

DIC ■

Q1 2021

QUARTERLY STATEMENT

06 May 2021

CONFERENCE CALL

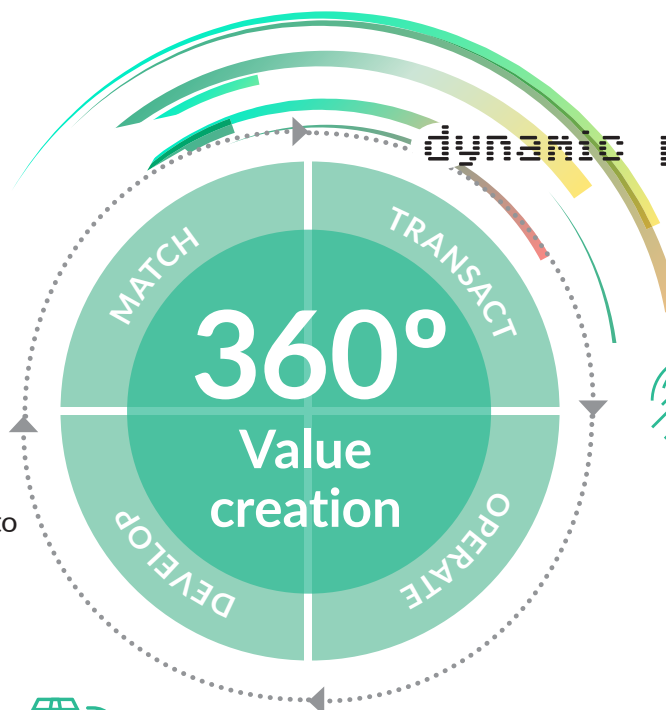
next level

dynamic performance

# Start of the year with dynamic performance

## Focus on Growth

- ↑ Assets under management increased by 26% to around EUR 10.6 billion
- ↑ Letting performance up 50% to 55,800 sqm
- ↑ EPRA vacancy rate in the Commercial Portfolio fell by 250 basis points to 5.9%
- ↑ FFO of EUR 26.5 million at high prior-year level; profit for the period increased by 38% to EUR 22.2 million, driven by high sales profits



next level

dynamic performance



## Focus on ESG

- ESG-linked promissory note of EUR 250 million placed
- Appointment to the newly created position of Head of Sustainability



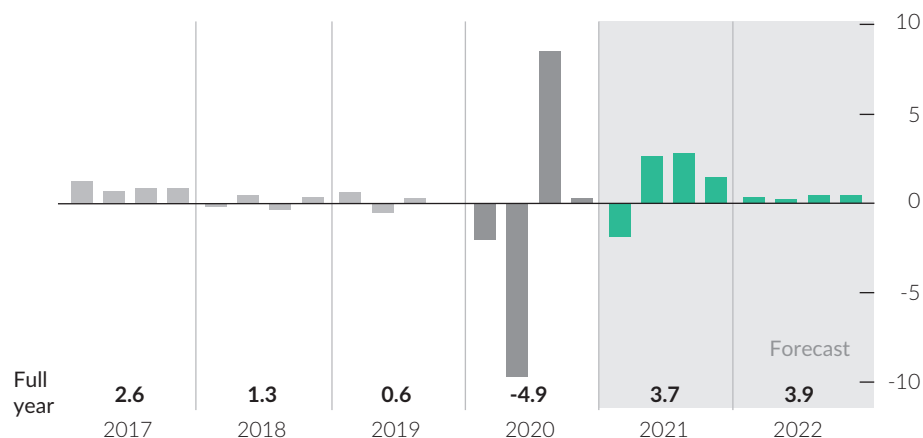
## Focus on Logistics

- Acquisition of RLI Investors completed
- Logistics property fund launched with target volume of EUR 400 million
- Logistics asset class expanded with Bremen acquisition
- Leases signed for 26,100 sqm

# Economic recovery yet to materialise – Significant upturn in commercial real estate market expected in second half of 2021

## GDP growth in Germany

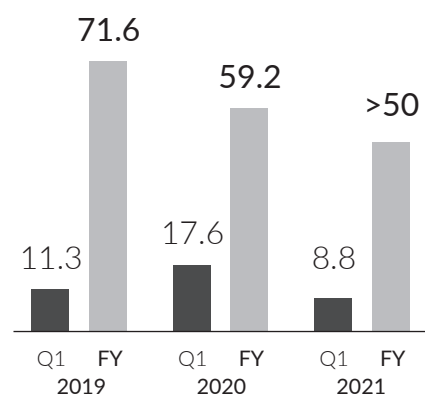
adjusted for seasonal and calendar effects, quarter-on-quarter change in %



Source: Joint Economic Forecast Project Group

## Transaction volume

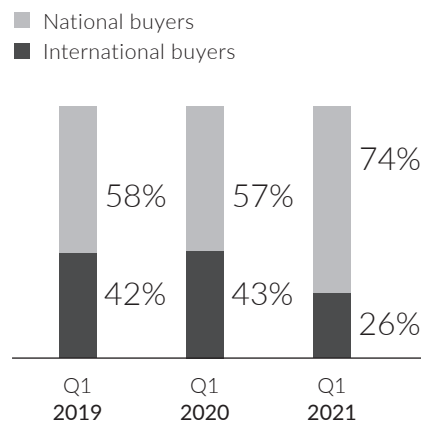
in EUR billion



Source: Colliers

## Origin of capital

in %



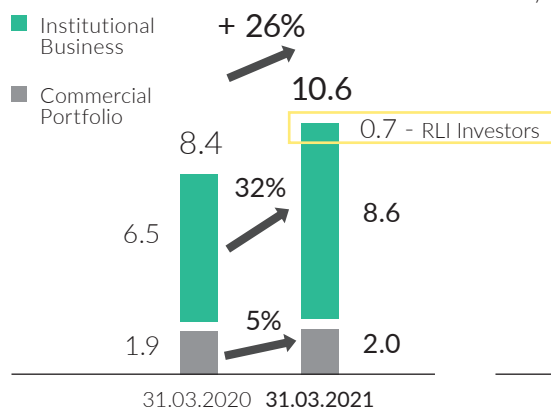
Source: Colliers

- Economic recovery is being delayed by the ongoing lockdown and the third wave of Covid-19
- At EUR 8.8 billion, the **commercial transaction volume** in Q1 2021 was 50% below the historical high of Q1 2020. The share attributable to foreign investors was impacted heavily, dropping it to 26% (Q1 2020: 43%). For the full year, market observers expect a significant upturn and a transaction volume of over EUR 50 billion given that pipelines are well-filled and confidence in the German market remains intact.
- **Prime yields** for office space in the top 7 cities remained unchanged at the low level of 2.81%
- The **office rental markets** were robust in Q1, with office space take-up rising by 5% to around 660,000 sqm according to Colliers
- **Logistics investments** are winners during the pandemic; systemic relevance and structural changes in retail and growing importance of e-commerce as sustainable drivers; demand continues to grow
- **ZIA-IW Real Estate Sentiment Index:** Higher positive sentiment among office property companies; no price decline visible and stable to rising rents
- Economic activity is expected to expand sharply from the middle of the second quarter, especially in services. **GDP growth of 3.7%** is expected for 2021

# Focus on Growth: AuM grow to EUR 10.6 billion

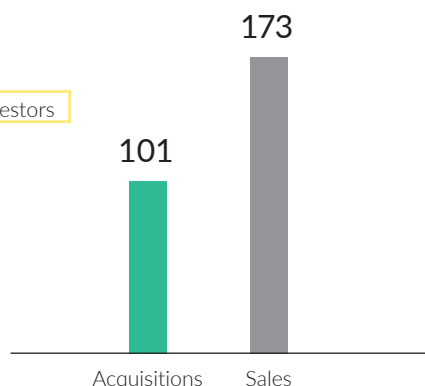
## Assets under management

in EUR billion



## Transaction volume (TIC)

in EUR million, notarised since the start of the year



## Portfolio by segment

31.03.2021	Commercial Portfolio	Institutional Business	Total
Number of properties	93	138	231
Market value in EUR million*	2,027.3	8,623.9	10,651.2
Rental space in sqm	823,200	2,221,500	3,044,700

31.03.2020	Commercial Portfolio	Institutional Business	Total
Number of properties	92	94	186
Market value in EUR million*	1,892.9	6,530.6	8,423.5
Rental space in sqm	837,500	1,316,200	2,153,700

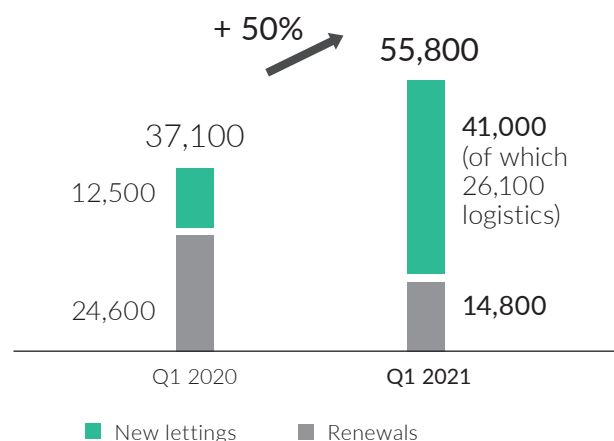
\* Market value as at 31.12. of the previous year, later acquisition generally considered at cost

- The acquisition of RLI Investors with assets under management of around EUR 0.7 billion and additional purchases resulted in an increase in **assets under management** of 26% year-on-year to EUR 10.6 billion
- The **platform** comprises a total of 231 properties with a rental space of around 3 million sqm
- The **Commercial Portfolio** as at 31 March 2021 comprised 93 properties with a market value of approx. EUR 2.0 billion
- Assets under management in the **Institutional Business** increased to around EUR 8.6 billion as at 31 March 2021
- The year-to-date **transaction volume** amounts to around EUR 274 million (all figures are total investment costs notarised since the start of the year):
  - Two properties were purchased for the Commercial Portfolio for around EUR 101 million („Logistikpark Erfurter Kreuz“ in Arnstadt and Mercedes-Benz-Center Cologne)
  - Two properties from third-party mandates were sold for around EUR 173 million ("Villa Kennedy" and "Riverpark" project development in Frankfurt am Main)

# Focus on Growth/Logistics: Strong letting performance with high logistics share

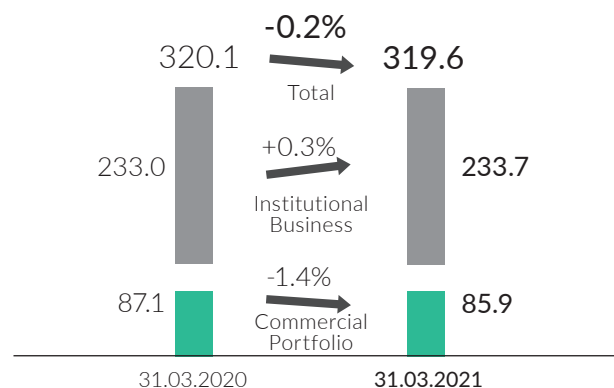
## Letting volume

in sqm



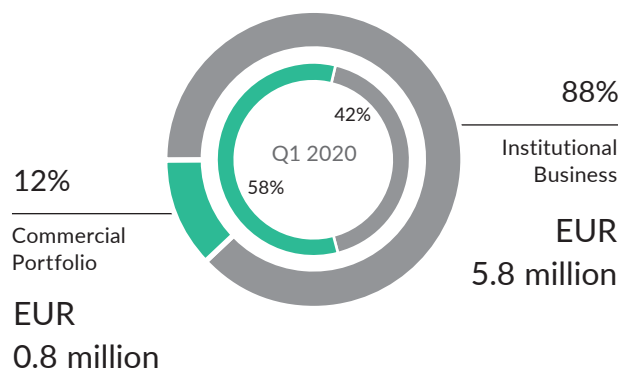
## Like-for-like rental income

annualised, in EUR million



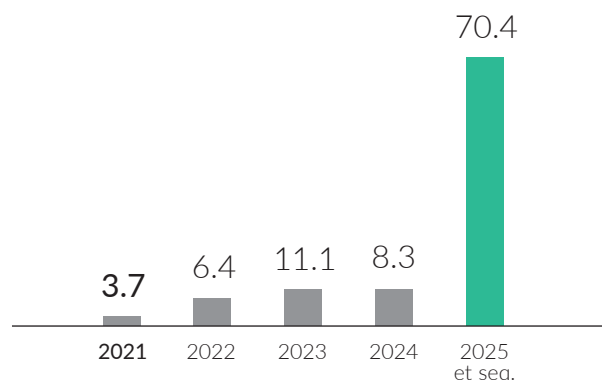
## Letting by segment

contracted annualised rent, in EUR million



## Lease maturity total portfolio

in % of annualised rental income



- **Letting performance** was up 50% year-on-year to 55,800 sqm
- This figure includes **several large-volume new logistics leases** and a total of around 26,100 sqm signed
- In the first 3 months of 2021, leases with **annualised rental income** totalling EUR 6.6 million (+32% year-on-year) were signed
- **Like-for-like rental income** generated across the platform remained almost stable (-0.2%). The 1.4% decline in rental income in the Commercial portfolio due to rent adjustments for the Kaufhof properties was almost offset by the 0.3% increase in like-for-like rental income achieved in the Institutional Business
- The 2021 **lease expiry volume** fell to just 3.7% as a result of strong letting activities. More than 70% of leases expire in 2025 or later



# Focus on Growth: Acquisition of flagship property in Cologne-West Technology Park – Rental cash flow from May 2021









Gross  
rental yield  
>7%

- With the Mercedes-Benz Center in Cologne West, DIC Asset AG is further expanding its portfolio in the Cologne region
- The sole tenant is Daimler AG, which uses the property as a representative showroom for its product range
- Hybrid building with state-of-the-art exhibition space, office, conference and catering space as well as workshops
- Location with high development potential due to project development activities in the immediate vicinity and efforts by the City of Cologne to turn this district into a location that is fit for the future
- Perfect location: Proximity to the Cologne West motorway interchange, S-Bahn connection to downtown Cologne

Purchase Price (TIC):	EUR 71 million
Rental space (sqm):	approx. 34,600
Parking spaces:	around 400
WALT/Option:	4.7 years / 2 x 5 years
Year of construction:	2006

# Focus on high-potential office and logistics asset classes

## Commercial Portfolio – Asset classes

	Asset class	No. properties	market value in EUR million	market value in %	rental income p.a. in EUR million	rental income p.a. in %	EPRA vacancy rate	WALT
	Office	54	1,360.3	67%	64.4	67%	6.0%	6.2
	Mixed-use	14	269.7	13%	13.3	14%	8.6%	5.7
	Retail	11	285.9	14%	12.8	13%	4.3%	7.0
	Logistics	8	47.1	2%	2.8	3%	2.9%	4.8
	Other	4	8.4	1%	0.4	1%	17.1%	2.9
	<b>Total</b>	<b>91</b>	<b>1,971.4</b>	<b>97%</b>	<b>93.7</b>	<b>98%</b>	<b>6.1%</b>	<b>6.2</b>
	in Warehousing	2	55.9	3%	2.1	2%	0%	8.3
	<b>Total (incl. Warehousing)</b>	<b>93</b>	<b>2,027.3</b>	<b>100%</b>	<b>95.8</b>	<b>100%</b>	<b>5.9%</b>	<b>6.2</b>

### EPRA vacancy rate

in %

- 250 bp

8.4

5.9

31.03.  
2020

31.03.  
2021

### Average rent

in EUR/sqm

+ 2%

10.39

10.62

31.03.  
2020

31.03.  
2021

### WALT

in years

6.2

6.2

31.03.  
2020

31.03.  
2021

- **Office properties** remain the largest **asset class** at 67% of market value: The most important changes compared with the previous year are the acquisitions in Eschborn and Hanover in June 2020, the disposal of the "Wilhelminenhaus" property in Darmstadt and the addition of the completed "Unite Offices" in Offenbach in early 2021
- Two logistics properties are currently in warehousing for new property fund
- At 5.9%, the **EPRA vacancy rate** was 250 basis points lower year-on-year (31 March 2020: 8.4%) due to very strong letting performance and fully let acquisitions
- The **average rent** in the Commercial portfolio increased to EUR 10.62 (31 March 2020: EUR 10.39) due to very favourable leases signed
- **WALT** remained stable year-on-year at a high level of 6.2 years

# Focus on Growth: Dynamic platform – Additional income from warehousing

360°  
value  
creation

- Acquisition of properties for own balance sheet
- Creation of a reservoir of attractive investment components available at short notice
- Transfer to managed vehicles

Warehousing properties  
(as at 31.03.2021)



Bremen, Airport-Stadt Nord



Arnstadt/Erfurter Kreuz

## PHASE 1 Acquisition for the Commercial Portfolio

- Potential and marketing analysis
- Secured at an early stage:  
Acquisition by DIC transaction team, if necessary as part of a seed portfolio and/or via forward deal
- Leveraging own balance sheet, financial and liquidity strength
- Setting up the financing and investment target structure for planned vehicle
- Usually reported in accordance with IFRS 5
- Warehousing time: usually up to 12 months

## PHASE 2 Optimisation and management

- Management through DIC's own real estate platform, regionally on site
- Optimisation and value creation in the portfolio
- Implementation of Capex measures
- Repositioning and letting

## PHASE 3 Transfer to Institutional Business

- Placement/marketing of properties with investors
- Properties remain on the DIC platform
- Benefit for investors:  
Transaction security and returns starting with the launch of the investment vehicle

Cash flows for  
DIC Asset

Generating attractive  
rental cash flows

Sales profits

Setup/structuring fees

Ongoing fees for AM/PM



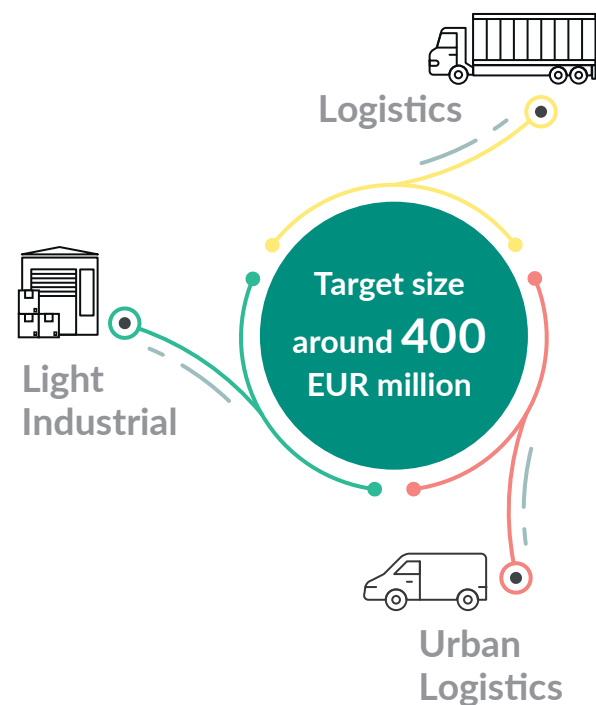
# Focus on Logistics: Successful Integration of RLI Investors – Start of new logistics property fund

## Acquisition of RLI Investors, key facts

Assets under management	EUR 720 million
Number of logistics property funds	2
Number of properties	37
Space in sqm	752,400
Annualised rental income	EUR 41.3 million
Gross rental yield	5.7%
Number of employees	16
Number of investors	24, of which 17 are new investors

- Integration of RLI Investors completed in the first quarter
- Launch of new logistics property funds in Institutional Business and expansion of logistics investments in the Commercial Portfolio to over 10% in the mid-term

First logistics property fund launched – future market with attractive yield upside



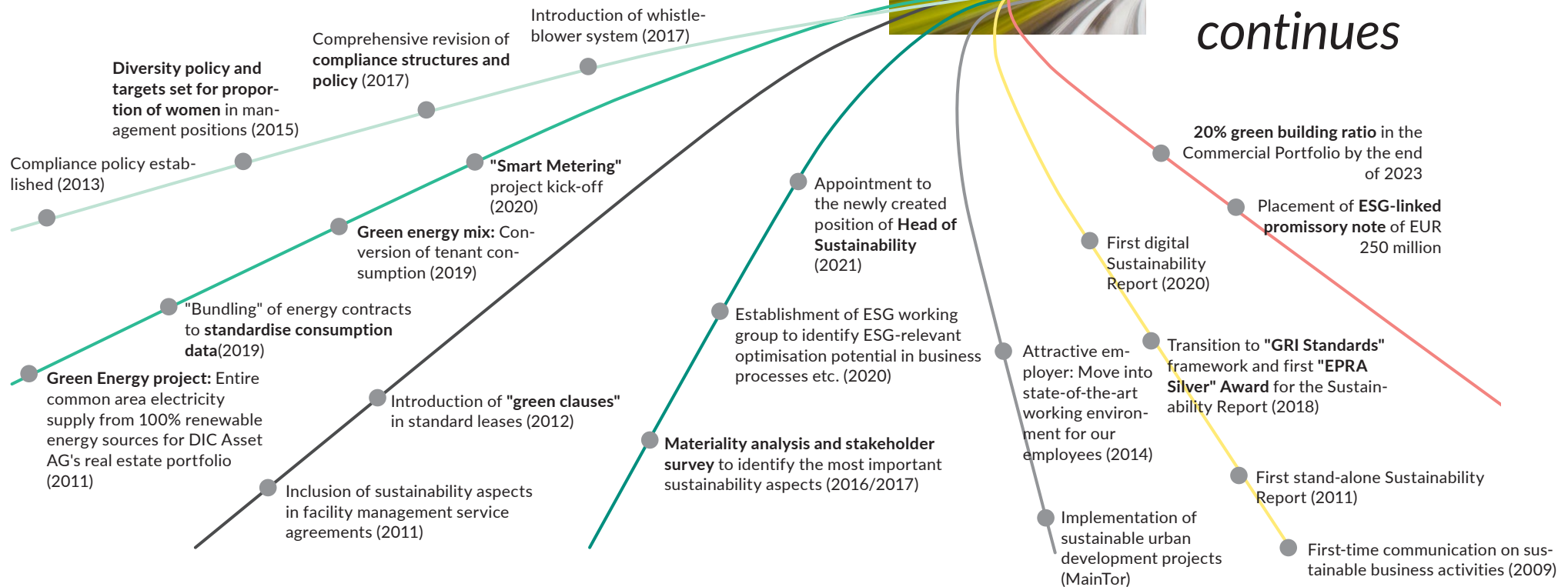
- Target **pay-out ratio** between 4.5% and 5.0%
- Investment focus on Germany as the **core market**, supplemented by **Benelux and Austria** as established European markets next door

# Focus on ESG: the foundation of our 360° value creation for over 10 years

Our sustainability report 2020  
will be published end of June 2021



## THE ESG JOURNEY continues

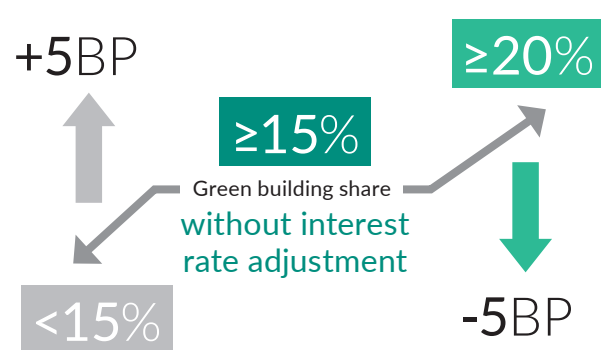


# Focus on ESG: First ESG-linked promissory note for EUR 250 million successfully placed

## ESG LINK: Green building share in the Commercial Portfolio



## Interest rate impact of green building share

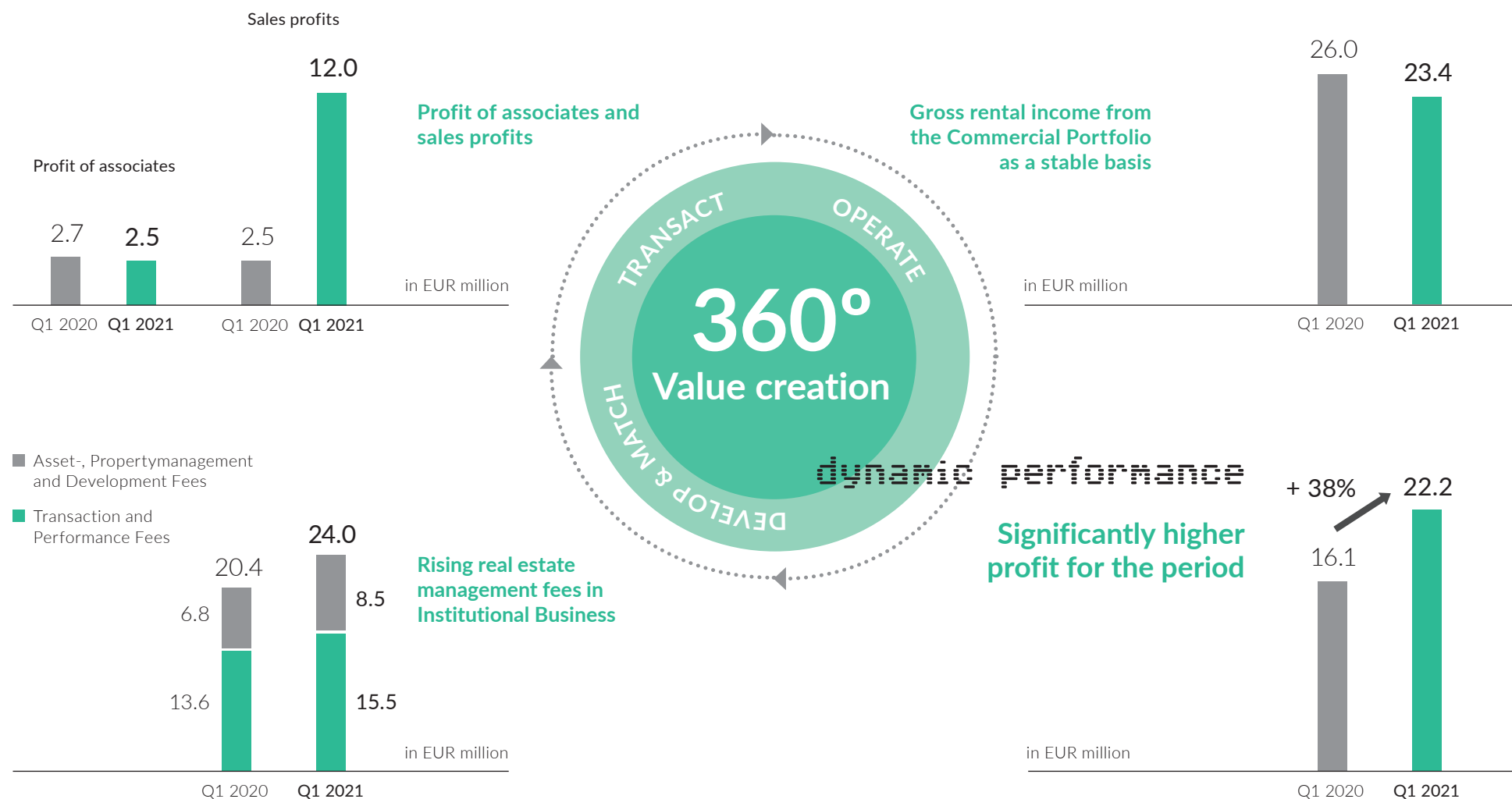


- Interest rate adjustment of 5 basis points depending on green building share in Commercial Portfolio
- Share to be reviewed in 2023, 2026 and 2029:
  - If the share rises to 20% or more, the interest rate for subsequent tranches will decline by 5 basis points
  - If the share is between 15% and 20%, the interest rate does not change
  - If the share remains below 15%, the interest rate will increase by 5 basis points

- First ESG-linked promissory note of EUR 250 million oversubscribed multiple times
- Placed with around 60 German and international institutional investors some of whom already manage their investments in accordance with ESG criteria
- The weighted average annual interest rate is 1.78%,
- Average maturity of 4.2 years
- Tranches ranging from three to ten years

**Win-win**    positive contribution to climate protection    =    reduced financing costs

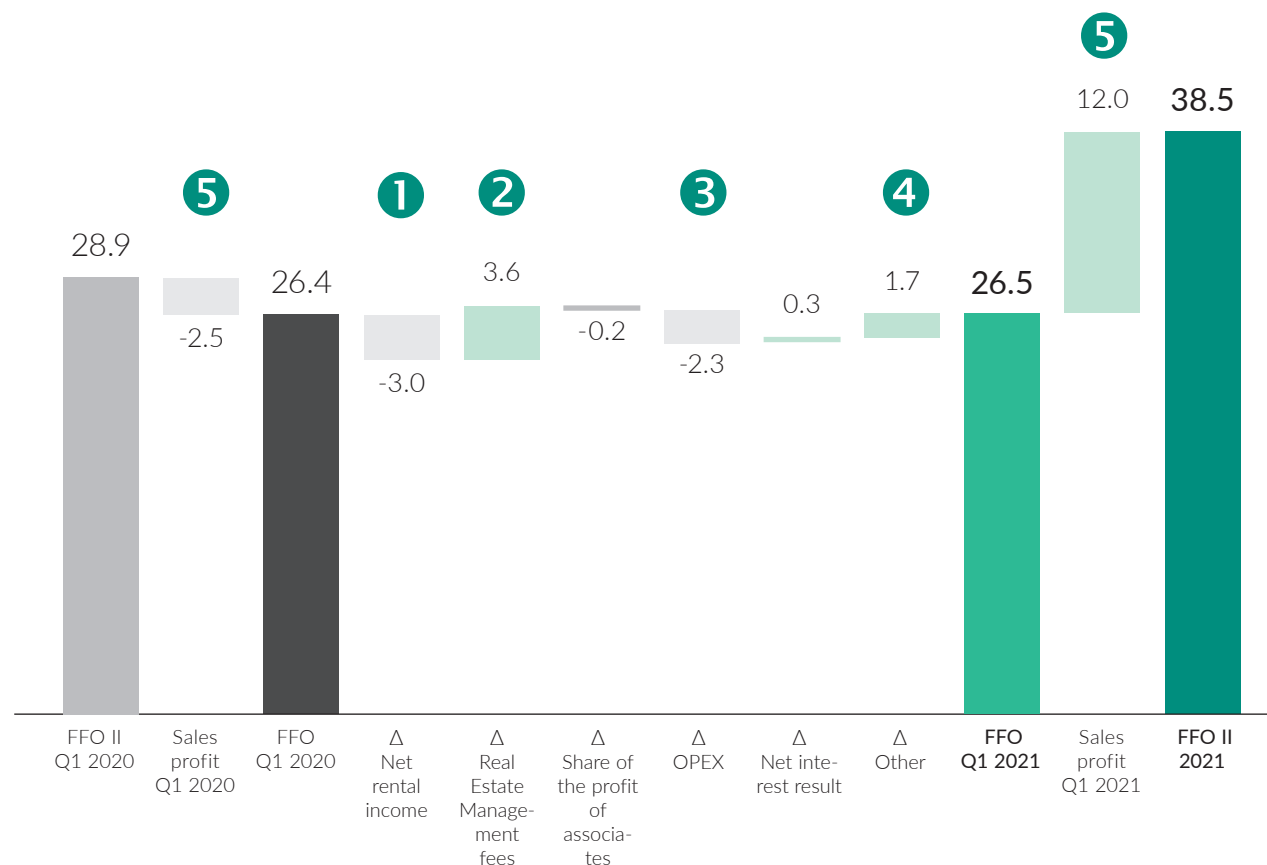
# Transact – Operate – Develop – Match: 360° value creation leads to higher profit for the period



# FFO up year-on-year; FFO II up 33%

## FFO Bridge Q1 2020 / Q1 2021

in EUR million



- 1 Net rental income decreased by a total of EUR 3.0 million as a result of sales and transfers of warehousing properties
- 2 The increase in real estate management fees reflects the successful growth of assets under management in the Institutional Business
- 3 Operating expenses rose due to the growth of the real estate platform and the acquisition of RLI Investors
- 4 Other operating income/expenses mainly include the reversal of provisions
- 5 The increase in sales volume and higher sale profits led to a 33% increase in FFO II



# Robust balance sheet ratios after RLI integration and subscription of first promissory note tranches

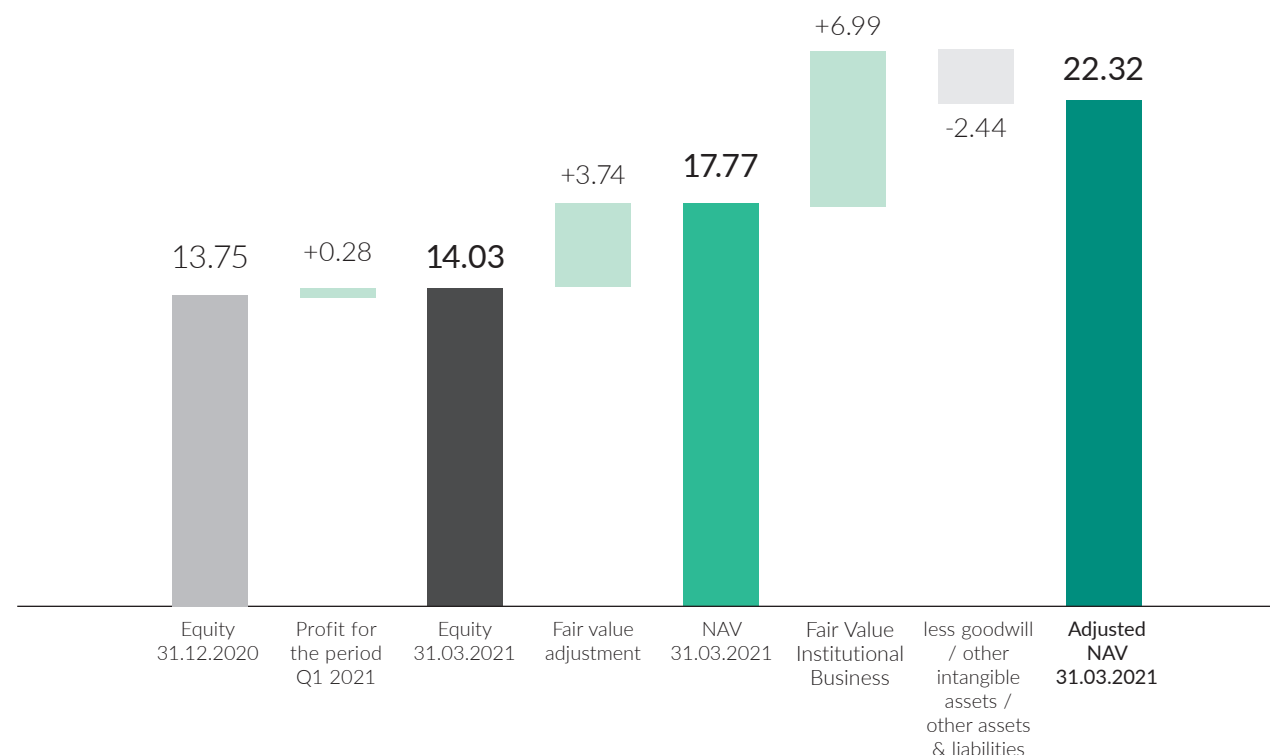
## Balance sheet overview

in EUR million	31.03.2021	31.12.2020
Total assets	2,884.6 <sup>①</sup>	2,724.2
Total non-current assets	2,202.4 <sup>②</sup>	2,083.8
- thereof goodwill	189.8	177.9
Total current assets	682.2 <sup>③</sup>	640.4
Equity	1,130.4 <sup>④</sup>	1,108.4
Total non-current financial liabilities	1,538.1	1,441.0
Total current financial liabilities	36.3	33.4
Other liabilities	179.8	141.4
Total liabilities	1,754.2	1,615.8
Balance sheet equity ratio	39.2% <sup>④</sup>	40.7%

- ① Total assets** increased by around 6% compared to the end of 2020 to EUR 2,884.6 million due to the addition of the "Unite" property in Offenbach, the issue of the first ESG promissory note tranches and the acquisition of 100% of RLI Investors GmbH and 25% of Realogis Holding GmbH
- ② Non-current assets** reflect growth: Increase by EUR 118.6 million mainly due to addition of investment properties (EUR 69.1 million), capitalised goodwill (EUR 11.9 million) and capitalized service agreements (EUR 32.7 million) as part of the acquisition of RLI Investors
- ③ Change in current assets** due to increase in cash and cash equivalents following placement of first ESG promissory note tranches (EUR 131.5 million). The successful transfer of the "Wilhelminenhaus" property into the club fund set up at the end of 2020 had an offsetting effect
- ④ Increase in equity** by EUR 22.0 million to EUR 1,130.4 million, **equity ratio** slightly down at 39.2% due to new long-term loans and borrowings raised by placing ESG promissory note and acquisitions of property

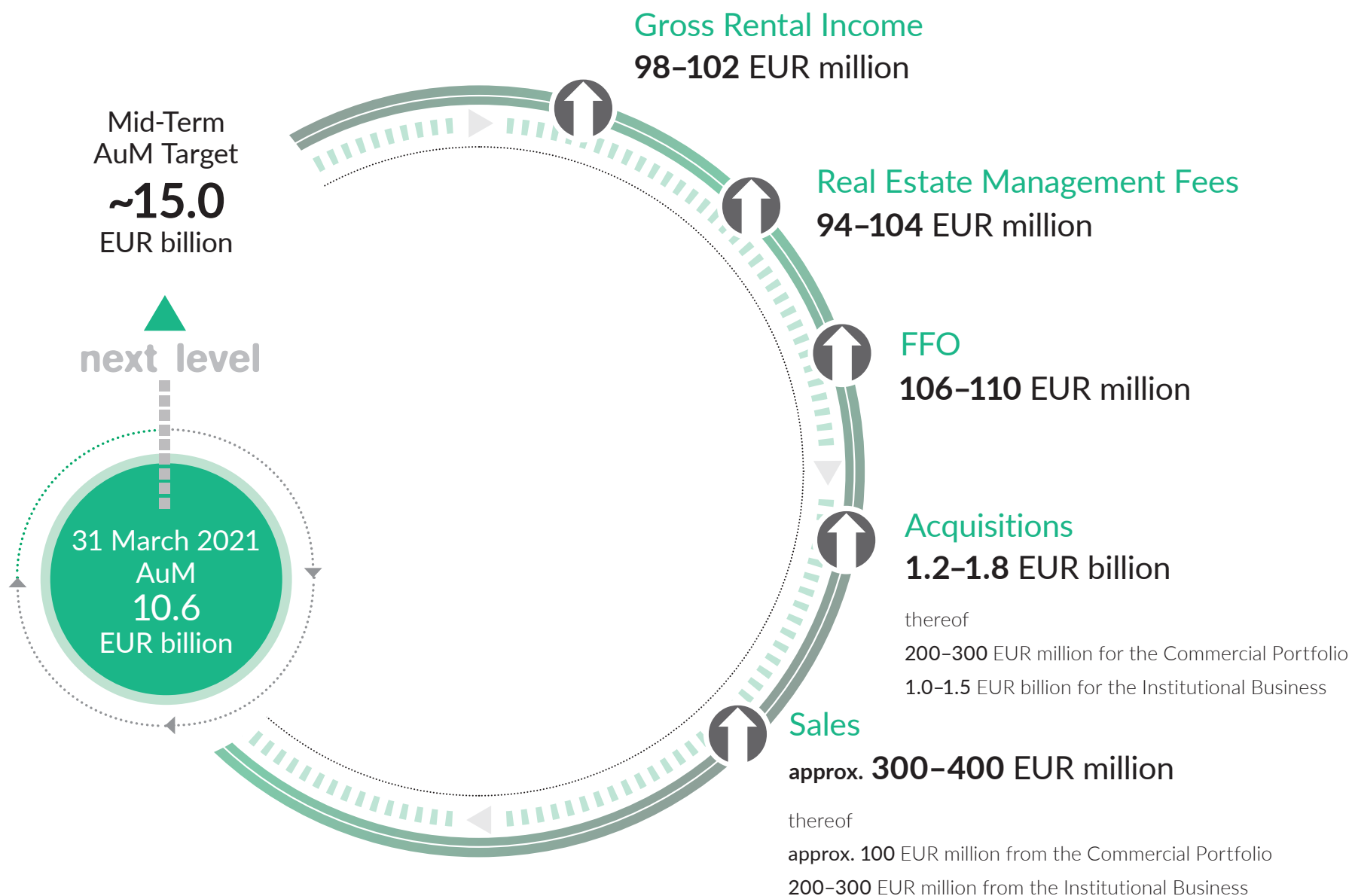
# Adjusted NAV rises to EUR 22.32 per share

## Reconciliation of net asset value to adjusted net asset value



- **NAV** rose by 1.6% to EUR 1,432.3 million or EUR 17.77 per share compared to the year-end, mainly due to the positive profit for the period in the first quarter
- **Adjusted NAV** rose by EUR 22.4 million to EUR 1,798.9 million or EUR 22.32 per share
- The market value of our properties and our Commercial Portfolio remained stable at EUR 2.0 billion
- The **loan-to-value** (LTV) parameter excluding warehousing was 44.8% (31 December 2020: 44.5%).
- The **Adjusted LTV** factoring in the full value of Institutional Business was 39,6% (31 December 2020: 39.2%)
- **Maturity profile:** Only around EUR 20 million of liabilities mature in 2021

# Promising year 2021 - guidance confirmed



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[www.dic-asset.de/en/ir/](http://www.dic-asset.de/en/ir/)

For instance

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

## IR Calendar 2021

07.05.2021	Goldman Sachs 14th European Small & Mid Cap Symposium
11.05.2021	Stifel German Small Mid Cap Conference
30.06.2021	Publication Sustainability Report 2020
11.08.2021	Publication H1 2021 Financial Report
08.09.2021	SRC Forum Financials + Real Estate 2021
September	Berenberg GS German Corporate Conference 2021
September	Baader Investment Conference 2021
11.11.2021	Publication Q3 2021 Financial Statement
November	German Equity Forum 2021

## 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 Asset 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.

## Legal

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This quarterly statement is also available in German  
(binding version).

Realisation:  
LinusContent AG, Frankfurt am Main