DIC

SUSTAINABILITY REPORT 2019

CONTENT

1. INTRODUCTION

KEY FIGURES

ENVIRONMENTAL PERFORMANCE INDICATORS*

	2019	2018	2017
per sqm			
Indirect electricity consumption, in kWh	77.6	72.5	86.6
Indirect heating energy consumption, kWh	90.7	95.6	104.0
Indirect CO_2 emissions, in kg CO_2e	55.9	53.5	62.8
Water consumption, in cbm	0.30	0.32	0.31
per workplace			
Indirect electricity consumption, in kWh	1,241	1,159	1,386
Indirect heating energy consumption, kWh	1,450	1,530	1,664
Indirect CO_2 emissions, in kg CO_2e	895	857	1,005
Water consumption, in cbm	4.8	5.2	5.0

* relative to the analysis portfolio for the reporting period 2017–2019

SOCIAL PERFORMANCE INDICATORS

	2019	2018	2017
Total workforce	247	186	187
Turnover rate	19.8 %	16.3 %	14.4 %
Female share	50 %	52 %	55 %
Male share	50 %	48 %	45 %
Sickness absence rate	3.3 %	3.8 %	3.1 %

ECONOMIC PERFORMANCE INDICATORS

	2019	2018	2017
Number of properties*	93	101	113
Market value of real estate assets, in EUR million*	1,900.0	1,696.8	1,639.2
Lettable area, in sqm*	842,400	893,500	957,500
EPRA vacancy rate*	6.5 %	7.2 %	9.5 %
Rent per sqm, in EUR*	10.41	9.64	9.32
Gross rental yield*	5.4 %	5.9 %	6.4 %
Annualised rental income, in EUR million*	101.8	97.6	95.5
Funds from operations (FFO), in EUR million*	95.0	68.0	60.2
Profit for the period, in EUR million	80.7	47.6	64.4
Cash flow from operating activities, in EUR million	64.8	61.9	56.5
Net asset value (NAV), in EUR million	1,244.2	1,085.8	900.0
Adjusted net asset value in EUR million**	1,607.2	1,322.8	n.a.

* All figures representing only the proprietary real estate inventory held in the Commercial Portfolio; all figures excluding property developments and warehousing, except for the number of assets, the lettable area and the market value

** Figure calculated for the first time as of year-end 2019, using the key dates 31 December 2019 and 31 December 2018

DEAR READER,

GRI 102-14

It is not just since the onset of the COVID-19 pandemic that the real estate industry has been at the centre of much public debate in Germany. Against the background of the worldwide efforts to find a more sustainable way of doing business, our industry is of key importance if the goals of the Paris Climate Accord are to be achieved and global warming is to be checked. Although substantial progress has been made throughout the sector in recent years, e. g. through resource-conserving re-developments of portfolio properties, it is quite obvious that all of the players, rather than maintaining the status quo, will have to keep evolving continuously. We at DIC Asset AG are also committed to a process of continuous development, and include the ESG criteria ("ecological, social, governance") in our decision-making processes as key components of our activities.

In fact, we started reporting about our ESG activities as early as 2011, meaning that we took account of all environmental, social and corporate governance aspects of our day-to-day work in addition to a purely economic angle. Within the framework of this report, we will provide you with an overview of our value-creation from a holistic stakeholder view and in the usual form, while also reporting about milestones achieved and the main sustainability key figures. This includes consumption data from properties managed by us and extensive human resource statistics. As in previous years, we orient ourselves to the internationally recognised reporting standards for listed property companies that were issued by the Global Reporting Initiative (GRI standards) and by the European Public Real Estate Association (EPRA sBPR).

The non-financial control variables will keep gaining in significance in future, and will need to be anchored yet more firmly in our corporate strategy. We are therefore convinced that a systematic synchronisation of these control variables in our operative activities offer additional potential that could be exploited to benefit all of our stakeholders. ESG is not a cost factor but an investment in the preservation and expansion of future value-added. With this in mind, we would like use this report to brief you on two issues that we see as further milestones in our ESG activities:

Late last year, we launched the "smart metering" project through DIC Onsite, our operating subsidiary. The deployment of intelligent measurement systems enables us to digitally capture and electronically transmit consumption data from the properties under our management. This step toward digitisation not only accelerates the availability of data in real time, but has also helps us through standardisation and through access to digital interfaces to improve our analytic methods to the point where we can exercise forward-looking control and engage energy consumption on the portfolio level as yet another area open to optimisation. For the principles underlying the projects and more details on the subject of "smart metering," see page 22.

The second focal issue concerns our ESG activities in the Institutional Business. This unit, which provides real estate services to third parties, has lately become an earnings mainstay on equal footing with our other unit, Commercial Portfolio, as a result of having taken over GEG in June 2019. The acquisition represents a genuine milestone for us, as it enabled us to expand into interesting projects and, most notably, to gain decisive competencies and enormous potential. It also increased our assets under management by another EUR 1.4 billion at once. In addition, the expansion has moved the requirements of another one of our stakeholder groups – meaning our institutional clients in this business unit, which are mainly pension funds, insurance companies, banks or family offices – more into focus. Our investor basis is showing a growing interest in ESG issues on the company level and property level both. Over the past years, the investment market has undergone an intensifying process of differentiation and professionalisation in this context that is driven by the growing demand for actively managed ESG investment products, among other factors. These changed parameters on the global market for asset management also confront us with new reporting challenges, which is why we will not only present the expectations of this stakeholder group in the section starting on page 17, but will also provide an overview of the planned expansion of our reporting activities in the Institutional Business segment.

As you can see: We implemented quite a number of things, and cleared important ESG milestones. With many other things planned, we are therefore committed to new projects working towards a sustainable future. We would be delighted to have you with us on our road ahead, and would like to thank you for the faith vested in us as our tenant, shareholder, employee, client or business partner.

With kind regards,

Sonja Wärntges
CEO

Patrick Weiden
Head of Capital Markets

Johannes von Mutius
Head of Investments

DIC ASSET AG – SNAPSHOT

GRI 102-1 GRI 102-3 GRI 102-4 GRI 102-7

DIC Asset AG is one of Germany's leading listed property companies, specialising in the investment in, and management of, commercial real estate in Germany. With more than 20 years of experience on the German real estate market, the company maintains a regional footprint on all major German markets through seven branch offices, and had 180 assets with a combined market value of c. EUR 7.6 billion under management as of 31 December 2019.

GRI 102-2

Our business divides into two profitable segments that generate diversified revenues through our proprietary integrated property management platform and by taking an active asset management approach.

- The **Commercial Portfolio** segment (EUR 1.9 billion in assets under management as of 31 December 2019) represents the proprietary real estate portfolio of DIC Asset AG. Here, we are generating constant cash flows from stable rent revenues on long-term leases while also optimising the value of our portfolio assets through active management and earning profits from sales.
- In the **Institutional Business** segment (EUR 5.7 billion in assets under management (as of 31 December 2019), which operates under the name GEG German Estate Group, we generate revenues by structuring and managing investment vehicles – pool funds, club deals and individual mandates – on behalf of domestic and foreign institutional investors.

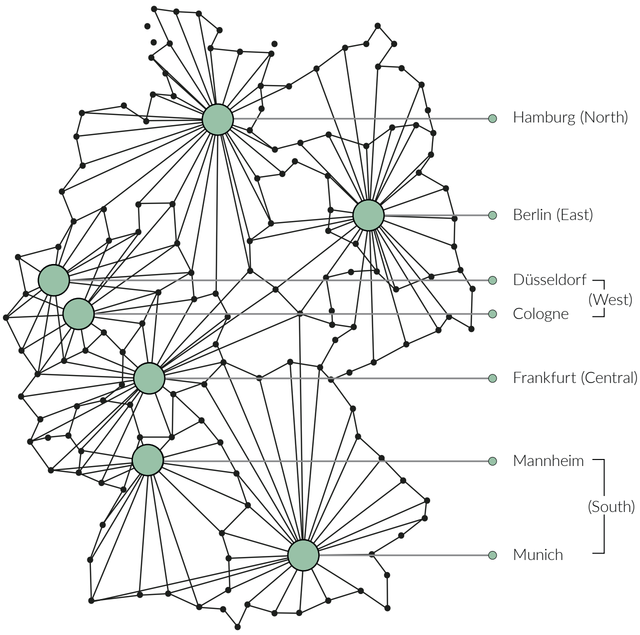
GRI 102-9

In-house property management teams provide a direct service to tenants, working out of our branch offices in each of the regions that our portfolio focuses on. Staying in close touch with our tenants and with regional markets gives us a head-start in terms of local footprint and know-how and thus an edge over national and international competitors with no presence on the ground. Our activities seek to secure and increase rent revenues and net income as well as the value of our real estate assets. To this end, we monitor and control the entire value chain – from the acquisition, to the property management, and all the way to the eventual disposal – as well as the use of resources.

DIC Asset AG has been SDAX-listed since June 2006.

REGIONALLY ANCHORED ASSET MANAGEMENT AND INVESTMENT PLATFORM

246 staff deployed in 7 branches (as of 31/12/2019)



OUR OVERALL PORTFOLIO

GRI 102-6

			Regions			
2019	North	East	Central	West	South	Total
Number of properties	27	17	44	50	42	180
Market value, in EUR million	722.4	908.6	3,419.7	1,441.7	1,137.0	7,629.4
Breakdown by market value	9 %	12 %	45 %	19 %	15 %	100 %
Annualised rent (EUR million)	34.8	32.8	110.2	71.3	53.2	302.3
Average rent, in euros per sqm	11.28	13.39	16.72	11.09	11.20	12.97
Average lease term, in years	8.9	6.0	5.5	5.3	7.0	6.2
Gross rental yield	4.8 %	3.6 %	4.3 %	4.9 %	4.7 %	4.5 %

			Regions			
2018	North	East	Central	West	South	Total
Number of properties	23	18	40	53	44	178
Market value, in EUR million	643.3	477.5	2,299.7	1,255.1	970.1	5,645.7
Breakdown by market value	11 %	9 %	41 %	22 %	17 %	100 %
Annualised rent (EUR million)	32.6	24.3	81.6	73.9	45.3	257.7
Average rent, in EUR per sqm	10.06	9.81	11.74	10.47	10.48	10.56
Average lease term, in years	7.9	4.4	6.0	5.5	3.6	5.5
Gross rental yield	5.1 %	6.1 %	5.5 %	5.5 %	5.1 %	5.4 %

* Not including property developments and warehoused assets except in regard to the number of properties, market value and floor area; including third-party assets, except in regard to average rent, average lease terms and gross rental yield

2. STRATEGY AND MATERIALITY

OUR BUSINESS STRATEGY

GRI 103-1 GRI 103-2 GRI 103-3

By year-end 2019, the real estate assets under the management of DIC Asset AG, including the real estate managed on behalf of institutional investors, equalled c. EUR 7.6 billion, with the proprietary holdings (Commercial Portfolio) accounting for EUR 1.9 billion and the third-party business (Institutional Business) for EUR 5.7 billion thereof. The company maintains a local presence of dedicated teams in seven regional branch offices that are located in Germany's leading real estate markets. Having such a direct and regional presence on the ground regularly opens up buying, selling, letting and marketing opportunities while also enabling the company to cover the entire real estate value chain in its management of real estate assets. The revitalisation and repositioning of existing properties as the key to dynamic appreciation represents a service area that has visibly expanded with the integration of GEG, a group of companies acquired in June 2019.

Growth of the Investment Platform

- The main factor driving the success of our business model across segments is the application of our management expertise to a growing portfolio. We pursue a balanced growth strategy by expanding the bases of our revenues in both operating segments through additional acquisitions.
- Our investment mix covers all of Germany, the focus being on the regions surrounding or near our branch offices. This includes the "Big Seven" cities as well as attractive cities in economically strong centres and peripheral regions. In order to avoid long-term cluster risks, we strive for diversification by region, sector and tenant type.

Dynamic Performance through Agile Management

- Selling is an integral part of our activities. We engage in sales to optimise our portfolio, to realise profits at the right time and to release funds that improve our financial structure and capital efficiency.
- By entering into new leases, achieving higher rents for subsequent leases and reducing vacant space, our rental management team plays an important role in increasing the portfolio value on a daily basis.
- Thanks to our expertise, we are able us to raise the appreciation potential of our properties, especially through refurbishment work. We employ highly productive in-house teams for developments either in the proprietary portfolio or in third-party portfolios to carry out the measures necessary for the value-add repositioning of properties.

Multiple Angles in Third-Party Business

- Deliverables available to domestic and foreign institutional investors include our investment expertise of many years in the field, a transaction management with a demonstrable track record, and a broad spectrum of real estate services in the central and regional real estate markets of Germany.
- We employ our in-depth real estate know-how to drive the growth in third-party business, and take on asset management and property management mandates to generate recurrent and increasing earnings from management fees.

Strong Organisational and Financial Foundation

- Our stable financial architecture, which is based on predictable long-term cashflows and forward-looking planning, strengthens our robust standing in the market. The objective we pursue is to keep optimising our economic foundation through our business activities, our continuous cash flow from rent revenues, and the growth of our income from management fees.
- As an agile company with an active management approach, it is of the essence for us to keep our organisation highly productive and innovation-friendly. In a bid to mobilise our know-how, to create new service features and to keep enhancing our performance, we are pushing forward with the digitisation of our integrated management platform.

ESG POLICY OF DIC ASSET AG

SUSTAINABILITY AS PART OF OUR CORPORATE STRATEGY

GRI 102-11

DIC Asset AG focuses on the long-term exploitation of opportunities and the sustainable optimisation of its business practices. At the centre of its corporate strategy is the generation of secure, steady long-term income via our highly productive in-house property management platform. The objective here is to increase the rental income and property market values of the directly owned Commercial Portfolio and to boost the recurrent revenues from the management services that are generated in the fast-trading institutional investor business.

As one of Germany's leading listed real estate companies, DIC Asset AG is committed to a sustainable development: To ensure its long-term financial success, the company's senior management takes ESG aspects ("ecological, social, governance") into account in addition to economic aspects. The strategy focuses on identifying, monitoring and possibly mitigating the adverse consequences of our business activities under any of these aspects. The active communication with tenants, business partners, employees, investors and occupiers plays a key role in this context. After all, it is the cultivation of lasting stakeholder relationships, characterised by integrity and reciprocity, that lets you define our priorities when seeking the most effective ways to handle new challenges and opportunities.

OUR SUSTAINABILITY APPROACH INCLUDES

- strict adherence to environmental, social and safety requirements,
- integration of sustainability aspects into our business processes,
- open and transparent communication with stakeholders,
- incorporation of the precautionary principle into the management of sustainability projects

ABOUT THIS REPORT

GRI 102-50 GRI 102-51 GRI 102-52

As a commercial enterprise, we are committed to preserving the long-term viability of our company and of our environment both, which is why we have continuously reported about our sustainability activities since 2009. Starting in March 2011, this has taken the form of a separate annual report in order to create an appropriate frame for the growing significance of the sustainability subject in our company.

This Sustainability Report covers the period between 1 January 2019 and 31 December 2019.

The Investor Relations division coordinates the reporting processes in close cooperation with other divisions of DIC Asset AG and its subsidiaries, evaluates the necessary information, processes it and reports directly to the Management Board. The Management Board defines goals and measures that are optimised to agree with the company's sustainability principles.

For detailed information on the Company's financial performance, portfolio and business divisions, check our 2019 Annual Report at www.dic-asset.de.

REPORTING PRINCIPLES

GRI 102-12 GRI 102-54 GRI 102-55 GRI 102-56

We are committed to helping improve the comparability and standardisation of sustainability reporting in our industry, which is why we consistently apply these internationally recognised reporting standards: This report is structured and presented in accordance with the "core" option of the standards of the Global Reporting Initiative (GRI standards), and the GRI Construction and Real Estate Sector Supplement (CRESS). The GRI standards used in our reporting are listed and annotated herein, starting on page 52.

Moreover, additional performance data are provided in accordance with the Best Practices Recommendations by the European Public Real Estate Association (EPRA). Also covered are social and governance-related EPRA sustainability indicators in addition to environmental indicators. For a note reconciling the EPRA indicators with GRI reporting, see page 57 of this Report.

Our reporting relies on no third-party consultancy ("external assurance"), and the final quality control is also done in-house. Our disclosures on CO_2 emissions and consumption data for electricity and water were not subjected to external testing.

In collaboration with the ZIA German Property Federation and other real estate industry players, DIC Asset AG has been instrumental in driving the introduction of a sustainability code for the German real estate sector. Our sustainability reports have followed the recommendations of the German Sustainability Code (DNK) since its introduction in 2011 and will continue to do so.

METHODOLOGY AND SCOPE

GRI 102-46 GRI 102-56

This report employs the following methodology to present our company's financial and non-financial performance indicators:

- In addition to the basic business model of DIC Asset AG, we present the ESG aspects of the company's strategy. We also explain the organisational structure of DIC Asset AG and our principles of corporate governance. The 2019 Annual Report includes additional details on these subjects.
- The most important issues for DIC Asset AG are identified and prioritized in consultation with the stakeholders involved. The most recent stakeholder survey, which continues to be valid, took place in late 2016.

- In the sections Ecology, Social, Governance and Economics, we discuss the identified subjects in depth while integrating the quantitative and qualitative ESG indicators in accordance with GRI and EPRA.

Unless otherwise noted, the figures in this report refer to the 2019 financial year, supplemented by DIC Asset AG's outlook for 2020. Year-on-year changes in the scope of the report may be motivated by the acquisition, development or sale of properties as well as by changes in the organisational structure.

The consolidated financial statements of DIC Asset AG and its subsidiaries were prepared in accordance with the IFRS accounting standards of the International Accounting Standards Board (IASB). The accounts were audited by the audit firm Rödel & Partner. Their audit certificate in regard to the 2019 Annual Report and the disclosures it contains are part of the latest Annual Report.

Disclosures concerning our financial performance indicators cover the entire bandwidth of our asset management platform with its diversified revenue streams. This includes the real estate inventory owned outright be DIC Asset AG, which is held in the so-called Commercial Portfolio, and the services provided to third parties (Institutional Business).

The details and data in the Environment section of the report refer exclusively to the assets held in the Commercial Portfolio. By contrast, consumption data on the assets managed in our third-party business are not considered in the analysis.

European Public Real Estate Association (EPRA)

EPRA is a non-profit organisation that promotes, develops and represents the interests of European property stock corporations. It is committed to establishing best practices in the areas of accounting, reporting and corporate governance, on the one hand in order to provide high-quality information for investors and, on the other hand, to create a forum and decision-making framework for addressing future issues within the industry.

www.epra.com

Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is an independent international organisation for the development and publication of frameworks for voluntary reporting by companies on the consequences that their own business activities have for sustainability issues such as climate change, human rights, the fight against corruption, and many other things.

www.globalreporting.org

ZIA German Property Federation

Formed in 2006, the ZIA represents the general, economic and ideological interests of Germany's entire real estate industry and promotes cooperation among its members. Moreover, it supports and accompanies suitable measures to maintain and improve the economic, legal, political and fiscal framework for the real estate industry.

www.zia-deutschland.de

MATERIALITY ANALYSIS

GRI 102-40 GRI 102-42 GRI 102-43

As a result of its activities across Germany, DIC Asset AG is extremely well connected with all relevant players and service providers of the country's real estate sector. Our decisions and actions affect investors and capital providers, around 250 employees, roughly 1,300 tenants in both operating segments, over 6,000 business partners and the entire context of properties managed by us either in our proprietary portfolio or on behalf of third parties.

The key challenges in reporting – especially non-financial reporting – include the identification of topics more important than others for both the company's business and the various stakeholders. In addition, the materiality analysis also serves as a guideline for our sustainability targets and reporting procedures. It allows us to keep developing our corporate strategy in line with ESG criteria.

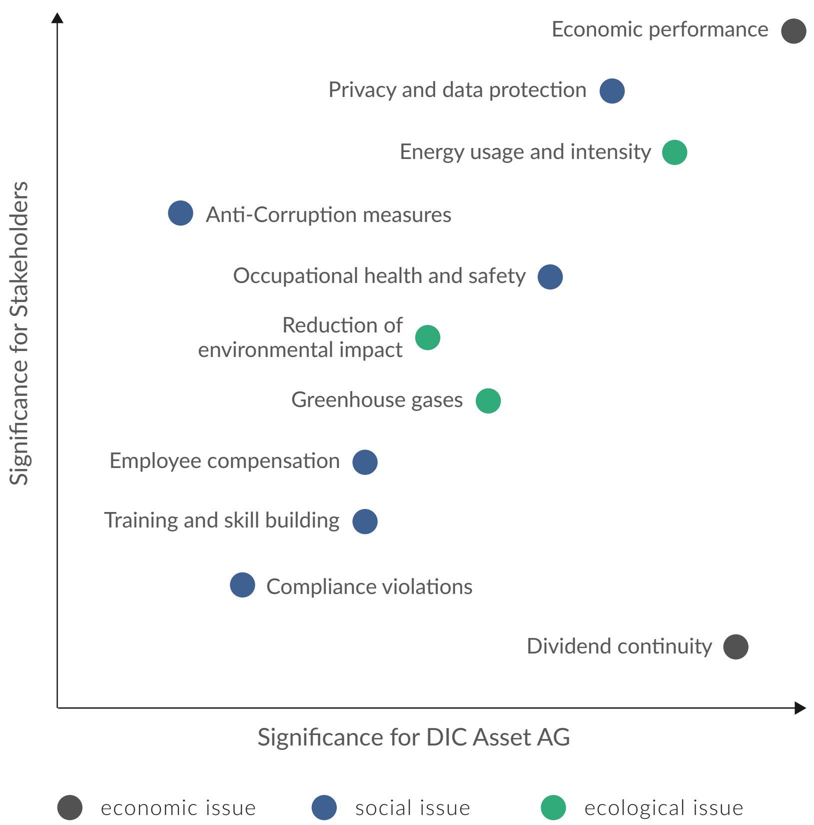
The most recent comprehensive stakeholder survey was conducted in 2016. In conjunction with the survey, around 1,000 employees, tenants, business partners and investors were asked to rate the significance of 27 different issues picked from a wide spectrum of subject areas. The questionnaire was developed and evaluated in accordance with the internationally recognised sustainability reporting standards of the Global Reporting Initiative (GRI).

The matrix derived from the survey, while not claiming to be comprehensive, provides the management with significant details for the ongoing stakeholder dialogue and the prioritisation of measures in the respective spheres of activity. The preferences of each stakeholder group will be separately discussed in the subsequent section of the report. Going forward, we are considering doing another stakeholder survey, especially because of the increased significance of the Institutional Business unit. The ESG activities of the Institutional Business will be separately discussed in this report for the first time.

GRI 102-47 GRI 103-1

MATERIALITY MATRIX

Stakeholder survey of December 2016



OUR STAKEHOLDERS

GRI 103-1 GRI 102-44

This chapter discusses the priorities of the various stakeholders in more depth, and elaborates the actions taken to address the stakeholder needs during the reporting period.

DIALOGUE ON THE COMPANY LEVEL

SHAREHOLDERS

DIC Asset AG is characterised by an internationally broad-based and principally stable shareholder structure. In addition to privately shareholders, institutional investors play a key role. Deutsche Immobilien Chancen-Group, from which DIC Asset AG was originally spun off purely as a portfolio company, has been invested since the IPO in 2006 and currently holds about 34.1% of the stock as anchor shareholder. On top of that, the RAG Foundation has been a major shareholder of DIC Asset AG with a long-term horizon since 2014 and currently holds around 10.0% of the stock. Ketom AG joined our shareholders on occasion of the capital increase in January, and now holds around 5.0%. The free float equals 50.9% at the moment, with US investor FMR LLC accounting for 5.8% thereof (all percentage figures quoted in accordance with the disclosures of the latest voting rights notification). Important stakeholder groups on the capital market also include the bearers of DIC Asset AG bonds, a number of financial institutes and finance partners, along with analysts of currently eleven institutes who are in constant dialogue with us concerning the DIC stock and company valuation issues.

Shareholder Expectations

- Sustainable value-added and a balanced financial structure
- Continuity of dividends, even in times of crisis
- Adherence to compliance guidelines (especially capital market requirements/prohibition of insider trading)
- Transparent, accurate and timely communication of financial and non-financial information
- A responsible approach in handling investment processes
- A proactive dialogue and exchange with the Management and Investor Relations

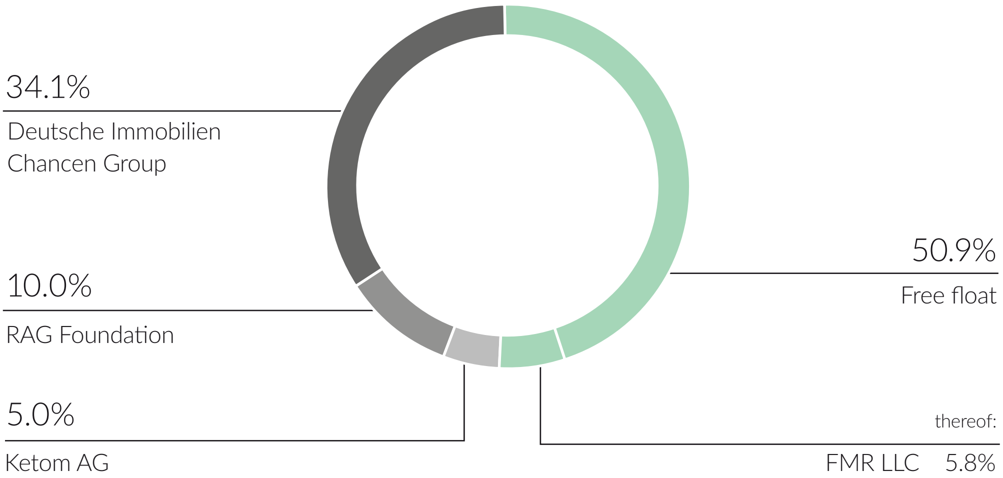
Actions taken and Achievements during the 2019 Financial Year

✓ Funds from operations (FFO) in the property management business increased by 40% year on year, bringing the total up to top level of EUR 95 million in accordance with the corporate objectives.
✓ Earnings in the real estate management segment increased by 87%, up to EUR 63 million, after the take-over of asset manager GEG in June 2019.
✓ The full value of the Institutional Business unit was initially recognised with the adjusted NAV figure (EUR 22.26 as of 31 December 2019).
✓ The 14/19 corporate bond (coupon rate: 4.625% p.a.) was repaid, and the promissory note loan (average rate: 1.55% p.a.) for the purpose of optimising and diversifying the funding structure was issued.
✓ The dividend was raised by around 38% to EUR 0.66 and the offer of a “scrip dividend” option renewed.
✓ A sustainability report was published in addition to annual and quarterly reports, press releases and other publications.
✓ The preparation, review and publication of monthly, quarterly and annual financial statements was accelerated (“fast close”).
✓ Transparency on the portfolio level and property level have been continuously improved, including in regard to the value drivers of the two operating segments.
✓ Nine road shows, seven investor conferences and one analyst event were conducted – a total of 111 investor meeting in five different countries.

SHAREHOLDER STRUCTURE

Baseline date: June 2020

GRI 102-5



DIALOGUE ON THE COMPANY LEVEL

EMPLOYEES

By 31 December 2019, a total of 247 employees were on the payroll of DIC Asset AG (31 December 2018: 186). The year-on-year increase is explained by organic growth of the asset management and property management business, and notably by the takeover of GEG.

Employee Expectations

- Fair treatment and competitive compensation
- Options for professional training and continued development
- Secure and pleasant working environment and flexible working hours
- Diversity and equal opportunity

Actions Taken and Achievements

✓ Employees willing to undergo further training received personal support, including grants and leave time.
✓ Regular work meetings and events were organised to facilitate exchange of knowledge and to boost team morale.
✓ Performance-based remuneration: In 2019, employees were paid EUR 3.7 million in performance-related remuneration (15 % out of the total compensation expenses of EUR 24.9 million).
✓ Modern, sustainable office workstations with generously proportioned common areas and an all-you-can-drink offer of hot and cold beverages

DIALOGUE ON THE COMPANY AND PROPERTY LEVEL

TENANTS

The group of around 1,300 tenants in both segments (Commercial Portfolio and Institutional Business) is composed of commercial occupiers of every size, from mid-market companies to international conglomerates. Roughly two in three tenants occupy premises of 750 sqm or less.

Tenant Expectations

- Protection of privacy and personal data in accordance with the European Data Protection Regulation (GDPR)
- Resource-conserving buildings and facilities
- Efficient and attractive properties whose specifications meet tenant requirements
- Regular and responsive communication
- Competent and bespoke services on location
- Transparency in relation to compliance guidelines (especially avoidance of corruption risks and protection of competition)

Actions Taken and Achievements

✓ Under a tenant-oriented approach to customer service, employees specialise in companies of a certain size or sector affiliation.
✓ We invest regularly in our portfolio to keep the properties permanently attractive and technologically up to date; we closely coordinate our efforts with the tenants when repositioning a given property.
✓ We maintain a constant dialogue with the tenants to ensure the high service quality, reliability and consistent availability of our commercial and technical property management.

SIZE STRUCTURE OF RENTAL UNITS (ACROSS SEGMENTS)

(as of: 31 December 2019)

200 sqm or less	31.2 %
200–750 sqm	36.7 %
750–2,500 sqm	21.9 %
2,500–10,000 sqm	7.6 %
10,000 sqm or more	2.7 %

BUSINESS PARTNERS

We work with over 6,000 business partners to implement joint projects or to use third-party services in our real estate value chain. These include, for instance, general contractors or contractors for certain trades in the context of redeveloping portfolio properties.

Business Partner Expectations

- Long-term and consistent business relations
- Fair treatment and support by the DIC contacts
- Protection of privacy and personal data in accordance with the European Data Protection Regulation (GDPR)
- Energy efficiency and reduction of the environmental impact, applying measurable criteria

Actions Taken and Achievements

✓ The "smart metering" project: The replacement of meters in the managed properties for the purpose of automating the collection and evaluation of consumption data is now under way (see project presentation on p. 22).
✓ Since 2010, master agreements for supplying all of our properties exclusively from renewable energy sources have been in place
✓ Compliance with relevant standards on occupational health and safety as well as with environmental constraints
✓ Our headquarters are cleaned by a facility management service that is certified according to the DIN/EN ISO 9001 and 14001 standards, and that uses environmentally friendly cleaning methods.
✓ We consistently implement the stated financial goals and requirements so as to ensure the long-term sustainability of the company's financial position

PUBLIC

This group includes municipalities, authorities and civil society.

Public Expectations

- Consideration of the needs, wishes and concerns of local neighbours and willingness to engage in dialogue, e. g. in the repositioning context
- Support for local, regional and inter-regional initiatives to revitalise and develop living and working environments

Actions Taken and Achievements

✓ Ongoing dialogue with the various stakeholders to promote the common good
✓ We cultivate active press and media relations, particularly on the local level
✓ We have long involved ourselves in relevant professional associations, such as ZIA (German Property Federation), EPRA (European Public Real Estate Association) and DAI (Deutsches Aktieninstitut, German Equities Institute). Sonja Wärntges, CEO, contributes her expertise to the German Property Federation as a member of its executive committee while also sitting on the board of the German Equities Institute.
✓ The fund management is a member of the European Association for Investors in Non-Listed Real Estate Vehicles (INREV)

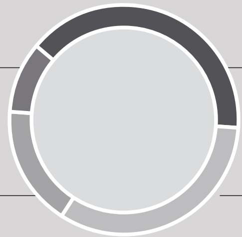
ESG IN THE INSTITUTIONAL BUSINESS

Growing Significance of Third-Party Business, and New Stakeholder Requirements

The business with asset management and investment management services for third parties (Institutional Business) quickly gained in significance for DIC Asset AG over the past financial years, and has been gathered into the GEG brand since 2019 (see organisational chart on p. 38). During the 2019 financial year, the Institutional Business units pulled level with the portfolio business (Commercial Portfolio) as equivalent earnings mainstay for the first time.

GEG is committed to the fiduciary principle, and therefore acts exclusively in the interests of the institutional investors committed in its products. The clients of the special property funds (40%), club deals (15%) and single mandates (45%) are largely German institutional investors, including banks and savings banks (17%), insurance companies (33%), pension funds (40%) or the family offices of high-net-worth individuals (10%) – all percentages quoted representing assets under management as of 31 December 2019. More than half of all investors are already invested in more than one vehicle.

INVESTMENT PARTNERS*



* Percentages in relation to assets under management of EUR 5.7 billion as at 31 December 2019

Investor Expectations

- Prioritisation of individual investor interests along the lines of the fiduciary principle
- Inclusion of financial and non-financial parameters as well as *ESG* guidelines when making investment decisions for the vehicles
- Introduction of internationally comparable reporting structures according to the principles of investor transparency

Planned Actions

- Expansion of the reporting activities on the levels of the company and of the vehicles
- Proactive communication of ESG standards and guidelines in the Institutional Business segment
- Integration of the ESG criteria in investment decisions

Expanded Reporting Standards

In addition to the sustainability reporting done by the group parent company DIC Asset AG in accordance with the internationally recognised GRI standards and EPRA sBPR (Sustainability Best Practices Recommendations), reporting on the investment vehicle level is becoming increasingly important. It is planned to expand the reporting on the level of the investment vehicles in accordance with the guidelines issued by the INREV European Association for Investors in Non-Listed Real Estate Vehicles. In response to investor requests, a reporting and evaluation option under GRESB for the investment vehicles is also to be introduced eventually. GEG, under whose brand name the entire Institutional Business of DIC Asset AG has been gathered since the group's integration in 2019, is also planning an accreditation process for the UN-PRI certification (Principles for Responsible Investment), and will seek to do the same on the level of the group parent company in the next step. Below, you will find a brief introduction to these reporting standards:

INREV

In analogy to EPRA (European Public Real Estate Association), which is responsible for listed real estate companies, the non-profit organisation INREV (European Association for Investors in Non-Listed Real Estate Vehicles), based in the Netherlands, represents the interests of investors in non-listed real estate funds. The objective is to increase transparency and comparability through best practice guidelines and the use of professional reporting standards in order to keep enhancing the attractiveness of the asset class. The INREV Standards developed are compatible with GRI Standards and EPRA sBPR, and cover eight subject areas including corporate governance, property valuation, performance measurement, INREV NAV, as well as reporting on fee structures and liquidity disclosures. In addition, members are offered standardised questionnaires as tools for daily operational work, e.g. for due diligence purposes.

GRESB

The GRESB standard (Global Real Estate Sustainability Benchmark) of the Green Building Certification Institute, an investor initiative based in the Netherlands, aims to make the sustainability performance of real estate portfolios comparable by using a holistic score. To calculate this score, data from all the players involved, including property managers, facility managers, occupiers, tenants or service providers, are entered into a comprehensive questionnaire. The process returns a near-complete snapshot of the portfolio performance because it takes all three ESG dimensions into account.

The overall score is obtained from seven sub-ratings:

1. Management: Which role does sustainability play within the framework of portfolio strategy and its implementation?
2. Policy & disclosure: In which ways is sustainability made transparent and comparable in reporting?
3. Risks & opportunities: What risks and opportunities have been identified in the area of ESG, and what measures are taken?
4. Monitoring & EMS: In what ways is resource consumption monitored and managed?
5. Building certification: Have certificates been issued by independent third parties concerning the sustainability of individual properties?
6. Performance indicators: What performance was achieved in regard to resource consumption?
7. Stakeholder engagement: What sort of collaboration with tenants, suppliers, employees and other stakeholders is in place?

UN-PRI:

UN Principles for Responsible Investment (UN-PRI) is a United Nations investor initiative established in 2006 and launched by the UN Global Compact together with the Finance Initiative of the UN Environment Programme (UNEP). It is mainly aimed at investment managers. This includes organisations who manage or control investment funds, either for their own account or on behalf of others, and who own no more than half of these investment funds. UN PRI signatories agree to implement six principles for responsible investments. The objective is to better understand the impact of investment activities on environmental, social and governance issues, and to integrate these issues into investment decisions.

These are the six principles for signatories:

1. We will incorporate ESG issues into investment analyses and decision-making processes.
2. We will be active owners and integrate ESG issues into our ownership policies and practices.
3. We will seek to obtain adequate disclosures concerning ESG issues from the companies in whom we invest.
4. We will promote the acceptance and implementation of these principles in the investment industry.
5. We will collaborate to improve our effectiveness in implementing the principles.
6. We will report on our activities and any progress made in implementing the principles.

3. ECOLOGY

GRI 103-1 GRI 103-2 GRI 103-3

Since the real estate industry is a major contributor to global CO2 emissions, it has a public responsibility to actively help achieve the Paris Climate Accord goals. Accordingly, the issue of reducing every form of energy consumption along the entire real estate value chain has gradually moved centre stage in recent years. All things considered, the industry harbours tremendous potential to contribute to the sustainable development of our society. DIC Asset AG and its stakeholders prioritise efforts to reduce our environmental impact and to optimise the efficiency of our property management.

A good way to identify potential for technical and operational improvements is to collect and analyse data on electricity, heating energy and water consumption as well as on greenhouse gas emissions. To make the annually gathered data on the environmental impact of the properties under our management truly comparable, we use an analysis portfolio. The data thus obtained serve as basis for planning our future efforts to optimise the energy management of our properties.

Our Principles of Environmental Sustainability:

- Energy and cost-effective management of the real estate under our management
- Long-term measures for portfolio properties and property developments
- Optimisation and reduction of CO_2 emissions and resource consumption

ANALYSIS PORTFOLIO

The addition of a given property in the analysis portfolio presupposes that data covering a three-year period are available for at least eight of nine consumption data points. Their availability ensures a sufficiently high data quality. The higher the quality of the data pool, the more accurate are the insights that we can derive concerning sustainable and efficient property operations and the easier it becomes to develop, together with our tenants, suitable approaches for optimising the energy efficiency of our properties. Our objective is to cover as much of the real estate inventory included in the analysis portfolio as possible.

By the end of 2019, the Commercial Portfolio of DIC Asset AG comprised 93 properties with around 842,000 sqm of lettable area under management. The analysis portfolio as of this key date included 65 properties with a gross lettable area of around 589,000 sqm, which equals roughly 70% (previous year: 73%) of the directly held portfolio assets. The drop in floor area percentage during the reporting year of 2019 is due, inter alia, to increased buying activities during the 2019 financial year, because no consumption data for a three-year period are yet available for the assets added to the portfolio in 2019.

In addition to the consumption data of the analysis portfolio, we gather the consumption data of DIC Asset AG itself at its head office in Frankfurt and its seven regional branch offices in Germany. The seventh of these branches, located in Cologne, opened for business in late 2019.

Scope of Estimates

Although we strive to make our analysis as comprehensive and precise as possible, we sometimes rely on qualified assumptions and simplifications when analysing data. We will brief you on the steps of the calculation and the scope of the evaluated data in the respective section of the report and in the annex.

Measuring Consumption

The evaluated data of our reference portfolio cover the period 2017 through 2019.

We use the consumption data from the reference portfolio to determine average values for our reporting purposes. The process allows for the fact that differences in a building's use will influence the measurements: Properties running their own data centres and cooling systems in continuous operation, for instance, will obviously average a higher energy consumption. Properties with a larger proportion of storage space or without their own cooling system, by contrast, tend to consume significantly less energy. Each type of use can be assigned specific square-metre ratios in accordance with the German Energy Saving Ordinance (EnEV) and guidance by the IWU Institute for Economy and Environment. At present, our analysis portfolio breaks down into 25 categories some of of which are summed up in the table below. Each of these categories is assigned a label for the building-related type of electricity consumption (e.g. lighting, air conditioning, ventilation) in accordance with the EnEV, a label for user-dependent electricity consumption (e.g. operation of PCs, printers, servers) in accordance with the IWU guidance, and a label for the heating type in accordance with the EnEV.

The comparison of actual consumption data per square metre and associated labels allows us to undertake an asset-specific benchmarking, which we then use in collaboration with our tenants to make the operation of the respective property as efficient as possible.

Generally speaking, the average overall parameters (2017–2019) of our analysis portfolio (electricity 78.7 kWh / sqm / year, heat 96.8 kWh / sqm / year) are confirmed by comparable parameters in accordance with the EnEV and IWU standards (weighted by floor area percentage for our analysis portfolio – electricity 79.8 kWh / sqm /year, heat 92.5 kWh / sqm / year).

The reference portfolio includes the following types of floor space (aggregated representation):

TYPES OF USE IN THE ANALYSIS PORTFOLIO*

	Floor area (in thousand sqm)	Floor area percentage
Office units without A/C	167	28.3%
Retail units, supermarkets, department stores	125	21.3%
Storage and archive area, plant building	106	18.1%
Office units with A/C	88	15.0%
Higher and continued education institutions	51	8.7%
Hotels	27	4.5%
Restaurants, cafés, cafeterias	8	1.3%
Residential units	7	1.3%
Server rooms	4	0.7%
Special use units	3	0.5%
Doctors' offices	2	0.3%
Total	**588**	**100.0%**

* The categorisation of floor areas follows the recognised system of the Building Classification Catalogue (BWZK) of the Working Group of the Ministers and Senators of the Länder Responsible for Building, Housing and Settlement (ARGEBAU) and the German Energy Saving Ordinance (EnEV) 2009.

In the consumption categories of heating energy and water, we generally have access to the consumption bills submitted by the utility companies. In addition, meter readings for these media are available for most properties from our facility management service providers.

The biggest challenge in measuring the environmental impact lies in the comprehensive determination of electricity consumption per property because the majority of our tenants conclude their own supply contracts. For us as owner, it may seem easy to aggregate the consumption of common-area electricity in analogy to the consumption data for heating energy and water. However, to obtain as complete a picture as possible – tenant-consumed electricity data included – we depend on detailed meter readings by our facility management service providers and the cooperation of network operators and our tenants. We are striving to improve the data collection and evaluation in the future by installing intelligent meter systems ("smart metering") in this context (see the digression on p. 22).

In addition to the overall view, we carried out a like-for-like examination of the analysis portfolio for the years 2017 through 2019. The like-for-like analysis only included properties that were part of the portfolio in all of these three years. This eliminates the effects that property acquisitions and sales during the observation period could have.

We refrained from using any methodological adjustments in the evaluation that would neutralize effects possibly caused by a change in use type for a given rental accommodation, the development of vacancies in the real estate portfolio, different material specifications and the age of buildings, or external influences such as weather conditions.

BREAKDOWN BY YEAR BUILT*

in % of the lettable area of the analysis portfolio

	Share in %
before 1950	0.9 %
1950–1959	0.4 %
1960–1969	12.8 %
1970–1979	15.6 %
1980–1989	17.3 %
1990–1999	31.8 %
2000 and since	21.2 %

* In cases of extensive refurbishments/modernisations: Year of the Most Recent Modernisation

BREAKDOWN BY SIZE

in % of the lettable area of the analysis portfolio

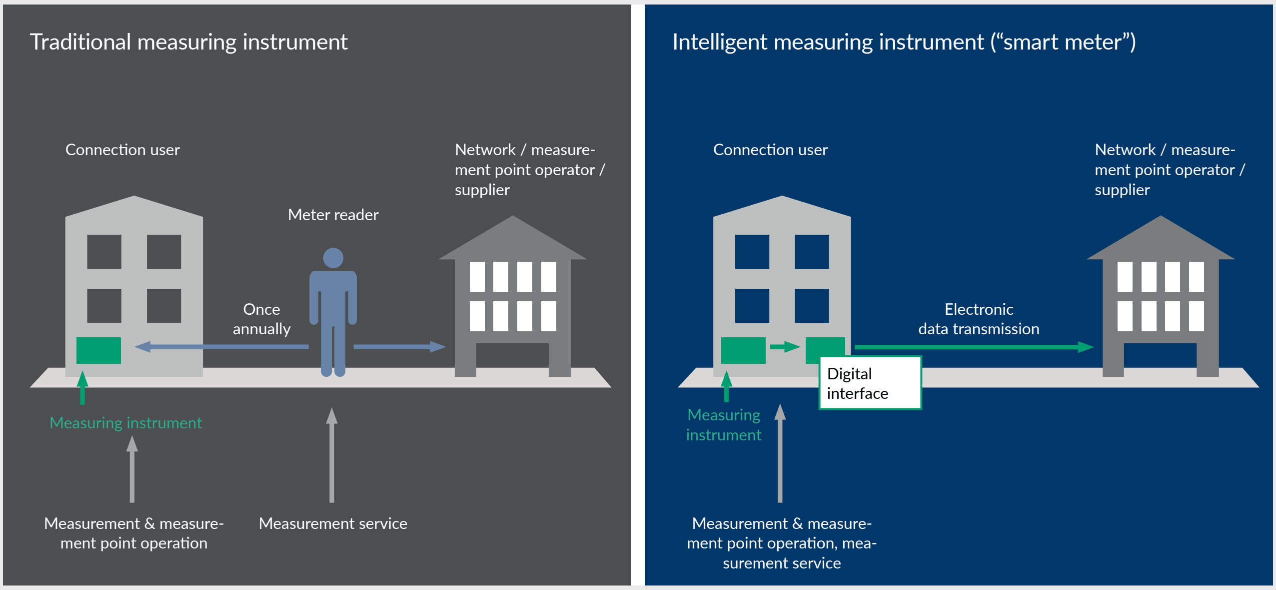
	Share in %
> 10,000 sqm	69.5 %
5,000–10,000 sqm	15.6 %
< 5,000 sqm	14.9 %

DIGRESSION: SMART METERING

In late 2019, DIC Asset AG launched a smart metering project through its fully-owned subsidiary DIC Onsite GmbH. Within the group of companies, the platform of DIC Onsite GmbH is responsible for the facility management, lettings, property management and property development both of the proprietary property holdings (Commercial Portfolio) and of the properties managed for third parties (Institutional Business).

What is smart metering?

The term "smart metering" generally denotes the use of intelligent measuring methods and measuring systems to collect and evaluate building consumption data. Traditionally, measuring instruments have been subject to the distinction between the measurement point operation and the measurement service. The measured data is normally read out in annual intervals. Not until after this (manual) intermediate step do the data become available to the measurement point operator, who forwards them to the actual consumers. An intelligent measuring instrument (a so-called "smart meter") eliminates this intermediate step because the measurement service is already integrated in the measurement point operation and the data are automatically transmitted via a digital interface (see figure).



Legal Parameters

German law mandates the installation of intelligent metering equipment for metering points with a consumption of >6,000 kWh/year and modern metering equipment for those with lower consumption by 2032. The underlying legal basis is specifically the Metering Point Operation Act (MsbG), which came into force in 2016, and the Act on the Digitisation of the Energy Transition (GDEW) of 2015, which are based on the requirements specified in the EU's directives for the internal market in electricity and gas.

Project Description

DIC Asset AG has adopted the goal of installing smart meters at an early stage for all managed properties. In a first step, it is intended to modernise all utility electricity meters. A second rollout will include the replacement of natural gas, district heating and water supply meters. The consumption data received via the digital interface can be docked to different user interfaces and visualized, for instance in an energy portal.

Time line:

December 2019 | February 2020 | April 2020 | 4th quarter 2020

Call for tenders and negotiation of master agreement → kick-off together with property managers → rollout

Objective:
The conversion will make it possible to monitor consumer data in real time, resulting in potentially enhanced evaluation options. In particular, this will permit the introduction of a forward-looking energy management, so that abnormal data values or consumption patterns, for instance, will automatically trigger alerts. The operator is at liberty to set the threshold values that will trigger an alert when exceeded or undercut, and these will be constantly monitored. Excessive consumption, e. g. by the lighting system, lift or heating system, will be detected early on. It also speeds up the response to failures of defective technical equipment. Finally, the increased standardisation and prompt availability of consumption data also implies extra optimisation potential on the portfolio level.

TREND IN CONSUMPTION DATA

ENERGY

CRE1 GRI 302-1 GRI 302-2 GRI 302-3 GRI 302-4 Energy-Int Elec-Abs Elec-LFL DH&C-Abs DH&C-LFL Fuels-Abs

Electricity

For the evaluation of electricity consumption during the period from 2017 through 2019, the reference portfolio accounted for about 70 % of the Commercial Portfolio as of 31 December 2019.

In 2019, the absolute electricity consumption of the assets in our analysis portfolio rose to 45.7 million kWh (2018: 42.6 million kWh). This is attributable to 43 % to an increased electricity consumption in shared areas (stairwells, multi-storey car parks, etc.) to 8.3 million kWh (2018: 7.0 million kWh) and to 57 % to increased consumption of tenant electricity up to 37.4 million kWh (2018: 35.7 million kWh).

Relative to the lettable area, energy consumption in 2019 increased by 7.1 % to 77.6 kWh/sqm (2018: 72.5 kWh/sqm) but still remained below the three-year average value of 78.9 kWh/sqm.

A like-for-like analysis of 65 properties shows that, compared to the benchmark year of 2017 (51.0 million kWh), the electricity consumption dropped by 10.4 % to 45.7 million kWh in 2019.

INDIRECT ELECTRICITY CONSUMPTION

in kWh/sqm

2017	2018	**2019**	3-year average
86.6	72.5	**77.6**	78.9

Heating

For the period 2017 through 2019, we were able to establish the heating energy consumption of an average 69 % of the lettable area in the Commercial Portfolio as of 31 December 2019 based on consumption bills on record and the consumption data made available by tenants.

The absolute heating energy consumption of the assets in our analysis portfolio totalled 53.4 million kWh in 2019 (2018: 55.1 million kWh).

Relative to the floor area, this translates into a 5.2 % decrease to 90.7 kWh/sqm (2018: 95.6 kWh/sqm).

On a like-for-like basis, the heating energy consumption in 2019 amounted to 51.9 million kWh. This implies a decline by 12.8 % from the figure of 59.6 million kWh measured for the benchmark year of 2017.

When comparing the heating energy consumption rates over time, you principally need to take the fluctuating lengths of the heating periods in the years analysed into account as an external influencing factor. A subsequent plausibility check is based on heating days and degree day figures that are calculated by the IWU on the basis of the German Weather Service's climate station data in accordance with recognised guidelines.*

* Source: Institute for Economy and Environment (IWU) - https://www.iwu.de/publikationen/fachinformationen/energiebilanzen/#c205

INDIRECT HEATING ENERGY CONSUMPTION

in kWh/sqm

2017	2018	**2019**	3-year average
104.0	95.6	**90.7**	96.8

Water

CRE2 GRI 303-1 Water-Abs Water-LFL Water-Int

To determine the water consumption for the analysis period of 2017 through 2019, we analysed an average of 70 % of the Commercial Portfolio's lettable area as of 31 December 2019. To this end, we used meter reading lists, utility bills and notifications by our tenants (in cases where water supply contracts are handled directly by the tenants).

The absolute water consumption in our analysis portfolio equalled 174,948 cbm in 2019 (2018: 190,987 cbm). Relative to the floor area, this implies a rate of 0.30 cbm/sqm (2018: 0.32 cbm/sqm).

Our like-for-like comparison revealed a 4.8 % drop in consumption, from 183,712 cbm in the benchmark year of 2017 down to around 174,856 cbm in 2019.

WATER CONSUMPTION

in cbm/sqm

2017	2018	**2019**	3-year average
0.31	0.32	**0.30**	0.31

CO_2 Contribution

GRI 103-1 GRI 103-2 GRI 103-3

The consumption of energy releases greenhouse gases that are among the main drivers of climate change. We have set ourselves the goal to minimise greenhouse gas emissions. To reduce our carbon footprint, we pursue several approaches:

- Since 2010, our common-area electricity supply in the properties rented by us for office use comes from renewable, carbon-neutral energy sources (green electricity).
- We ask third-party agencies to compile energy balances for our business premises so as to determine the exact consumption as well as any potential for improvement.
- We promote the use of carbon-neutral long-distance service connections of Deutsche Bahn for our employees' business travels.

The direct and indirect heating energy supply of our properties is based on three energy sources, these being district heating, natural gas and fuel oil, with natural gas accounting for the bulk of it at 60.3%.

For each energy source, we use the following specific conversion factors to calculate the CO_2 environmental contribution of the energy consumed:

- District heating: 225.0 g CO_2e/kWh*
- Fuel oil: 280.0 g CO_2e/kWh*
- Natural gas: 191.9 g CO_2e/kWh*
- Electricity, national average (if utility provider is unknown): 590.0 g CO_2e/kWh*

* Source: International Economic Forum for Renewable Energies (IWR) – http://www.iwr.de/re/eu/co2/co2.html

In 2019, the CO_2 emissions caused by electricity and heating energy consumption increased by 5.3% to a total of 32,923 tCO_2e (2018: 31,261 tCO_2e). Relative to the lettable area, this implies a decline in CO_2 emissions by 4.5% to 55.9 $kgCO_2e$/sqm (2018: 53.5 $kgCO_2e$/sqm).

But like-for-like, emissions in 2019 came to 32,651 tCO_2e and thus 11.0% less than in the benchmark year of 2017 (36,668 tCO_2e).

ENERGY SUPPLY

Energy type	Share in total consumption
District heating	39.5%
Natural gas	60.3%
Fuel oil	0.2%

INDIRECT CO_2 EMISSIONS

GRI 305-4

in $kgCO_2e$/sqm

2017	2018	**2019**	3-year average
62.8	53.5	**55.9**	57.4

CONSUMPTION OF A TYPICAL PROPERTY IN THE COMMERCIAL PORTFOLIO

CRE3 GHG-Int

Average 2017–2019	per year	per sqm and year
Electricity consumption (kWh)	714,638	78.9
Heating energy consumption (kWh)	876,768	96.8
CO_2 emissions ($kgCO_2e$)	520,231	57.4
Water consumption (cbm)	2,821	0.31

* The typical property size is 9,058 sqm, based on the lettable area and the number of properties held in the Commercial Portfolio at year-end 2019.

ABSOLUTE CONSUMPTION DATA*

	2019	2018	2017
Indirect electricity consumption (kWh)	**45,662,146**	42,649,025	50,987,713
– thereof common-area electricity	**8,276,435**	6,986,039	11,924,475
– thereof tenant electricity	**37,385,711**	35,662,986	39,063,238
Number of analysed properties	**65 out of 93**	65 out of 93	65 out of 93
implies a lettable area in sqm	**588,577**	588,577	588,577
Indirect heating energy consumption (kWh)	**53,355,049**	55,054,270	60,949,886
Number of analysed properties	**65 out of 93**	64 out of 93	64 out of 93
implies a lettable area in sqm	**588,577**	575,802	586,021
Indirect CO_2 emissions ($kgCO_2e$)	**32,922,775**	31,261,362	36,931,542
Water consumption (cbm)	**174,948**	190,987	183,797
Number of analysed properties	**65 out of 93**	64 out of 93	65 out of 93
implies a lettable area in sqm	**588,577**	587,805	588,577

* relative to the analysis portfolio

LIKE-FOR-LIKE CONSUMPTION DATA*

GHG-Indir-LFL

	2019	2018	2017	Change since 2017
Indirect electricity consumption (kWh)	**45,662,146**	42,649,025	50,987,713	-10.4 %
Number of analysed properties		65 out of 93		
implies a lettable area in sqm		588,577		
Indirect heating energy consumption (kWh)	**51,940,698**	55,039,357	59,578,698	-12.8 %
Number of analysed properties		63 out of 93		
implies a lettable area in sqm		573,246		
Indirect CO_2 emissions ($kgCO_2e$)	**32,650,792**	31,258,007	36,668,358	-11.0 %
Number of analysed properties		64 out of 93		
Water consumption (cbm)	**174,856**	190,987	183,712	-4.8 %
Number of analysed properties		64 out of 93		
implies a lettable area in sqm		587,805		

* relative to the analysis portfolio

KEY RATIOS*

	2019	2018	2017	Change since 2017
Indirect electricity consumption (kWh/sqm)	**77.6**	72.5	86.6	-10.4 %
kWh/workplace**	**1,241**	1,159	1,386	
Number of analysed properties	**65 out of 93**	65 out of 93	65 out of 93	
Indirect heating energy consumption (kWh/sqm)	**90.7**	95.6	104.0	-12.8 %
kWh/workplace**	**1,450**	1,530	1,664	
Number of analysed properties	**65 out of 93**	64 out of 93	64 out of 93	
Indirect CO_2 emissions ($kgCO_2e$/sqm)	**55.9**	53.5	62.8	-11.0 %
$kgCO_2e$/workplace**	**895**	857	1,005	
Water consumption (cbm/sqm)	**0.30**	0.32	0.31	-4.8 %
cbm/workplace**	**4.8**	5.2	5.0	
Number of analysed properties	**65 out of 93**	64 out of 93	65 out of 93	

* relative to the analysis portfolio
** average workplace in 7 major German cities, around 16 sqm (source: Cushman & Wakefield "Office Space Across the World" 2017)

Extrapolation for the Commercial Portfolio

Based on the consumption data of our reference portfolio, we extrapolated the consumption of our entire directly held portfolio for the period 2017 through 2019. This makes it easier to establish the actual overall environmental footprint of DIC Asset AG.

PORTFOLIO PROJECTION

	2019	2018	2017
Floor area of the Commercial Portfolio, in sqm*	**842,349**	888,426	911,600
Electricity consumption			
in kWh/sqm	**77.6**	72.5	86.6
Total consumption, in kWh	**65,349,938**	64,376,450	78,970,823
– thereof common-area electricity	**11,844,921**	10,545,057	18,468,873
– thereof tenant electricity	**53,505,012**	53,831,393	60,501,949
Heating energy consumption			
in kWh/sqm	**90.7**	95.6	104.0
Total consumption, in kWh	**76,359,129**	84,945,245	94,812,126
Total energy consumption			
in kWh/sqm	**141,709,668**	149,321,695	176,782,949
Water consumption			
in cbm/sqm	**0.30**	0.32	0.31
Total consumption in cbm	**250,378**	288,663	284,669
CO_2 emissions in tCO_2e**	**47,210**	48,998	54,864

* not including property developments and warehoused assets
** CO_2 emissions from tenant-consumed electricity (conversion factor using the national average of 590 gCO_2e/kWh) and heating energy

ECO-BALANCE OF DIC ASSET AG

During the 2019 financial year, DIC Asset AG maintained an average headcount of 247 employees at its seven branch offices in Germany. The one-year increase was essentially driven by the acquisition of GEG in June 2019, and thus by the associated expansion of the workforce in the Asset Management and Investment Management units and the extra floor space requirements. The evaluation of consumption data in the properties we use takes the same methodological approach as the evaluation of our reference portfolio.

The **total electricity consumption** of DIC Asset AG decreased by 3.1% to 584,437 kWh (2018: 603,003 kWh) during the 2019 financial year. Compared to the benchmark year of 2017, the consumption increased by 15.8%. However, it should be added that the growth is explained mainly by the increase of our workforce and the expanded floor area.

The electricity consumption per square metre fell by 12.1%, from 96.1 kWh/sqm in the benchmark year of 2017 to 84.5 kWh/sqm in 2019.

The tenant electricity consumption per employee was 939 kWh and thus undercut the level of the benchmark year (2017: 1,140 kWh).

DIC Asset AG uses district heat or natural gas to heat all seven of its branch offices. The **heating energy consumption** came to 2,219 kWh per employee in 2019, more or less matching the prior-year level (2018: 2,216 kWh). Compared to 2017 (2,247 kWh), the heating energy consumption declined by 1.2%.

The **water consumption** amounted to 10.8 cbm per employee in 2019 (2018: 13.3 cbm/employee). Compared to the benchmark year of 2017 (13.7 cbm/employee), the consumption declined by 21.2%.

ENERGY AND WATER CONSUMPTION OF DIC ASSET AG

(Absolute values)

	2019*	2018	2017	Change since 2017
Electricity consumption (kWh)	**584,437**	603,003	504,592	15,8%
– for tenant electricity	**231,983**	241,510	210,939	10,0%
– for common-area electricity	**352,454**	361,493	293,653	20,0%
in kWh/sqm	**84.5**	98.7	96.1	-12,1%
Tenant electricity/employee (kWh)	**939**	1,313	1,140	-17,6%
Heating energy consumption (kWh)	**547,980**	407,732	415,726	31,8%
in kWh/sqm	**79.2**	66.7	79.2	0,0%
in kWh/employee	**2,219**	2,216	2,247	-1,2%
Water consumption (cbm)	**2,666**	2,455	2,530	5,4%
in cbm/sqm	**0.39**	0.40	0.48	-18,8%
in cbm/employee	**10.8**	13.3	13.7	-21,2%
Number of offices**	**7**	6	6	16,7%
implies a floor area, in sqm***	**6,916**	6,108	5,252	31,7%
Number of employees (annual average)	**247**	184	185	33,5%

* Pro-rata inclusion of the consumption rates of the GEG premises in the "MainTor Panorama" building since June 2019. Some of the consumption figures represent estimates.

** The branch office in Halle (centre management) has been grouped with the Berlin office since July 2017. In late 2019, Cologne was added as the most recent branch. The two properties "MainTor Primus" and "MainTor Panorama" are lumped together as a single location (Frankfurt).

*** Units sublet by DIC Asset AG are not included in the calculation.

Sustainability at the Workplace

Among our key priorities is the efficient and responsible use of resources. Our branch offices are supplied with carbon-neutral electricity. At our principal place of business in Frankfurt, we are the main tenant of two sustainable office buildings – "MainTor Primus" and "MainTor Panorama" – built to the strictest green building standards (both DGNB Platinum certified).

Another area in which we achieve cost and energy savings is the IT infrastructure, e. g. by regularly replacing older equipment with technically more efficient new equipment. Our printers are centralised and require the input of a personal pin code. It helps us to raise awareness for a resource-conserving paper consumption in line with the "Think before you print" maxim. It is also a good way to improve data protection.

In the context of procuring office supplies, we strive for CO_2 savings by placing fewer small-scale orders and by favouring environmentally friendly products in order to reduce packaging material and transport-related carbon emissions. Moreover, we prefer to buy sustainable products that are associated with reforestation projects wherever sensible and possible, so as to compensate actively for carbon emissions.

Recycling and Waste Management

GRI 103-1 GRI 103-2 GRI 103-3

We have reported on waste management, disposal and recycling since our 2015/2016 Sustainability Report. The resulting transparency creates a better decision-making basis and thus facilitates our control.

Details on the type and quantity of waste materials are estimated based on the general data provided by the local waste disposal companies as well as our commercial waste disposal partners at our office locations. In all locations, the waste disposal is carried out jointly for all tenants of a given property. The volume of waste attributable to DIC Asset AG is estimated as the total waste volume of each type of waste for an entire property, multiplied by the floor area percentage of the rental units that are occupied by DIC Asset AG. Next, the result is multiplied by 52 for the total number of weeks of the year to obtain the annual total (method used since 2018).

WASTE GENERATION AT DIC ASSET AG*

GRI 306-2 Waste-Abs

Volume, in litres	**2019**	2018
Non-recyclable waste (residual waste)	**126,910**	96,679
Paper	**301,394**	253,282
Recoverable waste	**42,418**	47,371
Recyclable material (reusable material)	**149,861**	117,151
Total	**620,584**	514,483

* Pro-rata inclusion of the consumption rates of the GEG premises in the "MainTor Panorama" building since June 2019. Some of the consumption figures represent estimates.

CO_2 Contribution

GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-5

The carbon footprint of DIC Asset AG includes all greenhouse gas emissions – measured in carbon dioxide – that are generated in the course of its business activities.

In addition to the emissions generated by the use of the properties at our branch locations, these are mainly CO_2 emissions caused by the business trips that our employees undertake either by air or by using vehicles from our car fleet.

During the 2019 financial year, the CO_2 footprint of DIC Asset AG amounted to 47,622 tCO_2e (2018: 49,437 tCO_2e), with tenant consumption (electricity and heating energy) in the Commercial Portfolio accounting for 99.1 % thereof. Since 2017, the Group's carbon footprint has decreased by 13.9 % (2017: 55,289 tCO_2e), primarily because the Commercial Portfolio was downsized in line with the strategic portfolio optimisation.

GREENHOUSE GAS EMISSIONS ACCORDING TO THE GHG PROTOCOL*

in tCO_2e	2019	2018	2017	Change since 2017
Scope 1				
Car fleet	212	231	224	-5.5 %
Scope 2				
DIC Asset AG consumption: Tenant electricity consumption at the branches*	0	0	0	n/a
Common-area electricity (Commercial Portfolio)**	0	0	0	n/a
Scope 3				
Business travel***	75	71	89	-15.4 %
DIC Asset AG consumption: Common-area electricity consumed in properties rented by DIC Asset AG, e. g. head office ****	125	137	112	11.3 %
Tenant electricity and heating energy (based on a portfolio extrapolation)	47,210	48,998	54,864	-13.9 %
Total tCO_2e	47,622	49,437	55,289	-13.9 %

* Specifically, our branch offices switched to green electricity on 1 January 2011 in Mannheim, on 1 January 2012 in Frankfurt, on 1 October 2012 in Hamburg, on 21 January 2013 in Munich, on 1 January 2013 in Düsseldorf and on 1 January 2014 in Berlin.

** Since 2010, common-area electricity supply has been to 100 % sourced from renewable energies since and is therefore fully carbon-neutral.

*** not including employee commutes

**** in rented properties according to information provided by the property owners.

“Greenhouse Gas Protocol” (GHG Protocol)

GHG-Dir-Abs GHG-Indir-Abs

Our CO_2 accounting is based on the globally recognised Greenhouse Gas (GHG) Protocol corporate standard. The standard distinguishes between three different emission types, the so-called “scopes”:

- Scope 1 represents direct CO_2 emissions. In the case of DIC Asset AG, these are caused by the company’s car fleet.
- Scope 2 refers to indirect CO_2 emissions. These are generated by our suppliers to produce energy (electricity and heat) for our branch offices and for the common-area electricity consumption associable with our real estate portfolio (“consumption control by DIC Asset AG”).
- Scope 3 covers all other CO_2 emissions that are in some way related to our corporate activities. These include greenhouse gas emissions from business travel and CO_2 emissions caused by the occupancy of our reference portfolio assets (electricity and heating energy consumption by tenants in properties owned by us) or by common-area electricity and heating energy consumption in properties rented by us for office use.

4. SOCIAL

GRI 103-1 GRI 103-2 GRI 103-3

In keeping with the ESG model of sustainable development, we aim for a responsible and always fair treatment of our employees, clients and business partners. The constructive exchange and dialogue with all stakeholders allow us to rate our corporate performance in its societal context, too.

As one of Germany's largest commercial property asset holders and providers of real estate investment products, our business activities have social ramifications that extend beyond our industry and even influence the municipal and regional environments in German cities and communities.

Our Principles of Social Sustainability:

- Developing a positive corporate culture as well as a safe and pleasant working environment
- Helping employees to unfold and develop their potential, not least through continuing education and market-consistent pay
- Cultivating long-term partnerships with highly productive companies
- Handling historically evolved neighbourhoods respectfully through sensitive urban development
- Sponsoring charitable and social commitments, specifically to promote community development

OUR WORKFORCE

The knowledge, skills and commitment of our employees constitute the bedrock of our company's success. We will achieve our ambitious goals only if we have qualified and motivated employees who represent our company to the outside world with dedication and success. Accordingly, we value and encourage an entrepreneurial mindset and behaviour, accountability, flexibility and expertise.

Maintaining seven branch offices across Germany enables us to be active in the focal regions of our portfolio. DIC Asset AG's principal place of business is Frankfurt am Main where the key management and administrative tasks are taken care of.

During the 2019 financial year, the organic growth of our asset management and property management business and specifically the takeover of GEG brought our workforce up to a total of 247 employees (31 December 2018: 186). In conjunction with the GEG acquisition, 67 employees were integrated, thereof 11 persons in the Portfolio Management, Investment and Funds unit, 29 persons in the Asset Management and Property Management unit, and 27 persons in the Group Management and Administration unit. By the end of the year, the workforce broke down into 34 employees in Portfolio Management, 145 in Asset Management and Property Management, and 68 in Administration.

NUMBER OF EMPLOYEES

GRI 102-8

	2019	2018	2017
Portfolio management, investment and funds	**34**	27	25
Asset and property management	**145**	114	113
Group management and administration	**68**	45	49
Total	**247**	186	187

Employer Brand

Inspiring enthusiasm in new co-workers is one of the most critical tasks of our Human Resources department. In order to appeal to young talent and highly skilled job seekers, we are committed to positioning DIC Asset AG as an excellent employer. We offer flat organisational structures, let employees assume responsibilities early on, and delegate significant decision-making competences. In May 2019, as in previous years, we participated in the IZ-Karriereforum job fair hosted by the *Immobilien Zeitung* real estate newspaper in Frankfurt for the purpose of networking and raising awareness among career starters for the job opportunities at DIC Asset AG. In addition, we launched our new career website at www.dic-asset.de/karriere/ in June 2020. It serves interested parties and job seekers as go-to point for sourcing detailed information on the service areas of the DIC Asset Group and for getting a rough idea of the benefits offered. This year's edition of the IZ-Karriereforum job fair, originally scheduled for June 2020, was postponed until October because of the COVID-19 pandemic, at which time DIC Asset AG plans to attend if possible.

Diversity

GRI 103-1 GRI 103-2 GRI 103-3 GRI 102-8 GRI 405-1 Diversity-Emp

EMPLOYEE GENDER BREAKDOWN

	2019	2018	2017
Females	**50%**	52%	55%
Males	**50%**	48%	45%

AGE STRUCTURE

	2019	2018	2017
<30 years	**18%**	18%	14%
30–50 years	**65%**	62%	68%
>50 years	**17%**	20%	18%

DIC Asset AG and its subsidiaries are committed to promoting diversity within the group of companies. As of 31 December 2019, half of all positions (50 %) were staffed with female employees (2018: 52 %). By the end of 2019, the majority of our employees (65 %) were between 31 and 50 years of age. An additional 18 % of our employees are aged 30 or younger, while 17 % are aged 51 or older.

As far as flexible working hours go, our employees can take advantage of part-time models. By the end of 2019, the group had employees from nine different nations. We believe that heterogeneous teams who differ in their individual skills, expertise and different solution approaches are in many ways better positioned to address complex issues than homogeneous teams, and that they bring more innovation potential to a given task. To this end, we maintain a corporate culture that is dedicated to the principles of ethical standards and integrity, and that promotes mutual respect, accountability and respect within our workforce. Our compliance guideline defines comprehensive safeguards against discrimination, particularly in regard to ethnic identity, gender, religion or belief, disability, age and sexual identity. Our stated objective is to actively discourage discrimination, unfairness or undesirable behaviour.

As far as the composition of the Management Board goes, the Supervisory Board pursues a diversity concept that is described in the "Corporate Governance" section of the 2019 Annual Report. In addition to the knowledge, skills and professional experience required to perform the tasks properly, it is supposed to take diversity into account when making board appointments. The board's composition is to integrate different, complementary professional profiles as well as job and life experiences that benefit the board's work. The objectives for its composition were defined according to the recommendations of the German Corporate Governance Code (DCGK) as stipulated by the Declaration of Conformity. These objectives also include the competence profile for the entire body and the diversity concept the Supervisory Board pursues in regard to its composition.

DIC Asset AG is legally obliged to set targets for the number of female appointees to the Supervisory Board, the Management Board and, where applicable, to the two executive levels below the Management Board. The set deadline for achieving the targets is 30 June 2022:

- The target of 1/6 or 16.66 % for the Supervisory Board was not achieved, as the rate by the end of 2019 was 0 %. When proposing candidates to the Annual General Meeting for the election of Supervisory Board members, the Supervisory Board will duly take account of the objectives it has set for its composition and the competence profile for the Supervisory Board as a whole, but will prioritise the professional and personal qualifications of a given candidate.
- The target of 1/4 or 25 % for the Management Board was exceeded with 1/2 (50.00 %) as of year-end 2019.
- We missed the target figure for the proportion of women on the executive level below the Management Board, which is 2/13 or 15.38 %, with an actual rate of 2/14 or 14.28 % as of year-end 2019. This shortfall is associable with the expansion of the executive level just below the Management Board in the wake of the GEG acquisition in June 2019.
- There is no second executive level below the Management Board.

Salaries: Fair Remuneration and Promotion of Performance

GRI 103-1 GRI 103-2 GRI 103-3 GRI 201-3 Diversity-Pay

In the materiality analysis, all stakeholders identified fair salaries and adequate remuneration as a particularly important aspect for DIC Asset AG (see page 12). Pursuant to the Compliance Directive, our employees must be treated equally and should not be privileged based on gender and/or other criteria. Our company attaches great importance to equal pay for equal work.

Salary payments break down into basic income, additional benefits, and performance-related components. Our salaries are oriented to industry levels and competitive standards. The performance-related component is based on the achievement of strategic, operational and personal goals, which are determined annually for each employee together with his or her superiors. Total payroll and benefit expenses in 2019 equalled EUR 24.9 million. They include performance-related remunerations in the amount of EUR 3.7 million, implying a share of around 15 %. Social security contributions, pension plans and other benefits added up to EUR 3.7 million.

HIRINGS AND DEPARTURES*

GRI 401-1 Emp-Turnover

	Male	Female	Total
2019			
Hirings	**30**	**26**	**56**
Departures	**28**	**21**	**49**
Turnover rate**			**19.8 %**
2018			
Hirings	19	24	43
Departures	9	21	30
Turnover rate**			16.3 %
2017			
Hirings	20	14	34
Departures	12	15	27
Turnover rate**			14.4 %

* adjusted for staff changes within the DIC Group, based on employee-side termination of permanent employment contracts.

** defined as departures relative to the average number of employees during the financial year. The ratio determined for 2019 is 49/247 or 19.8 % (previous year: 30/184 or 16.3 %)

Human Resource Development

GRI 103-1 GRI 103-2 GRI 103-3 GRI 404-2 Emp-Training

Target-oriented human resource development is an essential part of our long-term corporate development. We ensure that talents are discovered, sponsored and tested in our company. We therefore support the personal goals of our employees in regard to their professional development, and invest as necessary in the development of individual expertise and competence. In addition to general training programs, we also offer theme-specific professional development classes on currently relevant industry topics. These are taught by in-house and third-party experts or by training institutes.

Human resource development and advancement are among the key responsibilities of our executives. We support our executives in the process and provide them with the tools they need, including through training classes and/or one-to-one coaching. No statistics are on record concerning the average time employees spent in professional training and continued professional development.

Training and Sponsoring Young Employees

Our work placements give high school students (two weeks) and university students (two to six months) the opportunity to get to know the various units of our company. University graduates may take advantage of our trainee program of 12 to 18 months after getting their degrees. The programs' purpose is to prepare career starters for senior positions.

We have also been certified as trainer for the profession of estate agent since 2015. Moreover, we support university students in their bachelor or master thesis projects. We consider all of these programs to be important building blocks to keep attracting qualified young talent to our company in the future, but also to live up to our social responsibility.

On 28 March 2019, we participated in the Girls' Day, the largest career orientation project for schoolgirls worldwide, for the third time. During the event, schoolgirls had the chance to familiarise themselves with vocational job training and degree programs in the real estate industry, and to meet female executives. The Girls' Day is organised in support of a national initiative meant to assist in the selection of a profession or degree program, and to overcome career stereotypes (Bundesinitiative "Klischeefrei – Nationale Kooperationen zur Berufs- und Studienwahl"). The initiative's objective is to help select a profession or degree program based on personal interests and free of gender stereotypes across Germany.

Occupational Health and Safety

GRI 103-1 GRI 103-2 GRI 103-3 GRI 403-1

We ensure safe working conditions through timely preparation and training. The occupational safety strategy is defined in regular meetings of the senior management and the occupational safety committee, which is composed of internal representatives and third-party experts. Our executives are briefed on best practices in tutorials, e. g. on the subject of their responsibility for occupational safety.

The fire safety training we provide for our fire protection officers and the fire safety briefing we give to all new employees when entering the company also contribute to a safe working environment. Fire protection equipment and first aid materials with appropriate instructions are easily accessible on each floor in case of an emergency. In addition, we periodically offer first aid training courses for employees at any of our branch offices in Germany.

GRI 401-2

Ultimately, our ambition is to make our offices not just safe, but also attractive and comfortable. Our principal place of business is located at the MainTor site in the heart of Frankfurt where a rich variety of gastronomy, retail and cultural venues lies within walking distance. The offices, located in the two buildings MainTor Primus and MainTor Panorama, get plenty of natural light and overlook both the MainTor grounds and downtown Frankfurt. The location has protected bicycle parking spaces, convenient access to public transportation and spacious areas for joint lunch breaks with co-workers. Each floor features a kitchen with a choice of hot beverages and chilled soft drinks. In cooperation with a fitness chain, we give our employees the opportunity to take out a discounted membership. To prepare for the JP Morgan Chase Corporate Challenge again in 2019, employees at all of our branch offices were given the opportunity to train on the job with a professional coach for several weeks, and the offer was warmly welcomed by our employees.

Flexible Working Time Models and Remote Work

DIC Asset AG offers flexible working time models, especially to support employees returning to work after parental leave. This way, we make it easier for our employees to reconcile family and job. In 2019, a total of 35 employees (14%) worked part-time, up from 26 employees (14%) in 2018. In conjunction with the necessary protective and precautionary measures in the context of the COVID-19 pandemic, DIC Asset AG also took advantage of remote working options on a major scale for the first time during Q1 2020. At its core, the group-wide work concept focused on employee health and the best possible continuation of normal business operations involved the formation of teams in all departments who took regular turns working in-house and remotely from their home offices. This enabled us to make sure that the workforce, reduced to half its usual number, fully complied with the social distancing and safety rules in their shared office facilities. To make it easier to coordinate the geographically distributed teams, we relied more heavily on digital tools for internal communication and collaboration that will now become a permanent component of the working environment in line with additional digitisation measures introduced within the DIC Asset Group.

Acting Responsibly from the First Day on the Job

GRI 404-3 Emp-Dev

All of our employees receive a regular assessment of their performance and career progress within the framework of annual feedback interviews. In addition to established human resource development tools such as this one, it is very important to us to encourage an open dialogue among our employees across hierarchical boundaries. The general idea is that our employees should be able to approach their superiors any time with queries and concerns.

New employees are given a comprehensive guide to their workplace, including practical energy-saving tips for the office and a copy of the compliance policy for them to sign and thereby to commit themselves to a responsible and lawful conduct, among other advice. Aside from enhancing the flow of communication, this approach directly briefs new team members about their rights and obligations and the resources available to them.

We promote collaboration and the exchange of know-how through regular meetings of working groups in which staff from different regional offices and from the head office work together on a variety of projects.

Employee Absence Remains on Low Level

GRI 403-2 H&S-Emp

We strive to keep sickness absence days to a minimum through active communications. For instance, we will sit down with employees returning to work after a lengthy sickness absence and jointly try to find ways to adjust their work environment optimally to their needs.

The average sickness absence per employee decreased year on year in 2019, dropping from an average of 10.0 days to 8.5 days. Accordingly, it remained well below the established average among German employees, which is 15.5 sick absence days annually, according to the latest data released by the TK health insurance. Specifically, the sickness absence rate at DIC Asset AG was 3.3% in 2019 and thus undercut last year's rate (2018: 3.8%). The national sick leave ratio was determined as 4.3% on average.*

* Source: Gesundheitsreport 2019; Techniker Krankenkasse; https://www.tk.de/resource/blob/2060908/b719879a6b6ca54c1f2ec600985fb616/gesundheitsreport-au-2019-data.pdf

SICK ABSENCE

	2019	2018	2017
Total sick absence days	2,105	1,866	1,526
Avg. sick absence days per employee	8.5	10.0	8.2
Sickness absence rate**	3.3 %	3.8 %	3.1 %

** Calculation: Sick absence days p.a. / (target work days multiplied by average number of employees during that financial year)

TRADE ASSOCIATION WORK AND MEMBERSHIPS

Active Trade Association Work

GRI 102-13

We are active members in various trade associations and industry organisations, our goal being to anchor sustainability-related topics such as transparency, reporting or investor communications more firmly in the German real estate sector, and to promote the exchange of experience and information within our industry.

Together with other industry players, we engage in efforts to boost awareness for real estate businesses and their concerns, especially in the trade associations German Property Federation (ZIA) and European Public Real Estate Association (EPRA). Sonja Wärntges, our CEO, contributes her expertise to the ZIA German Property Federation as a member of its executive committee while also sitting on the board of the German Equities Institute (DAI). Our membership in the European Association for Investors in Non-Listed Real Estate Vehicles (INREV) underlines the growing significance of the third-party business in our Institutional Business segment (see digression on p. 17).

Community Involvement

GRI 203-1

In 2019, we once again sponsored the “Blickachsen” biannual sculpture exhibition, which presents the works of international artists living in the Frankfurt metro region, and appreciated the opportunity to promote regional art and culture.

4. GOVERNANCE

CORPORATE GOVERNANCE

The term corporate governance signifies the legal and factual framework for managing and monitoring a company. This includes current laws, guidelines and codes as well as the senior management's declarations of intent and business practices along with their supervision.

DIC Asset AG attaches great importance to corporate governance. The Management Board and Supervisory Board are committed to ensuring the continued existence of the company and sustainable value creation through responsible corporate management with a long-term horizon. The responsible handling of risks is also part of good corporate governance in the eyes of DIC Asset AG. The Management Board therefore installs appropriate risk management and risk controlling mechanisms in the company and ensures compliance with applicable laws and regulations. The recommendations of the German Corporate Governance Code (Deutscher Corporate Governance Kodex, DCGK) are observed, as stated in the company's annual declaration of conformity. The Management Board regularly briefs the Supervisory Board about existing risks and their development. Internal control, reporting and compliance structures within the company are periodically reviewed, upgraded and adapted to changed parameters as needed.

The full-length Corporate Governance Report is an integral part of our 2019 Annual Report, starting on p. 186.

GERMAN CORPORATE GOVERNANCE CODE (DCGK)

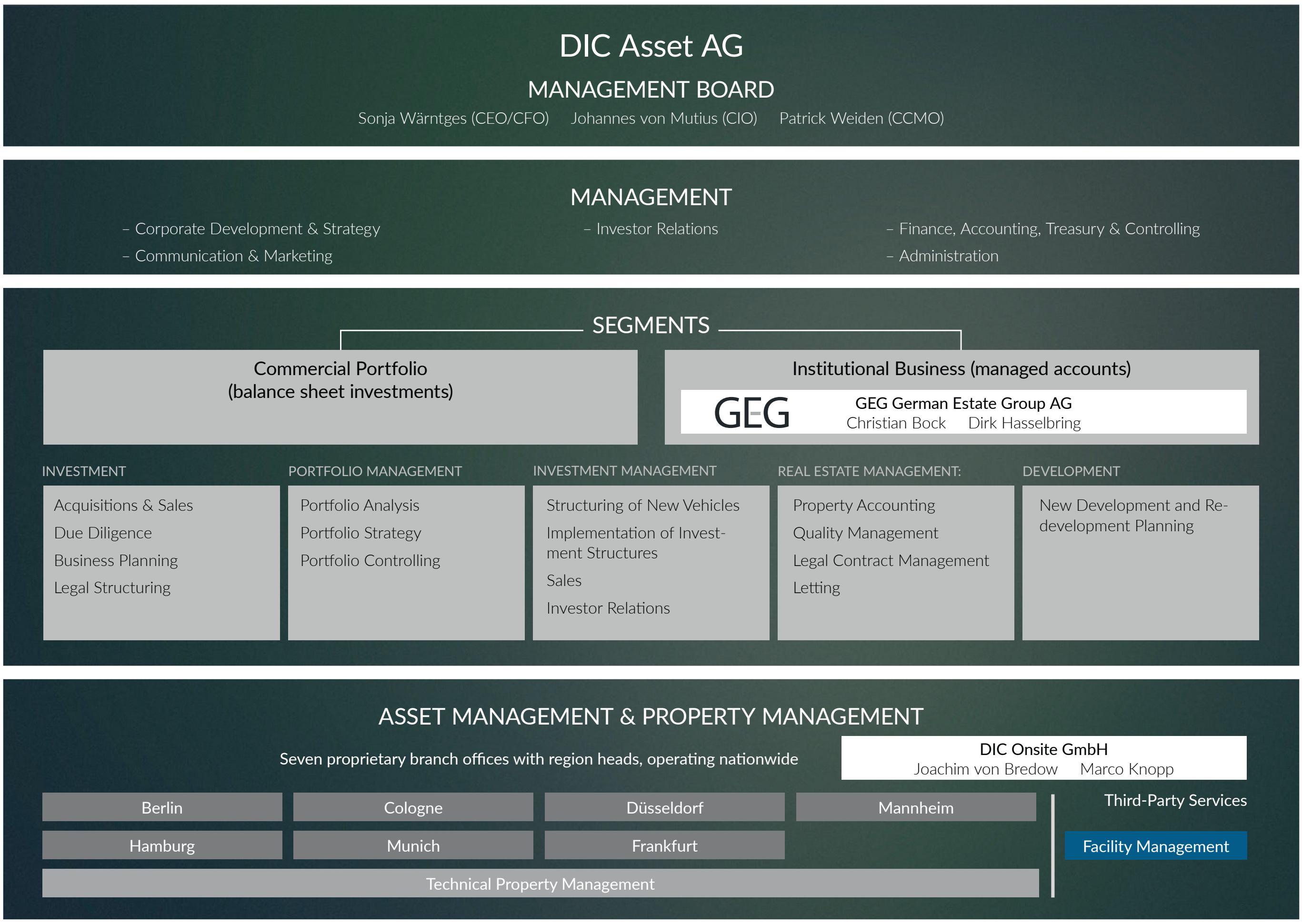
The German Corporate Governance Code seeks to make the rules that are applicable to corporate management and supervision in Germany transparent for national and international investors in order to boost their faith in the corporate management of German companies. During the 2019 financial year, as in previous years, the Management Board and Supervisory Board reviewed the company's compliance with the DCGK recommendations. The deliberations resulted in the adoption of an updated annual declaration of conformity dated 10 December 2019 that is permanently available to the public on the company's website at:
https://www.dic-asset.de/investor-relations/corporate-governance/.

ORGANISATIONAL STRUCTURE

Strategic Group Structure

GRI 102-5 GRI 102-45

As its central management holding company, DIC Asset AG handles the group's combined corporate management tasks: the alignment of the corporate strategy (in particular the investment, portfolio management and sales strategies), the corporate and real estate financing, the risk management, the compliance management, and the control of the property management. The central level is also responsible for capital market communication and corporate communication. Certain important operative core tasks are taken care of by two subsidiaries. One, GEG German Estate Group AG, is responsible for the Institutional Business unit which handles the fund and asset management of the structured investment products on behalf of third parties, as well as the further development of the investment strategies and the management of the institutional investor accounts. The other is the in-house property management company DIC Onsite GmbH, which takes care of the entire real estate portfolio – both the directly held Commercial Portfolio of DIC Asset AG and the properties held in the Institutional Business unit – by maintaining a nationwide presence on the ground. Aside the from DIC Asset AG, the group includes 172 subsidiaries. The majority of these represent asset-holding companies that are part of the operating activities. All of the group's equity investments are listed in Annexes 1 and 2 of the Notes to the Consolidated Financial Statements.



Dual Management Structure

GRI 102-18

The dual management structure of DIC Asset AG as listed stock corporation consists of Management Board and Supervisory Board.

The two bodies are strictly separated in persons and functions, and fulfil their differing tasks independently of each other. The Management Board is responsible for managing the company on its own authority, while the Supervisory Board's task is monitoring.

Composition of Management Board and Supervisory Board

GRI 102-10 GRI 102-22 Gov-Board

Composition of the Management Board in 2019:

- Sonja Wärntges (chair), CEO, certified economist, Frankfurt am Main
- Johannes von Mutius, CIO, certified business administrator, Königstein im Taunus
- Dirk Hasselbring, Head of Fund Business, certified business economist, Kronberg im Taunus (until 31 August 2019)

Composition of the Supervisory Board in 2019:

- Prof. Dr. Gerhard Schmidt (chair), lawyer, Glattbach
- Klaus-Jürgen Sontowski (deputy chair), entrepreneur, Nuremberg
- Ulrich Höller (until 15 May 2019), certified business economist, real estate economist (ebs), chartered surveyor FRICS, Frankfurt am Main
- Prof. Dr. Ulrich Reuter, district councillor of Aschaffenburg District, Kleinostheim
- Eberhard Vetter, Head of Capital Investments at RAG Foundation, Nauheim
- Dr. Anton Wiegers, former CFO of Provinzial Rheinland Holding, Provinzial Rheinland Versicherung AG and Provinzial Rheinland Lebensversicherung AG, Winterbach
- René Zahnd (since 21 May 2019), CEO of Swiss Prime Site AG

For more details on memberships of the Management Board and Supervisory Board members in other corporate bodies and supervisory bodies, see the 2019 Annual Report, pp. 176–179.

Selection Process for the Controlling Body

GRI 102-24 Gov-Selec

In accordance with its declaration of conformity, which reflects the recommendations of the German Corporate Governance Code as amended on 7 February 2017, the Supervisory Board defined objectives for its own composition. These objectives also include the competence profile for the entire body and the diversity concept the Supervisory Board pursues in regard to its composition. The Supervisory Board should generally have the knowledge, skills and professional experience necessary to perform its tasks. The members of the Supervisory Board should collectively be familiar with the industry in which the company is active.

It should be ensured that at least some of the members of the Supervisory Board bring the following types of know-how and experience to the job: (i) familiarity with the commercial real estate industry, (ii) expertise in the fund/asset and property management business, (iii) expertise in the area of capital market and financing, (iv) expertise in the areas of accounting or auditing in the case of at least one member of the Supervisory Board, (v) experience in the management of a mid-market company. To achieve this requirement, the individual qualifications of the each member may mutually complement each other.

Independence and the avoidance of conflicts of interest are also important objectives: The Supervisory Board should include an adequate number of independent members. At least half of the members of the Supervisory Board should be independent within the meaning of Section 5.4.2 of the German Corporate Governance Code (DCGK). In regard to conflicts of interest, the Supervisory Board complies with the recommendations of the German Corporate Governance Code. The Supervisory Board should include no member who exercises a senior executive or advisory function for major third-party competitors of the company or of the group. No more than two former members of the Management Board should sit on the Supervisory Board.

As a listed company without co-determination, DIC Asset AG is also legally obliged to set targets for the number of female appointees to the Supervisory Board, the Management Board and, where applicable, to the two executive levels below the Management Board.

For more details on this subject, see p. 31 of this report (in the chapter “Social”) as well as on pages 190–192 of the 2019 Annual Report of DIC Asset AG.

The Supervisory Board believes that its own composition – with the exception of the targeted percentage of women on the Supervisory Board – met the set targets in 2019. The members of the Supervisory Board are collectively familiar with the real estate sector that is relevant to the company’s activities, with at least one member of the Supervisory Board having expertise in the areas of accounting or auditing. Overall, the body includes an adequate number of independent members. In the opinion of the Supervisory Board, at least four of its members are independent within the meaning of Section 5.4.2 of the German Corporate Governance Code as amended on 7 February 2017: Prof. Dr. Ulrich Reuter as chairman of the audit committee, Dr. Anton Wiegers, Eberhard Vetter and René Zahnd.

Avoidance of Conflicts of Interest

GRI 102-25 Gov-COI

In compliance with the German Corporate Governance Code, each member of the Management Board and of the Supervisory Board will disclose any conflict of interest that might arise. No conflicts of interest emerged on the Management Board during the 2019 financial year. In the context of the planned acquisition of the GEG Group by DIC Asset AG, Supervisory Board members Prof. Dr. Gerhard Schmidt, Klaus-Jürgen Sontowski and Eberhard Vetter disclosed to the Supervisory Board during the 2019 financial year that they were serving double mandates on the supervisory board of the GEG Group and that Prof. Schmidt held an indirect majority interest in the GEG Group. To avoid conflicts of interest, none of the three members of the Supervisory Board mentioned above took part in the adoption of the resolution about the consent to the acquisition of the GEG Group in June 2019. 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 2019 financial year with the approval of the Supervisory Board. Prof. Schmidt did not attend the Supervisory Board's corresponding discussion and adoption of the resolution. No other conflicts of interest emerged during the 2019 financial year.

RISKS AND OPPORTUNITIES

GRI 201-2

One of the basic tasks of a company is to identify and exploit emerging opportunities in a dynamic environment. At the same time, companies are exposed to all kinds of risks that can put not only short and medium-term goals in jeopardy but also the implementation of the long-term strategy. It therefore counts among the key aspects of good corporate governance to keep an eye on global phenomena such as climate change and its ramifications for the real estate industry.

Our risk management procedures regarding the opportunities and risks of climate change are integrated into the company-wide multidisciplinary risk management processes. The risk management system (RMS) covers all corporate divisions, including the group subsidiaries, and is binding for all employees. Risks are understood to be strategic and operational factors, events and actions that could have grave implications for the continued existence of the company and its business situation. The external aspects also analysed include the competitive environment, demographics and other factors that could put the achievement of the company's objectives at risk. The RMS comes into play both in strategic decisions of the Management Board and in day-to-day business.

Accordingly, the internal control and monitoring system forms an integral part of the RMS. It helps to minimize operational and financial risks, as well as to monitor processes while also ensuring compliance with laws and regulations, including financial reporting requirements. During the year 2019, no material changes were made to the company's organisation and processes. For a comprehensive representation of the risk management process followed by DIC Asset AG, see the 2019 Annual Report, starting on p. 93.

The following table shows you which measures DIC Asset AG takes to manage selected opportunities and risks that are of relevance in the sustainability context.

GRI 201-2

Changed Consumer Behaviour	
Risk/opportunity	The tenant-side energy and water consumption could increase. In future, tenants could attach greater importance to accommodation that is energy-efficient or certified for sustainability.
Possible impact	An increase in tenant-side consumption data for energy or water is likely to increase the operating costs as well. While the energy refurbishment of existing buildings involves major expenditures, it will also lower the operating costs in the long run.
Management approach	Working together with the tenants, we look for the most efficient approach to meeting their energy needs, especially whenever we reposition portfolio assets. Within the framework of our overall energy strategy, the electricity needs of the common areas of our properties have been covered by renewable energies since 2010. The implementation of smart metering systems for managed properties is expected to improve the analytic and management options for consumption data.

Changes in the business cycle	
Risk/opportunity	Shifts in the global business cycle, particularly as a consequence of protectionism, geopolitical tensions and ramifications of the COVID-19 pandemic Changed availability of debt capital
Possible impact	A negative impact of trade barriers for German foreign trade could also have an impact on Germany's domestic economy. The development, refurbishment and acquisition of real estate is capital-intensive, and presupposes access to debt capital as often as not. Stricter financing criteria could impair the regular business activities of DIC Asset AG.
Management approach	To minimise risks, we rely on long-term tenancies with solvent tenants from a variety of sectors. The portfolio is highly diversified, in particular through a relevant proportion of leases with tenants from the public sector. Today's level of interest rates, which remains on an all-time low, presents opportunities for favourable financing and long-term improvements of our financing structure. With this in mind, we regularly engage in negotiations with lenders. Whenever we manage to secure unscheduled, premature rollovers or attractive agreements, we benefit from a decrease in primary costs and a reduction in funding risks.

Regulatory and legislative aspects	
Risk/opportunity	Restrictive legislation on energy efficiency and emission limits – Periodic energy audits pursuant to the German Energy Saving Ordinance (EnEV) – The Renewable Energy Sources Act (EEG) prescribes a renewable energy share of over >40% by 2025.
Possible impact	DIC Asset AG could be affected by a legal tightening of emission limits or of the energy efficiency targets for real estate. Future re-enactments of relevant laws by German lawmakers could necessitate material changes in the construction or conversion of real estate and could also raise energy efficiency requirements in the areas of asset and property management.
Management approach	DIC Asset AG brings in-house expertise to the field of energy management and has a team of property managers on hand who are experienced in handling tenant needs. We regularly invest in our buildings. We promptly take note of legal and regulatory changes to ensure compliance with all relevant regulations. Given the high degree of regulatory, social and political stability, we believe the risk of rash regulatory interventions is low. In the long term, it is planned to deepen the in-house expertise in the ESG area because its parameters are subject to constant change, and because DIC Asset AG seeks to manage specifically its opportunities in a more systematic way.

COMPLIANCE MANAGEMENT SYSTEM

GRI 103-1 GRI 103-2 GRI 103-3 GRI 102-16

A compliance policy for the DIC Asset Group has been in effect since 2013. A compliance officer monitors the observance of material compliance requirements. In addition, a whistleblower system for reporting misconduct and breaches is linked on the Compliance sub-page of the company homepage. The Compliance Policy stipulates that employees of DIC Asset AG and its subsidiaries are obliged to act responsibly and lawfully. This includes adherence to the principles of ethical conduct and integrity within the company, in particular compliance with legal provisions, internal company guidelines and self-imposed values.

Key Aspects of the Compliance Guideline of DIC Asset AG

1. Discrimination protection
- No discrimination or undesirable behaviour for reasons of ethnic origin, gender, religion/belief, disability, age or sexual identity

2. Avoidance of conflicts of interest and corruption risks
- Rejection of corrupt conduct in any form and of the misuse of entrusted decision-making powers
- Binding regulations for the acceptance and granting of gifts/invitations or other benefits
- When dealing with officials, even the appearance of granting benefits to public officials should be avoided
- No influence on employment contract activities through private secondary activities or corporate investments

3. Data protection
- Obligation to observe trade and business secrets
- Compliance with data protection laws
- Central placement of information that personal data is handled in accordance with the European General Data Protection Regulation (GDPR) on the company website

4. Capital market requirements/prohibition of insider trading
- Prohibition of insider transactions and of the recommendation or inducement of third parties to engage in insider transactions
- Prohibition of unauthorised disclosure of insider information

5. No money laundering
- No tolerance of money laundering, and reporting suspicious behaviour of business partners and advisers
- Commitment to comply with all relevant regulations and requirements

6. Prohibited agreements
- Strict rejection of any distortion of competition or corrupt practices contrary to antitrust law
- Encouragement to employees to promptly identify violations of competition rules, expressly distance themselves from any such agreement and to notify the compliance officer immediately

7. Indications of misconduct and breaches
- Request to report misconduct and violations of legal provisions or regulations and internal company guidelines either to the Compliance Officer, the relevant supervisor, the Management Board, the Human Resources department or via an anonymous whistleblower system

8. Consequences
- Sanctions under labour law for breaches of legal provisions and internal company guidelines
- Criminal charge / criminal complaint in the event of a criminally relevant violation

6. ECONOMICS

GRI 103-1 GRI 103-2 GRI 103-3

DIC Asset AG is a profitably operating company with a long-term horizon whose activities not only create values for the benefit of shareholders, employees, tenants and business partners but also contribute to the common good within the framework of its value-creation. We manage our company on the basis of clearly defined financial performance indicators and we brief the public capital market regularly and comprehensively about the progress achieved.

Our Principles of Economic Sustainability:

- Investments in sustainable value-added through acquisitions and redevelopments of existing buildings
- Stable long-term cashflows on the basis of an optimised diversified real estate portfolio
- Yield-driven growth and corporate development in sync with our business model and its two earnings mainstays
- Continuity in terms of diversified positive contributions to operating income and dividends, even in times of crisis
- Balanced financial structure with a long-term horizon and diversified funding sources

STRATEGIC TARGET ACHIEVEMENT 2019

At the centre of our corporate strategy is the generation of secure, steady long-term income via our own highly productive property management platform. We achieved the targets we had projected for our key performance indicators at the start of 2019 – exceeding some of them by a significant margin – and this even though we had raised the forecast for the FFO and the acquisition volume in the course of the year.

- The gross rental income in the amount of EUR 101.9 million topped both the prior-year figure and the forecast of EUR 98–100 million that we ventured at the start of the year.
- The FFO in the amount of c. EUR 95.0 million matched the forecast as adjusted during the year, and the fact reflects specifically the extra contribution to operating income by GEG after its acquisition in June 2019.
- With a cross-segment transaction volume of more than EUR 2 billion, we reached a new record level. The total includes EUR 1.9 billion in acquisitions (forecast: EUR 1.0 billion to EUR 1.3 billion), most notably the club deal in a volume for more than EUR 500 million for the “Stadthaus Köln” asset. Profitable sales with a sales margin of 32% accounted for another EUR 286 million (forecast: EUR 200–230 million).
- As a result of the platform expansion via the acquisition of GEG in June 2019, our assets under management jumped up to EUR 5.7 billion.
- Income from management fees rose by a significant 87% to EUR 62.9 million.
- Posting an adjusted net asset value of EUR 22.26 per share as of 31 December 2019, we reported the full economic value added by our business model for the first time.
- The loan-to-value ratio (LTV) declined further and equalled 47.8% as of 31 December 2019. Due to the diversification of our financial structure and capital structure, the average interest rate fell to 2.0% by the end of 2019.
- We continued our attractive dividend policy: The dividend increased to EUR 0.66 while the offer of a scrip dividend option was renewed

ECONOMIC KEY RATIOS

GRI 201-1

	2019	2018	2017
Number of properties*	93	101	113
Market value of real estate assets, in EUR million*	1,900.0	1,696.8	1,639.2
Lettable area, in sqm*	842,400	893,500	957,500
EPRA vacancy rate*	6.5 %	7.2 %	9.5 %
Average rent per sqm, in EUR*	10.41	9.64	9.32
Gross rental yield*	5.4 %	5.9 %	6.4 %
Annualised rental income, in EUR million*	101.8	97.6	95.5
Funds from operations (FFO), in EUR million*	95.0	68.0	60.2
Profit for the period, in EUR million	80.7	47.6	64.4
Cash flow from operating activities, in EUR million	64.8	61.9	56.5
Net asset value (NAV), in EUR million	1,244.2	1,085.8	900.0
Adjusted net asset value in EUR million**	1,607.2	1,322.8	n.a.

* All figures representing only the proprietary real estate assets held in the Commercial Portfolio; all figures excluding property developments and warehousing, except for the number of assets, the lettable area and the market value

** Figure calculated for the first time as of year-end 2019, using the key dates 31 December 2019 and 31 December 2018

VALUE-ADDED 2019

GRI 201-1

The economic value directly generated and distributed (EVG&D) is derived in compliance with the group's GRI requirements from the consolidated statement of comprehensive income and the statement of changes in equity.

The economic value directly **generated in the amount** of EUR 392.0 million represents the sum of the total income in the amount of EUR 364.3 million, the share of profit or loss of associates in the amount of EUR 18.3 million and other comprehensive income in the amount of EUR 9.4 million.

Deducted from this sum total is the **distributed economic value** in the amount of EUR 319.9 million, which breaks down into the sum of EUR 252.3 million in total expenses (thereof EUR 27.9 million in payroll and benefit costs), the net interest expense of EUR 32.3 million, taxes in a total amount of EUR 17.2 million (thereof EUR 13.8 million income tax payable), the dividend payments for the previous year in the amount of EUR 33.9 million, offset by the capital increase against contributions in kind in the amount of EUR 16.1 million, and miscellaneous expenses in the amount of EUR 0.3 million.

This results in an **economic value of EUR 72.1 million remaining in the company**, a sum that matches the increase in group equity in the 2019 financial year.

ECONOMIC VALUE DIRECTLY GENERATED AND DISTRIBUTED

in EUR million	2019	2018	2017
Total income (incl. net proceeds from sales)	364.3	241.6	381.9
Share of profit or loss of associates	18.3	15.8	29.0
Other comprehensive income	9.4	44.4	35.7
Economic value directly generated	392.0	301.8	446.6
Total expenses (incl.carrying amount of assets sold)	-252.3	-164.7	-305.3
Net interest expense	-32.3	-36.8	-35.1
Taxes	-17.2	-8.3	-6.1
Dividend paid for the prior year	-33.9	-43.9	-27.4
Shares issued through capital increase	16.1	19.3	0.0
Miscellaneous costs	-0.3	-0.4	-0.7
Distributed economic value	-319.9	-234.8	-374.6
Economic value retained by the company	72.1	67.0	71.9

BREAKDOWN OF THE DISTRIBUTED ECONOMIC VALUE

in EUR million	2019	2018	2017
Distributed to employees (payroll and benefit costs)	27.9	18.2	19.0
Distributed to lenders (net interest expense)	32.3	36.8	35.1
Distributed to public authorities (taxes on income and profit)	13.8	6.2	5.9
Distributed to shareholders (dividend payments - capital contribution in kind)	17.8	24.6	27.4
Other distributed economic value	228.1	149.0	287.2
Distributed economic value	319.9	234.8	374.6

ECONOMIC DEVELOPMENT

Optimising the Income from Property

With a lettings total of 211,300 sqm (previous year: 264,400 sqm), the leases we signed will generate annual rent revenues worth EUR 32.7 million (previous year: c. EUR 35.7 million). Measured by the annualised rental income, the Institutional Business accounts for 56 % (EUR 18.4 million) and the Commercial Portfolio for 44 % (EUR 14.3 million) of the letting performance. The increase in like-for-like rental income in the Commercial Portfolio by 2.0 % from EUR 87.1 million to EUR 88.9 million shows that our focused letting efforts contribute significantly to the portfolio's optimisation in addition to the transaction activities. The average lease term improved from 5.8 years to 6.0 years. The EPRA vacancy rate dropped by 70 basis points year on year, showing 6.5 % by 31 December 2019.

Transaction Total Crosses the Mark of EUR 2 Billion

While the previous year already achieved a peak value of EUR 1.2 billion, we managed to almost double the turnover in 2019 with a new record total of EUR 2.2 billion. We fully met or exceeded out targets both on the acquisitions side and on the sales side.

Spending c. EUR 1.9 billion on acquisitions for both of our segments, we clearly overshot our initial annual forecast of EUR 1.3 billion. The acquisition volume totalled EUR 301 million in the Commercial Portfolio and EUR 1,581 million in the Institutional Business. Of course, the expansion of our Institutional Business by integrating the complementary business of GEG played a key role to accomplish this. Overall, we acquired 21 properties, thereof 5 for the Commercial Portfolio and 16 for the Institutional Business.

Inversely, we got the sales of 15 properties in a combined volume of EUR 286 million notarised: eleven of these, adding up to c. EUR 154 million, were sold in order to optimise the portfolio while four properties in a combined volume of c. EUR 132 were sold in conjunction with our active fund management mandates. As a result, we cleared the year-end target of EUR 200–230 million. With the realised transaction prices, we achieved a sales margin of around 32 % across segments during the 2019 financial year.

Value-Creation through Upgrades and Refurbishments

Major property development activities in 2019 included the comprehensive modernisation of the "Wilhelminenhaus" in Darmstadt, seat of the Regional Council of the State of Hesse (a Commercial Portfolio asset) and the refurbishment of an office property in Wiesbaden that will be occupied by the BKA Federal Criminal Police (an Institutional Business asset). The two properties were structurally altered in close consultation with their prospective occupiers. The contractually agreed deliverables were achieved on time and within the planned budget. By combining development services and the negotiation of long-term leases, we accomplished significant appreciation for our portfolio assets.

Among the other portfolio developments that we are now controlling and implementing on behalf of institutional investors with the takeover of GEG are two high-rises in prominent locations in Frankfurt am Main:

The "Global Tower" with its 30 floors and a lettable are of around 33,000 sqm in the heart of the financial district, formerly housing the head office of Commerzbank, is being converted into a prime office tower in compliance with the highest green building standards. The completion is scheduled for late 2020. The shell and core works were largely concluded by the end of 2019; at the moment, our team is managing the basic fit-out and the marketing of the high-end office units.

The "Riverpark Tower" represents a landmark project directly on the bank of the River Main. After decades of use as a commercial building, it is being redesigned and entirely redeveloped into a tower block. The project, designed by the internationally renowned architect Ole Scheeren combines innovative building qualities with international architecture in an outstanding location.

Divestment of the Equity Interest in TLG

During the first half-year of 2019, we completed the sale of the equity interest in TLG as planned, thereby ending our commitment. The proceeds from it, totalling c. EUR 376 million, were used effectively to fund the expansion of our proprietary management platform.

Expanded Financing Spectrum

Through our financial management, we ensure that DIC Asset AG and its equity investments are solvent at all times. Moreover, we strive to achieve the highest possible level of stability against outside influencing factors while simultaneously maintaining degrees of freedom that ensure the ongoing development of our company. Our funding needs are covered both via classic bank financing and via the capital markets. For the first time, we included the promissory note market in our financing strategy in 2019.

To keep our financing structure as stable as possible, we generally conclude long-term financing agreements, in most cases with maturities of 5 to 8 years. Current financing arrangements are negotiated on a non-recourse basis, which means they do not permit unlimited recourse to the group of companies. Around 91% of the financial debt is hedged against interest rate fluctuations – generally at a fixed interest rate. The balance sheet equity ratio rose to 36.5% by the end of 2018 (31 December 2018: 36.0%). As a result of the rising market values of the real estate in our Commercial Portfolio and our optimised funding structure, the loan-to-value ratio (LtV) dropped by 530 basis points to 47.8% (31 December 2018: 53.1%).

For details on the current performance of DIC Asset AG, see our Annual Report, Semi-Annual Report and our Quarterly Statements under www.dic-asset.de

OUTLOOK IN 2020

In consideration of the situation caused by the COVID-19 pandemic and of its likely effects on the present and future business performance, the Management Board of DIC Asset AG adjusted its forecast for the 2020 financial year in April 2020:

- growth in assets under management, with an acquisition volume of EUR 0.7–1.1 billion across segments plannde, thereof EUR 200–300 million for the Commercial Portfolio and EUR 500–800 million for the Institutional Business
- sales in a volume of c. EUR 400 million across segments, with assets from the Commercial Portfolio accounting for c. EUR 100 million and assets from the Institutional Business for c. EUR 300 million
- gross rental income from the Commercial Portfolio in an amount of EUR 94–98 million
- income from property management of EUR 80–90 million
- FFO on high prior-year level of EUR 94–96 million
- medium-term growth of assets under management to EUR 10.0 billion

The Management Board assumes that the COVID-19 pandemic will impact the expected rental income and the real estate management fees of DIC Asset AG during the 2020 financial year. In early April, tenants (including, inter alia, retailers in the non-food segment, gastronomy and hotels) representing a monthly rental volume of c. EUR 1.5 million indicated a need to suspend their rent payments for periods ranging from a single month to three months. These requests are in line with the Act to Mitigate the Consequences of the Covid 19 Pandemic that was proclaimed on 27 March 2020. The Company is in dialogue with its tenants, and is striving to find a mutually acceptable and optimal contract-based solution. In some important cases, the Company has already agreed to certain arrangements.

The government measures imposed nationwide are expected to dampen the transaction activity on the German real estate market in general. With a view to a lower-than-planned transaction volume or later-than-planned transfers of possession, benefits and burdens for properties either in the Commercial Portfolio or in the Institutional Business portfolio, the Company expects that acquisition-related gross rental income will either be reduced or contribute to earnings after the end of 2020, while also anticipating lower transaction-based real estate management fees and, as a result of this as well as due to possible rent reductions, lower recurring real estate management fees, too.

Given its earnings strength, DIC Asset AG upholds its dividend proposal as well as the dividend policy it followed over the past years, still intending to propose a dividend distribution in an amount of EUR 0.66 for the 2019 financial year to the annual general meeting, with shareholders to be given the choice to receive the dividend alternatively in the form of new shares.

7. APPENDIX

GLOSSARY

Adjusted NAV (adjusted net asset value)

The adjusted NAV complements the EPRA-NAV by supplementing the full economic value of the Institutional Business unit, which was measured within the framework of a third-party appraisal at year-end, and which is now fully recognised in the consolidated accounts. Accordingly, the adjusted NAV serves as indicator for the intrinsic value of the parent group complete with all of its earnings mainstays.

Analysis portfolio

Environmental aspects are analysed for any property in our proprietary real estate holdings (Commercial Portfolio) for which a full set of consumption data is on record as at the reporting date. The analysis portfolio covers the bulk of the Commercial Portfolio (2019: 74.5 % of the gross lettable area).

CO_2

Carbon dioxide is a chemical compound of carbon and oxygen and is one of the main and best-known greenhouse gases. It is produced in particular during the combustion of fuels containing carbon, such as fossil energy carriers, e.g. coal, natural gas or crude oil.

CO_2e = carbon dioxide equivalent

To be able to quantify all greenhouse gas emissions using a single value, the impact on the climate of gases such as methane and nitrous oxide are converted into that for carbon dioxide. This value is termed carbon dioxide equivalent (CO_2e).

Commercial Portfolio

The Commercial Portfolio comprises the direct real estate investments (investment properties) of DIC Asset AG. Real estate in this portfolio is fully consolidated under the balance-sheet item “investment property”. The revenues generated by the management and value optimisation of the proprietary real estate portfolio are gathered in the business unit of the same name.

Corporate Governance

Rules for sound, responsible business management geared towards management in line with values and standards in accordance with shareholders and other interested groups. The annual declaration of conformity of the management to the German Corporate Governance Code provides a tool to assess Corporate Governance.

CRESS (Construction and Real Estate Sector Supplement)

Sector-specific supplement to the GRI Guidelines aimed at companies within the construction and real estate sector. In addition to general performance indicators, these also include sector-specific performance indicators.

DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen) [German Sustainable Building Council]

The DGNB is a non-profit, non-governmental organisation whose task is to develop and promote approaches and solutions for sustainable planning, construction and the use of buildings. At the centre of its work are the composition and development of a certification system for sustainable buildings as well as the awarding of a certificate for the quality levels of platinum, gold, silver and bronze.

Energy Savings Ordinance (Energieeinsparverordnung – EnEV)

The Energy Savings Ordinance in Germany lays down standard requirements in structural engineering for developers and owners in order to ensure efficient energy consumption in buildings and construction projects. It applies to residential property, offices and certain industrial premises.

EPRA (European Public Real Estate Association)

The European Public Real Estate Association (EPRA) is an organisation based in Brussels, which represents the interests of major European real estate companies in public and supports the European real estate corporations' development and market presence.

EPRA-NAV (Net asset value)

Represents the intrinsic value of a company. The net assets are calculated as the balance of the current value of the assets minus the liabilities.

FFO (funds from operations)

The term covers funds from operations in property management before amortisations, taxes, and also before gains on sales and development projects while also covering other one-off or non-cash earnings components.

GEG

The acronym of German Estate Group, which was integrated into DIC Asset AG's consolidated group of companies after the purchase agreement, was signed on 5 June 2019. GEG is a leading investment and asset management platform in the commercial real estate sector, and was consolidated with the existing investment fund business of DIC Asset AG under the GEG brand. Starting with the report for the second quarter of 2019, the financials of GEG have been reported in the "Institutional Business" unit.

GHG Protocol

The GHG Protocol defines the basic principles of relevance, completeness, consistency, transparency and precision that underpin the recording of CO_2 emissions. It is based on principles of financial reporting. Emissions are divided into three scopes (Scope 1 to 3). Scope 1 covers all emissions generated directly through combustion in a company's own facilities. Scope 2 covers emissions generated by energy bought in (e.g. electricity, district heating). Scope 3 covers emissions from services performed by third parties.

GRESB

The GRESB standard (Global Real Estate Sustainability Benchmark) aims to make the sustainability performance of real estate portfolios comparable by using a uniformly measured score. The score combines the sub-scores of all participating operators in regard to seven unique sustainability aspects.

GRI (Global Reporting Initiative)
The Global Reporting Initiative is seen as a continuous international dialogue, involving a wide range of different stakeholders. It was founded in 1997, and its vision was to provide the foundation for transparent, standardised and comparable sustainability reporting on the global economy's economic, ecological and social performance. Its guidelines are designed to promote sustainable global development while helping companies/organisations to prepare sustainability reports with a voluntary framework for reporting.

GRI Standards
The reporting standards of the Global Reporting Initiative (GRI) have now taken the place of the GRI 4 framework. These internationally recognised sustainability standards help to improve the comparability of the economic, environmental and social indicators reported back to us.

INREV
INREV (European Association for Investors in Non-Listed Real Estate Vehicles) is a non-profit organisation seeking to promote the interests of investors in non-listed real estate funds. It focuses on enhancing the transparency and comparability of this asset class by benchmarking its standards of best practice.

Institutional Business
As of the Q2 2019 quarterly report of DIC Asset AG, all earnings from real estate management services as well as all earnings from associates (esp. in connection with co-investments) have been gathered in the "Institutional Business" reporting segment, which previous reports split into two separate segments, "Funds" and "Other investments." Since June 2019, the new reporting segment also includes income from the consolidated subsidiary, GEG.

Sustainability
Taking a sustainable approach means to include ecological, social and governance aspects (ESG) in addition to purely economic aspects in your business activities, the idea being to create and to preserve values and future potential for the benefit of all present and future interest groups and generations.

Renewable energy sources
Renewable energy comes from sources which renew themselves within a short period of time or whose use does not contribute to the depletion of the resource and which are therefore considered to be particularly sustainable resources. They include, in particular, hydropower, wind energy, solar radiation (solar energy) and geothermal energy.

Smart metering
The term "smart metering" refers to methods and systems for the automated and digitised consumption data acquisition and analysis that contribute to intelligent building management and enhanced resource control. Aside from electricity metering, smart meters may also be used to measure the consumption of gas, water and district heating.

Stakeholder
Stakeholders are generally people or groups with different requirements or interests in the corporate process or result, business sector or project. The distinction can also be made between internal stakeholders (employees, proprietors) and external stakeholders (business partners, tenants, service providers, the public).

UN-PRI:

The UN Principles for Responsible Investments (UN-PRI) is a United Nations-supported investor initiative aimed primarily at investment managers. The objective is to better understand the impact of investment activities on environmental, social and governance issues, and to integrate these issues into investment decisions.

ZIA (Zentraler Immobilien Ausschuss) [German Property Federation]

The ZIA represents the interests of the real estate industry in Germany in terms of regulation and economic policy.

Units of measurement

kWh/year	Kilowatt hours per year
kWh/sqm	Kilowatt hours per square metre
cbm	Cubic metres
cbm/sqm	Cubic metres per square metre
kgCO_2e	Kilograms of carbon dioxide equivalent
kgCO_2e/sqm	Kilograms of carbon dioxide equivalent per square metre
kWh/employee	Kilowatt hours per employee
kWh/work place	Kilowatt hours per workplace
cbm/employee	Cubic metres per employee
cbm/work place	Cubic metres per workplace

GRI CONTENT INDEX

including Construction and Real Estate Sector Supplement

GENERAL STANDARD DISCLOSURES

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Strategy and Analysis			
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Organisational Profile			
102-1	Name of the organisation	6	
102-2	Primary brands, products, and/or services	6	
102-3	Location of organisation's headquarters	6	
102-4	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	6	
102-5	Nature of ownership and legal form	14, 37	
102-6	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	7	
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102-8	Total number of employees (permanent and temporary) by employment type, by region and by gender (and variations)	31–32	
102-9	Description of the organisation's supply chain	6	
102-10	Any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	38	
102-11	Organisation's approach to the precautionary principle	9	
102-12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	10	
102-13	List of memberships in industry organisations and national or international advocacy organisations	36	
102-41	Percentage of total employees covered by collective bargaining agreements		DIC Asset AG does not have any collective bargaining agreements with employees
Identified Material Aspects and Boundaries			
102-45	Entities included in the organisation's consolidated financial statements or equivalent documents	37	
102-46	Process for defining the report content and the Aspect Boundaries	10	
102-47	List all the material Aspects identified in the process for defining report content	12	
102-48	Effect of any restatements of information provided in previous reports, and the reasons for such restatements		There were no major restatements of information provided in previous reports
102-49	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries		There have been no significant changes in the scope or aspect boundaries during the reporting period
103-1	Explanation of the material topic and its Boundary	13–18	
Stakeholder Engagement			
102-40	Stakeholder groups engaged by the organisation	12	
102-42	Basis for identification and selection of stakeholders with whom to engage	12	
102-43	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	12	
102-44	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	13–18	

Report Profile			
102-50	Reporting period for information provided	10	
102-51	Date of most recent previous report	10	
102-52	Reporting cycle (such as annual, biennial)	10	
102-53	Contact point for questions regarding the report content	58	
102-54, 102-55, 102-56	GRI compliance option chosen by the organisation and reference to the External Assurance Report	10	
102-56	Policy and practice with regard to seeking external assurance	10	DIC Asset AG does not currently seek external assurance for sustainability reporting. Our 2019 Annual Report and the financial statements within were audited by Rödl & Partner in 2020
Governance			
102-18	Governance structure of the organisation	38	
102-22	Composition of the highest governance body	38	
102-24	Process for nominating and selecting the highest governance body	39	
102-25	Process for managing conflicts of interest	40	
Ethics and Integrity			
102-16	The organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	42	
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307-1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		No such incidents were recorded in the reporting period

SPECIFIC STANDARD DISCLOSURES

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CRE1	Building energy intensity	23–24	
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303-1	Total water withdrawal by source	24	Drinking water is procured exclusively from local water suppliers
CRE2	Building water intensity	24	
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103-1, 103-2, 103-3	Management approach	25	
305-1	Direct GHG emissions (Scope 1)	29–30	
305-2	Energy indirect GHG emissions (Scope 2)	29–30	
305-3	Other indirect GHG emissions (Scope 3)	29–30	
305-4	GHG emissions intensity	25	

305-5	Reduction of GHG emissions	29–30	
CRE3	GHG intensity from buildings	26	
Waste			
103-1, 103-2, 103-3	Management approach	29	
306-2	Total weight of waste by disposal route	29	The waste quantity was not reported as weight (kg or metric tons) but as estimated volume (litres).
Construction and Real Estate Sector Supplement			
CRE8	Type and number of sustainably certified assets		Currently no properties in our Commercial Portfolio have achieved a green building certification
Social: Labour Practices and Decent Work			
Employment			
103-1, 103-2, 103-3	Management approach	31, 33	
401-1	Total number and rate of new employee hires and employee turnover by age group, gender, and region	33	
401-2	Benefits provided to full-time employees	34	
401-3	Return to work and retention rates after parental leave, by gender		DIC Asset AG has no systematic data collection on this aspect
Labour/management relations			
103-1, 103-2, 103-3	Management approach	31, 33	
402-1	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements		Employees are given early and proactive notice of key organisational changes. Collective bargaining agreements do not exist
Occupational health and safety			
103-1, 103-2, 103-3	Management approach	34	
403-1	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	34	
CRE6	Percentage of the organisation operating in verified compliance with an internationally recognised health and safety management system		Although DIC Asset AG does not currently orient itself to an international health and safety standard, all workplaces operate according to the strictest safety standards of German law. Additionally, internal and external Occupational Safety Commissions regularly review current practices
403-2	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender	35	
403-4	Health and safety topics covered in formal agreements with trade unions		DIC Asset AG does not currently have any formal or informal agreements with trade unions
Training and education			
103-1, 103-2, 103-3	Management approach	34	
404-1	Average hours of training per year per employee by gender, and by employee category		No statistics are on record concerning the average time employees spent in professional training and continued professional development
404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	34	
404-3	Percentage of employees receiving regular performance and career development reviews, by gender	35	

Diversity and equal opportunity			
103-1, 103-2, 103-3	Management approach	32	
405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	32	
Equal remuneration for men and women			
103-1, 103-2, 103-3	Management approach	33	Our Compliance Guideline prohibit any form of gender-based discrimination or unfair treatment in the workplace
405-2	Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation		DIC Asset AG has no systematic data collection on this aspect
Supplier assessment for labour practices			
103-1, 103-2, 103-3	Management approach	42	The Compliance Guideline covers interactions with third parties
414-1	Percentage of new suppliers that were screened using labour practices criteria		DIC Asset AG conducts its business activities exclusively in Germany, a country with very high standards for labour and human rights. We expect suppliers to adhere to national and international regulations at all times. The Company conducts no formal screening of its suppliers
Social: Human Rights			
Non-discrimination			
103-1, 103-2, 103-3	Management approach	42	
406-1	Total number of incidents of discrimination and actions taken		No such incidents
Child labour			
103-1, 103-2, 103-3	Management approach	42	
408-1	Operations and suppliers identified as having significant risk for incidents of child labour		No operations or suppliers were determined to have a risk for incidents of child labour
Forced or compulsory labour			
103-1, 103-2, 103-3	Management approach	42	
409-1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour		No operations or suppliers were determined to have a risk for incidents of forced or compulsory labour
Social: Society			
Anti-corruption			
103-1, 103-2, 103-3	Management approach	42	
205-3	Confirmed incidents of corruption and actions taken		No incidents of this type during the 2019 financial year
Anti-competitive behaviour			
103-1, 103-2, 103-3	Management approach	42	
206-1	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes		No legal action of this type during the 2019 financial year

Social: Product Responsibility			
Customer privacy			
103-1, 103-2, 103-3	Management approach	42	
418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		No incidents of this type during the 2019 financial year
Compliance			
103-1, 103-2, 103-3	Management approach	42	
419-1	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		No incidents of this type during the 2019 financial year (monetary value: EUR 0.00).
Economic			
Economic performance			
103-1, 103-2, 103-3	Management approach	8, 43	
201-1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	44	
201-2	Financial implications and other risks and opportunities for the organisation's activities due to climate change and other sustainability issues	40	
201-3	Coverage of the organisation's defined benefit plan obligations		Employees of DIC Asset AG are not enrolled in a workplace pension plan.
Market presence			
103-1, 103-2, 103-3	Management approach	8, 43	
202-1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation		DIC Asset AG has no systematic data collection on this aspect.
Indirect economic impacts			
103-1, 103-2, 103-3	Management approach	8, 43	
203-1	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro-bono engagement	36	
Procurement practices			
103-1, 103-2, 103-3	Management approach	8, 43	
204-1	Proportion of spending on local suppliers at significant locations of operation		DIC Asset AG has no systematic data collection on this aspect. Our seven regional offices rely heavily on the services of local providers to maintain our properties.

EPRA SUSTAINABILITY BEST PRACTICES PERFORMANCE MEASURES

Code	Performance measure	GRI Standard	Units of measure	Page	Comment
Environment					
Elec-Abs	Total electricity consumption	302-1	annual kWh	23–24	
Elec-LFL	Like-for-like total electricity consumption	302-1	annual kWh	23–24	
DH&C-Abs	Total district heating & cooling consumption	302-1	annual kWh	23–24	
DH&C LFL	Like-for-like total district heating & cooling consumption	302-1	annual kWh	23–24	
Fuels-Abs	Total fuel consumption	302-1	annual kWh	23–24	
Fuels-LFL	Like-for-like total fuel consumption	302-1	annual kWh		Data for lfl consumption currently not available
Energy-Int	Building energy intensity	CRE1	kWh/sqm	23–24	
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	305-1	annual metric tonnes CO_2e	29–30	
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	305-2	annual metric tonnes CO_2e	29–30	
GHG-Dir-LFL	Like-for-like total direct greenhouse gas (GHG) emissions	305-1	annual metric tonnes CO_2e		Data not available
GHG-Indir-LFL	Like-for-like total indirect greenhouse gas (GHG) emissions	305-2	annual metric tonnes CO_2e	26	
GHG-Int	Greenhouse gas (GHG) intensity from building energy consumption	CRE3	kg CO_2e/sqm	26	
Water-Abs	Total water consumption	303-1	annual cbm	24	
Water-LFL	Like-for-like total water consumption	303-1	annual cbm	24	
Water-Int	Building water intensity	CRE2	cbm/sqm	24	
Waste-Abs	Total weight of waste and proportion by disposal route	306-2	annual litres and proportion	29	Waste production was calculated in litres (volume) not kilogrammes or tonnes (weight)
Waste-LFL	Like-for-like total weight of waste and proportion by disposal route	306-2	annual litres and proportion		Data not available
Cert-Tot	Type and number of sustainably certified assets	CRE8	Total number by certification		Currently no properties in our Commercial Portfolio have achieved a green building certification
Social					
Diversity-Emp	Employee gender diversity	405-1	%	32	
Diversity-Pay	Gender pay ratio	405-2	Ratio		DIC Asset AG has no systematic data collection on this aspect
Emp-Training	Training and development	404-1	Number	34	
Emp-Dev	Employee performance appraisals	404-3	%	35	
Emp-Turnover	Employee turnover and retention	401-1	Number and %	33	
H&S-Emp	Employee health and safety	403-2	Number	35	
Governance					
Gov-Board	Composition of the highest governance body	102-22		38–39	
Gov-Selec	Nominating and selecting the highest governance body	102-24		39	
Gov-COI	Process for managing conflicts of interest	102-25		40	

CONTACT

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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.

For computational reasons, rounding differences from the exact mathematical values calculated (in EUR thousand, %, etc.) may occur in tables and cross-references.

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