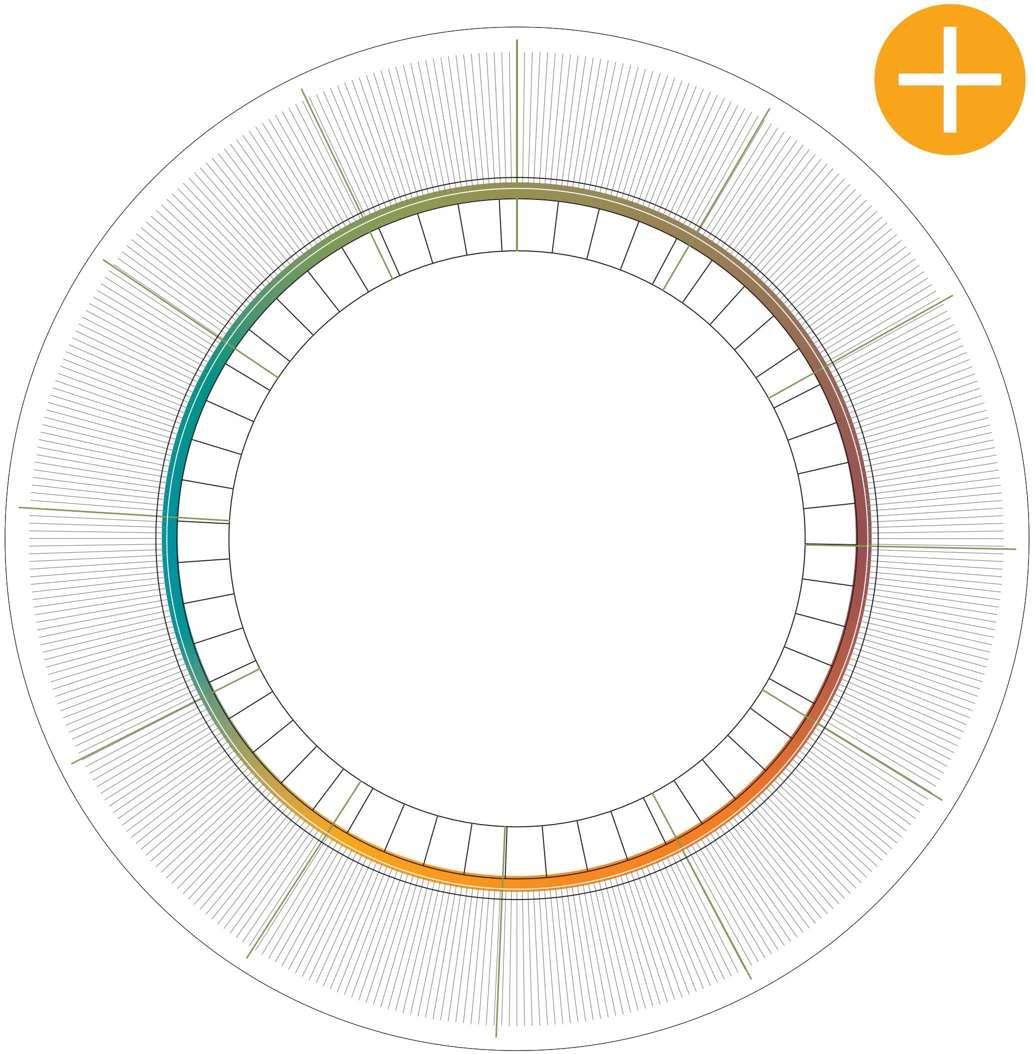
DIC



ANNUAL REPORT
2014

DIC ASSET AG AT A GLANCE

Key financial figures in EUR million	**2014**	**2013**	
Gross rental income	**147.5**	125.2	+18%
Net rental income	**132.2**	112.3	+18%
Fees from real estate management	**5.2**	6.5	-20%
Property disposal proceeds	**90.5**	81.1	+12%
Total income	**277.6**	236.1	+18%
Profits on property disposals	**6.8**	7.6	-11%
Share of the profit of associates	**6.6**	1.6	>100%
Funds from Operations (FFO)	**47.9**	45.9	+4%
EBITDA	**128.3**	106.3	+21%
EBIT	**85.2**	70.9	+20%
EPRA earnings	**47.6**	45.4	+5%
Profit for the period	**14.0**	16.0	-13%
Cash flow from operating activities	**34.9**	42.0	-17%

Key financial figures per share in EUR	**2014**	**2013**	
EPRA earnings*	**0.69**	0.93	-26%
FFO*	**0.70**	0.94	-26%
Net Asset Value	**12.61**	12.58	0%

Balance sheet figures in EUR million	**2014**	**2013**
Net debt equity ratio	**33.4%**	32.6%
Investment property	**2,143.9**	2,256.4
Net Asset Value	**864.8**	862.4
Total assets	**2,537.0**	2,596.0

Key operating figures	**2014**	**2013**
Letting volume in sqm	**33.2**	19.3
Vacancy rate	**10.9%**	10.7%

*Reduction due to changed average number of shares, comparable prior-year figures: FFO 0.67, EPRA earnings 0.66

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

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

Last year, Germany once again acted as an anchor of stability. International crises and the ongoing problems in the euro zone had little impact on the domestic economy. Employment rose to a new all-time high and German companies achieved the largest global export surplus with their products and services. However, stability also made its mark on the letting markets in large German cities. Office tenants were generally unwilling to switch and growth in space take-up fell slightly short of estate agents' expectations for the year at 3%. The real estate investment market attracted a lot of attention, due to the persistently low key interest rate: the transaction volume surged 30%, the acquisition yields of already very popular, well let, commercial real estate fell further and interest in B-locations is now increasingly experiencing an upturn as well.

In this climate, DIC Asset AG achieved the goals it set for 2014 and generated good earnings once again thanks to its well diversified portfolio and clear focus on consistently strong income.

The key data for our company:

- FFO – the crucial figure for the performance of our real estate management – rose 4% to EUR 47.9 million.
- Our net debt equity ratio climbed to 33.4% and the loan to value (LTV) fell to 65.9% as forecasted.
- Operational successes: the vacancy rate as at the end of the year was a stable 10.9% as forecasted.
- The "MainTor" project development provided positive contributions to earnings from the realisation of sub-projects.
- We significantly cut the average interest rate again, by 20 basis points.

We accomplished this by forging ahead with our communicated strategic agenda thereby making significant progress for our company:

- We simplified our corporate structure further with a clear focus on direct investments in our Commercial Portfolio while achieving stable rental income and attractive additional income from our fund business. The acquisition of a portfolio at the end of 2013 increased our gross rental income by 18% to some EUR 148 million and our real estate management closed contracts for 242,000 square metres in the past year, making 2014 another year with a high letting result. At the same time, our management income from the fund business rose again from EUR 3.4 million to EUR 4.0 million year-on-year. The fund business remained on its growth path in 2014 as forecasted, with the launch of a third special fund and successful acquisitions; indeed an acquisition volume of some EUR 135 million was realised.
- The project developments in which we are involved are on schedule: in the "Opera Offices" project in Hamburg, the second section of the building has now also been sold in a forward deal and most of it has been let before the start of construction. We generated positive contributions to earnings in 2014 following completion of the first construction phases of "MainTor" in Frankfurt. The successful pre-letting and subsequent sale of the "WINX" office tower, on which construction has already started, were two of the largest deals in the Frankfurt real estate market in 2014.
- In addition to all these achievements, we also improved our efficiency, cutting our operating cost ratio from 12.6% to 12.3% thanks to our very dedicated team and our presence on site throughout Germany.

For our shareholders this means we have sharpened our profile as a company with consistently high income and we remain committed to our strategy of earning sustainable and regular, attractive income as a well positioned direct investor throughout Germany with efficient real estate management. As in previous years, our shareholders will participate in the success of 2014 and the prospects for the future. At the General Shareholders' Meeting we will propose distributing a dividend of EUR 0.35 per share.

By finalising the major project developments and making sales in its joint ventures, DIC Asset AG is gradually reducing its other co-investments and is adhering strictly to the strategic course set back in 2013: it is concentrating on actively managing a directly held portfolio with a clear investment profile, while further reducing the loan-to-value ratio. In addition, DIC Onsite, which conducts activities throughout Germany, will act as a service provider for selected other third-party clients in future. Opening up its business should generate economies of scale going forward and strengthen the earnings power of this pillar.

The Management Board will continue to drive the corporate strategy forward in 2015 with a clear focus on business with existing properties. We will forge ahead with the focused agenda and will work to continue to strengthen DIC Asset AG's position as one of the most stable and attractive real estate investment companies on the German market, mainly by means of sales and optimisation of sustainable sources of income. The at times sharp increase in the company's market value confirms we are on the right track and that we remain an attractive company.

We thank you, our shareholders, for your ongoing trust and will do everything in our power to ensure you continue to profit from the value and performance of DIC Asset AG. We would also especially like to thank our employees, whose great efficiency and dedication made our success possible. We look forward to an exciting real estate year for DIC Asset AG and expect to implement our agenda very effectively once again.

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

INVESTOR RELATIONS AND CAPITAL MARKET

German assets on a high

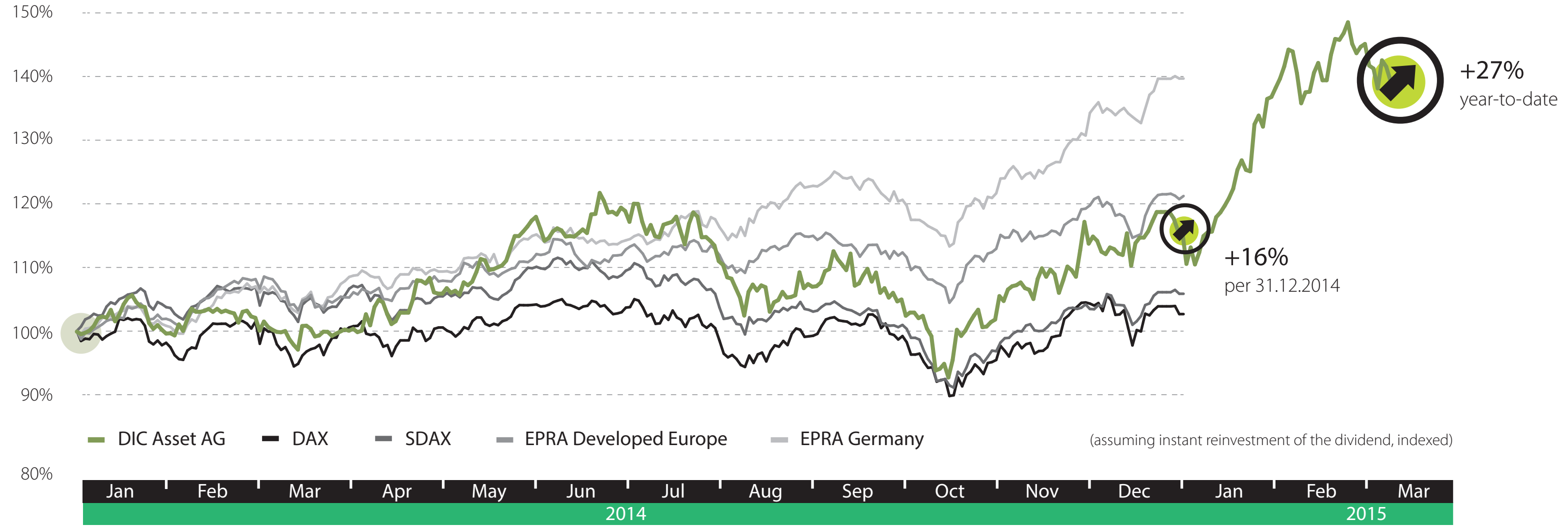
Although the German stock markets began the year 2014 subject to major fluctuations, the leading German index, the DAX, recorded a strong performance in the first six months, with values between 9,000 and 10,000 points. Driven by monetary policy incentives, it broke through the 10,000-point mark for the first time ever in early June. In September, the ECB cut its benchmark rate to 0.05%, the second such move in 2014 in response to extremely low inflation. It had previously cut the rate to 0.15% in June. A hesitant economic recovery in the euro zone and other geopolitical events took their toll in the second six months of the year and the DAX temporarily fell to below 8,600 in October. By the end of the year, the markets had recovered and, in December, the DAX rose to a new all-time high of 10,093. The DAX closed the year at 9,805 points, 2.7% up. The EPRA Developed Europe Index, which contains the most important European real estate shares, gained 21.3% in 2014.

DIC Asset AG share performs well

The DIC Asset AG share started 2014 at EUR 6.66 before continuing to rise all year. By mid-year, the share price had increased by 22%, climbing to a high for the year of EUR 8.16 in June. Despite low interest rates, the economy did not recover as had been expected at the beginning of the year. More and more bad news from the euro zone, international crises in Syria and Ukraine and the economic sanctions against Russia also hampered performance on the financial markets. Carried by the general strong downward trend on the markets, the DIC Asset AG share was also unable to maintain its high. It fell to a low for 2014 of EUR 5.86 in October. In line with overall market conditions and thanks to relevant successes in operations, the DIC Asset AG share recovered by the end of the year, fluctuating only slightly. It closed 2014 at EUR 7.41 (+11%).

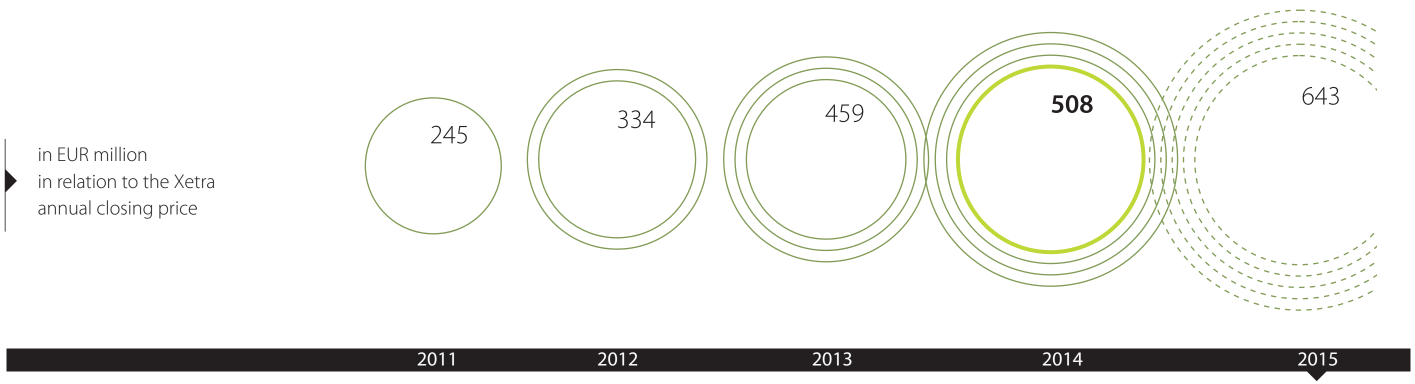
On 31 December 2014, the market capitalisation of DIC Asset AG stood at around EUR 508 million and was consequently 10% up on the previous year (EUR 460 million). Allowing for the reinvestment of the dividend, the share appreciated by 15.9%.

PERFORMANCE CHART



STOCK MARKET CAPITALISATION

in EUR million
in relation to the Xetra
annual closing price



Xetra closing price as at 13.03.

BASIC DATA ON THE DIC ASSET AG 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	Oddo Seydler, HSBC Trinkaus

KEY FIGURES (1)

		2014	2013
Net asset value per share	Euro	12.61	12.58
FFO per share	Euro	0.70	0.94
FFO yield (2)		9.4%	14.1%
Dividend per share	Euro	0.35	0.35
Dividend yield (2)		4.7%	5.2%
Annual closing price	Euro	7.41	6.69
52-week high	Euro	8.16	8.85
52-week low	Euro	5.86	6.26
Number of shares on 31.12.	in thousand	68,578	68,578
Market capitalisation (2)	EUR million	508	459
Price on 13.03.2015	Euro	9.38	

(1) Xetra closing prices in each case
(2) in relation to the Xetra annual closing price

Second corporate bond successfully topped up

Strengthening the existing financing structure and optimising the terms and conditions of financing are important aims for DIC Asset AG. Positive experiences in using corporate bonds as flexible and cost-efficient financing elements, plus the favourable interest rate environment, led us to increase the volume of our second corporate bond.

In February, the volume was increased in the space of a day from EUR 75 million to EUR 100 million by means of a private offering. We can use the capital raised to open up new, attractive and flexible financing solutions for portfolios and real estate. The bond – which is also being traded in Deutsche Börse AG's Prime Standard segment for corporate bonds – had a high level of liquidity in trading in 2014. It was listed considerably above the issue price at an average of 106.2%. On 31 December 2014, the bond was listed at 107.0%.

Third corporate bond successfully placed and first bond called in

The third corporate bond with a volume of EUR 125 million was issued in September. The aim had been a volume of EUR 100 million or more. With a coupon of 4.625% and a term of five years, the bond was included in Deutsche Börse AG's Prime Standard segment for corporate bonds. Owing to the high demand, the order book was closed early only a few hours after the bond had been announced. After the issue, the price of the bond remained above the issue price. It was 104.2% on average for the period to the end of the year. As at 31 December 2014, the bond was listed at 105.5%.

In October, the majority of the proceeds from issuing the third corporate bond were used to prematurely repay the first corporate bond issued in 2011 (volume EUR 100 million; coupon 5.875%). The bondholders received 100.5% of the nominal amount per bond plus interest accrued up to the date of repayment. The new issue and the subsequent redemption of the first bond proved successful initiatives to solidify the existing terms and conditions of financing and financing structure of DIC Asset AG.

BASIC DATA ON THE DIC ASSET AG BONDS

Name	DIC Asset AG bond 13/18	DIC Asset AG bond 14/19
ISIN	DE000A1TNJ22	DE000A12T648
WKN	A1TNJ2	A12T64
Abbreviation	DICB	DICC
Deutsche Börse segment	Prime Standard for corporate bonds	Prime Standard for corporate bonds
Minimum Investment amount	1,000 EUR	1,000 EUR
Coupon	5.750%	4.625%
Issuance volume	EUR 100 million	EUR 125 million
Maturity	09.07.2018	08.09.2019

KEY FIGURES

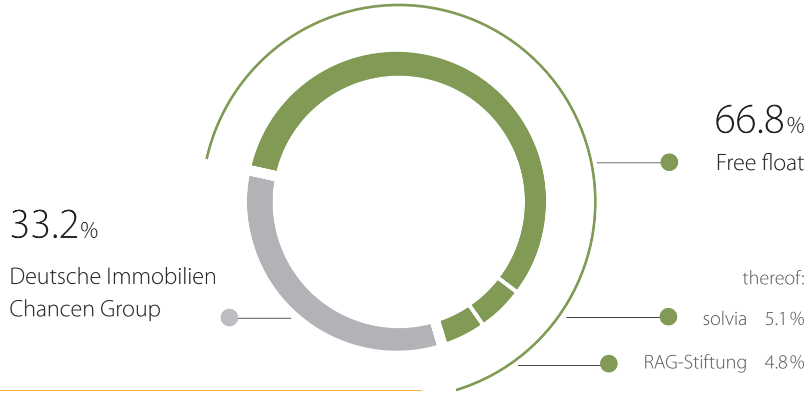
	2014	2013
DIC Asset AG bond 13/18		
Annual closing price	107.0%	104.2%
Yield to maturity at annual closing price	3.39%	4.28%
Price on 13.03.2015	106.3%	
Yield to maturity	3.70%	
DIC Asset AG bond 14/19	– issued on 08.09.2014 –	
Annual closing price	105.5%	–
Yield to maturity at annual closing price	3.59%	–
Price on 13.03.2015	106.4%	
Yield to maturity	3.12%	

Change in the shareholder group

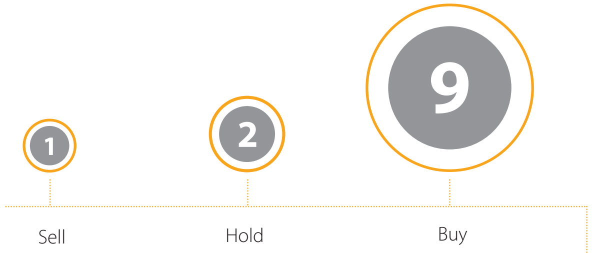
In June, the RAG-Stiftung, a renowned long-term investor, acquired a block of shares from MSREF. It now holds a 4.8% stake. In August 2014, EII Capital Management gave notice that its former stake of 4.9% has fallen below the 3% threshold. In March 2015 apg informed us that its former stake of 3.2% has fallen below the 3% threshold. As at the end of the previous year, the DIC Group – the largest individual shareholder – holds 33.2% of the shares; solvia Vermögensverwaltung (5.1% stake) is another major investor. The free float stands unchanged at 66.8%.

We are not aware of any additional shareholders who directly or indirectly hold more than 10% of share capital. We publish all available voting rights announcements on our website and in the Notes from page 140 seqq.

SHAREHOLDER STRUCTURE



ANALYSTS' COVERAGE



Bank/financial institute	Analyst	Current recommendation
Baader Bank	Andre Remke	Buy
Bankhaus Lampe	Dr. Georg Kanders	Buy
Berenberg Bank	Kai Klose	Buy
BHF-Bank	Thomas Effler	Buy
Commerzbank	Thomas Rothäusler	Hold
DZ Bank	Karsten Oblinger	Buy
HSBC	Thomas Martin	Neutral
Kempen & Co	Boudewijn Schoon	Underweight
Kepler Cheuvreux	Dr. Dirk Becker	Buy
Oddo Seydler	Manuel Martin	Buy
Société Générale	Marc Mozzi	Buy
Solventis	Ulf van Lengerich	Buy

as at March 2015

Analysts highly value our share

Thanks to a current total of twelve analysts who closely follow and regularly report on our share, our investors view our share in an extremely good light. To a certain extent, we also attribute the analysts' high esteem for our share to the ongoing collaboration and the regular meetings, for example the annual kick-off event at the DIC Asset Analysts' Evening. The vast majority of the analysts see high potential for growth in the DIC share and currently recommend buying. In March 2015, nine analysts are recommending buying. Two institutions are recommending holding on to the share and only one institution is recommending selling. We always publish up-to-date appraisals by analysts promptly on our website on our Investor Relations pages.

↗ Steady and
ATTRACTIVE DIVIDEND policy

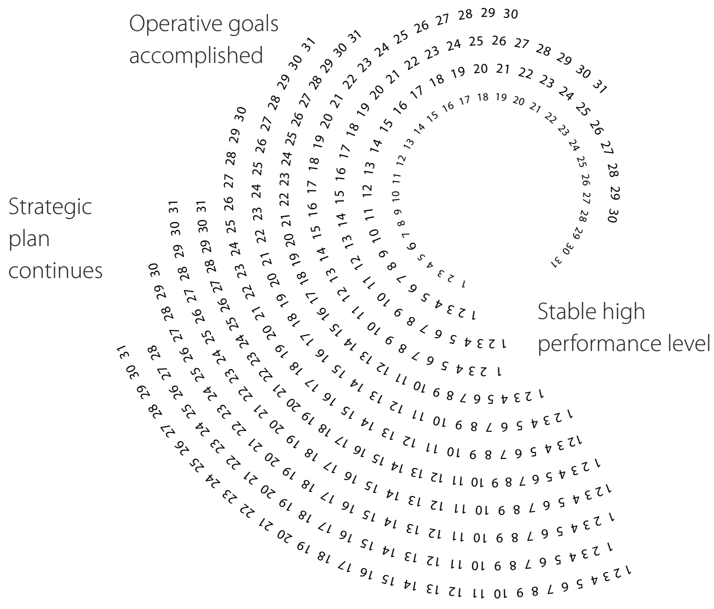
Continuity of dividend policy

Generating attractive income from operating a highly diversified portfolio is one of our strategic aims. For this reason, the annual dividend is based primarily on the operating profit from real estate management. The company's current condition plus the forecast for future market development and the need for financing are additional factors.

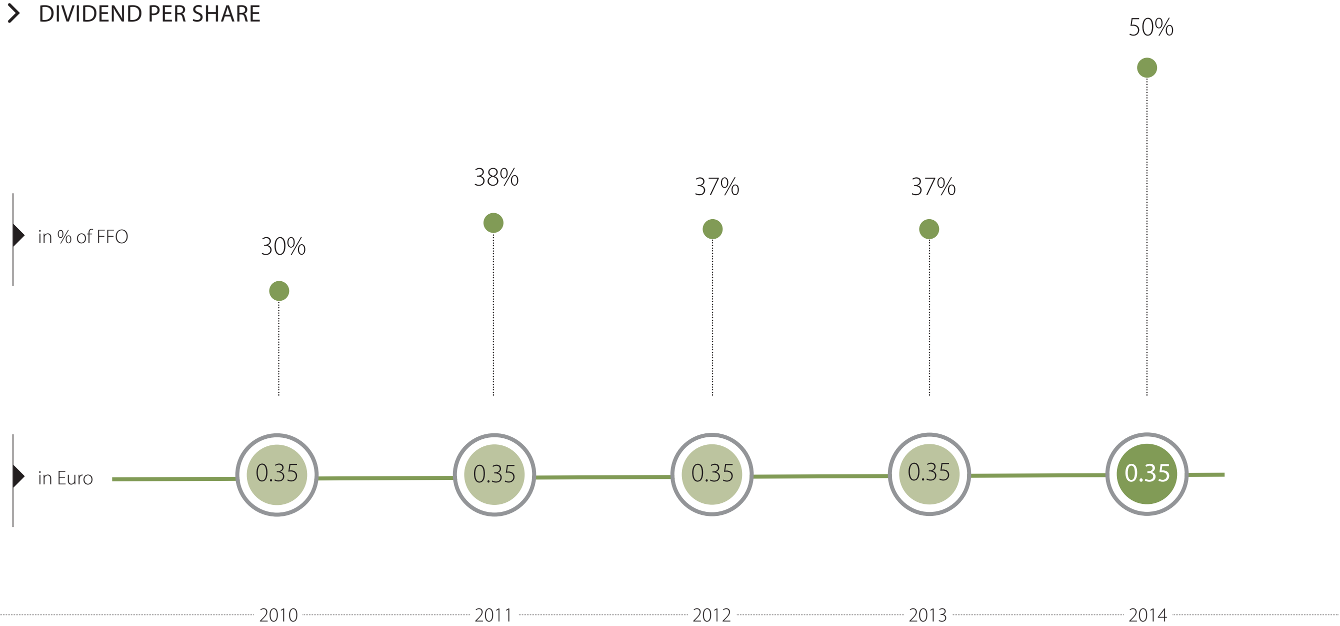
We achieved our operating targets in 2014 and made further progress with key strategic plans for the future development of DIC Asset AG. They include successful letting, attractive sales, growing our fund business and major progress in project development. We want to give our shareholders an appropriate and valuable share of the company's success, thus maintaining our continuity of dividend policy. For financial year 2014, the Management Board proposes to the General Shareholders' Meeting a dividend payment of EUR 0.35 per share. Based on the year end price for 2014, this represents an attractive dividend of 4.7%.

General Shareholders' Meeting

The General Shareholders' Meeting for the 2013 financial year took place in Frankfurt am Main on 2 July 2014. In the case of all agenda items, 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. Payment followed immediately on 3 July 2014.



DIVIDEND PER SHARE



Based on the year-end price of 2014, the proposal equals an attractive dividend yield of **4.7%**.

Active capital market communications

In 2014, we continued our policy of open, transparent and fair communications with the financial markets, offering details on our business model and its special features at numerous events and in numerous discussions. We make detailed information on our company's performance and our strategy available to our shareholders, investors and analysts on an ongoing basis for the purpose of their investment decisions and investment recommendations. The Investor Relations department provides prompt, detailed and factual information on the latest DIC Asset AG developments and events that are relevant for the capital markets. To reflect the importance we attach to providing this information, the Investor Relations Department reports directly to the Management Board.

The extensive investor relations work optimises the basis we establish for investors and potential new shareholders to make well-founded investment decisions. The Management Board and the IR team participated in a total of nine investor conferences and organised eleven road shows at institutional investors in ten countries in 2014. In addition, we held three separate events for our analysts.

As well as issuing detailed written publications of our annual and quarterly figures, immediately after publishing them we provide further information on our results and answer questions in telephone conferences.

dic-asset.de/engl/investor-relations/publications/

We promptly publish all information about DIC Asset AG relevant for the capital markets on our website, and keep this information up to date at all times. We upload the recordings of the telephone conferences, summaries of analysts' opinions and financial reports, for example, so that interested parties can form an impression of our company's performance at all times. Much of the information, such as the company presentations, can be downloaded.

On 6 November, more than 300 German and international experts from the real estate and financial sector joined the DIC Investors' Day. Famous personalities from the worlds of commerce and politics discussed the challenges in the real estate sector and elicited cross-sector impetus. Now the third event in this form, the DIC Investors' Day has established itself as a platform for exchanging experiences beyond day-to-day operations on a face-to-face basis.

IR-ACTIVITIES 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 Financial Report 2013*	

SECOND QUARTER

03.04.	HSBC Real Estate and Construction Conference	Frankfurt
04.04.	Bankhaus Lampe Germany-Conference	Baden-Baden
08.05.	Analysts' Breakfast "Update MainTor"	Frankfurt
12.05.	Publication of Q1 2014 Report*	
19.–23.05.	Kepler Cheuvreux Mid Cap Week	London, Paris
20.05.	Roadshow	Brussels
04.06.	Kempen European Property Seminar	Amsterdam

THIRD QUARTER

02.07.	General Shareholders' Meeting	Frankfurt
08.07	Roadshow	Vienna
14.08.	Publication of Q2 2014 Report*	
22.09.	Berenberg / Goldman Sachs German Corporate Conference	Munich
23.09.	Baader Investment Conference	Munich
23.–24.09.	EPRA Annual Conference 2014	London

FOURTH QUARTER

16.10	Conference "Initiative Immobilienaktie"	Frankfurt
22.10	Roadshow	Helsinki
31.10	Roadshow	New York
06.11.	DIC Investors' Day	Frankfurt
11.11.	Publication of Q3 2014 Report*	
13.11.	Commerzbank German Commercial Property Forum	London
08.–12.12.	EPRA Asia Investor Outreach	Peking, Tokio, Shanghai, Hongkong

*with conference call

Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

IR-CALENDAR 2015

(as at March 2015)

FIRST QUARTER

20.01.	Kepler Cheuvreux German Corporate Conference	Frankfurt
28.01.	DIC Asset Analysts' Evening to mark the start of the year	Frankfurt
18.03.	Publication of Financial Report 2014*	
19.03.	HSBC Real Estate and Construction Conference	Frankfurt
24.03.	Roadshow	London

SECOND QUARTER

14.04.	Roadshow	Zurich
17.04.	Bankhaus Lampe Germany-Conference	Baden-Baden
12.05.	Publication of Q1 2015 Report*	
13.05.	Roadshow	New York

THIRD QUARTER

02.07.	General Shareholders' Meeting	Frankfurt
14.07.	Analysts' Update „MainTor"	Frankfurt
13.08.	Publication of Q2 2015 Report*	
08.–10.09.	EPRA Annual Conference 2015	Berlin
21.–23.09.	Berenberg / Goldman Sachs German Corporate Conference	Munich
22.–24.09.	Baader Investment Conference	Munich

FOURTH QUARTER

01.10	Société Générale Real Estate Conference	London
12.11.	Publication of Q3 2015 Report*	

*with conference call

Active involvement in associations

We are involved most notably in the most influential and powerful associations the ZIA (German Property Federation) and EPRA (European Public Real Estate Association) in order to increase perceptions of real estate companies and their interests together with other individuals in the industry. 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 Wärntges contributes her expertise to the EPRA Reporting & Accounting Committee and to the corresponding committee at ZIA.

Sustainability as a strategic objective

We expanded our sustainability reporting again in 2014 and standardised the reporting structures. Communications on the topic of sustainability help to foster existing business and to open up new business opportunities. As a real estate company with a long-term investment horizon, DIC Asset AG is geared to dealing with resources and the environment in a sustainable manner.

IR work receives international awards

Our sustainability reporting has been awarded the Bronze Award for successful implementation and transparent reporting in accordance with the EPRA's best practice criteria. Our 2013 Annual Report was also awarded the EPRA Bronze Award.

We were given major awards in renowned competitions for our 2013 Annual Report. The judges of the LACP Vision Awards, the largest international competition for annual reports, awarded our report Gold. Our report was also awarded Silver at the ARC Awards.

Contact IR

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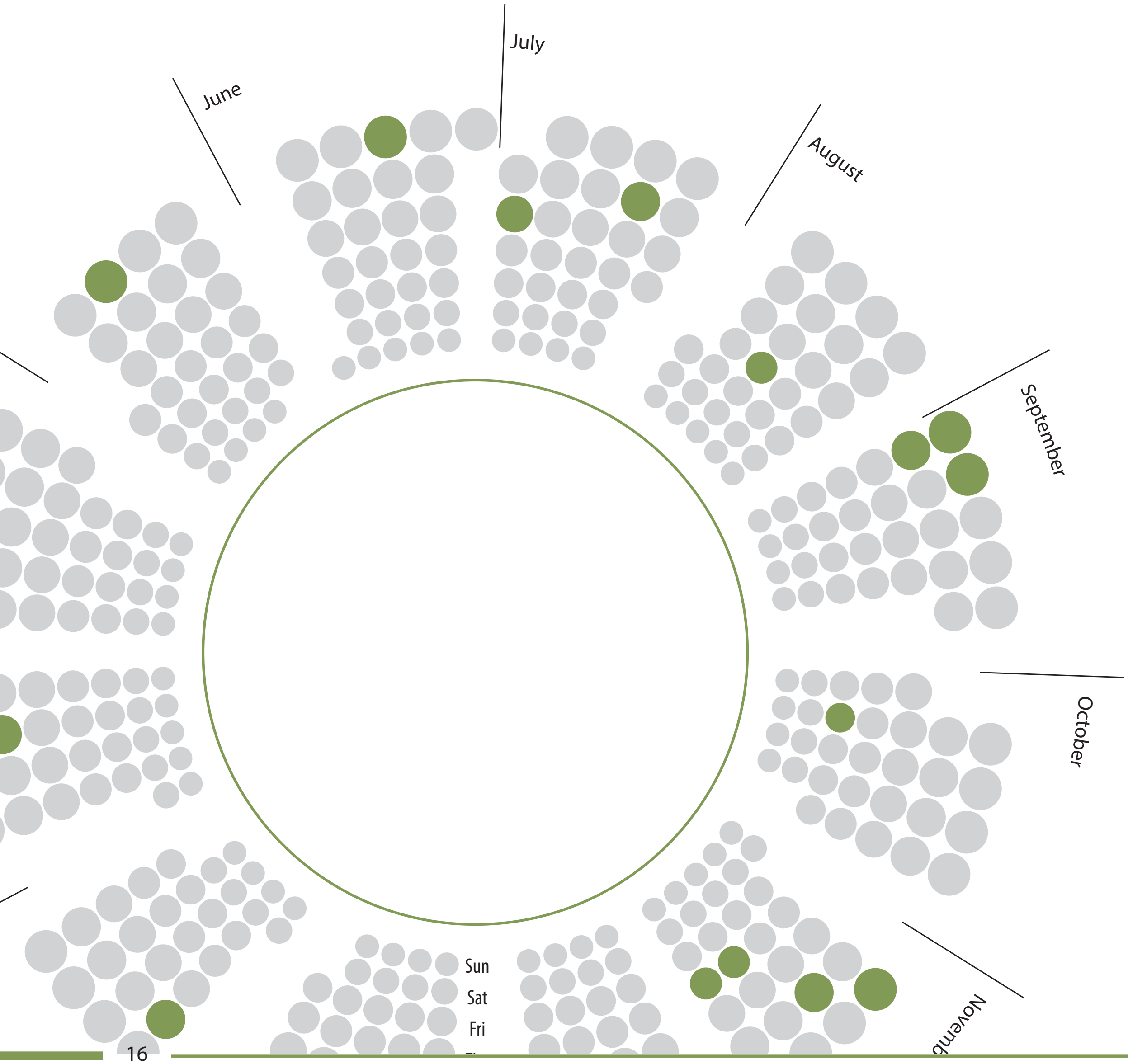
ir@dic-asset.de

Peer Schlinkmann
Head of Investor Relations

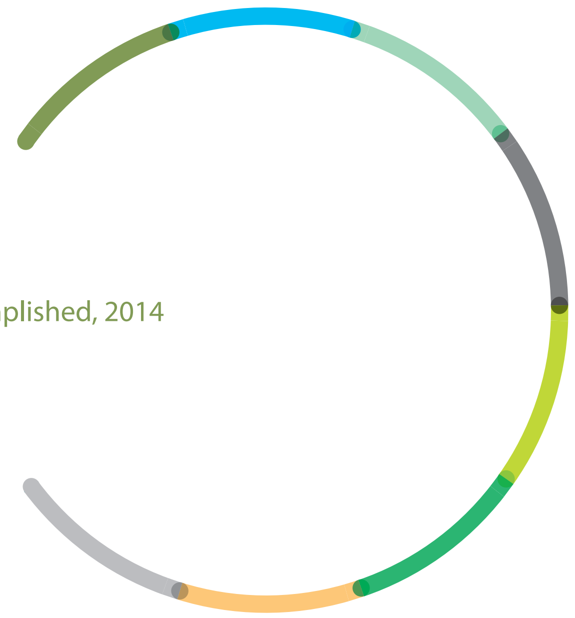
The 2013 Report by DIC Asset AG scored a Gold and Silver award at renowned competitions for the world's best financial statements hosted by LACP and ARC.

We made successful further progress
with our company's **STRATEGY:**



- ↗ **Clear focus** as a direct investor in the German commercial property market
- ↗ Growth in **sustainable income** from rents and management fees, which is **secured long-term**
- ↗ Significant **acquisitions in the fund business,** launch of the third fund
- ↗ Successful **sales** from the entire portfolio to optimise the portfolio structure

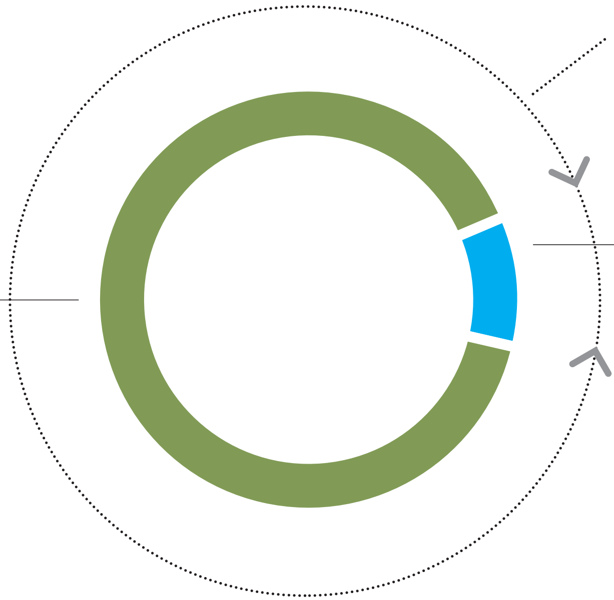
Mission accomplished, 2014



- ↗ **Attractive profit** from Co-Investments
- ↗ Key milestones in **marketing and realising project developments**
- ↗ **Balanced financing structure** with lower average interest rate
- ↗ Ongoing and **attractive dividend policy**

↗ **Clear focus** as a direct investor in the German commercial property market

100% Pure Play German Commercial Real Estate



90% Commercial Portfolio (direct investments)

- 188 properties in the portfolio
- Medium to long-term investments
- High sustainable rental income
- Sales at appropriate times

10% Co-Investments (other investments)

- Funds
  - Core real estate in major cities and regional economic centres
  - DIC Asset AG as a service provider in asset and property management
- Project developments and other joint ventures

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 in six branches located in the regions where the portfolio is concentrated.

Its real estate assets under management total some EUR 3.4 billion, while DIC Asset AG's pro rata real estate portfolio is worth EUR 2.4 billion.

The real estate portfolio is divided into two business segments:

- The directly held "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 0.2 billion) comprises fund investments, investments in project developments and minor other joint venture investments.

Share of direct investments in the portfolio at **90%**

Earnings and investment structure

Our business model is based primarily on sustainable earnings from a real estate portfolio as a long-term investment.

We currently earn regular rental income from 188 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.

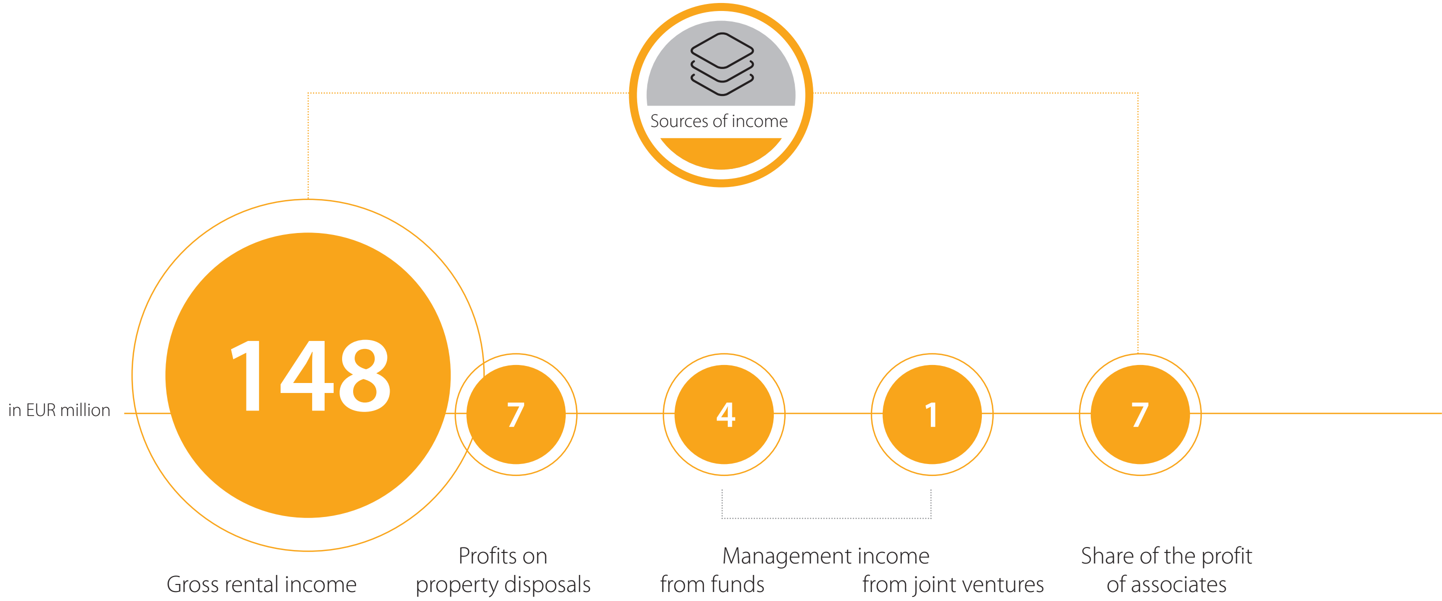
It is supplemented by **investment income** from our **Co-Investments** (comprising 45 properties). In this portfolio segment we invest predominantly in **funds**, as well as in **project developments** and other joint ventures, via minority investments.

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.

↗ Growth in **sustainable income** from rents and management fees, which is **secured long-term**

↗ **Attractive profits** from Co-Investments



“MainTor Porta”: transferred to buyer and user Union Investment

“MainTor Primus”:
completed, transferred to private investor

In 2014, **gross rental income from our direct investments** rose from around EUR 125 million to approximately EUR 148 million, primarily as a result of additional income from the portfolio acquired at the end of 2013.

Management income from the fund business increased from EUR 3.4 million to EUR 4.0 million.

Investment income surged from EUR 1.6 million to EUR 6.6 million. A major contributing factor was the **progress in the “MainTor” project development**.

Decentralised market landscape in Germany

Compared to other European countries, the German commercial property market is very heterogeneous, regionally diversified and covers many different-sized market players.

This is due to the federal economic structure in Germany, which benefits from a large number of dynamic economic centres in the regions.

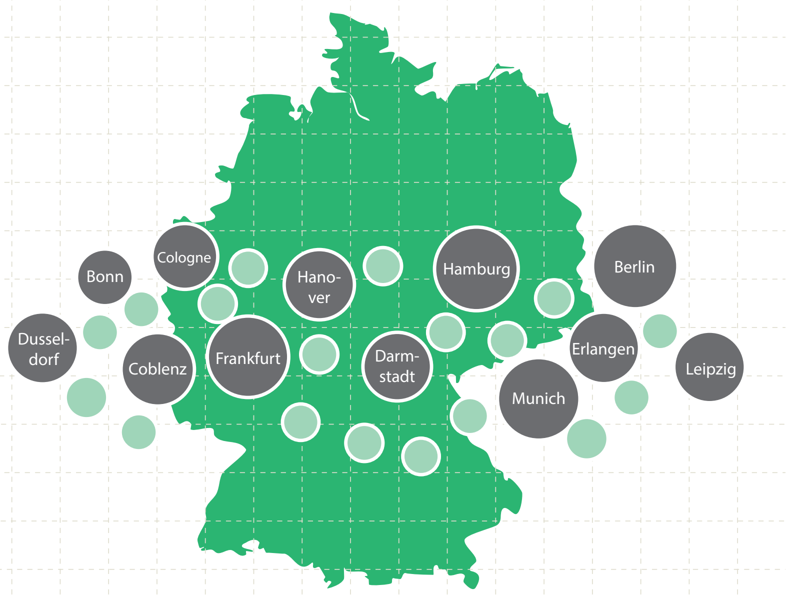
- High volumes of office space, a very active level of transactions and liquid trading, strong competition and therefore more marked price and rent movements, but also often greater potential vacancies are characteristic of the so-called top 7 cities ("A locations" Frankfurt, Hamburg, Berlin, Dusseldorf, Cologne, Stuttgart and Munich).

- At the same time, there is a multitude of medium-sized towns and cities ("B locations"), 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.

Germany, Europe's biggest and most varied real estate market

Europe's largest and most highly diversified real estate market is in Germany, with a host of decentralised, demographically and economically dynamic locations. The "B locations" make a significant contribution to Germany's economic strength. The economic performance and employment figures of some of Germany's smaller towns and cities are significantly more stable at times of economic crises than in the agglomerations; during recovery phases, they benefit from a momentum that is almost just as positive.

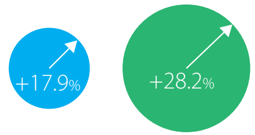


COMPARISON OF A AND B LOCATIONS

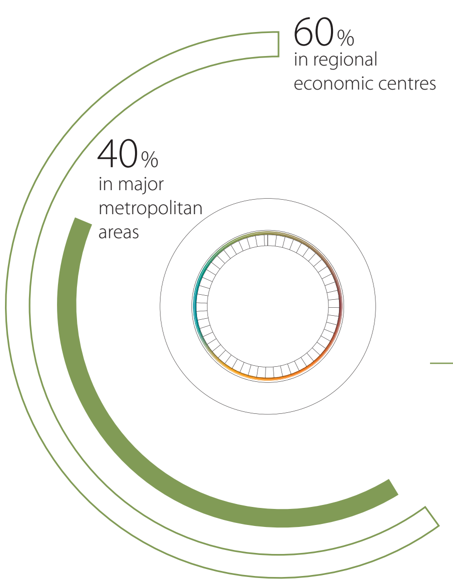
Facts on A locations
- Prices and rents more dynamic
- Liquid transaction market

Facts on B locations
- Lower vacancy rate, rents more stable
- Less competition

Ten-year GDP trend



Source: IDW Cologne



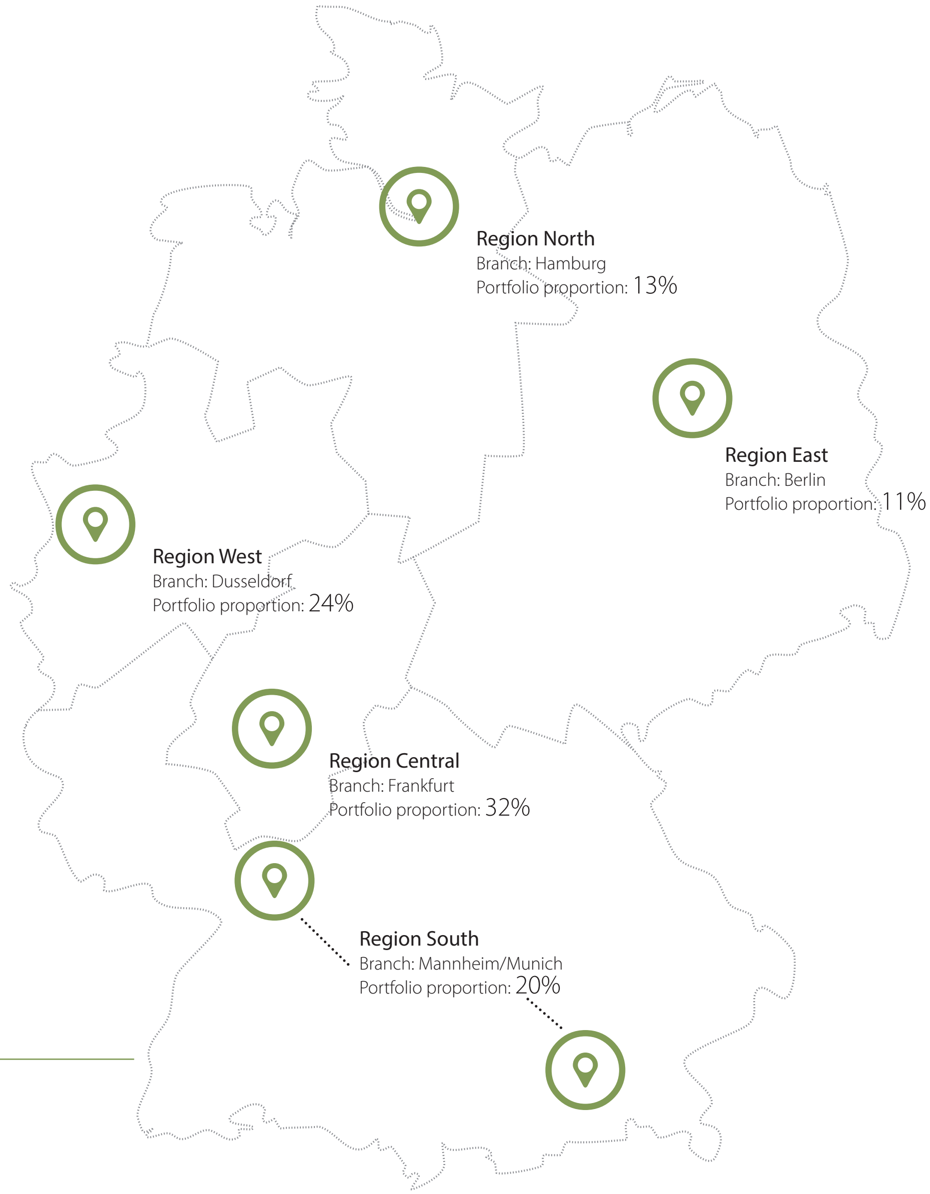
Regional segmentation and company locations

We structure our branches in Germany into five portfolio regions.

The majority of our employees, who are involved in property management (approximately 120), are divided between the branches in Hamburg (region north), Berlin (region east), Dusseldorf (region west), Mannheim and Munich (region south) and Frankfurt am Main (region central). The Management Board and company head office is also located in Frankfurt. Central strategic, management and administrative functions are performed here (around another 15 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 maintain a diversified 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.

DIC Asset AG's portfolio is balanced with around 40% in major metropolitan areas and 60% in regional economic centres.



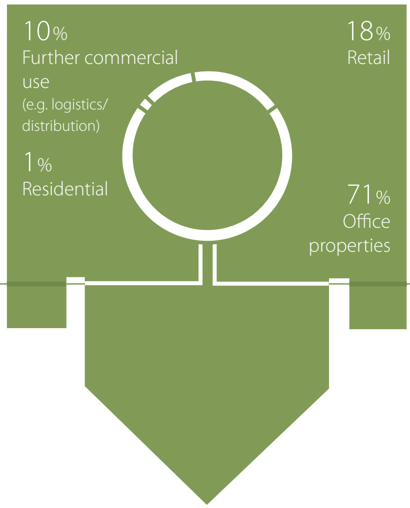
Basis: market value assets under management

An occupancy rate of over 89% and more than half of rental income generated by long-term contracts with terms of over five years provide a reliable basis for stable cash flows.

In addition, the regular sales and acquisitions in the past few years have not resulted in any major changes to the risk structure.

TYPES OF USE

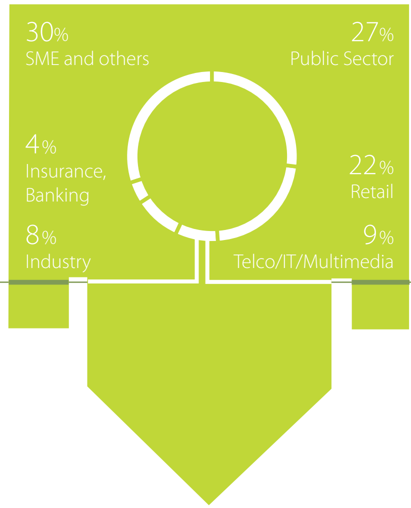
by pro rata rental income p.a.



Focus on office and retail

TENANT STRUCTURE

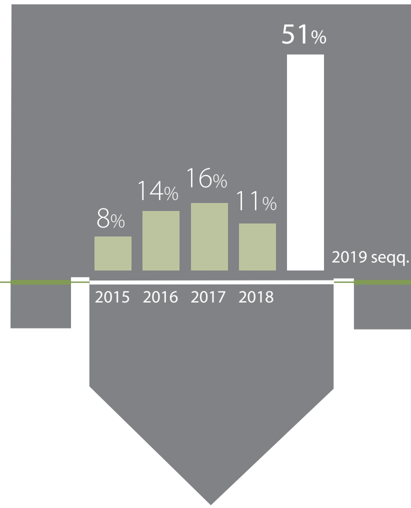
by pro rata rental income p.a.



Balanced sector structure

LEASE MATURITIES

Distribution of annual rental income



High rental income over the long term

Diversified portfolio

Our high-yield portfolio comprises real estate assets under management of EUR 3.4 billion with a rental area of 1.8 million sqm and generates pro rata annual rental income of around EUR 150 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 regions, predominantly in the western and southern federal states (Central region 32%, West region approximately 24%, South region approximately 20%), while North and East regions account for 13% and 11% respectively. At the same time, this investment is evenly balanced with approximately 40% being accounted for in the major office locations and 60% in the regional economic centres.

Compared with our peers, our portfolio is broadly diversified in terms of regions and sectors, thereby spreading the risk favourably in the tenant structure too. 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. 35% of income is attributable to the 10 largest tenants and approx. 48% to the 20 largest. Generally, several tenancy agreements, frequently allocated to various properties in different towns, are concluded with our large tenants.

The portfolio is characterised by a well-diversified tenant and maturity structure, which has remained stable for several years.

Objectives and strategies

Investor in commercial real estate in Germany

We are one of the largest commercial real estate investors with a focus on office properties and are only active in the German market.

Our corporate strategy focuses on actively managing a directly held portfolio of office properties with a high rental yield averaging at 6.6%, achieving substantial rental income that is secured long term.

Local expertise and regional diversification

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

We ensure a balance of different properties in the portfolio, which allows for opportunities but also avoids risks. Our tenant structure is broadly diversified in terms of regions and sectors.

Efficient real estate management

We aim to increase rental income and sustainable earnings as well as to improve the quality of our portfolio through the internal management of our property portfolio. Our team is active throughout Germany, supporting tenants and properties directly on site.

In addition, our real estate management will conduct selected activities for third-party clients in the future. This enables us to realise economies of scale and grow our regular income from management fees.

AGENDA 2015 seqq.

↗ Direct investments with steady cash flows

↗ Diversified across Germany

↗ Real estate management with regular income

Balanced financial structure

We have a good reputation with our banking and financial partners and on the capital market, which secures us access to various sources of finance. In principle, we agree property financing on a long-term basis. Our financing structure prevents unlimited enforcement against the Group and against other portfolios and properties. We hedge interest rate risks adequately.

We pursue the aim of increasing our net debt equity ratio to over 40% and reducing the loan-to-value ratio (LTV) to below 60% by 2016 through higher sales volumes, further growth in the fund business and earnings from realising existing project developments. In doing so, we will achieve a sustainable, optimised and viable financial structure.

Value enhancement in real estate

Thanks to our expertise, we are in a position to leverage properties' potential to generate added value through active letting, repositioning and project developments.

In future, we will focus project development activities on re-developments within our existing portfolio, via our internal real estate management.

Sales are an integral component of our activities. We use them to optimise our portfolio, realise profits at the right time, and generate cash flows for new acquisitions as well as to optimise our financial and capital structure.

Diversified sources of income

The majority of our income relates to our existing portfolio. In order to enter additional sources of income, we act as a co-investor in funds, in which we currently hold up to 20%, in addition to our direct investments.

We enrich the partnership with our investment expertise and real estate management, thereby achieving regular management income in addition to the investment income.

To stabilise our income further, we are focusing on expanding our fund business, which differs from the investment profile of our directly held portfolio.

↗ Reduction of loan-to-value ratio < 60%

↗ Leverage potential added value

↗ Further growth in the fund business

Achievement of strategic targets in 2014

- Stronger profile as a direct investor; further reduction in joint ventures; 18% increase in gross rental income from the directly held portfolio
- 4% increase in FFO – key indicator of the earnings of our real estate management
- Increase in portfolio quality thanks to strong letting result of some 290 tenancy renewals and new tenancy agreements for approximately 242,000 sqm in total
- Diversification in the funding mix using bonds; further decrease in average interest rate and loan-to-value ratio
- Major progress in the finalisation and realisation of investments in project developments: contributions to earnings from the "MainTor" project
- Implementation of third special fund; growth in additional earnings from fund management

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 fund business segment.

The Group has a total of 177 indirect and direct investments. The majority of these are property holding 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.

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.

Statement on corporate governance and additional disclosures

The statement on corporate governance was published on the website at
www.dic-asset.de/engl/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 process

DIC Asset AG's budgeting process combines suitable past reference values with specific targets for the future. The process is based on detailed budgeting at 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 rental income, costs and 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 the necessary 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 complemented by strategic Group measures and estimates of framework conditions by the Management Board. It is carried out once a year and is amended during the year by subsequent forecasts of the market situation and changes to be 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. In the process, 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 macroeconomic changes with a certain time lag, and regarding future 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. They are incorporated amongst other things into our monthly letting reporting. Due to the long-term nature of tenancy agreements, we are able to make very good calculations of the revenue base on a monthly basis, adopt counter-measures if necessary and draw conclusions for our short- to medium-term revenue growth. We supplement 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 58 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. Our branch network 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

DIC Asset AG continued to successfully pursue its agenda in 2014: Thanks to a well diversified portfolio and the clear focus on consistently strong earnings, we achieved the corporate goals that we had planned for 2014 and have already laid key foundations for successfully continuing this course in 2015.

Owing to our highly diversified portfolio across Germany and our efficient, internal real estate management, we are relatively unaffected by short-term changes on the markets in operational real estate management. In the financial year passed, we achieved an excellent letting result in a generally subdued lettings market. We achieved our forecasts both for FFO and for rental income. As planned, the vacancy rate remained stable. The interest rate and macroeconomic environment was favourable for transactions, primarily for the sales that we had planned from all areas of the portfolio; here too, we achieved our transaction targets for the year in full. Moreover, we made significant forward sales for the major project developments in finalisation in Hamburg and Frankfurt, which have now been fully sold to investors. As planned, we focused our acquisitions on the fund segment, which continues to grow thanks to the creation of a third office property special fund.

We used the low interest rate environment to optimise our financing structure. We strengthened our financial position by increasing bond volumes, issuing new bonds and repaying our first bond ahead of schedule using the funds from the newly issued, third bond. Our average interest rate has been lowered by 20 basis points.

These activities improved the net debt equity ratio to 33.4% and cut the loan-to-value ratio as planned to 65.9%. FFO rose by 4% to EUR 47.9 million. Group profit fell by EUR 2 million to EUR 14 million mainly caused by non-recurring effects. We anticipate that an attractive dividend of EUR 0.35 will be paid again given that the objectives have been reached and thanks to the sustainable prospects.

GENERAL ECONOMIC CONDITIONS

Macroeconomic trends

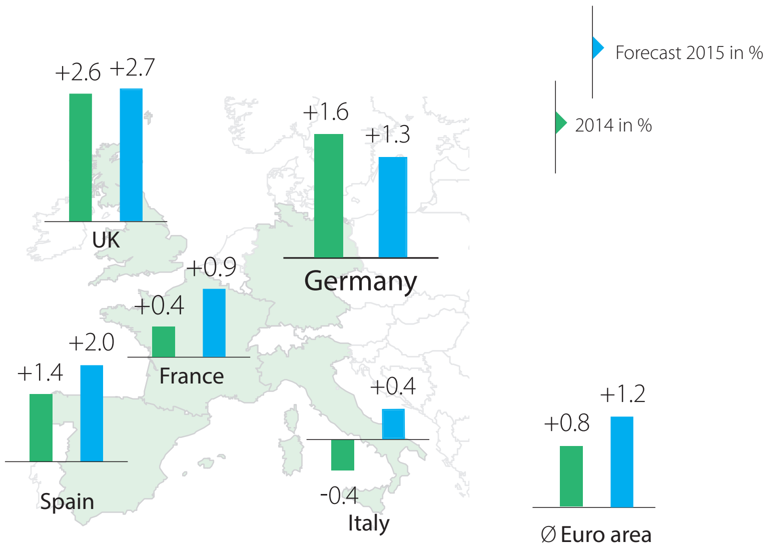
German economy in good shape

The German economy grew 1.6% in 2014. This is a considerable increase on the previous year, which saw growth of 0.1%, however economic momentum was still rather weak. After strong growth at the beginning of the year, the German economy performed sluggishly in the course of the year. Following a slowdown in the summer, the economic situation stabilised, however, gaining in momentum again towards the end of the year.

Key impetus came from domestic demand, which was supported by the favourable trend on the employment market. Investment and international trade played a minor role in the overall good performance. No impetus came from the euro area, since the recovery in the euro zone did not turn out to be as marked as had been expected back in the spring and was characterised by very varied performance in the individual countries.

Consumer spending and government spending rose 1.1% (2013: 0.9%) and 1.0% (2013: 1.1%) respectively once adjusted for inflation. Investment in machinery and equipment was up 3.7% (2013: -2.2%). Construction investment also enjoyed a significant upswing of 3.4% (2013: -0.3%).

> GDP GROWTH RATES IN EUROPE



Source: IMF

The number of people in gainful employment edged up 0.9% on the previous year (2013: 0.6%). With 42.7 million people gainfully employed, a new high was reached for the eighth year in succession. The average unemployment rate based on all people in gainful employment fell slightly compared to the previous year to reach 6.7% by the end of the year (2013: 6.9%).

In September, the European Central Bank cut its benchmark rate to 0.05%, the second such move in 2014 in a surprising response to extremely low inflation and the sluggish economic recovery in the euro zone. It had previously cut the rate to 0.15% in June. An additional ECB measure was the decision to start a large-scale programme to buy up asset-backed securities (ABS) and Pfandbriefe, thereby ensuring that banks would grant more loans and stimulate the European economy.

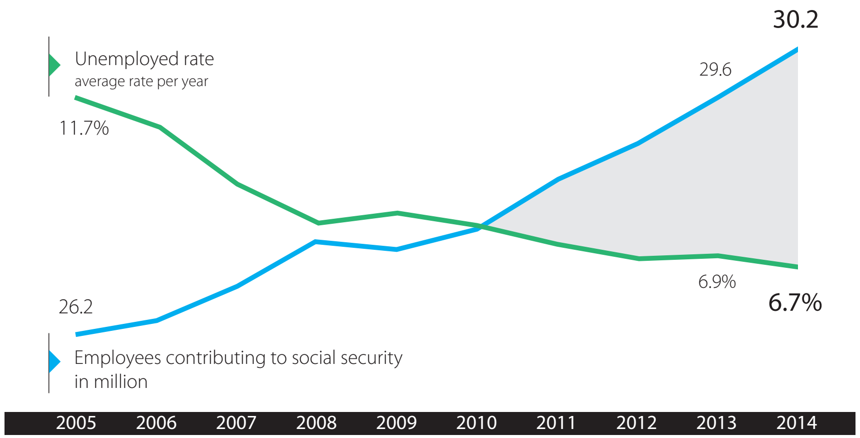
Sector trends

Commercial real estate investment market continues to attract investors

There was little change in the favourable conditions for the real estate industry from 2013 to 2014. Although geopolitical crises subdued the economy, the low interest rate focused investor interest squarely on the real estate sector. According to observations by JLL, competition among investors is increasing worldwide. In addition to the traditional players, new entrants are joining the market in Germany as well, in particular from Asia.

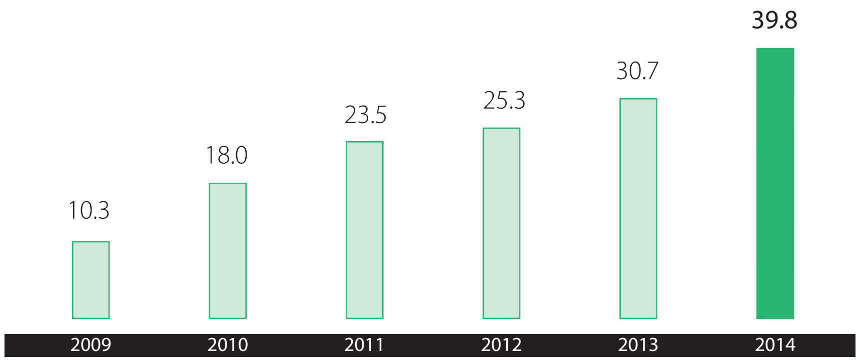
Against this backdrop, the situation on the investment markets looks positive. For the fifth year in succession, an increase in investment volume was reported on the German commercial real estate market. In 2014, the transaction volume surged 30% on the previous year to EUR 39.8 billion (2013: EUR 30.7 billion). The fourth quarter made a particularly impressive contribution, some EUR 14 billion, to the very good profit for the year. This equates to more than an third of the total volume. JLL predicts that the high demand for real estate investments will continue in 2015, too.

> DEVELOPMENT OF EMPLOYMENT MARKET IN GERMANY



Sources: Federal Employment Agency, Federal Statistical Office

> TRANSACTION VOLUME OF GERMAN COMMERCIAL REAL ESTATE in EUR billion



Source: JLL

Foreign buyers accounted for 50% of the investment volume in 2014, which was higher than in previous years (2013: 33%). Asian and especially Chinese investors are playing an ever more important role. Asset/fund managers and special funds continue to be the most active investors on the German market with around 40% of the transaction volume.

The share of the top seven major office locations (Berlin, Hamburg, Dusseldorf, Frankfurt, Cologne, Munich, Stuttgart) was around EUR 23 billion (58%), accounting for much more than half the transaction volume throughout Germany (2013: 60%). The largest share of the total German transaction volume was attributable to office property, making up 44% (2013: 46%), and retail property, making up 22% (2013: 27%). There was a sharp increase in warehouse and logistics properties. The transaction volume in this segment shot up by 67% year-on-year and now accounts for 9% of the total volume. The investment focus pursued by investors diversified to a certain extent in 2014. Compared to 2013, buyers displayed greater interest in somewhat lower quality real estate with a certain vacancy rate or situated at less central locations.

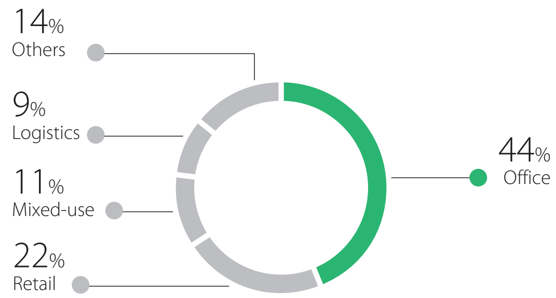
As a result of the high demand, peak yields in the office segment exhibited a sustained downturn. The average peak yield on office properties in the top seven locations was 4.5%, slightly down on the previous year (4.7%).

Year-end rally in the letting market

With turnover totalling 3.0 million sqm, the German office letting market in the top seven locations (Berlin, Hamburg, Dusseldorf, Frankfurt, Cologne, Munich, Stuttgart) remained stable, climbing slightly (3%) year-on-year (2013: 2.9 million sqm). This is an increase of 2% on the ten-year average. In the course of the year, there was not really cause to expect a positive result. In the wake of the economic slowdown, no gain was recorded in the first nine months. As the economy revived at the end of the year, it also brought an upswing on the letting market. The last quarter accounted for a far above average turnover amounting to more than 30% of the total annual turnover.

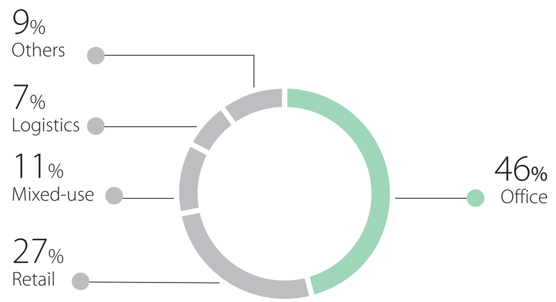
PERCENTAGE OF TRANSACTION VOLUME 2014

Total: EUR 39.8 billion



PERCENTAGE OF TRANSACTION VOLUME 2013

Total: EUR 30.7 billion



However, the individual regions performed very differently: Berlin reported a gain of 36% on 2013, Dusseldorf a decline of 22%. In Hamburg, Stuttgart and Munich, turnover rose between 3% and 19%. The figures for Frankfurt and Cologne fell -14% and -13% respectively.

Space absorption high once again

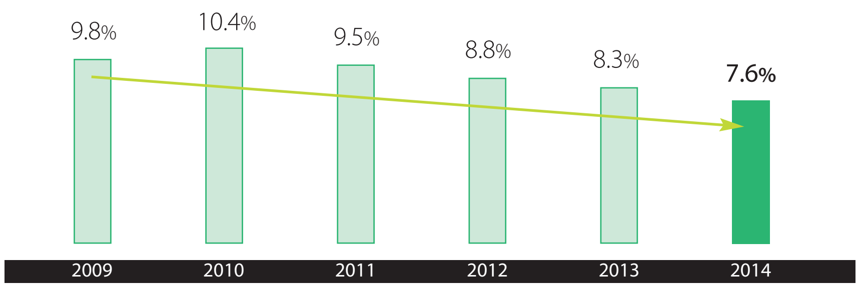
The vacancy rate in the top seven office locations was 7.6% last year (2013: 8.3%). At 6.81 million sqm, vacancy rates were at their lowest since 2002. According to JLL, the decrease in the vacancy rate is due to the strong letting result at the end of the year and the relatively low new construction activity compared to the previous year. Net absorption stood at 861,000 sqm, up just under 8% on the previous year. When the top seven office locations are compared directly, the vacancy rate fell to more or less the same extent in all of them.

The volume of new construction did not rise significantly in 2014, so rentals in existing properties were directly visible in the vacancy statistics. A clear surge in completion figures of 17% in the first six months compared to the first half of 2013 did not continue to the end of the year as expected. The growth in new construction sites of 988,000 sqm only equated to 11% for the full year compared to 2013.

Of all the completions last year, just under 80% were pre-let or handed over to owner-tenants. This highlights tenants' desire for new build quality. None of the strongholds experienced a flood of new construction with the related negative impact on vacancies and rental prices. The regional focus of the construction activities was on Munich and Frankfurt, with more than half the new construction volume. JLL predicts the new construction volume will rise slightly in 2015 to just over one million sqm because some projects planned for 2014 were postponed.

In 2014, peak rents grew by an average of 0.6% year-on-year (2013: +1.5%). Munich, Stuttgart and Hamburg led the field, climbing 4.8%, 2.7% and 2.1% respectively. Frankfurt, Cologne and Berlin remained unchanged on 2013. Only Dusseldorf recorded a decline of 5.5%.

> VACANCY RATE IN THE MAJOR SEVEN GERMAN OFFICE LOCATIONS



Source: JLL

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 2015.

BUSINESS DEVELOPMENT

DIC Asset AG met its objectives for the 2014 financial year, implementing major milestones in its strategic plan for the period. The scheduled sales and an improvement to the operating cost structures, together with high rental income from the existing portfolio, a repeatedly strong letting result and the generation of positive earnings from the project developments, resulted once again in increased revenue.

Real estate management

High letting volume with significant new contracts

In 2014, our letting result was some 242,000 sqm (previous year: 176,400 sqm). New lettings rose sharply to 114,000 sqm (2013: 69,000 sqm). The successful letting work for the latest project developments, "MainTor" in Frankfurt and "Opera Offices Neo" in Hamburg, made a total contribution of some 27,000 sqm.

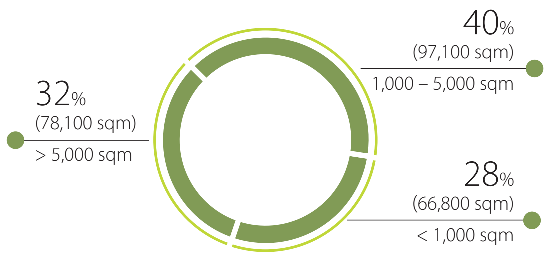
Considering the types of lettable space and contracts, the share of letting agreements concluded for larger areas increased 10 percentage points to 32% compared to 2013; a major factor was the successful large-scale advance letting of the WINX-Tower on the "MainTor" site. The share of small-space rentals decreased by 8 percentage points. The share of medium-sized lettings (1,000 to 5,000 sqm) was 40% as at the end of the year. Thanks to ongoing letting activity we renewed tenancies for 128,000 sqm, an increase of 20% (2013: 107,000 sqm). The annual income from lettings arising from tenancy agreements concluded increased by EUR 13.9 million to EUR 33.2 million (2013: EUR 19.3 million). Of this, EUR 19.4 million is attributable to the directly held Commercial Portfolio.

LETTING VOLUME

	in sqm on signature		annualised in EUR million	
	2014	2013	**2014**	2013
Office	**150,500**	124,800	**24.0**	14.9
Retail	**24,900**	18,800	**2.7**	2.5
Further commercial	**63,000**	28,300	**6.2**	1.6
Residential	**3,600**	4,500	**0.3**	0.3
Total	**242,000**	176,400	**33.2**	19.3
Parking (units)	**945**	2,065	**0.3**	1.0

DISTRIBUTION OF LETTING RESULTS

Basis: letting volume in sqm



Top 5 new lettings

Union Asset Management Holding	Frankfurt	24,000 sqm
Renaissance Dusseldorf Hotelmanagement	Dusseldorf	12,800 sqm
Ruhr-University Bochum	Bochum	5,100 sqm
EVB Billing & Services	Velbert	3,400 sqm
IMMAC Holding	Hamburg	2,900 sqm

Top 5 renewals

Freie Hansestadt Hamburg	Hamburg	22,600 sqm
Zweirad-Center Stadler	Mannheim	9,700 sqm
Nokia Solutions and Networks	Ulm	7,800 sqm
Delacamp AG	Hamburg	5,900 sqm
EOS Deutschland	Hamburg	4,700 sqm

Vacancy rate stable

As endeavoured, the strong letting result led to a stable vacancy rate of 10.9% (2013: 10.7%). The vacancy rate has been reduced by more than 3 percentage points in the previous four years thanks to ongoing letting activity.

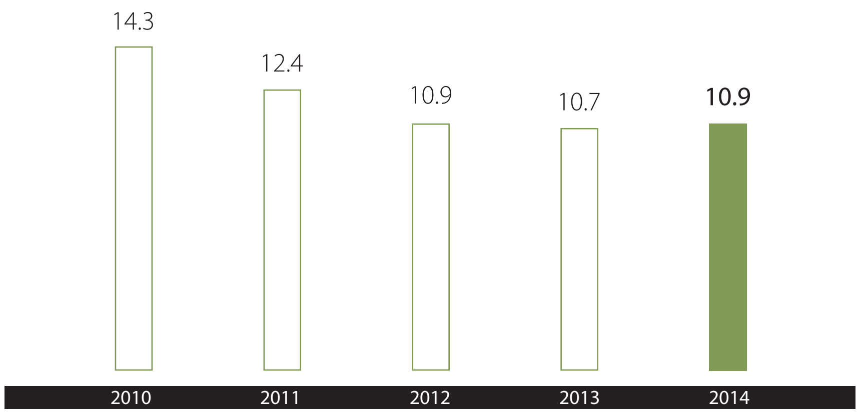
Like-for-like rental income at a stable level

Based on the properties that were part of the portfolio for the entirety of 2014 (excluding project developments), the like-for-like annualised rental income of approximately EUR 147 million were stable year-on-year.

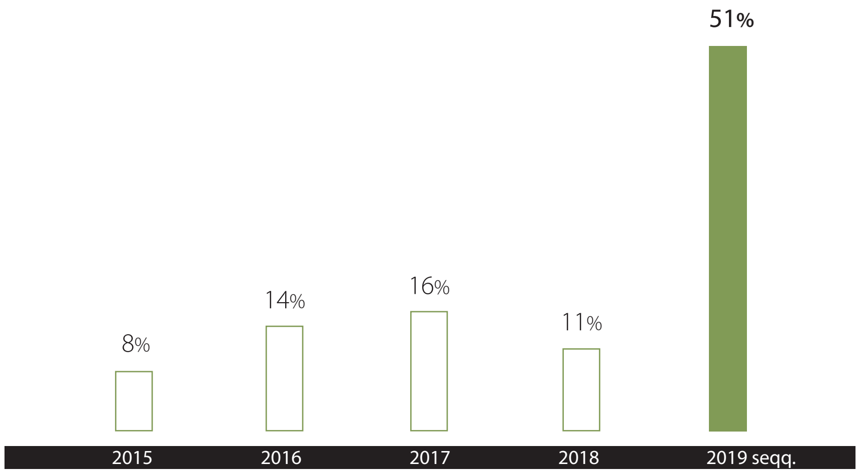
More than 50% of tenancies expiring after 2019

The volume of short-term lease expiries for 2015 was 8% of the rental income as of the end of 2014, meaning that the potential tenancies expiring in 2015 was cut by 4 percentage points over the course of the 2014 financial year by means of concluding contracts ahead of schedule. Over 50% of our letting contracts are still of a long-term nature: the percentage of tenancies that potentially expire in 2019 and beyond is 51%. The average lease term in our existing portfolio was approximately 4.6 years as at the end of 2014 (2013: 4.9), and is thus within the expected average range of 4–5 years.

> DEVELOPMENT OF VACANCY RATE in % at the end of the year



> LEASE MATURITIES Distribution of annual rental income



Portfolio

As at the reporting date, the DIC Asset AG portfolio comprised 233 properties with total rental space of 1.8 million sqm. The total value of assets under management remains unchanged year-on-year at EUR 3.4 billion. With our properties, we generate pro rata annual rental income of some EUR 150.0 million (including pro rata co-investments). The pro rata market value of our real estate was EUR 2,396.9 million as at the reporting date (2013: EUR 2,538.3 million).

Regional development

In the main, the regional diversification of the lettable areas remained unchanged year-on-year. The average rental yield and occupancy rate performed differently from region to region compared to the previous year; this is offset at portfolio level. On the whole, the stabilising effect of the regional allocation was illustrated by a stable vacancy rate and by an unchanged total yield.

REGIONAL DEVELOPMENT *

	North 2014	North 2013	East 2014	East 2013	Central 2014	Central 2013	West 2014	West 2013	South 2014	South 2013	Total 2014	Total 2013
Number of properties	35	36	30	33	47	54	57	59	64	69	233	251
Market value in EUR million	359.3	364.3	267.4	300.7	693.1	716.6	678.8	709.1	398.3	447.6	2,396.9	2,538.3
Rental space in sqm	254,600	262,500	170,700	186,100	279,200	283,300	411,900	423,900	296,500	328,100	1,412,900	1,483,900
Portfolio proportion by rental space	18%	18%	12%	13%	20%	19%	29%	28%	21%	22%	100%	100%
Annualised rental income in EUR million	23.5	23.8	19.9	22.0	35.0	34.6	44.2	46.2	27.5	32.0	150.1	158.6
Rental income in EUR per sqm	8.1	8.0	10.2	10.3	12.5	11.9	9.6	10.0	8.3	8.4	9.6	9.6
Average lease maturity in years	6.1	6.3	4.5	5.1	4.6	5.3	4.3	4.4	3.8	3.9	4.6	4.9
Gross rental yield	6.5%	6.6%	7.4%	7.3%	6.2%	6.1%	6.5%	6.5%	6.9%	7.2%	6.6%	6.6%
Vacancy rate	6.1%	6.5%	7.2%	7.4%	19.7%	18.0%	9.0%	12.1%	11.3%	7.8%	10.9%	10.7%

* All figures pro rata, except number of properties; all figures excluding developments, except number of properties and market value

Market valuation: Property values stable

External surveyors regularly determine the market value of all our properties as at the end of the 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, the market in general and the financial climate.

The valuation impact on the properties was EUR 4.8 million, a marginal change of -0.2 percent.

Considering the high volume of disposals, investments and the change in value, the pro rata market value of our portfolio dropped by 5.6% to EUR 2,396.9 million (2013: EUR 2,538.3 million). The net asset value was EUR 864.8 million (2013: EUR 862.4 million). The NAV per share was EUR 12.61 (2013: EUR 12.58).

CHANGES IN MARKET VALUE in EUR million

Market value portfolio on 31.12.2013	2,538.3
Disposals Co-Investments	-37.3
Investments	55.2
Addition Co-Investments	18.4
Addition Funds	9.2
Sales	-182.1
Valuation impact (-0.20%)	-4.8
Market value portfolio on 31.12.2014	2,396.9

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 on page 96 of the Notes.

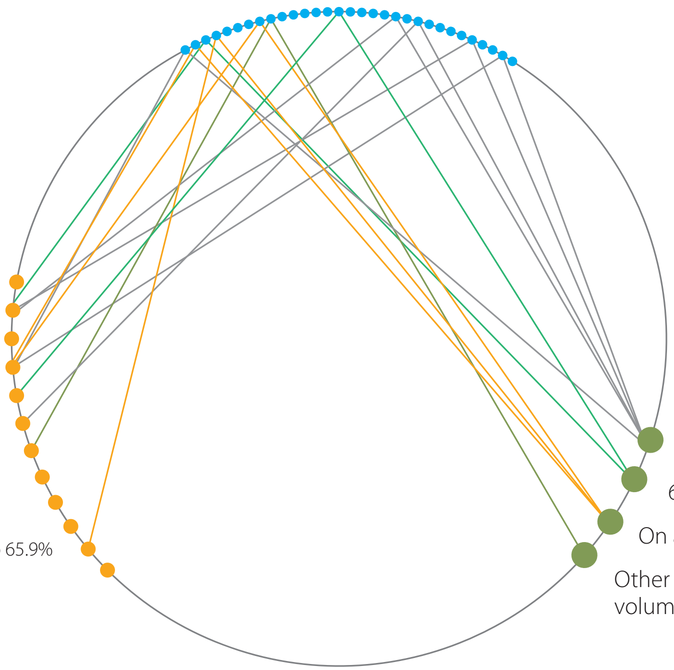
Sales: Transaction objectives achieved

In financial year 2014, we achieved a sales volume of around EUR 162 million (EUR 154 million of which transfer of title, benefits and obligations had occurred by the reporting date), thus exceeding our original target for the year of EUR 150 million most notably thanks to a sharp upswing in momentum in the fourth quarter. The sales volume amounted to around EUR 99 million in the previous year.

We thus continued to successfully progress the operations set out in our strategic agenda to optimise our portfolio and to reduce the loan-to-value ratio in the medium-term. In 2014, we disposed of a total of 20 properties, 14 of which came from the Commercial Portfolio (EUR 95 million) and six from the Co-Investments (EUR 67 million). The transfer of title, benefits and obligations for one property from the Commercial Portfolio and two properties from the Co-Investments business segment will take place in 2015. On average, the sale prices achieved were some 6% higher than the most recently determined market values.

Thanks to "MainTor" and "Opera Offices Neo", we successfully made additional sales amounting to an investment volume of approx. EUR 390 million in the past financial year.

↗ **PROPERTY SALES** from the entire portfolio;
target volume approx. EUR 150 million



Loans repayments of around
EUR 149 million

Reduction
of loan-to-value ratio to 65.9%

Sales volume of some
EUR 162 million

14 properties from the Commercial Portfolio (EUR 95 million)

6 properties from Co-Investments (EUR 67 million)

On average 6% above the most recent market values

Other transactions: Forward sales relating to an investment
volume of some EUR 390 million from project developments

↗ Significant ACQUISITIONS IN THE FUND BUSINESS

Acquisitions: Growing fund business as an additional earnings component

As forecasted, the acquisitions in the 2014 financial year were focused on the fund segment. In total, we realised some EUR 180 million across all business segments; of this, approx. EUR 135 million was attributable to the funds business segment (2013: EUR 119 million). The acquisitions for the funds were slightly down on what we had forecast at the beginning of the year. In the Co-Investment segment, DIC Asset AG moreover acquired a 40% interest in the so-called "Blue Tower", a centrally located and currently fully occupied office high-rise in Frankfurt.

Of the seven properties purchased in total, four were purchased for the "DIC HighStreet Balance" special retail fund in top retail locations in Neumünster, Offenburg, Düren and Wuppertal (total volume approx. EUR 58 million). The transfer of title, rights and obligations is expected to take place for two of the four properties, with a volume of approx. EUR 31 million, in 2015.

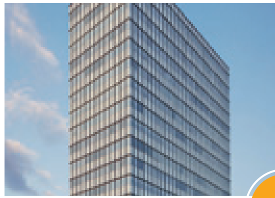
Another three properties were purchased for the "DIC Office Balance II" special fund for office property, which was launched as an individual mandate. The third fund implemented in July 2014 invests in core real estate in agglomerations and large cities in Germany that is let for the long term; it also invests in regional economic centres. The target volume is EUR 200 million, and can be increased at a later point in time where necessary. By the end of the year, one property each was acquired in Cologne, Hamburg and Berlin for a total of approximately EUR 77 million. The transfer of title, rights and obligations of one of these properties with a volume of around EUR 15 million will take place in the 2015 financial year. DIC Asset AG has co-invested in the new fund as well and is executing the sales and purchases as well as carrying out the asset and property management.

The funds business segment is an attractive additional line of business for DIC Asset AG with regular, high earnings. In general, we have significant investments as a co-investor in the now three special funds created since 2010 and provide the added value of our real estate and investment expertise as a service provider. As part of our continued focus on consistent sources of income and an efficient use of our equity, in April 2014 we reduced our stake in the first fund, "DIC Office Balance I", from 20% to 10%, thus cutting the associated equity per investment. The overall contribution to FFO from the fund business fell temporarily to EUR 5.6 million (2013: EUR 6.5 million). However, the share of FFO attributable to the regular management income increased from EUR 3.4 million to EUR 4.0 million.

Thanks to the successful purchases made in 2014, our fund business is currently growing as scheduled. With a target volume of up to some EUR 1 billion, the current investment volume is approximately EUR 650 million.



2014: 4 properties acquired, acquisition volume around EUR 58 million



2014: 3 properties acquired, acquisition volume around EUR 77 million

DIC Office Balance I
Launch: 2010
Office property special fund

DIC HighStreet Balance
Launch: 2012
Retail property special fund

DIC Office Balance II
Launch: 2014
Office property special fund

Fund volume for 2014 at approx. **EUR 650 million**

Target volume:
up to approx. **EUR 1 billion**

FFO contribution in EUR million

Management fees
4.0

Investment income
1.6

Attractive additional earnings component

Project developments

Additional marketing successes in 2014 helped us to conclude key phases and thus come closer to successfully completing our two large project developments. DIC Asset AG is a co-investor in the "Opera Offices Neo" development in Hamburg and the "MainTor" project in Frankfurt, with project volumes totalling EUR 785 million.

"Opera Offices Neo" forward sale; a third already let

The "Opera Offices Neo" office and business centre was sold in a forward deal to a company from the financial sector at the end of August. The project volume in "Opera Offices Neo" is some EUR 35 million; DIC Asset AG has a stake of 18.8%. We have thus again succeeded in selling a project development before construction work began.

In early November 2014, shortly after the successful forward sale, we reported successful long-term letting of 3,000 sqm for "Opera Offices Neo" that is more than a third of the lettable space before construction work began. Construction work has since begun on the "Opera Offices Neo". Around 1,000 sqm of shop space for retail and gastronomy will be created on the ground floor; floors one to six each have some 1,100 sqm of rental space for office use; and the top floor has both 500 sqm of office space and a spacious roof deck. We are striving to achieve silver certification from the German Sustainable Building Council for the building.

"Opera Offices Neo"

Sold and one third of space let in 2014 before start of construction

"Opera Offices Klassik"

Sold to a northern German pension fund back in 2012

"MainTor": outstanding milestones reached

"MainTor" has already become a well-established new district between Frankfurt's banking district and the Main River. All parts of the development were marketed to a significant degree well before their completion. "MainTor Primus" was the first sub-project to put into operation; in the first half of 2014, DIC moved its headquarters there and other tenants moved in. "MainTor Porta", the second sub-project, was completed in late 2014 and handed over to the buyer (a fund managed by Union Investment Real Estate) at the end of the year. The future tenant, Union Investment, began moving into the property in the first quarter of 2015. Union Investment had decided more than two years ago to completely rent the planned "MainTor Porta", which has a lettable area of some 22,000 sqm.

DIC Asset AG's "MainTor" district project is changing the face of the area between the Untermainkai and the Weissfrauenstrasse in Frankfurt. The former Degussa/Evonik factory site that was used to be shut off is not only being redeveloped but also turned back into a public space that revives the historic connections from the city centre to the banks of the River Main. The redevelopment has been divided into a series of construction projects that are being carried out at different points in time and on different plots. This flexibility has made it possible to attend to the specific requirements of differing user groups and investors during the marketing. New rental and usable space measuring some 95,000 sqm is being created in the "MainTor" district; of it, approximately 78,000 sqm is commercial rental space, and approximately 15,000 sqm for residential use. The volume of the project is some EUR 750 million; DIC Asset AG has a stake of 40% as a co-investor. The last sub-project, "WINX – The Riverside Tower", will be completed by the end of 2017/the beginning of 2018.

"WINX – The Riverside Tower":
The forward sale was one of the largest investment transactions on the Frankfurt real estate market in 2014.

Around 24,000 sqm of "WINX – The Riverside Tower" was let to Union Asset Management Holding AG in November, before construction work began; marketing for the tower began in 2014. The space let corresponds to some 60% of the total floor space in the WINX. Following completion, Union Investment will use the lower ten floors of the imposing tower and portal building for an initial period of ten years. Construction work for the landmark building, which has twenty-nine floors in total, has since begun as of the start of 2015.

The sixth and final "MainTor" district sub-project was also marketed before construction work began back in November 2014 when "WINX – The Riverside Tower" was sold to the entrepreneur Susanne Klatten. The project volume for the office high-rise, an addition to the Frankfurt skyline at one of the most attractive locations in the city on the banks of the Main River, is approximately EUR 350 million.

The significant marketing milestones of all six sub-projects and the commissioning of "MainTor Primus"and "MainTor Porta" mean that we achieved significant development objectives in the 2014 financial year and made positive contributions to earnings.

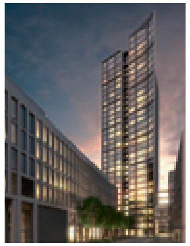
Key milestones in marketing and realisation were achieved, Construction progress on schedule

MAINTOR PORTA

Completed in 2014, transferred to Union Investment at the turn of the year

MAINTOR PANORAMA

70% pre-let, shell construction completed



WINX –
The Riverside Tower

Advance marketing in 2014, construction started in 2015

Total project volume
EUR **750**
million

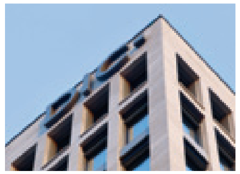
MAINTOR PATIO

Letting started, ready to be occupied from summer 2015

DIC Asset AG co-invested with **40**%, first earnings contributions realised in 2014

In May 2014, DIC marked the half-way point in construction work on the "MainTor" district in Frankfurt with a celebratory get-together for more than 300 guests.

View of the construction site at beginning of 2015



MAINTOR PRIMUS

Headquarters of DIC Asset AG

Completed and occupied in 2014, transferred to buyer

SUSTAINABILITY

Our real estate portfolio under management comprises approximately 1.8 million sqm of rental space and provides space for tenants to engage in their business activities with staff and customers. Through the combined use of these properties, energy resources are consumed, carbon dioxide is released and waste is produced. This affects our environment today and will do so in future too. 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 long-term real estate investor, we are focused on dealing with resources and the environment in a long-term and sustainable manner. We take account of environmental and social factors in corporate decisions and processes, thus minimising risks in our business operations.

Separate Sustainability Report

We have been reporting on DIC Asset AG's sustainability activities on an ongoing basis since 2009. Since March 2011, in order to give the matter of sustainability a platform appropriate to its importance at our company, this has taken the form of a separate report.

With only its second report, DIC Asset AG's sustainability reporting was awarded the Bronze Award for successful implementation and transparent reporting in accordance with EPRA's best-practice criteria. We published our third Sustainability Report in mid-2014; it also received an award. Our latest report is always available to download from our company's website at

www.dic-asset.de/engl/company/sustainability

TARGETS 2016

- Ongoing analysis of the results of our analysis portfolio and drawing up operative optimisation models
- Gradual optimisation of sustainability reporting in accordance with established standards outside and within the real estate sector (GRI, ZIA and EPRA)
- Reporting in accordance with latest GRI standards and attainment of higher reporting levels
- 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

Selected recent success stories/examples of progress

- **A working environment upgraded in a sustainable manner**
  Our company moved its headquarters in Frankfurt into the "MainTor" complex in early April 2014 and was one of the first tenants to move into the new "MainTor Primus" building. We used the opportunity to make numerous improvements to the day-to-day working environment from implementing the latest developments in designing workspaces and communication zones, to providing employee showers and parking spaces for bikes.

- **"MainTor" district development: sustainable from planning to use**
  A whole host of sustainability aspects were and are being taken into account during implementation in the construction phase, making the "MainTor" project one of the largest sustainable development projects in Germany. We are aiming for the top Green Building certification from the German Sustainable Building Council, DGNB Gold, for all commercial sub-projects in the "MainTor" district. For the final sub-project, "WINX – The Riverside Tower", we have aligned planning with the new German Energy Saving Ordinance (EnEV 2014), which requires all new buildings from 1 January 2016 to meet values that undercut the EnEV 2009 reference values by 25%. By amending the planning for the final sub-project, we took account of changing legal framework conditions at an early stage and are creating a product that is equipped for the future in line with the latest standards.

EMPLOYEES

We offer talented staff a varied, demanding and challenging role in a dynamic company, integration in a highly committed and motivated team, and a modern and central place of work with attractive remuneration.

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 personnel 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. In this vein, we offer coaching, advisory and development programmes, training courses tailored to specific tasks and general professional development, for example language courses and presentation skills training for managers and employees.

Personnel development and advancement is also a firm part of the role of our managers. We support our managers in this regard and provide them with tools, for example through regular training sessions. Furthermore, we regularly organise conferences for managers together with the Management Board. They not only help to share knowledge internally but also involve specialist presentations to provide greater detail on sector and real estate-specific topics.

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 2014, we again provided tremendous support for individuals wishing to undertake further training. We also again participated in the real estate careers forum organised by Immobilien Zeitung in Frankfurt in June 2014.

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 2014, 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) during which they are entrusted with various day-to-day tasks. We offer university graduates the opportunity to embark upon a 12- or 18-month training programme following their studies, and we currently have two employees 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.

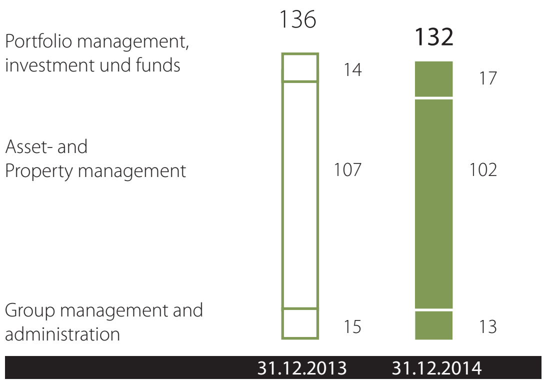
Salaries: fair remuneration and promoting performance

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 2014, EUR 12.3 million was spent on employees in total. This figure includes performance-related bonuses of EUR 1.6 million, corresponding to a share of approximately 13%. Social security taxes, pension contributions and other additional benefits amounted to a total of EUR 1.4 million.

Employee base strengthened in line with business strategy

In 2014, DIC Asset AG had 134 employees on average (2013: 135); on the reporting date at the end of the year, there were 132 (2013: 136). Compared with the previous year, we have streamlined administration, organised asset and property management more efficiently and simultaneously strengthened the portfolio management, investment and funds departments.

> NUMBER OF EMPLOYEES



FINANCIAL INFORMATION

Revenues and earnings situation

- Objectives achieved – corporate strategy successfully continued
- FFO up 4% to EUR 47.9 million
- At EUR 147.5 million, gross rental income has grown significantly (+18%); above the expected target range
- Operating efficiency improved
- Strong share of the profit of associates of EUR 6.6 million (up EUR 5 million)

As budgeted, DIC Asset AG further increased its operating profit in 2014, achieving major intermediate objectives with a view to the company's strategic position. The strong growth in rental income after the portfolio acquisition at the end of 2013, stable earnings from investments in funds and positive earning contributions from the realisation of the MainTor project development made significant contributions here.

Compared to 2013, fees from real estate management decreased slightly in line with expectations since fees for the management of the portfolio properties acquired in late 2013 were recognised in the previous year. On the other hand, gross rental income grew considerably.

In 2014, FFO rose once again: by 4% from EUR 45.9 million to EUR 47.9 million. Group profit declined by EUR 2.0 million, i.e. 13%, to EUR 14.0 million, mainly caused by non-recurring effects related to our corporate bonds.

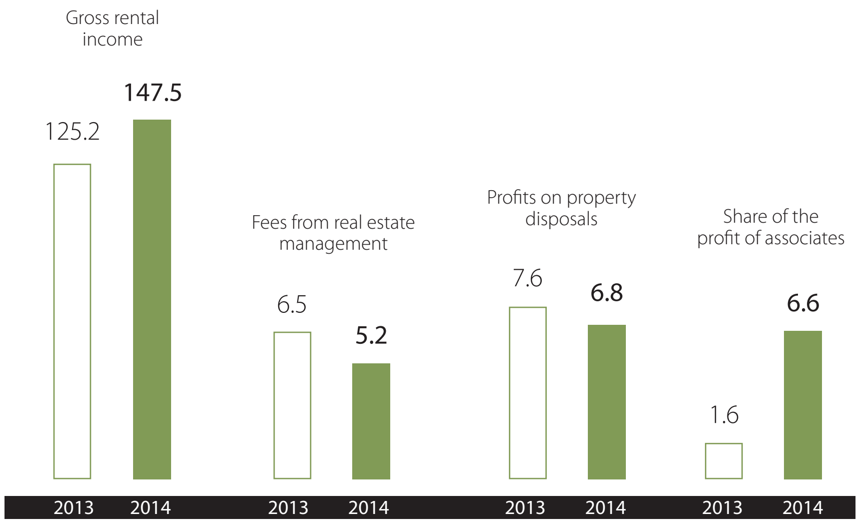
Rental income base diversified

Gross rental income rose to EUR 147.5 million (previous year: EUR 125.2 million) and net rental income climbed to EUR 132.2 million (previous year: EUR 112.3 million), an 18% increase in both cases, thus more than forecasted for 2014. The strong growth is attributable to the expansion in our portfolio resulting from our acquisition of a portfolio in November 2013 and more than offset the loss of rental income from properties sold in the course of the year.

Attractive sales realised

Disposing of property from all areas of the portfolio was budgeted for 2014. By selling property from our existing portfolio, we generated revenue of EUR 90.5 million (previous year: EUR 81.1 million) and sales profits of EUR 6.8 million (previous year: EUR 7.6 million).

GROSS RENTAL INCOME AND REVENUES in EUR million



OVERVIEW OF INCOME in EUR million

	2014	2013	
Gross rental income	**147.5**	125.2	+18%
Fees from real estate management	**5.2**	6.5	-20%
Property disposal proceeds	**90.5**	81.1	+12%
Other	**34.4**	23.3	+48%
Total income	**277.6**	236.1	+18%

Fees from real estate management on track

Due to the scheduled reduction of investments in joint ventures, fees from real estate management declined overall year-on-year by EUR 1.3 million to EUR 5.2 million (a drop of 20%). This mainly reflects the loss of fees from real estate management of the portfolio acquired in late 2013. Fees from services for the special funds also increased from EUR 3.4 million to EUR 4.0 million. The growth of these fees underlines the successful diversification of our sources of income as a result of the continued expansion of the fund business in 2014.

Efficient cost structure

As budgeted, we kept our operating costs at an efficient level in relation to rental income. Administrative expenses rose by EUR 0.9 million (9%) to EUR 11.0 million and personnel expenses increased slightly by EUR 0.2 million (2%) to EUR 12.3 million. The operating cost ratio (administrative and personnel expenses to gross rental income, adjusted for property management income) decreased from 12.6% to 12.3%.

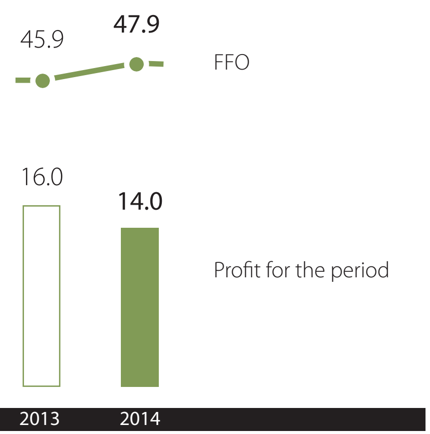
Net interest income reflects increase in financing volume

As a result of the portfolio acquisition and increasing our corporate bonds, net financing expenses increased. Consequently, interest expenses increased from EUR 62.7 million to EUR 80.4 million; interest income also increased from EUR 9.7 million to EUR 10.9 million. The larger financing volume and non-recurring expenses from the bond issues of EUR 2.0 million resulted in net interest income of EUR -69.6 million compared to EUR -53.0 million in the previous year; the average interest rate fell (see the section entitled "Average interest rate" on page 53).

RECONCILIATION OF FFO in EUR million

	2014	2013	
Net rental income	132.2	112.3	+18%
Administrative expenses	-11.0	-10.1	+9%
Personnel expenses	-12.3	-12.1	+2%
Result of other operating income/expenses	1.0	0.4	+150%
Fees from real estate management	5.2	6.5	-20%
Share of the profit of associates without project developments and sales	2.8	1.9	+47%
Interest result	-70.0	- 53.0	+32%
Funds from operations	47.9	45.9	+4%

FFO AND PROFIT FOR THE PERIOD in EUR million



FFO at a high level

FFO (funds from operations), which represents income from portfolio management, increased in line with expectations by EUR 2.0 million (+4%) from EUR 45.9 million to EUR 47.9 million and consequently reached the middle of the target range of EUR 47 to 49 million. At 33%, the FFO yield (FFO in relation to gross rental income) decreased by around four percentage points compared with 2013 due to an increase in financing expenses. The FFO per share was EUR 0.70 in 2014 (previous year: EUR 0.94), based on a higher average number of shares issued compared to the previous year. Assuming a comparable number of shares, the 2013 FFO per share would equal 0.67 euros, which would imply an increase by 0.03 euros per share for the FFO in 2014 .

Sharp rise in the share of the profit of associates

At EUR 6.6 million, the share of the profit of associates (Co-Investments) rose sharply by EUR 5.0 million compared to the previous year. The profit generated in 2014 from project developments made major contributions to earnings. The profit is made up of our fund investments (EUR 1.6 million), earnings from the letting and the sale of property from joint venture portfolios (EUR 1.1 million) and profit from project developments (EUR 3.9 million).

Group profit at EUR 14.0 million

At EUR 14.0 million, Group profit was EUR 2.0 million down year-on-year (a decrease of 13%), caused mainly by non-recurring effects resulting from the bond issues. The profit per share amounts to EUR 0.22 compared with EUR 0.33 in the previous year. With a comparable number of shares, the earnings per share for 2013 would be EUR 0.23, a mere EUR 0.01 per share above the earnings per share for 2014.

Segment results

The definition 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 from page 109 seq.

Financial position

- Taking advantage of favourable environment for bonds and for repayment of debts with higher interest rates
- Average interest rate cut by 20 basis points
- More than 91% of financing hedged

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 both through traditional bank financing and the capital markets. We have a large number of business relationships with various partner banks and thus avoid being 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 and other portfolios. We achieve more stability and security in our planning by hedging the vast majority of our financing against fluctuations in interest rates.

Bonds increased in a favourable environment

At the beginning of 2014, we increased our second bond, launched in July 2013, to the full issue volume of EUR 100 million, raising approximately EUR 25 million in one day during placement.

We took advantage of the favourable interest rate environment as the financial year progressed to issue another bond, intended to optimise our financing conditions and strengthen the existing financing structure. In September, the third DIC Asset AG corporate bond was issued, with a coupon of 4.625%, a volume of EUR 125 million and a term of five years. The majority of the issue proceeds were used to repay our first corporate bond, issued in 2011 with a volume of EUR 100 million and a higher coupon of 5.875%, ahead of schedule on 16 October 2014. The bondholders received 100.5% of the nominal amount per bond, plus the interest which had accrued up to the repayment date.

Financing volume of EUR 191 million realised

Including the financing activities for our co-investments, we realised financing volume of approximately EUR 191 million in 2014, following an extensive financing volume of some EUR 960 million that had been rearranged the previous year.

In addition to around EUR 105 million for financing in the Commercial Portfolio, approximately EUR 39 million is attributable to acquisitions for our funds and approximately EUR 47 million to financing for additional co-investments.

FINANCING ACTIVITIES IN THE COMMERCIAL PORTFOLIO 2014 in EUR million

New loans raised	49.8
Refinancing	54.7
Increase/Issue of corporate bonds	150.0
Repayment of loans	148.5
Repayment of corporate bond	100.5

4 February 2014

Private placement, EUR 25 million increase in the corporate bond issued in 2013 to the full issue volume of EUR 100 million

Used predominantly to refinance existing liabilities to banks at portfolio and property level

8 September 2014

Issue of third corporate bond Volume of EUR 125 million, coupon of 4.625%

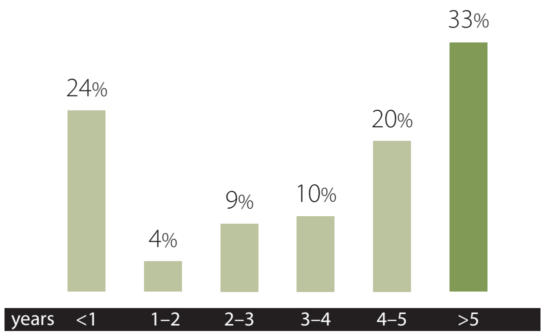
Owing to the high demand, the order book was closed just a few hours after the bond had been announced

16 October 2014

Early repayment of the corporate bond from 2011 of EUR 100 million, coupon 5.875%, with the majority of the net proceeds from the September issue

DEBT MATURITIES

as at 31.12.2014



At EUR 1,667.9 million, the balance sheet financial debt as at 31 December 2014 was EUR 56.0 million below the previous year following repayments, refinancing and the increase in the outstanding bonds. The majority of the financial debt consists of loans from financial institutions (87%) as well as funds from our bonds (13%). Loan repayments made in 2014 totalled EUR 149 million, of which EUR 66 million were unscheduled repayments following sales.

Stable remaining maturities

With a much lower volume of new loans taken out than in the previous year, 2014 saw only modest changes to the maturity structure. The average remaining maturity of liabilities including the bonds was 4.0 years at the end of December, down from 4.5 years in 2013. One third of all financing has a maturity of more than five years.

Refinancings for 2015

The refinancing volume for the existing portfolio (Commercial Portfolio) due in 2015 amounts to approximately EUR 372 million. Of this figure, the largest amount of approximately EUR 280 million is attributable to one commercial portfolio and approximately EUR 76 million to three additional commercial portfolios, which are due for refinancing in the second half of the year.

Hedging against interest rate fluctuations

The vast majority, over 91%, of financial debt is hedged against fluctuations in interest rates – either by means of fixed-rate loans or via derivative interest hedging instruments. This gives us long-term certainty in our planning and keeps interest rate risks low. Possible changes in interest rates do not, in principle, impact the income statement but the equity reported in the balance sheet. Just under 9% of our financial liabilities – primarily short-term in nature – are agreed at variable rates.

Average interest rate lowered

As at 31 December 2014, the average interest rate across all liabilities to banks was 3.9% and was thus significantly below the previous year (4.1%). This is in part the result of access to more attractive lending conditions, which we achieved by incorporating the bonds into the financing mix.

The interest cover ratio (ICR), the ratio of net rental income to interest payments, fell due to the higher financing costs from 179% to 164%, reflecting the costs incurred during the financial year in relation to issuing the third bond and for processing the repayment of the first bond as a non-recurring expense.

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 (ISCR), the debt service coverage ratio (DSCR) or the weighted average lease term (WALT).

Effect: Strengthened financial structure and optimised terms

- Additional source of finance alongside bank financing
- Flexible use of funds
- Lower loan-to-value (LTV) at portfolio level, ensuring access to more attractive loan terms
- Improved maturity structure of the outstanding debt
- Lower average interest rate across all bank liabilities: cut by 20 basis points

No forms of off-balance sheet financing

There are no material 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 105 seqq.

Comfortable liquidity situation

Liquidity forecast 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 be independent of 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 2014, DIC Asset AG was at all times able to fulfil its payment obligations. As at 31 December 2014, available liquidity amounted to around EUR 97 million. We also had unutilised financing lines of EUR 15.4 million at our disposal.

Cash flow from sales and bonds

With substantial rental income from our extended existing portfolio, we generated cash flow from operations of EUR 114.6 million (previous year: EUR 107.4 million). After taking into account interest and taxes, the cash flow from operations amounts to EUR 34.9 million (previous year: EUR 42.0 million). The reduction is primarily due to the interest payments for our bonds and the first full year of interest payments for the portfolio acquired at the end of 2013.

In 2014, cash flow from investing activities was dominated once again by successful sales activities and the reduction of our investment in the first special fund, which resulted in a positive cash flow from investing activities of EUR 85.8 million (2013: EUR 42.4 million). Free cash flow of EUR 20.3 million (22%) was generated from sales proceeds of EUR 90.5 million after repayment of loans. The cash outflows for portfolio investments were below the previous year at EUR -19.9 million (2013: EUR -22.7 million).

With regard to financing, repayment of loans on the one hand and the net increase in funds from the bond issues on the other hand characterised 2014. Cash flow from financing activities amounted to EUR -79.7 million compared with EUR -91.9 million in the previous year. In total, we repaid loans of EUR 148.5 million, while we raised EUR 49.8 million in new loans. We generated cash inflows totalling EUR 150.3 million by increasing and issuing additional bonds and incurred costs of EUR 100.5 million to repay the first bond. EUR 24 million in dividend payments were distributed to the shareholders in the financial year, compared to EUR 16 million in the previous year.

Cash and cash equivalents increased year-on-year by EUR 41 million to EUR 97.4 million.

CASH FLOW in EUR million

	2014	2013
Profit for the period	14.0	16.0
Cash flow from operating activities	34.9	42.0
Cash flow from investing activities	85.8	42.4
Cash flow from financing activities	-79.7	-91.9
Acquisition related increase in cash and cash equivalents	0.0	7.2
Net changes in cash and cash equivalents	41.0	-0.3
Cash and cash equivalents at 31 December	97.4	56.4

Asset position

- Real estate assets of around EUR 2,144 million
- Net debt equity ratio rises to 33.4%
- Loan-to-value ratio (LTV ratio) down to 65.9%
- Net asset value stable at EUR 864.8 million (+0.3%)

The successful sales in both the Commercial Portfolio and Co-Investments, which we made in 2014 to optimise our financial and portfolio structures, and the related repayment of loans are reflected in the asset position. Real estate assets in the Commercial Portfolio decreased by 5%, our Co-Investments by 10%. Proceeds from sales and the bond issues increased our current assets. The net asset value grew by EUR 2.4 million to EUR 864.8 million.

Accounting at cost

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 2014.

Total assets down slightly

As at 31 December 2014, total assets were approximately EUR 60 million (2%) below the previous year-end at EUR 2,537.0 million. Investment properties (our existing properties in the Commercial Portfolio) had a balance sheet value of EUR 2,143.9 million at the end of 2014 compared with EUR 2,256.4 million in the previous year. The decline of EUR 112.5 million (-5%) is mainly due to disposals through sales amounting to EUR 82.8 million.

Investments in associates (our Co-Investments) fell by 10%, from EUR 89.9 million to EUR 81.0 million, as a result of the intra-year reduction of equity interests in the fund business and property sales from the Co-Investments. This was offset by the much higher year-on-year share of the profit of associates. With the repayment of loans, the loans and borrowings to related parties in non-current assets decreased, while corresponding receivables in current assets increased due in particular to the capitalisation of interest. These loans mainly consist of loans granted for equity contributions in refinancing and bridge financing for project developments.

Non-current assets therefore declined as at the 2014 balance sheet date by 5% or EUR 121.7 million to EUR 2,384.3 million (2013: EUR 2,506.0 million), while current assets increased by EUR 62.7 million to EUR 152.7 million (2013: EUR 90.0 million), mainly due to the increase in cash and cash equivalents as at the balance sheet date.

Net debt equity ratio and loan-to-value ratio (LTV) improved

Equity decreased by EUR 18.2 million (-2%) to EUR 774.8 million, mainly driven by a EUR -7.6 million change in the negative hedging reserve to EUR -37.7 million, as a result of the lower interest rate and the decline in retained earnings as at the 2014 balance sheet date.

The balance sheet equity ratio remained unchanged year-on-year at 30.5%. The net debt equity ratio (based on net liabilities and adjusted for effects from derivatives) grew 0.8 percentage points to 33.4% (2013: 32.6%). We trimmed the loan-to-value ratio (LTV) by one percentage point from 66.9% to 65.9%.

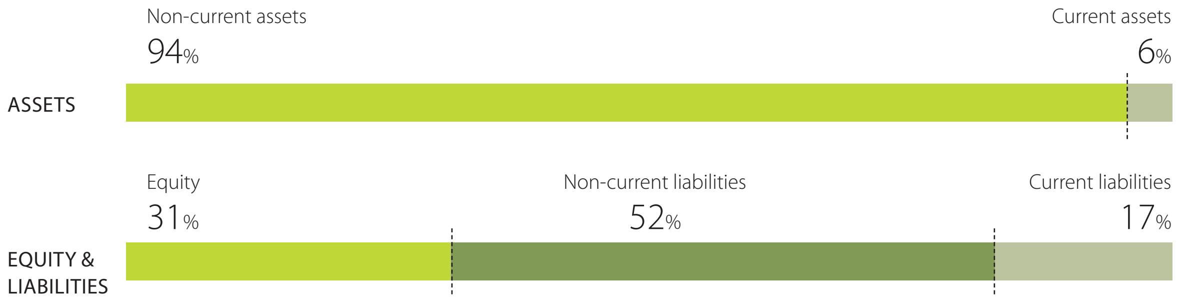
OVERVIEW OF THE BALANCE SHEET in EUR million

	31.12.2014	31.12.2013
Total assets	2,537.0	2,596.0
Non-current assets	2,384.3	2,506.0
Currents assets	152.7	90.0
Equity	774.8	793.1
Non-current liabilities	1,260.4	1,553.1
Current liabilities	405.9	170.7
Other liabilities	95.9	79.1
Total liabilities	1,762.2	1,802.9
Balance sheet equity ratio	30.5%	30.5%
Net debt equity ratio *	33.4%	32.6%
Loan to value **	65.9%	66.9%

* 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 up slightly at EUR 865 million

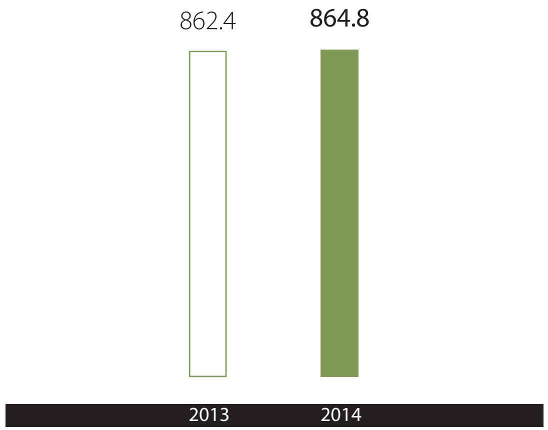
The net asset value (NAV) represents the real value of all tangible and intangible assets less liabilities. This net asset value amounted to EUR 864.8 million at the end of 2014.

The NAV per share amounted to EUR 12.61 compared with EUR 12.58 in the previous year. The NNNAV per share (cf. Notes p. 96) amounted to EUR 11.38 (2013: EUR 11.77).

NET ASSET VALUE in EUR million

	31.12.2014	31.12.2013
Market value real estate	2,186.2	2,283.1
Market value investments	82.8	92.2
+/- other assets and liabilities incl. non-controlling interests	263.7	211.0
Net loan commitments	-1,667.9	-1,723.9
Net asset value (NAV)	864.8	862.4
Number of shares (thousand)	68,578	68,578
NAV per share in EUR	12.61	12.58
NNNAV per share in EUR	11.38	11.77

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 2014, no options were newly 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 net assets, financial position and results of operations 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 111.

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

The transfer of title, benefits and obligations for one property from the Commercial Portfolio notarised in December 2014 took place at the end of January 2015.

The transfer of title, benefits and obligations for two properties from the Co-Investments business segment that were notarised in November and December 2014 also took place at the end of January 2015. The DIC Asset Group is contributing 20% to the sale.

The transfer of possession, rights and obligations for a property acquired for the investment fund division took place in late February 2015.

It was communicated in January 2015 that the Chairman of the Management Board, Ulrich Höller, would leave the company when his contract ends at the end of 2015. Subject to the legal requirements' being satisfied, the Supervisory Board fully supports Ulrich Höller's subsequent appointment to the Supervisory Board in order to be able to make use of his experience and expertise in the company's further development. He will also continue to sit on the boards of DIC Onsite.

Johannes von Mutius was appointed to the Management Board to fill the new position of Chief Investment Officer (CIO) as at 01 April 2015.

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.

There were no material changes to the organisation and the processes in 2014 following the introduction of a new software system in the previous year.

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 milestones, preliminary acceptances, the awarding of partial trade and general contractor contracts and clearly determined approval processes help us to minimise project risks.

▷ 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. 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 sector solutions. 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 programmes 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 checks to ensure that financial reporting is correct and reliable include analysing the issues and changes using specific key data, using check lists to ensure that the information is complete and that the procedure is uniform. Accounting transactions in the separate financial statements of DIC Asset AG and its subsidiaries are recorded in the ERP system tailored specially to the requirements of real estate companies. We compile the consolidated financial statements by adding information to the separate financial statements in question to form standardised reporting packages.

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

- Portfolio management
- Funds
- Project developments

Operations

- Acquisitions and sales planning
- Letting
- Property and location
- 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 moderate economic growth in Germany in 2015, slightly below the 2014 level. However, the expected economic growth will be driven primarily by the lower energy prices and the weak euro, which is boosting exports. The situation in the European currency union remains fragile, despite certain positive underlying trends – as the market turmoil surrounding Greece has shown. In addition, the geopolitical tensions in relation to the Ukraine crisis and especially the Russia sanctions will continue to cause uncertainty, the effects of which could also negatively impact the German economy.

On the other hand, the all-time low interest rates in the euro zone and the ECB's loose monetary policy, in combination with the weak euro and low oil prices, may further revive the 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 remains unchanged for us on the previous year. Our portfolio is highly diversified, in particular through 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, banks are more willing to provide financing thanks to the high momentum in the past financial year driven by the ECB's low interest policy. Due to the positive market trend, the risk of forced sales by banks or investors with funding problems, and therefore the likelihood of sales prices being pushed down on the market, has fallen considerably.

The continuing popularity of the German commercial real estate market, particularly among foreign investors, as a result of the stable economic fundamentals is causing a real estate with attractive yields to become scarcer, especially in A-locations. Although this may impact our transaction planning in the long term, the risk would not result in any material financial damage, at least in the medium term, as our business plans are long-term and flexible. On the other hand, it may also give rise to attractive exit options for us.

Our company is widely networked to minimise risks. As an active investor, with an on-site presence, we are well placed to become aware of possible sales in our relevant markets at any early stage. Secondly, our market penetration throughout Germany and our in-depth knowledge also of B-locations enables us to seize opportunities in the regions, thereby compensating for potential bottlenecks at A-locations.

For 2015, we assume that the moderate increase in completion volumes and a stable letting market mean that attractive properties will remain in short supply and that prices will remain correspondingly buoyant. For 2015, we see opportunities rather than risks in the transaction market due to the continuing high momentum and demand. 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 very good shape with an unemployment rate of 6.4% in December 2014, and the functional activities of the grand coalition, supported by a broad majority, contain little potential for sudden, excessive measures and regulatory measures that would breach the broad social and economic policy consensus.

For financial year 2015, 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. Sufficient provisions are being taken here. Overall, we estimate the legal risk and its financial implications to be low.

Further information about legal risks can be found in the Notes.

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 2014, 91% of our financing volume is hedged against interest rate changes. Due to the hedging, an increase in interest rates of 100 basis points would only reduce cash flow by EUR 1.5 million. Interest rate changes have implications, acting through financial instruments, which mainly affect the balance sheet and reduce equity. As at 31 December 2014, the average interest rate across all liabilities to banks amounts to 3.9%. Further information about interest rate risks can be found in the Notes.

The current all-time 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 2015 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 changed over the past few years as a result of the European sovereign debt crisis. The aftermath of the last financial crisis resulted in some real estate financiers stopping new business or basing their credit requirements on more restrictive risk parameters. However, due to the ongoing expansive monetary policy pursued by the ECB and the related liquidity and the favourable refinancing conditions, there is currently a high volume of funds in the real estate investment markets, and the willingness of banks and other finance partners to provide financing has risen again. New, alternative lenders have entered the market, subjecting the traditional financiers to greater margin competition. To ensure a viable and sustainably stable financing structure, we therefore only agree loans and derivative financial instruments with banks with which we can build on a reliable and long-term partnership and 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 15.4 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, and changes in rental interest and property-related factors such as occupancy rate 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 45.8 million. If the capitalisation rate increases at the same time by 25 basis points, the fall will increase to EUR 89.4 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 for change in discounting rate \ Scenarios for change in capitalisation rate	+0.25%	0%	-0.25%
+0.25%	-89.4 EUR million	-45.8 EUR million	+1.4 EUR million
0%	-44.8 EUR million	+/-0.0	+48.6 EUR million
-0.25%	+1.1 EUR million	+47.2 EUR million	+97.2 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 2015. 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

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

We continuously examine and develop options for expanding our real estate portfolio. If we succeed in leveraging unscheduled growth opportunities, this could enable an increase in revenues and income. We use real estate sales from the portfolio to lessen the concentration risk in the sectoral and regional portfolio structure, realise profits and reduce debt, thereby lowering the financial risks.

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. In the case of real estate sales, the seller usually provides certain guarantees, for example with regard to legal and technical issues. As a result, there is a risk that claims may be asserted against the seller after the sale for breach of warranty obligations. There is also the risk in transactions that the planned figures may not be achieved due to sudden changes in the macroeconomic environment or property-specific issues.

We reduce risks prior to sales and acquisitions by means of extensive due diligence in conjunction with external experts as required. Furthermore, we prepare risk-oriented business plans, which are adjusted to cost and income trends on an ongoing basis. Continuous property management increases the opportunities for positive performance.

On the basis of current and planned transaction activities for the next twelve months, we consider risks from portfolio management as unlikely and the financial implications to be low for 2015.

▷ Funds
DIC Asset AG designs funds and investment structures for institutional investors. It invests up to 20% in the funds as a co-investor, thereby achieving regular investment income. In addition, the fund business segment generates regular income from asset and property management and from management fees on transactions..

Opportunities and risks arise in the fund business segment with regard to the expected income, which primarily depends on the volume of funds managed and the transaction activities. The fund volume can be impacted in particular by a deviation in the transaction activities from those forecast. Lower rental income as well as a negative trend in market values can also weigh on income.

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 timeframe, which means that liquidity implications within the funds 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.

Risks relating to investment income arise especially in the rental income from the fund properties, which may be negatively impacted by bankruptcies and major rental defaults. We minimise these risks with our effective internal real estate management, which supervises the fund properties (see "Operational risks - letting").

Since 2010, DIC has launched a total of three funds: the retail fund "DIC HighStreet Balance" and the two office funds "DIC Office Balance I" and "DIC Office Balance II". The total volume of the three funds is currently around EUR 650 million as expected.

Thanks to our expertise and good customer relationships and based on the current and planned fund activities in 2015, we estimate the probability of occurrence and the financial scope of the risks from the fund business to be low.

▷ Project developments

DIC Asset AG has invested in project developments in the past few years as a co-investor and possesses real estate with potential for development. To further reduce the risks from project developments, we will focus more intensively on redevelopments within our existing portfolio in future.

In the existing project developments, we did not start realisation until suitable tenants had been found in advance, in order to maximise the potential from opportunities and minimise risks. As part of this we entered into long-term financing arrangements at an early stage and implemented a stringent system of project and cost controls. We achieved an appropriate risk spread by involving partners in the projects and through contractual agreements.

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. 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 major project developments:

	Total volume	Share DIC Asset AG
MainTor Frankfurt	Approx. EUR 750 million	40.0%
Opera Offices Hamburg	Approx. EUR 35 million	18.8%

The project development risk was reduced considerably in the financial year 2014.

With the forward sale of the "WINX-Tower" construction phase, all six construction phases of the "MainTor" project have been sold and marketed in advance – with the exception of a few owner-occupied apartments in "MainTor Palazzi". Furthermore, the transfer of possession, rights and obligations for the first two sub-projects "Primus" and "Porta" took place in 2014 and at the turn of the year 2014/2015 respectively.

In the "Opera Offices" project development, the second phase "Opera Offices Neo" was sold and more than one third of rental space was let in September 2014, before construction started. All construction phases of this project development have therefore also been sold.

The financing that matches the project term has been agreed for all the project developments being implemented. Residual risks in the project developments lie predominantly in the construction activities of those phases still in planning and construction and in letting the remaining spaces of the project developments.

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 2015.

Operations

▷ Acquisitions and sales planning

Our planning for 2015 also contains income and profits resulting from acquisitions and sales. In 2015, we are seeking to achieve an acquisition volume of around EUR 130–150 million and a sales volume of around EUR 150–170 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 more strongly from our planning for 2015. 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 35% 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 and Metro, no tenant accounts for more than 5% of total letting volume.

In the financial year 2015, tenancy agreements with a volume of EUR 10.4 million may end, while letting contracts with income of EUR 9.5 million will be extended periodically without a fixed end date. 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 2015 is not re-let, this would result in a maximum loss of revenue of EUR 1.04 million when assuming an annualised rent total of approximately EUR 10.4 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 economic and employment growth gather momentum in the course of 2015.

▷ 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.

▷ Personnel

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 though our own network, modern hard and software solutions and appropriate measures against attacks. Structural security measures are in place to protect the data centre. All data are backed up daily in an external data centre. 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. Since 2013, we have been working with a new IT platform, which replaces isolated systems with an integrated piece of software and has increased efficiency and security in controlling real estate management. In the course of relocating the Frankfurt branch and Group head office to the "MainTor Primus" office tower in April 2014, IT equipment and interfaces were assessed and modernised and brought up-to-date where required.

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 2014 financial year. The following factors made a particular contribution here:

- Project development risks: considerable progress on the major development projects "MainTor" and "Opera Offices", significant letting and sales successes, all construction phases now sold and marketed in advance
- Strategic risks: With the imminent successful completion of the project developments, the focus of Group strategy is shifting towards the active management and cash flow of the directly held Commercial Portfolio and towards attractive additional investment and management income from the growing fund business. At the same time, in the Co-Investment segment investments in project developments were gradually reduced further as a result of completion and other joint ventures were decreased by sales
- Financing and liquidity risks: The financing structure was improved by issuing the third corporate bond and repaying the first corporate bond while reducing the interest rate, and by agreeing financing in the Commercial Portfolio of around EUR 105 million
- Risks of rental default: broader diversification of tenant base by concluding numerous agreements, predominantly with small and medium enterprises

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

However, the causes of the sovereign debt crisis in Europe have so far not been rectified and the economic recovery in the euro zone is sluggish. 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

Achievement of objectives for 2014

We have achieved most of our performance indicators forecast for 2014. The vacancy rate was 10.9% as of 31 December 2014, thereby remaining almost unchanged on the previous year (10.7%) as budgeted. Our FFO of EUR 47.9 million achieved the middle of the target range of EUR 47–49 million.

At EUR 147.5 million, the gross rental income was above the expected range of approximately EUR 145–147 million as at the end of 2014.

The total volume of our acquisitions in 2014 was EUR 180 million. As a result of the continuing high demand for commercial real estate, competition for transactions involving real estate in the Core and Core Plus segment in particular became increasingly fierce over the course of the year. This meant that, in accordance with the investment profiles and target yields of our funds, we did not execute certain transactions that had been planned. The acquisitions for the funds were slightly down (by EUR 15 million) on what we had forecast at the beginning of the year, EUR 150–200 million. We did, however, take advantage of the positive environment for transactions in 2014 and achieved sales totalling some EUR 162 million across all business segments to further optimise our portfolio in particular, which was thus above the planned sales volume of around EUR 150 million.

Overall view for 2015

Overall, we expect framework conditions for DIC Asset AG to remain stable in financial year 2015.

We plan to further optimise our existing portfolio in 2015 and to further improve the quality and earnings of our portfolio through our real estate management and planned acquisitions in the fund segment.

In 2015, we will continue to pursue the milestones established in the Strategy Plan, the integral part of which is to sustainably increase the net debt equity ratio and reduce the loan-to-value ratio. To this end we will increase sales from the entire DIC Asset AG portfolio and use current income from the existing portfolio, additional growth in the fund business and net income from realising project developments.

Our subsidiary DIC Onsite, which conducts activities throughout Germany, will supplement its activities as an asset and property manager for the funds segment by offering its services selectively to other third-party clients. Opening up its business will generate economies of scale and further strengthen this type of income.

General economic conditions in 2015

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 proved stable overall in 2014 in a tough global economic environment, whereby the domestic economy acted as the key growth engine. Gross domestic product was up 1.6% year-on-year (2013: 0.1%) and exceeded the average for the past ten years of 1.2%. The economic situation stabilised again towards the end of 2014 following the buoyant start to the year and the subsequent six-month stagnation phase.

The ifo business climate index for Germany's commercial economy was up in January 2015 for the third time in succession. After a temporary downturn in the middle of the year, the short-term performance horizon was brightened in particular by the surprisingly steep drop in oil price and the weak euro, which stimulated exports.

The majority of companies are taking an optimistic view of upcoming performance, and in conjunction with the ongoing extremely favourable finance climate, this should continue to stimulate investment activities in 2015. The continuing stable situation on the employment market, the anticipated salary increases and lower energy prices should boost disposable income and further accelerate consumer spending. However, an overall rise in uncertainty with regard to the economic outlook can be detected. The aftermath of the financial crisis – high debts and a need for consolidation – is still making its presence felt and the growing geopolitical tensions have intensified the risk of a downturn. In addition, the oil price trend is difficult to predict. The momentum of the decline towards the end of 2014 came as a surprise, even for the experts. The oil price remained rather unpredictable and very volatile at the beginning of 2015 too.

For 2015, we therefore expect stable to slightly weaker economic growth year-on-year in the order of 1.0% to 1.5%, following 1.6% in 2014.

Assessment of sectoral development

The investment market appears strong, the letting market is stable and the market for top properties remains narrow.

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 JLL, in addition to the indicators from our own business for the overall assessment.

For the fifth time in succession, the German commercial real estate market reported an increase in transaction volumes. With an increase of 30% to just under EUR 40 billion, 2014 closed with the highest number of commercial property transactions since the boom year of 2007. A considerable increase in interest from international investors was observed, who boosted their share of transactions to 43%.

This provided further evidence of how appealing the German market is to domestic and foreign investors in real estate.

As the conditions for brisk transaction activity remain in place, transaction volumes should continue to rise in 2015, significantly exceeding EUR 40 billion. Persistently low interest rates continue to provide 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. This is supplemented by the fact that foreign investors can benefit from the continuing weak euro.

However, growing demand coupled with the still low completion volume is causing yields to fall further, particularly in the core segment. We therefore expect the focus to increasingly shift onto locations outside the major cities and away from core real estate towards more management-intensive real estate.

The letting market closed 2014 up slightly by around 3% to 3 million sqm on average across the seven real estate strongholds, due to a strong year-end rally, the strongest quarter since 2007. The strong rental turnover in the fourth quarter, in combination with a lower than forecast completion volume of around 1 million sqm (up 11% year-on-year) ensured the lowest vacancy volume since 2002 with a vacancy rate of 7.6% (after 8.3% in 2013) in the A-locations.

The analysts of the estate agents expect the office letting market to perform stably overall in 2015, with a modest rise in the completion volume to just over 1 million sqm without any further significant reduction in vacancies. Another slight increase in peak rents is expected, due to the unchanged high demand for the few available top sites in the city centres of the real estate strongholds.

Expected trend in the performance indicators of DIC Asset AG

Reduction of vacancy rate to around 10.5%

With the significant reduction in vacancies in our portfolio in recent years and the tenancies that are known to be expiring in financial year 2015, the task facing us in finding tenants will be more difficult both in terms of volume and structure than in the previous years. As a result of the expected letting volume in 2015 and the above average number of agreements concluded in the past two years, we expect a reduction in the vacancy rate to around 10.5% as at the end of 2015.

Attractive acquisitions

We made acquisitions totalling approximately EUR 180 million in 2014. Of that, we made acquisitions of some EUR 135 million to further expand our fund business. "DIC Office Balance II", which invests in office real estate in Germany, is the third fund to be launched by DIC Asset AG. The contribution of investment income and management fees to FFO fell from EUR 6.5 million to EUR 5.6 million, due to the reduction in the equity share in the "DIC Office Balance I" fund from 20% to 10%. We will use the capital released to further increase the investment volume in the fund business significantly in 2015. With the planned diversification of the FFO base, we expect that the profit contribution from fund business will again rise significantly in 2015. In the Co-Investments segment, DIC Asset AG also contributed 40% to the purchase of a fully-let office property in Frankfurt. Based on our liquidity base at the beginning of the year, we are planning investment slightly below the previous year between approximately EUR 130 and 150 million, in the main to continue expanding our funds.

High sales volume

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 focused on both the realisation of attractive profits on sales and, in particular, the reduction in the loan-to-value ratio. We are therefore budgeting with a sales volume at the same high level of around EUR 150–170 million in 2015.

Realising additional income from project developments

Our project developments made major progress towards realising income in 2014. In the “MainTor” project, all six sub projects have now been successfully sold and marketed, all sub-projects are under construction and transfer of title benefits and obligations have already been transferred for two sub-projects. Thus, an earnings contribution of EUR 3.9 million was posted in 2014 after the first sub-projects were handed over, and in 2015 we expect further earnings contributions due to the completion of other sub-projects. We also enjoyed considerable success in 2014 with a major letting and the sale of the Opera Offices project development in Hamburg before construction started.

This year, activities will focus on realising the construction and finding tenants for other lettable areas of the project developments in Frankfurt and Hamburg.

We are not planning any additional, large-scale involvement or investments in new project developments in 2015 and beyond. Instead, we will concentrate more intensively on re-developments within our existing portfolio (Commercial Portfolio).

Expected revenues and results in 2015

On the basis of our planning assumptions and the continued sales activities to reduce the loan-to-value ratio, we expect lower rental income of between EUR 134 and 136 million. Our operating expenses are comparable with the previous year; we also expect average interest expense to be lower year-on-year as a result of optimising our financial structures and reducing the loan-to-value ratio. On this basis, we expect operating profit in 2015 to increase slightly year-on-year by up to 4% with an FFO between EUR 48 and 50 million (approx. EUR 0.73 per share).

Expected financial position in 2015

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 2015, the dividend payment for the 2014 financial year and cash flow from disposals will represent the most significant factors influencing liquidity from operating activities in 2015. Our liquidity base enables us to support and undertake acquisitions to grow the fund business as a co-investor. In such cases, additional funds may be borrowed in consultation with the other fund investors. 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
- The letting market will remain stable
- No major escalations of geopolitical tensions will occur
- No material escalation of the sovereign debt crisis in the euro zone will occur
- 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 will come into effect
- Rental defaults will remain low
- Construction of our project developments will progress smoothly without any major problems

If the underlying assumptions are not fulfilled or other extraordinary developments occur, our forecast may differ materially from actual results.

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 11.5 million were down on the level of the previous year (2013: EUR 16.0 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 earnings before interest, taxes and income from investments of EUR -3.5 million (2013: EUR -0.2 million) was especially influenced by the costs of this year's bond issues of EUR 4.5 million in total. Interest expenses in connection with our bonds amounted to EUR 12.9 million, compared with EUR 8.1 million in the previous year. The increase is attributable to the fact that, at the beginning of 2014, we increased the bond we had launched in 2013 by EUR 25 million to the maximum issue volume of EUR 100 million. We also issued another corporate bond with a nominal volume of EUR 125 million in September 2014. In October 2014, we prematurely repaid the corporate bond we had issued in 2011 at 100.5% of the nominal amount per bond plus the interest that had accrued using the funds raised from the bond issued in September.

The positive interest balance with respect to subsidiaries and investments and income from lendings of the financial assets increased by EUR 9.0 million (48%) to EUR 27.6 million. Income from investments also rose by EUR 3.0 million (23%) to EUR 15.9 million. The profit for the year rose by EUR 2.7 million (13%) in total to EUR 22.9 million. We thus continued to grow and successfully concluded the 2014 financial year. Overall, we view DIC Asset AG's business situation as positive.

Loans to affiliates, investments and other lending totalled EUR 581.3 million as at the reporting date, a slight drop of EUR 9 million (1.5%).

Receivables from affiliates and investments rose by EUR 40.1 million (8%) to EUR 522.5 million. The corresponding liabilities fell to EUR 87.7 million. Overall, our commitment to related parties, consisting of financial assets as well as receivables from and liabilities to affiliates and investments on the balance sheet date of 31 December 2014, climbed by EUR 35.6 million from EUR 980.5 million to EUR 1,016.1 million (an increase of 3.6%).

As a result of the bond issues and simultaneous repayment of the first bond, liabilities increased only slightly by EUR 48.8 million in total (up 27%) to EUR 229.6 million. The company's equity remained mostly stable at EUR 840.6 million (a drop of 0.1%). Total assets increased by EUR 44.6 million to EUR 1,163.6 million (up 4%), which resulted in the reported equity ratio falling to 72.2% (2013: 75.2%).

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

For 2014, we had forecast profit for the year on a par with 2013. We achieved this objective, generating profit for the financial year of EUR 22.9 million.

Subject to stable economic growth, the Group meeting its acquisition and sales targets and consistent growth in the fund segment, we are forecasting annual results for 2015 equal to those in 2014. 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 67).

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. In line with § 67 (2) AktG, shareholders in the company are only those who are are entered as such in the share register. 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

An agreement to pool voting rights in place between the shareholders of 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 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 (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 2014, 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.

The terms of issue of the 2013 corporate bond (ISIN DE000A1TNJ22) issued by the company with a volume of EUR 100 million (matures July 2018) as well as the 2014 corporate bond (ISIN DE000A12T648) issued by the company with a volume of EUR 125 million (matures September 2019) 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 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.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE PERIOD from 1 January 2014 to 31 December 2014 in KEUR

	Note	2014	2013
Total income		277,598	236,091
Total expenses		-198,963	-166,703
Gross rental income	1	147,542	125,224
Ground rents		-1,273	-851
Service charge income on principal basis	2	32,953	22,061
Service charge expenses on principal basis	2	-33,594	-23,970
Other property-related expenses	3	-13,462	-10,191
Net rental income		132,166	112,273
Administrative expenses	4	-11,044	-10,147
Personnel expenses	5	-12,345	-12,065
Depreciation and amortisation	6	-43,032	-35,378
Fees from real estate management	7	5,224	6,487
Other income	8	1,356	1,241
Other expenses	8	-505	-649
Net other income		851	592
Investment property disposal proceeds	9	90,522	81,078
Carrying value of investment property disposed	9	-83,708	-73,451
Profit on disposal of investment property		6,814	7,627
Net operating profit before financing activities		78,635	69,388
Share of the profit of associates	10	6,608	1,560
Interest income	11	10,895	9,712
Interest expense	11	-80,448	-62,671
Profit before tax		15,690	17,989
Current income tax expense	12	-3,011	-2,142
Deferred income tax expense	12	1,355	183
Profit for the period		14,035	16,030
Attributable to equity holders of the parent	13	14,821	15,939
Attributable to non-controlling interest	13	-786	91
Basic (=diluted) earnings per share (EUR)		0.22	0.33

STATEMENT OF COMPREHENSIVE INCOME from 1 January to 31 December 2014 in KEUR

	2014	2013
Profit for the period	14,035	16,030
Other comprehensive income		
Items, which may under certain conditions be recycled into the income statement in future		
Gain/Loss on valuation of available-for-sale financial instruments	91	0
Fair value of hedge instruments *		
Cash flow hedges	-7,554	30,844
Cash flow hedges from associates	-35	1,839
Other comprehensive income	-7,498	32,683
Comprehensive income	6,537	48,713
Attributable to equity holders of the parent	7,323	48,622
Attributable to non-controlling interest	-786	91

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

CONSOLIDATED BALANCE SHEET as at 31 December 2014 in KEUR

Assets	Notes	31.12.2014	31.12.2013
Investment property	14	**2,143,939**	2,256,437
Office furniture and equipment	15	**604**	484
Investments in associates	16	**81,027**	89,866
Loans and borrowings to related parties	17	**108,564**	114,324
Other investments	18	**20,593**	20,502
Derivatives	29	**0**	6
Intangible assets	19	**1,273**	1,688
Deferred tax assets	12	**28,334**	22,735
Total non-current assets		**2,384,334**	2,506,042
Receivables from sale of investment property		**5,603**	425
Trade receivables	20	**7,667**	3,544
Receivables due from related parties	21	**14,323**	8,175
Income tax receivable	22	**11,695**	8,899
Other receivables	23	**7,747**	7,373
Other current assets	24	**6,482**	5,108
Cash and cash equivalents	25	**97,421**	56,418
		150,938	89,942
Non-current assets held for sale	26	**1,691**	0
Total current assets		**152,629**	89,942
Total assets		**2,536,963**	2,595,984

Equity and liabilities	Notes	31.12.2014	31.12.2013
EQUITY			
Issued capital	27	**68,578**	68,578
Share premium	27	**732,846**	733,577
Hedging reserve	27	**-37,667**	-30,078
Reserves for available-for-sale financial instruments	27	**91**	0
Retained earnings	27	**6,252**	15,433
Total shareholders' equity		**770,100**	787,510
Non-controlling interest		**4,744**	5,544
Total equity		**774,844**	793,054
LIABILITIES			
Corporate bonds	28	**219,595**	171,087
Non-current interest-bearing loans and borrowings	28	**1,040,740**	1,382,056
Provisions	30	**30**	40
Deferred tax liabilities	12	**16,598**	13,774
Derivatives	29	**47,103**	41,360
Total non-current liabilities		**1,324,066**	1,608,317
Current interest-bearing loans and borrowings	28	**405,846**	170,711
Trade payables	31	**1,461**	4,291
Liabilities to related parties	21	**3,773**	3,735
Provisions	30	**732**	608
Income tax payable	32	**3,608**	1,926
Other liabilities	33	**20,944**	13,342
		436,364	194,613
Liabilities in connection with non-current assets held for sale	26	**1,689**	0
Total current liabilities		**438,053**	194,613
Total liabilities		**1,762,119**	1,802,930
Total equity and liabilities		**2,536,963**	2,595,984

CONSOLIDATED STATEMENT OF CASH FLOW for the Financial Year 2014 in KEUR

	2014	2013
OPERATING ACTIVITIES		
Net operating profit before interest and taxes paid	87,929	81,451
Realised gains/losses on disposals	-6,814	-7,626
Depreciation	43,032	35,378
Movements in receivables and other assets	-15,994	-10,118
Movements in payables and other liabilities	11,175	1,375
Movements in provisions	115	-142
Other non-cash transactions	-4,891	7,117
Cash generated from operations	114,552	107,435
Interest paid	-79,080	-62,273
Interest received	3,556	235
Income taxes paid/received	-4,124	-3,382
Cash flows from operating activities	34,904	42,014
INVESTING ACTIVITIES		
Proceeds from disposal of investment property	84,733	80,652
Acquisition of investment property	0	-1,102
Capital expenditure on investment properties	-19,424	-22,664
Acquisition/disposal of other investments	12,677	-743
Loans to and from other entities	8,023	-11,857
Acquisition of other property, plant and equipment; software	-181	-1,864
Cash flow from investing activities	85,828	42,422
FINANCING ACTIVITIES		
Proceeds from the issue of share capital	0	100,051
Proceeds from the issue of corporate bond	150,250	88,095
Proceeds from other non-current borrowings	49,780	587,029
Repayment of borrowings	-148,519	-844,299
Repayment of corporate bond	-100,500	0
Deposits	-1,200	1,600
Payment of transaction costs	-5,538	-8,370
Dividends paid	-24,002	-16,002
Cash flows from financing activities	-79,729	-91,896
Acquisition related increase in cash and cash equivalents	0	7,179
Net changes in cash and cash equivalents	41,003	-281
Cash and cash equivalents at 1 January	56,418	56,698
Cash and cash equivalents at 31 December	97,421	56,418

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the Financial Year 2014 in KEUR

	Issued capital	Share premium	Reserves for hedges	Reserves for available-for-sale financial instruments	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
Status as at 31 December 2012	45,719	614,312	-62,761	0	15,496	612,766	1,556	**614,322**
Profit for the period					15,938	15,938	92	**16,030**
Other comprehensive incomes								
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	0	15,938	48,621	92	**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						0	3,896	**3,896**
Status as at 31 December 2013	68,578	733,577	-30,078	0	15,433	787,510	5,544	**793,054**
Profit for the period					14,821	14,821	-786	**14,035**
Other comprehensive income								
Gain/Loss from cash flow hedges*			-7,554			-7,554		**-7,554**
Gain/Loss from cash flow hedges of associates*			-35			-35		**-35**
Gain/Loss on valuation of available-for-sale financial instruments				91		91		**91**
Comprehensive income			-7,589	91	14,821	7,324	-786	**6,537**
Dividend payments for 2013					-24,002	-24,002		**-24,002**
Share issue costs		-731				-731		**-731**
Repayment of non-controlling interest						0	-14	**-14**
Status as at 31 December 2014	68,578	732,846	-37,667	91	6,252	770,100	4,744	**774,844**

* after deferred tax

NOTES TO THE 2014 CONSOLIDATED FINANCIAL STATEMENTS

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, Neue Mainzer Strasse 20 – MainTor.

These consolidated financial statements were approved for publication by the Management Board on 6 March 2015 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 2014 financial year have been prepared in accordance with the International Financial Reporting Standards applicable as at 31 December 2014 (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 in the disclosures and the Notes to the consolidated financial statements in financial year 2014 are based in general on the same accounting and measurement policies applied in the consolidated financial statements in financial year 2013. 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 associates 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 2014).

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

The Group applied the following new and revised standards and interpretations as at 1 January 2014:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements (revised in 2011)
- IAS 28 Investments in Associates and Joint Ventures (revised in 2011)

IFRS 10, IFRS 11, IFRS 12 and IAS 27 (revised in 2011) and IAS 28 (revised in 2011) which were required to be applied for the first time in the financial year are the result of the IASB's consolidation project and contain new consolidation rules and requirements for the Notes to financial statements for Group companies. IFRS 10 redefines in detail the term "control" including the resulting assessment criteria. Furthermore, the new standard regulates the presentation and preparation of consolidated financial statements and replaces the previous regulations, IAS 27 and SIC-12, whereby the guidance on consolidation steps, the presentation of non-controlling interests and accounting for changes in interests without loss of control remain unchanged for the most part. The renamed IAS 27 (revised in 2011) contains only unchanged requirements applicable to separate financial statements. IFRS 11 replaces the previously applicable IAS 31, includes in its standard text the latest rules contained in SIC-13 and deletes the information on consolidation of joint ventures on a pro-rata basis without replacing it. Investments in joint ventures are accounted for using the equity method as specified in the renamed IAS 28 (revised in 2011). IFRS 12 brings together in one standard the full requirements for disclosures of all investments in subsidiaries and joint ventures, joint operations and associates, and structured entities. Compared to the rules that existed previously, the duty to disclose information on consolidated and unconsolidated entities has been significantly extended.

In conjunction with the first-time application of the standards stated above, the amendments to IFRS 10, IFRS 11 and IFRS 12 published in June 2012, which clarify the regulatory content of certain transitional guidance, must also be applied.

No changes in accounting resulted for the Group from the first-time application of the standards listed above. The necessary disclosures in the Notes were made accordingly.

▷ IAS 32 "Financial Instruments: Presentation" – Offsetting Financial Assets and Financial Liabilities

On 16 December 2011, the IASB published amendments, which constitute a clarification of rules governing netting. The consolidated financial statements were unaffected by the amendments.

▷ IAS 36 "Impairment of Assets"

On 29 May 2013, the IASB amended IAS 36 with regard to the recoverable amount for non-financial assets. The disclosures were made where relevant.

▷ IAS 39 "Financial Instruments: Recognition and Measurement" – Novation of Derivatives and Continuation of Hedge Accounting

On 27 June 2013, the IASB adopted the "Novation of Derivatives and Continuation of Hedge Accounting" amendment standard. This specifies that, subject to certain preconditions, derivatives are still designated as hedging instruments in continuing hedging relationships despite a novation. The consolidated financial statements were unaffected by the amendments.

▷ Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

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 consolidated financial statements were unaffected by the amendments.

b) Standards and interpretations not applied (published, but not yet required to be applied or in part not yet applicable 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 2014, or which have not yet been recognised by the EU.

▷ 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 and will replace IAS 39 Financial Instruments. It will not replace the rules contained in IAS 39 for fair value hedge of an interest rate risk of a portfolio. A special project, "Macro Hedge", will pursue this part.

The standard shall come into effect for reporting periods beginning on or after 1 January 2018 at the earliest. Endorsement by the EU is expected for the second half of 2015.

▷ IFRS 11 "Joint Arrangements"

"Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)" amends IFRS 11 such that the party acquiring interests in a joint operation that constitutes business as defined in IFRS 3 must apply all principles contained in IFRS 3 and other IFRSs related to accounting for business combinations as long as they do not contradict the guidance of IFRS 11.

The amendments must be applied for acquisitions of interests in an existing joint operation or the acquisition of interests in a joint operation on its formation unless the formation of the joint operation coincides with the formation of the business.

Application of the amendments is compulsory for financial years beginning on or after 1 January 2016, although premature voluntary application is permissible. Endorsement by the EU is expected for the third quarter of 2015.

▷ IFRS 15 "Revenue from Contracts with Customers"
The IASB published IFRS 15 Revenue from Contracts with Customers in May 2014. It gives rise to new rules on when and to what extent revenue is recognised. IFRS 15 fully replaces the previous requirements relating to recognising revenue, comprising IAS 18, IAS 11 and various interpretations of the standards, and provides new rules on several aspects. Application of the standard is expected for financial years beginning on or after 1 January 2017. Endorsement by the EU is expected for the second quarter of 2015.

▷ IAS 16 "Property, Plant and Equipment" / IAS 38 "Intangible Assets", "Clarification of Acceptable Methods of Depreciation and Amortisation"
The requirements of IAS 16 have been amended to clarify that a depreciation method that is based on future revenue is not appropriate. This is because revenue reflects the generation of expected economic benefits and not their consumption.

The requirements of IAS 38 have been amended to introduce a rebuttable presumption that a revenue-based amortisation method is inappropriate for the same reasons as in IAS 16.

Guidance has been introduced into both standards to explain that expected future reductions in selling prices could be indicative of a higher rate of consumption of the future economic benefits embodied in an asset.

Application of the amendments is compulsory for financial years beginning on or after 1 January 2016, although premature voluntary application is permissible. Endorsement by the EU is expected for the third quarter of 2015.

▷ IAS 19 "Employee Benefits"
The amendments to IAS 19 are intended to simplify the work of companies in recognising contributions made by employees or third parties to pension plans. Accordingly, companies are permitted to recognise contributions made by employees or third parties as a reduction of the ongoing expenses for service time in the period in which the associated work was carried out to the extent that the contributions are independent of the number of years of service. The amendment to IAS 19 must be applied for financial years beginning on or after 1 February 2015, although premature application is permissible.

▷ Annual Improvements to IFRSs (2010–2012 Cycle, 2011–2013 and 2012–2014 Cycle)
The IASB has published the annual improvements to IFRSs of the 2010–2012 Cycle. As a result, the following Standards and subject areas have been clarified:

- IFRS 2: Definition of vesting conditions and market conditions
- IFRS 3: Accounting for contingent consideration in connection with business combinations
- IFRS 8: Disclosures on combining segments and requirement of a reconciliation statement for segment assets
- IFRS 13: Continued waiver of discounting the fair value measurement of current assets and liabilities possible 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 that provide key management personnel services (management entities)

Application of the amendments is compulsory in the EU for financial years beginning on or after 1 February 2015, although premature voluntary application is permissible. The EU endorsed the amendments on 17 December 2014.

The IASB has published the annual improvements to IFRSs of the 2011–2013 Cycle. As a result, the following Standards and subject areas have been clarified:

- IFRS 1: Time of entry into force for the first-time application of IFRSs
- IFRS 3: Exceptions to the scope of application for joint arrangements
- IFRS 13: Scope of the portfolio exception; IFRS 13.52 includes all contracts accounted for within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definition of financial assets or liabilities as defined in IAS 32
- 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 January 2015, although premature voluntary application is permissible. The EU endorsed the amendments on 18 December 2014.

The IASB has published the annual improvements to IFRSs of the 2012–2014 Cycle. As a result, the following Standards and subject areas have been clarified:

- IFRS 5: Guidance for reclassification to held for distribution or vice versa
- IFRS 7: Guidance to clarify whether a servicing contract is continuing involvement in a transferred asset
- IAS 19: Discount rate: regional market issue
- IAS 34: Disclosure of information "elsewhere in the interim financial report"

Application of the amendments is compulsory for financial years beginning on or after 1 January 2016, although premature voluntary application is permissible. EU endorsement of the 2012–2014 Cycle is expected for the third quarter of 2015.

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.

Measurement policies 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 title, 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 depreciation, amortisation and writedowns, as well as appreciation.

Where they can be assigned directly to the construction or acquisition of a qualifying asset, borrowing 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 an asset that necessarily takes a substantial period of time to get ready for its intended use. Otherwise, borrowing costs are recognised as expenses when incurred. In financial year 2014, borrowing costs of KEUR 373 (2013: KEUR 293) were capitalised in connection with ongoing construction in the "Trio Offenbach" project. The rate of borrowing costs was 3.05% (2013: 3.05%).

Land is not depreciated. Buildings are depreciated on a straight-line basis over their useful lives. They are tested for impairment annually and at other times if there are triggering events.

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 supermarkets	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.

Office furniture and equipment

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

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.

Investments 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 losses, which exceed 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 Operations.

Each balance sheet date, the Group reviews whether there are indications that an impairment loss must be accounted for 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.

Investments

Investments are classified as available for sale securities and accounted for at fair value. Changes in the market value are recorded in the other comprehensive income as long as there is no impairment.

Receivables and other assets

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

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 is equal 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 to sell, 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 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 de facto 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 amortised cost, applying the effective interest rate method. 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 and 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 AG uses derivatives in the form of interest rate swaps and caps solely as part of its 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), is, in principle, recorded in other comprehensive income with no effect on income; by contrast, the ineffective part of changes in market value is recorded directly in the income statement. Amounts recorded in other comprehensive income 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 changes in equity and other 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 recognised in profit or loss.

Leasing

Whether or not an agreement incorporates a leasing relationship is decided based on the economics 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 use the asset. A subsequent reassessment can only be made in accordance with 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 leases.

▷ 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 differences in translation are reported in the income statement.

Following the repayment in June 2013 of the loans held in Swiss francs, there are no longer any balance sheet items expressed in foreign currencies.

Earnings per share

The basic earnings per share are calculated by dividing the share of the profit for the period attributable 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,
- the reporting and measurement of 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 financial statements of the parent company and the companies that it controls. A company has control over an entity if it has power over an investee, is exposed to variable returns from its involvement with the investee and the company has the ability to affect the amount of the returns as a result of its power.

An investment is consolidated from the point in time when the company has control over the subsidiary until the point in time when the company no longer has control. In this connection, earnings of subsidiaries acquired or sold during the year are recorded in the consolidated statement of profit and loss and other comprehensive income from the acquisition date 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.

If a company does not hold the majority of the voting rights, it still controls the investee if, as a result of its voting rights, it has the practical ability to direct the relevant activities of the investment unilaterally.

When assessing whether its voting rights are sufficient to exercise determining control, the company considers all facts and circumstances, including:

- the size of the company's holding of voting rights relative to the size and dispersion of the voting rights of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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. Capital is consolidated in line with 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.

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 in the P&L.

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.

There are no discretionary decisions in relation to assessing control since the Group holds the vast majority of the voting rights in all instances (see chapter Overview).

As at 31 December 2014, in addition to DIC Asset AG, a total of 177 (2013: 184) subsidiaries were included in the consolidated financial statements (see appendix 1 to the Notes on p. 138 seq.). The Group does not have any material non-controlling interests.

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

Eight companies were merged and one company founded as part of optimisations to the Group structure.

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. When application of the equity method ends, profits or losses, which were previously recorded in other comprehensive income by the associate, are recycled 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 AG holds shares in 12 companies (2013: 12) 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. 140).

Please refer to note 16 "Investments in associates" with regard to the discretionary decisions for determining the companies to be consolidated under the equity method.

Investments

On first recognition, the investments were categorised as "available-for-sale", and are principally recognised at fair value in the balance sheet. Changes to the fair value are directly shown under equity in the item "Other comprehensive income".

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 2013 and 2014 showed the following EPRA earnings:

in KEUR	2014	2013
Result in accordance with IFRS	14,035	16,030
EPRA adjustments		
Changes in market value or scheduled depreciation of investment properties	42,588	35,018
Profit/loss from disposal of investment property	-6,814	-7,627
Taxes from disposal of investment property	1,078	1,207
Amortisation of intangible assets	444	360
Deferred taxes in connection with EPRA adjustments	-764	-825
Contributions from Co-Investments (project developments and sales)	-3,791	1,305
Non-controlling interests	786	-91
EPRA earnings	47,563	45,377
EPRA earnings per share in EUR*	0.69	0.93

* Reduction due to changed average number of shares, comparable prior-year figure: 0.66 EUR

NOTES TO THE PROFIT AND LOSS ACCOUNT

❶. Gross rental income

For details of the regional allocation of rental income, please see the segment reporting from page 109 seq.

Gross rental income of KEUR 25,032 was generated in the financial year 2014 thanks to the property acquisitions of the preceding year. Disposals of property in 2013 and 2014 resulted in a decrease in gross rental income of KEUR 2,505 and KEUR 993 respectively.

Numerous new letting contracts were concluded in the financial year due to intensive letting work, offsetting the fact that other letting contracts came to an end. New contracts resulted in pro rata rental income of KEUR 4,699. Rental income of KEUR 5,360 was lost due to letting contracts coming to an end.

❷. 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 1,110 (2013: KEUR 1,909) 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 17 (2013: KEUR 288).

❸. 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.

❹. Administrative expenses

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

in KEUR	2014	2013
Legal and consulting fees	1,593	2,206
Marketing/Investor Relations	1,101	1,304
Accounting and administration fees	1,883	1,151
Rental and ancillary costs	1,131	960
Ancillary financing costs	847	750
Vehicle costs	630	720
Insurance/contributions and taxes	615	587
Auditing costs	631	528
VAT	345	333
External services	548	301
IT costs	334	284
Supervisory Board remuneration (including Supervisory Board tax)	231	231
Recruitment and other personnel costs	73	141
Other	1,082	651
Total	11,044	10,147

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 2014 and 2013:

in KEUR	2014	2013
Audits of the financial statements	453	453
Other assurance services	75	75
Other services	103	639
Total	631	1,167

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 mainly relate to the audit review of the interim financial statements in accordance with IFRS.

The fees for other services were mainly incurred for assurance services in connection with the issuance of the corporate bond.

❺. Personnel expenses

Personnel expenses include the wages and salaries of employees of DIC Asset AG and DIC Onsite GmbH of KEUR 11,464 (2013: KEUR 11,857) as well as the related social security taxes of KEUR 1,405 (KEUR 1,512). KEUR 687 (2013: KEUR 715) is attributable to contributions to the statutory pension fund.

At KEUR 12,345 (2013: KEUR 12,065) personnel expenses are higher than in the previous year. The increase in value of the provision for "virtual shares", which is related to the share price, led to higher expenses.

The average number of employees has fallen from 135 employees in 2013 to 130 employees in 2014. On average over the year, 21 members of staff were employed at DIC Asset AG and 109 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.

❻. Depreciation

Depreciation and amortisation primarily affect recognised investment properties and, to a lesser extent, office furniture and equipment and intangible assets. Due to the portfolio acquisition last year and investments made during the year, depreciation and amortisation increased by KEUR 7,654 to KEUR 35,378 to KEUR 43,032.

❼. 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	2014	2013
DIC Office Balance I	2,337	2,374
DIC HighStreet Balance	965	1,033
DIC Office Balance II	676	0
Deutsche Immobilien Chancen Beteiligungs AG	119	0
DIC MSREF HMDD Portfolio GmbH	398	298
DIC MSREF FF Südwest Portfolio GmbH	357	344
DIC MSREF HT Portfolio GmbH	338	381
DIC MainTor GmbH	19	0
Customers of DIC ONSITE GmbH	10	62
Deutsche Immobilien Chancen Objekt Coburg GmbH	4	9
Deutsche Immobilien Chancen AG & Co. KGaA	1	3
DIC Services GmbH & Co. KG	0	139
DIC HH Obj. 7 GmbH/ DIC HH Dammtorstr. GmbH	0	71
DIC HI Portfolio GmbH*	0	1,451
DIC Hamburg Portfolio GmbH*	0	322
Total	5,224	6,487

* up to 30 Nov 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.

❽. Other operating income and expenses
Inter alia, other operating income includes income from the sale of stakes in funds (KEUR 327), the release of provisions (KEUR 230) and from passing on further costs totalling KEUR 344 as well as income from non-monetary benefits of KEUR 282 (2013: KEUR 294), which results from the use of a company car. There were no longer any foreign currency effects in the 2014 financial year.

Other operating expenses predominantly contain prior-year expenses of KEUR 249 (2013: KEUR 547).

❾. Profit on disposal of investment property
Influenced 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 6,814 (2013: KEUR 7,626). This corresponds to a return on sales of 8% (2013: 9%).

Selling costs of KEUR 2,337 (2013: KEUR 858) were offset against the proceeds of sales amounting to KEUR 93,061 (2013: KEUR 81,936).

❿. Share of the profit of associates
This item refers to the profit and loss to be assumed in accordance with the equity method of accounting amounting to KEUR 6,608 (2013: KEUR 1,560).

In 2014, net income from associates is dominated by the proceeds from the project developments and by the contributions to earnings from the existing funds, "DIC Office Balance I", "DIC Office Balance II" and "DIC HighStreet Balance".

⓫. Interest income and expenses
The expense from the amortisation of processing fees arising in connection with financial liabilities amounts to KEUR 4,023 in the financial year (2013: KEUR 2,494).

An effective interest expense amounting to KEUR 15,340 (2013: KEUR 9,270) relates to the corporate bonds. The addition of interest to provisions resulted in expenses of KEUR 0 (2013: KEUR 26).

The swaps no longer in hedging relationships resulted in a reversal (OCI) amounting to KEUR -634 recorded directly in equity in the financial year (2013: KEUR -767). The market valuation of these swaps resulted in income amounting to KEUR +3,016 (2013 expense of KEUR 2,879). In 2014, the effect on the income statement from the ineffectiveness of swaps was KEUR -128 (2013: KEUR 200).

⓬. Income taxes

in KEUR	**2014**	2013
Current taxes	-3,011	-2,142
Deferred taxes	1,355	183
Total	-1,656	-1,959

Current income taxes relate exclusively to taxable profits of consolidated subsidiaries and DIC Asset AG. Current tax expense is composed primarily of corporate taxes including solidarity surcharge (KEUR 986) and trade taxes on earnings (KEUR 2,025).

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 AG 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 48 million (2013: EUR 53 million) or on trade tax loss carryforwards amounting to EUR 59 million (2013: EUR 42 million).

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 2013 as follows:

in KEUR	2014	2013
Tax loss carryforwards	3,487	3,784
Real estate valuation	-1,398	-1,911
Derivatives	-46	-102
Capitalising "rent-free periods"	-11	-257
Bond issuance	-661	-437
Other adjustments	-16	-894
Total	+1,355	+183

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

in KEUR	31.12.2014		31.12.2013	
	Assets	Liabilities	Assets	Liabilities
Loss carryforwards	18,462	0	14,975	0
Real estate	2,047	14,172	1,741	12,463
Derivatives	7,262	252	5,290	0
Capital transactions	343	1,789	531	1,128
Other	220	385	198	183
Total	28,334	16,598	22,735	13,774

Deferred taxes on the items taken into account in other comprehensive income amount to KEUR 7,024 (2013: KEUR 5,712). Of which KEUR 6,989 is attributable to movements in the Group's cash flow hedges (2013: KEUR 5,683) and KEUR 35 to associates (2013: KEUR 29).

No deferred taxes were recognised on temporary differences in connection with shares in subsidiaries (outside basis differences) totalling EUR 7.5 million (2013: EUR 5.7 million) or on temporary differences in connection with associated companies totalling EUR 1.0 million (2013: EUR 0.4 million).

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

in KEUR	2014	2013
Pre-tax Group results	15,690	17,989
Applicable statutory tax rate (in %)	31.925%	31.925%
Expected tax expense	5,009	5,743
Increase or decrease in the tax liability through:		
Trade tax reduction and differing tax rates	-5,119	-5,533
Non-deductible expenses	4,611	2,732
Impact of associates	-2,107	-498
Impact of unrecognised tax losses	-815	-810
Taxes for previous periods	-86	200
Other effects	163	125
Effective total tax expense	1,656	1,959

The expected tax rate was determined on the basis of the tax rates that applied in Germany in 2014 and 2013 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%.

⓭. 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. Owing to the combined cash capital increase and increase in kind carried out at the end of the year, the annual average number of shares in 2013 is different.

in EUR	2014	2013
Group profit for the period excluding non-controlling interests	14,821,025.50	15,938,501.22
Weighted average number of shares issued	68,577,747	48,991,351
Basic earnings per share	0.22	0.33

For 2014, the Management Board will propose a dividend in the amount of KEUR 24,002 (EUR 0.35 per share). Thereof, an amount of KEUR 19,673 will be subject to capital gains tax. This is estimated to be KEUR 5,189. 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 2014 and 31 December 2013 as follows:

in KEUR	31.12.2014	31.12.2013
Book value of investment property	2,143,939	2,256,437
Investment property in accordance with IFRS 5	1,691	0
Fair value adjustment	40,532	26,703
Fair value of investment property*	2,186,162	2,283,140
Carrying value of Co-Investments	81,027	89,866
Fair value adjustment	1,749	2,373
Fair value of Co-Investments	82,776	92,239
+/- other assets/liabilities	270,307	216,399
Net credit liabilities at book value	-1,666,181	-1,723,854
Liabilities in accordance with IFRS 5	-1,689	0
Non-controlling interests	-6,606	-5,544
NAV	864,769	862,379
Deferred taxes on fair value adjustments	-20,534	-13,730
NNAV	844,235	848,649
Fair value of derivatives	-40,114	-41,354
Difference in value as compared to fair value of net debt	-23,916	-349
NNNAV	780, 205	806,946
NAV/share	12.61	12.58
NNAV/share	12.31	12.37
NNNAV/share	11.38	11.77

* incl. non-controlling interests

NOTES TO THE BALANCE SHEET

⓮. Investment property

in KEUR	2014	2013
Cost		
As at 1 January	2,448,649	2,007,665
Additions resulting from acquisitions	0	461,024
Additions from investment in expansion	20,457	21,304
Classification as "held for sale"	-1,985	0
Disposals	-98,441	-41,345
As at 31 December	2,368,680	2,448,648
Depreciation		
As at 1 January	192,211	160,293
Additions	42,167	34,550
Classification as "held for sale"	-293	0
Disposals	-9,344	-2,632
As at 31 December	224,741	192,211
Book value 1 January	2,256,437	1,847,372
Book value 31 December	2,143,939	2,256,437
Fair value*	2,184,172	2,283,140

* incl. non-controlling interests

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 2014 are presented on the next page:

in KEUR	Fair value 31.12.2014	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	2,184,172			2,184,172

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 inputs. Despite taking account of some observed market inputs, 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 3.35% and 1.23%, respectively (2013: 1.61% and 3.13% respectively). The property-specific risk premium was between 2.15% and 3.65% (2013: between 1.90% and 3.90%), as well as between 4.10% and 4.40%. The average discounting rate was 6.25% to 6.50% (2013: 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 premium. The recognised capitalisation rates vary between 5.50% and 9.00% (2013: 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 (page 63 in the management report) already presented in the risk and opportunities report, we have carried out a sensitivity analysis 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 in use of properties

Scenarios: changes of capitalisation rate

Scenarios: changes of discount rate	+0.25%	0%	-0.25%
+0.25%	- 110.4 EUR million	- 54.3 EUR million	+ 6.8 EUR million
0%	- 57.6 EUR million	+/-0.0	+ 62.9 EUR million
-0.25%	-3.3 EUR million	+ 56.1 EUR million	+ 120.8 EUR million

Should the capitalisation and discount rates rise by 25 basis points because of the macroeconomic or business situation, the value in use would fall by EUR 110.4 million. If the interest rates fall by the same amount, the value in use would rise by EUR 120.8 million.

As at 31 December 2014, acquisition costs included capitalised borrowing costs in the amount of KEUR 373 (2013: KEUR 293).

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 6.5 million for 2014 (2013: EUR 6.0 million).

⑮. Office furniture and equipment

in KEUR	2014	2013
Cost		
As at 1 January	1,432	1,335
Additions	254	109
Disposals	0	-12
As at 31 December	1,686	1,432
Depreciation		
As at 1 January	948	845
Additions	134	103
Disposals	0	0
As at 31 December	1,082	948
Book value 1 January	484	490
Book value 31 December	604	484

⑯. Investments in associates

The associates as at 31 December 2014 are listed in the following table. All the companies listed have equity shareholdings that are held directly by the Group.

in KEUR	31.12.2014		31.12.2013	
Interest in:	Share of voting rights	Book value	Share of voting rights	Book value
DIC Office Balance I (fund)	14.0%	20,560	14.0%	41,492
DIC Office Balance II (fund)	0%	3,518	0.0%	0
DIC HighStreet Balance (fund)	12.5%	18,946	14.0%	14,279
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	40.0%	23,471	40.0%	20,288
DIC MSREF HT Portfolio GmbH	20.0%	5,459	20.0%	5,515
DIC MSREF FF Südwest Portfolio GmbH	20.0%	5,103	20.0%	4,461
DIC MSREF HMDD Portfolio GmbH	20.0%	3,785	20.0%	3,618
Other		185		213
		81,027		89,866

DIC Asset AG has a 10% stake in the capital of the special fund "DIC Office Balance I", a stake of 7.18% in "DIC Office Balance II", and a stake of 20% in "DIC HighStreet Balance". The Group also provides asset and property management services.

Major associates in the sense of IFRS 12.2 are as follows: DIC MainTor Zweite Beteiligung GmbH & Co. KG, "DIC Office Balance I" and "DIC Highstreet Balance".

Although the Group holds a 7.18%, 10% or 20% stake in the funds' capital, it has a material impact on the company, due to the equal distribution of voting rights in the Investment Committee respectively the contractual right to conduct the funds' asset and property management.

The summary financial information concerning the Group's major associates is stated on the next page. The summary financial information corresponds to the contributions in the company's financial statements prepared in accordance with IFRS (adjusted by the Group for the purpose of accounting using the equity method).

in KEUR	MT Zweite Beteiligung GmbH & Co. KG	DIC Office Balance I	DIC HighStreet Balance	Other associates	Total 2014	Total 2013
Assets	497,628	400,509	157,699	292,097	**1,347,933**	1,249,818
Liabilities	438,952	193,277	62,208	189,495	**883,882**	851,660
Net assets	58,677	207,282	95,491	102,602	**464,052**	398,158
Income	22,835	20,507	4,389	34,882	**82,613**	75,438
Expenses	12,998	12,244	3,556	32,712	**61,509**	61,359
Profit for the year	9,838	8,263	833	2,170	**21,104**	14,079

⓱. Loans to related parties

Loans to related parties relate to loans where the term has been extended until 31 December 2016 through addenda agreed with the borrowers in December 2014. Please refer to the disclosures in section "Legal transactions with related parties" for a description of the conditions.

in KEUR	IAS 24.9	2014	2013
DIC Opportunistic GmbH	b (ii)	**44,828**	47,859
Deutsche Immobilien Chancen AG & Co. KGaA	b (ii)	**27,353**	25,617
DIC MainTor GmbH	b (ii)	**17,614**	22,089
DIC MainTor Zweite Beteiligungs KG	b (ii)	**17,502**	16,319
DIC MSREF HMDD Portfolio GmbH	b (ii)	**1,267**	2,440
Total		**108,564**	114,324

⓲. Investments

This is an investment in DIC Opportunistic GmbH, which was stated at its fair value of KEUR 20,593 (2013: KEUR 20,502) on the balance sheet date.

⓳. Intangible assets

in KEUR	2014	2013
Cost		
As at 1 January	**2,611**	739
Additions	**86**	1,872
Disposals	**-57**	0
As at 31 December	**2,640**	2,611
Amortisation		
As at 1 January	**923**	554
Additions	**445**	369
Disposals	**-1**	0
As at 31 December	**1,367**	923
Book value 1 January	**1,688**	185
Book value 31 December	**1,273**	1,688

⓴. Trade receivables

These are primarily receivables from rents as well as from operating and ancillary costs. All receivables are due within one year.

On the balance sheet date, trade receivables were subject to impairment charges of KEUR 1,262 (2013: KEUR 261).

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

in KEUR	2014	2013
As at 1 January	261	934
Additions	1,256	140
Use	-34	-73
Release	-220	-740
As at 31 December	1,262	261

Receivables amounting to KEUR 828 (2013: KEUR 1,011) 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.

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 the corresponding section "Related Party Disclosures".

The value shown in the balance sheet relates to:

in KEUR		31.12.2014		31.12.2013	
	IAS 24.9	Receivables	Liabilities	Receivables	Liabilities
DIC MT Porta GmbH	b (ii)	0	2,529	0	0
DIC MSREF HT Portfolio GmbH	b (ii)	2,271	0	217	0
DIC MSREF FF Südwest GmbH	b (ii)	2,233	0	2,357	0
DIC MSREF HMDD Portfolio GmbH	b (ii)	2,182	0	528	0
DIC MainTor GmbH	b (ii)	1,924	95	1,763	0
DIC Opportunistic GmbH	b (ii)	1,920	0	482	300
DIC MainTor Zweite Beteiligungs KG	b (ii)	1,747	0	755	0
Deutsche Immobilien Chancen Beteiligungs AG	b (ii)	661	37	525	2,459
Deutsche Immobilien Chancen AG & Co. KGaA	b (ii)	492	500	413	0
DIC Office Balance II	b (ii)	474	0	0	0
DIC Office Balance I	b (ii)	161	0	229	0
DIC HighStreet Balance (fund)	b (ii)	149	0	469	0
DIC MainTor III GmbH	b (ii)	0	586	0	542
Other	b (ii)	109	26	437	434
Total		14,323	3,773	8,175	3,735

㉒. Income tax receivables

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

㉓. Other receivables

in KEUR	2014	2013
Deposits	3,544	3,617
"Rent-free period" receivables	2,818	2,749
Value added tax	707	761
Receivables from insurance payments	339	0
Creditors with debit balances	77	97
Other	262	149
	7,747	7,373

㉔. Other current assets

In addition to the restricted funds of KEUR 5,100 (2013: KEUR 3,900) deposited with DZ Bank to service liabilities from derivatives, this item takes into account prepaid ground rents of KEUR 1,268 (2013: KEUR 1,283) 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 December 2014, the purchase agreement for a property from the Commercial Portfolio was notarised, under which title, rights and responsibilities are expected to be transferred in the first quarter of 2015. As a result, the property was reclassified from investment property to non-current assets held for sale. The related financial liabilities of KEUR 1,689 were also reclassified.

Profits of KEUR 0 arose in 2014 in connection with non-current assets held for sale from the previous year (2013: KEUR 2,062).

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. 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.

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 may not exceed the term of the warrant bond. There may also be a provision that fractions can be combined 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 give 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 may determine that, in the event of the respective 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 redeem shares

The power of the company's Management Board to redeem shares is based on a resolution 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 frac-tions 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 2014, the company holds no treasury shares. It has not made use of the authorisation described above.

e. Capital reserves

The capital reserves have slightly decreased to KEUR 732,846 as a result of costs associated with the capital increase in cash and in kind on 27 November 2013 (2013: KEUR 733,577). 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) are posted directly in the capital reserves.

f. Hedging reserve

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

As at the balance sheet date, fully consolidated companies' cash flow hedge relationships resulted, after the deduction of deferred taxes of KEUR 6,488 (2013: KEUR 5,683) in unrealised losses of KEUR 37,478 (2013: KEUR 29,926), while associates' cash flow hedge relationships resulted, after the deduction of deferred taxes of KEUR 35 (2013: KEUR 29) in unrealised losses of KEUR 189 (2013: KEUR 152) (cf. section 29 Derivatives). The change is primarily the result of fluctuations in the interest rate level.

g. Reserve for financial instruments held for sale

The reserve contains the measurement effect from the investment accounted for at fair value.

h. Retained earnings

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

in KEUR	31.12.2014	31.12.2013
Profit/loss carryforwards	15,433	15,496
Group profit for the period	14,035	16,030
Dividend payouts	-24,002	-16,002
Profit attributable to non-controlling interests	786	-91
Consolidated retained earnings	6,252	15,433

The dividend payouts comprised EUR 0.35 per share in 2013 and 2012.

㉘. Interest-bearing loans and borrowings

The fair values of debt are listed in the following table:

in KEUR	31.12.2014		31.12.2013	
	Book value	Fair value	Book value	Fair value
Long-term (> 1 year) interest-bearing debt				
Variable-rate debt	134,870	134,870	48,596	48,596
Fixed-rate debt	1,125,466	1,102,452	1,504,547	1,468,672
	1,260,336	1,237,322	1,553,143	1,517,268
Short-term (< 1 year) interest-bearing debt				
Variable-rate debt	9,268	9,268	38,487	38,487
Fixed-rate debt	398,266	403,114	132,224	136,146
	407,534	412,382	170,711	174,633
	1,667,870	1,649,704	1,723,854	1,691,901

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 2014. When calculating the fair value, the current market trend was also taken into account, meaning that the margin on financial instruments has fallen to 1.73% (2013: 2.28%). The book values of variable-rate debt are roughly equivalent to their fair values.

The maturities of the variable and fixed-rate debt are structured as follows:

in KEUR	31.12.2014			31.12.2013		
	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	9,268	398,266	4.92%	38,487	132,224	3.47%
1 – 5 years	102,673	611,969	4.20%	35,624	758,927	4.35%
> 5 years	32,197	513,497	3.89%	12,972	745,620	4.30%
	144,138	1,523,723		87,083	1,636,771	

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. An average interest rate of 1.95% (2013: 1.63%) applies to the variable-rate debt and around 4.13% (2013: 4.26%) to the fixed-rate debt.

In the financial year, DIC Asset AG repaid the corporate bond issued in May 2011 with a coupon of 5.875% ahead of schedule at a rate of 100.5% and issued a new bond with a nominal volume of EUR 125 million and a coupon of 4.625%. The price of this bond was 105.5% on the balance sheet date.

Furthermore, the bond issued in July 2013 was increased by EUR 25 million to a nominal volume of EUR 100 million. The coupon of this bond is 5.75% and as at the balance sheet date the price was 107.00%.

With the exception of our corporate bonds (KEUR 219,595; 2013: KEUR 171,087), interest-bearing debt was secured entirely through charges over property in the year under review.

29. Derivatives

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

in KEUR	31.12.2014		31.12.2013	
	Nominal volume	Fair value	Nominal volume	Fair value
Assets				
Interest-rate hedge agreements (caps)	**0**	**0**	92,364	0
Interest-rate hedge agreements (swaps)	**0**	**0**	26,035	6
Liabilities				
Interest-rate hedge agreements (swaps)	**967,067**	**47,103**	1,351,313	41,360
Interest-rate hedge agreements (collars)	**0**	**0**	72,364	346

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

As at 31 December 2014, negative market values of KEUR 37,478 (2013: KEUR 29,925) after the deduction of deferred taxes were recorded in equity. The interest-rate hedge agreements have remaining terms of between six months and six years.

in KEUR	2014		2013	
	Nominal	Fair value	Nominal	Fair value
Term ≤ 1 year	**315,770**	**9,527**	242,800	4,500
Term > 1 years	**651,297**	**37,576**	1,134,549	36,853

In financial year 2014, there were interest rate hedge agreements in the form of swaps 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 AG are as follows:

in KEUR	2014		2013	
	Nominal	Fair value	Nominal	Fair value
Swaps	**13,800**	**-224**	44,802	-178

The property companies pay fixed interest rates of between 0.48% and 0.825%, 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 reports its share of KEUR -189 (2013: KEUR -152) after the deduction of deferred taxes under Group equity in the hedging reserve, in accordance with IAS 28.39.

30. Provisions

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.

As at the balance sheet date, the provision amounted to KEUR 532, which should be included in the final accounts in 2015. The Group has also made provisions for current legal disputes.

㉛. Trade payables

The trade payables amounting to KEUR 1,461 (2013: KEUR 4,291) resulted from deferred ancillary costs (KEUR 6; 2013: KEUR 443) and from the use of services. They are due within a year.

㉜. Income taxes payable

in KEUR	31.12.2014	31.12.2013
Trade tax	**2,380**	956
Corporate tax	**1,014**	963
Capital gains tax	**214**	7
	3,608	1,926

㉝. Other liabilities

in KEUR	31.12.2014	31.12.2013
Outstanding invoices	**7,506**	2,208
Deposits	**3,499**	3,711
Bonus	**1,657**	1,313
Subsidies for TI measures	**1,540**	0
Advance rent payments received	**1,093**	1,177
Value added tax	**965**	1,562
Security deposits	**948**	440
Auditing costs	**512**	565
Share-based payments	**441**	585
Holiday pay	**284**	230
Supervisory Board remuneration	**218**	218
Purchase price retentions in property purchases	**0**	611
Other	**2,281**	722
	20,944	13,342

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

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 2014, Members of the Management Board held options on 187,000 (2013: 212,000) so-called "virtual shares" of the company, of which 50,000 options represented new options issued in 2014. These options may not be exercised by Members of the Management Board until they have been a member of the Board of DIC Asset AG for two to three years. As at 31 December 2014, the company measures the fair value at EUR 5.13 per option for Mr Höller and EUR 1.72 for Ms Wärntges and Mr Pillmayer. 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 7.41, 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 25.21% and the annual term-dependent risk-free interest rate of 0.23% and 0.25%. 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.

Mr Höller exercised his "virtual share options" from 2012 when the prerequisites were achieved. The total of 75,000 "virtual shares" were valued at an average price of EUR 8.02 (Xetra closing price) in the last ten trading days prior to the date of exercise. This resulted in a total cash compensation of KEUR 350.

By the balance sheet date, there were 75,000 exercisable "virtual share options" whose aggregate market value equalled KEUR 385. Their internal value was KEUR 385.

KEUR 206 (2013: 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 116 seqq. 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 indirectly held real estate and stock assets. There were changes in value of KEUR 91 between the date on which the investment was acquired and the balance sheet date. Please refer to page 96 seq. for the valuation of real estate assets.

in KEUR	Valuation category in acc. with IAS 39	**Book value 31.12.14**	Valuation in acc. with IAS 39			**Fair value 31.12.14**
			Cost (less depreciation)	Fair value recognised in equity	Fair value recognised in profit or loss	
Assets						
Investments	AfS	**20,593**		20,593		**20,593**
Other loans	LaR	**108,564**	108,564			**108,564**
Receivables from the sale of real estate	LaR	**5,603**	5,603			**5,603**
Trade receivables	LaR	**7,667**	7,667			**7,667**
Receivables from related parties	LaR	**14,323**	14,323			**14,323**
Other receivables	LaR	**7,747**	7,747			**7,747**
Other assets	LaR	**6,482**	6,482			**6,482**
Liquid funds	LaR	**97,421**	97,421			**97,421**
Total	**LaR**	**247,807**	**247,807**			**247,807**
Liabilities						
Corporate bond	FLAC	**219,595**	219,595			**238,875**
Non-current interest-bearing loans and borrowings	FLAC	**1,040,740**	1,040,740			**1,017,726**
Derivatives with hedge relationship	n.a.	**42,087**		42,087	0	**42,087**
Derivatives without hedge relationship	FLHfT	**5,016**			5,016	**5,016**
Current financial debt	FLAC	**405,846**	405,846			**410,693**
Trade payables	FLAC	**1,461**	1,461			**1,461**
Liabilities to related parties	FLAC	**3,773**	3,773			**3,773**
Other liabilities	FLAC	**20,944**	20,944			**20,944**
Liabilities in connection with financial investments held for sale	FLAC	**1,689**	1,689			**1,689**
Total	FLAC	**1,694,048**	1,694,048			**1,695,161**

The values for the previous year are as follows:

in KEUR	Valuation category in acc. with IAS 39	Book value 31.12.14	Valuation in acc. with IAS 39			Fair value 31.12.14
			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 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
Non-current interest-bearing loans and borrowings	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 financial 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

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

in KEUR	Interest income		Interest expense	
	2014	2013	**2014**	2013
Financial assets at cost less depreciation (LaR)	10,895	9,712		
Financial liabilities at cost less depreciation (FLAC)			50,724	31,011

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 inputs are based on observable market data, or
- Level 3: are valued using inputs not based on observable market prices.

As at 31 December 2014, the division into valuation levels is as follows:

in KEUR	Fair value 31.12.2014	Level 1	Level 2	Level 3
Assets at fair value – recognised through profit or loss				
Investment	**20,593**			20,593
Derivatives with hedge relationship	**0**		0	
Liabilities at fair value – no effect on income				
Derivatives with hedge relationship	**42,087**		42,087	
Liabilities at fair value – recognised through profit or loss				
Derivatives without hedge relationship	**5,016**		5,016	

The values for the previous year are as follows

in KEUR	Fair value 31.12.2013	Level 1	Level 2	Level 3
Assets at fair value – recognised through profit or loss				
Investment	**20,502**			20,502
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 through profit or loss				
Derivatives without hedge relationship	**8,941**		8,941	

The performance of the level 3 financial instruments is as follows:

in KEUR	2014	2013
1 January	**20,502**	0
Addition	**0**	20,502
Valuation impact	**91**	0
31 December	**20,593**	20,502

Net gains and losses on financial instruments are as follows:

in KEUR	2014	2013
Investments (AfS)	**+91**	0
Financial assets (FAHfT)	**+189**	+1
Derivatives	**+2,255**	+3,002

Net gains or losses on derivatives are the result of swaps that are not part of a hedge relationship. Of this KEUR -634 is attributable to reversal amounts for former cash flow hedges (2013: KEUR -767) and KEUR 3,016 to market fluctuations (2013: KEUR 3,569). In 2014, the effect on the income statement from the ineffectiveness of swaps was KEUR -127 (2013: KEUR 200).

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 yield, rental terms in years and vacancy rates, are of relevance to the Management Board, which is why these key indicators have been included in the reporting.

Annualised rent for business segments 2014

in KEUR	North	East	Central	West	South	Total	Rental income (P&L)
Commercial Portfolio	22,877	19,018	32,676	42,952	23,868	**141,389**	147,542
Co-Investments	558	863	2,354	1,250	3,663	**8,688**	
	23,435	19,881	35,030	44,201	27,531	**150,078**	147,542

Segment assets 31 December 2014

	North	East	Central	West	South	Total 2014	Total 2013
Number of properties	35	30	47	57	64	**233**	251
Market value (in EUR million)	359.3	267.5	693.1	678.8	398.3	**2,396.9**	2,538.3
Lease term*	6.1 years	4.5 years	4.6 years	4.3 years	3.8 years	**4.6 years**	4.9 years
Rental yield*	6.5%	7.4%	6.2%	6.5%	6.9%	**6.6%**	6.6%
Vacancy rate*	6.1%	7.2%	19.7%	9.0%	11.3%	**10.9%**	10.7%

* operating figures excluding development projects

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

The difference between the annualised rents and the rental income as per the P&L of KEUR 6,153 in the Commercial Portfolio in financial year 2014 is mainly the result of the tenancy agreements starting and ending during the year. In addition, the annualised rental income is calculated based on the year-end rents in December.

Reconciliation between the market value in 2014 and book value of properties

in EUR million	2014	2013
Market value	**2,396.9**	2,538.3
Less Co-Investments	**243.6**	288.7
Less fair value difference	**38.7**	26.7
Less IFRS 5 properties	**1.7**	0
Plus non-controlling interests	**31.0**	33.5
	2,143.9	2,256.4

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 in December 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
Less Co-Investments	**288.7**	349.3
Less 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

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 2,143,939 (2013: KEUR 2,256,437) 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 57, please see the information in note 14 "Investment property".

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

in KEUR	2014	2013
Up to 1 year	142,811	141,456
1 to 5 years	379,121	374,342
Over 5 years	158,652	197,847
	680,584	713,645

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 2014, the Group had letting contracts for retail and gastronomy space independent of revenue, some of them with a partially index-linked rental agreement. The Group generated fixed rent of KEUR 1,461 (2013: KEUR 1,562) from these letting contracts. Furthermore, no contingent rent payments (IAS 17.4) were incurred (2013: KEUR 0)

With regard to the gross rental income recorded by the Group from investment properties in 2014, please refer to note 1. Maintenance expenses included in other property-related expenses were as follows:

in KEUR	2014	2013
Maintenance expenses for		
Properties with which rental income is generated	1,797	1,663
Properties which are vacant	17	0

The total expenses for operating leases in which the company is the lessee were KEUR 959 (2013: KEUR 566). The operating lease agreements primarily involve leased vehicles and room rental. The letting contract for the former business premises of DIC Asset AG ends on 31 March 2015. The letting contract for the new business premises of DIC Asset AG started on 1 April 2014 and ends on 31 March 2024. DIC Asset AG will make the following minimum lease payments for existing operating leases not subject to termination.

in KEUR	2014	2013
Up to 1 year	900	361
1 to 5 years	2,818	205
Over 5 years	2,809	0
	6,527	566

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 note 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 35% 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 2014, there were guarantees amounting to KEUR 9,068 (2013: KEUR 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 Asset 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, for example, 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 2014 financial year. We expect no covenant infringements in 2015.

Cash and cash equivalents amounting to KEUR 97,421 (2013: KEUR 56,418) 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 KEUR 15,374 (2013: KEUR 16,266). 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 583 million (2013: EUR 561 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	2015	2016 to 2019	2020 and after
Non-derivative financial liabilities			
Non-current interest-bearing loans and borrowings	60,743	853,932	570,142
Current financial debt	387,098		
Trade payables	1,461		
Liabilities to related parties	3,773		
Other liabilities	20,944		
Liabilities – properties held for sale	1,689		
Derivative financial liabilities	16,627	622,340	2,722
	492,334	883,153	572,864

The values for the previous year are as follows:

in KEUR	2014	2015 to 2018	2019 and after
Non-derivative financial liabilities			
Non-current interest-bearing loans and borrowings	59,361	922,957	790,058
Current financial 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

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	2014		2013	
	Nominal	Fair value	Nominal	Fair value
Term ≤ 1 year	**315,770**	**-9,527**	242,800	-4,500
Term 1–5 years	**320,475**	**-19,902**	546,858	-23,947
Term > 5 years	**330,822**	**-17,674**	587,691	-12,906

Taking into account existing interest swaps, as at 31 December 2014 an average for the year of 91% (2013: 95%) 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 9% of financial debt was subject to variable interest-rate payments in the financial year 2014.

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	2014		2013	
	+100 bp	**-100 bp**	+100 bp	-100 bp
Effect on income from variable interest-bearing financial debt	**-1,456**	**+1,456**	-995	+995
Effect on income from financial derivatives	**+1,839**	**-320**	+8,635	-3,058
Effect on equity from financial derivatives (swaps)	**+22,597**	**-13,169**	+24,779	-24,425

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.

As part of transferring the "MainTor Porta" property, DIC Asset AG has provided Union Investment Real Estate GmbH with a warranty bond totalling KEUR 2,750.

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 Taunussparkasse Bad Homburg.

DIC Asset AG has issued a limited, directly enforceable guarantee for the purposes of providing construction and planning services for DIC MainTor Winx GmbH, Frankfurt am Main, in the amount of KEUR 360 to the City of Frankfurt am Main.

In relation to the "Opera Office Neo" construction project, DIC Asset AG has issued a guarantee to meet the contractual requirements vis-à-vis the buyer and Grundbesitzgesellschaft Große Theaterstr. mbH & Co. KG and a letter of comfort/guarantee bond to Bilfinger Hochbau GmbH for a total volume of KEUR 2,958.

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 5,277.

DIC Asset AG together with DIC AG & Co. KGaA and DIC Capital Partners (Germany) GmbH & Co. KGaA acts as guarantor for the portfolio financing of DIC Blue GmbH within the framework of an absolute guarantee vis-à-vis Deutsche Hypothekenbank over a total amount of KEUR 5,000 (share of DIC Asset AG: KEUR 2,000). In addition, DIC Asset AG signed, together with the aforesaid companies, a performance guarantee for the subordinated loan that DIC Blue GmbH was granted by Landesärztekammer Hessen over an amount of KEUR 12,800 (share of DIC Asset AG: KEUR 5,120).

Financial commitments

A sublease agreement is 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, for the premises on the "MainTor" site with a fixed term until 31 March 2024. This agreement results in annual payments of KEUR 267 plus KEUR 44 in advance payments of ancillary costs for DIC Asset AG and KEUR 300 plus KEUR 50 in advance payments for ancillary costs for DIC Onsite GmbH.

Additional financial obligations arise from operating lease agreements for vehicles in which the company is the lessee. See "Leasing", p. 111.

With regard to existing investment commitments for measures on portfolio properties, please refer to our explanations in section "Investment property" p. 96 seq.

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 AG 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 AG is subject to the minimum capital requirements for stock corporations. Compliance with these requirements is monitored.

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 debt equity ratio adjusted for hedging effects plays a crucial role.

in KEUR	2014	2013
Equity	774,844	793,054
Total assets	2,536,963	2,595,984
Balance sheet equity ratio	30.5%	30.5%
Net debt equity ratio	33.4%	32.6%

The reported equity ratio is unchanged on the previous year.

RELATED PARTY DISCLOSURES

Related parties

Related parties include the 12 associated companies accounted for at equity (see "Scope of 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
- DIC Opportunistic GmbH
- 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. The employment contract between member of the Management Board Ulrich Höller and DIC Beteiligungs AG expired as at 31 December 2014.

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 24 properties, including some in which DIC AG & Co. KGaA has a controlling interest. In 2014, the total amount of compensation collected by the company for these services was KEUR 5,225 (2013: KEUR 6,487). Of this, a total of KEUR 124 was attributable to compensation paid to companies in the DIC AG & Co. KGaA Group (2013: KEUR 12).

DIC Asset AG is granting a loan with a fixed term to maturity ending 31 December 2016 to DIC AG & Co. KGaA. An interest rate of 6% p.a., to be paid in arrears, 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 2014, the portion of this overdraft facility that had been used equalled KEUR 21,546 (2013: KEUR 20,193). For the money made available, DIC Asset AG received interest income in the amount of KEUR 1,212 in the reporting year (2013: KEUR 1,143). 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	2014	2013
Gewerbepark Langenfeld West 3 GmbH & Co. KG	156	148
DIC Objekt Frankfurt 1 GmbH & Co. KG	97	86
Deutsche Immobilien Chancen Objekt Ulm 1 Erweiterung GmbH & Co. KG	73	71

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 rental space was increased by 24% as a result of the move in April 2014 to the MainTor site premises. 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 2014, rent paid to DIC AG & Co. KGaA amounted to KEUR 511 (2013: KEUR 332). DIC Asset AG considered the rent to be at the normal rate for the location and appropriate.

DIC Services GmbH & Co. KG

DIC Services 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.

The service agreement dated 10 April 2014 replaced in full the existing agreements from 16 August 2003 and addendum no. 1 from 15 January 2013 between DIC Services GmbH & Co. KG and DIC Asset AG. DIC Asset AG commits itself and its subsidiaries, associates and various investments to pay DIC Services GmbH & Co. KG a fee of KEUR 1,800 for commercial administration services in 2014. This agreements ends effective from 31 December 2014.

With service agreements dated 8 September 2014, DIC Asset AG invoices the aforementioned activities of its subsidiary portfolios, individual investments and overhead companies effective from 1 April 2014. The additional service agreements between DIC Services GmbH & Co. KG and the subsidiaries, associates and investments of DIC Asset AG were abolished effective from 31 December 2014.

Remuneration in 2014 for services in the areas of accounting, finance, controlling and administration, depending on the scope, amounted to KEUR 427 (2013: KEUR 30) for services in favour of DIC Asset AG and KEUR 1,373 (2013: KEUR 1,121) for services in favour of companies in the DIC Asset Group.

Since 2012, additional service agreements have been in place 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 2014, compensation for these services amounted to KEUR 200 (2013: KEUR 745).

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. DIC Services GmbH & Co. KG was reimbursed KEUR 424 (2013: KEUR 287) by DIC Asset AG and its wholly owned subsidiary DIC Onsite GmbH for 2014.

As part of the "Unite" project, DIC Asset AG took various measures to increase capital, which mainly comprised setting up, coordinating and documenting the project. DIC Asset AG made a one-off payment of KEUR 700 to DIC Services GmbH & Co. KG, based on the agreement from 30 June 2014, for the supporting services of the aforementioned activities provided by DIC Services GmbH & Co. KG.

Effective from 30 December 2014, DIC Services GmbH & Co. KG merged with DIC KGaA upon the withdrawal of general partner DIC Services Beteiligungs GmbH.

As a result, the administrative divisions of accounting and finance, controlling, human resources, IT services and general administration were taken over by DIC Asset AG, including their office space and equipment. The employees were transferred with effect from 1 January 2015.

Consequently all service agreements between DIC Asset AG or its subsidiaries and DIC Services GmbH & Co. KG were terminated effective from 31 December 2014.

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 2014, this loan amounts to KEUR 44,828 (2013: KEUR 44,103). It has a fixed term to 31 December 2016 and an interest rate of 5.75% p. a. For the money made available, DIC Asset AG received interest income in the amount of KEUR 2,574 in the financial year (2013: KEUR 1,444).

In an agreement of 1 April 2008, 18 August 2009 and 13 September 2011, DIC OF RE 2 GmbH (wholly-owned subsidiary of DIC Asset AG) granted loans to DIC Opportunistic GmbH. The loans have unlimited terms. Interest rates of 5%, 6% and 8% p. a. are paid on the loans. Interest must be paid quarterly in arrears. For the money made available, DIC OF RE 2 GmbH received interest income in the amount of KEUR 239 in the reporting year (2013: KEUR 700).

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 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 has a term to 31 December 2015 and was extended until 31 December 2016 with the addendum of 10 December 2014. DIC MainTor GmbH has pledged its stake in DIC MainTor Porta GmbH as collateral for this loan.

In accordance with the addendum to the loan agreement of 18 December 2014, a special repayment of EUR 20 million was agreed. Furthermore, the pledging of DIC MainTor GmbH's shares DIC MainTor Porta GmbH as collateral for this loan was reversed and the pledging of its shares in DIC Main Tor WINX GmbH was agreed. As at the balance sheet date, this loan amounts to KEUR 17,614 (2013: KEUR 22,089). Up to November 2014, interest income of KEUR 3,325 (2013: KEUR 2,204) has been recognised.

In addition, a joint liability agreement was concluded on 19 December 2014. The joint liability made this liability part a joint and several obligation of DIC MainTor Porta GmbH and DIC MainTor GmbH.

"DIC Office Balance I", "DIC Office Balance II" and "DIC HighStreet Balance"

As a result of an agency agreement regarding asset and property management, the Group generated income of KEUR 2,337 (2013: KEUR 2,374) for services to the special fund "DIC Office Balance I", KEUR 676 for services to "DIC Office Balance II", launched in 2014, and similar income for the placed "DIC HighStreet Balance" fund of KEUR 965 (2013: KEUR 1,033).

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 the latter. The amount of reimbursement for the fringe benefits granted to Mr Ulrich Höller for financial year 2014 was KEUR 29 (2013: KEUR 26). DIC Asset AG ceased reimbursing 50% of this supplementary work as at 31 December 2014.

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

Company	Agreements
DIC MSREF HMDD Portfolio GmbH DIC MSREF Hochtief Portfolio GmbH DIC MSREF FF Südwest Portfolio GmbH	Provision of management services; Commission on letting or sale of properties; Accounting fee; Remuneration for subleases (tenant improvement fee); Development fee

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. (1 July to 30 September 2013, KEUR 10.5, until 30 June 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 2014 and 2013, 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 mgm. fee	Disposition fee	Accounting fee	Arrang. fee	Develop. fee	Total
DIC MSREF HMDD Portfolio GmbH	2014	58,747	520,375	86,400	0	0	665,522
	2013	58,121	30,900	88,425	0	0	177,446
DIC MSREF HT Portfolio GmbH	2014	57,768	218,320	64,800	0	0	340,888
	2013	55,594	250,000	64,325	0	0	369,919
DIC MSREF FF Südwest Portfolio GmbH	2014	118,267	0	64,800	0	125,000	308,067
	2013	122,729	0	58,950	196,996	0	378,675
Totals	2014	234,782	738,695	216,000	0	125,000	1,314,477
	2013	236,444	280,900	211,700	196,996	0	926,040

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.

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 KEUR 700 at an interest rate of 4.5% p.a. (payable annually in arrears). The loan is unlimited and was valued at KEUR 549 on 31 December 2014 (2013: KEUR 525). 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 Portfolio GmbH, and their respective wholly owned property companies received various services from DIC Beteiligungs AG. DIC Hamburg Portfolio GmbH and DIC HI Portfolio GmbH were 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 were 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 GmbH) 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 Hamburg Portfolio GmbH and DIC HI Portfolio GmbH were fully consolidated with the company as part of a capital increase in kind and therefore no longer rank among the company's related parties.

Accordingly, the above-named joint venture and DIC Beteiligungs AG had 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 had 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, KEUR 10.8 per company p. a. (until 30 June 2013 KEUR 10.5, until 31 December 2012 KEUR 9);
- Arrangement fee: for services in connection with new financing or renewals of existing financing.

In 2014 and 2013, the compensation listed in the table below was paid to DIC Beteiligungs AG, in which DICP directly holds 7.5% of the share capital (excluding sales tax).

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.

Recipient of service (amounts in EUR)		Base Mgm. fee	Disposition fee	TI/Develop. fee	Accounting fee	Arrang. fee	Total
DIC Hamburg Portfolio GmbH	2014	0	0	0	0	0	0
	2013	82,265	281,863	0	171,675	0	535,802
DIC HI Portfolio GmbH	2014	0	0	0	0	0	0
	2013	299,383	482,625	0	285,525	361,500	1,429,033
DIC MainTor GmbH	2014	0	0	0	182,000	0	182,000
	2013	0	0	669,722	74,025	93,420	837,167
Totals	2014	0	0	0	182,000	0	182,000
	2013	381,648	764,488	669,722	531,225	454,920	2,802,003

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.

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 the Falk Group, which are held by DIC MSREF FF Südwest Portfolio GmbH and its five 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. Deutsche Immobilien Chancen AG & Co. KGaA 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 internal rate of return (IRR)-based profits paid in advance, which, in the case of IRR in the amount of 17.5% of more, amount to 10% of profits and reach up to a maximum amount of 30% of profits at IRRs 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	2014	2013
Payments due in the short term	1,718	1,391
Share-based payments	39	377
Termination benefits	0	203
Total	1,757	1,971

For more details of the Management Board's remuneration, please see the Remuneration Report from page 130 seq., which is part of the summarised management report.

The members of the Supervisory Board were remunerated in total as follows:

in KEUR	2014	2013
Payments due in the short term	218	218
Total	218	218

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 36 for the financial year 2014 and KEUR 23 for the financial year 2013.

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

The transfer of title, rights and obligations for the property from the Commercial Portfolio sold by means of a notarial agreement in December 2014 took place as of 31 January 2015. The purchase price for this property was KEUR 2,200. The loan from the bank of KEUR 1,689 was repaid.

The transfer of title, benefits and obligations for two properties from the Co-Investments business segment that were notarised in November and December 2014 also took place at the end of January 2015. The DIC Asset Group is contributing 20% to the sale.

The transfer of possession, rights and obligations for a property acquired for the investment fund division took place in late February 2015.

It was communicated in January 2015 that the Chairman of the Management Board, Ulrich Höller, would leave the company when his contract ends at the end of 2015. Subject to the legal requirements' being satisfied, the Supervisory Board fully supports Ulrich Höller's subsequent appointment to the Supervisory Board in order to be able to make use of his experience and expertise in the company's further development.

Otherwise, 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 6 March 2015.

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/engl/investor-relations/CG/declaration.php".

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:

Membership in additional supervisory boards and supervisory bodies:

Prof. Dr. Gerhard Schmidt	– Grohe AG, Hemer: Member of the Supervisory Board – Grohe Beteiligungs GmbH, Hemer: Member of the Supervisory Board – GEG German Estate Group AG, Frankfurt: Chairman 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 Beteiligungs GmbH, Munich: Chairman of the Supervisory Board ** – DIC Capital Partners (Germany) Verwaltungs GmbH, Munich: Chairman of the Supervisory Board ** – DIC Capital Partners (Germany) GmbH & Co. Kommanditgesellschaft auf Aktien, 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	– 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	– 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	– 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 Wärntges, CFO,
  Master of Economics, Frankfurt am Main
- 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 2014 financial year:

- DIC Beteiligungs AG, Frankfurt: Chief Executive Officer (until 31 December 2014)
- 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 2014 financial year:

- DIC Onsite GmbH, Frankfurt: Member of the Supervisory Board

BOARD OF MANAGEMENT'S WARRANTY

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 DIC Asset AG 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, 6 March 2015

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, 2014. 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 consolidated 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, 6 March 2015

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Hübschmann	Danesitz
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

CORPORATE GOVERNANCE

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.

Since 2013, comprehensive compliance guidelines have been in place, which oblige DIC Asset AG and its employees to act in a responsible and regulated manner. They include the principles of ethics and integrity at the company, in particular compliance with legal requirements, internal company guidelines and self-imposed values. Key details of the Compliance Guidelines are described in the company's latest Sustainability Report, which can be viewed on the company's website www.dic-asset.de. 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. 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 Supervisory Board focused on meeting the recommendations of the German Corporate Governance Code in 2014. The consultation process resulted in the adoption of an updated annual Declaration of Conformity dated 15 December 2014, which has been made permanently accessible to the public on the company's website.

The Management Board and the Supervisory Board declare that DIC Asset AG complied and will continue to comply with the recommendations of the German Corporate Governance Code as published on 13 May 2013 from the date of submission of its previous Declaration of Conformity on 11 December 2013 until the announcement of the new version of the Code in the Federal Gazette on 30 September 2014 and since then with the recommendations as published on 24 June 2014. The following exceptions applied or apply:

▷ In filling senior management positions and in the composition of the Management Board and the Supervisory Board of DIC Asset AG, the Management Board and the Supervisory Board have focused and will in the future continue to focus on the interests of the company and the statutory provisions and in doing so will concentrate on the professional and personal qualifications of the candidate – irrespective of gender. In this respect, in deviation from clause 4.1.5 and clause 5.1.2 sentence 1 of the Code, priority was and is not given to achieving an appropriate participation of women in filling management positions and in the composition of the Management Board. Accordingly, in deviation from clause 5.4.1 of the Code, the specific targets for the composition of the Supervisory Board did not and do not provide for an appropriate participation of women in the Supervisory Board as a priority and no such target was and is taken into account by the Supervisory Board when nominating candidates for election by the General Shareholders' Meeting.

▷ The 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 paragraph 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 proportionately 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 paragraph 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 would not inspire greater motivation or a keener sense of responsibility.

▷ The Code recommends in clause 4.2.3 paragraph 2 sentence 6 that the amount of the remuneration of the members of the Management Board should be capped both overall and for its variable components. The amount of the variable performance-related payments (profit-sharing bonuses) of the members of the Management Board was and remains limited to 33% of the total remuneration or 70% of the fixed remuneration, respectively. The options on so-called virtual shares granted to the members of the Management Board as long-term variable remuneration components have been and continue to be limited in number. When exercised, the options entitle the bearer to a cash payment in an amount defined by the positive difference between the average closing price of the DIC Asset AG share during a reference period preceding the exercise of the option, on the one hand, and the contractually agreed exercise price, on the other hand. The members of the Management Board may therefore benefit from the upside price potential of the shares during the reference period. There was and still is no cap on the amount of participation in the upside price potential at the time the option is exercised. We believe that an additional cap on this share-based remuneration component would run counter to its major incentive, which is working toward increasing the company value. Given the absence of caps on some of the variable remuneration components and on some of the ancillary benefits, there are also no caps on the total amount of remuneration for the members of the Management Board.

▷ When concluding Management Board employment contracts, it should be ensured that payments to members of the Management Board upon the prior termination of their work for the Management Board do not exceed two annual remunerations, including ancillary benefits (severance cap), and that only the residual employment term be remunerated. In deviation from clause 4.2.3 paragraph 4 of the Code, Management Board employment contracts do not and will not include a severance cap. Any agreement of this kind would run counter to the basic understanding of a Management Board employment contract that is routinely concluded for the duration of the period of appointment, and that principally does not permit a regular termination. In addition, the company cannot enforce a cap to the severance payment unilaterally in the event that a member's work for the Management Board is terminated by mutual agreement, as is frequently the case in practice. In the event of a Management Board employment contract being terminated prematurely, we will try to take account of the underlying principle of the recommendation.

▷ For remuneration reports for financial years starting after 31 December 2013 the Code recommends in clause 4.2.5 paragraph 3 and paragraph 4, to present the board remuneration for each Member of the Management Board by using model tables that include specific details prescribed by the Code and going beyond the disclosures provided in the past. To the extent that the company deviates as elaborated above from the recommendation of clause 4.2.3 paragraph 2, sentence 6, for defining caps for selected components of the board remuneration, it obviously fails to act on the corresponding disclosure recommendation. Moreover, certain other disclosures required in the model tables that concern the remuneration structure are not relevant for the Management Board of DIC Asset AG. In the opinion of the Management Board and the Supervisory Board the new method would provide no added information value to shareholders. Against this background, the company will continue to present the board remuneration as before and in compliance with the statutory requirements. Accordingly, the company will deviate from clause 4.2.5 paragraph 3 and paragraph 4.

▷ The Supervisory Board is required to propose suitable candidates for new appointments or reappointments to positions on the Supervisory Board by the General Shareholder Meeting. In deviation from clause 5.3.3 of the Code, no nomination committee was or will be 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 paragraph 2 of the Code, the Supervisory Board has not set a specific target that takes into account the number of independent members of the Supervisory Board as defined in clause 5.4.2 of the Code, nor will it 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 term independence of members of the Supervisory Board conclusively but defines the term by a negative distinction with presumptive examples specifying in which cases "in particular" independence no longer exists. In addition, it is assumed that the independence is already jeopardised by the mere chance that material and permanent conflicts of interest may arise, regardless of whether or not they actually arise. The question of when independence in accordance with clause 5.4.2 of the Code is to be assumed in an individual case is thus fraught with too much legal uncertainty for the Supervisory Board as to make it seem advisable to set 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, in deviation from clause 5.4.1 paragraph 3 of the Code, this aspect is also 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.

▷ According to the current Articles of Association, members of the Supervisory Board are granted performance-related remuneration that is based on the annual dividend payment and may thus deviate from clause 5.4.6 paragraph 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 the 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.

Frankfurt am Main, 15 December 2014

Management Board and Supervisory Board of DIC Asset AG

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 is 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 2014 financial year is given in the Board's report.

Composition of the Boards

When appointing members of 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) and Rainer Pillmayer, responsible for Operations (COO).

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 avoiding conflicts of interest are also important objectives: the Supervisory Board should include a sufficient or appropriate number of independent members. 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 are taken into account in the Supervisory Board's nominations for the election of Supervisory Board members to the General Shareholders' Meeting. 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 2014.

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 consists 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 is limited to 70% of fixed remuneration for Mr Höller. For Mr Pillmayer the amount of profit-sharing is limited to a third of total remuneration, the same being true for Ms Wärntges for the contract revised/prolongated beginning of December 2014. 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.

(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 (see table “virtual share options“. 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 2.28 (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 December 2014 amounted to KEUR 441.

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.

Regulations regarding termination of a Management Board contract

With the exception of a Management Board contract covering the eventuality of a change of control, no Management Board contracts with the senior executives in office during the 2014 financial year contains 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.

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.

REMUNERATION in EUR

	Fixed remuneration	Bonusses*	Share-based remuneration	Other**	**Total 2014**	Total 2013
Ulrich Höller	450,000.00	315,000	167,600.00	4,060.32	**936,660.32**	1,113,104.32
Sonja Wärntges	285,833.30	140,000	25,000.00	22,644.85	**473,478.15**	288,091.75
Rainer Pillmayer	210,000.00	105,000	13,800.00	18,420.01	**347,220.01**	200,615.35
Markus Koch						368,902.79
Total	945,833.30	560,000	206,400.00	45,125.18	**1,757,358.48**	1,970,714.22

* amounts recognised as provisions as of 31.12.2014
** other remuneration includes non-monetary benefits from personal use of a company car and insurance subsidies

VIRTUAL SHARE OPTIONS

	Number of share options	Earliest exercise date
Ulrich Höller	75,000	30.09.2013 (exercised in 2014)
	75,000	30.07.2014 (exercised in 2015)
Sonja Wärntges	40,000	31.05.2016
	50,000	31.12.2018
Rainer Pillmayer	22,000	31.05.2016

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 post retirement employee benefit.

Management Board remuneration in financial year 2014

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 2014. In financial year 2014, 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 1,757 in 2014.

In February 2014, with the consent of the Supervisory Board, Mr Höller made use of 75,000 of those of his virtual share options that were exercisable.

In December 2014, the Management Board contract concluded with Sonja Wärntges in the 2013 financial year was extended ahead of schedule to 31 December 2018. In connection with its extension, the terms and conditions of the management board contract were adjusted, and the limitation of the bonus repealed.

REMUNERATION OF THE SUPERVISORY BOARD in EUR

	Fixed remuneration	Variable remuneration	Committee membership remuneration	**Total 2014**	Total 2013
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**	41,673.00
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**	218,366.00

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 2014, total remuneration of the members of the Supervisory Board amounted to KEUR 218. In addition, KEUR 23 (previous year: KEUR 23) in fees for services received was paid to the law firm Weil, Gotshal & Manges LLP, in which Prof. Dr. Gerhard Schmidt, the Chairman of the Supervisory Board, is a partner. The Supervisory Board had approved the appointment back in the 2011 financial year with the Chairman of the Supervisory Board abstaining. The services for which payment was made in financial year 2014 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 2014, DIC Asset AG did not report 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.

In February 2015, Ulrich Höller sold his 13,460 shares in DIC Asset AG and reported them in line with § 15a WpHG. No other securities transactions were reported by members of the Management Board or Supervisory Board.

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, which are held by the Deutsche Immobilien Chancen Group, are attributed to the Chairman of the Supervisory Board, Prof. Dr. Gerhard Schmidt, in accordance with § 22 WpHG.

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 2014, 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 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.

The Supervisory Board held four ordinary and nine extraordinary meetings in 2014. The extraordinary meetings took the form of telephone conferences. The average attendance rate of all members of the Supervisory Board was 86%. 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 regularly 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. Where justified, decisions were also obtained by written vote.

Key topics of the Supervisory Board meetings

▷ February 2014

After detailed discussion by the Management Board and subsequent consultation, it was unanimously resolved in an extraordinary meeting to increase the volume of the corporate bond issued in July 2013 by a further EUR 25 million to a total volume of EUR 100 million.

▷ March 2014

The ordinary meeting focused on the outcome of the Audit Committee meeting, which was discussed in detail. The annual accounts for the 2013 financial year were adopted and the consolidated financial statements were approved. The Supervisory Board also discussed and approved the Dependent Company Report for the 2013 financial year. In addition, the Supervisory Board examined the distribution of profits proposed by the Management Board, and endorsed the proposal. The Supervisory Board's written report to the General Shareholders' Meeting was adopted.

The Management Board reported on business performance to date in the current financial year, on the status of refinancing negotiations and on construction progress with the MainTor "Primus" and "Porta" sub-projects. It presented the forecast for the first quarter of 2014 and gave details on the budgetary planning for 2014.

The Supervisory Board reviewed the remuneration system for the Management Board, and defined the amount of the variable remuneration for the 2013 financial year.

In an extraordinary meeting, the Management Board provided the Supervisory Board with detailed information on how the strategic development of the fund business that had been previously decided was progressing. In addition, the Management Board reported on the ongoing discussions with other investors in the funds.

▷ May 2014

In an extraordinary meeting, the Supervisory Board considered the agenda of the 2014 General Shareholders' Meeting and adopted its proposed resolutions for the General Shareholders' Meeting.

In a discussion of strategy, the Management Board detailed the status of the strategic objectives and reported on the results from the first quarter. Following a discussion, the Q1 quarter-end report was cleared for publication.

▷ June 2014

In an ordinary meeting, the Management Board reported on the company's performance during the financial year to date, and gave details on the forecast for the second quarter of 2014. The Supervisory Board agreed to extensive letting and balance sheet activities. Moreover, the Supervisory Board was informed of the current status of the project developments, in particular additional letting and marketing activities in the MainTor and Opera Office projects. After an extensive discussion, the Management Board was asked to continue examining the options and to provide details of possible courses of action. Finally, the Management Board outlined the implementation status of the recently launched "DIC Office Balance II" fund.

▷ August 2014
In an extraordinary meeting, the Management Board briefed the Supervisory Board on the result of the first half-year of 2014, followed by a joint discussion. The Supervisory Board approved publication of the audited semi-annual financial statements.

Furthermore, the Management Board presented the plans for issuing a third corporate bond and calling in and repaying the first corporate bond. Having discussed the proposition, the Supervisory Board subsequently approved the issuance of a third corporate bond in a volume of no less than EUR 100 million and the premature termination of the first corporate bond.

Moreover, the Management Board presented investment-grade properties for the "DIC HighStreet Balance" investment fund.

▷ September 2014
In an ordinary meeting, the latest performance of the business in the fund business and in sales and letting activities was discussed, as was planned portfolio refinancings.

For the planned marketing of the MainTor "WINX-Tower" project development, the Management Board presented the project calculations and consulted the Supervisory Board on the planned financing activities, pre-lettings and the structure of a potential forward deal.

The Management Board also reported on the development status of the "Primus" and "Porta" MainTor sub-projects, and provided details on the project calculations and the marketing status of the "Opera Offices Neo" project development. The Management Board presented the project calculations, the transaction structure and the financing model to the Supervisory Board for the potential acquisition of the "Blue Tower" office high-rise in Frankfurt. Following discussions, the Supervisory Board agreed to continue pursuing the purchase.

▷ October 2014
In an extraordinary meeting, the Supervisory Board was advised further on the "WINX-Tower" and "Blue Tower" transactions presented at the previous meeting. Following extensive discussion of the financing and transaction structures, the Supervisory Board agreed to both transactions.

Moreover, the Management Board presented another potential acquisition property for the "DIC HighStreet Balance" fund.

The Management Board and Supervisory Board jointly discussed on strategically expanding the business operations of DIC Onsite GmbH. The intention is that DIC Onsite GmbH provide selective services for third-party customers too in the future.

▷ November 2014
In an extraordinary meeting, the Management Board reported on the third quarter results and discussed the key performance indicators with the Supervisory Board. The Supervisory Board agreed to the publication of the nine-month report.

The Management Board provided details on the current status of the sales activities and the development of the fund business.

▷ December 2014
In an ordinary meeting, the Management Board and Supervisory Board looked back in detail on the "WINX-Tower" and "Blue Tower" transactions carried out in November.

The Management Board informed the Supervisory Board of the current business performance and presented the results forecast for the fourth quarter and 2014 as a whole. The meeting was also used to present and discuss the operational planning, the profit planning, the balance sheet planning and potential transaction activities for the 2015 financial year.

Audit Committee report

The February 2014 meeting, which all members of the Audit Committee attended, focused on the accounting documents for the 2013 financial year.

With representatives of the auditor in attendance, the meeting devoted itself to a detailed review and discussion of the annual accounts and consolidated financial statements for the 2013 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, in particular the accounting treatment of the capital increase against contributions in kind and cash that took place at the end of 2013.

At the same time, the Audit Committee was briefed on the launch of the new software system for real estate management, for instance, as well as on risk management and the risk early warning system, the internal control system and the results of the real estate valuation following the capital increase against contributions in kind and cash.

Recommendations were approved for the Supervisory Board's resolutions concerning the accounting documents for the 2013 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 January 2015, the audit benchmarks for the annual accounts of the 2014 financial year were discussed and defined.

Corporate governance reviewed, declaration updated

The Supervisory Board regularly reviewed the company's corporate governance during the reporting period along with the efficiency of its activity. In the fourth quarter of 2014, the Supervisory Board considered in detail the latest recommendations of the German Corporate Governance Code and, together with the Management Board, jointly issued the corresponding declaration of conformity pursuant to § 161, German Stock Corporation Act (AktG) in December 2014. It was published on the company's website. 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 in the 2014 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, an advisory mandate existed during the 2014 financial year with the approval of the Supervisory Board. The member of the Supervisory Board concerned did not participate in the passage of the resolution.

Annual and consolidated financial statements 2014 audited and approved

The Management Board prepared the annual financial statements for financial year 2014 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 § 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 2 July 2014, and an unqualified audit opinion was issued for each of them.

All of these documents were considered at the meetings of the Audit Committee on 5 March 2015 and the Supervisory Board on 6 March 2015 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 internal 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 2014, 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 2014. 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 renewed commissioning of Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, to audit the annual financial statements and consolidated financial statements for financial year 2015 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

No changes were made to the composition of the Management Board during the year under review.

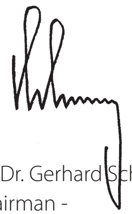
It was communicated in January 2015 that the Chairman of the Management Board, Ulrich Höller, would leave the management board when his contract ends at the end of 2015. Subject to the legal requirements' being satisfied, the Supervisory Board fully supports Ulrich Höller's subsequent appointment to the Supervisory Board in order to be able to make use of his experience and expertise in the company's further development. The Supervisory Board resolved to extend the contract of CFO Sonja Wärntges ahead of schedule to 31 December 2018.

Johannes von Mutius was appointed to the Management Board to fill the new position of Chief Investment Officer (CIO) as at 01 April 2015.

No changes were made to the composition of the Supervisory Board either 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, 6 March 2015

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 (%) *
DIC Asset Beteiligungs GmbH, Erlangen	100.0
DIC Fund Balance GmbH, Frankfurt	100.0
DIC Office Balance I GmbH, Frankfurt (formerly DIC Fund Balance GmbH)	100.0
DIC Office Balance II GmbH, Frankfurt (from 09.04.2014)	100.0
DIC HighStreet Balance GmbH, Frankfurt	100.0
DIC Fund Advisory GmbH (from 29.12.2014)	100.0
DIC Objekt EKZ Duisburg GmbH, Frankfurt am Main	100.0
DIC Objekt Zeppelinheim GmbH, Frankfurt am Main	100.0
DIC Objekt ZB GmbH, Frankfurt am Main	100.0
DIC Objekt Stolberger Strasse GmbH, Frankfurt am Main	100.0
DIC Objekt Köln 1 GmbH, Frankfurt am Main	100.0
DIC Objekt Nürnberg GmbH, Frankfurt am Main	100.0
DIC Objekt Hannover GmbH, Frankfurt am Main	100.0
DIC RMN-Portfolio GmbH, Frankfurt am Main	100.0
DIC Objekt Stadthaus Offenbach GmbH, Frankfurt am Main	100.0
DIC Objekt Dreieich GmbH, Frankfurt am Main	100.0
DIC Objekt Darmstadt GmbH, Frankfurt am Main	100.0
DIC Objekt Velbert GmbH, Frankfurt am Main	100.0
DIC Objekt Alsbach GmbH, Frankfurt am Main	100.0
DIC Objekt Alsbach 2 GmbH, Frankfurt am Main	100.0
DIC Objekt Hemsbach GmbH, Frankfurt am Main	100.0
DIC RMN Objekt 1 GmbH, Frankfurt am Main	100.0
DIC RMN Objekt 2 GmbH, Frankfurt am Main	99.4
DIC RMN Objekt 3 GmbH, Frankfurt am Main	100.0
DIC RP Portfolio GmbH, Frankfurt am Main	100.0
DIC RP Objekt Bochum GmbH, Frankfurt am Main	100.0
DIC RP Objekt Essen GmbH, Frankfurt am Main	100.0
DIC RP Objekt Massenbergstr. Bochum GmbH, Frankfurt am Main	100.0
DIC RP Objekt 1 GmbH, Frankfurt am Main	100.0
DIC RP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC AP Portfolio GmbH, Frankfurt am Main	100.0
DIC AP Objekt Augustaanlage GmbH, Frankfurt am Main	100.0
DIC AP Objekt Coblitzweg GmbH, Frankfurt am Main	100.0
DIC AP Objekt Düsseldorf GmbH, Frankfurt am Main	100.0
DIC AP Objekt Insterburger Str. 5 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Insterburger Str. 7 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Königsberger Str. 1 GmbH, Frankfurt am Main	100.0

Name and registered office of company	Interest (%) *
DIC AP Objekt Königsberger Str. 29 GmbH, Frankfurt am Main	100.0
DIC AP Objekt P6 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Stuttgarter Str. GmbH, Frankfurt am Main	100.0
DIC AP Objekt Konstanz GmbH, Frankfurt am Main	100.0
DIC AP Objekt 1 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 3 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 4 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 5 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 6 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 7 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 8 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 9 GmbH, Frankfurt am Main	100.0
DIC Asset Portfolio GmbH, Frankfurt am Main	100.0
WACO Projektmanagement AG, Luxemburg	100.0
DIC Asset AP GmbH, Frankfurt am Main	100.0
DIC Asset OP GmbH, Frankfurt am Main	100.0
DIC Asset DP GmbH, Frankfurt am Main	100.0
DIC OF Reit 1 GmbH, Frankfurt am Main	100.0
DIC OF RE 2 GmbH, Frankfurt am Main	100.0
DIC 27 Portfolio GmbH, Frankfurt am Main	100.0
DIC OP Portfolio GmbH, Frankfurt am Main	100.0
DIC OP Objekt Darmstadt GmbH, Frankfurt am Main	100.0
DIC OP Objekt Duisburg GmbH, Frankfurt am Main	100.0
DIC OP Objekt Düsseldorf GmbH, Frankfurt am Main	100.0
DIC OP Objekt Hamburg GmbH, Frankfurt am Main	100.0
DIC OP Objekt Hannover GmbH, Frankfurt am Main	100.0
DIC OP Objekt Leverkusen GmbH, Frankfurt am Main	100.0
DIC OP Objekt Marl GmbH, Frankfurt am Main	100.0
DIC OP Objekt München-Grünwald GmbH, Frankfurt am Main	100.0
DIC OP Objekt Objekt 1 GmbH, Frankfurt am Main	100.0
DIC OP Objekt Objekt 2 GmbH, Frankfurt am Main	100.0
DIC OP Objekt Objekt 3 GmbH, Frankfurt am Main	100.0
DIC OP Objekt Objekt 4 GmbH, Frankfurt am Main	100.0
DIC OP Objekt Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
DIC VP Portfolio GmbH, Frankfurt am Main	100.0
DIC VP Objekt Bonn GmbH, Frankfurt am Main	100.0

Name and registered office of company	Interest (%) *
DIC VP Objekt Köln ECR GmbH, Frankfurt am Main	100.0
DIC VP Objekt Köln Silo GmbH, Frankfurt am Main	100.0
DIC VP Objekt Düsseldorf Nordstraße GmbH, Frankfurt am Main	100.0
DIC VP Objekt Moers GmbH, Frankfurt am Main	100.0
DIC VP Objekt Neubrandenburg GmbH, Frankfurt am Main	100.0
DIC VP Objekt Saalfeld GmbH, Frankfurt am Main	100.0
DIC VP Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
DIC DP Portfolio GmbH, Frankfurt am Main	100.0
DIC DP Wiesbaden Frankfurter Straße 46-48 GmbH, Frankfurt am Main	100.0
DIC DP Hamburg Halenreie GmbH, Frankfurt am Main	100.0
DIC DP Mönchengladbach Stresemannstraße GmbH, Frankfurt am Main	100.0
DIC DP Langenselbold Am Weiher GmbH, Frankfurt am Main	100.0
DIC DP Halbergmoos Lilienthalstraße GmbH, Frankfurt am Main	100.0
DIC DP Objekt 1 GmbH 6 Co. KG, Frankfurt am Main	100.0
DIC DP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 3 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 4 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 5 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 6 GmbH, Frankfurt am Main	100.0
DIC DP Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
DIC 25 Portfolio GmbH, Frankfurt am Main	100.0
DIC 25 Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
DIC 25 Objekt Bremen GmbH, Frankfurt am Main	100.0
DIC 25 Objekt Chemnitz GmbH, Frankfurt am Main	100.0
DIC 26 Portfolio GmbH, Frankfurt am Main	100.0
DIC 26 Leipzig GmbH, Frankfurt am Main	100.0
DIC 26 Regensburg GmbH, Frankfurt am Main	100.0
DIC 26 Frankfurt-Taunusstraße GmbH, Frankfurt am Main	100.0
DIC 26 Frankfurt-Kaiserstraße GmbH, Frankfurt am Main	100.0
DIC 26 München GmbH, Frankfurt am Main	100.0
DIC 26 Langenhagen GmbH, Frankfurt am Main	100.0
DIC 26 Erfurt GmbH, Frankfurt am Main	100.0
DIC 26 Bonn GmbH, Frankfurt am Main	100.0
DIC 26 Schwaben GmbH, Frankfurt am Main	100.0
DIC 26 Wiesbaden GmbH, Frankfurt am Main	100.0
DIC 26 Köln GmbH, Frankfurt am Main	100.0
DIC 26 Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0

* Interest equals the share of voting rights

Name and registered office of company	Interest (%) *
DIC MainTor Real Estate 1 GmbH, Frankfurt am Main	100.0
DIC Objekt Braunschweig GmbH, Frankfurt am Main	94.8
DIC Objektsteuerung GmbH, Frankfurt am Main	94.8
Deutsche Immobilien Chancen Objekt Mozartstr. 33a GmbH, Frankfurt am Main	94.0
DIC Objekt Frankfurt 1 GmbH & Co. KG, Frankfurt am Main	94.0
Gewerbepark Langenfeld West 3 GmbH & Co. KG, Bielefeld	99.5
Deutsche Immobilien Chancen Objekt Ulm 1 Erweiterung GmbH, Frankfurt am Main	90.0
Deutsche Immobilien Chancen Objektbeteiligungs GmbH, Frankfurt am Main	90.0
DIC ONSITE GmbH, Frankfurt am Main	100.0
DIC EB Berlin GmbH, Frankfurt am Main	99.4
DIC Objekt Berlin 1 GmbH, Frankfurt am Main	99.4
DIC Objekt Berlin 2 GmbH, Frankfurt am Main	99.4
DIC Objekt Berlin 3 GmbH, Frankfurt am Main	99.4
DIC Zeil Portfolio GmbH, Frankfurt am Main	99.4
DIC Frankfurt Objekt 3 GmbH, Frankfurt am Main	99.4
DIC LB Portfolio GmbH, Frankfurt am Main	99.4
DIC Berlin Portfolio Objekt Bundesallee GmbH, Frankfurt am Main	99.4
DIC Objekt Hardenbergstraße GmbH & Co. KG, Frankfurt am Main	100.0
DIC Berlin Portfolio Objekt Berliner Straße GmbH, Frankfurt am Main	99.4
DIC Berlin Portfolio Objekt Frankfurt GmbH & Co. KG, Frankfurt am Main	99.4
DIC Berlin Portfolio Objekt Badensche Straße GmbH, Frankfurt am Main	99.4
DIC Berlin Portfolio Objekt 1 GmbH, Frankfurt am Main	99.4
DIC Berlin Portfolio Objekt 2 GmbH, Frankfurt am Main	99.4
DIC Berlin Portfolio Objekt 3 GmbH, Frankfurt am Main	99.4
DIC Berlin Portfolio Objekt 4 GmbH, Frankfurt am Main	99.4
DIC Berlin Portfolio Objekt 5 GmbH, Frankfurt am Main	99.4
DIC HI Portfolio GmbH, Frankfurt am Main	92.5
DIC HI Objekt Berlin Landsbergerstrasse GmbH, Frankfurt am Main	92.5
DIC HI Objekt Frankfurt Theodor-Heuss Allee GmbH, Frankfurt am Main	92.5
DIC HI Objekt Hamburg Kurt-Schumacher Allee GmbH, Frankfurt am Main	92.5
DIC HI Objekt Hamburg Steindamm GmbH, Frankfurt am Main	92.5
DIC HI Objekt Koblenz Frankenstrasse GmbH, Frankfurt am Main	92.5
DIC HI Objekt Koblenz Rizzastrasse GmbH, Frankfurt am Main	92.5

Name and registered office of company	Interest (%) *
DIC HI Objekt Köln GmbH, Frankfurt am Main	92.5
DIC HI Objekt Neu-Isenburg GmbH, Frankfurt am Main	92.5
DIC HI Objekt Ratingen GmbH, Frankfurt am Main	92.5
DIC HI Objekt Frankfurt Schaumainkai GmbH, Frankfurt am Main	92.5
DIC HI Objekt 1 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 2 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 3 GmbH & Co.KG, Frankfurt am Main	92.5
DIC HI Objekt 4 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 5 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 6 GmbH & Co. KG, Frankfurt am Main	92.5
DIC HI Objekt 7 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 8 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 9 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 10 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 11 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 12 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 13 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 14 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 15 GmbH, Frankfurt am Main	92.5
DIC HI Betriebsvorrichtungs GmbH, Frankfurt am Main	92.5
DIC Hamburg Portfolio GmbH, Frankfurt am Main	92.5
DIC Hamburg Objekt Ernst Mantiusstrasse GmbH, Frankfurt am Main	92.5
DIC Hamburg Objekt Großmannstrasse GmbH, Frankfurt am Main	92.5
DIC Hamburg Objekt Harburger Ring GmbH, Frankfurt am Main	92.5
DIC Hamburg Objekt Marckmannstrasse 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 (consolidated until 18.12.2014)	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

Overview: Appendix 2 to the notes on the Consolidated Financial Statements

Indirect and direct holdings of up to 40%

Name and registered office of company	Interest (%) *
DIC MainTor GmbH, Frankfurt am Main	40.0
DIC MainTor Porta GmbH, Frankfurt am Main (until 09.08.2014)	40.0
DIC MainTor Primus GmbH, Frankfurt am Main	40.0
DIC MainTor WinX GmbH, Frankfurt am Main (formerly DIC MainTor Südareal GmbH)	40.0
DIC MainTor Panorama GmbH, Frankfurt am Main	40.0
DIC MainTor Palazzi GmbH, Frankfurt am Main	40.0
DIC MainTor Patio GmbH, Frankfurt am Main	40.0
DIC Blue GmbH, Frankfurt am Main	40.0
DIC MainTor Zweite Beteiligungs GmbH & Co. KG, Frankfurt am Main	40.0
DIC MainTor Verwaltungs GmbH, Frankfurt am Main	40.0
DIC MainTor III GmbH, Frankfurt am Main	20.0
DIC GMG GmbH, Frankfurt am Main	20.0
WACO Beteiligungs GmbH, Frankfurt am Main	20.0
DIC Office Balance I , Frankfurt am Main**	10.0
DIC Office Balance II , Frankfurt am Main****	7.18
DIC HighStreet Balance , Frankfurt am Main***	20.0
DIC MSREF HMDD Portfolio GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Düsseldorf GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Essen GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Frankfurt GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Radolfszell GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt 1 GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt 2 GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt 4 GmbH, Frankfurt am Main	20.0
DIC MSREF HT Portfolio GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Düsseldorf GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Erfurt GmbH, Frankfurt am Main (until 18.12.2014)	20.0
DIC MSREF HT Objekt Hamburg GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Krefeld GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Neu-Ulm GmbH, Frankfurt am Main	20.0
DIC MSREF FF Südwest Portfolio GmbH, Frankfurt am Main	20.0
DIC MSREF FF Südwest Objekt München 1 GmbH, Frankfurt am Main	20.0
DIC MSREF FF Südwest Objekt München 2 GmbH, Frankfurt am Main	20.0
DIC MSREF FF Südwest Objekt Nürnberg GmbH, Frankfurt am Main	20.0
DIC MSREF FF Südwest Objekt Heilbronn GmbH, Frankfurt am Main	20.0
DIC MSREF FF Südwest Objekt Mainz GmbH, Frankfurt am Main	20.0
DIC BW Portfolio GmbH, Frankfurt am Main	20.0
DIC Development GmbH, Frankfurt am Main	20.0
DIC Opportunistic GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Dammtorstrasse GmbH & Co. KG, Frankfurt am Main	18.8
DIC Hamburg Objekt 7 GmbH, Frankfurt am Main	18.8

* Interest equals the share of voting rights, ** 14% share of voting rights, *** 12.5% share of voting rights, **** 0% share of voting rights

Announcements on Voting Rights

Appendix 3 to the Notes to the Consolidated Financial Statements

Disclosures in line with § 160 (1) No. 8 AktG

a. APG Asset Management N.V., Amsterdam, The Netherlands, informed us pursuant to Article 21 Section 1 WpHG that on 2 March 2015 its voting rights in DIC Asset AG, Frankfurt am Main, Germany, have fallen below the threshold of 3% and amounted to 2.68% (1,838,377 voting rights) as per this date.

   APG Groep NV, Amsterdam, The Netherlands, informed us pursuant to Article 21 Section 1 WpHG that on 2 March 2015 its voting rights in DIC Asset AG, Frankfurt am Main, Germany, have fallen below the threshold of 3% and amounted to 2.68% (1,838,377 voting rights) as per this date. Of these voting rights, 2.68% (1,838,377 voting rights) are to be attributed to APG Groep NV pursuant to Article 22 Section 1 Sentence 1 No. 1 WpHG.

   Stichting Pensioenfonds ABP, Heerlen, The Netherlands, informed us pursuant to Article 21 Section 1 WpHG that on 2 March 2015 its voting rights in DIC Asset AG, Frankfurt am Main, Germany, have fallen below the threshold of 3% and amounted to 2.68% (1,838,377 voting rights) as per this date. Of these voting rights, 2.68% (1,838,377 voting rights) are to be attributed to Stichting Pensioenfonds ABP pursuant to Article 22 Section 1 Sentence 1 No. 1 WpHG.

b. EII Capital Management, Inc., New York City, United States of America, informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the 3% threshold on 1 August 2014 and was 2.79% as of this date (1,914,860 votes). 2.79% thereof (1,914,860 votes) is allocable to EII Capital Management, Inc. in line with § 22 (1) sentence 1 No. 6 WpHG.

   EII Capital Holding, Inc., New York City, United States of America, informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the 3% threshold on 1 August 2014 and was 2.79% as of this date (1,914,860 votes). 2.79% thereof (1,914,860 votes) is allocable to EII Capital Holding, Inc. in line with § 22 (1) sentence 1 No. 6 in conjunction with § 22 (1) sentence 2 WpHG.

c. The RAG-Stiftung, Essen, Germany informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the 3% threshold on 9 June 2014 and was 4.76% as of this date (3,262,022 votes).

   Deka Investment GmbH, Frankfurt am Main, Germany informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the 3% threshold on 9 June 2014 and was 4.76% as of this date (3,262,022 votes). 4.76% of the voting rights (3,262,022 votes) is allocable to Deka Investment GmbH in line with § 22 (1) sentence 1 No. 6 WpHG. The name of the shareholder from whose shares 3% or more of the voting rights are attributed is RAG-Stiftung.

d. Morgan Stanley, Wilmington, Delaware, United States of America, informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the 3% threshold on 9 June 2014 and was 0.01% as of this date (8,000 votes). 0.01% thereof (8,000 votes) is allocable to Morgan Stanley in line with § 22 (1) sentence 1 No. 1 WpHG.

   MSREF V, Inc., Wilmington, Delaware, United States of America, informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the 3% threshold on 9 June 2014 and was 0.00% as of this date (0 votes).

   MSREF V, L.L.C., Wilmington, Delaware, United States of America, informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the 3% threshold on 9 June 2014 and was 0.00% as of this date (0 votes).

   MSREF V International-GP, L.L.C., Wilmington, Delaware, United States of America, informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the 3% threshold on 9 June 2014 and was 0.00% as of this date (0 votes).

   Morgan Stanley Real Estate Fund V Special International, L.P., Wilmington, Delaware, United States of America, informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the 3% threshold on 9 June 2014 and was 0.00% as of this date (0 votes).

   Morgan Stanley Real Estate Investors V International, L.P., Wilmington, Delaware, United States of America, informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the 3% threshold on 9 June 2014 and was 0.00% as of this date (0 votes).

   Morgan Stanley Real Estate Fund V International-T, L.P., Wilmington, Delaware, United States of America, informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the 3% threshold on 9 June 2014 and was 0.00% as of this date (0 votes).

   Morgan Stanley Real Estate Fund V International-TE, L.P., Wilmington, Delaware, United States of America, informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the 3% threshold on 9 June 2014 and was 0.00% as of this date (0 votes).

   MSREF V International Holdings Coöperatief, U.A., Amsterdam, Netherlands, informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the 3% threshold on 9 June 2014 and was 0.00% as of this date (0 votes).

   MSREF V Cosmos B.V., Amsterdam, Netherlands, informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the 3% threshold on 9 June 2014 and was 0.00% as of this date (0 votes).

   MSREF V Marble B.V., Amsterdam, Netherlands, informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the 3% threshold on 9 June 2014 and was 0.00% as of this date (0 votes).

e. APG Algemene Pensioen Groep N.V., Amsterdam, The Netherlands, informed us pursuant to Article 21 Section 1 WpHG that on 3 January 2014 its voting rights in DIC Asset AG, Frankfurt am Main, Germany, have fallen below the threshold of 3% and amounted to 0.00% (0 voting rights) as per this date.

   APG Asset Management N.V., Amsterdam, The Netherlands, informed us pursuant to Article 21 Section 1 WpHG that on 3 January 2014 its voting rights in DIC Asset AG, Frankfurt am Main, Germany, have exceeded the threshold of 3% and amounted to 3.24% (2,224,977 voting rights) as per this date.

f. 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.

g. 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.

h. 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

i. 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

j. 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.

k. 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.

l. 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).

m. DICP 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 DICP 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.

n. 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).

o. 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.

p. 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.

q. 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.

r. 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.

s. 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.

t. 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.

u. 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.

v. 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.

w. 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.

x. 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 of up to 40%. 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
Investment properties with strategic finance partners in the area of Co-Investments, in which DIC Asset AG has a significant stake of up to 40%.

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.

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 2014

EUR million	Q1 2014	Q2 2014	Q3 2014	Q4 2014
Gross rental income	36.8	36.8	37.1	**36.8**
Net rental income	33.5	32.3	33.4	**33.0**
Fees from real estate management	1.1	1.2	1.3	**1.6**
Investment property disposal proceeds	16.1	3.5	3.2	**67.7**
Profit from investment property disposals	0.7	-0.1	0.4	**5.8**
Share of the profits of associates	1.0	0.5	2.2	**2.9**
Funds from Operations (FFO)	12.0	11.6	11.8	**12.5**
EBITDA	30.9	28.4	31.7	**37.3**
EBIT	20.2	18.1	20.5	**26.4**
Profit for the period	2.0	2.0	1.9	**8.1**
Cash generated from operating activities	12.2	12.0	1.9	**8.8**
Market value of investment property	2,523.0	2,436.1	2,436.2	**2,396.9**
Total assets	2,605.5	2,587.4	2,674.8	**2,537.0**
Equity	792.0	790.1	766.5	**774.8**
Net debt equity ratio in %*	32.8%	33.3%	32.4%	**33.4%**
Total liabilities	1,813.5	1,797.2	1,908.3	**1,762.1**
FFO per share (in EUR)	0.18	0.16	0.18	**0.18**

* 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.

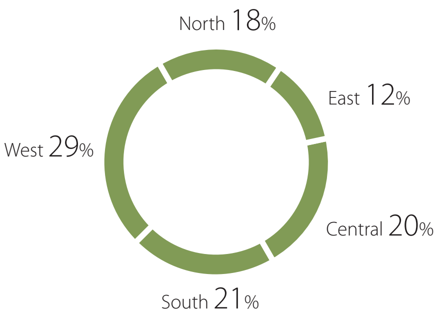
MULTI-YEAR OVERVIEW

EUR million	2010	2011	2012	2013	2014
Gross rental income	124.9	116.7	126.5	125.2	**147.5**
Net rental income	113.9	106.8	113.2	112.3	**132.2**
Fees from real estate management	3.5	5.3	5.7	6.5	**5.2**
Investment property disposal proceeds	81.2	17.7	75.7	81.1	**90.5**
Profit from investment property disposals	5.1	1.7	3.8	7.6	**6.8**
Share of the profits of associates	7.8	2.6	1.8	1.6	**6.6**
Funds from Operations (FFO)	44.0	40.8	44.9	45.9	**47.9**
EBITDA	101.7	95.6	102.1	106.3	**128.3**
EBIT	70.9	66.0	68.5	70.9	**85.2**
Profit for the period	13.5	10.6	11.8	16.0	**14.0**
Cash generated from operating activities	37.7	38.4	43.9	42.0	**34.9**
Market value of investment property	2,001.8	2,202.3	2,223.5	2,538.3	**2,396.9**
Net asset value	598.5	678.8	685.4	862.4	**864.8**
Total assets	2,046.3	2,244.6	2,210.2	2,596.0	**2,537.0**
Equity	584.1	622.0	614.3	793.1	**774.8**
Net debt equity ratio in %*	32.7	31.6	31.6	32.6	**33.4**
Total liabilities	1,462.2	1,623.3	1,595.9	1,802.9	**1,762.1**
FFO per share (in EUR)	1.15	0.92	0.95	0.94	**0.70**
Net asset value per share (in EUR)	15.27	14.85	14.99	12.58	**12.61**
Dividend per share (in EUR)	0.35	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.

PORTFOLIO BY REGIONS *

Portfolio proportion by rental space



* All figures pro rata, except number of properties; all figures excluding developments, except number of properties and market value

Number of properties

North	35
East	30
Central	47
West	57
South	64
Total 2014	**233**
Total 2013	251

Market value in EUR million

North	359.3
East	267.4
Central	693.1
West	678.8
South	398.3
Total 2014	**2,396.9**
Total 2013	2,538.3

Rental space in sqm

North	254,600
East	170,700
Central	279,200
West	411,900
South	296,500
Total 2014	**1,412,900**
Total 2013	1,483,900

Annualised rental income in EUR million

North	23.5
East	19.9
Central	35.0
West	44.2
South	27.5
Total 2014	**150.1**
Total 2013	158.6

Rental income in EUR per sqm

North	8.1
East	10.2
Central	12.5
West	9.6
South	8.3
Total 2014	**9.6**
Total 2013	9.6

WALT in years

North	6.1
East	4.5
Central	4.6
West	4.3
South	3.8
Total 2014	**4.6**
Total 2013	4.9

Gross rental yield

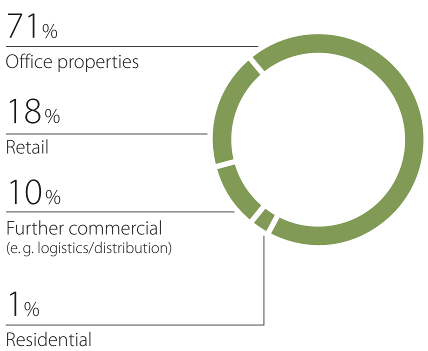
North	6.5%
East	7.4%
Central	6.2%
West	6.5%
South	6.9%
Total 2014	**6.6%**
Total 2013	6.6%

Vacancy rate

North	6.1%
East	7.2%
Central	19.7%
West	9.0%
South	11.3%
Total 2014	**10.9%**
Total 2013	10.7%

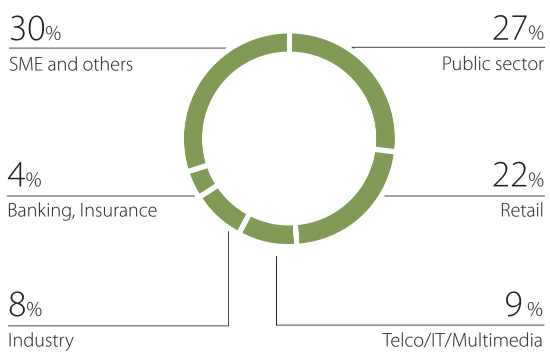
TYPES OF USE

pro rata by rental income p.a.



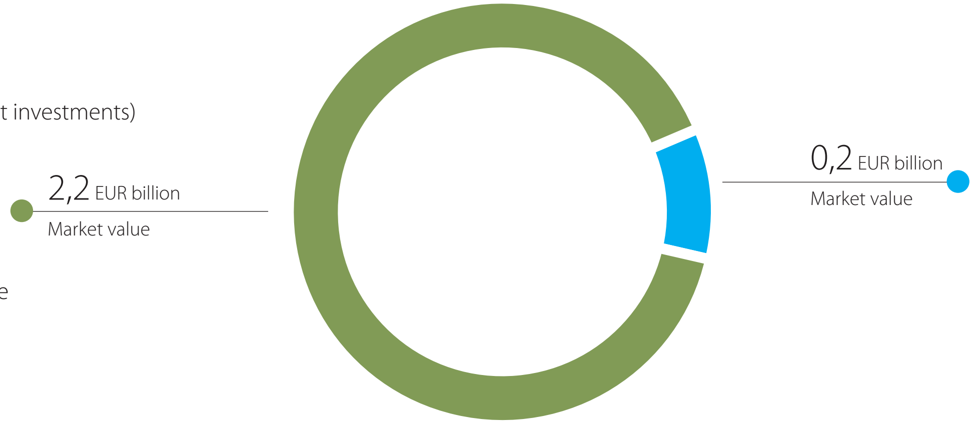
TENANT STRUCTURE

pro rata by rental income p.a.



90% Commercial Portfolio (direct investments)

- 188 properties in the portfolio
- Medium to long-term investment horizon
- High sustainable rental income
- Sales at appropriate times



10% Co-Investments (other investments)

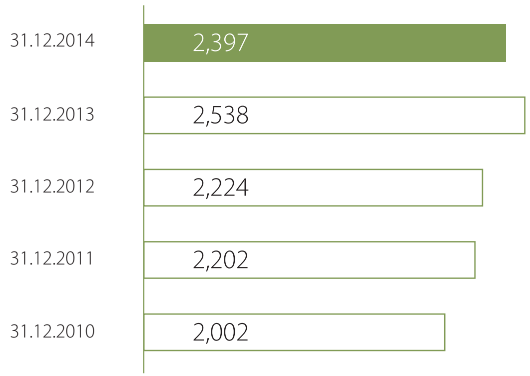
- 45 properties
- Funds
  - Core real estate in major cities and regional economic centres
  - DIC Asset AG as a service provider in asset and property management
- Project developments and other joint ventures

OVERVIEW PORTFOLIO *

	Commercial Portfolio	Co-Investments	**Total 2014**	Total 2013
Number of properties	188	45	**233**	251
Market value in EUR million	2,153.3	243.6	**2,396.9**	2,538.3
Rental space in sqm	1,343,100	69,800	**1,412,900**	1,484,700
Portfolio proportion by rental space	95%	5%	**100%**	100%
Annualised rental income in EUR million	141.4	8.7	**150.1**	158.6
Rental income in EUR per sqm	9.5	11.2	**9.6**	9.6
Lease maturities in years	4.6	4.9	**4.6**	4.9
Gross rental yield	6.6%	6.6%	**6.6%**	6.6%
Vacancy rate	10.9%	10.4%	**10.9%**	10.7%

* All figures pro rata, except number of properties; all figures excluding developments, except number of properties and market value

GROWTH OF PORTFOLIO VOLUME in EUR million



MANAGEMENT BOARD

Sonja Wärntges (Chief Financial Officer), Ulrich Höller (Chairman of the Board, Chief Executive Officer) and Rainer Pillmayer (Chief Operating 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

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