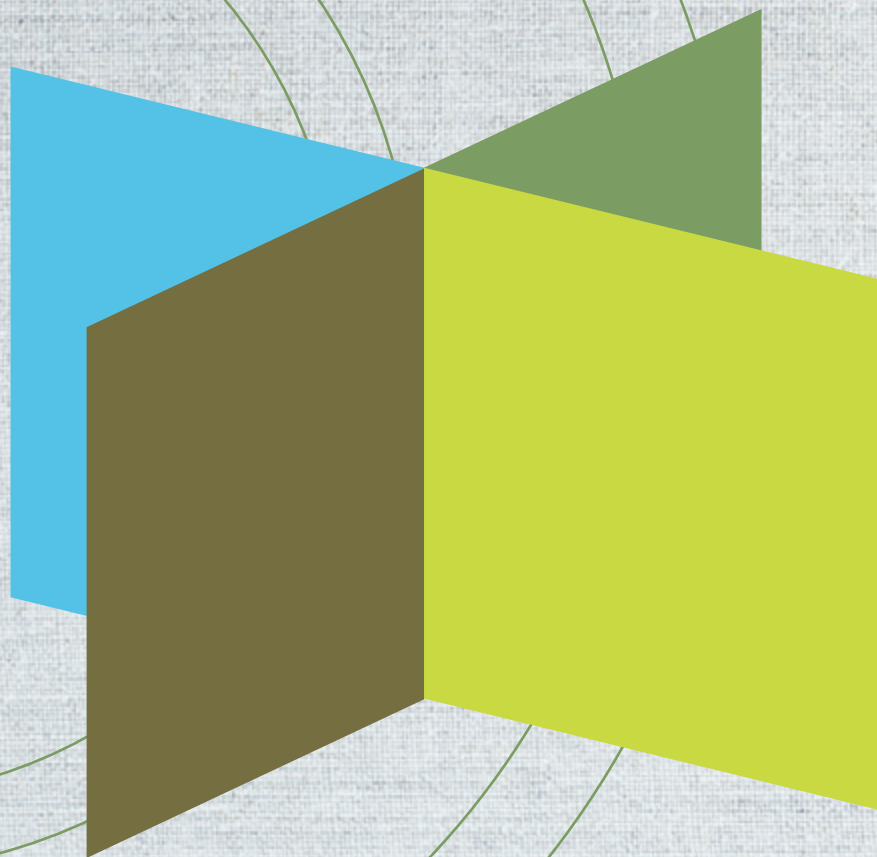


DIC ■



ANNUAL REPORT
2013

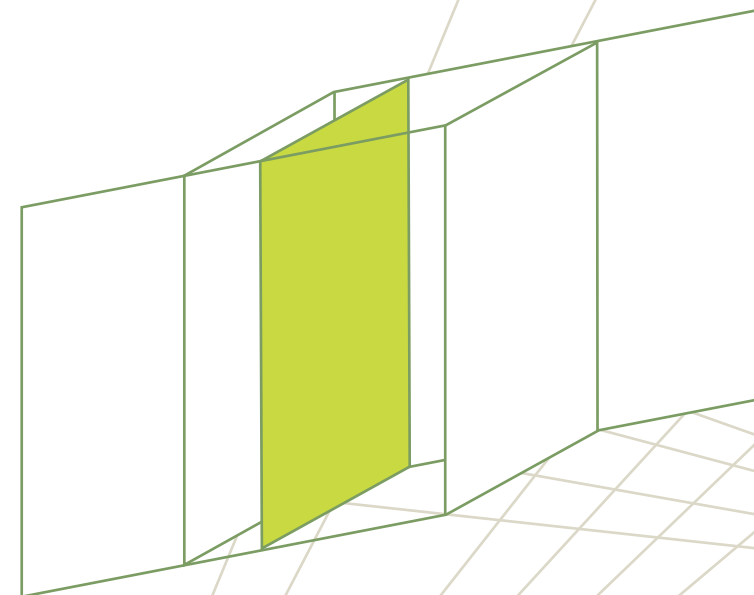
DIC ASSET AG AT A GLANCE

Key financial figures in EUR million	2013	2012	
Gross rental income	125.2	126.5	-1%
Net rental income	112.3	113.2	-1%
Fees from real estate management	6.5	5.7	+14%
Property disposal proceeds	81.1	75.7	+7%
Total income	236.1	229.1	+3%
Profits on property disposals	7.6	3.8	+100%
Share of the profit of associates	1.6	1.8	-11%
Funds from Operations (FFO)	45.9	44.9	+2%
EBITDA	104.8	102.1	+3%
EBIT	69.4	68.5	+1%
EPRA earnings	45.4	41.7	+9%
Profit for the period	16.0	11.8	+36%
Cash flow from operating activities	42.0	43.9	-4%
Key financial figures per share in EUR	2013	2012	
EPRA earnings *	0.93	0.89	+4%
FFO *	0.94	0.95	-1%
Net asset value	12.58	14.99	
Balance sheet figures in EUR million	2013	2012	
Net debt equity ratio	32.6%	31.6%	
Investment property	2,256.4	1,847.4	
Net asset value	862.4	685.4	
Total assets	2,596.0	2,210.2	
Key operating figures	2013	2012	
Letting volume in sqm	176,400	237,800	
Vacancy rate	10.7%	10.9%	
Like-for-like rental income growth	0.2%	1.0%	

* With the new average number of shares in accordance with IFRS

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DEAR SHAREHOLDERS AND
BUSINESS PARTNERS,
EMPLOYEES AND
FRIENDS OF OUR COMPANY,

Prof. Dr. Gerhard Schmidt, Chairman of the Supervisory Board,
Ulrich Höller, Chief Executive Officer

The economic trend in Germany last year proved to be more stable than many experts had expected. The problems of the eurozone had only a limited impact on the domestic economy; the employment level has reached a new all-time high by the end of 2013. The low base rate of the ECB, combined with the economic recovery, also resulted in an upturn in the real estate investment market. We took advantage of the favourable market situation to strengthen the income and financial base of DIC Asset AG and fully achieved our goals for 2013. The three key results for our company were:

- ◆ The FFO, the crucial figure for the performance of our real estate management, was again increased by EUR 1 million to EUR 45.9 million.
- ◆ This positive result has enabled us to propose that our shareholders be paid a stable, high dividend of EUR 0.35 per share.
- ◆ The net debt equity ratio increased from 31.6% to 32.6% and the loan to value fell from 68.1% to 66.9%.

This overall development is a result of important progress made in our operations:

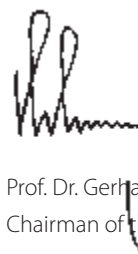
- ◆ The acquisition of a joint venture portfolio with a market value of EUR 481 million reinforced our profile as an investor in commercial real estate. At the same time, we strengthened and significantly simplified our portfolio and corporate structures.
- ◆ Our fund business saw investment volume rise by some EUR 120 million to EUR 525 million; this remains on course for growth with significant increases in earnings contributions.
- ◆ The development projects in which we are involved are on or ahead of schedule. Five of the six sub-projects of our largest project, the development of "MainTor – The Riverside Financial District", are being successfully marketed, and construction work is progressing at a considerable pace.
- ◆ We have exceeded our planning in terms of both acquisitions and sales. Disposal gains made a significant contribution to the profit for the period, which increased by 36% to EUR 16 million.
- ◆ We achieved a considerable financing volume of some EUR 960 million in 2013, resulting in a significantly improved term structure of our financing.

In summary, we can say that 2013 was a year in which our structures were fundamentally strengthened and simplified. We again increased our influence and visibility in our relevant markets. In addition, we secured considerable potential for further optimisation and consistently high income in the coming years.

It is important for our shareholders that our activities do not just increase earnings but also have a lasting positive effect on the future profitability of our company.

In 2014, we shall remain firmly on our chosen path. In the interests of our shareholders, we shall focus on the stability and attractiveness of DIC Asset AG by increasing the profitability of our portfolio while driving down the debt ratio still further. With our proven expertise in real estate and financing management and the already improved key figures, we believe we are in a good position to do this.

Our heartfelt thanks go to our employees who, with their great commitment, have contributed to the next chapter in the success story of DIC Asset AG. We would also like to thank our business partners and shareholders for their confidence in us, and would like them to participate in the positive growth of the company in the future.



Prof. Dr. Gerald Schmidt
Chairman of the Supervisory Board



Ulrich Höller
Chief Executive Officer

INVESTOR RELATIONS AND CAPITAL MARKET

Strong demand for German securities

The dynamism of stock markets benefited considerably from continuing monetary policy incentives in the course of 2013. The cuts in the key interest rate by the ECB to 0.5% in May and to 0.25% in November boosted the prospects of a further economic recovery in the euro zone. Against the backdrop of positive economic data from the German economy in the second half and central banks' policy of low interest rates, the DAX closed the year up 25.5%. The EPRA Developed Europe Index, which contains the most important European real estate shares, gained just under 6% in the same period. The image of a comparatively weaker performance by real estate shares in Europe was largely due to the uncertainty concerning the prospects for the financial sector and an end to quantitative easing, which had a significant impact on real estate stocks. This situation was exacerbated by capital measures by several real estate companies.

DIC Asset share: stock market valuation has increased

Starting from a level of EUR 7.27 and boosted by the prospect of good figures for financial year 2012, the DIC Asset share started the year far more dynamically than the market as a whole, rising by more than 20% to a provisional 52-week high of EUR 8.80 by 1 February 2013.

Bad news from the euro zone then depressed financial stocks in particular, which led to the price softening although the share made up the ground it had lost within a few weeks. On 20 May, shortly after the figures for the first quarter were presented, the share climbed to its 52-week high of EUR 8.84.

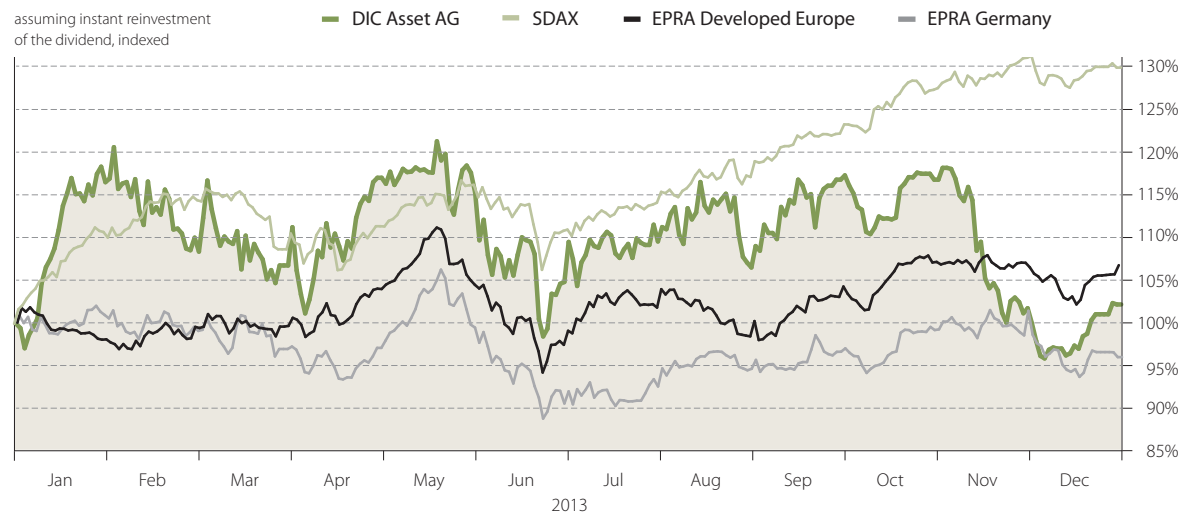
Halfway through the year, prices finally fell throughout the world as a result of market participants' fears that central banks might tighten their loose monetary policy. The DIC Asset AG share also lost some of the ground it had gained in June, which was a fraught month for international stock markets, but outperformed the relevant benchmark index EPRA, as stock markets consolidated.

In July and August, the DIC Asset share again performed well ahead of the publication of the interim report on the first half of the year and firmed further following presentation of the figures and the announcement of significant success in the company's operating activities in the second half of the year. At the end of the third quarter, the share reached a price of EUR 8.15, which meant it had risen by 12% in the first nine months.

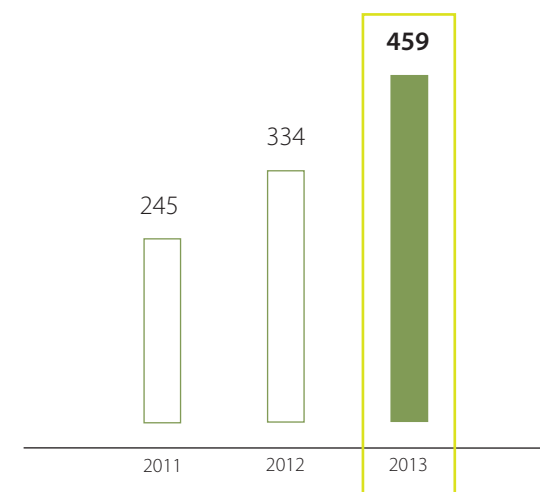
A break in the share's upward trend followed the announcement of the issue of new shares in a capital increase against contributions in kind and in cash on 13 November 2013, which reflected the adjustment to the increase in the number of shares (explanations of the capital measure can be found below in the section "Combined capital increase"). Immediately after the successful conclusion of the capital measure, which increased DIC Asset AG's share capital by 50%, the share was listed at EUR 6.26, its 52-week low, on 5 December 2013.

The value increased again up to the end of the year, as the share price rose virtually continuously. The share closed the year at EUR 6.69 and had consequently already partially made up for the break in the price resulting from the capital increase. As at 31 December 2013, the stock market capitalisation of DIC Asset AG stood at around EUR 460 million and was consequently 37% up on the previous year (EUR 334 million), a marked increase in the stock market value and in liquidity. Allowing for the reinvestment of the dividend, the share appreciated by approximately 2.2% in 2013.

STOCK MARKET TREND



STOCK MARKET CAPITALISATION in EUR million in relation to the Xetra annual closing price



BASIC DATA ON THE DIC ASSET SHARE

Number of shares	68,577,747 (registered shares)
Share capital in EUR	68,577,747
WKN / ISIN	A1X3XX / DE000A1X3XX4
Symbol	DIC
Free float	66.8%
Key indices	SDAX, EPRA, DIMAX
Exchanges	Xetra, all exchanges in Germany
Deutsche Börse segment	Prime Standard
Designated Sponsors	HSBC Trinkhaus, Close Brothers Seydler

KEY FIGURES ⁽¹⁾

		2013	2012
Net asset value per share	EUR	12.58	14.99
FFO per share	EUR	0.94	0.95
FFO yield ⁽²⁾		14.1%	13.0%
Dividend per share	EUR	0.35	0.35
Dividend yield ⁽²⁾		5.2%	4.8%
Annual closing price	EUR	6.69	7.31
52-week high	EUR	8.85	7.96
52-week low	EUR	6.26	5.00
Number of shares on 31.12. in thousand		68,578	45,719
Market capitalisation ⁽²⁾	EUR million	459	334
Price on 17.03.2014	EUR	6.75	

(1) Xetra closing prices in each case

(2) in relation to the Xetra annual closing price

Combined capital increase

On 13 November 2013, DIC Asset AG announced its decision to acquire the majority of a joint venture portfolio with a market value of around EUR 481 million. The acquisition of the portfolio took place as the result of a capital increase against contributions in kind. A cash capital increase with subscription rights was also implemented, the proceeds of which are used largely to optimise portfolio financing as well as general corporate purposes.

98.95% of the subscription rights were exercised by holders thereof and 16,450,729 new shares were subscribed for at a subscription price of EUR 6.00 per new share. The remaining 202,203 new shares, which were not subscribed for on the basis of the rights issue, were placed on the market in their entirety at the end of the subscription period. The company's share capital was increased by 16,652,932 new shares in total as part of the cash capital increase. The gross issue proceeds for the company consequently amount to around EUR 100 million. A further 6,206,068 shares were issued as part of the capital increase in kind for the transfer of the joint venture portfolio.

With the issue of 22,859,000 new shares in total, the company's share capital increased by 50% at the end of November from EUR 45,718,747 to EUR 68,577,747. The new shares were included on the Frankfurt Stock Exchange in the listing of DIC Asset AG shares on 29 November 2013.

Free float has increased

DIC Asset AG's shareholder structure remained largely unchanged in 2013 until the new shares were issued. Following the capital increase, the DIC Group holds 33.2% of the shares (2012: 35.4%). The free float stands at 66.8% (2012: 64.6%). The increase in share capital and the expansion in the free float will boost our weight in the capital market and improve the attractiveness of the DIC asset share. The share became significantly more liquid after the capital measure; the average number of shares being traded has doubled since the beginning of December 2013.

We are not aware of any additional shareholders which directly or indirectly hold more than 10% of share capital. We publish all available voting rights announcements on our website.

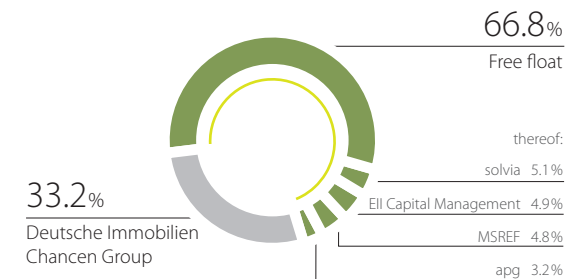
Analysts' recommendations for our share

Our share is highly regarded by analysts. 13 analyst firms report regularly on our company's performance. The vast majority of the analysts consider our company has positive development potential and recommend buying the DIC Asset share at present. In March 2014, eleven analysts recommend buying – corresponding to a percentage share of 85%. Two institutes recommend holding the share, there is no "sell" recommendation. We always publish up-to-date appraisals by analysts promptly on our website.

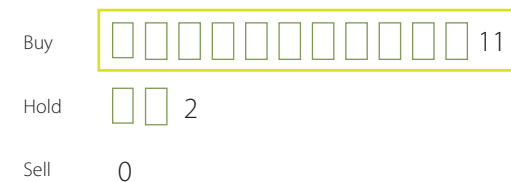
Bank/financial institute	Analyst	Current recommendation	
Baader Bank	Andre Remke	Buy	
Bankhaus Lampe	Dr. Georg Kanders	Buy	
Berenberg Bank	Kai Klose	Buy	
Close Brothers Seydler	Manuel Martin	Buy	
Commerzbank	Thomas Rothäusler	Buy	
DZ Bank	Karsten Oblinger	Buy	
HSBC	Thomas Martin	Overweight	
Kempfen & Co	Thomas van der Meij	Underweight	
Kepler Cheuvreux	Dr. Dirk Becker	Buy	
KochBank Research	Ralf Groenemeyer	Buy	
Metzler	Jochen Schmitt	Buy	
Société Générale	Marc Mozzi	Buy	
Solventis	Ulf van Lengerich	Buy	

as at March 2014

SHAREHOLDER STRUCTURE



ANALYSTS' COVERAGE



Corporate bonds again placed successfully

A key aim for DIC Asset AG is to constantly optimise and secure attractive financing structures. To this end, we also make use of corporate bonds to put our financing on an even broader basis. The DIC Asset AG corporate bond, which was issued for the first time in May 2011, was increased by EUR 13.1 million to the maximum issuance volume of EUR 100 million in January 2013. The non-subordinated, unsecured corporate bond was floated at an interest rate of 5.875% p.a. and a five-year term and has been traded on the Frankfurt Stock Exchange in the Prime Standard for corporate bonds since March 2013. With an average trading volume of over EUR 180,000 per day in 2013, the bond is highly liquid. In 2013, it was priced at around 102.40% on average. As at 30 December 2013, the bond was listed at 104.15%.

The positive response to the placement among institutional investors and the favourable market environment strengthened the determination to issue another corporate bond now that this capital market instrument has established itself as a flexible and cost-efficient financing component for DIC Asset AG. The issue of the second corporate bond with a volume of EUR 75 million and an attractive interest coupon of 5.75% took place in July 2013. The bond was introduced to the open market of the Frankfurt Stock Exchange on 9 July 2013 and, like the first bond, was included in Deutsche Börse AG's Prime Standard segment for corporate bonds. Transaction volume has averaged approximately EUR 173,000 since the date on which it was issued in 2013 and the price has remained above the issue price at all times and at 102.6% on average until the year-end. As at 30 December 2013, the bond was listed at 104.5%. We successfully increased the second corporate bond by EUR 25 million to EUR 100 million on 4 February 2014. The issue price was set at 101% as part of the placement.

BASIC DATA ON THE DIC ASSET BOND

	DIC Asset AG bond 11/16	DIC Asset AG bond 13/18
Name	DIC Asset AG bond 11/16	DIC Asset AG bond 13/18
ISIN / WKN	DE000A1KQ1N3 / A1KQ1N	DE000A1TNJ22 / A1TNJ2
Abbreviation	DICA	DICB
Deutsche Börse segment	Prime Standard for corporate bonds	Prime Standard for corporate bonds
Minimum Investment amount	EUR 1,000	EUR 1,000
Coupon	5.875%	5.750%
Issuance volume	EUR 100 million	EUR 100 million
Maturity	16.05.2016	09.07.2018

KEY FIGURES

	2013	2012
DIC Asset AG bond 11/16		
Annual closing price	104.15%	98.75%
Yield to maturity at annual closing price	4.28%	6.28%
Price on 17.03.2014	103.40%	
Yield to maturity	4.43%	
DIC Asset AG bond 13/18		
– issued on 09.07.2013 –		
Annual closing price	104.50%	
Yield to maturity at annual closing price	4.92%	
Price on 17.03.2014	103.50%	
Yield to maturity	4.82%	

Attractive dividend planned

DIC Asset AG pursues a stable dividend policy, which is always geared primarily to the operating profit from property management. This reflects the success of our business model, which is based on sound earnings from a highly diversified portfolio. The company's current condition and assessment of future market development and the need for financing are additional factors.

We achieved our operating targets in 2013 and also implemented and pressed ahead effectively with key strategic measures for the successful future development of DIC Asset AG. These also included the simplification of corporate and portfolio structures, which was achieved in the wake of the capital increase, the conclusion of long-term financing on good terms as well as attractive sales and significant progress with funds and project developments.

The shares issued in 2013 are fully entitled to a dividend for the past financial year, the dividend will therefore be paid for the first time on the increased number of 68,577,747 shares. The shares created by means of the capital increase against contributions in kind were acquired by longstanding joint venture parties in return for transferring their direct portfolio investment. We are therefore satisfied that we can continue our continuous dividend policy with the planned distribution and allow our shareholders to participate appropriately and at a high level in the company's success. For financial year 2013 the Management Board proposes to the General Shareholders' Meeting a dividend payment of EUR 0.35 per share. The dividend payment corresponds to an attractive return of approximately 5.2% on the annual closing price.

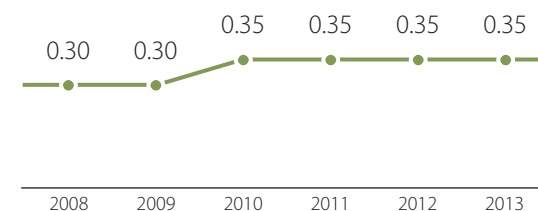
General Shareholders' Meeting

The General Shareholders' Meeting for the 2012 financial year took place on 3 July 2013. In the case of all the agenda items, the shareholders agreed to the proposals of the Management Board by a large majority. The actions of members of the Management Board and Supervisory Board were formally approved for the financial year and payment of a dividend of EUR 0.35 per share was resolved (EUR 16 million in total), payment of which took place on 4 July 2013. The General Shareholders' Meeting also accepted the proposal to convert the shares in DIC Asset AG from bearer shares to registered shares. The conversion took place promptly on 26 August 2013.

Continuous capital market communication

The target of our investor relations work is open, transparent and fair financial market communication. To guarantee this is comprehensive and prompt, we spend every day working to provide all investors and analysts with meaningful information on our strategy and business development. To reflect the importance we attach to providing this information, the Investor Relations Department reports directly to the Management Board.

DIVIDEND PER SHARE in EUR



The renowned international annual report competitions by ARC and LACP awarded Silver and Bronze to the Annual Report 2012 of DIC Asset AG.

IR ACTIVITIES IN 2013

First Quarter

21.01.	DIC Asset Analysts' Evening to mark the start of the year	Frankfurt
05.-06.02.	Close Brothers Seydler Small & Mid Cap Conference	Frankfurt
28.02.	HSBC Real Estate and Construction Conference	Frankfurt
05.03.	Publication of Financial Report 2012*	Frankfurt
07.-08.03.	Kempen Property Seminar	New York
14.03.	Publication of Annual Report 2012	
06.-19.03.	Roadshows in Frankfurt, Boston, Hamburg, Zurich, London	

Second Quarter

12.04.	Bankhaus Lampe Germany-Conference	Baden-Baden
18.-19.04.	DIC Investors' Day	Frankfurt
14.05.	Publication of Q1 2013 Report*	
29.05.	Kempen European Property Seminar	Amsterdam
04.06.	Analysts' Lunch Frankfurt	Frankfurt
04.-26.06.	Roadshows in Frankfurt, London, Zurich, Dusseldorf, Cologne, Hamburg, Munich	

Third Quarter

03.07.	General Shareholders' Meeting	Frankfurt
29.-30.07.	Roadshows in New York, London	
13.08.	Publication of Q2 2013 Report*	
04.-06.09.	EPRA Annual Conference 2013	Paris
25.09.	Baader Investment Conference	Munich
26.09.	UniCredit German Investment Conference	Munich

Fourth Quarter

24.10.	Conference "Initiative Immobilienaktie"	Frankfurt
13.11.	Publication of Q3 2013 Report*	
13.-22.11.	Roadshows in Frankfurt, Munich, Dusseldorf, Cologne, London, Amsterdam, New York, Zurich	
11.12.	Close Brothers Seydler Small & Mid Cap Conference	Geneva

* with conference call

In the past year, we have worked intensively on giving our investors and potential new shareholders an understanding of our business model, explaining its specific features and improving the basis for them to make well-founded investment decisions. Via our detailed quarterly reporting, we also explain our results immediately after the publication of the annual and quarterly figures and answer questions in teleconferences.

In 2013, the Management Board and the IR team maintained a very intensive dialogue with the capital market and participated in a total of ten investor conferences and 21 roadshows with institutional investors at 13 locations in six countries. In addition, we held three events of our own for our analysts. In total, we held 280 discussions as well as carrying out additional property tours with our shareholders, investors and analysts.

On 18 April, German and international experts from the real estate and financial sectors met for the second time for the DIC Investors' Day, to which 300 investors, financial associates and players in the sector were invited from Germany and abroad. Well-known personalities from the worlds of commerce and politics discussed current challenges in the real estate sector and cross-sector impetus.



All information relating to DIC Asset AG of relevance to the capital market is promptly made available on the company's website. The regular updates, which are presented online, include recordings of the teleconferences on the annual and quarterly reporting, the detailed overview of analysts' current opinions as well as corporate presentations that are continuously updated and allow interested parties to get an idea of the company's development at any time. In 2013, our shareholders

also voted to let us contact them directly with relevant data and printed material. With a view to actively conveying and disseminating current corporate information, the preconditions for more rapid and more efficient communication with our shareholders were created with the conversion to registered shares.

DIC Asset AG's continuous and comprehensive capital market communication has been rewarded with fifth place in the German Investor Relations Award in the SDAX category in 2013, having been ranked 19th in 2012.

An active role with the associations

To boost perceptions of real estate companies and their concerns together with other individuals in the industry, we are involved most notably in the relevant associations, ZIA (German Property Federation) and EPRA (European Public Real Estate Association). The Chairman of the Management Board Ulrich Höller is active in the executive bodies of EPRA and ZIA as an Executive Board Member and Vice President respectively. CFO Sonja Wärtges contributes her expertise to the EPRA Reporting & Accounting Committee and to the corresponding committee at ZIA. Immo von Homeyer, Head of Investor Relations & Corporate Communications, also supports various activities in both the EPRA Investor Relations Committee and at ZIA with the aim of developing professional investor and media relations in the industry.



Immo von Homeyer
Head of Investor Relations &
Corporate Communications



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Investor Relations Manager

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ir@dic-asset.de

IR CALENDAR 2014 (as at March 2014)

First Quarter

20.01.	DIC Asset Analysts' Evening to mark the start of the year	Frankfurt
22.01.	Kepler Cheuvreux German Corporate Conference	Frankfurt
12.02.	Close Brothers Seydler Small & Mid Cap Conference	Frankfurt
18.03.	Publication of Annual Report 2013*	

Second Quarter

03.04.	HSBC Real Estate and Construction Conference	Frankfurt
04.04.	Bankhaus Lampe Germany-Conference	Baden-Baden
08.05.	Analysts'/Investors' Breakfast "Update MainTor"	Frankfurt
12.05.	Publication of Q1 2014 Report*	
14.-15.05.	Commerzbank German Mid Cap Investment Conference	Boston, New York
19./23.05.	Kepler Cheuvreux Mid Cap Week	London/Paris
04.06.	Kempen European Property Seminar	Amsterdam

Third Quarter

02.07.	General Shareholders' Meeting	Frankfurt
14.08.	Publication of Q2 2014 Report*	
22.-24.09.	Berenberg/Goldman Sachs German Corporate Conference	Munich
23.-24.09.	EPRA Annual Conference 2014	London
23.-25.09.	Baader Investment Conference	Munich

Fourth Quarter

16.10.	Conference "Initiative Immobilienaktie"	Frankfurt
11.11.	Publication of Q3 2014 Report*	

*with conference call

INVESTMENT PROFILE DIC ASSET AG

- **Clear focus** as a direct investor in the German commercial property market
- **Balanced investments** in major office locations and strong business regions
- **Sustainable income** from rents and management fees, which is secured long-term
- **Attractive results** from sales and co-investments (funds, development projects)
- **Balanced financing structure**, high interest cover ratio
- High-yield, diversified **portfolio with a high FFO**
- **In-house asset and property management** with around 120 experienced real estate professionals on-site
- Ongoing and **attractive dividend policy**
- **Experienced management** with strong track record

SUMMARISED MANAGEMENT REPORT

UNDERLYING PRINCIPLES OF THE GROUP

Brief profile

DIC Asset AG is a real estate company that has specialised in highly profitable German commercial real estate. The company invests predominantly in office property, which is spread evenly between major office locations and strong regional economic centres. DIC Asset AG manages its portfolio through its own asset and property management organisation.

Its real estate assets under management total EUR 3.4 billion, while DIC Asset AG's pro rata real estate portfolio is worth EUR 2.5 billion.

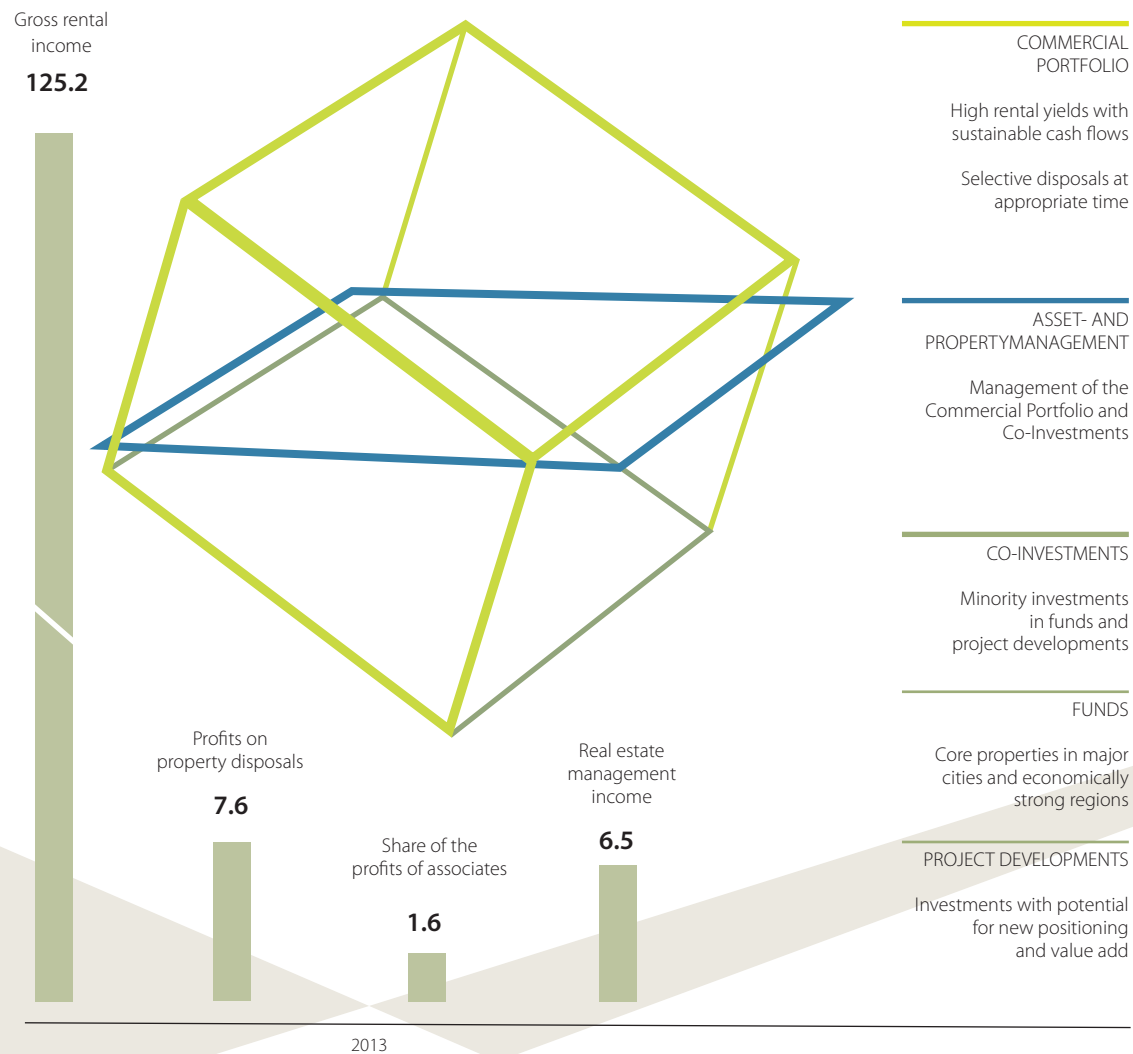
The real estate portfolio is divided into two segments:

- ◆ The "Commercial Portfolio" (market value of EUR 2.2 billion) comprises portfolio properties owned by DIC Asset AG, which are leased long-term and offer attractive rental yields.
- ◆ The "Co-Investments" segment (EUR 0.3 billion) comprises fund investments, investments in project developments and joint venture investments.

In-house property management teams in six branches located in the regions where the portfolio is concentrated manage tenants and properties directly.

STABLE BUSINESS MODEL

Full investment spectrum, sustainable income



Rental income and revenues in EUR million

Earnings and investment structure

Our business model is based primarily on sustainable earnings on a long-term basis from property portfolio management.

We currently earn **rental income** from some 200 properties let on attractive, long-term agreements from our existing portfolio with **direct real estate investments** (Commercial Portfolio). The rental income is highly diversified in terms of regions, sectors and tenants.

It is supplemented by **investment income** from our **Co-Investments** (comprising 50 or so properties). In this portfolio segment we invest in **funds** via minority investments and in **project developments**.

We also receive recurring, long-term **management income** from providing **asset and property management services** for our co-investments.

Finally we realise attractive profits through **sales** to optimise our portfolio structure.

Multi-layered German market

Compared to other European countries, the German commercial property market is very heterogeneous, regionally diversified and covers many different-sized market players. This is largely due to the federal economic structure in Germany, which benefits from a large number of dynamic economic centres in the regions.

- ◆ High volumes of office space, a very active level of transactions and liquid trading, strong competition and therefore more marked price and rent movements, but also often greater vacancies are characteristic of the major economic centres of Frankfurt, Hamburg, Berlin, Dusseldorf, Cologne and Munich.
- ◆ At the same time, there is a multitude of medium-sized towns and cities, which form the centre of economically strong regions. The competition is less fierce in these regional centres and transactions less frequent, but prices and rents are relatively stable.

The transaction market for German commercial properties is stable, with long-term liquidity, and consequently appeals strongly to international investors as well.

DIC Asset AG's portfolio is split roughly half and half between the major office locations and regional centres.

LOCAL EXPERTISE

Strong regional presence in the German commercial property market

Regional segmentation and company locations

The DIC structures Germany into five portfolio regions: North (Hamburg), West (Dusseldorf), Central (Frankfurt), South (Munich/Mannheim) and East (Berlin).

The majority of our employees, who are involved in property management (approximately 120), are divided between the branches in Hamburg, Berlin, Dusseldorf, Mannheim, Munich and Frankfurt am Main. The Management Board and the head office are also located in Frankfurt, from where central strategic, management and administrative functions are carried out (an additional round about 20 employees).

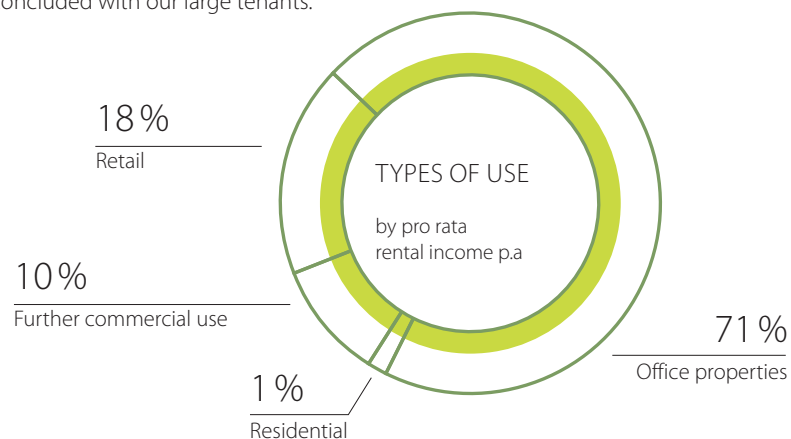
Because, through our branches, we operate throughout Germany, we are able to exploit the different advantages and opportunities offered by major cities and regional centres and diversify our property portfolio while minimising risk. This proximity to our tenants and our properties speeds up our response times in managing their requirements and means that we are deeply embedded in the market.

Our high-yield portfolio comprises real estate assets under management of EUR 3.4 billion with a rental area of 1.9 million sqm and generates pro rata annual rental income of EUR 159 million (including pro rata co-investments). The focus is concentrated on office properties (approximately 70%) and retail (approximately 20%).

The portfolio is concentrated in the rapidly expanding western and southern federal states (West region approximately 30%, South region approximately 22%), while North region and Central region each account for just under 20%. At the same time, this investment is evenly balanced with 50% respectively being accounted for in the major office locations and the regional economic centres.

An occupancy rate of over 89% and a high, stable lease term of around five years on average provide a reliable basis for sustainable cash flows. Compared with our peers, our portfolio is highly diverse, both in terms of regions and sectors, and consequently risk is well spread and there is little concentration of risk in the tenant structure either. Our tenant base is characterised by a balance between small and large tenants; it comprises approximately 1,400 commercial tenancies in total with tenants from a vast range of rapidly growing sectors. 30% of them are SMEs, while more than a quarter are recruited from the public sector.

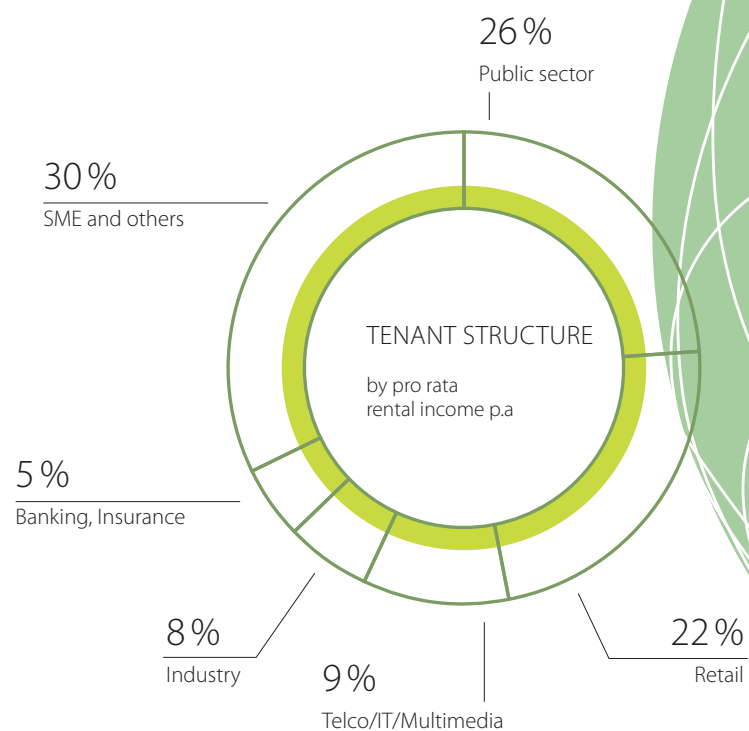
Approx. 39% of income is attributable to the 10 largest tenants and approx. 55% to the 20 largest. Generally, several tenancy agreements, frequently allocated to various properties in different towns, are concluded with our large tenants.



IN BALANCE

Portfolio characterised by a highly diversified sector and tenant structure

The portfolio has been distinguished by a stable, highly diversified tenant structure for years. Our tenants include the public sector, large national and international companies, the major German retailers and telecommunications service providers, but also many small and medium-sized companies. Even with regular acquisitions and sales in recent years, there have been no major changes to the risk structure.



IN MOTION

Low-risk portfolio optimisation and reduction in the debt ratio

A perfect fit

The joint venture portfolio consisting of 54 properties with a market value of

EUR 481 million,

which was included in the company's consolidated financial statements in 2013, will strengthen the profile of the DIC Asset Portfolio given that the vast majority of the properties are let long-term on excellent terms.

Great potential

The acquisition of the portfolio will give us the potential to achieve a further significant reduction of the loan to value and to optimise the portfolio with higher sales over the next few years.

Integration of the joint venture portfolio

With the acquisition of a majority stake in a high-quality joint venture portfolio, in which DIC Asset AG has held a stake for several years and has been responsible for asset and property management, the percentage of direct investments in DIC Asset AG's portfolio increased from 84% to 89% in 2013.

The acquisition of the office property portfolio will make a major contribution to simplifying the portfolio and corporate structures, will increase annual rental income and did not entail any transaction risk, as the company was already very familiar with the properties.

OBJECTIVES AND STRATEGIES

Clear focus:

investing in commercial real estate in Germany

We are one of Germany's biggest investors in commercial real estate focusing on office properties and are committed exclusively to the German market.

Our business model is focused on generating substantial rental income that is secured long term by investing in German commercial real estate and, where properties offer the potential to generate added value, to achieve this through letting, repositioning and project developments.

Our activities focus on office properties – these offer considerable flexibility from a letting perspective and can, generally, be reused easily.

High-yield portfolio:

manage a regionally diversified portfolio with high rental yields

We have a quality portfolio, which generates strong ongoing returns that are secured long-term and whose broad diversification enables it to absorb risk.

Our portfolio consists of real estate with substantial rental yields of 6.6% on average, which generates an attractive profit after covering the costs of financing and management.

We ensure a balance of different properties in the portfolio, which allows for opportunities but also avoids risk being concentrated. Our rental structure is highly diversified across regions and industries and, with approximately 1,400 commercial tenancy agreements, achieves a broad distribution of risk.

Regional presence:

our ubiquitous presence in the market allows us to act quickly and demonstrate our local expertise

Through our branch network, we can operate actively throughout Germany. This makes it possible to identify attractive locations and real estate beyond the focal points for investment that are well known internationally and to develop these successfully.

Both real estate strongholds and regional centres offer specific advantages and risks. We exploit these idiosyncrasies to expand our high-yield but simultaneously robust portfolio.

Internal real estate management: guarantee professional support with our internal teams of experts

We aim to increase rental income and earnings power as well as to improve the quality of our portfolio through the internal management of our property portfolio.

Approximately 120 employees working out of six branches and offices located in the regions where the portfolio is concentrated look after the properties and support our tenants in everyday questions relating to the properties. We also take care of the potential of our properties and investments, which we realise at a profit by concluding long-term tenancy agreements and by upgrading and refurbishing property.

Balanced financial structure: financing secured in the long-term with equity and debt

We have built up an excellent reputation with our banking partners and on the capital market through reliability and economic strength and consequently secured access to a range of funding sources. This means we are able to combine different forms of financing flexibly and achieve optimised terms for funding that is manageable and viable over long periods.

As a result of the fact that our income is secured long-term and is easy to calculate, it offers a reliable basis for the deployment of debt. In principle, we agree our property financing on a long-term basis. Our financing structure prevents unlimited enforcement against the Group or against other portfolios or properties. We raise loans on attractive terms for these borrowings and hedge them adequately against any increase in interest rates.

Even though our financial structures are balanced and low risk, we are pursuing the aim of increasing our net debt equity ratio to over 40% and reducing the loan to value to below 60% by 2016 through higher sales volumes.

Diversified sources of income: combine high yielding portfolio proper- ties and interesting co-investments in a balanced manner

The majority of our earnings comes from our existing portfolio (Commercial Portfolio). In order to tap additional attractive sources of income, we act as a co-investor in funds and selected project developments in addition to our direct investments. To stabilise our income further, we are focusing on expanding our fund business, particularly for investments in the core segment, which differ from the investment profile of our commercial portfolio.

We acquire a stake – mainly a significant stake of up to 20% – in the co-investments. We contribute our investment expertise and real estate management service to the partnerships. With these services, DIC Asset AG achieves regular management income in addition to its earnings from investments.

This earnings structure makes us less dependent on market fluctuations and generates a constantly high and at the same time capital-efficient income.

Internal and external portfolio growth: exploit potential to increase value in both the rental and transaction market

We strive to achieve further external and internal growth in order to expand our property portfolio profitably and, in so doing, to increase our company's weight in the capital market.

We participate continuously as a buyer in the market, currently for our funds business in particular, and invest in properties and investments that offer substantial rental yield and continuous cash flow. We achieve internal growth by continuing to reduce the vacancy rate and by repositioning properties through our in-house real estate management services.

At the same time, sales are an integral component of our activities. We use them to optimise our portfolio, realise profits at the right time, and release resources for new acquisitions as well as to optimise our financial and capital structure.

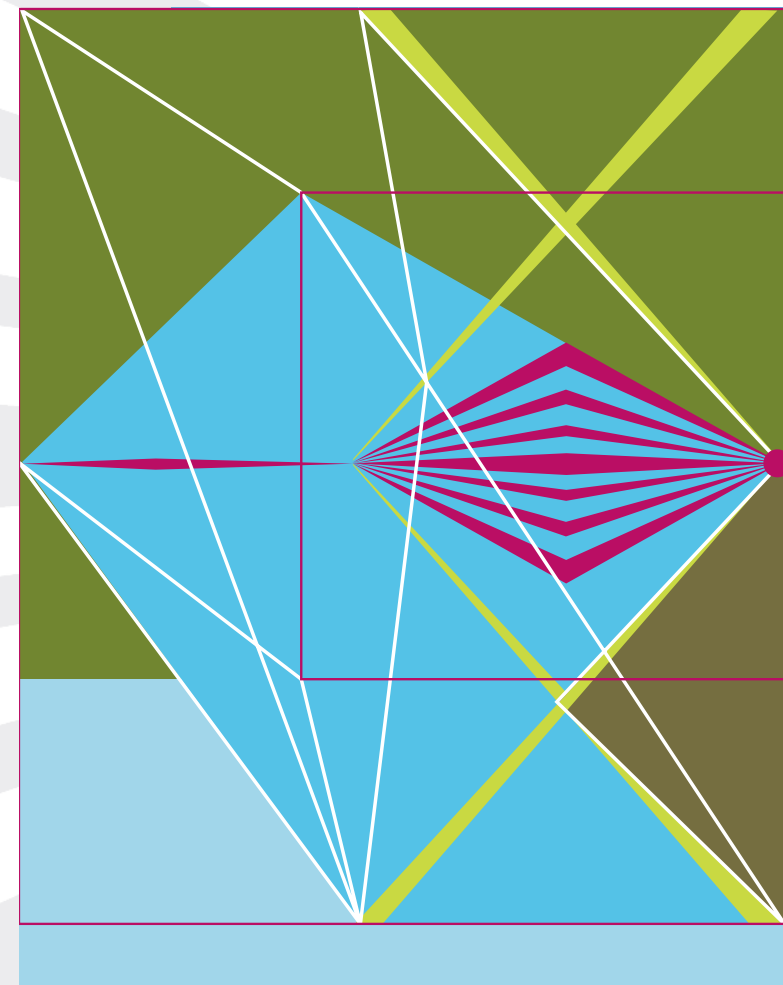
Achievement of strategic targets in 2013

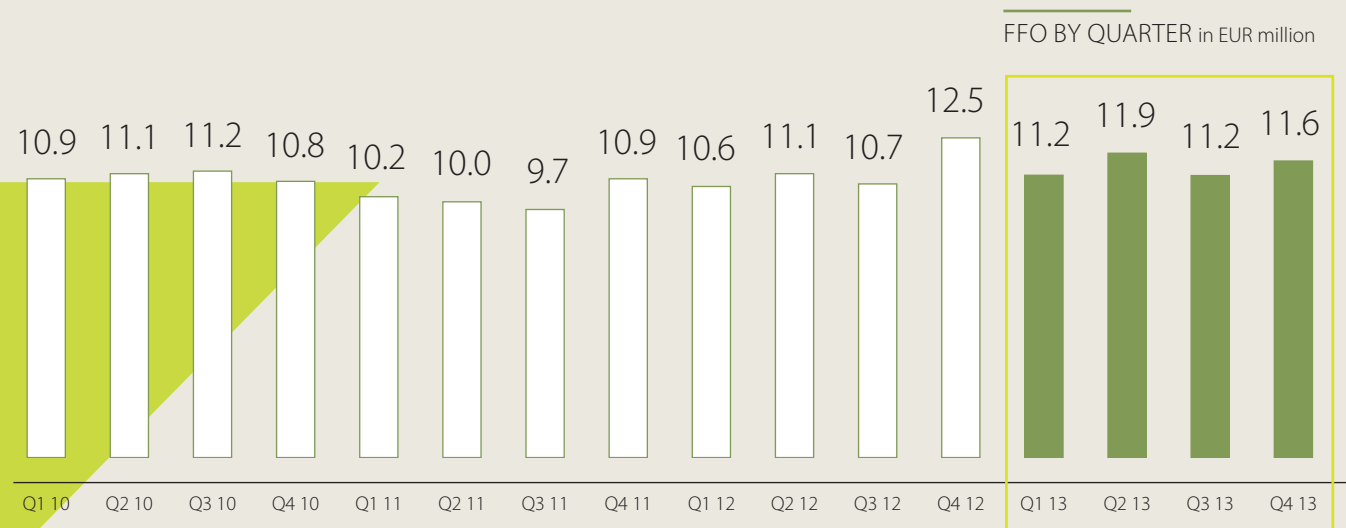
We have made progress in developing DIC Asset AG in line with our strategic objectives in the past financial year:

- ◆ We have simplified corporate structures with the acquisition of a joint venture portfolio worth EUR 481 million and boosted our profile as a direct investor.
- ◆ With rental income of EUR 125 million, we have exceeded the target range of EUR 121 to 123 million and, together with the increased income from management fees, have generated higher FFO of EUR 45.9 million.
- ◆ We have optimised our financing structure across all portfolio segments with newly arranged long-term bank financing of around EUR 960 million, significantly increased the average term of our financial debt and consolidated the low interest rate of around 4%.
- ◆ We have further improved the quality of our real estate portfolio by reducing the vacancy rate to 10.7%. Disregarding the newly acquired joint venture portfolio, the portfolio has a vacancy rate of approximately 10%, as forecasted, at year-end.
- ◆ We have also been highly successful in exploiting the current environment to achieve sales worth just under EUR 100 million in total. On average, the prices achieved here were 6% higher than the most recently determined market values.
- ◆ Our funds segment again grew dynamically in 2013 with acquisitions of EUR 119 million, which means DIC Asset AG's income from both investments and management has again been significantly increased.
- ◆ The MainTor project development has made crucial progress for realising its potential for generating income. Five of the six sub-projects have now been sold successfully and are under construction.
- ◆ The company's ability to generate sustainable, substantial operating income provides a reliable basis for a consistent dividend.

SUCCESSFUL TEAMWORK

Proven strengths of the business model

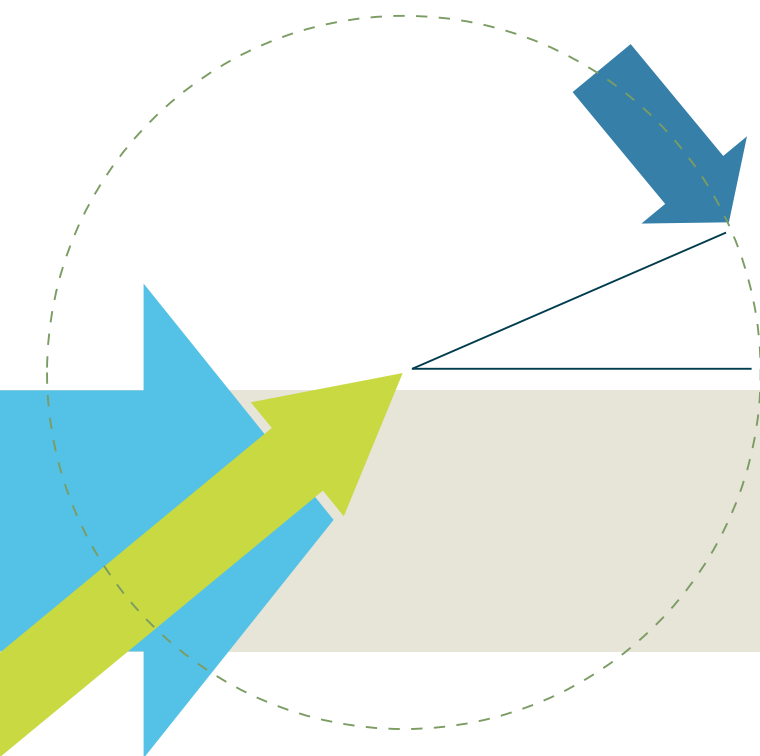




SUSTAINABLE INCOME

Stable and substantial FFO provides a basis for consistent dividends

Company Management



Corporate structure

As a central management holding company, DIC Asset AG brings together the functions of corporate governance, including directing Group strategy (in particular investment management, portfolio management and disposal strategy), corporate and real estate financing, risk management as well as the steering of property management. Furthermore, responsibility for capital market and corporate communication is at Group level.

Two DIC Asset AG subsidiaries also perform important operational duties: DIC Onsite GmbH is responsible for real estate management through six branches, and DIC Fund Balance GmbH is responsible for the funds business segment.

The Group has a total of 196 indirect and direct investments. The majority of these are property owning companies, via which the Group's operations are presented.

All investments are listed in the appendices 1 and 2 to the notes to the consolidated financial statements.

Statement on corporate governance and additional disclosures

The statement on corporate governance was published on the website www.dic-asset.de/investor-relations/CG. The statement is also included in the section on corporate governance. Further information on corporate governance, such as the composition and working methods of the Management Board and the Supervisory Board, can also be found there, as can the report on the remuneration of the Management Board and the Supervisory Board.

We explain our internal control system in detail in the Forecast, Risk and Opportunities section.

Budgeting and management system

Our management system aims to increase corporate value for shareholders, employees and business partners and to achieve long-term profitable growth without incurring disproportionate corporate risk.

Budgeting process

The budgeting process of DIC Asset AG combines projections on the basis of current value with specific targets. The process is based on detailed budgeting at regional, individual property and portfolio level (bottom-up). It is finalised through objectives and strategic elements (as top-down). Constituent parts of budgeting are:

- ◆ Detailed business plans for real estate and portfolios including, amongst other things, expected key figures such as rental income, costs, investments and gross profit.
- ◆ Objectives for operating real estate management including action budgeting, in particular with reference to lettings, sales, investments and project developments.
- ◆ Budgeting operational implementation, e.g. with leasing and management services, budgeted costs and measures to optimise income and minimise expenditure.
- ◆ Consideration of human resources and an examination of financial and liquidity issues.
- ◆ Risk management results in the addition of risks and specific opportunities. This is firstly carried out at the property and portfolio level and then aggregated to Group level.

Consolidated Group budgeting is then complemented by strategic Group measures and estimates of framework conditions by the Management Board. Group budgeting is reviewed annually and adjusted to the market situation and changes which are expected.

Company-specific leading indicators

We use leading indicators for our operating policy decisions in order to seize opportunities rapidly and avoid possible undesirable developments. We differentiate between two types of indicators: general economic and operating leading indicators.

The **general economic** leading indicators include above all GDP growth and the ifo index, unemployment trends and employment levels as well as forecasts for interest rate movements and lending. These result in conclusions regarding the development of our regional markets and the real estate sector, which normally responds to macro-economic changes with a certain time lag, and regarding framework conditions and costs of our financing.

Significant **operating** leading indicators include the conclusion of tenancy agreements as well as expiries and terminations of tenancy agreements. This is incorporated amongst other things into our monthly letting forecast. Due to the long-term nature of tenancy agreements, we are able to estimate the revenue base monthly, adopt counter-measures if necessary and draw conclusions for our short- to medium-term revenue growth. We supple-

ment these turnover-oriented indicators with regional information and company data from our branches. Using this information we are able in particular to fine-tune our letting operations.

Management using key figures

The internal control system, which forms part of the risk management process and is explained in detail from page 51 of the Forecast, Risk and Opportunities section, serves as the fundamental instrument for monitoring and managing the achievement of the company's targets.

Key control variables and targets

In order to monitor the agreed targets, we use result-oriented figures, which are a part of regular reporting.

We plan and manage our operational activities by considering our portfolio from a regional perspective. The DIC Asset structures Germany into five portfolio regions: North (Hamburg), West (Dusseldorf), Central (Frankfurt), South (Munich/Mannheim) and East (Berlin). The segment reporting also follows the breakdown by region. We manage our segments' operations on a uniform basis, particularly with regard to maintaining value and increasing income from property management (including letting volume, rental income and vacancy rates).

The operating profit from real estate management (funds from operations, FFO) is most significant from a Group perspective.

BUSINESS REPORT

OVERALL VIEW ON BUSINESS DEVELOPMENT
AND THE POSITION OF THE COMPANY

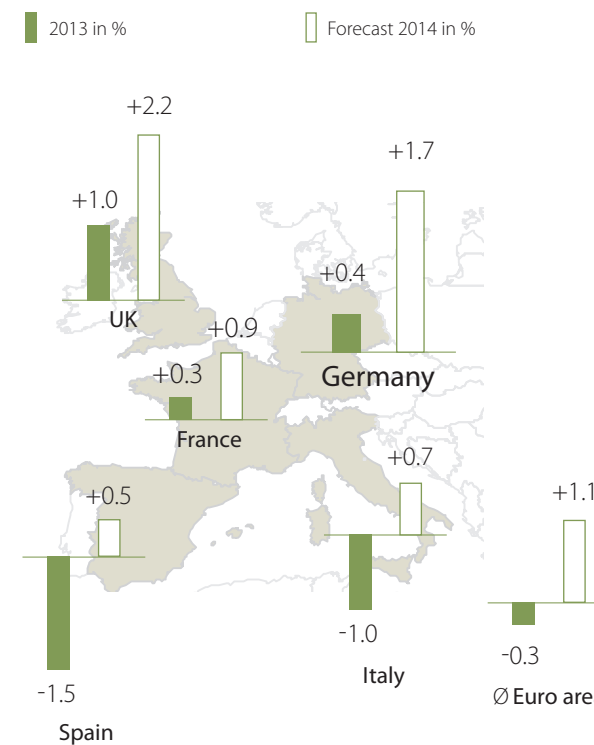
For DIC Asset AG, 2013 was a year in which the company focused on fundamentally strengthening and simplifying its portfolio and financial structures. We achieved a good result in the financial year and, at the same time, successfully expanded our earnings base for the years to come.

Moderate economic growth combined with continuing low interest rates revived the investment market in particular, while letting volumes on the German office property market remained slightly down on the level of the previous year and vacancies fell further. We attained our operating targets in this environment and achieved our forecasts both for rental income and FFO. In a rising investment market, we implemented our transaction targets in full and exceeded our forecasted figures for both acquisitions and sales. We also reduced the vacancy rate further in 2013 to the current figure of 10.7% (previous

year: 10.9%). We used the low level of interest rates to undertake a wholesale restructuring of our funding and significantly improved the maturity structure of our external funding. Capital measures made a significant contribution here: firstly the increase in our bond and the issue of our second bond in the first half, as well as a combined capital increase against cash and contributions in kind in November 2013, with which we acquired a high quality portfolio managed by us worth EUR 481 million.

As a result of these activities, our "Commercial Portfolio" increased to approximately EUR 2.2 billion (previous year: EUR 1.8 billion), the net debt equity ratio increased from 31.6% to 32.6% and the loan to value fell from 68.1% to 66.9%. FFO rose by EUR 1 million to EUR 45.9 million (+2%), the profit for the period rose by EUR 4.2 million to EUR 16.0 million (+36%).

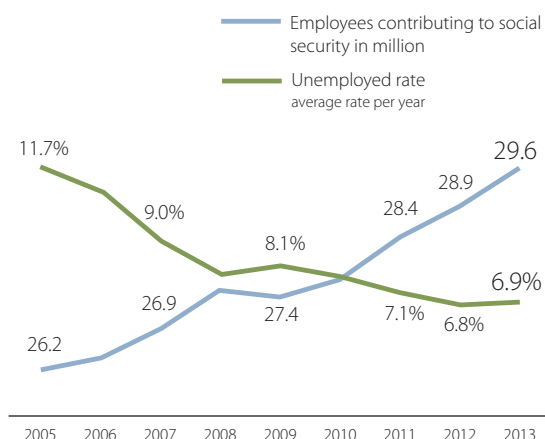
GDP GROWTH RATES IN EUROPA



Source: eurostat

GENERAL ECONOMIC CONDITIONS

DEVELOPMENT OF EMPLOYMENT MARKET IN GERMANY



Sources: Federal Employment Agency, Federal Statistical Office

Macroeconomic trends

German domestic economy strong again

The German economy posted moderate growth overall in 2013. With an increase of 0.4% in gross domestic product (GDP), growth was more modest than in the previous year (2012: 0.7%). However, Germany again proved itself as the most resilient and strongest economy in the euro zone. The key growth driver was provided by the unabatedly buoyant domestic economy, most notably consumption among private households and government expenditure, which grew by 0.9% and 1.1% respectively in price-adjusted terms. However, corporate and government investment fell: together 2.2% less was invested in machinery and equipment, while construction investment posted a slight fall of 0.3%.

The number of people in gainful employment and paying social security contributions increased further by 0.6% in 2013 even though the growth in employment was slower than in 2012 (1.1%). With almost 42 million people in gainful employment, a new record high was reached for the seventh year in succession at the end of 2013. According to a report from the Federal Employment Agency, the average unemployment rate based on all civilian people in gainful employment was stable in 2013 at 6.9% (2012: 6.8%). At the year-end, the monthly figure of 6.7% exactly matched the level it had been in December 2012.

Low interest rates worrying investors

To stabilise the economy in Europe's crisis-ridden countries, the European Central Bank adhered to its cheap money policy and cut its key interest rate to 0.5% in May and to 0.25% in November. The low interest rate environment increased pressure on capital market participants to switch investments. In view of the lack of clarity as to progress in consolidating government finances in Europe's crisis-ridden countries and the structural reforms needed, investors remained very conscious of the downside risks associated therewith. The risk aversion and "capital flight", with which only presumed changes in the financial and real economic environment are anticipated, will benefit countries and asset classes with strong fundamental data.

Sector trends

Substantial investment flowing into the commercial property market

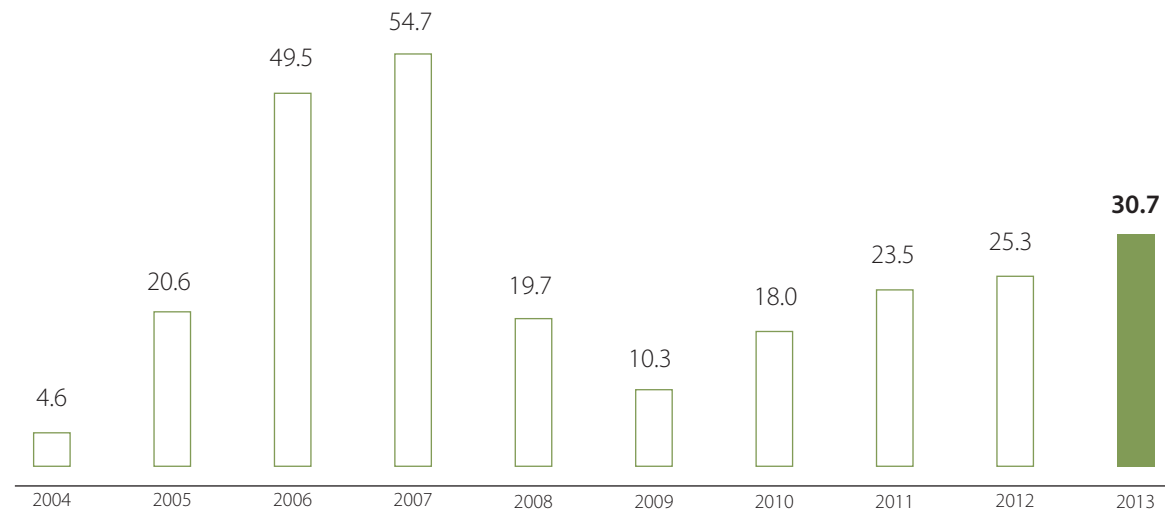
The real estate sector in Germany was able to profit from the persistent policy of low interest rates and the search for stable investments. Compared with the previous year, transaction volume on the German commercial property market increased significantly to EUR 30.7 billion (2012: EUR 25.3 billion). With an increase of 21% compared with the previous year, 2013 saw the highest number of commercial property transactions since the boom year of 2007.

Around 60% of the total volume (EUR 19.5 billion) was invested in the seven major office locations (Berlin, Dusseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart), whose share of investment therefore remained at the level of the previous year. The majority of transactions were targeted at office properties (46%), followed by retail properties (26%). Retail properties were the primary target in the regional centres.

Fund managers and special funds featured as the largest group of purchasers, investing EUR 10.5 billion and consequently accounting for a good third of total volume. Insurance companies and pension funds also featured as highly liquid purchasers.

As a consequence of strong demand for long-term rental properties in prime locations, initial yields for office properties in the core segment remained under pressure and there are signs that prices are still trending upwards slightly. A net initial yield of below 5% is now quoted for each of the top-7 locations. Taken across all cities, the peak yield in the office segment fell to 4.7% on average.

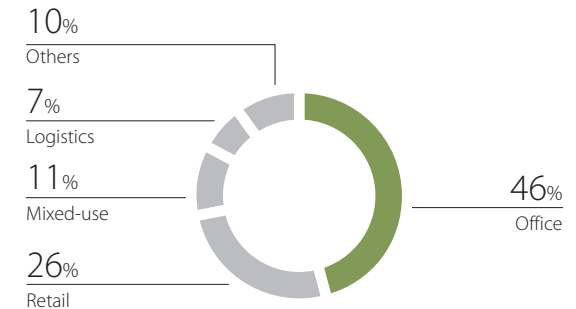
TRANSACTION VOLUME OF GERMAN COMMERCIAL REAL ESTATE
in EUR billion



Source: Jones Lang LaSalle

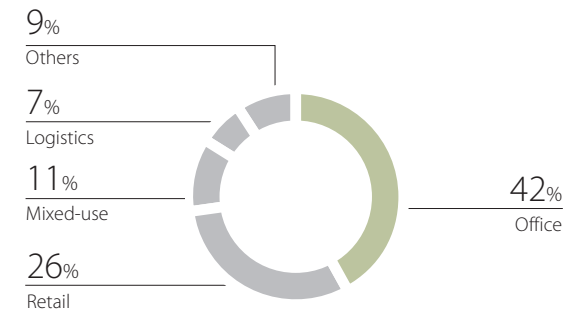
PERCENTAGE OF TRANSACTION VOLUME 2013

Total: EUR 30.7 billion



PERCENTAGE OF TRANSACTION VOLUME 2012

Total: EUR 25.3 billion



Source: Jones Lang LaSalle

Stable letting market overall

Letting markets in the major office locations have consolidated at a high level in the last two years. Space take-up fell slightly, due not least to the weakness of the financial sector and caution among major users linked to economic factors, and totalled around 2.9 million sqm in 2013 (-3.5% compared with 2012). However, there were marked differences from a regional perspective. Compared with the previous year, Stuttgart posted growth of almost 35%, while Dusseldorf and Cologne increased volume by 19% and 18% respectively. While the letting volume remained virtually the same in Hamburg (+1%), volume in the three remaining strongholds, Frankfurt, Berlin and Munich, fell by between -14% and -17% compared with the previous year.

Shortage of space following a slow-down in development activity

Since completion volumes more or less halved between 2009 and 2013 as a result of banks adopting a very restrictive approach to project financing, vacancies decreased significantly up to the second half of 2013 despite a fall in lettings. In the course of the year, the average vacancy rate in the seven real estate strongholds fell from 8.8% to 8.3%, the lowest level since 2002; altogether in these cities net absorption amounted to approximately 800,000 sqm (2012: approximately 1,000,000 sqm).

As a result of the shortage of top-quality space in attractive locations, peak rents rose to a 10-year high. In 2013, peak rents in Dusseldorf, Frankfurt and Munich rose further by approximately 2%; the increase in average rents across all cities amounted to just under 1.5%.

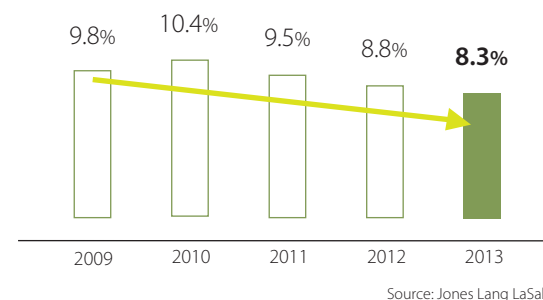
Having experienced the lowest completion volumes in the last five years, at 840,000 sqm, in 2012, the sector reached a turnaround in the last few months of the reporting year. In 2013, growth of 8% compared with the previous year was achieved, as completions totalled around 890,000 sqm. At 204,000 sqm (growth of 140% compared with 2012), Frankfurt led the field in terms of new construction and refurbishment. The new space was already two thirds pre-let during construction or reserved by clients for their own use, meaning that only a small amount reached the open market. In the major office locations, completion volume of around 1.2 million sqm is expected for 2014, which equates to an increase of 32% compared with 2013. Almost a quarter of this is attributable to Frankfurt. This is also already substantially pre-let.

(Please refer to our forecast report in the "Forecast, Opportunities and Risk Report", which follows the Business Report, for the outlook with regard to framework conditions and the assessment of sector trends in financial year 2014.)

LETTING VOLUME IN MAJOR
SEVEN GERMAN OFFICE LOCATIONS
in thousand sqm



VACANCY RATE IN THE MAJOR SEVEN GERMAN
OFFICE LOCATIONS



BUSINESS DEVELOPMENT

DIC Asset AG again achieved growth in income from operations in financial year 2013. We have used the favourable funding environment and the revival in transaction activity to participate in the buoyant demand for property and to improve the quality of our portfolio.

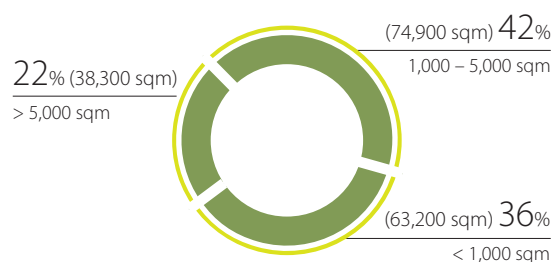
Real estate management

Letting volume: high levels of tenant loyalty

With letting volume of around 176,000 sqm, we achieved a further reduction in vacancies, as planned. At the same time, the letting volume in square metres is 12% down on expectations expressed at the beginning of the year; this is also due to the generally recognised caution on the part of potential tenants and extended decision-making processes among major tenants. At approximately 310 deals, the number of tenancy agreements concluded matches the level of the previous year (approximately 320) but the number of deals involving small and medium-sized properties has increased. We exploited the positive consumer climate to conclude an increasing number of tenancies in the retail sector. Around 69,000 sqm resulted from new tenancies (2012: 114,000 sqm). At approximately 107,000 sqm (2012: 124,000 sqm), the company succeeded in extending a large number of existing tenancies.

DISTRIBUTION OF LETTING RESULTS

Basis: letting volume in sqm



LETTING VOLUME

	in sqm on signature		annualised in EUR million	
	2013	2012	2013	2012
Office	124,800	176,800	14.9	26.6
Retail	18,800	15,900	2.5	2.4
Further commercial	28,300	40,600	1.6	3.0
Residential	4,500	4,500	0.3	0.4
Total	176,400	237,800	19.3	32.4
Parking (units)	2,065	2,270	1.0	1.2

Top 5 new lettings

Ruhr-University Bochum	Bochum	6,700 sqm
Deutsche Bank AG	Frankfurt	5,300 sqm
DAA Deutsche Angestellten Akademie GmbH	Munich	5,000 sqm
State of Hesse	Darmstadt	2,000 sqm
MEDIMAX Zentrale Electronic SE	Pfungstadt	1,800 sqm

Top 5 renewals

eBay AG	Berlin	19,300 sqm
Planet Kart GmbH	Mannheim	6,100 sqm
hvb Hoch-Vakuum-Beschichtungs GmbH	Berlin	3,500 sqm
Deutsche Bahn AG	Essen	3,400 sqm
CDM Smith Consult GmbH	Alsbach	3,300 sqm

Like-for-like rental income: growth accelerated over the year

Like-for-like rental income increased by 0.2% in total in 2013 (2012: 1.0%), here a far stronger second half with growth rates of 0.4% in the third quarter and 0.5% in the fourth quarter compensated the weaker start to the year that had been expected. The like-for-like comparison is based solely on properties which remained in the portfolio in 2013. The effects of acquisitions and disposals are not included.

Further reduction in the vacancy rate

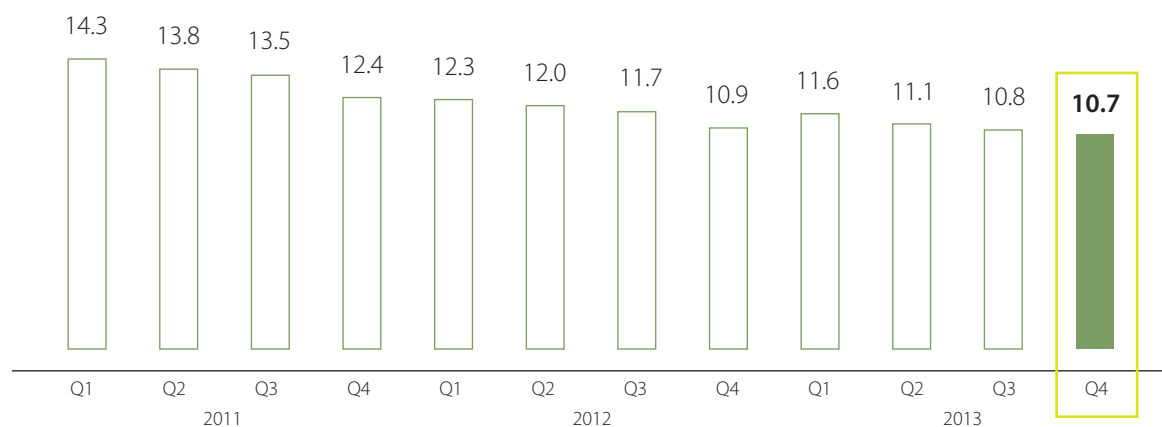
At the same time, we cut the vacancy rate in the real estate portfolio further in the direction of the target of around 10% aspired to in the financial year. Following the inclusion of the portfolio from the acquisition in November 2013, which had a higher vacancy rate, a vacancy rate of 10.7% was achieved at the year-end. Since a significant part of the tenancy agreements resulted from our existing tenants extending tenancy agreements and from new agreements that were primarily concluded with tenants wishing to rent small and medium-sized properties in 2013, the increase in the occupancy rate from real estate management was slightly down on the strong previous year. The positive trend of recent years continued.

Lease maturities: improved term structure

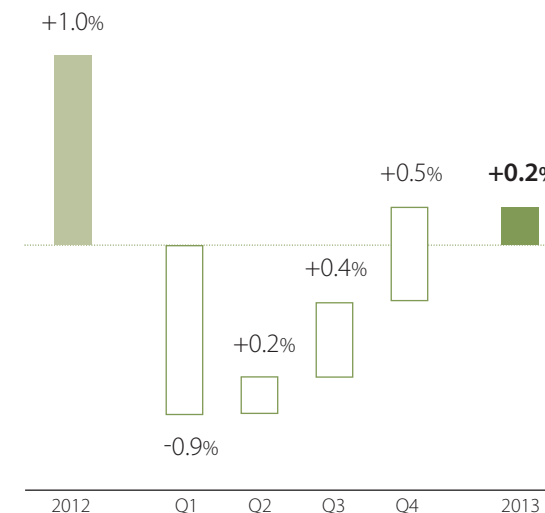
Constant letting activity has boosted the long-term cash flows from the portfolio. In the course of the financial year, the proportion of tenancies potentially expiring from 2018 increased from 43% to 51% of rental income. As at 31 December 2013, only 8% of the volume for 2014 was still pending, meaning that there had been a 3 percentage points reduction in the potential leases expiring in the short term compared with the beginning of 2013.

DEVELOPMENT OF VACANCY RATE

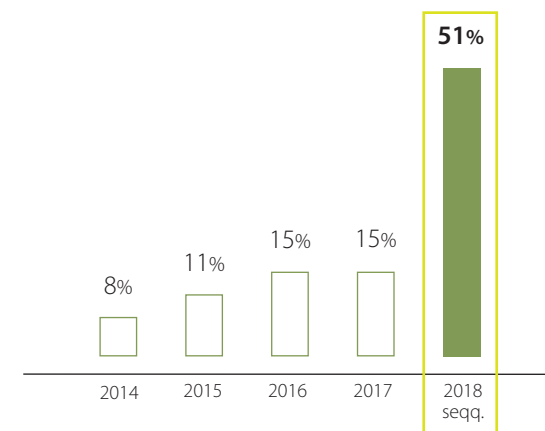
in % at the end of the quarter

**RENTAL INCOME GROWTH**

like-for-like

**LEASE MATURITIES**

Distribution of annual rental income





eBay-CAMPUS, Berlin



Long-term successful extension to the agreement with eBay head office

- ◆ Extension of tenancy agreements covering 20,000 sqm ahead of time
- ◆ Cash flow secured very long term at current market rents

eBay's German head office in Berlin, comprising rental space of approximately 20,000 sqm, is fully let to the online auction house and has been part of DIC Asset AG's portfolio since 2005.

In the second quarter of 2013, we well ahead of time succeeded in arranging an extension to the tenancy two years before it expired. The agreements were concluded at the current market rate. We are participating in the tenant's improvements with a contribution towards the costs of modernising the canteen among other things. As a result, we shall secure the rental income from the property long-term and, at the same time, enhance the quality of the property.

"Bochumer Fenster", Bochum



Repositioned and virtually fully let

- ◆ Restructuring of vacant space and repositioning on the market
- ◆ Long-term large-scale tenancy involving 6,700 sqm with the Ruhr-University Bochum
- ◆ Significant broadening of the user mix

The former Stadtbadgalerie is a striking property in the centre of Bochum. The property comprises a rental area of some 23,700 sqm, divided between a mix of uses such as office, retail, catering and other uses.

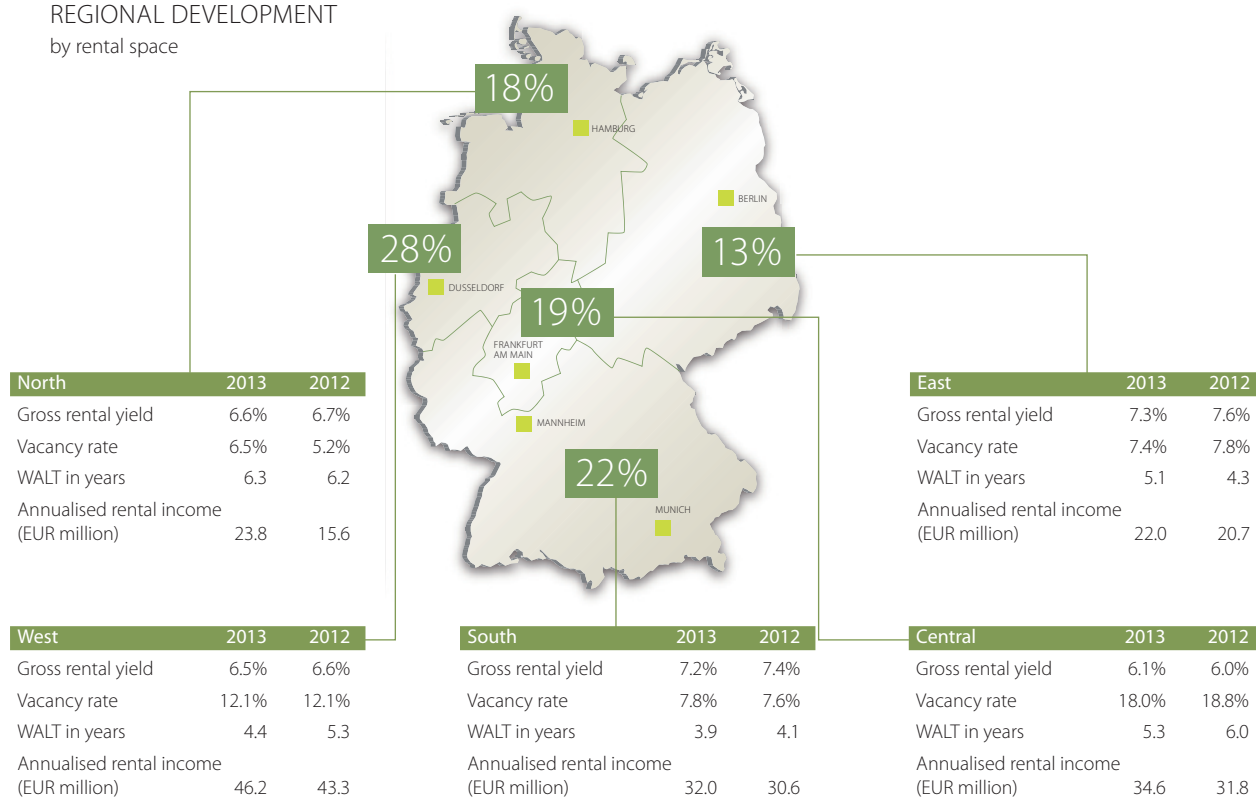
Because the swimming pool had been forced to close following severe water damage in October 2012 and given that the fitness studio and retail space were vacant at the time, DIC Asset AG developed a new concept for the use of the entire property in collaboration with the city administration and experts. The property will remain a multi-tenant property with attractive retail space and long-established office tenants in future. The former fitness studio space and vacant retail space were converted into offices, seminar rooms and lecture space as well as a public cafeteria; in the process, 400 sqm of circulation space was converted into rental space. The Ruhr-University Bochum has rented more than 6,700 sqm in total for more than ten years. The usage structure has broadened with the university as an additional anchor tenant. The annual rental income will increase by around 40%. The occupancy rate will increase from 73% to 98%.

Portfolio

At the reporting date, our portfolio comprised 251 properties with total rental space of 1.9 million sqm. The total value of assets under management remains unchanged at EUR 3.4 billion. With our properties, we generate pro rata annual rental income of EUR 159 million (including pro rata co-investments).

To expand our portfolio and to simplify the portfolio structures, in November 2013 we acquired a majority stake in a joint venture portfolio comprising 54 properties with a market value of EUR 481 million. We sold 14 properties worth approximately EUR 99 million.

REGIONAL DEVELOPMENT by rental space



As in previous years, the external valuation showed that our properties are generating stable value. At the end of 2013, the pro rata market value of our real estate portfolio amounted to EUR 2,538.3 million (2012: EUR 2,223.5 million).

Regional development: diversification increased

The acquisition of the joint venture portfolio has increased the diversification in the commercial portfolio and the weight of the North region. The share attributable to the West and East regions remained largely unchanged. The average rental yield in the regions has only changed slightly compared with the previous year; the integration of the joint venture portfolio had a compensatory effect in the occupancy rate in the Central and East region thanks to the company's success in letting several properties.

Market valuation: Property values stable

The market value of all our properties is calculated by an external expert at the end of each year. These values include property-related factors such as the tenancy levels, the level of rental income, the length of tenancy agreements and the age and quality of the property. This is in addition to external factors such as the development of the local environment and the market in general as well as the financial climate.

The valuation effect for our properties amounts to -0.63%. With the market environment having remained stable, and capitalisation rates and discounting rates unchanged, the positive effects of successful lettings failed to fully offset the impact of incrementally shortened lease terms. Following additions, disposals, investments and the change in value, the pro rata market value of our portfolio totalled EUR 2,538.3 million. At the end of the previous year, the portfolio was worth EUR 2,223.5 million.

The net asset value increased by 26% to EUR 862.4 million (previous year: EUR 685.4 million). As a result of the increase in the number of shares, the NAV per share came to EUR 12.58 (2012: EUR 14.99).

CHANGES IN MARKET VALUE in EUR million

Market value portfolio on 31.12.2012	2,223.5
Investments	+55.8
Addition Commercial Portfolio	+451.9
Addition Fonds	+22.3
Disposals Co-Investments	-101.1
Sales	-98.1
Valuation impact (-0.63%)	-16.0
Market value portfolio on 31.12.2013	2,538.3

The calculated market value is the estimated transaction price between the buyer and seller under normal conditions on the date of the valuation. We record our assets at cost less depreciation, which is why a change in market value has no direct impact on the accounts.

Further information about the valuation of real estate is provided in the section entitled "Asset position". Information on how market value is calculated is presented in the Notes from page 88.



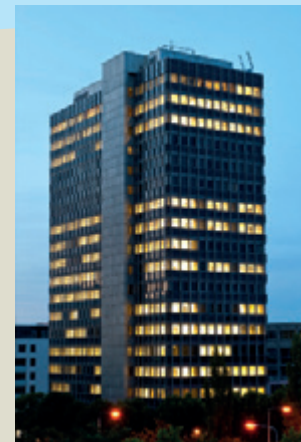
Hamburg



Duisburg



Cologne



Frankfurt

EXCELLENT ADDITION TO THE COMMERCIAL PORTFOLIO

Basic data relating to the EUR 481 million portfolio acquisition

- > Strong focus on offices (73%)
- > Locations spread throughout Germany but concentrated in major office locations (56%)
- > Rental area 355,000 sqm
- > Annual rental income of around EUR 28 million
- > Average lease term of 5 years
- > Gross initial yield 6.1%
- > Occupancy rate 88%

Acquisition of an office portfolio: growth and simplification

With the acquisition in November 2013 of a majority stake in a joint venture portfolio in which DIC Asset AG had held a direct and indirect stake of 20% since 2007 and had been responsible for asset and property management, we have taken a logical step to simplify our portfolio structures and, at the same time, strengthened our commercial portfolio. The acquisition took place by means of a capital increase against contributions in kind. An implicit equity purchase price of EUR 46 million was agreed for the transfer of the stake, which represents a discount of 30% on the pro rata net asset value of the portfolio.

The portfolio consists of 54 properties throughout Germany with a portfolio market value of EUR 481 million, concentrated (56% of portfolio market value) in the leading German office locations and a highly diversified, stable tenant base. The portfolio generates annual rental income of around EUR 28 million. An above-average proportion, at approximately 37%, of rental income is generated with the public sector.



Hanover



Hamburg



Rhine-Main-Region



Koblenz

As a result, the percentage of direct investments in DIC Asset AG's portfolio increased from 84% to 89% in 2013. The acquisition will significantly contribute to simplifying the portfolio and corporate structures, will increase annual rental income and entail minimal transaction risk, as the company was already very familiar with the properties. The acquisition of the portfolio is part of our strategy of reducing the number of joint ventures and optimising the existing portfolio as well as financing structures as a direct investor.

We have achieved our planned acquisition volume for 2013 of at least EUR 150 million for our existing portfolio and for our co-investments in full with high quality properties and consequently expanded the basis for substantial, consistent income from our portfolio.

Sales: transaction target reached in full

In financial year 2013, we achieved a sales volume of around EUR 99 million, having achieved our original target for the year of EUR 80 million ahead of time. The sales volume amounted to around EUR 155 million in the previous year.

We have stepped up sales activities temporarily in the current year to exploit increased demand on the investment market and were very successful in selling 14 properties up to the balance sheet date, of which seven were from the Commercial Portfolio (EUR 44 million) and seven from Co-Investments (EUR 54 million). The sales prices achieved in the completed transactions averaged approximately 6% more than the most recent market values assessed.

Loans of more than EUR 58 million were repaid from the funds released from all sales recorded in the income statement in 2013, and our financing and portfolio structures were further optimised.

Steady growth in fund business

We view the funds business segment as additional attractive business generating substantial regular income. The retail fund "DIC High Street Balance," whose implementation we started at the beginning of 2013, is investing in top-quality commercial buildings in prime inner-city locations and pedestrian zones in German regional centres and mid-sized towns with high levels of purchasing power. The concept complements our fund business, which we started in 2010 with the "DIC Office Balance I" fund, which invests in core office properties in large cities.

As planned, our fund business grew rapidly in 2013 with the acquisition of top-quality properties. The investment volume in the funds increased through the purchase of properties in Passau, Flensburg, Halle, Trier, Heidelberg and Koblenz by approximately EUR 119 million to approximately EUR 525 million in total. This means that around 75% of the target volume for the two funds of approximately EUR 700 million has already been realized.

The FFO contributions from fund business are posting continuous growth: in 2012, they were at around EUR 4 million and rose to around EUR 6.5 million in 2013.

Despite a limited supply of suitable properties, we invested a further EUR 119 million in a total of six properties for the two current funds in 2013. Of these, an office property was acquired for just under EUR 32 million for the "DIC Office Balance I" office fund and five properties were acquired for EUR 87 million for the "DIC HighStreet Balance" retail fund. The properties purchased are distinguished by substantial income, long-term tenancy agreements and top-rated tenants.

We assemble funds and investment structures for institutional investors (most notably foundations, pension funds, insurance companies and private asset managers). We have a stake of up to 20% as a co-investor and contribute our real-estate and investment expertise as a service provider.

In addition to income from equity interests, we therefore regularly earn income for the asset and property management as well as management fees on acquisitions and sales for the funds.

A retail property in Passau was acquired for the "DIC HighStreet Balance" retail property fund in the first quarter.

The property, located in a prime central retail location, offers rental space of around 8,000 sqm virtually fully let to top-rated tenants.



In June, the fund acquired a top retail property in the Flensburg pedestrian area.

The property, in a prime location in the pedestrian area, has rental space of approximately 17,500 sqm, of which 10,200 sqm is used as retail space. Karstadt Warenhaus AG is the anchor tenant with a long-term tenancy agreement. The property is 100% let.



Additional acquisitions for the retail property fund were made in the fourth quarter:

A retail property in an ideal city centre location was acquired in Halle (Saxony-Anhalt). It has rental space of approximately 6,600 sqm and is fully let. C&A, the anchor tenant, has a good credit rating.



In Trier, a distinctive and historic property with 7,400 sqm was purchased in a prime location in the Altstadt area.

The property is fully let long-term to the fashion chain SinnLeffers.



A property in a prime location within walking distance of the city centre shops was acquired in Koblenz.

The rental area of around 4,800 sqm is fully let.



For the "DIC Office Balance I" office property fund the "Stadttor Heidelberg" office property was acquired in July.

The property has rental space of approximately 11,000 sqm and is 100% let. "Stadttor Heidelberg" is part of the new Bahnstadt district in Heidelberg, one of the world's largest passive house developments.

Project Developments

Our target for project developments is to achieve a sale once value has been created. We minimise existing construction and financing risks by ensuring that sufficient advance marketing is in place before going through with a project and only become involved in project developments in places where we are represented with branch offices. In principle, we only run project developments as minority investments within the framework of our co-investments.

Currently, we are involved in the "MainTor" development in Frankfurt and the "Opera Offices" in Hamburg with a project volume of around EUR 785 million. In financial year 2013, major progress towards realising the forecasted income was made in both projects. A new section of "TRIO" Offenbach, another development in the existing portfolio, was completed at the beginning of 2013.

"TRIO" Offenbach: completion of a new section

The construction work on "TRIO" Offenbach was completed in February 2013 and the new section, which is adjacent to the refurbished section, was handed over to its users. The new structure comprises additional space of approximately 2,500 sqm and is let long-term to a local government company. The site also offers potential to revive the district further and extend the property by adding more new buildings.

"Opera Offices Klassik" completed

Having sold the sub-project "Opera Offices Klassik" as part of a forward deal in 2012, we successfully completed the work in this construction phase in the reporting year. "Opera Offices Klassik" was completed and handed over to the purchaser in summer 2013. The demolition work above ground for the second sub-project "Opera Offices Neo" has been finished and the preparations made for building to start in the near future. The "Opera Offices Neo" project has a volume of around EUR 35 million. DIC Asset AG holds a 20% share in the development project.

"MainTor" established as an outstanding position in the banking district

With the "MainTor – The Riverside Financial District" development, DIC is developing a new urban district in one of the most attractive locations in central Frankfurt. Following completion of the project, the banking district will extend as far as the River Main. We are implementing MainTor in six sub-projects, which minimises the marketing risks and allows us to tailor our marketing to each individual phase when addressing different user groups and investors. Five of the six sub-projects have already been sold and are under construction.





Key successes in 2013:

- ◆ We achieved two major successes in letting at the turn of the year 2012/2013: CMS Hasche Sigle will be the anchor tenant in the “MainTor Panorama” office building, renting over 9,000 sqm, which is approximately 70% of the rental space. Union Investment, which is already the anchor tenant in the “MainTor Porta”, takes over a further 8,000 sqm and became the sole tenant.
- ◆ In December 2013, a fund managed by Union Investment Real Estate acquired “MainTor Porta”, which is fully let on long-term tenancy agreements, for EUR 155 million. Title to the building, which is under construction, will be transferred to the purchaser once the tenant has moved in in the summer.
- ◆ The prompt and very successful marketing of 88% of the condominiums in the “MainTor Palazzi” was achieved up to the year-end. Currently, at 92%, marketing has got closer to achieving complete advance marketing.

All five sub-projects that have been sold are now under construction or in the process of completion, constituting around 60% of the entire project with a project volume of around EUR 750 million. Marketing of the last and most distinctive phase, the central office block “WINX – The Riverside Tower”, started at the beginning of 2014.

DIC Asset AG holds a 40% share in the development project.

SUSTAINABILITY

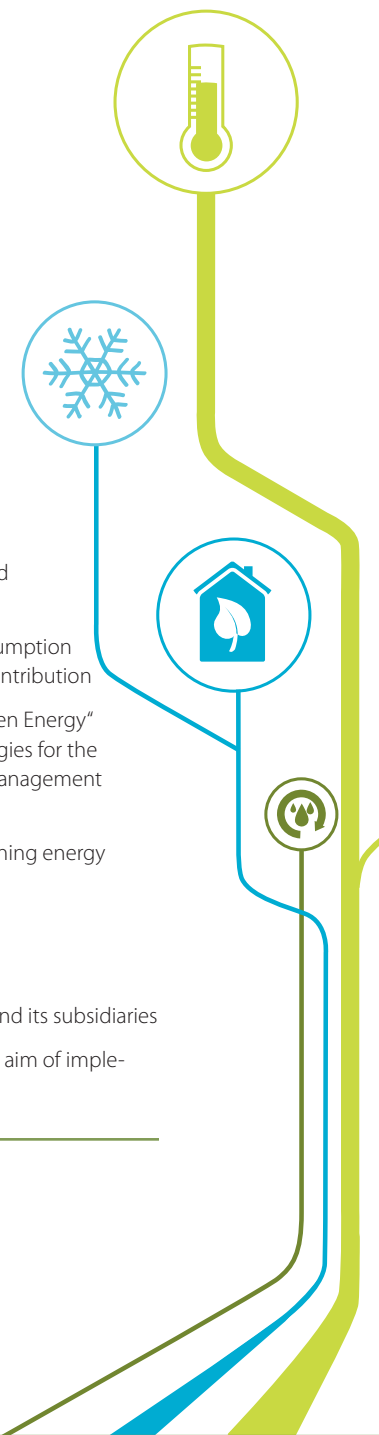
Our real estate portfolio under management comprises rental space of approximately 1.9 million sqm and offers our tenants and their employees as well as clients space for their commercial activities, shared use of which means energy is consumed, carbon dioxide released and waste generated. Our environment is affected by this today and will be in future. As a real estate company which numbers amongst Germany's biggest portfolio holders, a sense of responsibility obliges us to take a long-term approach to our assets, our tenants, our business partners, our co-workers and our residents.

As a real estate company with a long-term investment horizon, we are geared to dealing with resources and the environment in a long-term and sustainable manner. This minimises risks, promotes existing business and opens up new business opportunities to us. In our entrepreneurial decisions and processes, we take account of ecological and social requirements and, wherever possible, forego the opportunities for short-term gains in favour of fundamental options for optimisation.

Our strategic approach combines ecological, social and economical aspects and helps us with decisions and business efficiency.

STATUS QUO AND SUCCESSES SINCE 2011

- Launch and step-by-step enhancement of sustainability reporting
- Integration of sustainability in the future business strategy
- Nomination of officers responsible for sustainability at Management Board and Division level
- Ongoing elicitation of an expanding analysis portfolio for recording consumption data for energy (electricity, heating) and water and calculating the CO₂ contribution
- Implementation of sustainability measures in operational processes ("Green Energy" project – bundling of mains electricity supply from 100% renewable energies for the DIC real estate portfolio, inclusion of sustainability issues in new facility management agreements put out to tender and concluded)
- Continuous optimisation of reporting structures, in particular, for determining energy consumption values (electricity, heating) and water efficiently
- Documentation of DIC Asset AG's energy consumption and emissions
- Participation in sustainability initiatives and surveys
- Raising awareness of sustainability amongst employees of DIC Asset AG and its subsidiaries
- Expansion of communication with tenants and service providers with the aim of implementing aspects of sustainability in operational processes





GOALS UP TO 2016

- ⊕ Ongoing analysis of the results of our analysis portfolio and drawing up optimisation models (e.g. optimisation of energy efficiency through improved energy management or technical innovations)
- ⊕ Gradual extension of sustainability reporting in accordance with established standards outside and within the real estate sectors (GRI, ZIA and EPRA)
- ⊕ Achievement of a higher GRI reporting level
- ⊕ Promotion of further training on the issue of sustainability in relevant divisions
- ⊕ Ongoing involvement in initiatives and projects to promote sustainability in the real estate industry
- ⊕ Support for projects which have a positive influence on the social, cultural and economic environment
- ⊕ Further optimisation of the capital structure as part of the strategic and operational goals up to 2016

Our approach to sustainability includes

- ◆ gearing ourselves to environmental, safety and social standards,
- ◆ integrating sustainability issues into our business processes,
- ◆ maintaining good, long-term relationships with all interest groups,
- ◆ open and transparent communication.

We strive to develop and optimise the strategic and organisational approach to sustainability step by step, which also includes implementing sustainability targets in our business processes and consequently making them achievable for employees in their day-to-day work. We report regularly on our objectives and successes as part of our reporting on sustainability.

With only its second report, DIC Asset's sustainability reporting has been awarded the Bronze Award for successful implementation and transparent reporting in accordance with EPRA's best-practice criteria. The award was handed over at the annual event organised by the European real estate sector in September 2013.

In the course of the first half of 2014, we are planning to publish our third Sustainability Report in which we shall report on objectives and successes in financial years 2012 and 2013 on the basis of current available data.



EMPLOYEES

The knowledge, experience, capabilities and commitment of our employees provide the vital basis for our company's success. We can only achieve our ambitious targets if we have qualified and motivated employees, who represent our company externally with success and conviction. We therefore value and promote entrepreneurial thinking and action, the ability to act on one's own initiative, flexibility and specialist knowledge.

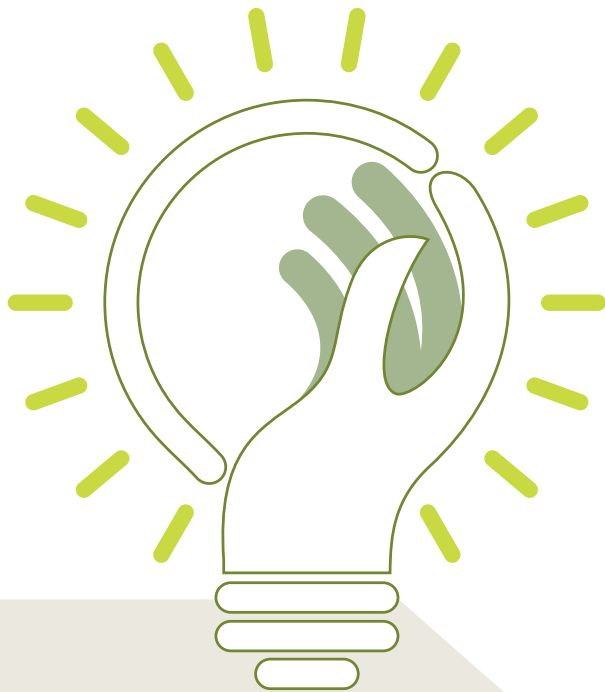
Systematic personal development

Systematic personnel development is crucial to our long-term corporate development strategy. The aim of personal development is to support and promote our employees and improve their qualifications, and to secure their long-term loyalty. Our central Personnel Department ensures that talents are discovered, nurtured and deployed ideally throughout the company. We therefore support our employees in their personal further development and advancement and invest in disseminating knowledge and skills. We offer training sessions on specific topics (e.g. on changes to the IFRS accounting standards or concerning sustainability in project development) as well as general ongoing training areas such as languages and presentation skills.

Personal development is also a core element of the duties of our managers. We support our managers in this regard and provide them with tools, for example through regular training sessions. In addition, we hold regular management meetings with the Management Board. In addition to an internal exchange of knowledge, sector- and property-specific issues are examined in greater depth in lectures by specialists during these meetings.

An attractive employer

To win over high-performing staff for our company is also one of the most important tasks in personnel management. In order to appeal to talented and highly qualified candidates, we work to position DIC Asset AG as an excellent employer and raise awareness of the benefits of working for us. Thus – unlike many major corporations – we are able to offer flat hierarchies, the assumption of responsibility at an early stage and extensive powers to take decisions independently. To publicise this, we are intensifying our cooperation with selected universities focusing on real estate. For example, our managers give lectures there and establish close contact with academic staff.

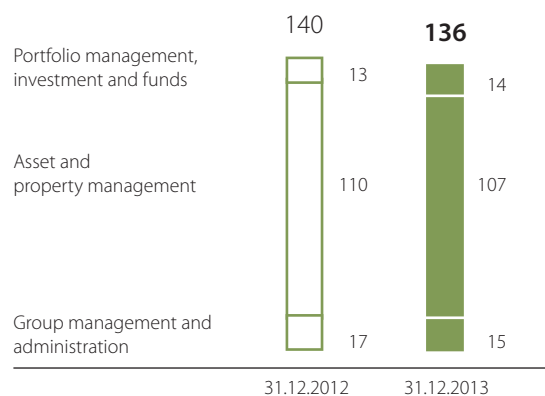


In 2013, we provided tremendous support for individuals wishing to undertake further training. The introduction of company-specific real estate software was accompanied by country-wide staff training. We also again participated in the real estate careers forum organised by Immobilien Zeitung in Frankfurt in June 2013.

Training of junior employees, support for students

We invest in the training of young people and regard this as an important socio-political contribution. In 2013, we provided training at our branches under the dual system for two students reading real estate studies at the University of Cooperative Education. School children and students are also given an insight into various areas of our company through school internships (lasting 14 days) and student internships (lasting two to six months) and are entrusted with various day-to-day tasks during these. We offer university graduates the opportunity to embark upon a 12- or 18-month training programme following their studies, and we currently have one employee on this scheme. We also provide students with support for their Bachelor's dissertations or Master's theses. We view all these programmes as important ways of acquiring new and well-qualified junior employees for our company.

NUMBER OF EMPLOYEES



Salaries: fair remuneration and promoting performance

Our salaries consist of a basic income, supplementary benefits and performance-related components. We base our salaries on industry standards and those of our competitors. The performance-related component is based on achieving strategic and operating targets and individual goals. In this way, we encourage and support an awareness of entrepreneurial issues among our employees. In 2013, EUR 12.1 million was spent on employees in total. This figure includes performance-related bonuses of EUR 1.5 million, corresponding to a share of approximately 12%. Social security taxes, pension contributions and other additional benefits amounted to a total of EUR 1.5 million.

Employee base for company growth expanded

In 2013, DIC Asset AG had an average of 135 employees (2012: 138); the figure at the end of the year was 136 (2012: 140). Compared with the previous year, we have streamlined administration and simultaneously strengthened the portfolio management, investment and funds departments.

FINANCIAL INFORMATION

Revenues and results

- ◆ At EUR 45.9 million, FFO precisely on target
- ◆ Profits on property disposals doubled at EUR 7.6 million
- ◆ Profit for the period of EUR 16 million (+36%)

In 2013, FFO rose further by 2% from EUR 44.9 million to EUR 45.9 million. We increased the profit for the period significantly by EUR 4.2 million or 36% to EUR 16.0 million.

In terms of revenues, stable rental income, increased income from property management, growth in income from our fund investments and the improvement in the interest result all contributed to another substantial result.

Higher profits on property sales continued to have a positive impact on the profit for the period.

Rental income stable at a high level

Both gross rental income, at EUR 125.2 million (previous year: EUR 126.5 million) and net rental income, at EUR 112.3 million (previous year: EUR 113.2 million) mainly remained stable and consequently met the targets for 2013. Among other factors, this is attributable to the marked expansion in our portfolio

resulting from our acquisition of a portfolio in November 2013, which offset the forecasted loss of rental income from properties sold in the course of the year.

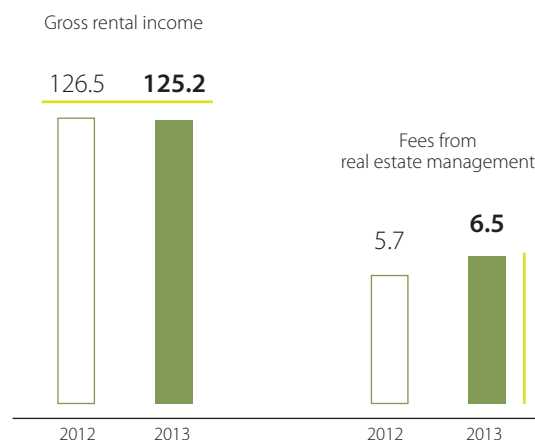
Profits on property disposals virtually doubled

In 2013, the property disposal proceeds from our existing portfolio were EUR 5.4 million higher, at EUR 81.1 million (2012: EUR 75.7 million). Profits on property disposals rose significantly by EUR 3.8 million (+100%) to EUR 7.6 million (previous year: EUR 3.8 million).

Fees from real estate management increased

Fees from real estate management rose by EUR 0.8 million (+14%) to EUR 6.5 million. The increase in income from fund business compensated for the expected loss of income following the sale of properties from the Co-Investments segment and the property management fees lost as a result of the consolidation of the newly acquired joint venture portfolio in December 2013.

GROSS RENTAL INCOME AND FEES FROM REAL ESTATE MANAGEMENT in EUR million



OVERVIEW OF REVENUES in EUR million

	2013	2012	
Gross rental income	125.2	126.5	-1%
Fees from real estate management	6.5	5.7	+14%
Property disposal proceeds	81.1	75.7	+7%
Other	23.3	21.2	+10%
Total income	236.1	229.1	+3%

Operating cost structures improved

Our operating costs were proportionate to our business development in 2013. At 12.6% (2012: 12.0%), the operating cost ratio (administrative and personnel expenses to gross rental income, adjusted for property management income) was within our expected range of 12–13%. Administrative expenses increased by EUR 1.3 million (+15%) to EUR 10.1 million mainly caused by the significant amount of work involved in repaying and refinancing loans, for which we made use of external expertise, the increase in consulting fees associated herewith and higher marketing expenses. At EUR 12.1 million, personnel expenses remained stable (previous year: EUR 12.1 million). The increase in management income resulting from the expansion in fund business means that it now covers approximately 29% of operating costs compared with 27% in the previous year.

RECONCILIATION OF FFO in EUR million

	2013	2012	
Net rental income	112.3	113.2	-1%
Administrative expenses	-10.1	-8.8	+15%
Personnel expenses	-12.1	-12.1	0%
Result of other operating income/expenses	0.4	0.3	+33%
Fees from real estate management	6.5	5.7	+14%
Share of the profit from associates without project developments and sales	1.9	2.8	-32%
Interest result	-53.0	-56.2	+6%
Funds from operations	45.9	44.9	+2%

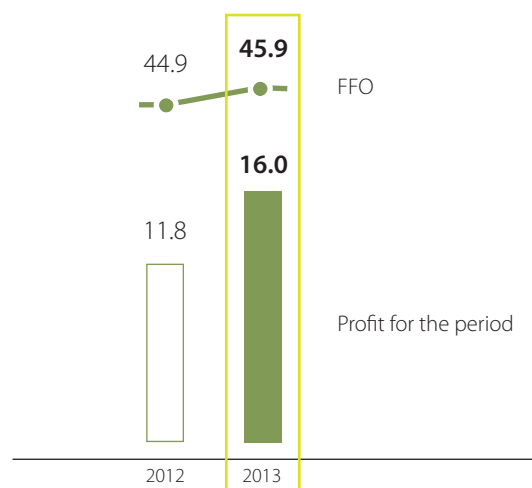
Significant improvement in the interest result

We reduced our net financing expenses significantly compared to the previous year. Thanks to the low level of interest rates as well as new loans and refinancing, interest expenses were reduced by EUR 3.3 million (5%) to EUR 62.7 million. At EUR 9.7 million, interest income remained stable (previous year: EUR 9.8 million). Overall, the reduction in financing expenses of 6% to EUR -53.0 million resulted in a significantly improved interest result (previous year: EUR -56.2 million).

FFO again at a high level

FFO (funds from operations), which represents income from portfolio management, increased by EUR 1.0 million (+2%) from EUR 44.9 million to EUR 45.9 million and consequently reached the middle of the target range of EUR 45 to 47 million. At 37%, the FFO yield (FFO in relation to gross rental income) grew by around one percentage point compared with 2012.

FFO AND PROFIT FOR THE PERIOD in EUR million



At EUR 0.94, FFO per share remained stable compared with the previous year.

Share of the profit of associates stable

At EUR 1.6 million, share of the profit of associates (Co-Investments) was EUR 0.2 million (-12%) down on the previous year. Net income consists of income from our fund investments (EUR 3.1 million), the result from letting properties from joint venture portfolios (EUR -0.2 million), the consolidation result following the acquisition of the joint venture portfolio (EUR -0.9 million) as well as the result from selling properties from joint venture portfolios and project developments (EUR -0.4 million).

Profit for the period: up 36% to EUR 16.0 million

The profit for the period rose by EUR 4.2 million (+36%) to EUR 16.0 million compared with the previous year. The main reasons behind the growth in profits are increased profits on sales and higher management income combined with a simultaneous reduction in financing expenses. The profit per share amounts to EUR 0.33 compared with EUR 0.25 in the previous year.

Segment results

The demarcation of our segments follows internal reporting and management by region using key operating figures. Therefore, no information on sales, earnings or balance sheet items is provided. Information on the segments can be found on page 100 and page 101.

Financial position

- ◆ Significantly improved term structure
- ◆ Interest cover ratio increased to 179%

Broad financing spectrum

With the help of our financial management, we ensure that we are able to guarantee the liquidity of DIC Asset AG and its investments at all times. We also strive to achieve the greatest possible stability vis-à-vis external influences and, at the same time, to maintain the degree of flexibility that guarantees our company's development.

We meet our financing requirements through traditional bank financing and the capital markets. We have a large number of business relationships with various partner banks and avoid being too heavily dependent on individual financial institutions. We always arrange loans at customary market conditions and review them continuously to see whether there is scope for optimisation.

Long-term focus and security in our planning

To make our financing structure as stable as possible, in principle, we conclude our financing on a long-term basis, mainly over 5-8 years. Bank financing is carried out at property and portfolio level on a non-recourse basis, which prevents unlimited access to the Group. We achieve more stability and security in our planning by hedging the vast majority of our financing against fluctuations in interest rates.

Bonds have optimised the financing mix

At the beginning of 2013, we increased our first bond, which was issued in 2011, by EUR 13.1 million to the maximum issuance volume of EUR 100 million. In response to the substantial interest from investors, we issued a second corporate bond in July 2013 (5-year term, interest rate of 5.75%, volume of EUR 75 million), which means we have put our financing on a broader basis and have further reduced our financing costs overall.

Substantial financing volume realised

Including financing activities for our Co-Investments, we realised financing volume of approximately EUR 957 million in 2013. In addition to some EUR 674 million for financing in the Commercial Portfolio, approximately EUR 52 million is attributable to acquisitions for our funds and approximately EUR 231 million to financing for additional co-investments.

Refinancing for two large portfolios with a total financing volume of EUR 555 million, which were scheduled for extension in 2014, was arranged ahead of schedule in 2013 through the successful capital market measures.

At EUR 1,723.9 million, the balance sheet financial liabilities as at 31 December 2013 were EUR 233.9 million higher than in the previous year following repayments, refinancing, the increase caused by the acquisition of the joint venture portfolio and the increase in the outstanding bonds. The majority of the financial liabilities consist of loans from financial institutions (90%) as well as funds from our bonds (10%). The loan repayments contain unscheduled repayments resulting from sales of EUR 58 million.

Term structure improved and financing costs reduced

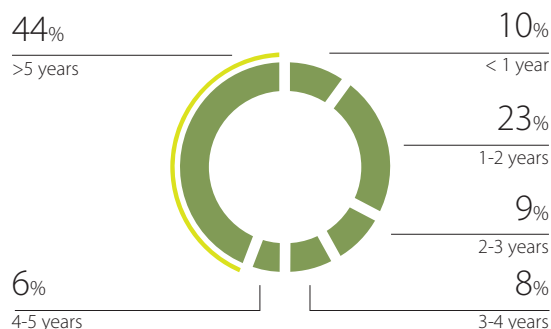
Thanks to our extensive refinancing activities, the term structure of our financing has improved significantly from 3.2 years at the end of 2012 to 4.5 years at the end of December. The proportion of financing with terms in excess of five years came to 44% at the balance sheet date compared to 17% in the previous year. In the Commercial Portfolio, the average term of the financing agreed in 2013 is approximately seven years.

FINANCING ACTIVITIES IN THE COMMERCIAL PORTFOLIO 2013 in EUR million

New loans raised	+250.4
Refinancing	+423.6
Increase in corporate bond	+13.1
Issue of corporate bond	+75.0
Repayment of loans	-844.3

DEBT MATURITIES

Financial debt as at 31.12.2013



Small amounts of refinancing for 2014

The refinancing for the existing portfolio (Commercial Portfolio) due in 2014 amounts to approximately EUR 128 million. Of this figure, approximately EUR 101 million is attributable to two commercial portfolios and EUR 27 million to three properties, which are due for refinancing in mid-2014 and at the end of 2014.

Hedging against interest rate fluctuations

We hedge the vast majority, at 95%, of financial debt against fluctuations in interest rates – either by taking out fixed-rate loans or via derivative interest hedging instruments. This gives us long-term certainty in our planning and avoids interest rate risks. Possible changes in interest rates do not, in principle, impact the income statement but the equity reported in the balance sheet. 5% of our liabilities – primarily short-term in nature – are agreed at variable rates.

INTEREST COVER RATIO



Marked improvement in the interest result and interest cover ratio

As at 31 December 2013, the average interest rate across all financial liabilities was 4.1% and was consequently slightly up on the level of the previous year (4.0%). The interest result improved from EUR -56.2 million in the previous year to EUR -53.0 million because variable interest rates were low during the year: in 2013, interest expense decreased from EUR -66.0 million to EUR -62.7 million. Interest income, which we achieve through the investment of cash and cash equivalents as well as the strategic deployment of funds through co-investments, remained unchanged (EUR 9.7 million compared with EUR 9.8 million in the previous year).

The interest cover ratio (ICR), the ratio of net rental income to interest payments, increased further by seven percentage points from 172% to 179% because of the reduction in financing costs and therefore contributes to an increased EBT.

Financing obligations met in full

We complied with all financing obligations, including financial covenants, throughout the year and on the balance sheet date. Financial covenants are standard components of financing agreements on the market and specify the attainment of key financial figures such as the interest cover ratio (ICR), the debt service coverage ratio (DSCR) or the weighted average lease term (WALT).

No forms of off-balance sheet financing

There are no forms of off-balance sheet financing. The consolidated financial statements reflect all forms of the company's financing. Further detailed information such as the terms and fair value of loans or information on derivative financial instruments is provided in the Notes from page 96.

Comfortable liquidity situation

Liquidity planning has the utmost priority for us, as part of financial management, and against the backdrop of conditions for the granting of loans which remain stringent. We therefore endeavour to avoid being dependent on additional financing for ongoing operations. For this purpose, we carry out annual liquidity planning as part of our budgeting process, which is then continuously updated through weekly liquidity status reports. The consistency of our cash flow enables us to make a detailed liquidity forecast against which we can align our cash deployment and requirements with great precision.

During 2013, DIC Asset AG was at all times able to fulfill its payment obligations. As at 31 December 2013, free liquidity amounted to around EUR 56 million. We also had unutilised financing lines of EUR 16.3 million at our disposal. The successful increase in our bond at the beginning of 2014 increased free liquidity by around EUR 25 million.

Stable cash flow

With substantial stable rental income, we generated cash from operations of EUR 107.4 million (previous year: EUR 105.6 million). After taking interest and taxes into account, cash flows matched the level of the previous year: cash flow from operating activities was EUR 42.0 million (previous year: EUR 43.9 million).

In 2013, cash flow from investing activities was dominated by successful sales, which led to a positive cash flow from investing activities of EUR 42.4 million (2012: EUR -32.3 million). Cash outflows for acquisitions and investment in the portfolio totalled EUR -23.8 million (2012: EUR -82.5 million). The majority of this Investment amounting to EUR 22.7 million was concentrated on maintaining the appeal of our buildings and in updating the technical equipment in our buildings.

In 2013, financing was dominated by the substantial repayment of loans, the placement of additional bond tranches and the capital increase. Cash flow from financing activities amounted to EUR -91.9 million compared with EUR -55.1 million in the previous year. In total, we repaid loans of EUR 844.3 million, while we only raised EUR 587.0 million in new loans. We received funds of EUR 88.1 million from the issue of additional bonds. The capital increase in November 2013 resulted in an inflow of approximately EUR 100 million.

Planned use of these funds meant that cash inflows and outflows were in equilibrium in 2013, which meant that there were only minor changes in cash and cash equivalents, which remained virtually unchanged compared with the previous year at around EUR 56 million.

CASH FLOW in EUR million

	2013	2012
Profit for the period	16.0	11.8
Cash flow from operating activities	42.0	43.9
Cash flow from investing activities	42.4	-32.3
Cash flow from financing activities	-91.9	-55.1
Acquisition related increase in cash and cash equivalents	7.2	0
Net changes in cash and cash equivalents	-0.3	-43.5
Cash and cash equivalents at 31 December	56.4	56.7

Asset position

- ◆ Real estate assets increased to approximately EUR 2.3 billion
- ◆ Net debt equity ratio increased to 32.6%
- ◆ Loan to value reduced to 66.9%
- ◆ Net asset value increases by EUR 177 million (+26%)

The expansion in our direct investments had a major impact on the asset position in 2013. This included the consolidation of the previous joint venture portfolio consisting of 54 office properties, the issue of the bond and the cash capital increase, which provided us with the funds to optimise the financing of portfolio structures. Our real estate assets in the Commercial Portfolio grew by 22%, while the value of our Co-Investments increased by 19%. Net asset value rose by EUR 177.0 million, or by 26% to EUR 862.4 million.

Acquisition costs used for financial reporting

We report our properties at cost less depreciation. Our book values are reviewed annually within the framework of the impairment test required under IFRS to establish whether impairment charges are required. We use the value in use, which reflects the value of a property regarding its intended use, as a criterion for comparison with balance sheet values. No impairment charges to real estate assets were required in 2013.

Assets: Increase in direct investments

As at 31 December 2013, total assets were approximately EUR 385.8 million (17%) above the figure at the previous year-end at EUR 2,596.0 million.

Investment properties (our existing properties in the Commercial Portfolio) had a balance sheet value of EUR 2,256.4 million at the end of 2013 compared with EUR 1,847.4 million in the previous year. The increase of EUR 409.1 million (22%) is mainly attributable to the acquisition of a majority stake in the joint venture portfolio with a carrying amount of EUR 462.3 million, while disposals through sales decreased the Commercial Portfolio amounting to EUR 41.3 million.

Shares in associates (our Co-Investments) increased by 19% from EUR 75.7 million to EUR 89.9 million, mainly through further expansion in the funds. The extension of loans increased the loans to related parties in non-current assets, while the matching receivables in current assets decreased. These loans mainly consist of loans granted for equity contributions in refinancing and bridge financing for project developments.

Non-current assets therefore increased significantly in 2013 by EUR 546.1 million to EUR 2,506.0 million (2012: EUR 1,959.9 million), while current assets decreased by EUR 160.3 million to EUR 90.0 million (2012: EUR 250.3 million).

Equity boosted

Equity rose by EUR 178.7 million (+29%) to EUR 793.1 million. The capital increase against cash and contributions in kind, which affected subscribed capital (EUR +22.9 million) and the capital reserve (EUR +119.2 million), was a major factor here. The negative hedging reserve, which improved by EUR -32.7 million to EUR -30.1 million as a consequence of higher interest rates on the balance sheet date, and the dividend payment for financial year 2012 (EUR -16.0 million) reduced equity.

The reported equity ratio increased with the refinancing measures by 2.8 percentage points from 27.8% to 30.6%. The net debt equity ratio (based on net liabilities and adjusted for the effects from derivatives) grew by one percentage point to 32.6% (2012: 31.6%) and the loan to value fell from 68.1% to 66.9%.

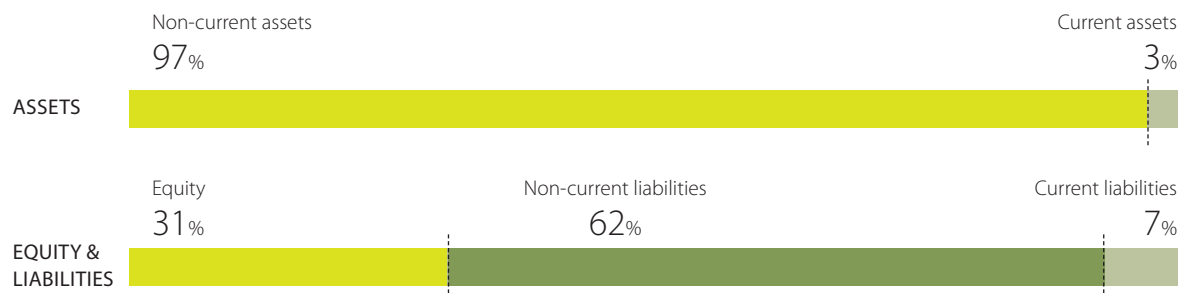
OVERVIEW OF THE BALANCE SHEET in EUR million

	31.12.2013	31.12.2012
Total assets	2,596.0	2,210.2
Non-current assets	2,506.0	1,959.9
Currents assets	90.0	250.3
Equity	793.1	614.3
Non-current liabilities	1,553.1	1,315.1
Current liabilities	170.7	174.8
Other liabilities	79.1	106.0
Total liabilities	1,802.9	1,595.9
Balance sheet equity ratio	30.6%	27.8%
Net debt equity ratio *	32.6%	31.6%
Loan to value **	66.9%	68.1%

* Calculated by setting the shareholders' equity, adjusted for hedging reserve, in relation to the total assets, adjusted in turn for hedging reserve, derivatives, and cash in banks.

** The relationship between the total financial debt, corporate bonds and liabilities to related parties minus cash in banks, on the one hand, and the real estate held at fair market values as financial investments, equity investments, and receivables due from related parties, on the other hand.

BALANCE SHEET STRUCTURE



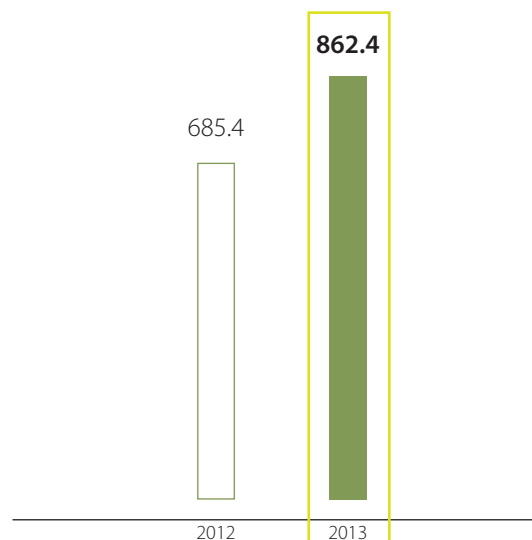
Net asset value rises significantly to EUR 862 million

The net asset value (NAV) represents the real value of all tangible and intangible assets less liabilities. This net asset value amounted to EUR 862.4 million at the end of 2013. Compared with the previous year we increased the net asset value by EUR 177.0 million (+26%). Most notably the acquisition of the joint venture portfolio properties, which were acquired at a price below their market value, had a positive impact on the net asset value in 2013. Net asset value per share, in relation to a number of shares that has been increased by 50%, amounted to EUR 12.58. In the previous year, NAV per share amounted to EUR 14.99. The NNNNAV per share (cf. notes p. 88) amounted to EUR 11.77 (2012: EUR 13.13).

NET ASSET VALUE in EUR million

	31.12.2013	31.12.2012
Market value real estate	2,283.1	1,878.9
Market value investments	92.2	81.8
+/- other assets and liabilities incl. non-controlling interests	211.0	214.6
Net loan commitments	-1,723.9	-1,489.9
Net asset value (NAV)	862.4	685.4
Number of shares (thousand)	68,578	45,719
NAV per share in EUR	12.58	14.99
NNNAV per share in EUR	11.77	13.13

NET ASSET VALUE in EUR million



Other information

Impact of balance sheet policy and changes to financial reporting on the presentation of the economic position

In 2013, no options were exercised, no facts were presented in the balance sheet or changes made to discretionary decisions which – if treated differently – would have had a material impact on the presentation of the earnings, asset and financial position in the financial year.

Non-financial performance indicators

Non-financial performance indicators play a major role in the enduring success of DIC Asset AG. These values are not quantifiable and cannot therefore be reported in the balance sheet. These are values which constitute clear competitive advantages and are due to the long-standing nature of the company's operations, the expertise developed as well as an extensive network within the market. These include amongst other things:

- ◆ Sustainability-related financial and non-financial performance indicators (We report on these in detail in our Sustainability Report, which is available to download from our website)
- ◆ Motivated and committed managers and employees
- ◆ Competitive and organisational advantages from our real estate management throughout Germany (DIC Onsite)
- ◆ Long-term relationships with highly satisfied tenants
- ◆ Established, trusting cooperation with service providers
- ◆ Establishment of sustainability in the business model
- ◆ Trusting partnerships with strategic financial and capital partners
- ◆ Cooperation and constant exchange with analysts, the capital market, media and the public

Certain leased, rented or hired assets (operating leases) are not included in the balance sheet. This does not relate to any DIC Asset AG properties and has no material impact on the asset position overall. More detailed information can be found in the Notes on page 102.

The DIC brand is one of the intangible assets not capitalised in the balance sheet. During the reporting year, we used the brand consistently in our corporate image and enhanced it further through a variety of public relations activities.

EVENTS AFTER THE REPORTING PERIOD

On 07 February 2014, the deed for the sale of a property in Leipzig, held in the Commercial Portfolio, was notarised. The price of purchase was approximately EUR 13 million. The transfer of possession, rights and obligations for the property is scheduled for the second quarter of 2014.

The bond issued in July 2013 was increased by another EUR 25 million end of January 2014. This brings the total up to the maximum issuance volume of EUR 100 million.

Otherwise, no major transactions were approved, initiated or executed during the post-balance sheet period, i. e. the time between the balance-sheet date and the Management Board's authorisation on 10 March 2014 to publish the consolidated financial statement.

FORECAST, RISK AND OPPORTUNITIES REPORT

THE RISK MANAGEMENT SYSTEM OF DIC ASSET AG

In a dynamic environment, it is a fundamental entrepreneurial duty to recognise opportunities in good time and to exploit them. At the same time, the company is exposed to risks, which may make it more difficult to achieve its short and medium-term targets or even implement long-term strategies. The management of risk and opportunities is therefore a fundamental component of corporate governance.

Our risk policy is derived directly from the business strategy approved by the Management Board. It aligns our efforts to grow on a sustainable basis, to increase corporate value and accordingly manage, transfer and reduce any risks which may arise.

The risk management system therefore secures the company's continued existence in the long term in the interests of its tenants, employees and investors and protects it from critical situations. To ensure that risks are recognised in good time and countered in an appropriate manner, this system is integrated within our organisation and is mandatory for all employees. The internal control and monitoring system is an integral component of the risk management system, which ensures that operational and financial risks are minimised, processes are monitored and compliance with laws and ordinances including the effectiveness of financial reporting is guaranteed.

Enhancements to the system in 2013

We optimise the risk management system permanently and adjust it to the constant evolution of DIC Asset AG's struc-

tures. The key changes in our company's organisation and processes in the financial year were the introduction of a new software system for real estate management as well as its close alignment to the systems for corporate and financial accounting. With these changes, we have made our processes more efficient and are able to identify, assess and manage risks more effectively with the help of more efficient management and control systems, methods and tools.

Structure of the risk management system

▷ Risk early warning system

DIC Asset AG's early warning system aims to record all relevant risks and their causes, to quantify them and communicate them. This ensures that necessary countermeasures can be initiated in good time. The respective specialist departments are responsible for identifying, reporting, assessing and controlling risks. For example, real estate data are recorded at property level via the asset and property management teams, aggregated and supplemented, checked and summarised in central Controlling and reported to management. The risk early warning system is reviewed annually and assessed by the statutory auditor in accordance with § 317 (4) HGB as part of the annual audit in line with the requirements of stock corporation law.

▷ Risk identification

As part of risk controlling, the identification of risk is the first step in the risk management process and forms the basis for dealing with risks in an adequate and effective manner. Risks are identified and systematised in accordance with the integration concept as part of general business processes. To do so, we use instruments such as corporate and scenario analyses among others to analyse strategic risks and detailed check lists for routine reviews.

▷ Risk analysis and communication

Our employees are required to deal conscientiously and responsibly with risks and opportunities, as part of their skill sets. Responsibilities are defined for all relevant risks in accordance with the hierarchy. An identified risk is assessed as to

the likelihood of its occurring and the extent of potential financial loss is calculated. The next step involves a decision by the responsible divisional managers, if necessary together with the Management Board, regarding appropriate risk management. Appropriate response measures are devised on the basis of this and their success is monitored regularly. Longer-term risks are integrated in the strategic planning process.

Risks are analysed and then aggregated according to their potential cumulative effects. This allows us to determine the total risk for the DIC Asset Group. In order to provide information regarding identified risks as well as the most important events within the market environment, risk management is incorporated as an integral part of our regular planning, reporting and management routines. The Management Board, the Supervisory Board and any other decision-making bodies are regularly informed at quarterly intervals, or on an ad hoc basis for serious issues that arise suddenly. We thus ensure that the Management Board and the Supervisory Board are promptly and comprehensively informed of important risks.

▷ Opportunities management

The systematic identification and communication of opportunities is also an integral component of the risk management system. Opportunities are events or developments, which may have a positive effect on development of business. In principle, we strive to achieve a balance between opportunities and risks.

▷ Risk management and control

The process of analysis and forecasting allows us to initiate appropriate measures for coping with risk and also for exploiting any opportunities that arise in a targeted manner. For example, we reduce the risk from interest rate fluctuations through matching hedging transactions. For our long-term project developments, a systematic and comprehensive project management with standardised project mile-

stones, preliminary acceptances, the awarding of partial trade contracts and clearly determined approval processes help us to minimise project risks. Controlling monitors the operating success of risk management.

▷ Risk management documentation

The existing guidelines, procedures, instruments, areas of risk and responsibilities are documented in writing and are expanded on an ongoing basis. Comprehensive documentation summarises the key elements of the normal cycle introduced as part of the risk management system.

INTERNAL CONTROL SYSTEM

General

The internal control system (ICS) and the risk management system with regard to DIC Asset AG's financial reporting process encompass guidelines, procedures and measures. Their key aims are to ensure that business is handled securely and efficiently, financial reporting is reliable and compliant, and laws, directives and the relevant legal provisions are complied with. The internal control system consists of two areas, namely control and monitoring. In organisational terms, Corporate Finance, Controlling and Accounting are responsible for control.

The monitoring measures consist of elements incorporated into the process and external independent elements. Among others, the integrated measures include manual controls such as the "dual control principle", which is applied universally, and technical controls, essentially by software-based checking mechanisms. In addition, qualified employees with the appropriate powers (managing directors of portfolio companies or employees in the second management tier, for instance) as well as specialised Group departments such as Controlling or Legal perform monitoring and control functions as part of the various processes.

External, cross-process checks of the internal monitoring system are carried out most notably by the Management Board and the Supervisory Board (the Audit Committee in particular here) as well as by the auditors as part of the audit of the annual financial statements.

Use of IT

We manage and monitor our relevant IT systems at a central level. The software used to record accounting transactions in the individual companies consists of established standard sector solutions in the majority of cases. Since the beginning of 2013, we have been using a modern system tailored directly to the requirements of real estate companies, which integrates property management and company accounting as well as the planning, control and analysis systems. This system has replaced individual systems.

The correctness of the programs and interfaces we use is regularly examined and verified. The results of the audit of IT systems with their concrete recommendations help us to make continuous improvements. As a result, we increase the security of the system and enhance the expertise of the employees responsible for it. Our entire IT system, including bookkeeping and accounting, is protected against unauthorised access.

Ensuring that the financial reporting is correct and reliable

The regulations, control activities and measures prescribed by the internal control system ensure that transactions are recorded promptly and completely in compliance with statutory and internal provisions, and that assets and liabilities as well as expenses and income are recognised, measured and reported accurately in the consolidated financial statements. The accounting documents provide a reliable and comprehensible information base.

The International Financial Reporting Standards (IFRS) are supplemented by sector standards such as the EPRA recommendations, for instance, and applied by DIC Asset AG as uniform measurement and reporting principles throughout the Group. The financial reporting rules regulate in detail the formal requirements for the consolidated financial statements, such as stipulating the companies to be included in the scope of consolidation and the content of the reports to be prepared by the individual companies. Internal regulations governing settlement practice within the Group, for instance, are also provided.

At Group level, control encompasses, most notably, the analysis and, if necessary, adjustment of the separate financial statements included, taking into account the findings and recommendations of the auditors. The consolidation of all accounts is conducted at the headquarters in Frankfurt am Main. Impairment tests carried out centrally, particularly the annual review of the market value of all real estate carried out externally by independent surveyors, ensure that the valuation criteria are applied uniformly and on a standardised basis. The data required for disclosures in the Management Report and the Notes are also aggregated and adapted at Group level.

Qualificatory statements

Even tried-and-tested, established systems such as DIC Asset AG's internal control and risk management systems cannot exclude errors and infringements entirely, meaning that absolute security with regard to the accurate, complete and prompt recording of data in Group financial reporting cannot always be fully guaranteed. Non-recurring, non-routine business opportunities or those which are urgent may conceal a certain potential for risk. Risks may also arise from the scope for discretion that employees have in recognising and measuring assets and liabilities. A certain control risk also arises from the use of service providers to process data. Financial reporting-related risks arising from financial instruments are explained in the Notes.

INDIVIDUAL RISKS AND OPPORTUNITIES

External environment

- ◆ Economy as a whole
- ◆ Real estate sector
- ◆ Regulatory and political changes
- ◆ Legal

Finances

- ◆ Interest rates
- ◆ Financing and liquidity
- ◆ Valuation
- ◆ Currencies

Strategy

- ◆ Growth
- ◆ Project developments

Operations

- ◆ Acquisitions and sales planning
- ◆ Letting
- ◆ Property and location
- ◆ Fund business
- ◆ Personnel
- ◆ IT

External environment

▷ Economy as a whole

Economic changes may have a positive and negative effect on our business and its financial position and results. Short-term opportunities and risks relate primarily to the share of rental income from finding new tenants or extending tenancy agreements. Risks are also posed by the loss of rental income resulting from tenants becoming insolvent.

We expect **moderately positive** economic growth in 2014 and have already factored this into our planning. The route out of the sovereign debt crisis in Europe remains fraught with uncertainties and will require consolidation measures that still have to be specified in detail, the effects of which could also have a negative impact on the German economy. To minimise risks, we concentrate on long-term leases to top-quality tenants, on spreading rental income across a large number of different tenants and investing in rapidly growing regions.

We consider it **unlikely** that the economy will suffer a marked deterioration in the next twelve months. Such a deterioration would have a **slightly to moderately seriously** adverse impact on our business. Overall, the risk/opportunities profile resulting from factors in the economic environment has improved slightly for us and we have further increased the strength and diversification of our portfolio by including the joint venture portfolio (following the acquisition of majority stakes in 2013) with a high proportion of agreements with public sector tenants and a large number of tenancy agreements with SMEs.

▷ Real estate sector

In the letting market, surplus supply or fixtures and fittings that no longer meet current standards can lead to price pressures, a loss of margin and vacancies. A shortage of suitable space, by contrast, can lead to high demand from users and rising prices for the quality sought.

By subjecting properties to intensive examination before we buy, we endeavour to reduce the risks resulting from difficulties in letting properties subsequently and a lack of flexibility in their use. At the same time, we are interested in identifying opportunities, which we can exploit through our efficient asset and property management organisation, which can handle even challenging real estate management tasks.

In the transaction market, the tensions in the financial system also result in additional risks. Despite nominally low interest rates, difficult financing conditions and hesitant lending may hinder the transaction market and thus have an adverse impact on our acquisition and sales targets. Forced sales by banks or investors encountering difficulties with refinancing could also have a negative impact on the prices achievable in the market when selling. In the medium term at least, this risk would not cause **any significant financial damage** since our business plans are based on a long-term perspective and are flexibly structured. On the other hand, this may also result in attractive opportunities for acquisitions.

For 2014, we assume that the **moderate increase** in completion volumes means that attractive properties will remain in short supply and that prices will remain correspondingly buoyant. As an active investor, we have an excellent network of contacts in the transaction market and are well placed to become aware of possible sales in our relevant markets at any early stage. With regard to the risks resulting from a downward trend in the sector, we consider these are **unlikely to materialise** at present. This would have a **slightly to moderately serious financial impact**.

▷ Regulatory and political changes

Risks as well as opportunities may arise out of changes to framework conditions or regulations. Particularly in exceptional situations such as the financial crisis, governments may make rapid changes without leaving sufficient time to adjust. Compared with other countries in Europe, Germany has proved itself as a very stable economy – in regulatory, social and political terms. An employment market, which is in good shape with an unemployment rate of around 7% in December 2013, and the grand coalition established after the latest elections to the Bundestag contain little potential for sudden, excessive measures and regulatory measures that would breach the broad social and economic policy consensus.

For financial year 2014, we consider there is **little likelihood** of either risks or opportunities arising from sudden changes. We also rate the possible financial repercussions as **minor**.

▷ Legal

DIC Asset AG is exposed to the risk that third parties will assert claims or file actions for a possible breach of their rights within the framework of normal business operations. We therefore carefully check all material acts carried out by the company in order to identify and avoid potential conflicts. Risks may also arise from non-compliance with contractual obligations. At present, ongoing legal disputes relate almost exclusively to active legal proceedings to collect outstanding rent. We have made provision for these legal costs and made value adjustments to the claims as required. There are currently no material legal disputes, which could constitute a considerable risk, either pending or foreseeable. In our view, current legal disputes will result in more opportunities than risks. Overall, we estimate the legal risk and its financial implications to be **low**.

Finances

▷ Interest rates

Interest rate risks arise from fluctuations in interest rates caused by market developments (market interest rate volatility) and from the company's own exposure to interest rates (open fixed rate positions, maturities expiring etc.). They may impair DIC Asset AG's profitability, liquidity and financial position as well as its opportunities for expansion.

In order to hedge against interest rate fluctuations we use derivative financial instruments. As at 31 December 2013, 95% of our financing volume is hedged against interest rate rises. Due to the hedging, an increase in interest rates of 100 basis points would only reduce cash flow by EUR 1.0 million. Interest rate changes have implications, acting through financial instruments, which mainly affect the balance sheet and reduce equity. As at 31 December 2013, the average interest rate amounts to 4.1%. Further information about interest rate risks can be found in the Notes.

On the other hand, the current low level of interest rates offers opportunities for obtaining financing on favourable terms and for long-term improvements in our financing structure. We are therefore involved in regular negotiations with financing institutions. If we succeed in renewing financing earlier than scheduled or agreeing attractive terms, we benefit primarily from lower costs and a reduction in our financing risks.

We consider interest rates are highly likely to stay low in 2014 meaning that the real estate investment market will remain buoyant. Thanks to the substantial level of hedging, an increase in interest rates would have a **slightly to moderately negative** impact on our finances.

▷ Financing and liquidity

The risks arising from the financing requirement have increased over the past few years as a result of the European sovereign debt crisis. Some real estate financiers have suspended new business, while other lenders have tightened up their lending conditions and increased risk premiums and only carry out large-scale transactions on a syndicated basis. This makes financing more complex and more expensive overall. The default risk among banks has also increased. We therefore only agree loans and derivative financial instruments, where we are dependent on a lastingly stable, reliable partnership, with financial institutions that have very high credit ratings or are members of a deposit insurance fund.

The real estate portfolio of DIC Asset AG is financed on a property or portfolio basis. Financial risks from individual properties or portfolios do not therefore have a direct or unlimited impact on the Group as a whole (non-recourse financing).

DIC Asset AG has agreed a usual level of credit with financial covenants (loan agreement clauses imposing financial ratios). In the event of it failing to comply with these clauses, banks could modify their credit terms or demand the repayment of some loans at short notice, which would have negative financial implications. Essentially, the following covenants are in operation:

- ISCR (interest service coverage ratio): specifies the percentage of interest expenditure covered by the net annual base rent.
- DSCR (debt service coverage ratio): specifies the percentage of expected interest plus repayment (principal repayment) covered by rental income.
- WALT: weighted average lease term

No shares in DIC Asset AG have been provided as collateral or parameters on any of our loan agreements, and therefore the share price is irrelevant both with regard to termination and margins. Compliance with credit clauses is monitored continuously and providently through risk management in the Corporate Finance Division; all covenants were complied with. Deviations from fixed threshold values identified through ongoing sensitivity analyses are presented to the Management Board without delay and the type and scope of the countermeasures to be taken are determined. The conclusion of affordable long-term financing was, and is, a material condition for the investment decision for all new acquisitions.

The liquidity risk consists in the risk that, due to insufficient availability of funds, existing or future payment obligations may not be honoured or unfavourable loan terms may be agreed to in order to meet cash shortfalls. In the Group, this risk is managed centrally on the basis of multi-year financial plans and monthly rolling liquidity planning of long-term credit lines and liquid funds to ensure the solvency and financial flexibility of the Group at all times. Cash is passed on to Group companies as required under cash pooling arrangements. DIC Asset AG's financing and liquidity requirements for its operations are secured for the long term and are based on the long-term cash flow that can be planned from our real estate and investments. Liquidity is mainly held in the form of call and term deposits. The company also has bank credit lines, in particular an unutilised syndicated credit line of EUR 16.3 million, at its disposal. Further information about financing and liquidity risks can be found in the Notes.

Financing opportunities arise from new means of financing such as our corporate bonds or new forms of mezzanine financing, with which default risks can be diversified to the benefit of all those involved.

Overall, we rate the probability and impact of financing and liquidity risks as **moderate**.

▷ Valuation

The market value of our real estate assets is calculated annually by independent external surveyors in accordance with international guidelines. This value is subject to fluctuations, which may be influenced by external factors such as the economic situation, interest rate changes, changes in rental interest and property-related factors such as rental levels and the state of the property.

Changes in market values can have repercussions on the valuation of fixed assets, the balance sheet structure as a whole and financing conditions. To minimise risk, we pursue a well-balanced diversification of our portfolio, aiming to increase the value of our properties most notably through consistent tenant-oriented real estate management and intensive letting activities as well as through selective sales.

Sensitivity calculations were carried out as at the balance sheet date in order to quantify possible valuation risks. The sensitivity analysis shows, by way of example, how market values react to changes in the discounting rate and capitalisation rate. If the discounting rate increases by 25 basis points, for example, market values will fall by EUR 47.4 million. If the capitalisation rate increases at the same time, the fall will increase to EUR 91.3 million. Since our accounts are drawn up according to the cost model (IAS 40.56), variations in market value do not have a direct effect on the balance sheet or the income statement. Extraordinary impairments are only required if the reported carrying amounts exceed the fair values and values in use of the properties.

Sensitivity calculation:

Change of real estate market values

Scenarios: change of capitalisation rate		+0.25%	0%	-0.25%
Scenarios: change of discounting rate	+0.25%	-91.3 EUR million	-47.4 EUR million	+0.1 EUR million
	0%	-45.0 EUR million	+/-0.0	+49.1 EUR million
	-0.25%	+2.6 EUR million	+49.1 EUR million	+99.4 EUR million

Given that economic growth is expected to be moderate and the real estate sector is likely to remain steady – a situation to which we can make an active contribution in relation to our portfolio with our own asset and property management services – we expect there is a **moderate likelihood** of market values falling in 2014. The impact of this would be **moderate**.

We exploit and realise opportunities, which may arise as a result of a property increasing in value through measures we have undertaken, selectively through sales.

▷ Currencies

All of our tenancy agreements are denominated in euro and almost all of our tenants do business predominantly in the euro area. We estimate the probability and possible extent

of currency risks and opportunities and the anticipated implications to be **low**.

Strategy

Active portfolio management is a key component of our corporate development. We constantly monitor the risks associated with the sale or purchase of companies or real estate or with restructuring, and, where required, make financial provision in our accounts.

▷ Growth

We continuously examine and develop options for expanding our real estate portfolio and our business activities. If we are able to unexpectedly take advantage of major growth opportunities – potentially in conjunction with appropriate equity and debt capital partnerships – this could permit more rapid sales and profit growth. In the case of acquisitions, opportunities and risks arise mainly from earnings and costs deviating from budget, a fact which generally only becomes apparent in the medium to long term. We reduce risks prior to any purchase being made by means of extensive due diligence and then by the preparation of risk-oriented business plans, which are amended on an ongoing basis in line with cost and earnings trends. Continuous property management increases the opportunities for positive performance. In the last financial year, we acquired properties worth around EUR 600 million for our Commercial Portfolio and funds. In 2014, we are planning an acquisition volume of around EUR 150 to 200 million, which will be concentrated in our fund business. We consider there is **little likelihood** of any risk to growth in 2014 and the financial impact will be **minor**.

▷ Project developments

We participate as co-investor in project developments and have our own properties with development potential. Successful project developments can open up unscheduled potential income. Since project developments are mostly long-term undertakings, risks arise above all from potential deviations from the planned feasibility under construction

law, planned building costs and deadlines as well as in relation to leases and sales.

To minimise risks and maximise the potential from opportunities, we only work on project developments where suitable tenants have been found in advance. We also enter into long-term financing arrangements at an early stage and implement a stringent system of project and cost controls. We endeavour to spread risk appropriately by involving partners in the projects and through contractual agreements. Delays and increasing costs would, above all, reduce the planned profit on the project. In order to guard against this risk, general contractors will be engaged or individual trade contracts combined as packages, projects will be managed with professional and highly regarded engineering firms and attempts will be made to spread the risk.

At present we are involved in two project developments:

	Total volume	share DIC Asset AG
MainTor Frankfurt	around EUR 750 million	40.0%
Opera Offices Hamburg	around EUR 35 million	18.8%

In the meantime, a majority of the risks associated herewith have been reduced through advance sales:

- Five of six construction phases in the MainTor project (around 60% of the total project volume) have been sold and are being implemented.
- The "Opera Offices Klassik" section of "Opera Offices" has already been sold. It was completed in summer 2013 and handed over to the purchaser.
- Financing that matches the project term has been agreed for all the project developments being implemented.

Residual risks lie in letting the remaining properties, as well as the financing of the remaining construction phases. The "WINX" tower, the final construction phase in the MainTor quarter will not be started either until sufficient advance marketing is in place.

On the basis of current and planned development project work for the next twelve months, we consider these risks and any potential financial implications to be **low to medium** for 2014.

Operations

▷ Acquisitions and sales planning

Our planning for 2014 also contains income and profits resulting from acquisitions and sales. In 2014, we are aiming for an acquisition volume of around EUR 150 to 200 million for our investment funds and a sales volume of around EUR 150 million. Should we exceed or fall short of these figures, this could change our profit forecast positively or negatively. Aside from the risks and opportunities that may arise outside the company on the transaction market (cf. risks in the external environment, "Real estate sector"), we consider it unlikely that we shall have to deviate from our planning for 2014. The opportunities for exceeding the minimum targets set predominate here thanks to the company's flexibility. The possible financial implications would be **low to moderate**.

▷ Letting

Opportunities from letting arise most notably from stabilising and increasing income. We strive to do this by letting to tenants with good credit ratings and through intensive property management. When deciding on acquisitions, we subject properties, the market, locations and tenants to an intensive analysis. As a general principle, we aim to secure long-term tenancies and take measures in good time to

extend tenancy agreements and to find new tenants. We optimise our opportunities for letting by regularly monitoring and improving the structural quality of our properties.

Letting risks involve the non-payment of rent and profitability risks due to less profitable new tenancy agreements or renewals. Default risks resulting from outstanding rental payments are taken into account in value adjustments. We also try to avoid being dependent on major tenants. In 2014, around 37% of total rental income will be accounted for by the ten largest tenants. These tenants are all renowned and largely creditworthy tenants, primarily from the public sector, telecommunications and the retail sector. With the exception of the tenants Deutsche Bahn, Metro and the City of Hamburg, no tenant accounts for more than 5% of total letting volume.

In financial years 2014 and 2015, tenancy agreements with a volume of EUR 11.5 and 17.0 million may end; in 2014, tenancy agreements generating income of EUR 12.0 million will also be extended periodically with no fixed date for termination. We are working on the assumption that, as in previous years, the overwhelming majority of the agreements that are expiring can be extended, or the space that becomes vacant can be leased to new tenants. In case 10% of the lettable area to be vacated in 2014 is not re-let, this would result in a maximum loss of revenue of 1.15 million euros when assuming an annualised rent total of approximately EUR 11.5 million.

Thanks to our effective property management, we maintain close relationships with our tenants in the regional segments and seek to achieve long-term tenant loyalty. Overall, we view the letting risks in our portfolio as **low** and their possible implications as **low to moderate**. Opportunities will arise from a further reduction in vacancies, particularly if the economic recovery and positive economic climate gather momentum in the course of 2014.

▷ Property and location

Location opportunities and risks arise from an erroneous assessment of the property's situation and any change to the infrastructure at the micro-location or the regional structures of the macro-location. We therefore examine the position and location intensively before making any investment and acquisition decisions. In operational business, our professional asset management contributes to identifying changes in the environment in good time and reacting appropriately by repositioning or selling the properties, for instance.

Property risks are risks resulting from the possession and operation of a property. In addition to wear and tear, these include all risks resulting from the wearing out or partial destruction of the property. Furthermore, risks may arise from inherited problems, harmful substances or breaches of construction law requirements. As a landlord, we try to reduce the risks of property depreciation by contractually obliging the tenant to use the property within the generally accepted scope and to contribute to its maintenance or repair. Through our professional asset management, we also exclude virtually all risks from inadequate property management, failures in maintenance and inefficient cost management.

We consider the likelihood of such location- and property-related opportunities and risks to be **low** overall and view their possible financial impact as **low**.

▷ Fund business

Opportunities from fund business are to be found most notably in expanding our investment volume as well as providing additional services in the area of investment and real estate management and increasing investment income as well as management fees.

There are risks with regard to our income, which is influenced by fund volumes under management and the rental income of the fund properties as well as by acquisitions and sales. This income may be negatively influenced to a substantial

extent by negative transaction balances, the liquidation of funds or significant losses of rental income in particular. A further risk could arise from insufficient confidence among investors, which could lead to the return of share certificates and cash outflows in a worst-case scenario. Any return of share certificates is arranged according to a convenient time-frame, which means that liquidity implications can be planned. If our reputation as a provider of institutional fund products suffers, then the launch of new funds may also be at risk. In order to boost investor confidence, we have a stake of up to 20% in each fund to ensure we share a common interest with our investors.

Based on our expertise and good customer loyalty, we rate the probability of occurrence and financial risk scope as **low**.

▷ Personal

Competent, committed and motivated employees are a great opportunity for the successful development of DIC Asset AG. This is why we are endeavouring to be perceived as an attractive employer. We focus above all on systematic Human Resources marketing, the practical promotion of young talent, targeted professional training to develop skills, the analysis of performance and potential with the aim of opening up attractive prospects for personal development and supporting staff with particular potential. Key positions are regularly analysed with regard to anticipated succession planning and appropriate internal candidates are prepared for these roles. Further elements include target-group oriented support and advice and attractive incentive systems.

Risks arise, most notably, in losing high-performers and in attracting suitable new employees. Due to these measures, we consider more serious problems and personnel-related risks to be **unlikely** and their financial implications to be **low**.

▷ IT

A loss of the database or a longer failure in the systems used in the regions or at head office could lead to our operations being considerably disrupted. We have protected ourselves against IT risks through our own network, modern hard and software solutions and appropriate measures against attacks. Structural security measures are in place to protect the computer centre. All data are backed up daily in an external data depository. We have developed data recovery and continuity plans to be able to rectify disruptions quickly. Detailed rules on access rights ensure that employees can only access the systems and documents they need for their work.

Last year we completed the introduction of a new IT platform with which we have replaced the isolated systems in real estate management and company accounting with integrated software. With this investment, we shall make our property management more efficient, reduce interfaces and make our operations more transparent. We shall also increase security in the monitoring and administration of our property portfolio. Having been installed at the end of December 2012, the new IT platform was put into normal operation in spring 2013. Checks were carried out to ensure data had migrated correctly and integration of the new platform in the company's organisation was completed successfully.

The Frankfurt branch and the Group headquarters move to the "MainTor Primus" office tower on the MainTor site at the end of the first quarter of 2014. Risks arising from the commissioning of new connections and temporary restrictions to our operations have been minimised through tight project management and test runs. The security-related IT systems (e.g. backup system) have been outsourced and will not move to the new property.

As a result of the precautions and security measures that we have taken, we estimate the overall IT risk to be **minimal**, and the consequences of such risks to be **low to medium**.

OVERALL VIEW OF THE RISK SITUATION

As part of our risk management procedure, individual risks are incorporated into a general risk overview by the Finance and Controlling Department.

With regard to the individual risks listed in this report – taking account of the probability of their occurring and the potential financial impact – as well as the aggregate total risk, we assume that these risks cannot directly jeopardise the company's future development.

Overall, we improved the risk situation compared with the previous year in the course of the 2013 financial year. The following factors made a particular contribution here:

- Financing and liquidity risks: significant improvement of the term structure through the conclusion of financing in the Commercial Portfolio of around EUR 674 million and a broadening of the funding base, increase in the equity ratio and the marked improvement in the interest cover ratio
- Valuation risks: acquisition of a portfolio of properties already under management, at a discount compared with the most recent market values
- Project development risks: significant progress in MainTor and Opera Offices projects, significant letting and sales success

- Risks of non-payment of rent: further diversification of the tenant base, growth in the existing portfolio with a high percentage of tenancy agreements with counterparties from the public sector
- IT risks: new IT system for real estate management and portfolio accounting introduced and checked successfully by auditors with regard to the accurate migration of all data and integration thereof in the organisational processes
- Strategy and growth risks: simplification of corporate structures by reducing the number of joint ventures

As a result, DIC Asset AG's overall risk profile has improved compared with the previous year.

However, the sovereign debt crisis in Europe has been contained so far but the causes have not been rectified. The long-term implications of unorthodox support measures for countries with funding problems cannot be foreseen either. The resulting developments and their potential implications may have significant consequences for the German economy, its businesses and the real estate sector. However, due to their complexity, these implications cannot be predicted or calculated at present.

FORECAST REPORT

Overall view

Overall, we expect framework conditions for DIC Asset AG to remain stable in financial year 2014. We aim to exploit our sound position in the market to continue the company's positive development in terms of both operating earnings capacity and balance sheet ratios.

We shall pursue moderate growth in 2014; to this end, we shall further optimise our existing portfolio through our real estate management and also increase the quality and earnings capacity of our portfolio through acquisitions for our funds. At the same time, sales will remain part of our steady generation of income and will also be used to increase the net debt equity ratio and reduce the debt ratio respectively.

The simplification of our corporate structures following the reduction in joint ventures will increase our scope for optimising financing structures and focusing on consistent high earnings.

We assume that we shall again exceed the previous year's operating profit and intend to increase FFO further to EUR 47-49 million (up to +7%).

General economic conditions in 2014

Our forecast report on general economic conditions is based on the analysis of primary early warning data. We have also analysed a series of publications by relevant economic research institutes and organisations. The main sources are the Federal Office for Statistics, the CESifo Group and the Kiel Institute for the World Economy. The following statements reflect the mid-range of our expectations.

The German economy is performing well compared with other European economies. It benefits from stable domestic conditions and its sustained ability to compete on the international stage.

It is highly likely that the recovery in the euro zone will continue slowly in financial year 2014. The consolidation of government debt will continue and will depress the medium-term outlook. Further reversals cannot be ruled out. However, the risk that the financial crisis in Europe will intensify once more has decreased significantly.

In Germany, the leading indicators are better than in most other European countries. The employment market remained strong even in the downturn, the business and consumer climate is picking up and the trend in disposable income is positive. For 2014, we therefore expect moderate economic growth in the order of 1.7%, compared with around 0.7% in 2013.

Assessment of sectoral development

The investment and letting market is stable; the market for top properties remains tight.

To assess the situation in the sector, we draw on analyses published by highly regarded estate agents, most notably BNP Paribas Real Estate, CBRE, Colliers, and Jones Lang LaSalle, in addition to the indicators from our own business for the overall assessment.

With an increase of 21% to just under EUR 31 billion worth of transactions, 2013 had the highest number of commercial property transactions since the boom year of 2007. This provided further evidence of how appealing the German market is to domestic and foreign investors in real estate. The framework conditions for brisk transaction activity remain in place. Persistently low interest rates are providing favourable financing conditions. At the same time, against this backdrop, institutional investors such as insurance companies and pension funds are looking for suitable investments to be able to achieve their target returns.

The focus remains heavily concentrated on core properties in particular although properties in this segment remain scarce and this limits investment volume. The slight increase in office space reaching completion in the established real estate strongholds will not be sufficient to absorb surplus demand entirely. Intense competition may cause a further slight fall in peak rents in 2014. Should transaction activity expand into locations outside major cities and properties requiring more intensive management, a further increase in investment volume is possible. There could be individual cases of non-performing properties and property portfolios coming onto the market, however, the positive market development and the interest environment have also eased the pressure to sell, meaning that the likelihood of substantial forced sales on the market has reduced significantly.

On the letting market, as expected, 2013 closed with a slight fall in lettings of office space (-3.5%) compared with the high level of the previous year on average in the real estate strongholds. Estate agents are noticing that those tenants who are able to choose between staying in their current location and changing location are becoming more price-conscious. Tenant loyalty is correspondingly high in properties for which they do not have to pay peak rents, if they meet their requirements and where relocation would not offer a very significant improvement in location and office quality. Economic and employment market indicators are providing some impetus for growth in the office letting market. Generally, decision-making processes even on the part of tenants who are prepared to move are taking longer since decisions and negotiations regarding relocation are being weighed up even more carefully and economic recovery is still only slowly gathering momentum.

Having fallen sharply from 8.8% to 8.3% in the second half of 2013, the reduction in vacancies has come to a halt for the moment at the lowest level since 2002. Completion volumes are expected to increase significantly, by over 30% compared with 2013, in the seven major office locations in 2014, with almost a quarter of the increase being attributable to Frankfurt. However, almost two thirds of this new space is already let, meaning that approximately 440,000 sqm will be available on the market for potential tenants. Estate agents' analysts expect the office letting market will remain largely stable in 2014 without any significant further reduction in vacancies and peak rents for the small number of top properties on the market will increase slightly.

**Expected trend in the performance indicators
of DIC Asset AG****Changes in the portfolio structure /shifts between
segments**

In November 2013, we acquired a majority stake in a portfolio of 54 properties in which we had previously invested as a co-investor. This means that there is a limit to the extent to which expected profit contributions from our various segments can be compared with the figures achieved for rental income, for income from real estate management and for net income from associates in the reporting year. Following its consolidation at the end of 2013, the higher average vacancy rate in the newly acquired portfolio has increased the average vacancy rate in our directly held existing portfolio. Full consolidation has also resulted in the loss of the investment income and management income attributable to this portfolio, which accrued until the end of November in the reporting year.

Stable vacancy rate

With the continual reduction in vacancies in our portfolio in the last three years and the tenancies that are already definitely expiring in financial year 2014, the task facing us in finding tenants will be more difficult both in terms of volume and structure than in the previous year. On this basis, we expect a stable vacancy rate at the previous year's level at the year-end.

Significant expansion in fund business

Our special funds posted successful growth in 2013 with acquisitions of approximately EUR 120 million. The FFO contribution from investment income and fees amounted to EUR 6.5 million compared with EUR 4 million in the previous year. Investment in funds is to be substantially increased again in 2014. With the planned diversification of the FFO base, we expect that the profit contribution from fund business will again rise significantly. On the basis of our liquidity at the beginning of the year, we are planning investment in funds of between approximately EUR 150 and 200 million.

Higher sales volume planned

In a rising investment market and with persistently low interest rates, we can see good opportunities for marketing our properties successfully when a suitable occasion arises. Our sales endeavours are not only focused on the realisation of attractive profits on sales but, in particular, on the reduction in the debt ratio. We are therefore planning higher sales volume of around EUR 150 million for 2014.

Project developments

Our project developments made major progress towards realising income in 2013. For the MainTor project, five of the six sub-projects have been sold and are under construction. In addition to progress on the construction of the "MainTor Panorama", "MainTor Patio", "MainTor Palazzi" projects, the completion and handover of the first sub-project "MainTor Primus" as well as the completion of "MainTor Porta", activity in the current year will be focused on marketing and finding tenants for the last sub-project in the MainTor district, the central "WINX" tower. We are not planning any additional, large-scale involvement in project developments in 2014 but will be vigilant in pursuing opportunities for smaller investments that can be realised in the medium term.

Expected revenues and results in 2014

On the basis of our planning assumptions, we are expecting rental income of between EUR 145 and 147 million. Rental income from the consolidation of the portfolio acquired at the end of 2013 has already been taken into consideration in this figure. Our operating expenses are comparable with the previous year; we also expect average interest expense at more or less the level of the previous year as a result of optimising our financial structures. On this basis, we are expecting an increasing operating profit with FFO between EUR 47 and 49 million (approximately EUR 0.70 per share) in 2014.

At the beginning of the year, sentiment on the financial markets is positive, as the economic recovery in the euro zone is continuing and investors are becoming more confident that the situation in the European countries in financial difficulties is stabilising. However, the causes of the sovereign debt crisis have not been rectified and its long-term effects cannot be currently forecast either. Our planning therefore contains additional risk assumptions. In spite of this, our forecast may differ materially from actual results if underlying assumptions are not fulfilled or other extraordinary developments occur.

Expected financial position in 2014

At present, we do not need any additional external financing for our planned ongoing business operations. It is expected that portfolio investments, the funding requirements for refinancing pending in 2014, the dividend payment for the 2013 financial year and cash flow from disposals will represent the most significant factors influencing liquidity from operating activities in 2014. Our liquidity allows us to make acquisitions for moderate growth in our portfolio. In these cases, additional funds may be borrowed.

To the extent foreseeable, all liquidity requirements and commitments from financing are met.

Key assumptions for the business forecast

Our forecast is based on the following key assumptions:

- ◆ The German economy and employment market will remain robust
- ◆ Central banks will adhere to their policy of 'cheap money'
- ◆ In their lending policies, banks will not tighten their lending requirements to such an extent that they restrict transaction activity
- ◆ No unforeseen regulatory changes come into effect
- ◆ The letting market remains stable
- ◆ Rental defaults will remain low
- ◆ Construction of our project developments progresses smoothly without any major problems

We will not give any firm forecast for the profit for the period. The precise amount of the profit for the period is very heavily dependent, among other things, on whether the properties we buy or sell are attributable to our segments with majority or non-controlling interests.

OTHER DISCLOSURES

ANNUAL FINANCIAL STATEMENTS OF DIC ASSET AG

Results of operations, financial and asset position

DIC Asset AG is the holding and management company of the Group. In essence, its operational real estate activities are organised via the property companies.

DIC Asset AG's asset and earnings situation is therefore influenced primarily by its involvement in its investments. The soundness of its investments is based on the net assets and financial position of the property companies and is secured, in particular, by their real estate assets. DIC Asset AG prepares its financial statements in accordance with the HGB.

Sales revenues and other income of EUR 16.0 million were well up on the level of the previous year (2012: EUR 4.1 million). They mainly relate to profits from the sale of financial assets as well as revenues from advisory and other services provided to subsidiaries. In addition to personnel and administration costs, this year's result before interest, taxes and income from investments of EUR -0.2 million (2012: EUR -8.4 million) was also influenced by the costs of the capital increase of EUR 5.7 million and the costs of this year's bond issue of EUR 2.6 million in total. Interest expenses in connection with our two bonds amounted to EUR 8.1 million, compared with EUR 4.3 million in the previous year. The increase

is attributable to the fact that, at the beginning of 2013, we increased the bond we had launched in 2011 by EUR 13.1 million to the maximum issue volume of EUR 100 million. We also issued another corporate bond worth EUR 75 million in July 2013.

The increased expenses were largely offset through income from sales of financial assets. The positive interest balance with respect to subsidiaries and investments rose by EUR 6.5 million (+54%) to EUR 18.6 million and their dividends decreased by EUR 3.2 million (-20%) to EUR 12.9 million. All these factors meant that the profit for the period increased by EUR 5.9 million (+42%) in total to EUR 20.2 million. As a result, we have exceeded our profit forecast from the previous year. Overall, we view DIC Asset AG's business situation as positive.

The restructuring of individual investments, the acquisition of the joint venture portfolio as part of the capital increase in November 2013, and the move to reclassify loan receivables as lendings resulted in a net increase in financial assets of EUR 96.6 million (+20%) to EUR 590.3 million (2012: EUR 493.7 million).

In conjunction with the optimisation of the Group's financing structure, receivables from associates and investments increased by EUR 171.7 million (+55%) to EUR 482.4 million. The corresponding liabilities fell marginally on the previous year to EUR 92.3 million. Overall, our commitment to related parties, consisting of financial assets as well as receivables from and liabilities to associates and investments on the balance sheet date of 31 December 2013, increased by EUR 232.4 million from EUR 748.1 million to EUR 980.5 million (+31%).

Borrowed capital rose by EUR 91.2 million (+49%) in total to EUR 277.3 million. On the equity side, the capital increase and the profit for the period in 2013 brought in EUR 146.1 million and EUR 20.2 million respectively, whilst the dividend paid out in the previous year amounted to EUR 16.0 million. The company's equity has thus risen by EUR 150.2 million (+21.7%) in total. Total assets increased significantly by EUR 241.5 million to EUR 1,119.0 million (+28%), which led to a reduction in the equity ratio to 75.2% (2012: 78.8%).

For information on DIC Asset AG's opportunities and risks, see the Group's Opportunity and Risk Report. These opportunities and risks affect DIC Asset AG indirectly.

Forecast for the separate financial statements of DIC Asset AG

Subject to stable economic growth and the Group meeting its acquisition and sales targets, we are forecasting annual results equal to those in 2013. We see no reason why our consistent dividend policy cannot be continued in the coming year. For further information, please refer to the Group's Forecast Report (page 59 seqq.).

RELATED PARTY DISCLOSURES

The Management Board has prepared a separate report on relationships to affiliates in accordance with § 312 of the German Stock Corporation Act (AktG). The report ends with the following declaration:

"We hereby declare that according to the facts known to us at the time in which the legal transactions were conducted, our company received or paid a commensurate consideration in each transaction. We took no actions at the behest of or on behalf of the controlling company."

Information on related parties in accordance with the provisions of IAS 24 can be found in the Notes to the consolidated financial statements. Information on the remuneration of the Supervisory Board and Management Board is provided in the Remuneration Report.

TAKEOVER RELATED DISCLOSURES AND EXPLANATIONS

The following information provided under §§ 289 (4), 315 (4) HGB shows the position existing at the balance sheet date. The following explanation of these disclosures also meets the requirements for an explanatory report under § 176 (1) sentence 1 AktG.

Composition of the subscribed capital

The subscribed capital in the amount of EUR 68,577,747.00 consists of 68,577,747 registered shares in the form of no-par shares. There are no other classes of shares. All shares have the same rights and obligations. Each share gives entitlement to one vote at the General Shareholders' Meeting. This excludes any treasury shares held by the company itself. The company will have no rights based on these shares. The voting right begins when the statutory minimum deposit has been made on the shares. The rights and obligations tied to the shares are shown in detail in the terms of the AktG, in particular §§ 12, 53a ff., 118 ff. and 186. AktG.

Restrictions affecting voting rights and the transfer of shares

As part of the combined capital increase against contributions in cash and in kind carried out in November 2013, DIC Opportunistic GmbH has subscribed for 6,206,068 new shares. As the company providing the contribution in kind as part of the capital increase in kind, DIC Opportunistic GmbH has made a commitment to the joint bookrunners, Bankhaus Lampe KG and COMMERZBANK Aktiengesellschaft, from the date of the prospectus, that neither it nor companies dependent on it will (i) offer or sell the new shares acquired as part of the capital increase or other new shares

acquired as part of the capital increase in kind, convertible or exchangeable securities or securities equipped with a right to subscribe for or receive new shares from the capital increase in kind or enter into obligations to sell or transfer new shares or (ii) enter into swaps or other agreements through which the economic consequences of ownership of the new shares from the capital increase in kind are transferred in whole or in part to another party irrespective of whether settlement of the respective transaction is effected through delivery of securities, in cash or in any other way and (iii) undertake any transactions (including derivatives transactions), which have a comparable economic effect without the written consent of the joint bookrunners during a period of twelve months from the date on which the new shares issued as part of the capital increase in cash were delivered to the shareholders ("lock-up"). The obligation under this lock-up does not apply to transactions with DIC Opportunistic GmbH's related parties within the meaning of International Accounting Standard (IAS) 24 (Related Party Disclosures), if the purchaser submits to the same obligation. The new shares were delivered on 29 November 2013.

Since 27 November 2013, the date on which execution of the capital increase in kind was recorded in DIC Asset AG's entry in the commercial register, an agreement to pool voting rights has been in place between DIC Opportunity Fund GmbH, DIC Beteiligungsgesellschaft bürgerlichen Rechts and DIC Opportunistic GmbH.

Direct and indirect capital shareholdings which exceed 10% of the voting rights

Please refer to the notes to the consolidated financial statements with regard to direct and indirect holdings in the capital of DIC Asset AG which exceed 10% of the voting rights.

Statutory provisions and the requirements of the Articles of Incorporation on the appointment and dismissal of members of the Management Board and the amendment of the Articles of Incorporation

The appointment and dismissal of members of the Management Board is based on §§ 84, 85 AktG and § 7 of the Articles of Incorporation. Pursuant to § 7 (1) of the Articles of Incorporation the Board of Directors is composed of at least one person. The Articles do not contain any special arrangements for the appointment or dismissal of individual members or all members of the Management Board. The Supervisory Board has the power of appointment and dismissal. It appoints members of the Management Board for a maximum term of office of five years. Members may be reappointed or their term may be extended for a maximum of five years in each case subject to § 84 (1) sentence 3 AktG.

Amendments to the Articles of Incorporation are effected in accordance with §§ 119 (1) No. 5, 179, 133 AktG as well as §§ 9 (6) and (14) of the Articles of Incorporation. The Articles of Incorporation have not exercised the option to impose further requirements for amendments to the Articles. Unless prevented by statute, the General Shareholders' Meeting adopts resolutions by a simple majority of votes cast and, if the law prescribes a majority of shares besides a majority of votes, by a simple majority of the share capital in place when the resolution is made. The Supervisory Board has the power to make amendments to the Articles of Incorporation if only the wording is affected.

The Management Board's powers to issue and redeem shares

The powers of the company's Management Board to issue and redeem shares are all based on resolutions to that effect by the General Shareholders' Meeting, the essential content of which is shown below.

▷ Authority to acquire treasury shares

By virtue of the resolution of the ordinary General Shareholders' Meeting of 5 July 2011, the Management Board is authorised, with the prior approval of the Supervisory Board, to acquire up to 4 July 2016 treasury shares up to a total of 10% of the company's share capital at the date of the resolution or – if this figure is lower – at the date the authorisation is exercised. At no time may the acquired shares together with other treasury shares in the possession of the company or allocated to it under §§ 71a ff. AktG represent more than 10% of the share capital. The authorisation may not be used for the purpose of trading in treasury shares. The authorisation may be exercised as a whole or in instalments, once or more than once, for one or more purposes, by the company or by companies dependent on or majority-owned by it, or by third parties acting on their behalf or on behalf of the company.

At the Management Board's discretion, and with the prior consent of the Supervisory Board, shares may be acquired through the stock exchange or through a public offering directed to all shareholders or a public invitation to all shareholders to submit offers for sale.

The volume of the public offering directed to all shareholders or the public invitation to all shareholders to submit offers to sell can be restricted. Insofar as the volume of the offered shares exceeds the planned repurchase volume in the case of a public offering or a public invitation to submit offers to sell, the acquisition can take place proportionate to the shares subscribed to or offered in each case; to this extent, the shareholders' right to offer their shares proportionate to the percentage of shares that they hold is excluded. A preferential acceptance of smaller numbers up to 100 offered shares per shareholder can be stipulated, as can a rounding on the grounds of sound business practice to avoid arithmetic fractions of shares. To this extent, any further right of the shareholders to offer shares is excluded. The public offer-

ing directed to all shareholders or the public invitation to all shareholders to submit offers for sale may stipulate further conditions.

The Management Board is authorised, with the prior consent of the Supervisory Board, to use the treasury shares acquired on the basis of this authorisation for any legal purpose, in particular the following:

- (i) The shares may be withdrawn without a further resolution by the General Shareholders' Meeting being required for the withdrawal or its execution. They may also be withdrawn by the simplified procedure without capital reduction by adjusting the pro rata mathematical amount of the remaining shares in the company's share capital. If they are withdrawn by the simplified procedure, the Management Board is authorised to amend the number of shares in the Articles of Incorporation.
- (ii) The shares may also be disposed of in a way other than through the stock exchange or by an offering directed to all shareholders if the purchase price payable in cash is not significantly lower than the market price of the already listed shares that enjoy essentially the same terms. The number of shares sold in this way together with the number of other shares that were sold during the life of this authorisation under the exclusion of subscription rights in accordance with § 186 (3) sentence 4 AktG or issued from authorised capital, and the number of shares that can be created through the exercise of option and/or conversion rights or the fulfilment of conversion obligations arising from warrant bonds and/or convertible bonds issued during the life of this authorisation under the exclusion of subscription rights in accordance with § 186 (3) sentence 4 AktG does not exceed 10% of share capital, neither at the time this authorisation becomes effective nor at the time when it is exercised;

(iii) The shares can be sold against contributions in kind, in particular for the purpose of the acquisition of companies, parts of companies, interests in companies or other assets associated with the purpose of the acquisition or within the scope of business combinations.

(iv) The shares may be used to fulfil subscription and exchange rights on the basis of the exercise of conversion and/or option rights or the fulfilment of conversion obligations arising from or in conjunction with convertible bonds and/or bonds with warrants issued by the company or its Group companies fully owned by DIC Asset AG.

Further details are contained in the authorising resolution.

As at 31 December 2013, the company holds no treasury shares. It has not made use of the authorisation described above.

▷ Authorised capital

There is no authorised capital at the balance sheet date.

▷ Contingent capital

By virtue of the resolution of the General Shareholders' Meeting of 5 July 2010 (as amended by the resolution of the General Shareholders' Meeting of 3 July 2013), the Management Board is authorised, with the approval of the Supervisory Board, to grant bearer bonds with warrants or convertible bonds (together, "bonds") on one or more occasions up to 4 July 2015 in a total nominal amount of up to EUR 300,000,000.00, and to grant conversion or option rights to holders of bonds (including with a conversion obligation) to registered shares in the company representing a proportionate amount of the share capital of up to EUR 19,590,000.00 in total, subject to the precise terms of the option or convertible bond conditions (together also "bond conditions"). The bonds can only be issued against cash payment.

As a basic principle, the shareholders have a subscription right, i.e. the convertible bonds and bonds with warrants are in principle to be offered to the company's shareholders for subscription. The bonds can be accepted by one or more financial institutions or companies within the meaning of § 186 (5) sentence 1 AktG, subject to the obligation that they offer them to the shareholders for subscription (indirect subscription right). If bonds are issued by a Group company, the company will ensure that the company's shareholders are granted subscription rights accordingly.

The Management Board is, however, authorised, with the Supervisory Board's approval, not to grant shareholders the right to subscribe to the bonds,

- for fractional amounts resulting from the proportionate subscription right;
- insofar as the Management Board, having undertaken a proper examination, concludes that the issue price is not significantly lower than the theoretical market value of the bonds calculated using recognised methods of financial mathematics. This authorisation to exclude a subscription right does not, however, apply to bonds with a conversion or option right (including with a conversion obligation) to shares to which is attributed at most a proportional amount of 10% in total of the existing share capital at the time of its entry into force or at the time of the exercising of this authorisation, whichever is lower. The proportionate amount of the share capital, which is attributable to shares issued during the life of this authorisation as part of a capital increase excluding the subscription right in accordance with § 186 (3) sentence 4 AktG or disposed of as acquired treasury shares during the life of this authorisation other than via the stock exchange or through an offer to all shareholders in corresponding application of § 186 (3) sentence 4 AktG, must be taken into account in this ceiling of 10% of the share capital;

- if it is necessary in order to grant holders or creditors of bonds with warrants and convertible bonds with option and/or conversion rights or conversion obligations which have been or are still to be issued by the company or group companies in which the company holds a direct or indirect 100% stake a subscription right to bonds to the extent that they would be entitled to as a shareholder after exercising the option or conversion rights or after fulfilment of conversion obligations.

In the case of the issue of warrant bonds, each individual bond will have one or more option certificates which entitle the holder to obtain registered shares of the company in accordance with the terms and conditions of the option to be determined by the Management Board. In the case of the issue of bonds with warrants, holders are entitled to exchange their individual bonds for registered shares in the company subject to the precise terms of the convertible bond conditions to be defined by the Management Board. An additional payment payable in cash may also be fixed.

The convertible bond conditions may also provide for a conversion obligation at the end of the term (or earlier). The conditions of the convertible bond or bond with warrants may grant the company the right to grant new shares or treasury shares in the company to the bond creditors instead of some or all of the payment of a sum due. Furthermore, the conversion or warrant bond conditions can determine in each case that, in the case of conversion or exercising of an option, treasury shares in the company can also be granted. Moreover, it can be stipulated that the company does not grant shares in the company to the parties entitled to a conversion or an option but pays the equivalent value in cash of the shares which would otherwise have been delivered.

Further details are contained in the authorising resolution.

To service conversion or option rights or conversion or option obligations as part of bonds issued by authorisation of the General Shareholders' Meeting of 5 July 2010 until 4 July 2015, the company's share capital was conditionally increased, by virtue of the resolution of the General Shareholders' Meeting of 5 July 2010 (as amended by the resolution of the General Shareholders' Meeting of 3 July 2013), by up to EUR 19,590,000.00 by the issue of up to 19,590,000 individual registered shares (contingent capital 2010).

The Management Board has not made use of the authorisation described above to issue convertible bonds and/or bonds with warrants.

Major agreements on condition of a change of control as a result of a takeover bid

DIC Asset AG has entered into the following significant agreements that contain change of control clauses.

DIC Asset AG is a partner to several joint ventures with Morgan Stanley Real Estate Funds (MSREF). The respective joint venture partner will be granted the right in the case of a change of control to acquire the interests of DIC Asset AG in the respective real estate investment at the current market value. In particular, there is change of control if Deutsche Immobilien Chancen AG & Co. KGaA no longer directly or indirectly holds at least 30% of the shares and voting rights in DIC Asset AG.

Finally, the terms of issue of the corporate bond (ISIN DE 000A1KQ1N3) issued by the company with a volume of up to EUR 100 million (matures May 2016) as well as the corporate bond (ISIN DE 000A1TNJ22) issued by the company with a volume of up to EUR 100 million (matures July 2018) provide for early redemption at the choice of the creditor in the event of a change of control. Thereafter, every creditor will have the right, but not the obligation, to demand full or partial repayment from DIC Asset AG or, at the choice of DIC Asset AG, the purchase of its bonds by DIC Asset AG (or at its request by a third party). However, the exercise of the option by a creditor will only take effect for the respective corporate bond if in each case creditors of at least 20% of the total nominal amount of the bond maturing in May 2016 or July 2018 have exercised the option in respect of the bonds still outstanding at this time. A change of control pursuant to the terms of the issue occurs where it becomes known to DIC Asset AG that (i) a person or group of persons acting together pursuant to § 2 (5) of the German Act on Securities Acquisitions or Takeovers (WpÜG) has become the legal or economic owner of more than 50% of the voting rights in DIC Asset AG; or (ii) a person has achieved actual control over DIC Asset AG under the terms of a control agreement with DIC Asset AG pursuant to § 291 AktG.

Indemnity agreements entered into with members of the Management Board or employees in the case of a takeover bid

In the case of a change of control, a member of the Management Board will be entitled to extraordinary termination of the employment contract. A case of change of control will be in place if a shareholder holds at least the majority of the

voting rights represented in the General Shareholders' Meeting and, at the time of the conclusion of the employment contract, that shareholder did not already hold more than 20% of the share capital of the company, or the company concludes an affiliation agreement in certain cases as an independent company or is integrated into or merged with another company. The Board member exercising his right to terminate is entitled to receive a payment of twice his total annual earnings in the financial year which ended at least 18 months before to the change of control.

Other information

The other information required under §§ 289 (4), 315 (4) HGB refers to circumstances that do not exist at DIC Asset AG. There are no shareholders with special rights conferring supervisory powers nor are there any voting controls by employees with shares in the company's capital.

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CONSOLIDATED PROFIT AND LOSS ACCOUNT for the period from January 2013 to December 2013 in KEUR

	Note	2013	2012
Total income		236,091	229,088
Total expenses		-166,703	-160,548
Gross rental income	1	125,224	126,528
Ground rents		-851	-830
Service charge income on principal basis	2	22,061	20,487
Service charge expenses on principal basis	2	-23,970	-22,923
Other property-related expenses	3	-10,191	-10,066
Net rental income		112,273	113,196
Administrative expenses	4	-10,147	-8,847
Personnel expenses	5	-12,065	-12,123
Depreciation and amortisation	6	-35,378	-33,522
Fees from real estate management	7	6,487	5,725
Other income	8	1,241	689
Other expenses	8	-649	-343
Net other income		592	346
Investment property disposal proceeds	9	81,078	75,658
Carrying value of investment property disposed		-73,451	-71,893
Profit on disposal of investment property		7,627	3,765
Net operating profit before financing activities		69,388	68,540
Share of the profit of associates	10	1,560	1,781
Interest income	11	9,712	9,797
Interest expense	11	-62,671	-65,974
Profit before tax		17,989	14,144
Current income tax expense	12	-2,142	-1,913
Deferred income tax expense	12	183	-401
Profit for the period		16,030	11,830
Attributable to equity holders of the parent		15,939	11,690
Attributable to non-controlling interest		91	140
Basic (=diluted) earnings per share (EUR)	13	0.33	0.25

STATEMENT OF COMPREHENSIVE INCOME from 1 January to 31 December 2013 in KEUR

	2013	2012
Profit for the period	16,030	11,830
Other comprehensive income Items, which may under certain conditions be recycled into the income statement in future		
Fair value of hedge instruments *		
Cash flow hedges	30,844	-2,376
Cash flow hedges from associates	1,839	-308
Other comprehensive income	32,683	-2,684
Comprehensive income	48,713	9,146
Attributable to equity holders of the parent	48,622	9,006
Attributable to non-controlling interest	91	140

* after tax, for further information, please refer to note 12

CONSOLIDATED BALANCE SHEET as at 31 December 2013 in KEUR

Assets	Notes	31.12.2013	31.12.2012
Investment property	14	2,256,437	1,847,372
Office furniture and equipment	15	484	490
Investments in associates	16	89,866	75,730
Loans and borrowings to related parties	17	114,324	10,910
Other investments	18	20,502	0
Derivatives	29	6	0
Intangible assets	19	1,688	185
Deferred tax assets	12	22,735	25,217
Total non-current assets		2,506,042	1,959,904
Receivables from sale of investment property		425	0
Trade receivables	20	3,544	3,423
Receivables due from related parties	21	8,175	135,254
Income tax receivable	22	8,899	7,718
Other receivables	23	7,373	5,016
Other current assets	24	5,108	6,852
Cash and cash equivalents	25	56,418	56,698
		89,942	214,961
Non-current assets held for sale	26	0	35,307
Total current assets		89,942	250,268
Total assets		2,595,984	2,210,172

	Notes	31.12.2013	31.12.2012
Equity and liabilities			
Equity			
Issued capital	27	68,578	45,719
Share premium	27	733,577	614,312
Hedging reserve	27	-30,078	-62,761
Retained earnings	27	15,433	15,496
Total shareholders' equity		787,510	612,766
Non-controlling interest		5,544	1,556
Total equity		793,054	614,322
Liabilities			
Corporate bonds	28	171,087	85,195
Non-current interest-bearing loans and borrowings	28	1,382,056	1,229,893
Provisions	30	40	1,641
Deferred tax liabilities	12	13,774	11,649
Derivatives	29	41,360	73,654
Total non-current liabilities		1,608,317	1,402,032
Current interest-bearing loans and borrowings	28	170,711	147,540
Trade payables	31	4,291	2,671
Liabilities to related parties	21	3,735	694
Provisions	30	608	11
Income tax payable	32	1,926	1,986
Other liabilities	33	13,342	13,616
		194,613	166,518
Liabilities in connection with non-current assets held for sale		0	27,300
Total current liabilities		194,613	193,818
Total liabilities		1,802,930	1,595,850
Total equity and liabilities		2,595,984	2,210,172

CONSOLIDATED STATEMENT OF CASH FLOW for the Financial Year 2013 in KEUR

	2013	2012
Operating activities		
Net operating profit before interest and taxes paid	81,451	74,403
Realised gains/losses on disposals	-7,626	-3,765
Depreciation	35,378	33,522
Movements in receivables and other assets	-10,118	-931
Movements in payables and other liabilities	1,375	-1,775
Movements in provisions	-142	757
Other non-cash transactions	7,117	3,413
Cash generated from operations	107,435	105,624
Interest paid	-62,273	-61,440
Interest received	235	1,605
Income taxes paid/received	-3,382	-1,894
Cash flows from operating activities	42,014	43,895
Investing activities		
Proceeds from disposal of investment property	80,652	76,016
Acquisition of investment property	-1,102	-61,550
Capital expenditure on investment properties	-22,664	-20,942
Acquisition/disposal of other investments	-743	-7,795
Loans to and from other entities	-11,857	-17,838
Acquisition of other property, plant and equipment; software	-1,864	-231
Cash flow from investing activities	42,422	-32,340
Financing activities		
Proceeds from the issue of share capital	100,051	0
Proceeds from the issue of corporate bond	88,095	16,905
Proceeds from other non-current borrowings	587,029	39,151
Repayment of borrowings	-844,299	-91,974
Deposits	1,600	-2,000
Payment of transaction costs	-8,370	-1,181
Dividends paid	-16,002	-16,002
Cash flows from financing activities	-91,896	-55,101
Acquisition related increase in cash and cash equivalents	7,179	0
Net changes in cash and cash equivalents	-280	-43,546
Cash and cash equivalents at 1 January	56,698	100,244
Cash and cash equivalents at 31 December	56,418	56,698

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the Financial Year 2013 in KEUR

	Issued capital	Share premium	Reserve for hedges	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
Status as at 31 December 2011	45,719	614,312	-60,077	19,808	619,762	1,497	621,259
Profit for the period				11,690	11,690	140	11,830
Other comprehensive incomes							
Gains/losses from cash flow hedges			-2,376		-2,376		-2,376
Gains/losses from cash flow hedges from associates*			-308		-308		-308
Comprehensive income			-2,684	11,690	9,006	140	9,146
Dividend payments for 2011				-16,002	-16,002	0	-16,002
Repayment of non-controlling interest						-81	-81
Status as at 31 December 2012	45,719	614,312	-62,761	15,496	612,766	1,556	614,322
Profit for the period				15,939	15,939	91	16,030
Other comprehensive income							
Gains/losses from cash flow hedges*			30,844		30,844		30,844
Gains/losses from cash flow hedges from associates*			1,839		1,839		1,839
Comprehensive income			32,683	15,939	48,622	91	48,713
Dividend payments for 2012				-16,002	-16,002		-16,002
Issue of shares through cash capital increase	16,653	83,398			100,051		100,051
Issue of shares against in-kind capital increase	6,206	39,812			46,018		46,018
Share issue costs		-3,945			-3,945		-3,945
Addition of non-controlling interest						3,897	3,897
Status as at 31 December 2013	68,578	733,577	-30,078	15,433	787,510	5,544	793,054

* after deferred tax

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INFORMATION ON THE COMPANY

DIC Asset AG (the "company") and its subsidiaries ("DIC Asset" or the "Group") invest directly or indirectly in German commercial real estate and operate in the area of portfolio, asset and property management.

Shares in the company are listed in the Prime Standard segment of the Frankfurt Stock Exchange and the stock exchanges in Munich, Dusseldorf, Berlin-Bremen, Hamburg, Stuttgart and Hanover.

DIC Asset AG, which is entered in the commercial register of the District Court of Frankfurt am Main (HRB 57679), has its registered office in Frankfurt am Main, Eschersheimer Landstr. 223.

These consolidated financial statements were approved for publication by the Management Board on 10 March 2014 and approved by the Supervisory Board.

KEY ACCOUNTING AND MEASUREMENT POLICIES

Principles underlying the preparation of the financial statements

The consolidated financial statements for the 2013 financial year have been prepared in accordance with the International Financial Reporting Standards applicable as at 31 December 2013 (including the interpretations of the IFRS IC), as adopted by the EU, and in accordance with the regulations to be applied under § 315a Para. 1 HGB (Handelsgesetzbuch – German Commercial Code).

The consolidated financial statements were prepared on the basis of historical costs. This does not apply to certain items, such as derivatives, which were recognised at fair value on the balance sheet date. The accounting and measurement policies applied are based on going concern.

The accounting and measurement policies applied in the disclosures and the Notes to the consolidated financial statements in financial year 2013 are based on the same accounting and measurement policies applied in the consolidated financial statements in financial year 2012. The effects of any changes made are described in the explanations of the standards to be applied for the first time.

The annual financial statements for the companies included in the consolidated financial statements are based on uniform accounting and measurement principles. As a basic principle, the same accounting and measurement policies are applied at the level of the associated companies of DIC Asset AG. The separate financial statements of the consolidated companies were prepared as at the reporting date of the consolidated financial statements (31 December 2013).

The consolidated financial statements are prepared in Euro, the functional currency of the parent company. Unless noted otherwise, all amounts are expressed in thousands of Euro (KEUR). For computational reasons, rounding differences from the exact mathematical values calculated (in KEUR, %, etc.) may occur in tables and cross-references.

Structure of the balance sheet and the income statement

The consolidated balance sheet is prepared in line with IAS 1 (Presentation of Financial Statements) using a classified balance sheet structure. Under this method, assets to be realised within twelve months of the balance sheet date and liabilities due within one year of the balance sheet date are generally reported as current assets/liabilities.

The income statement was prepared following the suggestions by the European Public Real Estate Association (EPRA).

New standards and interpretations

a) New and revised standards and interpretations required to be applied for the first time in the financial year

▷ IAS 1 "Presentation of components of other comprehensive income"

The International Accounting Standards Board (IASB) has published an amendment to IAS 1 "Presentation of Financial Statements", on the basis of which new terminology is introduced for the income statement previously termed the statement of comprehensive income. Accordingly, the term statement of comprehensive income will be replaced by a "statement of profit and loss and other comprehensive income". However, this is not mandatory. The company has adopted the new terminology.

The amended version of IAS 1 retains the option of presenting the statement of profit and loss and other comprehensive income in one income statement or in two consecutive income statements. Nevertheless, the amendments to IAS 1 require items of other comprehensive income to be grouped in two categories:

- a) Items that are not subsequently recycled into the income statement and
- b) items that must be subsequently recycled into the income statement under certain conditions.

The income taxes attributable to items of other comprehensive income must be assigned to them. This does not rule out the option of presenting items of other comprehensive income before tax.

Impact of the application of IAS 1

The Group applied the amendments retrospectively and reclassified the items of other comprehensive income accordingly. Apart from the changes to presentation mentioned above, application of the amendments to IAS 1 will have no additional consequences for the presentation of the statement of profit and loss and other comprehensive income.

▷ IAS 12 "Recovery of Underlying Assets"

The rules of SIC-21 "Income Taxes Recovery of Revalued Non-depreciable Assets" were rescinded in connection with the amendments to IAS 12. The amendment clarifies the question as to whether the carrying amount of an asset is recovered through use or through sale. The deferred tax liability or claims are measured on the basis of the way in which the asset is expected to be recovered or discharged. The assessment of whether temporary differences will be reversed as part of continued use or as the result of a sale is often difficult particularly in connection with the application of the fair value model in IAS 40. Through the introduction of a rebuttable presumption, the amendment therefore provides for assuming in principle that they will be reversed through a sale.

Impact of the application of IAS 12

The presumption of complete recovery through sale is rebutted if the investment property is written down (e.g. in the

case of buildings and property held under leases) and if they are held within a business model, the purpose of which is to receive all material economic benefits from the investment property over time and not through a sale. The arrangement has no ramifications for the Group. The amended IAS 12 is to be applied retrospectively for the first time to financial years beginning on or after 1 January 2013. The amendment to IAS 12 will not have any impact on the company's consolidated financial statements.

▷ IFRS 7 "Financial Instruments: Disclosures"

The reforms include an extension of the disclosure requirements when netting financial assets and financial liabilities, in particular, the disclosure of information on netting rights and consequently agreements associated therewith (e.g. collateral requirements) in an enforceable netting arrangement or agreement to this effect.

Impact of the application of IFRS 7

Since the Group has not concluded a netting agreement and has not carried out any netting in accordance with IAS 32.42, application of the amendment will have no impact on the disclosures or the amounts shown in the consolidated financial statements.

▷ IFRS 13 "Fair Value Measurement"

The new IFRS 13 standard introduces a standard framework concept for the definition, calculation and disclosure of fair value both for financial and non-financial items. It is always applicable if another IFRS prescribes measurement at fair value, permits it or disclosures on the calculation of fair value are required. This does not apply to IFRS 2 "Share-based Payments", IAS 17 "Leases" and IAS 2 "Inventories – Net Realisable Value" or IAS 36 "Impairments – Value in Use".

IFRS 13 defines the fair value as the price which the reporting party would receive when selling an asset in a normal transaction between market participants on the primary market

or the most advantageous market on the valuation date or would have to pay when transferring a debt. The fair value is a price on the sales market regardless of whether this price is observable or must be estimated using a valuation method. IFRS 13 also contains extensive disclosure obligations.

Impact of the application of IFRS 13

IFRS 13 is to be applied prospectively from January 2013. The transitional provisions also provide for the disclosure obligations not having to be applied to comparative information, which is provided for periods before it is applied for the first time. Accordingly, the Group has not made any new disclosures required under IFRS 13 for the comparative figures from 2012. Apart from these additional disclosures, the application of IFRS 13 will have no material impact on the amounts recorded in the consolidated financial statements.

▷ IAS 19 (2011) "Employee Benefits"

IAS 19 (2011) amends the treatment of defined benefits pension plans and post-employment benefits.

Since the Group has not granted any defined benefits pension plans or any post-employment benefits, application of the amendment will have no impact on the disclosures or the amounts shown in the consolidated financial statements.

▷ Annual Improvements to IFRS (Cycle 2009–2011)

The IASB published its Annual Improvements Cycle 2009–2011 on 17 May 2012. They relate to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34 and will come into force for reporting periods starting on or after 1 January 2013.

Impact of the application of Cycle 2009–2011

Essentially, the purpose of the Annual Improvements is only to provide clarification and they do not lead to any changes in the consolidated financial statements of DIC Asset AG.

b) Standards and interpretations not applied (published but whose application is not yet required or in some cases is not yet required in the EU)

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have adopted additional standards and interpretations whose application is not yet required for financial year 2012, or which have not yet been recognised by the EU. With the exception of the regulations listed below, we do not expect these to have any material effect on the consolidated financial statements:

▷ Consolidation package consisting of IFRS 10, 11 and 12
In May 2011, the IASB published the so-called "Consolidation package". It consists of the standards IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interest in Other Entities". The consolidation package has been influenced by the financial crisis in particular and aims to provide more transparency regarding the companies to be included in the scope of consolidation and, in particular, the units that are not consolidated. According to the IASB, all these standards are to be applied from financial year 2013. However, compulsory application has been postponed to financial years starting on or after 1 January 2014 in the EU.

IFRS 10 "Consolidated Financial Statements" replaces the two previous consolidation concepts from IAS 27 "Consolidated and Separate Financial Statements", "Control" and SIC 12 "Consolidation – Special Purpose Entities", "Risk & Reward". In future, full consolidation is required if three criteria are met cumulatively (IFRS 10.7f):

- ◆ Power over the investee,
- ◆ Exposure or rights to variable returns from its involvement with the investee and
- ◆ The ability to use its power over the investee to affect the amount of the investor's returns.

These criteria are specified in greater detail in Annex B to IFRS 10, particularly with regard to the issues of substantial rights vs. property rights, the treatment of voting rights, trust agreements and de facto control (via other agreements or circumstances).

IFRS 11 "Joint Arrangements" replaces IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-monetary Contributions by Venturers". IFRS 11 does away with proportional consolidation in particular. In future, a distinction will be made between joint arrangements according to whether they are "Joint Operations" or "Joint Ventures" irrespective of their legal form. Depending on this distinction, the pro rata assets, liabilities, income and expenses must be included in the consolidated financial statements (joint operation) or the equity method must be applied (joint venture).

IFRS 12 "Disclosure of Interests in Other Entities" provides for detailed disclosures regarding the companies to be included in the scope of consolidation, particularly with regard to structured companies that are not consolidated.

▷ IFRS 10 "Consolidated Financial Statements"
On 31 October 2012, the IASB published the statement Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27). The statement amended IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interest in Other

Entities" and IAS 27 "Separate Financial Statements" to give newly defined investment entities an exemption from the consolidation rules regarding specific subsidiaries. Instead, these relative subsidiaries are to be accounted for through profit and loss at fair value in accordance with IFRS 9 "Financial Instruments" or IAS 39 "Financial Instruments: Recognition and Measurement".

The amendments shall come into effect for financial years beginning on or after 1 January 2014 at the earliest.

▷ IAS 32 "Financial Instruments: Recognition"
On 16 December 2011, the IASB published amendments, which constitute a clarification of rules governing netting. Application of the amendments is compulsory for financial years beginning on or after 1 January 2014.

▷ IAS 36 "Impairment of Assets"
On 29 May 2013, the IASB amended IAS 36 with regard to the recoverable amount for non-financial assets. Application of the amendments is compulsory for financial years beginning on or after 1 January 2014.

▷ IAS 39 "Financial Instruments: Recognition and Measurement"
On 27 June 2013, the IASB adopted "Novation of Derivatives and Continuation of Hedge Accounting". This specifies that, subject to certain preconditions, derivatives are still designated as hedging instruments in continuing hedging relationships despite a novation. Application of the amendments is compulsory for financial years beginning on or after 1 January 2014, although premature voluntary application is permissible.

▷ IFRS 9 "Financial Instruments"

IFRS 9 relates to the classification and measurement of financial instruments as well as the reporting of derivatives and hedging relationships. The standard shall come into effect for reporting periods beginning on or after 1 January 2017 at the earliest. The requisite endorsement process has been interrupted until the final rules are adopted by the IASB.

▷ Annual Improvements to IFRS (Cycle 2010–2012 and Cycle 2011–2013)

The International Accounting Standards Board (IASB) published the still outstanding Cycle 2010–2012 of Annual Improvements to IFRS as well as the current Cycle 2011–2013. As a result, the following Standards and subject areas have been clarified:

- ◆ IFRS 1: Applicable IFRS
- ◆ IFRS 2: Definition of vesting conditions
- ◆ IFRS 3: Exemptions from the scope of application for joint arrangements and reporting of contingent consideration in connection with business combinations
- ◆ IFRS 8: Disclosures on combining segments and requirement of a reconciliation statement for segment assets
- ◆ IFRS 13: Scope of application of the so-called portfolio exception and waiver of discounting the fair value measurement of current assets and liabilities if the impact is immaterial
- ◆ IAS 16 and IAS 38: Revaluation method – calculation of cumulative depreciation at the date of any revaluation
- ◆ IAS 24: Extension of the definition of related parties to include so-called management entities and regulation of associated disclosure obligations
- ◆ IAS 40: Connection between IFRS 3 and IAS 40 when classifying "investment property" as "owner-occupied"

Application of the amendments is compulsory for financial years beginning on or after 1 July 2014, although premature voluntary application is permissible. Endorsement by the EU is expected for the fourth quarter of 2014.

▷ IFRIC 21 "Levies"

IFRIC 21 deals with the question of accounting for public sector levies, which do not constitute income taxes within the meaning of IAS 12 "Income Taxes", and in particular clarifies when obligations to pay levies of this kind are to be recorded in the financial statements as liabilities. The Interpretation was published on 20 May 2013. Application of the interpretation is compulsory for financial years beginning on or after 1 July 2014, although premature voluntary application is permissible. Endorsement of the interpretation by the EU is currently expected for the first quarter of 2014.

The impact of first-time application of the above-mentioned standards and interpretations on the consolidated financial statements of DIC Asset AG is currently being assessed or has not yet been finally completed.

Valuation methods and principles**Gross rental income and income from real estate management fees**

Rental income from operating lease agreements for investment properties is recorded on a straight line basis over the term of the lease agreements in the income statement in accordance with IAS 17.50 and presented as revenues on the basis of its operational character. Both revenues and income from property management are realised, net of discounts, on a straight line basis over the term of the lease agreements, if the payments are fixed by contract or can be reliably determined and settlement of the related claims is likely.

Income from the sale of real estate

Earnings from sale transactions (e.g. investment property) are generally recognised at the time of the transfer of risk, that is, at the time of the transfer of possession, risk, rights and obligations less discounts and rebates.

Investment property

Properties, which are held or developed to achieve rental income and/or for the purpose of adding value, are classified as investment properties. They are measured at cost including ancillary costs when they are added to the portfolio. The cost model in accordance with IAS 40.56 is applied for subsequent measurements. Investment properties are measured in accordance with IAS 16, i.e. at cost less scheduled depreciation, as well as appreciation.

Where they can be assigned directly to the construction or acquisition of a qualifying asset, debt costs are capitalised over the period during which all work is essentially concluded in order to prepare the qualifying asset for its intended use or sale. A qualifying asset is one for which a considerable time is needed to make it fit for its intended use or for sale. Otherwise, borrowing costs are recognised under expenses when occurred. In financial year 2013, borrowing costs of KEUR 293 (2012: KEUR 173) were capitalised in connection with ongoing construction in the "TRIO Offenbach" project. This equates to a rate of borrowing costs of 3.05% (2012: 2.99%).

Land is not depreciated. Buildings are depreciated on a straight-line basis over their useful lives as follows. They are tested for impairment annually and at other times if there are indications of any possible impairment.

The following useful lives are assumed when depreciating buildings:

In years	Useful life
Residential buildings	60
Office and commercial buildings, hotels	50
Department and retail stores, shopping arcades and centres	40
Parking facilities, underground parking facilities	40

The property of the company is treated as a financial investment, since property trading itself is not considered to be part of regular business activity. Due to the measurement at cost less depreciation, the fair value of investment properties is to be stated in the Notes (see paragraph 14). The valuation is carried out by independent experts and in accordance with international valuation standards (IVS). In particular, the fair value is established on the basis of discounted future income surpluses in accordance with the discounted cash flow method or, if available, on the basis of proposed sales contracts, comparative or market prices.

Intangible assets

Intangible assets with a definite useful life are recorded at cost less amortisation over their useful lives. They are tested for impairment if relevant events or changes in circumstances indicate that the book value is no longer achievable.

Business software is amortised over three to five years. The useful life of concessions and other rights is generally ten years.

Shares in associates

An associate is a company on which the Group can exercise significant influence but does not obtain control; usually with a share of voting rights between 20% and 50%. Significant influence is the opportunity to be involved in the financial and commercial policy decisions of the company in which the investment is held. At the same time, it neither controls nor manages the decision-making processes jointly.

Investments in an associate are accounted for using the equity method and initially recognised at cost in the consolidated financial statements; this cost is adjusted in subsequent years by changes in the Group's share of the associate's profit and loss and of its other comprehensive income after the acquisition date. An associate's loss, which exceeds the Group's share in this associate, are not recorded. They are only

recorded if the Group has entered into legal or de facto obligations to assume the loss or makes payments in place of the associate.

The income, assets and liabilities of associates are included in these financial statements using the equity method unless the shares are classified as held for sale. In this case, they are accounted for in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operation".

Each balance sheet date, the Group checks whether there are indications that an impairment loss must be taken into account with regard to the investment in associates. In this case, the difference between the book value and the recoverable amount must be recognised as an impairment and allocated accordingly to net income from associates.

Office furniture and equipment

Office furniture and equipment are recorded at cost less depreciation. Borrowing costs are not recognised as part of costs in equity. Office furniture and equipment are depreciated on a straight-line basis. The useful life of office furniture and equipment is normally between three and 13 years.

Receivables and other assets

Receivables and other assets, except for derivatives, are measured at cost less depreciation.

If there is any doubt as to whether receivables are recoverable, they are recognised at their lower realisable amount. In addition to any individual impairment charges that may be required, in the case of identifiable risks, impairment charges are created from the general credit risk. In the case of trade receivables, it is assumed that the nominal amount less impairment charges corresponds to the fair value.

Cash and cash equivalents

Cash and cash equivalents includes cash and cash at banks that is available within three months as well as term deposits that are available within three months.

Non-current assets held for sale

The Group classifies non-current assets as held for sale if the associated book value will be realised through a sale and not through continued use. The preconditions for classification are met, if it is highly probable that the sale will take place within twelve months of the balance sheet date and the management have agreed to the sale. They are measured at the lower of book or fair value less costs of the sale, e.g. with the help of purchase price offers, if available. The debt attributable to them is reported separately from other debt in the balance sheet in accordance with IFRS 5.38.

Following classification in this group, non-current assets held for sale are no longer subject to scheduled depreciation. The interest and expenses, which can be added to this group's debts, are still recorded in accordance with IFRS 5.25.

Provisions

Provisions take into account all recognisable obligations as at the balance sheet date that are based on past events and for which the amount or final maturity is uncertain. Provisions are recognised only on the basis of a legal or constructive obligation to a third party, the fulfilment of which makes an outflow of funds probable, to the extent that a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at the present value of the expected expense to be required to settle the obligations and are not offset against reimbursement rights.

Share-based payments

Share price oriented compensation paid in the Group is recorded in line with IFRS 2 "Share-based Payments". The "virtual share options" are share-based remuneration transactions with cash compensation, which are measured at fair value at each balance sheet date. Remuneration expense accrues proportionally taking account of the services provided pro rata during the vesting period and is recorded in the income statement until it becomes non-forfeitable.

Liabilities

Financial liabilities predominantly comprise bonds and liabilities to financial institutions, trade payables and derivatives with negative fair values.

With the exception of derivatives, liabilities are recognised at cost less depreciation, applying the effective interest rate method at amortised cost. When establishing the book value, the Group only takes account of transaction costs directly attributable to the acquisition or issue of financial instruments if the financial instruments are not recognised at fair value through profit or loss.

Liabilities are classified as current if they are due within twelve months of the balance sheet date.

Deferred taxes

Deferred taxes are recognised on temporary differences between carrying amounts in accordance with IFRS and their tax base, on tax loss carryforwards and consolidation amounts. In principle, the differences established are always recognised if they lead to deferred tax liabilities. Deferred tax assets are taken into account if it is likely that the corresponding tax benefits can also be realised in subsequent years. If,

however, as part of a transaction that does not constitute a business combination, temporary differences arise from the initial recognition of an asset or liability, which had no impact on IFRS earnings or the tax profit or loss at the time of the transaction, tax is not deferred either at the time the asset or liability is recognised initially or subsequently.

Deferred tax assets and liabilities are offset, if there is a corresponding enforceable legal right to set off and if the deferred tax assets or liabilities relate to income tax, which is levied by the same tax authority for either the same tax subject or different tax subjects, which intend to offset them on a net basis.

Deferred taxes are calculated on the basis of the tax rates that are enacted or substantially enacted. In principle, changes to deferred taxes in the balance sheet lead to deferred tax expense or income.

Current income taxes

Tax refund claims and tax liabilities for the current period are measured using the expected amount of a refund from the tax authorities or the expected amount of a payment to the tax authorities. The tax rates and tax laws enacted on the reporting date are used to calculate the amount.

Insofar as is evident, sufficient tax provisions have been set aside for tax liabilities. This process was based on a number of factors such as interpretations, commentaries and legal precedent relating to the tax legislation in question as well as past experience.

Derivatives

DIC Asset uses derivatives in the form of interest rate swaps and caps solely as part of its active hedging of interest rate risks.

Derivatives are shown as an asset or liability and measured at fair value. This is calculated by discounting anticipated future cash flows over the remaining term of the contract based on current yield curves. They are initially accounted for on their date of origin.

If the preconditions are met, they are reported as cash flow hedges. On conclusion of the transaction, the Group documents the hedging relationship between the hedging instrument and the underlying transaction, the aim of the risk management and the underlying strategy. In addition, the assessment of whether the derivatives used in the hedging relationship compensate the changes in fair value or the cash flows of the underlying transactions effectively is documented at the beginning of the hedging relationship and continuously thereafter. This means that changes to the fair value of the hedging transaction must fall within a range of 80% to 125% of the opposite change in the fair value of the underlying transaction both prospectively and retrospectively.

The effective part of changes in the market value of derivatives, which are destined to hedge payment streams of fixed obligations and constitute qualified hedges (IAS 39.88) are, in principle, recorded under equity with no effect on income; by contrast the ineffective part of changes in market value are recorded directly in the income statement. Amounts recorded in equity are recognised as income or expenditure in the period in which the hedged underlying transaction affects earnings.

When a hedging instrument expires, is sold or the hedging transaction no longer fulfils the criteria for hedge accounting, the accumulated profit or loss remains in equity and is only recorded in the income statement when the underlying transaction occurs. If the future transaction is no longer expected to occur, the accumulated profits or losses, which were recorded directly in equity, are to be reclassified in the income statement immediately.

Movements in the reserve for cash flow hedges in equity are presented in the statement of comprehensive income.

Derivatives which do not satisfy the criteria for hedge-accounting were classified as Financial Assets Held for Trading (FAHfT) or as Financial Liabilities Held for Trading (FLHfT) in accordance with the IAS 39 valuation categories. Changes to fair values are recorded directly in the income statement here and recognised as profit or loss.

Leasing

Whether or not an agreement incorporates a leasing relationship is decided based on the economic content of the agreement at the time it was concluded. The decision requires an assessment of whether fulfilment of the contractual agreement depends on the use of a specific asset or specific assets and whether the agreement includes a right to make use of the asset. A reassessment after the leasing relationship has come into force can only be made under the preconditions stipulated in IFRIC 4.

▷ Group as lessor

Leases where a material proportion of the opportunities and the risks of owning the leased property remain with the lessor are classified as operating leases (IAS 17.8). Initial direct

costs, which arise during the negotiations and from the conclusion of an operating lease are added to the book value of the leased asset in accordance with IAS 17.52 and are recorded as expense equal to the rental income over the term of the lease. Conditional lease payments are recognised as income in the period in which they are generated.

Leases where the lessee bears the material risks and the opportunities arising from the leased property are classified as finance leases. The Group does not enter into this type of lease.

▷ Group as lessee

Leased assets where not all the opportunities and risks associated with ownership are transferred to the lessee, such as vehicle leasing for example, are classified as operating leases. Lease payments for operating leases are recognised as expense on a straight-line basis over the term of the lease in accordance with IAS 17.33.

Currency conversion

The functional currency of all consolidated subsidiaries and joint ventures is the Euro. Foreign-currency transactions are converted at the exchange rate applicable at the time of the transaction. Assets and liabilities linked monetarily to foreign currency are measured at the rate on the balance sheet date. The resultant exchange differences are reported in the income statement.

Balance sheet items expressed in foreign currencies are valued at the exchange rate on the balance sheet date. Foreign currency gains of KEUR 83 (2012: foreign currency losses of KEUR - 48) are recorded in other operating income (2012: expenses).

Earnings per share

The basic earnings per share are calculated by dividing the share of the profit for the period allotted to the shareholders of DIC Asset AG by the weighted average of the number of shares outstanding during the year. Shares newly issued or repurchased during a period are taken into consideration pro rata for the period in which they are outstanding.

Assumptions underlying accounting estimates

To a certain degree, preparation of the consolidated financial statements requires discretionary decisions and estimates, which have an impact on the recognition, measurement and presentation of assets and liabilities, the income and expenses, as well as the contingent assets and contingent liabilities.

The principal areas affected by assumptions and estimates are as follows:

- the determination of the economic useful lives of investment properties,
- the calculation of discounted cash flows as well as the discounting and capitalisation rates used in impairment tests,
- the calculation of the fair values and present values of minimum lease payments,
- provisions,
- the realisability of receivables
- tax loss carryforwards.

All assumptions and the underlying estimates are constantly re-evaluated. They are based on past experiences and other factors including expectations with regard to future events.

In future periods, actual values may deviate from the assumptions and estimates made and lead to considerable adjustments to the book value of the respective assets and liabilities.

Consolidation

Subsidiaries

The consolidated financial statements include the transactions of subsidiaries of which DIC Asset AG holds a controlling interest, either directly or indirectly, or if, because of its economic control, it benefits from the activities of the companies in question, normally through a 50% or greater interest. Inclusion starts from the date on which control is possible. It ends when control is no longer possible.

In this connection, earnings of subsidiaries acquired or sold during the year are recorded in the consolidated statement of profit and loss and other consolidated comprehensive income from the actual date on which they are acquired or until the actual date on which they are sold.

The Group carries out a reassessment of whether it controls a subsidiary or not if facts and circumstances suggest that one or more of the three criteria for control mentioned above have changed.

The acquisition method is used to account for acquired subsidiaries. The acquisition costs on acquisition correspond to the fair value of the assets given up, the equity instruments issued and the debts accrued or assumed at the date of the transaction.

If the Group loses control of a subsidiary, the remaining share is revalued at fair value and the resulting difference recorded as a profit or loss. Furthermore, all amounts relating to this company recorded in other comprehensive income are recycled from equity into earnings.

All intragroup assets, liabilities, equity, income, expenses and cash flows in connection with transactions between Group companies are eliminated in full as part of the consolidation. The effects on income tax of consolidation processes affecting income are accounted for and deferred taxes are recognised.

As at 31 December 2013, in addition to DIC Asset AG, a total of 184 (2012: 145) subsidiaries were included in the consolidated financial statements (see appendix 1 to the Notes on p. 129 seqq.).

Capital is consolidated in analogy to IFRS 3 "Business Combinations", by offsetting the book values of holdings against the proportional revalued equity of subsidiaries on the date of their acquisition. Assets and liabilities are recognised at their fair values. Any positive or negative difference emerging is offset against the assets acquired in proportion to the relative fair values. Undisclosed accruals and provisions and undisclosed liabilities are carried forward during subsequent consolidation in accordance with the corresponding assets and liabilities.

In the past financial year, DIC Asset AG has not made any acquisitions, which must be classified as a business combination in accordance with of IFRS 3. The acquisition of the partly inactive companies set out below solely formed the basis for the investment property acquired.

Initial consolidation

DIC Hamburg Portfolio GmbH, Frankfurt am Main;
DIC HI Portfolio GmbH, Frankfurt am Main;
including their respective subsidiaries

Merger

DIC VP Objekt Düsseldorf Nürnbergerstr. GmbH with
DIC VP Objekt Moers GmbH, Frankfurt am Main

DIC Asset AG holds 92.5% of DIC HI Portfolio GmbH and DIC Hamburg Portfolio GmbH and their respective subsidiaries directly, and 1.5% indirectly via DIC Opportunistic GmbH.

Associates

An investment in an associate is accounted for using the equity method from the date on which the preconditions for an associate are met. Any amount by which the cost of acquisition exceeds the share acquired in the fair values of the identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Goodwill is a component of the carrying amount of the investment and is not tested separately for impairment.

The Group will stop applying the equity method from the date on which its investment no longer constitutes an associate or the investment must be classified as held for sale in accordance with IFRS 5. If the Group retains a stake in a former associate and this stake constitutes a financial asset within the meaning of IAS 39, it will be measured at fair value from the date of first-time recognition. The difference between the previous carrying amount of the associate at the time application of the equity method ends and the fair value of a retained stake and any proceeds from the disposal of part of the shares in the associate must be recorded in the income statement. When application of the equity method ends, profits or losses, which were previously recorded in other comprehensive income by the associate, are recycled out of other comprehensive income into the income statement.

If a Group company enters into a business relationship with one of the Group's associates, profits and losses from this transaction are eliminated in line with the Group's stake in the associate.

DIC Asset holds shares in 12 companies (2012: 15) for strategic reasons, which are included as associates in accordance with IAS 28.13 in the financial statements of DIC Asset Group using the equity method of accounting (see appendix 2 of the Notes on p. 131).

EPRA earnings

EPRA stands for European Public Real Estate Association, the association of listed real estate companies in Europe. EPRA has issued recommendations on how real estate companies should calculate and adjust their earnings to ensure they are comparable and exclude exceptional factors and non-recurring effects.

EPRA earnings measures the sustainable and continuing performance by a real estate portfolio. The financial years 2012 and 2013 showed the following EPRA earnings:

in KEUR	2013	2012
Result in accordance with IFRS	16,030	11,830
EPRA adjustments		
Changes in market value or scheduled depreciation of investment properties	35,018	33,229
Profit/loss from disposal of investment property	-7,627	-3,765
Taxes from disposal of investment property	1,207	26
Amortisation of intangible assets	360	293
Deferred taxes in connection with EPRA adjustments	-825	-812
Contributions from Co-Investments (project developments and sales)	1,305	966
Non-controlling interests	-91	-30
EPRA result	45,377	41,737
EPRA earnings per share	0.93	0.89

INCOME STATEMENT

1. Gross rental income

For details of the regional allocation of rental income, please see the segment reporting on page 100 f.

As a result of property acquisitions in the previous year, gross rental income of KEUR 4,600 was generated in the past financial year, while this was reduced by KEUR 4,383 as a result of property sales in 2012. The property transactions in the current year only had a minor impact on gross rental income. Property sales in the current year will cause a reduction in gross rental income of KEUR 2,381; this has been offset by the acquisition of the joint venture portfolio end of November 2013, which result in increased rental income of KEUR 2,265 for one month.

Intensive letting activity led to large numbers of new tenancy agreements being concluded in the past financial year. These agreements resulted in pro rata temporis rental income of KEUR 3,021 in the financial year. The annualised rent applicable to the agreements amounts to approximately KEUR 5,321 p.a. (2012: KEUR 5,932 per year).

2. Service charge income/expense on principal basis

Recognised costs include apportionable current expenses incurred by the Group under § 1 of the German Operating Costs Ordinance (Betriebskostenverordnung) due to its ownership of the land or its use of the building, annexes, facilities, etc. in accordance with their intended purpose as well as the ancillary leasing costs to be borne by the tenants on the basis of contractual regulations. These are typically understood to refer to costs for water, electricity, power and property tax, for example, as well as the necessary maintenance and inspection costs.

The shortfall between income and expenses from operating and ancillary costs amounting to KEUR 1,909 (2012: KEUR 2,436) is mainly the result of costs that cannot be passed on in accordance with exemption clauses agreed in tenants' contracts.

With the exception of three properties, rental income was realised in the case of all investment property. These properties account for directly attributable expenses of KEUR 288 (2012: KEUR 256).

3. Other property-related expenses

Other property-related expenses include property management costs that cannot be passed onto tenants as operating costs because they are already covered in the rent charged. These include, for instance, costs to rectify structural defects, in particular replacing fire protection technology, caused by wear to the buildings or ageing as well as administrative and ancillary costs resulting from vacant space.

4. Administrative expenses

Compared with the previous year administrative expenses are made up as follows:

in KEUR	2013	2012
Legal and consulting fees	2,206	1,699
Marketing/Investor Relations	1,304	790
Accounting and administration fee	1,151	894
Rental and ancillary costs	960	969
Ancillary financing costs	750	526
Automobile costs	720	727
Insurance/contributions and taxes	587	385
Auditing costs	528	540
VAT	333	397
External services	301	210
EDP costs	284	241
Remuneration of Supervisory Board	231	205
Recruitment and other personnel costs	141	329
Other	651	935
Total	10,147	8,847

In the financial year the company granted compensation of a total of EUR 218,367.33 to members of the Supervisory Board. Additional details, particularly disclosures pursuant to § 314 Para. 1 No. 6 Letter (a) HGB are provided in the remuneration report, which is an integral component of the management report, in the "Corporate Governance" section.

The following fees were incurred for the services supplied by the auditors of the financial statements Rödl & Partner GmbH, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Nuremberg, in financial years 2013 and 2012:

in KEUR	2013	2012
Audits of the financial statements	453	432
Other assurance services	75	75
Other services	639	0
Total	1,167	507

The fees for audits of the financial statements relate to the audit of the consolidated financial statements and the financial statements of DIC Asset AG and its affiliates prescribed by law.

The fees for other assurance activities relate to the audit review of the interim financial statements in accordance with IFRS.

The fees for other services were incurred for assurance services in connection with the capital increase against contributions in kind and cash as well as the issuance of the corporate bond.

5. Personnel expenses

Personnel expenses include the wages and salaries of employees of DIC Asset AG and DIC Onsite GmbH of KEUR 11,857 (2012: KEUR 11,717) as well as the related social security taxes of KEUR 1,512 (KEUR 1,443), of which KEUR 715 (2012: (KEUR 705) is attributable to contributions to the statutory pension fund.

At KEUR 12,065 (2012: KEUR 12,334) personnel expenses match the level of the previous year. The rise in value of the provision for "virtual shares", which is connected to the share price, has an increasing effect on expenses.

The average number of employees has fallen from 138 employees in 2012 to 135 employees in 2013. On average over the year, 20 members of staff were employed at DIC Asset AG and 115 at DIC Onsite GmbH.

Details on the Management Board's remuneration pursuant to § 314 Para. 1 No. 6 Letter (a) Sentence 5 to 9 HGB are reproduced in the remuneration report, which is an integral component of the management report, in the "Corporate Governance" section.

6. Depreciation

Depreciation and amortisation primarily affect recognised real estate and, to a lesser extent, office furniture and equipment and intangible fixed assets. Amortisation and depreciation rose by KEUR 1,856 (6%) from KEUR 33,522 to KEUR 35,378 compared with the previous year.

The portfolio acquisition in the fourth quarter of 2013 worth EUR 462 million led to scheduled depreciation of KEUR 826 in the current year. Depreciation also increased by KEUR 293 because of our ERP software, which was completed on 1 January 2013.

7. Fees from real estate management

The income relates to asset and property management, leasing and disposition fees charged by DIC Asset AG and DIC Onsite GmbH to the following non-consolidated companies:

in KEUR	2013	2012
DIC Office Balance I	2,374	2,262
DIC HighStreet Balance	1,033	250
DIC HI Portfolio GmbH*	1,451	1,450
DIC Hamburg Portfolio GmbH*	322	443
Deutsche Immobilien Chancen Beteiligungs AG	0	318
DIC MSREF HMDD Portfolio GmbH	298	310
DIC MSREF FF Südwest Portfolio GmbH	344	311
DIC MSREF HT Portfolio GmbH	381	244
DIC Services GmbH & Co.KG	139	0
DIC HH Obj. 7 GmbH/ DIC HH Dammstorstr. GmbH	71	0
Kunden der DIC Onsite GmbH	62	107
Deutsche Immobilien Chancen Objekt Coburg GmbH	9	22
Deutsche Immobilien Chancen AG & Co. KGaA	3	8
Total	6,487	5,725

* up to 30.11.2013; subsequently fully consolidated

With the exception of DIC Onsite GmbH's external customers, transactions with related parties within the meaning of IAS 24.9 are involved.

8. Other operating income and expenses

Inter alia, other operating income includes income from the elimination of statute-barred liabilities of KEUR 83 (2012: KEUR 329), income from non-monetary benefits of KEUR 294 (2012: KEUR 341), which result from the use of a company car as well as exchange gains of KEUR 83 (2012: exchange loss of KEUR 48 in other operating expenses) for the Swiss franc bank loan repaid on 30 June 2013.

Other operating expenses predominantly contain out-of-period expenses of KEUR 547 (2012: KEUR 163).

9. Profit on disposal of investment property

Boosted by the positive performance of the transaction market and by strategic sales within the scope of portfolio adjustment, the Group has achieved profits from the sale of investment property amounting to KEUR 7,627 (2012: KEUR 3,765). This corresponds to a return on sales of 9% (2012: 5%).

Selling costs of KEUR 858 (2012: KEUR 3,171) were offset against the proceeds of sales amounting to KEUR 81,936 (2012: KEUR 78,829).

10. Share of the profit of associates

This item refers to the profit and loss to be assumed in accordance with the equity method of associated companies amounting to KEUR 1,560 (2012: KEUR 1,781).

In 2013, net income from associates is dominated by the dividends from the two existing funds "DIC Office Balance I" and "DIC HighStreet Balance" and the MainTor development project. Twelve property sales also became effective, which generated total sales proceeds of KEUR 83,570 (2012: KEUR 41,355). DIC Asset AG's share of the profit on disposal amounted to KEUR 567 (2012: loss on disposal of KEUR 85).

11. Interest income and expenses

The expense from the amortisation of processing fees arising in connection with financial liabilities amounts to KEUR 2,494 in the financial year (2012: KEUR 1,559).

An effective interest expense amounting to KEUR 9,270 (2012: KEUR 4,776) relates to the corporate bonds. The addition of interest to provisions resulted in expenses of KEUR 26 (2012: KEUR 25).

The terminated hedging relationship of five swaps (2012 two swaps) resulted in a reversal (OCI) amounting to KEUR 767 recorded directly in equity in the financial year (2012: KEUR 33). The market valuation of these swaps resulted in income amounting to KEUR 2,879 (2012 expense of KEUR -15).

12. Income taxes

in KEUR	2013	2012
Current taxes	-2,142	-1,913
Deferred taxes	183	-401
Total	-1,959	-2,314

Current income taxes relate exclusively to taxable profits of consolidated subsidiaries and DIC Asset AG. Current tax expense is composed primarily of corporate taxes incl. solidarity surcharge (KEUR 1,007) and trade taxes on earnings (KEUR 721).

The deferred taxes result from temporary differences between tax base and IFRS balance sheet values and from existing tax loss carryforwards.

Assessment of the realisability of deferred tax assets is based first and foremost on the management's assessment with regard to the realisation of the deferred tax assets. This depends on the generation of future taxable profits during the periods in which temporary differences are reversed and tax loss carryforwards can be claimed. DIC Asset assumes that, based on

the forecast for each portfolio, the future taxable income will be sufficient to be able in all likelihood to realise the recognised deferred tax assets. The current assessment with regard to the realisability of deferred tax assets may change, making higher or lower value adjustments necessary.

No deferred tax assets on corporate tax loss carryforwards has been recognised amounting to EUR 53 million (2012: EUR 39 million) or on trade tax loss carryforwards amounting to EUR 42 million (2012: EUR 28 million). Deductable temporary differences amounting to EUR 10.5 million (2012: EUR 0) have not been recognised since they result from the initial recognition of the purchase of the joint venture portfolio (initial recognition exemption).

Deferred taxes are measured on the basis of the tax rates that apply or are likely to apply at the date they are realised. The corporate tax rate of 15%, the solidarity surcharge of 5.5% and the company-specific trade income tax rates (usually 16.10%) are taken into account in calculating domestic deferred taxes.

Deferred tax expense compares with the previous year as follows:

in KEUR	2013	2012
Tax loss carryforwards	+3,784	-113
Real estate valuation	-1,911	-250
Derivatives	-102	-4
Capitalising "rent-free periods"	-257	+67
Issue of the bond	-437	-110
Other adjustments	-894	+9
Total	+183	-401

Deferred tax claims and liabilities can be classified into the following issues:

in KEUR	31.12.2013		31.12.2012	
	active	passive	active	passive
Loss carryforwards	14,975	0	11,722	0
Real estate	1,741	12,463	1,830	10,641
Derivatives	5,290	0	11,665	0
Capital transactions	531	1,128	0	0
Other	198	183	0	1,007
Total	22,735	13,774	25,217	11,649

Deferred taxes on the items taken into account in other comprehensive income amount to KEUR 5,712 (2012: KEUR 12,031). Of which KEUR 5,683 is attributable to movements in the Group's cash flow hedges (2012: KEUR 11,656) and KEUR 29 to associates (2012: KEUR 375).

No deferred taxes were recognised on temporary differences in connection with shares in subsidiaries (outside basis differences) totalling EUR 5.7 million (2012: EUR 5.0 million) or on temporary differences in connection with associated companies totalling EUR 0.4 million (2012: EUR 0.6 million).

The difference between anticipated tax expense and actual tax expense can be reconciled as follows:

in KEUR	2013	2012
Pre-tax Group results	17,989	14,144
Applicable statutory tax rate (in %)	31.925%	31.925%
Expected tax expense	5,743	4,515

Increase or decrease in the tax liability through:

Trade tax reduction and differing tax rates	-5,533	-3,217
Tax-free income	0	-123
Non-deductible expenses	2,732	1,764
Impact of associates	-498	199
Impact of unrecognised tax losses	-810	-869
Taxes for previous periods	200	19
Other effects	125	26

Actual total tax expense	1,959	2,314
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The expected tax rate was determined on the basis of the tax rates that applied in Germany in 2013 and 2012 with an underlying tax rate of 31.925%. This is calculated from a nominal corporate tax rate incl. solidarity surcharge of 15.825% and a nominal trade tax rate of 16.10%. The trade tax rate is based on an assessment rate of the City of Frankfurt am Main of 460%.

13. Earnings per share, Net Asset Value (NAV) and NAV per share

In accordance with IAS 33.12, earnings per share are calculated from the Group profit excluding non-controlling interests and the number of the shares outstanding on an annual average.

For the calculation of the number of shares, shares that were outstanding at the beginning of the financial year were taken into account as well as the shares issued during the financial year. The new shares were included from the date of issue.

In accordance with IAS 33.26, the weighted average of shares outstanding in the period and all other periods presented must be reported if an event occurs which changes the number of shares outstanding without this thereby entailing a change in resources. According to IAS 33.27 (b), this is the case if a free element, such as the issue of subscription rights to existing shareholders, is granted.

in EUR	2013	2012	2012
Group profit for the period excluding non-controlling interests	15,938,501.22	11,690,498.09	11,690,498.09
Weighted average number of shares issued	48,991,351	45,718,747	47,044,511
Basic earnings per share	0.33	0.26	
Basic earnings with the new number of shares			0.25

The new share quantity to be taken into account for 2012 is based on the free element of 2,90% or 1.325.764 shares applied to the number of ordinary shares before the capital increase (45.718.747).

For 2013, the Management Board will propose a dividend in the amount of KEUR 24,002 (EUR 0.35 per share). The full amount of the dividend will be subject to capital gains tax. This is estimated to be KEUR 6,330. The dividend will not be recorded as a liability in accordance with IAS 10 in these consolidated financial statements.

In accordance with the recommendation of the European Public Real Estate Association (EPRA), the net asset value (NAV) is calculated as at 31 December 2013 and 31 December 2012 as follows:

in KEUR	31.12.2013	31.12.2012
Book value of investment property	2,256,437	1,847,372
Investment property in accordance with IFRS 5	0	35,307
Fair value adjustment	26,703	-3,736
Fair value of investment property*	2,283,140	1,878,943
Carrying value Co-Investments	89,866	75,730
Fair value adjustment	2,373	6,044
Fair value of Co-Investments	92,239	81,774
+/- other assets/liabilities	216,399	216,164
Net credit liabilities at book value	-1,723,854	-1,462,628
Liabilities in accordance with IFRS 5	0	-27,300
Non-controlling interests	-5,544	-1,556
NAV	862,379	685,396
Deferred taxes on fair value adjustments	-13,730	-8,699
NNAV	848,649	676,698
Fair value of derivatives	-41,354	-73,645
Difference in value as compared to fair value of net debt	-349	-2,708
NNNAV	806,946	600,345
NAV/share	12.58	14.99
NNAV/share	12.37	14.80
NNNAV/share	11.77	13.12

* incl. non-controlling interests

NOTES TO THE BALANCE SHEET

14. Investment property

in KEUR	2013	2012
Cost		
As at 1 January	2,007,665	2,032,288
Additions resulting from acquisitions	461,024	62,564
Additions from investment in expansion	21,304	21,638
Classification as "held for sale"	0	-38,446
Disposals	-41,345	-70,379
As at 31 December	2,448,648	2,007,665
Depreciation		
As at 1 January	160,293	130,159
Additions	34,550	32,514
Classification as "held for sale"	0	759
Disposals	-2,632	-3,139
As at 31 December	192,211	160,293
Book value 1 January	1,847,372	1,902,129
Book value 31 December	2,256,437	1,847,372
Fair value	2,285,111	1,878,943

Details of and information about the levels of the fair value hierarchy in accordance with IAS 40.79 in conjunction with IFRS 13.93 (a),(b) and 13.97 of the Group's investment property as at 31 December 2013 are presented on the next page:

in KEUR	Fair value 31.12.2013	Quoted prices in active markets for identical assets (Level 1)	Inputs other than quoted prices that are directly or indirectly observable (level 2)	Inputs for the asset that are not based on observable market data (level 3)
Commercial real estate in Germany	2,285,111			2,285,111

Valuation methods applied to level 3

The fair values calculated are based entirely on the findings of the independent valuers contracted for this purpose Cushman & Wakefield and ENA Experts, who have undertaken a valuation in accordance with internationally recognised standards. Valuation parameters that are as close to the market as possible should be used as input factors. Despite taking account of some observed market input factors, which correspond to level 2, the fair values must ultimately be assigned to level 3.

The calculation of market values is based on a calculation of their present values (discounted cash flow method). A cash flow period of ten years is generally taken, at the end of which the property is assumed to be sold. The discounting rate recognised for the valuation comprises a risk-free rate, which can be derived from the average current yield on long-term, fixed income federal bonds and a property-specific risk premium, which reflects the restricted fungibility of real estate investments in relation to more fungible forms of investment such as equities or bonds. The recognised average current yield was 3.13% and 1.61%, respectively (2012: 3.40%). The property-specific risk premium was between 1.90% and 3.90% (2012: between 1.60% and 3.60%), as well as between 4.10% and 4.40%. The average discounting rate was identical to the previous year, at 5.75% to 6.50%.

The interest rate recognised for the capitalisation of final value corresponds to the interest rate observed in the current real estate capital market plus a property-specific risk pre-

mium. The recognised capitalisation rates vary between 5.25% and 9.00% depending on the quality, location and structure of the properties.

When carrying out impairment tests on investment properties in accordance with IAS 36, the book values of the properties, with the exception of properties classified as "non-current assets held for sale", are compared with the values in use of the properties deduced from market values. The comparison takes place on the basis of gross market values, i.e. excluding transactions costs which may occur in the event of the properties actually being sold. In addition, parameters specific to the company were used when calculating value in uses. These parameters take account of the value in use of the properties within corporate use. In this respect, the important factors are, in particular, the retention of the property in the Group, the forecasted cash flows and the reduction in management costs compared with the standard valuation because of our in-house asset management. A reasonable asset-specific capitalisation rate is also calculated in accordance with the criteria of IAS 36 A17.

In addition to the sensitivity analysis for the fair values already presented in the risk and opportunities report (page 55 in the management report), we have carried out a sensitivity calculation for the values in use of the properties to be able to assess the implications of potential fluctuations in interest rates more accurately. This produced the following result:

Change in the value of use of properties

Scenarios: changes of capitalisation rate			
		+0.25%	0%
Scenarios: changes of discount rate	+0.25%	-115.3 EUR million	- 56.7 EUR million
	0%	- 60.1 EUR million	+/-0.0
	-0.25%	- 3.2 EUR million	+ 58.7 EUR million

Should the capitalisation and discount rates rise by 25 basis points because of the macroeconomic or entrepreneurial situation, the value in use would fall by EUR 115.3 million, if the interest rates fall by the same amount, the value in use would rise by EUR 126.2 million.

As at 31 December 2013, acquisition costs included capitalised borrowing costs in the amount of KEUR 293 (2012: KEUR 475).

There are no restrictions on the disposal of investment property in the Group and no contractual obligations to buy, construct or develop investment property.

Current contractual obligations will result in financial obligations to our tenants of EUR 6.0 million for 2014 (2012: EUR 3.8 million).

15. Office furniture and equipment

in KEUR	2013	2012
Cost		
As at 1 January	1,335	1,249
Additions	109	86
Disposals	12	0
As at 31 December	1,432	1,335
Depreciation		
As at 1 January	845	711
Additions	103	134
Disposals		0
As at 31 December	948	845
Book value 1 January	490	538
Book value 31 December	484	490

16. Investments in associates

The associates, which the management views as material to the Group as at 31 December 2013, are listed in the following table: All the companies listed have shares that are held directly by the Group.

The Group holds 20% of the shares in DIC Opportunistic GmbH, however it no longer has any significant influence as a consequence of the shareholder voting agreement with DIC KGaA. Accordingly, the shares in DIC Opportunistic GmbH are shown as an investment on the balance sheet date and the financial assets are assigned to the "available-for-sale financial assets" category.

in KEUR	31.12.2013		31.12.2012	
Interest in:	Share of voting rights	Book value	Share of voting rights	Book value
DIC Office Balance I (fund)	14.0%	41,492	14.0%	37,660
DIC HighStreet Balance (fund)	17.0%	14,279	17.0%	3,149
DIC MainTor Zweite Beteiligungs GmbH & Co.KG	40.0%	20,288	40.0%	22,187
DIC MSREF HT Portfolio GmbH	20.0%	5,515	20.0%	4,522
DIC MSREF FF Südwest Portfolio GmbH	20.0%	4,461	20.0%	4,405
DIC MSREF HMDD Portfolio GmbH	20.0%	3,618	20.0%	3,729
Other		213		78
		89,866		75,730

DIC Asset AG has a 20% stake in the capital of the funds "DIC Office Balance I" and "DIC HighStreet Balance" and with the committee chairman provides one of seven or six voting members of their investment committees. The Group also provides asset and property management services.

The share of Group profit and loss in associated companies, none of which are listed, and the share of their assets and debt are as follows:

in KEUR	2013	2012
Assets	1,249,818	1,619,301
Liabilities	851,660	1,296,289
Net assets	398,158	323,012
Income	75,438	102,208
Expenses	61,359	91,350
Profit	14,079	10,858

17. Loans to related parties

Loans to related parties relate to loans where the term has been extended until 31 December 2015 through addenda agreed with the borrowers in June 2013. Please refer to the disclosures in section "Legal transactions with related parties" on p. 107 seqq. for a description of the conditions.

in KEUR	IAS 24.9	2013
DIC Opportunistic GmbH	b (ii)	47,859
Deutsche Immobilien Chancen AG & Co. KGaA	b (ii)	25,617
DIC MainTor GmbH	b (ii)	22,089
DIC MainTor Zweite Beteiligungs KG	b (ii)	16,319
DIC MSREF HMDD Portfolio GmbH	b (ii)	2,440
Total		114,324

18. Investments

This is an investment in DIC Opportunistic GmbH, which was stated at its fair value of EUR 20.5 million on the balance sheet date.

19. Intangible assets

in KEUR	2013	2012
Cost		
As at 1 January	739	591
Additions	1,872	148
Disposals		
As at 31 December	2,611	739
Amortisation		
As at 1 January	554	439
Additions	369	115
Disposals		
As at 31 December	923	554
Book value 1 January	185	152
Book value 31 December	1,688	185

20. Trade receivables

These are primarily receivables from operating and ancillary costs. All receivables are due within a year.

On the balance sheet date, trade receivables were subject to impairment charges of KEUR 261 (2012: KEUR 934).

There have been the following changes to impairment charges for receivables:

Receivables amounting to KEUR 1,011 (2012: KEUR 1,237) were written down in the financial year.

As at the balance sheet date, there were no further overdue receivables that were not subject to impairment charges.

in KEUR	2013	2012
As at 1 January	934	1,623
Additions	140	158
Use	73	96
Release	740	751
As at 31 December	261	934

21. Receivables from and liabilities to related parties

The receivables result predominantly from the granting of loans. An average interest rate of 4.5% to 7.25% p.a. applies to the loans. Detailed disclosures on relations with related parties are shown in section "Related Party Disclosures", p. 106 ff.

The value shown in the balance sheet relates to:

in KEUR		31.12.2013		31.12.2012	
	IAS 24.9	Receiv-ables	Liabilities	Receiv-ables	Liabilities
DIC MSREF FF Südwest GmbH	b (ii)	2,357	0	1,617	0
DIC MainTor GmbH	b (ii)	1,763	0	27,204	0
DIC MainTor Zweite Beteiligungs KG	b (ii)	755	0	15,845	0
DIC MSREF HMDD Portfolio GmbH	b (ii)	528	0	2,579	0
Deutsche Immobilien Chancen Beteiligungs AG	b (ii)	525	2,459	1,121	0
DIC Opportunistic GmbH	b (ii)	482	300	32,501	0
DIC HighStreet Balance (fund)	b (ii)	469	0	16	0
Deutsche Immobilien Chancen AG & Co. KGaA	b (ii)	354	0	24,034	0
DIC Office Balance I (fund)	b (ii)	229	0	929	0
DIC MSREF HT Portfolio GmbH	b (ii)	217	0	495	0
DIC Services GmbH & Co. KG	b (ii)	59	0	0	127
DIC HI Portfolio GmbH*		0	0	23,743	0
DIC Hamburg Portfolio GmbH*		0	0	5,091	0
DIC MainTor III GmbH	b (ii)		542	0	567
Other	b (ii)	437	434	79	0
Total		8,175	3,735	135,254	694

* consolidated in full from 1.12.2013 (2012: b (ii))

22. Income tax receivable

The figure reported relates to imputable taxes and corporate tax reclaims.

23. Other receivables

in KEUR	2013	2012
Deposits	3,617	2,450
"Rent-free period" receivables	2,749	1,122
Value added tax	761	778
Creditors with debit balances	97	191
Receivables from insurance payments	0	91
Other	149	384
	7,373	5,016

24. Other current assets

In addition to the restricted funds of KEUR 3,900 (2012: KEUR 5,500) deposited with DZ Bank to service liabilities from derivatives, this item takes into account prepaid ground rents of KEUR 1,283 (2012: KEUR 1,282) and other prepaid costs, such as insurance premiums. The amount appropriated depends on the market value of the hedged swap.

25. Cash and cash equivalents

The cash is available for use by the company.

26. Non-current assets held for sale

In financial year 2013, there were no circumstances that would necessitate switching from recognition as investment property to non-current assets held for sale.

The non-current assets shown as held for sale at the end of 2012 were transferred as planned in the first quarter of 2013. The financial liabilities associated therewith were repaid to the lender.

Profits of KEUR 2,062 arose in connection with non-current assets held for sale (2012: KEUR 103).

27. Equity**a. Subscribed capital**

The subscribed capital of the parent company DIC Asset AG amounts to KEUR 68,578 as at the balance sheet date and 68,577,747 registered shares in the form of no-par shares, each of which represents an interest in the share capital of EUR 1.00, are issued as at the balance sheet date. Of which, a total of 22,859,000 shares were subscribed for from the authorised capital created by virtue of the resolution of the General Shareholders' Meeting of 5 July 2011 (as amended by the resolution of the General Shareholders' Meeting of 3 July 2013) (cf. the following point b. Authorised capital for details) in financial year 2013. There are no other classes of shares. All shares have the same rights and obligations. Each share gives entitlement to one vote at the General Shareholders' Meeting.

b. Authorised capital

There is no authorised capital at the balance sheet date. With the resolution of the General Shareholders' Meeting of 5 July 2011 (as amended by the resolution of the General Shareholders' Meeting of 3 July 2013), the Management Board was authorised, with the Supervisory Board's approval, to increase the share capital of the company by 4 July 2016 by one or more issues of new registered shares for cash and/or contributions in kind by up to a total of EUR 22,859,000.00 (authorised capital).

In principle, shareholders were to be granted subscription rights here. However, the Management Board was authorised, with the Supervisory Board's approval, to exclude shareholders' subscription rights, inter alia to remove fractional amounts from shareholders' subscription rights and/or if the capital increase is carried out against contributions in kind, in particular for the purpose of the acquisition of com-

panies, parts of companies, interests in companies or other assets associated with the purpose of the acquisition or within the scope of business combinations. The number of shares issued against contributions in kind might not exceed 20% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised.

The Management Board made use of the authorisation described above in financial year 2013 and, making full use of the authorisation, resolved on 13 November 2013, with the approval of the Supervisory Board on the same date,

- (i) to increase the company's share capital by EUR 6,206,068.00 in return for contributions in kind by issuing 6,206,068 new registered no-par shares (the "new shares II"), each of which represents an interest in the capital stock of EUR 1.00 (the "capital increase in kind"). The new shares II were issued at an issue price of EUR 1.00 per share and carry dividend rights from 1 January 2013.
- (ii) to increase the company's share capital further by EUR 16,652,932.00 in return for cash contributions by issuing 16,652,932 new registered no-par shares (the "new shares I"), each of which represents an interest in the capital stock of EUR 1.00 (the "cash capital increase"). The "new shares I" were issued at an issue price of EUR 1.00 per share and carry dividend rights from 1 January 2013. Shareholders were granted the statutory subscription right using the following process: several financial institutions chosen and tasked by the Management Board subscribed for the "new shares I" at the subscription price and acquired them with the obligation to offer them to shareholders for subscription in a 11:4 ratio at a subscription price of EUR 6.00 (indirect subscription right). They then paid the proceeds received as a result to the company after deducting the cash contributions already made by the financial institutions, an appropriate commission as well as their costs and expenses. Shareholders' subscription rights to the share fractions

amounting to 27,934 shares were excluded to smooth the subscription ratio. The subscription price for each "new share I" subscribed for was EUR 6.00. Execution of the increased capital was recorded in the Commercial Register on 27 November 2013.

c. Contingent capital

By virtue of the resolution of the General Shareholders' Meeting of 5 July 2010 (as amended by the resolution of the General Shareholders' Meeting of 3 July 2013), the Management Board is authorised, with the approval of the Supervisory Board, to grant bearer bonds with warrants or convertible bonds (together "bonds") on one or more occasions up to 4 July 2015 in a total nominal amount of up to EUR 300,000,000.00, and to grant conversion or option rights to holders of bonds (including with a conversion obligation) to registered shares in the company representing a proportionate amount of the share capital of up to EUR 19,590,000.00 in total, subject to the precise terms of the option or convertible bond conditions (together also "bond conditions"). The bonds can only be issued against cash payment. As a basic principle, the shareholders have a subscription right, i.e. the convertible bonds and bonds with warrants are in principle to be offered to the company's shareholders for subscription. The bonds can be accepted by one or more financial institutions or companies within the meaning of § 186 para. 5 sentence 1 AktG, subject to the obligation that they offer them to the shareholders for subscription (indirect subscription right). If bonds are issued by a Group company, the company will ensure that the company's shareholders are granted subscription rights accordingly.

The Management Board is, however, authorised, with the Supervisory Board's approval, not to grant shareholders the right to subscribe to the bonds,

- (i) for fractional amounts resulting from the subscription ratio;

- (ii) insofar as the Management Board, having undertaken a proper examination, concludes that the issue price is not significantly lower than the theoretical market value of the bonds calculated using recognised methods of financial mathematics. This authorisation to exclude a subscription right does not, however, apply to bonds with a conversion or option right (including with a conversion obligation) to shares to which is attributed at most a proportional amount of 10% in total of the existing share capital at the time of its entry into force or at the time of the exercising of this authorisation, whichever is lower. The proportionate amount of the share capital, which is attributable to shares issued during the life of this authorisation as part of a capital increase excluding the subscription right in accordance with § 186 para. 3 sentence 4 AktG or disposed of as acquired treasury shares during the life of this authorisation other than via the stock exchange or through an offer to all shareholders in corresponding application of § 186 para. 3 sentence 4 AktG must be taken into account in this ceiling of 10% of the share capital.

- (iii) if it is necessary in order to grant holders or creditors of bonds with warrants and convertible bonds with option and/or conversion rights or conversion obligations which have been or are still to be issued by the company or group companies in which the company holds a direct or indirect 100% stake a subscription right to bonds to the extent that they would be entitled to after exercising the option or conversion rights or after fulfilment of conversion obligations.

In the case of the issue of warrant bonds, each individual bond will have one or more option certificates which entitle the holder to obtain registered shares of the company in accordance with the terms and conditions of the option to be determined by the Management Board. The term of the option right cannot exceed the term of the warrant bond. There may also be a provision that fractions can be com-

bined and/or settled in cash. In the case of the issue of bonds with warrants, holders are entitled to exchange their individual bonds for registered shares in the company subject to the precise terms of the convertible bond conditions to be defined by the Management Board. The conversion ratio is calculated by dividing the nominal amount or the issue amount of an individual bond, whichever is lower, by the fixed conversion price for a registered share in the company, and can be rounded up or down to the nearest whole number; furthermore, an additional cash payment may also be determined. There may also be a provision that fractions can be combined and/or settled in cash. § 9 para. 1 AktG and § 199 AktG are unaffected.

The convertible bond conditions may also provide for a conversion obligation at the end of the term (or earlier). The proportional amount of the share capital of the ordinary shares in the company to be issued for individual bonds may not exceed the nominal amount of the individual bond. § 9 para. 1 AktG and § 199 AktG are unaffected. The conditions of the convertible bond or bond with warrants may grant the company the right to grant new shares or treasury shares in the company to the bond creditors instead of some or all of the payment of a sum due. Furthermore, the conversion or warrant bond conditions can determine in each case that, in the case of conversion or exercising of an option, treasury shares in the company can also be granted. Moreover, it can be stipulated that the company does not grant shares in the company to the parties entitled to a conversion or an option but pays the equivalent value in cash of the shares which would otherwise have been delivered.

Further details are contained in the authorising resolution. To service conversion or option rights or conversion or option obligations as part of bonds issued by authorisation of the General Shareholders' Meeting of 5 July 2010 until 4 July 2015, the company's share capital was conditionally increased, by virtue of the resolution of the General Shareholders' Meeting of 5 July 2010 (as amended by the resolution of the General Shareholders' Meeting of 3 July 2013),

by up to EUR 19,590,000.00 by the issue of up to 19,590,000 individual registered shares (contingent capital 2010).

The Management Board has not made use of the authorisation described above to issue convertible bonds and/or bonds with warrants.

d. The Management Board's powers to issue and redeem shares

The powers of the company's Management Board to issue and redeem shares are all based on resolutions to that effect by the General Shareholders' Meeting, the essential content of which is shown below.

▷ Authority to acquire treasury shares

By virtue of the resolution of the ordinary General Shareholders' Meeting of 5 July 2011, the Management Board is authorised, with the prior approval of the Supervisory Board, to acquire up to 4 July 2016 treasury shares up to a total of 10% of the company's share capital at the date of the resolution or – if this figure is lower – at the date the authorisation is exercised. At no time may the acquired shares together with other treasury shares in the possession of the company or allocated to it under §§ 71 a ff. AktG represent more than 10% of the share capital. The authorisation may not be used for the purpose of trading in treasury shares. The authorisation may be exercised as a whole or in instalments, once or more than once, for one or more purposes, by the company or by companies dependent on or majority-owned by it, or by third parties acting on their behalf or on behalf of the company.

At the Management Board's discretion, and with the prior consent of the Supervisory Board, shares may be acquired through the stock exchange or through a public offering directed to all shareholders or a public invitation to all shareholders to submit offers for sale.

The volume of the public offering directed to all shareholders or the public invitation to all shareholders to submit offers to sell can be restricted. Insofar as the volume of the offered shares exceeds the planned repurchase volume in the case of a public offering or a public invitation to submit offers to sell, the acquisition can take place proportionate to the shares subscribed to or offered in each case; to this extent, the shareholders' right to offer their shares proportionate to the percentage of shares that they hold is excluded. A preferential acceptance of smaller numbers up to 100 offered shares per shareholder can be stipulated, as can a rounding on the grounds of sound business practice to avoid arithmetic fractions of shares. To this extent, any further right of the shareholders to offer shares is excluded. The public offering directed to all shareholders or the public invitation to all shareholders to submit offers for sale may stipulate further conditions.

The Management Board is authorised, with the prior consent of the Supervisory Board, to use the treasury shares acquired on the basis of this authorisation for any legal purpose, in particular the following:

- (i) The shares may be withdrawn without a further resolution by the General Shareholders' Meeting being required for the withdrawal or its execution. They may also be withdrawn by the simplified procedure without capital reduction by adjusting the pro rata mathematical amount of the remaining shares in the company's share capital. If they are withdrawn by the simplified procedure, the Management Board is authorised to amend the number of shares in the Articles of Incorporation.
- (ii) The shares may also be disposed of in a way other than through the stock exchange or by an offering directed to all shareholders if the purchase price payable in cash is not significantly lower than the market price of the already listed shares that enjoy essentially the same terms.

The number of shares sold in this way together with the number of other shares that were sold during the life of this authorisation under the exclusion of subscription rights in accordance with § 186 para. 3 sentence 4 AktG or issued from authorised capital, and the number of shares that can be created through the exercise of option and/or conversion rights or the fulfilment of conversion obligations arising from warrant bonds and/or convertible bonds issued during the life of this authorisation under the exclusion of subscription rights in accordance with § 186 para. 3 sentence 4 AktG does not exceed 10% of share capital, neither at the time this authorisation becomes effective nor at the time when it is exercised;

- (iii) The shares can be sold against contributions in kind, in particular for the purpose of the acquisition of companies, parts of companies, interests in companies or other assets associated with the purpose of the acquisition or within the scope of business combinations.
- (iv) The shares may be used to fulfil subscription and exchange rights on the basis of the exercise of conversion and/or option rights or the fulfilment of conversion obligations arising from or in conjunction with convertible bonds and/or bonds with warrants issued by the company or its Group companies fully owned by DIC Asset AG.

Further details are contained in the authorising resolution.

As at 31 December 2013, the company holds no treasury shares. It has not made use of the authorisation described above.

e. Capital reserves

The capital reserves have risen to KEUR 733,577 as a result of the capital increase in cash and in kind on 27 November 2013 (2012: KEUR 614,312). It contains the premium from the issue of shares.

Transaction costs incurred in connection with the capital increase (including fees for notaries, lawyers, auditors and tax consultants, the issuing banks' fees, Commercial Register fees etc.) reduced directly the equity supplied, since these are additional costs directly attributable to the equity transaction that would otherwise have been avoided.

The taxes associated with the transaction costs incurred in procuring equity (new shareholders' share) must also be posted directly in the capital reserves.

f. Hedging reserve

The reserve contains the effects of hedge accounting, which have no impact on results.

At the balance sheet date, cash flow hedge relationships of fully consolidated companies resulted, after the deduction of deferred taxes of KEUR 5,683 (2012: KEUR 11,656) in unrealised losses of KEUR 29,926 (2012: KEUR 60,769), while associates' cash flow hedge relationships resulted, after the deduction of deferred taxes of KEUR 29 (2012: KEUR 375) in unrealised losses of KEUR 152 (2012: KEUR 1,992) (cf. section 29 Derivatives). The change is primarily the result of fluctuations in the interest rate level.

g. Retained earnings

The reconciliation of the Group profit for the period with retained earnings is shown in the following table:

in KEUR	31.12.2013	31.12.2012
Profit/loss carryforwards	15,496	19,808
Profit for the period	16,030	11,830
Dividend payouts	-16,002	-16,002
Profit attributable to non-controlling interests	-91	-140
Consolidated retained earnings	15,433	15,496

The dividend payouts comprised EUR 0.35 per share in 2012 and 2011.

28. Interest-bearing loans and borrowings

The fair values of debt are listed in the table at the bottom.

The fair value of fixed-rate debt is based on discounted cash flows calculated on the basis of interest rates from the yield curve of 31 December 2013. When calculating the fair value, the current market trend was also taken into account, meaning that the margin on financial instruments has increased to 2.28% (2012: 1.60%). The book values of variable-rate debt are roughly equivalent to their fair values.

The maturities of variable-rate and fixed-rate debt, which are shown in the table at the top of page 96.

Fair value of fixed-rate and variable-rate financial debt

in KEUR	31.12.2013		31.12.2012	
	Book value	Fair value	Book value	Fair value
Long-term (> 1 year) interest-bearing debt				
Variable-rate debt	48,596	48,596	218,232	218,232
Fixed-rate debt	1,504,547	1,468,672	1,096,856	1,101,979
	1,553,143	1,517,268	1,315,088	1,320,211
Short-term (< 1 year) interest-bearing debt				
Variable-rate debt	38,487	38,487	47,669	47,669
Fixed-rate debt	132,224	136,146	99,871	96,868
	170,711	174,633	147,540	144,537
	1,723,854	1,691,901	1,462,628	1,464,748

Maturities of fixed-rate and variable-rate financial debt

in KEUR	31.12.2013			31.12.2012		
	Total variable-rate debt	Total fixed-rate debt	Weighted interest rate in % (fixed-rate debt)	Total variable-rate debt	Total fixed-rate debt	Weighted interest rate in % (fixed-rate debt)
< 1 year	38,487	132,224	3.47%	47,669	99,871	4.06%
1 – 5 years	35,624	758,927	4.35%	170,001	950,602	4.38%
> 5 years	12,972	745,620	4.30%	48,231	146,254	4.39%
	87,083	1,636,771		265,901	1,196,727	

Interest rates on the variable-rate debt were adjusted regularly. Interest-rate adjustment dates are based on the 1-month or 3-month Euribor plus an average margin. Variable-rate debt carries an average interest rate of about 1.63% (2012: 1.42%) and fixed-rate debt carries an average interest rate of about 4.26% (2012: 4.35%).

In the financial year, DIC Asset AG was able to top up a corporate bond issued with a coupon of 5.875% in May 2011. Up to 31 December 2013, the nominal volume increased by EUR 13.1 million to EUR 100.0 million. On the balance sheet date, the bond price was 104.15%.

In July 2013, another bond with a nominal volume of EUR 75 million was issued at an interest rate of 5.75%. On the balance sheet date, the price of this bond was 104.50%.

With the exception of our corporate bond, interest-bearing debt was secured entirely through charges over property (KEUR 171,087, 2012: KEUR 85,195) in the year under review.

29. Derivatives

At the balance sheet date, the following derivatives were held:

in KEUR	31.12.2013		31.12.2012	
	Nominal volume	Fair value	Nominal volume	Fair value
Assets				
Interest-rate hedge agreements (caps)	92,364	0	20,000	0
Interest-rate hedge agreements (swaps)	26,035	6	0	0
Liabilities				
Interest-rate hedge agreements (swaps)	1,351,313	41,360	977,466	73,654
Interest-rate hedge agreements (collars)	72,364	346	0	0

In principle, contracts for derivatives are only concluded with major banks to keep credit risks as low as possible.

As at 31 December 2013, negative market values of KEUR 29,925 (2012: KEUR 60,769) after the deduction of deferred taxes were recorded in equity. The interest-rate hedge agreements have remaining terms of between three months and seven years. Please refer to the section "Reporting on risk management; interest rate risks" with regard to the overview of nominal amounts and remaining terms.

In financial year 2013, there were interest rate hedge agreements in the form of swaps, caps and collars to secure future variable cash flows from interest payments at the joint ventures in which DIC Asset AG has direct and indirect holdings of 18.8% to 40%. The hedged pro rata volumes and fair values from the point of view of DIC Asset are as follows:

in KEUR	2013		2012	
	Nominal volume	Fair value	Nominal volume	Fair value
Swaps	44,802	-178	100,323	-2,367
Caps	0	0	20,260	0
Collars	0	0	20,260	-222

The property companies pay fixed interest rates of between 0.48% and 1.40%, or interest at the 3-month Euribor. The expenses and revenues arising from the hedging of future cash flows are recorded by the property companies under equity with no effect on income in as much as they relate to effective hedging relationships. DIC Asset AG has a share worth KEUR -152 (2012: KEUR 1,992) after deducting deferred taxes in Group equity in the hedging reserve in accordance with IAS 28.39.

30. Provisions

In connection with the acquisition of the office property in Zeppelinheim, a debtor warrant was agreed with the seller. This is subject to the condition that corresponding tenancy agreements for the existing vacant space will be concluded by the seller within the next two years starting from the transfer of title, benefits and obligations. The debtor warrant was paid out in December 2013. The provision from the previous year of KEUR 862 was consumed entirely.

As part of the sale of the Zeil property, Frankfurt, a tenancy guarantee up to 31 December 2014 and a cost contribution to expansion on vacant space were agreed with the purchaser. The calculations are based on achievable market rents plus ancillary costs, together with an assessment of letting opportunities and expansion costs per square metre regulated in the purchase agreement. On the balance sheet date, the provision came to KEUR 587; of which KEUR 40 is due in 2015.

31. Trade payables

The trade payables amounting to KEUR 4,291 (2012: KEUR 2,671) resulted from deferred ancillary costs (KEUR 443; 2012: KEUR 1,523) and from the use of services. They are due within a year.

32. Income taxes payable

in KEUR	31.12.2013	31.12.2012
Trade tax	956	1,136
Corporate tax	963	664
Capital gains tax	7	186
	1,926	1,986

33. Other liabilities

in KEUR	31.12.2013	31.12.2012
Deposits	3,711	2,415
Outstanding invoices	2,208	3,005
Advance rent payments received	1,177	578
Value added tax	1,562	927
Bonus	1,313	1,774
Purchase price retentions in property purchases	611	1,127
Share-based payments	585	334
Auditing costs	565	465
Retention money	440	985
Vacation	230	247
Supervisory Board remuneration	218	204
Tax consultancy costs	15	180
Other	707	1,375
	13,342	13,616

The outstanding invoices include, among other things, the surveyors' fees for the annual real estate valuations, for consultancy work and other services.

The Group has agreed performance-related compensation agreements with the Members of the Management Board in the form of a share-price-oriented compensation model. At the end of 2013, Members of the Management Board held options on 212,000 so-called virtual shares of the company, of which 62,000 were newly granted in 2013. These options may not be exercised by Members of the Management Board until they have been on the Board of DIC Asset AG for two to three years. As at 31 December 2013, the company measures the fair value at EUR 4.30 or EUR 4.42 per option for Mr Höller and EUR 1.47 for Ms Wärntges and Mr Pillmayer. The value of the newly granted options amounts to KEUR 18. The valuation is based on the Black-Scholes option pricing model.

The critical parameters for this valuation model are the share price on the balance sheet date of EUR 6.69, the exercise price of EUR 2.29 for Mr Höller and of EUR 5.88 each for Ms Wärntges and Mr Pillmayer, the standard deviation from the expected share price return of 28.56% and the annual term-dependent risk-free interest rate of 0.48% and 0.63%. Volatility as measured by the standard deviation from the expected share price returns is based on statistical analyses of the daily share price over the last two years.

By the balance sheet day, there were 75,000 exercisable "virtual stock options" whose aggregate market value equalled TEUR 332.

As a consequence of the capital increase, the Supervisory Board resolved dilution protection of EUR 0.62 per share option. This dilution protection will reduce the respective exercise price.

In connection with Mr Koch's departure, a payment of KEUR 83 was made as compensation for the 35,000 options exercisable until 31 May 2013. The claims of KEUR 58 that had not yet fully accrued were reversed through the income statement.

KEUR 251 was recognised as expenditure in the reporting year. This represents a transaction with a related party within the meaning of IAS 24.17e. Further details, in particular information pursuant to § 314 Para. 1 No. 6 Letter a Sentences 5 to 9 HGB, are given in the Remuneration Report, which is an integral part of the summarised Management Report.

Liabilities arising from Supervisory Board compensation are liabilities to members of the Supervisory Board. They are recognised as liabilities to related parties within the meaning of IAS 24.9. The breakdown of the remuneration in accordance with the IAS 24.9 criteria is given in the section "Legal transactions with related parties" page 107 ff. For information on individual Members, see the details on Supervisory Board compensation in the Remuneration Report.

34. Additional notes on financial instruments

Due to the short terms of cash and cash equivalents, trade payables and receivables and other current receivables and liabilities, it is assumed that the fair value corresponds to the book value in each case.

The fair value of financial instruments traded on an active market is based on the market price quoted on the balance sheet date. The fair value of financial instruments not traded on an active market, such as over-the-counter derivatives is established with the help of a valuation method (discounted cash flow valuations or option price models) using observable market data. The fair value of financial liabilities is the result of the present value of expected future cash flows. They are discounted on the basis of the interest rates applicable on the balance sheet date.

The following tables show the book values, valuations and fair values for the individual financial assets and liabilities for each individual category of financial instruments and link these to the corresponding balance sheet items. The main valuation categories for the Group in accordance with IAS 39 are Available-for-Sale Financial Assets (AfS), Financial Assets Held for Trading (FAHfT), Loans and Receivables (LaR) as well as Financial Liabilities Measured at Amortised Cost (FLAC) and Financial Liabilities Held for Trading (FLHfT).

There are no prices quoted on an active market for the unlisted shares in DIC Opportunistic GmbH held by the Group. The fair value is derived from real estate assets held indirectly. There were no changes in value between the date on which the investment was acquired and the balance sheet date. Please refer to page 88 seq. for the valuation of real estate assets.

in KEUR	Valuation category in acc. with IAS 39	Book value 31.12.13	Valuation in acc. with IAS 39			Fair value 31.12.13
			Cost (less depreciation)	Fair value recognised in equity	Fair value recognised in profit or loss	
ASSETS						
Investments	AfS	20,502		20,502		20,502
Other loans	LaR	114,324	114,324			114,324
Derivatives with a hedge relationship	n.a.	6		6		6
Receivables from the sale of real estate	LaR	425	425			425
Trade receivables	LaR	3,544	3,544			3,544
Receivables from related parties	LaR	8,175	8,175			8,175
Other receivables	LaR	7,373	7,373			7,373
Other assets	FAHfT	1			1	1
Other assets	LaR	5,108	5,108			5,108
Liquid funds	LaR	56,418	56,418			56,418
Total	LaR	195,367	195,367			195,367
LIABILITIES						
Corporate bond	FLAC	171,087	171,087			182,525
Long-term interest-bearing debt	FLAC	1,382,056	1,382,056			1,346,181
Derivatives with hedge relationship	n.a.	32,419		32,419	0	32,419
Derivatives without hedge relationship	FLHfT	8,941			8,941	8,941
Current debt	FLAC	170,711	170,711			174,634
Trade payables	FLAC	4,291	4,291			4,291
Liabilities to related parties	FLAC	3,735	3,735			3,735
Other liabilities	FLAC	13,342	13,342			13,342
Liabilities in connection with financial investments held for sale	FLAC	0	0			0
Total	FLAC	1,745,222	1,745,222			1,724,708

The values for the previous year are as follows:

in KEUR	Valuation category in acc. with IAS 39	Book value 31.12.12	Valuation in acc. with IAS 39			Fair value 31.12.12
			Cost (less depreciation)	Fair value recognised in equity	Fair value recognised in profit or loss	
ASSETS						
Other loans	LaR	10,910	10,910			10,910
Trade receivables	LaR	3,423	3,423			3,423
Receivables from related parties	LaR	135,254	135,254			135,254
Other receivables	LaR	4,238	4,238			4,238
Other assets	FAHfT	1			1	1
Other assets	LaR	6,851	6,851			6,851
Liquid funds	LaR	56,698	56,698			56,698
Total	LaR	217,374	217,374			217,374
LIABILITIES						
Corporate bond	FLAC	85,195	85,195			85,819
Long-term interest-bearing debt	FLAC	1,229,893	1,229,893			1,234,392
Derivatives with hedge relationship	n.a.	73,031		73,031	0	73,031
Derivatives without hedge relationship	FLHfT	623			623	623
Current debt	FLAC	147,540	147,540			144,537
Trade payables	FLAC	2,671	2,671			2,671
Liabilities to related parties	FLAC	694	694			694
Other liabilities	FLAC	13,616	13,616			13,616
Liabilities in connection with financial investments held for sale	FLAC	27,300	27,300			27,300
Total	FLAC	1,506,909	1,506,909			1,509,029

Interest income and interest expense for each category are as follows:

in KEUR	2013	2012
Interest income		
Financial assets at cost less depreciation (LaR)	9,712	9,797
Interest expense		
Financial liabilities at cost less depreciation (FLAC)	31,011	34,508

Financial instruments recognised at fair value are divided into several valuation levels in accordance with IFRS 7. These are financial instruments that

- Level 1: are valued at current market prices in an active market for identical financial instruments,
- Level 2: are valued at current market prices in an active market for comparable financial instruments or with valuation models whose key input factors are based on observable market data, or
- Level 3: are valued using input factors not based on observable market prices.

As at 31 December 2013, the division into valuation levels is as follows:

in KEUR	Fair value 31.12.2013	Level 1	Level 2	Level 3
Assets at fair value – recognised as profit or loss				
Derivatives with hedge relationship	6		6	
Liabilities at fair value – no effect on income				
Derivatives with hedge relationship	32,419		32,419	
Liabilities at fair value - recognised as profit or loss				
Derivatives without hedge relationship	8,941		8,941	

The values for the previous year are as follows:

in KEUR	Fair value 31.12.2012	Level 1	Level 2	Level 3
Assets at fair value – recognised as profit or loss				
Rated as such on first valuation	1		1	
Liabilities at fair value – no effect on income				
Derivatives with hedge relationship	73,031		73,031	
Liabilities at fair value - recognised as profit or loss				
Derivatives without hedge relationship	623		623	

Net gains and losses from financial instruments are as follows:

in KEUR	2013	2012
Financial assets (FAHfT)	1	-61
Derivatives	3,002	-48

Net gains and losses from derivatives are made up of losses from releasing five swaps not underlying a cash flow hedge relationship amounting to KEUR -767 (2012: KEUR -33) and the fluctuations in the market values of these swaps amounting to KEUR +3,569 and KEUR +3 respectively. In 2013, the effect on the income statement from the ineffectiveness of swaps was KEUR 200 (2012: KEUR 0).

NOTES TO THE CASH FLOW STATEMENT

The funds in the cash flow statement correspond to cash and cash equivalents shown on the balance sheet, i.e. cash on hand and credit balances with banks that can be made available within three months.

SEGMENT REPORTING

The segment report is structured in line with IFRS 8 "Operating Segments", following the management approach. It corresponds to internal reporting to the main decision-makers and is done on the basis of the operational business segments by region in which DIC Asset AG operates.

The Group's segments subject to reporting requirements are therefore the following:

- ◆ Business segment: Commercial Portfolio, Co-Investments
- ◆ Region: North, East, Central, West, South

With regard to decisions about the allocation of resources to the segments and their earnings capacity, the key operating indicators, such as annualised rental income, rental terms in years and vacancy rates, as of relevance to the Management Board, which is why these key indicators have been included in the reporting.

Annualised rent for business segments 2013

In KEUR	North	East	Central	West	South	Total	Rental income (P&L)
Commercial Portfolio	23,373	19,974	33,214	44,521	27,195	148,277	125,224
Co-Investments	396	1,979	1,386	1,693	4,885	10,339	
	23,769	21,953	34,600	46,214	32,080	158,616	125,224

Segment assets 31 December 2013

	North	East	Central	West	South	Total 2013	Total 2012
Number of properties	36	33	54	59	69	251	269
Market value (in EUR million)	364.3	300.7	716.6	709.2	447.5	2,538.3	2,223.5
Lease term*	6.3 years	5.1 years	5.3 years	4.4 years	3.9 years	4.9 years	5.2 years
Rental yield*	6.6%	7.3%	6.1%	6.5%	7.2%	6.6%	6.8%
Vacancy rate*	6.5%	7.4%	18.0%	12.1%	7.8%	10.7%	10.9%

* operating figures excluding development projects

Annualised rent for business segments 2012

In KEUR	North	East	Central	West	South	Total	Rental income (P&L)
Commercial Portfolio	12,622	18,331	29,526	40,292	25,488	126,259	126,528
Co-Investments	2,995	2,344	2,233	3,028	5,088	15,688	
	15,617	20,675	31,759	43,320	30,576	141,947	126,528

Segment assets 31 December 2012

	North	East	Central	West	South	Total 2012	Total 2011
Number of properties	45	34	57	62	71	269	278
Market value (in EUR million)	238.1	270.7	642.4	656.6	415.7	2,223.5	2,202.3
Lease term*	6.2 years	4.3 years	6.0 years	5.3 years	4.0 years	5.2 years	5.5 years
Rental yield*	6.7%	7.6%	6.0%	6.6%	7.4%	6.8%	6.6%
Vacancy rate*	5.2%	7.8%	18.8%	12.1%	7.6%	10.9%	12.4%

* operating figures excluding development projects

The difference between the annualised rents and the rental income as per the P&L of KEUR 23,053 in the Commercial Portfolio in financial year 2013 is mainly the result of the tenancy agreements starting and ending during the year and the expansion in the portfolio end of November 2013.

Reconciliation between the market value in 2013 and book value of investment properties

In EUR million	2013	2012
Market value	2,538.3	2,223.5
minus Co-Investments	288.7	349.3
minus fair value difference	26.7	-3.7
less IFRS 5 properties	0	35.8
plus non-controlling interests	33.5	5.3
	2,256.4	1,847.4

The difference between the annualised rents and the rental income as per the P&L of KEUR 269 in the Commercial Portfolio in financial year 2012 is mainly the result of the tenancy agreements starting and ending during the year.

Reconciliation between the market value in 2012 and book value of investment properties

In EUR million	2012	2011
Market value	2,223.5	2,202.3
minus Co-Investments	349.3	314.2
plus fair value difference	3.7	11.4
less IFRS 5 properties	35.8	0
plus non-controlling interests	5.3	2.6
	1,847.4	1,902.1

LEASING

The Group is the lessor in a number of operating leases (rental agreements) of the most varied kind via investment property owned by the Group. The vast majority of the agreements have a term of between five and ten years. They contain a market verification clause in the event that the lessee exercises his option to extend. The lessee is not granted the option of acquiring the property at the end of the lease term.

On the balance sheet date, investment properties with a book value of KEUR 2,256,437 (2012: KEUR 1,847,372) were let under operating leases. With regard to the disclosures on accumulated amortisation and depreciation, and amortisation and depreciation costs for the period as required under IAS 17.56 and 17.57, please see the information in no. 14 "Investment property".

DIC Asset AG will receive the following minimum lease payments from existing leases with third parties in future:

in KEUR	2013	2012
Up to 1 year	141,456	118,790
1 to 5 years	374,342	284,086
Over 5 years	197,847	166,560
	713,645	569,456

The minimum lease payments include net rental income to be collected up to the agreed lease expiration date or by the earliest possible date of termination on the part of the lessee, regardless of whether notice of termination or non-renewal of a lease is actually expected.

In 2013, there were no longer any conditional lease payments (IAS 17.4) (2012: KEUR 522 from two tenancy agreements).

With regard to the gross rental income recorded by the Group from investment properties in 2013, please refer to note 1. Expenses for maintenance included in other property-related expenses were as follows:

in KEUR	2013	2012
Properties with which rental income is generated	1,663	2,227
Properties which are vacant	0	0

The total expenses for operating leases in which the company is the lessee were KEUR 566 (2012: KEUR 993). The operating lease agreements primarily involve leased vehicles, telephone system, printer and room rental. DIC Asset AG will make the following minimum lease payments for existing operating leases not subject to termination.

in KEUR	2013	2012
Up to 1 year	361	470
1 to 5 years	205	523
Over 5 years	0	0
	566	993

REPORTING ON RISK MANAGEMENT

The Group is exposed to various financial risks – default risk, liquidity risk and market risk – in connection with its operating activities. Managing these financial risks forms a key part of the Group's business strategy. The associated corporate policy is laid down by the Management Board.

Explanations of the risk management system and the business risks are given in the company's management report under "Risk management". We are making the following supplementary notes on individual risks within the scope of IFRS 7:

Default risk

Default risk is understood to be the risk that a business associate is not able to meet his obligations by the due date and this leads to a financial loss or the assets serving as collateral decrease in value. To reduce the risk of a loss from non-fulfilment, the Group tries only to enter into business relationships with creditworthy contractual parties or, if appropriate, demand the provision of collateral. The Group is exposed to credit risks as part of its operating activities (in particular from trade receivables) as well as risks as part of its financing activities, including its deposits with banks and financial institutions.

Receivables from tenants are due from a large number of tenants spread across different sectors. The default risk is assessed and managed through regular analyses of creditworthiness in connection with new tenancies and reletting, as well as proactive debtor management. The need for any impairment is analysed on each reporting date. The maximum default risk is represented by the book value of the financial assets recognised in the balance sheet. See paragraph 20 for value adjustments on customer receivables.

Risk concentration could arise if individual tenants are responsible for over 5% of the Group's income from lettings. As only two tenants in all exceed this 5% limit, one from the public and one from the commercial sector, the Group is not exposed to any significant default risks. The top ten tenants generate some 37% of total annual income from lettings.

In the case of financing activities, the Group is exposed to a default risk which arises through the non-fulfilment of contractual agreements on the part of the counterparties. This risk is minimised in that transactions are only concluded with counterparties with a high credit rating or those which are a member of a deposit insurance fund. In the case of derivatives, the default risks correspond to their positive fair values.

The Group is also exposed to credit risks resulting from banks or financial guarantees granted to other contractual partners by the Group. The maximum risk for the Group corresponds to the amount that the Group would have to pay if the guarantee was called. As at 31 December 2013, there were guarantees amounting to EUR 5,680 (see information on contingent liabilities).

Liquidity risk

Liquidity risk is the risk that the Group might not be able to fulfil its financial obligations according to contract. The Group manages liquidity risk by holding reserves, credit lines with banks and by constantly monitoring forecast and actual cash flows and reconciling the maturity profiles of financial assets and liabilities. The aim of this liquidity planning is to ensure that unforeseen financing requirements can be serviced alongside planned financing requirements.

Inter alia, demands are placed on the DIC Group's liquidity by obligations from contractually agreed interest and principal payments for primary financial liabilities. Liquidity risks may arise, if for example loans which are earmarked for extension cannot be extended, there are delays in sales activities or a larger equity contribution is required for new financing.

A further fundamental risk arises from loan agreements in which covenants are agreed, e.g. debt service coverage ratio (DSCR) or interest coverage ratio (ISCR) or WALT. Covenant infringements, i.e. exceeding the defined thresholds, can amongst others necessitate unscheduled repayments or the furnishing of collateral for the amount required to keep the covenant.

Compliance with covenants is monitored on an ongoing basis and reported as part of the quarterly Group report to the management. All covenants were met in the 2013 financial year. We expect no covenant infringements in 2014.

Cash and cash equivalents amounting to EUR 56,418 (2012: EUR 56,698) are available to cover the liquidity requirement. Furthermore, the Group has overdraft facilities for Capex and TI measures that it has not yet used. These amount to a total of EUR 16,266 (2012: EUR 24,372). The Group expects to be able to fulfil its other obligations from operating cash flows.

To minimise risk concentration, new financing and refinancing of real estate portfolios are spread across several banks in some cases, thus reducing the respective exposure per bank. At the reporting date, the maximum counterparty risk with one single counterparty stands at EUR 561 million (2012: EUR 281 million).

The financial liabilities arising over the next few years from the liabilities at the balance sheet date including estimated interest payments are shown below. These are undiscounted gross amounts including estimated interest payments.

in KEUR	2014	2015 to 2018	2019 and after
Non-derivative financial liabilities			
Long-term interest-bearing debt	59,361	922,957	790,058
Current debt	115,826		
Trade payables	4,291		
Liabilities to related parties	3,735		
Other liabilities	13,342		
Liabilities – properties held for sale	0		
Derivative financial liabilities	27,448	41,670	8,848
	224,003	964,627	798,545

The values for the previous year are as follows:

in KEUR	2013	2014 to 2017	2018 and after
Non-derivative financial liabilities			
Long-term interest-bearing debt	24,963	1,177,647	206,204
Current debt	144,336		
Trade payables	2,671		
Liabilities to related parties	694		
Other liabilities	13,616		
Liabilities – properties held for sale	27,300		
Derivative financial liabilities	30,383	40,102	6,768
	243,963	1,217,750	212,972

Market risk

Market risk is the risk that market prices such as interest rates change and that this affects the Group's earnings or the value of the financial instruments it holds. The aim of market risk management is to manage the risk within acceptable ranges, to control it and, where possible, to optimise yields.

Interest rate risks arise as a result of market-driven fluctuations in interest rates or margins on new borrowings and renewals of loans. The Group is exposed to interest rate risks since Group companies raise funds at fixed and variable interest rates. The Group manages this risk by having a balanced portfolio of fixed-rate and variable-rate loans. It also concludes interest rate swaps, mainly payer swaps. Hedging measures are assessed at regular intervals to match them with expected interest rates. In an interest rate swap, the Group swaps fixed and variable interest payments, which are calculated on the basis of previously agreed nominal amounts. Such agreements allow the Group to reduce cash flow risks arising from funds borrowed at variable rates. The interest rate swap and the interest payments on loans arise simultaneously. The cumulative amount recorded in equity is recognised in the income statement over the term in which the variable interest rate payments affect debts in relation to the income statement. The fair value of interest rate swaps is determined by discounting future cash flows using the yield curves on the reporting date and the credit risks associated with all contracts. The following table shows the nominal amounts and remaining terms of interest rate swaps at the end of the reporting period.

in KEUR	2013		2012	
	Nominal	Fair value	Nominal	Fair value
Term ≤ 1 year	242,800	4,500	55,900	583
Term 1 – 5 years	546,858	23,947	743,456	52,618
Term > 5 years	587,691	12,906	178,110	20,453

As at 31 December 2013, taking account of existing interest rate swaps, on average 81% and at the balance sheet date ca. 95% (2012: 81%) of financial liabilities have a fixed interest rate or are hedged against fluctuations in interest rates and thus match the cash flows from rents, meaning that the impact of fluctuations in market interest rates can be predicted in the medium term.

To optimise the interest result, an average of 19% was subject to variable interest-rate payments in the financial year 2013.

In accordance with IFRS 7, interest rate risks are presented by way of sensitivity analyses. These show the effects of changes in market interest rates on interest payments, interest income and expense, other income components and, in the case of derivatives with a hedge relationship, the effects on the hedging reserve in equity and the fair value of these derivatives. The interest rate sensitivity analyses are based on the assumption that changes in market interest rates of primary financial instruments with fixed interest rates only affect income if these are measured at their fair value. As such, all financial instruments with fixed interest rates that are carried

at amortised cost are not subject to interest rate risk as defined in IFRS 7. Sensitivity analyses are therefore carried out only for financial derivatives (swaps and caps) and variable interest-bearing financial liabilities. For variable interest debt, it is assumed that the amount of the outstanding liability at the end of the reporting period was outstanding for the entire year. The effects of a market interest rate being increased or decreased by 100 basis points on each balance sheet date would have the following implications for income and equity after taking deferred taxes into consideration:

in KEUR	2013		2012	
	+100 bp	-100 bp	+100 bp	-100 bp
Effect on income from variable interest-bearing financial debt	-995	+995	-3,290	+3,290
Effect on income from financial derivatives	+8,635	-3,058	+33	0
Effect on equity from financial derivatives (swaps)	+24,779	-24,425	+23,192	-21,791

The interest risk of the Group's financial assets and financial liabilities is described in the section "Liquidity risk".

CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS

Contingent liabilities

As part of the existing financing for DIC MainTor Winx GmbH, Frankfurt am Main, DIC Asset AG has provided a capital service guarantee in connection with the debtor warrant from the property purchase agreement with Evonik Degussa GmbH, Essen, to Deutsche Pfandbriefbank AG (pbb), Unterschleißheim.

DIC Asset AG has issued an unlimited, directly enforceable, unconditional guarantee for the purposes of providing construction and planning services for DIC MainTor Primus GmbH, Frankfurt am Main, in the amount of KEUR 3,000 to Grundstücksgesellschaft OPER GbR, Frankfurt am Main. The contract performance guarantee shall lapse once final acceptance of the construction project to be realised has been granted or the construction project has been deemed to have been accepted by Grundstücksgesellschaft OPER GbR.

DIC Asset AG has issued a guarantee bond (cost overrun guarantee) to Deutsche Hypothekbank (Actien-Gesellschaft), Hanover, as well as Deutsche Genossenschafts-Hypothekbank AG (DG HYP), Hamburg, in which it guarantees a maximum guarantee of a total of KEUR 2,680 pro rata on the basis of a loan between DIC MainTor Porta GmbH and Deutsche Hypothekbank.

There is a guarantee bond in favour of Taunus Sparkasse Bad Homburg, in which DIC Asset AG assumes a maximum guarantee of a total of KEUR 3,000 on the basis of the loan agreement between DIC MainTor Palazzi GmbH, Frankfurt am Main and Taunus Sparkasse Bad Homburg.

In addition, a letter of comfort was issued for the subsidiaries of DIC MSREF HMDD Portfolio GmbH, a subsidiary incorporated under the equity method, regarding the 20% holdings of outstanding liabilities on the borrowers' part in the amount of KEUR 10,100.

Financial commitments

A sublease relationship has been in place between DIC Asset AG, its wholly owned subsidiary DIC Onsite GmbH and DIC AG & Co. KGaA, which acts as the general tenant for the Group, since 29 February/3 March 2008 and its addendum 1 dated 16 December 2008, which has resulted in annual payment obligations of KEUR 150 plus KEUR 30 ancillary cost advance payments for DIC Asset AG and KEUR 193 plus KEUR 37 ancillary cost advance payments for DIC Onsite GmbH. The agreement has a fixed term until 31 March 2015.

Additional financial obligations arise from operating lease agreements for vehicles in which the company is the lessee. See "Leasing", p. 102.

With regard to existing investment commitments for measures on portfolio properties, please refer to our explanations in section "Investment property" p. 88 seqq.

CAPITAL MANAGEMENT

The paramount objective of capital management is to ensure that the Group retains its ability to repay its debts and the financial stability to support its operating activities in the future.

The capital structure is managed in accordance with economic and regulatory provisions. In this process, we aim to achieve a balanced maturity structure for outstanding liabilities.

DIC Asset is able to manage its capital structure through dividends and/or capital increases or by changes to its financing. DIC Asset AG strives to maintain a capital structure that is in line with the business risk. DIC Asset is subject to the minimum capital requirements for stock corporations. Compliance with these requirements is monitored. The requirements were fulfilled in the previous year as well as in the financial year.

The equity ratio is used as an important parameter vis-à-vis investors, analysts and banks. In addition to the reported equity ratio, the net equity ratio adjusted for hedging effects plays a crucial role.

in KEUR	2013	2012
Equity	793,054	614,322
Total assets	2,595,984	2,210,172
Balance sheet equity ratio	30.5%	27.8%
Net debt equity ratio	32.6%	31.6%

As a consequence of the capital increase against contributions in kind and cash as well as the positive trend in the hedging reserve resulting from changes in interest rates, the equity ratio has increased by 2.7 percentage points compared with last year.

RELATED PARTY DISCLOSURES

Related parties

Related parties include the 10 associated companies accounted for at equity (see "Consolidation").

Due to their significant influence, the following companies and persons are also related parties:

- Deutsche Immobilien Chancen AG & Co. KGaA
- Group companies of Deutsche Immobilien Chancen AG & Co. KGaA
- Deutsche Immobilien Chancen Beteiligungs AG
- DIC Grund- und Beteiligungs GmbH
- DIC Capital Partners (Europe) GmbH
- GCS Verwaltungs GmbH
- MSREF Funding Inc. together with the companies of the MSREF Group
- Forum European Realty Income II L.P. (hereinafter "Forum")
- DICP Capital SE
- Prof. Dr. Gerhard Schmidt

Additional related parties are the Supervisory Board, the Management Board and close relatives of these individuals.

The company has filed a dependent company report on its relationships to these related parties. This report lists all legal transactions conducted by the company or its subsidiaries with, at the behest of or in the interest of affiliates over the past financial year, as well as all other measures taken or omitted by the company at the behest of or in the interest of these companies over the past financial year.

The report concludes with the following statement:

"We hereby declare that according to the facts known to us at the time in which the legal transactions were conducted, our company received or paid a commensurate consideration in each transaction. We took no actions at the behest of or on behalf of the controlling company."

An overview of legal transactions and relations with related parties is shown below.

Legal transactions with related parties

Deutsche Immobilien Chancen AG & Co. KGaA

There are connections between the personnel ("double mandate") of DIC Asset AG and Deutsche Immobilien Chancen AG & Co. KGaA ("DIC AG & Co. KGaA") and its sole general partner, Deutsche Immobilien Chancen Beteiligungs AG ("DIC Beteiligungs AG"), at the level of the Management Board and Supervisory Board. A member of the Management Board of the company, Mr Ulrich Höller, is also a member of the Management Board of DIC Beteiligungs AG, whose board also consists of two additional members. Since March 2006, the member of the Management Board Ulrich Höller has had employment contracts with both DIC Beteiligungs AG and the company. Mr Höller received fixed remuneration from these two companies within the framework of these contracts of employment. Of this remuneration, DIC Asset AG pays 45% and Deutsche Immobilien Chancen Beteiligungs AG 55%. In addition, there is variable compensation related to the performance of the companies of the DIC AG & Co. KGaA Group and the DIC Asset Group, as well as options for shares of DIC AG & Co. KGaA and compensation based on the share price of DIC Asset AG. There is also an overlap of personnel in the Supervisory Board of DIC Asset AG, DIC AG & Co. KGaA and DIC Beteiligungs AG in the person of Prof. Dr. Gerhard Schmidt and Klaus-Jürgen Sontowski who are also indirectly significant limited shareholders in DIC AG & Co. KGaA. In addition, Prof. Dr. Gerhard Schmidt is also the indirect majority shareholder of its sole general partner, DIC Beteiligungs AG.

The company currently provides general property and building management services (including re-letting services) as well as services related to technical building management for a total of 60 properties, including some in which DIC AG & Co. KGaA has a controlling interest. In 2013, the total amount of compensation collected by the company for these services was KEUR 6,487 (2012: KEUR 5,725). Of this, a total of KEUR 12 was attributable to compensation paid to companies in the DIC AG & Co. KGaA Group (2012: KEUR 8).

DIC Asset AG is granting an overdraft facility with a fixed term to maturity ending 31 December 2015 to DIC AG & Co. KGaA. An interest rate of 6% p.a., to be paid in arrear, has been agreed. As security for any part of the loan used, DIC AG & Co. KGaA has pledged to the company its 10% interest in Deutsche Immobilien Chancen Objekt Ulm 1 Erweiterung GmbH & Co. KG. As at 31 December 2013, the portion of this overdraft facility that had been used equalled KEUR 20,193 (2012: KEUR 19,050). For the money made available, DIC Asset AG received interest income in the amount of KEUR 1,143 in the reporting year (2012: KEUR 1,078). The facility is presented among long-term lending in the balance sheet.

DIC AG & Co. KGaA has a current account relationship with some of the DIC Asset AG subsidiaries which is offset with reference to the reporting date. The DIC AG & Co. KGaA companies shown in the table received interest income for the loans made available in the following amounts:

in KEUR	2013	2012
Gewerbepark Langenfeld West 3 GmbH & Co. KG	148	139
DIC Objekt Frankfurt 1 GmbH & Co. KG	86	82
Deutsche Immobilien Chancen Objekt Ulm 1 Erweiterung GmbH & Co. KG	71	69

In addition, a sublease relationship is in place between DIC AG & Co. KGaA and DIC Asset AG as well as its wholly owned subsidiary DIC Onsite GmbH with regard to office space used by DIC Asset AG and DIC Onsite GmbH at the Frankfurt site as DIC AG & Co. KGaA acts as the general tenant for all space rented by DIC Group companies in the Group headquarters in Frankfurt. The amount of the rent is based on the space actually occupied by DIC Asset AG and DIC Onsite GmbH and is recharged at the same price per square metre, which is a component of the general rental agreement of DIC AG & Co. KGaA. For 2013, rent paid to DIC AG & Co. KGaA amounted to KEUR 332 (2012: KEUR 301). DIC Asset AG considered the rental interest to be at the normal rate for the location and appropriate.

On 5 September 2013, DIC Asset AG acquired the minority shares for DIC Hamburg Portfolio GmbH and DIC HI Portfolio GmbH of 1.8% (DIC Opportunity Fund GmbH) and 3.0% (DIC Capital Partners Germany GmbH). DIC Asset AG paid a purchase price of KEUR 1,708 for the shares in DIC Capital Partners Germany GmbH and a purchase price of KEUR 1,025 for the shares in DIC Opportunity Fund GmbH.

On 13 November 2013, DIC Asset AG concluded a transfer agreement with DIC Opportunistic GmbH. The transfer agreement stipulates that the "UNITE" portfolio will be transferred from DIC Opportunistic GmbH to DIC Asset AG by means of a capital increase against contributions in kind via the two existing portfolio companies, DIC HI Portfolio GmbH and DIC Hamburg Portfolio GmbH. Through the transfer agreement DIC Opportunistic GmbH has transferred 86.5% of the shares in the two portfolio companies and has received 6,206,068 new shares from DIC Asset AG as consideration. Execution of the capital increase in kind was recorded in the company's entry in the Commercial Register on 27 November 2013. The value of the shares to be transferred in accordance with the transfer agreement was set on the basis of market valuation reports on the properties transferred.

DIC AG & Co. KGaA and DIC Asset AG concluded a shareholder voting agreement with regard to the voting rights in DIC Opportunistic GmbH with effect from 27 December 2013, in which DIC Asset AG transferred its voting rights to DIC AG & Co. KGaA.

DIC Services GmbH & Co.KG

DIC Services GmbH & Co. KG (formerly DIC Projektentwicklungs GmbH & Co.KG), in which DIC AG & Co. KGaA has a 100% stake, supplies various commercial administration services for DIC Asset AG. These are all accounting, finance and controlling-related activities to be performed at the company itself or by the company on the basis of existing service agreements for various portfolio and property companies as well as other administrative services including IT services.

Compensation for services related to accounting, finance, controlling and administration were calculated on the basis of expenditures and compensated in the amount of EUR 30 in 2013 (2012: EUR 18) for services rendered for the benefit of DIC Asset AG and EUR 1,121 (2012: EUR 876) for services rendered for the benefit of the companies of the DIC Asset Group.

Since 2012, there have been additional service agreements in which DIC Services GmbH & Co. KG is tasked by various subsidiaries of DIC Asset AG with supplying separate services in the area of bank financing. These include all activities which have to be carried out in connection with new financing or renewing existing financing for individual properties or entire portfolios. In 2013, compensation for these services amounted to EUR 745 (2012: EUR 107).

There is also an agreement dated 31 July 2012 between DIC Services GmbH & Co. KG and the companies DIC Asset AG, DIC Onsite GmbH, DIC Beteiligungs AG and DIC MainTor GmbH, in which DIC Services GmbH & Co. KG agrees to provide central HR and marketing services. Its costs are reimbursed by DIC Services GmbH & Co. KG invoicing its respective client on the basis of a documented and appropriate allocation formula. For 2013, DIC Services GmbH & Co. KG

was reimbursed expenses of EUR 287 (previous year EUR 144) by DIC Asset AG and its wholly owned subsidiary DIC Onsite GmbH.

DIC Services GmbH & Co. KG also performs services in the field of technical real estate management for DIC Onsite GmbH, a wholly owned subsidiary of DIC Asset AG. These are project management services for a major construction project that is expected to take three years from 2010 to 2012. DIC Onsite GmbH is making use of the development expertise of the DIC Group to coordinate and supervise the construction work and to ensure that project budgets, quality requirements, and deadlines are complied with. The remuneration amounts to 4.9% of gross construction costs including ancillary costs and non-deductible withholding tax. In 2012, it received remuneration of EUR 142, no further remuneration has been paid up to 31 December 2013.

DIC Opportunistic GmbH

In accordance with a loan dated 17 December 2008 and the addenda thereto, DIC Asset AG has granted a loan to DIC Opportunistic GmbH. As at 31 December 2013, this loan amounts to EUR 44,103 (2012: EUR 20,992). It has a fixed term until 31 December 2015. Interest is payable at 5.75% p.a. For the funds made available, DIC Asset AG received interest income in the amount of EUR 1,444 in the reporting year (2012: EUR 1,441).

Through agreements dated 2 September 2013, DIC Opportunistic GmbH acquired loan receivables belonging to DIC Asset AG and DIC OF RE 2 GmbH due from DIC Hamburg Portfolio GmbH totalling EUR 5.2 million and due from DIC HI Portfolio GmbH totalling EUR 24.5 million with beneficial effect from 1 July 2013.

Through the above-mentioned agreements, DIC Capital Partners (Germany) GmbH & Co. KGaA and DIC Opportunity Fund GmbH also transferred loan receivables due from DIC Hamburg Portfolio GmbH of EUR 11.8 million and EUR 6.6 million respectively and due from DIC HI Portfolio GmbH of EUR 19.7 million and EUR 15.5 million respectively to DIC Opportunis-

tic GmbH. At the beginning of September 2013, DIC Opportunistic GmbH endowed the capital reserve pursuant to § 272 Para. 2 No. 4 HGB of DIC Hamburg Portfolio GmbH amounting to EUR 27.2 million by contributing the existing shareholder loan mentioned and DIC Portfolio GmbH in the amount of EUR 54.6 million through the partial contribution of the shareholder loans mentioned.

In an agreement of 1 April 2008, 18 August 2009 and 13 September 2011, DIC OF RE 2 GmbH (100% subsidiary of DIC Asset AG) granted loans to DIC Opportunistic GmbH. The loans have unlimited terms. Interest rates of 8%, 5% and 6% p.a. are paid on the loans. Interest must be paid quarterly in arrears.

Up to November 2013, interest of EUR 700 (2012: EUR 861) was charged for the granting of the loan.

DIC HI Portfolio GmbH

In a loan agreement of 12 December 2008 and the addenda thereto, DIC Asset AG and its subsidiary DIC OF RE 2 GmbH granted a loan to DIC HI Portfolio GmbH with a term to 30 June 2013. According to the addendum dated 30 June 2012, interest was charged at 6.00% p.a. from 1 June 2012, having previously been charged at 7.25%.

On the basis of a loan agreement of 15 June 2011 and its addenda, DIC Asset AG granted DIC HI Portfolio GmbH a loan in the amount of EUR 11,340 until 31 December 2015. Interest is charged at 6.00% p.a. from 1 June 2012, having previously been charged at 7.25%.

Through the agreement dated 2 September 2013, DIC Opportunistic GmbH acquired loan receivables belonging to DIC Asset AG and DIC OF RE 2 GmbH due from DIC HI Portfolio GmbH totalling EUR 24.5 million. In turn, DIC Opportunistic GmbH converted these loans in part to equity through contribution to the capital reserve of DIC HI Portfolio GmbH pursuant to § 272 Para. 2 No. 4 HGB.

With effect from 1 December 2013, DIC HI Portfolio GmbH is fully consolidated with the company as part of a capital increase in kind and therefore will no longer rank as one of the company's related parties in future.

Up to November 2013, interest income of KEUR 1,009 (2012: KEUR 1,493) has been recognised.

DIC Hamburg Portfolio GmbH

In a loan agreement of 28 February 2008 and the addenda thereto, DIC Asset AG and its subsidiary DIC OF RE 2 GmbH granted a loan to DIC HI Portfolio GmbH with a term to 31 December 2012. For the funds made available, DIC Asset AG receives interest at a rate of 7.25% p.a. The loan ending on 31 December 2012 was repaid prematurely with the loan agreement of 29 June 2012 and a new loan of KEUR 11,000, which runs until 31 December 2015 and on which interest of 7.25% p.a. is payable, was granted.

Through the agreement of 2 September 2013, DIC Opportunistic GmbH acquired these loan receivables belonging to DIC Asset AG and DIC OF RE 2 GmbH due from DIC Hamburg Portfolio GmbH with beneficial effect from 1 July 2013. In turn DIC Opportunistic GmbH converted these loans in part to equity through contribution to the capital reserve of DIC Hamburg Portfolio GmbH pursuant to § 272 Para. 2 No. 4 HGB.

With effect from 1 December 2013, DIC HI Portfolio GmbH is fully consolidated with the company as part of a capital increase in kind and therefore will no longer rank as one of the company's related parties in future.

Up to November 2013, interest income of KEUR 979 (2012: KEUR 1,044) has been recognised.

DIC MainTor GmbH

In an agreement of 12 December 2011, DIC OF REIT 1 GmbH (100% subsidiary of DIC Asset AG) granted DIC MainTor Porta GmbH a loan in the amount of up to EUR 30.0 million to finance the relevant construction stage of our development project. The loan has an interest rate of 7.25% p.a. and grants an additional share of profits. It runs until 31 December 2015. DIC MainTor GmbH has pledged its stake in DIC MainTor Porta GmbH as collateral for this loan. As at the balance sheet date, this loan amounts to KEUR 22,089 (2012: KEUR 25,257). Up to November 2013, interest income of KEUR 2,204 (2012: KEUR 1,831) has been recognised.

DIC Office Balance I and DIC HighStreet Balance

On the basis of an agency agreement regarding asset and property management, the Group generated income from property management fees in the amount of KEUR 2,374 (2012: KEUR 2,262) for services to the fund "DIC Office Balance I" and identical income for the "DIC HighStreet Balance" fund, which was placed at the end of 2012, of KEUR 1,033 (2012: KEUR 250).

Deutsche Immobilien Chancen Beteiligungs AG

For the years 2003 to 2005, DIC Asset AG has pledged to reimburse DIC Beteiligungs AG, the sole general partner of DIC AG & Co. KGaA, 50% of the costs that are incurred by DIC Beteiligungs AG in connection with the employment of members of the Management Board who work for the company, exclusively or not. With the exception of fringe benefits, since the beginning of 2006, all members of the Management Board of DIC Asset AG have been compensated for their activities for Deutsche Immobilien Chancen Beteiligungs AG exclusively through it. The amount of reimbursement for the fringe benefits granted to Mr Ulrich Höller for financial year 2013 was KEUR 26 (2012: KEUR 15).

Under the "German Investment Program Agreement" dated 29 July 2004 and the "Investment and Shareholder Agreement" dated 7 June 2005, the following DIC Asset AG joint ventures and their respective wholly owned property companies made use of various services provided by DIC Beteiligungs AG.

Service agreements

Companies

DIC MSREF HMDD Portfolio GmbH
DIC MSREF Hochtief Portfolio GmbH
DIC MSREF FF Südwest Portfolio GmbH

Agreements

Provision of management services;
Commission on letting and disposal of properties;
Accounting fee;
Compensation for subletting (tenant improvement fee);
Development compensation

Under the current asset management agreements and the addenda thereto, MSREF joint ventures are to provide the following compensation to DIC Beteiligungs AG:

- Base management fee: 1.3% of the net annual rent (until 30 June 2013: 1%).
- Disposition fee (equates to a sales commission): 1% to 3% of the sales price after transaction costs if no outside broker is involved, and 0.4% to 1.5% of the sales price after transaction costs if an outside broker is involved;
- Development fee: for project development services through initial leasing; dependent on expenses or market-rate compensation.
- Accounting fee: for services in the areas of accounting, finance and controlling, KEUR 10.8 per company p.a. (01.07. to 30.09.2013, KEUR 10.5, until 30.06.2013 KEUR 9)

A fee for services in connection with new financing or the renewal of exiting financing (arrangement fee) was also added to the asset management agreement of DIC MSREF FF Südwest Portfolio GmbH with the addendum dated 20 March 2013.

In 2013 and 2012, the following compensation was paid to DIC Beteiligungs AG, in which MSREF holds 25.1% of the share capital, (excluding sales tax):

Recipient of service (amounts in EUR)		Base Mgmt. Fee	Disposition Fee	Accounting Fee	Arrang. Fee	Total
DIC MSREF HMDD Portfolio GmbH	2013	58,121	30,900	88,425	0	177,446
	2012	56,476	67,375	81,000	0	204,851
DIC MSREF HT Portfolio GmbH	2013	55,594	250,000	64,325	0	369,919
	2012	59,187	141,400	72,000	0	272,587
DIC MSREF FF Südwest Portfolio GmbH	2013	122,729	0	58,950	196,996	378,675
	2012	116,502	0	54,000	0	170,502
Overall totals	2013	236,444	280,900	211,700	196,996	926,040
	2012	232,165	208,775	207,000	0	649,940

Aside from its Management Board, DIC Beteiligungs AG has no employees of its own. For the purpose of providing the services assigned to it under the asset management agreement, it, for its part, makes use of services rendered by DIC Asset AG. Under an agreement of 16 November 2005 (supplemented by five addenda as a result of newly acquired portfolios), DIC Asset AG charges fees to DIC Beteiligungs AG, the amount of which depends on whether, with the approval of the Company, the MSREF joint venture has contracted third parties to provide these services.

In particular, the agreement provides for compensation for services related to portfolio and asset management in the amount of 0.5% of the net annual rent. The compensation paid for sales assistance equals 0.5% to 1.5% of the realised proceeds – or 0.2% to 0.75% of the realised proceeds if an external broker was involved. Individual properties and development projects may be subject to case-by-case arrangements.

On the basis of this agreement, the DIC Asset AG charged DIC Beteiligungs AG the following amounts for services related to MSREF joint ventures for 2013 and 2012, (excluding sales tax):

Recipient of service (amounts in EUR)		Asset Mgmt. Fee	Disposition Fee	Total
DIC MSREF HMDD Portfolio GmbH	2013	0	0	0
	2012	28,238	33,810	62,048
DIC MSREF HT Portfolio GmbH	2013	0	0	0
	2012	29,593	70,700	100,293
DIC MSREF FF Südwest Portfolio GmbH	2013	0	0	0
	2012	58,251	0	58,251
Overall totals	2013	0	0	0
	2012	116,083	104,510	220,593

DIC Capital Partners (Europe) GmbH

The company has granted to DIC Capital Partners (Europe) GmbH, which indirectly controls DIC Beteiligungs AG as the general partner of DIC AG & Co. KGaA, a loan in the amount of EUR 700 at an interest rate of 4.5% p.a. (payable annually in arrears). The loan is unlimited and was valued at EUR 525 on 31 December 2013 (2012: EUR 502). To secure the company's loan repayment and interest claims against DIC Capital Partners (Europe) GmbH, DIC Capital Partners (Europe) GmbH has assigned to the company its claims against Deutsche Immobilien Chancen Objekt Mozartstraße 33a GmbH for dividends and the repayment of a loan.

Under the "Shareholder Agreements" dated 27 November 2006 and 9 May 2007, two other joint ventures of DIC Asset AG, namely, DIC Hamburg Portfolio GmbH and DIC HI Port-

folio GmbH, and their respective wholly owned property companies receive various services from DIC Beteiligungs AG. DIC Hamburg Portfolio GmbH and DIC HI Portfolio GmbH are opportunistic Co-Investments in which DIC Asset AG had a 20% interest (1.2% directly and 18.8% indirectly through DIC Opportunistic GmbH). Other investors are DIC AG & Co. KGaA with a 30% interest which is held by its wholly owned subsidiary DIC Opportunity Fund GmbH (1.8% directly and 28.2% indirectly through DIC Opportunistic AG) and DIC Capital Partners (Germany) GmbH with a 50% interest (3% directly and 47% indirectly through DIC Opportunistic GmbH).

With effect from 1 December 2013, DIC HI Portfolio GmbH is fully consolidated with the company as part of a capital increase in kind and therefore no longer ranks as one of the company's related parties.

Accordingly, the above-named joint venture and DIC Beteiligungs AG have entered into "Asset Management Agreements" for the provision of various management services as well as commissions on the leasing and divestiture of real property, in each case at the time of establishment of these joint ventures. Moreover, special compensation arrangements have been established with DIC Hamburg Portfolio GmbH for re-leasing services and an agreement regarding development fees has been concluded.

Under the existing service agreements ("Asset Management Agreements") these DICP joint ventures are to provide the following compensation to DIC Beteiligungs AG:

- Base management fee: 1.3% of the net annual rent (until 30 June 2012: 1%).
- Disposition fee (equates to a sales commission): 0.75% to 2.5% of the sales price after transaction costs if no outside broker is involved, and 0.5% to 1.5% of the sales price after transaction costs if an outside broker is involved;
- Development fee: for project development services through initial leasing: dependent on expenses or market-rate compensation.
- Accounting fee: for services in the areas of accounting, finance and controlling, EUR 10.8 per company p.a. (until 30.06.2013, EUR 10.5, until 31 December 2012 EUR 9);
- Arrangement fee: for services in connection with new financing or renewals of existing financing

In 2013 and 2012, the following compensation was paid to DIC Beteiligungs AG, in which DICP holds 7.5% of the share capital, (excluding sales tax):

Recipient of service (amounts in EUR)		Base Mgmt. Fee	Disposition Fee	TI/Develop. Fee	Accounting Fee	Arrang. Fee	Total
DIC Hamburg Portfolio GmbH	2013	82,265	281,863	0	171,675	0	535,802
	2012	89,698	233,100	287,500	162,000	137,531	909,829
DIC HI Portfolio GmbH	2013	299,383	482,625	0	285,525	361,500	1,429,033
	2012	260,150	155,500	0	243,000	0	658,650
DIC MainTor GmbH	2013	0	0	669,722	74,025	93,420	837,167
	2012	0	0	0	42,750	175,440	218,190
Overall totals	2013	381,648	764,488	669,722	531,225	454,920	2,802,003
	2012	349,847	388,600	287,500	447,750	312,971	1,786,669

The terms agreed with the above-mentioned companies were at arm's length. As a result, performance and consideration were the same for every transaction.

As, aside from its Management Board, DIC Beteiligungs AG has no employees of its own in the property management sector, for the purpose of providing the services assigned to it hereunder, it makes use of DIC Asset AG resources and personnel. DIC Asset AG charges fees to DIC Beteiligungs AG, the amount of which also depends on whether, with the approval of the company, the DICP joint venture has contracted third parties to provide the services.

In particular, the amount of the fee for services related to portfolio and asset management is 0.5% of the net annual rent. The compensation paid for sales assistance equals 0.38% to 1.25% of the realised proceeds – or 0.25% to 0.75% of the realised proceeds if an external broker was involved. Individual properties and development projects may be subject to case-by-case arrangements.

On the basis of this agreement, the DIC Asset AG charged DIC Beteiligungs AG the following amounts for services related to DICP joint ventures for 2013 and 2012, (excluding sales tax):

Recipient of service (amounts in EUR)		Asset Mgmt. Fee	Disposition Fee	Total
DIC Hamburg Portfolio GmbH	2013	0	0	0
	2012	50,572	116,653	167,225
DIC HI Portfolio GmbH	2013	0	0	0
	2012	147,398	77,750	225,148
DIC MainTor GmbH	2013	0	0	0
	2012	0	0	0
Overall totals	2013	0	0	0
	2012	197,971	194,403	392,373

The terms agreed with the above-mentioned companies were at arm's length. As a result, performance and consideration were the same for every transaction.

Morgan Stanley Real Estate Funds (MSREF)

Together with the companies of the MSREF Group, DIC Asset AG has acquired interests in investment properties, including:

- properties transferred from MEAG, which are held by DIC MSREF HMDD Portfolio GmbH and its eight wholly owned subsidiary property companies, under agreements dated 14 December 2005;
- properties acquired from Hochtief, which are held by DIC MSREF HT Portfolio GmbH and its five wholly owned subsidiary property companies, under agreements dated 24 May 2006;
- properties transferred from MEAG, which are held by DIC MSREF HMDD Portfolio GmbH and its eight wholly owned subsidiary property companies, under agreements dated 16 August 2006;

(hereinafter referred to collectively as "joint ventures").

The company indirectly holds 20% in each of the property companies in the FF Südwestportfolio, the HT portfolio and the properties acquired from MEAG via the portfolio companies. DIC Opportunity Fund GmbH also has an indirect stake of 30% in each company in addition to the companies in the MSREF Group, which each hold 50%.

With respect to the distribution of profits, the DIC shareholders are entitled to equity return-based profits paid in advance, which, in the case of an equity return in the amount of 17.5%, amount to 10% of profits and reach their maximum amount of 30% of profits at equity returns of over 27.5%.

The company continues to be bound by credit agreements with the joint ventures, under which the company acts both as lender and borrower. The underlying credit comes in the form of overdraft facilities with an agreed interest rate of 6% p.a. in each case. Interest is payable in arrears at the end of a year or quarter or is added to the principal. The agreements call for neither fixed terms nor collateral security. With regard to the balances existing as of the balance sheet dates, see note 21.

Transactions with executives

Legal transactions with executives and their close relatives were entered into only to an insignificant extent.

Management remuneration

The remuneration of management in key positions in the Group, which is subject to disclosure requirements under IAS 24.17, encompasses the remuneration of the current Management Board and the Supervisory Board.

The members of the Board of Directors were remunerated as follows:

in KEUR	2013	2012
Services due in the short term	1,391	1,374
Share-based compensation	377	445
Termination benefits	203	0
Total	1,971	1,819

For more details of the Management Board's remuneration, please see the Remuneration Report from page 121 seq., which is part of the summarised management report.

The members of the Supervisory Board were remunerated as follows:

in KEUR	2013	2012
Services due in the short term	218	205
Total	218	205

Further details, in particular information pursuant to § 285 Para. 1 No. 9 Letter a Sentences 5 to 9 HGB, are given in the Remuneration Report, which is an integral part of the summarised Management Report. Supervisory board taxes of KEUR 12 were borne by the company.

The Chairman of the Supervisory Board of the company, Prof. Dr. Gerhard Schmidt, is a partner in the firm of lawyers Weil, Gotshal & Manges LLP. This firm received compensation for legal advisory services in the amount of KEUR 23 for the financial year 2013 and KEUR 24 for the financial year 2012.

Shareholder structure

Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main, holds a direct and indirect equity interest of 33.2% in DIC Asset AG, subject to a pooling agreement. The company has received the voting rights announcement pursuant to Art. 20, German Stock Corporation Act (AktG).

OTHER DISCLOSURES

Announcements pursuant to § 160 AktG

The existing announcements pursuant to § 21 Para.1 of the German Securities Trading Act (WpHG) concerning direct and indirect investments in the issued capital of DIC Asset AG are listed in appendix 3 to the Notes.

Events after the balance sheet date

On 7 February 2014, the notarial agreement for the sale of a property in Leipzig from the Commercial Portfolio was registered. The purchase price was EUR 13 million. The transfer of title and the benefits and obligations associated with the property is planned for the second quarter of 2014.

The bond issued in July 2013 was increased by a further EUR 25 million at the beginning of February 2014. The maximum issue volume of EUR 100 million in total was reached.

Apart from these transactions, no further material transactions were resolved, initiated or implemented in the post-balance sheet period under review, i.e. the period between the balance sheet date and the date of release of the consolidated financial statements by the Management Board on 10 March 2014.

Employees

In 2013 the Group had an average of 135 employees (2012: 138 employees).

Corporate Governance Report

The declaration regarding the German Corporate Governance Code pursuant to § 161 AktG has been submitted and is available to shareholders at any time on the website "<http://www.dic-asset.de/investor-relations/CG>".

Supervisory Board

The members of the Supervisory Board are:

Prof. Dr. Gerhard Schmidt (Chairman),
Attorney, Glattbach

Mr Klaus-Jürgen Sontowski (Deputy Chairman),
Businessman, Nuremberg

Mr Michael Bock,
Managing Director REALKAPITAL
Vermögensmanagement GmbH, Leverkusen

Mr Russell C. Platt,
Chief Executive Officer of Forum Partners Europe (UK) LLP,
London/UK

Mr Bernd Wegener FRICS,
Principal Head of the Real Estate Management Division at
the Versicherungskammer Bayern (Bavarian Insurance
Chamber), Munich

Dr. Michael Peter Solf,
Principal Head of the Capital Investments Division at
SV SparkassenVersicherung Holding AG, Stuttgart

At the same time, the members of the Supervisory Board served on the following additional supervisory boards and supervisory bodies:

Memberships in additional supervisory boards and supervisory bodies:

Prof. Dr. Gerhard Schmidt	<ul style="list-style-type: none"> – Grohe AG, Hemer: Chairman of the Supervisory Board – Grohe Beteiligungs GmbH, Hemer: Chairman of the Supervisory Board – TTL Information Technology AG, Munich: Member of the Supervisory Board – Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: Chairman of the Supervisory Board * – Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main: Chairman of the Supervisory Board * – DIC Capital Partners (Germany) GmbH & Co. Kommanditgesellschaft auf Aktien, Munich: Chairman of the Supervisory Board * – DIC Capital Partners Beteiligungs GmbH, Munich: Chairman of the Supervisory Board ** – DIC Capital Partners (Germany) Verwaltungs GmbH, Munich: Chairman of the Supervisory Board ** – DIC Capital Partners (Germany) III Verwaltungs GmbH, Munich: Chairman of the Supervisory Board ** – DIC Capital Partners (Germany) III GmbH & Co. KGaA, Munich: Chairman of the Supervisory Board * – DIC Capital Partners OpCo (Germany) Verwaltungs GmbH, Munich: Chairman of the Supervisory Board ** – DIC Capital Partners OpCo (Germany) GmbH & Co. KGaA, Munich: Chairman of the Supervisory Board * – DICP Asset Management Beteiligungsgesellschaft mbH & Co. KGaA, Munich: Chairman of the Supervisory Board **
Klaus-Jürgen Sontowski	<ul style="list-style-type: none"> – GRR AG, Erlangen: Chairman of the Supervisory Board – Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main: Deputy Chairman of the Supervisory Board – Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: Deputy Chairman of the Supervisory Board
Michael Bock	<ul style="list-style-type: none"> – KDV Kapitalbeteiligungsgesellschaft der Deutschen Versicherungswirtschaft AG, Berlin: Deputy Chairman of the Supervisory Board – DICP Capital SE, Munich: Member of the Supervisory Board – MediClin Aktiengesellschaft, Offenburg: Member of the Supervisory Board
Russell C. Platt	<ul style="list-style-type: none"> – DIC Capital Partners Beteiligungs GmbH, Munich: Member of the Supervisory Board ** – DIC Capital Partners (Germany) Verwaltungs GmbH, Munich: Member of the Supervisory Board ** – South Asian Asset Management Ltd, Mauritian, Isle of Man: non-executive Chairman of the Management Board – Duet India Hotels Asset Management Limited, Isle of Man: Member of the Supervisory Board – Bluestone Group PTY Limited, Australia: Member of the Supervisory Board

* Membership as defined in § 100 Para. 2 Sentence 2 AktG

** Supervisory Board not formed on the basis of legal requirements

Management Board

The members of the Management Board are:

Mr Ulrich Höller (Chairman),
CEO, Master of Economics, Real Estate economist (ebs),
Chartered Surveyor FRICS, Dreieich-Buchschlag

Ms Sonja Wärtges, CFO, Master of Economics, Nettetal

Mr Rainer Pillmayer, COO, Master of Business Administration, Frankfurt am Main

Mr Ulrich Höller was a member of the bodies/supervisory bodies of the following companies in the 2013 financial year:

- DIC Beteiligungs AG, Frankfurt: Chief Executive Officer
- DIC Onsite GmbH, Frankfurt: Chairman of the Supervisory Board
- ZIA - Zentraler Immobilien Ausschuss, Berlin: Vice Chairman and Member of the Management Board
- EPRA - European Public Real Estate Association, Brussels: Member of the Management Board
- Commerzbank AG, Frankfurt am Main: Member of the Advisory Board

Mr Rainer Pillmayer was a member of the bodies/supervisory bodies of the following companies in the 2013 financial year:

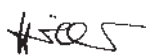
- DIC Onsite GmbH, Frankfurt: Member of the Supervisory Board

RESPONSIBILITY STATEMENT


To the best of our knowledge and belief, we warrant that, in accordance with the accounting principles to be applied, the consolidated financial statements convey a picture of the Group's assets, financial position and earnings that reflects actual circumstances, and that business development including results and the position of the Group are presented in such a way in the Management Report, which is combined with the Group Management Report, to give a picture that corresponds to actual circumstances and describes the material opportunities and risks of the Group's anticipated development.

Frankfurt am Main, 10 March 2014

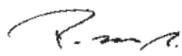
The Management Board



Ulrich Höller



Sonja Wärntges



Rainer Pillmayer

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the DIC Asset AG, comprising the consolidated balance sheet, the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the parent company, for the financial year from January 1 to December 31, 2013. The preparation of the consolidated financial statements and the combined group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB are the responsibility of the parent Company's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements and the combined group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consoli-

dated financial statements and the combined group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company's Board of Management, as well as evaluating the overall presentation of the consolidated financial statements and the combined group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

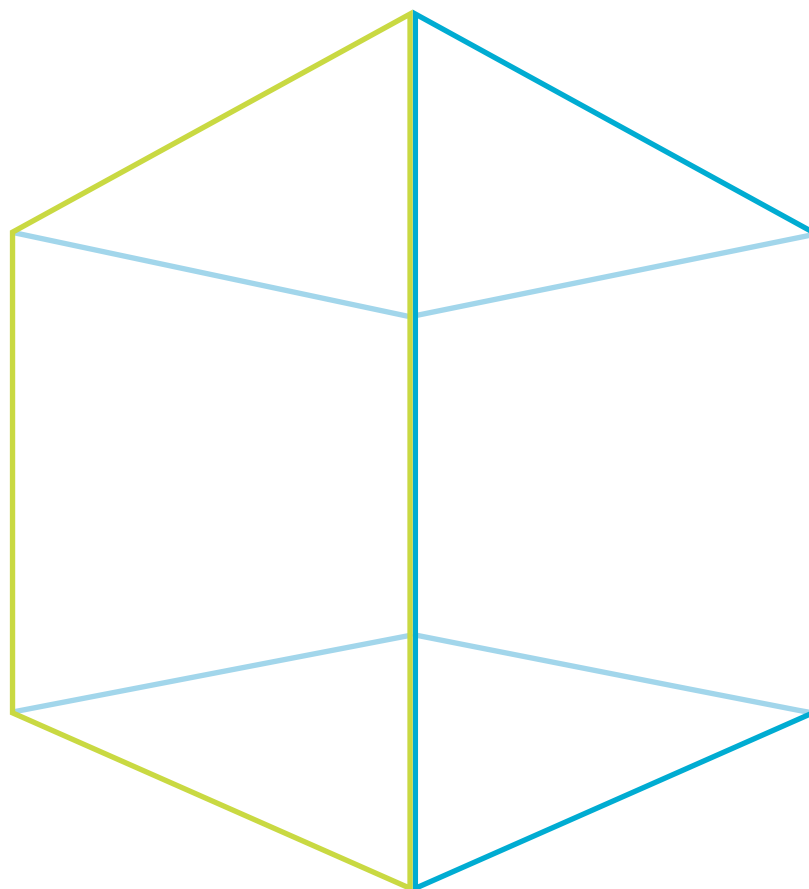
In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Nuremberg, 10 March 2014

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

signed Hübschmann
Wirtschaftsprüfer
(German Public Auditor)

signed Danesitz
Wirtschaftsprüfer
(German Public Auditor)



CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE REPORT AND STATEMENT ON CORPORATE GOVERNANCE

The Management Board files a report – also on behalf of the Supervisory Board – on the company's corporate governance in accordance with clause 3.10 of the German Corporate Governance Code and, at the same time, reports on corporate governance in accordance with § 289a HGB. The section also contains the Remuneration Report.

The statement on corporate governance is a component of the management report.

Information on corporate governance practices

DIC Asset AG attaches great value to Corporate Governance. The Management Board and Supervisory Board feel they have an obligation to ensure the company's continued existence and the generation of sustained value added through responsible corporate governance with a long term focus. For DIC Asset AG, good corporate governance also includes dealing with risks in a responsible manner. The Management Board therefore makes sure that risks are adequately managed and controlled in the company (see also the comments in the Risk and Opportunities Report) and ensures that the company complies with the law as well as the recommendations of the German Corporate Governance Code in accordance with the annual Declaration of Conformity. The Management Board regularly informs the Supervisory Board of existing risks and their development. The company's internal control, reporting and compliance structures are continuously revised, enhanced and adjusted to changes in framework conditions.

In our opinion, more sophisticated corporate governance tools, such as in-house corporate governance principles are not required at present because of the company-specific circumstances. A set of compliance guidelines was introduced during the financial year. Should the implementation

of additional tools become necessary, the Management Board and Supervisory Board will respond without delay.

Current Declaration of Conformity

The Management Board and the Supervisory Board have familiarised themselves with the new elements and innovations in the German Corporate Governance Code and have dealt with the question of compliance with the recommendations in the 2013 financial year. The consultation process resulted in the adoption of an updated annual Declaration of Conformity dated 11 December 2013, which has been made permanently accessible to the public on the company's website.

The Board of Directors and Supervisory Board declare that DIC Asset AG complied with the recommendations of the Government Commission on the German Corporate Governance Code as published on 15 May 2012 from the date of submission of its previous Declaration of Conformity on 7 December 2012 until the announcement of the new version of the Code in the Federal Gazette on 10 June 2013 and since then has complied with and will continue to comply with the recommendations as published on 13 May 2013. The following exceptions applied or will apply:

▷ In filling management functions and the composition of the Management Board and the Supervisory Board of DIC Asset AG, the Management Board and the Supervisory Board have been guided by the company's interests and the legal requirements, and in the process focus on the candidate's technical and personal qualifications – irrespective of the candidate's gender – and will continue to do so in future. In this respect, in deviation from clause 4.1.5 and clause 5.1.2 sentence 1 of the Code, it has not striven and will not strive, as a matter of priority, to achieve appropriate participation by women with regard to filling management functions and the composition of the Management Board. Accordingly, in deviation from clause 5.4.1 of the Code, the specific targets specified by the Supervisory Board for its own composition, did not and do not envisage an appropriate participation by women, as a pri-

ority, and a target of this kind was not and is not taken into account, as a matter of priority, in the Supervisory Board's nominations for elections to the General Shareholders' Meeting.

▷ Members of the Management Board have been promised performance-related payments (profit-sharing bonuses) and options on so-called virtual shares as variable remuneration components. In accordance with clause 4.2.3 (2) sentence 4 of the Code, both positive and negative developments within the agreed assessment period are taken into consideration when determining the variable remuneration components insofar as the payments may turn out to be correspondingly higher or lower, or may not be made at all. When they exercise the options, the members of the Management Board receive share-price-dependent payments which are based solely on the company's share price within a reference period. In deviation from clause 4.2.3 (2) sentence 7 of the Code, these options on virtual shares were not and are not based on "demanding, relevant comparison parameters" within the meaning of the Code. We are of the opinion that incorporating additional comparison parameters will not increase motivation or the sense of responsibility.

▷ The Code, as published on 13 May 2013, recommends in clause 4.2.3 (2) sentence 6 that the Management Board members' remuneration should be capped as a whole and with regard to its variable components. The Management Board contracts of the Management Board members in office were all concluded before the new version of the Code came into effect. The Management Board members' variable, performance-related remuneration (profit-sharing) was and is limited to 33% or 70% of their fixed remuneration. The options to so-called virtual shares granted to members of the Management Board as variable remuneration components which act as a long-term incentive were and are limited according to the quantity involved. When exercised, the options entitle the holder to a cash payment, the amount of which is based on the positive difference between the average closing prices of the DIC

Asset share in a reference period before the options were exercised and the contractual exercise price. Members of the Management Board can therefore benefit from any potential increase in the share price during the reference period. No cap has been set or is set in relation to participation in the potential increase in the share price at the time the options are exercised. In our opinion, an additional cap of this kind on this share-based remuneration components would counteract its key incentive, namely to work towards an increase in the value of the company. Given that there is not a complete cap on all variable remuneration components and individual fringe benefits are not capped either, the remuneration of members of the Management Board is not capped in total either.

▷ When concluding Management Board contracts, care should be taken to ensure that payments made to members of the Management Board if their work for the Management Board is ended early should not exceed two years' pay, including ancillary benefits (severance cap), and should remunerate no more than the residual term of their contract of employment. In deviation from clause 4.2.3 paragraph 4 of the Code, no severance cap was or is agreed when contracts are concluded with the Board of Directors. An agreement of this kind runs counter to the basic understanding of a Management Board contract that is routinely concluded for the duration of the period of appointment and can, in principle, not be terminated ordinarily. In addition, the company cannot enforce a cap to the severance payment unilaterally if the member's work for the Management Board is ended by mutual agreement, as is frequently the case in practice. In the event of a Management Board contract being terminated early, we shall endeavour to take account of the principle behind the recommendation.

▷ The Supervisory Board is required to propose suitable candidates for new appointments or reappointments to positions on the Supervisory Board by the General Shareholders' Meeting. In deviation from clause 5.3.3 of the Code, no nomination committee was or is formed for this

purpose. As the six members of the Supervisory Board are only representatives of the shareholders, and the current practice of voting proposals being prepared by the full Supervisory Board has proved to be efficient; the Supervisory Board sees no need to form a nomination committee.

▷ In deviation from clause 5.4.1 (2) of the Code, the Supervisory Board has not specified a specific target that takes account of the number of independent members of the Supervisory Board as defined in clause 5.4.2 of the Code and will not specify such a target. Although the Supervisory Board believes that it has an appropriate number of independent members at present, the Code does not regulate the independence of members of the Supervisory Board conclusively but defines the term by specifying what it is not by means of cases, in which "in particular" independence is no longer guaranteed. Independence is also not guaranteed even if material conflicts of interest that are not only temporary may potentially arise, regardless of whether they actually do or not. Consequently, the Supervisory Board believes that the question of when independence in accordance with clause 5.4.2 of the Code is to be assumed on an individual basis is fraught with too much legal uncertainty for it to seem advisable to specify a specific number of independent members. For this reason, the Supervisory Board has chosen not to set any targets in this respect. In the absence of a corresponding target being set, in deviation from clause 5.4.1 paragraph 3 of the Code, this is not taken into account in the Supervisory Board's nominations for elections to the General Shareholders' Meeting, nor is information on the status of its implementation published.

▷ In deviation from clause 5.4.6 (1) of the Code, the Deputy Chairman of the Supervisory Board was not previously taken into account in the remuneration of the Supervisory Board, since the number of occasions when he had to deputise for the Chairman was limited in the past. The General Shareholders' Meeting on 3 July 2013 resolved to amend the Articles of Association to adjust the Super-

visory Board's remuneration to the extent that the remuneration of the Deputy Chairman of the Supervisory Board will be taken into account in future through an appropriate increment. The new rules on remuneration have applied since the beginning of the 2013 financial year meaning that the company has complied with the recommendation in clause 5.4.6 (1) of the Code since this date.

▷ According to the current Articles of Association, members of the Supervisory Board are promised performance-related remuneration based on the annual dividend payment. This may thus run contrary to clause 5.4.6 (2) of the Code, which recommends that remuneration be linked to long-term business performance. The dividend payment is a key measure of success for shareholders. We consider it appropriate that members of the Supervisory Board be remunerated in accordance with criteria that are also of significance for the shareholders. In addition, no generally accepted model for implementing variable remuneration for the Supervisory Board based on long-term business performance has yet become established on the capital market. The company will continue to monitor developments.

MODUS OPERANDI AND COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Dual management structure

As a listed public limited company, the dual management structure of DIC Asset AG consists of a Management Board and a Supervisory Board. There is rigid separation of the two boards – both in terms of personnel and function – allowing each of them to perform their different duties independently. The duty of the Management Board is to manage the company autonomously, with the duty of the Supervisory Board being to monitor this management.

Close cooperation between the Management Board and the Supervisory Board

The Management Board and the Supervisory Board work closely together in the interests of the company. This ensures that optimal use is made of the professional expertise of the Board members and speeds up decision-making processes. The Management Board keeps the Supervisory Board regularly, promptly and comprehensively informed of strategy, planning, risk exposure, internal control system and risk management, compliance, as well as current business developments. The Chairman of the Supervisory Board was also notified of material developments and decisions by the Management Board between meetings.

The Management Board performs its management role as a collegiate body. It puts forward strategic proposals and targets, discusses them with the Supervisory Board and ensures that they are implemented. In the process, it is bound to the company's interests and committed to the sustained increased in its value; it is also committed to the needs of shareholders, customers, employees and other groups associated with the company. The members of the Management Board are jointly responsible for managing the entire business. Notwithstanding their overall responsibility, the individual Board members run the departments allocated to them by resolution of the Management Board autonomously. The allocation of duties between the members of the Board is clear from the business allocation schedule. The Management Board has a quorum if at least the majority of its members participate in the resolution and adopt its resolutions by a simple majority. In the event that the Management Board consists of more than two members, the Chairman, will have the casting vote if the votes are equal.

The Supervisory Board appoints and dismisses members of the Management Board and works with the Management Board to ensure long-term succession plans are in place. In the case of certain defined measures of material significance – such as major capital investments – the rules of procedure

for the Management Board stipulate that the approval of the Supervisory Board is necessary. The Supervisory Board has also adopted rules of procedure. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings and protects its interests externally. An overview of the Supervisory Board's activities during the 2013 financial year is given in the Board's report.

Composition of the Boards

When filling the Management Board and the Supervisory Board as well as management functions in the Group, attention is focused, as a matter of priority, on the perception of the knowledge, skills and professional experience needed for the tasks to be performed. Considerations regarding gender are of subordinate significance here.

The Management Board of DIC Asset AG consists of three members, with Ulrich Höller as Chairman (CEO), Sonja Wärntges, responsible for Finance & Controlling (CFO, since 1 June 2013 – previously: Markus Koch), and Rainer Pillmayer, responsible for Operations (COO, since 1 June 2013).

The Supervisory Board of DIC Asset AG consists of six members, who are all elected by the General Shareholders' Meeting. The Supervisory Board has elected a Chairman and a Deputy Chairman. Members of the Supervisory Board are elected for a term of office until the end of the General Shareholders' Meeting that ratifies the actions of the Supervisory Board for the fourth financial year from the start of the term of office. The financial year in which the term of office starts is not included in this calculation. The current terms in office end at different times due to differences in the appointment dates.

The specific composition of the Supervisory Board in terms of personnel and the disclosures pursuant to § 285 No. 10 HGB are listed in the Notes.

Aims of the Supervisory Board with regard to its composition

The Supervisory Board set targets for its composition back in financial year 2010. The most important objective relates to eligibility: the Supervisory Board is to be filled in such a way that competent monitoring of and advice to the Management Board is guaranteed. As a whole, the Supervisory Board should have the requisite knowledge, skills and experience to perform its tasks. In the process, the individual qualifications of individual members may complement each other in achieving this objective. Independence and the avoidance of conflicts of interest are also important objectives: a sufficient or appropriate number of independent members should belong to the Supervisory Board. The recommendations of the German Corporate Governance Code are complied with in full with regard to conflicts of interest. The Supervisory Board has also waived its right to determine the definite number of independent members as defined in the code and has also stated no concrete objective with regard to the number of female members. The Supervisory Board considers the age limits specified in its rules of procedure: only persons under 70 should be proposed for election to the Supervisory Board. Thereafter, persons may be members of the Supervisory Board if they are particularly qualified for international requirements. However, in view of DIC Asset AG's focus on the German property market, the decision was made not to stipulate the aspect of internationality as an objective.

The targets for the composition of the Supervisory Board were taken into account in the Supervisory Board's nominations for the election of Supervisory Board members to the General Shareholders' Meeting, most recently in financial year 2012. The current membership of the Supervisory Board continues to comply with the objectives set. All members are professionally and personally qualified; they include at least one independent financial expert and a member with an international background. The Board includes an appropriate number of independent members. Former members of the Management Board of DIC Asset AG are not represented in the Supervisory Board.

Disclosure of conflicts of interest

Each member of the Management Board and Supervisory Board discloses potential conflicts of interest in compliance with the German Corporate Governance Code. No conflicts of interest arose in financial year 2013.

Effectiveness of the Supervisory Board's work

The Supervisory Board regularly examines its own effectiveness. This examination takes the form of a company-specific questionnaire, which is evaluated without delay. The results are discussed and the findings are then incorporated into the Board's future operations.

Establishment of the Audit Committee

The Supervisory Board has established an Audit Committee, which supports the Board in the performance of its duties and regularly reports to it. In particular, the Audit Committee addresses issues relating to the monitoring of the financial reporting process, the effectiveness of the internal control and risk management systems, of compliance, and finally of auditing. It assesses and monitors the independence of the auditors (also taking into account the additional services provided by the auditors) and determines the focus of the audit in consultation with them. The Audit Committee mainly meets when events merit this.

The Audit Committee has the following three members:

- Michael Bock (Chairman of the Audit Committee)
- Prof. Dr. Gerhard Schmidt
- Dr. Michael Peter Solf

The Chairman of the Audit Committee is an independent financial expert and has particular knowledge and experience in the areas of financial reporting and the auditing of financial statements from his many years of professional experience working as the CFO of an insurance company.

D&O insurance policy

There is a Directors & Officers (D&O) insurance policy for members of the Management Board and the Supervisory Board. It provides insurance for claims for damages by the company, shareholders or third parties, which may be asserted on the basis of breaches of the duty of care by the Boards. DIC Asset AG bears the costs of the insurance policy. The members of the Management Board and the Supervisory Board have to pay a deductible in the event of a claim.

REMUNERATION REPORT

The following Remuneration Report is a component of the Management Report.

Remuneration system for the Management Board

The Supervisory Board sets the total remuneration of individual members of the Management Board and both decides on and regularly reviews the remuneration system for the Management Board.

The relationship between total remuneration and the tasks of each member of the Board, their personal achievements, the economic situation, the success and future prospects of DIC Asset AG is appropriate and is also appropriate taking account of the remuneration paid in comparable companies and the compensation paid to other people working for the company. The remuneration structure sets long-term incentives with share-based remuneration in particular and is based overall on long-term business performance. At the same time, remuneration is focused in such a way that it is competitive.

The remuneration of the Management Board is made up of three components: it includes (i) a fixed remuneration and ancillary benefits, (ii) a variable remuneration that is dependent on the achievement of specific targets (short-term performance-related component) and (iii) a share-based component (long-term incentive component).

(i) Fixed remuneration and ancillary benefits

The fixed remuneration is paid in equal monthly instalments. The ancillary benefits consist of the provision of a company car, a mobile telephone and capped insurance subsidies, particularly for accident, medical and pension insurance or another private form of pension provision.

(ii) Variable, performance-related remuneration

The Management Board's variable, performance-related remuneration (profit-sharing) is based on the operating results of the DIC Asset Group and therefore takes account of both positive and negative developments.

A positive operating result for the DIC Asset Group is prerequisite for the granting of profit-sharing for all members of the Management Board. The amount of profit-sharing is based on the extent to which corporate and personal targets were achieved. Corporate and personal targets are each given a 50% weighting by the Supervisory Board when setting profit-sharing. The amount of profit-sharing was limited to 70% of fixed remuneration for Mr Höller and was limited to 70% for Mr Koch. For Ms Wärntges and Mr Pillmayer the amount of profit-sharing is limited to a third of total remuneration. The Supervisory Board decides on profit-sharing once a year by either 30 April or 31 May of the following year. Payment of profit-sharing takes place on the last bank working day of the month in which the Supervisory Board decides on profit-sharing.

REMUNERATION in EUR

	Annualised remuneration	Fixed remuneration	Bonusses	Share-based remuneration	Other*	Total 2013¹⁾	Total 2012
Ulrich Höller	450,000.00	450,000.00	300,000.00	359,000.00	4,104.32	1,113,104.32	1,083,436.51
Markus Koch (until 31.5.2013)	350,000.00	145,833.33	0.00	83,155.31	19,914.15	248,902.79	735,230.90
Sonja Wärntges (from 1.6.2013)	280,000.00	163,333.33	100,000.00	11,500.00	13,258.42	288,091.75	—
Rainer Pillmayer (from 1.6.2013)	210,000.00	122,500.00	62,000.00	6,300.00	9,815.35	200,615.35	—
Total	1,290,00.00	881,666.67	462,000.00	459,955.31	47,092.24	1,850,714.21	1,818,667.41

* other remuneration includes non-monetary benefits from personal use of a company car and insurance subsidies

1) excludes column annualised remuneration

(iii) Share-based remuneration as a long-term incentive
In addition, members of the Management Board hold options on so-called "virtual" shares in DIC Asset AG, which also take account of both positive and negative developments. The number of options granted is specified in individual contracts and capped. Options are fictitious and only guarantee the right to cash payment. The exercise of the options is linked to a specific number of years' service (vesting period). The duration of the vesting period is regulated by contract and amounts to between 16 and 36 months. When exercising the options, the special allowance is determined as the positive difference between the average of the closing prices in a reference period of ten trading days before the option is exercised and the contractual exercise price of EUR 2.29 (Ulrich Höller) or EUR 5.88 (Sonja Wärntges, Rainer Pillmayer) per virtual share. Members of the Management Board can therefore benefit from any potential increase in the share price during the reference period. No cap is set in relation to participation in the potential increase in the share price at the time the options are exercised. The market value of the options on 31.12.2013 amounted to KEUR 585. During the 2013 financial year, a total of 62,000 new options to virtual shares were

issued to members of the Management Board. As a consequence of the capital increase, the Supervisory Board resolved dilution protection of EUR 0.62 per share option. This dilution protection reduces the respective exercise price.

Activities that are performed by the members of the Management Board in management and/or supervisory functions for DIC Asset AG's subsidiaries or associated companies are covered by the Management Board compensation paid for DIC Asset AG.

Termination of Management Board membership

With the exception of a Management Board contract covering the eventuality of a change of control, no Management Board contracts contain an express undertaking to provide a severance payment. Contrary to the recommendation given in section 4.2.3 of the German Corporate Governance Code, no agreement has been made that payments, including ancillary benefits, to Management Board members who leave the Management Board early should not exceed the value of two years' remuneration (settlement cap) and should not reimburse more than the remaining period of the contract of employment.

VIRTUAL SHARE OPTIONS

	Number of share options	Earliest exercise date
Ulrich Höller	75,000 75,000	30.09.2013 (exercised in 2014) 30.07.2014
Markus Koch	35,000 35,000	31.07.2012 (exercised) 31.07.2014 (not exercised)
Sonja Wärntges	40,000	31.05.2016
Rainer Pillmayer	22,000	31.05.2016

In the event of a change of control, the Chairman of the Management Board, Ulrich Höller, has the right to prematurely terminate his contract of employment. When exercising his right to terminate, Mr Höller is entitled to receive a payment of twice his total annual earnings in the financial year which ended at least 18 months before the change of control.

If a Management Board member dies during the term of his contract with the Management Board, in the case of Ulrich Höller, the fixed annual salary and, in the case of Sonja Wärntges and Rainer Pillmayer the fixed annual salary and the variable remuneration are to be paid pro rata temporis to their surviving dependants for a period of six months after the end of the month in which the Management Board member died. If a Management Board member becomes permanently incapable of working during the term of his contract, the contract will end three months after the end of the half-year in which his permanent incapacity was established. In the event of illness, remuneration will be paid for a term of six months, however, at the latest until the contract ends.

Management Board members have not been promised a company pension.

REMUNERATION OF THE SUPERVISORY BOARD in EUR

	Fixed remuneration	Variable remuneration	Committee membership remuneration	Total 2013	Total 2012
Prof. Dr. Gerhard Schmidt (Chairman)	30,000.00	25,565.00	2,500.00	58,065.00	58,065.00
Klaus-Jürgen Sontowski (Deputy Chairman)	22,500.00	19,173.00		41,673.00	27,782.00
Michael Bock	15,000.00	12,782.00	5,000.00	32,782.00	32,782.00
Dr. Michael Peter Solf	15,000.00	12,782.00	2,500.00	30,282.00	30,282.00
Russell C. Platt	15,000.00	12,782.00		27,782.00	27,782.00
Bernd Wegener	15,000.00	12,782.00		27,782.00	27,782.00
Total	112,500.00	95,866.00	10,000.00	218,366.00	204,475.00

Management Board remuneration in financial year 2013

In addition to his work for DIC Asset AG, the Chairman of the Management Board, Ulrich Höller, also held the position of Chairman of the Management Board of Deutsche Immobilien Chancen Beteiligungs AG in financial year 2013. In financial year 2013, Management Board contracts of employment for Mr Höller were in place with both Deutsche Immobilien Chancen Beteiligungs AG and DIC Asset AG, which covered his work for the Management Board of each company. Mr Höller received remuneration from both companies within the framework of these contracts of employment. Of this fixed remuneration, DIC Asset AG pays 45% and Deutsche Immobilien Chancen Beteiligungs AG 55%. The total compensation of the members of the Management Board granted by DIC Asset AG amounted to KEUR 1,971 in 2013.

The as-yet unvested virtual share options attributable to Mr Koch expired in 2013. The virtual share options that had already become exercisable before he left were settled. In January/February 2014, with the consent of the Supervisory Board, Mr Höller made use of those of his virtual share options that were exercisable.

POST-EMPLOYMENT BENEFITS IN FINANCIAL YEAR 2013

An agreement was reached with Mr Markus Koch, who resigned by mutual agreement from the Management Board with effect from 31 May 2013, on the early termination of his Management Board contract of employment, which would normally have run until 30 September 2014. Mr Koch received monthly fixed salary payments and ancillary benefits in line with his Management Board contract of employment until his Management Board contract of employment was terminated on 31 May 2013. Mr Koch also received an

extraordinary payment of EUR 120,000.00 as compensation for the early termination of his Management Board contract of employment and as payment in lieu of the virtual share options assignable to him. Mr Koch was neither promised or granted additional benefits by reason of termination of his employment.

Remuneration of members of the Supervisory Board

Supervisory Board compensation is based on § 10 of the articles of incorporation of DIC Asset AG. Each member receives remuneration appropriate to his work, which is made up of fixed and variable performance-related remuneration. Members of the Supervisory Board receive fixed compensation of EUR 15,000 for each full financial year. As a variable, performance-dependent fee, each member receives EUR 2,556.46 for each percentage point of dividend over the rate of seven percent, calculated on the amount of equity, that is distributed, but no more than EUR 12,782.30. The Chairman receives double the fixed and variable compensation. The Deputy Chairman receives one and a half times the fixed and variable compensation. In addition to the remuneration, each member of the Supervisory Board receives reimbursement of his expenses, including value added tax. The company will take the tax owed by the Supervisory Board of KEUR 12 and will pay it to the tax office.

For membership of a committee which has met at least once during the financial year, the members of the Supervisory Board also receive compensation of EUR 2,500 per committee for each full financial year of their membership of this committee, but not exceeding EUR 5,000 in total. The Chairman of a Supervisory Board committee receives twice this additional compensation.

In 2013, total remuneration of the members of the Supervisory Board amounted to KEUR 218. In addition, KEUR 23 (previous year: KEUR 24) in fees for services received was paid to the law firm Weil, Gotshal & Manges LLP, in which the Prof. Dr. Gerhard Schmidt, the Chairman of the Supervisory Board, is a partner. The Supervisory Board had approved the ap-

pointment back in the 2011 financial year with the Chairman of the Supervisory Board abstaining. The services for which payment was made in financial year 2013 related to consultancy work in conjunction with the final stages of the Kaufhof purchases from 2011.

Directors' Dealings

Members of the Management Board and Supervisory Board are obliged pursuant to § 15a WpHG to report any transactions they undertake involving shares in DIC Asset AG or DIC Asset AG financial instruments relating thereto (Directors' Dealings). This obligation is also incumbent on persons closely related to members of the boards. However, there is no obligation to report unless the transactions by members of the boards or persons closely related to members of the boards exceed EUR 5,000.00 in total up to the end of each calendar year.

In financial year 2013, Ulrich Höller and Sonja Wärntges acquired 3,592 shares and 1,000 shares in DIC Asset AG respectively and reported these securities transactions pursuant to § 15a WpHG. The reports were published on the company's website at www.dic-asset.de under Investor Relations. Apart from these transactions, DIC Asset AG has not reported any securities transactions by members of the Management Board and the Supervisory Board or by persons related to the members of the Boards pursuant to § 15a WpHG.

Shares held by members of the Management Board and Supervisory Board

The members of the Management Board and of the Supervisory Board each hold less than one percent of issued shares. However, 33.2% of the voting rights in DIC Asset AG are attributed to the Chairman of the Supervisory Board, Prof. Dr. Gerhard Schmidt, in accordance with § 22 (1) sentence 1 No. 1 WpHG, which are held by the Deutsche Immobilien Chancen Group.

OTHER DISCLOSURES

Shareholders and General Shareholders' Meeting

In the General Shareholders' Meeting, shareholders of DIC Asset AG exercise their rights. The ordinary General Shareholders' Meeting takes place once a year. Every shareholder who is recorded in the share register and registers in good time is entitled to take part in the General Shareholders' Meeting, to vote with his shares recorded in the share register and registered and to pose questions to the Management Board. Each share gives entitlement to one vote in the ballots.

Shareholders who cannot participate in person have the opportunity to arrange for their voting rights to be exercised in the General Shareholders' Meeting by a bank, an association of shareholders, the proxy or proxies of DIC Asset AG acting according to instructions or any other authorised individual.

Transparent communication

We issue a detailed report each quarter on the development of business and the asset, financial and earnings situation and inform our shareholders in an open, prompt and transparent manner about the DIC Asset AG business model as well as of any news or changes. We describe communications with our shareholders and business partners in detail in the chapter entitled "Investor Relations and Capital Market".

Financial reporting and auditing

DIC Asset AG prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), taking account of the recommendations of EPRA, while separate financial statements are compiled in accordance with the HGB. The financial statements for the whole year are drawn up by the Management Board and verified by the auditor and the Supervisory Board. The quarterly

reports and half-year reports reviewed by the auditor are discussed and approved with the Supervisory Board prior to their publication. The Supervisory Board proposes an auditor on the recommendation of the Audit Committee, who is then chosen by the General Shareholders' Meeting. The auditor makes a statement of independence to the Supervisory Board. In addition, it has been agreed with the auditors that they would report to the Supervisory Board immediately of any possible grounds for exclusion or bias that may arise during the audit.

Risk management

Good Corporate Governance also includes dealing with risks in a responsible manner. The Management Board ensures that risks are adequately managed and controlled in the company. DIC Asset AG has therefore established a systematic risk management process, which ensures that risks are recognised and evaluated at an early stage and existing risk exposure is optimised. Risk management and risk control processes are continually enhanced and adjusted to changes in framework conditions. Key features of the control and risk management systems are presented in the Risk and Opportunities Report.

REPORT OF THE SUPERVISORY BOARD

Advisory, monitoring and reviewing role of the Supervisory Board

In financial year 2013, the Supervisory Board of DIC Asset AG regularly and diligently monitored the management by the Management Board and advised both on strategic corporate development and significant individual measures.

The Management Board ensured that the Supervisory Board was regularly, promptly and fully informed over the course of the financial year through written and oral reports. The reports set out all relevant information on significant issues regarding strategy and corporate planning, the situation and development of the company and the Group, the risk situation, the internal control system, risk management and compliance as well as important transactions. Deviations from planned business development were explained in detail by the Management Board and discussed by the Supervisory Board. The Supervisory Board was involved in all material decisions at an early stage and – to the extent necessary and in the interests of the company – gave its approval after examining and discussing them in depth.

In 2013, the Supervisory Board convened four ordinary and eleven extraordinary meetings. The extraordinary meetings took the form of telephone conferences. No member of the Supervisory Board attended less than half of the board meetings. In addition, the Chairman of the Supervisory Board was notified of material developments and decisions by the Management Board between meetings, and discussed the company's prospects and future orientation with the Management Board in separate strategy talks. The Members of the Management Board principally attended all meetings of the

Supervisory Board except for those that concerned board appointments themselves and their contract, which were discussed in their absence.

At the meetings, the Management Board elaborated the company's operational performance – specifically lettings, acquisitions and sales – the trend in sales and earnings as well as the financial position, with each issue discussed jointly. The written reports by the Management Board and, where applicable, the written proposals for resolutions, were made available to the Supervisory Board well ahead of time to allow Board Members to prepare for the consultations and the decisions to be made. In particularly pressing business matters the Supervisory Board was notified by the Management Board in detail and without delay. Assuming good cause, decisions were adopted by written vote.

Key Topics of the Supervisory Board Meetings

▷ March 2013

The ordinary meeting focused on the outcome of the previous Audit Committee meeting, which was elaborated in detail and discussed. The annual accounts for the 2012 financial year were drawn up and the consolidated financial statements were approved. The Supervisory Board examined the distribution of profits proposed by the Management Board, and endorsed the proposal. The Supervisory Board also completed its examination of the Dependent Company Report for the 2012 financial year.

The Supervisory Board discussed the agenda for the 2013 General Shareholder Meeting, devoting particular attention to the benefits and drawbacks of switching to registered shares. The Supervisory Board's written report to the General Shareholder Meeting was adopted. The proposed resolutions for the General Shareholder Meeting were subsequently adopted by written circulation.

The Management Board reported on the company's performance during the ongoing financial year to date, and presented the forecast for the first quarter of 2013.

The Supervisory Board reviewed the remuneration system for the Management Board, and defined the amount of the variable remuneration for the concluded financial year.

▷ April 2013

On occasion of the ordinary meeting, which was a strategy meeting, several refinancing options were contemplated, including the option to issue a second corporate bond. In addition, options for optimising the portfolio and simplifying the corporate structure were discussed. Following a detailed discussion of the pros and cons of each option, the Supervisory Board agreed to keep reviewing the proposals, and to initiate the necessary preparations. Moreover, the Supervisory Board devoted itself intensely to human resource and board issues.

▷ May 2013

In an extraordinary meeting, the Supervisory Board appointed Sonja Wärrntges to the Board in the role of CFO for a three-year period starting 01 June 2013. The Supervisory Board moreover expanded the Management Board at the same time, appointing Rainer Pillmayer to the Board on the same day of 01 June 2013, who has assumed the newly created role of COO. The Supervisory Board approved the employment contracts for the Board Members subject to the continued application of the existing remuneration system for the Management Board.

The previous CFO Markus Koch resigned from the Management Board as of 31 May 2013. The Supervisory Board approved the agreement with Markus Koch to release him out of his employment contract as Board Member prematurely, which would not have ended until 30 September 2014.

Within the framework of another extraordinary meeting, the Management Board reported the results of the first quarter. Following a discussion, the Q1 quarter-end report was cleared for publication.

▷ June 2013

In an extraordinary meeting, the Management Board briefed the Supervisory Board on the planning and the latest state of affairs concerning the issuance of a second corporate bond as well as on the more specific proposals on the long-term refinancing of the largest proprietary portfolio. Having discussed the proposition, the Supervisory Board subsequently approved the issuance of a second corporate bond in a volume of no less than 75 million EUR.

▷ August 2013

In an extraordinary meeting, the Management Board briefed the Supervisory Board on the result of the first semester of 2013, followed by a joint discussion. The Supervisory Board released the audited semi-annual financial statements for publication.

On occasion of the ordinary meeting of the Supervisory Board, the Management Board presented investment-grade properties for the "DIC HighStreet Balance" investment fund. The Supervisory Board and the Management Board also discussed the strategic expansion of the fund business, and agreed to pursue the corresponding plans.

In both meetings of the Supervisory Board, the Management Board elaborated the proposals it had drafted with the assistance of advisers on how to optimise the portfolio and to streamline the corporate structure. Following intense consultation, the Supervisory Board agreed to keep pursuing the proposals and to review them in detail.

▷ September 2013

Two extraordinary meetings of the Supervisory Board were scheduled during which the Management Board elaborated the main aspects of a possible capital increase. The Management Board presented and elaborated the business plan that had been compiled on the basis of the possible transaction. The Supervisory Board agreed that the plan be pursued and additional transactions be reviewed.

▷ October 2013

During the extraordinary meetings of the Supervisory Board in October, the Supervisory Board once more discussed the option of a capital increase on the basis of the proposed transaction structure detailed in the meantime by the Management Board.

Moreover, the Management Board presented options for the strategic expansion of the fund business to the Supervisory Board, which were discussed at length. The Supervisory Board followed the suggested course of action, and agreed to pursue negotiations toward the acquisition of potential investment-grade property.

▷ November 2013

On occasion of two extraordinary meetings, the Management Board briefed the Supervisory Board on the latest planning state concerning a certain portfolio transaction and attendant measures. In another extraordinary meeting, on 13 November 2013, the Supervisory Board approved the increase in share capital within the framework of a combined cash capital increase and increase in kind in the amount of EUR 45,718,747 from authorised capital, bringing the share capital up to a total of EUR 68,577,747. The increase in kind excluding the shareholders' subscription rights permitted the acquisition of a majority interest (94 percent) in, and integration of, the "UNITE" portfolio. The cash capital increase subject to the shareholders' subscription rights served the purpose of optimising the portfolio financing.

The Management Board elaborated the result of the third quarter of 2013. Following the discussion, the Supervisory Board approved publication of the submitted quarter-end figures.

▷ December 2013

On occasion of the ordinary meeting, the Management Board and the Supervisory Board undertook a follow-up on the combined cash capital increase and increase in kind that had been completed by then, and rated the outcome as favourable for the development and positioning of DIC Asset AG going forward.

The Management Board presented the earnings forecast for the fourth quarter as well as for the year 2013 as a whole. The meeting was also used to present and discuss the operational planning, the profit planning, and the balance sheet planning for the 2014 financial year.

Audit Committee Report

The Supervisory Board has set up an Audit Committee to ensure efficient distribution and discharge of responsibilities. The committee met twice in 2013. The meeting convened in March 2013 centred on the accounting documents for the 2012 financial year. With the auditor in attendance, the meeting devoted itself to a detailed review and discussion of the Annual Accounts and Consolidated Financial Statements for the 2012 financial year along with the summarised Management Report and Group Management Report, as well as the associated audit reports, with particular attention paid to the audit benchmarks previously defined by the Audit Committee in coordination with the auditor. At the same time, the Audit Committee was briefed on the risk management and the risk early warning system as well as on the internal control system, and the results of the property valuation.

Recommendations were approved for the Supervisory Board's resolutions concerning the accounting documents for the 2012 financial year and the proposed choice of auditor for the 2013 financial year. The Audit Committee had previously satisfied itself of the independence of the proposed auditor.

During the meeting in December 2013, the audit benchmarks for the Annual Accounts of the 2013 financial year were discussed and defined. On top of that, the Audit Committee addressed the audit benchmarks generally defined by the DPR German Financial Reporting Enforcement Panel for 2014, and their relevance for DIC Asset AG.

Corporate Governance Reviewed, Declaration Updated

The Supervisory Board regularly reviewed company's corporate governance during the reporting period along with the efficiency of its activity. During the fourth quarter of 2013, the Supervisory Board closely studied the amendments to the recommendations of the German Corporate Governance Code dated 13 May 2013, which concern specifically the remuneration of management board members. The Supervisory Board concluded that the existing employment contracts with the company's senior executives, to the extent that these were signed prior to the effective date of the revised Code, need not be renegotiated or amended, and that any further curtailing of the equity-based share of the remuneration would neutralised its principal incentive of seeking to enhance the company's goodwill. Accordingly, it decided not to implement to the corresponding new recommendations by the Code in their entirety.

In December 2013, the Supervisory Board and the Management Board jointly issued the corresponding declaration of conformity pursuant to Art. 161, German Stock Corporation Act (AktG), concerning the recommendations of the German Corporate Governance Code. It was published on the company's homepage. For a detailed account of the company's

corporate governance by the Management Board on behalf of the Supervisory Board, please see the chapter "Corporate Governance Report."

No Conflicts of Interest

In compliance with the German Corporate Governance Code, each member of the Supervisory Board will disclose any conflict of interest that might arise. No conflicts of interest arose during the 2013 financial year.

Between the company and law firm of Weil, Gotshal & Manges LLP, of which Supervisory Board Chairman Prof. Dr. Gerhard Schmidt is a partner, advisory mandates existed during the 2013 financial year with the approval of the Supervisory Board. The affected Member of the Supervisory Board did not participate in the passage of the resolution.

Annual and consolidated financial statements 2013 audited and approved

The Management Board prepared the annual financial statements for financial year 2013 in accordance with the German Commercial Code, the consolidated financial statements in accordance with IFRS, as applicable in the EU, and with the commercial law regulations to be applied in addition pursuant to Section 315a (1) of the German Commercial Code, as well as the management report summarised with the Group management report. These items were audited by Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, appointed as auditors at the General Shareholders' Meeting on 3 July 2013, and an unqualified audit opinion was issued for each of them.

All of these documents were considered at the meetings of the Audit Committee and the Supervisory Board on 10 March 2014 attended by representatives of the auditor, who reported on the principal results of their examination and confirmed that there were no significant weaknesses in the in-

ternal control and risk management process relating to the financial reporting process. They were presented to the members of the Committee and the Supervisory Board for comprehensive discussion. There were no circumstances that could suggest any bias on the part of the auditor.

The Audit Committee, to which the auditor's statements and reports were submitted in good time for a preliminary audit, reported to the Supervisory Board on the essential content and results of its preliminary audit, and issued recommendations for the Supervisory Board's resolutions.

The Supervisory Board, which was also provided with the documents and audit reports in good time, audited the annual and consolidated financial statements for financial year 2013, the management report summarised with the Group management report and the Management Board's proposal for the distribution of profits, taking into account the Audit Committee's report. The Supervisory Board concurred with the results of the auditor's audit. On the basis of its own audit, the Supervisory Board established that it had no cause for objections against the annual financial statements and consolidated financial statements or against the summarised management report and Group management report. The Supervisory Board approved the annual and consolidated financial statements prepared by the Management Board in line with the recommendation of the Audit Committee. The annual financial statements of DIC Asset AG are hereby approved.

Proposed distribution of profits

In connection with the proposal for the distribution of profits by the Management Board, the Audit Committee and the Supervisory Board also discussed the balance sheet policy and financial planning. On the basis of its own audit, the Supervisory Board supports the proposal on the distribution of profits by the Management Board.

Relationships with affiliates reviewed

The Management Board prepared a report on relationships with affiliates for financial year 2013. The auditor has audited this report, reported on the findings in writing and issued the following unqualified certificate:

"According to our properly considered audit and evaluation, we confirm that

1. the actual information in the report is correct,
2. in the legal transactions mentioned in the report, under the circumstances known at the time they were undertaken, the consideration paid by the company was not disproportionately high."

The Management Board's report and the auditor's report were also made available to the individual members of the Supervisory Board in good time. These reports were discussed in depth in the meetings of the Audit Committee and the Supervisory Board. The representatives of the auditor who participated in the meetings reported on the material findings of their audit. The Supervisory Board approved the Management Board's report on relationships with affiliates following its own audit and also seconded the result of the audit of the report by the auditor. As a result of its own audit, the Supervisory Board established that it had no reason to object to the declaration made by the Management Board on relationships with affiliated companies, presented at the end of the report.

Auditor proposed

The Audit Committee recommended to the Supervisory Board that it propose to the General Shareholders' Meeting the commissioning of Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, to audit the annual financial statements and consolidated financial statements for financial year 2014 and to review the

interim report. On the basis of this recommendation, the Supervisory Board adopted a proposal to this effect for submission to the General Shareholders' Meeting.

Appointments to the Management Board and Supervisory Board

As of 31 May 2013, the previous CFO Markus Koch left the company. The Supervisory Board commends Markus Koch for his successful work of many years on behalf of DIC Asset AG.

As successor to his post, the Supervisory Board appointed Sonja Wärntges to be Management Board to become the new CFO as of 01 June 2013. Moreover, the Supervisory Board expanded the Management Board at the same time, appointing Rainer Pillmayer to the Board on the same day of 01 June 2013 to assume the newly created role of COO. Ulrich Höller, CEO, continues to head the executive body as its chairman of many years.

No changes were made to the composition of the Supervisory Board during the year under review.

The Supervisory Board would like to thank the Management Board as well as the staff for the good work done, and their great sense of dedication during the concluded financial year.

Frankfurt am Main, 10 March 2014

The Supervisory Board



Prof. Dr. Gerhard Schmidt
- Chairman -

Overview: Appendix 1 to the notes on the consolidated financial statements

Consolidated subsidiaries

Name and registered office of company	Interest (%) *	Name and registered office of company	Interest (%) *	Name and registered office of company	Interest (%) *
DIC Asset Beteiligungs GmbH, Erlangen	100.0	DIC AP Objekt 5 GmbH, Frankfurt am Main	100.0	DIC DP Mönchengladbach Stresemannstraße GmbH, Frankfurt am Main	100.0
DIC Fund Balance GmbH, Frankfurt	100.0	DIC AP Objekt 6 GmbH, Frankfurt am Main	100.0	DIC DP Berlin Rosenthalerstraße GmbH & Co.KG, Frankfurt am Main	100.0
DIC Office Balance I GmbH, Frankfurt (formerly DIC Fund Balance GmbH)	100.0	DIC AP Objekt 7 GmbH, Frankfurt am Main	100.0	DIC DP Langensfeld Am Weiher GmbH, Frankfurt am Main	100.0
DIC HighStreet Balance GmbH, Frankfurt	100.0	DIC AP Objekt 8 GmbH, Frankfurt am Main	100.0	DIC DP München Hanauer Straße GmbH, Frankfurt am Main	100.0
DIC Objekt EKZ Duisburg GmbH, Frankfurt am Main	100.0	DIC AP Objekt 9 GmbH, Frankfurt am Main	100.0	DIC DP Halbergmoos Lilienthalstraße GmbH, Frankfurt am Main	100.0
DIC Objekt Zeppelinheim GmbH, Frankfurt am Main	100.0	DIC Asset Portfolio GmbH, Frankfurt am Main	100.0	DIC DP Objekt 1 GmbH 6 Co.KG, Frankfurt am Main	100.0
DIC Objekt ZB GmbH, Frankfurt am Main	100.0	WACO Projektmanagement AG, Luxemburg	100.0	DIC DP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC Objekt Stolberger Str GmbH, Frankfurt am Main	100.0	DIC Asset AP GmbH, Frankfurt am Main	100.0	DIC DP Objekt 3 GmbH, Frankfurt am Main	100.0
DIC Objekt Köln 1 GmbH, Frankfurt am Main	100.0	DIC Asset OP GmbH, Frankfurt am Main	100.0	DIC DP Objekt 4 GmbH, Frankfurt am Main	100.0
DIC Objekt Nürnberg GmbH, Frankfurt am Main	100.0	DIC Asset DP GmbH, Frankfurt am Main	100.0	DIC DP Objekt 5 GmbH, Frankfurt am Main	100.0
DIC Objekt Hannover GmbH, Frankfurt am Main	100.0	DIC OF Reit 1 GmbH, Frankfurt am Main	100.0	DIC DP Objekt 6 GmbH, Frankfurt am Main	100.0
DIC RMN-Portfolio GmbH, Frankfurt am Main	100.0	DIC OF RE 2 GmbH, Frankfurt am Main	100.0	DIC DP Betriebsvorrichtungen GmbH, Frankfurt am Main	100.0
DIC Objekt Stadthaus Offenbach GmbH, Frankfurt am Main	100.0	DIC 27 Portfolio GmbH, Frankfurt am Main	100.0	DIC 25 Portfolio GmbH, Frankfurt am Main	100.0
DIC Objekt Dreieich GmbH, Frankfurt am Main	100.0	DIC OP Portfolio GmbH, Frankfurt am Main	100.0	DIC 25 Betriebsvorrichtungen GmbH, Frankfurt am Main	100.0
DIC Objekt Darmstadt GmbH, Frankfurt am Main	100.0	DIC OP Objekt Darmstadt GmbH, Frankfurt am Main	100.0	DIC 25 Objekt Bremen GmbH, Frankfurt am Main	100.0
DIC Objekt Velbert GmbH, Frankfurt am Main	100.0	DIC OP Objekt Duisburg GmbH, Frankfurt am Main	100.0	DIC 25 Objekt Chemnitz GmbH, Frankfurt am Main	100.0
DIC Objekt Alsbach GmbH, Frankfurt am Main	100.0	DIC OP Objekt Düsseldorf GmbH, Frankfurt am Main	100.0	DIC 26 Portfolio GmbH, Frankfurt am Main	100.0
DIC Objekt Alsbach 2 GmbH, Frankfurt am Main	100.0	DIC OP Objekt Hamburg GmbH, Frankfurt am Main	100.0	DIC 26 Leipzig GmbH, Frankfurt am Main	100.0
DIC Objekt Hemsbach GmbH, Frankfurt am Main	100.0	DIC OP Objekt Hannover GmbH, Frankfurt am Main	100.0	DIC 26 Regensburg GmbH, Frankfurt am Main	100.0
DIC RMN Objekt 1 GmbH, Frankfurt am Main	100.0	DIC OP Objekt Leverkusen GmbH, Frankfurt am Main	100.0	DIC 26 Frankfurt-Taunusstraße GmbH, Frankfurt am Main	100.0
DIC RMN Objekt 2 GmbH, Frankfurt am Main	99.4	DIC OP Objekt Mannheim GmbH, Frankfurt am Main	100.0	DIC 26 Frankfurt-Kaiserstraße GmbH, Frankfurt am Main	100.0
DIC RMN Objekt 3 GmbH, Frankfurt am Main	100.0	DIC OP Objekt Marl GmbH, Frankfurt am Main	100.0	DIC 26 München GmbH, Frankfurt am Main	100.0
DIC RP Portfolio GmbH, Frankfurt am Main	100.0	DIC OP Objekt München-Grünwald GmbH, Frankfurt am Main	100.0	DIC 26 Langenhagen GmbH, Frankfurt am Main	100.0
DIC RP Objekt Bochum GmbH, Frankfurt am Main	100.0	DIC OP Objekt Objekt 1 GmbH, Frankfurt am Main	100.0	DIC 26 Erfurt GmbH, Frankfurt am Main	100.0
DIC RP Objekt Essen GmbH, Frankfurt am Main	100.0	DIC OP Objekt Objekt 2 GmbH, Frankfurt am Main	100.0	DIC 26 Bonn GmbH, Frankfurt am Main	100.0
DIC RP Objekt Stadtbadgalerie Bochum GmbH, Frankfurt am Main	100.0	DIC OP Objekt Objekt 3 GmbH, Frankfurt am Main	100.0	DIC 26 Schwaben GmbH, Frankfurt am Main	100.0
DIC RP Objekt 1 GmbH, Frankfurt am Main	100.0	DIC OP Objekt Objekt 4 GmbH, Frankfurt am Main	100.0	DIC 26 Wiesbaden GmbH, Frankfurt am Main	100.0
DIC RP Objekt 2 GmbH, Frankfurt am Main	100.0	DIC OP Objekt Betriebsvorrichtungen GmbH, Frankfurt am Main	100.0	DIC 26 Köln GmbH, Frankfurt am Main	100.0
DIC AP Portfolio GmbH, Frankfurt am Main	100.0	DIC VP Portfolio GmbH, Frankfurt am Main	100.0	DIC 26 Betriebsvorrichtungen GmbH, Frankfurt am Main	100.0
DIC AP Objekt Augustaanlage GmbH, Frankfurt am Main	100.0	DIC VP Objekt Bonn GmbH, Frankfurt am Main	100.0	DIC MainTor Real Estate 1 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Coblenzweg GmbH, Frankfurt am Main	100.0	DIC VP Objekt Köln ECR GmbH, Frankfurt am Main	100.0	DIC Objekt Braunschweig GmbH, Frankfurt am Main	94.8
DIC AP Objekt Düsseldorf GmbH, Frankfurt am Main	100.0	DIC VP Objekt Köln Silo GmbH, Frankfurt am Main	100.0	DIC Objektsteuerung GmbH, Frankfurt am Main	94.8
DIC AP Objekt Insterburger Str. 5 GmbH, Frankfurt am Main	100.0	DIC VP Objekt Düsseldorf Nordstraße GmbH, Frankfurt am Main	100.0	Deutsche Immobilien Chancen Objekt	
DIC AP Objekt Insterburger Str. 7 GmbH, Frankfurt am Main	100.0	DIC VP Objekt Moers GmbH, Frankfurt am Main	100.0	Mozartstr. 33a GmbH, Frankfurt am Main	94.0
DIC AP Objekt Königsberger Str. 1 GmbH, Frankfurt am Main	100.0	DIC VP Objekt Neubrandenburg GmbH, Frankfurt am Main	100.0	DIC Objekt Frankfurt 1 GmbH & Co. KG, Frankfurt am Main	94.0
DIC AP Objekt Königsberger Str. 29 GmbH, Frankfurt am Main	100.0	DIC VP Objekt Saalfeld GmbH, Frankfurt am Main	100.0	Gewerbepark Langenfeld West 3 GmbH & Co. KG, Bielefeld	99.5
DIC AP Objekt P6 GmbH, Frankfurt am Main	100.0	DIC VP Objekt Betriebsvorrichtungen GmbH, Frankfurt am Main	100.0	Deutsche Immobilien Chancen Objekt Ulm 1	
DIC AP Objekt Stuttgarter Str. GmbH, Frankfurt am Main	100.0	DIC DP Portfolio GmbH, Frankfurt am Main	100.0	Erweiterung GmbH, Frankfurt am Main	90.0
DIC AP Objekt Konstanz GmbH, Frankfurt am Main	100.0	DIC DP Wiesbaden Frankfurter Straße 50 GmbH & Co.KG, Frankfurt am Main	100.0	Deutsche Immobilien Chancen Objektbeteiligungs GmbH, Frankfurt am Main	90.0
DIC AP Objekt 1 GmbH, Frankfurt am Main	100.0	DIC DP Wiesbaden Frankfurter Straße 46-48 GmbH, Frankfurt am Main	100.0	DIC ONSITE GmbH, Frankfurt am Main	100.0
DIC AP Objekt 2 GmbH, Frankfurt am Main	100.0	DIC DP Hamburg Halenreie GmbH, Frankfurt am Main	100.0	DIC EB Berlin GmbH, Frankfurt am Main	99.4
DIC AP Objekt 3 GmbH, Frankfurt am Main	100.0	DIC DP Düsseldorf Erkrather Straße GmbH & Co.KG, Frankfurt am Main	100.0	DIC Objekt Berlin 1 GmbH, Frankfurt am Main	99.4
DIC AP Objekt 4 GmbH, Frankfurt am Main	100.0			DIC Objekt Berlin 2 GmbH, Frankfurt am Main	99.4

Name and registered office of company	Interest (%) *	Name and registered office of company	Interest (%) *
DIC Objekt Berlin 3 GmbH, Frankfurt am Main	99.4	DIC HI Objekt Köln GmbH, Frankfurt am Main	92.5
DIC Zeil Portfolio GmbH, Frankfurt am Main	99.4	DIC HI Objekt Neu-Isenburg GmbH, Frankfurt am Main	92.5
DIC Frankfurt Objekt Hasengasse GmbH, Frankfurt am Main	99.4	DIC HI Objekt Ratingen GmbH, Frankfurt am Main	92.5
DIC Frankfurt Objekt Börsenplatz GmbH, Frankfurt am Main	99.4	DIC HI Objekt Schaumainkai GmbH, Frankfurt am Main	92.5
DIC Frankfurt Objekt 3 GmbH, Frankfurt am Main	99.4	DIC HI Objekt 1 GmbH, Frankfurt am Main	92.5
DIC LB Portfolio GmbH, Frankfurt am Main	99.4	DIC HI Objekt 2 GmbH, Frankfurt am Main	92.5
DIC Berlin Portfolio Objekt Bundesallee GmbH, Frankfurt am Main	99.4	DIC HI Objekt 3 GmbH, Frankfurt am Main	92.5
DIC Berlin Portfolio Objekt Hardenbergstraße GmbH, Frankfurt am Main (until 16.12.13)	99.4	DIC HI Objekt 4 GmbH, Frankfurt am Main	92.5
DIC Berlin Portfolio Objekt Hardenbergstraße GmbH&Co.KG, Frankfurt am Main	99.4	DIC HI Objekt 5 GmbH, Frankfurt am Main	92.5
DIC Berlin Portfolio Objekt Berliner Straße GmbH, Frankfurt am Main	99.4	DIC HI Objekt 6 GmbH & Co.KG, Frankfurt am Main	92.5
DIC Berlin Portfolio Objekt Frankfurt GmbH & Co.KG, Frankfurt am Main	99.4	DIC HI Objekt 7 GmbH, Frankfurt am Main	92.5
DIC Berlin Portfolio Objekt Arnulfstraße GmbH, Frankfurt am Main	99.4	DIC HI Objekt 8 GmbH, Frankfurt am Main	92.5
DIC Berlin Portfolio Objekt Badensche Straße GmbH, Frankfurt am Main	99.4	DIC HI Objekt 9 GmbH, Frankfurt am Main	92.5
DIC Berlin Portfolio Objekt Cottbus GmbH, Frankfurt am Main	99.4	DIC HI Objekt 10 GmbH, Frankfurt am Main	92.5
DIC Berlin Portfolio Objekt 1 GmbH, Frankfurt am Main	99.4	DIC HI Objekt 11 GmbH, Frankfurt am Main	92.5
DIC Berlin Portfolio Objekt 2 GmbH, Frankfurt am Main	99.4	DIC HI Objekt 12 GmbH, Frankfurt am Main	92.5
DIC Berlin Portfolio Objekt 3 GmbH, Frankfurt am Main	99.4	DIC HI Objekt 13 GmbH, Frankfurt am Main	92.5
DIC Berlin Portfolio Objekt 4 GmbH, Frankfurt am Main	99.4	DIC HI Objekt 14 GmbH, Frankfurt am Main	92.5
DIC Berlin Portfolio Objekt 5 GmbH, Frankfurt am Main	99.4	DIC HI Objekt 15 GmbH, Frankfurt am Main	92.5
DIC HI Portfolio GmbH, Frankfurt am Main	92.5	DIC HI Betriebsvorrichtungen GmbH, Frankfurt am Main	92.5
DIC HI Objekt Berlin Landsbergerstrasse GmbH, Frankfurt am Main	92.5	DIC Hamburg Portfolio GmbH, Frankfurt am Main	92.5
DIC HI Objekt Frankfurt Theodor-Heuss Allee GmbH, Frankfurt am Main	92.5	DIC Hamburg Objekt Ernst Mantinusstrasse GmbH, Frankfurt am Main	92.5
DIC HI Objekt Hamburg Kurt-Schumacher Allee GmbH, Frankfurt am Main	92.5	DIC Hamburg Objekt Großmannstrasse GmbH, Frankfurt am Main	92.5
DIC HI Objekt Hamburg Steindamm GmbH, Frankfurt am Main	92.5	DIC Hamburg Objekt Harburger Ring GmbH, Frankfurt am Main	92.5
DIC HI Objekt Koblenz Frankenstrasse GmbH, Frankfurt am Main	92.5	DIC Hamburg Objekt Marckmannstrasse GmbH, Frankfurt am Main	92.5
DIC HI Objekt Koblenz Rizzastrasse GmbH, Frankfurt am Main	92.5	DIC Hamburg Objekt Schlossstrasse GmbH & Co.KG, Frankfurt am Main	92.5
		DIC Hamburg Objekt 1 GmbH, Frankfurt am Main	92.5
		DIC Hamburg Objekt 2 GmbH, Frankfurt am Main	92.5
		DIC Hamburg Objekt 3 GmbH, Frankfurt am Main	92.5
		DIC Hamburg Objekt 4 GmbH, Frankfurt am Main	92.5
		DIC Hamburg Objekt 5 GmbH, Frankfurt am Main	92.5
		DIC Hamburg Objekt 6 GmbH, Frankfurt am Main	92.5
		DIC Hamburg Objekt 10 GmbH, Frankfurt am Main	92.5

* Interest equals the share of voting rights

Overview: Appendix 2 to the notes on the consolidated financial statements

Indirect and direct holdings of 18.8% up to 40%

Name and registered office of company	Interest (%) *	Name and registered office of company	Interest (%) *
DIC MainTor GmbH, Frankfurt am Main	40.0	DIC MSREF HMDD Objekt 1 GmbH, Frankfurt am Main	20.0
DIC MainTor Porta GmbH, Frankfurt am Main	40.0	DIC MSREF HMDD Objekt 2 GmbH, Frankfurt am Main	20.0
DIC MainTor Primus GmbH, Frankfurt am Main	40.0	DIC MSREF HMDD Objekt 3 GmbH, Frankfurt am Main	20.0
DIC MainTor WinX GmbH, Frankfurt am Main (formerly DIC MainTor Südareal GmbH)	40.0	DIC MSREF HMDD Objekt 4 GmbH, Frankfurt am Main	20.0
DIC MainTor Panorama GmbH, Frankfurt am Main	40.0	DIC MSREF HT Portfolio GmbH, Frankfurt am Main	20.0
DIC MainTor Palazzi GmbH, Frankfurt am Main	40.0	DIC MSREF HT Objekt Düsseldorf GmbH, Frankfurt am Main	20.0
DIC MainTor Patio GmbH, Frankfurt am Main	40.0	DIC MSREF HT Objekt Erfurt GmbH, Frankfurt am Main	20.0
DIC MainTor Zweite Beteiligungs GmbH & Co.KG, Frankfurt am Main	40.0	DIC MSREF HT Objekt Hamburg GmbH, Frankfurt am Main	20.0
DIC MainTor Verwaltungs GmbH, Frankfurt am Main	40.0	DIC MSREF HT Objekt Krefeld GmbH, Frankfurt am Main	20.0
DIC MainTor III GmbH, Frankfurt am Main	20.0	DIC MSREF HT Objekt Mannheim GmbH, Frankfurt am Main (until 31.07.2013)	20.0
DIC Deutsche Immobilien Chancen Real Estate GmbH, Frankfurt am Main (until 16.12.2013)	40.0	DIC MSREF HT Objekt Neu-Ulm GmbH, Frankfurt am Main	20.0
DIC Special Situations GmbH & Co.KG, Frankfurt am Main (until 16.12.2013)	40.0	DIC MSREF FF Südwest Portfolio GmbH, Frankfurt am Main	20.0
DIC Special Situations Verwaltungs GmbH, Frankfurt am Main (until 16.12.2013)	40.0	DIC MSREF FF Südwest Objekt München 1 GmbH, Frankfurt am Main	20.0
DIC GMG GmbH, Frankfurt am Main	20.0	DIC MSREF FF Südwest Objekt München 2 GmbH, Frankfurt am Main	20.0
WACO Beteiligungs GmbH, Frankfurt am Main	20.0	DIC MSREF FF Südwest Objekt Nürnberg GmbH, Frankfurt am Main	20.0
DIC Office Balance I, Frankfurt am Main**	20.0	DIC MSREF FF Südwest Objekt Heilbronn GmbH, Frankfurt am Main	20.0
DIC HighStreet Balance, Frankfurt am Main***	20.0	DIC MSREF FF Südwest Objekt Mainz GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Portfolio GmbH, Frankfurt am Main	20.0	DIC BW Portfolio GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Düsseldorf GmbH, Frankfurt am Main	20.0	DIC Development GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Essen GmbH, Frankfurt am Main	20.0	DIC Opportunistic GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Frankfurt GmbH, Frankfurt am Main	20.0	DIC Hamburg Objekt Dammtorstrasse GmbH, Frankfurt am Main	18.8
DIC MSREF HMDD Objekt Randolfzell GmbH, Frankfurt am Main	20.0	DIC Hamburg Objekt 7 GmbH, Frankfurt am Main	18.8

* Interest equals the share of voting rights

** 14% share of voting rights

*** 17% share of voting rights

Announcements on voting rights

Appendix 3 to the notes on the consolidated financial statements

Announcements pursuant to § 160 Para. 1 no. 8 AktG

- Ell Capital Holding, Inc., New York City, USA, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 5% on 27 November 2013 and now stands at 4.92% (corresponding to 3,371,093 votes). 4.92% of these voting rights (corresponding to 3,371,093 votes) is to be assigned to Ell Capital Holding, Inc. pursuant to § 22 Para. 1 Sentence 1 No. 6 WpHG in conjunction with § 22 Para. 1 Sentence 2 WpHG.
- Morgan Stanley, Wilmington, Delaware, USA, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 5% on 27 November 2013 and now stands at 4.76% (corresponding to 3,262,692 votes). 4.76% of these voting rights (corresponding to 3,262,692 votes) are to be assigned to Morgan Stanley pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assigned voting rights are held via the following companies controlled by Morgan Stanley, whose share of the voting rights in DIC Asset AG amounts to 3% or more:

- MSREF V, Inc.
- MSREF V, L.L.C.
- MSREF V International-GP, L.L.C.
- Morgan Stanley Real Estate Fund V Special International, L.P.
- Morgan Stanley Real Estate Investors V International, L.P.
- Morgan Stanley Real Estate Fund V International-T, L.P.
- Morgan Stanley Real Estate Fund V International-TE, L.P.
- MSREF V International Holdings Coöperatief, U.A.
- MSREF V Cosmos B.V.
- MSREF V Marble B.V.

MSREF V Inc., Wilmington, Delaware, USA, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG,

Frankfurt am Main, fell below the level of 5% on 27 November 2013 and now stands at 4.76% (corresponding to 3,262,022 votes). 4.76% of these voting rights (corresponding to 3,262,022 votes) are to be assigned to MSREF V Inc. pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assigned voting rights are held via the following companies controlled by MSREF V Inc., whose share of the voting rights in DIC Asset AG amounts to 3% or more:

- MSREF V, L.L.C.
- MSREF V International-GP, L.L.C.
- Morgan Stanley Real Estate Fund V Special International, L.P.
- Morgan Stanley Real Estate Investors V International, L.P.
- Morgan Stanley Real Estate Fund V International-T, L.P.
- Morgan Stanley Real Estate Fund V International-TE, L.P.
- MSREF V International Holdings Coöperatief, U.A.
- MSREF V Cosmos B.V.
- MSREF V Marble B.V.

MSREF V L.L.C., Wilmington, Delaware, USA, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 5% on 27 November 2013 and now stands at 4.76% (corresponding to 3,262,022 votes). 4.76% of these voting rights (corresponding to 3,262,022 votes) are to be assigned to MSREF L.L.C. pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assigned voting rights are held via the following companies controlled by MSREF L.L.C., whose share of the voting rights in DIC Asset AG amounts to 3% or more:

- MSREF V International-GP, L.L.C.
- Morgan Stanley Real Estate Fund V Special International, L.P.
- Morgan Stanley Real Estate Investors V International, L.P.
- Morgan Stanley Real Estate Fund V International-T, L.P.
- Morgan Stanley Real Estate Fund V International-TE, L.P.

- MSREF V International Holdings Coöperatief, U.A.
- MSREF V Cosmos B.V.
- MSREF V Marble B.V.

MSREF V International-GP, L.L.C., Wilmington, Delaware, USA, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 5% on 27 November 2013 and now stands at 4.76% (corresponding to 3,262,022 votes). 4.76% of these voting rights (corresponding to 3,262,022 votes) are to be assigned to MSREF V International-GP, L.L.C., pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assigned voting rights are held via the following companies controlled by MSREF V International-GP, L.L.C., whose share of the voting rights in DIC Asset AG amounts to 3% or more:

- Morgan Stanley Real Estate Fund V Special International, L.P.
- Morgan Stanley Real Estate Investors V International, L.P.
- Morgan Stanley Real Estate Fund V International-T, L.P.
- Morgan Stanley Real Estate Fund V International-TE, L.P.
- MSREF V International Holdings Coöperatief, U.A.
- MSREF V Cosmos B.V.
- MSREF V Marble B.V.

Morgan Stanley Real Estate Fund V Special International, L.P., Wilmington, Delaware, USA, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 5% on 27 November 2013 and now stands at 4.76% (corresponding to 3,262,022 votes). 4.76% of these voting rights (corresponding to 3,262,022 votes) are to be assigned to Morgan Stanley Real Estate Fund V Special International, L.P., pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assigned voting rights are held via the following companies controlled by Morgan Stanley Real Estate Fund V Special International,

L.P., whose share of the voting rights in DIC Asset AG amounts to 3% or more:

- MSREF V International Holdings Coöperatief, U.A.
- MSREF V Cosmos B.V.
- MSREF V Marble B.V.

Morgan Stanley Real Estate Investors V International, L.P., Wilmington, Delaware, USA, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 5% on 27 November 2013 and now stands at 4.76% (corresponding to 3,262,022 votes). 4.76% of these voting rights (corresponding to 3,262,022 votes) are to be assigned to Morgan Stanley Real Estate Investors V International, L.P., pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assigned voting rights are held via the following companies controlled by Morgan Stanley Real Estate Investors V International, L.P., whose share of the voting rights in DIC Asset AG amounts to 3% or more:

- MSREF V International Holdings Coöperatief, U.A.
- MSREF V Cosmos B.V.
- MSREF V Marble B.V.

Morgan Stanley Real Estate Fund V International-T, L.P., Wilmington, Delaware, USA, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 5% on 27 November 2013 and now stands at 4.76% (corresponding to 3,262,022 votes). 4.76% of these voting rights (corresponding to 3,262,022 votes) are to be assigned to Morgan Stanley Real Estate Fund V International-T, L.P., pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assigned voting rights are held via the following companies controlled by Morgan Stanley Real Estate Fund V International-T, L.P., whose

share of the voting rights in DIC Asset AG amounts to 3% or more:

- MSREF V International Holdings Coöperatief, U.A.
- MSREF V Cosmos B.V.
- MSREF V Marble B.V.

Morgan Stanley Real Estate Fund V International-TE, L.P., Wilmington, Delaware, USA, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 5% on 27 November 2013 and now stands at 4.76% (corresponding to 3,262,022 votes). 4.76% of these voting rights (corresponding to 3,262,022 votes) are to be assigned to Morgan Stanley Real Estate Fund V International-TE, L.P., pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assigned voting rights are held via the following companies controlled by Morgan Stanley Real Estate Fund V International-TE, L.P., whose share of the voting rights in DIC Asset AG amounts to 3% or more:

- MSREF V International Holdings Coöperatief, U.A.
- MSREF V Cosmos B.V.
- MSREF V Marble B.V.

MSREF V International Holdings Coöperatief, U.A., Amsterdam, Netherlands, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 5% on 27 November 2013 and now stands at 4.76% (corresponding to 3,262,022 votes). 4.76% of these voting rights (corresponding to 3,262,022 votes) are to be assigned to MSREF V International Holdings Coöperatief, U.A., pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assigned voting rights are held via the following companies controlled by MSREF V International Holdings

Coöperatief, U.A., whose share of the voting rights in DIC Asset AG amounts to 3% or more:

- MSREF V Cosmos B.V.
- MSREF V Marble B.V.

MSREF V Cosmos B.V., Amsterdam, Netherlands, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 5% on 27 November 2013 and now stands at 4.76% (corresponding to 3,262,022 votes). 4.76% of these voting rights (corresponding to 3,262,022 votes) are to be assigned to MSREF V Cosmos B.V., pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assigned voting rights are held via the following companies controlled by MSREF V Cosmos B.V., whose share of the voting rights in DIC Asset AG amounts to 3% or more:

- MSREF V Marble B.V.

MSREF V Marble B.V., Amsterdam, Netherlands, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 5% on 27 November 2013 and now stands at 4.76% (corresponding to 3,262,022 votes).

- c. EII Capital Management, Inc. f/k/a European Investors Inc., New York City, USA, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 5% on 27 November 2013 and now stands at 4.92% (corresponding to 3,371,093 votes). 4.92% of these voting rights (corresponding to 3,371,093 voting rights) is to be assigned to EII Capital Management, Inc. f/k/a European Investors Inc., New York City, USA, pursuant to § 22 Para. 1 Sentence 1 No. 6 WpHG.

- d. Commerzbank Aktiengesellschaft, Frankfurt am Main, Germany, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the levels of 10%, 5% and 3% on 29 November 2013 and now stands at 0.02% (corresponding to 15,000 votes). 0.02% of these voting rights (corresponding to 15,000 votes) are to be assigned to Commerzbank Aktiengesellschaft pursuant to § 22 Para. 1 Sentence 1 No. 6 WpHG.

- e. Bankhaus Lampe KG, Bielefeld, Germany, also informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the levels of 10%, 5% and 3% on 29 November 2013 and now stands at 0.00% (corresponding to 0 votes).

- f. DIC Opportunistic GmbH, Frankfurt am Main, Germany, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the levels of 3%, 5% and 10% on 27 November 2013 and now stands at 13.97% (corresponding to 9,581,735 votes). 4.92% of these voting rights (corresponding to 3,375,667 votes) are to be assigned to DIC Opportunistic GmbH pursuant to § 22 Para. 1 Sentence 1 No. 2 WpHG.

- g. DIC Beteiligungsgesellschaft bürgerlichen Rechts, Frankfurt am Main, Germany, informed us pursuant to § 21 Para. 1 of the German Securities Trading Act (WpHG) that its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the level of 10% on 27 November 2013 and now stands at 14.52% (corresponding to 9,960,759 votes). 0.55% of these voting rights (corresponding to 379,024 votes) are to be assigned to DIC Beteiligungsgesellschaft bürgerlichen Rechts pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG and 11.34% (corresponding to 7,778,170 votes) pursuant to § 22 Para. 2 WpHG.

DIC Beteiligungsgesellschaft bürgerlichen Rechts is assigned voting rights pursuant to § 22 Para. 2 WpHG by the following shareholder whose assigned share of voting rights in DIC Asset AG, Frankfurt am Main amounts to 3% or more:

– DIC Opportunistic GmbH

- h. DIC Opportunity Fund, Frankfurt am Main, Germany, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the levels of 5% and 10% on 27 November 2013 and now stands at 13.97% (corresponding to 9,581,735 votes). 11.68% of these voting rights (corresponding to 8,009,633 votes) are to be assigned to DIC Opportunity Fund GmbH pursuant to § 22 Para. 2 WpHG.

DIC Opportunity Fund GmbH is assigned voting rights by the following shareholder whose assigned share of voting rights in DIC Asset AG, Frankfurt am Main amounts to 3% or more:

– DIC Opportunistic GmbH

- i. BNP Paribas Investment Partners S.A., Paris, France, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 3% on 24 January 2012 and now stands at 2.93% (corresponding to 1,338,422 votes). 2.41% of these (corresponding to 1,099,682 votes) are to be assigned to the company pursuant to § 22 Para. 1 Sentence 1 No. 6 WpHG.
- j. APG Groep N.V., Heerlen, Netherlands, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the level of 3% on 1 July 2009 and stood at 3.48% (1,089,760 votes) on this date. Of these, 3.48% of the voting rights (1,089,760 votes) are to be assigned to APG Groep N.V.

pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Voting rights held by the following shareholders holding 3% or more of the voting rights in DIC Asset AG are to be assigned to APG Groep N.V.: APG Algemene Pensioen Groep N.V.

- k. APG Algemene Pensioen Groep N.V., Heerlen, Netherlands, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG (ISIN: DE0005098404) exceeded the level of 3% on 1 July 2009 and now stands at 3.48% (1,089,760 voting rights).
- l. DICI Capital SE, Munich, Germany, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the levels of 3%, 5%, 10%, 15%, 20%, 25% and 30% on 17 September 2009 and now stands at 39.37% (corresponding to 12,342,634 votes). 39.37% of these voting rights (corresponding to 12,342,634 votes) are to be assigned to the company pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assignment is conducted via companies controlled by DICI Capital SE, namely DIC ML GmbH, DIC Opportunity Fund GmbH, Deutsche Immobilien Chancen AG & Co. KGaA, Deutsche Immobilien Chancen Beteiligungs AG, DIC Grund- und Beteiligungs GmbH and DIC Capital Partners (Europe) GmbH, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.
- m. solvia Vermögensverwaltungs GmbH, Wolfenbüttel, Germany, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the levels of 3% and 5% on 20 May 2009 and now totals 5.11% (1,602,522 voting rights).
- n. F. Rehm, Germany, informed us pursuant to § 21 Para. 1 WpHG that his share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the levels of 3% and 5% on 20 May 2009 and now totals 5.11% (1,602,522 voting rights). 5.11% of these voting rights are assigned to him as voting rights (1,602,522 voting rights) pursuant to § 22

Para. 1 Sentence 1 No. 1 WpHG via solvia Vermögensverwaltungs GmbH, Wolfenbüttel, Germany, whose share of voting rights totals 3% or more.

- o. Massachusetts Mutual Life Insurance Company, USA, informed us pursuant to § 21 Para. 1, 24 WpHG: Correction to the voting rights notification pursuant to § 21 Para. 1, 24 WpHG
OppenheimerFunds Inc., Centennial, Colorado, USA, fell below the 3% level of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91% (911,303 voting rights), which are to be assigned to OppenheimerFunds Inc. pursuant to § 22 Para. 1 Sentence 1 No. 6 WpHG.

Voting rights notification pursuant to § 21 Para. 1, 24 WpHG
Oppenheimer Acquisition Corp., Centennial, Colorado, USA, fell below the 3% level of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91% (911,303 voting rights), which are to be assigned to Oppenheimer Acquisition Corp. pursuant to § 22 Para. 1 Sentence 1 No. 6 Sentence 2 WpHG.

Voting rights notification pursuant to § 21 Para. 1, 24 WpHG
MassMutual Holding LLC, Springfield, Massachusetts, USA, fell below the 3% level of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91% (911,303 voting rights), which are to be assigned to MassMutual Holding LLC pursuant to § 22 Para. 1 Sentence 1 No. 6 Sentence 2 WpHG.

Correction to the voting rights notification pursuant to § 21 Para. 1, 24 WpHG

Massachusetts Mutual Life Insurance Company, Springfield, Massachusetts, USA, fell below the 3% level of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91% (911,303 voting rights), which are to be assigned to Massachusetts Mutual Life Insurance Company pursuant to § 22 Para. 1 Sentence 1 No. 6 Sentence 2 WpHG.

p. Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main, voluntarily informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% (corresponding to 12,342,634 votes) on 14 July 2008. 14.04% of these voting rights (corresponding to 4,400,668 votes) are to be assigned to the company pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assignment is conducted via companies it controls, namely DIC ML GmbH and DIC Opportunity Fund GmbH, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

q. Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main, voluntarily informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% (corresponding to 12,342,634 votes) on 14 July 2008. 39.37% of these voting rights (corresponding to 12,342,634 votes) are to be assigned to the company pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assignment is conducted via companies it controls, namely DIC ML GmbH, DIC Opportunity Fund GmbH and Deutsche Immobilien Chancen AG & Co. KGaA, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

r. DIC Grund- und Beteiligungs GmbH, Erlangen, voluntarily informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% (corresponding to 12,342,634 votes) on 14 July 2008. 39.37% of these voting rights (corresponding to 12,342,634 votes) are to be assigned to the company pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assignment is conducted via companies it controls, namely DIC ML GmbH, DIC Opportunity Fund GmbH, Deutsche Immobilien Chancen AG & Co. KGaA and Deutsche Immobilien Chancen Beteiligungs AG, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

s. DIC Capital Partners (Europe) GmbH, Munich, voluntarily informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% (corresponding to 12,342,634 votes) on 14 July 2008. 39.37% of these voting rights (corresponding to 12,342,634 votes) are to be assigned to the company pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assignment is conducted via companies it controls, namely DIC ML GmbH, DIC Opportunity Fund GmbH, Deutsche Immobilien Chancen AG & Co. KGaA, Deutsche Immobilien Chancen Beteiligungs AG and DIC Grund- und Beteiligungs GmbH, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

t. GCS Verwaltungs GmbH, Glattbach, voluntarily informed us pursuant to § 21 Abs. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% (corresponding to 12,342,634 votes) on 14 July 2008. 39.37% of these voting rights (corresponding to 12,342,634 votes) are to be assigned to the company pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assignment is conducted via companies it controls, namely DIC ML

GmbH, DIC Opportunity Fund GmbH, Deutsche Immobilien Chancen AG & Co. KGaA, Deutsche Immobilien Chancen Beteiligungs AG, DIC Grund- und Beteiligungs GmbH and DIC Capital Partners (Europe) GmbH, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

u. Prof. Dr. Gerhard Schmidt, Germany, voluntarily informed us pursuant to § 21 Para. 1 WpHG that his share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% (corresponding to 12,342,634 votes) on 14 July 2008. 39.37% of these voting rights are to be assigned to him (corresponding to 12,342,634 votes) pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. Assignment is conducted via companies he controls, namely DIC ML GmbH, DIC Opportunity Fund GmbH, Deutsche Immobilien Chancen AG & Co. KGaA, Deutsche Immobilien Chancen Beteiligungs AG, DIC Grund- und Beteiligungs GmbH, DIC Capital Partners (Europe) GmbH and GCS Verwaltungs GmbH, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

v. Pursuant to § 21 Para. 1 Sentence 1 WpHG, Stichting Pensioenfonds ABP, Heerlen, Netherlands, has informed us that its share of the voting rights of DIC Asset AG, Frankfurt am Main exceeded the 3% level on 4 October 2007 and amounts to 3.23% (which equates to 921,580 voting rights) on this date.

w. FMR Corp., Boston, Massachusetts, USA, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG fell below the level of 3% on 1 February 2007 and now stands at 1.71%. The voting rights are assigned to FMR Corp. pursuant to § 22 Para. 1 Sentence 2 WpHG in conjunction with § 22 Para. 1 Sentence 1 No. 6 WpHG.

GLOSSARY

Acquisition volume

The total of the purchase prices for acquired real estate (with notarisation) within a reporting period.

Annualised rent

Annual rental income of a property based on current rent.

Asset management

Value-orientated running and/or optimisation of properties through leasing management, repositioning or modernisation.

Cash flow

Measure that shows the net inflow of cash from sales activities and other current activities during a given period.

Change of control clause

Contractual provision in the event of a takeover by another company.

Co-Investments

Comprises the investments in which DIC Asset AG holds a significant stake, typically minority interests of up to 20%. This includes co-investments in funds and joint venture investments. Shares in these investments are consolidated as associates using the equity method.

Commercial Portfolio

The Commercial Portfolio represents the existing portfolio of DIC Asset AG including the direct real estate investments ("investment properties"). Properties in this portfolio are reported under "Investment properties".

Core real estate

Properties let on long-term leases to tenants with outstanding credit ratings in the best locations are described as "core real estate".

Corporate governance

Rules for sound, responsible business management. The aim is for management in line with values and standards in accordance with shareholders and other interested groups. The annual declaration of conformity to the German Corporate Governance Code provides a tool to assess the corporate governance.

Derivative financial instruments

Derivative financial instruments, or derivatives, are reciprocal contracts, whose price determination is generally based on the trend of a market-dependent underlying security (e.g. shares or interest rates). They are used for various reasons, including hedging financial risks.

Designated Sponsor

The term "designated sponsor" is used for stock brokers who are active in XETRA trading, and who in their role as special market players ensure that the shares of a given issuer retain the necessary liquidity.

Disposal volume

The total of the sales prices for the sold real estate (with notarisation) within a reporting period.

EBIT

Earnings before Interest and Taxes.

EBITDA

Earnings before Interest, Taxes, Depreciation and Amortisation.

EPRA earnings

The EPRA earnings are a measure for the sustained and continuous performance by a real estate portfolio and is comparable with the calculation of funds from operations (FFO). In calculating it, all non-recurring income components are eliminated. These include valuation effects and the result of the sale of properties and project developments.

EPRA index

EPRA (European Public Real Estate Association) index family, used internationally, that details the performance of the world's largest listed real estate companies.

Equity method

Consolidation and valuation method for associates in the consolidated financial statements based on the share of updated equity and earnings. DIC Asset AG reports its shares in Co-Investments using this method.

Fair value

The fair value is the amount for which an asset could be exchanged, or a liability settled, between competent, independent business partners.

Fee

Payment for services to third parties or payment obligation as a result of using third-party services.

FFO (Funds from operations)

Operating income from property management, before depreciation, tax and profits from sales and development projects.

Financial covenants

Financial covenants are conditions stipulated by financial institutions when granting loans. They are linked to the achievement of financial key figures (e.g. interest service coverage ratio [ISCR], and debt service cover ratio [DSCR]) during the term.

Gross rental income

Correspond to the contractually agreed rent, plus/minus the rental incentives to be distributed over the lease agreement in accordance with IFRS from investment rent and rent-free periods.

Gross rental yield

Ratio of contractually agreed gross rent to current market value of the real estate.

Hedge (Cash flow hedge, Fair value hedge)

Agreement of a contract to safeguard and compensate for financial risk positions.

Impairment test

Obligatory periodic comparison under IFRS of market and book values and the assessment of potential signs of a sustained impairment in the value of assets.

Interest cover ratio

Ratio of interest expense to net rental income.

Interest rate swap

In the case of interest rate swaps, cash flows from fixed and variable interest-bearing loans are swapped between counterparties. This can be used, for example, to ensure a certain interest rate and thereby minimise risks from interest rate rises.

Investment properties

Investment properties are investments in land and/or buildings that are held for the purposes of earning income from rents and leases, and/or for capital appreciation. They are reported as "Investment properties" in accordance with the International Accounting Standards (IAS 40). DIC Asset AG values investment properties at cost less depreciation in accordance with IAS 40.56.

IFRS (International Financial Reporting Standards)

IFRS have applied to listed companies since 1.1.2005. This should facilitate worldwide comparability of capital market-orientated companies. The focus is on information that is easy to understand and fair is paramount, ahead of protection of creditors and risk-related matters.

Joint venture portfolio

Investment properties with strategic finance partners in the area of Co-Investments, in which DIC Asset AG has a significant stake, typically minority interests of up to 20%.

Letting volume

Rental space, for which rental agreements for new tenancies or renewals have been concluded for a given period.

Like-for-like rental income

Like-for-like rental income is rental income from properties in a portfolio that existed continuously in the portfolio within a given period. Changes due to portfolio additions and disposals are therefore not included here. In comparison with the start of the period, the effect of the letting activity, among other aspects, becomes clear.

Loan to value

The relationship between the total financial debt, corporate bonds and liabilities to related parties minus cash in banks, on the one hand, and the real estate held at fair market values as financial investments, equity investments, and receivables due from related parties, on the other hand.

Market capitalisation

Total market value of a company listed on the stock exchange, resulting from the share price multiplied by the number of shares issued.

NAV (net asset value)

Represents the intrinsic value of a company. The net assets are calculated as the fair value of the assets less liabilities.

Net debt equity ratio

Shareholders' equity, adjusted for hedging reserve, in relation to the total assets, adjusted in turn for hedging reserve, derivatives, and cash in banks.

Non-recourse financing

Financing at property or portfolio level, whereby recourse to other assets within the scope of the Group is excluded. In the case of non-recourse financing, lenders tailor their lending to the property or the portfolio, as well as the cash flow from the rental income.

Operating leasing

Term connected with international valuation rules. It describes a periodic lease agreement that is not fully amortised by the lessor's financing costs.

Operating cost ratio

Personnel and administration expenses less the income from real estate management in relation to the net rental income.

Real estate special funds

Real estate special funds are open-ended real estate funds that are launched solely for institutional investors (such as insurance companies, pension funds, benefit funds, foundations, etc.) via a capital investment company. Real estate special funds are regulated according to the German Investment Act and are supervised by the German Federal Financial Supervisory Authority (BaFin).

Peak rent

The peak rent is the highest possible rent that could be expected in the market for a prime quality, suitably equipped office unit in the best location.

Percentage of completion method

The percentage of completion method is used in long-term project developments to assess the profit based on the degree of completion (performance progress).

Prime standard

Segment of the Frankfurt Stock Exchange with the greatest relevance and degree of regulation, as well as the highest level of transparency.

Proceeds from disposals

Pro-rata income from disposals of investment property (investments in real estate) after transfer of ownership.

Property management

Complete property servicing by own efforts or by management of commercial, infrastructure and technical service providers.

Redevelopment

Redevelopment is any type of measure to develop property that is already in use.

Refurbishment

Generally, structural changes to a building aimed at improving a building's quality and/or fixtures and fittings.

Share of the profit of associates

Covers the earnings of the DIC Asset AG Co-Investments calculated in accordance with the equity method. Includes income from the management of real estate and profits on sales among other sources, calculated proportionately in each case.

Valuation of acquisition or production costs

When acquisition and production costs are valued, the costs for capitalisation are used that accrued for the creation (production costs) or purchase (acquisition costs). The balance sheet value of depreciable assets is reduced by scheduled and, if necessary, unscheduled depreciation. Also referred to as "At cost accounting".

Value in use

Present value of future cash flows to be earned through the use of an asset. In contrast to the fair value, which is orientated towards sales and markets, the value in use reflects the specific value of the continued use of an asset from the point of view of the company.

QUARTERLY FINANCIAL DATA 2013

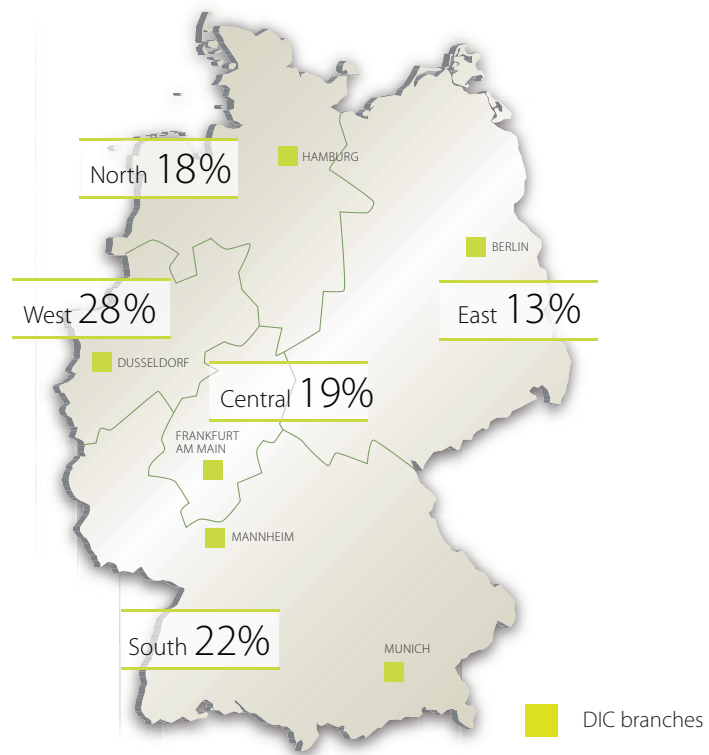
EUR million	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Gross rental income	30.3	30.7	30.9	33.3
Net rental income	26.6	26.7	27.8	31.2
Fees from real estate management	1.6	1.5	1.9	1.5
Investment property disposal proceeds	37	0.1	25	19
Profit from investment property disposals	1.7	0	2.3	3.6
Share of the profits of associates	0.8	0.4	0.2	0.2
Funds from Operations (FFO)	11.2	11.9	11.2	11.6
EBITDA	24.3	22.7	27.0	30.8
EBIT	16.3	14.6	18.2	20.3
Profit for the period	3.7	2.8	3.9	5.6
Cash generated from operating activities	12.2	10.8	12.1	6.9
Market value of investment property	2,182.9	2,182.7	2,144.1	2,538.3
Total assets	2,196.3	2,182.2	2,147.9	2,596.0
Equity	626.3	638.0	637.7	793.1
Net debt equity ratio in %*	32.3	32.5	32.1	32.6
Total liabilities	1,570.0	1,544.3	1,510.2	1,802.9
FFO per share (in EUR)	0.23	0.24	0.24	0.23

* Calculated by setting the shareholders' equity, adjusted for hedging reserve, in relation to the total assets, adjusted in turn for hedging reserve, derivatives, and cash in banks.

MULTI-YEAR OVERVIEW

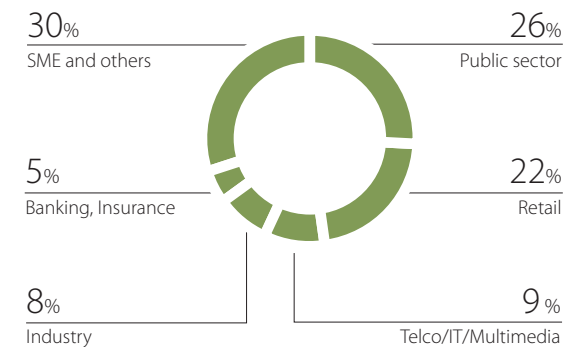
EUR million	2009	2010	2011	2012	2013
Gross rental income	133.6	124.9	116.7	126.5	125.2
Net rental income	123.8	113.9	106.8	113.2	112.3
Fees from real estate management	3.4	3.5	5.3	5.7	6.5
Investment property disposal proceeds	15.2	81.2	17.7	75.7	81.1
Profit from investment property disposals	1.5	5.1	1.7	3.8	7.6
Share of the profits of associates	7.5	7.8	2.6	1.8	1.6
Funds from Operations (FFO)	47.6	44.0	40.8	44.9	45.9
EBITDA	110.8	101.7	95.6	102.1	104.8
EBIT	80.3	70.9	66.0	68.5	69.4
Profit for the period	16.1	13.5	10.6	11.8	16.0
Cash generated from operating activities	38.7	37.7	38.4	43.9	42.0
Market value of investment property	2,192.2	2,001.8	2,202.3	2,223.5	2,538.3
Net asset value	497.1	598.5	678.8	685.4	862.4
Total assets	2,213.4	2,046.3	2,244.6	2,210.2	2,596.0
Equity	530.7	584.1	622.0	614.3	793.1
Net debt equity ratio in %*	26.7	32.7	31.6	31.6	32.6
Total liabilities	1,682.7	1,462.2	1,623.3	1,595.9	1,802.9
FFO per share (in EUR)	1.47	1.15	0.92	0.95	0.94
Net Asset Value per share (in EUR)	15.86	15.27	14.85	14.99	12.58
Dividend per share (in EUR)	0.30	0.35	0.35	0.35	0.35

* Calculated by setting the shareholders' equity, adjusted for hedging reserve, in relation to the total assets, adjusted in turn for hedging reserve, derivatives, and cash in banks.



TENANT STRUCTURE

pro rata by rental income p.a.



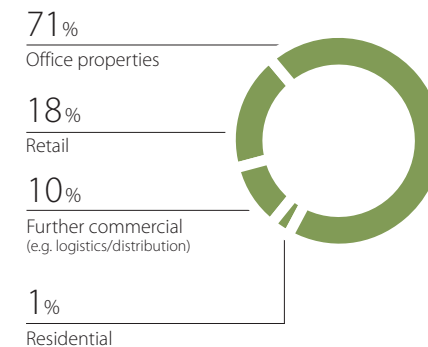
PORTFOLIO BY REGION *

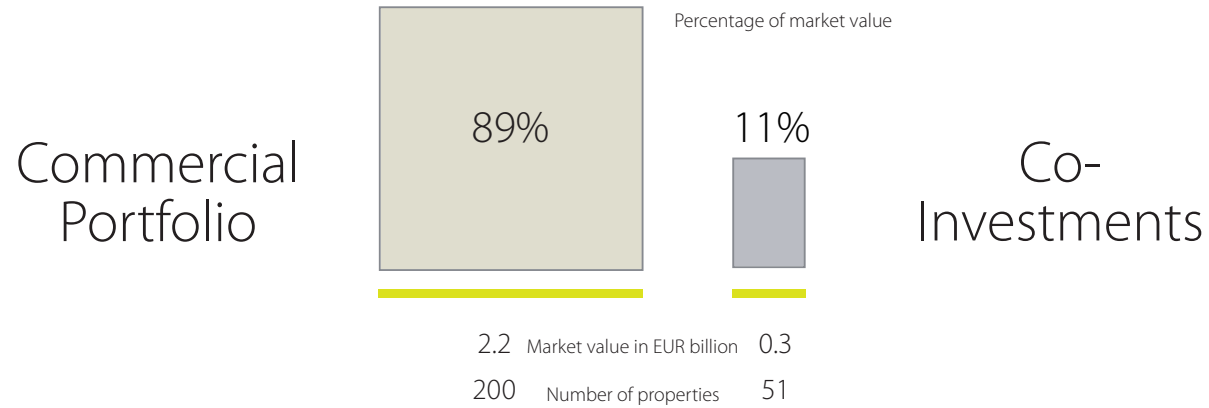
	North	East	Central	West	South	Total 2013	Total 2012
Number of properties	36	33	54	59	69	251	269
Market value in EUR million	364.3	300.7	716.6	709.1	447.6	2,538.3	2,223.5
Rental space in sqm	262,500	186,100	283,300	423,900	328,100	1,483,900	1,256,100
Portfolio proportion by rental space	18%	13%	19%	28%	22%	100%	
Annualised rental income in EUR million	23.8	22.0	34.6	46.2	32.0	158.6	141.9
Rental income in EUR per sqm	8.00	10.30	11.90	10.00	8.40	9.60	10.20
Lease maturity in years	6.3	5.1	5.3	4.4	3.9	4.9	5.2
Gross rental yield	6.6%	7.3%	6.1%	6.5%	7.2%	6.6%	6.8%
Vacancy rate	6.5%	7.4%	18.0%	12.1%	7.8%	10.7%	10.9%

* All figures pro rata, except number of properties; all figures excluding developments, except number of properties and market value

TYPES OF USE

pro rata by rental income p.a.





Commercial Portfolio

- ◆ High rental yields and stable rental income from investment properties
- ◆ Preserving values and taking advantage of value creation
- ◆ Mid to long-term investment horizon
- ◆ Selective disposals at appropriate time

Funds

- ◆ Core properties in major cities and regional centres
- ◆ Steady income from investments and services
- ◆ Using access to German institutional real estate investors

Project Developments

- ◆ Investments with potential for value creation and new positioning
- ◆ Upside potential in developments and refurbishments arising from existing properties

OVERVIEW PORTFOLIO *

	Commercial Portfolio	Co-Investments	Total 2013	Total 2012
Number of properties	200	51	251	269
Market value in EUR million	2,249.6	288.7	2,538.3	2,223.5
Rental space in sqm	1,400,800	83,900	1,484,700	1,256,100
Portfolio proportion by rental space	94%	6%	100%	
Annualised rental income in EUR million	148.3	10.3	158.6	141.9
Rental income in EUR per sqm	9.60	10.70	9.60	10.20
Lease maturity in years	4.9	5.1	4.9	5.2
Gross rental yield	6.6%	6.9%	6.6%	6.8%
Vacancy rate	10.7%	9.9%	10.7%	10.9%

GROWTH OF PORTFOLIO VOLUME in EUR million

31.12.2013	2,538
31.12.2012	2,224
31.12.2011	2,202
31.12.2010	2,002
31.12.2009	2,192
31.12.2008	2,162

* All figures pro rata, except number of properties; all figures excluding developments, except number of properties and market value



MANAGEMENT BOARD

Rainer Pillmayer (Chief Operating Officer), Ulrich Höller (Chairman of the Board, Chief Executive Officer) and Sonja Wärntges (Chief Financial Officer)



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Forward-looking statements

This annual report contains statements that refer to future developments. Such statements constitute assessments that have been taken in the light of the information available. Should the assumptions on which they are based not prove accurate, or should – as specified in the section entitled Risk Report – risks occur, the actual results may differ from those anticipated.

Note

This report is published in German (original version) and English (non-binding translation).