

Q3 2019

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QUARTERLY STATEMENT

## DEAR SHAREHOLDERS,

Today we are presenting you our report for the first nine months of 2019. This report impressively demonstrates the excellent progress we are making in harnessing our unique and diversified business model to create value that is successfully reflected in our key performance indicators and results.

Our aim is to enhance value along the entire value chain and for the duration of the real estate life cycle. We are doing this with increasing success based on our well-advanced portfolio development activities and in the institutional business, which we have efficiently expanded with the acquisition of the German Estate Group. Our Commercial Portfolio is also continuing its steady upward trend as a result of continuous optimisation and diversification.

The key headlines after nine months are:

- Assets under management up 43% to EUR 7.3 billion
- Transactions currently around EUR 1.26 billion – exceeding our 2018 transaction record after just nine months
- With annualised rental income of EUR 18.0 million, letting performance is considerably up on the previous year (9M 2018: EUR 16.8 million), with average rent per sqm for new leases and renewals rising by 22%
- Significant improvement in Commercial Portfolio quality:
  - EPRA vacancy rate of 7.3%, down 110 basis points
  - Annualised rental income up 4% to EUR 103 million; up 1.7% to EUR 93.9 million on a like-for-like basis
  - WALT increased from 5.1 years to 6.2 years

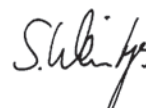
- Dynamic growth in real estate management fees by 69% to EUR 38.9 million
- Sharp rise in funds from operations (FFO) by 40% to EUR 68.5 million

DIC Asset AG's nine-month results underline the exceptional, highly reliable and profitable synergies between our management expertise, both on the institutional investor platform and in our own portfolio, as well as our capital-efficient use of resources. According to our detailed analysis, both segments have an enterprise value of between EUR 20.71 and EUR 22.21 per share (details follow in report).

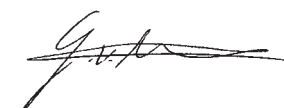
Based on our results and activities, we expect that we will continue to successfully strike DIC Asset's typical profitable balance between dynamic growth, opportunism, and reliable, attractive dividends in the interests of our shareholders.

We are therefore confirming our higher growth target for transactions, updating our forecast for rental income at the upper end of the range at EUR 100.0 million and lifting our full-year 2019 target for funds from operations (FFO) to EUR 95 million.

Frankfurt am Main, October 2019



Sonja Wärrntges



Johannes von Mutius

HIGHLIGHTS

Q3 2019

**AuM**  
**EUR 7.3 billion**  
**+43 %**



**FFO**

increases by 40 % to EUR 68.5 million, full-year guidance increased to EUR 95 million



**NAV**

incl. valuation of Institutional Business in a range of EUR 20.71 to EUR 22.21 per share



**LETTING PERFORMANCE**

of EUR 18 million with a 22 % increase in average rent to EUR 12.02/sqm for signed leases



**REAL ESTATE MANAGEMENT FEES FROM INSTITUTIONAL BUSINESS**

increase by 69 % to EUR 38.9 million



**EPRA VACANCY RATE**

of the Commercial Portfolio reduced by 110 bps to 7.3 %



**FINANCIAL STRUCTURE**

improved significantly; average interest rate drops to 2.1 %



**LIKE-FOR-LIKE**

annualised rental income increased by 1.7 % in the Commercial Portfolio



**WALT**

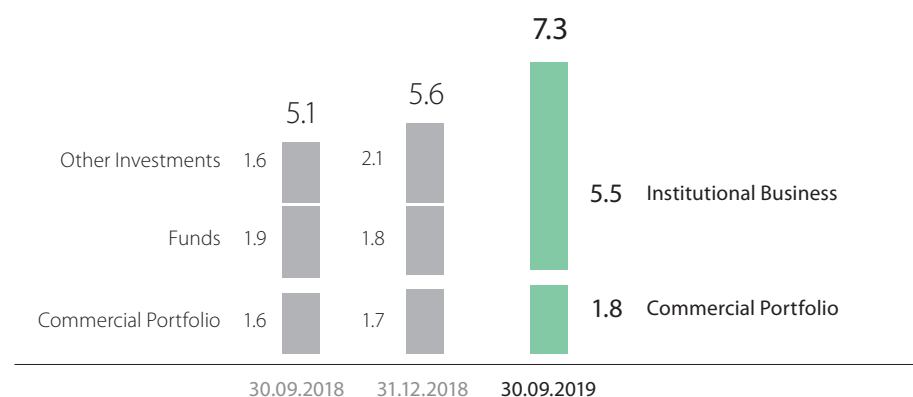
in the Commercial Portfolio rises from 5.1 to 6.2 years

# ASSET- AND PROPERTY MANAGEMENT PERFORMANCE (1/4)

## Strong growth in assets under management

### ASSETS UNDER MANAGEMENT

in EUR billion



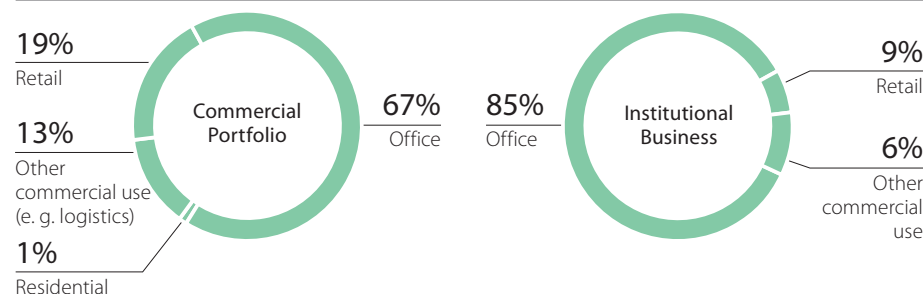
### PORTFOLIO BY SEGMENT

		Commercial Portfolio	Institutional Business	Total
Number of properties	30.09.2019	96	77	173
	31.12.2018	101	77	178
	30.09.2018	103	78	181
Market value in EUR million *	30.09.2019	1,800.9	5,513.6	7,314.5
	31.12.2018	1,696.8	3,948.9	5,645.7
	30.09.2018	1,576.1	3,492.9	5,069.0
Rental space in sqm	30.09.2019	903,400	1,112,200	2,015,600
	31.12.2018	893,500	966,700	1,860,200
	30.09.2018	906,300	947,600	1,853,900

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

- **Assets under management** rose by 43 % year-on-year to EUR 7.3 billion (30 September 2018: EUR 5.1 billion), distributed across 173 properties with rental space of around 2.0 million sqm
- As of 30 September 2019, the **Commercial Portfolio** comprised 96 properties with a market value of approx. EUR 1.8 billion (30 September 2018: 103 properties totalling EUR 1.6 billion). The rental space of approx. 0.9 million sqm in the Commercial Portfolio is allocated as follows: 67 % offices, 19 % retail and wholesale, 13 % Other commercial use, and 1 % residential
- Assets under management in the **Institutional Business** as of 30 September 2019 increased to approx. EUR 5.5 billion (30 September 2018: EUR 3.5 billion, of which EUR 1.9 billion in the former Funds segment and EUR 1.6 billion in the former Other Investments segment). The rental space of approx. 1.1 million sqm in the Institutional Business is allocated as follows: 85 % offices, 9 % retail and wholesale, and 6 % Other commercial use

### TYPES OF USE Basis: annualised rental income



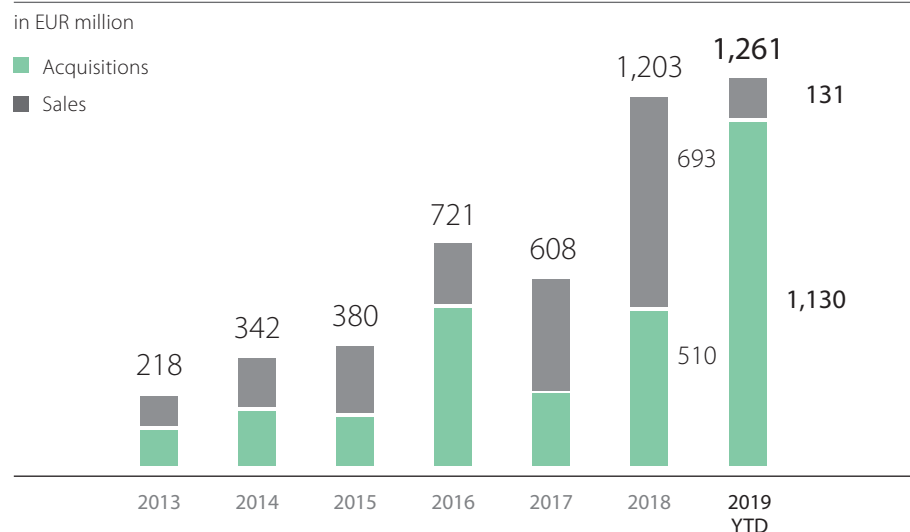
## ASSET- AND PROPERTY MANAGEMENT PERFORMANCE (2/4)

### Acquisition volume exceeds the EUR 1 billion mark

#### TRANSACTIONS IN 2019

in EUR million (Number of properties)	Notarisations in 2019 YTD	Notarisations in 2019 / Transfer of possession, benefits and assoc. risks in 2019 YTD	Notarisations in 2018 / Transfer of possession, benefits and assoc. risks in 2019 YTD
<b>Acquisitions</b>			
Commercial Portfolio	216 (4)	73 (2)	45 (1)
Institutional Business	914 (11)	780 (8)	466 (4)
<b>Total</b>	<b>1,130 (15)</b>	<b>853 (10)</b>	<b>511 (5)</b>
<b>Sales</b>			
Commercial Portfolio	58 (8)	21 (6)	27 (2)
Institutional Business	73 (2)	73 (2)	1 (1)
<b>Total</b>	<b>131 (10)</b>	<b>94 (8)</b>	<b>28 (3)</b>

#### TRANSACTION VOLUME



- Our transaction teams have already surpassed the record figure for 2018 (EUR 1.2 billion) with a **transaction volume** of EUR 1.26 billion to date
- On the **acquisition side**, 15 properties with a total volume of over EUR 1.1 billion (total investment cost) were purchased:
  - 4 properties for around EUR 216 million for the Commercial Portfolio
  - 11 properties for around EUR 914 million for the Institutional Business
- On the **sales side**, the sale of 10 properties with a total value of around EUR 131 million has been notarised to date this year:
  - 8 properties for around EUR 58 million from the Commercial Portfolio
  - 2 properties with a value of EUR 73 million from the Institutional Business

## ASSET- AND PROPERTY MANAGEMENT PERFORMANCE (3/4)

### Selected acquisition since 30 June 2019

#### “ILS Headquarters” in Hamburg

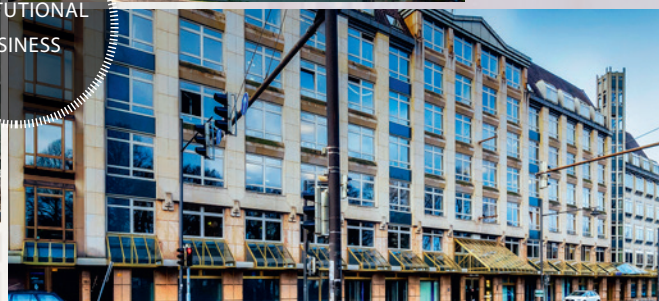
- Fund: GEG Public Infrastructure I
- Rental space of around 11,100 sqm
- Fully let; long-distance learning institute ILS as main tenant
- WALT: 13.5 years



INSTITUTIONAL  
BUSINESS

#### “LaVie” in Düsseldorf

- Acquired for planned fund
- Rental space of around 12,900 sqm
- Good office tenant mix (15 tenants)
- WALT: 3.8 years



#### Office ensemble in Bremen

- Fund: DIC Office Balance V
- Offices with total space of around 17,200 sqm
- WALT: 4.9 years
- High value-add potential through planned refurbishment
- Top downtown location



COMMERCIAL  
PORTFOLIO

#### “SAFE” - modern office building in Berlin-Mitte

- Rental space of around 10,100 sqm
- WALT: 5.1 years
- Fully let to Deutsche Kreditbank Aktiengesellschaft (DKB)
- First-class location, not far from Friedrichstraße, Gendarmenmarkt and Unter den Linden boulevard
- FFO contribution: EUR 3.0 million p.a.
- FFO yield on equity employed: 4.8%



#### Retail warehouse park in Stockstadt

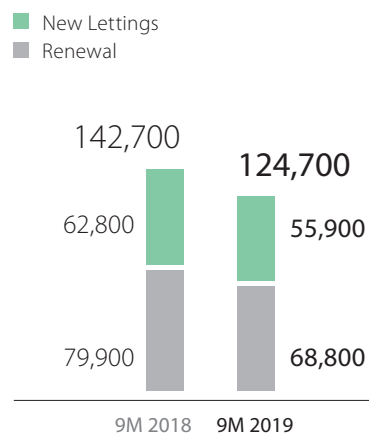
- Rental space of around 9,100 sqm
- Refurbished in 2017 and 2018
- Anchor tenant: REWE and Müller chain of drugstores (90% of space)
- WALT: >11 years
- FFO contribution: EUR 1.2 million p.a.
- FFO yield on equity employed: 8.5%

# ASSET- AND PROPERTY MANAGEMENT PERFORMANCE (4/4)

## Strong increase in average rent achieved for contracts signed

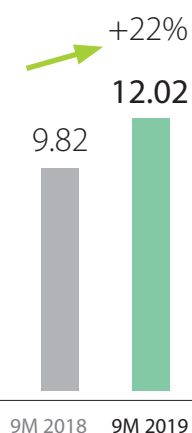
### LETTING STRUCTURE

in sqm



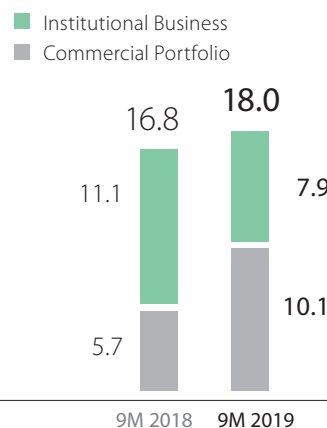
### AVERAGE RENT

in Euro/sqm



### LETTING STRUCTURE

annualised rental income in EUR million



- **Letting performance** in the first nine months amounted to 124,700 sqm, of which 55 % (68,800 sqm) was attributable to lease renewals and 45 % (55,900 sqm) to new leases
- The **average rent per sqm** of signed contracts rose significantly by 22 %, from EUR 9.82 to EUR 12.02
- Our lettings teams were able to secure agreements with **annualised rental income** of EUR 18.0 million (9M 2018; EUR 16.8 million), an increase on the previous year:

- The Commercial Portfolio contributed EUR 10.1 million (56 %)
- The Institutional Business generated EUR 7.9 million (44 %)

- The 2019 **lease expiry volume** fell to just 1.7% as a result of letting activities. Almost 70 % of leases expire in 2023 or later

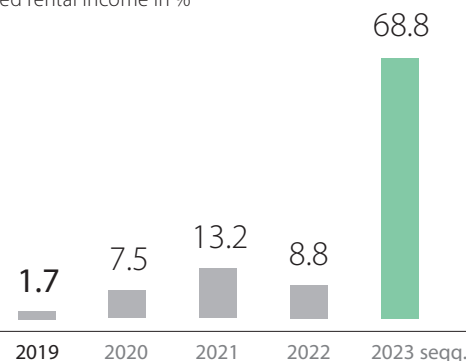
### TOP LETTINGS

NH Hotels Deutschland GmbH	R	Commercial Portfolio	Düsseldorf	15,000 sqm
Landesbetrieb Vermögen u. Bau Baden Württemberg	R	Commercial Portfolio	Mannheim	9,700 sqm
Landeshauptstadt Düsseldorf	N	Institutional Business	Düsseldorf	8,100 sqm
ver.di Vereinte Dienstleistungsgewerkschaft	R	Commercial Portfolio	Saalfeld	6,900 sqm
Ricoh Deutschland	R	Institutional Business	Hannover	6,900 sqm

N - New Lettings, R - Renewal

### LEASE MATURITY

annualised rental income in %



## COMMERCIAL PORTFOLIO SEGMENT

### Significant increase in portfolio quality

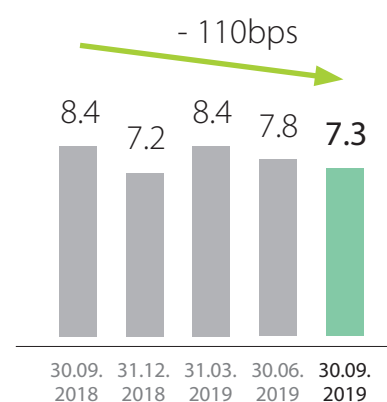
#### DEVELOPMENT OF THE COMMERCIAL PORTFOLIO\*

	30.09.2019	31.12.2018	30.09.2018
Number of properties	96	101	103
Market value (in EUR million)	1,800.9	1,696.8	1,576.1
Rental space in sqm	903,400	893,500	906,300
Annualised rental income in EUR million	103.0	97.6	97.9
Avg. rent per sqm in EUR	9.96	9.64	9.61
WALT in years	6.2	5.8	5.1
EPRA vacancy rate in %	7.3	7.2	8.4
Gross rental yield in %	5.7	5.9	6.4

\* all figures excluding repositioning properties except for number of properties, market values and rental space

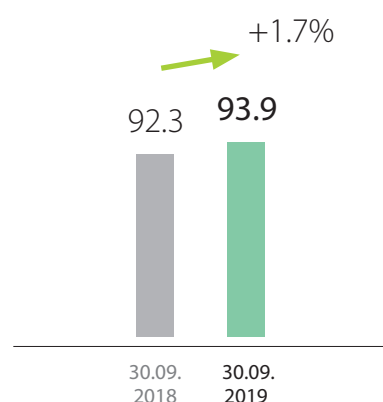
#### EPRA VACANCY RATE

in % \*



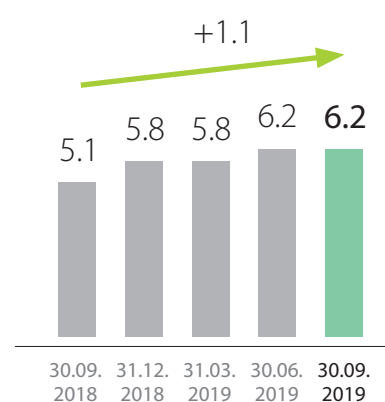
#### LIKE-FOR-LIKE RENTAL INCOME

in EUR million \*



#### WALT

in years \*



\* excluding repositioning and warehousing properties

- As of 30 September 2019, the Commercial Portfolio comprised 96 properties with a **market value** of approx. EUR 1.8 billion (30 September 2018: EUR 1.6 billion, 103 properties) and **rental space** of 903,400 sqm
- As a result of the strong letting performance, the **EPRA vacancy rate** fell by 110 basis points year-on-year to 7.3 % (Q3 2018: 8.4 %)
- **Annualised rental income** rose to EUR 103.0 million (Q3 2018: EUR 97.9 million) due to lettings and acquisitions, while **like-for-like rental income** grew by 1.7 % to EUR 93.9 million
- The weighted average lease term (**WALT**) increased significantly year-on-year from 5.1 years to 6.2 years



## PROPERTY DEVELOPMENT

### Successful portfolio development in the Commercial Portfolio

Darmstadt Regional Council celebrates progress of Wilhelminenhaus project



- > Large parts of redevelopment complete
- > Staff almost ready to return

- The Wilhelminenhaus, the headquarters of the Darmstadt Regional Council, have been undergoing a full renovation since December 2018
- Upgrading of technical equipment, accessible redevelopment and the installation of a photovoltaic system on the roof
- Investment cost: approx. EUR 34 million
- DIC Asset arranged alternative premises for the tenant in Darmstadt for the approximately 18-month duration of the renovation work. This ensured that the Regional Council's work could continue without interruption during this period
- Scheduled completion and occupation of renovated office space expected in first quarter of 2020



## PROPERTY DEVELOPMENT

Successful portfolio development in the Institutional Business



Administration building in Wiesbaden  
Construction progress celebrated with future property users

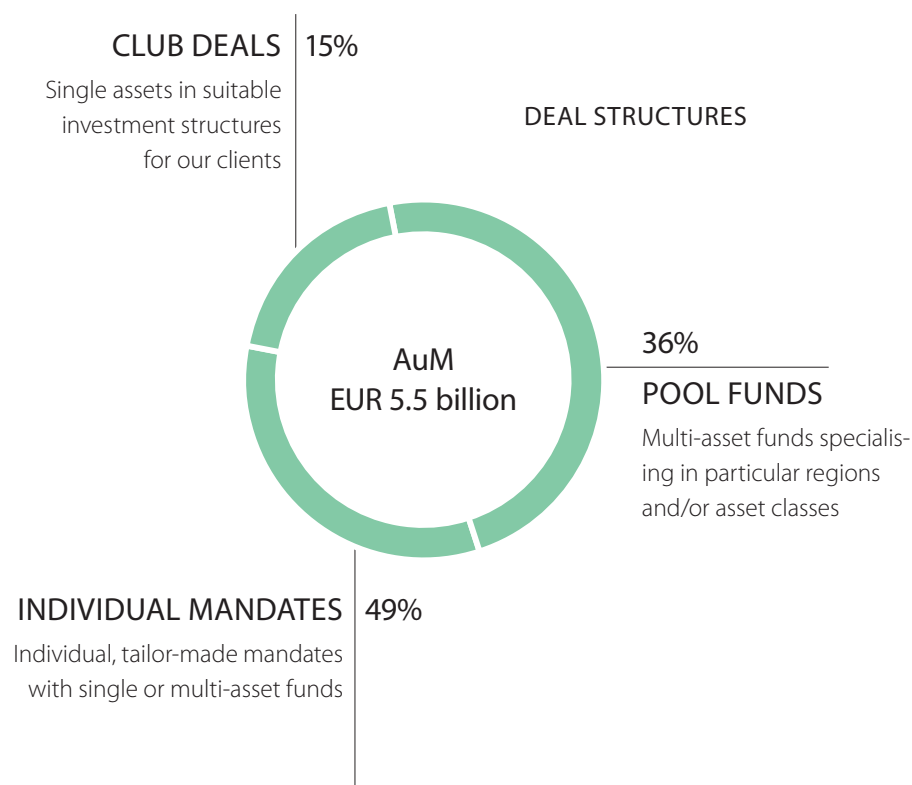
- Around 25,000 sqm of lettable space
- Repositioning after departure of previous anchor tenant
- Fully let to the Institute for Federal Real Estate (Bundesanstalt für Immobilienaufgaben); to be used by the BKA
- Scheduled completion of renovation work and move in by new user planned for early 2020
- Central location in Wiesbaden city centre
- Property of the DIC Office Balance I fund portfolio

> New Federal Criminal Police Office (Bundeskriminalamt, BKA) site in Frankfurter Straße for around 850 civil servants

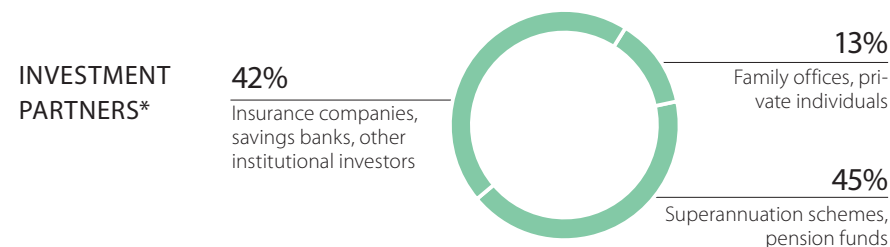


## INSTITUTIONAL BUSINESS SEGMENT

### Individual investment strategies with distinct profiles



- Our Institutional Business segment is managed by our **subsidiary GEG**, which had assets under management totalling EUR 5.5 billion as of 30 September 2019 (30 September 2018: EUR 3.5 billion)
- **Pool funds** include the successful DIC Office Balance fund series, as well as the funds GEG Public Infrastructure I and GEG Deutschland Value I with around EUR 2.0 billion (36%) in assets under management
- We offer our clients core properties such as the **ibc Campus** or the **Japan Tower** in Frankfurt in suitable investment structures such as **club deals**. We currently manage five club deals with AuM of EUR 0.8 billion (15%)
- For selected investors, we design **individual mandates** tailored to their specific needs (currently 11 with AuM of EUR 2.7 billion), predominantly with landmark assets (49%)



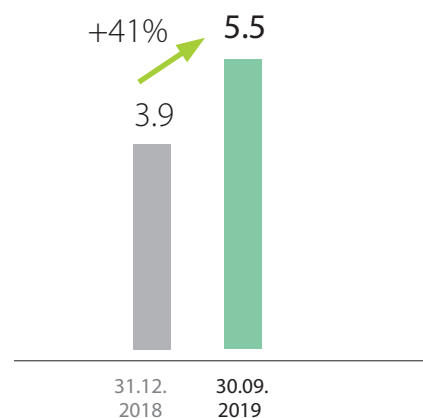
\* Percentages based on Assets under Management

# INSTITUTIONAL BUSINESS SEGMENT

## Sharp rise in real estate management fees – sustainable income from transaction business

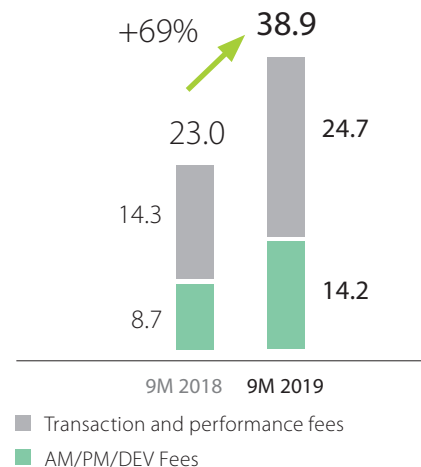
### ASSETS UNDER MANAGEMENT

in EUR billion



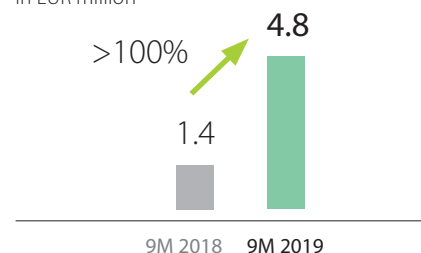
### MANAGEMENT FEES

in EUR million



### SHARE OF THE PROFIT OF ASSOCIATES

in EUR million



- **Real estate management fees** from the Institutional Business increased by 69% to EUR 38.9 million in the first nine months of 2019 (9M 2018: EUR 23.0 million)
- **Fees for asset and property management and development** are strongly correlated with assets under management and rose by 63% to EUR 14.2 million (9M 2018: EUR 8.7 million)
- **Transaction and performance fees**, i.e. fees for acquisitions and disposals and the setup of investment products as well as for exceeding defined IRR hurdles via successful real estate management, also rose significantly by 73% to EUR 24.7 million in the first nine months of the year (9M 2018: EUR 14.3 million)
- In addition to management fees, we also generate **share of the profit of associates** from our equity investments in investment products in the Institutional Business. These amounted to EUR 4.8 million in the first nine months of 2019 (9M 2018: EUR 1.4 million)

## INCOME STATEMENT

### Strong rise in income from Institutional Business lifts profit for the period

#### CONSOLIDATED INCOME STATEMENT

in EUR million	Q3 2019	Q3 2018	Δ
Gross rental income	75.6 <sup>1</sup>	75.2	0%
Profit on disposal of properties	4.4	14.0	-69%
Real Estate Management fees	38.9 <sup>2</sup>	23.0	69%
Share of the profit of associates	17.7 <sup>3</sup>	11.6	53%
Net other income	0.5	0.0	>100%
Operating expenses	-30.9 <sup>4</sup>	-22.6	37%
Administrative expenses	-12.1	-8.9	36%
Personnel expenses	-18.8	-13.7	37%
Depreciation and amortisation	-24.8	-22.1	12%
Net interest result	-25.2 <sup>5</sup>	-27.5	-9%
Interest income	7.7	6.8	14%
Interest expenses	-32.9	-34.3	-4%
<b>Profit for the period</b>	<b>40.0 <sup>6</sup></b>	<b>33.9</b>	<b>18%</b>

- 1** **Gross rental income** is slightly up year-on-year to EUR 75.6 million (Q3 2018: EUR 75.2 million). Rent increases, new leases and acquisitions exceeded the decline in rental income as a result of sales
- 2** **Real estate management fees** increased sharply by 69% to EUR 38.9 million (Q3 2018: EUR 23.0 million), thus already surpassing the full-year figure for 2018. Due to the increase in assets under management and the high transaction volume, asset and property management and development fees (EUR 14.2 million, +63%) as well as transaction and performance fees (EUR 24.7 million, +73%) rose significantly
- 3** The **share of the profit of associates** also increased considerably by 53% to EUR 17.7 million (Q3 2018: EUR 11.6 million), driven by EUR 3.1 million higher investment income from the Institutional Business on the one hand and the EUR 2.7 million increase in the TLG dividend on the other hand
- 4** **Operating expenses** rose by 37% to EUR -30.9 million (Q3 2018: EUR -22.6 million), driven by the integration of GEG. This figure includes transaction costs of EUR 2.2 million as of Q3 2019. Expected synergy effects (from 2020) are not yet reflected in this figure
- 5** **Net interest result** improved to EUR -25.2 million (Q3 2018: EUR -27.5 million) as a result of higher interest income and better financing conditions
- 6** **Profit for the period** rose by 18% to EUR 40.0 million (Q3 2018: EUR 33.9 million) due to the increase in real estate management fees and the higher share of the profit of associates

## FFO

FFO matches 2018 full-year figure after just nine months

### RECONCILIATION TO FFO

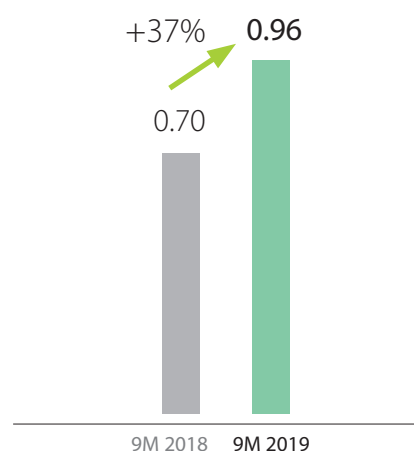
in EUR million	9M 2019	9M 2018	Δ
Net rental income	65.5	63.5	+3%
Administrative expenses	-12.1	-8.9	+36%
Personnel expenses	-18.8	-13.7	+37%
Other operating income/expenses	0.5	0.0	>100%
Real estate management fees	38.9	23.0	+69%
Share of the profit or loss of associates without project developments and sales	17.7	11.6	+53%
Net interest result	-25.2	-27.5	-8%
Other adjustments*	2.0	1.0	+100%
<b>Funds from operations (FFO)</b>	<b>68.5</b>	<b>49.0</b>	<b>+40%</b>

\* The other adjustments include:

- Transaction, legal and consulting costs of EUR 1,852 thousand (previous year: EUR 1,032 thousand)
- Administrative expenses and personnel costs of EUR 128 thousand (previous year: EUR 0 thousand)

### FFO PER SHARE

in EUR



- FFO rose by 40% to EUR 68.5 million, mainly as a result of significantly higher real estate management fees, a sharp increase in the share of the profit of associates, higher net rental income and improved net interest result. The transaction-related increase in operating expenses had an offsetting effect
- FFO per share increased by 37% to EUR 0.96 (adjusted pursuant to IFRS; 9M 2018: EUR 0.70)

# SEGMENT REPORTING

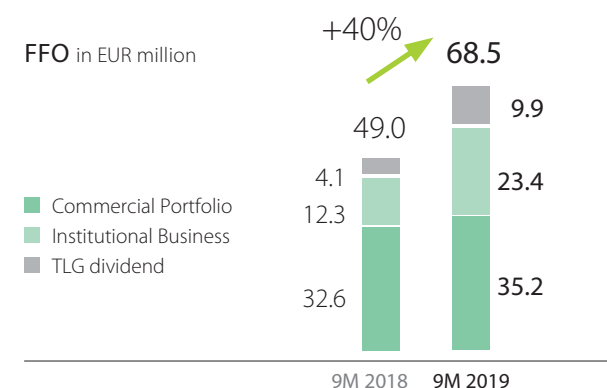
## Growing FFO contribution from Institutional Business

### SEGMENT REPORTING

in EUR million	9M 2019				9M 2018			
	Commercial Portfolio	Institutional Business	TLG dividend	Total	Commercial Portfolio	Institutional Business	TLG dividend	Total
<b>Key earnings figures</b>								
Gross rental income (GRI)	75.6			75.6	75.2			75.2
Net rental income (NRI)	65.5			65.5	63.5			63.5
Profits on property disposals	4.4			4.4	14.0			14.0
Real estate management fees		38.9		38.9		23.0		23.0
Share of the profit or loss of associates		4.8	12.9	17.7		1.4	10.2	11.6
Net interest result	-21.8	-1.8	-1.6	-25.2	-21.0	-1.5	-5.0	-27.5
Operational expenditure (OPEX)	-8.7	-20.7	-1.5	-30.9	-10.2	-11.3	-1.1	-22.6
- thereof administrative costs	-3.1	-8.5	-0.5	-12.1	-4.0	-4.5	-0.4	-8.9
- thereof personnel costs	-5.6	-12.2	-1.0	-18.8	-6.1	-6.8	-0.7	-13.7
Other adjustments*	-0.2	2.2	0.0	2.0	0.2	0.8	0.0	1.0
Funds from Operations (FFO)	35.2	23.4	9.9	68.5	32.6	12.3	4.1	49.0

\* The other adjustments include:  
 - Transaction, legal and consulting costs of EUR 1,852 thousand (previous year: EUR 1,032 thousand)  
 - Administrative expenses and personnel costs of EUR 128 thousand (previous year: EUR 0 thousand)

- At EUR 35.2 million, the contribution made by the **Commercial Portfolio** segment was up 8% year-on-year, due to higher net rental income and lower operating expenses. Net interest result decreased slightly as a result of acquisitions
- The **Institutional Business** segment contributed EUR 23.4 million (9M 2018: EUR 12.3 million), an increase of 90% driven by higher real estate management fees and an increase in the share of the profit of associates. The transaction-related increase in operating expenses had an offsetting effect



## BALANCE SHEET

### Increase in total assets due to acquisitions

#### BALANCE SHEET OVERVIEW

in EUR million	30.09.2019	31.12.2018
Total assets	2,593.2 <sup>1</sup>	2,490.1
Non-current assets	2,045.4 <sup>2</sup>	2,086.5
– thereof goodwill	173.0 <sup>2</sup>	0
Current assets	547.8 <sup>2</sup>	403.6
Total equity	929.0 <sup>3</sup>	895.9
Non-current loans and borrowings	1,273.6 <sup>4</sup>	1,181.0
Current loans and borrowings	272.5 <sup>4</sup>	300.1
Other liabilities	118.1	113.0
Total liabilities	1,664.2	1,594.1
Balance sheet equity ratio	35.8% <sup>5</sup>	36.0%

- 1** The balance sheet for the first nine months is dominated by acquisitions for the Commercial Portfolio and Institutional Business, the acquisition of GEG and the sale of the TLG equity investment. Total assets rose by EUR 103.1 million overall
- 2** **Non-current assets**, including a goodwill of EUR 173 million following the acquisition of GEG, increased mainly due to acquisitions of properties and the GEG. The sale of the TLG stake had an offsetting impact. **Current assets** rose driven by assets held for sale, which concerns properties we acquired for further placement in the Institutional Business segment
- 3** **Equity** rose by a total of EUR 33.1 million to EUR 929.0 million as a result of the profit for the period and the increase in capital reserves recorded in connection with the scrip dividend. The cash dividend in the amount of EUR 17.8 million had an offsetting effect
- 4** **Loans and borrowings** increased by approx. EUR 65 million compared with 31 December 2018. Current loans and borrowings decreased as a result of the repayment of the 14/19 bond (volume of EUR 175 million). Liabilities related to assets held for sale had an offsetting effect of EUR 107.3 million. Non-current financial liabilities rose due to the placement of the EUR 150 million promissory note
- 5** At 35.8%, the **equity ratio** is at a similar level to 31 December 2018, despite an increase in total assets

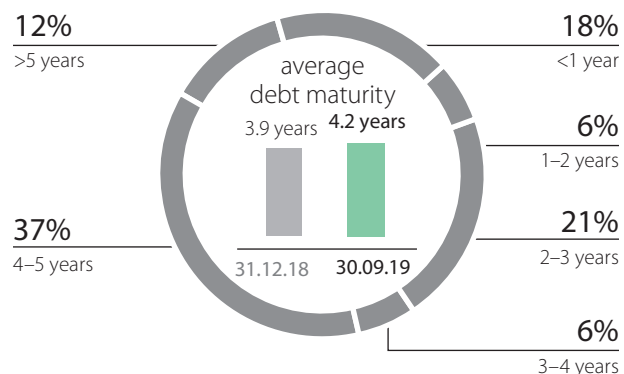


# FINANCIAL STRUCTURE

Significant strengthening of financial profile by reducing interest rates and extending maturities

## MATURITIES OF LOANS AND BORROWINGS\*

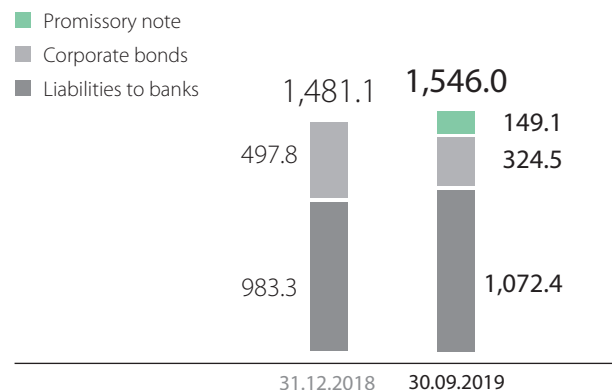
as at 30.09.2019



\* incl. bonds/IFRS 5

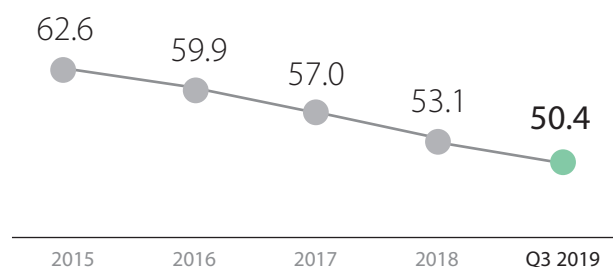
## COMPOSITION OF FINANCIAL DEBT

in EUR million



## LTV\*

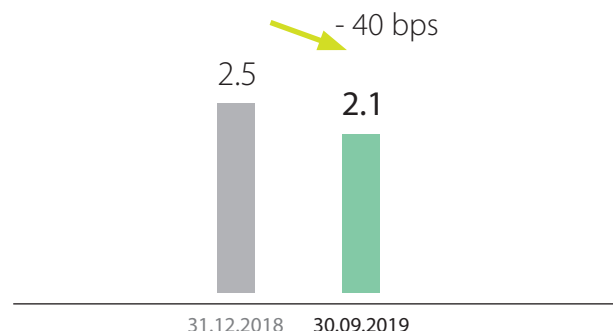
in %



\* 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 and intangible assets, e.g. goodwill on the other hand, adjusted for warehousing.

## AVERAGE INTEREST RATE

in % of total financial debt



- In the third quarter, we placed a **promissory note** with a total volume of EUR 150 million, an average interest rate of 1.58% and an average maturity of 5.4 years. We also repaid the **14/19 Bond** with a volume of EUR 175 million and a coupon of 4.625%
- The **weighted average maturity of loans and borrowings** rose considerably to 4.2 years (31 December 2018: 3.9 years)
- The **average interest rate on loans and borrowings** decreased by 40 bps to 2.1% compared with 31 December 2018
- The **interest cover ratio** (ICR, the ratio of EBITDA to net interest result) improved to 382% compared with year-end 2018 (332%)
- Around 91% of our financial debt is **fixed-rate**
- Adjusted for warehousing, the **LTV ratio** fell by 270 bp to 50.4%

## REVALUATION OF THE BUSINESS MODEL AFTER GEG ACQUISITION (1/2)

### Economic Value of the Institutional Business is not fully reflected in EPRA-NAV

#### EPRA NAV

in EUR million	30.09.2019	31.12.2018
Carrying amount of investment properties	1,540,956	1,459,002
Real estate assets acc. to IFRS 5	175,804	25,166
Fair value adjustment	233,333	212,604
<b>Market value of real estate assets</b>	<b>1,950,093</b>	<b>1,696,772</b>
Carrying amount of equity investments	80,301	86,988
Fair value adjustment	23,887	34,887
<b>Market value of equity investments</b>	<b>104,188</b>	<b>121,875</b>
+/- Other assets/liabilities (excluding goodwill)	573,949	831,034
Adjustment of other assets/liabilities*	-54,056	-73,804
Net loan liabilities at carrying amount	-1,438,784	-1,481,104
Net loan liabilities in accordance with IFRS 5	-107,250	0
Non-controlling interests	-9,532	-8,946
Goodwill (adjusted)**	162,869	0
<b>EPRA NAV</b>	<b>1,181,477</b>	<b>1,085,827</b>
<b>EPRA-NAV per share (in EUR) ***</b>	<b>16.36</b>	<b>15.40</b>

\* Adjusted for deferred taxes (EUR +18,264 thousand; previous year: EUR +6,058 thousand), financial instruments (EUR -3,766 thousand; previous year: EUR -54,668 thousand) and IFRS 5 assets and liabilities (EUR -68,554 thousand; previous year: EUR -25,194 thousand)

\*\* Adjusted for deferred taxes (EUR -10,129 thousand)

\*\*\* Based on 72,213,775 shares (previous year: 70,526,248 shares)

- DIC generates diversified cash flows (FFO) from rental income (Commercial Portfolio) and a range of real estate management services provided to third parties (Institutional Business)
- Only a portion of the value of real estate management services provided by the Institutional Business is reflected in EPRA-NAV via the goodwill recognised in the balance sheet
- **EPRA NAV** excluding the valuation of cash flows from real estate management services amounted to EUR 1.181 billion as of 30 September 2019 (31 December 2018: EUR 1.086 billion), representing an increase of around 9%
- **EPRA-NAV per share** rose to EUR 16.36 per share as of 30 September 2019 (31 December 2018: EUR 15.40 per share)

## REVALUATION OF THE BUSINESS MODEL AFTER GEG ACQUISITION (2/2)

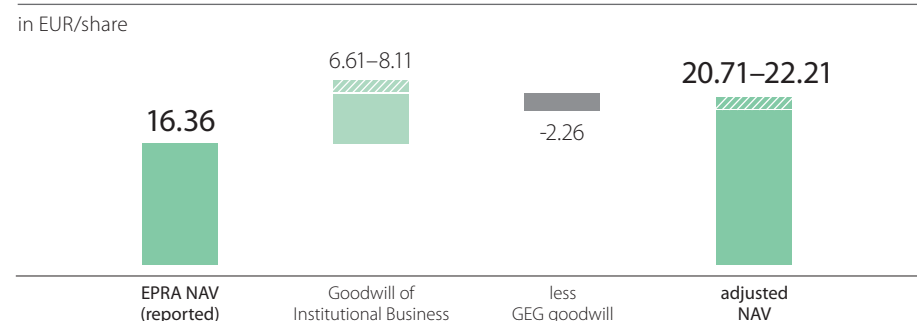
Total value of the Institutional Business amounts from EUR 6.61 to EUR 8.11 per share

### EBITDA CONTRIBUTION FROM INSTITUTIONAL BUSINESS

in EUR million	9M 2019	9M 2018	Δ
Asset- and Propertymanagement Fees and Development Fees	14.2	8.7	+63%
Transaction and Performance Fees	24.7	14.3	+73%
Real estate management fees	38.9	23.0	+69%
Administrative expenses	-8.5	-4.5	+89%
Personnel expenses	-12.2	-6.8	+79%
Operating expenses	-20.7	-11.3	+83%
Share of the profit or loss of associates	4.8	1.4	+>100%
EBITDA	23.0	13.1	+76%

- In addition to EPRA NAV, we determine the value of our Institutional Business segment using the multiplier method to reflect the missing service revenues in the EPRA NAV
- We use EV/EBITDA multiples of 10.6 to 13.0 observed on the market (incl. GEG transaction) as an EBITDA multiplier
- Based on the expected EBITDA contribution of around EUR 45 million from the Institutional Business for the **2019 financial year**, this corresponds to a figure of EUR 477 million to EUR 585 million in absolute terms or an additional value of EUR 6.61 to EUR 8.11 per share
- Of this amount, EUR 163 million or EUR 2.26 per share has already been included in the EPRA NAV calculation via the adjusted goodwill of GEG
- The remaining portion reflects the unrecognised value of real estate management services and increases the adjusted NAV per share by 27–36% to EUR 20.71–22.21 as of 30 September 2019

### NAV RECONCILIATION (INCLUDING VALUE OF INSTITUTIONAL BUSINESS)





## APPENDIX

### DIC ASSET AG AT A GLANCE

Key financial figures in EUR million	9M 2019	9M 2018	Δ	Q3 2019	Q3 2018	Δ
Gross rental income	75.6	75.2	+1%	25.9	24.9	+4%
Net rental income	65.5	63.5	+3%	22.5	21.0	+7%
Real estate management fees	38.9	23.0	+69%	21.4	10.7	>100%
Proceeds from sales of property	47.5	71.2	-33%	31.4	20.0	+57%
Total income	178.8	185.3	-4%	84.7	60.9	+39%
Profits on property disposals	4.4	14.0	-69%	2.7	2.9	-7%
Share of the profit or loss of associates	17.7	11.6	+53%	1.9	0.8	>100%
Funds from Operations (FFO)	68.5	49.0	+40%	25.5	17.0	+50%
EBITDA	96.1	89.5	+7%	34.9	28.2	+24%
EBIT	71.2	67.4	+6%	25.7	20.8	+24%
EBT	46.1	39.9	+16%	17.5	12.4	+41%
EPRA earnings	62.7	43.6	+44%	22.4	14.2	+58%
Profit for the period	40.0	33.9	+18%	14.1	10.0	+41%
Cash flow from operating activities	50.4	49.8	+1%	8.1	15.2	-47%

Key financial figures per share in EUR*	9M 2019	9M 2018	Δ	Q3 2019	Q3 2018	Δ
FFO	0.96	0.70	+37%	0.36	0.25	+44%
EPRA earnings	0.88	0.62	+42%	0.31	0.20	+55%
Earnings	0.56	0.49	+14%	0.19	0.14	+36%

Balance sheet figures in EUR million	30.09.2019	31.12.2018
Loan-to-value ratio (LTV) in %***	50.4	53.1
Investment property	1,540.9	1,459.0
Total equity	929.0	895.9
Financial liabilities	1,546.0	1,481.1
Total assets	2,593.2	2,490.1
Cash and cash equivalents	280.6	286.9

EPRA key figures in EUR million	9M 2019	9M 2018	Δ
EPRA earnings	62.7	43.6	44%
EPRA NAV	1,181.5	1,085.8	9%

EPRA key figures per share in EUR million	9M 2019	9M 2018	Δ
EPRA earnings per share	0.88	0.62	42%
EPRA NAV per share	16.36	15.40	6%

Key operating figures	9M 2019	9M 2018
Letting result in EUR million	18.0	16.8
EPRA vacancy rate Commercial Portfolio** in %	7.3	8.4

\* all per share figures adjusted in accordance with IFRS as per 9M 2019: 71,544,743 (9M 2018: 69,766,459)

\*\* without repositioning properties

\*\*\* adjusted for warehousing

**CONSOLIDATED FINANCIAL STATEMENT** for the period from 1 January to 30 September

in EUR thousand	9M 2019	9M 2018	Q3 2019	Q3 2018
Total income	178,772	185,254	84,645	60,926
Total expenses	-125,245	-129,457	-60,893	-49,922
Gross rental income	75,614	75,240	25,931	24,908
Ground rents	-512	-659	-176	-168
Service charge income on principal basis	15,298	15,379	5,182	5,115
Service charge expenses on principal basis	-17,086	-17,084	-5,759	-5,705
Other property-related expenses	-7,807	-9,341	-2,632	-3,101
<b>Net rental income</b>	<b>65,507</b>	<b>63,535</b>	<b>22,546</b>	<b>21,049</b>
Administrative expenses	-12,142	-8,936	-6,013	-2,988
Personnel expenses	-18,752	-13,666	-8,076	-4,367
Depreciation and amortisation	-24,843	-22,091	-9,234	-7,405
Real estate management fees	38,872	22,968	21,385	10,720
Other operating income	1,538	514	725	185
Other operating expenses	-1,046	-516	-281	-72
<b>Net other income</b>	<b>492</b>	<b>-2</b>	<b>444</b>	<b>113</b>
Net proceeds from disposal of investment property	47,450	71,153	31,422	19,998
Carrying amount of investment property disposed	-43,057	-57,164	-28,722	-17,116
<b>Profit on disposal of investment property</b>	<b>4,393</b>	<b>13,989</b>	<b>2,700</b>	<b>2,882</b>
<b>Net operating profit before financing activities</b>	<b>53,527</b>	<b>55,797</b>	<b>23,752</b>	<b>20,004</b>
Share of the profit or loss of associates	17,702	11,600	1,935	765
Interest income	7,710	6,760	2,540	2,353
Interest expense	-32,865	-34,261	-10,779	-10,697
<b>Profit/loss before tax</b>	<b>46,074</b>	<b>39,896</b>	<b>17,448</b>	<b>12,425</b>
Current income tax expense	-2,535	-2,354	-806	-726
Deferred tax income/expense	-3,521	-3,641	-2,551	-1,734
<b>Profit for the period</b>	<b>40,018</b>	<b>33,901</b>	<b>14,091</b>	<b>9,965</b>
Attributable to equity holders of the parent	40,058	33,871	14,042	9,821
Attributable to non-controlling interest	-40	30	49	144
<b>Basic (=diluted) earnings per share (EUR)*</b>	<b>0.56</b>	<b>0.49</b>	<b>0.19</b>	<b>0.14</b>

\* number of shares as per Q3 2019 of 71,544,743 (Q3 2018: 69,766,459)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

from 1 January to 30 September

in EUR thousand	9M 2019	9M 2018	Q3 2019	Q3 2018
<b>Profit/loss for the period</b>	<b>40,018</b>	<b>33,901</b>	<b>14,091</b>	<b>9,965</b>
<b>Other comprehensive income</b>				
Items that may be reclassified subsequently to profit or loss				
Fair value measurement of hedging instruments				
Cash flow hedges	-2,492	0	-1,105	0
Items that shall not be reclassified subsequently to profit or loss				
Gains/losses on financial instruments classified as measured at fair value through other comprehensive income	14,106	-2,861	1,847	-4,666
Fair value measurement of hedging instruments				
Fair value hedges	-1,243	0	0	0
<b>Other comprehensive income*</b>	<b>10,371</b>	<b>-2,861</b>	<b>742</b>	<b>-4,666</b>
<b>Comprehensive income</b>	<b>50,389</b>	<b>31,040</b>	<b>14,833</b>	<b>5,299</b>
Attributable to equity holders of the parent	50,429	31,010	14,784	5,155
Attributable to non-controlling interest	-40	30	49	144

\* after tax

## CONSOLIDATED STATEMENT OF CASH FLOW

from 1 January to 30 September

in EUR thousand	9M 2019	9M 2018
<b>OPERATING ACTIVITIES</b>		
Net operating profit before interest, taxes and dividends	54,517	52,200
Realised gains/losses on disposals of investment property	-4,393	-13,989
Depreciation and amortisation	24,843	22,091
Changes in receivables, payables and provisions	6,481	21,914
Other non-cash transactions	-3,466	-3,935
<b>Cash generated from operations</b>	<b>77,982</b>	<b>78,281</b>
Interest paid	-26,886	-33,819
Interest received	19	1,119
Income taxes received/paid	-675	4,202
<b>Cash flows from operating activities</b>	<b>50,440</b>	<b>49,783</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of investment property	47,450	88,089
Dividends received	13,043	10,200
Acquisition of investment property	-106,285	-103,190
Capital expenditure on investment properties	-34,862	-15,517
Acquisition/disposal of other investments	94,657	51,357
Loans to related parties	-7,196	4,267
Acquisition/disposal of office furniture and equipment, software	-126	-102
<b>Cash flows from investing activities</b>	<b>6,681</b>	<b>35,104</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from the issuance of corporate bonds/promissory notes	150,000	51,000
Proceeds from other non-current borrowings	102,360	190,565
Repayment of borrowings	-134,109	-256,219
Repayment of bonds	-175,000	-100,000
Lease payments	-1,598	0
Payment of transaction costs	-1,317	-1,786
Dividends paid	-17,703	-24,561
<b>Cash flows from financing activities</b>	<b>-77,367</b>	<b>-141,001</b>
Acquisition related increase in cash and cash equivalents	13,902	388
Net changes in cash and cash equivalents	-20,246	-56,114
Cash and cash equivalents as at 1 January	286,903	201,997
<b>Cash and cash equivalents as at 30 September</b>	<b>280,559</b>	<b>146,271</b>

## CONSOLIDATED BALANCE SHEET

Assets in EUR thousand	30.09.2019	31.12.2018
Goodwill	172,998	0
Investment property	1,540,856	1,459,002
Office furniture and equipment	11,037	554
Investments in associates	80,301	86,988
Loans to related parties	137,402	130,206
Other investments	53,428	382,578
Intangible assets	22,482	266
Deferred tax assets	26,984	26,877
<b>Total non-current assets</b>	<b>2,045,488</b>	<b>2,086,471</b>
Receivables from sale of investment property	502	515
Trade receivables	6,648	4,182
Receivables from related parties	15,786	9,382
Income tax receivable	9,884	11,353
Other receivables	37,390	26,406
Other current assets	21,188	1,545
Cash and cash equivalents	280,559	286,903
	<b>371,957</b>	<b>340,286</b>
Non-current assets held for sale	175,804	63,294
<b>Total current assets</b>	<b>547,761</b>	<b>403,580</b>
<b>Total assets</b>	<b>2,593,249</b>	<b>2,490,051</b>

Equity and liabilities in EUR thousand	30.09.2019	31.12.2018
<b>EQUITY</b>		
Issued capital	72,214	70,526
Share premium	763,909	749,816
Hedging reserve	-2,492	1,243
Reserve for financial instruments classified as at fair value through other comprehensive income	6,785	69,515
Retained earnings	84,317	1,275
Total shareholders' equity	924,733	892,375
Non-controlling interest	4,298	3,546
<b>Total equity</b>	<b>929,031</b>	<b>895,921</b>
<b>LIABILITIES</b>		
Corporate bonds	324,531	323,372
Non-current interest-bearing loans and borrowings	949,040	857,601
Deferred tax liabilities	28,878	16,674
Derivatives	3,020	0
Other non-current liabilities	7,388	0
<b>Total non-current liabilities</b>	<b>1,312,857</b>	<b>1,197,647</b>
Corporate bonds	0	174,450
Current interest-bearing loans and borrowings	165,213	125,681
Trade payables	3,634	2,149
Liabilities to related parties	17,141	16,104
Derivatives	0	14,847
Income tax payable	13,852	8,627
Other liabilities	44,271	54,625
	<b>244,111</b>	<b>396,483</b>
Liabilities related to non-current assets held for sale	107,250	0
<b>Total current liabilities</b>	<b>351,361</b>	<b>396,483</b>
<b>Total liabilities</b>	<b>1,664,218</b>	<b>1,594,130</b>
<b>Total equity and liabilities</b>	<b>2,593,249</b>	<b>2,490,051</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousand	Issued capital	Share premium	Hedging reserve	Reserve for financial instruments classified as at fair value through other comprehensive income	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
<b>Balance at 31 December 2017</b>	68,578	732,846	0	38,628	-14,763	825,289	3,624	<b>828,913</b>
Profit/loss for the period					33,871	33,871	30	<b>33,901</b>
Other comprehensive income*								
Items that shall not be reclassified subsequently to profit or loss								
Gains/losses on measurement of available-for-sale financial instruments				-2,861		-2,861		<b>-2,861</b>
<b>Comprehensive income</b>			0	-2,861	33,871	31,010	30	<b>31,040</b>
Dividend distribution for 2017					-43,889	-43,889		<b>-43,889</b>
Issuance of shares through capital increase in cash	1,948	17,381				19,329		<b>19,329</b>
Transaction costs of equity transactions		-411				-411		<b>-411</b>
<b>Balance at 30 September 2018</b>	70,526	749,816	0	35,767	-24,781	831,328	3,654	<b>834,982</b>
Profit/loss for the period					13,819	13,819	-108	<b>13,711</b>
Other comprehensive income*								
Items that shall not be reclassified subsequently to profit or loss								
Gains/losses on financial instruments classified as measured at fair value through other comprehensive income				45,985		45,985		<b>45,985</b>
Gains/losses on the sale of financial instruments classified as measured at fair value through other comprehensive income				-12,237	12,237	0		<b>0</b>
Gains/losses from fair value hedges			1,243			1,243		<b>1,243</b>
<b>Comprehensive income</b>			1,243	33,748	26,056	61,047	-108	<b>60,939</b>
<b>Balance at 31 December 2018</b>	70,526	749,816	1,243	69,515	1,275	892,375	3,546	<b>895,921</b>
Profit/loss for the period					40,058	40,058	-40	<b>40,018</b>
Other comprehensive income*								
Items that may be reclassified subsequently to profit or loss								
Gains/losses from cash flow hedges			-2,492			-2,492		<b>-2,492</b>
Items that shall not be reclassified subsequently to profit or loss								
Gains/losses on financial instruments classified as measured at fair value through other comprehensive income				14,106		14,106		<b>14,106</b>
Gains/losses on the sale of financial instruments classified as measured at fair value through other comprehensive income				-76,836	76,836	0		<b>0</b>
Gains/losses from fair value hedges			-1,243			-1,243		<b>-1,243</b>
<b>Comprehensive income</b>			-3,735	-62,730	116,894	50,429	-40	<b>50,389</b>
Changes in the basis of consolidation							792	<b>792</b>
Dividend distribution for 2018					-33,852	-33,852		<b>-33,852</b>
Issuance of shares through capital increase in cash	1,688	14,459				16,147		<b>16,147</b>
Transaction costs of equity transactions		-366				-366		<b>-366</b>
<b>Balance at 30 September 2019</b>	72,214	763,909	-2,492	6,785	84,317	924,733	4,298	<b>929,031</b>

\* Net of deferred taxes

## SEGMENT REPORTING

in EUR million	9M 2019				9M 2018			
	Commercial Portfolio	Institutional Business	TLG dividend	Total	Commercial Portfolio	Institutional Business	TLG dividend	Total
<b>Key earnings figures</b>								
Gross rental income (GRI)	75.6			75.6	75.2			75.2
Net rental income (NRI)	65.5			65.5	63.5			63.5
Profits on property disposals	4.4			4.4	14.0			14.0
Real estate management fees		38.9		38.9		23.0		23.0
Share of the profit or loss of associates		4.8	12.9	17.7		1.4	10.2	11.6
Net interest result	-21.8	-1.8	-1.6	-25.2	-21.0	-1.5	-5.0	-27.5
Operational expenditure (OPEX)	-8.7	-20.7	-1.5	-30.9	-10.2	-11.3	-1.1	-22.6
- of which administrative costs	-3.1	-8.5	-0.5	-12.1	-4.0	-4.5	-0.4	-8.9
- of which personnel costs	-5.6	-12.2	-1.0	-18.8	-6.1	-6.8	-0.7	-13.7
Other adjustments*	-0.2	2.2	0.0	2.0	0.2	0.8	0.0	1.0
Funds from Operations (FFO)	35.2	23.4	9.9	68.5	32.6	12.3	4.1	49.0
EBITDA	61.6	23.0	11.5	96.1	67.3	13.1	9.1	89.5
EBIT	38.6	21.1	11.5	71.2	45.2	13.1	9.1	67.4
<b>Segment assets*</b>								
Number of properties	96	77		173	103	78		181
Assets under management	1,801	5,514		7,315	1,576	3,493		5,069
Rental space in sqm	903,400	1,112,200		2,015,600	906,300	947,600		1,853,900

\* The other adjustments include:

- Transaction, legal and consulting costs of EUR 1,852 thousand (previous year: EUR 1,032 thousand)
- Administrative expenses and personnel costs of EUR 128 thousand (previous year: EUR 0 thousand)

\*\* incl. repositioning properties

# INVESTOR RELATIONS

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For more information:

[www.dic-asset.de/engl/investor-relations](http://www.dic-asset.de/engl/investor-relations)

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### 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.

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

Realisation  
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