for the Commercial Portfolio for a total of EUR 72.8 million (total investment cost) and six properties have been **sold** for EUR 21.6 million
- As a result of the strong letting performance, the **EPRA vacancy rate** fell by 100 basis points year-on-year to 8.4 % (Q1 2018: 9.4 %)
- **Annualised rental income** rose to EUR 98.3 million (Q1 2018: EUR 93.1 million) due to lettings and acquisitions, while **like-for-like rental income** remained steady at EUR 90.9 million
- The weighted average lease term **(WALT)** increased significantly year-on-year from 4.9 years to 5.8 years

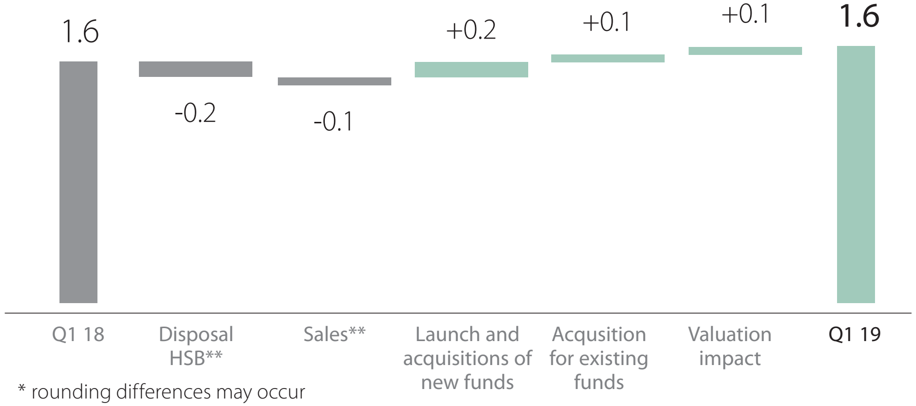
FUNDS

FUNDS SEGMENT

Income from the fund business up 27 %

FUNDS VOLUME*

in EUR billion



* rounding differences may occur
** market values as at 31.03.2018

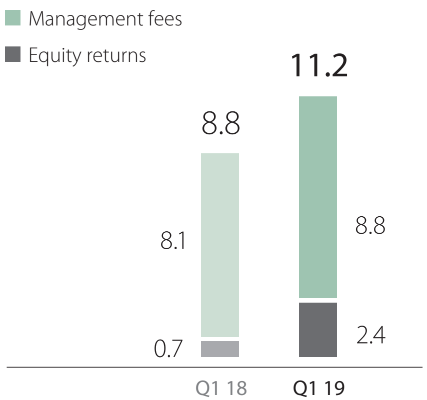
LATEST ACQUISITION

Office property „Falkenbrunnen" in Dresden

- Fund: DIC Office Balance V
- Total investment costs of around EUR 19.5 million
- Rental space of 10,600 sqm, 178 parking units
- almost fully let
- Main tenant: Free State of Saxony (University of Dresden)

INCOME FROM FUNDS BUSINESS

in EUR million



- The value of the **assets under management** in the Funds segment totalled around EUR 1.6 billion (31 March 2018: EUR 1.6 billion) as of 31 March 2019 as a result of:
  - **acquisitions for existing funds** (+4 properties for around EUR 77.6 million)
  - **sales** (-4 properties for around EUR 102.5 million)
  - **disposal** of the DIC HighStreet Balance Fund (EUR 207 million)
  - **launch and acquisitions of new funds** (+5 properties for EUR 190 million): DIC Office Balance V (06/2018) and the DIC Metropolregion Rhein-Main fund (09/2018)
  - **increase in market value** of properties in existing funds: EUR 147.2 million
- In the first quarter of 2019, the transfer of possession, benefits and associated risks for properties in Cloppenburg (DIC RB I) and Eschborn (DIC OB V) with a volume of around EUR 51 million was completed (contracts signed in December 2018). A property in Dresden was **acquired** for the DIC OB V fund. The purchase price (total investment cost) was EUR 19.5 million; the transfer of possession, benefits and associated risks is expected in Q2 2019
- The **Income from the fund business** rose by 27 % in the first three months to EUR 11.2 million, particularly as a result of the transaction fees received for the sale from existing funds end of 2018. This also increased the equity returns year-on-year

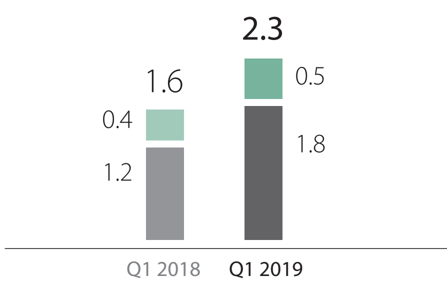
OTHER INVESTMENTS

OTHER INVESTMENTS SEGMENT

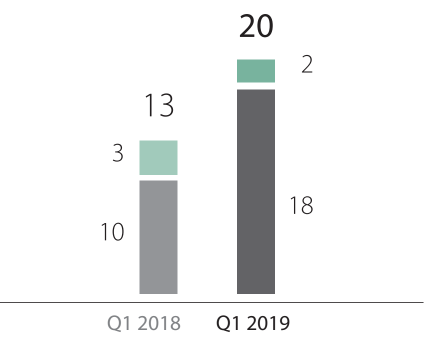
Fast-growing third-party business

ASSETS UNDER MANAGEMENT

in EUR billion



NUMBER OF PROPERTIES



Project Developments / Joint Ventures

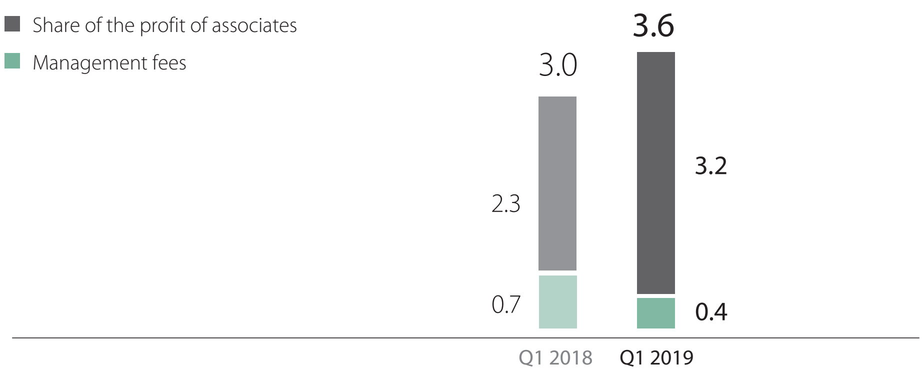
Third-party properties

INCOME

in EUR million

Share of the profit of associates

Management fees



- As of 31 March 2019, the **Other Investments** segment included **Assets under management** totalling around EUR 2.3 billion (31 March 2018: EUR 1.6 billion), spread across 20 properties with rental space of 327,300 sqm
- The number of managed properties in the strong growing **third-party business** rose from 10 to 18 with rental space of 322,300 sqm (31 March 2018: 232,600 sqm)
- The last remaining **joint venture property,** "Junges Quartier Obersendling", which has already been sold, will be transferred in the second half of 2019, the transfer of the "WINX" (MainTor) **project development** is scheduled for the end of 2019/beginning of 2020
- The **sale** of the first block of shares of around 6 % in **TLG Immobilien AG** was completed in March 2019. This resulted in proceeds of EUR 32.9 million and a profit of EUR 3.2 million, which was recognised directly in retained earnings.
- The **Income** from the Other Investments segment rose by 20 % to EUR 3.6 million due to the higher TLG dividend (Q1 2018: EUR 3.0 million)

FINANCIALS

INCOME STATEMENT

Transaction business in the Funds segment lifts consolidated profit

CONSOLIDATED INCOME STATEMENT

in EUR million	Q1 2019	Q1 2018	
Gross rental income	24.5 ❶	24.8	-1%
Profit on disposal of properties	1.2	6.2	-81%
Real Estate Management fees	9.2 ❷	8.9	3%
Share of the profit of associates	2.4 ❸	0.4	>100%
Net other income	0.5	-0.1	>100%
Operating expenses	-7.4 ❹	-7.6	-3%
Administrative expenses	-2.5	-3.0	-17%
Personnel expenses	-4.9	-4.6	7%
Depreciation and amortisation	-7.5	-7.4	1%
Net interest result	-8.6 ❺	-9.1	5%
Interest income	2.7	2.1	29%
Interest expenses	-11.3	-11.2	1%
Profit for the period	9.2 ❻	9.2	0%

❶ **Gross rental income** remained virtually steady year-on-year at EUR 24.5 million (Q1 2018: EUR 24.8 million). The decline in rental income from sales and transfers into new funds was almost completely offset by a strong letting performance and acquisitions

❷ **Real estate management fees** increased by 3 % to EUR 9.2 million (Q1 2018: EUR 8.9 million). This was driven mainly by fees from sales of our funds trading platform at the end of 2018, which were recognised in the first quarter

❸ Further equity returns were generated by the aforementioned sales transactions in the Funds segment in the first quarter, resulting in a strong increase of the **share of the profit of associates** to EUR 2.4 million (Q1 2018: EUR 0.4 million)

❹ **Operating costs** were reduced compared with the same period last year by 3% to EUR 7.4 million (Q1 2018: EUR 7.6 million)

❺ **Net interest income** improved to EUR -8.6 million (Q1 2018: EUR -9.1 million) as a result of higher interest income caused by compound interest effects

❻ **Profit for the period** remained unchanged from the previous year at EUR 9.2 million (Q1 2018: EUR 9.2 million), mainly as a result of a sharp increase in the share of the profit of associates, a rise in real estate management fees and an improvement in net interest income, all of which compensated for the lower profits from the disposal of investment property

SEGMENT REPORTING AND FFO

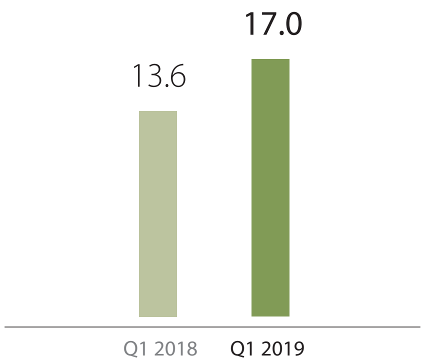
FFO up 25 %

RECONCILIATION TO FFO

in EUR million	**Q1 2019**	Q1 2018	Δ
Net rental income	**21.2**	20.5	3%
Administrative expenses	**-2.5**	-3.0	-17%
Personnel expenses	**-4.7**	-4.6	2%
Real estate management fees	**9.2**	8.9	3%
Share of the profit or loss of associates without project developments and sales	**2.4**	0.8	>100%
Net interest income	**-8.6**	-9.0	4%
Funds from operations (FFO)	**17.0**	**13.6**	25%

FFO

in EUR million



- The **FFO** rose by 25 % to EUR 17.0 million, mainly as a result of the sharp increase in the share of the profit of associates, higher real estate management fees, an increase in net rental income and improved net interest income
- The contribution made by the **Commercial Portfolio** was with EUR 11.5 million up 13 % year-on-year, due to higher net rental income and lower operating costs
- The **Funds segment** contributed EUR 7.7 million (31 March 2018: EUR 5.4 million), an increase of 43 % driven by higher real estate management fees and an increase in the share of the profit of associates
- The higher deferred dividend of TLG (adjustment in management reporting) was responsible for the improved contribution of the **Other Investments** segment
- **FFO per share** increased by 20 % to EUR 0.24 (restated pursuant to IFRS; 31 March 2018: EUR 0.20)

SEGMENT REPORTING

in EUR million	**Q1 2019**					Q1 2018				
	CP	**Funds**	**OI ***	**adj. ****	**Total**	CP	Funds	OI *	adj. **	Total
Gross rental income	24.5				**24.5**	24.8				24.8
Net rental income	21.2				**21.2**	20.5				20.5
Profit on disposal of properties ***	1.2				**1.2**	6.2				6.2
Real estate management fees		8.8	0.4		**9.2**		8.1	0.7		8.9
Share of the profit or loss of associates		2.4	3.2	-3.2	**2.4**		0.7	2.3	-2.6	0.4
Net interest income	-6.6	-0.4	-1.6		**-8.6**	-6.5	-0.4	-2.1		-9.0
Operating expenses	-3.0	-3.1	-1.1		**-7.2**	-3.8	-3.0	-0.8		-7.6
FFO	11.5	7.7	1.0	-3.2	**17.0**	10.2	5.4	0.6	-2.6	13.6

* according to management reporting, includes pro rata TLG dividend, ** adjusted to external reporting, *** not relevant for FFO

BALANCE SHEET

Equity ratio increased further

BALANCE SHEET OVERVIEW

in EUR million	31.03.2019		31.12.2018
Total assets	**2,449.9**	1	2,490.1
Non-current assets	**1,955.3**		2,086.5
Current assets	**494.6**		403.6
Total equity	**913.6**	2	895.9
Non-current loans and borrowings	**1,143.9**	3	1,181.0
Current loans and borrowings	**279.1**	4	300.1
Other liabilities	**113.3**		113.0
Total liabilities	**1,536.3**		1,594.1
Balance sheet equity ratio	**37.3 %**	5	36.0 %
Loan-to-value ratio (LTV)*	**49.8 %**		53.1 %

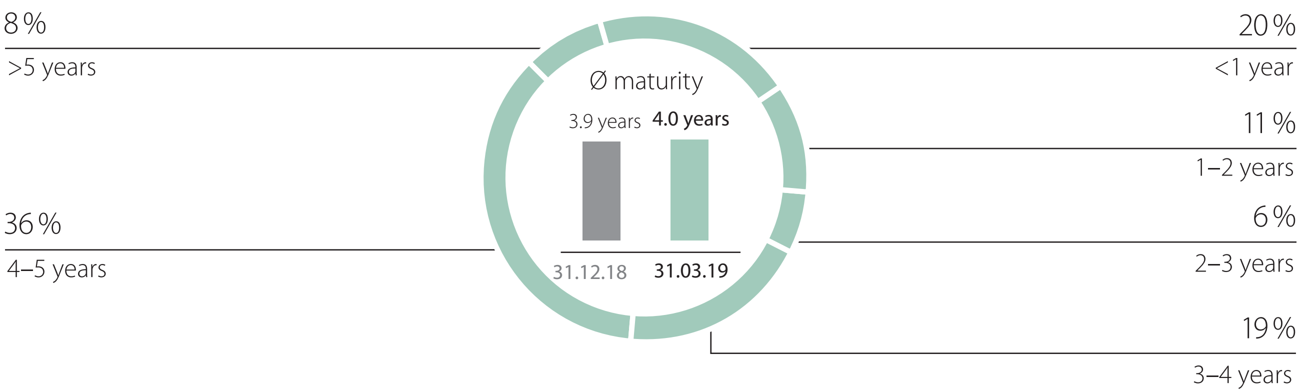
* The ratio of total financial debt, corporate bonds and liabilities to related parties minus cash in banks on the one hand and the fair value of investment property, equity investments and receivables from related parties on the other hand. Adjusted for the non-sustainable effects from warehousing.

1. Our first-quarter balance sheet is dominated by the completed sale of the first block of shares in TLG representing a stake of approximately 6 %. This was the main factor for the decrease in **total assets** by EUR 40.2 million to EUR 2,449.9 million compared with 31 December 2018, which is primarily reflected in the non-current assets. The resulting inflow of cash and cash equivalents caused current assets to increase
2. Due to the transaction the **equity** increased by EUR 3.2 million and is determined by a EUR 32.9 million increase in retained earnings and a EUR 29.7 million reduction in the provision for financial instruments classified as measured at fair value through other comprehensive income. Also, the strong consolidated profit of EUR 9.2 million generated again in the first quarter caused equity to increase by EUR 17.7 million to EUR 913.6 million compared with 31 December 2018
3. **Non-current loans and borrowings** were reduced by EUR 37.1 million to EUR 1,143.9 million as a result of transaction-related loan repayments
4. **Current loans and borrowings** were also reduced by EUR 21.0 million to EUR 279.1 million due to transaction-related repayments and redemptions
5. The **equity ratio** increased by 1.3 percentage points to 37.3 % compared with 31 December 2018

FINANCIAL STRUCTURE

LtV ratio down 3.3 percentage points to below 50 % for the first time

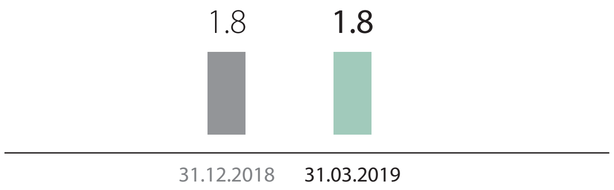
FINANCIAL DEBT MATURITIES* as at 31.03.2019



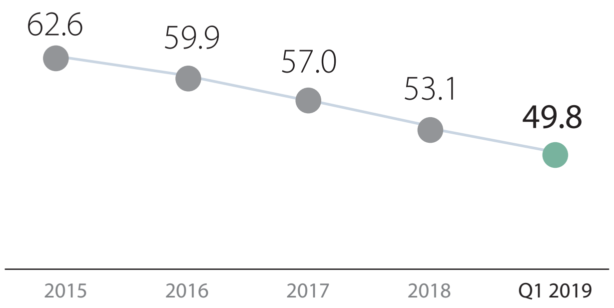
* incl. bonds/IFRS 5

AVERAGE INTEREST RATE in %

based on bank liabilities



LTV* in %



* adjusted for warehousing

- The **LtV ratio** was reduced compared to year end 2018 by 330 bp to below 50 %: to 49.8 %. This reduction was triggered mainly by the TLG transaction
- The **weighted average term of loans and borrowings** rose to 4.0 years in the first quarter (31 December 2018: 3.9 years).
- The **average interest rate** of liabilities to banks remained steady at at a low 1.8 % compared with 31 December 2018
- The **interest cover ratio** (ICR, the ratio of EBITDA to net interest income) remained with 315 % at a high level
- Around 94.1 % of the Company's financial debt is at a **fixed-rate**

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FORECAST

Targets confirmed

TARGETS FOR 2019

- **Acquisition volume of c. EUR 500 million**
  for all segments
- **Sales of EUR 200–230 million**
  from all segments
- **Gross rental income of EUR 98–100 million**
- **FFO of EUR 70–72 million**

Q1 2019

INVESTOR RELATIONS

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www.dic-asset.de/engl/investor-relations

For instance
>> Up-to-date company presentation
>> Audio webcast

FINANCIAL CALENDAR 2019

01.08.2019	Publication of H1 2019 Financial Report
06.11.2019	Publication of Q3 2019 Financial Statement

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 sset AG is under no obligation to adjust or update the forward-looking statements contained in this quarterly statement.

For computational reasons, rounding differences from the exact mathematical values calculated (in EUR thousand, %, etc.) may occur in tables and cross-references.

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