

DIC ■

Q3 2021

QUARTERLY STATEMENT






11 November 2021

CONFERENCE CALL

next level

dynamic performance

Our annual targets: well achievable!

	Q3 STATUS	GUIDANCE	REASON
Gross rental income	EUR 78.0 million	EUR 107–108 million	 Higher rental income from warehousing activities (Uptown Tower)
Real estate management fees	EUR 74.6 million	EUR 94–104 million	 Growth in assets under management and transactions (acquisitions/disposals) on target, guidance confirmed
FFO	EUR 79.6 million	EUR 106–110 million	 FFO target for the year confirmed unchanged; higher rental income contrasted by increased interest costs, including from placing the green bond, and growth-related higher operating expenses
Acquisitions	EUR 1.0 billion	EUR 1.2–1.8 billion CP: EUR 200–300 million IB/Warehousing: EUR 1.0–1.5 billion	 Acquisitions of EUR 1 billion already implemented; further acquisitions in the pipeline; acquisition volume for Commercial Portfolio already within the target range
Sales	around EUR 250 million	300–400 million CP: around EUR 100 million IB: EUR 200–300 million	 Currently around EUR 246 million sold across both segments; further sales planned by the end of the year

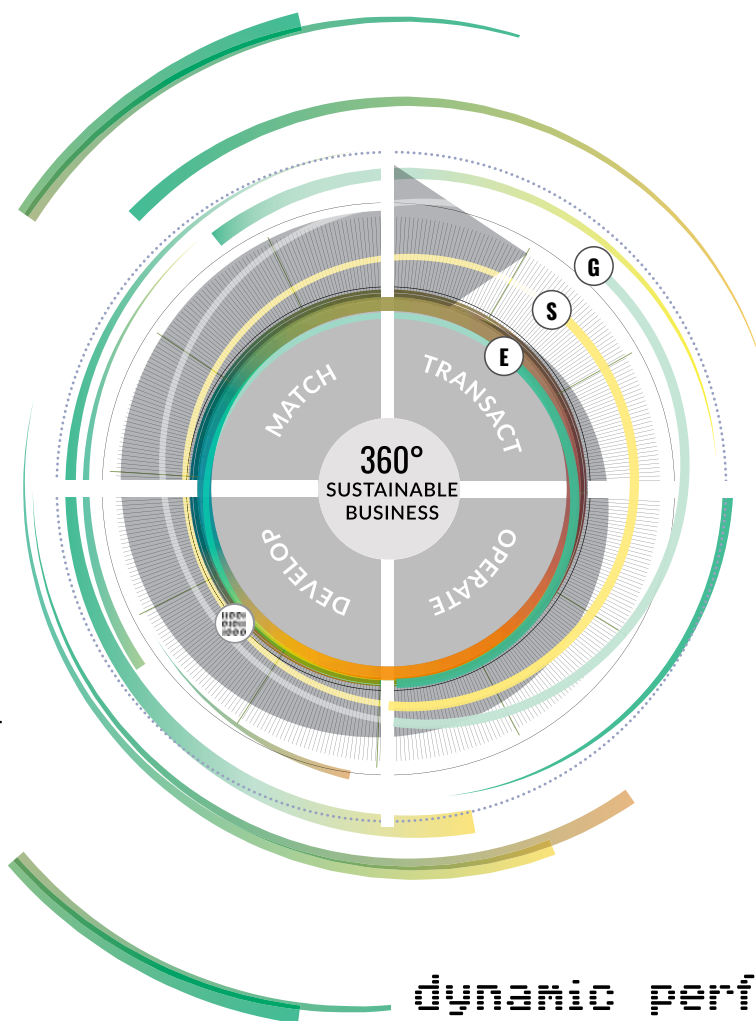
CP = Commercial Portfolio

IB = Institutional Business

Our operations are successful, our logistics asset class is growing and we are implementing our ESG roadmap as planned!

Logistics asset class: strong and successful growth

- ↑ Transactions exceed the EUR 1 billion mark: volume of EUR 1.2 billion implemented to date
- ↑ Assets under management reach EUR 11.4 billion
- ↑ High-volume deals in the logistics sector increase letting performance by 6% to 226,500 sqm
- ↑ Quality in the Commercial Portfolio enhanced significantly:
 - Like-for-like rental income +4%
 - EPRA vacancy rate drops to 6.5%
- ↑ Growth in logistics and office sector in Q3: further attractive acquisitions of around EUR 76 million for the company's proprietary portfolio (Commercial Portfolio)



ESG: clear values in times of change

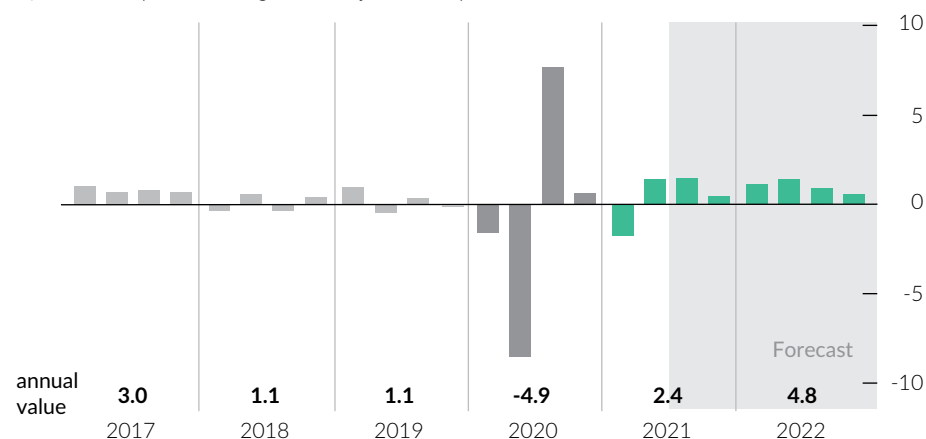
- ESG committee successfully launched
- Erfurter Kreuz logistics property obtains DGNB gold certification
- First DIC Social Impact Day on 19 November 2021
- In dialogue: update of our stakeholder survey starting in Q4
- Successful entry into the Green Bond market with EUR 400 million placed

dynamic performance

Transactions and lettings: revival and opportunities

GDP growth in Germany

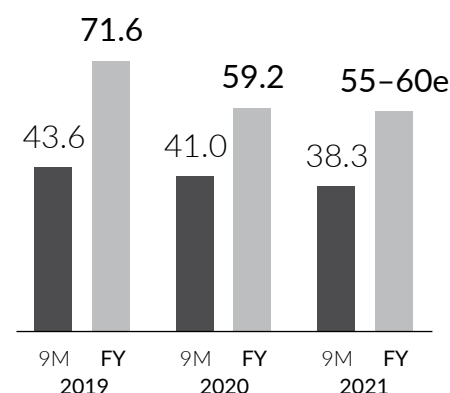
Quarter-on-quarter change in % (adjusted for price, seasonal and calendar effects)



Source: Projektgruppe Gemeinschaftsdiagnose

Transaction volume

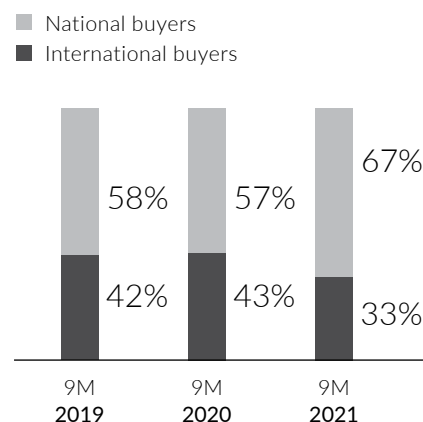
in EUR billion



Source: Colliers

Origin of capital

in %



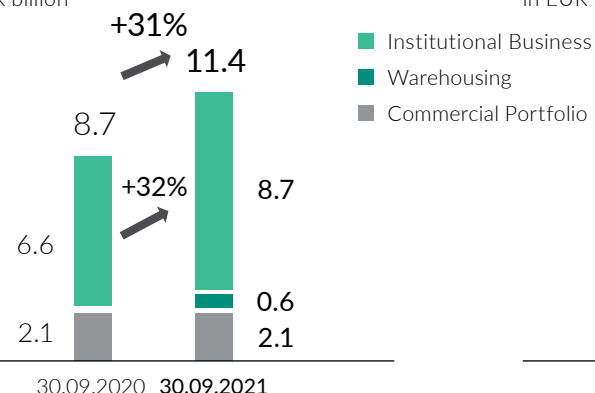
Source: Colliers

- The **German economy** is on the road to recovery, with consumer-related services in particular making gains. Supply bottlenecks in the manufacturing sector, on the other hand, are still slowing down production. The leading economic research institutes expect the situation to normalise in mid-2022 and have therefore lowered their GDP forecast for 2021 (to +2.4%) while raising their GDP forecast for 2022 (to +4.8%) due to catch-up effects.
- The revival of the **German commercial property and rental market** continues in the third quarter. At EUR 38.3 billion, transaction volume was just 12% below the pre-Covid level of 2019. Market observers expect a transaction volume of EUR 55-60 billion in 2021. The share of foreign investors is 33%, down significantly from the previous year
- Core properties remain in short supply: **Prime office yields** in the top 7 cities fell further by 5 basis points quarter-on-quarter to 2.69%
- **Logistics investments** are the winners during the pandemic, with demand continuing to grow. Prime logistics yields fell significantly by 27 basis points quarter-on-quarter to 3.11%
- **The recovery on the office rental markets** also continued in Q3. Overall, take-up across the Top 7 came to 2.2 million sqm (+12% year-on-year)
- **ZIA-IW Real Estate Sentiment Index:** Higher positive sentiment among office property companies; no price decline visible and stable to rising rents

Transactions: dedicated and successful

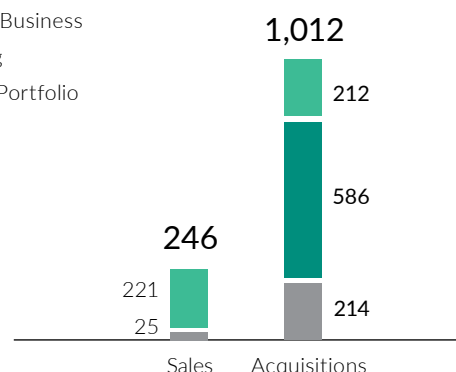
Assets under management

in EUR billion



Transaction volume (TIC)

in EUR million, notarised since 1.1.2021



Portfolio by segment

30.09.2021	Commercial Portfolio		Institutional Business	Total
	Investment Properties	Warehousing		
Number of properties	95	1	141	237
Market value in EUR million*	2,153.9	565.1	8,719.5	11,438.5
Rental space in sqm	844,700	52,300	2,246,000	3,143,000

30.09.2020	Commercial Portfolio		Institutional Business	Total
	Investment Properties	Warehousing		
Number of properties	96	0	93	189
Market value in EUR million*	2,054.1	0	6,598.0	8,652.1
Rental space in sqm	873,400	0	1,334,700	2,208,100

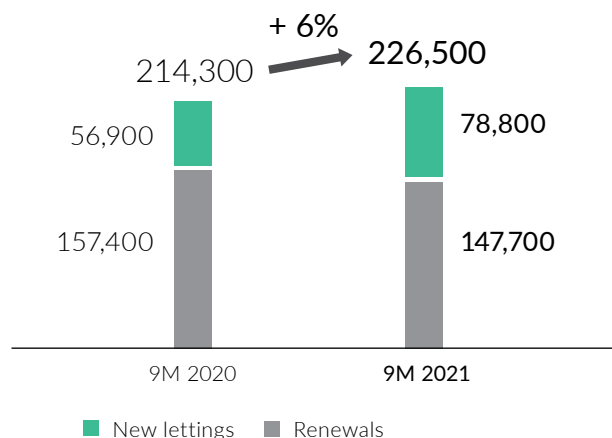
* Market value as at 31.12. of the previous year, later acquisition generally considered at cost

- DIC continues to pursue its strong growth trajectory: **Assets under management** rose by 31% year-on-year to EUR 11.4 billion, comprising 237 properties with rental space of around 3.1 million sqm
- DIC Asset held 95 own properties with a market value of approx. EUR 2.1 billion in its **Commercial Portfolio** at 30 September 2021
- The "Uptown Tower" property acquired in June with a market value of around EUR 0.6 billion is currently in **warehousing**, with transitioning to the institutional business being planned by the end of 2021
- Reflecting our focus on growth, the year-to-date **transaction volume** amounts to around EUR 1.2 billion
 - Our acquisition volume has exceeded the EUR 1 billion mark. We acquired 6 properties for our Commercial Portfolio for around EUR 0.2 billion, 2 properties for our Institutional Business for around EUR 0.2 billion and two properties for Warehousing (EUR 0.6 billion).
 - We sold 3 properties from third-party mandates and 2 properties in Bochum from the Commercial Portfolio for a total volume of around EUR 0.2 billion
- Our **well-filled pipeline** gives us the visibility needed to achieve our transaction goals

Lettings: dynamic and powerful

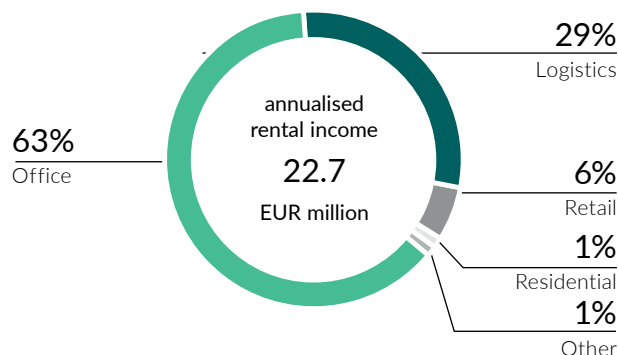
Letting volume

in sqm



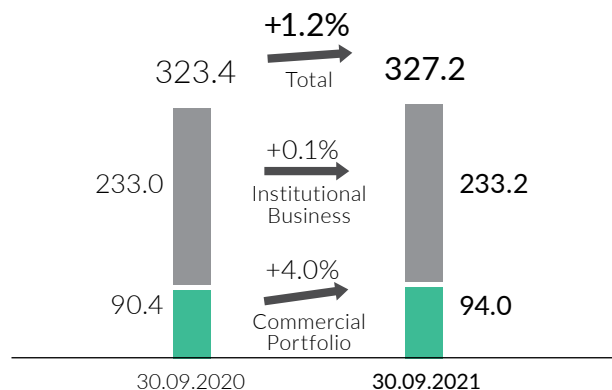
Letting by segment

contracted annualised rent



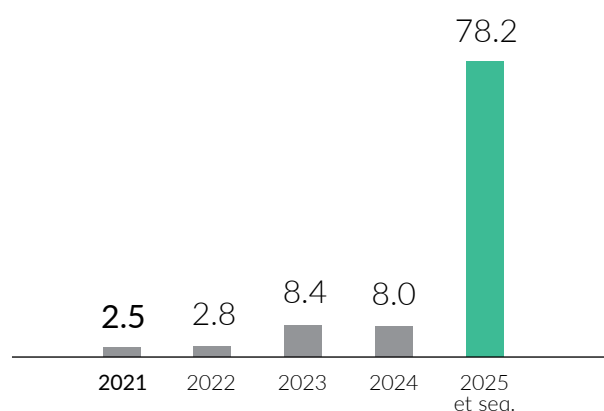
Like-for-like rental income

annualised, in EUR million



Lease maturity total portfolio

in % of annualised rental income



- **Letting performance** was up 6% year-on-year to 226,500 sqm, driven mainly by several high-volume deals in the logistics sector
- Leases with **annualised rental income** totalling EUR 22.7 million were signed by 30 September 2021
- At 29%, the share of the **logistics sector** rose to almost one-third of total leases (30 September 2020: 5%)
- **Like-for-like rental income** for the entire portfolio under management increased by 1.2%. This was mainly due to the significant 4.0% increase in rental income in the Commercial Portfolio. Like-for-like rental income in the Institutional Business rose marginally by 0.1%
- As a result of strong letting activities, the **2021 lease expiry volume** for the entire platform is just 2.5%. More than 78% of leases expire in 2025 or later

Cash flow: long-term and secure

9M 2021:
226,500 sqm

Frankfurt: New lease covering **7,600 sqm** for >10 years
Tenant: Authority of the City of Frankfurt

Heidelberg: Lease with a CPD centre for **2,200 sqm** renewed for 5 years

Lehrte/Hanover logistics region:

Two leases

- **9,600 sqm** with WELLPACK Deutschland GmbH, lease term of >3 years
- **6,500 sqm** to logistics company for 5 years

Top logistics location Kerpen:

New lease covering **10,000 sqm** for 4 years

Tenant: Krüger Lagerlogistik GmbH

Eschborn near Frankfurt: New lease covering **3,900 sqm** for 5 years at Loftwerk
Tenant: Abbott Medical GmbH

TOP LEASES (EXCERPT)



Heidelberg: Contract renewal and extension for 9 years for **4,700 sqm** at Heidelberg Stadttor
Tenant: leading global logistics consulting and planning company

Close to Frankfurt Airport: New lease in Red Square of around **1,500 sqm** for >5 years to one of the largest international logistics service providers







Mönchengladbach: Renewal until 2025 for approx. **69,000 sqm** of logistics space to C&A

Leinfelden-Echterdingen: New lease at Gate Neun with 3 leases for 5 | 5 | 14 years for a total of **3,100 sqm**,
Tenants include Capgemini Deutschland GmbH

Dormagen: New lease covering **11,000 sqm** for around 5 years
Tenant: Retail company Butlers

Commercial Portfolio: high-end quality

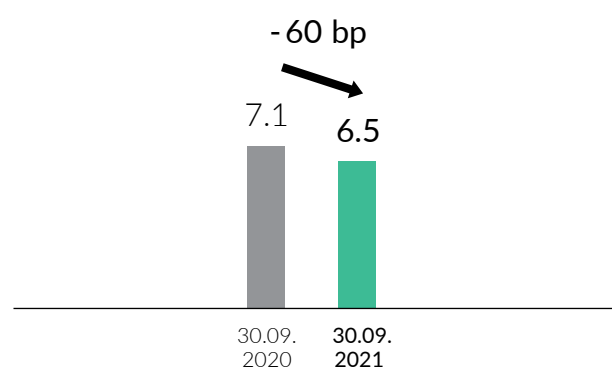
Commercial Portfolio – Asset classes

	Type of use	No. of properties	Market value EUR m	% of total	Rental income EUR m	% of total	EPRA vacancy rate	WALT
	Office	55	1,442.8	67%	69.0	66%	7.2%	5.8
	Mixed-use	15	341.0	16%	18.5	18%	5.8%	5.1
	Retail	11	285.9	13%	12.7	12%	5.2%	6.6
	Logistics	10	75.8	4%	4.2	4%	2.0%	5.8
	Other	4	8.4	0%	0.4	0%	17.5%	2.7
	Balance Sheet Portfolio	95	2,153.9	100%	104.8	100%	6.5%	5.8
	in Warehousing	1	565.1		17.0		0.0%	9.8
	Total (incl. Warehousing)	96	2,719.0		121.8		5.6%	6.4

* all figures without project developments and repositioning properties, except for number of properties and market value

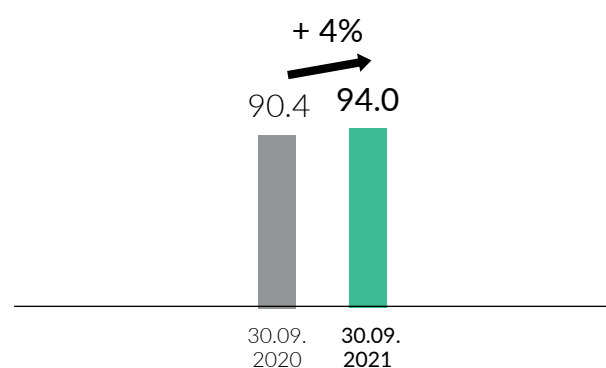
EPRA vacancy rate

in %



Like-for-like rental income

in EUR million



- The transfer of two logistics properties in September lifted the share of the logistics asset class, as planned, to currently 4%. **Office properties** remain the largest asset class at 67% of market value
- The Uptown Tower **warehousing property** in Munich with a market value of EUR 0.6 billion will provide additional significant rental cash flow in the Commercial Portfolio until its planned transfer to the institutional business
- The **EPRA vacancy rate** fell by 60 basis points to 6.5% (30 September 2020: 7.1%) due to the strong letting performance and acquisitions with high occupancy rates
- The **average rent** per sqm rose to EUR 11.26 (30 September 2020: EUR 10.50)
- **Like-for-like rental income** in the Commercial Portfolio increased significantly by 4.0%, with a large portion of the increase being the result of successful letting activities at the Leinfelden-Echterdingen development property

Logistics asset class grows according to plan – further acquisitions for the proprietary portfolio

Forward deal – logistics property in the Hanover region

- Planned new-build property acquired by way of a forward deal for around EUR 26 million (TIC)
- Completion planned by mid-2023 based on state-of-the-art equipment standards
- DGNB Gold certification sought
- 15,400 sqm of lettable space
- Close to Hanover Airport, connected to main transport axes



TIC:	EUR 28 million
Rental space:	19,300 sqm
WALT:	approx. 8 years
Annualised rental income	approx. EUR 1.3 million

Logistics share
in proprietary
portfolio expanded further



Fully let multi-tenant logistics complex in the Leipzig/Halle region (2 properties)

- Two blue-chip main tenants
- Properties to be used mainly for storing medical equipment and consumables, and for automation engineering equipment of order-picking systems
- ESG due diligence confirms the potential for certification under the BREEAM standard (on the "very good" level).
- Attractive business location with persistently high demand for logistics properties

Golden sustainability



- Notarisation of multi-tenant office property in Mettmann in early November, transfer of possession, benefits and associated risks expected by year-end 2021
- Central location in the middle of North Rhine-Westphalia and close to major cities of Düsseldorf, Duisburg, Essen and Cologne
- Fully let for the long term to two public tenants (Jobcenter & Federal Employment Agency)
- DGNB Gold-certified modern administration building with good building quality

TIC:	EUR 22 million
Rental space:	approx. 6.300 sqm
WALT:	approx. 9 years
Annualised rental income:	approx. EUR 1 million

Institutional Business: consistent growth

Bonn, Bonnanova

TIC:	EUR 95 million
Rental space:	18,600 sqm
WALT:	9.5 years
Tenant:	Public sector



Berlin, Granitzstr

TIC:	EUR 117 million
Rental space:	23,000 sqm
WALT:	11.6 years
Tenant:	Deutsche Bahn



Munich, Uptown Tower

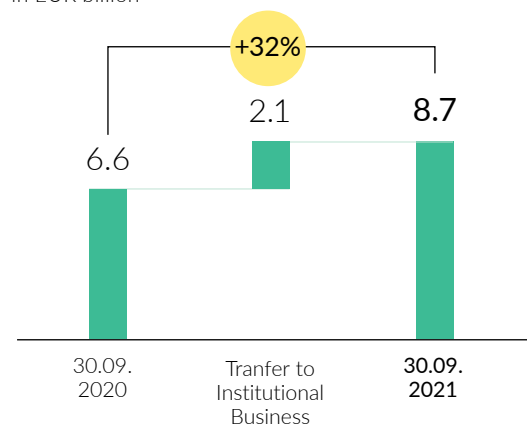
TIC:	EUR 557 million
Rental space:	52,300 sqm
WALT:	approx. 10 years
Tenant:	Telefónica Germany



in warehousing

Assets under Management

in EUR billion



ESG roadmap: combining ecology and economy

We are increasing the share of Green Buildings on our real estate platform:

DIC obtains Green Building certifications for the two logistics properties in Erfurt and Bremen (part of the new logistics property fund)



We invest in sustainable and energy-efficient properties:

issuance of DIC's first Green Bond with a volume of
EUR **400** million

We take responsibility for our employees:

vaccination offer with the DIC company doctor under the highest hygienic and medical standards

We are stepping up our charitable commitment:

preparation of DIC's first Social Impact Day on 19 November 2021

Interdisciplinary exchange in the property sector:

participation in the S.O.U.P Festival ("Shaping Our Urban Phuture") on the future of cities and urban life

We continue to entrench ESG within the organisation

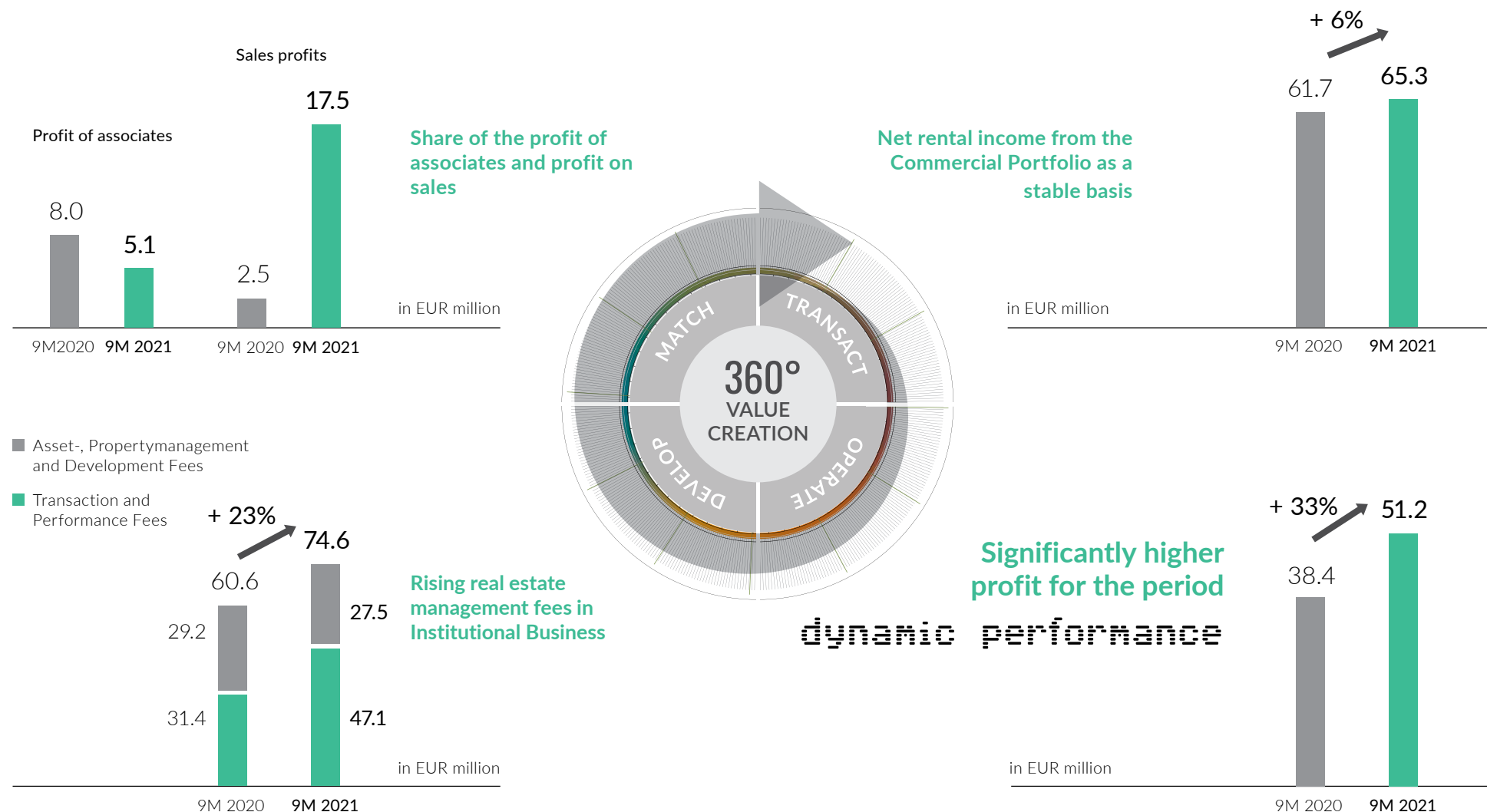
regular meetings of the ESG Committee (consisting of CEO and executives) and formation of working groups to integrate ESG into all processes

Stepping up reporting activities during the year and annual planning of ESG ratings

Update of materiality analysis

Extensive stakeholder survey to identify significant sustainability topics, with insights serving as a guideline for strategy and goals

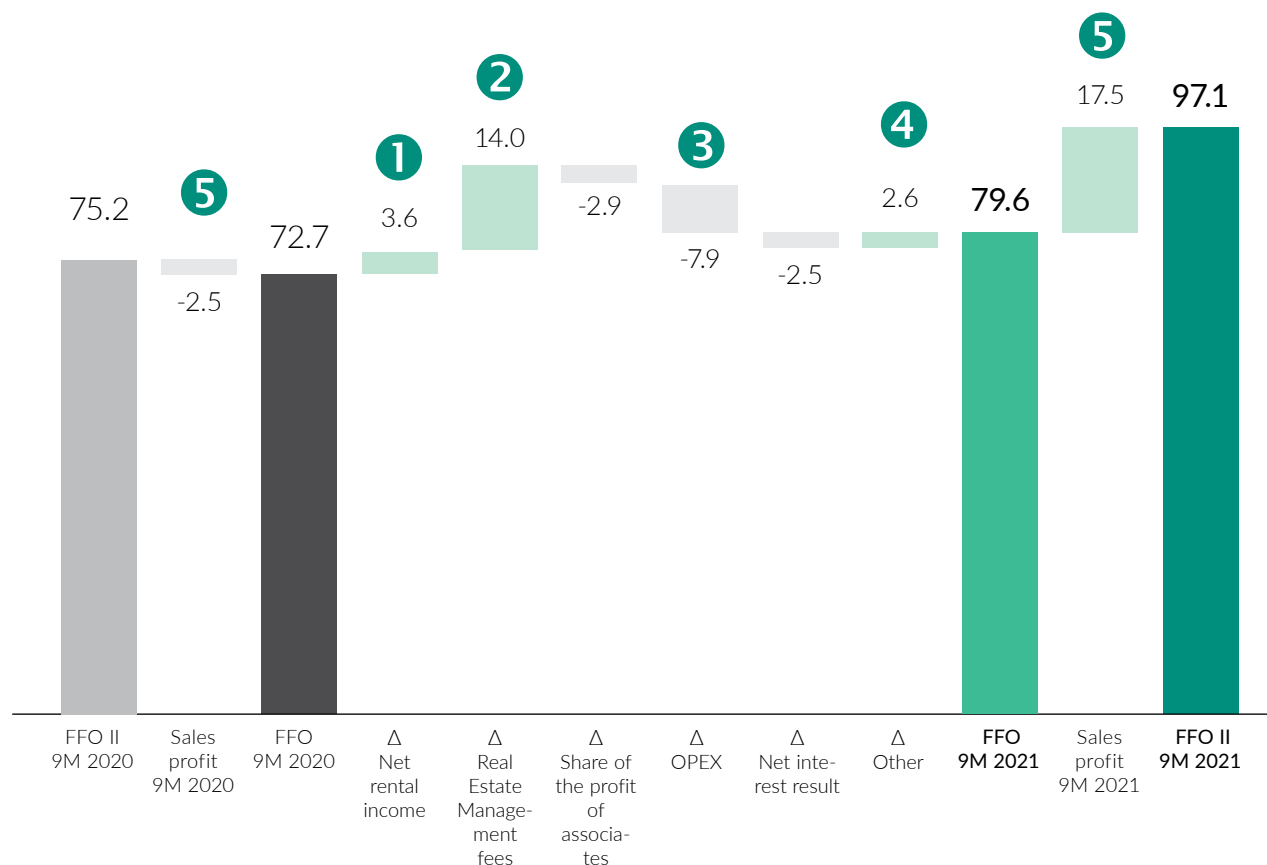
Steady development of our diversified income streams



FFO growth: Strong earnings contributions by both segments

FFO Bridge 9M 2020 / 9M 2021

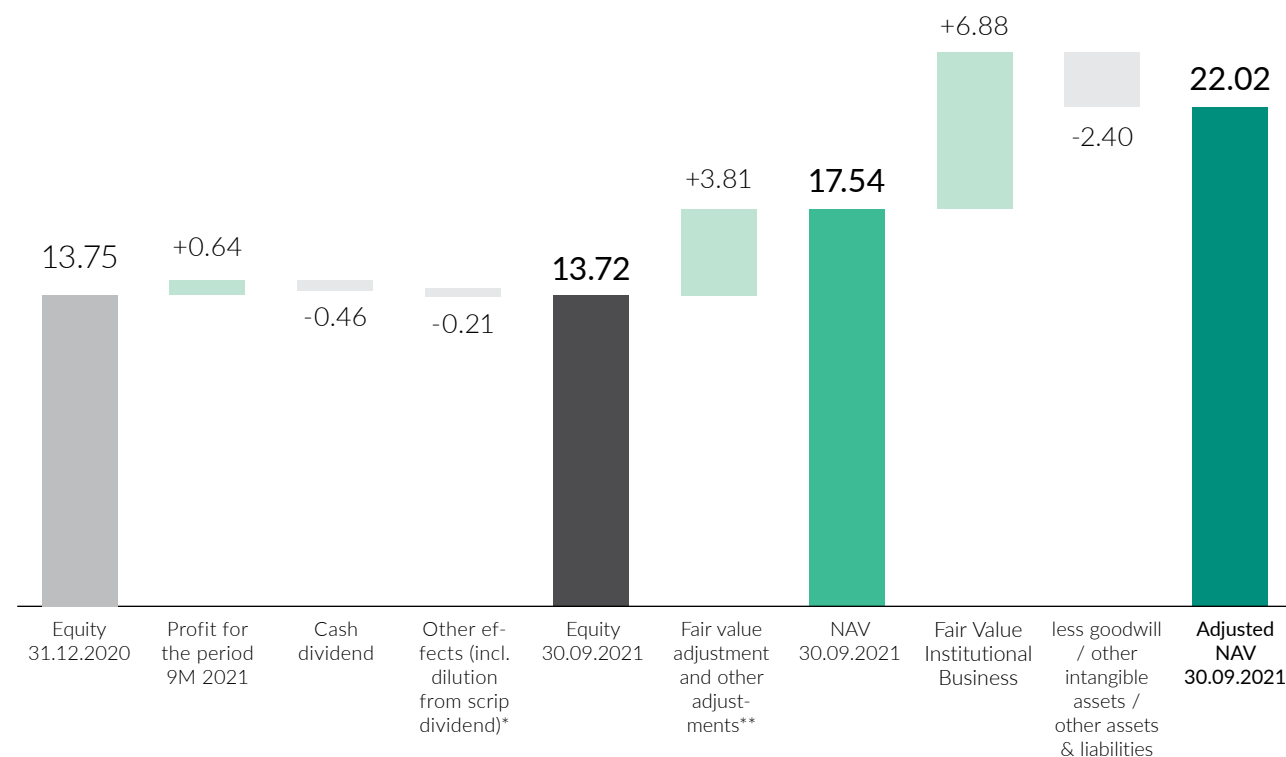
in EUR million



- 1 Net rental income rose by EUR 3.6 million, primarily due to lower valuation allowances compared to 2020
- 2 The ongoing expansion of the Institutional Business led to an overall real estate management fee growth of EUR 14.0 million
- 3 Increase in OPEX is primarily attributable to growth in the Institutional Business segment and the associated increase in headcount, including the integration of the RLI team
- 4 Other operating income/expenses mainly increased due to the release of provisions in Q1 2021
- 5 The increase in sales volume and sales profit led to a 29% increase in FFO II

Adjusted NAV demonstrates the sustainable value of our business model

Reconciliation of net asset value to adjusted NAV per share



* Cash flow hedges, gains/losses on financial instruments classified as measured at fair value through other comprehensive income and effects from the 2021 scrip dividend

** Adjustments for deferred taxes and financial instruments

- **NAV** was EUR 1,435.9 million at the end September 2021 (31 December 2020: EUR 1,409.9 million).
- NAV per share was EUR 17.54, with the number of shares outstanding increasing by 1,274,135 compared to the end of 2020 (31 December 2020: EUR 17.49).
- **Adjusted NAV**, factoring in the enterprise value of the Institutional Business, rose to EUR 1,802.4 million (December 31, 2020: EUR 1,776.4 million).
- Adjusted NAV per share was EUR 22.02, with the number of shares outstanding increasing by 1,274,135 compared to the end of 2020 (31 December 2020: EUR 22.04).
- The **loan-to-value (LTV)** excl. warehousing increased to 48.0% (31 December 2020: 44.5%), mainly due to the acquisition activities for the Commercial Portfolio
- The **Adjusted LTV** factoring in the full value of the Institutional Business was at 43.2% (31 December 2020: 39.2%)

Successful entry into Green Bond market: BB+ rated EUR 400 million bond placed with international investors

Bond data:

Issuance volume	EUR 400 million
Maturity	5 years, 22.09.2021 – 22.09.2026
Coupon	2.250% (Ann, ACT/ACT)
Use of funds	Net proceeds to finance new green projects/buildings in line with DIC's Green Bond Framework or to be credited against the cost of existing ones



Transaction rationale:

- Further diversification of our financing structure and enhancement of our financing flexibility
- After issuing our ESG-linked promissory note: entering the Green Bond market to mark another milestone in our ESG roadmap
- Share of green buildings in our Commercial Portfolio to be expanded from its current level of 11% to around 20% by the end of 2023. Net proceeds from the Green Bond to finance new or existing Green Bond projects/buildings in line with DIC's Green Bond framework
- By growing our Commercial Portfolio further, we are also aiming to achieve an investment grade profile in the medium term

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www.dic-asset.de/en/ir/

For instance

>> Up-to-date company presentation

>> Audio webcast

IR Calendar 2021

23.11.2021	German Equity Forum 2021
01.12.2021	DZ Bank Equity Conference 2021

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