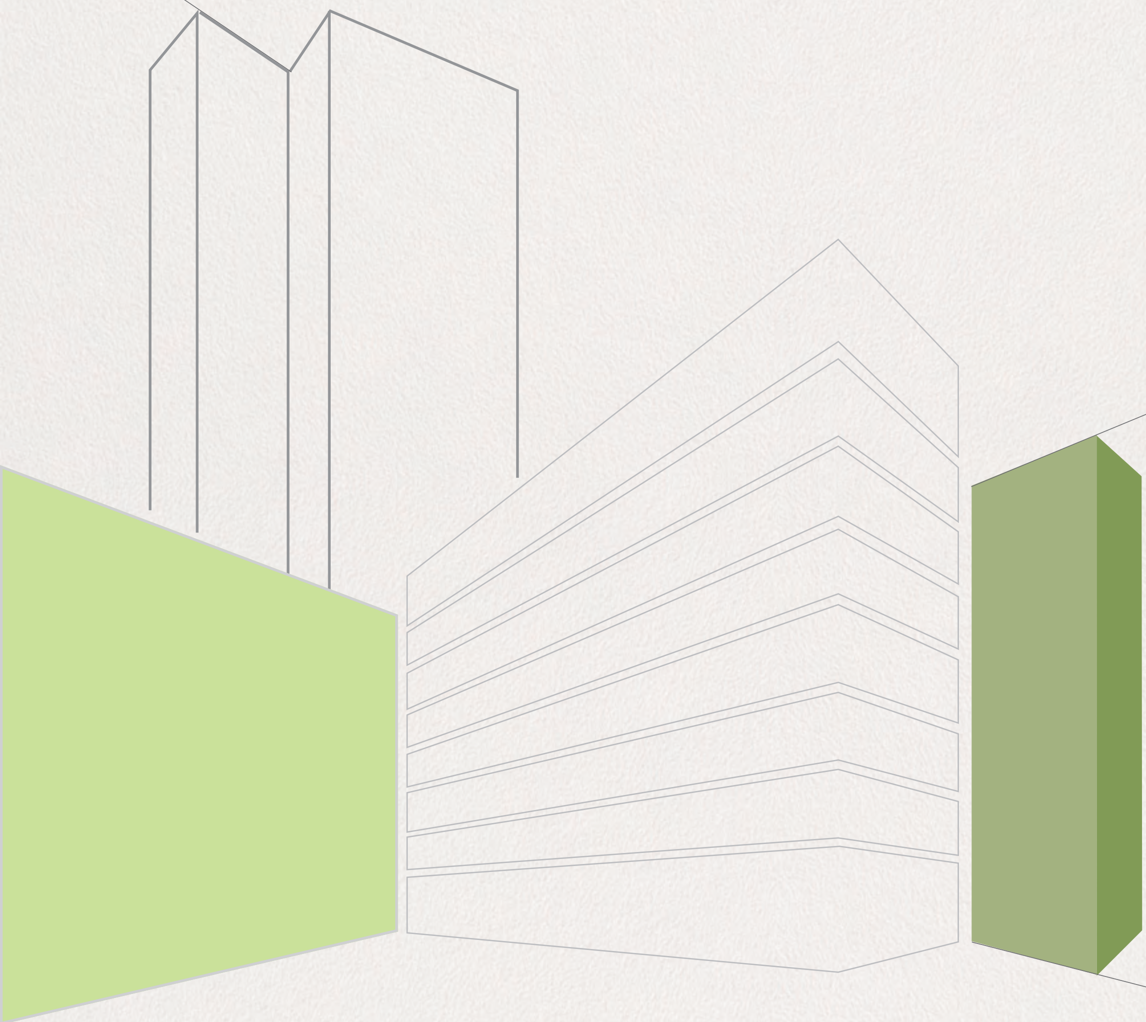
DIC



ANNUAL REPORT 2015

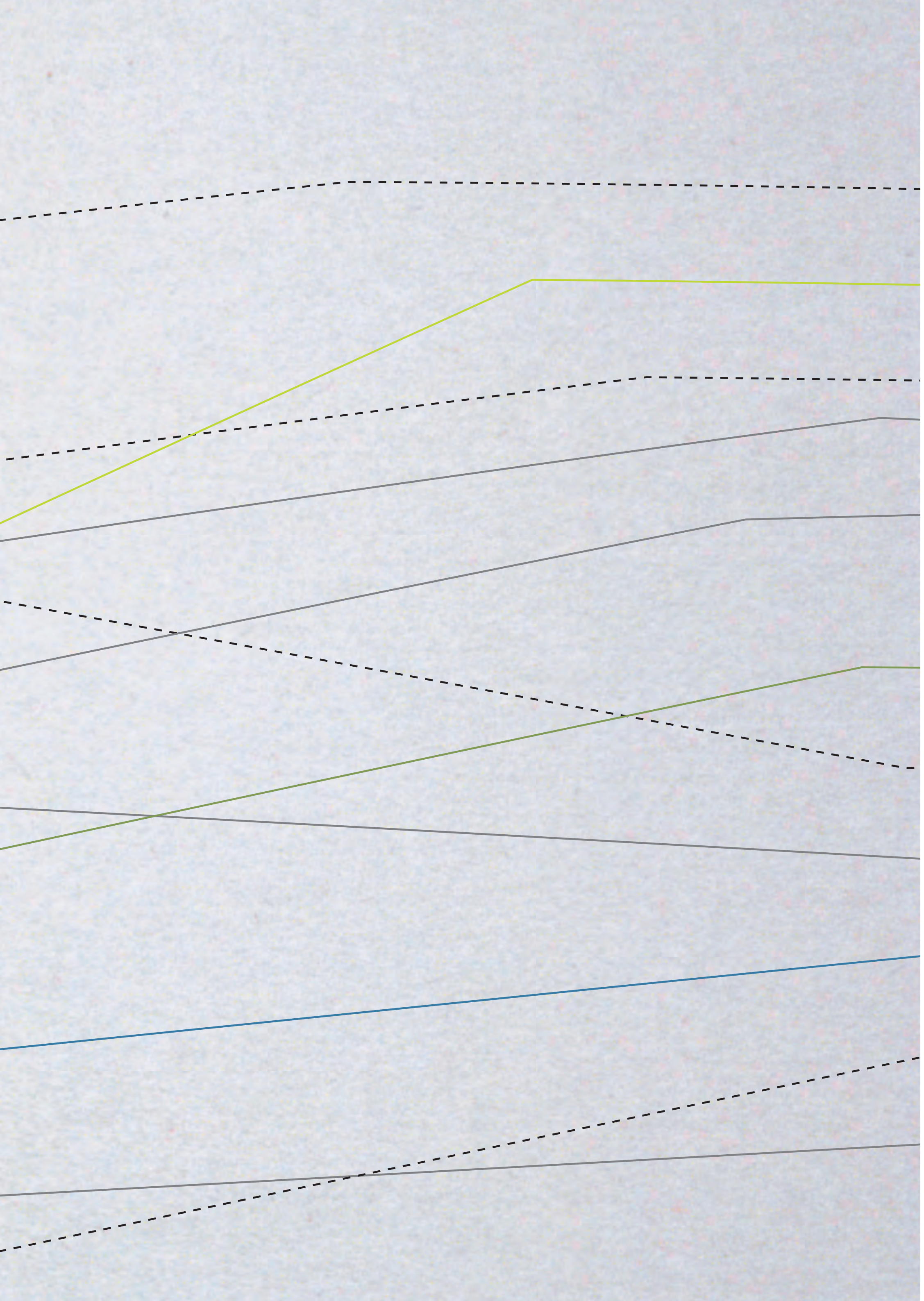
DIC ASSET AG AT A GLANCE

Key financial figures in EUR million	**2015**	2014	Δ
Gross rental income	**136.7**	147.5	-7%
Net rental income	**120.4**	132.2	-9%
Real estate management fees	**7.3**	5.2	+40%
Proceeds from sales of property	**201.3**	90.5	>100%
Total income	**372.4**	277.6	+34%
Profits on property disposals	**14.9**	6.8	>100%
Share of the profit or loss of associates	**7.7**	6.6	+17%
Funds from operations (FFO)	**49.0**	47.9	+2%
EBITDA	**126.6**	128.3	-1%
EBIT	**83.9**	85.2	-2%
EPRA earnings	**47.6**	47.6	+0%
Profit for the period	**20.7**	14.0	+48%
Cash flow from operating activities	**53.0**	34.9	+52%

Balance sheet figures in EUR million	**31.12.2015**	31.12.2014
Loan-to-value ratio (LTV) in %	**62.6**	65.9
Investment property	**1,700.2**	2,143.9
Net asset value	**884.1**	864.8
Total assets	**2,456.1**	2,537.0

Key figures per share in EUR	**2015**	2014	Δ
FFO	**0.72**	0.70	+3%
EPRA earnings	**0.69**	0.69	+0%
Net asset value	**12.89**	12.61	+2%

Key operating figures	**2015**	2014
Letting result in EUR million	**23.7**	33.2
Vacancy rate in %	**11.3**	10.9



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

Prof. Dr. Gerhard Schmidt, Chairman of the Supervisory Board,
Aydin Karaduman, Chief Executive Officer

Accompanied by persistently low interest rates and steady demand, the continuing economic upturn in Germany provided a strong backdrop for the entire real estate sector in 2015. In this upbeat environment DIC Asset AG achieved three important results for its shareholders. On the basis of the healthy profit generated, the Company proposes a dividend of EUR 0.37 per share. By systematically implementing "Strategy 2016" and achieving our primary goal of substantially reducing our loan-to-value ratio, we were successful in the financial year ended. DIC Asset AG thus took a large step forward in its development 2015 in the interests of its shareholders. This is the result of combined efforts with which we systematically achieved all of our principal business objectives for the year – and exceeded some of them. In doing so, we fundamentally strengthened the Company and created a strategically interesting starting position to tackle the challenges we face in the German commercial real estate market. Going forward, the German real estate market in particular will remain a profitable field of activity, offering considerable potential for professionally structured market participants to do business.

The most important key data for the past year:

- FFO – the key indicator of the profitability of our real estate management – reached approximately EUR 49 million in spite of extensive sales.
- We achieved a sales volume of around EUR 220 million for the full year, surpassing our revised forecast of at least EUR 180 million by more than 20 percent. Especially noteworthy was the fact that, on average, the sale prices achieved were five percent higher than the most recently determined market value.
- We significantly expanded our fund business. By making acquisitions of EUR 160 million, we exceeded our original acquisition budget for the existing funds of EUR 130–150 million, also by more than 20 percent, and lifted the FFO contribution from the fund business by 48 percent to EUR 8.3 million.

- At the end of 2015, we launched the new real estate fund "DIC Office Balance III" with a volume of around EUR 270 million, to which we transferred mainly properties from our own portfolio.
- We again lowered the average interest rate for all bank loans year-on-year to 3.4 percent as at the 31 December reporting date.

These achievements are related to two important results that considerably reinforce our starting position at the beginning of 2016:

- The fund transaction we executed in December 2015 enabled us to reduce our loan-to-value ratio (LTV) to below 60 percent, which means that we achieved the main objective in "Strategy 2016" in January 2016 – almost a year earlier than projected.
- Despite receiving less rental income as a consequence of real estate sales, our Company is generating a healthy operating profit, of which current income from the fund business accounts for an increasing, dynamically growing share. Including the most recent fund transaction, assets under management in the fund business exceeded the EUR 1 billion mark for the first time, reaching approximately EUR 1.1 billion. This compares with EUR 650 million at the end of 2014.

Once again, DIC Asset AG is demonstrating that it has a strong, reliable investment and income structure as well as an attractive, high-performance real estate management platform. We will continue to build on these strengths in the interests of our shareholders and partners in the market.

The Management Board together with the Supervisory Board set the course for this at the beginning of 2016. Here, we will put the combined expertise of our real estate experts who are active throughout Germany to even greater use so that we can give a further boost to DIC Asset AG's income base and diversify it at the same time.

The three main steps are as follows:

- We are continuing to work on optimising our directly held Commercial Portfolio. This will primarily be achieved through active asset management and selective sales with which we will leverage the current market conditions to achieve our operating targets.
- We are significantly expanding our successfully positioned full-service offering in the fund business and also in the third-party business. To this end, we are planning to substantially build up our assets under management in 2016 and the years to come, especially in the fund business. This will enable us to generate economies of scale and increase the share of recurring income.
- At the beginning of February, we reported that we had acquired over 20 percent of WCM Beteiligungs- und Grundbesitz-AG. This gives us a share of an attractive commercial real estate portfolio and allows us to participate in the growth of a real estate company. What we need to do now is make use of the possible opportunities that may arise as a result. In taking this step, we are planning to further strengthen and expand our positioning in Germany's commercial real estate sector in the long term.

We thank you, our shareholders, for your trust in DIC Asset AG and intend to continue to earn your valuable support. This annual report gives you detailed information on both our performance in 2015 and our expectations concerning the Company's further development in 2016.

Prof. Dr. Gerhard Schmidt
Chairman of the Supervisory Board

Aydin Karaduman
Chief Executive Officer

INVESTOR RELATIONS AND CAPITAL MARKETS

DAX sees tactical responses to short-term expectations

Buoyed by the ECB's expansionary monetary policy, the capital markets rallied at the beginning of the year, repeatedly sending the DAX to new record highs. The German benchmark index broke through the 12,000 mark several times in the period up to May, reaching an all-time high of 12,374 points on 10 April. However, the weak performance of the global economy and expectations that the Federal Reserve would raise its Funds Rate put pressure on share prices during the rest of the year. The Volkswagen emissions scandal plunged the DAX into a crisis of confidence, and Germany's leading index for blue-chip shares declined sharply again in the third quarter, falling to 9,428 points. In August, China's central bank changed its exchange rate policy for the yuan, initially instigating a devaluation of the Chinese currency. This sparked recessionary fears among investors, rattling stock markets around the world.

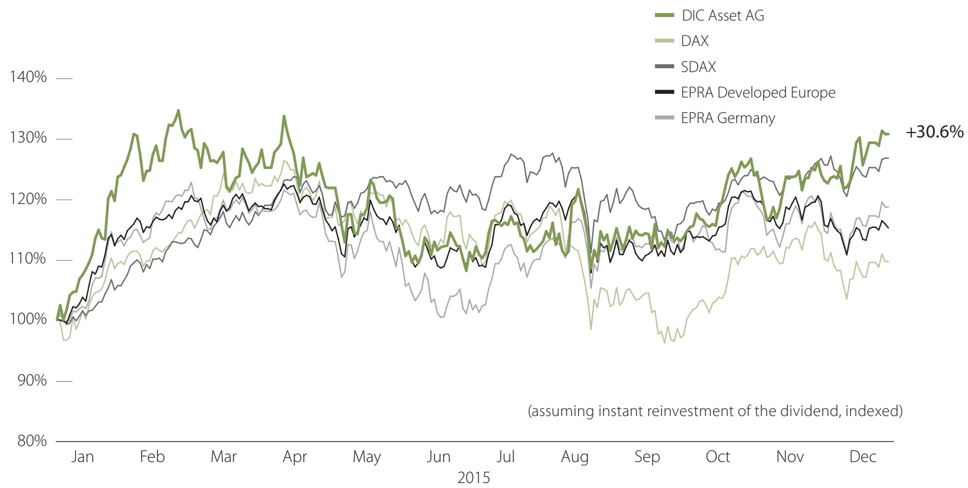
By the end of the year, the DAX had recovered, though it failed to reach the highs recorded in the first half, closing up 9.6% at 10,734 points on 30 December 2015. The DAX's response to the long-awaited turnaround in interest rates initiated by the US Federal Reserve in December was cautiously positive, with investors perceiving this to be a step towards a gradual return to normality and stability in the market.

From the middle of the year onwards, the EPRA Developed Europe Index, in which Europe's leading real estate stocks are quoted, outperformed the DAX on a full-year basis, closing 15.1% higher than year-end 2014 on the last day of trading.

DIC Asset AG's shares more robust than the DAX

DIC Asset AG's shares made a dynamic start to the year before continuing to develop almost in step with the overall market of German bellwether stocks. While unable to maintain this high level with a temporary gain of nearly 35% in parallel with the general upheaval on the markets, the share has significantly outperformed Germany's benchmark index almost constantly since the end of August. DIC Asset AG's shares closed 2015 at EUR 9.32, an increase of 25.9% over the previous year.

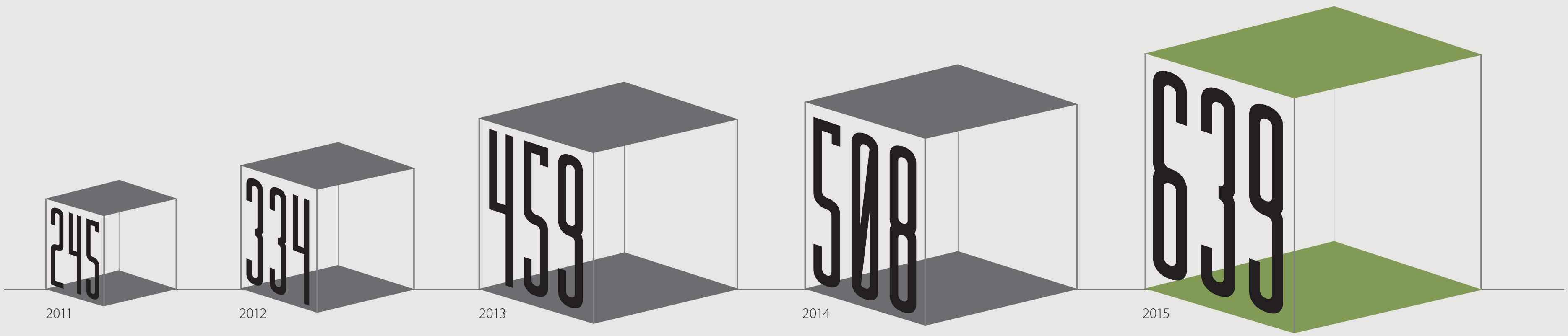
SHARE PERFORMANCE



DIC Asset AG's market capitalisation stood at EUR 639 million on 31 December 2015, up around 26% on the previous year (EUR 508 million). Allowing for the reinvestment of the dividend, the share appreciated by 30.6%.

STOCK MARKET CAPITALISATION

in EUR million based on the Xetra annual closing price



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	68.2%
Key indices	SDAX, EPRA, DIMAX
Exchanges	Xetra, all exchanges in Germany
Deutsche Börse segment	Prime Standard
Designated Sponsors	Oddo Seydler, HSBC Trinkaus

KEY FIGURES ON THE DIC ASSET AG SHARE (1)

		2015	2014
Net asset value per share	Euro	**12.89**	12.61
FFO per share	Euro	**0.72**	0.70
FFO yield (2)	%	**7.7**	9.4
Dividend per share	Euro	**0.37**	0.35
Annual closing price	Euro	**9.32**	7.41
52-week high	Euro	**9.99**	8.16
52-week low	Euro	**7.31**	5.86
Market capitalisation (2)	EUR million	**639**	508

(1) Xetra closing prices in each case
(2) based on the Xetra annual closing price

Successful top-up of corporate bond

Corporate bonds have proven to be a flexible, cost-efficient form of financing at DIC Asset AG, gaining widespread acceptance among investors. The 14/19 corporate bond DIC Asset AG issued in September 2014 was successfully topped up by EUR 50 million to EUR 175 million by way of a private placement in April 2015. The issue price was set towards the upper end of the marketing range, at 103%. In June, the new notes issued were added to the existing listing for the 14/19 bond under a single securities identification number and included in Deutsche Börse AG's Prime Standard segment for corporate bonds. In addition to providing funding for general corporate purposes, the net proceeds from the increase were used primarily to refinance existing liabilities to banks at the level of the portfolio and individual properties – thus contributing to the continued strategic simplification and streamlining of our financing structures in the financial year.

DIC Asset AG's two corporate bond issues, which are traded in Deutsche Börse AG's Prime Standard segment for corporate bonds, have gained a firm footing in the market with highly liquid trading and consistently exceeded their issue prices in the reporting period. DIC Asset AG's 13/18 bond closed at 104.2% on 30 December 2015. Its 14/19 bond stood at 104.8% on 30 December 2015.

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 Euro	1,000 Euro
Coupon	5.750%	4.625%
Issuance volume	EUR 100 million	EUR 175 million
Maturity	09.07.2018	08.09.2019

KEY FIGURES ON THE DIC ASSET AG BONDS

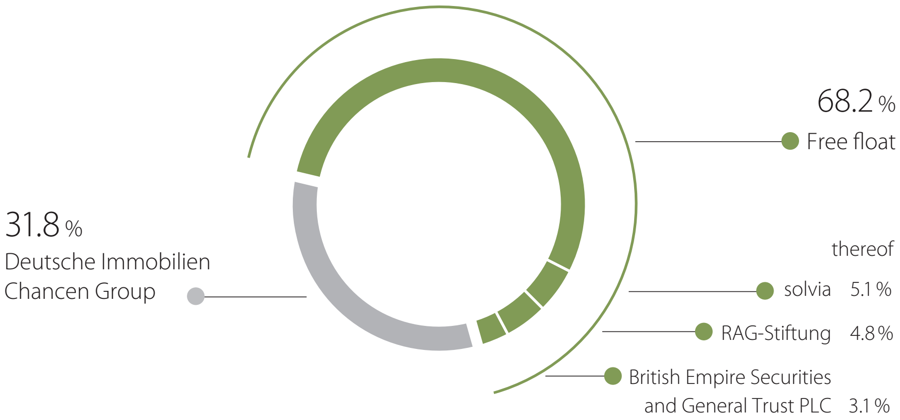
	2015	2014
DIC Asset AG bond 13/18		
Annual closing price	104.2%	107.0%
Yield to maturity at annual closing price	3.94%	3.39%
DIC Asset AG bond 14/19		
Annual closing price	104.8%	105.5%
Yield to maturity at annual closing price	3.28%	3.59%

A shareholder structure with a solid foundation

DIC Asset AG's shareholder group has a stable structure with well-known, predominantly institutional investors. The DIC Group – the largest individual shareholder – holds 31.8% of the shares. Other major investors are solvia Vermögensverwaltung (5.1%) and the RAG Foundation (4.8%). British Empire Securities and General Trust PLC notified us that it had increased its shareholding in DIC Asset AG to around 3.1% at the end of June 2015. A total of 68.2% of shares are in free float.

As far as we are aware, no other shareholders hold more than 10% of the share capital, either directly or indirectly. We publish the voting rights notifications submitted to us on our website and in the notes to the consolidated financial statements starting on page 146.

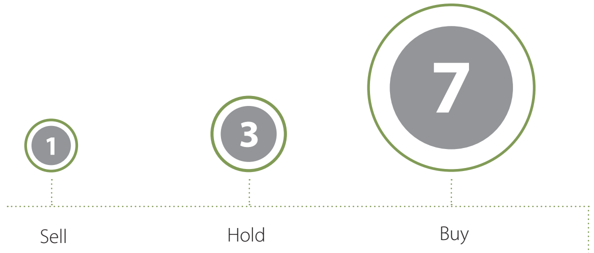
SHAREHOLDER STRUCTURE



Analysts continue to regard our share highly

Independent analysts closely follow and regularly report on our share, which we consider crucial for achieving a high level of transparency vis-à-vis our investors. Of the eleven analysts who regularly report on our share at present, seven have issued a buy recommendation with upside targets of up to EUR 12.00. Three analysts recommend holding and only one institution recommends selling. We attribute this high regard for our share to, among other things, our ongoing dialogue and collaboration with analysts, for example at road shows and the DIC Asset AG's analyst meeting traditionally held at the beginning of the year.

ANALYSTS' COVERAGE



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

as at February 2016

Consistently high dividend

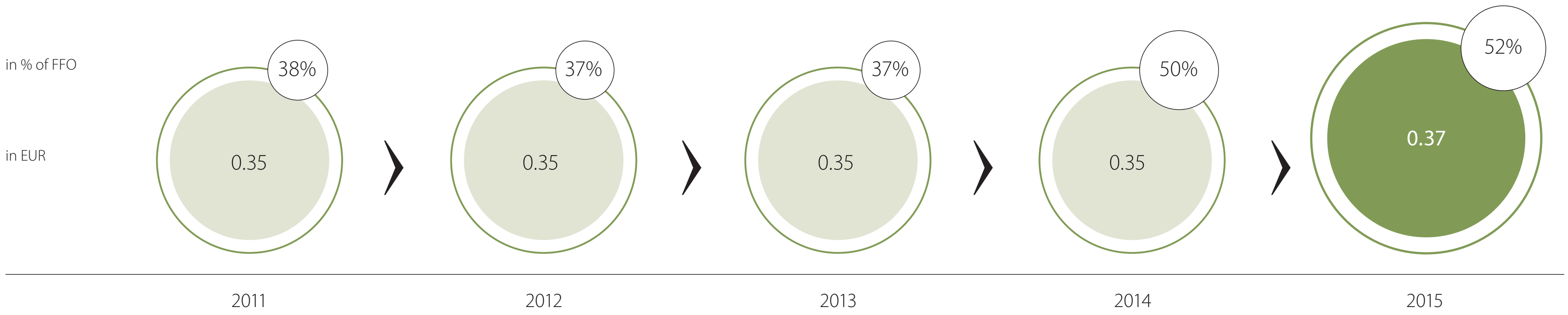
The success of our business model is due to attractive income from operating a highly diversified portfolio and the increase in reliable income from managing fund properties. DIC Asset AG pursues a consistent dividend policy, based primarily on the operating profit, as a key instrument of its financial strategy. 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 2015 and implemented requirements for the next strategic steps of DIC Asset AG's future development. They include successful real estate management and the strong result of our sales activities, in addition to the steady growth of our fund business. We want to give our shareholders an appropriate and valuable share of the Company's success. For financial year 2015, the Management Board is proposing to the General Shareholders' Meeting to distribute a dividend of EUR 0.37 per share.

General Shareholders' Meeting

At the Annual General Shareholders' Meeting for financial year 2014 held in Frankfurt am Main on 2 July 2015, shareholders agreed to the Management Board's proposals by a large majority in the case of all agenda items. The General Shareholders' Meeting formally approved the actions of the members of the Management Board and Supervisory Board and resolved on the distribution of a dividend of EUR 0.35 per share, which was immediately paid out on 3 July 2015.

DIVIDEND PER SHARE



2015

IR-ACTIVITIES

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
11.06.	Roadshow	Brussels

THIRD QUARTER

02.07.	General Shareholders' Meeting	Frankfurt
14.07.	Analyst Update "MainTor"	Frankfurt
16.07.	Roadshow	Madrid
13.08.	Publication of Q12 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

2016

IR-CALENDAR | as at February 2016

FIRST QUARTER

18.01.	Kepler Cheuvreux German Corporate Conference	Frankfurt
03.02.	Analyst Update 2016	Frankfurt
01.03.	Publication of Financial Report 2015*	
10.03.	HSBC Real Estate Conference	Frankfurt

SECOND QUARTER

13.04.	Bankhaus Lampe Germany-Conference	Baden-Baden
12.05.	Publication of Q1 2016 Report*	

THIRD QUARTER

05.07.	General Shareholders' Meeting	Frankfurt
03.08.	Publication of Q2 2016 Report*	
19.09.	Berenberg/Goldman Sachs German Corporate Conference	Munich
20.09.	Baader Investment Conference	Munich
30.09.	Société Générale Real Estate Conference	London

FOURTH QUARTER

06.–08.10.	EPRA Annual Conference	Paris
04.11.	Publication of Q3 2016 Report*	

*with conference call

Ongoing capital market communication

Our investor relations work is based on the principles of openness, transparency and fairness to all financial market participants. We make meaningful information on our Company's performance and our strategy available on an ongoing basis. To reflect the importance we attach to providing this information, the Investor Relations department reports directly to the Management Board. In addition to issuing detailed written reports, we maintain direct contact with our shareholders, investors and analysts and continually release information on all important events at DIC Asset AG.

We presented the Company at a total of twelve road shows and investor conferences in financial year 2015. Two separate events were also organised for our analysts. As well as issuing detailed written publications, immediately after releasing our annual and quarterly figures we consistently explain our results and answer questions in teleconferences.

We promptly publish all information about DIC Asset AG that is relevant for the capital markets on our website and keep this information up to date continually. Besides financial reports, company presentations and notifications, recordings of the teleconferences on the annual and quarterly reporting and a detailed overview of analysts' current opinions can be found there.

Active involvement in associations

We are involved in particular in the most influential and largest associations, ZIA (Zentraler Immobilien Ausschuss) and EPRA (European Public Real Estate Association), in order to represent the common interests of the real estate sector and offer information services. CFO Sonja Wärntges contributes her expertise to the EPRA Reporting & Accounting Committee and the corresponding ZIA committee. Due to our growing fund business, we became a member of the European Association for Investors in Non-Listed Real Estate Vehicles (INREV) in January 2015.

Sustainability as a guiding principle

Incorporating exemplary and sustainable procedures into our business processes is the consequence of a responsible use of resources and responsibility towards the environment. Here, we follow national and international sustainability guidelines. We take environmental and social requirements into account in our business decisions and processes, favouring scope for optimisation over opportunities for short-term gains wherever possible. As a major player in the real estate sector, we communicate the importance, focus and advances in detail in our separate Sustainability Report, which has already won several EPRA awards.

International awards

In 2015, our Annual Report won major commendations in prestigious competitions for the eight year in succession. The international LACP jury gave the report a Silver Winner Worldwide award and ranked it among the top 50 reports in Germany. Our sustainability reporting received an award for the second time – in September 2015, the previous issue of our Sustainability Report was conferred the EPRA Bronze Award once again for systematic implementation and transparent reporting in accordance with the best-practice criteria of the European Public Real Estate Association (EPRA).

Our latest report is always available to download from our company's website.

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

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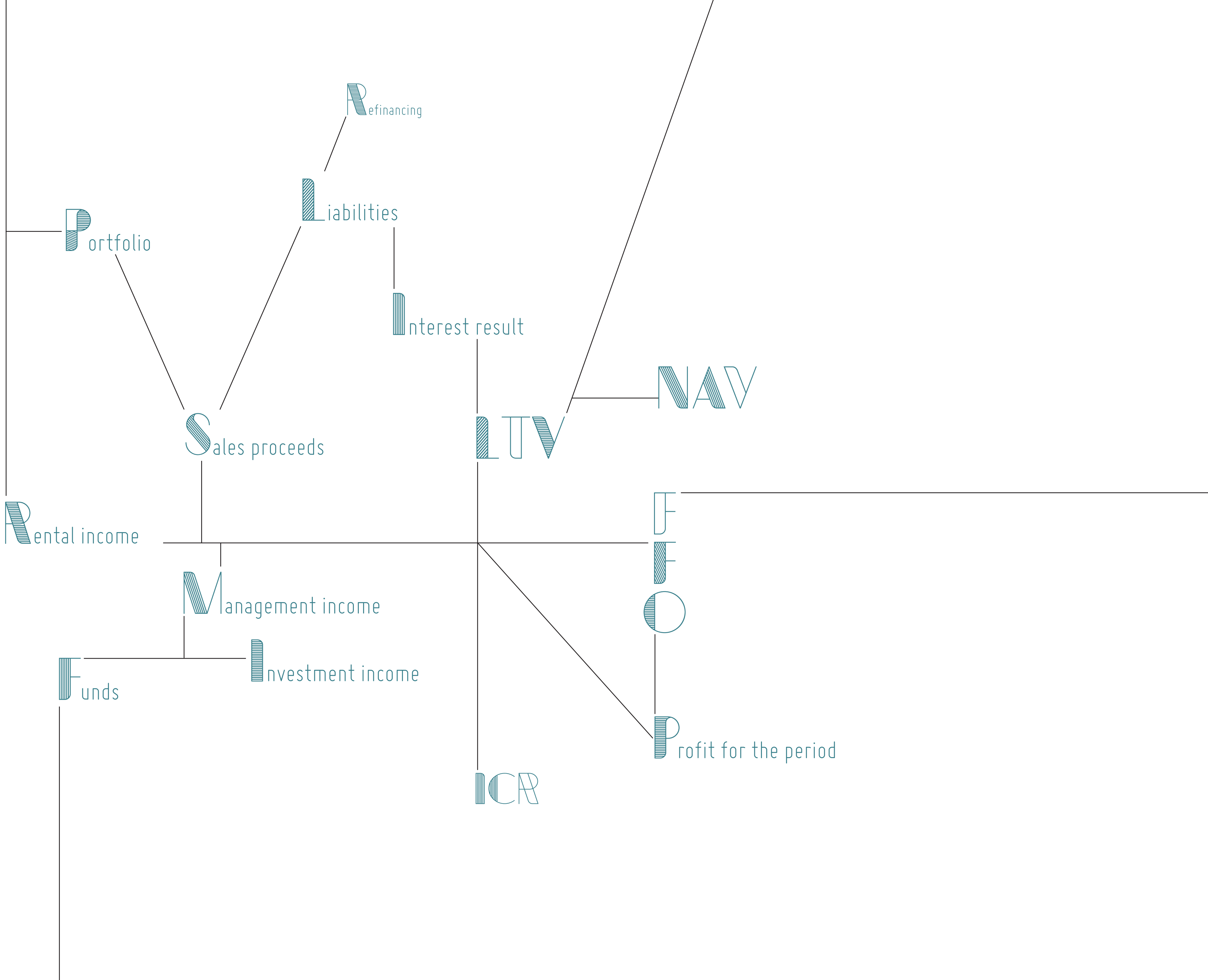

Refinancing
Liabilities
Portfolio
Interest result
NAV
Sales proceeds
LTV
Rental income
FFO
Management income
Investment income
Funds
Profit for the period
ICR

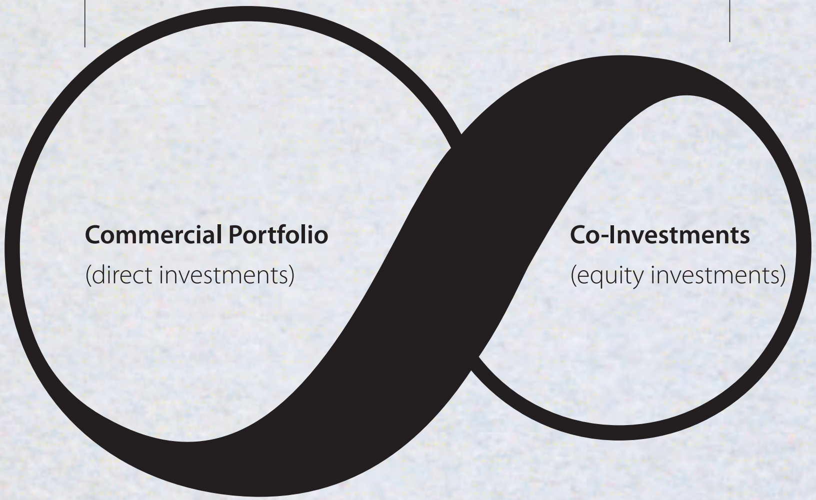
IN BALANCE 2015

KEY FIGURES IN CONTEXT

Secure, **steady stream of income** for the long term from rent, equity investments and management fees

Our business model is based primarily on sustainable income generated from real estate management in two segments:

Portfolio properties with long-term leases and attractive cap rate (avg. 6.4%)



Investments in the funds we manage (avg. cap rate of 4.0%–5.0%) and, to a lesser extent, in project developments and other joint venture investments

Our **asset and property management** staff manage both the properties in our portfolio as well as those of our equity investments

An effective model for preserving value and ensuring dividend continuity.

DIC Asset AG is one of the largest listed commercial real estate companies in Germany. **We manage real estate assets worth a total of approximately EUR 3.2 billion** in two segments: Our Commercial Portfolio (around EUR 1.8 billion) comprises our own long-term portfolio of properties with stable rental yields that generate a steady cash flow for our company. Our Co-Investments segment with around EUR 1.4 billion under management is focused on the rapidly growing fund business with a volume currently totalling some EUR 1.1 billion.

For this purpose, we make use of our own real estate management platform that aims to safeguard the value of our own properties as well as turning our wealth of expertise and our regional presence into a service for investors in the fund business. We are therefore able to generate **recurring income that is secured long term based on minimal risk exposure.**

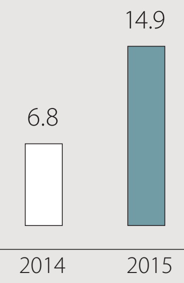
DIC Asset AG's hallmark is a clear business model that preserves value while ensuring dividend continuity.

Our **earnings** derive from a variety of sources. We generate a steady stream of rental income from an attractive portfolio of properties and sustainable management fee and investment income from a growing fund business

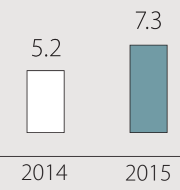
Selling properties at the right time to optimise our structures and generate profit is yet another component of total earnings

GROSS RENTAL INCOME
in EUR million

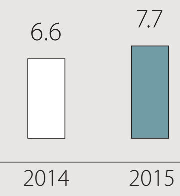
SALES PROFITS
in EUR million



REAL ESTATE MANAGEMENT FEES
in EUR million



INVESTMENT INCOME
in EUR million



- Gross rental income at EUR 136.7 million after effects from sales
- Increase in sales profits due to expanded sales volume in 2015
- Growing, recurring management fees from fund business
- High investment income from finalisation of "MainTor" sub-projects and current income from existing joint ventures and fund business

Acquisitions aimed at expanding the fund business and **sales** in all portfolio segments are an integral part of the strategy to strengthen our earnings base

Acquisition volume
of around
EUR **160** million

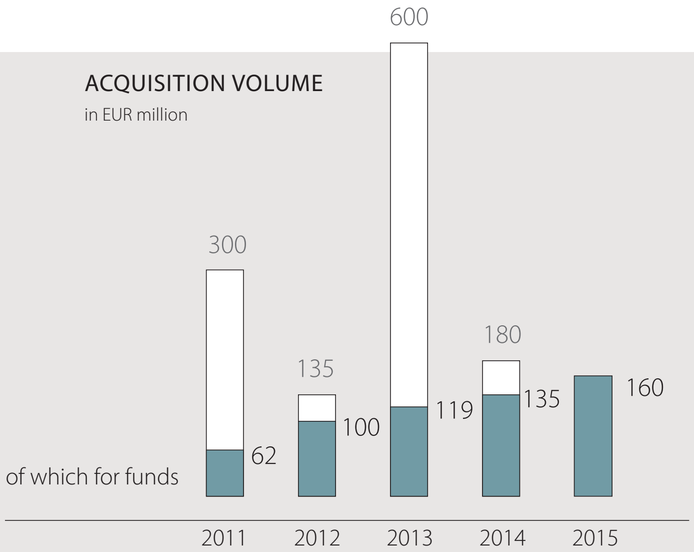
Sales volume
of around
EUR **220** million

In 2015, DIC Asset AG took advantage of the momentum in the transaction market and exceeded both its acquisition and its sales forecasts

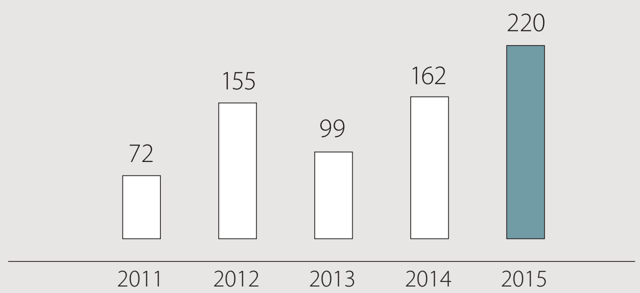
- Focus on fund growth
- Acquisition targets exceeded in a very competitive market

- Strong momentum of the transaction market leveraged
- Sales volume surpasses expectations in 2015

ACQUISITION VOLUME
in EUR million



SALES VOLUME
in EUR million



- Acquisitions of core properties in major cities and economic centres accelerate the growth of the fund business in the Co-Investments segment

- Start-up portfolio (volume of EUR 270 million) transferred to new "DIC Office Balance III" fund (transfer effective January 2016)

- Strong sales performance with a transaction volume totalling approximately EUR 220 million in 2015
  – 22 Commercial Portfolio properties
  – 3 Co-Investments properties

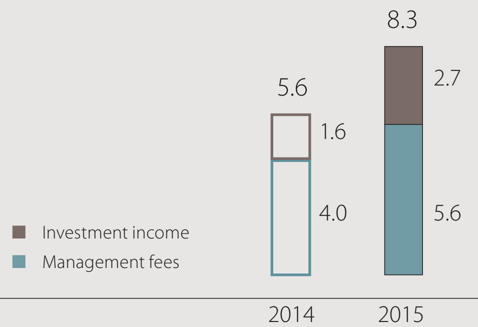
- Average sales prices 5% above most recently determined market value

The steady stream of income from **fund management** is making a rapidly increasing contribution to our business model

Growing investment income and management fees from the fund business

FFO CONTRIBUTION FROM FUND BUSINESS

in EUR million



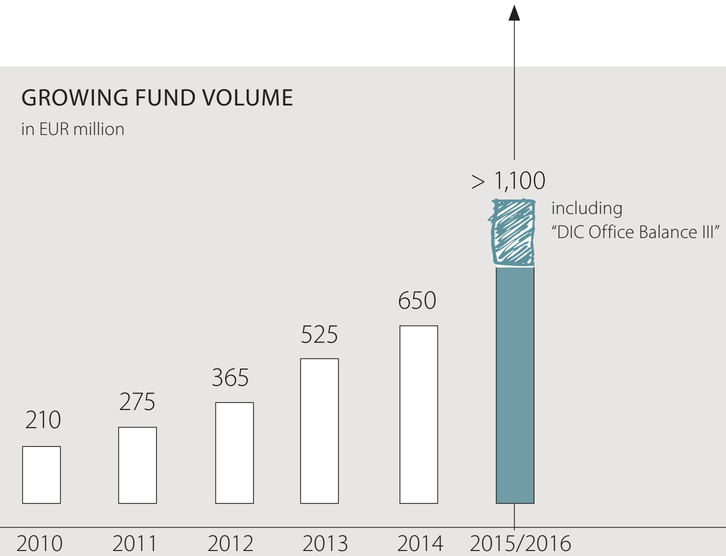
- Two steady sources of income: investment income and management fees

- FFO contribution up 48% in total to EUR 8.3 million in 2015

- Fourth fund launched in late 2015 points to further significant growth in the fund business

GROWING FUND VOLUME

in EUR million



- New "DIC Office Balance III" office fund with a total volume of approximately EUR 270 million in operation since January 2016

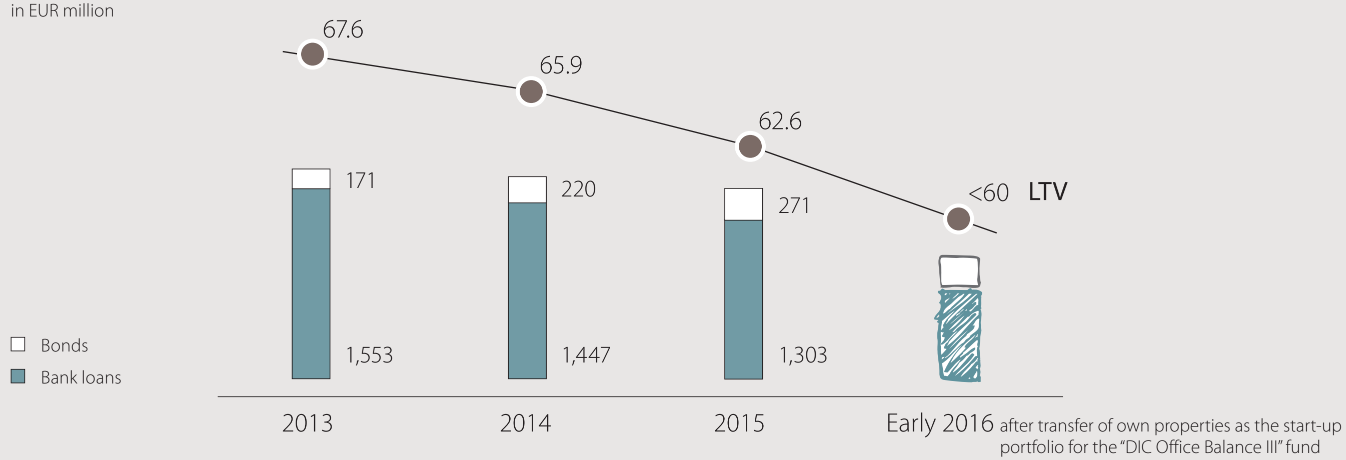
- Real estate assets under management in the fund business now exceed the billion-mark

The **loan-to-value ratio (LTV)** was trimmed to 62.6% at the end of 2015 thanks to successful sales and the repayment of bank loans

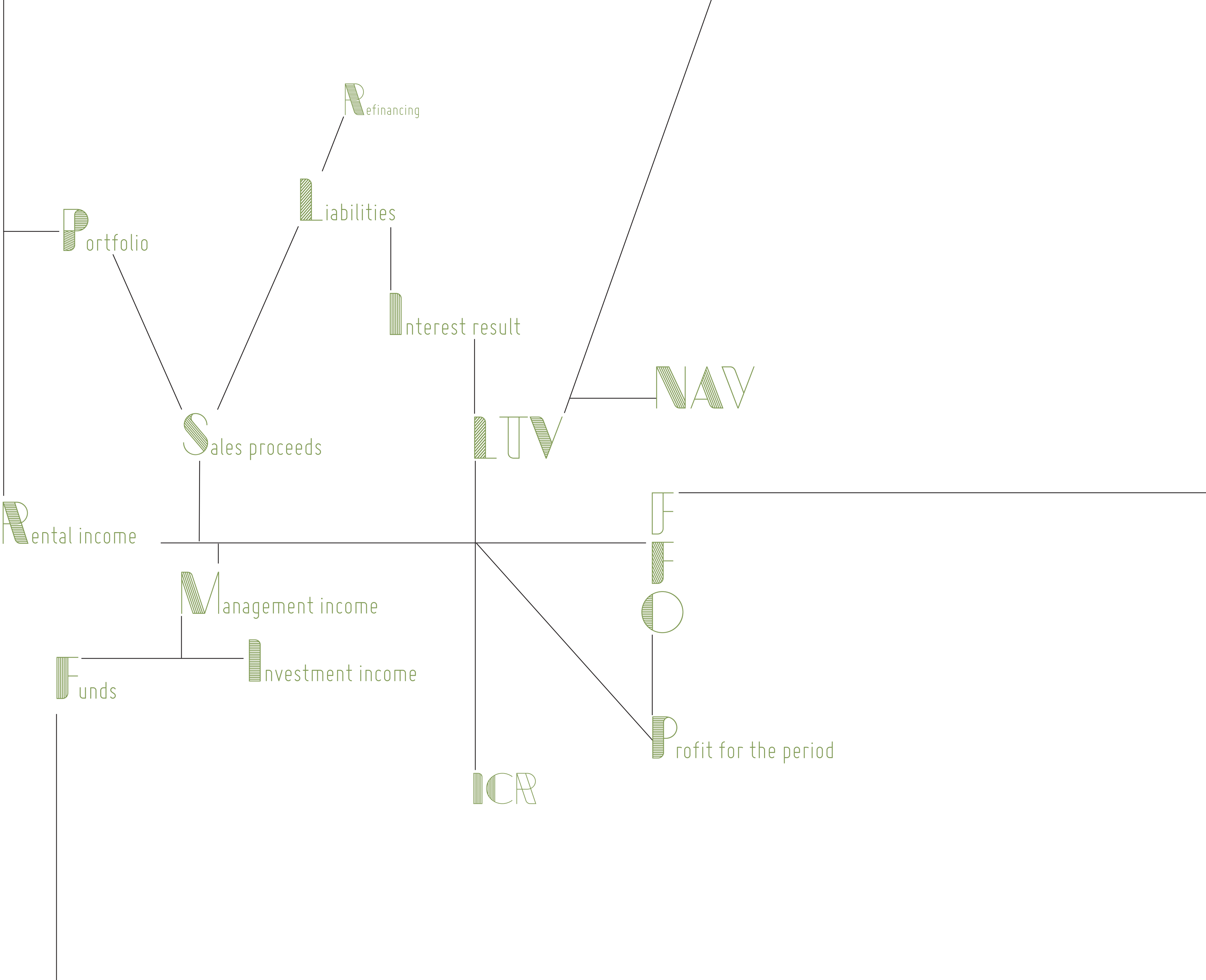
When adjusted for the fund transaction initiated at the end of 2015, the LTV decreased further by around four percentage points. **The strategic goal of an LTV below 60% has thus been achieved early.**

FINANCIAL DEBT REDUCED

in EUR million



- Financial debt was reduced by EUR 94 million by repaying bank loans after sales


Refinancing
Liabilities
Portfolio
Interest result
NAV
Sales proceeds
LTV
FFO
Rental income
Management income
Investment income
Funds
Profit for the period
ICR

SUMMARISED MANAGEMENT REPORT

Well **diversified** investments
throughout **Germany**

Our portfolio is broadly diversified in terms of regions and sectors, with tenants from a wide variety of size classes and approximately 1,300 commercial tenancies.

FUNDAMENTAL INFORMATION ABOUT THE GROUP

Brief profile

DIC Asset AG is one of Germany's largest listed commercial real estate investors. Our portfolio consists of real estate assets under management totalling EUR 3.2 billion and is balanced nationwide with around 40% in major office locations and 60% in regional business centres. Our real estate portfolio is structured in two business segments:

- The directly held "Commercial Portfolio" comprises existing properties owned by DIC Asset AG with long-term leases generating attractive rental yields.

- The "Co-Investments" segment comprises fund investments, interests in project developments and other joint venture investments.

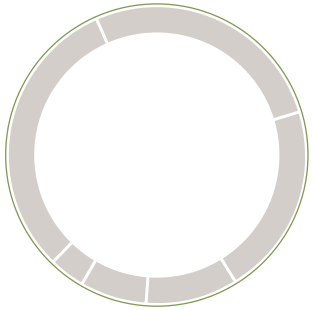
We manage the properties using a proprietary real estate management platform with six offices located at regional hubs of the portfolio.

TYPES OF USE

pro rata by annualised rental income

TENANT STRUCTURE

pro rata by annualised rental income



LEASE MATURITIES

pro rata by annualised rental income

Diversified portfolio

Our profitable portfolio comprises real estate assets under management totalling EUR 3.2 billion with a rental space of 1.7 million sqm and generates annual rental income of around EUR 133 million (including the Company's share in co-investments). The focus is on office properties (>70%) and retail (nearly 20%).

The portfolio is concentrated in the regions of Germany with strong economies, predominantly in the western and southern federal states (Central region 27%, West region 27%, South region 22%), while North and East regions account for 14% and 10%, respectively. Approximately 40% of properties are located 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, which also results in a favourable risk spread in the tenant structure. Our tenant base is characterised by a balance between small and large tenants. It comprises approximately 1,300 commercial tenancies in total with tenants from a variety of economically strong sectors. Of these, 32% are small and medium-sized enterprises, while more than a quarter are recruited from the public sector.

Decentralised market landscape in Germany

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

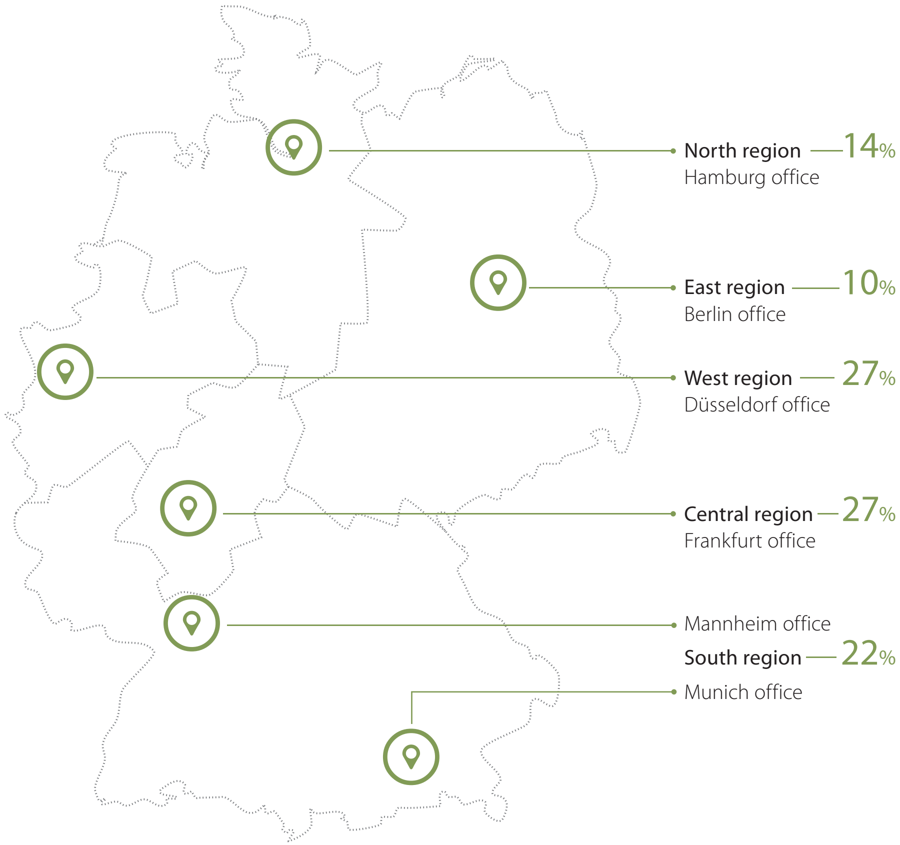
This is due to the federal economic structure in Germany, which benefits from a large number of strong economic centres in the regions.

- The so-called top seven cities ("A-locations" Frankfurt, Hamburg, Berlin, Düsseldorf, Cologne, Stuttgart and Munich) are characterised by high volumes of office space, a very active level of transactions and liquid trading, strong competition and therefore a higher volatility of prices and rents.
- At the same time, there is a multitude of medium-sized cities ("B-locations"), which form the centre of economically strong regions. Competition is less fierce and transaction activity is less pronounced in these regional centres. Prices and rents, however, are relatively stable.

The transaction market for German commercial properties is diversified, liquid in the long run and therefore has a strong appeal to international investors as well.

PORTFOLIO BY REGIONS

pro rata by market value assets under management



Regional segmentation and company locations

We structure our properties in Germany into five portfolio regions.

The majority of our employees involved in property management (approximately 120) work in regional management teams with offices in Hamburg (North region), Berlin (East region), Düsseldorf (West region), Mannheim and Munich (South region) and Frankfurt am Main (Central region). The Management Board and company head office is also located in Frankfurt. Central strategic, management and administrative functions are performed here (by around another 48 employees).

Since we have a nationwide presence with our offices, we are able to exploit the different advantages and opportunities offered by major cities and regional centres and maintain a diversified property portfolio. We provide highly responsive local support for tenants and properties and are deeply anchored in the market.

Income and investment structure

Our business model is based on sustainable income from the management of our Commercial Portfolio as well as a steady flow of management and investment income in our Co-Investments segment.

- In our Commercial Portfolio of direct real estate investments, we earn regular rental income from currently around 165 properties that are let under attractive, long-term leases. The rental income is broadly diversified in terms of regions, sectors and tenants.
- We generate recurring, attractive management income from providing asset and property management services for our Co-Investments (50 properties).
- This is complemented by investment income from our Co-Investments. In this portfolio segment we hold non-controlling interests in funds predominantly initiated by us as well as interests in project developments and other joint ventures.
- Sales, with which we optimise our portfolio structure and generate profits, round off our total income.

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 operate exclusively in the German market. Our corporate strategy focuses on actively managing a portfolio of office properties with a high rental yield, which enables us to achieve substantial income that is secured long term.

Local expertise and regional diversification

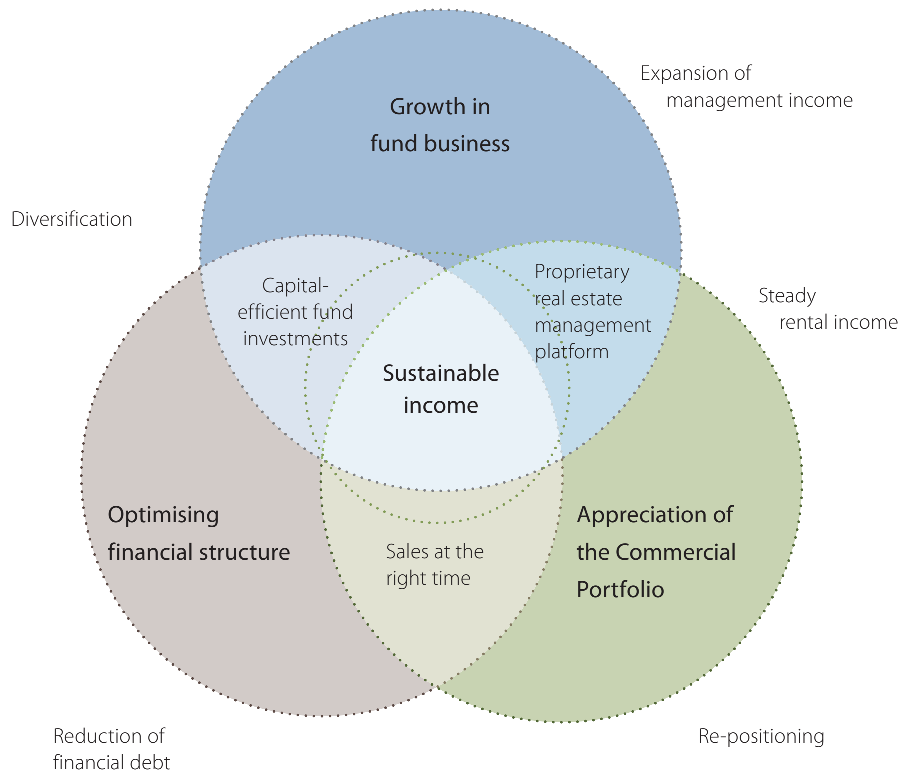
We are present and active throughout Germany with our own network of regional management teams in six offices. This allows us to successfully develop attractive locations and properties in Germany's key and regional real estate markets. We ensure a balance of different properties in the portfolio to avoid cluster risks. Our tenant structure is broadly diversified in terms of regions and sectors.

Powerful real estate management platform

Using our own powerful real estate management platform, we strive to increase rental income in our directly held Commercial Portfolio and to earn a steady stream of income from the management services for our Co-Investments segment generated primarily from a growing fund business. Our teams are active throughout Germany and look after tenants and properties directly on site. This approach enables us to increase efficiency, realise economies of scale and grow our regular income from management fees.

Balanced financial structure

We have a good reputation with our banking and financial partners, as well as on the capital markets, which secures us access to various sources of finance. As a rule, we conclude property financing arrangements on a long-term basis. Our financing structure prevents unlimited enforcement against the Group and against other portfolios.



We aim to further optimise our capital structure with our business activities, our steady cash flow from rental income and the further growth of our fund business. This will enable us to achieve a sustainable and viable financial structure.

Appreciation in real estate

Thanks to our expertise, we are able to leverage properties' appreciation potential through active letting. Going forward, project development activities will be focused on re-positioning efforts within our Commercial Portfolio.

Sales are an integral component of our activities. We use them to optimise our portfolio, realise profits at the right time and generate cashflows to improve our financial structure and capital efficiency.

Diversified sources of income, growing fund business

The majority of our income relates to our Commercial Portfolio. To tap other sources of income in addition to our direct investments, we act as a co-investor in funds. We enrich the partnership with our investment expertise and the broad range of services in our real estate management platform, thereby achieving an attractive, recurring management income in addition to investment income.

To stabilise our income further, we are focusing on expanding our fund business, offering our institutional fund investors a broad range of services and customised investment structures in Germany's key and regional real estate markets.

Achievement of strategic targets in 2015

- **Successful implementation of "Strategy 2016" –** Early 2016 saw the launch of the "DIC Office Balance III" fund, which reduced the loan-to-value ratio to under 60% – one year earlier than projected
- **FFO –** At around EUR 49 million, this key indicator of the profitability of our real estate management met the middle of the target range
- **Sales targets exceeded –** Transactions with a total volume of EUR 220 million, on average 5% higher than the most recently determined market value
- **Fund business on a growth path –** Acquisition planning exceeded at EUR 160 million
- **Growth in management income** from the fund business, FFO contribution up by 48%
- **Launch of the "DIC Office Balance III" fund –** Total volume of around EUR 270 million placed in the new fund
- Major progress in the finalisation of **project developments in which the Company participates;** high contributions to earnings from the "MainTor" project
- **Optimising financing structures,** average interest rate reduced to 3.4%

Corporate management

Corporate structure

DIC Asset AG is a central management holding company responsible for directing Group strategy (in particular investment management, portfolio management and sales strategy), corporate and real estate financing, risk management as well as the control of property management. The management holding company is also in charge of capital market and corporate communications.

Two DIC Asset AG subsidiaries carry out important operating tasks: DIC Onsite GmbH is responsible for real estate management through six regional offices, and DIC Fund Balance GmbH is responsible for the fund business.

The Group has a total of 182 indirect and direct equity investments. The majority of these are property holding companies reflecting the Group's operating activities. All equity investments are listed in appendices 1 and 2 to the notes to the consolidated financial statements.

Planning and control system

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

Corporate governance declaration and additional disclosures

The corporate governance declaration has been published on the website at
> www.dic-asset.de/engl//investor-relations/CG. The declaration is also included in the section on corporate governance. Further information on corporate governance, such as the composition and working practices 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 control system in detail in the disclosures on the internal control system in the section entitled "Report on expected developments, risks and opportunities".

Planning process

Our planning process combines suitable past reference values with specific objectives for the future. The process is based on detailed planning at individual property and portfolio level (bottom-up planning). It is finalised through objectives and strategic elements (as top-down planning). Planning consists of:

- Detailed business plans for properties and portfolios including, among other things, estimated rental income, costs and capital expenditure plus gross profit.
- Targets for operational real estate management including action planning, in particular with regard to letting, sales, capital expenditure and project developments.
- Planning of operational implementation, e. g. through letting and management services, estimated costs and measures to maximise income and minimise expenditure.
- Consideration of the necessary manpower and examination of financial and liquidity issues.
- Risks and specific opportunities are identified by way of risk management – first at property and portfolio level and then aggregated to group level.

Consolidated Group planning is supplemented by strategic Group measures and the assessment of the general environment by the Management Board. It is carried out once a year and is amended during the year by subsequent forecasts in line with the expected market situation and any changes that arise.

Company-specific leading indicators

We use leading indicators for our operating policy decisions so that we can seize opportunities rapidly and avoid possible undesirable developments. Here, we differentiate between two types of indicators: macroeconomic leading indicators and operational leading indicators.

The principal macroeconomic leading indicators include the development of GDP and the ifo index, unemployment trends and employment levels as well as forecasts of interest rate trends and lending. These lead to conclusions about the development of our regional markets and the real estate sector, which normally responds to macroeconomic changes with a certain time lag, and about the future general environment and costs of our financing arrangements.

Significant operational leading indicators include lease signings as well as lease expiries and terminations. These are incorporated, among other things, into the monthly reporting on our letting activities. The long-term nature of leases enables us to calculate the income base very precisely per month, initiate any necessary counter-measures and draw conclusions about our short- to medium-term income development. We supplement these revenue-based indicators with regional information and company data from our offices. This information allows us to fine-tune our letting activities in particular.

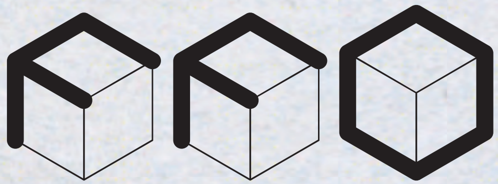
Management based on key figures

The internal control system, which forms part of the risk management process and is explained in detail in the section entitled “Report on expected developments, risks and opportunities” starting on page 58, serves as the main instrument for monitoring and managing achievement of the Company’s targets.

Key control variables and targets

In order to monitor the agreed targets, we use key operating figures, which are a part of regular reporting. We plan and manage our operating activities by considering our portfolio from a regional perspective. In this context, we divide Germany into five portfolio regions: North (Hamburg), West (Düsseldorf), Central (Frankfurt), South (Munich/Mannheim) and East (Berlin). Segment reporting also follows the breakdown by region. We manage our segments’ operations on a uniform basis, particularly with regard to preserving value and increasing income from property management.

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



FFO (funds from operations):
operating profit from property management, before depreciation and amortisation, tax and profits from sales and project developments

REPORT ON ECONOMIC POSITION

OVERALL ASSESSMENT OF THE COURSE OF BUSINESS AND THE POSITION OF THE COMPANY

In financial year 2015, DIC Asset AG systematically implemented its strategic objectives for further reducing its debt and increasing its operating profit at the same time through successful management of portfolio and investment properties. We were able to leverage the general environment in 2015 by tailoring our offering to meet the strong demand in the transaction and investment market and by achieving significant sales profits from our topped-up sales programme. The fund business was significantly expanded, which was reflected in attractive recurring contributions to earnings.

We achieved all of our forecasts for the financial year, outstripping some of them. Rental income was above the expected range, as a result of which FFO (funds from operations) was in the middle of the target corridor. The vacancy rate in the portfolio was impacted by the extensive sales in financial year 2015 and at year-end was therefore up marginally on the forecast and on the prior-year figure. The acquisition volume for our fund business exceeded the forecast we issued at the beginning of 2015. Our sales volume and the resulting returns surpassed our projections by a significant margin. Finalisation of the project developments in which we are involved is well advanced and, as expected, made additional contributions to earnings in 2015 as individual subprojects were completed. The strong increase in profits is also attributable to the optimisation of our financing structures and the improvement in net interest income.

Our activities in the financial year brought us closer to the strategic objective of reducing the Company's loan-to-value ratio to below 60%, with this target being reached prematurely at the end of 2015/beginning of 2016. FFO increased 2% to EUR 49.0 million, and the profit for the period grew by 48% to EUR 20.7 million. In view of the achievement of objectives and the Company's long-term prospects, we intend to distribute an attractive dividend of EUR 0.37, which is an increase compared with the previous year.

MACROECONOMIC ENVIRONMENT

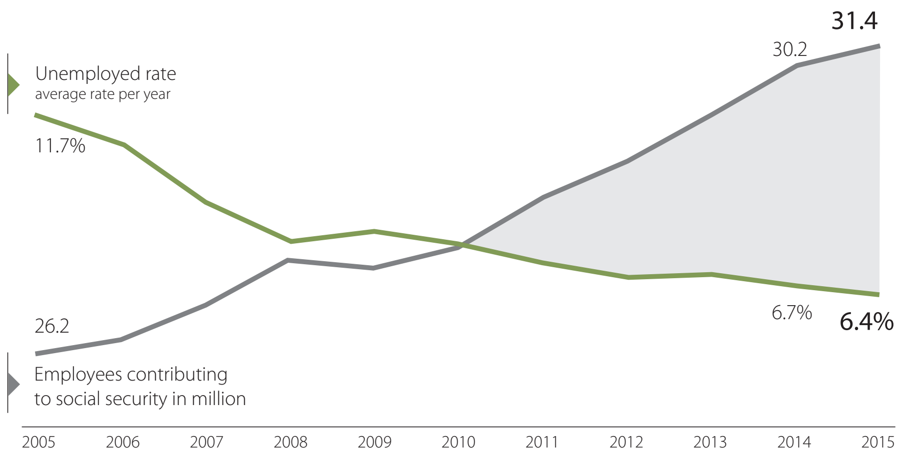
Macroeconomic trends

➲ German economy robust in an international context

The German economy showed solid growth in 2015, remaining comparatively robust in the face of the changing trends among its international trading partners. In its January 2016 World Economic Outlook, the IMF issued a growth forecast of 1.5%, while the German government estimates growth of 1.7% (2014: +1.6%). Overall, Europe's largest economy expanded at a measured pace, albeit firmly in view of the recurrent uncertainty in the global economic environment. After a strong start to the year, the weakness of international trade and the global economy dampened even stronger upward momentum in the economy as a whole. Industrial companies were impacted by the decline in trade with third countries, though the downward spiral in oil and commodity prices reduced the cost of energy and inputs. While German exporters managed to enforce only slight price increases last year, import prices plummeted in connection with the slump in energy and commodity prices worldwide such that the terms of trade for German businesses improved measurably.

By contrast, the services sector, which has a stronger focus on the domestic economy, continued its steady upturn. The positive stimulus from domestic demand caused the German economy to rally again towards the end of the year, fuelled by strong consumption by private households, sustained employment growth and an encouraging income trend. Adjusted for inflation, consumer spending and government spending rose 1.9% and 2.8% year-on-year (2014: both 1.1%) respectively. In this upbeat economic climate, the number of people in gainful employment reached 43.0 million – an increase of 0.7% compared with the previous year (2014: 42.7 million) and a new record high for the ninth year in a row.

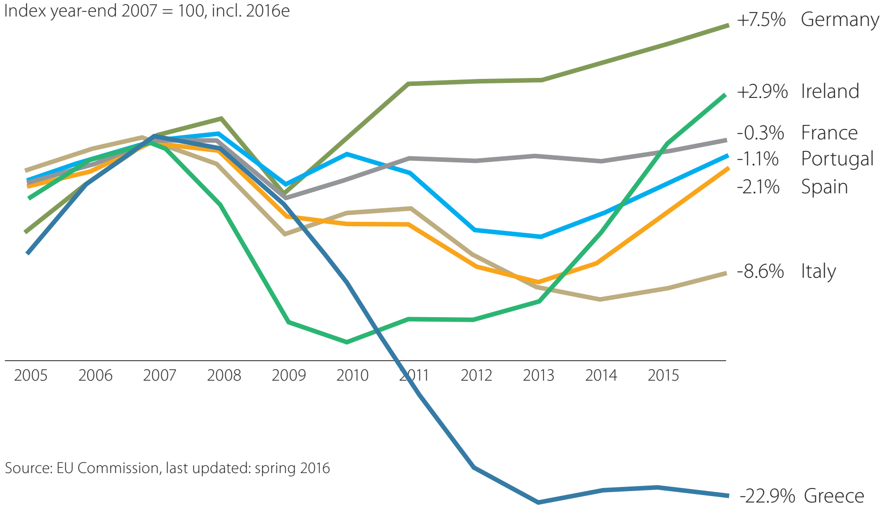
LABOUR MARKET TREND IN GERMANY



Sources: Federal Employment Agency, Federal Statistical Office

PER CAPITA GDP TRENDS IN THE EUROZONE

Index year-end 2007 = 100, incl. 2016e



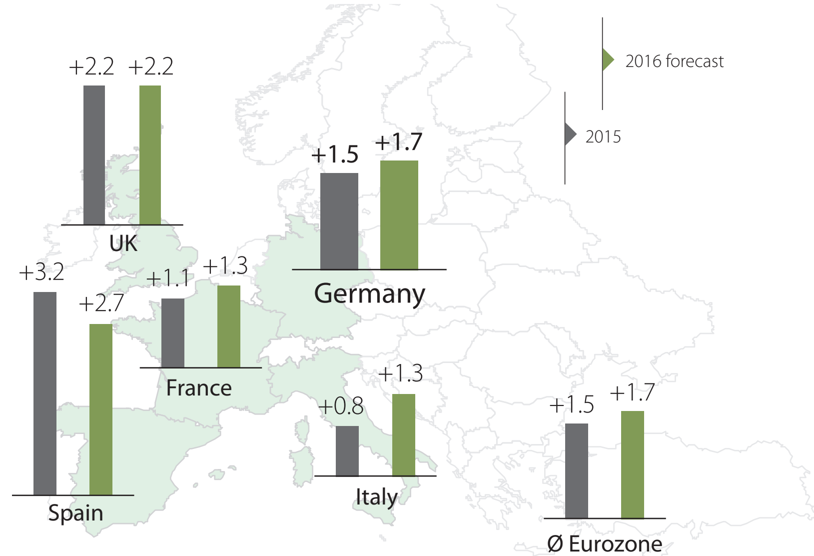
Source: EU Commission, last updated: spring 2016

The German economy also received a boost from the financial markets, where historically low interest rates prevailed. At the end of the year, the European Central Bank resolved to extend its EUR 60 billion a month bond-buying programme that has been in place since March 2015 to March 2017. The ECB is using this quantitative easing instrument to inject more money into the financial system. This will trickle down to businesses and consumers in the form of loans, with the aim of further fuelling the currently extremely low inflation rates and stimulating the economy, primarily in the crisis-hit eurozone countries.

Other pacesetters in the German economy in 2015 were low oil prices and the favourable euro exchange rate, which benefited exports. However, due to the Federal Reserve raising interest rates in the United States, this effect will have only a muted impact in the coming year. In December, the Fed increased its Federal Funds Rate to between 0.25% and 0.5% for the first time since the financial crisis. It had kept this rate close to zero for seven years in order to support economic development with cheap money. The stable labour market and healthy growth rate in the United States were the factors leading to this decision, which had been expected for some time.

GDP GROWTH RATES IN EUROPE

in %



Source: IMF

The ECB is continuing its expansionary monetary policy, supplying the market with still cheap liquidity. As long as the ECB's bond-buying programme remains in place, an increase in the key interest rate for the euro is not expected.

The effects of a considerable economic slowdown in emerging economies, especially in China, could put a damper also on Germany's economic outlook for the coming year. The German government estimates growth of 1.7% for 2016 as a whole. The International Monetary Fund expects the German economy to expand by 1.7% and the eurozone to grow by 1.7% in 2016.

Sector trends

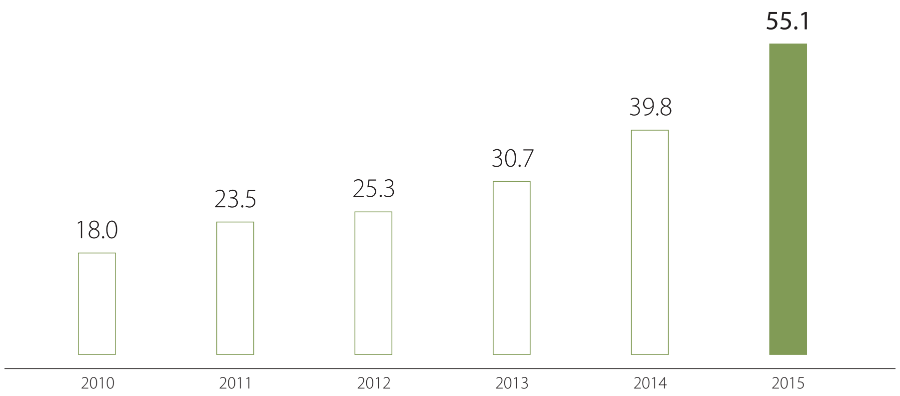
➲ Commercial real estate investment market with a new record

The German commercial real estate investment market benefited from the continuing low level of interest rates and the sound economy. Due to the stable environment and its comparatively high level of diversity, the German commercial real estate market continued to attract large numbers of German and international investors. The transaction volume in the German commercial real estate market was EUR 55.1 billion in 2015, rising for the sixth consecutive year and exceeding the prior-year figure by around 40% (2014: EUR 39.8 billion). The share attributable to foreign investors rose again year-on-year to 50%.

According to JLL, the share of the top seven locations (Berlin, Hamburg, Düsseldorf, Cologne, Frankfurt, Munich, Stuttgart) was around EUR 31 billion (56%), accounting for more than half the transaction volume throughout Germany (2014: 58%). Investments outside the top seven locations rose by a disproportionately high rate of over 43% year-on-year.

TRANSACTION VOLUME OF GERMAN COMMERCIAL REAL ESTATE

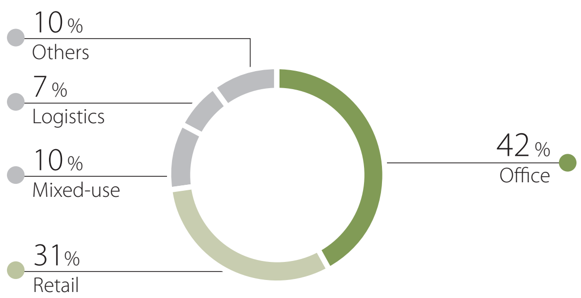
in EUR billion



Source: JLL

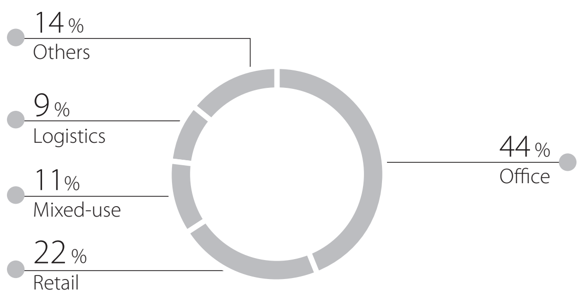
PERCENTAGE OF TRANSACTION VOLUME 2015

Total: EUR 55.1 billion



PERCENTAGE OF TRANSACTION VOLUME 2014

Total: EUR 39.8 billion



The office properties asset class accounted for the largest share of the entire commercial real estate investment market, at EUR 23 billion or 42% of the total investments. Retail properties rose to EUR 17 billion (31%), followed by mixed-use properties (approximately 10%), hotel properties (8%) and warehouse and logistics properties (7%).

The high level of interest among investors caused prime yields to fall further compared with the previous year. The average prime yield on office properties in the top seven locations was 4.2% (2014: 4.5%). For a long time, the yields of properties in B-locations or with a certain vacancy rate or a shorter remaining terms were relatively constant. Now, however, a lower level can be observed here, too.

Strong take-up in office rental market

Against a backdrop of sound economic and labour market data, the office rental market performed well last year. According to JLL, Germany's top seven locations (Berlin, Hamburg, Düsseldorf, Cologne, Frankfurt, Munich, Stuttgart) recorded take-up of 3.6 million sqm, up 21% year-on-year (2014: 3.0 million sqm). This represents an increase of 7% on the record figure to date from 2011. Yet growth in take-up is not concentrated solely on the top locations. According to observations by JLL, it is mainly companies from the telecommunications industry, the IT sector and manufacturing industry that focus on B-locations due to the favourable conditions offered there. Take-up of larger spaces upwards of 10,000 sqm rose by 40% over the five-year average, even though the number of leases concluded, at 38, was not significantly higher than the average of 33.

Stronger take-up was recorded in all of the individual regions, headed by Düsseldorf with an increase of 46% year-on-year and Berlin with a 43% increase. Double-digit growth was seen in Munich (19%) and Cologne (18%); Hamburg, Stuttgart and Frankfurt closed the year with slight increases in take-up of between 3% and 4%.

Vacancy rate remains low

Vacancies in the top seven locations fell by 16% year-on-year to 5.7 million sqm (2014: 6.8 million sqm). The vacancy rate was 6.4% (2014: 7.6%), the lowest level since 2002. According to JLL, the vacancy rate could be reduced significantly in 2016 if use is made of the potential to re-purpose empty office space as refugee accommodation. A glance at the individual regions shows that the vacancy rate in Düsseldorf decreased the most, at 2.1 percentage points. Vacancy rates in the other regions declined by between 1.4 and 0.6 percentage points.

The completion volume is around 870,000 sqm, down around 12% on the prior-year figure. For 2016, JLL expects a volume of new construction of close to 1.3 million sqm, of which only 448,000 sqm is currently available. Approximately 65% has already been pre-let or handed over to owner-occupiers. Moreover, JLL does not anticipate a negative trend in rental prices provided the share of available new construction sites is around one-third, especially given that the price of land will increase further on account of competition for usage in the sought-after locations.

Prime rents rose by an average of 3% last year (2014: +0.6%). The highest increase was seen in Berlin, at 9.1%, followed by Stuttgart (5.3%), Munich, Hamburg and Frankfurt (3.0%, 2.0%, 1.4%). Prime rents in Cologne and Düsseldorf remained at the same level. For 2016 JLL expects a slight increase of just under 1% in prime rents and nearly 2% in average rents.

For the outlook on the economic environment and the assessment of sector trends in financial year 2016, please refer to our report on expected developments in the section entitled "Report on expected developments and on opportunities and risks", which follows the report on post-balance sheet date events.

COURSE OF BUSINESS

Real estate management

Stable tenancies, significant lease renewals for large spaces

Based on a letting volume of around 203,000 sqm in 2015 (previous year: 242,000 sqm), we generated annual rental income from leases concluded of EUR 23.7 million, which was in line with expectations. Of this figure, new leases accounted for EUR 7.2 million and lease renewals accounted for EUR 16.5 million.

Building upon 2014, a year in which we conducted very successful large-scale advance letting for a total of around 27,000 sqm for marketing our project developments, especially the WINX Tower on the “MainTor” site, in financial year 2015 leases for around 7,000 sqm were signed for available spaces in current project developments that have yet to be completed. Our letting activities focused on key areas of the Commercial Portfolio; the share of leases signed for spaces bigger than 5,000 sqm rose from 32% to 51% following the renewal of major leases for large spaces. The remaining 49% was divided equally between small-space rentals (25%) and medium-sized lettings (24%).

TOP 5 NEW LETTINGS

Robert Bosch GmbH	Korntal	4,300 sqm
Ruhr-University Bochum	Bochum	4,300 sqm
Mainova AG	Frankfurt	3,600 sqm
Kusch Mietmöbel Hamburg GmbH	Hamburg	2,100 sqm
Finanz Colloquium Heidelberg GmbH	Heidelberg	1,800 sqm

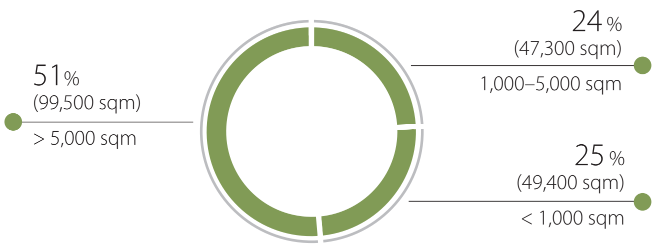
TOP 5 RENEWALS

Deutsche Bahn AG	Hanover	20,000 sqm
RICOH Deutschland GmbH	Hanover	15,800 sqm
NH Hotels Deutschland GmbH	Düsseldorf	15,000 sqm
Vermögen und Bau Baden-Württemberg	Mannheim	9,600 sqm
Mainova AG	Frankfurt	6,400 sqm

Of the annual rental income arising from tenancy agreements, EUR 16.3 million was attributable to the directly held Commercial Portfolio and EUR 7.4 million to our real estate assets under management in Co-Investments.

DISTRIBUTION OF LETTING RESULTS

Basis: letting volume in sqm



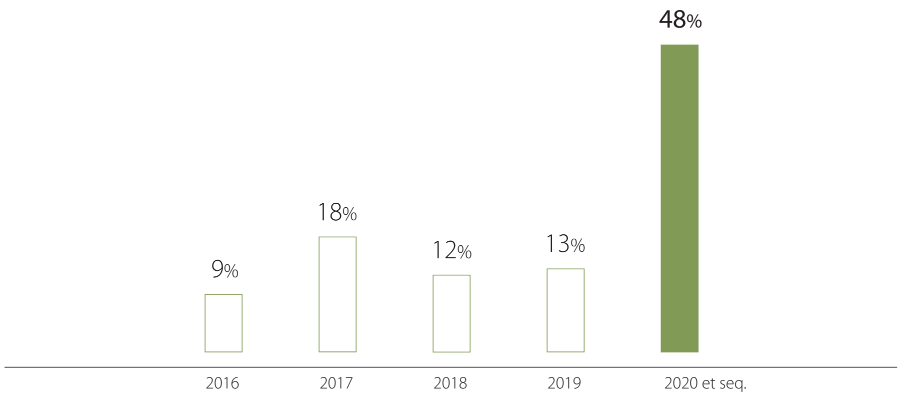
LETTING VOLUME

on signature

	in sqm		annualised in EUR million	
	2015	2014	**2015**	2014
Office	**126,300**	150,500	**14.4**	24.0
Retail	**20,500**	24,900	**2.6**	2.7
Further commercial	**52,800**	63,000	**6.3**	6.2
Residential	**3,200**	3,600	**0.4**	0.3
Total	**202,800**	242,000	**23.7**	33.2
Parking	**1,791 units**	945 units	**0.8**	0.3

LEASE MATURITIES

Distribution of annual rental income



Vacancy rate at 11.3% following extensive sales

The slight rise in the vacancy rate of 0.4 percentage points to 11.3% at year-end is mainly connected to the increase in sales and the properties selected from the portfolio for the additional transactions, which have a lower vacancy rate than the overall portfolio average. Annualised rental income from the properties that were part of the portfolio throughout 2015 decreased marginally from around EUR 133 million to approximately EUR 131 million.

Around half of leases expiring after 2020

Despite the general trend towards shorter lease terms, especially in office rentals, our portfolio has a solid maturity structure thanks to our judicious letting activities. Nearly half of our leases are long-term leases; the share of the potential leases expiring in 2020 and thereafter is 48%. The weighted average lease term in our Commercial Portfolio was approximately 4.4 years as at the end of 2015 (2014: 4.6 years).

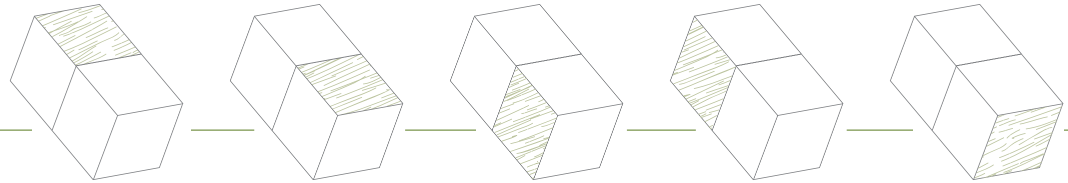
Portfolio

As at the reporting date, our portfolio comprised 215 properties with total rental space of 1.7 million sqm. The total value of assets under management was EUR 3.2 billion (previous year: EUR 3.4 billion). With our properties, we generate annual rental income of some EUR 133 million (including pro rata co-investments). The pro rata market value of our real estate at year-end 2015 was EUR 2,199.2 million (2014: EUR 2,396.9 million).

Regional development

The regional diversification of the rental space remained virtually unchanged year-on-year. Compared with the previous year, the average rental yield performed differently from region to region within a range of -0.4 percentage points to +0.1 percentage points; at portfolio level, the average yield was down slightly by 0.2 percentage points. Occupancy rates in the regions also revealed diverse countervailing trends. On the whole, the stabilising effect of the regional allocation was illustrated by only a minor change in the resulting overall indicators.

REGIONAL DEVELOPMENT*



		North	East	Central	West	South	Total
Number of properties	2015	33	25	42	54	61	215
	2014	35	30	47	57	64	233
Market value in EUR million	2015	330.0	220.0	610.2	666.9	372.1	2,199.2
	2014	359.3	267.4	693.1	678.8	398.3	2,396.9
Rental space in sqm	2015	226,500	141,100	242,800	368,600	277,000	1,256,000
	2014	254,600	170,700	279,200	411,900	296,500	1,412,900
Portfolio share by rental space	2015	18%	11%	20%	29%	22%	100%
	2014	18%	12%	20%	29%	21%	100%
Annualised rental income in EUR million	2015	21.5	15.4	29.8	40.7	25.3	132.7
	2014	23.5	19.9	35.0	44.2	27.5	150.1
Rental income in EUR per sqm	2015	8.4	9.5	12.7	10.0	7.9	9.6
	2014	8.1	10.2	12.5	9.6	8.3	9.6
Weighted average lease term in years	2015	5.9	4.9	4.1	4.4	3.5	4.4
	2014	6.1	4.5	4.6	4.3	3.8	4.6
Gross rental yield	2015	6.6%	7.0%	5.9%	6.2%	6.8%	6.4%
	2014	6.5%	7.4%	6.2%	6.5%	6.9%	6.6%
Vacancy rate	2015	6.1%	7.0%	22.2%	10.7%	9.0%	11.3%
	2014	6.1%	7.2%	19.7%	9.0%	11.3%	10.9%

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

Market valuation: increase in property value

External experts regularly determine the market value of all our properties as at the end of each year. These values include property-related factors such as the occupancy rate, the amount of rental income, the terms of the leases, and the age and quality of the property. Added to this are external factors such as the development of the local environment, the market in general and the financial climate.

The impact on the valuation of the properties was EUR 2.8 million, a change of 0.13%. Following extensive sales, considering investments and the change in value, the pro rata market value of our portfolio amounted to EUR 2,199.2 million, down 8.2% year-on-year (EUR 2,396.9 million). The net asset value totalled EUR 884.1 million (2014: EUR 864.8 million). The NAV per share was EUR 12.89 (2014: EUR 12.61).

Sales: momentum leveraged very successfully

In selling properties from all segments of the portfolio, we successfully leveraged the market conditions in financial year 2015 to reduce our loan-to-value ratio. By the end of the first six months, the sales volume of between EUR 150 million and EUR 170 million originally projected for the full year had already been reached. In light of further attractive transaction opportunities, we then increased our sales target for the financial year to at least EUR 180 million.

By the end of the year, we had exceeded this increased sales target thanks to a series of successful transactions. The sales of 25 properties were notarised in 2015 for a total of approximately EUR 220 million. Of these, 22 properties were from the Commercial Portfolio (amounting to around EUR 210 million in total) and three were from Co-Investments (approximately EUR 10 million). On average, the properties were sold at around 5% above the most recent market value. The sales volume for the previous year had amounted to around EUR 162 million.

CHANGES IN MARKET VALUE in EUR million

Portfolio market value on 31.12.2014	2,396.9
Disposals Co-Investments	-1.2
Investments	43.2
Addition Funds	18.5
Sales	-261.0
Valuation impact (+0.13%)	2.8
Portfolio market value on 31.12.2015	2,199.2

The calculated market value is the estimated transaction price between the buyer and the seller under normal conditions on the date of the property's valuation. We carry our assets at amortised cost, which is why a change in their market value does not have a direct impact on the accounting. Further information on accounting for properties is provided in the section entitled "Net assets". Information on how the market value is determined is presented in the notes on page 98.

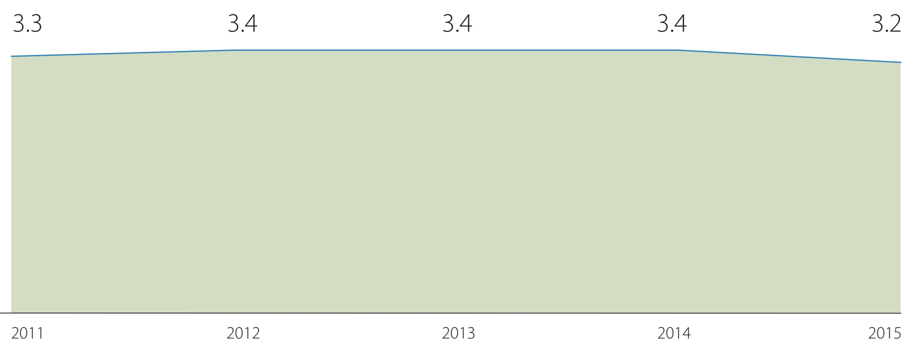
In December 2015, we reported the successful arrangement of a portfolio transaction comprising nine properties mainly from DIC Asset AG's portfolio. The nine office properties, most of which come from the Commercial Portfolio, with a volume of EUR 270 million will go into the newly created office fund "DIC Office Balance III", in which DIC Asset AG holds a share of around 5%. This transaction was recognised in profit or loss at the beginning of January 2016. On average, the agreed prices are higher than the market values determined a year ago.

➲ Acquisitions: scheduled expansion in the fund business

Acquisition activities in financial year 2015 focused on further growth in funds. We made acquisitions with a total volume of approximately EUR 160 million for the existing funds up until the reporting date (2014: EUR 135 million), thus surpassing the target of around EUR 130 million to EUR 150 million for the financial year in a highly competitive market.

ASSETS UNDER MANAGEMENT

in EUR billion



Fund business

➲ Investment phase for the first office fund successfully concluded

Due to the acquisition activities in 2015 and the transfer mainly of the Company's own properties from the Commercial Portfolio to the new office fund "DIC Office Balance III", the total volume of the funds rose from around EUR 650 million at the prior-year reporting date to currently around EUR 1.1 billion.

- An office property in Bonn with long-term leases and a volume of approximately EUR 27 million was acquired for the "DIC Office Balance I" real estate fund. The conclusion of this acquisition marks the successful end of the investment phase for "DIC Office Balance I", which was launched in 2010. Since the launch of this first office real estate fund, its total assets have been doubled from approximately EUR 210 million to approximately EUR 430 million.

- Two properties in prime retail locations were acquired in financial year 2015 for the "DIC HighStreet Balance" retail property fund, including a fully leased commercial building in Saarbrücken with a volume of around EUR 16 million and a fully leased property in Neuss with a volume of around EUR 13 million.

- Five properties were added to "DIC Office Balance II", the office property fund created in 2014. For a total of around EUR 43 million, two office properties in Düsseldorf city centre were transferred to the fund we manage. The fund made another investment of EUR 14 million in a multi-tenant office and commercial property with around 6,500 sqm in Hanover city centre. A further acquisition with a volume of approximately EUR 21 million was notarised with the purchase of a commercial building in a prominent location in Frankfurt. Finally, at year-end, an office and commercial building in Mannheim was acquired for a price of EUR 26 million.

For seven of the eight properties mentioned, the transfer of possession, benefits and associated risks was completed in full in financial year 2015, adding to the transfer effected at the beginning of 2015 of two properties acquired at the end of 2014.

New "DIC Office Balance III" fund structured

The fund business is an attractive line of business for DIC Asset AG providing regular, high income. In general, we have investments as a co-investor in the three real estate funds created since 2010 and provide the added value of our real estate and investment expertise as a service provider. In connection with our increased focus on steady sources of income and an efficient use of our equity, we structured our fourth fund, "DIC Office Balance III", in December 2015 with an initial volume of around EUR 270 million.

The nine properties in the start-up portfolio were chosen mainly from the direct holdings of DIC Asset AG and were included in the fund by way of the purchase agreement signed in December at around 7% above the market values on 31 December 2014. DIC Asset AG retains a co-investment of around 5% and also provides proven investment and real estate management services. Alongside investment income, we thus generate regular, stable income from management services.

With the placement of the fourth fund, the assets under management in the fund business exceed the one billion threshold. The transaction was recognised in profit or loss at the beginning of January 2016; the fund has since commenced operations.

Our fund business is expected to record strong growth again in 2016. We are therefore aiming to increase the investment volume to more than EUR 1.5 billion with successful transactions for approx. EUR 400 to EUR 450 million.

EUR 270mn

- Start-up portfolio of EUR 270 million
- 9 office properties

- Located in Berlin, Cologne, Frankfurt, Munich and other economically strong regions
- Around 150,000 sqm of commercial space

150,

"DIC Office Balance III"
start-up portfolio

Project developments

In 2015, we transferred the finalisation of the remaining current project developments on schedule to the final stage of completions that are expected to be concluded by the beginning of 2018 at the latest.

➲ "Opera Offices NEO": two-thirds let before completion

The foundation stone ceremony for the "Opera Offices NEO" office and commercial centre in Hamburg took place in May 2015. In September 2015, three further leases were signed for the property located opposite Hamburg State Opera, which means that around 60% of the office and commercial space has now been leased prior to completion. The 8,500 sqm of rental space should be available by the third quarter of 2016. The new building, in which DIC Asset AG holds a share of around 20% and which involves a total investment volume of around EUR 35 million, was sold back in 2014 to a company from the financial sector as part of a forward deal.

"Opera Offices NEO" Foundation stone ceremony in May 2015, around 60% let prior to completion

000 sqm

- 80% offices
- Over 50 tenants

80%

- Annualised rental income of around EUR 17 million
- Weighted average remaining lease term (WALT) of 4.6 years
- Occupancy rate of 99%

EUR 17 mn. p.a.

➲ "MainTor" district development: five of the six subprojects fully implemented and completed

At the beginning of 2015, construction work began on "WINX – The Riverside Tower", the last of the subprojects in the "MainTor" district. The foundation stone ceremony for this distinctive office tower situated on the banks of the Main River in Frankfurt, which was acquired by entrepreneur Susanne Klatten at the end of 2014, was held in mid-July. "WINX" is already 60% pre-leased and is expected to be completed by the end of 2017/beginning of 2018.

The "MainTor Patio" was handed over to its buyer on schedule at the end of June 2015. The "MainTor Palazzi" and "MainTor Panorama" buildings were completed at the end of 2015/beginning of 2016. Currently, more than 80% of the some 100,000 sqm of rental space in MainTor has already been let. Unleased space is still available in the "WINX", for example, which is under construction. Before construction even began, Union Asset Management Holding AG ("Union Investment") took up a large share (60%) of the ultra-modern rental space in this tower on a long-term basis as the key tenant.

All six of the "MainTor" district subprojects with a total project volume of around EUR 800 million were marketed to investors prior to completion. As expected, DIC Asset AG, which holds a 40% share, posted significant investment income as individual subprojects were completed in 2015.

"MainTor" quarter:
The German Sustainable Building Council (DGNB) has awarded its highest possible green building designation – a DGNB Platinum Precertificate – to the WINX office tower under construction.

SUSTAINABILITY

Our real estate portfolio under management 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.

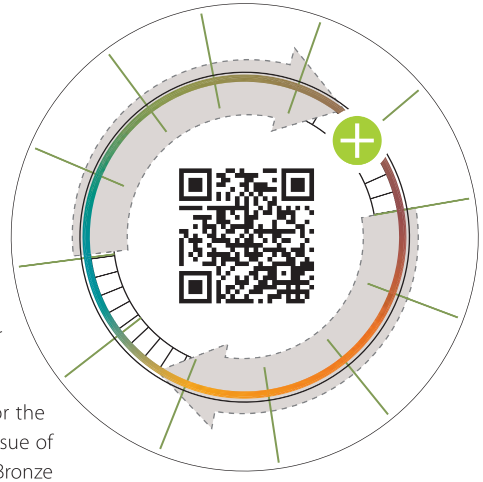
As a real estate company which numbers amongst Germany's biggest portfolio holders, a sense of responsibility obliges us to take a long-term approach to our assets, our tenants, our business partners, our co-workers and our residents.

With our long-term investment horizon, we are geared towards dealing with resources and the environment in a way that is sustainable in the long run. This minimises risks, promotes existing business and opens up new business opportunities for us. In our entrepreneurial decisions and processes, we take account of ecological and social requirements and, wherever possible, forego short-term gains in favour of fundamental opportunities for optimisation.

Stand-alone sustainability report

DIC Asset AG has been continuously reporting on its sustainability activities since 2009. Since March 2011 this has taken the form of a stand-alone sustainability report, to give adequate scope to the growing importance of sustainability within our company.

Our sustainability reporting received an award for the second time – in September 2015, the previous issue of our Sustainability Report was conferred the EPRA Bronze Award once again for systematic implementation and transparent reporting in accordance with the best-practice criteria of the European Public Real Estate Association (EPRA).



Our latest report is always available to download from our company's website at **www.dic-asset.de/engl/company/sustainability**

Actions taken and successes since 2011

- Launch and gradual enhancement of sustainability reporting. In 2015, we included indicators from the G4 Standards of the Global Reporting Initiative (GRI) for the first time.
- Integration of sustainability in the future business strategy
- Nomination of sustainability officers at Management Board and divisional level
- Continued compilation of energy (electricity, heating) and water consumption data and calculation of the CO_2 contribution in a growing analysis portfolio
- Implementation of sustainability measures in operating processes ("green energy" project – bundling of mains electricity supply from 100% renewable energy sources for DIC Asset AG's real estate portfolio, inclusion of sustainability aspects in new facility management service agreements put out to tender and signed)
- Systematic expansion of our analysis portfolio in recent years. We now cover around 71% of rental space in our Commercial Portfolio.
- Reduction of our carbon dioxide emissions – in regards to our Commercial Portfolio and our own consumption of energy – since 2012 by nearly 20%.
- Expansion of the occupational health and protection strategy. Introduction of fire safety and first aid training for staff in 2014. Since this measure was introduced, over 15% of our employees have received training in providing first aid in an emergency.
- Involvement in various sustainability initiatives and participation in sustainability surveys
- Expansion of communication with tenants and service providers with the aim of implementing aspects of sustainability in operating processes

EMPLOYEES

Our success as a company is based on the knowledge, performance and dedication of our employees. We can only achieve our ambitious goals 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 skills, and to secure their long-term loyalty. Our central personnel department ensures that talents are discovered, nurtured and deployed throughout the Company in the best possible way. We therefore support our employees in achieving their personal goals in terms of their professional development and advancement, and we invest in disseminating knowledge and skills. For instance, we offer training on specific topics and general training on current specialist subjects (real estate/tax/law/organisation/health). These events take place both in-house (run by internal and external trainers) and on the premises of professional development providers.

Personnel development and advancement is also an integral 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 or one-on-one coaching. Furthermore, we regularly organise joint conferences for managers and the Management Board. These not only help to share knowledge internally but also involve specialist presentations to provide in-depth insight into sector and property-specific topics.

Attractive employer

Attracting high-performing staff to 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 opportunity to assume responsibility at an early stage and extensive powers to take decisions independently. To spread the word, we are intensifying our cooperation with selected institutes of higher education focusing on real estate, among others. For example, our managers give lectures there and establish close contact with senior academic staff.

In 2015, we provided tremendous support for individuals wishing to undertake further training throughout Germany. We also once again participated in the real estate careers forum organised by Immobilien Zeitung in Frankfurt in June 2015. The regular exchange of ideas with universities and students is also a priority for us. This is why we support our cooperation with universities through excursions, business meetings and direct contact with students.

The Company promotes diversity. As at 31 December 2015, 59% of all positions were staffed by women. The Company also offers its employees a variety of part-time models to enable flexible working hours.

Training of junior employees, nurturing students

We invest in the training of young people and regard this as an important aspect of corporate social responsibility. In 2015, we provided training at our offices under the dual system for 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). We offer university graduates the opportunity to embark upon a 12- or 18-month training programme following their studies, during which career starters are trained for positions of responsibility. Since 2015, we have also been certified for training real estate professionals. We also provide students with support for their Bachelor's 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, which are set annually together with supervisors. In this way, we encourage and support an awareness of entrepreneurial issues among our employees. In 2015, a total of EUR 14.9 million was spent on employees. This figure includes performance-related remuneration of EUR 1.9 million, corresponding to a share of approximately 13%. Social security taxes, pension contributions and other additional benefits amounted to a total of EUR 1.8 million.

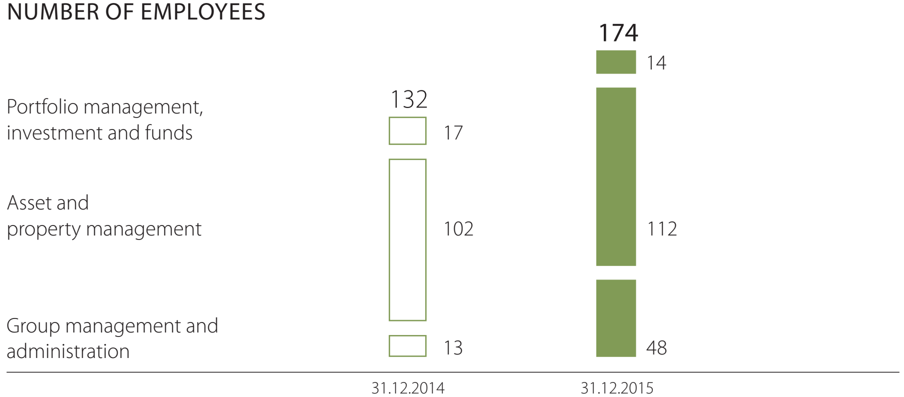
Workforce changes: integration of Group functions

The previously outsourced accounting and finance, financial control, human resources, and IT functions (part of Group management and administration) have been performed by DIC Asset AG employees since 1 January 2015. The employees previously responsible for these functions were integrated into DIC Asset AG and the existing service agreements were terminated as at 31 December 2014.

Johannes von Mutius was appointed to the Management Board of DIC Asset AG effective 1 April 2015.

As a result of the transfer, the number of employees increased by a total of 32 in comparison with the end of 2014. The workforce comprised 174 employees as at 31 December 2015.

NUMBER OF EMPLOYEES



Attractive work environment

DIC Asset AG is one of the major listed commercial real estate companies in Germany – without having to deal with the structural disadvantages experienced by many large corporations. We ask our employees to develop and realise their ideas and their performance potential. We embrace lean structures, the permanent exchange of ideas and flexibility.

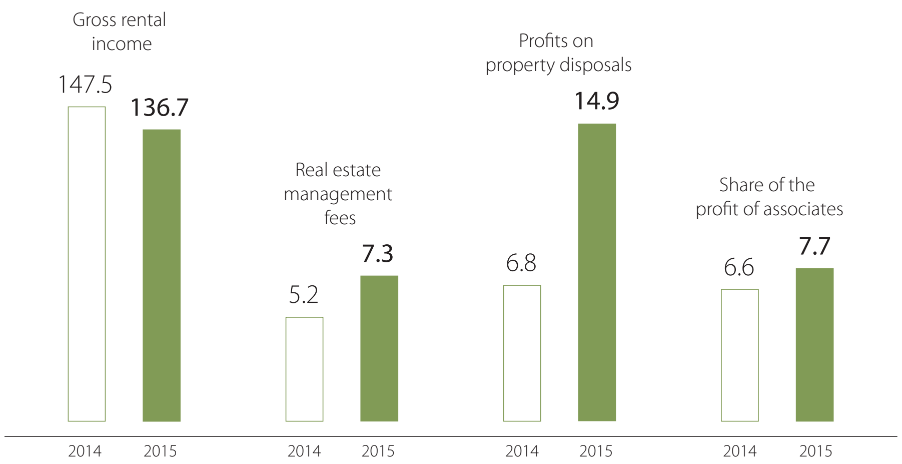
FINANCIAL INFORMATION

REVENUE AND RESULTS OF OPERATIONS

- All targets met – 2016 corporate strategy successfully implemented
- FFO up 2% to EUR 49.0 million
- Lower gross rental income of EUR 136.7 million due to sales, above projected target range
- Operating efficiency improves further
- Real estate management fees up EUR 2.1 million (+40%)
- Strong share of the profit of associates totalling EUR 7.7 million (up EUR 1.1 million)

RENTAL AND OTHER INCOME

in EUR million



As planned, DIC Asset AG increased its operating profit and achieved its business objectives in 2015. Rental income, which was lower this year as expected due to a high sales volume aimed at optimising the portfolio, a sharp increase in income from fund investments and positive earnings contributions from completion of the project development "MainTor" were significant factors here.

Compared to 2014, real estate management fees rose 40% to EUR 7.3 million. The rise was mainly attributable to the rapidly growing fund business (up EUR 1.6 million) and services provided to third parties (up EUR 0.6 million).

In 2015, FFO rose once again, this time by 2% from EUR 47.9 million to EUR 49.0 million. Profit for the period also increased by EUR 6.7 million, or 48%, to EUR 20.7 million, as a result of the considerable increase in the profits on property disposals (up EUR 8.1 million) stemming from the much higher sales volume in 2015 and earnings from project developments.

Rental income exceeds expectations

As planned, gross rental income declined to EUR 136.7 million (previous year: EUR 147.5 million) due to sales completed in 2014 and 2015, exceeding the expected target range of EUR 134–136 million. Net rental income amounted to EUR 120.4 million (previous year: EUR 132.2 million).

High sales volume in 2015

In 2015, we generated net revenue of EUR 201.3 million with sales from our Commercial Portfolio (+122% compared with 2014). Profits on property disposals amounted to EUR 14.9 million at year-end (previous year: EUR 6.8 million). This materially contributed to the sound profit for the period and the further reduction in debt.

Sharp rise in real estate management fees

Due to the expansion of our fund business, real estate management fees increased overall by EUR 2.1 million (+40%) year-on-year to EUR 7.3 million. In addition to revenue from services for the funds of EUR 5.6 million (up EUR 1.6 million), revenue from services provided to third parties at EUR 0.8 million (previous year: EUR 0.2 million) contributed to the growth of real estate management fees.

OVERVIEW OF INCOME

in EUR million	2015	2014	
Gross rental income	**136.7**	147.5	-7%
Real estate management fees	**7.3**	5.2	+40%
Proceeds from sales of properties	**201.3**	90.5	+122%
Other	**27.1**	34.4	-21%
Total income	**372.4**	277.6	+34%

Efficient cost structure

As intended, we kept our operating costs at an efficient level in relation to rental income and reduced the operating cost ratio (administrative and personnel expenses to gross rental income, adjusted for real estate management fees) from 12.3% to 12.1%. Administrative expenses declined by EUR 2.2 million (-20%) to EUR 8.8 million, whereas personnel expenses increased by EUR 2.6 million (+21%) to EUR 14.9 million. Previously outsourced accounting and finance, financial control, human resources and IT functions (part of Group management and administration) have been performed by DIC Asset AG employees since 1 January 2015. The employees previously responsible for these functions were integrated into DIC Asset AG and the existing service agreements were terminated as at 31 December 2014. As a consequence, personnel costs increased and administration costs decreased as against the previous year.

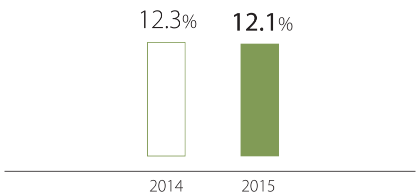
Net interest income improved considerably

Net finance costs decreased significantly as a result of our refinancing at improved terms and our sales. Consequently, interest expenses fell from EUR 80.4 million to EUR 70.3 million; interest income decreased slightly from EUR 10.9 million to EUR 10.5 million. The larger financing volume resulted in net interest income of EUR -59.8 million compared to EUR -69.6 million in the previous year; the average interest rate fell considerably from 3.9% in 2014 to 3.4% in the reporting period (see the section entitled "Average interest rate" on page 54).

FFO at a high level

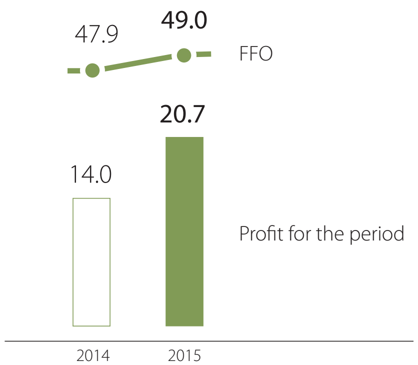
FFO (funds from operations), which represents income from portfolio management, increased in line with expectations by EUR 1.1 million (+2%) from EUR 47.9 million to EUR 49.0 million, thus reaching the middle of the target range of EUR 48 to 50 million. At 36%, the FFO margin (FFO in relation to gross rental income) increased by around four percentage points compared with 2014 due to a decrease in finance costs. The FFO per share was EUR 0.72 in 2015 after EUR 0.70 in the previous year.

OPERATING COST RATIO



FFO AND PROFIT FOR THE PERIOD

in EUR million



RECONCILIATION TO FFO

in EUR million	2015	2014	Δ
Net rental income	120.4	132.2	-9%
Administrative expenses	-8.8	-11.0	-20%
Personnel expenses	-14.9	-12.3	+21%
Other operating income/expenses	0.1	1.0	-90%
Real estate management fees	7.3	5.2	+40%
Share of the profit or loss of associates without project developments and sales	3.9	2.8	+39%
Interest result	-59.0	-70.0	-16%
Funds from operations	49.0	47.9	+2%

Sharp rise in the share of the profit of associates

At EUR 7.7 million, the share of the profit of associates (Co-Investments) again grew, this time by EUR 1.1 million over the previous year. The results generated in 2015 from project developments contributed substantially to profit. The share of the profit of associates is made up of our fund investments (EUR 2.7 million) and the profit from project developments (EUR 4.8 million) as well as the planned lower profits from the letting and sale of property from joint venture portfolios (EUR 0.2 million).

Profit for the period at EUR 20.7 million

At EUR 20.7 million, the profit for the period was up EUR 6.7 million year-on-year (+48%), resulting mainly from the significant increase in sales volume and correspondingly higher profits on property disposals. Earnings per share amounted to EUR 0.30 after EUR 0.22 in the previous year.

Segment results

The definition of our segments follows internal reporting and management by region using selected key operating figures. No information on sales, earnings or balance sheet items is provided. Information on the segments can be found from page 114.

FINANCIAL POSITION

- Favourable environment leveraged to optimise financial structure
- Average interest rate down by 50 basis points
- 89% of financing interest-rate 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 equity 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 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, as a rule, 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 enforcement against 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

In the first half of 2015, we increased our third bond, launched in September 2014, by EUR 50 million to the issue volume of EUR 175 million, raising approximately EUR 51.5 million in one day during placement.

➲ Financing volume of EUR 670 million realised

Including the financing activities for our Co-investments, we realised financing volume of approximately EUR 670 million in 2015, following a financing volume of some EUR 191 million that had been rearranged the previous year.

In addition to around EUR 573 million for financing in the Commercial Portfolio, approximately EUR 71 million is attributable to acquisitions for our funds and approximately EUR 26 million relates to Co-investments.

FINANCING ACTIVITIES IN THE COMMERCIAL PORTFOLIO 2015

in EUR million	
New loans raised	141.4
Refinancing	431.6
Increase/Issue of corporate bonds	51.5
Repayment of loans	393.8

At EUR 1,573.8 million, the financial debt shown on the balance sheet as at 31 December 2015 was down EUR 94.1 million year-on-year following repayments, refinancing and the increase in the bond volume. The large majority (83%) of the financial debt consists of bank loans, whereas the remaining portion (17%) is attributable to funds from our bonds. Loan repayments made in 2015 totalled EUR 393.8 million, of which EUR 146.8 million were unscheduled repayments following sales.

➲ Stable remaining maturities

With a higher volume of new loans than in the previous year, financial year 2015 saw modest changes to the maturity structure. The average remaining maturity of our liabilities – including the bonds – was 4.3 years at the end of December, up from 4.0 years in the previous year. One third of all financing has a maturity of more than five years.

➲ Refinancing in 2016

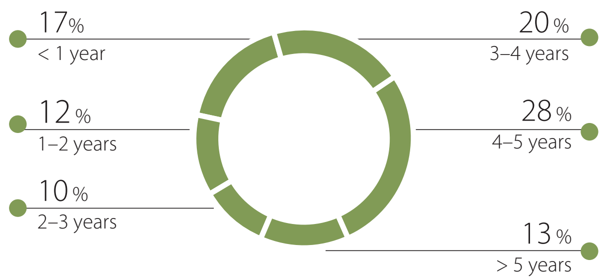
No refinancing is pending for the Commercial Portfolio in 2016.

➲ Hedging against interest rate fluctuations

At around 89%, the vast majority 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. As a rule, possible changes in interest rates do not impact the income statement but the equity reported in the balance sheet. Just under 11% of our financial liabilities – primarily short-term in nature – are agreed at variable rates.

DEBT MATURITIES

as at 31.12.2015



Average interest rate lowered

The average interest rate across all liabilities to banks was 3.4% as at 31 December 2015 and therefore significantly below the previous year's level (3.9%). This is due to the attractive and favourable refinancing arrangements, which we made in the current environment of low interest rates in the financial year just ended.

The interest coverage ratio (ICR), i.e. the ratio of net rental income to interest payments, rose on account of improved financing terms from 164% to 171%, reflecting primarily refinancing completed during the financial year.

Financing obligations met in full

We complied with all financing obligations, including financial covenants, throughout the year and as at the reporting date. Financial covenants are customary components of financing agreements on the market and specify the attainment of key financial figures such as the interest coverage ratio (ICR), the debt service coverage ratio (DSCR), the loan-to-value ratio (LTV) or the weighted average lease term (WALT).

No off-balance sheet financing

There are no significant off-balance sheet forms of financing. The consolidated financial statements report all forms of financing used by the Company. Additional details such as terms, the fair value of loans or information on derivative financial instruments is provided in the notes from page 107.

Comfortable liquidity situation

Liquidity forecast has the utmost priority for us as part of financial management, not least 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 2015, DIC Asset AG was at all times able to meet its payment obligations. As at 31 December 2015, available liquidity amounted to around EUR 202 million. The Company also has unused bank credit lines and guarantee facilities in the amount of EUR 26.2 million at its disposal.

Cash flow shaped by sales and refinancing

Thanks to improved financing terms and a robust sales volume, our total cash inflow was high at EUR 107.2 million (previous year: EUR 41.0 million).

Higher cash inflows from real estate management in particular more than offset the planned reduction in inflows from rental income. Cash generated from operations therefore rose to EUR 117.9 million (previous year: EUR 114.6 million). After taking into account interest and taxes, cash flow from operating activities amounted to EUR 53.0 million (previous year: EUR 34.9 million). This material increase is mainly the result of lower interest payments (EUR -15.0 million) thanks to our successful refinancing efforts in 2015 as well as sales.

In 2015, cash flow from investing activities was dominated once again by successful sales activities, which resulted in a positive cash flow from investing activities of EUR 169.3 million (2014: EUR 85.8 million). After loan redemptions, the proceeds from sales of EUR 205.6 million resulted in a free cash flow in the amount of EUR 44.6 million (22%). Cash outflows for portfolio investments at EUR -10.4 million were below the previous year's figure (2014: EUR -19.4 million).

In 2015, cash flow from financing activities was influenced by loan redemption and by the structuring of our third office fund, "DIC Office Balance III", at the end of the year. Cash flow from financing activities amounted to EUR -115.2 million compared with EUR -79.7 million in the previous year. In total, we repaid loans of EUR 282.6 million, while we raised EUR 141.4 million in new loans. We generated cash inflows totalling EUR 51.5 million by increasing our third bond to a nominal volume of EUR 175.0 million. As in the previous year, EUR 24 million in dividend payments were distributed to the shareholders in the financial year.

Cash and cash equivalents increased year-on-year by EUR 107.2 million to EUR 204.6 million.

CASH FLOW

in EUR million	2015	2014
Profit for the period	20.7	14.0
Cash flow from operating activities	53.0	34.9
Cash flow from investing activities	169.3	85.8
Cash flow from financing activities	-115.2	-79.7
Net changes in cash and cash equivalents	107.2	41.0
Cash and cash equivalents as at 31 December	204.6	97.4

NET ASSETS

- Real estate assets total around EUR 1,700 million
- Loan-to-value ratio (LTV ratio) down to 62.6%
- Net asset value up 2.2% to EUR 884.1 million

Net assets reflect the successful sales in the Commercial Portfolio and Co-Investments, which we made to optimise our portfolio structures, and the related repayment of loans. Real estate assets in the Commercial Portfolio decreased by 21%. Proceeds from sales and the launch of our third office fund, "DIC Office Balance III", at the end of the year increased current assets. The net asset value grew by EUR 19.4 million to EUR 884.1 million due to successful sales and positive market value effects.

➲ Measurement at cost

Our properties are carried at amortised cost. The carrying amounts are reviewed annually in the course of IFRS impairment testing to establish whether impairment losses must be recognised. The carrying amounts are compared against the value in use, which reflects the value of a property under its intended use. In 2015, impairment testing did not result in any impairment charge to real estate assets.

➲ Total assets down slightly

As at 31 December 2015, total assets were EUR 2,456.1 million, approximately EUR 80.9 million (3%) below the previous year-end figure. Investment property (our existing properties in the Commercial Portfolio) was carried at EUR 1,700.2 million at the end of 2015 compared with EUR 2,143.9 million in the previous year. The decline of EUR 443.7 million (-21%) is mainly due to disposals through sales amounting to EUR 186.1 million and the reclassification to non-current assets held for sale in the course of the launch of our third office fund ("DIC Office Balance III") at the end of the year.

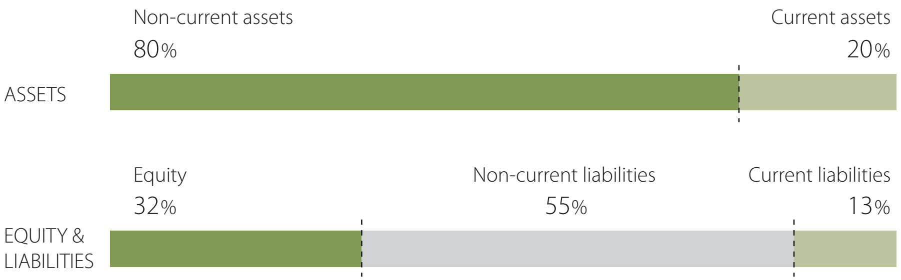
Investments in associates rose by 14%, from EUR 81.0 million to EUR 92.7 million, as a result of the intra-year acquisitions in the fund business and the very good share of the profit of associates. Whereas loans to related parties in non-current assets rose slightly by EUR 1.6 million – largely due to the term of the loans – the respective receivables in current assets dropped by EUR 4.0 million. These loans mainly consist of loans granted for equity contributions for refinancing and bridge financing for project developments. At the end of the year, we acquired shares in WCM Beteiligungs- und Grundbesitz-AG, which we reported as other investments amounting to EUR 9.3 million as at the end of the reporting period.

Non-current assets therefore declined as at the end of the 2015 reporting period by 18%, or EUR 422.7 million, to EUR 1,961.6 million (2014: EUR 2,384.3 million), while current assets increased as at the end of the reporting period by EUR 341.8 million to EUR 494.5 million (2014: EUR 152.7 million), principally due to the increases in cash and cash equivalents and non-current assets held for sale.

Substantial improvement in loan-to-value ratio (LTV)

Equity increased by EUR 17.3 million (+2%) to EUR 792.1 million, mainly driven by a EUR +17.1 million change in the negative hedging reserve to EUR -20.6 million as a result of the reduced nominal volume of the underlying hedges. Whereas retained earnings decreased by EUR 3.6 million year-on-year, the reserve for available-for-sale financial instruments rose by EUR 3.5 million.

BALANCE SHEET STRUCTURE



The balance sheet equity ratio increased by 1.8 percentage points to 32.3% compared with the previous year's 30.5%. We trimmed the loan-to-value ratio (LTV) by 3.3 percentage points, from 65.9% to 62.6%.

OVERVIEW OF THE BALANCE SHEET

in EUR million	**31.12.2015**	31.12.2014
Total assets	**2,456.1**	2,537.0
Non-current assets	**1,961.6**	2,384.3
Currents assets	**494.5**	152.7
Equity	**792.1**	774.8
Non-current liabilities	**1,300.5**	1,260.4
Current liabilities	**35.5**	405.9
Other liabilities	**328.0**	95.9
Total liabilities	**1,664.0**	1,762.2
Balance sheet equity ratio	**32.3%**	30.5%
Loan to value*	**62.6%**	65.9%

* The ratio of total financial debt, corporate bonds and liabilities to related parties minus cash in banks on the one hand and the fair value of investment property, equity investments and receivables from related parties on the other hand.

Net asset value up considerably at around EUR 884 million

The net asset value (NAV) is equal to the value of all tangible and intangible assets less liabilities. The NAV was EUR 884.1 million at the end of 2015, and the NAV per share amounted to EUR 12.89 compared with EUR 12.61 in the previous year. The NNNAV (see notes p. 98) per share totalled EUR 12.14 (2014: EUR 11.38).

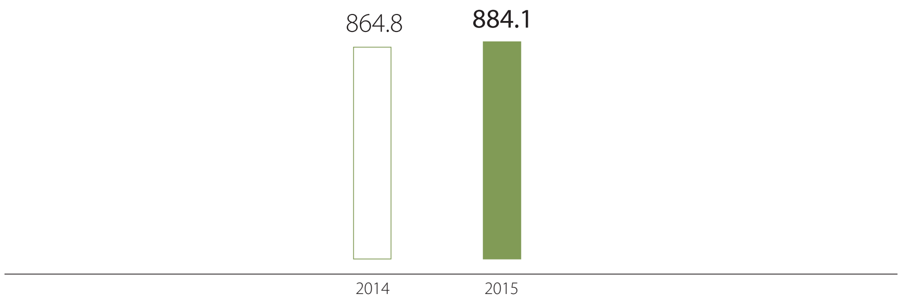
NET ASSET VALUE

in EUR million	31.12.2015	31.12.2014
Real estate market value*	2,007.1	2,186.2
Investments market value	96.6	82.8
+/- other assets and liabilities*	361.3	263.7
Net loan commitments	-1,573.8	-1,667.9
Net asset value (NAV)	884.1	864.8
Number of shares (thousand)	65,578	65,578
NAV per share in EUR	12.89	12.61
NNNAV per share in EUR	12.14	11.38

* incl. non-controlling interests and IFRS 5 properties

NET ASSET VALUE

in EUR million



Other disclosures

Impact of accounting policies and accounting changes on the presentation of the economic position

In 2015, no options were newly exercised, no grooming transactions were carried out and no changes were 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 key performance indicators

Non-financial key performance indicators play a major role in the long-term success of DIC Asset AG. These assets are not quantifiable and therefore cannot be reported in the balance sheet. These are assets 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 key performance indicators (we report on these in detail in our sustainability report, which is available to download from our website)
- Motivated and dedicated employees and managers
- Competitive and organisational advantages from our real estate management throughout Germany
- Long-term relationships with highly satisfied tenants
- Established, trusting cooperation with service providers
- Anchoring sustainability as a key component of the business model
- Trust-based partnerships with strategic financial and capital partners
- Cooperation and continual 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 net assets. More detailed information can be found in the notes on page 116.

The DIC brand is one of the intangible assets not recognised 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.

REPORT ON POST-BALANCE SHEET DATE EVENTS

The transfer of possession, benefits and associated risks for one property from the Commercial Portfolio notarised in December 2015 took place in early January 2016.

Also in early January 2016, eight Commercial Portfolio properties and one Co-Investments property were transferred to the newly launched "DIC Office Balance III" fund.

As at 1 January 2016, Mr Aydin Karaduman became Chairman of DIC Asset AG's Management Board. Mr Ulrich Höller was appointed a member of DIC Asset AG's Supervisory Board by the Court of Registry in Frankfurt am Main with effect from 11 January 2016. He replaces Dr. Michael Peter Solf, who stepped down from the Supervisory Board at the end of 2015.

On 1 February DIC Asset AG announced that it had exceeded the reporting threshold of 10% of the voting rights of Frankfurt am Main-based WCM Beteiligungs- und Grundbesitz-AG on 26 January 2016 and the reporting threshold of 20% of the voting rights on 27 January 2016, making it a significant shareholder of this company. WCM Beteiligungs- und Grundbesitz-AG invests in the German commercial real estate market. Its current portfolio volume of around EUR 500 million focuses on the top seven cities and other economically strong regions in Germany. Through its equity investment, DIC Asset AG will participate in the future growth of the company and benefit from its attractive portfolio of commercial properties. This investment enables us to work toward our aim of holding a sustainable and stronger position in Germany's commercial real estate sector.

REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

THE RISK MANAGEMENT SYSTEM OF DIC ASSET AG

In a dynamic environment, it is a fundamental entrepreneurial duty to recognise and exploit opportunities early on. DIC Asset AG's risk management system enables the Company to identify developments that could endanger its continued existence early on so that it may take effective countermeasures. It also allows the Company to leverage existing opportunities, unlock new profit potential and manage risks in a controlled manner to grow the Company's value. Balancing the ratio of opportunities to risks keeps the potential adverse effects on the Company's business success to a minimum.

The governing bodies of the Group have stipulated basic rules for risk exposure, including allowing specific business risks to be taken as long as the associated opportunities are expected to increase the Company's value. This reflects our efforts to grow on a sustainable basis, to increase enterprise value and accordingly control, spread and reduce any risks which may arise. The management of risks and opportunities is therefore a fundamental component of corporate governance.

In the interests of its tenants, employees and investors, the risk management system protects the Company from critical situations and secures its continued existence in the long term.

The risk management system (RMS) extends throughout all areas of the Company and its subsidiaries, and is binding on all employees. Risks are defined as strategic and operational factors, events and actions that materially affect the Company's existence and business situation. External factors also analysed include the competitive environment, demographic developments and other factors that could prevent the Company from attaining its goals. The RMS covers strategic decisions by the Management Board as well as day-to-day business. The internal control and monitoring system is an integral component of the risk management system. It minimises operational and financial risks and monitors processes, and it ensures compliance with laws and regulations including the appropriateness of financial reporting.

In the financial year, we installed new consolidation software and replaced our existing payment system with a new system that features enhanced functionality and security mechanisms. As a result of this, we further expanded our IT-based controls. There were no other material changes to the organisation and the processes in 2015.

Structure of the risk management system

> Risk early warning system
DIC Asset AG's early warning system aims to record, quantify and communicate all relevant risks and their causes. This ensures that necessary countermeasures can be initiated early on. The respective specialist departments are responsible for identifying, reporting, assessing and controlling risks. For example, real estate data are recorded at property level by the asset and property management teams. These data are aggregated, supplemented, checked and summarised by the central Controlling function and then reported to management. In accordance with section 317 (4) HGB, the risk early warning system is reviewed and assessed annually by the auditor as part of the audit of the financial statements in terms of its compliance with the requirements of German 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 managing 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 manage risks and opportunities conscientiously and responsibly and in line with their competencies. Responsibilities are defined for all relevant risks in accordance with the hierarchy. An identified risk is assessed as to its probability of occurrence 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 and key events within the market environment, risk management is incorporated as an integral part into 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. This ensures that the Management Board and the Supervisory Board are promptly and comprehensively informed of material risks.

> Opportunity 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 the course 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 in a targeted manner any opportunities that arise. For example, we reduce the risk from interest rate fluctuations through matching hedging transactions. In connection with long-term project developments, a systematic and comprehensive project management with standardised project milestones, preliminary acceptances, the awarding of contracts for individual trades and general contractors and clearly determined approval processes help us minimise project risks.

> Risk management documentation
The existing guidelines, procedures, instruments, risk areas and responsibilities are documented in writing and are expanded continually. Documentation summarises the key elements of the control cycle introduced as part of the risk management system.

INTERNAL CONTROL SYSTEM

General
The internal control system (ICS) and the risk management system relevant for DIC Asset AG's financial reporting process comprise guidelines, procedures and measures. Their key aims are to ensure that business is handled securely and efficiently, financial reporting is reliable and appropriate, and laws, directives and the relevant legal provisions are complied with. The internal control system consists of two areas: 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 second-tier management, 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 primarily 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 centrally. In addition to the physical infrastructure, the system environment is of particular importance. Both are protected against failure through suitable mechanisms to always guarantee a high degree of availability of all mission-critical systems and components.

IT disaster recovery planning also takes into account external service providers and their contingency plans. In this regard service level agreements (SLAs) are formulated and reconciled with the most important service providers. This also includes coordinating DIC Asset AG's requirements for IT contingency plans with the services and resources offered by external service providers.

We regularly check that the programmes and interfaces we use are running properly and utilise the results of this monitoring for continuous improvement of our processes.

Our entire IT system has a multi-level concept to protect against unauthorised access and malware such as viruses and trojans. DIC Asset AG's internal network is secured against external access through firewalls. Access to the Company's internal systems is actively monitored using an intrusion detection system (IDS).

Ensuring that the financial reporting is appropriate and reliable

The checks to ensure that financial reporting is appropriate 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 procedures are uniform. Accounting transactions in the single-entity financial statements of DIC Asset AG and its subsidiaries are recorded in the ERP system tailored specially to the requirements of real estate companies. This is supplemented by a payment software package closely tied in with the ERP system that ensures that payment transactions are correct and are duly entered. The consolidated financial statements are prepared based on standardised reporting packages comprising the respective single-entity financial statements and additional information. The single-entity financial statements have been processes with consolidation software since 2015.

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 basis of information.

The International Financial Reporting Standards (IFRS) are supplemented by sector standards such as the EPRA recommendations and applied by DIC Asset AG as uniform accounting policies throughout the Group. The financial reporting provisions regulate in detail the formal requirements for the consolidated financial statements, such as determining the basis of consolidation and the content of the reports to be prepared by the individual entities. Internal regulations governing intra-Group settlement practice, for instance, have also been defined.

At Group level, control primarily comprises the analysis and, if necessary, adjustment of the single-entity financial statements included, taking into account the findings and recommendations of the auditors. The consolidation of all financial statements is conducted at the headquarters in Frankfurt am Main. Impairment tests carried out centrally, particularly the annual review of the market value of all properties carried out externally by independent surveyors, ensure that the measurement 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.

Caveats

Even tried-and-tested, established systems such as DIC Asset AG's internal control and risk management systems cannot exclude errors and violations entirely, meaning that absolute security with regard to the accurate, complete and prompt recording of data in the Group's financial reporting cannot always be fully guaranteed. Non-recurring, non-routine transactions or those which are urgent may entail 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

Strategy

- Portfolio management
- Funds
- Project developments

Operations

- Acquisition and sales planning
- Letting
- Property and location
- Personnel
- IT

External environment

> Economy as a whole

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

We expect economic growth in Germany in 2016 at the 2015 level. However, the expected economic growth will be driven primarily by the lower energy prices and the weak euro, which generally benefits exports. However, despite a number of positive developments, the situation in the European Monetary Union remains tenuous. The continuing economic slowdown and negative outlook in China in particular have the potential to affect other countries around the world and could impact on Germany's export-driven economy and lead to a deterioration in the economic climate, similar to geopolitical crises such as in the Middle East. On the other hand, Germany's domestic economy is strong, and it is expected that private consumer spending in Germany will rise on the back of the healthy labour market and low energy prices, providing vital support to the economy again in 2016 – as will the sustained, historically low interest rate level in the eurozone combined with the ECB's „loose" monetary policy.

To minimise risks, we focus on long-term leases to top-quality tenants, on spreading rental income across a large number of different tenants and on investing in economically strong regions.

We consider it unlikely that the economy will suffer a marked deterioration in the next twelve months. The negative financial impact on our business of such a deterioration would be slightly to moderately serious. Overall, the risk/opportunities profile resulting from factors in the economic environment remains unchanged for us compared with 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

The real estate sector is considered one of the most diverse industries in a modern economy. In addition to property management, the sector includes construction and the activities associated with real estate assets and their financing. Each phase of the "planning, construction, financing, operation, management" life cycle and buying and selling real estate all involve both risks and opportunities.

In the rental 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 that 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 strong 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, 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 reducing the availability of property with attractive yields, 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 local presence, we are well placed to become aware of possible sales in our relevant markets at an early stage. Furthermore, 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 a potential lack of supply at A-locations.

For 2016, we assume that the moderate increase in completion volumes and a stable rental market mean that attractive properties will remain in short supply and that prices will remain correspondingly buoyant. In the transaction market, we see opportunities rather than risks in 2016, due to continuing strong momentum and demand. With regard to the risks resulting from a downward trend in the sector, we currently assume a low probability of occurrence. This would have a slightly to moderately serious financial impact.

> Regulatory and political changes

Risks as well as opportunities may arise from changes to general 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 6.1% in December 2015 (previous year: 6.4%), and the functional work of the grand coalition supported by a broad majority, contain little potential for sudden, excessive action and regulatory measures that would breach the broad social and economic policy consensus.

For financial year 2016, we consider risks or opportunities arising from sudden changes unlikely. We also believe that the possible financial repercussions are 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 litigation relate almost exclusively to legal proceedings initiated by the Company to collect outstanding rent. We recognised provisions for these legal costs and recognised bad-debt allowances as required.

There are currently no material pending or foreseeable legal disputes which could constitute a considerable risk. In our view, current litigation will result in more opportunities than risks. Sufficient provisions have been recognised in this context. Overall, we consider 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 risk arises 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 2015, 89% (previous year: 91%) of our financing volume was hedged against interest rate changes. Due to the hedging, an increase in interest rates of 100 basis points would only reduce our cash flow by EUR 1.1 million. Interest rate changes have implications through financial instruments, affecting mainly the balance sheet and reducing equity. As at 31 December 2015, the average interest rate across all liabilities to banks amounted to 3.4% (previous year: 3.9%). Further information about interest rate risks can be found in the notes.

The current, historically low level of interest rates entails 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 in agreeing attractive terms, we benefit primarily from lower costs and a reduction in our financing risks.

We believe that interest rates are highly likely to remain low in 2016, as a result of which 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 close relationship between the financial sector and the real economy is particularly evident in the property industry. Among other things, this is attributable to the fact that construction projects, repairs, modernisation and purchasing properties are usually very capital-intensive activities requiring borrowings to finance.

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 discontinuing 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 liquidity associated with this – and the favourable refinancing conditions, funds in the real estate markets are currently at a high level and the willingness of banks and other financing partners to provide financing has risen again. New, alternative lenders have entered the market, subjecting the traditional financing providers 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 which have excellent credit ratings or are members of a guarantee 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 customary level of credit with financial covenants (loan agreement clauses imposing financial ratios). If the Company fails 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 apply:

- ICR (interest coverage ratio): specifies the percentage of interest expense 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.
- LTV (loan-to-value): is a ratio expressing the loan amount as a percentage of a property's market value.
- WALT: weighted average lease term.

No shares in DIC Asset AG serve as collateral or parameters for 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 proactively through risk management in the Corporate Finance division; all covenants were complied with. Deviations from defined 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 has been a material condition for the investment decision for all new acquisitions.

The liquidity risk consists of the risk that, due to insufficient availability of funds, the Company is unable to meet existing or future payment obligations or has to accept unfavourable financing terms 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 cash flow from our properties and investments, which can be planned long-term. Liquidity is mainly held in the form of call and term deposits. The Company also has unused bank credit lines and guarantee facilities in the amount of EUR 26.2 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, which enables counterparty credit risk to be diversified to the benefit of all those involved.

Overall, we consider the probability and impact of financing and liquidity risks to be moderate.

> Valuation

The market value of our real estate assets is calculated annually by independent external valuers 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, rent 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 primarily through consistent tenant-focused 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 discount rate and capitalisation rate. If the discount rate increases by 25 basis points, for example, market values will drop by EUR -43.6 million. If the capitalisation rate increases at the same time by 25 basis points, the drop will increase to EUR -86.8 million. Since our financial statements are prepared using the cost model (IAS 40.56), variations in market value do not have a direct effect on the balance sheet or the income statement. Impairments are only recognised if the carrying amounts exceed the fair values and values in use of the properties.

Sensitivity analysis:
Change in the market value of properties in the Commercial Portfolio

Scenarios for change in discounting rate \ Scenarios for change in capitalisation rate	+0.25%	0%	-0.25%
+0.25%	-86.8 EUR million	-43.6 EUR million	+3.2 EUR million
0%	-44.4 EUR million	+/-0.0	+48.2 EUR million
-0.25%	+0.8 EUR million	+44.9 EUR million	+94.4 EUR million

Given that economic growth is expected to be moderate and the real estate sector is likely to remain steady – a situation to which we can make an active contribution in relation to our portfolio with our own asset and property management services – we expect the probability of falling market values to be moderate in 2016. The impact of this would be moderate.

Opportunities which may arise as a result of a property increasing in value because of measures we have undertaken are exploited and realised selectively through sales.

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, recognise provisions.

We continuously examine and develop options for expanding our real estate portfolio. If we succeed in leveraging unexpected growth opportunities, this could allow us to increase 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 purchases, opportunities and risks arise mainly from income and costs deviating from budget, a fact which generally only becomes apparent in the medium to long term. In the case of property 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 purchases by means of extensive due diligence in conjunction with external experts as required. Furthermore, we prepare risk-oriented business plans, which are continually adjusted to cost and income trends. Continuous property management increases the likelihood of positive performance.

On the basis of current and planned transaction activities for the next twelve months, we consider risks from portfolio management to be unlikely and the financial implications to be low for 2016.

> Funds

DIC Asset AG designs funds and investment structures for institutional investors. It invests between 5% and 20% in the funds as a co-investor, thereby achieving regular investment income. In addition, the fund business generates regular income from asset and property management and from management fees on transactions.

Opportunities and risks arise in the fund business 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 if transaction activities deviate 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 in a worst-case scenario could lead to the return of share certificates and cash outflows. Shares may only be returned within a convenient timeframe, which means that liquidity implications for the funds can be planned. If our reputation as a provider of institutional fund products suffers, this may jeopardise the launch of new funds. 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 connection with rental income from the fund properties, which may be negatively impacted by bankruptcies and significant rental defaults. We minimise these risks with our own effective property management, which manages the fund properties (see “Operational risks – letting”).

Since 2010, DIC has launched a total of three funds: the “DIC HighStreet Balance” retail fund and the two “DIC Office Balance I” and “DIC Office Balance II” office funds. As expected, the total volume of the three funds is currently around EUR 830 million. A fourth fund, “DIC Office Balance III”, was launched effective January 2016, increasing the funds volume to approximately EUR 1.1 billion.

Thanks to our expertise and good customer relationships and based on the current and planned fund activities in 2016, we consider 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 project development risks, we will focus more intensively on re-developments within our Commercial Portfolio in future.

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

Successful project developments can unlock extraordinary income potential. Since project developments are mostly long-term undertakings, risks arise above all from unexpected planning permission issues, an unexpected increase in construction costs, unexpected delays, and in connection with letting and selling property. Delays and an increase in costs would, above all, reduce the planned profit on the project. In order to guard against this risk, general contractors are engaged or individual trade contracts are combined into packages, projects are managed with professional and respected engineering firms and attempts are made to spread the risk.

At present we are involved in two major project developments:

	Total volume	Share of DIC Asset AG
MainTor Frankfurt	approx. EUR 800 million	40.0%
Opera Offices Hamburg	approx. EUR 35 million	18.8%

The project development risk was reduced considerably in financial year 2015.

With the forward sale of the “WINX” tower subproject, all six subprojects of the “MainTor” project have now been sold and marketed in advance. Furthermore, the transfer of possession, benefits and associated risks for the “Patio” subproject took place in 2015. The “Palazzi” and “Panorama” subprojects were completed by the end of the year.

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 subprojects still in planning and construction and in letting the remaining spaces of the project developments.

On the basis of current and planned project development work for the next twelve months, we consider these risks and any potential financial implications to be low to medium for 2016.

Operations

> Acquisition and sales planning

Our planning for 2016 also contains income and profits resulting from acquisitions and sales. In 2016, we are seeking to achieve an acquisition volume of around EUR 400–450 million and a sales volume of around EUR 80–100 million. Should we exceed or fail to meet these figures, this could change our earnings 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 will have to deviate substantially from our planning for 2016. 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 primarily 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 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 leases or lease renewals. Counterparty credit risk resulting from outstanding rental payments is taken into account by way of bad debt allowances. We also try to avoid being dependent on major tenants. In 2015, around 36% of total rental income was attributable to the ten largest tenants. These tenants are all renowned tenants with mostly excellent credit standing, primarily from the public sector, the telecommunications industry and the retail sector. With the exception of the tenants Deutsche Bahn AG and Metro AG, no tenant accounts for more than 5% of total letting volume.

In financial year 2016, tenancy agreements with a volume of EUR 11.1 million may end, while leases generating income of EUR 8.2 million will be extended periodically without a fixed end date. We assume that, as previously, the overwhelming majority of expiring agreements can be extended, or the space becoming vacant can be let to new tenants. If, for example, 10% of the rental space to become vacant in 2016 is not re-let, this would result in a maximum loss of income of approx. EUR 1.1 million when assuming an annualised rent total of approx. EUR 11.1 million.

Thanks to our effective property management platform, we maintain focused on our tenants in the regional segments and seek to achieve long-term tenant loyalty. Overall, we consider the letting risks in our portfolio to be low and their possible implications to be low to moderate. Opportunities arise from a further reduction in vacancies, particularly if economic and employment growth gather momentum in the course of 2016.

> Property and location

Location opportunities and risks arise from an erroneous assessment of the property’s location 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 probability 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, from high-performers leaving the Company and from attracting suitable new employees. Given the measures we have taken, we consider substantial adverse effects and personnel-related risks to be unlikely and their financial implications to be low.

> IT

A loss of the database or an extended failure of 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. We use a new IT platform, which has replaced isolated systems with integrated 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 taken, we consider the probability of IT risks occurring to be low overall, and their potential consequences to be low to medium.

OVERALL ASSESSMENT OF THE RISK AND OPPORTUNITY POSITION

As part of our risk management activities, the individual risks and opportunities are summarised in a general risk overview by the Finance and Controlling function.

We do not anticipate that any of the individual risks listed in this report – taking account of the probability of their occurrence and the potential financial impact – or the aggregate overall risk could directly jeopardise the Company's future development.

Overall, we improved the risk situation compared with the previous year in the course of the 2015 financial year. The following factors made a particular contribution here:

- Strategic risks: With successful completion of the project developments now in sight, the focus of the corporate strategy is shifting towards active management of the directly held Commercial Portfolio as well as attractive additional investment and management income from our real estate management platform, generated by the rapidly growing fund business in particular. At the same time, in the Co-Investment segment our investments in project developments are being gradually reduced further through completions, while our investments in other joint ventures are being decreased through sales.
- 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
- Financing and liquidity risks: We improved the financing structure by topping up our third corporate bond and further reduced the average interest rate by arranging financing in the Commercial Portfolio.
- Tenant credit risk: We strengthened the tenant base by concluding numerous agreements with existing and new tenants.

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

A weakness in world trade and the global economy nevertheless became apparent in the second half of the year. There is a risk that flagging economic growth in the emerging economies and particularly in China may also impact on the economic outlook for Germany. The resulting developments and their potential repercussions may have significant consequences for the German economy, its businesses and the real estate sector. However, due to their complexity, these effects cannot be predicted or calculated at present.

REPORT ON EXPECTED DEVELOPMENTS

Achievement of objectives for 2015

We achieved most of the 2015 forecasts for our key performance indicators and actually surpassed them considerably in the transaction business.

At around EUR 137 million, gross rental income was above the target range of approximately EUR 134–136 million as at the end of 2015 because the transfer of possession, benefits and associated risks of the properties sold took place at a later time.

Our FFO of around EUR 49 million for financial year 2015 was in the middle of the target range of EUR 48–50 million.

We took better advantage of the positive environment for transactions in 2015 in connection with both acquisitions and sales. We achieved a sales volume of around EUR 220 million, which clearly exceeded our forecast (EUR 150–170 million). On average, the sale prices were 5% higher than the most recently determined market value. By making acquisitions of EUR 160 million, we also surpassed our acquisition planning for the existing funds of EUR 130–150 million. This means that the fund business is continuing on a strong growth trajectory. In addition, mostly properties owned by DIC Asset AG with a volume of around EUR 270 million were transferred to the new office property fund, „DIC Office Balance III", which will impact on earnings in 2016.

The vacancy rate as at 31 December 2015 stood at 11.3%, exceeding the target (10.5%). This is attributable to extensive sales activities that enabled us to not only achieve sizeable profits on sales but also implement our goal of reducing our debt a year earlier than originally planned.

Overall assessment for 2016

Overall, we expect the environment for DIC Asset AG to remain stable in financial year 2016.

In 2016, we plan to further optimise our Commercial Portfolio, considerably expand the fund business and improve profitability through asset and property management associated with this.

Our vigorous sales activity in 2015 enabled us to reduce our loan-to-value (LTV) ratio to below 60% at the beginning of 2016. As a result, we reached our goal a year earlier than envisaged in „Strategy 2016". We intend to continue to enhance our directly held Commercial Portfolio in 2016 through active asset management and selective sales, taking full advantage of the prevailing market environment. In addition, we are planning to significantly expand our established, successfully positioned full-service offering through our nationwide real estate management platform in the fund business and – going forward – also in the third-party business for related parties. Opening up this business will generate economies of scale and further strengthen this type of income.

In the fund business in particular, we are planning to build up our assets under management substantially in 2016. This should enable us to make significant earnings contributions to DIC Asset AG's future business performance. The overall result in 2016 will be influenced by sales of properties from DIC Asset AG's entire portfolio, current income from the Commercial Portfolio and further growth in the fund business.

Macroeconomic environment in 2016

Our report on expected developments concerning the macroeconomic environment is based on the analysis of primary data from early indicators. We have also analysed a series of publications by relevant economic research institutes and organisations. The main sources are the Federal Statistical Office, the CESifo Group and the Kiel Institute for the World Economy. The following statements reflect the mid-range of our expectations.

Overall, the German economy showed stable performance in 2015 amid a difficult global economic environment. Gross domestic product (GDP) was up 1.7% year-on-year (2014: 1.6%) and thus higher than the average of 1.3% recorded for the last ten years. After starting the year on a strong footing, the German economy's momentum was tempered towards mid-year by the weak performance of the global economy. Positive stimulus from domestic demand caused the German economy to rally again towards the end of the year.

The ifo Business Climate Index for trade and industry in Germany fell in January 2016 for the second time in succession. While the current business climate continues to be regarded as positive, expectations for 2016 have deteriorated slightly. In spite of the cautious outlook, the German economy can expect the favourable environment to continue. The expansionary monetary policy being pursued provides favourable financing conditions for new investments in companies and construction. Government and consumer spending will again be a mainstay of economic development in 2016.

A variety of uncertainties with regard to the economic outlook will remain, however. The aftermath of the financial crisis – high debts and a need for consolidation – is still making its presence felt. The continuing geopolitical tensions and the uncertainty about China's economic situation have also intensified the risk of a downturn. The refugee problem is presenting increasing challenges for the European Union. The trend in oil prices, which fell even more sharply towards the end of 2015, is also difficult to forecast. Oil prices remained exceedingly volatile at the beginning of 2016, too.

For 2016, we expect stable to slightly higher economic growth year-on-year of approximately 1.8%, following 1.7% in 2015.

Assessment of sector trends

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 sixth time in succession, the German commercial real estate market reported a rise in transaction volumes. With an increase of around 40% to EUR 55.1 billion, 2015 closed with the highest number of commercial property transactions since the boom year of 2007. The appeal of the German market for international investors as well led to their share of total transactions climbing to over 50%.

Thanks to the robust environment, the transaction volume in 2016 should remain at a similarly high level as in 2015. The persistently low interest rates are continuing to provide favourable financing conditions. In this environment, institutional investors such as insurance companies and pension funds are also looking for suitable investments that will enable them to achieve their target returns. This is supplemented by the fact that foreign investors can benefit from the persistent weakness of the euro. All the same, the increasing global risks could also impact on transaction activity; likewise, the effects of the interest rate hike in the United States are not yet quantifiable.

Growing demand coupled with completion volumes that remain low is causing yields to fall further, particularly in the core segment. We therefore expect the focus to increasingly shift to locations outside the major cities and away from core properties towards more management-intensive properties.

The rental market closed 2015 up 21% to 3.6 million sqm on average across the seven real estate strongholds, due among other things to a strong year-end rally. In combination with a 12% lower completion volume year-on-year of 870,000 sqm, rental take-up led to the lowest vacancy level since 2002 with a vacancy rate of 6.4% (2014: 7.6%) in Germany's top seven locations. Vacancies could be reduced further in 2016 if use is made of the potential to re-purpose the empty office space as refugee accommodation.

Estate agents' analysts expect the office rental market to perform stably overall or to contract marginally in 2016, with a completion volume of just under 1 million sqm and a further slight decrease in the vacancy rate. Another slight increase in prime rents is expected due to the persistently high demand for the few available premium sites in the centres of the top seven cities.

Expected trend in the key performance indicators of DIC Asset AG

➲ Growth in assets under management in the fund business

Overall, we made acquisitions totalling approximately EUR 160 million in 2015 aimed at further expanding our existing funds. At the end of 2015, DIC Asset AG launched its fourth fund, "DIC Office Balance III", which invests in office properties in Germany. For this, properties with a volume of around EUR 270 million – mostly from the Company's directly held Commercial Portfolio – were transferred to the newly created fund. In 2015, the contribution of investment income and management fees to FFO increased to more than EUR 8 million on the strength of the growth in the fund business. We expect to be able to increase the profit contribution from the fund business once again in 2016. Based on our liquidity position at the beginning of the year, we are planning a substantially higher investment volume of approximately EUR 400–450 million in order to continue expanding our funds.

➲ Low sales volume

Given that the investment market remains buoyant and interest rates are still low, we can see good opportunities for marketing our properties successfully when a suitable occasion arises. Our sales endeavours last year were focused on both the realisation of attractive profits on sales and the reduction of our loan-to-value ratio. This objective was achieved ahead of time with the transaction and creation of the new "DIC Office Balance III" fund. As part of the active management of our portfolio, we therefore expect a sales volume of around EUR 80–100 million in 2016, particularly with a view to the portfolio's further optimisation.

➲ Expected revenue and results of operations in 2016

On the basis of our planning assumptions, the sales realised – especially at the end of 2015 – and the planned scaling back of sales activity in 2016, we estimate that rental income will fall to around EUR 100 million. Our operating expenses are comparable with the previous year. We expect our operating profit for 2016 to be down year-on-year, with FFO of EUR 43-45 million (around EUR 0.66 per share).

➲ Expected financial position in 2016

At present, we do not need any additional external financing for our planned business operations. It is expected that portfolio investments, the dividend distribution for the 2015 financial year and the cash inflow from sales will represent the most significant factors influencing liquidity from operating activities in 2016. Our liquidity base enables us to support and carry out 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 obligations arising from financing will be met.

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

We are not issuing a specific forecast for profit for the period. Among other things, the precise amount of profit for the period depends to a large extent on whether the properties we buy or sell are attributable to our segments with controlling or non-controlling interests. Unlike in the previous year, we are not issuing a precise forecast with regard to achieving a specific vacancy rate in the overall portfolio at the end of 2016. We consider the operating result (FFO) that we achieve firstly from continuous rental income and secondly from rising management fees from the fund business as the more important performance indicator and benchmark for the success of our business activities.

Material assumptions for the business forecast

Our forecast is based on the following material assumptions:

- The German economy and employment market will remain robust.
- The rental market will remain stable.
- There will be no major escalations of geopolitical tensions.
- The economic development in China does not result in an expanding economic crisis.
- There will be no material escalation of the sovereign debt crisis in the eurozone.
- Central banks will adhere to their policy of "cheap money".
- Banks will not tighten the requirements of their lending policies to such an extent that they restrict transaction activity.
- No unforeseen regulatory changes will come into effect.
- Rental defaults caused by bankruptcies will remain low.
- Construction of our project developments will progress without any major problems.

OTHER DISCLOSURES

ANNUAL FINANCIAL STATEMENTS OF DIC ASSET AG

Net assets, financial position and results of operations

DIC Asset AG is the holding and management company of the Group. Its operational real estate activities are essentially organised via the property companies.

DIC Asset AG's net assets and results of operations are therefore influenced primarily by its involvement in its investees. The sustained value 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 annual financial statements in accordance with the HGB.

In 2015, the net assets, financial position and results of operations of DIC Asset AG were mainly determined by the implementation of our third office fund, "DIC Office Balance III". This fund was the main reason for the substantial increase in our investment income by EUR 13.4 million (84%) to EUR 29.3 million. Write-downs on financial assets in the amount of EUR 10.3 million (2014: EUR 0.2 million) had an offsetting effect.

At EUR 12.7 million, sales revenue and other income were up compared with the previous year (2014: EUR 11.5 million). They mainly relate to revenue from consulting and other services provided to subsidiaries and to gains from the sale of financial assets. In 2015, gains from the sale of financial assets were lower, resulting in a decrease in the earnings before interest, taxes and investment income to EUR -6.0 million (2014: EUR -3.5 million). Interest expenses in connection with our bonds amounted to EUR 13.1 million, compared with EUR 12.9 million in the previous year. The slight increase is attributable to the fact that we increased the bond we had launched in 2014 by EUR 50 million to the issue volume of EUR 175 million in the first half of 2015.

The positive interest balance vis-à-vis subsidiaries and investees and income from long-term loans increased by EUR 4.6 million (+17%) to EUR 32.2 million. Net income for the year again rose by a total of EUR 3.3 million (+15%) to EUR 26.3 million. We thus continued to grow and had a successful 2015 financial year. Overall, we view DIC Asset AG's business situation as positive.

Loans to affiliated companies, investees and other loans totalled EUR 571.2 million as at the reporting date, a slight drop of EUR 10.1 million (-1.7%).

Receivables from affiliated companies and investees rose by EUR 57.8 million (+11%) to EUR 580.3 million. The corresponding liabilities also rose to EUR 101.4 million. Overall, our commitment to related parties, consisting of financial assets as well as receivables from and liabilities to affiliated companies and investees as at the reporting date of 31 December 2015, rose by EUR 32.5 million, from EUR 1,016.1 million to EUR 1,048.6 million (+3.2%).

Liabilities increased by a total of EUR 50.7 million (+22%) to EUR 280.3 million as a result of topping up the third corporate bond by EUR 50.0 million. The Company's equity remained essentially stable at EUR 842.9 million (+0.3%). Total assets increased by EUR 71.5 million to EUR 1,235.0 million (+6.1%), which resulted in the reported equity ratio falling to 68.3% (2014: 72.2%).

For information on DIC Asset AG's opportunities and risks, see the Group's report of opportunities and risks. These opportunities and risks affect DIC Asset AG indirectly.

Forecast for the single-entity financial statements of DIC Asset AG

For 2015, we had forecast net income for the year on a par with the previous year. We marginally exceeded this target, generating net income for the financial year of EUR 26.3 million.

Subject to stable economic development, the Group meeting its acquisition and sales targets and continual growth in the fund business, we are forecasting net income for 2016 at the level of 2014. We expect to continue our consistent dividend policy in the coming year. For further information, please refer to the Group's report on expected developments (page 68).

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.

DISCLOSURES AND EXPLANATIONS REQUIRED UNDER TAKEOVER LAW

The following disclosures provided pursuant to sections 289 (4) and 315 (4) HGB reflect the situation existing at the end of the reporting period. The following explanation of these disclosures also meets the requirements for an explanatory report in accordance with section 176 (1) sentence 1 AktG.

Composition of subscribed capital

The subscribed capital in the amount of EUR 68,577,747.00 consists of 68,577,747 registered no-par value ordinary shares. There are no other classes of shares. Pursuant to section 67 (2) AktG, only those shareholders who are registered as such in the share register are deemed to be shareholders. All shares convey the same rights and obligations. Each no-par value share grants the holder 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 individual rights and obligations tied to the shares arise from the provisions of the AktG, in particular sections 12, 53a et seq., 118 et seq. and 186.

Restrictions affecting voting rights and the transfer of shares

An agreement to pool voting rights is in place between the shareholders of DIC Opportunity Fund GmbH, DIC Beteiligungsgesellschaft bürgerlichen Rechts and DIC Opportunistic GmbH.

Direct and indirect shareholdings exceeding 10% of voting rights

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

Statutory requirements and provisions of the Articles of Association on the appointment and dismissal of members of the Management Board and on amendments to the Articles of Association

The appointment and dismissal of members of the Management Board is based on sections 84, 85 AktG and article 7 of the Articles of Association. Pursuant to article 7 (1) of the Articles of Association, the Management Board consists of at least one person. The Articles of Association 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 to appoint and dismiss Management Board members. 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 section 84 (1) sentence 3 AktG.

Amendments to the Articles of Association are made in accordance with sections 119 (1) no. 5, 179, 133 AktG as well as articles 9 (6) and 14 of the Articles of Association. The Articles of Association do not impose further requirements for amendments to the Articles of Association. Unless required otherwise by law, the resolutions of the General Shareholders' Meeting shall be passed with a simple majority of the votes cast. In the event that the law stipulates a capital majority in addition to the majority vote, resolutions shall be passed with a simple majority of the share capital represented at the time the resolution is passed. The Supervisory Board is authorised to make amendments to the Articles of Association that concern only their wording.

Powers of the Management Board to issue and buy back shares

The powers of the Company's Management Board to issue and buy back shares are all based on resolutions to that effect made by the General Shareholders' Meeting, the essential content of which is shown below. Further details are specified in the respective authorising resolution.

> Authorisation to purchase own shares

By virtue of the resolution adopted by the ordinary General Shareholders' Meeting of 5 July 2011, the Management Board is authorised, with the prior approval of the Supervisory Board, to acquire own shares until 4 July 2016 representing up to 10% of the lower of the Company's share capital at the date of the resolution or 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 sections 71a et seq. AktG represent more than 10% of the share capital. The authorisation may not be used for the purpose of trading treasury shares. The authorisation may be exercised in whole or in part, once or repeatedly, for one or more than one purpose, by the Company or by companies dependent on it 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 approval of the Supervisory Board, shares may be acquired through the stock exchange or based on a public offering directed to all shareholders or a public invitation to all shareholders to submit offers to sell.

The volume of the public offering directed to all shareholders or the public invitation to all shareholders to submit offers to sell may 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 disapplied. A preferential acceptance of smaller numbers up to 100 offered shares per shareholder can be stipulated, as can commercial rounding to avoid arithmetic fractions of shares. To this extent, any further right of the shareholders to tender shares is disapplied. The public offering directed to all shareholders or the public invitation to all shareholders to submit offers to sell may stipulate further conditions.

The Management Board is authorised, with the prior approval 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 redeemed, and such redemption or its execution shall not require another resolution of the General Shareholders' Meeting. They may also be redeemed in a simplified procedure without reducing capital by adjusting the pro-rata share of the remaining no-par value shares in the Company's share capital. If they are redeemed in a simplified procedure, the Management Board is authorised to adjust the number of no-par value shares in the Articles of Association.

(ii) The shares may also be sold in a way other than through the stock exchange or based on an offering directed to all shareholders if the purchase price payable in cash is not significantly lower than the stock market price of equivalent shares already listed. The number of shares sold in this way together with the number of other shares that were sold or issued from authorised capital during the term of this authorisation in accordance with section 186 (3) sentence 4 AktG and disapplying pre-emptive rights, 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 bonds with warrants and/or convertible bonds issued during the term of this authorisation in accordance with section 186 (3) sentence 4 AktG and disapplying pre-emptive rights 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 may be sold in return for contributions in kind, in particular for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets associated with an intended acquisition, or in connection with 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 connection with convertible bonds and/or bonds with warrants issued by the Company or its Group companies wholly owned by DIC Asset AG.

As at 31 December 2015, the Company held no treasury shares. It has not made use of the authorisation described above.

> Authorised capital

The Management Board has been authorised by a resolution adopted at the ordinary General Shareholders' Meeting on 2 July 2015 to increase the Company's share capital with the approval of the Supervisory Board by a total of up to EUR 34,288,873.00 until 1 July 2020 by issuing new no-par value registered shares once or repeatedly in return for cash contributions and/or contributions in kind (authorised capital). As a rule, the shareholders shall be granted a pre-emptive right. The shares may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right). However, the Management Board is authorised with the approval of the Supervisory Board to disapply the pre-emptive rights of shareholders

- to exclude fractional amounts from shareholders' pre-emptive rights;

- if the new shares are issued in return for a cash contribution and the issue price of the new shares does not fall substantially below the stock market price of essentially equivalent shares already listed. The number of shares issued in this manner disapplying pre-emptive rights may not exceed 10% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. Other shares that are issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights or conversion obligations from bonds with warrants and/or convertible bonds and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG;

- if the capital increase is carried out in return for a contribution in kind, in particular for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets associated with an intended acquisition, or in connection with business combinations;

- to the extent it is necessary to grant pre-emptive rights for new shares to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights and/or conversion obligations that were or will be issued by the Company or companies in which the Company holds a direct or indirect 100% interest in the volume to which they would be entitled as shareholders after exercising the option rights and/or conversion rights or fulfilling the conversion obligations;

and only to the extent that the shares issued in return for cash contributions or contributions in kind during the term of this authorisation on the basis of either this authorisation or other authorised capital and disapplying shareholders' pre-emptive rights do not exceed 20% of the share capital altogether, neither at the time this authorisation becomes effective nor at the time it is exercised. Own shares that are sold during the term of this authorisation while disapplying pre-emptive rights and new shares that are to be issued on the basis of bonds with warrants and/or convertible bonds and/or profit participation rights issued during the term of this authorisation while disapplying pre-emptive rights are counted towards the 20% limit mentioned above.

The Management Board has not made use of the authorisation described above.

> Contingent capital

By virtue of the resolution adopted at the ordinary General Shareholders' Meeting of 2 July 2015, the Management Board is authorised, with the approval of the Supervisory Board, to issue registered or bearer convertible bonds or bonds with warrants (together, "bonds") with or without limitation of maturities on one or more occasions until 1 July 2020 in a total nominal amount of up to EUR 450,000,000.00, and to grant to holders and/or creditors of bonds conversion or option rights (which may include a conversion obligation) to no-par value registered shares in the Company representing a proportionate amount of the share capital of up to EUR 34,288,873.00 in total, subject to the terms of the convertible bonds and/or bonds with warrants (together also "bond terms"). The bonds may only be issued in return for cash payment. In principle, the shareholders are granted a pre-emptive right. The bonds may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right).

However, the Management Board is authorised with the approval of the Supervisory Board to disapply the shareholders' pre-emptive rights to bonds

- for fractional amounts resulting from the subscription ratio;

- if upon due review the Management Board concludes that the issue price of the bonds is not substantially lower than the theoretical market value of the bonds determined in accordance with generally accepted methods of financial mathematics. This authorisation to disapply pre-emptive rights does not, however, apply to bonds with a conversion or option right (including those with a conversion obligation) to shares, the total amount of which does not exceed 10% of the lower of the share capital existing at the time this authorisation becomes effective or at the time it is exercised. Shares that were issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights or conversion obligations from convertible bonds and/or bonds with warrants are also to be counted towards this limit if such bonds are issued based on a different authorisation during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG;

– to the extent it is necessary to grant pre-emptive rights for bonds to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights and/or conversion obligations that were or will be issued by the Company or companies in which the Company holds a direct or indirect 100% interest in the volume to which they would be entitled as shareholders after exercising the option rights and/or conversion rights or fulfilling the conversion obligations;

and only if the sum of the new shares that are to be issued by the Company due to such bonds and due to options with warrants and/or convertible bonds and/or profit participation rights issued based on a different authorisation during the term of this authorisation while disapplying pre-emptive rights, represents an arithmetical share of no more than 20% of the total share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. Own shares that are sold during the term of this authorisation while disapplying pre-emptive rights and shares that are issued from authorised capital during the term of this authorisation while disapplying pre-emptive rights are counted towards the 20% limit mentioned above. The bond issues may be divided into several notes.

If convertible bonds are issued, the holders and/or creditors are granted the right to convert their notes into no-par value registered shares of the Company in accordance with the detailed convertible bond terms to be determined by the Management Board. The conversion ratio is determined by dividing a bond note's nominal amount or price that is below its nominal amount by the conversion price specified for a no-par value registered share of the Company. The terms may provide for a variable conversion ratio. The conversion ratio may be rounded up or down to the nearest whole number; furthermore, an additional payment in cash may be determined. There may also be a provision that fractions can be combined and/or settled in cash.

If bonds with warrants are issued, one or more warrants entitling the holder and/or creditor to purchase no-par value registered shares in the Company in accordance with the option terms to be specified by the Management Board shall be attached to each bond note. The option terms may provide for satisfying the exercise price either in part or as a whole by transferring bond notes and making an additional cash payment if required. There may also be a provision that fractions can be combined and/or settled in cash.

The terms of the convertible bond may also provide for a conversion obligation on maturity (or at an earlier date). The terms of the convertible bonds and/or bonds with warrants may provide for the Company's right and/or that of the Group company issuing the bond to grant new shares or treasury shares of the Company or the shares of another listed company to the holders and/or creditors of the bonds instead of paying all or a portion of the cash amount due. The terms of the convertible bonds and/or bonds with warrants may also stipulate that the Company or the Group company issuing the bond may choose to grant treasury shares of the Company or shares of another listed company when options are converted or exercised. Furthermore, it may be stipulated that the Company and/or the Group company issuing the bond may settle its obligation by making a cash payment and/or granting shares of the Company.

To service conversion or option rights and/or conversion or option obligations under bonds that will be issued until 1 July 2020 based on an authorisation by the General Shareholders' Meeting on 2 July 2015, the Company's share capital was contingently increased, by virtue of the resolution adopted at the ordinary General Shareholders' Meeting on 2 July 2015, by up to EUR 34,288,873.00 by issuing up to 34,288,873 registered shares (contingent capital 2015).

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

Material agreements subject to a change of control upon a takeover bid

DIC Asset AG has entered into the following material 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 is 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.

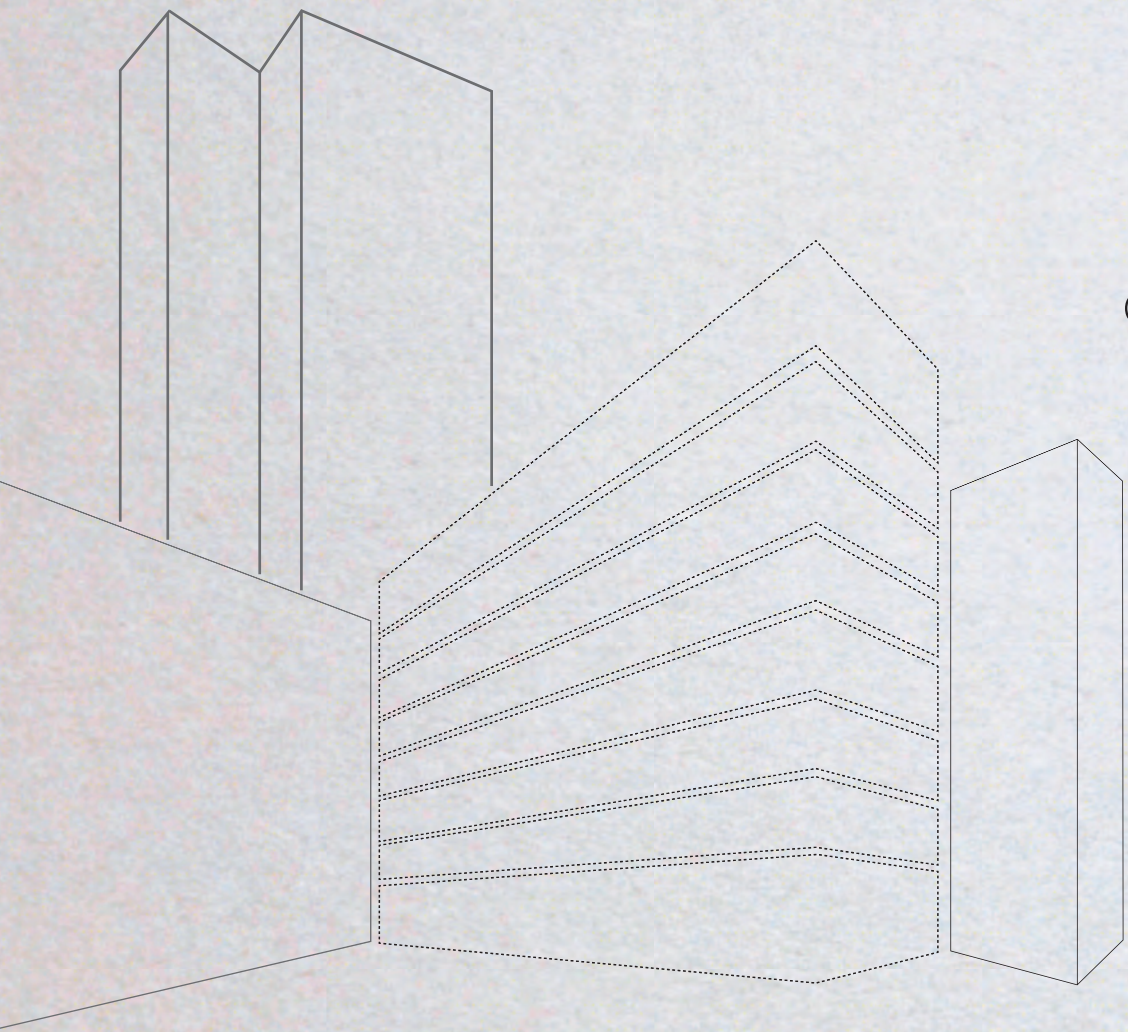
The terms of issue of the 2013 corporate bond (ISIN DE000A1TNJ22) issued by the Company with a volume of EUR 100 million (matures July 2018) as well as the 2014 corporate bond (ISIN DE000A12T648) issued by the Company with a volume of EUR 175 million (matures September 2019) provide for early redemption at the choice of the creditor in the event of a change of control. According to the terms, every creditor has 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 in concert pursuant to section 2 (5) of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act) 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 section 291 AktG.

Compensation arrangements agreed with members of the Management Board or employees in the event of a takeover bid

In the event of a change of control, one member of the Management Board has the right to terminate his director's contract for cause. A change of control occurs if a shareholder holds at least the majority of the voting rights represented at the General Shareholders' Meeting and, at the time of the conclusion of the director's contract, that shareholder did not already hold and/or control more than 20% of the share capital of the Company, or if the Company in certain cases enters into an intercompany agreement as a dependent company or is integrated into or merged with another company. When exercising his right to terminate, one Management Board member is entitled to receive an additional payment of half his total annual benefits in the financial year which ended at least 18 months before the change of control.

Other disclosures

The other disclosures required under sections 289 (4), 315 (4) HGB refer to circumstances that do not apply to DIC Asset AG. There are no shareholders with special rights conferring control rights nor are there any controls of the voting right of employees holding shares in the Company's capital.



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT for the period from 1 January to 31 December

in EUR thousand	Note	2015	2014
Total income		372,387	277,598
Total expenses		-296,116	-198,963
Gross rental income	1	136,678	147,542
Ground rents		-1,250	-1,273
Service charge income on principal basis	2	26,459	32,953
Service charge expenses on principal basis	2	-27,749	-33,594
Other property-related expenses	3	-13,688	-13,462
Net rental income		120,450	132,166
Administrative expenses	4	-8,848	-11,044
Personnel expenses	5	-14,893	-12,345
Depreciation and amortisation	6	-42,686	-43,032
Real estate management fees	7	7,257	5,224
Other operating income	8	741	1,356
Other operating expenses	8	-668	-505
Net other income		73	851
Net proceeds from disposal of investment property	9	201,252	90,522
Carrying amount of investment property disposed	9	-186,335	-83,708
Profit on disposal of investment property		14,917	6,814
Net operating profit before financing activities		76,270	78,635
Share of the profit or loss of associates	10	7,675	6,608
Interest income	11	10,468	10,895
Interest expense	11	-70,265	-80,448
Profit before tax		24,148	15,690
Current income tax expense	12	-9,786	-3,011
Deferred tax income/expense	12	6,354	1,355
Profit for the period		20,716	14,035
Attributable to equity holders of the parent		20,414	14,821
Attributable to non-controlling interest		302	-786
Basic (=diluted) earnings per share (EUR)	13	0.30	0.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME from 1 January to 31 December

in EUR thousand	2015	2014
Profit for the period	20,716	14,035
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Gain/losses on measurement of available-for-sale financial instruments	3,527	91
Fair value measurement of hedging instruments*		
Cash flow hedges	17,055	-7,554
Cash flow hedges of associates	-21	-35
Other comprehensive income	20,561	-7,498
Comprehensive income	41,277	6,537
Attributable to equity holders of the parent	40,975	7,323
Attributable to non-controlling interest	302	-786

* after tax

CONSOLIDATED BALANCE SHEET

Assets in EUR thousand	Note	**31.12.2015**	31.12.2014
Investment property	14	**1,700,151**	2,143,939
Office furniture and equipment	15	**579**	604
Investments in associates	16	**92,677**	81,027
Loans to related parties	17	**110,222**	108,564
Other investments	18	**33,397**	20,593
Intangible assets	19	**1,003**	1,273
Deferred tax assets	12	**23,515**	28,334
Total non-current assets		**1,961,544**	2,384,334
Receivables from sale of investment property		**1,249**	5,603
Trade receivables	20	**7,062**	7,667
Receivables from related parties	21	**10,271**	14,323
Income tax receivables	22	**8,629**	11,695
Other receivables	23	**6,393**	7,747
Other current assets	24	**6,455**	6,482
Cash and cash equivalents	25	**204,590**	97,421
		244,649	150,938
Non-current assets held for sale	26	**249,876**	1,691
Total current assets		**494,525**	152,629
Total assets		**2,456,069**	2,536,963

Equity and liabilities in EUR thousand	Note	31.12.2015	31.12.2014
EQUITY			
Issued capital	27	68,578	68,578
Share premium	27	732,846	732,846
Hedging reserve	27	-20,632	-37,667
Reserves for available-for-sale financial instruments	27	3,618	91
Retained earnings	27	2,663	6,252
Total shareholders' equity		787,073	770,100
Non-controlling interest		5,010	4,744
Total equity		792,083	774,844
LIABILITIES			
Corporate bonds	28	270,871	219,595
Non-current interest-bearing loans and borrowings	28	1,029,606	1,040,740
Provisions	30	10	30
Deferred tax liabilities	12	14,735	16,598
Derivatives	29	26,955	47,103
Total non-current liabilities		1,342,177	1,324,066
Current interest-bearing loans and borrowings	28	35,521	405,846
Trade payables	31	827	1,461
Liabilities to related parties	21	3,271	3,773
Provisions	30	500	732
Income tax payable	32	6,290	3,608
Other liabilities	33	26,361	20,944
		72,770	436,364
Liabilities related to non-current assets held for sale	26	249,039	1,689
Total current liabilities		321,809	438,053
Total liabilities		1,663,986	1,762,119
Total equity and liabilities		2,456,069	2,536,963

CONSOLIDATED STATEMENT OF CASH FLOW from 1 January to 31 December

in EUR thousand	2015	2014
OPERATING ACTIVITIES		
Net operating profit before interest and taxes paid	81,344	87,929
Realised gains/losses on disposals of investment property	-14,917	-6,814
Depreciation and amortisation	42,686	43,032
Changes in receivables, payables and provisions	14,110	-4,704
Other non-cash transactions	-5,360	-4,891
Cash generated from operations	117,863	114,552
Interest paid	-64,139	-79,080
Interest received	3,331	3,556
Income taxes paid/received	-4,039	-4,124
Cash flow from operating activities	53,015	34,904
INVESTING ACTIVITIES		
Proceeds from disposal of investment property	205,607	84,733
Capital expenditure on investment properties	-10,446	-19,424
Acquisition/disposal of other investments	-27,499	12,677
Loans to other entities	1,857	8,023
Acquisition/disposal of office furniture and equipment, software	-209	-181
Cash flow from investing activities	169,310	85,828
FINANCING ACTIVITIES		
Proceeds from the issue of corporate bond	51,500	150,250
Proceeds from other non-current borrowings	141,415	49,780
Repayment of borrowings	-282,639	-148,519
Repayment of corporate bond	0	100,500
Tenant deposits	0	-1,200
Payment of transaction costs	-1,430	-5,538
Dividends paid	-24,002	-24,002
Cash flows from financing activities	-115,156	-79,729
Net changes in cash and cash equivalents	107,169	41,003
Cash and cash equivalents as at 1 January	97,421	56,418
Cash and cash equivalents as at 31 December	204,590	97,421

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousand	Issued capital	Share premium	Hedging reserve	Reserve for available-for-sale financial instruments	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
Balance 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 incomes								
Gains/losses on cash flow hedges*			-7,554			-7,554		**-7,554**
Gains/losses on cash flow hedges from associates*			-35			-35		**-35**
Gains/losses on measurement 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**
Transaction costs of equity transactions		-731				-731		**-731**
Repayment of non-controlling interest						0	-14	**-14**
Balance at 31 December 2014	68,578	732,846	-37,667	91	6,252	770,100	4,744	**774,844**
Profit for the period					20,414	20,414	302	**20,716**
Other comprehensive incomes								
Gains/losses on cash flow hedges*			17,055			17,055		**17,055**
Gains/losses on cash flow hedges from associates*			-21			-21		**-21**
Gains/losses on measurement of available-for-sale financial instruments				3,527		3,527		**3,527**
Comprehensive income			17,034	3,527	20,414	40,975	302	**41,277**
Dividend payments for 2014					-24,002	-24,002		**-24,002**
Repayment of non-controlling interest						0	-36	**-36**
Balance at 31 December 2015	68,578	732,846	-20,632	3,618	2,663	787,073	5,010	**792,083**

* Net of deferred taxes

NOTES TO THE 2015 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.

The Company's shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange and the stock exchanges in Munich, Düsseldorf, Berlin-Bremen, Hamburg, Stuttgart and Hanover.

DIC Asset AG, which is entered in the commercial register of the Local 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 released for publication by the Management Board on 24 February 2016 and approved by the Supervisory Board.

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements for the 2015 financial year were prepared in accordance with the International Financial Reporting Standards applicable as at 31 December 2015 (including the interpretations of the IFRS IC), as adopted by the EU, and in accordance with the regulations to be applied under section 315a (1) HGB.

The consolidated financial statements were prepared on the basis of historical costs. This does not apply to certain items, such as derivative financial instruments, which were recognised at fair value on the balance sheet date.

The accounting policies applied and the disclosures in the notes to the consolidated financial statements for financial year 2015 are based in principle on the same accounting policies applied in the consolidated financial statements in financial year 2014. 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 were prepared using uniform accounting policies. As a rule, the same accounting policies are applied at the level of the associates of DIC Asset AG. The single-entity financial statements of the consolidated companies were prepared as at the reporting date of the consolidated financial statements (31 December 2015).

The consolidated financial statements are prepared in euros, the parent company's functional currency. All amounts are shown in thousands of euros (EUR thousand) unless otherwise stated. For computational reasons, rounding differences from the exact mathematical values calculated (in EUR thousand, %, etc.) may occur in tables and cross-references.

Structure of the balance sheet and the income statement

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

The income statement was prepared following the best practices recommendations of 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 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 in the service cost in the period in which the related service was rendered to the extent that the contributions are independent of the number of years of service. The amendment to IAS 19 is effective for annual periods beginning on or after 1 February 2015, although earlier application is permitted.

> The IASB has published the annual improvements to IFRSs of the 2011–2013 Cycle, comprising clarifications on the following standards and issues:

- IFRS 1: Effective date of IFRSs applied in first-time adoption of IFRSs
- IFRS 3: Scope exceptions for joint arrangements
- IFRS 13: Scope of the portfolio exception; this clarifies that the scope of 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 under IAS 32
- IAS 40: Clarifies the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or as owner-occupied

The amendments are effective for annual periods beginning on or after 1 January 2015; earlier application is permitted. They were endorsed by the EU on 18 December 2014.

No changes in accounting resulted for the Group from the first-time application of the standards listed above.

b) Standards and interpretations not applied (published, but not yet required to be applied or, in some cases, not yet adopted by the EU)

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have adopted additional standards and interpretations which are not yet required to be applied in financial year 2015, or which have not yet been adopted 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 hedges and will replace IAS 39 Financial Instruments. It will not replace the requirements in IAS 39 for portfolio fair value hedge accounting for interest rate risk. A separate macro hedge accounting project will pursue this issue.

The standard will be effective for reporting periods beginning on or after 1 January 2018 at the earliest. Endorsement by the EU is expected for the first half of 2016.

> IFRS 11 "Joint Arrangements"
"Accounting for Acquisitions of Interests in Joint Operations" (Amendments to IFRS 11) amends IFRS 11 such that the acquirer of interests in a joint operation that constitutes a 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 to the acquisition of interests in an existing joint operation and to 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.

The amendments are effective for annual periods beginning on or after 1 January 2016; earlier application is permitted. They were endorsed by the EU on 24 November 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 supersedes the previous revenue recognition requirements, comprising IAS 18 and IAS 11 as well as various interpretations of the standards, and provides new rules on several aspects. The standard is expected to be effective for annual periods beginning on or after 1 January 2018. The EU is expected to endorse this standard for the second quarter of 2016.

> Disclosure Initiative (Amendments to IAS 1 – ”Presentation of Financial Statements”)
The objective of the clarifications is to remove unimportant information from IFRS financial statements while at the same time promoting the presentation of relevant information. In addition, useful information should not be obscured by aggregating relevant and irrelevant information or by aggregating material items with different characteristics. The amendments further clarify that, when determining the order of the notes, entities must consider the effects on understandability and comparability of the financial statements.

The amendments are effective for annual periods beginning on or after 1 January 2016; earlier application is permitted. They were endorsed by the EU on 18 December 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.

The amendments are effective for annual periods beginning on or after 1 January 2016; earlier application is permitted. The EU endorsed the amendments on 2 December 2015.

> Equity Method in “Separate Financial Statements” (Amendments to IAS 27 – Separate Financial Statements)
The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements according to IFRSs. The choices now permitted are recognition at amortised cost, as available for sale financial instruments or using the equity method.

The amendments are effective for annual periods beginning on or after 1 January 2016; earlier application is permitted. They were endorsed by the EU on 23 December 2015.

> Annual Improvements to IFRSs (2010–2012 Cycle and 2012–2014 Cycle)
The IASB has published the annual improvements to IFRSs of the 2010–2012 Cycle, comprising clarifications on the following standards and issues:

- 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 short-term receivables and payables possible if the impact is immaterial
- IAS 16 and IAS 38: Revaluation method – calculation of cumulative depreciation and amortisation at the date of any revaluation
- IAS 24: Extension of the definition of related parties that provide key management personnel services (management entities)

The amendments are effective in the EU for annual periods beginning on or after 1 February 2015, although earlier application is permitted. The EU endorsed the amendments on 17 December 2014.

The IASB has published the annual improvements to IFRSs of the 2012–2014 Cycle, comprising clarifications on the following standards and issues:

- 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 report“

The amendments are effective for annual periods beginning on or after 1 January 2016; earlier application is permitted. The EU endorsed the 2012-2014 Cycle on 15 December 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.

Accounting policies

Gross rental income and real estate management fees

Rental income from operating leases for investment property is recognised on a straight-line basis over the lease term in the income statement in accordance with IAS 17.50 and reported as revenue on the basis of its operational nature. Both revenue and income from property management are recognised over the lease term, net of sales allowances, as long as the payments are contractually specified or can be reliably determined and settlement of the related claims is likely.

Proceeds from the sale of investment property

Income from sales (e.g. investment property) is generally recognised at the time of risk transfer, i.e. at the time of the transfer of possession, benefits and associated risks, less discounts and rebates.

Investment property

Properties which are held or developed to earn rentals and/or for capital appreciation, are classified as investment property. Investment property is measured at cost including service charges upon acquisition. The cost model in accordance with IAS 40.56 is applied for subsequent measurements. Investment property is measured in accordance with IAS 16 rules, i.e. at cost less depreciation and impairment losses as well as reversals of impairment losses.

Where they can be assigned directly to the construction or production of a qualifying asset, borrowing costs are capitalised over the period during which all work is substantially completed 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 or sale. Otherwise, borrowing costs are recognised as expenses when incurred.

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

The following useful lives are assumed when depreciating buildings:

in years	Useful life
Residential buildings	60
Office and commercial buildings, hotels	50
Department and retail stores, shopping arcades and supermarkets	40
Car parks, underground parking facilities	40

The Company's real property is treated as a financial investment, since property trading itself is not considered to be part of its business activities. Due to the measurement at depreciated cost, the fair value of investment property is to be disclosed in the notes (see note 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 surpluses in accordance with the discounted cash flow method or, if available, on the basis of proposed sales contracts, comparative or market prices. The fair value is a net value, i.e. transaction costs that could be incurred in an actual acquisition are deducted.

Office furniture and equipment

Property, plant and equipment is carried at depreciated cost. Borrowing costs are not recognised as part of costs. As a rule, property, plant and equipment is 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 finite useful life are carried at amortised cost and amortised over their useful lives. They are tested for impairment if events or changes in circumstances indicate that the carrying amount is no longer recoverable.

Business software is amortised over three to five years. The useful life of concessions and other rights is generally ten years. There are no intangible assets with indefinite useful lives.

Investments in associates

An associate is an entity over which the Group can exercise significant influence, but not control, and in which it usually holds a share of the voting rights between 20% and 50%. Significant influence is the power to participate in the financial and operating policy decisions of the investee. At the same time, neither control nor joint control is exercised over decision-making processes.

Investments in associates are accounted for using the equity method. They are initially recognised at cost in the consolidated balance sheet and adjusted in subsequent years to reflect changes in the Group's share of profit or loss of the associate and the associate's other comprehensive income after acquisition. An associate's losses which exceed the Group's share in this associate are not recognised. They are only recognised if the Group has entered into legal or de facto obligations to assume the loss or if the Group makes payments on behalf of the associate.

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

At each reporting date, the Group reviews whether there are indications that an impairment loss must be recognised for investments in associates. Here the difference between the carrying amount and the recoverable amount must be recognised as an impairment and allocated accordingly to share of the profit or loss of associates.

Receivables and other assets

Receivables and other assets, except for derivative financial instruments, are carried at amortised cost.

If there is any doubt as to whether receivables are recoverable, they are recognised at their lower recoverable amount. In addition to required specific valuation allowances, collective specific valuation allowances are recognised for identifiable risks arising from the general credit risk. In the case of trade receivables, it is assumed that the nominal amount less valuation allowances corresponds to the fair value.

Cash and cash equivalents

The cash and cash equivalents item includes cash, cash in banks and term deposits available within three months.

Non-current assets held for sale

Non-current assets held for sale and the associated liabilities are measured in accordance with IFRS 5 and reported as current. Assets are considered "held for sale" if they are available for immediate sale in their current condition, if it is highly probable that their sale will take place within twelve months of the reporting date and if management has agreed to the sale. This item can comprise individual non-current assets or groups of assets held for sale (disposal groups). Liabilities sold along with the assets in a single transaction are reported as "liabilities associated with assets held for sale" separately from the other liabilities in the balance sheet in accordance with IFRS 5.38.

These are measured at the lower of the carrying amount or fair value less costs to sell. Following classification in this group, non-current assets held for sale are no longer depreciated. The interest and expenses associated with the liabilities of this group continue to be recognised in accordance with IFRS 5.25.

Provisions

Provisions take into account all obligations recognisable at the reporting date that are based on past events and for which the amount or 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 and are not offset against reimbursement rights.

Share-based payment

Share price-related remuneration paid in the Group is accounted for pursuant to IFRS 2 Share-based Payment. The phantom stock options comprise share-based payment transactions to be settled in cash which are measured at fair value at each reporting date. The remuneration expense, including the pro-rata service rendered during the lock-up period, is accrued ratably and recognised in profit or loss until vesting.

Liabilities

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

With the exception of derivative financial instruments, liabilities are recognised at amortised cost, applying the effective interest method. When determining the carrying amount, 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 reporting date.

Deferred tax income/expense

Deferred taxes are recognised on temporary differences between carrying amounts in accordance with IFRSs and their tax base and on tax loss carryforwards. As a rule, the differences established are always recognised if they lead to deferred tax liabilities. Deferred tax assets are taken into account if it is probable 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 that does not affect accounting or taxable profit or loss at the time of the transaction, no deferred tax is recognised either at the time the asset or liability is recognised initially or subsequently.

Deferred tax assets and deferred tax liabilities are offset if the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis.

Deferred taxes are calculated on the basis of the tax rates that are enacted or substantially enacted. As a rule, changes to deferred taxes in the balance sheet lead to deferred tax expense or income, unless they relate to items that are recognised directly in equity or in other comprehensive income, in which case the taxes are also recognised in equity or in other comprehensive income.

Current income taxes

Current tax assets and liabilities for the current period are measured in the amount expected to be refunded by the taxation authority or paid to the taxation authority. The tax rates and tax laws applicable on the reporting date are used to calculate the amount.

Insofar as is evident, sufficient tax provisions have been recognised 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.

Derivative financial instruments

DIC Asset uses derivative financial instruments in the form of interest rate swaps and caps solely as part of its hedging of interest rate risks.

Derivative financial instruments are shown as an asset or liability and measured at fair value. This is calculated by discounting expected 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 requisite criteria are met, they are recognised as cash flow hedges. When the transaction is entered into, the Group documents the hedging relationship between the hedging instrument and the hedged item, the objective of risk management and the underlying strategy. In addition, an assessment of whether the derivatives used in the hedging relationship effectively compensate for changes in the fair value or the cash flows of the hedged items is documented at the beginning of the hedge and continuously thereafter. This means that changes in the fair value of the hedge must offset the fair value of the hedged item in a range of 80% to 125%, both prospectively and retrospectively.

As a rule, the effective part of changes in the fair value of derivatives, which are destined to hedge payment streams of fixed obligations and constitute qualifying hedges (IAS 39.88), is recognised in other comprehensive income outside profit or loss; by contrast, the ineffective part of changes in fair value is recognised directly in profit or loss. Amounts recognised in other comprehensive income are recognised as income or expense in the period in which the hedged item affects profit or loss.

When a hedging instrument expires, is sold or the hedge no longer fulfils the criteria for hedge accounting, the accumulated profit or loss remains in equity and is only reported in profit or loss when the underlying transaction occurs. If the future transaction is no longer expected to occur, the accumulated gains or losses recognised directly in equity must be reclassified to profit or loss immediately.

Changes in the reserve for cash flow hedges in equity are presented in the statement of changes in equity and in the statement of comprehensive income.

Derivatives which do not meet the criteria for hedge accounting are classified as "Financial Assets Held for Trading" (FAHfT) or as "Financial Liabilities Held for Trading" (FLHfT) in accordance with the IAS 39 measurement categories. Changes to fair values are recognised in profit or loss.

Leases
Determining whether an arrangement contains a lease is based on the substance of the arrangement at the time it is made and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or specific assets and whether the arrangement conveys a right to use the asset. A reassessment can only be made in accordance with IFRIC 4.

> The Group as lessor

Leases where a material portion of the rewards and risks incidental to owning the leased property remain with the lessor are classified as operating leases (IAS 17.8). In accordance with IAS 17.52, initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the rental income. Contingent rents are recognised as income in the period in which they are generated.

Leases where the lessee bears the material risks and the rewards incidental to the leased property are classified as finance leases. The Group does not enter into this type of leases.

> The Group as lessee

Leased assets where not essentially all the rewards and risks incidental to 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 translation
The functional currency of all consolidated subsidiaries and joint ventures is the euro. There are no balance sheet items in a foreign currency.

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 on a pro rata basis for the period in which they are outstanding. A dilutive effect may result in the future from existing authorised capital.

Accounting estimates and assumptions
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, income and expenses, as well as the contingent assets and contingent liabilities.

The principal areas affected by assumptions and estimates are:
- the determination of the useful lives of fixed assets,
- 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 recognition and measurement of provisions,
- the recoverability of receivables,
- the future usability of 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 carrying amounts 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. The Company has control if it has power over an investee, is exposed to variable returns from its involvement with the investee and has the ability to affect the amount of the returns as a result of its power.

An investee is consolidated from the point in time when the Company obtains control over the subsidiary until the point in time that it ceases to have control. In this context, the profit or loss of subsidiaries acquired or sold during the year is recognised in the consolidated income statement and in other comprehensive income from the actual date of acquisition to the actual date of disposal.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that one or more of the aforementioned three control criteria have changed.

If the Company does not hold the majority of the voting rights, it still controls the investee if its voting rights give it the practical ability to direct the relevant activities of the investee unilaterally. When assessing whether its voting rights are sufficient to exercise control, the Company considers all facts and circumstances, including:

- the size of the Company's holding of voting rights relative to the size and distribution of holdings 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 as long as they constitute a business within the meaning of IFRS 3. The acquisition cost comprises the fair value of all assets transferred, of the equity instruments issued and of the liabilities that arose or were assumed at the time of the transaction. In accordance with IFRS 3 Business Combinations, the carrying amounts of the parent company's investments are offset against its shares in the remeasured equity of the subsidiaries at the time of acquisition. In this process, assets and liabilities are recognised at fair value.

If the Group loses control over a subsidiary, the remaining share is remeasured at fair value and the resulting difference is recognised in profit or loss. Furthermore, all amounts relating to this company reported in other comprehensive income are reclassified to the income statement.

All intragroup assets, liabilities, equity, income, expenses and cash flows in connection with transactions between Group entities are eliminated in full as part of the consolidation. Where consolidation adjustments are recognised in profit or loss, the income tax effects are taken into account and deferred taxes are recognised.

No discretion is required to determine control because the Group holds a large majority of the voting rights in all instances (see Chapter Overview).

As at 31 December 2015, a total of 169 (2014: 177) subsidiaries were included in the consolidated financial statements in addition to DIC Asset AG (see appendix 1 to the notes, p. 144 et seq.). There are no material non-controlling interests in the Group.

In the past financial year, DIC Asset AG has not made any acquisitions that are required to be classified as a business combination in accordance with IFRS 3.

Eight companies were merged and one company was newly formed in the course of optimising the Group's structure.

Associates

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

The Group discontinues the use of the equity method from the time at which its investment no longer constitutes an associate or the investment must be classified as held for sale in accordance with IFRS 5. When using the equity method is discontinued, profits or losses previously reported in other comprehensive income by the associate are reclassified to 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 proportion to the Group's interest in the associate.

For strategic reasons, DIC Asset holds shares in 13 (2014: 12) companies which are accounted for using the equity method in the consolidated financial statements as associates in accordance with IAS 28.13 (see appendix 2 of the notes on p. 146).

Please refer to note 16 "Investments in associates" regarding the discretion to be applied in determining companies to be included using the equity method.

Other investments

On first recognition, other investments are classified as "available-for-sale assets". As a rule, assets available for sale are carried in the balance sheet at their fair value. Changes in the market value are recorded in other comprehensive income as long as there is no impairment.

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 of the real estate portfolio. The financial years 2014 and 2015 showed the following EPRA earnings:

in EUR thousand	2015	2014
IRFS profit	20,414	14,035
EPRA adjustments		
Market value change or depreciation of investment property	42,259	42,588
Profit/loss on disposal of investment property	-14,917	-6,814
Tax on disposal of investment property	2,361	1,078
Amortisation of intangible assets	426	444
Changes in the fair value of financial instruments and other	1,193	0
Deferred taxes in connection with EPRA adjustments	-693	-764
Contributions from Co-Investments (project development and sales)	-3,772	-3,791
Non-controlling interests	302	786
EPRA earnings	47,573	47,563
EPRA earnings per share	0.69	0.69

INCOME STATEMENT DISCLOSURES

1. Gross rental income

For details of the regional allocation of gross rental income, we refer to the segment reporting starting on page 114.

Disposals of property in 2014 and 2015 reduced gross rental income by EUR 5,528 thousand and EUR 2,951 thousand, respectively.

A large number of new leases were concluded in financial year 2015 as a result of our intensive letting activities, offsetting the termination of other leases. The new leases generated pro rata rental income of EUR 9,388 thousand. Rental income of EUR 12,308 thousand was lost due to the termination of leases.

2. Service charge income and expenses on principal basis

The costs recognised include apportionable current expenses incurred by the Group under section 1 of the Betriebskostenverordnung (German Regulation on Operating Costs) based on 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 under the terms of their contract. These are typically understood to mean costs for water, power, heating and property tax, for example, as well as the necessary maintenance and inspection costs.

The shortfall between income and expenses from service charges amounting to EUR 1,290 thousand (2014: EUR 1,110 thousand) is mainly the result of costs that cannot be passed on to tenants on account of the exemption clauses written into their leases.

With the exception of two properties, rental income was generated in the case of all investment property. These properties account for directly attributable operating expenses of EUR 61 thousand (2014: EUR 17 thousand).

3. Other property-related expenses

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

4. Administrative expenses

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

in EUR thousand	2015	2014
Legal and consulting costs	2,002	1,593
Marketing/investor relations	781	1,101
Accounting and administration fees	0	1,883
Rental and ancillary costs	1,393	1,131
Ancillary financing costs	368	847
Vehicle costs	574	630
Insurance/contributions and levies	435	615
Auditing costs	594	631
VAT	531	345
External services	271	548
IT costs	374	334
Supervisory Board remuneration (incl. Supervisory Board tax)	239	231
Recruitment and other personnel costs	320	73
Other	966	1,082
Total	8,848	11,044

In the financial year the Company granted remuneration totalling EUR 218 thousand to members of the Supervisory Board. Supervisory Board members were also reimbursed travel expenses totalling EUR 8 thousand. Further details, especially disclosures in accordance with section 314 (1) no. 6 letter a HGB, are provided in the corporate governance section of the remuneration report, which is an integral part of the management report.

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 2015 and 2014:

in EUR thousand	2015	2014
Audits of financial statements	452	453
Other assurance services	75	75
Other services	67	103
Total	594	631

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 required by law.

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

5. Personnel expenses

Personnel expenses include the wages and salaries of employees of DIC Asset AG and DIC Onsite GmbH amounting to EUR 13,083 thousand (2014: EUR 10,940 thousand) as well as the related social security contributions of EUR 1,810 thousand (EUR 1,405 thousand). Of this figure, EUR 831 thousand (2014: EUR 687 thousand) is attributable to contributions to the statutory pension fund.

At EUR 14,893 thousand, personnel expenses are higher than in the previous year (2014: EUR 12,345 thousand). Previously outsourced accounting and finance, financial control, human resources, and IT functions (part of Group management and administration) have been performed by DIC Asset AG employees since 1 January 2015. The employees previously responsible for these functions were integrated into DIC Asset AG and the existing service agreements were terminated as at 31 December 2014. As a consequence, personnel costs increased and administrative expenses decreased as against the previous year. The increase in the carrying amount of the provision for phantom stocks, which is related to the share price, also led to higher expenses.

The average number of employees rose from 130 in 2014 to 160 in 2015. Averaged over the year, DIC Asset AG had 54 employees, while DIC Onsite GmbH had 106 employees.

Details on the Management Board's remuneration in accordance with section 314 (1) no. 6 letter (a) sentences 5 to 9 of the HGB are reproduced in the corporate governance section of the remuneration report, which is an integral part of the management report.

6. Depreciation and amortisation

Depreciation and amortisation of EUR 42,686 thousand (2014: EUR 43,032 thousand) primarily concerns the recognised properties and, to a lesser extent, office furniture and equipment and intangible fixed assets. This item was affected by the sales in 2014 and 2015 as well as by the investments in real estate assets.

7. Real estate management fees

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

in EUR thousand	2015	2014
DIC Office Balance I	2,595	2,337
DIC HighStreet Balance	1,509	965
DIC Office Balance II	1,477	676
Deutsche Immobilien Chancen Beteiligungs AG	42	119
DIC MSREF HMDD Portfolio GmbH	412	398
German Estate Group GmbH & Co. KG	374	0
DIC MSREF FF Südwest Portfolio GmbH	332	357
DIC MSREF HT Portfolio GmbH	127	338
DIC MainTor GmbH	256	19
Deutsche Immobilien Chancen AG & Co. KGaA and subsidiaries	126	1
Customers of DIC ONSITE GmbH	7	10
Deutsche Immobilien Chancen Objekt Coburg GmbH	0	4
Total	7,257	5,224

With the exception of DIC Onsite GmbH's customers, the transactions concerned related parties as defined by IAS 24.9.

8. Other operating income and expenses

Among other things, other operating income includes income from cost allocations of EUR 244 thousand (2014: EUR 344 thousand), income from non-monetary benefits of EUR 301 thousand (2014: EUR 282 thousand) resulting from the use of a company car, and income from compensation for damages of EUR 85 thousand (2014: EUR 0 thousand).

Other operating expenses predominantly comprise expenses for guarantees of EUR 242 thousand (2014: EUR 0 thousand) and expenses of EUR 237 thousand related to prior periods (2014: EUR 249 thousand).

9. Profit on disposal of investment property

Thanks to the strong performance of the transaction market and strategic sales in connection with the portfolio streamlining, the Group generated profits from the disposal of investment property in the amount of EUR 14,917 thousand (2014: EUR 6,814 thousand). This corresponds to a return on sales of 7% (2014: 8%).

Costs to sell of EUR 8,289 thousand (2014: EUR 2,337 thousand) were deducted from the sales proceeds of EUR 209,541 thousand (2014: EUR 93,061 thousand).

10. Share of the profit or loss of associates

This item relates to the investor's share of the investee's profit or loss to be recognised in the investor's profit or loss using the equity method of accounting and amounts to EUR 7,675 thousand (2014: EUR 6,608 thousand).

In 2015, the share of the profit or loss of 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".

11. Interest income and expense

The expense arising from the amortisation of processing fees incurred in connection with financial liabilities amounted to EUR 4,225 thousand in the financial year (2014: EUR 4,023 thousand).

Effective interest expense of EUR 14,604 thousand (2014: EUR 15,340 thousand) relates to the corporate bonds.

Swaps that are no longer used in a hedging relationship led to a reversal of the hedging reserve through profit or loss in the financial year in the amount of EUR -1,119 thousand (2014: EUR -634 thousand). The market valuation of these swaps generated income of EUR 1,551 thousand (2014: EUR 3,016 thousand). In 2015, the ineffectiveness of swaps had an effect of EUR -249 thousand on profit or loss (2014: EUR -128 thousand).

12. Income tax

in EUR thousand	2015	2014
Current taxes	-9,786	-3,011
Deferred tax income/expense	6,354	1,355
Total	-3,432	-1,656

Current income taxes relate exclusively to taxable profits of consolidated subsidiaries and DIC Asset AG. Current tax expense is composed primarily of corporation tax including solidarity surcharge amounting to EUR 6,727 thousand (2014: EUR 986 thousand) and trade tax amounting to EUR 2,535 (2014: EUR 2,025 thousand).

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

Whether or not deferred tax assets are recoverable is determined based on management's assessment regarding the recoverability of 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 utilised. DIC Asset assumes that, based on the forecast for each portfolio, the future taxable income will be sufficient to be able in all likelihood to realise the recognised deferred tax assets. The current assessment with regard to the recoverability of deferred tax assets may change, making higher or lower valuation adjustments necessary.

No deferred tax assets were recognised on corporation tax loss carryforwards amounting to EUR 36 million (2014: EUR 48 million) and on trade tax loss carryforwards amounting to EUR 60 million (2014: EUR 59 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 calculation of domestic deferred taxes is based on the corporation tax rate of 15%, the solidarity surcharge of 5.5% and the Company-specific trade tax rates (usually 16.10%).

Deferred tax expense/income compares with 2014 as follows:

in EUR thousand	2015	2014
Tax loss carryforwards	-2,266	3,487
Investment properties	8,706	- 1,398
Derivatives	-29	-46
Recognition of "rent-free periods"	9	-11
Bond issuance	-21	-661
Other adjustments	-46	-17
Total	+6,354	+1,355

Deferred tax assets and liabilities can be classified as follows:

in EUR thousand	31.12.2015		31.12.2014	
	Assets	Liabilities	Assets	Liabilities
Loss carryforwards	16,196	0	18,462	0
Investment properties	2,638	11,891	2,047	14,172
Derivatives	4,336	325	7,262	252
Capital transactions	343	1,810	343	1,789
Other	1	618	220	385
Total	23,515	14,735	28,334	16,598

Deferred taxes on the items included in other comprehensive income amount to EUR 4,079 thousand (2014: EUR 7,024 thousand), of which EUR 4,118 thousand (2014: EUR 6,989 thousand) is attributable to the movements in the Group's cash flow hedges and EUR -39 thousand (2014: EUR 35 thousand) to those of associates.

No deferred taxes were recognised on temporary differences in connection with shares in subsidiaries (outside basis differences) totalling EUR 9.2 million (2014: EUR 7.5 million) and on temporary differences in connection with associated companies totalling EUR 0.6 million (2014: EUR 1.0 million).

The difference between expected tax expense and effective tax expense can be reconciled as follows:

in EUR thousand	2015	2014
Consolidated profit before tax	24,148	15,690
Applicable statutory tax rate (in %)	31.925	31.925
Expected tax expense	7,709	5,009
Increase or decrease in the tax liability through:		
Trade tax reduction and differing tax rates	-6,245	-5,119
Non-deductible expenses	4,823	4,611
Effects of associates	-2,450	-2,107
Effects of unrecognised tax losses	-1,128	-815
Taxes for previous periods	588	-86
Other effects	135	163
Effective tax expense	3,432	1,656

The expected tax rate was determined on the basis of the tax rates applicable in Germany in 2015 and 2014. A tax rate of 31.925% was used for the calculation. This is composed of a nominal corporation tax rate incl. solidarity surcharge of 15.825% plus a nominal trade tax rate of 16.10%. The trade tax rate is based on the assessment rate for Frankfurt am Main of 460%.

13. Earnings per share, net asset value (NAV) and NAV per share

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

in EUR thousand	2015	2014
Profit for the period after non-controlling interests	20,413,528.69	14,821,025.50
Average number of shares issued	68,577,747	68,577,747
Basic earnings per share	0.30	0.22

For 2015, the Management Board will propose a dividend in the amount of EUR 25,374 thousand (EUR 0.37 per share). Of this figure, an amount of EUR 7,549 thousand will be subject to capital gains tax, which is estimated to be EUR 1,991 thousand. In accordance with IAS 10, the dividend is not recognised as a liability in these consolidated financial statements.

Following the recommendation of the European Public Real Estate Association (EPRA), the net asset value (NAV) as at 31 December 2015 and 31 December 2014 is calculated as follows:

in EUR thousand	31.12.2015	31.12.2014
Carrying amount of properties	1,700,151	2,143,939
Property acc. to IFRS 5	227,794	1,691
Fair value adjustment	79,197	40,532
Fair value of properties*	2,007,142	2,186,162
Carrying amount of Co-Investments	92,677	81,027
Fair value adjustment	3,899	1,749
Fair value of Co-Investments	96,576	82,776
+/- other assets/liabilities	361,289	270,307
Net loan liabilities at carrying amount	-1,335,998	-1,666,181
Net loan liabilities acc. to IFRS 5	-237,775	-1,689
Non-controlling interests	-7,085	-6,606
NAV	884,148	864,769
Deferred taxes on fair value adjustments	-13,150	-20,534
NNAV	870,998	844,235
Fair value of derivatives	-22,854	-40,114
Fair value adjustment of net loan liabilities	-15,684	-23,916
NNNAV	832,460	780,205
NAV/share	12.89	12.61
NNAV/share	12.70	12.31
NNNAV/share	12.14	11.38

* incl. non-controlling interests and IFRS 5 properties

BALANCE SHEET DISCLOSURES

14. Investment property

in EUR thousand	2015	2014
Cost		
As at 1 January	2,368,680	2,448,649
Additions resulting from acquisitions	0	0
Additions from investment in expansion	11,200	20,457
Classification as "held for sale"	-269,273	-1,985
Disposals	-210,554	-98,441
As at 31 December	1,900,053	2,368,680
Depreciation		
As at 1 January	224,741	192,211
Additions	42,049	42,167
Classification as "held for sale"	-41,355	-293
Disposals	-25,533	-9,344
As at 31 December	199,902	224,741
Carrying amount on 1 January	2,143,939	2,256,437
Carrying amount on 31 December	1,700,151	2,143,939
Fair value*	2,007,142	2,184,172

* incl. non-controlling interests and IFRS 5 properties

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 2015 are presented below:

in EUR thousand	Fair value 31.12.2015	Quoted prices in active markets for identical assets (level 1)	Material other observable inputs (level 2)	Material unobservable inputs (level 3)
Commercial real estate in Germany	2,007,142			2,007,142

Valuation techniques applied to level 3

The fair values calculated (net value after deducting transaction costs) 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 observable 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). This is generally based on a cash flow period of ten years, at the end of which the property is assumed to be sold. The discount 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 average current yield recognised was 0.46% to 2.53%, (2014: 0.55% to 2.85%). The property-specific risk premium was between 3.22% and 5.54% (2014: between 3.4% and 5.2%). The average discount rate was 5.75% to 6.25% (2014: 6.25% to 6.50%).

The interest rate recognised for the capitalisation of the terminal value corresponds to the observable interest rate in the current real estate capital market plus a property-specific risk premium. The capitalisation rates recognised vary between 5.00% and 8.50% (2014: 5.50% and 9.00%) depending on the quality, location and structure of the properties.

When investment property is tested for impairment in accordance with IAS 36, the carrying amounts of the properties – with the exception of properties classified as held for sale – are compared with the properties' values in use deduced from market values. The comparison uses gross market values, i.e. not including the transaction costs that may arise if the properties are actually sold. In addition, parameters specific to the Company were used to calculate the reference values. These parameters take account of the value in use of the properties in the context of their use for business purposes.

In this respect, the important factors are, in particular, the retention of the property in the Group, the forecast cash flows arising as a result and the reduction in management costs compared with the standard valuation due to the assets being managed in-house. An appropriate asset-specific capitalisation rate is also calculated in accordance with the criteria of IAS 36 A17.

In addition to the sensitivity analysis for the fair values already presented in the report on opportunities and risks (page 64 in the management report), we performed a sensitivity calculation for the properties' values in use so as to be able to assess effects of potential interest rate volatilities 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%	-106.8 EUR million	-51.0 EUR million	+9.9 EUR million
0%	-57.3 EUR million	+/-0.0	+62.7 EUR million
-0.25%	-6.3 EUR million	+52.6 EUR million	+117.0 EUR million

Were the capitalisation and discount rates to increase by 25 basis points due to the macroeconomic or business situation, the value in use would fall by EUR 115.3 million. If the interest rates were to fall by the same amount, the value in use would rise by EUR 106.8 million.

As at 31 December 2015, acquisition costs included borrowing costs of EUR 539 thousand (2014: EUR 373 thousand). In financial year 2015, borrowing costs of EUR 166 thousand (2014: EUR 373 thousand) were capitalised in connection with ongoing construction work on the "Trio Offenbach" project. The rate of borrowing costs was 2.94% (2014: 3.05%).

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

Current contractual arrangements result in financial obligations vis-à-vis our tenants of EUR 4.5 million for 2016 and 2017. Obligations from purchase agreements amount to EUR 0.6 million (2014: EUR 6.5 million).

15. Office furniture and equipment

in EUR thousand	2015	2014
Cost		
As at 1 January	1,686	1,432
Additions	133	254
Disposals	0	0
As at 31 December	1,819	1,686
Depreciation		
As at 1 January	1,082	948
Additions	158	134
Disposals	0	0
As at 31 December	1,240	1,082
Carrying amount on 1 January	604	484
Carrying amount on 31 December	579	604

16. Investments in associates

The associates as at 31 December 2015 are listed in the following table. The equity investments and/ or voting rights in the companies listed below are held directly by the Group.

in EUR thousand	31.12.2015		31.12.2014	
Interest in:	Share of voting rights	Carrying amount	Share of voting rights	Carrying amount
DIC Office Balance I (fund)	12.5%	22,301	14.0%	20,560
DIC Office Balance II (fund)	0.0%	5,817	0.0%	3,518
DIC HighStreet Balance (fund)	12.5%	24,650	12.5%	18,946
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	40.0%	26,009	40.0%	23,471
DIC MSREF HT Portfolio GmbH	20.0%	4,759	20.0%	5,459
DIC MSREF FF Südwest Portfolio GmbH	20.0%	5,323	20.0%	5,103
DIC MSREF HMDD Portfolio GmbH	20.0%	3,634	20.0%	3,785
Other		184		185
		92,677		81,027

DIC Asset AG holds a 10% interest in the capital of the "DIC Office Balance I" fund, a 6.27% interest in "DIC Office Balance II" and a 20% interest in "DIC HighStreet Balance". The Group also provides asset and property management services.

Significant associates as defined in IFRS 12.2 are DIC MainTor Zweite Beteiligungs GmbH & Co. KG, DIC Office Balance I, DIC Office Balance II and DIC HighStreet Balance.

Although the Group holds a 6.27%, 10%, or 20% interest in the funds' capital, it exerts a significant influence on the Company due to the equal distribution of voting rights in the Investment Committee and through the contractual right to conduct the funds' asset and property management.

The financial information concerning the Group's significant associates is summarised below. The summary financial information corresponds to the contributions in the Company's financial statements prepared in accordance with IFRSs (adjusted by the Group for the purpose of accounting using the equity method).

in EUR thousand	DIC MainTor Zweite Beteiligungs GmbH & Co. KG	DIC Office Balance I	DIC HighStreet Balance	DIC Office Balance II	Other associates	Total 2015	Total 2014
Assets	389,732	427,754	211,908	168,189	229,847	1,427,430	1,347,933
Liabilities	324,710	204,740	88,657	75,418	160,809	854,334	883,882
Net Assets	65,022	223,014	123,251	92,771	69,038	573,098	464,052
Income	60,746	28,416	10,716	2,922	18,017	120,817	82,613
Expenses	48,790	14,463	4,744	1,259	17,022	86,278	61,509
Profit for the year	11,956	13,953	5,972	1,663	995	34,539	21,104
Other comprehensive income/ expenses	-156				+206	+50	-175
Comprehensive income	11,800	13,953	5,972	1,663	1,201	34,588	20,929

17. Loans to related parties

The loans to related parties concern loans where the term has been extended until 31 December 2017 through addenda agreed with the borrowers in December 2015. Please refer to the disclosures in the section entitled "Legal transactions with related parties" for a description of the terms.

in EUR thousand	IAS 24.9	2015	2014
DIC Opportunistic GmbH	b (ii)	44,679	44,828
Deutsche Immobilien Chancen AG & Co. KGaA	b (ii)	29,504	27,353
DIC MainTor GmbH	b (ii)	14,166	17,614
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	b (ii)	18,771	17,502
DIC MSREF HMDD Portfolio GmbH	b (ii)	3,102	1,267
Total		110,222	108,564

18. Other investments

Other investments concern the investment in DIC Opportunistic GmbH, which was carried at its fair value of EUR 24,120 thousand (2014: 20,593 thousand) as at the reporting date, and the equity interest in WCM Beteiligungs- und Grundbesitz-AG acquired at the end of 2015 with a fair value of EUR 9,277 thousand.

19. Intangible assets

in EUR thousand	2015	2014
Cost		
As at 1 January	2,640	2,611
Additions	209	86
Disposals	0	-57
As at 31 December	2,849	2,640
Amortisation		
As at 1 January	1,367	923
Additions	479	445
Disposals	0	-1
As at 31 December	1,846	1,367
Carrying amount on 1 January	1,273	1,688
Carrying amount on 31 December	1,003	1,273

20. Trade receivables

These are primarily receivables from rents as well as from service charges. All receivables are due within one year.

At the reporting date, trade receivables were impaired in the amount of EUR 1,116 thousand (2014: EUR 1,262 thousand).

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

in EUR thousand	2015	2014
As at 1 January	1,262	261
Additions	1,003	1,256
Use	-505	-34
Release	-644	-220
As at 31 December	1,116	1,262

Receivables amounting to EUR 505 thousand (2014: EUR 828 thousand) were written off in the financial year.

At the reporting date, there were no receivables that were past due but not impaired.

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 entitled "Related party disclosures".

The value shown in the balance sheet relates to:

in EUR thousand		31.12.2015		31.12.2014	
	IAS 24.9	Receivables	Liabilities	Receivables	Liabilities
DIC MSREF HT Portfolio GmbH	b (ii)	1,669		2,271	0
DIC MSREF FF Südwest GmbH	b (ii)	2,241	791	2,233	0
DIC MSREF HMDD Portfolio GmbH	b (ii)	703	7	2,182	0
DIC MainTor GmbH	b (ii)	1,965	1,151	1,924	95
DIC Opportunistic GmbH	b (ii)	2,912	484	1,920	0
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	b (ii)			1,747	0
Deutsche Immobilien Chancen Beteiligungs AG	b (ii)	661	83	661	37
Deutsche Immobilien Chancen AG & Co. KGaA	b (ii)	97	126	492	500
DIC MT Porta GmbH	b (ii)	0	0	0	2,529
DIC MainTor III GmbH	b (ii)		620	0	586
DIC Office Balance II (fund)	b (ii)			474	0
DIC Office Balance I (fund)	b (ii)			161	0
DIC HighStreet Balance (fund)	b (ii)			149	0
Other	b (ii)	23	9	109	26
Total		10,271	3,271	14,323	3,773

22. Income tax receivables

The figure reported relates to creditable taxes and recoverable corporation and trade tax.

23. Other receivables

in EUR thousand	2015	2014
Deposits	3,619	3,544
"Rent-free period" receivables	1,290	2,818
Value added tax	873	707
Receivables from insurance compensations	529	339
Creditors with debit balances	0	77
Other	82	262
	6,393	7,747

24. Other assets

In addition to the restricted funds of EUR 5,100 thousand (2014: EUR 5,100 thousand) deposited with DZ Bank to service liabilities from derivatives, this item takes into account prepaid ground rents of EUR 1,235 thousand (2014: EUR 1,268 thousand) 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

Of the existing cash and cash equivalents, EUR 2,518 thousand is subject to short-term restrictions on disposal beyond the end of the reporting period.

26. Non-current assets held for sale

Based on a share and purchase agreement dated 15 December 2015, a total of nine properties were transferred to the new "DIC Office Balance III" property fund; the majority of the properties belonged to the Commercial Portfolio. The disposal of the assets and the corresponding liabilities and the operational launch of the fund took place in early 2016 when control was transferred. As a result, the properties, other assets and corresponding liabilities classified as a disposal group were presented in the balance sheet as non-current assets held for sale/non-current liabilities related to non-current assets held for sale.

Furthermore, the sale of a property from the Commercial Portfolio was notarised in late 2015. Possession, benefits and associated risks of this property will be transferred in 2016. This property including the corresponding liabilities was also reclassified to non-current assets held for sale/ non-current liabilities related to non-current assets held for sale.

Profits of EUR 355 thousand arose in 2015 in connection with non-current assets held for sale from the previous year (2014: EUR 0).

27. Equity

a. Issued capital

The issued capital of the parent company DIC Asset AG amounts to EUR 68,578 thousand at the reporting date, and 68,577,747 registered no-par value ordinary shares, each representing an interest in the share capital of EUR 1.00, were issued as at the reporting date. There are no other classes of shares. All shares convey the same rights and obligations. Each no-par value share grants the holder one vote at the General Shareholders' Meeting.

b. Authorised capital

The Management Board has been authorised by a resolution adopted at the ordinary General Shareholders' Meeting on 2 July 2015 to increase the Company's share capital with the approval of the Supervisory Board by a total of up to EUR 34,288,873.00 until 1 July 2020 by issuing new no-par value registered shares once or repeatedly in return for cash contributions and/or contributions in kind (authorised capital). As a rule, the shareholders shall be granted a pre-emptive right. The shares may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right). However, the Management Board is authorised with the approval of the Supervisory Board to disapply the pre-emptive rights of shareholders

- to exclude fractional amounts from shareholders' pre-emptive rights;

- if the new shares are issued in return for a cash contribution and the issue price of the new shares does not fall substantially below the stock market price of essentially equivalent shares already listed. The number of shares issued in this manner disapplying pre-emptive rights may not exceed 10% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. Other shares that are issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights or conversion obligations from bonds with warrants and/or convertible bonds and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG;

- if the capital increase is carried out in return for a contribution in kind, in particular for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets associated with an intended acquisition, or in connection with business combinations;

- to the extent it is necessary to grant pre-emptive rights for new shares to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights and/or conversion obligations that were or will be issued by the Company or companies in which the Company holds a direct or indirect 100% interest in the volume to which they would be entitled as shareholders after exercising the option rights and/or conversion rights or fulfilling the conversion obligations;

and only to the extent that the shares issued in return for cash contributions or contributions in kind during the term of this authorisation on the basis of either this authorisation or other authorised capital and disapplying shareholders' pre-emptive rights do not exceed 20% of the share capital altogether, neither at the time this authorisation becomes effective nor at the time it is exercised. Own shares that are sold during the term of this authorisation while disapplying pre-emptive rights and new shares that are to be issued on the basis of bonds with warrants and/or convertible bonds and/or profit participation rights issued during the term of this authorisation while disapplying pre-emptive rights are counted towards the 20% limit mentioned above.

The Management Board has not made use of the authorisation described above.

c. Contingent capital

By virtue of the resolution adopted at the ordinary General Shareholders' Meeting of 2 July 2015, the Management Board is authorised, with the approval of the Supervisory Board, to issue registered or bearer convertible bonds or bonds with warrants (together, "bonds") with or without limitation of maturities on one or more occasions until 1 July 2020 in a total nominal amount of up to EUR 450,000,000.00, and to grant to holders and/or creditors of bonds conversion or option rights (which may include a conversion obligation) to no-par value registered shares in the Company representing a proportionate amount of the share capital of up to EUR 34,288,873.00 in total, subject to the terms of the convertible bonds and/or bonds with warrants (together also "bond terms"). The bonds may only be issued in return for cash payment. In principle, the shareholders are granted a pre-emptive right. The bonds may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right). However, the Management Board is authorised with the approval of the Supervisory Board to disapply the shareholders' pre-emptive rights to bonds

- for fractional amounts resulting from the subscription ratio;

- if upon due review the Management Board concludes that the issue price of the bonds is not substantially lower than the theoretical market value of the bonds determined in accordance with generally accepted methods of financial mathematics. This authorisation to disapply pre-emptive rights does not, however, apply to bonds with a conversion or option right (including those with a conversion obligation) to shares, the total amount of which does not exceed 10% of the lower of the share capital existing at the time this authorisation becomes effective or at the time it is exercised. Shares that were issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights or conversion obligations from convertible bonds and/or bonds with warrants are also to be counted towards this limit if such bonds are issued based on a different authorisation during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG;

- to the extent it is necessary to grant pre-emptive rights for bonds to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights and/or conversion obligations that were or will be issued by the Company or companies in which the Company holds a direct or indirect 100% interest in the volume to which they would be entitled as shareholders after exercising the option rights and/or conversion rights or fulfilling the conversion obligations;

and only if the sum of the new shares that are to be issued by the Company due to such bonds and due to options with warrants and/or convertible bonds and/or profit participation rights issued based on a different authorisation during the term of this authorisation while disapplying pre-emptive rights, represents an arithmetical share of no more than 20% of the total share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. Own shares that are sold during the term of this authorisation while disapplying pre-emptive rights and shares that are issued from authorised capital during the term of this authorisation while disapplying pre-emptive rights are counted towards the 20% limit mentioned above. The bond issues may be divided into several notes.

If convertible bonds are issued, the holders and/or creditors are granted the right to convert their notes into no-par value registered shares of the Company in accordance with the detailed convertible bond terms to be determined by the Management Board. The conversion ratio is determined by dividing a bond note's nominal amount or price that is below its nominal amount by the conversion price specified for a no-par value registered share of the Company. The terms may provide for a variable conversion ratio. The conversion ratio may be rounded up or down to the nearest whole number; furthermore, an additional payment in cash may be determined. There may also be a provision that fractions can be combined and/or settled in cash.

If bonds with warrants are issued, one or more warrants entitling the holder and/or creditor to purchase no-par value registered shares in the Company in accordance with the option terms to be specified by the Management Board shall be attached to each bond note. The option terms may provide for satisfying the exercise price either in part or as a whole by transferring bond notes and making an additional cash payment if required. There may also be a provision that fractions can be combined and/or settled in cash.

The terms of the convertible bond may also provide for a conversion obligation on maturity (or at an earlier date). The terms of the convertible bonds and/or bonds with warrants may provide for the Company's right and/or that of the Group company issuing the bond to grant new shares or treasury shares of the Company or the shares of another listed company to the holders and/or creditors of the bonds instead of paying all or a portion of the cash amount due. The terms of the convertible bonds and/or bonds with warrants may also stipulate that the Company or the Group company issuing the bond may choose to grant treasury shares of the Company or shares of another listed company when options are converted or exercised. Furthermore, it may be stipulated that the Company and/or the Group company issuing the bond may settle its obligation by making a cash payment and/or granting shares of the Company.

To service conversion or option rights and/or conversion or option obligations under bonds that will be issued until 1 July 2020 based on an authorisation by the General Shareholders' Meeting on 2 July 2015, the Company's share capital was contingently increased, by virtue of the resolution adopted at the ordinary General Shareholders' Meeting on 2 July 2015, by up to EUR 34,288,873.00 by issuing up to 34,288,873 registered shares (contingent capital 2015).

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

d. Powers of the Management Board to buy back shares

By virtue of the resolution adopted by the ordinary General Shareholders' Meeting of 5 July 2011, the Management Board is authorised, with the prior approval of the Supervisory Board, to acquire own shares until 4 July 2016 representing up to 10% of the lower of the Company's share capital at the date of the resolution or 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 sections 71a et seq. AktG represent more than 10% of the share capital. The authorisation may not be used for the purpose of trading treasury shares. The authorisation may be exercised in whole or in part, once or repeatedly, for one or more than one purpose, by the Company or by companies dependent on it 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 approval of the Supervisory Board, shares may be acquired through the stock exchange or based on a public offering directed to all shareholders or a public invitation to all shareholders to submit offers to sell.

The volume of the public offering directed to all shareholders or the public invitation to all shareholders to submit offers to sell may 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 disapplied. A preferential acceptance of smaller numbers up to 100 offered shares per shareholder can be stipulated, as can commercial rounding to avoid arithmetic fractions of shares. To this extent, any further right of the shareholders to tender shares is disapplied. The public offering directed to all shareholders or the public invitation to all shareholders to submit offers to sell may stipulate further conditions.

The Management Board is authorised, with the prior approval 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 redeemed, and such redemption or its execution shall not require another resolution of the General Shareholders' Meeting. They may also be redeemed in a simplified procedure without reducing capital by adjusting the pro-rata share of the remaining no-par value shares in the Company's share capital. If they are redeemed in a simplified procedure, the Management Board is authorised to adjust the number of no-par value shares in the Articles of Association. (ii) The shares may also be sold in a way other than through the stock exchange or based on an offering directed to all shareholders if the purchase price payable in cash is not significantly lower than the stock market price of equivalent shares already listed. The number of shares sold in this way together with the number of other shares that were sold or issued from authorised capital during the term of this authorisation in accordance with section 186 (3) sentence 4 AktG and disapplying pre-emptive rights, 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 bonds with warrants and/or convertible bonds issued during the term of this authorisation in accordance with section 186 (3) sentence 4 AktG and disapplying pre-emptive rights 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 may be sold in return for contributions in kind, in particular for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets associated with an intended acquisition, or in connection with business combinations. (iv) The shares may be used to fulfil pre-emptive 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 connection with convertible bonds and/or bonds with warrants issued by the Company or its Group companies wholly owned by DIC Asset AG.

As at 31 December 2015, the Company held no treasury shares. It has not made use of the authorisation described above.

e. Capital reserves

The capital reserves amounted to EUR 732,846 thousand at the reporting date (2014: EUR 732,846 thousand). It contains the premium from the issuance of shares.

f. Hedging reserve

The reserve contains the effects of hedge accounting recognised directly in equity.

At the reporting date, fully consolidated companies' cash flow hedges, after deduction of deferred taxes of EUR 4,118 thousand (2014: EUR 6,488 thousand), resulted in unrealised gains of EUR 20,422 thousand (2014: EUR 37,478 thousand), while associates' cash flow hedges, after deduction of deferred taxes of EUR -39 thousand (2014: EUR -35 thousand), resulted in unrealised losses of EUR -210 thousand (2014: EUR -189 thousand) (see note 29 Derivatives). The change is primarily the result of interest rate volatility and expired hedges.

g. Reserve for available-for-sale financial instruments

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

h. Retained earnings

The reconciliation of the consolidated profit for the year with retained earnings is shown in the following table:

in EUR thousand	31.12.2015	31.12.2014
Retained earnings	6,252	15,433
Consolidated profit for the year	20,716	14,035
Dividend payment	-24,002	-24,002
Profit attributable to non-controlling interests	-302	786
Consolidated retained earnings	2,663	6,252

The dividend payment amounted to EUR 0.35 per share in each of 2014 and 2013.

28. Interest-bearing loans and borrowings

in EUR thousand	31.12.2015		31.12.2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term (> 1 year) interest-bearing loans and borrowings				
Variable-rate loans and borrowings	456,390	456,390	134,870	134,870
Fixed-rate loans and borrowings	844,088	817,740	1,125,466	1,102,452
	1,300,478	1,274,130	1,260,336	1,237,322
Short-term (< 1 year) interest-bearing loans and borrowings				
Variable-rate loans and borrowings	108,035	108,035	9,268	9,268
Fixed-rate loans and borrowings	165,261	155,777	398,266	403,114
	273,296	263,812	407,534	412,382
	1,573,774	1,537,942	1,667,870	1,649,704

The fair values of the fixed-rate loans and borrowings are based on discounted cash flows calculated using interest rates taken from the yield curve as at 31 December 2015. When the fair values were being determined, the current market trend was also taken into account; this led to a reduction of the margin on financial instruments to 1.62% (2014: 1.73%). The carrying amounts of the variable-rate loans and borrowings are roughly equivalent to their fair values.

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

in EUR thousand	31.12.2015			31.12.2014		
	Total variable-rate loans and borrowings	Total fixed-rate loans and borrowings	Weighted interest rate (fixed-rate loans and borrowings)	Total variable-rate loans and borrowings	Total fixed-rate loans and borrowings	Weighted interest rate (fixed-rate loans and borrowings)
< 1 year	108,035	165,261	2.82%	9,268	398,266	4.92%
1–5 years	417,395	675,443	3.08%	102,673	611,969	4.20%
> 5 years	38,995	168,645	2.25%	32,197	513,497	3.89%
	564,425	1,009,349		144,138	1,523,723	

Interest rates on the variable-rate loans and borrowings were adjusted regularly. Interest-rate adjustment dates are based on the 1-month or 3-month Euribor rate plus an average margin. An average interest rate of 2.01% (2014: 1.95%) is used for the variable-rate loans and borrowings, while an average interest rate of around 2.72% (2014: 4.13%) is used for the fixed-rate loans and borrowings.

In April 2015, the nominal volume for the bond issued in September 2014 with a 4.625% coupon was increased by EUR 50 million, from EUR 125 million to EUR 175 million. The price of this bond was 104.80% at the reporting date. The market value for the bond issued in July 2013 with a nominal volume of EUR 100 million was 104.21% at the reporting date.

The fixed-rate loans and borrowings were secured by land charges in the reporting year – with two exceptions: EUR 270,871 thousand for our corporate bond (2014: EUR 219,595 thousand) and EUR 136,274 thousand for the liabilities related to non-current assets held for sale.

29. Derivatives

At the reporting date, the following derivative financial instruments were held:

in EUR thousand	31.12.2015		31.12.2014	
	Notional amount	Fair value	Notional amount	Fair value
Liabilities				
Interest rate hedges (swaps)	476,618	26,955	967,067	47,103

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

As at 31 December 2015, negative fair values of EUR 20,422 thousand (2014: EUR 37,478 thousand) after deduction of deferred taxes were recorded in equity. The interest-rate hedging agreements have remaining terms of between six months and six years.

in EUR thousand	31.12.2015		31.12.2014	
	Notional amount	Fair value	Notional amount	Fair value
Term ≤ 1 year	8,505	43	315,770	9,527
Term > 1 year	468,113	26,912	651,297	37,576

In financial year 2015, there were interest rate hedging agreements in the form of swaps to hedge 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 perspective of DIC Asset are as follows:

in EUR thousand	31.12.2015		31.12.20143	
	Notional amount	Fair value	Notional amount	Fair value
Swap	19,000	-249	13,800	-224

The property companies pay fixed interest rates of between 0.268% and 0.866%, or interest at the 3-month Euribor rate. The expenses and income arising from the hedging of the future cash flows are recorded directly in equity where these relate to effective hedges. DIC Asset AG reports its share of EUR -210 thousand (2014: EUR : -189 thousand) after the deduction of deferred taxes in the hedging reserve under consolidated equity, in accordance with IAS 28.39.

30. Provisions

Due to the finalisation of the sale of the "Zeil" property in the reporting period, current provisions decreased by EUR 532 thousand year-on-year. The Group has increased its provisions for on-going litigation by EUR 280 thousand to EUR 510 thousand (2014: EUR 230 thousand) as a result of current developments and estimates.

31. Trade payables

Of the trade payables amounting to EUR 827 thousand (2014: EUR 1,461 thousand), EUR 240 thousand (2014: EUR 6 thousand) results from deferred service charges and from the use of services. They are due within one year.

32. Income tax payable

in EUR thousand	31.12.2015	31.12.2014
Trade tax	4,152	2,380
Corporation tax	2,136	1,014
Capital gains tax	2	214
	6,290	3,608

33. Other liabilities

in EUR thousand	31.12.2015	31.12.2014
Invoices outstanding	9,919	7,506
Deposits	3,624	3,499
Bonuses	1,917	1,657
Subsidies for TI measures	1,492	1,540
Advance rent payments received	2,417	1,093
Value added tax	1,805	965
Security deposits	911	948
Auditing costs	562	512
Share-based payments	265	441
Holiday pay	316	284
Supervisory Board remuneration	218	218
Tax consultancy fees	332	0
Other	2,584	2,281
	26,362	20,944

The invoices outstanding include the expert fees for the annual property valuations, consultancy work, other services and service charges, among others.

The Group has agreed performance-related remuneration agreements with the members of the Management Board in the form of a share-based payment model. At the end of 2015, the members of the Management Board held options on 162,000 (2014: 187,000) phantom stocks of the Company, of which 50,000 options were new options granted to Mr von Mutius in 2015. 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 2015, the Company measured the fair value at EUR 3.38 and EUR 3.21, respectively, for Ms. Wärntges, at EUR 3.38 for Mr Pillmayer and at EUR 3.21 and EUR 3.29, respectively, for Mr von Mutius. The Black-Scholes option pricing model is used for the measurement.

The critical parameters for this valuation model are the share price at the reporting date of EUR 9.32, the exercise price of EUR 5.88 in each case, the standard deviation from the expected share price return of 25.51% and the annual term-dependent risk-free interest rate of 0.05% and 0.14%. Volatility as measured by the standard deviation from the expected share price returns is based on statistical analyses of the daily share prices over the last two years.

Mr Höller exercised his vested phantom stock options from 2012. The total of 75,000 phantom stocks were measured at an average price of EUR 9.35 (Xetra closing price) in the last ten trading days prior to the date of exercise. This resulted in total cash compensation of EUR 530 thousand, of which EUR 145 thousand (2014: EUR 206 thousand) was recognised in profit or loss in the reporting period. These constitute related party transactions as defined by of IAS 24.17e. Further details, especially disclosures in accordance with section 314 (1) no. 6 letter a sentences 5 to 9 HGB, are provided in the remuneration report, which is an integral part of the combined management report.

At the reporting date, there were no exercisable phantom stock options.

The liabilities arising from Supervisory Board remuneration are liabilities to members of the Supervisory Board. They constitute liabilities to related parties as defined by IAS 24.9. The breakdown of the remuneration in accordance with the criteria set out in IAS 24.9 is provided in the section entitled "Legal transactions with related parties" starting on page 122. For information on individual members, see the details on Supervisory Board remuneration in the remuneration report.

34. Supplementary disclosures on financial instruments

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

The fair value of financial instruments traded on an active market is based on the quoted market price at the reporting date. The fair value of financial instruments not traded on an active market, such as over-the-counter derivatives, is determined using a valuation technique (discounted cash flow measurements or option pricing models) with the use of observable market data. The fair value of the financial liabilities is calculated as the present value of expected future cash flows. They are discounted on the basis of the interest rates applicable at the reporting date.

The following table presents the carrying amounts, measurement in accordance with IAS 39 and the fair values of the individual financial assets and financial liabilities for each class of financial instrument and reconciles them to the corresponding line items in the balance sheet. The IAS 39 measurement categories relevant for the Group are available-for-sale financial assets (AfS), financial assets held for trading (FAHfT) and 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. Their fair value is based on the indirectly held real estate and equity assets. Changes in fair value at the end of the reporting period amounted to EUR 3,527 thousand. Please refer to page 99 et seq. for the valuation of real estate assets.

in EUR thousand	IAS 39 measurement category	Carrying amount 31.12.15	Measurement in acc. with IAS 39			Fair value 31.12.15
			(Amortised) cost	Fair value recognised in other comprehensive income	Fair value recognised in profit or loss	
Assets						
Equity investments	AfS	**33,397**		33,397		**33,397**
Other loans	LaR	**110,222**	110,222			**110,222**
Receivables from sale of investment property	LaR	**1,249**	1,249			**1,249**
Trade receivables	LaR	**7,062**	7,062			**7,062**
Receivables from related parties	LaR	**10,271**	10,271			**10,271**
Other receivables	LaR	**6,393**	6,393			**6,393**
Other assets	LaR	**6,455**	6,455			**6,455**
Cash and cash equivalents	LaR	**204,590**	204,590			**204,590**
Total	LaR	**346,242**	346,242			**346,242**
Equity and liabilities						
Corporate bond	FLAC	**270,871**	270,871			**287,610**
Non-current interest-bearing loans and borrowings	FLAC	**1,029,606**	1,029,606			**1,003,257**
Derivatives included in hedging relationships	n. a.	**22,787**		22,787	0	**22,787**
Derivatives not included in hedging relationships	FLHfT	**4,168**			4,168	**4,168**
Current loans and borrowings	FLAC	**35,521**	35,521			**26,037**
Trade payables	FLAC	**827**	827			**827**
Liabilities to related parties	FLAC	**3,271**	3,271			**3,271**
Other liabilities	FLAC	**26,361**	26,361			**26,361**
Liabilities related to financial investments held for sale	FLAC	**249,039**	249,039			**249,039**
Total	FLAC	**1,615,496**	1,615,496			**1,596,402**

The figures for the previous year are as follows:

in EUR thousand	IAS 39 measurement category	**Carrying amount 31.12.14**	Measurement in acc. with IAS 39			**Fair value 31.12.14**
			(Amortised) cost	Fair value recognised in other comprehensive income	Fair value recognised in profit or loss	
Assets						
Equity investments	AfS	**20,593**		20,593		**20,593**
Other loans	LaR	**108,564**	108,564			**108,564**
Receivables from sale of investment property	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 current assets	LaR	**6,482**	6,482			**6,482**
Cash and cash equivalents	LaR	**97,421**	97,421			**97,421**
Total	LaR	**247,807**	247,807			**247,807**
Equity and liabilities						
Corporate bond	FLAC	**219,595**	219,595			**238,875**
Non-current interest-bearing loans and borrowings	FLAC	**1,040,740**	1,040,740			**1,152,596**
Derivatives included in hedging relationships	n. a.	**42,087**		42,087	0	**42,087**
Derivatives not included in hedging relationships	FLHfT	**5,016**			5,016	**5,016**
Current loans and borrowings	FLAC	**405,846**	405,846			**412,382**
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 related to financial investments held for sale	FLAC	**1,689**	1,689			**1,689**
Total	FLAC	**1,694,048**	1,694,048			**1,831,270**

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

in EUR thousand	Interest income		Interest expense	
	2015	2014	2015	2014
Financial assets measured at amortised cost (LaR)	10,468	10,895		
Financial liabilities measured at amortised cost (FLAC)			47,459	50,724

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

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

As at 31 December 2015, the division into measurement levels is as follows:

in EUR thousand	Fair value 31.12.2015	Level 1	Level 2	Level 3
Assets at fair value – recognised in other comprehensive income				
Equity investment	33,397	9,277		24,120
Liabilities at fair value – recognised in other comprehensive income				
Derivatives included in hedging relationships	22,787		22,787	
Liabilities at fair value – recognised through profit or loss				
Derivatives not included in hedging relationships	4,168		4,168	

The figures for the previous year are as follows:

in EUR thousand	Fair value 31.12.2014	Level 1	Level 2	Level 3
Assets at fair value – recognised in other comprehensive income				
Equity investment	20,593			20,593
Liabilities at fair value – recognised in other comprehensive income				
Derivatives included in hedging relationships	42,087		42,087	
Liabilities at fair value – recognised through profit or loss				
Derivatives not included in hedging relationships	5,016		5,016	

Changes in Level 3 financial instruments are as follows:

in EUR thousand	2015	2014
01.01.	20,593	20,502
Additions	0	0
Measurement gains/losses	3,527	91
31.12.	24,120	20,593

Net gains and losses on financial instruments are as follows:

in EUR thousand	2015	2014
Equity investments (AfS)	+3,527	+91
Derivatives not included in hedging relationships (FAHfT)	+210	+189
Derivatives included in hedging relationships	+183	+2,255

Net gains or losses on derivatives result from swaps that are not included in a hedging relationship. Of these EUR -1,119 thousand is attributable to reversal amounts for former cash flow hedges (2014: EUR -634 thousand) and EUR +1,551 thousand to market fluctuations (2014: EUR 3,016 thousand). In 2015, the ineffectiveness of swaps had an effect of EUR -249 thousand on profit or loss (2014: EUR -127 thousand). Net gains from equity investments are recognised in other comprehensive income.

STATEMENT OF CASH FLOWS DISCLOSURES

The cash and cash equivalents shown in the statement of cash flows correspond to the cash and cash equivalents shown on the balance sheet, i.e. cash at hand and bank balances 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 the internal reporting to the chief operating decision makers and is performed on the basis of the operating segments by region in which DIC Asset AG operates.

The Group's reportable segments are therefore as follows:

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

The operational key performance indicators such as annualised rental income, rental yield, lease terms in years and vacancy rates are of relevance to the Management Board in deciding on the allocation of resources to the segments and their earnings capacity, which is why these key performance indicators have been included in the reporting.

ANNUALISED RENTAL INCOME OF THE OPERATING SEGMENTS AS AT 31 DECEMBER 2015

In EUR thousand	North	East	Central	West	South	**Total**	Rental income (P&L)
Commercial Portfolio	20,860	14,486	27,361	39,195	21,626	**123,528**	136,678
Co-Investments	676	910	2,415	1,529	3,652	**9,182**	
Total	21,536	15,396	29,776	40,724	25,278	**132,710**	136,678

SEGMENT ASSETS AS AT 31 DECEMBER 2015

	North	East	Central	West	South	**Total 2015**	Total 2014
Number of properties	33	25	42	54	61	**215**	233
Market value (in EUR million)	330.0	220.0	610.2	666.9	372.1	**2,199.2**	2,396.9
Lease maturity in years*	5.9	4.9	4.1	4.4	3.5	**4.4**	4.6
Rental yield*	6.6%	7.0%	5.9%	6.2%	6.8%	**6.4%**	6.6%
Vacancy rate*	6.1%	7.0%	22.2%	10.7%	9.0%	**11.3%**	10.9%

ANNUALISED RENTAL INCOME OF THE OPERATING SEGMENTS AS AT 31 DECEMBER 2014

In EUR thousand	North	East	Central	West	South	**Total 2014**	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**	
Total	23,435	19,881	35,030	44,201	27,531	**150,078**	147,542

SEGMENT ASSETS AS AT 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 maturity in years*	6.1	4.5	4.6	4.3	3.8	**4.6**	4.9
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 project developments

The difference between the annualised rents and the rental income shown in the income statement, amounting to EUR 13,150 thousand in the Commercial Portfolio in financial year 2015, is mainly the result of the leases beginning 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 2015 AND THE CARRYING AMOUNT OF INVESTMENT PROPERTIES

In EUR million	2015	2014
Fair value	2,199.2	2,396.9
Less Co-Investments	223.4	243.6
Less fair value difference	79.1	38.7
Less IFRS 5 properties	227.8	1.7
Plus non-controlling interests	31.3	31.0
	1,700.2	2,143.9

The difference between the annualised rents and the rental income shown in the income statement, amounting to EUR 6,153 thousand in the Commercial Portfolio in financial year 2014, is mainly the result of the leases beginning 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 THE CARRYING AMOUNT OF INVESTMENT PROPERTIES

In EUR million	2014	2013
Fair 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	0.0
Plus non-controlling interests	31.0	33.5
	2,143.9	2,256.4

LEASES

The Group is the lessor in a large number of operating leases (tenancy agreements) of different types for investment property owned by the Group. Most of the leases have a term of between five and ten years. They contain a market rent review clause in case the lessee exercises its option to extend the lease. The lessee is not granted the option to acquire the property at the end of the lease term.

At the reporting date, investment properties with a carrying amount of EUR 1,700,151 thousand (2014: EUR 2,143,939 thousand) were let under operating leases. With regard to the disclosures on accumulated depreciation 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 future minimum lease payments from existing leases with third parties:

in EUR thousand	2015	2014
< 1 year	111,275	142,811
1–5 years	161,148	379,121
> 5 years	349,318	158,652
	621,741	680,584

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

In 2015, the Group had leases for retail and gastronomy space involving a revenue-dependent, in some cases index-linked rent agreement. The Group generated a base rent of EUR 1,427 thousand (2014: EUR 1,461 thousand) from these leases. Furthermore, there were no contingent rents (IAS 17.4).

With regard to the gross rental income recognised by the Group from investment property in 2015, please refer to note 1. Maintenance expenses included in other property-related expenses were as follows:

in EUR thousand	2015	2014
Properties with which rental income is generated	2,232	1,797
Properties which are vacant	0	17

Total expenses from minimum lease payments for operating leases in which the Group is the lessee amounted to EUR 1,829 thousand (2014: EUR 959 thousand). The lease agreements primarily concern leased vehicles and the rental of office premises. The lease for the offices began on 1 April 2014 and ends on 31 March 2024. Effective 1 January 2015, office space was transferred from DIC Services KG to DIC Asset AG. DIC Asset AG will make the following minimum lease payments for existing non-cancellable operating leases:

in EUR thousand	2015	2014
< 1 year	1,110	900
1–5 years	3,702	2,818
> 5 years	2,830	2,809
	7,642	6,527

REPORTING ON RISK MANAGEMENT

The Group is exposed to various financial risks – credit risk, liquidity risk and market risk – in connection with its operating activities, and managing these financial risks is integral to the Group's business strategy. The associated corporate policies are stipulated by the Management Board.

Details concerning the risk management system and business risks are presented in the Company's management report in the section entitled "Risk management". The following supplementary disclosures on individual risks are made in accordance with IFRS 7:

Credit risk

Credit risk is defined as the risk that a business partner may not be able to meet obligations on time, resulting in a financial loss or a decline in the value of the assets serving as collateral. To reduce the risk of a loss from non-performance, the Group aims to only enter into business relationships with creditworthy counterparties or, if appropriate, request that collateral be furnished. The Group is exposed to credit risk 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 various industries. Credit risk is assessed and controlled by regularly conducting credit rating analyses when new leases or extensions are signed as well as proactively managing accounts receivable. The need for any impairment is analysed on each reporting date. The maximum credit risk is equal to the carrying amounts of the financial assets recognised in the balance sheet. See note 20 for information on the impairment of customer receivables.

A concentration risk could arise in cases where individual tenants generate more than 5% of the Group's rental income. As only two tenants, one in the public sector and one in the commercial sector, exceed this 5% limit, the Group is not exposed to any material credit risk. The top ten tenants generate some 36% of total annual rental income.

In the case of financing activities, the Group is exposed to credit risk arising from the non-performance of contractual agreements on the part of its contractual partners. This risk is minimised by only entering into transactions with counterparties with a high credit rating or those who are also members of a deposit protection fund. In the case of derivatives, the credit risk corresponds to their positive fair values.

In addition, the Group is exposed to credit risk resulting from financial guarantees furnished by the Group to banks or other contractual partners. The Group's maximum risk corresponds to the amount the Group would have to pay if the guarantee was called in. As at 31 December 2015, there were guarantees amounting to EUR 197,839 thousand (2014: EUR 136,087 thousand; see information on contingent liabilities).

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its contractual financial obligations. The Group manages liquidity risk by holding reserves, by maintaining credit lines at banks and by continually monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. The aim of this liquidity planning is to ensure that unforeseeable needs can be met alongside planned financing requirements.

Among other factors, demands are placed on the DIC Asset Group's liquidity by obligations from contractually agreed interest and principal payments for non-derivative financial liabilities. Liquidity risk may arise, for example, if loans which have been earmarked for renewal cannot be extended, if delays arise in sales activities or if capital requirements for new financing are larger than expected.

An additional fundamental risk arises from loan agreements in which covenants are agreed, e.g. debt-service coverage ratio (DSCR), interest coverage ratio (ICR), WALT or LTV. Covenant violations, which occur when defined thresholds are exceeded, can, for example, necessitate unscheduled repayments or the furnishing of collateral for the amount required to comply with the covenant.

Compliance with covenants is monitored on an ongoing basis and included in the Group's quarterly reporting to management. All covenants were met in the 2015 financial year. We expect no covenant violations in 2016.

Cash and cash equivalents totalling EUR 204,590 thousand (2014: EUR 97,421 thousand) are available to cover liquidity requirements. Furthermore, the Group has credit lines and guarantee facilities unutilised to date in the total amount of EUR 26,291 thousand (2014: EUR 15,374 thousand). The Group expects to be able to fulfil its other obligations from operating cash flows.

In the interest of minimising risk concentration, new financing and refinancing deals for 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 a single counterparty stands at EUR 512 million (2014: EUR 583 million).

The financial liabilities arising over the next few years from the liabilities existing at the reporting date including estimated interest payments are shown below. These are undiscounted gross amounts including estimated interest payments.

in EUR thousand	2016	2017 to 2020	2021 and after
Non-derivative financial liabilities			
Non-current interest-bearing loans and borrowings	35,295	1,213,168	210,008
Current loans and borrowings	35,521		
Trade payables	827		
Liabilities to related parties	3,271		
Other liabilities	26,361		
Liabilities – properties held for sale	237,774		
Derivative financial liabilities	8,685	25,145	237
	347,734	1,238,313	210,245

The figures for the previous year are as follows:

in EUR thousand	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 loans and borrowings	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

Market risk

Market risk is the risk that market prices, such as interest rates, may change and thus affect the Group's income or the value of the financial instruments it holds. The aim of market risk management is to manage and control the risk within acceptable bandwidths, and to optimise returns as much as possible.

Interest rate risk arises 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 risk because Group companies raise funds at fixed and variable interest rates. This risk is managed by the Group through a balanced portfolio of fixed-rate and variable-rate loans. Interest rate swaps, mainly payer swaps, are also arranged for this purpose. Hedges 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 were calculated on the basis of previously agreed notional principal amounts. Such agreements allow the Group to reduce cash flow risks arising from funds borrowed at variable interest rates. The interest rate swap and the interest payments on loans arise simultaneously. The cumulative amount reported in equity is recognised in profit or loss over the term in which the variable interest rate payments on the debt affect 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 risk associated with all contracts. The following table shows the notional amounts and remaining terms of interest rate swaps at the end of the reporting period.

in EUR thousand	2015		2014	
	Notional amount	Fair value	Notional amount	Fair value
Term ≤ 1 year	8,505	-43	315,770	-9,527
Term 1-5 years	440,924	-23,365	320,475	-19,902
Term > 5 years	27,189	-3,547	330,822	-17,674

Taking into account existing interest rate swaps, as at 31 December 2015 an average for the year of 89% (2014: 91%) of the Group's loans and borrowings carry a fixed interest rate or are hedged against interest rate fluctuations and thus match the cash flows from rents. This means that the impact of fluctuations in market interest rates are foreseeable in the medium term.

For the purpose of optimising net interest income, the Group maintained an average of 11% (2014: 9%) of financial debt at variable interest rates in financial year 2015.

In accordance with IFRS 7, interest rate risk is presented using sensitivity analyses. These show the effects of changes in market interest rates on interest payments, interest income and expense, other earnings items and, in the case of derivatives in a hedging relationship, the effects on the hedging reserve in equity and the fair value of these derivatives. The sensitivity analyses are based on the assumption that changes in market interest rates of non-derivative financial instruments carrying fixed interest rates only affect earnings if these are measured at fair value. As a result, fixed-rate financial instruments carried at amortised cost are not subject to interest rate risk as defined in IFRS 7. Sensitivity analyses are therefore only conducted for financial derivatives (swaps and caps) and variable-rate financial liabilities. For variable-rate financial debt, it is assumed that the amount of the outstanding liability at the end of the reporting period was outstanding for the full year. An increase or decrease of the market interest rate by 100 basis points would have had the following effect on earnings income and equity at the reporting date after taking deferred taxes into consideration:

in EUR thousand	2015		2014	
	+100 Bp	-100 Bp	+100 Bp	-100 Bp
Effect on earnings from variable-rate loans and borrowings	-1,419	+1,419	- 1,456	1,456
Effect on earnings from financial derivatives	1,667	136	1,839	-320
Effect on equity from financial derivatives (swap)	+12,338	- 6,367	+ 22,597	-13,169

The interest rate risk of the Group's financial assets and financial liabilities is described in the section entitled "Liquidity risk".

CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities

DIC Asset AG has provided the following sureties and guarantees:

Type of collateral	Beneficiary	Purpose	Amount in EUR thousand	DIC Asset AG share in EUR thousand
Directly enforceable guarantee	Thoma Aufzüge GmbH	Claims from the MT Porta construction project	195	195
Directly enforceable guarantee	Imtech Germany	Claims from the MT Porta construction project	2,481	2,481
Directly enforceable guarantee	Union Investment Real Estate GmbH	Warranty bond for MT Porta	2,750	2,750
Directly enforceable guarantee	City of Frankfurt am Main	Collateral for planning services, MT WINX	360	360
Payment bond	BAM Deutschland AG	MT WINX construction project	7,088	7,088
Payment bond	Ed. Züblin AG	MT Panorama construction project	4,519	4,519
Payment bond	Ed. Züblin AG	MT Palazzi construction project	3,350	3,350
Directly enforceable fixed liability guarantee	Deutsche Pfandbriefbank AG	Third-party warrantor for interest and principal payments on the DIC AP Portfolio loan	30,000	30,000
Directly enforceable guarantee	Deutsche Hypothekenbank	DIC Blue GmbH loan agreement	5,000	2,000
Performance guarantee	Versorgungswerk der Landesärztekammer Hessen	DIC Blue GmbH borrower's note loan agreement	12,800	5,120
Letter of comfort	Berlin Hyp AG	Interest and principal payments arising from the loan agreement of the DIC 26 portfolio	36,822	36,822
Letter of comfort	Deutsche Pfandbriefbank AG, Berlin Hyp AG, Landesbank Baden-Württemberg	Maintenance/investment obligations relating to the DIC HI portfolio	13,676	13,676
Directly enforceable guarantee	DG HYP	Principal repayment guarantee for the DIC LB portfolio	2,050	2,050
Cost overrun and interest payment guarantee	Taunus Sparkasse	Cost overrun/interest payment guarantee and agreement to contribute capital relating to the MT Palazzi construction project	7,500	3,000
Performance surety bond	IVG Institutional Funds GmbH	Performance in accordance with the purchase agreement for correction of any defects in the MT Panorama construction project	6,400	2,560
Directly enforceable guarantee	Union Investment Real Estate GmbH	Fulfilment of all payment obligations and obligations to pay damages by the seller in accordance with the MT Porta purchase agreement	10,000	4,000
Directly enforceable guarantee	Union Asset Management Holding AG	Securing the tenant's lease claims arising from the MT Porta construction project	1,200	480
Warranty bond	PATRIZIA WohnInvest Kapitalverwaltungsgesellschaft mbH	Acceptance of MT Patio construction project	1,000	400
Directly enforceable guarantee	WinX Verwaltungs GmbH	Obligation to fulfil contractually secured claims in the WINX construction project	16,000	6,400
Letter of comfort	Berlin-Hannoversche Hypothekenbank, Landesbank Berlin	Ensuring annual principal repayments for the DIC MSREF HMDD portfolio	12,186	2,437
Letter of comfort/surety bond	Bilfinger Hochbau GmbH	Surety bond for all payment claims, Opera Offices NEO	17,850	3,570
Joint and several guarantee	Grundbesitzgesellschaft Große Theaterstr. mbH & Co. KG	Collateral for fulfilling contractual claims of the buyer, Opera Offices NEO	2,000	400
Directly enforceable guarantee	HSH Nordbank AG	Directly enforceable guarantee in the amount of the loan for DIC Objekt Braunschweig GmbH	10,000	10,000
Surety bond	DG HYP	Guaranteeing annual principal repayments for the DIC VP portfolio	3,500	3,500
Surety bond	Stadtsparkasse Düsseldorf	Guaranteeing fulfilment of obligations under the loan agreement for the DIC VP portfolio	2,250	2,250

Currently, there is no discernible risk of DIC Asset AG being held liable for the contingent liabilities it has assumed, because the financial situation of the relevant companies indicates that they will settle the underlying liabilities.

Financial obligations

A sublease agreement is in place between DIC Asset AG, its wholly owned subsidiary DIC Onsite GmbH and Deutsche Immobilien Chancen 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 triggers annual payments of EUR 525 thousand, plus EUR 87 thousand in advance payments of service charges, for DIC Asset AG and EUR 342 thousand, plus EUR 37 thousand in advance payments for service charges, for DIC Onsite GmbH.

Additional financial obligations arise from operating lease agreements for vehicles in which the Company is the lessee. Please see the section entitled “Leases” on p. 91 for more information.

With regard to existing investment obligations for measures on portfolio properties, please refer to our explanations in the section entitled ”Investment property“ on p. 99 et 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 business 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. Due to the decrease in the negative hedging reserve and its correspondingly declining effect on the equity ratio, the adjusted net debt/equity ratio is no longer a significant key figure.

in EUR thousand	2015	2014
Equity	792,083	774,844
Total assets	2,456,069	2,536,963
Reported equity ratio	32.3%	30.5%

The reported equity ratio increased by 1.8 percentage points year-on-year.

RELATED PARTY DISCLOSURES

Entities and individuals classified as related parties

Related parties include the 13 associated companies accounted for using the equity method (see the section entitled "Consolidation").

Due to their significant influence, the following entities and individuals are classified as 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
- German Estate Group GmbH & Co. KG together with their associated companies
- Prof. Dr. Gerhard Schmidt

Additional related parties are the Supervisory Board, the Management Board and close relatives of these individuals.

The Company has prepared a dependent company report outlining its relations with affiliated companies. This report lists all legal transactions conducted by the Company or its subsidiaries with affiliates, or at the request of or in the interest of one of these companies, over the past financial year, as well as all other measures the Company took or failed to take at the request of or in the interest of these companies over the past financial year.

The report concludes with the following statement:

"We hereby declare that, based on the circumstances known to us at the time when the transactions were entered into, our Company received or paid appropriate consideration for each transaction. We took no actions at the request 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 is an overlap of personnel in the Supervisory Boards of DIC Asset AG, Deutsche Immobilien Chancen AG & Co. KGaA ("DIC AG & Co. KGaA") and DIC Beteiligungs AG in that Prof. Dr. Gerhard Schmidt and Mr Klaus-Jürgen Sontowski 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 22 properties in which DIC AG & Co. KGaA has a direct or indirect equity interest. In 2015, the total remuneration received by the Company for these services amounted to EUR 7,257 thousand (2014: EUR 5,225 thousand). Of this, a total of EUR 168 thousand (2014: EUR 124 thousand) was attributable to remuneration paid by consolidated companies of the DIC AG & Co. KGaA Group.

DIC Asset AG has granted a loan with a term 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 collateral for taking out the loan, DIC AG & Co. KGaA in accordance with an addendum dated 21 December 2015 had granted a lien on ordinary shares of DIC Real Estate GmbH in the amount of EUR 222 thousand (22% of the ordinary shares). As at 31 December 2015, EUR 29,513 thousand of this credit line had been utilised (2014: EUR 21,546 thousand). For the money made available, DIC Asset AG received interest income in the amount of EUR 1,284 thousand in the reporting year (2014: EUR 1,212 thousand). The loan is shown under non-current loan and borrowings in the balance sheet. The loan is expected to be renewed in 2016.

DIC AG & Co. KGaA had a current account relationship with some of the DIC Asset AG subsidiaries which is balanced as at the reporting date in each case. The DIC AG & Co. KGaA companies shown in the table received interest income for the loans made available in the following amounts:

in EUR thousand	2015	2014
Gewerbepark Langenfeld West 3 GmbH & Co. KG	166	156
DIC Objekt Frankfurt 1 GmbH & Co. KG	108	97
Deutsche Immobilien Chancen Objekt Ulm 1 Erweiterung GmbH & Co. KG	75	73

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 since DIC AG & Co. KGaA acts as the general tenant for all space rented by DIC Group companies in the Group headquarters in Frankfurt. The amount of the rent is based on the space actually occupied by DIC Asset AG and DIC Onsite GmbH and is charged on at the same price per square metre, which is a component of the general rental agreement of DIC AG & Co. KGaA. For 2015, rent paid to DIC AG & Co. KGaA amounted to EUR 525 thousand (2014: EUR 511 thousand). DIC Asset AG considered the rent to be at the normal rate for the location and appropriate.

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 amounted to EUR 44,679 thousand (2014: EUR 44,828 thousand). The term of the loan was extended from 31 December 2016 to 31 December 2017 with respect to a partial amount of EUR 35 million and to 31 December 2018 with respect to the remaining amount of EUR 9,828 million in accordance with an addendum dated 14 December 2015. The loan has an interest rate of 5.75% p.a. For the money made available, DIC Asset AG received interest income in the amount of EUR 2,473 thousand in the reporting period (2014: EUR 2,574 thousand).

In an agreement dated 1 April 2008, 18 August 2009 and 13 September 2011, DIC OF RE 2 GmbH (a wholly-owned subsidiary of DIC Asset AG) granted loans to DIC Opportunistic GmbH. The loans have indefinite terms. They have interest rates of 5%, 6% and 8% p.a. Interest must be paid quarterly in arrears. For the money made available, DIC OF RE 2 GmbH received interest income in the amount of EUR 446 thousand in the reporting year (2014: EUR 239 thousand).

DIC MainTor GmbH

In an agreement dated 12 December 2011, DIC OF REIT 1 GmbH (a wholly-owned subsidiary of DIC Asset AG) granted DIC MainTor Porta GmbH a loan in the amount of up to EUR 30 million to finance the corresponding construction stage of our development project. The loan has an interest rate of 7.25% p. a. and grants an additional share of profits. In accordance with the addendum dated 11 December 2015, it has a term ending 31 December 2017. In accordance with the addendum to the loan agreement dated 18 December 2014, a special repayment of EUR 20 million was agreed. The shares in DIC MainTor WINX GmbH were pledged as collateral. As at the reporting date, this loan amounted to EUR 14,166 thousand (2014: EUR 17,614 thousand). Total interest income of EUR 2,551 thousand (2014: EUR 1,345 thousand) was recognised in the 2015 financial year. In addition, a collateral promise agreement was concluded on 19 December 2014. The collateral promise turned this liability into 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 from real estate management fees of EUR 2,595 thousand (2014: EUR 2,337 thousand) for services provided to the "DIC Office Balance I" fund, of EUR 1,477 thousand (2014: 676 thousand) for services provided to "DIC Office Balance II", and of EUR 1,509 thousand (2014: EUR 965 thousand) for services provided to "DIC HighStreet Balance".

Deutsche Immobilien Chancen Beteiligungs AG

Under the "German Investment Program Agreements" dated 29 July 2004 and the "Investment And Shareholder Agreements" dated 7 June 2005, the following DIC Asset AG investees and their respective wholly-owned subsidiaries made use of various services provided by DIC Beteiligungs AG.

SERVICE AGREEMENTS

Companies
DIC MSREF HMDD Portfolio GmbH
DIC MSREF Hochtief Portfolio GmbH
DIC MSREF FF Südwest Portfolio GmbH

Agreements in place
Provision of management services
Commission on letting or sale of properties
Accounting fee
Remuneration for subleases (tenant improvement fee)
Development fees
Arrangement fee

Under the current asset management agreements and the addenda thereto, MSREF investees are to pay the following compensation to DIC Beteiligungs AG, as in the previous year:

- Base management fee: 1.3% of net annual rent
- Disposition fee (corresponds 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 up to initial leasing, dependent on expenses or market-rate compensation
- Accounting fee: for accounting, finance and control services, EUR 10.8 thousand per company p.a.

A fee for services in connection with new financing or the renewal of existing 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.

The addendum dated 15 December 2015 fixed the amount of the arrangement fee at 0.15% (plus value added tax) of the loan amount.

In 2015 and 2014, the following compensation was paid to DIC Beteiligungs AG, in which MSREF holds 25.1% of the share capital (excluding applicable value added tax):

Recipient of service (amounts in EUR thousand)		Base management fee	Disposition fee	Accounting fee	Arrangement fee	Development fee	Total
DIC MSREF HMDD Portfolio GmbH	2015	39	354	81	18	0	492
	2014	59	521	86	0	0	666
DIC MSREF HT Portfolio GmbH	2015	21	0	54	0	0	75
	2014	58	218	65	0	0	341
DIC MSREF FF Südwest Portfolio GmbH	2015	97	0	65	0	0	162
	2014	118	0	65	0	125	308
Total amounts	2015	157	354	200	18	0	729
	2014	235	739	216	0	125	1,314

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 makes use of services rendered by DIC Onsite GmbH. Based on a service agreement dated 31 July 2012, DIC Onsite GmbH (a wholly-owned subsidiary of DIC Asset AG) charges fees to DIC Beteiligungs AG for this, the amount of which also depends on whether the MSREF investee has contracted third parties to provide these services with the approval of the Company.

Specifically, the agreement provides for compensation for services related to portfolio and asset management in the amount of 0.8% of net annual rent. The compensation paid for sales assistance is 0.13% to 0.38% of the proceeds realised, or 0.05% to 0.19% of the proceeds realised if an external broker was used. Individual properties and project developments may be subject to case-by-case arrangements.

DIC Capital Partners (Europe) GmbH

The Company has granted DIC Capital Partners (Europe) GmbH, which indirectly controls DIC Beteiligungs AG as the general partner of DIC AG & Co. KGaA, a loan in the amount of EUR 700 thousand at an interest rate of 4.5% p.a. (payable annually in arrears). The loan has an indefinite term and amounted to EUR 573 on 31 December 2015 (2014: EUR 549 thousand). 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 existing service agreements ("Asset Management Agreements") these DICP investees are to pay the following compensation to DIC Beteiligungs AG, as in the previous year:

- Disposition fee (corresponds to a sales commission): 1.5% of the sales price after transaction costs if no outside broker is involved, and 0.5% of the sales price after transaction costs if an outside broker is involved
- Development fee: for project development services up to initial leasing, dependent on expenses or market-rate compensation
- Accounting fee: for accounting, finance and control services, EUR 28 thousand per company p.a.
- Arrangement fee: for services in connection with new financing or renewals of existing financing

In 2015 and 2014, the following compensation was paid to DIC Beteiligungs AG, in which DICP directly holds 7.5% of the share capital (excluding applicable value added tax):

Recipient of service (amounts in EUR thousand)		Base management fee	Disposition fee	TI/Development fee	Accounting fee	Arrangement fee	Total
DIC MainTor GmbH	**2015**	**0**	**0**	**0**	**154**	**0**	**154**
	2014	0	0	0	182	0	182
Total amounts	**2015**	**0**	**0**	**0**	**154**	**0**	**154**
	2014	0	0	0	182	0	182

The terms agreed with the companies listed above were not more unfavourable than the terms DIC Asset AG would have been able to agree in a comparable investment or with third-party service providers. As a result, performance and consideration were in balance in 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 six wholly-owned subsidiaries, under agreements dated 14 December 2005;
- properties acquired from Hochtief, which are held by DIC MSREF HT Portfolio GmbH and its four wholly-owned subsidiaries, 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 subsidiaries, 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 of the MSREF Group, which each hold 50%.

With respect to the distribution of profits, the shareholders of DIC Beteiligungs AG are entitled to a profit paid in advance based on the respective internal rate of return (IRR). This profit amounts to 10% of profits if the IRR is 17.5% or higher and increases up to a maximum of 30% of profits if the IRR is 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 do not provide for fixed terms or collateral. With regard to the balances existing as at the reporting dates, see note 17.

GEG Real Estate Management GmbH

DIC Asset AG and DIC Beteiligungs AG make use of the services of GEG Real Estate Management GmbH (in which DIC Beteiligungs AG indirectly holds a majority interest as general partner of DIC AG & Co. KGaA) to provide some of the services for which they are responsible under the asset management agreement dated 15 February 2015.

Based on the service agreement dated 15 February 2015, GEG Real Estate Management GmbH charges fees to DIC Asset AG and DIC Beteiligungs AG, the amount of which also depends on whether the relevant company has contracted third parties to provide these services.

Specifically, the compensation agreed with DIC Beteiligungs AG for services in connection with sales is 0.87% to 2.19% of the proceeds realised, or 0.35% to 0.87% of the proceeds realised if an external broker was used.

The compensation agreed with DIC Asset AG for services in connection with sales is 0.75% to 2.25% of the proceeds realised, or 0.3% to 1.12% of the proceeds realised if an external broker was used.

Transactions with executives

There extent of transactions with executives and their close relatives was insignificant.

Management remuneration

The remuneration of key management personnel in the Group, which is subject to disclosure requirements under IAS 24.17, encompasses the remuneration paid to the current Management Board and the Supervisory Board.

The members of the Management Board received remuneration as follows:

in EUR thousand	2015	2014
Short-term benefits	2,004	1,551
Share-based payment	354	206
Total	2,358	1,757

For more details of the Management Board's remuneration, please see the remuneration report starting on page 136, which is part of the combined management report.

The members of the Supervisory Board received remuneration as follows:

in EUR thousand	2015	2014
Short-term benefits	218	218
Total	218	218

Further details, especially disclosures in accordance with section 285 (1) no. 9 letter a sentences 5 to 9 HGB, are provided in the management report. Supervisory Board taxes of EUR 12 thousand were paid by the Company. Supervisory Board members were also reimbursed travel expenses totalling EUR 8 thousand.

The Chairman of the Company's Supervisory Board, Prof. Dr. Gerhard Schmidt, is a partner in the law firm of Weil, Gotshal & Manges LLP. This law firm received remuneration for legal consultancy services in the amount of EUR 116 thousand for financial year 2015 and EUR 36 thousand for financial year 2014.

Shareholder structure

Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main, holds a direct and indirect equity interest of 31.8% in the capital of DIC Asset AG, subject to a pooling agreement. The Company has received the voting rights announcements pursuant to section 20 AktG.

OTHER DISCLOSURES

Announcements pursuant to section 160 AktG

The existing announcements pursuant to section 21 (1) WpHG concerning direct and indirect equity investments in the issued capital of DIC Asset AG are listed in appendix 3 to the notes.

Events after the reporting period

The transfer of possession, benefits and associated risks for one property from the Commercial Portfolio notarised in December 2015 took place in early January 2016.

Also in early January 2016, eight Commercial Portfolio properties and one Co-Investments property were transferred to the newly launched “DIC Office Balance III” fund.

As at 1 January 2016, Mr Aydin Karaduman became Chairman of DIC Asset AG’s Management Board. Mr Ulrich Höller was appointed a member of DIC Asset AG’s Supervisory Board by the Court of Registry in Frankfurt am Main with effect from 11 January 2016. He replaces Dr. Michael Peter Solf, who stepped down from the Supervisory Board at the end of 2015.

On 1 February DIC Asset AG announced that it had exceeded the reporting threshold of 10% of the voting rights of Frankfurt am Main-based WCM Beteiligungs- und Grundbesitz-AG on 26 January 2016. On 27 January 2016 DIC Asset AG exceeded the reporting threshold of 20% of the voting rights, making it a significant shareholder of this company. WCM Beteiligungs- und Grundbesitz-AG invests in the German commercial real estate market. Its current portfolio volume of around EUR 500 million focuses on the top seven cities and other economically strong regions in Germany. Through its equity investment, DIC Asset AG will participate in the future growth of the company and benefit from its attractive portfolio of commercial properties. This investment enables us to work toward our aim of holding a sustainable and stronger position in Germany’s commercial real estate sector.

No other material transactions were resolved, initiated or carried out in the period between the reporting date and the release for publication of the consolidated financial statements by the Management Board on 24 February 2016.

Corporate governance report

The declaration regarding the German Corporate Governance Code pursuant to section 161 AktG has been submitted and has been made permanently available to shareholders 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 (Vice Chairman), Entrepreneur, Nuremberg
- Mr Michael Bock, Managing Director of REALKAPITAL Vermögensmanagement GmbH, Leverkusen
- Mr Russell C. Platt, Chief Executive Officer of Forum Partners Europe (UK) LLP, London/UK (until 2 July 2015)
- Mr Bernd Wegener FRICS, Principal Head of the Real Estate Management Division at the Versicherungskammer Bayern (Bavarian Insurance Chamber), Munich (until 2 July 2015)
- Dr. Michael Peter Solf, Principal Head of the Capital Investments Division SV at SparkassenVersicherung Holding AG, Stuttgart (until 31 December 2015)
- Prof. Dr. Ulrich Reuter Chief Administrative Officer of the District of Aschaffenburg, Kleinostheim (since 3 July 2015)
- Dr. Anton Wiegers, Chief Financial Officer of Provinzial Rheinland Holding, Provinzial Rheinland Versicherung AG and Provinzial Rheinland Lebensversicherung AG, Winterbach (since 3 July 2015)
- Mr Ulrich Höller, Master of Economics, Real Estate economist (ebs), Chartered Surveyor FRICS, Frankfurt am Main (since 11 January 2016)

The members of the Supervisory Board also serve on the following supervisory boards and control bodies:

Membership in additional supervisory boards and control 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 am Main: 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*
	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: Vice Chairman of the Supervisory Board
	Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: Vice Chairman of the Supervisory Board
	GEG German Estate Group AG, Frankfurt am Main: Member of the Supervisory Board
	Pegasus CP Holding GmbH, Erlangen: Chairman of the Advisory Board
Michael Bock	DICP Capital SE, Munich: Member of the Supervisory Board
	MediClin Aktiengesellschaft, Offenburg: Member of the Supervisory Board
Ulrich Höller	DIC Onsite GmbH, Frankfurt am Main: Chairman of the Supervisory Board
	DIC Beteiligungs AG, Frankfurt am Main: Member of the Supervisory Board (since 25 January 2016)
	ZIA-Zentraler Immobilien Ausschuss, Berlin: Vice President and member of the Management Board
	Commerzbank AG, Frankfurt am Main: Member of the Advisory Board
	EPRA-European Public Real Estate Association, Brussels: Member of the Management Board (until September 2015)
Dr. Anton Wiegers	GRR AG, Erlangen: Chairman of the Supervisory Board
	Süddeutsche Aktienbank AG, Stuttgart: Member of the Supervisory Board (until 31 July 2015)
	Savills Fund Management Holding AG, Frankfurt am Main: Vice Chairman of the Supervisory Board (since 1 September 2015)
	Savills Investment Management KVG GmbH, Düsseldorf: Vice Chairman of the Supervisory Board
	Savills Fund Management GmbH, Frankfurt am Main: Vice Chairman of the Supervisory Board (since 1 September 2015)
	Lippische Landes-Brandversicherungsanstalt, Detmold: Vice Chairman of the Gewährträgerversammlung (Guarantors' Meeting) (since 27 April 2015)
Prof. Dr. Ulrich Reuter	Bayerischer Versicherungsverband Versicherungsaktiengesellschaft, Munich: Member of the Supervisory Board
	Bayerische Landesbrandversicherung Aktiengesellschaft, Munich: Member of the Supervisory Board
	Bayern-Versicherung Lebensversicherung Aktiengesellschaft, Munich: Member of the Supervisory Board
	Sparkasse Aschaffenburg-Alzenau, Aschaffenburg: Chairman of the Board of Directors
	Sparkassenverband Bayern (Bavarian Savings Banks Association), Munich: Member of the Board of Directors
	Sparkassenverband Bayern (Bavarian Savings Banks Association), Munich: Association President
	Versicherungskammer Bayern (Bavarian Insurance Chamber), Munich: Member of the Board of Directors
Russell C. Platt	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

* Membership as defined in section 100 (2) sentence 2 AktG
** Supervisory Board not required to be established due to legal requirements

Management Board

The members of the Management Board are:

- Mr Ulrich Höller, CEO, Master of Economics, Real Estate Economist (ebs), Chartered Surveyor FRICS, Frankfurt am Main (until 31 December 2015)
- Mr Aydin Karaduman (Chairman), CEO, Certified Economic Engineer, Altenstadt (since 1 January 2016)
- Ms Sonja Wärntges, CFO, Graduate Economist, Frankfurt am Main
- Mr Rainer Pillmayer, COO, Business Administration Graduate, Frankfurt am Main
- Mr Johannes von Mutius, CIO, Business Administration Graduate, Königstein (since 1 April 2015)

Mr Aydin Karaduman is a member of the corporate/supervisory bodies of the following companies:
– DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main: Member of the Supervisory Board (since 22 January 2016)

Ms Sonja Wärntges is a member of the corporate/supervisory bodies of the following companies:
– DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main: Member of the Supervisory Board (since 22 January 2016)
– Leifheit AG, Nassau an der Lahn: Member of the Supervisory Board (since 5 February 2016)

Mr Rainer Pillmayer was a member of the corporate/supervisory bodies of the following companies in the 2015 financial year:
– DIC Onsite GmbH, Frankfurt: Member of the Supervisory Board (until 31 May 2015)

Mr Johannes von Mutius was a member of the corporate/supervisory bodies of the following companies in the 2015 financial year:
– DIC Onsite GmbH, Frankfurt: Member of the Supervisory Board (since 1 June 2016)

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the group management report, which is combined with the management report of DIC Asset AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Frankfurt am Main, 24 February 2016

The Management Board

Aydin Karaduman   Sonja Wärntges   Rainer Pillmayer   Johannes von Mutius

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the DIC Asset AG, comprising balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity, cash flow statement and 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, 2015. 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, February 24, 2016

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

sgd. Hübschmann	sgd. Luce
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT AND CORPORATE GOVERNANCE DECLARATION

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 section 289a HGB. The section also contains the remuneration report.

The corporate governance declaration is a component of the management report.

Disclosures on corporate governance practices

DIC Asset AG attaches great value to corporate governance. The Management Board and Supervisory Board feel that 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 managing risks in a responsible manner. The Management Board therefore makes sure that risks are appropriately managed and controlled in the Company (see also the comments in the report on risks and opportunities) 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 any existing risks and their development. The Company's internal control, reporting and compliance structures are continuously reviewed, enhanced and adjusted to changes in the general environment.

Since the 2013 financial year, comprehensive Compliance Guidelines have been in place, which oblige DIC Asset AG and its employees to act in a responsible and legal manner. They include the principles of ethics and integrity within 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 given 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 again focused on meeting the recommendations of the German Corporate Governance Code in financial year 2015, taking into consideration that the Government Commission on the Corporate Governance Code in May 2015 adopted changes to the Code which became effective when they were published on 12 June 2015. The consultation process resulted in the adoption of an updated annual Declaration of Conformity dated 2 February 2016, 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 24 June 2014 from the date of submission of its previous Declaration of Conformity until the announcement of the new version of the Code in the Federal Gazette on 12 June 2015 and since then with the recommendations as published on 5 May 2015. The following exceptions applied or apply:

> If a D&O (directors' and officers' liability insurance) policy is taken out for Supervisory Board members, the Code in clause 3.8 paragraph 3 recommends agreeing a deductible of at least 10% of the loss up to at least the amount of one and a half times the fixed annual compensation. DIC Asset AG has taken out a D&O policy for the members of its Supervisory Board which does not provide for a deductible for the Supervisory Board members. We believe that a deductible in the D&O policy would not enhance the motivation and sense of responsibility shown by the members of the Supervisory Board in performing their duties.

> 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 as amended on 24 June 2014, priority 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 as amended on 24 June 2014, the specific targets for the composition of the Supervisory Board did not provide for an appropriate participation of women in the Supervisory Board and no such target was and is taken into account by the Supervisory Board when nominating candidates for election by the General Shareholders' Meeting. In September 2015, we met the statutory provisions that are now applicable with regard to the determination of targets for the share of women at the executive level below the Management Board and on the Supervisory Board.

> 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 bonus) of Management Board members has not been capped in three Management Board employment contracts. We do not consider a cap on the profit-sharing bonus necessary since the Supervisory Board determines the amount of the bonus annually. 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 the variable remuneration components and on some of the ancillary benefits, there were and 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.

> 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. 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 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 continues to present the board remuneration in compliance with the statutory requirements. Accordingly, the company has deviated and 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 for the number of independent members of the Supervisory Board as defined in clause 5.4.2 of the Code and no age-independent regular limit of length of membership, nor will it specify such a target or regular limit. 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. Regarding the regular limit of length of membership on the Supervisory Board, the Supervisory Board is of the opinion that it is more beneficial for the Company to have access to many years of expertise of individual Supervisory Board members and to make a decision in favour of continuity or replacement on a case-by-case basis. For these reasons, the Supervisory Board has chosen not to make any determinations in this respect. In the absence of a corresponding target and a corresponding regular limit, 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 nom-

inations 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 have been and 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, 2 February 2016

Management Board and Supervisory Board of DIC Asset AG

WORKING PRACTICES AND COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Dual management structure

As a listed corporation, DIC Asset AG has a dual management structure comprising a Management Board and a Supervisory Board. The two Boards are clearly separated from each other – both in terms of personnel and function – allowing each of them to perform their different duties independently. While the duty of the Management Board is to manage the Company independently, the Supervisory Board's duty is 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 position and risk management, the internal control system, 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 collegial body. It puts forward strategic proposals and targets, coordinates them with the Supervisory Board and ensures that they are implemented. In this process, the Management Board is bound to the Company's interests and committed to the sustained increase of enterprise value, and 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 Management Board members manage the departments assigned to them independently and within the parameters of the Management Board resolutions. The allocation of duties between the members of the Management Board is derived from the Schedule of Responsibilities. The Management Board has a quorum if at least the majority of its members participate in the resolution and adopts 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 in the event of a tie.

The Supervisory Board appoints and dismisses members of the Management Board and works with the Management Board to ensure that long-term succession plans are in place. In the case of specifically defined actions of material significance – such as major capital expenditures – the Rules of Procedure for the Management Board require the approval of the Supervisory Board. The Supervisory Board has also adopted Rules of Procedure. The Chairman of the Supervisory Board coordinates work within the Supervisory Board, chairs its meetings and attends to the affairs of the Supervisory Board externally.

An overview of the Supervisory Board's activities during the 2015 financial year is presented in the Supervisory Board report.

Composition of the Boards

When appointing members of the Management Board and the Supervisory Board and when filling senior management positions in the Group, priority is given to the knowledge, skills and professional experience required for the tasks to be performed.

The Management Board of DIC Asset AG consists of four members: Aydin Karaduman as Chairman (CEO) since 1 January 2016; Sonja Wärntges, responsible for Finance & Controlling (CFO); Rainer Pillmayer, responsible for Funds and Acquisitions (COO); and Johannes von Mutius, responsible for Investment and Sales (CIO).

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 Vice Chairman. Members of the Supervisory Board are elected for a term of office ending at the conclusion of the General Shareholders' Meeting that formally approves their actions during the fourth financial year following the start of their term of office. The financial year in which the term of office begins is not included in this calculation. The current terms in office end at different times due different appointment dates.

The specific composition of the Supervisory Board in the 2015 financial year and the disclosures pursuant to section 285 no. 10 HGB are listed in the notes to the consolidated financial statements.

Objectives of the Supervisory Board with regard to its composition

The Supervisory Board defined objectives for its composition back in financial year 2010, which it supplemented in the 2015 financial year. The most important objective concerns eligibility: the Supervisory Board is to be composed in a way that ensures competent monitoring and advising of the Management Board. As a group, the Supervisory Board should have the knowledge, skills and experience required to properly complete its tasks. 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 adequate number of independent members. The Supervisory Board is in full compliance with the recommendations of the German Corporate Governance Code with regard to conflicts of interest. However, the Supervisory Board has not stipulated a definite number of members that are independent as defined in the Code. The Supervisory Board should not include more than two former Management Board 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. The Supervisory Board may also include members who 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. In September 2015, the Supervisory Board stipulated a target for the share of women in the Supervisory Board (see below, "Stipulations of targets for the share of women on the Supervisory Board, on the Management Board and at the executive level below the Management Board") and also set a deadline for its achievement. The Supervisory Board did not set a limit for the length of time that any member can hold a seat on the Supervisory Board for the reasons specified in the Declaration of Conformity.

The targets for the composition of the Supervisory Board are taken into account in the Supervisory Board's proposals for the election of Supervisory Board members submitted to the General Shareholders' Meeting. With the exception of the target for the share of women on the Supervisory Board, the current composition of the Supervisory Board complies with the objectives set. All members are professionally and personally qualified; they include at least one independent financial expert. The Supervisory Board includes an adequate number of independent members. Ulrich Höller, a former member of the Management Board of DIC Asset AG, has been a member of the Supervisory Board since January 2016.

Stipulations of targets for the share of women on the Supervisory Board, on the Management Board and at the executive level below the Management Board

As a listed company not subject to co-determination, DIC Asset AG is required by law to stipulated targets for the share of women on the Supervisory Board, on the Management Board and at the two executive levels below the Management Board, to the extent that these exist.

In September 2015, the Supervisory Board adopted targets of 1/6th (corresponding to around 16.66%) for the share of women on the Supervisory Board and 25% for the share of women on the Management Board. The goal is to reach these targets by 30 June 2017 in each case. The target for the Management Board corresponds to the percentage of women on the Management Board when the target was set, which is also the current level. When the target for the Supervisory Board was set, the Supervisory Board was exclusively comprised of male members, which is still the case.

Also in September 2015, the Management Board adopted a target of 20% for the executive level below the Management Board, setting 30 June 2017 as a deadline for its achievement. At DIC Asset AG, there is only one executive level below the Management Board. The target for the executive level below the Management Board represents an increase in the share of women, which was approx. 11% when this target was set.

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 2015.

Efficiency of the Supervisory Board's work

The Supervisory Board regularly reviews its own efficiency. This review takes the form of a company-specific questionnaire, which is evaluated without undue delay. The results are discussed and the findings are then incorporated into the Supervisory Board's future work.

Establishment of the Audit Committee

The Supervisory Board established an Audit Committee, which supports the Board in the performance of its duties and regularly reports to it. The Audit Committee primarily monitors the financial reporting process, the effectiveness of the internal control system, the risk management system, compliance and, finally, the audit of financial statements. 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 as needed.

The Audit Committee has the following three members:
- Michael Bock (Chairman of the Audit Committee)
- Prof. Dr. Gerhard Schmidt
- Prof. Dr. Ulrich Reuter (since 12 February 2016)

The Chairman of the Audit Committee is an independent financial expert and has particular knowledge and experience in financial reporting and the auditing of financial statements from his many years of serving as the CFO of an insurance company.

D&O insurance

A Directors & Officers (D&O) insurance policy is in place 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 due to Board members' failure to exercise due care. DIC Asset AG bears the costs of the insurance policy. The members of the Management 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 adopts and regularly reviews the remuneration system for the Management Board.

Total remuneration adequately reflects the tasks of each member of the Management Board, their personal performance, the economic situation, the success and future prospects of DIC Asset AG, and it is also appropriate when measured against its peer group and the Company's overall remuneration structure. The remuneration structure establishes long-term behavioural incentives particularly through share-based payments and is generally focused on ensuring sustainable business growth. At the same time, remuneration is focused in such a way that it is competitive.

The remuneration of the Management Board comprises three components: (i) a fixed remuneration and fringe benefits, (ii) a variable remuneration that is contingent on the achievement of specific targets (short-term performance-related component) and (iii) share-based payment (long-term incentive component).

(i) Fixed remuneration and fringe benefits

The fixed remuneration is paid in equal monthly instalments. The fringe benefits consist of the provision of a company car, a mobile telephone and capped insurance subsidies, particularly for accident, medical and pension insurance or some other private form of pension provision.

(ii) Variable, performance-related remuneration

The Management Board's variable, performance-related remuneration (bonus) is based on the operating result of the DIC Asset Group and therefore take account of both positive and negative developments.

Members of the Management Board are granted a bonus only if the DIC Asset Group reports an operating profit. The amount of the bonus 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 the bonus. The bonus amount for one of the current Management Board members is capped at one-third of their overall remuneration whereas no such cap exists in the director's contracts of the other Management Board members. The Supervisory Board decides on the bonus once a year by 31 May of the following year. The bonus is paid on the last bank working day of the month in which the Supervisory Board makes its decision on the bonus.

(iii) Share-based payment as a long-term incentive
In addition, members of the Management Board hold options on phantom stocks 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. The options are designed such that they only grant the right to cash payment. The exercise of the options is linked to a specific number of service years (vesting period). The duration of the vesting period is regulated by contract (see table "Phantom stock options"). When the options are exercised, the special remuneration is determined as the positive difference between the average of the closing prices during a reference period of ten trading days preceding the exercise of the options and the contractually agreed exercise price of EUR 5.88 per phantom stock. The members of the Management Board may therefore benefit from the shares' upside potential during the reference period. No cap has been set on the participation in the upside potential at the time the option is exercised. The fair value of the options on 31 December 2015 was EUR 265 thousand.

Activities carried out by the members of the Management Board in executive management and/ or supervisory functions for DIC Asset AG's subsidiaries or investees are covered by the Management Board remuneration paid for DIC Asset AG.

Regulations regarding the termination of director's contracts

The director's contracts of the current Management Board members do not expressly provide for severance pay – except for one director's contract, which provides for such severance pay in case of a change of control. In deviation from clause 4.2.3 of the German Corporate Governance Code, it has not been agreed that payments made to Management Board members on premature termination of their director's contract including fringe benefits do not exceed the equivalent of two years' remuneration (severance pay cap) and compensate no more than the remaining term of the director's contract.

In the event of a change of control, the Management Board member Johannes von Mutius has the right to terminate his director's contract for cause. When exercising his right to terminate, Mr von Mutius is entitled to receive an additional payment of half his total annual benefits in the financial year which ended at least 18 months before the change of control.

If a Management Board member dies during the term of their director's contract, 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 their director's contract, the contract will end three or – in one case – six months after the end of the half-year in which the member's permanent incapacity was established. In the event of illness, the benefits will be paid for a term of six months, but no longer than until the director's contract ends.

Management Board members have not been promised a post retirement employee benefit.

Management Board remuneration in financial year 2015

REMUNERATION OF THE MANAGEMENT BOARD

in EUR	Fixed remuneration	Bonus*	Share-price related remuneration	Other**	**Total 2015**	Total 2014
Ulrich Höller	450,000.00	315,000.00	145,257.50	2,745.96	**913,003.46**	936,660.32
Sonja Wärntges	350,000.04	140,000.00	122,500.00	23,923.60	**636,423.64**	473,478.15
Rainer Pillmayer	210,000.00	105,000.00	44,000.00	18,508.56	**377,508.56**	347,220.01
Johannes von Mutius	262,500.03	105,000.00	42,000.00	21,217.13	**430,717.16**	0
Total	1,272,500.07	665,000.00	353,757.50	66,395.25	**2,357,653.12**	1,757,358.48

* Provision as at 31 December 2015; provisions for 2014 in the amount of EUR 68,250 were released
** Non-monetary benefits from personal use of a company car and insurance subsidies

PHANTOM STOCK OPTIONS

	Number of stock options	Exercisable from
Ulrich Höller	75,000	30 July 2014 (exercised in February 2015)
Sonja Wärntges	40,000	31 May 2016
	50,000	31 December 2018
Rainer Pillmayer	22,000	31 May 2016
Johannes von Mutius	20,000	31 May 2017
	30,000	31 December 2018

Remuneration of Supervisory Board members

Supervisory Board remuneration is based on article 10 of the Articles of Association of DIC Asset AG. Each member receives appropriate remuneration for their work that is composed of fixed remuneration and variable performance-related remuneration. Members of the Supervisory Board receive fixed remuneration of EUR 15,000 for each full financial year of membership of the Supervisory Board. Each member also receives variable performance-related remuneration of EUR 2,556.46 for each percentage of the dividend over the rate of seven percent, calculated on the amount of the share capital that is distributed, but not exceeding EUR 12,782.30. The Chairman is paid twice the fixed and variable remuneration, and the Vice Chairman is paid one-and-a-half times the fixed and variable remuneration. In addition to the remuneration, each member of the Supervisory Board receives reimbursement of their expenses, including value added tax. The Company withholds the tax owed by the Supervisory Board of EUR 12 thousand and transfers it to the tax office.

REMUNERATION OF THE SUPERVISORY BOARD

in EUR	Fixed remuneration	Variable remuneration	Commitee membership remuneration	**Total 2015**	Total 2014
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 (until 31 December 2015)	15,000.00	12,782.00	2,500.00	**30,282.00**	30,282.00
Russell C. Platt (until 2 July 2015)	7,500.00	6,391.00		**13,891.00**	27,782.00
Bernd Wegener (until 2 July 2015)	7,500.00	6,391.00		**13,891.00**	27,782.00
Prof. Dr. Ulrich Reuter (since 3 July 2015)	7,500.00	6,391.00		**13,891.00**	0.00
Dr. Anton Wiegers (since 3 July 2015)	7,500.00	6,391.00		**13,891.00**	0.00
Ulrich Höller (since 11 January 2016)				**0.00**	0.00
Total	112,500.00	95,866.00	10,000.00	**218,366.00**	218,366.00

For membership of a committee that has met at least once during the financial year, the members of the Supervisory Board also receive remuneration 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 double this amount of additional remuneration.

The total remuneration of the Supervisory Board members amounted to EUR 218 thousand in 2015. Supervisory Board members were also reimbursed travel expenses totalling EUR 8 thousand. A total of EUR 19 thousand (previous year: EUR 23 thousand) in remuneration for services purchased was paid to the law firm of Weil, Gotshal & Manges LLP, of which the Chairman of the Supervisory Board, Prof. Dr. Gerhard Schmidt, is a partner. The Supervisory Board had approved of this retention in March 2015, with the Chairman of Supervisory Board abstaining from the vote. The fees paid for services in financial year 2015 concerned consulting services in connection with the Group's tax audit.

Directors' dealings

Section 15a WpHG requires members of the Management Board and Supervisory Board to report any transactions they undertake involving shares in DIC Asset AG or DIC Asset AG financial instruments relating thereto (Directors' dealings). This obligation also applies to persons related to members of governing bodies. However, transactions must only be disclosed if the total amount of all transactions made by a member of a governing body or a person related to a member of a governing body until the end of a calendar year is at least EUR 5,000.00.

In financial year 2015, DIC Asset AG reported the following securities transactions by members of the Management Board or the Supervisory Board or by persons related to members of the governing bodies pursuant to section 15a WpHG:

Name	Date	Type of financial instrument	Type of transaction	Number	Price
Ulrich Höller	3 February 2015	Share	Sale	13,460	9.29

No other securities transactions as defined by section 15a WpHG were reported.

Shares held by the Management Board and the Supervisory Board

The members of the Management Board and of the Supervisory Board each hold less than one percent of issued shares. However, 31.8% 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 section 22 WpHG.

OTHER DISCLOSURES

Shareholders and General Shareholders' Meeting

The shareholders of DIC Asset AG exercise their rights at the General Shareholders' Meeting. 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 grants one vote at the General Shareholders' Meeting.

Shareholders who cannot attend in person may 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 report each quarter on the course of business and the net assets, financial position and results of operations 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 (IFRSs), taking into account the recommendations of EPRA, while the single-entity financial statements are prepared in accordance with the HGB. The financial statements for the full year are prepared by the Management Board, audited by the auditor, Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Nuremberg, and examined by the Supervisory Board. Prior to their publication, the quarterly financial information and the half-yearly report reviewed by the auditors are discussed with the Supervisory Board and approved by it. Based on the recommendation of the Audit Committee, the Supervisory Board submits a proposal regarding the election of the auditors by the General Shareholders' Meeting. Prior to this, the auditors submit a statement of independence to the Supervisory Board. In addition, it has been agreed with the auditors that they would notify 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 managing 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 assessed at an early stage and the existing risk exposure is optimised. Risk management and risk control processes are continually enhanced and adjusted to changes in the general environment. Key features of the control and risk management systems are presented in the report on risks and opportunities.

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board's advisory, monitoring and review activities

In financial year 2015, the Supervisory Board of DIC Asset AG once again regularly monitored the management by the Management Board and provided advice both on strategic corporate development and significant individual actions.

The Management Board informed the Supervisory Board during the financial year promptly and fully 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 position, the internal control system, risk management and compliance as well as material 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 five ordinary meetings and eight extraordinary meetings in 2015. The extraordinary meetings were held as conference calls. With the exception of one Supervisory Board member who attended fewer than half of the Supervisory Board meetings during his term of office, no member of the Supervisory Board attended only half or fewer than half of the meetings of the Supervisory Board and the Audit Committee (to the extent that they were members thereof). The Chairman of the Supervisory Board was notified of material developments and decisions by the Management Board also between meetings, and discussed the Company's prospects and future orientation with the Management Board in separate strategy talks. All members of the Management Board attended all meetings of the Supervisory Board; personnel and contract matters concerning the Management Board were discussed in the absence of the Management Board.

At the meetings, the Management Board explained the Company's operational performance – specifically lettings, acquisitions and sales – the trend in revenue 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 its member to prepare for the consultations and the decisions to be made. The Management Board informed the Supervisory Board in detail and without delay of any particularly important transactions. Where justified, decisions were also made by written vote.

Key points of deliberation at the Supervisory Board meetings

> February 2015

At an extraordinary meeting of the Supervisory Board, the Management Board explained the budgetary planning for 2015. In addition, the Supervisory Board deliberated on issues concerning the Management Board – among them the strategic personnel alignment of DIC Asset AG in relation to the succession plan for the Chairman of the Company's Management Board (CEO) Ulrich Höller, who was stepping down at the end of the year.

The Supervisory Board resolved to expand the Management Board through the addition of the newly created position of Chief Investment Officer (CIO) and to appoint Johannes von Mutius to the Management Board as CIO with effect from 1 April 2015 until 31 December 2018.

> March 2015

The ordinary meeting centred on the outcome of the Audit Committee meeting, which was explained and discussed in detail. The annual financial statements for financial year 2014 were adopted and the consolidated financial statements were approved. In addition, the Supervisory Board reviewed the dependent company report for financial year 2014. The Supervisory Board also examined the proposal on the appropriation of profit by the Management Board and endorsed the proposal. The Supervisory Board's written report to the General Shareholders' Meeting was adopted. Furthermore, the Supervisory Board reviewed the remuneration system for the Management Board, defined the amount of the variable remuneration for financial year 2014 based on the achievement of objectives, and defined the new objectives for 2015.

The Management Board reported on the status of the refinancing negotiations of portfolio financing arrangements expiring in 2015. Other possible sources of financing were also discussed.

In addition, much of the deliberations focused on the fund business, both on properties purchased for existing funds and further growth plans for the fund business.

> April 2015

The 14/19 corporate bond top-up was the main topic at an extraordinary meeting. Following a detailed discussion with the Management Board, the Supervisory Board approved a EUR 50 million increase in the corporate bond issued in September 2014 to a total volume of up to EUR 175 million.

> May 2015

At an extraordinary meeting, the Supervisory Board discussed and approved the agenda and adopted the proposed resolutions for the 2015 Annual General Shareholders' Meeting.

At the ordinary meeting, the Management Board reported on the status of sales activities in 2015 and outlined the possible framework for the creation of a new office fund, addressing in particular the accounting effects and the effects of the transaction on the earnings of DIC Asset AG.

At another extraordinary meeting, the Management Board reported on the results of the first quarter. After discussing these, the Supervisory Board approved the publication of the Q1 2015 report presented.

> June 2015

At the ordinary meeting, the Supervisory Board focused much of its attention on personnel issues and possible candidates to succeed Ulrich Höller. The forecast for the second quarter of 2015 and the key operating indicators were also explained and discussed.

In a strategy discussion, the Supervisory Board addressed the current high level of momentum in the transaction market and, together with the Management Board, weighed up the options for leveraging this for the Company's benefit. In this connection, the Supervisory Board assessed the effects of such measures on the Company's earnings and cash position and, after extensive discussion, determined a time frame for their possible implementation.

> July 2015

Among other things, the extraordinary Supervisory Board meeting dealt with the decision-making basis for the sale of a property in Munich, which the Management Board presented. Following a detailed discussion, the Supervisory Board approved the sale of the property.

> August 2015

In an extraordinary meeting, the Management Board briefed the Supervisory Board on the result of the first half-year of 2015, followed by a joint discussion. The Supervisory Board approved publication of the audited half-yearly financial report.

Furthermore, the Management Board presented plans for launching the new "DIC Office Balance III" fund and current acquisition projects for the existing funds.

> September 2015

At an extraordinary meeting, the Supervisory Board appointed Aydin Karaduman as a new member and Chairman of the Management Board (CEO) with effect from 1 January 2016 until 31 December 2018.

In addition, the Supervisory Board and the Management Board discussed a sales opportunity that included two properties in Berlin and Hanover. The Supervisory Board approved the pursuit of the sales opportunity.

At the ordinary meeting, the Management Board presented the earnings forecast for the third quarter and for financial year 2015. In connection with the potential launch of a new fund, "DIC Office Balance III", possible effects on the accounting for 2015 and 2016 were presented and debated.

Other topics discussed at the ordinary meeting were the Company's recent performance, especially the sales and letting activities in the current financial year, further acquisitions made and planned property purchases for the fund business, as well as development measures for repositioning properties in the Commercial Portfolio, which were approved by the Supervisory Board.

In September, the Supervisory Board also discussed in detail the German Act on the Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector.

> November 2015

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 approved publication of the nine-month report. Furthermore, the Management Board reported on the current status of the planned launch of the new "DIC Office Balance III" office fund.

> December 2015

At the ordinary strategy meeting, the Management Board presented the specific key data for the creation of the "DIC Office Balance III" office fund, which the Supervisory Board approved following a detailed discussion.

In addition, the recent performance and organisational structure of the Company's wholly owned subsidiary DIC Onsite GmbH was discussed, with the Management Board briefing the Supervisory Board on the current development of business and the earnings forecast for 2015 as a whole.

Finally, Ulrich Höller's intended move to the Supervisory Board of DIC Asset AG was discussed. The shareholders Deutsche Immobilien Chancen AG & Co. KGaA and DIC Opportunistic GmbH, which together hold more than 25% of the shares and voting rights of DIC Asset AG, proposed in accordance with section 100 (2) sentence 1 no. 4 of the Aktiengesetz (AktG – German Stock Corporation Act) that Ulrich Höller be elected to the Supervisory Board of DIC Asset AG as a shareholder representative at the next-possible date after he had stepped down from the Management Board of DIC Asset AG or – in the event that a vacancy arose before the next election by the General Shareholders' Meeting – be appointed as a member of the Supervisory Board by the court. The Supervisory Board reviewed and endorsed the proposal by the shareholders. Since the Supervisory Board member Dr. Michael Peter Solf had resigned with effect from 31 December 2015, the Supervisory Board pronounced itself in favour of applying for a court appointment of Ulrich Höller as a member of the Supervisory Board with effect from 1 January 2016 at the earliest.

Audit Committee report

The Supervisory Board established an Audit Committee to ensure that work is allocated and performed efficiently. This committee met four times in 2015. The areas of emphasis of the audit and financial reporting documents for financial year 2014 were the focus of three meetings in January and March 2015.

With representatives of the auditor in attendance, the meetings were devoted to a detailed review and discussion of the annual and consolidated financial statements for financial year 2014 along with the combined management and group management report, as well as the associated audit reports, with particular attention paid to the areas of emphasis of the audit previously defined by the Audit Committee in coordination with the auditor, especially the fund business and the acquisitions in 2014.

At the same time, the Audit Committee was briefed on the internal control system in the core areas of accounting, lease management, receivables management and service charge accruals/deferrals and settlement, among others, as well as on IT systems, risk management and the risk early warning system, the results of the real estate valuation and the status of the tax audit for the years 2007 to 2009.

Recommendations were approved for the Supervisory Board's resolutions concerning the accounting documents for financial year 2014 and the proposed choice of auditor for financial year 2015. The Audit Committee had previously satisfied itself of the independence of the proposed auditor.

At the meeting in December 2015, the Audit Committee together with the representatives of the auditor specified the areas of emphasis of the audit for financial year 2015 and examined the Company's risk management system as well as compliance issues in detail. Deliberations in the Audit Committee also covered individual changes for the future selection and appointment of the auditor that will enter into force in mid-June 2016 as a result of the audit reform.

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 activities. In addition to the changes in the recommendations of the German Corporate Governance Code of 5 May 2015, the Supervisory Board also discussed the Act on the Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector that entered into force on 1 May 2015. The Supervisory Board laid down targets for the share of women in the Supervisory Board and the Management Board in a timely manner as at 30 September 2015 which are described in detail in the section entitled "Corporate governance report and corporate governance declaration" on page 132 et seq. The Supervisory Board did not set a limit for the length of time that any member can hold a seat on the Supervisory Board.

The Supervisory Board, in conjunction with the Management Board, issued the current Declaration of Conformity in accordance with section 161 of the AktG on the recommendations of the German Corporate Governance Code in February 2016. 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 section entitled "Corporate governance report and corporate governance declaration".

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 financial year 2015.

Between the Company and law firm of Weil, Gotshal & Manges LLP, of which Supervisory Board Chairman Prof. Dr. Gerhard Schmidt is a partner, advisory mandates existed during the 2015 financial year with the approval of the Supervisory Board. The member of the Supervisory Board concerned did not participate in the adoption of the resolution.

Annual and consolidated financial statements for 2015 audited and approved

The Management Board prepared the annual financial statements for financial year 2015 in accordance with the German Commercial Code, the consolidated financial statements in accordance with IFRSs, as adopted by the EU, and with the commercial law regulations to be applied in addition pursuant to section 315a (1) of the HGB, as well as the management report combined 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 2015, and an unqualified auditor's report was issued for each of them.

All of these documents including the Management Board's proposal on the appropriation of profit were discussed at the meetings of the Audit Committee on 23 February 2016 and the Supervisory Board on 24 February 2016 attended by representatives of the auditor, who reported on the material findings of their audit and confirmed that there were no significant weaknesses in the internal control and risk management system relevant for 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 documents and the auditor's audit reports were submitted in good time for a preliminary audit, reported to the Supervisory Board on the essential content and findings 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, examined the annual and consolidated financial statements for financial year 2015, the management report combined with the group management report and the Management Board's proposal on the appropriation of profit, taking into account the Audit Committee's report. The Supervisory Board concurred with the findings 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 combined 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 were thereby adopted.

Proposal on the appropriation of profit

In connection with the proposal on the appropriation of retained earnings by the Management Board, the Audit Committee and the Supervisory Board also discussed accounting policies and financial planning. On the basis of its own audit, the Supervisory Board concurred with the proposal on the appropriation of profit by the Management Board.

Relations with affiliates reviewed

The Management Board prepared a report on relations with affiliates for financial year 2015. The auditor has audited this report, reported on the findings in writing and issued the following unqualified auditor's report:

"In accordance with our dutifully performed audit and assessment, we confirm that

1. the factual statements in the report are correct,

2. the payments made by the Company in connection with the legal transactions referred to in the report were not unduly high under the circumstances know at the time they were carried out."

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 the relations with affiliates following its own audit and also concurred with the findings 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 statement made by the Management Board on relations with affiliates at the end of the report.

Appointments to the Management Board and Supervisory Board

The following changes took place on the Management Board:
Johannes von Mutius was appointed to the Management Board of DIC Asset AG as at 1 April 2015 to fill the new position of Chief Investment Officer (CIO).

The previous Chairman of the Management Board, Ulrich Höller, retired from the Management Board with effect from 31 December 2015 when his director's contract expired. The Supervisory Board would like to thank Ulrich Höller for his long-standing and very successful contribution to the development and positioning of DIC Asset AG. With effect from 1 January 2016, Aydin Karaduman was appointed to the Management Board of DIC Asset AG to act as its Chairman (CEO).

The following changes took place on the Supervisory Board:
Supervisory Board members Russell Platt and Bernd Wegener stepped down from the Board when their term of office expired at the end of the General Shareholders' Meeting on 2 July 2015. The Supervisory Board would like to thank Russell Platt and Bernd Wegener for many years of successful and dedicated work on the Supervisory Board.

At the General Shareholders' Meeting on 2 July 2015, Prof. Dr. Ulrich Reuter and Dr. Anton Wiegers were elected as new Supervisory Board members for a term of office running until the end of the General Shareholders' Meeting that resolves to formally approve the Supervisory Board's actions for financial year 2019.

By resolution of the Frankfurt am Main Local Court on 11 January 2016, Ulrich Höller was appointed as a member of the Supervisory Board of DIC Asset AG. Ulrich Höller thus succeeds Dr. Michael Peter Solf, who retired from the Supervisory Board with effect from 31 December 2015 at his own request. The Supervisory Board would also like to thank Dr. Michael Peter Solf for his dedicated and successful work on the Supervisory Board.

The Supervisory Board would like to thank the Management Board as well as the staff for their work and enormous dedication during financial year 2015.

Frankfurt am Main, 24 February 2016

The Supervisory Board

Prof. Dr. Gerhard Schmidt
– Chairman –

Appendix 1 to the notes to the consolidated financial statements

List of consolidated subsidiaries

Name and registered office of company	Interest (%) *
DIC Asset Beteiligungs GmbH, Frankfurt am Main	100.0
DIC Fund Balance GmbH, Frankfurt am Main	100.0
DIC Office Balance I GmbH, Frankfurt am Main	100.0
DIC Office Balance II GmbH, Frankfurt am Main	100.0
DIC Office Balance III GmbH, Frankfurt am Main (since 16.11.2015)	100.0
DIC HighStreet Balance GmbH, Frankfurt am Main	100.0
DIC Fund Advisory GmbH & Co. KG, Frankfurt am Main	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 & Co. KG, Frankfurt am Main	100.0
OB III Köln GmbH & Co. KG, Frankfurt am Main (formerly DIC Objekt Stolberger Strasse GmbH, Frankfurt am Main)	100.0
DIC Objekt Köln 1 GmbH, Frankfurt am Main	100.0
OB III Nürnberg GmbH & Co. KG, Frankfurt am Main (formerly 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 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
OB III Bochum GmbH & Co. KG, Frankfurt am Main (formerly 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

Name and registered office of company	Interest (%) *
DIC AP Objekt Augustaanlage 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
OB III Frankfurt GmbH & Co. KG, Frankfurt am Main (formerly DIC AP Objekt Königsberger Str. 1 GmbH, Frankfurt am Main)	100.0
DIC AP Objekt Königsberger Str. 29 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Coblitzweg 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
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
OB III Hannover GmbH & Co. KG, Frankfurt am Main (formerly DIC OP Objekt Hannover GmbH, Frankfurt am Main)	100.0

Name and registered office of company	Interest (%) *
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 RMN Objekt 2 GmbH & Co. KG, Frankfurt am Main	99.4
DIC VP Portfolio GmbH, Frankfurt am Main	100.0
OB III Bonn GmbH & Co. KG, Frankfurt am Main (formerly DIC VP Objekt Bonn GmbH, Frankfurt am Main)	100.0
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 Hallbergmoos Lilienthalstraße GmbH, Frankfurt am Main	100.0
DIC DP Objekt 1 GmbH & 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 5 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 6 GmbH, Frankfurt am Main	100.0

* Interest equals the share of voting rights

Name and registered office of company	Interest (%) *
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 OB III Property Management GmbH, Frankfurt am Main (formerly 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 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
OB III Verwaltungs GmbH Frankfurt am Main (formerly DIC 26 Betriebsvorrichtungs GmbH, Frankfurt am Main)	100.0
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
OB III Berlin 1 GmbH & Co. KG (formerly DIC Objekt Berlin 1 GmbH, Frankfurt am Main)	99.4
OB III Berlin 2 GmbH & Co. KG (formerly DIC Objekt Berlin 2 GmbH, Frankfurt am Main)	99.4
OB III Berlin 3 GmbH & Co. KG, Frankfurt am Main (formerly 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 Berlin Portfolio Objekt Berliner Straße GmbH, Frankfurt am Main	99.4
DIC Berlin Portfolio Objekt Badensche Straße 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
OB III Koblenz GmbH & Co. KG, Frankfurt am Main (formerly DIC HI Objekt Koblenz Rizzastrasse GmbH, Frankfurt am Main)	92.5
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 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 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 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 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 (consolidated as at 30.06.2015)	92.5
DIC Hamburg Objekt 10 GmbH, Frankfurt am Main	92.5

Appendix 2 to the notes to 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 Primus GmbH, Frankfurt am Main	40.0
DIC MainTor WinX GmbH, Frankfurt am Main (formerly DIC MainTor Südareal GmbH)	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***	6.27
DIC HighStreet Balance , Frankfurt am Main**	20.0
DIC MSREF HMDD Portfolio 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 Radolfzell 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 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 & Co. KG, Frankfurt am Main	20.0
OB III München GmbH & Co. KG, Frankfurt am Main (formerly 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
** 12.5% share of voting rights
*** 0.0% share of voting rights

Appendix 3 to the notes to the consolidated financial statements

Announcements of voting rights

Disclosures in line with section 160 (1) no. 8 AktG

The most recent change in the total number of voting rights has been effective since 27 November 2013.

a. The RAG-Stiftung, Essen, Germany informed us pursuant to section 41 (4f) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 4.76% (3,262,022 voting rights) on 26 November 2015.

b. British Empire Securities and General Trust PLC, London, United Kingdom, informed us pursuant to section 21 (1) WpHG that on 12 June 2015 its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the threshold of 3% and amounted to 3.08% (2,112,100 voting rights) as per this date.

c. Asset Value Investors Limited, London, United Kingdom, informed us pursuant to section 21 (1) WpHG that on 28 May 2015 its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the threshold of 3% and amounted to 3.10% (2,127,760 voting rights) as per this date. 3.10% (2,127,760 voting rights) of these voting rights are to be assigned to Asset Value Investors Limited pursuant to section 22 (1) sentence 1 no. 6 WpHG.

d. 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.

e. 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.

f. 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.

g. 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.

h. 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.

i. 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.

j. 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.

k. 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

l. 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

m. 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.

n. 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.

o. 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).

p. 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.

q. 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.

r. 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.

s. 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.

t. 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.

u. 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.

v. 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.

w. 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.

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 operation and/or optimisation of properties through letting management, repositioning or modernisation.

Cash flow
Figure 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 property".

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 aimed at running a company in line with values and standards in the interest of its investors and other stakeholders. The annual declaration of conformity to the German Corporate Governance Code provides a tool to assess 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 are 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 measurement 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 project developments.

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 coverage ratio [ICR], and debt service coverage ratio [DSCR]) during the term.

Gross rental income
Corresponds to the contractually agreed rent, plus/minus the rental incentives to be distributed over the lease agreement in accordance with IFRSs 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 the exposure to financial risk.

Impairment test
Obligatory periodic comparison under IFRSs of fair values and carrying amounts and the assessment of potential signs of a sustained impairment in the value of assets.

Interest coverage ratio (ICR)
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 property" in accordance with the International Accounting Standards (IAS 40). DIC Asset AG measures investment properties at depreciated cost in accordance with IAS 40.56.

IFRSs (International Financial Reporting Standards)
IFRSs have been applicable to listed companies since 1.1.2005. They are intended to facilitate worldwide comparability of publicly traded companies. The focus is on providing information that is easy to understand and fair, not on the 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 were continuously in the portfolio within a given period. Changes due to portfolio additions and disposals are therefore not included here. When comparing periods, this figure shows the effect of the letting activity, among other aspects.

Loan-to-value (LTV)
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.

Measurement at cost
When measuring an asset at cost, measurement includes recognising the cost incurred for producing or acquiring the asset. The carrying amount of depreciable assets is reduced by depreciation and, if required, by impairment charges. Also referred to as "at cost accounting".

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.

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 leases
Term used in the context of international measurement rules. It describes a periodic lease agreement in which the lessor's financing costs are not fully amortised.

Operating cost ratio
Personnel and administration expenses less the income from real estate management in relation to the net rental income.

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 sales of property
Pro-rata income from sales of investment property 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.

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 2015

Key financial figures in EUR million	Q1 2015	Q2 2015	Q3 2015	**Q4 2015**
Gross rental income	35.1	35.3	33.6	**32.7**
Net rental income	31.0	31.7	29.5	**28.2**
Real estate management fees	1.4	1.6	1.5	**2.8**
Proceeds from sales of property	2.1	17.8	106.1	**75.3**
Total income	45.8	62.1	146.7	**117.8**
Profits on property disposals	0.3	1.4	12.4	**0.8**
Share of the profit or loss of associates	0.9	2.2	0.6	**4.0**
Funds from Operations (FFO)	12.1	11.9	12.8	**12.2**
EBITDA	27.9	31.1	38.0	**29.6**
EBIT	16.9	20.4	27.5	**19.1**
EPRA earnings	11.9	12.1	11.3	**12.3**
Profit for the period	1.3	3.7	11.1	**4.6**
Cash flow from operating activities	11.4	14.3	6.4	**20.9**

Balance sheet figures in EUR million	31.03.2015	30.06.2015	30.09.2015	**30.12.2015**
Loan-to-value ratio (LTV) in %	65.7	65.5	64.1	**62.6**
Investment property	2,124.2	2,007.2	1,930.4	**1,700.2**
Total assets	2,527.8	2,533.7	2,440.7	**2,456.1**

Key financial figures per share in EUR	Q1 2015	Q2 2015	Q3 2015	**Q4 2015**
FFO	0.18	0.17	0.19	**0.18**
EPRA earnings	0.17	0.18	0.16	**0.18**

MULTI-YEAR OVERVIEW

Key financial figures in EUR million	2011	2012	2013	2014	**2015**
Gross rental income	116.7	126.5	125.2	147.5	**136.7**
Net rental income	106.8	113.2	112.3	132.2	**120.4**
Real estate management fees	5.3	5.7	6.5	5.2	**7.3**
Proceeds from sales of property	17.7	75.7	81.1	90.5	**201.3**
Total income	157.2	229.1	236.1	277.6	**372.4**
Profits on property disposals	1.7	3.8	7.6	6.8	**14.9**
Share of the profit or loss of associates	2.6	1.8	1.6	6.6	**7.7**
Funds from Operations (FFO)	40.8	44.9	45.9	47.9	**49.0**
EBITDA	95.6	102.1	106.3	128.3	**126.6**
EBIT	66.0	68.5	70.9	85.2	**83.9**
EPRA earnings	37.9	41.7	45.5	47.6	**47.6**
Profit for the period	10.6	11.8	16.0	14.0	**20.7**
Cash flow from operating activities	38.4	43.9	42.0	34.9	**53.0**

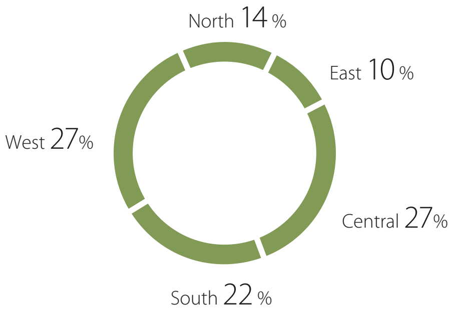
Balance sheet figures in EUR million	31.12.2011	31.12.2012	31.12.2013	31.12.2014	**31.12.2015**
Fair value of investment property	2,202.3	2,223.5	2,538.3	2,396.9	**2,199.2**
Net Asset Value	678.8	685.4	862.4	864.8	**884.1**
Total assets	2,244.6	2,210.2	2,596.0	2,537.0	**2,456.1**
Equity	622.0	614.3	793.1	774.8	**792.1**
Liabilities	1,623.3	1,595.9	1,802.9	1,762.1	**1,664.0**

Key financial figures per share in EUR	2011	2012	2013	2014	**2015**
FFO	0.92	0.95	0.94	0.70	**0.72**
EPRA earnings	0.83	0.89	0.93	0.69	**0.69**
Net asset value	14.85	14.99	12.58	12.61	**12.89**
Dividend	0.35	0.35	0.35	0.35	**0.37***

* proposed dividend

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	33
East	25
Central	42
West	54
South	61
Total 2015	**215**
Total 2014	233

Market value in EUR million	
North	330.0
East	220.0
Central	610.2
West	666.9
South	372.1
Total 2015	**2,199.2**
Total 2014	2,396.9

Rental space in sqm	
North	226,500
East	141,100
Central	242,800
West	368,600
South	277,000
Total 2015	**1,256,000**
Total 2014	1,412,900

Annualised rental income in EUR million	
North	21.5
East	15.4
Central	29.8
West	40.7
South	25.3
Total 2015	**132.7**
Total 2014	150.1

Rental income in EUR per sqm	
North	8.4
East	9.5
Central	12.7
West	10.0
South	7.9
Total 2015	**9.6**
Total 2014	9.6

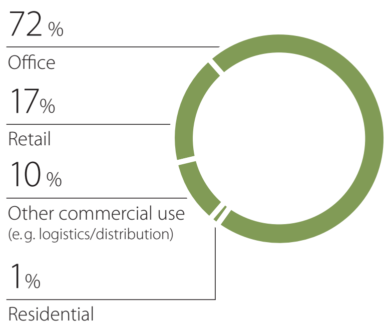
WALT in years	
North	5.9
East	4.9
Central	4.1
West	4.4
South	3.5
Total 2015	**4.4**
Total 2014	4.6

Gross rental yield	
North	6.6%
East	7.0%
Central	5.9%
West	6.2%
South	6.8%
Total 2015	**6.4%**
Total 2014	6.6%

Vacancy rate	
North	6.1%
East	6.6%
Central	22.2%
West	10.7%
South	9.0%
Total 2015	**11.3%**
Total 2014	10.9%

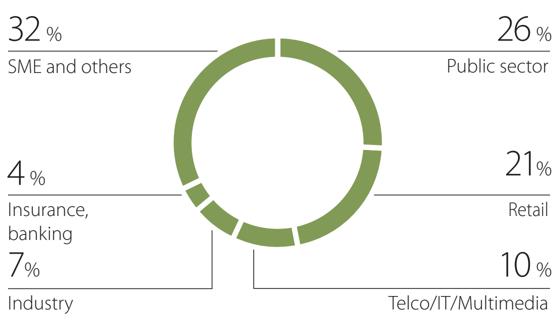
TYPES OF USE

pro rata by annualised rental income



TENANT STRUCTURE

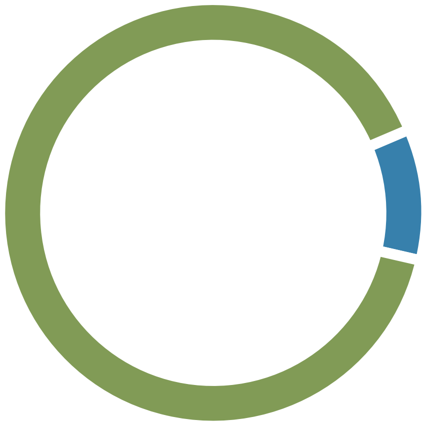
pro rata by annualised rental income



90% Commercial Portfolio (direct investments)

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

2.0 EUR billion
Market value



0.2 EUR billion
Market value

10% Co-Investments (other investments)

- 50 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

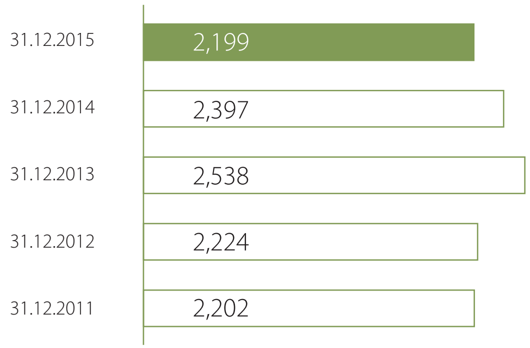
PORTFOLIO OVERVIEW*

	Commercial Portfolio	Co-Investments	**Total 2015**	Total 2014
Number of properties	165	50	**215**	233
Market value in EUR million	1,975.8	223.4	**2,199.2**	2,396.9
Rental space in sqm	1,187,600	68,400	**1,256,000**	1,412,900
Portfolio proportion by rental space	95%	5%	**100%**	100%
Annualised rental income in EUR million	123.5	9.2	**132.7**	150.1
Rental income in EUR per sqm	9.5	11.4	**9.6**	9.6
Lease maturities in years	4.4	4.5	**4.4**	4.6
Gross rental yield	6.4%	6.3%	**6.4%**	6.6%
Vacancy rate	11.6%	6.2%	**11.3%**	10.9%

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

PORTFOLIO VOLUME

in EUR million



MANAGEMENT BOARD

Rainer Pillmayer (Chief Operating Officer), Aydin Karaduman (Chairman of the Management Board),
Sonja Wärntges (Chief Financial Officer) and Johannes von Mutius (Chief Investment 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.

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