

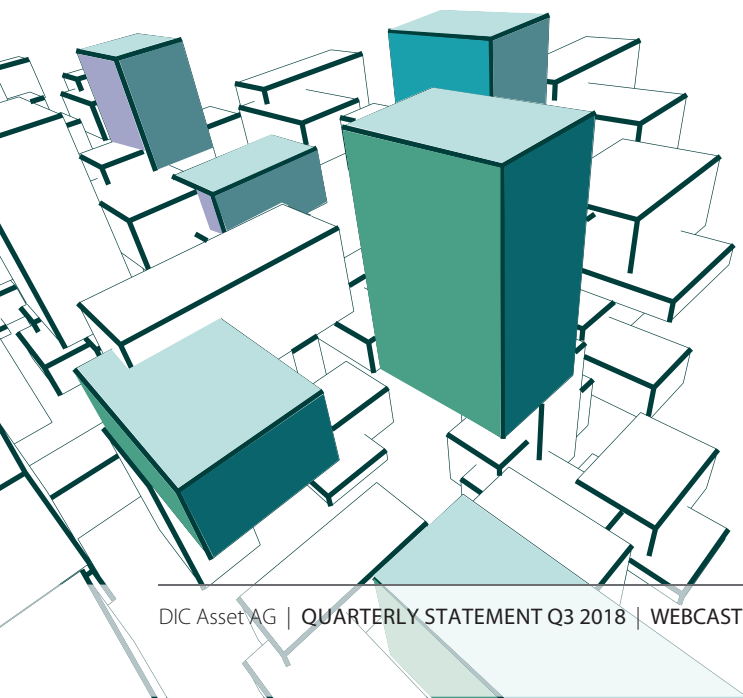
Q3 2018

QUARTERLY STATEMENT | WEBCAST



AGENDA

Q3 2018



HIGHLIGHTS

Q3
2018



Assets under management increased by 24% to EUR 5.1 billion



FFO up to EUR 49.0 million



Quality of **Commercial Portfolio** significantly improved:

- **Like-for-like rental income** up 2.6%
- **EPRA vacancy rate** falls by 330 bp to 8.4%



Real estate management fees raised by 59% to EUR 23.0 million due to outstanding transactions in the fund business



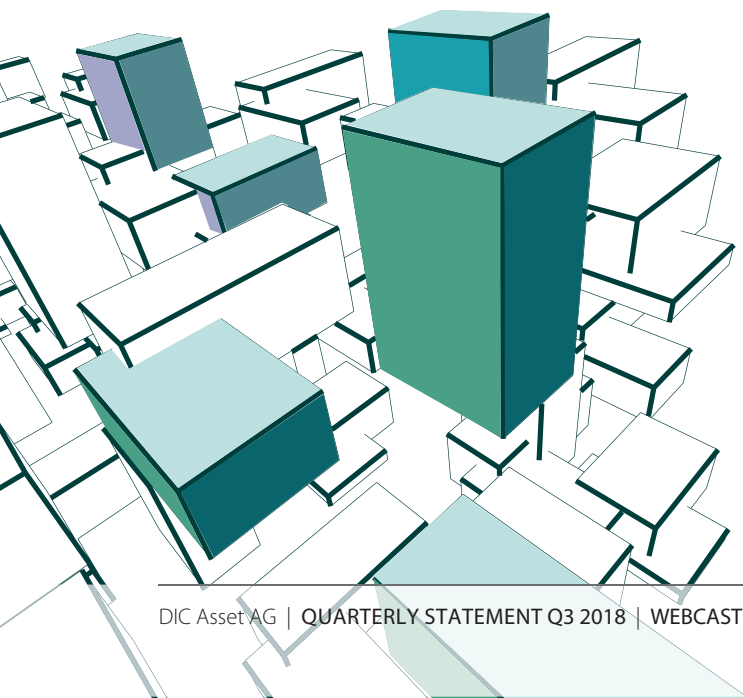
Further growth of the **Commercial Portfolio**



Full-year targets lifted after strong third quarter: gross rental income **forecast** up to EUR 98–100 million, FFO guidance edged up to EUR 68 million



Q3 2018



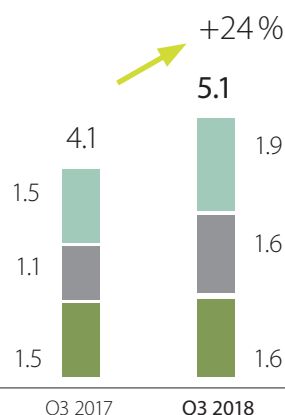
PERFORMANCE OF THE ASSET MANAGEMENT PLATFORM

Further growth of assets under management

ASSETS UNDER MANAGEMENT

in EUR billion

■ Funds
■ Commercial Portfolio
■ Other Investments



- **Assets under management** rose by EUR 1 bn or 24 % year-on-year to EUR 5.1 bn (30 September 2017: EUR 4.1 bn). At the end of the quarter, the portfolio under management comprised 181 properties with a rental space of approx. 1.9 mn sqm
- With a volume of approx. EUR 1.9 bn (30 September 2017: EUR 1.5 bn, +27 %) the **segment Funds** is the biggest one
- The **Commercial Portfolio** comprised 103 properties with a market value of approx. EUR 1.6 bn (30 September 2017: EUR 1.5 bn)
- The **Other Investments** segment included assets under management of approx. EUR 1.6 bn (30 September 2017: EUR 1.1 bn)

PORTFOLIO BY SEGMENT

		Commercial Portfolio	Funds	Other Investments*	Total
Number of properties	Q3 18	103	65	13	181
	Q3 17	114	56	13	183
Market value in EUR million **	Q3 18	1,576.1	1,869.9	1,623.0	5,069.0
	Q3 17	1,531.9	1,487.9	1,062.3	4,082.1
Rental space in sqm	Q3 18	906,300	698,500	249,100	1,853,900
	Q3 17	939,300	619,800	184,200	1,743,300

* incl. third-party business

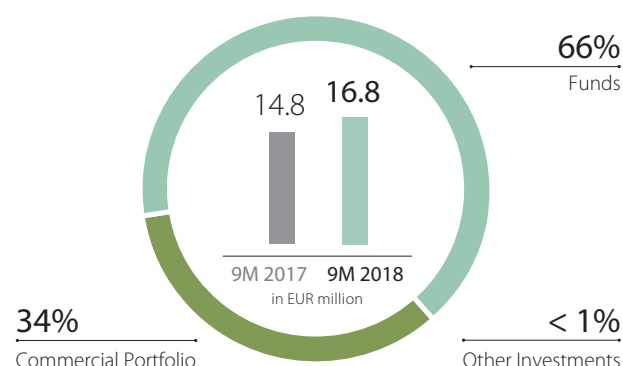
** Market value as at 31.12.2017, later acquisitions generally considered at cost

PERFORMANCE OF THE ASSET MANAGEMENT PLATFORM

Strong take-up with high-volume, long-term leases concluded

LETTING VOLUME

by segment, based on annualised rental income



TOP LETTINGS

Commercial Portfolio			sqm	years
BG BAU	N	Frankfurt	6,000	15.0
Maintrans Intern. Sped. GmbH	N	Langenselbold	5,800	10.0
Deutsche Bahn AG	N	Duisburg	3,600	10.0
Funds			sqm	years
Allianz Deutschland AG	R	Leipzig	12,200	5.0
Land Niedersachsen	N	Hannover	9,900	20.3
eBay GmbH	R	Berlin/ Kleinmachnow	8,100	5.0

N - New Lettings, R - Renewals

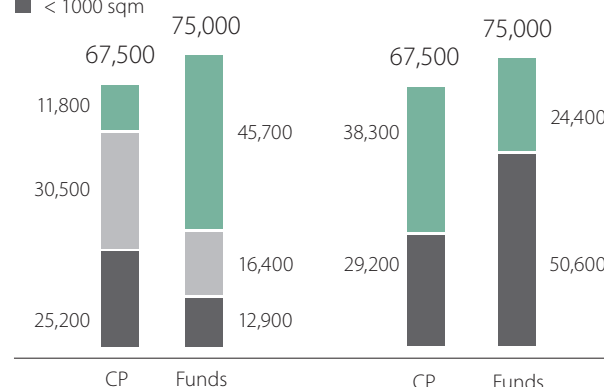
LETTING STRUCTURE

Distribution by size, in sqm

- > 5000 sqm
- 1000–5000 sqm
- < 1000 sqm

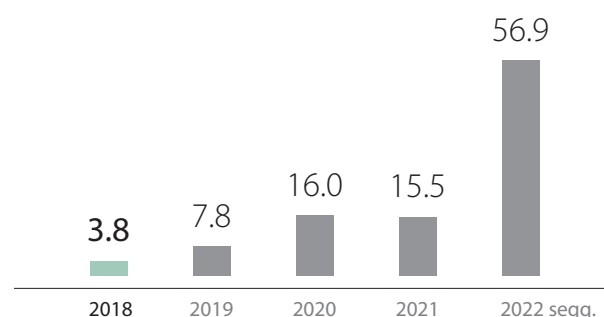
Distribution in sqm

- New lettings
- Renewals



LEASE MATURITY

annualised rental income in %



The **letting volume** rose by 14 % in the first nine months of 2018, resulting in an annualised rental income of EUR 16.8 mn (9M 2017: EUR 14.8 mn), 66 % of it belongs to the Funds segment and 34 % to the Commercial Portfolio

Of the 142,600 sqm leased in all three segments, 62,700 sqm are attributable to **new leases** (44 %) and 79,900 sqm to **lease renewals** (56 %)

High-volume, long-term leases were signed for both the Commercial Portfolio and the Funds segment, including the letting of approx. 6,000 sqm of space in the Lighthouse in Frankfurt to BG BAU with a term of 15 years and the letting of 9,900 sqm of space to the State of Lower Saxony in Hanover with a term of around 20 years

Our rental success significantly reduced the **2018 lease expiry volume** to just 3.8 % and the **2019 lease expiry volume** to 7.8 % (31 December 2017: 7.3 % in 2018 and 11.0 % in 2019)

COMMERCIAL PORTFOLIO SEGMENT

Further growth and strong letting performance triggers significant improvement in all portfolio KPIs

DEVELOPMENT COMMERCIAL PORTFOLIO*

	Q3 2018	Q3 2017
Number of properties	103	114
Market value in EUR million	1,576.1	1,531.9
Rental space in sqm	906,300	939,300
Annualised rental income in EUR million	97.9	96.1
Average rental income in EUR per sqm	9.61	9.44
WALT in years	5.1	4.5
EPRA vacancy rate in %	8.4	11.7
Gross rental yield in %	6.4	6.3

* all figures excluding project developments and warehousing properties, except for number of properties, market value and rental space

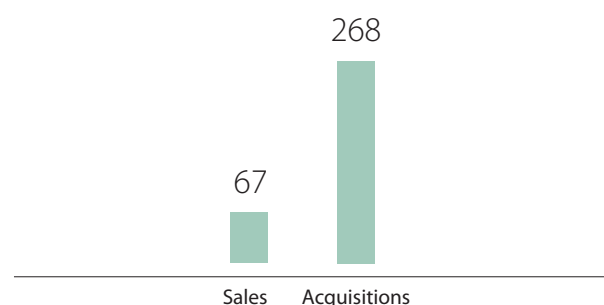
EPRA VACANCY RATE

in %, excluding project developments and warehousing properties



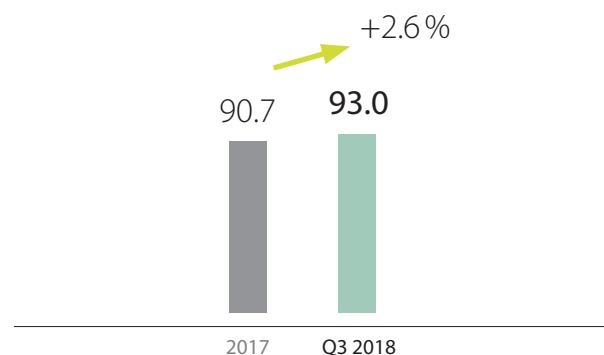
TRANSACTIONS

in EUR million, YTD



LIKE-FOR-LIKE RENTAL INCOME GROWTH

based on annualised rental income in EUR million



- As of 30 September 2018, the **Commercial Portfolio** comprised 103 properties with a **market value** of approx. EUR 1.6 bn and a **rental space** of 906,300 sqm
- Year-to-date, **acquisitions** of approx. EUR 268 mn have been signed and have driven the growth of the Commercial Portfolio. Seven properties for approx. EUR 67 mn have been **sold**
- Strong letting performance reduced the **EPRA vacancy rate** by 330 basis points to 8.4% compared to Q3 2017 with 11.7 %
- **Like-for-like rental income** grew by 2.6% to EUR 93.0 mn, thereof 37% attributable to indexations
- **Annualised rental income** also rose to EUR 97.9 mn (9M 2017: EUR 96.1 mn) due to letting and acquisitions
- Weighted average lease term (**WALT**) increased significantly year-on-year from 4.5 years to 5.1 years

COMMERCIAL PORTFOLIO SEGMENT

Acquisitions of top properties in prime locations



"Infinity Office" in Düsseldorf

- TIC's of approx. EUR 164 million
- Total rental space of 20,500 sqm, 265 parking spaces
- Pre-letting rate of 85 %; main tenant: Bankhaus Lampe KG
- WALT of 12.6 years
- New build with a very high finishing standard, completion planned for late 2019
- Prime location in the prestigious Kennedydamm office submarket, between the city centre and the airport

ACQUISITIONS TOP PROPERTIES IN PRIME LOCATIONS

Office property in Leverkusen

- TIC's of approx. EUR 52 million
- Total rental space of around 13,300 sqm, 301 parking spaces
- 100 % occupancy rate
- WALT of approx. 17 years
- Anchor tenant: pronova BKK, one of Germany's largest company health insurance providers
- New build, completed in early 2018



Office complex in Kronberg im Taunus

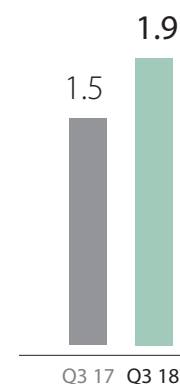
- TIC's of approx. EUR 34 million
- Total rental space of around 12,800 sqm
- 100 % occupancy rate
- WALT of 5.7 years
- Location in the Rhine-Main metropolitan area with good access to transportation infrastructure
- Kronberg is an economically up-and-coming city and a sought-after office location

FUNDS SEGMENT

Fund volume grew to EUR 1.9 billion

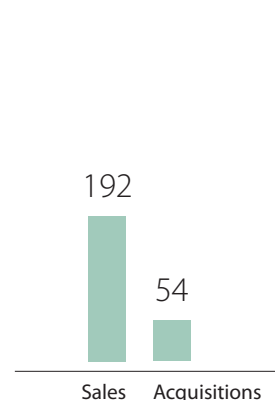
FUND VOLUME

in EUR billion



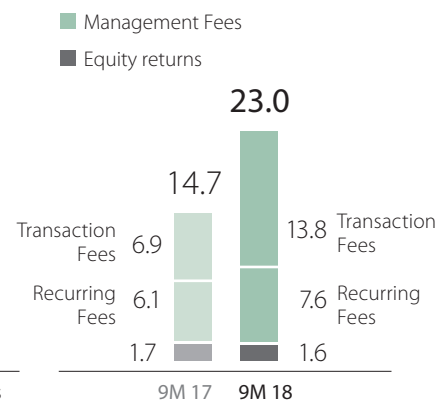
TRANSACTIONS

in EUR million, YTD











INCOME

in EUR million



- The value of **assets under management** in the Funds segment rose further to approx. EUR 1.9 bn (30 September 2017: approx. EUR 1.5 bn, +27%), due to
 - **Acquisitions** (three properties for approx. EUR 54 mn, of which two with transfer of ownership rights)
 - **Valuation gains** on real estate in existing funds
 - **Launch of new funds:** After the launch of DIC Office Balance V (June 2018), the “DIC Metropolregion Rhein-Main Fonds” was structured on 30 September 2018
- As part of our efforts to establish the fund business as a **trading platform**, two properties from DIC OB I and DIC OB III with a total volume of approx. EUR 192 mn have been **sold** and the DIC HighStreet Balance fund has been placed via a sale of share certificates
- The significant growth in **income from the fund business** primarily is a result of high transaction fees, and 56 % up to EUR 23.0 mn

Circulation	2010	2012	2014	2015	03/2017	09/2017	06/2018	09/2018
								
	DIC Office Balance I	DIC HighStreet Balance	DIC Office Balance II	DIC Office Balance III	DIC Office Balance IV	DIC Retail Balance I	DIC Office Balance V	DIC Metropolregion Rhein-Main Fonds
AuM (in EUR million)	c. 420	c. 240	c.350	c. 340	c.170	c. 180	c. 120	c. 40
Target volume (in EUR million)	400–450	200–250	300–350	c. 330	c. 240	c. 250	350–400	c. 250
Target yield	c. 6.0 %	c. 5.0 %	4.5–5.0 %	4.5–5.0 %	4.5–5.0 %	c. 5.0 %	4.0–4.5 %	3.5–4.5 %
Phase	Management	Management	Management	Management	Investment	Investment	Investment	Investment

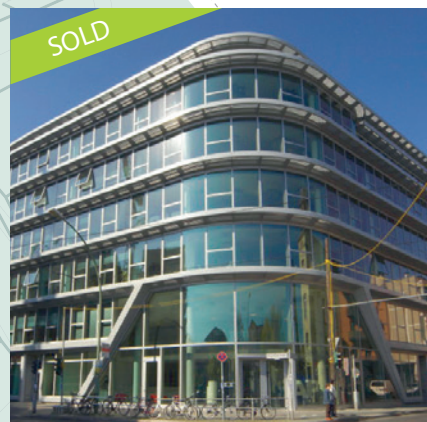
FUNDS SEGMENT

Most recent transactions of the trading platform



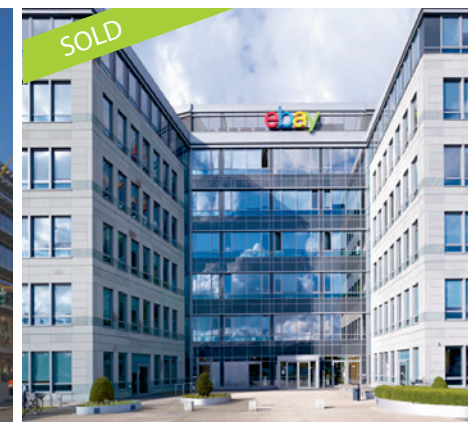
Acquisition of an office property in Fürth

- Fund: DIC Office Balance IV
- Total investment volume of approx. EUR 19 million
- Nuremberg metropolitan region
- Rental space of 10,200 sqm, 110 parking spaces
- Almost fully let
- WALT of 3.8 years
- High level of industry diversification: Tenants of the public sector, IT and medical service companies



"Rosenthaler Höfe" in Berlin

- Fund: DIC Office Balance I
- Landmark property in Berlin Mitte
- Rental space of around 13,000 sqm
- Fully let to SAP
- Transfer of ownership rights expected as of 31 December 2018



"eBay Campus" in Berlin/Kleinmachnow

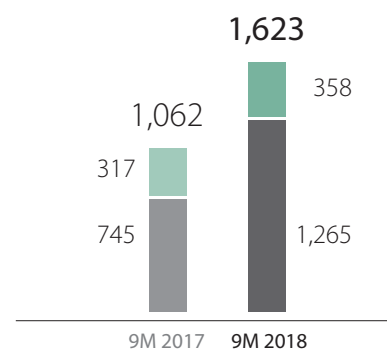
- Fund: DIC Office Balance III
- Ensemble made up of three office and commercial buildings
- Rental space of around 19,300 sqm
- Fully let to main tenant eBay
- Transfer of ownership rights expected as of 31 December 2018

OTHER INVESTMENTS SEGMENT

Strategic investment in TLG makes significant contribution to earnings

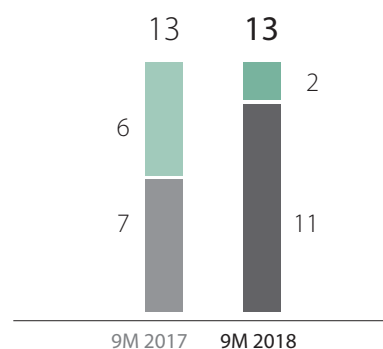
ASSETS UNDER MANAGEMENT

in EUR million



■ Project developments / Joint Ventures
■ Third-party business

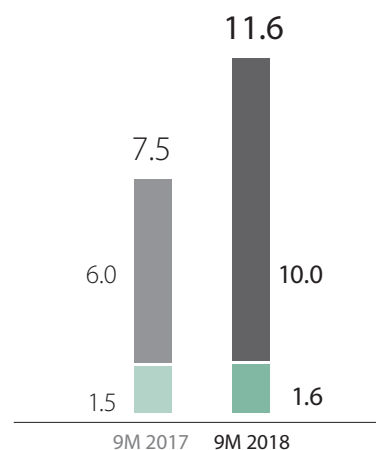
NUMBER OF PROPERTIES



■ Project developments / Joint Ventures
■ Third-party business

INCOME

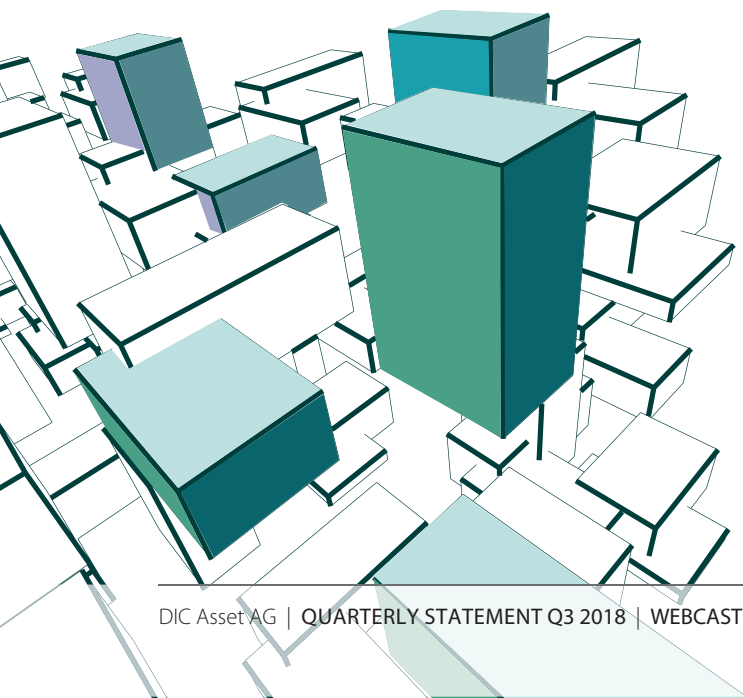
in EUR million



■ Share of the profit of associates
■ Management fees

- As of 30 September 2018, the Other Investments segment included **assets under management** of approx. EUR 1.6 bn (30 September 2017: EUR 1.1 bn) spread across 13 properties with 249,100 sqm of rental space
- The number of managed properties in the growing **third-party business** rose from 7 to 11 with rental space of 244,100 sqm (30 September 2017: 158,700 sqm)
- All remaining **joint ventures** were sold in 2018 (EUR 167 mn); the transfer of ownership rights for the last joint venture property will take place in 2019
- The **income** from the Other Investments segment rose by 55 % to EUR 11.6 mn (9M 2017: EUR 7.5 mn)

Q3 2018



INCOME STATEMENT

Significant rise in real estate management fees

CONSOLIDATED INCOME STATEMENT

in EUR million	9M 2018	9M 2017
Gross rental income	75.2 ¹	85.7
Profit on disposal of properties	14.0	16.4
Real estate management fees	23.0 ²	14.5
Share of the profit of associates	11.6 ³	7.7
Net other income	0	0
Operating expenses	-22.6 ⁴	-23.1
Depreciation and amortisation	-22.1	-23.4
Net financing costs	-27.5	-26.2
Interest income	6.8	6.7
Interest expenses	-34.3 ⁵	-32.9
Profit for the period	33.9 ⁶	33.4

- 1 A **gross rental income** of EUR 75.2 mn (9M 2017: EUR 85.7 mn) was generated in the first nine months of the year. The decline in rental income is primarily attributable to sales and transfers to new funds. Acquisitions and the excellent letting performance had an offsetting effect.
- 2 **Real estate management fees** rose significantly year-on-year by 59 % to EUR 23.0 mn. This was due in particular to increased transaction fees in the fund business (particularly HSB, OB V, OB I)
- 3 The sharp increase in the **share of the profit of associates** to EUR 11.6 mn (+51 %) is mainly attributable to dividends from the strategic investment in TLG
- 4 A decrease is seen in both personnel costs (-2 %) and administrative costs (-3 %), therefore the **operating costs** fell by 2 % year-on-year to EUR 22.6 mn
- 5 The **interest expense** rose year-on-year to EUR 34.3 mn (+ EUR 1.4 mn), driven by the issue of the fourth corporate bond 17/22 in July 2017, which was then tapped up in February 2018
- 6 The **profit for the period** rose to EUR 33.9 mn in Q3 2018. A sharp rise in real estate management fees and a significant improvement in the share of the profit of associates more than offset the decline in rental income and profits from disposal of investment property and the increase in interest expense during the period under review

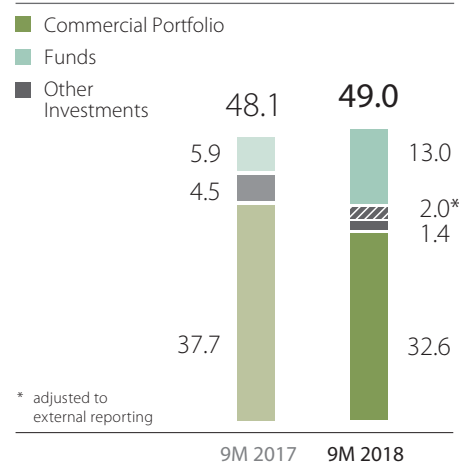
SEGMENT REPORTING AND FFO

Funds segment makes significantly higher contribution to FFO

RECONCILIATION TO FFO

in EUR million	9M 2018	9M 2017	Δ
Net rental income	63.5	72.6	-13 %
Administrative expenses	-8.9	-9.2	-3 %
Personnel expenses	-13.7	-13.9	-1 %
Other operating income/expenses	0.0	0.2	-100 %
Real estate management fees	23.0	14.5	+59 %
Share of the profit or loss of associates without project developments and sales	12.4	9.9	+25 %
Net interest income	-27.3	-26.0	+5 %
Funds from operations	49.0	48.1	+2 %

FFO-CONTRIBUTION in EUR million



SEGMENT REPORTING

in EUR million	9M 2018					9M 2017			
	CP	Funds	Ol*	adj. **	Total	CP	Funds	Ol	Total
Gross rental income	75.2				75.2	85.7			85.7
Net rental income	63.5				63.5	72.6			72.6
Profit on disposal of properties	14.0				14.0	16.4			16.4
Real estate management fees		21.4	1.6	0.0	23.0		13.0	1.5	14.5
Share of the profit or loss of associates		1.6	8.0	2.0	11.6		1.7	6.0	7.7
FFO	32.6	13.0	1.4	2.0	49.0	37.7	5.9	4.5	48.1

- The **FFO** rose by 2 % to EUR 49.0 mn due to higher management fees and the increase in the share of the profit of associates
- The **Commercial Portfolio's** contribution to FFO was EUR 32.6 mn due to lower rental income
- The **Funds segment** accounted for EUR 13.0 mn (9M 2017: EUR 6.0 mn) of the FFO, mainly due to high transaction fees
- After the planned reduction of the joint ventures, the **Other Investments segment** contributed EUR 1.4 mn to FFO in accordance with management reporting; when adjusted for external reporting, the segment's contribution to FFO was EUR 3.4 mn
- **FFO per share** for the first nine months of the year amounted to EUR 0.70 (IFRS-adjusted; 9M 2017: EUR 0.70)

* according to management reporting, includes pro rata TLG dividend

** adjusted to external reporting

BALANCE SHEET

Increase in reported equity ratio

BALANCE SHEET OVERVIEW

in EUR million	30.09.2018	31.12.2017
Total assets	2,265.4 ¹	2,341.3
Non-current assets	1,996.3	1,955.6
Current assets	269.1	385.7
Total equity	835.0 ²	828.9
Non-current financial liabilities	1,055.8 ³	1,109.6
Current financial liabilities	282.4 ⁴	296.1
Other liabilities	92.2	106.7
Total liabilities	1,430.4	1,512.4
Balance sheet equity ratio	36.9% ⁵	35.4%
Loan-to-value ratio (LTV)	57.3% ⁶	57.0%*

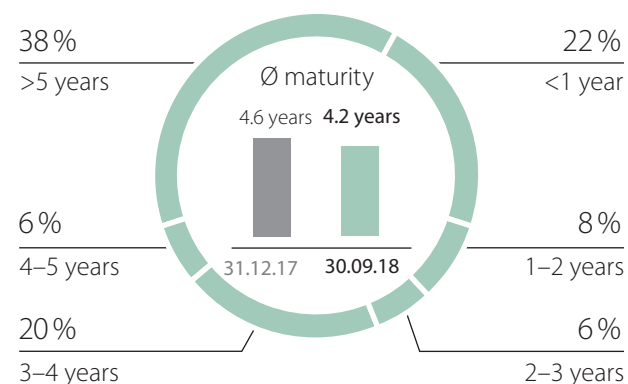
* adjusted for warehousing

- 1 Our **total assets** fell by EUR 75.9 mn to EUR 2,265.4 mn compared to 31 December 2017, primarily driven by sales, transfers of Warehousing properties to our new funds and repayment of the 13/18 corporate bond in July 2018
- 2 The **equity** rose by EUR 6.1 mn to EUR 835.0 mn as a result of the positive nine-month results. The cash dividend of EUR 24.6 mn in particular had an offsetting effect
- 3 Primarily due to the reclassification of the 14/19 corporate bond as current, which is due for repayment in September 2019, the **non-current loans and borrowings** decreased by EUR 53.8 mn to EUR 1,055.8 mn
- 4 Despite the reclassified corporate bond, **current loans and borrowings** fell by EUR 13.7 mn to EUR 282.4 mn, particularly because of transaction-related repayments
- 5 The **equity ratio** increased by 1.5 percentage points to 36.9% compared to 31 December 2017
- 6 The loan-to-value ratio (**LTV**) slightly increased to 57.3%

FINANCIAL STRUCTURE

Financing costs remain at a very low level

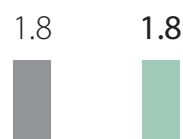
FINANCIAL DEBT MATURITIES* as at 30.09.2018



*incl. bonds/IFRS 5

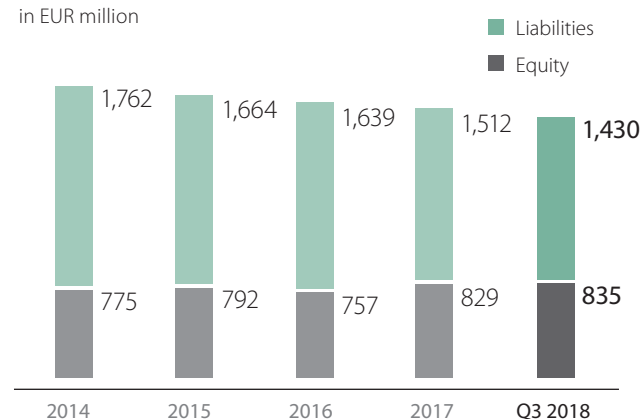
AVERAGE INTEREST RATE in %

based on bank liabilities

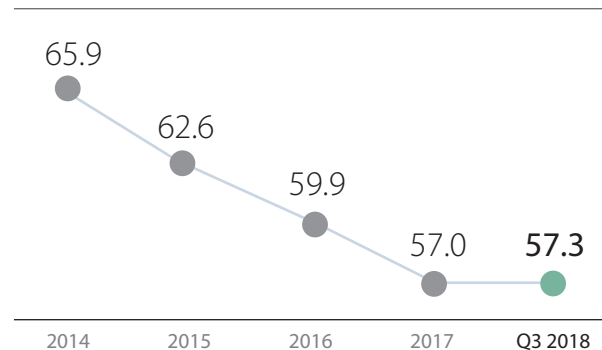


EQUITY AND LIABILITIES as at 30.09.2018

in EUR million



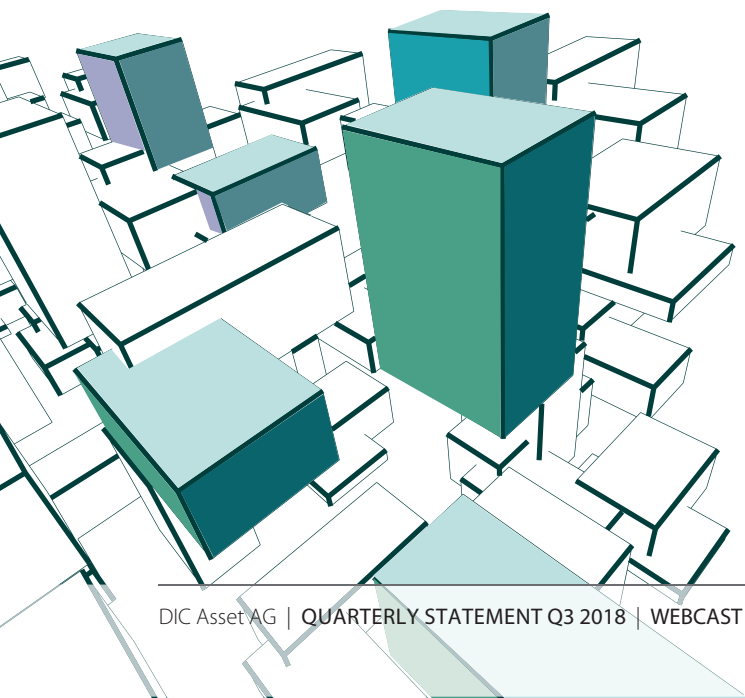
LTV* in %



* adjusted for warehousing

- The average **maturity of financial debt**, including bonds, decreased compared to 31 December 2017 to 4.2 years due to the liabilities' terms. The portion of financial liabilities with maturities over five years rose from 32 % to 38 %
- The **average interest rate** of liabilities to banks remained very low at 1.8 %
- The **interest cover ratio** (net rental income/ interest expenses) was 185 % as of 30 September 2018
- Around 92 % of our financial debt is **fixed**
- The **LtV** rose slightly compared to the year-end figure to 57.3 % (31 December 2017: 57.0 %)

Q3 2018



FORECAST

FFO guidance raised to around EUR 68 million

Q3 2018

PREVIOUS TARGET

NEW GUIDANCE

Gross rental income	95–98	↑	98–100
FFO	62–64	↑	c. 68
Sales from the Commercial Portfolio	100–120	✓	unchanged
Acquisition volume across all segments	450–500	✓	unchanged

EUR million

INVESTOR RELATIONS

Contact



Nina Wittkopf

Head of Investor Relations and
Corporate Communications

Tel. +49 (0) 69 9 45 48 58-14 62
Fax +49 (0) 69 9 45 48 58-93 99
N.Wittkopf@dic-asset.de



Maximilian Breuer

Investor Relations Manager

Tel. +49 (0) 69 9 45 48 58-14 65
Fax +49 (0) 69 9 45 48 58-93 99
M.Breuer@dic-asset.de

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.

Impressum

DIC Asset AG
Neue Mainzer Straße 20 · MainTor
60311 Frankfurt am Main
Tel. (069) 9 45 48 58-0 · Fax (069) 9 45 48 58-93 99
ir@dic-asset.de · www.dic-asset.de

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

Realisation
LinusContent AG, Frankfurt am Main



For more information:

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