HIGHLIGHTS

- FFO grew by 15% to €27.7 mn
- Strong letting performance with annualised rental income of €15.3 mn
- Management fees rose sharply to €15.0 mn
- Acquisitions of c. €300 mn for fund business
- Significant reduction of joint venture investments
- LTV down to 57.2%
- Guidance 2016 adjusted: higher rental income, acquisition target for funds increased
PERFORMANCE REAL ESTATE MANAGEMENT-PLATFORM

Growth of Assets under Management on track

- **Sales** with a total of c. €106 mn YTD
  - for **optimisation of Commercial Portfolio**: 6 properties (c. €33 mn)
  - for **reduction of joint ventures**: 4 properties from Co-Investments (c. €73 mn), reduction via disposals planned by end of 2017

- **Acquisitions** for growth of AuM: Total of c. €300 mn YTD for fund business, c. €220 mn thereof for planned retail fund

- **Acquisitions target 2016** raised to c. €500 mn

- **Assets under Management** of €3.2 bn:
  - Commercial Portfolio with €1.7 bn
  - Co-Investments with €1.5 bn, thereof €1.2 bn Funds**

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**Transaction volume in € mn**

- DIC OB III: 270
- YTD Sales 2016: c. 106
- YTD Acquisitions 2016: 80–100 *

**Assets under Management in € bn**

- FYe: 3.2, H1 15: 2.1, H1 16: 1.7, 16e: 0.4
- FYe: 3.6, H1 15: 0.7, H1 16: 1.2, 16e: 0.3

*recent transaction not included

**Recent transaction not included**
Case Study: Repositioning and Revitalisation of Elbspeicher, Hamburg

**ACQUISITION (2014 / 2015)**

- DIC Asset acquires historic former warehouse on the Hamburg waterfront for fund “DIC Office Balance II”
- Total area of c. 10,900 sqm with around 40% vacancy

**MANAGEMENT APPROACH**

- Reposition property in the rental market
- Capex of approx. € 2.6 mn invested in modernisation and conversion to hotel space
- Signed long term lease of more than 20 years with Hotel Gold INN in June 2016

**RESULT (2016)**

- Full occupancy achieved within 18 months of purchase
- Annual rental income up 90% from c. € 1.2 mn to € 2.3 mn
- Yield on cost of c. 41%
- WALT more than doubled from around 6 years at time of purchase to c. 13 years
PORTFOLIO DEVELOPMENT

Strong letting performance continues throughout H1 2016

Letting result
annualised rental income in € mn

<table>
<thead>
<tr>
<th></th>
<th>H1 15</th>
<th>H1 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewals</td>
<td>4.0</td>
<td>10.4</td>
</tr>
<tr>
<td>New lettings</td>
<td>2.3</td>
<td>4.9</td>
</tr>
</tbody>
</table>

Top leases

<table>
<thead>
<tr>
<th>Top 3 new lettings</th>
<th>location</th>
<th>sqm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landeshauptstadt München</td>
<td>Munich</td>
<td>19,800</td>
</tr>
<tr>
<td>Angleterre Hotel GmbH &amp; Co. KG</td>
<td>Hamburg</td>
<td>4,400</td>
</tr>
<tr>
<td>Goetzfried AG</td>
<td>Wiesbaden</td>
<td>1,300</td>
</tr>
</tbody>
</table>

Top 3 renewals

<table>
<thead>
<tr>
<th>Top 3 renewals</th>
<th>location</th>
<th>sqm</th>
</tr>
</thead>
<tbody>
<tr>
<td>AXA Konzern AG</td>
<td>Wiesbaden</td>
<td>35,100</td>
</tr>
<tr>
<td>Deutsche Bahn AG</td>
<td>Nuremberg</td>
<td>26,500</td>
</tr>
<tr>
<td>Siemens AG</td>
<td>Erlangen</td>
<td>6,500</td>
</tr>
</tbody>
</table>

Portfolio overview

<table>
<thead>
<tr>
<th></th>
<th>H1 2016</th>
<th>H1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of properties</td>
<td>210</td>
<td>230</td>
</tr>
<tr>
<td>Market value Assets under Management in € bn</td>
<td>3.2</td>
<td>3.2</td>
</tr>
<tr>
<td>Annualised rental income in € mn</td>
<td>113.8</td>
<td>147.9</td>
</tr>
<tr>
<td>WALT in years</td>
<td>4.2</td>
<td>4.4</td>
</tr>
<tr>
<td>Vacancy rate</td>
<td>13.2%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Gross rental yield</td>
<td>6.4%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

- **Lettings** of 143,700 sqm (H1 2015: 62,600 sqm), with **renewals** accounting for annualised rental income of € 10.4 mn, **new lettings** for € 4.9 mn
- **Vacancy rate** of 13.2% mainly caused by DIC Office Balance III transaction in January
- **Maturity structure**: remaining lease expiries in 2016 down to 5%, 56% of annualised rent with maturity from 2020 onwards
FUND BUSINESS

“Warehousing” for planned retail fund

- Retail property portfolio worth €220 mn acquired in July 2016

- 3 fully occupied properties with c. 75,000 sqm and WALT of 11 years
  - 1 hybrid centre (retail, offices, restaurants and a cinema) in Halle with 30,700 sqm
  - 2 shopping centres located in Hamburg with around 44,500 sqm

- Investor targeting towards German institutional investors started - Launch of fund expected by end of 2016
Fund Business

Accelerated expansion of fund business in 2016

- **Transfer of properties** with a market value of around € 270 mn in January to “DIC Office Balance III”
- Four properties worth € 77 mn acquired 2016 YTD for existing funds
- FFO contribution of fund business increased by € 11.6 mn to € 15.2 mn (H1 2015: € 3.6 mn)
- Current fund volume at c. € 1,200 mn, plus properties worth € 220 mn acquired in July for planned retail fund

### Fund volume

- 210
- 275
- 365
- 525
- 650
- 830
- c. 1,400
- *≈1,600

Years: 10, 11, 12, 13, 14, 15, YTD16, 16e

* properties acquired by DIC Asset AG, transfer to new retail fund planned by end of 2016

### FFO contribution

- 2.3
- 1.3
- 3.6
- 14.1
- 15.2

Year: 16e

H1 15: 2.3 1.3
H1 16: 3.6 14.1

Management fees
Equity returns

>100%
FFO increased by 15% to € 27.7 mn

Real estate management fees rose >100% to € 15.0 mn

Interest result improved by 27% to € -23.2 mn

Profit for the period up to € 20.2 mn (>100%)

LTV significantly down to 57.2%
OPERATING RESULT

Total income driven by DIC Office Balance III transaction

- **Gross rental income** lower at € 54.6 mn (H1 2015: 70.4 mn) as budgeted following high sales activities.

- **Management fees** sharply rose to € 15.0 mn mainly due to set-up fee for the DIC OB III fund.

- Sharp rise in **sales proceeds** to € 265.5 mn (H1 2015: € 19.9 mn) primarily caused by DIC OB III transaction.

**Gross rental income**

<table>
<thead>
<tr>
<th></th>
<th>H1 15</th>
<th>H1 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ mn</td>
<td>70.4</td>
<td>54.6</td>
</tr>
</tbody>
</table>

**Management fees**

<table>
<thead>
<tr>
<th></th>
<th>H1 15</th>
<th>H1 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ mn</td>
<td>3.0</td>
<td>15.0</td>
</tr>
</tbody>
</table>

**Sales proceeds**

<table>
<thead>
<tr>
<th></th>
<th>H1 15</th>
<th>H1 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>€ mn</td>
<td>19.9</td>
<td>265.5</td>
</tr>
</tbody>
</table>
Operating costs rose by 8% to €12.6 mn mainly due to increased personnel costs.

Cost ratio* down to 5.2% thanks to higher management fees y-o-y.

* adjusted by set-up fee for DIC O8 III transaction on quarterly basis.
**EARNINGS**

Strong FFO growth

- **FFO** rose 15% to € 27.7 mn (H1 2015: € 24.0 mn)

- Considerably higher **profit for the period** of € 20.2 mn (H1 2015: € 5.0 mn) mainly attributable to improved net interest income, higher management fees and strong sales profits

- **Earnings per share** amounted to € 0.30 after € 0.07 in the previous year
## FFO RECONCILIATION

<table>
<thead>
<tr>
<th>€ mn</th>
<th>H1 2016</th>
<th>H1 2015</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net rental income</td>
<td>46.5</td>
<td>62.7</td>
<td>-26%</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>-4.6</td>
<td>-4.4</td>
<td>+5%</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td>-8.0</td>
<td>-7.3</td>
<td>+10%</td>
</tr>
<tr>
<td>Result of other operating income/expenses</td>
<td>0.3</td>
<td>0.3</td>
<td>+0%</td>
</tr>
<tr>
<td>Management fee income</td>
<td>15.0</td>
<td>3.0</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>Share of the profit of associates *</td>
<td>1.3</td>
<td>1.9</td>
<td>-32%</td>
</tr>
<tr>
<td>Interest result</td>
<td>-22.8</td>
<td>-32.2</td>
<td>-29%</td>
</tr>
<tr>
<td><strong>Funds from operations</strong></td>
<td><strong>27.7</strong></td>
<td><strong>24.0</strong></td>
<td><strong>+15%</strong></td>
</tr>
<tr>
<td>FFO per share in €</td>
<td>0.40</td>
<td>0.35</td>
<td>+14%</td>
</tr>
</tbody>
</table>

* excluding sales and developments of Co-Investment segment

- **FFO margin** (FFO in relation to gross rental income) increased significantly by around 17 pp to 51% due to the decrease in interest expenses and higher management fees

- **FFO per share** up 14% at € 0.40 (H1 2015: € 0.35)
**FINANCIAL STRUCTURE**

**Improved interest result**

- **Interest result** improved 27% to € -23.2 mn (H1 2015: € -31.9 mn) based on lower average interest rate and reduced debt after repayment of loans.

- **Average interest rate*** at 3.4% after favourable refinancings in 2015.

- **Average debt maturities** at 3.6 years (YE 2015: 4.3 years).

- Around 88% of debt **long-term hedged** against interest rate fluctuations (YE 2015: 89%).

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* based on bank liabilities.
**LTV**

Significant reduction of LTV

- **Loan-to-value ratio** in %
  - 30.06.2015: 65.5
  - 31.12.2015: 62.6
  - 31.03.2016: 58.8
  - 30.06.2016: 57.2
  - Reduction of LTV by 540 bp to 57.2% (YE 2015: 62.6%)

- **Equity and liabilities** in EUR thousand
  - 30.06.2015: Equity 794, Liabilities 1,739
  - 31.03.2016: Equity 801, Liabilities 1,400
  - 30.06.2016: Equity 810, Liabilities 1,389
  - Total equity increased by € 18 mn to € 809.9 mn (YE 2015: € 792.1 mn)
  - Loan-to-value ratio reduced significantly by 540 bp to 57.2% (YE 2015: 62.6%)
GUIDANCE 2016
Higher rental income and acquisition volume for funds

Targets for 2016

△ Gross rental income target raised from c. € 100 mn to € 105 – 107 mn due to good letting results and effective disposals in 2016 later than originally planned

△ FFO of € 43 – 45 mn

△ Guidance for acquisition volume of fund business increased from € 400 – 450 mn to c. € 500 mn*

△ Ongoing portfolio optimisation with disposals of around € 80 – 100 mn from Commercial Portfolio

* transaction of DIC Office Balance III not included
THANK YOU!

For more information:
www.dic-asset.de/ir

For instance:
- Up-to-date company presentation
- Recording and presentation of Conference Call

If you have further questions, please don’t hesitate to ask us.

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