

Deutsche Office

PRESENTATION 9M/2014
04 NOVEMBER 2014

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DEUTSCHE OFFICE 9M/2014 AT A GLANCE

- 1 Good letting result in 9M/2014 in partly challenging letting markets**
 - Letting volume of c107,700 sqm in 9M/2014 (c11.5% of gross lettable area)
 - c76,700 sqm of lease extensions
 - c31,000 sqm of new leases (up from 18,200 in H1/2014)
 - Vacancy improved to 19.2% in 9M/2014 after c20% as of Dec 31, 2013
- 2 Positive FFO development in line with guidance**
 - 9M/2014 FFO at EUR 34.1m in line with full-year guidance
 - Increased momentum in quarterly FFO in 9M/2014
- 3 Further decrease in leverage and significant improvement of financial result**
 - Loan-to-value further reduced to 54.6% (-40 BP q-o-q and -400 BP y-t-d)
 - Financial result improved by 36.8% y-o-y to EUR -35.2m
- 4 Net Asset Value**
 - Net Asset Value at EUR 4.31 per share
 - EPRA-NAV at EUR 4.60 per share

LETTING PERFORMANCE &
PORTFOLIO DETAILS 9M/2014

LETTING PERFORMANCE

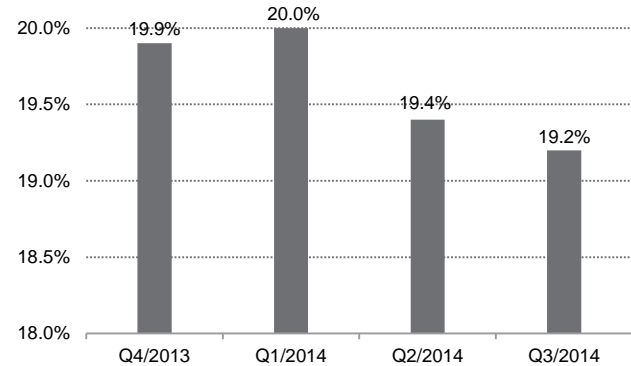
Letting result in Q3/2014

- Q3 letting volume of c20,400 sqm
 - thereof c12,700 sqm new leases
 - thereof c7,700 sqm lease extensions

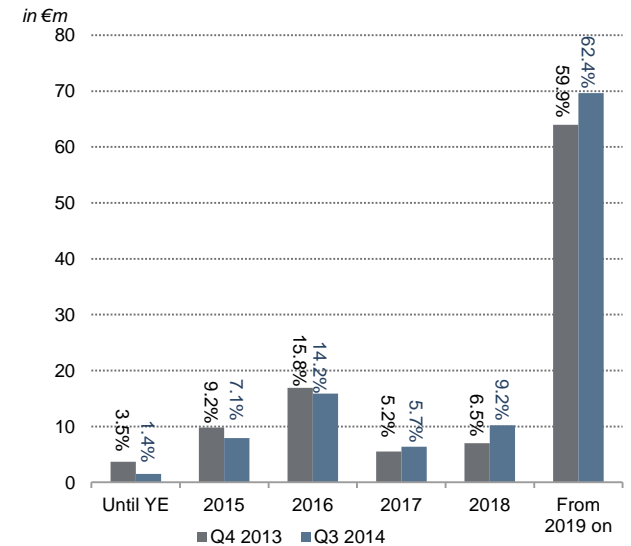
Letting result in 9M/2014

- Total letting volume in 9M/2014 of c107,700 sqm (c11.5 % of total lettable area)
 - Thereof c31.0k sqm new leases
 - Thereof c76.7k sqm lease extensions
- Well positioned in challenging markets
 - Dusseldorf: c31.3k sqm (c13% of turnover of the Dusseldorf letting market in 9M/2014)
 - Frankfurt: c9.2k sqm (c3% of turnover of the Frankfurt letting market in 9M/2014)

Development of vacancy q-o-q



Lease Expiry Profile as of September 30, 2014



4.7 years WALT

REDEVELOPMENT AND LETTING ACTIVITIES UPDATE

Westend-Ensemble, Frankfurt



Gross lettable area: 35,101 sqm

Am Seestern 1, Dusseldorf



Gross lettable area: 36,109 sqm

KASTOR TOWER, Frankfurt



Gross lettable area: 30,630 sqm

Structured redevelopment process ongoing

- Preliminary building permit („Bauvorbescheid“) granted by the city of Frankfurt for conversion into residential use
- Concept provides for a gross floor space of c43k sqm of residential space
- Selection process of a development partner in progress
- Office letting process still considered as alternative
- Vacancy rate accounts for 3 %-points of portfolio vacancy

Revitalization measures almost completed

- New marketing suites finalized
- Major revitalization measures in occupied office floors completed; revitalization of entrance hall will be completed by mid November 2014
- Good frequency of site visits despite challenging letting markets in Dusseldorf and in micro-location
- Vacancy at 79%

YTD Letting volume corresponds to c13% of lettable area

- Letting volume in 2014 so far has reached c4k sqm
- Recently a 350 sqm new lease (additional space, interim use) and a 600 sqm lease extension by KT Bank have been achieved
- Vacancy at 73%

LETTING ACTIVITIES UPDATE

Carl-Schurz-Strasse, Neuss



Gross lettable area: 12,650 sqm

Letting volume of c9.1k sqm in 9M/2014 (c72% of lettable area)

- c4,900 sqm newly let in Q3/2014 (Emerson Networks, 3M and others)
- Vacancy reduction from 59 % YE 2013 to 2% as of September 2014

Potsdamer Platz, Bonn



Gross lettable area: 10,751 sqm

Letting volume of 6.9k sqm in 9M/2014 (c64% of lettable area)

- Recent long-term lease extension with law firm (1.1k sqm, 5 yrs) in Q3/2014 following significant long-term lease extensions with other tenants in Q2/2014
- WALT at 6.3 yrs
- Vacancy at 5%

Schuckert Haus, Nuremberg



Gross lettable area: 6,445 sqm

Letting volume corresponds to c53 % of lettable area

- c3.4k sqm new lease (5yrs) signed in July 2014 with the State of Bavaria (Police Headquarters Middle Franconia)
- Rental contract to start in April 2015
- Option for take up of residual space granted to the State of Bavaria
- Full take-up likely by mid 2015

LATEST SELLING ACTIVITIES

Essen, Altenessener Strasse



Gross lettable area: 2,988 sqm

Sale of Essen property accomplished

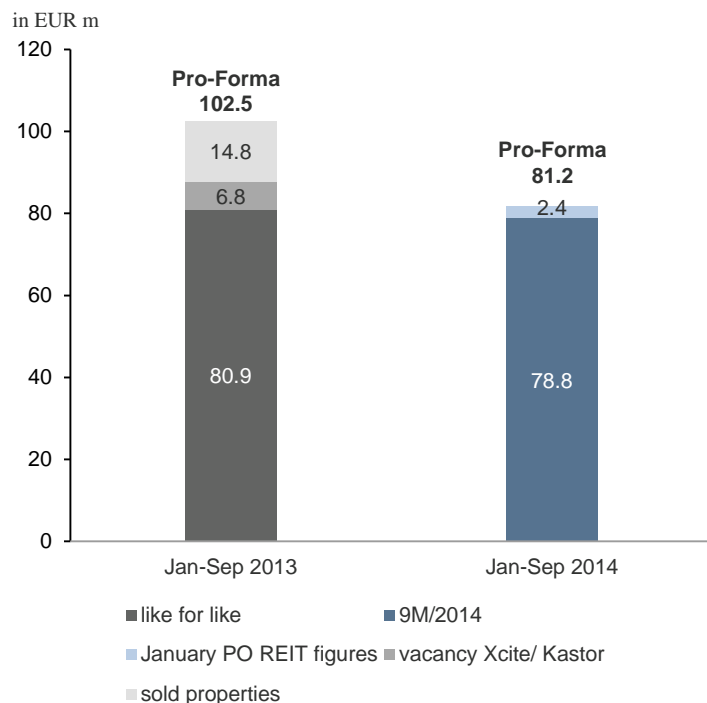
- Sale & Purchase Agreement notarised on 30 September 2014
- Sales price at book value of EUR c3.3m
- Part of portfolio optimization strategy

FINANCIAL PERFORMANCE

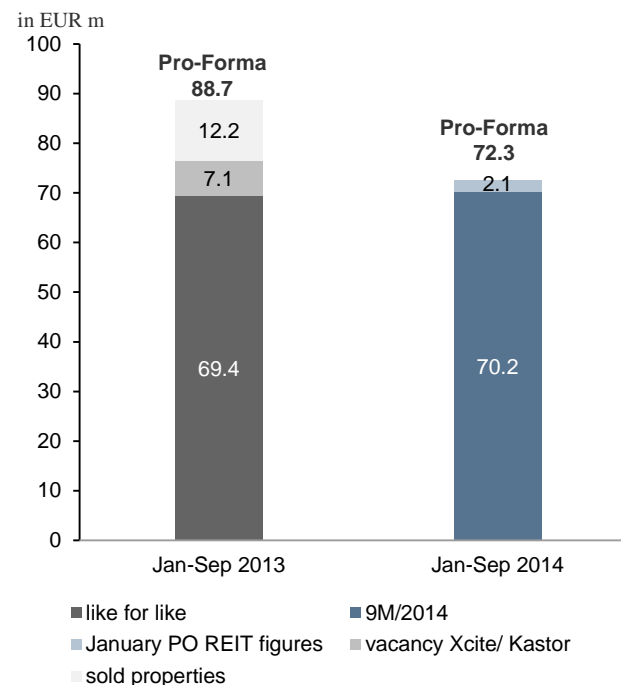
9M/2014 (IFRS)

RENTAL REVENUES AND NET OPERATING INCOME

Rental revenues



Net operating income (NOI)



Summary

- Pro-Forma 9M/2014 rental revenues and pro-forma 9M/2014 net operating income below 9M/2013 (like-for-like) primarily due to vacancies in Kastor (Frankfurt) and Am Seestern/ Xcite (Dusseldorf)

FUNDS FROM OPERATIONS (FFO)

9M FFO

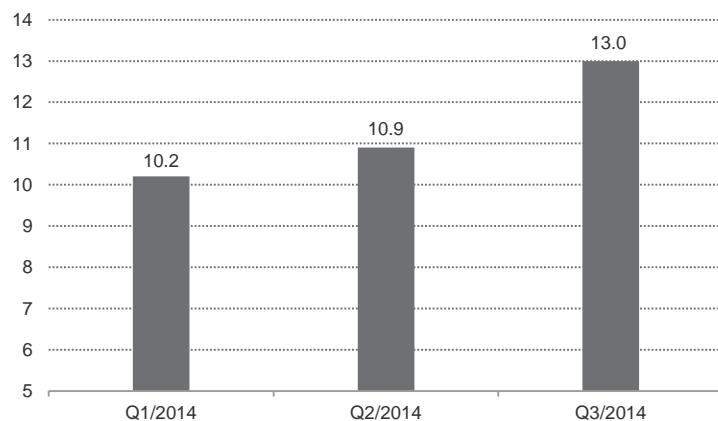
in EUR m	01 Jan to 30 Sep 2014	Pro-Forma 01 Jan to 30 Sep 2013
Net rental income	70.2	88.7
Administrative expenses	-7.4 *	-8.9
Other income	1.7 **	3.9
Other expenses	-1.0 ***	-1.7
Financial result	-29.4 ****	-51.3 °
Funds from Operations (FFO)	34.1	30.7
FFO per share °° (in EUR)	0.20	0.23

Summary

- 9M/2014 FFO increased y-o-y to EUR 34.1m
- Increasing momentum in quarterly FFO growth
 - savings in administrative expenses
 - significantly improved financial result
 - attractive financing conditions following refinancing
 - substantial debt repayments
- 9M/2014 FFO in line with guidance for FY 2014

Quarterly FFO

in EUR m



* adjusted for provisions for closure of Munich offices (EUR 0.5m)

** adjusted for earnings from business combination (EUR 115.4m)

*** adjusted for transaction cost of the merger and financing (EUR 24.1m); (9M/2013: EUR 7.9m)

**** adjusted for changes in market value and early termination of swaps (9M/2014: EUR 5.8m)

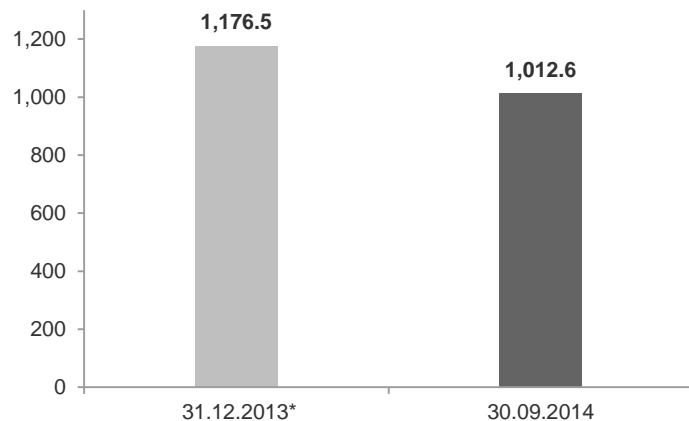
° adjusted for non cash interest expenses for subordinated interest-bearing loans to related companies until the date of deposit to equity (9M/2013: EUR 3.4m) as well as exceptional items from early termination of loans (9M/2013: EUR 1.0 m)

°° 169,215,671 average outstanding shares used for calculation (comparable period: pro-forma 133,941,345 after the merger)

NET DEBT, LTV AND DEBT MATURITY

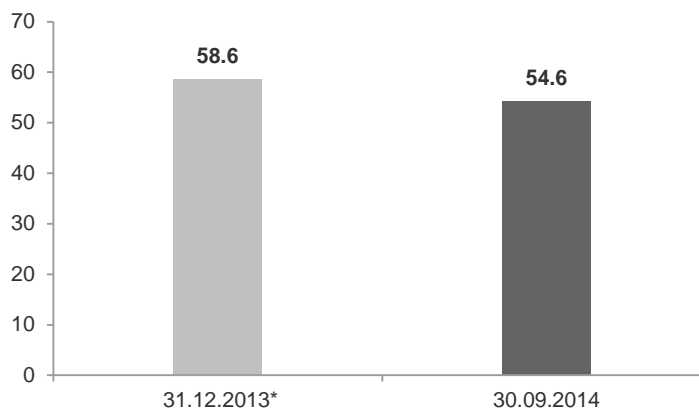
Net debt

in EUR m



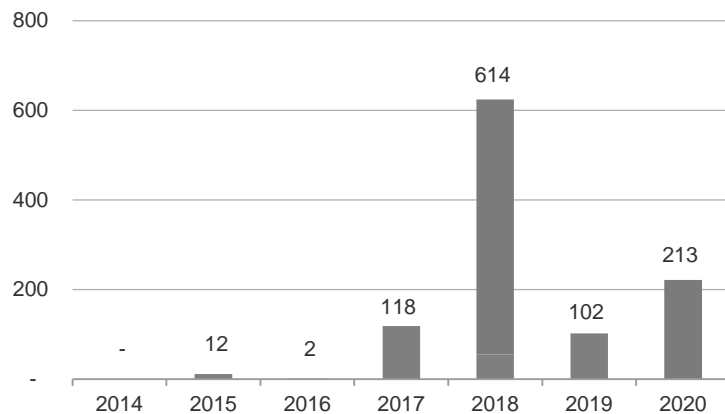
Loan-to-value (net)

in %



Debt maturity profile

in EUR m



Summary

- Attractive, long-term financing structure:
 - Net-LTV further reduced q-o-q to 54.6% as of September 2014
 - Average cost of debt at 3.5 %
 - Hedging: 83% (65% via swaps, 18% via caps)
 - Average maturity 4.5 yrs.
 - No material maturity prior to June 2017
- Market-based financial covenants – comfortable headroom

* Pro-Forma

NET ASSET VALUE

Summary

in EUR m	30/09/2014	Pro-Forma 31/12/2013
Investment properties	1,844.1	1,904.1
Interest bearing loans	-1,056.4	-1,256.7
Cash and cash equivalents	59.2	80.2
Other assets and liabilities	-68.7	-16.1
Net Asset Value (NAV)	778.2	711.5
Net Asset Value (NAV) per share* (in EUR)	4.31	5.31
Fair value of derivative financial instruments	51.5	44.0
Diluted EPRA-NAV	829.7	755.5
Diluted EPRA-NAV per share* (in EUR)	4.60	5.64
Fair value of derivative financial instruments	-51.5	-44.0
Diluted EPRA-NNNAV	778.2	711.5
Diluted EPRA-NNNAV per share* (in EUR)	4.31	5.31 *

* 180,529,631 shares as of balance sheet date used for calculation. Comparable period pro-forma 133,941,345 shares following the merger

- NAV increase to EUR 778.2m as of Sep 30, 2014 compared to Dec 31, 2013
 - Positive impact:
 - Capital increase (EUR 128m)
 - Refinancings (pro forma: EUR 711.5m)
 - Negative impact:
 - Fair value adjustment of EUR 57.7m
 - EUR c26m from Westend-Ensemble (Frankfurt)
 - EUR c15m from the increase in RETT (Hesse, Bremen, Berlin)
- Higher negative fair values of derivative financial instruments

GUIDANCE

FY 2014

GUIDANCE FY 2014

Guidance for FY 2014 confirmed:

We expect FY 2014 rental income of EUR 109m – 111m and FFO of EUR 44 – 46m (EUR 0.24 – 0.25 per share)

Pay out of 40 – 45% of targeted FFO for FY 2014 (EUR 0.10 – 0.11 per share)

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THANK YOU VERY MUCH FOR YOUR ATTENTION

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