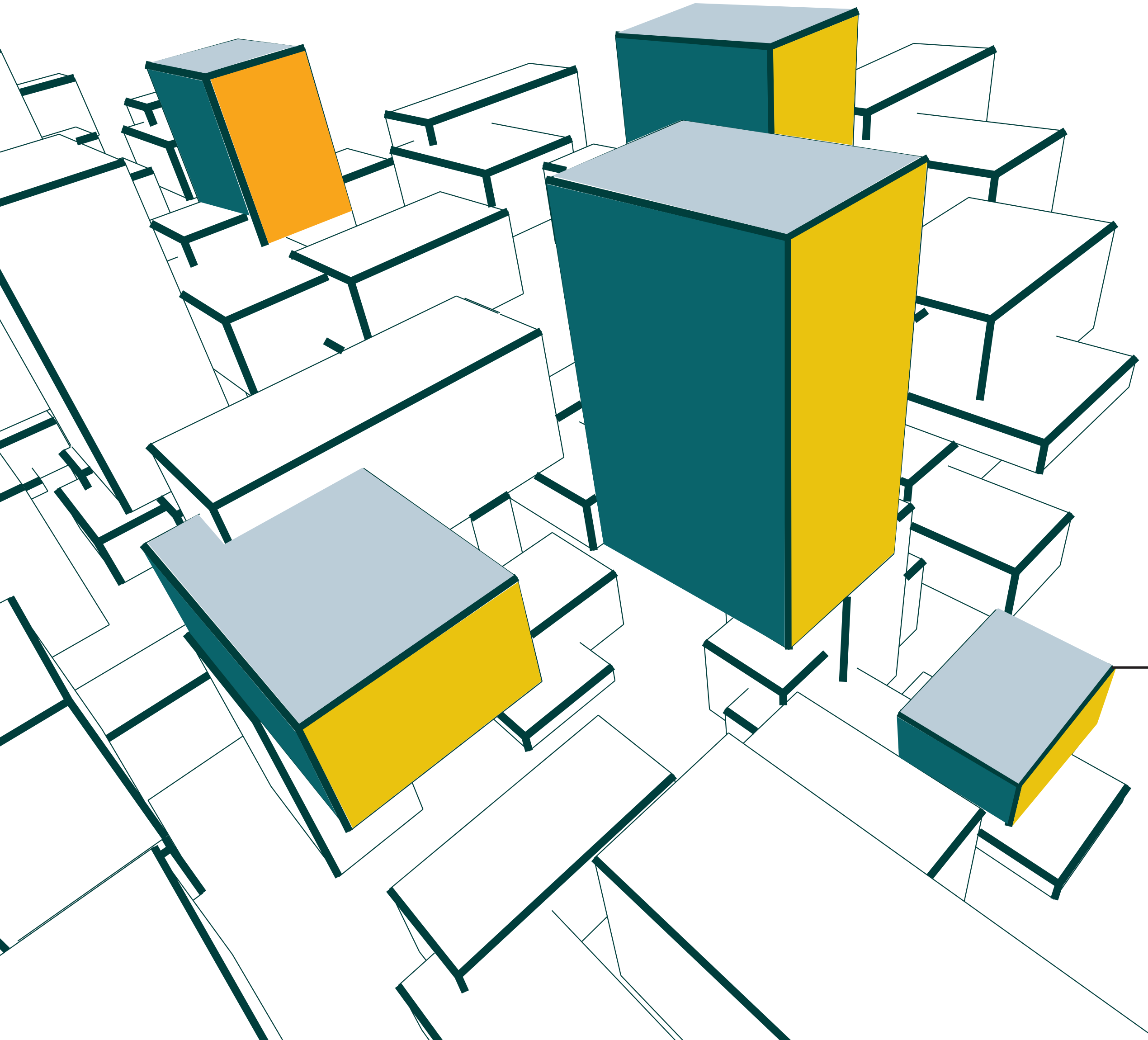


Q2

2018

HALF-YEAR REPORT

CONTENT

ABOUT DIC ASSET AG

DIC is one of Germany's leading listed property companies, and specialised in commercial real estate. With around 20 years of experience on the German real estate market, the company maintains a regional footprint on all major German markets through six branch offices, and has around 185 assets with a combined market value of c. EUR 5.0 billion under management. DIC uses a hybrid business model to manage its business divisions Commercial Portfolio, Funds and Other Investments. Taking an active asset management approach, DIC employs its proprietary, integrated real estate management platform to raise capital appreciation potential in its business divisions and to boost its revenues.

In its Commercial Portfolio division (EUR 1.6 billion in assets under management), DIC acts as proprietor and property asset holder, and thus generates revenues both from the management of the assets and through the value optimisation of its own real estate portfolio. The Funds division (EUR 1.8 billion in assets under management) generates its revenues by acting as issuer and manager of special real estate funds for institutional investors. Gathered in the business unit Other Investments (EUR 1.6 billion in assets under management) are strategic investments, the management of properties in which the company holds no equity stakes, equity investments in property developments and joint venture investments.

DIC Asset AG has been included in the SDAX segment of the Frankfurt Stock Exchange since June 2006. The Company's shares are also included in the EPRA index, which tracks the performance of the most important European real estate companies.

DIC ASSET AG AT A GLANCE

Key financial figures in EUR million	**H1 2018**	H1 2017	Δ	**Q2 2018**	Q1 2018	Δ
Gross rental income	**50.3**	59.2	-15%	**25.5**	24.8	+3%
Net rental income	**42.5**	50.4	-15%	**22.0**	20.5	+7%
Real estate management fees	**12.2**	7.8	+56%	**3.3**	8.9	-63%
Proceeds from sales of property	**51.2**	166.4	-69%	**8.6**	42.6	-80%
Total income	**124.3**	245.3	-49%	**42.6**	81.7	-48%
Profits on property disposals	**11.1**	10.8	+3%	**4.9**	6.2	-21%
Share of the profit or loss of associates	**10.8**	2.2	>100%	**10.4**	0.4	>100%
Funds from Operations (FFO)	**32.0**	29.8	+7%	**18.4**	13.6	+35%
EBITDA	**61.3**	55.9	+10%	**33.1**	28.2	+17%
EBIT	**46.6**	40.0	+17%	**25.8**	20.8	+24%
EPRA earnings	**29.4**	28.2	+4%	**17.7**	11.7	+51%
Profit for the period	**23.9**	20.0	+20%	**14.7**	9.2	+60%
Cash flow from operating activities	**34.6**	23.6	+47%	**20.0**	14.6	+37%

Key financial figures per share in EUR*	**H1 2018**	H1 2017	Δ	**Q2 2018**	Q1 2018	Δ
FFO	**0.46**	0.43	+7%	**0.27**	0.20	+30%
EPRA earnings	**0.42**	0.41	+2%	**0.25**	0.17	+47%
Earnings	**0.35**	0.28	+25%	**0.21**	0.14	+50%

Balance sheet figures in EUR million	**30.06.2018**	31.12.2017
Loan-to-value ratio (LTV)** in %	**57.3**	57.0
Investment property	**1,467.2**	1,437.2
Total equity	**829.7**	828.9
Financial liabilities	**1,505.9**	1,405.7
Total assets	**2,427.3**	2,341.3
Cash and cash equivalents	**292.1**	202.0

Key operating figures	**H1 2018**	H1 2017	**Q2 2018**	Q1 2018
Letting result in EUR million	**12.0**	7.5	**9.0**	3.0
EPRA vacancy rate Commercial Portfolio** *in %	**8.9**	11.2	**8.9**	9.4

* figures per share adjusted in accordance with IFRS
** adjusted for warehousing
*** without warehousing and project developments

DEAR SHAREHOLDERS,

Your company is fully on track to meet its targets for the full 2018 financial year. Despite global economic risks, particularly those concerning the USA's smouldering trade dispute with China and Europe, the German office rental market proved to be resilient and the investment market remained free from upheaval. As a company focused on Germany, we remained on a growth trajectory and improved our results in all relevant operational key performance indicators. This is yet another impressive validation of the benefits and reliability delivered by our hybrid business model. The highlights:

- Assets under management rose by 22 % to EUR 5.0 billion, and further acquisitions are planned.
- Our operating profit – funds from operations (FFO) – came in at EUR 32.0 million, thus surpassing the very good prior-year figure by 7 %.
- Profit for the period rose by 20 % to EUR 23.9 million.
- Strong take-up enabled us to tap significant additional potential and increase rental income from the Commercial Portfolio by 2.3 % on a like-for-like basis while further reducing the EPRA vacancy rate to 8.9 %.
- Real estate management fees increased by 56 % to EUR 12.2 million, with by far the largest share of these fees, EUR 11.0 million, coming from the fund business.
- Due to the dividend received from our strategic investment in TLG, investment income grew considerably from EUR 2.2 million to EUR 10.8 million.

As the first half drew to a close, we also launched our seventh special fund enhancing the growing profitability of our fund business. We once again improved earnings per share (FFO) compared to the first half of 2017, while the share price performed largely in line with the market in a volatile environment. We therefore confirm our targets for 2018 and believe we are well on the way to expanding DIC Asset AG's position in the German commercial real estate market.

Frankfurt am Main, July 2018

Sonja Wärntges | Dirk Hasselbring | Johannes von Mutius

INTERIM GROUP MANAGEMENT REPORT

MACROECONOMIC ENVIRONMENT

Amid continuing positive economic performance which has seen German gross domestic product grow quarter-on-quarter 15 times in succession – its longest upturn since 1991 – fears of an escalation in international trade disputes and political uncertainty in some European countries have cast a shadow over the previously very positive economic climate. In Europe, economic indicators in the first half of 2018 were slightly weaker than economists expected, with the mood dampening somewhat across all sectors in Germany as well. Despite this slightly subdued economic activity, however, analysts continue to believe that the German economy is in good shape.

Political tensions and protectionism impacting economic momentum

The risk of a global economic downturn resulting from the USA's conflict with all of its key trading partners, the formation of a Eurosceptic government in Italy and a deteriorating political climate all triggered caution among companies when it comes to investments and purchasing behaviour. External trade lost momentum as both exports from and imports to the German economy declined. The domestic economy initially continued to provide positive momentum in the first quarter. Investments in both construction and operating equipment increased significantly. As a result of weak dynamics in sales markets, gross domestic product rose by only 0.3 % compared to the previous quarter and by 2.3 % year-on-year. During the period under review, the ifo Business Climate Index fell from its high of 105.2 points in November 2017 to 101.8 points in June 2018. While business owners appear to be less satisfied with their current situation, expectations remain slightly optimistic. At sectoral level, the index dropped significantly in the retail industry in particular. Retailers stepped back slightly from their highly positive assessments of the market, while the outlook for the coming months was slightly pessimistic in June for the first time since February 2015. The decline in indicators was more marked in retail than in wholesale.

Between April and June, several important institutions adjusted their growth forecasts for the German economy. The German government slightly lowered its growth forecast for the current year; according to the spring forecast, gross domestic product will rise by 2.3 % in 2018 and 2.1 % in 2019. Both the ifo Institute and the RWI Institute revised their forecasts significantly in light of an increasingly raw export climate; the economic researchers and government advisers now expect the economy to grow by just 1.8 % in 2018 instead of their previous projections of 2.6 % and 2.4 % respectively. In June, the Bundesbank reported that it expected gross domestic product to grow by 2.0 %, after its economists anticipated a rise of 2.5 % in their last six-monthly forecast in December. While the economic boom is continuing, it is losing momentum.

Despite a renewed rise in incoming orders for German industry since May, the ifo Institute warned shortly afterwards in early July of excessive economic pessimism in Germany. The resurgence in demand for German products suggests that industrial activity will develop better than expected in the second half of 2018 after a weak start to the year. In the labour market, the job index of the Federal Labour Office, which reflects demand for workers in Germany, rose to a new record level, while the number of registered unemployed fell to 2.28 million. At the end of the first six months, unemployment stood at 5.0 %, down from 5.5 % the previous year. Workers are still being sought and hired in the services sector of the German economy in particular.

Economists believe the significant pressures of the economic climate are reflected in external risks, particularly uncertainty over further escalation of the trade conflicts fuelled by the USA and the continued lack of clarity over the future of economic relations between the United Kingdom and the EU. They believe that actual measures such as punitive tariffs are less of a threat to economic development and believe that reticence among companies to invest in light of trading uncertainties is having a greater impact. Aside from the element of uncertainty in international trade, however, the prospects for the German economy remain bright.

Rental market: space absorption continues

Revenue in the German office rental market stabilised after a weaker first quarter. By the end of the first half of 2018, revenue in office hotspots had almost returned to the level of the previous year at 1.83 million sqm. After the end of the first half, it was reported that a net volume of an additional 232,000 sqm of office space had been absorbed by the overall market. As a result, the cumulative vacancy rate across the top seven locations fell to 4.3 % (previous year: 5.1 %).

Real estate broker JLL believes that both the skills shortage in the labour market and the increasing lack of suitable office space are causing companies to delay expansion and relocation plans, thus triggering an enforced lull in the market. In light of these developments, the very strong demand for space means that operators of flexible office concepts and coworking spaces have become increasingly important. These companies secured almost 116,000 square metres of additional space in just the first six months of the year, giving them a share of 6 % of total take-up in the top seven locations with a particular focus on Frankfurt and Munich, where they accounted for 70,000 sqm alone. JLL researchers predict that, once all currently planned locations are open, a total of 77,000 workplaces will be available in 764,000 sqm of office space used for this new workplace model. In light of the shortage of space and postponed expansion decisions, these workspaces also represent a market factor on the supply side that could provide companies with an alternative to traditional rented space in future. JLL expects the vacancy rate to fall further to 4.2 % by the end of 2018.

As the 329,000 sqm of new office space completed in the first half of 2018 was 20 % lower than in the previous year and a high volume of additional free new space is not expected in the second half of the year, the real estate firm believes that the lack of available space will initially continue to manifest itself. Of approximately 674,000 sqm of space expected in the second half of the year, almost 80 % is already under contract, which means only 141,000 sqm will come onto the market. As the order books of construction and development companies are full, it will be some time before supply can adapt to this trend. Although a significant rise in completions is projected for 2019, it remains to be seen whether these plans can actually be realised given sparse capacity in the construction industry. As space becomes increasingly scarce, rents have risen further, reaching a level in the top locations that real estate firms believe will lead users to steadily switch to alternatives in peripheral locations.

Investment market: gap below prime yields closes

There was no repeat of the significant gains enjoyed by the German investment market in the previous year. While the transaction volume rose 47 % year-on-year to EUR 25.8 billion in the first half of 2017, the figure for the first half of 2018 was almost identical at EUR 25.6 billion. Activity also remains more or less evenly split between domestic and foreign market players, while upheaval on the foreign and domestic political stage has not led to significant distortions between the supply of and demand for German commercial real estate. At the end of the first half of 2018, JLL reiterated its forecast of around EUR 55 billion in investment turnover for the full-year 2018.

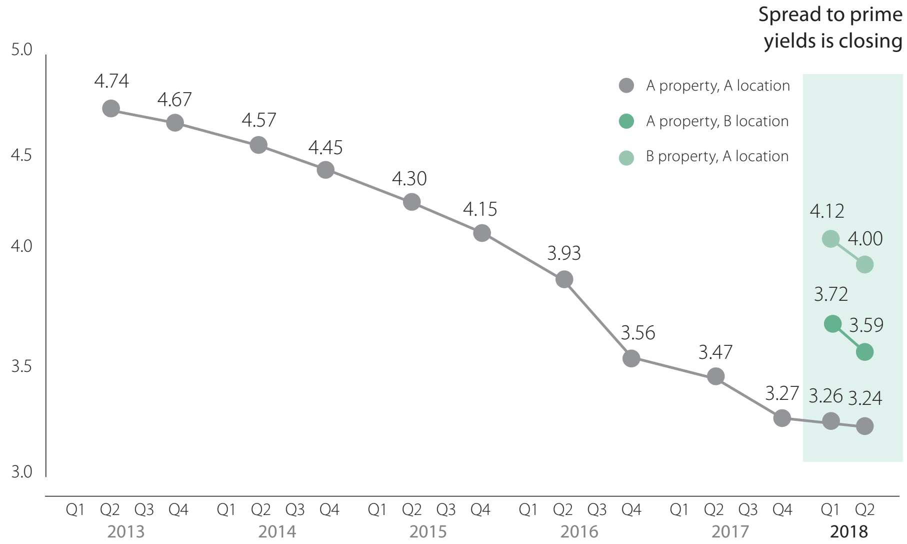
According to analysis by real estate researchers, the structure of investments changed. Major transactions became less significant, meaning that the traded volume was driven by increased trading activity and contracts for a variety of individual properties. With a share of 45 %, the preference for office use became more pronounced compared to the previous year (39 %).

The transaction volume for properties in the real estate strongholds rose significantly by 29 % year-on-year. There are now signs of stabilisation in the average prime yield, which barely changed from the first to the second quarter at 3.24 % (previous year: 3.47 %). However, the yield for properties in top locations fell significantly, albeit with poorer building quality and shorter remaining terms, by 12 basis points to 4.00 % compared to the previous quarter, while the yield for properties in submarkets outside city centres is now 3.59 %, down 13 points on the previous quarter. According to JLL's analysis, this means that risk premiums and the gap to prime yields have contracted to a historic low. This is due to the shift in investment preferences among investors towards products and locations that do not meet the previous criteria for prime property and still have potential for rental growth with appropriate management measures.

According to JLL analysts, the age of strong yield compression is over for the time being; value creation increasingly focuses on rental price trends and sound asset management that could leverage the potential for necessary adjustments.

INITIAL YIELDS – OFFICE

Aggregated initial yield in the Big 7 in %



GERMAN COMMERCIAL REAL ESTATE TRANSACTION VOLUME

in EUR billion

Source: JLL

* Average (2013 Q1–2018 Q1)

Highlights

- Assets under management reach EUR 5.0 billion mark, representing an increase of 22 %
- Professional asset management leads to a 60 % increase of the letting volume to EUR 12.0 million in H1 2018
- Like-for-like rental income grows by 2.3 % driven by professional asset management in the Commercial Portfolio
- EPRA vacancy rate further reduced to 8.9 % in the Commercial Portfolio
- FFO increases by 7 % to EUR 32.0 million
- Profit for the period up 20 % to EUR 23.9 million
- Guidance reaffirmed after first half of the year

DIC Asset AG significantly increased its operating profit in the first half of 2018, with FFO rising by 7 % year-on-year to EUR 32.0 million. At EUR 23.9 million, profit for the period was 20 % higher than in the previous year (H1 2017: EUR 20.0 million), mainly due to a strong contribution to earnings from other investments and despite temporary double interest charges following the issue of the fourth corporate bond.

ASSET MANAGEMENT PLATFORM

Continued growth in assets under management

The total value of assets under management in the Commercial Portfolio (EUR 1.6 billion), Funds (EUR 1.8 billion) and Other Investments (EUR 1.6 billion) segments rose by around 22 % to around EUR 5.0 billion after EUR 4.1 billion (incl. third-party business) in the previous year. As at the reporting date, the portfolio managed by DIC Asset AG comprised 185 properties with total rental space of 1.9 million sqm.

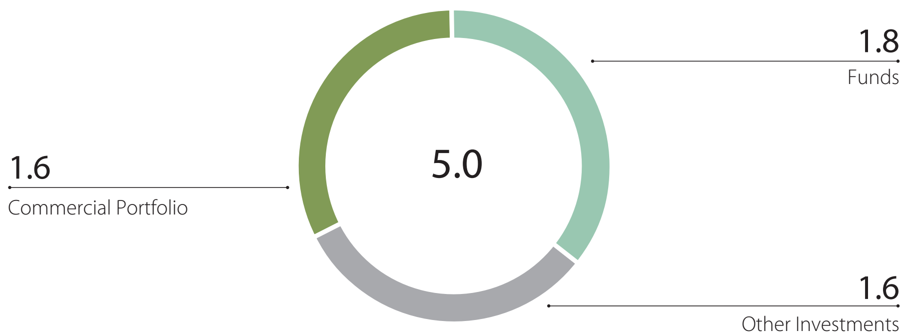
PORTFOLIO BY SEGMENTS

		Commercial Portfolio	Funds	Other Investments*	Total
Number of properties	H1 2018	108	63	14	185
	H1 2017	123	52	14	189
Market value in EUR million **	H1 2018	1,598.3	1,763.3	1,630.0	4,991.6
	H1 2017	1,721.6	1,314.4	1,065.2	4,101.2
Rental space in sqm	H1 2018	927,800	679,300	255,700	1,862,800
	H1 2017	1,005,800	564,600	210,100	1,780,500

* incl. third-party business
** Market value as at 31.12.2017, later acquisitions considered at cost

ASSETS UNDER MANAGEMENT

in EUR million



Transactions with a total volume of over EUR 650 million completed across all segments

In the current financial year to date, our investment team has completed acquisitions and sales with a total volume of more than EUR 650 million, including warehousing transactions.

On the acquisitions side, transactions totalling around EUR 105 million were executed in the first half of the year, of which around EUR 70 million was attributable to the Commercial Portfolio and around EUR 35 million to the fund business. Further acquisitions, both for the Company's own portfolio and for the fund business, are being prepared.

Property disposals with a total volume of around EUR 216 million were notarised, of which around EUR 49 million came from the Commercial Portfolio and around EUR 167 million from the sale of all remaining joint venture properties. For two properties sold in the first half of 2018 for around EUR 37 million and three properties sold in the second half of 2017 for around EUR 17 million from the Commercial Portfolio, the transfer of possession, benefits and associated risks took place by the reporting date.

We also transferred real estate assets totalling around EUR 210 million by placement of shares in the DIC HighStreet Balance fund. Real estate assets totalling approximately EUR 130 million were transferred from warehousing into the new DIC Office Balance V fund as a start-up portfolio at the end of June 2018.

Letting volume increased by 60 %

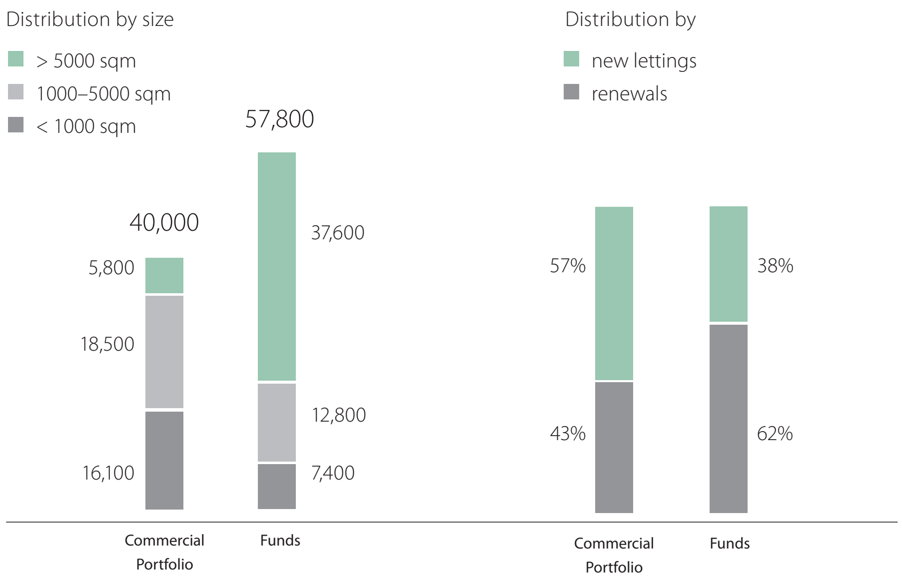
Our professional real estate management team's letting activities were highly successful in the first half of 2018. Leases representing total annualised rental income of EUR 12.0 million were signed during the period under review, up 60 % on the same period last year (H1 2017: EUR 7.5 million).

Around 59 % of the total rental volume of 98,200 sqm was attributable to the Funds segment and 41 % to the Commercial Portfolio. While letting activities in the Commercial Portfolio primarily focused on small and medium-sized spaces (86 %), the contracts signed in the Funds segment were mostly large-volume leases (65 %), most of which were renewals.

LETTING VOLUME BY TYPES OF USE

	in sqm		annualised in EUR million	
	H1 2018	H1 2017	**H1 2018**	H1 2017
Office	**72,000**	46,100	**9.4**	5.6
Retail	**9,800**	4,100	**1.6**	0.4
Storage/logistics	**10,600**	17,200	**0.6**	1.0
Further commercial	**5,200**	8,400	**0.3**	0.4
Residential	**600**	700	**0.1**	0.1
Total	**98,200**	76,500	**12.0**	7.5
Parking	**1,085 units**	811 units	**0.6**	0.4

LETTING STRUCTURE



Leases with a term of more than 20 years were signed with the State of Lower Saxony for the Office Center Plaza in Hanover.

TOP LETTINGS

Allianz Deutschland AG	Renewal	Funds	Leipzig	12,200 sqm
Land Niedersachsen	New Letting	Funds	Hannover	9,700 sqm
eBay GmbH	Renewal	Funds	Berlin Kleinmachnow	8,100 sqm
SiNN GmbH	Renewal	Funds	Trier	7,400 sqm
Maintrans Intern. Sped. GmbH	New Letting	Commercial Portfolio	Langenselbold	5,800 sqm

COMMERCIAL PORTFOLIO SEGMENT

Portfolio quality enhanced significantly

The Commercial Portfolio segment comprises our direct real estate investments. In addition to using these investments to generate stable long-term rental income, we are also optimising our portfolio properties through active lettings management and repositioning, and we are realising profits by selling properties at the right time. We also take advantage of attractive opportunities in the market to make acquisitions that diversify our portfolio and stabilize its earnings power.

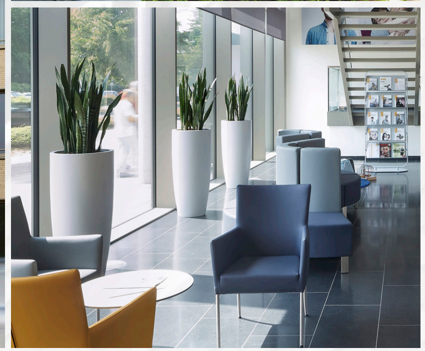
In the first half of 2018, we were active in the market as both a buyer and seller for our Commercial Portfolio. Our asset management activities were also highly successful, with all key letting figures improving compared to 30 June 2017 and the first half of the 2017 financial year.

At the end of May, we acquired an office building in the centre of Leverkusen for approximately EUR 52 million to expand and stabilise our own cash-generative portfolio. Completed in early 2018, the property comprises rental space of around 13,300 sqm as well as 301 parking spaces and is let on a long-term basis, with a weighted average lease term (WALT) of almost 17 years. The anchor tenant is pronova BKK, one of Germany's largest company health insurance providers We are planning to make further acquisitions for our portfolio in the second half of 2018.

LEVERKUSEN PROPERTY PROFILE

OFFICE PROPERTY ACQUISITION IN LEVERKUSEN

- Purchase price of approx. EUR 52 million
- Total rental space of around 13,300 sqm, 301 parking spaces
- 100 % occupancy rate
- Long-term leases; WALT of 16.76 years
- The anchor tenant is pronova BKK, one of Germany's largest company health insurance providers
- New build, completed in early 2018
- Friendly and light ambience, barrier-free access and small office units for personal customer advice
- Leverkusen is a location with economic potential
- DIC's sound regional market access pays off



> GROWTH IN THE COMMERCIAL PORTFOLIO OF AROUND EUR 52 MILLION

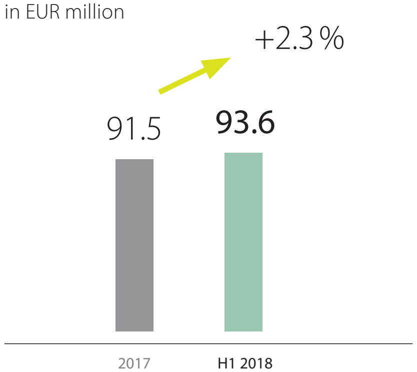
We also continued to optimise the portfolio by making planned disposals, notarising properties with a total volume of approximately EUR 49 million in the first six months of the year. On average, sales prices were about 16 % higher than the most recently determined market values.

Annualized rental income rose by 2.7 % year-on-year, from EUR 93.7 million to EUR 96.2 million in the first half of the 2018 financial year. Our active asset and property management efforts also enabled us to significantly improve the quality of the portfolio. We reduced the EPRA vacancy rate from 11.2 % to 8.9 % compared to the first half of 2017 and markedly increased the weighted average lease term from 4.3 to 5.2 years.

On a like-for-like basis, we increased rental income from the Commercial Portfolio by 2.3 % using active lettings management, thus utilising significant additional potential. The potential lease expiry volume in the second half of 2018 is only 4.7 %, while the share of potential leases expiring in 2022 or later is 54.0 %.

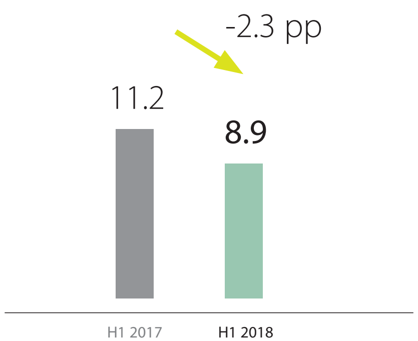
LIKE-FOR-LIKE RENTAL INCOME GROWTH

based on annualised rental income in EUR million



EPRA VACANCY RATE

in % *



* excluding project developments and warehousing

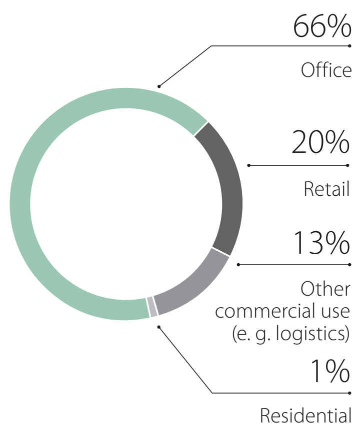
DEVELOPMENT COMMERCIAL PORTFOLIO*

	H1 2018	H1 2017
Number of properties	**108**	123
Market value in EUR million	**1,598.3**	1,721.6
Rental space in sqm	**927,800**	1,005,800
Annualised rental income in EUR million	**96.2**	93.7
Average rental income in EUR per sqm	**9.49**	9.38
WALT in years	**5.2**	4.3
EPRA vacancy rate in %	**8.9**	11.2
Gross rental yield in %	**6.3**	6.3

* all figures excluding project developments and warehousing properties, except for number of properties, market value and rental space

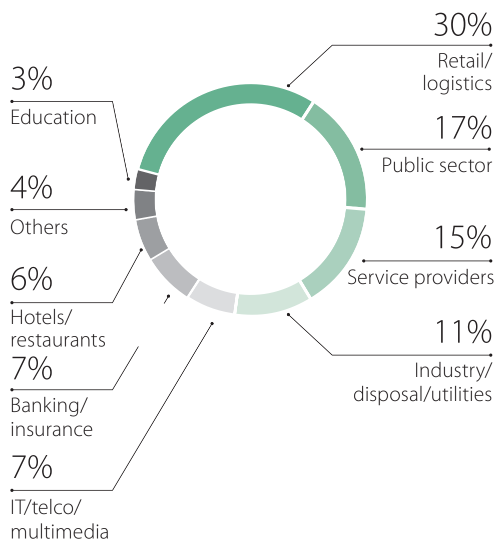
TYPES OF USE

based on annualised rental income



SECTORS*

based on annualised rental income



* new sector categorisation from 30 June 2018 (Chamber of Industry and Commerce sector key)

FUNDS SEGMENT

Seventh special fund launched, further increase in assets under management
For our institutional investors, we structure investment products with attractive distribution yields in the German commercial real estate market. Our equity share in these funds usually ranges from 5 to 10%. As a service provider, DIC Asset AG also performs asset and property management and is executing the sales and purchases, thereby generating continually growing management income.

During the first half of the year, we continued to push ahead with our strategy of establishing the fund business on the market as a trading platform. In March 2018, we successfully placed a fund under our management with a renowned institutional investor as part of a sale of share certificates. Launched in 2012, the DIC HighStreet Balance special fund, in which we held an equity interest of 5%, continually generated returns for its investors in excess of the target return of 5.0%. The share certificate sale represented an attractive exit opportunity for fund investors, not least in terms of transaction cost efficiency. DIC Asset AG earned management fees of approximately EUR 5.9 million for successfully preparing and executing the transaction.

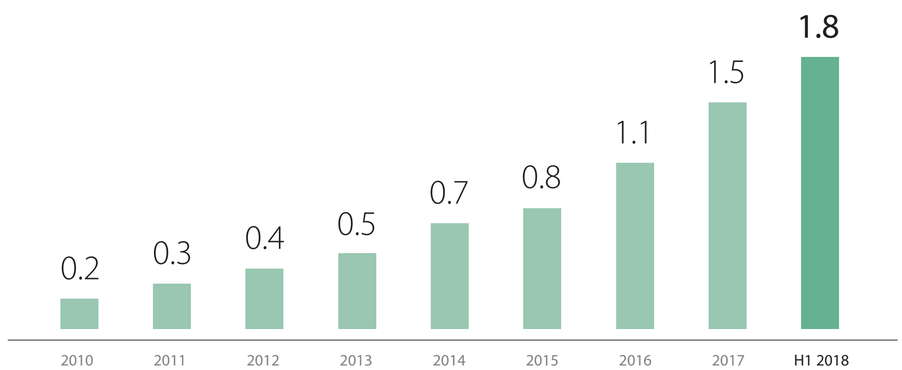
We also acquired two further properties with a volume of around EUR 34 million for the DIC Office Balance IV special fund. The transfer of possession, benefits and associated risks for both properties was completed in the second quarter.

We launched our seventh open-ended special alternative investment fund (AIF) – the fifth in the successful DIC Office Balance series – towards the end of the first half-year. DIC Office Balance V invests in commercial real estate in German metropolitan areas and has a target investment volume of EUR 350-400 million. An attractive start-up portfolio acquired in advance for the fund in December 2017 was included in the new fund with a planned annual target return of 4.0 to 4.5%. Both properties in Hamburg and Munich with a volume of around EUR 130 million were temporarily managed in warehousing. The transaction will be reflected in the income statement in the third quarter of 2018.

By successfully increasing its assets under management in the fund business by EUR 0.5 billion to EUR 1.8 billion compared with 30 June 2017 and with more attractive fund products in the pipeline, DIC Asset AG is focused on delivering continued growth in this pillar of earnings in 2018 and beyond.

FUNDS VOLUME

in EUR billion



DIC OFFICE BALANCE V KEY DATA

- Investment focus: Commercial real estate in German metropolitan areas
- Launch: 06/2018
- Start-up portfolio: two properties in Munich and Hamburg with a volume of around EUR 130 million
- Target volume: EUR 350 to 400 million
- Target return: 4.0–4.5%

OTHER INVESTMENTS SEGMENT

Strategic investment in TLG with significant contribution to earnings, growing third-party business, divestiture of Joint Ventures

In addition to our strategic investments and the growing third-party business, the Other Investments segment includes our investment in the MainTor project development in Frankfurt, which is now in its final phase. We succeeded in notarising the sale of all joint venture properties previously included in this segment as planned in the first half of the year.

Our strategic investment in TLG Immobilien AG currently amounts to around 15%. In the second quarter of 2018, we generated dividend income of EUR 10.2 million from this investment and thus profited from another source of income in the Other Investments segment.

We have already significantly expanded our real estate management services business for third parties during the current financial year. In the first half of 2018, assets under management in the third-party business rose to EUR 1.2 billion (H1 2017: EUR 0.7 billion), spread across 11 properties with a rental space of 244,000 sqm (H1 2017: six properties with 139,000 sqm of rental space). We are generating increasing current income from managing landmark properties such as the Japan Center and the IBC in Frankfurt am Main.

In the second quarter of 2018, we notarised the disposal of the final joint venture property earmarked for sale. This meant that we notarised the sale of all properties in the first half of the year with a total volume of approximately EUR 167 million after having leveraged in some cases significant appreciation potential through refurbishment and repositioning. The transfer of possession, benefits and associated risks for two joint venture properties was completed before the half-year reporting date, while the transfer of the two remaining properties will take effect in the third quarter of 2018 and the first half of 2019. As a result, we have achieved our target of completely scaling back our joint ventures.

Workforce changes

DIC Asset AG had 181 employees as at the 30 June 2018 reporting date, 6 fewer than at the end of 2017 – mainly from administration.

NUMBER OF EMPLOYEES

	30.06.2018	31.12.2017	30.06.2017
Portfolio management, investment and funds	25	25	23
Asset and property management	112	113	110
Group management and administration	44	49	52
Total	181	187	185

REVENUE AND RESULTS OF OPERATIONS

Rental income driven by transactions

We generated gross rental income of EUR 50.3 million in the first half of 2018, which was in line with our planning (H1 2017: EUR 59.2 million). The decrease in rental income is mainly due to sales and the transfer of warehousing properties from the Commercial Portfolio to the DIC Retail Balance I and DIC Office Balance IV funds launched in 2017. The like-for-like increase in rental income of 2.3 % as a result of successful letting activities and additional rental income after acquisitions had a positive effect. At EUR 42.5 million, net rental income was therefore lower year-on-year (previous year: EUR 50.4 million).

Significant rise in real estate management fees

Real estate management fees rose by 56 % year-on-year, from EUR 7.8 million to EUR 12.2 million. Income from fund business accounted for the largest share by far at EUR 11.0 million (H1 2017: EUR 6.9 million). While set-up fees for the DIC Office Balance IV fund contributed to last year's result, the fees for the sale of shares in the DIC HighStreet Balance fund amounting to EUR 5.9 million were a key contribution in the first half of 2018. Structuring income for the newly launched DIC Office Balance V fund will be reflected in income in the third quarter. Income from growing third-party business rose to EUR 1.2 million (H1 2017: EUR 0.9 million), partly due to transaction fees from the sale of the joint venture properties.

Total income of EUR 124.3 million

Total income in the first half of 2018 amounted to EUR 124.3 million, compared with EUR 245.3 million in the previous year. The previous year's figure was mainly driven by the portfolio sold in the first half of 2017. As of the reporting date, we generated revenue from property sales amounting to EUR 51.2 million (H1 2017: EUR 166.4 million). Despite the decrease in sales revenue by approx. 69 %, the sales profit increased by 3 % from EUR 10.8 million in the previous year to EUR 11.1 million.

OVERVIEW OF INCOME

in EUR million	H1 2018	H1 2017	Δ
Gross rental income	**50.3**	59.2	-15%
Real estate management fees	**12.2**	7.8	56%
Proceeds from sales of properties	**51.2**	166.4	-69%
Other income	**10.6**	11.9	-11%
Total income	**124.3**	245.3	-49%

Operating costs remain stable

At EUR 15.2 million, operating costs in the first half of 2018 were marginally down year-on-year (EUR 15.3 million).

Net financing result temporarily impacted by higher bond volume

The net financing result for the first half of 2018 was EUR -19.2 million (H1 2017: EUR -16.8 million). This figure is mainly driven by the issue of the fourth corporate bond 17/22 in July 2017, which was then tapped in February 2018. The funds raised were used primarily to repay the 13/18 bond on 9 July 2018. The Company therefore temporarily had to pay interest on an additional bond during the reporting period. However, the interest expense incurred for the Commercial Portfolio improved significantly compared with the previous year.

Investment income influenced by TLG dividend

The share of the profit of associates rose from EUR 2.2 million in the previous year to EUR 10.8 million. While income from the fund business remained stable, the Other Investments segment benefited from our strategic investment in TLG Immobilien AG, which generated dividend income of EUR 10.2 million.

RECONCILIATION TO FFO

in EUR million	H1 2018	H1 2017	Δ
Net rental income	**42.5**	50.4	-15%
Administrative expenses	**-5.9**	-6.0	-2%
Personnel expenses	**-9.3**	-9.3	+0%
Other operating income/expenses	**-0.1**	0.2	>100%
Real estate management fees	**12.2**	7.8	+56%
Share of the profit or loss of associates without project developments and sales	**11.6**	3.3	>100%
Net interest income	**-19.0**	-16.6	-14%
Funds from operations	**32.0**	29.8	+7%

FFO up 7 % to EUR 32.0 million

Funds from operations (FFO), our operating profit, amounted to EUR 32.0 million in the first half of 2018, which was an increase of approximately 7 % year-on-year (H1 2017: EUR 29.8 million). This was mainly due to the significant rise in real estate management fees and the strong result from share of the profit or loss of associates without project developments and sales, while operating costs remained at the previous year's level.

FFO per share rose by 7 % to EUR 0.46 (H1 2017: EUR 0.43) – with a 2.8 % increase in the number of shares following the distribution of the scrip dividend in April.

Profit for the period up 20 %

The positive FFO performance, lower depreciation and amortisation, and again the profit from sales enabled us to increase profit for the period in the first half of 2018 to EUR 23.9 million (H1 2017: EUR 20.0 million). Earnings per share were up 25 % to EUR 0.35 (H1 2017: EUR 0.28), based on a higher number of shares.

FINANCIAL POSITION AND NET ASSETS

At around 68 %, most of our financial debt consists of loans agreed with a wide range of German banks. The rest relates primarily to our corporate bonds.

Total assets as at 30 June 2018 increased by EUR 86.0 million as against year-end 2017 to EUR 2,427.3 million. The increase is mainly attributable to acquisitions for the Commercial Portfolio and the higher level of cash and cash equivalents triggered primarily by the tapping of our corporate bond issued in 2017.

As a result, our financial debt increased to EUR 1,524.3 million as at 30 June 2018 (31 December 2017: EUR 1,453.3 million). The implementation of the DIC Office Balance V fund decreased non-current assets held for sale by a total of EUR 40.6 million and associated liabilities by a total of EUR 29.2 million.

The average maturity of our debt including bonds fell to 4.0 years – a decline compared with both 30 June 2017 (5.3 years) and 31 December 2017 (4.6 years). The portion of financial liabilities with maturities greater than five years was 33 % at the end of the reporting period (31 December 2017: 32 %).

The average interest rate on all bank liabilities was approximately 1.8 % – a slight increase compared with the prior-year period (1.7 %) due to the liabilities' terms.

The interest cover ratio, i.e. the ratio of net rental income to interest expenses, fell to 181 % in the first half of the year (full year 2017: 213 %), with around 91 % of our financial debt having fixed interest rates as at 30 June 2018 (31 December 2017: 88 %).

DEBT MATURITIES

as at 30 June 2018

Cash flow influenced by transactions and tapping of bond

Cash flow in the first half of the year was largely influenced by transactions and the tapping of our corporate bond. Cash flow from operating activities and investments and cash flow from financing activities (previous year: cash outflow) all were positive in the first half of 2018.

At EUR 34.6 million, cash flow from operating activities in the first half of 2018 was significantly higher than the previous year's figure of EUR 23.6 million, due in particular to lower interest payments resulting from the refinancing of the Commercial Portfolio implemented in the first quarter of 2017. Cash flow from investing activities amounted to EUR 27.3 million (H1 2017: EUR 133.5 million). This figure primarily reflects our sales activities, strategic investments, and ongoing investments in the fund business and the Commercial Portfolio. The positive cash flow from financing activities amounted to EUR +27.8 million in the first six months of 2018, after EUR -135.4 million in the prior-year period. It mainly includes the tapping of our fourth corporate bond by EUR 50.0 million and the distribution of the cash dividend of EUR 24.6 million. Proceeds from borrowings for investments in the Commercial Portfolio and the fund business in the amount of EUR 169.5 million and sales-related repayments of loans in the amount of EUR 166.3 million almost completely offset each other.

Cash and cash equivalents rose by EUR 90.1 million as against the end of the year to EUR 292.1 million.

Scrip dividend contributes to increase in equity

Equity as at 30 June 2018 increased slightly by EUR 0.8 million compared with 31 December 2017, from EUR 828.9 million to EUR 829.7 million. This was attributable to the capital increase totalling EUR 18.9 million after costs resulting from the successfully implemented scrip dividend and the profit of EUR 23.9 million generated in the first half of 2018. The cash payment portion of the dividend amounting to EUR 24.6 million had an offsetting effect. The reported equity ratio fell from 35.4 % on 31 December 2017 to 34.2 %. Adjusted for warehousing effects, the loan-to-value ratio (LTV) rose slightly by 30 basis points to 57.3 % compared with year-end 2017, mainly as a result of the dividend distribution.

FORECAST

Based on the half-year figures available, our latest assessments of the market situation and our planning for the second half of the year, we confirm the full-year guidance issued at the start of the year.

We are planning to make acquisitions totalling between EUR 450 and 500 million. These acquisitions will help to expand and stabilise our own cash-generative portfolio and support the further expansion of our fund business.

As part of the ongoing optimisation of the Commercial Portfolio, we are marketing selected properties when a suitable occasion arises. We anticipate sales from the Commercial Portfolio of between EUR 100 and 120 million for the full year.

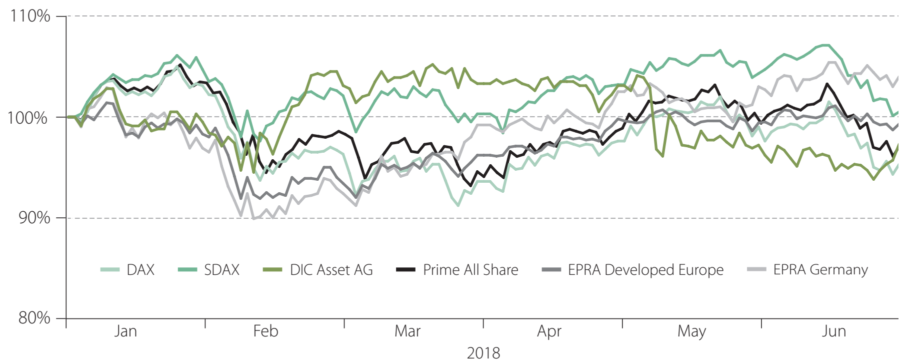
Based on transactions and take-up and the results for the first half of the year, we are also confirming our operational key performance indicator forecasts. We expect full-year gross rental income from the Commercial Portfolio to be between EUR 95 and 98 million after EUR 109.7 million in the 2017 financial year. As this drop in rental income will be offset by factors including higher real estate management fees, we anticipate that operating profit will exceed the previous year’s figure of EUR 60.2 million, with FFO coming in between EUR 62 and 64 million. Given that the number of shares rose to 70.5 million after the scrip dividend was distributed in April 2018, this equates to an FFO per share of around EUR 0.88-0.91.

Trade dispute also impacts German equity market

The first half of 2018 was far more turbulent than last year for investors in German equities. While the markets initially continued to make gains in January, this was followed by a strong correction in February. This was triggered by rising doubts about the stability of the global upturn, which were also reflected by the decline in the ifo Business Climate Index. There were also concerns about overheating in the US economy and thus fears that the US Federal Reserve (Fed) could raise interest rates more quickly and more sharply than previously expected. Although the markets recovered by the end of March, the fear of an escalation in trade disputes between the USA and its international trading partners caused share prices to drop once again by the end of June. The punitive tariffs on aluminium and steel imports introduced by US President Trump and countermeasures implemented by the EU weighed heavily on the stock markets. The DAX fell by 4.7 % in the first half of the year. The MDAX also failed to move into positive territory, losing 1.6 % in the first six months, while the SDAX recorded a slight gain of 0.5 % over this period.

SHARE PERFORMANCE

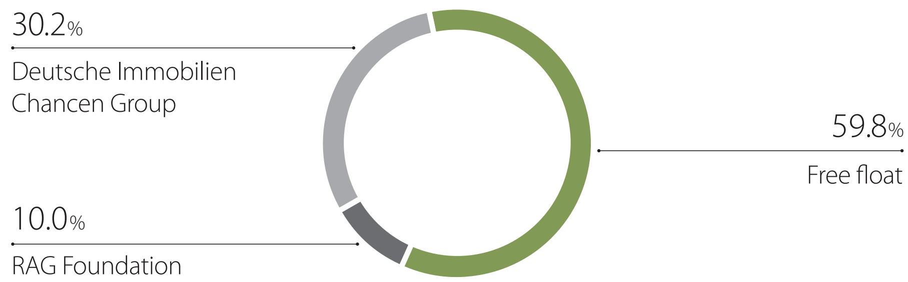
(assuming instant reinvestment of the dividend, indexed)



DIC Asset's share price reached a high of EUR 11 both at the end of February and again in mid-March 2018. The share price came under further pressure in the wake of the dividend payment and the introduction of new shares to the market as part of the scrip dividend. This was followed by a recovery that saw DIC Asset shares end the first half of the year at EUR 9.61, down 2.7 % from the end of 2017 when taking into account the reinvestment of the dividend. This performance almost exactly mirrored the average of all stocks listed on Germany's Prime Standard segment, with the Prime All Share losing 2.8 % over the same period.

SHAREHOLDERS' STRUCTURE

(as at July 2018)



Notification status: March 2018

Reform of German stock market indices: tech stocks no longer segregated from traditional stocks

Like Deutsche Börse's other leading indices, the SDAX is being reorganised. In future, all stocks previously only included in the TecDAX will also be represented in the DAX, MDAX and SDAX indices depending on their size. At the same time, tech stocks on the DAX will also be included in the TecDAX. This will expand the indices for small and mid-cap German stock corporations, with the MDAX going from 50 to 60 stocks and the SDAX from

BASIC DATA ON THE DIC ASSET AG SHARE

Number of shares	70,526,248 (registered shares)
Share capital in EUR	70,526,248
WKN/ISIN	A1X3XX/DE000A1X3XX4
Symbol	DIC
Free float	59.8%
Key indices	SDAX, EPRA, DIMAX
Exchanges	Xetra, all exchanges in Germany
Deutsche Börse segment	Prime Standard
Designated Sponsors	ODDO BHF, HSBC Trinkaus & Burkhardt AG

KEY FIGURES ON THE DIC ASSET AG SHARE (1)

		H1 2018	H1 2017
FFO per share (3)	Euro	**0.46**	0.43
Closing price for quarter	Euro	**9.61**	9.59
52-week high	Euro	**11.00**	10.05
52-week low	Euro	**9.09**	8.00
Market capitalisation (2, 3)	EUR million	**678**	658

(1) Xetra closing prices in each case
(2) based on the Xetra quarterly closing price
(3) Number of shares as at 30.06.2017: 68,577,747

50 to 70. The amendment comes into force on 24 September 2018. Current simulations of these index changes are available from the so-called 'shadow indices' published by Deutsche Börse temporarily in addition to the official indices. These show that DIC Asset's shares will continue to be listed on the SDAX once the new rules have been implemented. A final decision about the new composition of the indices will be made as part of the specific index changes on 24 September.

ECB confirms that it will maintain zero interest rates until summer 2019

After leaving base rates unchanged at its council meeting in March, the ECB confirmed in June that it would maintain its interest rate policy to support economic recovery in the eurozone. To discourage unwanted interest rate speculation, central bankers opted for a key interest rate outlook extending well into next year. The ECB therefore expects base rates to remain unchanged until at least summer 2019. This means that the key rate will stay at 0.0%, while the deposit rate for banks remains at -0.4%. However, the billion-euro bond purchase programme is still expected to come to a close at the end of 2018. From October onwards, the ECB will initially seek to reduce the volume of monthly bond purchases from the current level of EUR 30 billion to EUR 15 billion.

Meanwhile the Fed has already raised its funds rate for the second time this year in light of consistently positive US economic data and has signalled that there will be two further rate increases in 2018. The end of the Fed's expansive monetary policy has caused a rise in interest rates on short-term US bonds and increased anxiety among investors, as interest rates at the short and long end of the yield curve narrowed to a minimal yield gap of only around 0.3% by early July. Financial strategists consider a flat or even inverse interest rate structure to be a signal of gloomy long-term growth prospects in the US market.

On the German bond market, market players lowered their expectations of future rate increases by the ECB, which was reflected by declining Bund yields. In addition to the ECB's statements on interest rate levels, market observers also see the lack of safe-haven German government securities and the ongoing capital flight from Italy after the formation of a Eurosceptic government as key factors in the rise in demand. In early July, 10-year Bunds recorded a yield of 0.29% compared to 0.56% a year earlier, while the current yield on short-term securities with a two-year term fell from -0.58% to -0.66%.

Latest DIC Asset AG corporate bond topped up; 2013 bond fully repaid

In March 2018 we once again took advantage of the positive market and interest rate environment to top up our 2017 corporate bond from EUR 50 million to EUR 180 million as part of an international private placement, thus optimising our financing structure further. The 13/18 bond (volume: EUR 100 million) was repaid in full after the reporting date at the end of its term on 9 July 2018.

BASIC DATA ON THE DIC ASSET AG BONDS

Name	DIC Asset AG bond 14/19	DIC Asset AG bond 17/22
ISIN	DE000A12T648	DE000A2GSCV5
WKN	A12T64	A2GSCV
Abbreviation	DICC	DICD
Segment	Prime Standard for corporate bonds, Deutsche Börse	Official List of the Luxembourg Stock Exchange, Luxembourg
Minimum investment amount	1,000 Euro	1,000 Euro
Coupon	4.625 %	3.250 %
Issuance volume	EUR 175 million	EUR 180 million
Maturity	08.09.2019	11.07.2022

KEY FIGURES ON THE DIC ASSET AG BONDS

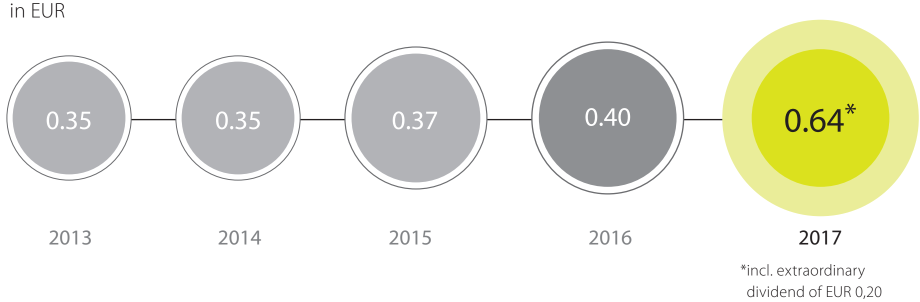
	29.06.2018	30.06.2017
DIC Asset AG bond 14/19		
Closing price	103.95	105.25
Yield to maturity at closing price	1.26 %	2.14 %
DIC Asset AG bond 17/22 – issued on 11.07.2017 –		
Closing price	102.60	–
Yield to maturity at closing price	2.56 %	–

IR activities

In the first six months, IR activities initially focused on communicating the 2017 consolidated financial statements and the further strategic alignment of DIC Asset AG. Once again, the financial figures were determined by way of "fast close" and were therefore available to investors as early as February. IR activities also covered the preparations for topping up the bond issue and the first-time offer of a scrip dividend. The Management Board and the Investor Relations team outlined the 2017 results and the business objectives at three investor conferences and in several investor calls. Shareholders, investors and analysts are continuously briefed on current developments and the course of business. DIC Asset AG is currently actively covered by seven analysts, two of whom recommend buying the DIC share and five recommend holding it.

On 16 March 2018, the General Shareholders' Meeting in Frankfurt adopted a resolution to increase the dividend for 2017 by 10 % to EUR 0.44 per share and distribute an additional extraordinary dividend of EUR 0.20 per share. All other Management Board proposals were adopted by a large majority and Mr Eberhard Vetter was appointed as a new member of the Supervisory Board of the AG.

DIVIDEND PER SHARE
in EUR



Outstanding acceptance rate for first scrip dividend offered

The scrip dividend offered achieved an outstanding acceptance rate of approximately 44 % of shares carrying dividend rights after the decision deadline in mid-April. Holders of more than 30 million shares opted for the distribution of a dividend in shares, enabling the Company to reinvest around EUR 19 million in cash of the total 2017 annual dividend of EUR 43.9 million for further growth. The cash dividend was paid on 23 April and a total of 1,948,501 new registered shares were entered in the shareholders' securities accounts on 24 April. After issuing the new shares, DIC Asset AG's subscribed capital increased by 2.8 % to EUR 70,526,248.

IR-CALENDAR 2018

30.07.	Publication of H1 2018 Report*	
29.08.	Berenberg Real Estate Seminar	Helsinki
04.-06.09.	EPRA Conference	Berlin
24.-26.09.	Berenberg / Goldman Sachs German Corporate Conference	Munich
24.-27.09.	Baader Investment Conference	Munich
08.11.	Publication of Q3 2018 Report*	
21.11.	DZ Bank Equity Conference	Frankfurt

* with conference call

Upcoming events can also be found on our website:
www.dic-asset.de/engl/investor-relations/events/

Sixth Sustainability Report published

We published our sixth Sustainability Report on our website at the end of June. The report was drafted in line with the new GRI Standards of the Global Reporting Initiative framework, including additional information on the real estate sector (CRESS). The reporting criteria for sustainability reports issued by the European Public Real Estate Association (EPRA) were also taken into account. In accordance with the three-pillar model of sustainability, the sustainability reporting of DIC Asset AG covers the economic, environmental and social aspects of its business activities.

Annual Report wins another international award

DIC Asset AG's 2017 Annual Report received 98 of a possible 100 points in ten information processing categories at one of the world's largest financial reporting competitions and won a global gold award as a result. The jury also named the report among the Top 40 in Germany across all sectors and presented the Company with a special award for outstanding execution of its Annual Report.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2018

CONSOLIDATED INCOME STATEMENT for the period from 1 January to 30 June

in EUR thousand	H1 2018	H1 2017	Q2 2018	Q2 2017
Total income	124,328	245,276	42,673	191,362
Total expenses	-88,535	-207,474	-27,280	-169,761
Gross rental income	50,332	59,161	25,546	28,637
Ground rents	-491	-628	-178	-312
Service charge income on principal basis	10,264	11,430	4,963	5,458
Service charge expenses on principal basis	-11,379	-12,543	-5,310	-5,994
Other property-related expenses	-6,240	-7,059	-3,045	-3,098
Net rental income	42,486	50,361	21,976	24,691
Administrative expenses	-5,948	-6,015	-2,968	-2,883
Personnel expenses	-9,299	-9,329	-4,672	-4,897
Depreciation and amortisation	-14,686	-15,897	-7,245	-7,902
Real estate management fees	12,248	7,819	3,386	3,941
Other operating income	329	420	177	172
Other operating expenses	-444	-379	-157	-162
Net other income	-115	41	20	10
Net proceeds from disposal of investment property	51,155	166,446	8,601	153,154
Carrying amount of investment property disposed	-40,048	-155,624	-3,705	-144,513
Profit on disposal of investment property	11,107	10,822	4,896	8,641
Net operating profit before financing activities	35,793	37,802	15,393	21,601
Share of the profit or loss of associates	10,835	2,225	10,468	1,182
Interest income	4,407	4,546	2,279	2,299
Interest expense	-23,564	-21,316	-12,324	-11,125
Profit before tax	27,471	23,257	15,816	13,957
Current income tax expense	-1,628	-2,780	-723	-1,754
Deferred tax income/expense	-1,907	-494	-351	132
Profit for the period	23,936	19,983	14,742	12,335
Attributable to equity holders of the parent	24,050	18,988	14,769	11,219
Attributable to non-controlling interest	-114	995	-27	1,116
Basic (=diluted) earnings per share (EUR)*	0.35	0.28	0.21	0.16

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME from 1 January to 30 June

in EUR thousand	H1 2018	H1 2017	Q2 2018	Q2 2017
Profit for the period	23,936	19,983	14,742	12,335
Other comprehensive income				
Item that may not be reclassified subsequently to profit or loss				
Gains/losses on measurement of at Fair Value through other comprehensive income classified financial instruments	1,805	427	3,252	735
Fair value measurement of hedging instruments*				
Cash flow hedges	0	95	0	80
Cash flow hedges of associates	0	42	0	21
Other comprehensive income	1,805	564	3,252	836
Comprehensive income	25,741	20,547	17,994	13,171
Attributable to equity holders of the parent	25,855	19,552	18,021	12,055
Attributable to non-controlling interest	-114	995	-27	1,116

* after tax

CONSOLIDATED STATEMENT OF CASH FLOW from 1 January to 30 June

in EUR thousand	H1 2018	H1 2017
OPERATING ACTIVITIES		
Net operating profit before interest, taxes and dividends	27,491	32,412
Realised gains/losses on disposals of investment property	-11,107	-10,822
Depreciation and amortisation	14,686	15,897
Changes in receivables, payables and provisions	14,647	2,104
Other non-cash transactions	2,673	-3,528
Cash generated from operations	48,390	36,063
Interest paid	-10,113	-12,855
Interest received	1,118	153
Income taxes paid/received	-4,761	274
Cash flows from operating activities	34,634	23,635
INVESTING ACTIVITIES		
Proceeds from disposal of investment property	69,270	169,568
Dividends received	10,200	0
Acquisition of investment property	-71,650	0
Capital expenditure on investment properties	-10,685	-5,214
Acquisition/disposal of other investments	23,883	-30,800
Loans to related parties	6,367	0
Acquisition/disposal of office furniture and equipment, software	-65	-72
Cash flow from investing activities	27,320	133,482
FINANCING ACTIVITIES		
Proceeds from the issue of corporate bond	51,000	0
Proceeds from other non-current borrowings	169,465	1,058,094
Repayment of borrowings	-166,332	-1,196,539
Payment of transaction costs	-1,786	0
Dividends paid	-24,561	0
Deposits	0	3,000
Cash flows from financing activities	27,786	-135,445
Acquisition related increase in cash and cash equivalents	388	0
Net changes in cash and cash equivalents	89,740	21,672
Cash and cash equivalents as at 1 January	201,997	152,414
Cash and cash equivalents as at 30 June	292,125	174,086

CONSOLIDATED BALANCE SHEET

Assets in EUR thousand	30.06.2018	31.12.2017
Investment property	1,467,239	1,437,214
Office furniture and equipment	548	578
Investments in associates	83,428	90,799
Loans to related parties	114,718	110,143
Other investments	314,687	290,575
Intangible assets	304	436
Deferred tax assets	27,440	25,837
Total non-current assets	2,008,364	1,955,582
Receivables from sale of investment property	1,201	13,816
Trade receivables	4,137	4,484
Receivables from related parties	9,164	10,721
Income tax receivable	5,212	10,887
Other receivables	20,695	17,243
Other current assets	2,112	1,681
Cash and cash equivalents	292,125	201,997
	334,646	260,829
Non-current assets held for sale	84,332	124,867
Total current assets	418,978	385,696
Total assets	2,427,342	2,341,278

Equity and liabilities in EUR thousand	30.06.2018	31.12.2017
EQUITY		
Issued capital	70,526	68,578
Share premium	749,816	732,846
Reserve for financial instruments classified as at fair value through other comprehensive income	40,433	38,628
Retained earnings	-34,603	-14,763
Total shareholders' equity	826,172	825,289
Non-controlling interest	3,510	3,624
Total equity	829,682	828,913
LIABILITIES		
Corporate bonds	350,119	298,567
Non-current interest-bearing loans and borrowings	865,972	810,992
Deferred tax liabilities	19,922	13,347
Total non-current liabilities	1,236,013	1,122,906
Corporate bonds	99,917	99,618
Current interest-bearing loans and borrowings	189,921	196,530
Trade payables	3,037	1,245
Liabilities to related parties	17,040	15,252
Income tax payable	4,356	2,912
Other liabilities	29,026	26,334
	343,297	341,891
Liabilities related to non-current assets held for sale	18,350	47,568
Total current liabilities	361,647	389,459
Total liabilities	1,597,660	1,512,365
Total equity and liabilities	2,427,342	2,341,278

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousand	Issued capital	Share premium	Hedging reserve	Reserve for financial instruments classified as at fair value through other comprehensive income	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
Balance at 31 December 2016	68,578	732,846	-206	3,162	-50,925	753,455	3,518	**756,973**
Profit for the period					18,988	18,988	995	**19,983**
Other comprehensive incomes								
Gains/losses on cash flow hedges*			95			95		**95**
Gains/losses on cash flow hedges from associates*			42			42		**42**
Gains/losses on measurement of available-for-sale financial instruments				427		427		**427**
Comprehensive income			137	427	18,988	19,552	995	**20,547**
Repayment of non-controlling interest							-891	**-891**
Balance at 30 June 2017	68,578	732,846	-69	3,589	-31,937	773,007	3,622	**776,629**
Profit for the period					44,604	44,604	-175	**44,429**
Other comprehensive incomes								
Gains/losses on cash flow hedges from associates*			69			69		**69**
Gains/losses on measurement of available-for-sale financial instruments				35,039		35,039		**35,039**
Comprehensive income			69	35,039	44,604	79,712	-175	**79,537**
Dividend payments for 2016					-27,430	-27,430		**-27,430**
Addition of non-controlling interest							177	**177**
Balance at 31 December 2017	68,578	732,846	0	38,628	-14,763	825,289	3,624	**828,913**
Profit for the period					24,050	24,050	-114	**23,936**
Other comprehensive incomes								
Gains/losses of financial instruments classified as at fair value through other comprehensive income				1,805		1,805		**1,805**
Comprehensive income			0	1,805	24,050	25,855	-114	**25,741**
Dividend payments for 2017					-43,890	-43,890		**-43,890**
Issuance of shares through cash captital increase	1,948	17,381				19,329		**19,329**
Transaction costs of equity transactions		-411				-411		**-411**
Balance at 30 June 2018	70,526	749,816	0	40,433	-34,603	826,172	3,510	**829,682**

* Net of deferred taxes

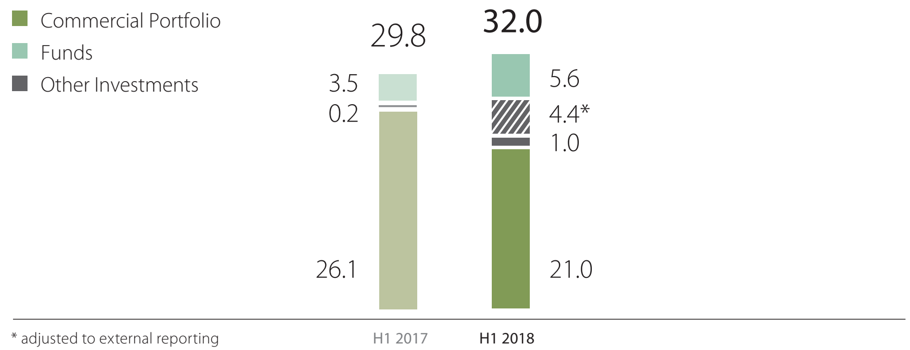
SEGMENT REPORTING

in EUR million	H1 2018					H1 2017			
	Commercial Portfolio	Funds	Other Investments *	Adjustments **	Total	Commercial Portfolio	Funds	Other Investments	Total
Key earnings figures									
Gross rental income (GRI)	50.3				**50.3**	59.2			**59.2**
Net rental income (NRI)	42.5				**42.5**	50.4			**50.4**
Profits on property disposals	11.1				**11.1**	10.8			**10.8**
Real estate management fees		11.0	1.2	0.0	**12.2**		6.9	0.9	**7.8**
Share of the profit or loss of associates		1.1	5.3	4.4	**10.8**		1.1	1.1	**2.2**
Funds from Operations (FFO)	21.0	5.6	1.0	4.4	**32.0**	26.1	3.5	0.2	**29.8**
Segment assets* **									
Number of properties	108	63	14		**185**	123	52	14	**189**
Assets under Management (AuM)	1,598	1,763	1,630		**4,992**	1,722	1,314	1,065	**4,101**
Rental space in sqm	927,800	679,300	255,700		**1,862,800**	1,005,800	564,600	210,106	**1,780,500**

* according to management reporting, includes pro rata TLG dividend
** adjustment to external reporting
*** including project developments, warehousing and repositioning properties

The increase in FFO is primarily the result of a higher FFO contribution of EUR 5.6 million related to the Funds segment (previous year: EUR 3.5 million) mainly due to the transaction fees generated regarding the sale of shares of DIC HighStreet Balance fund. The growth in assets under management to EUR 1.8 billion and the therefore higher management income also contributed to the FFO increase. For reasons of internal management reporting, the dividend from the strategic investment in TLG Immobilien AG received in May 2018 will be ecognized pro rata over the full year, which results in an adjustment of EUR 4.4 million in the FFO for segment reporting purposes. The decrease in the Commercial Portfolio's FFO contribution to EUR 21.0 million (previous year: EUR 26.1 million) was primarily the result of lower rental income after sales and warehousing transfers, and the additional interest expenses related to the bonds.

FFO CONTRIBUTION OF SEGMENTS in EUR million



* adjusted to external reporting

NOTES

General information on reporting

In accordance with section 115 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), the interim report comprises condensed interim consolidated financial statements and an interim group management report. The condensed interim consolidated financial statements were prepared in accordance with the requirements of the International Financial Reporting Standards (IFRSs), as adopted by the EU, that are applicable to interim financial reporting (IAS 34). The quarterly financial statements of the companies included in the consolidated financial statements were prepared using uniform accounting policies. The interim group management report was prepared in accordance with the applicable requirements of the WpHG.

The interim consolidated financial statements were prepared using the same consolidation principles, currency translation policies and accounting policies as applied in the consolidated financial statements for financial year 2017, with the exception of the changes presented in the following. Income taxes were deferred on the basis of the tax rate expected for the full year.

These condensed interim consolidated financial statements do not contain all the information and disclosures required by IFRSs for full-year consolidated financial statements, and should therefore be read in conjunction with the consolidated financial statements for the year ended on 31 December 2017, which form the basis for the accompanying interim financial statements. Please also refer to the interim management report in this document for information on material changes and transactions in the period up to 30 June 2018.

The bonus component taken into account when determining the issue price of the newly issued shares was factored in pursuant to IAS 33.26f., and the number of average shares outstanding was adjusted accordingly. The new number of shares to be taken into account for the 2017 financial year results from the bonus element of 0.9% or 62,844 shares. This brings the new number of shares for the 2017 financial year to 68,640,591 (previously 68,577,747).

Preparation of the financial statements requires management to make estimates and assumptions affecting both the measurement of assets, liabilities and contingent liabilities at the end of the reporting period and the measurement and presentation of income and expenses for the period. Actual amounts may differ from these estimates. There were no adjustments due to changes in estimates or assumptions in the period up to and including June 2018.

New standards and interpretations

DIC Asset has applied all accounting pronouncements effective as at 1 January 2018 adopted by the EU, including revised pronouncements. Please refer to the 2017 Annual Report and the following explanations for a detailed description of the new and revised accounting pronouncements:

IFRS 9 Financial Instruments

IFRS 9 relates to the classification and measurement of financial instruments as well as the reporting of derivatives and hedges and has replaced IAS 39 Financial Instruments. It will not replace the requirements in IAS 39 for portfolio fair value hedge accounting for interest rate risk. A separate macro hedge accounting project will pursue this issue. The standard has become effective for reporting periods beginning on or after 1 January 2018. It was endorsed by the EU on 22 November 2016.

After conducting the relevant analyses, we concluded that the classification of financial instruments will remain unchanged. In contrast to IAS 39, IFRS 9 no longer permits the recycling of changes in the value of financial assets classified as “at fair value through other comprehensive income” from other comprehensive income to the income statement.

In addition, a number of other pronouncements and amendments are now effective, but these do not affect the consolidated financial statements or the condensed interim consolidated financial statements. These include:

- Annual Improvements to IFRSs: (2014–2016 Cycle) – IFRS 1, IFRS 12 and IAS 28
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Amendments to IFRS 2 Share-based Payment
- Amendments to IAS 40 Investment Property

Financial instruments disclosures

No quoted prices in an active market are available for the unlisted shares of DIC Opportunistic GmbH held by the Group (Level 3 of the IFRS 13 fair value hierarchy). Their fair value is based on the indirectly held real estate and equity investments. Changes in fair value between 31 December 2017 and the end of the reporting period amounted to EUR -541 thousand. Please refer to our consolidated financial statements for the year ended 31 December 2017 for information on the valuation of the real estate assets. The Group also holds shares in the listed company TLG Immobilien AG.

The following table presents the carrying amounts and fair values of the individual financial assets and financial liabilities for each class of financial instrument and reconciles them to the corresponding line items in the balance sheet. The IFRS 9 measurement categories relevant for the Group are: financial assets at fair value through OCI (FVOCI), financial assets at fair value through profit or loss (FVPL), financial assets measured at amortised cost (FAAC), as well as financial liabilities measured at amortised cost (FLAC) and financial liabilities at fair value through profit or loss (FLFV).

in EUR thousand	IFRS 9 measurement category	**Carrying amount at 30.06.2018**	**Fair value 30.06.2018**	Carrying amount 31.12.2017	Fair value at 31.12.2017
Assets					
Equity investments	FVOCI	**314,687**	**314,687**	290,575	290,575
Other loans	FAAC	**114,718**	**114,718**	110,143	110,143
Receivables from sale of investment property	FAAC	**1,201**	**1,201**	13,816	13,816
Trade receivables	FAAC	**4,137**	**4,137**	4,484	4,484
Receivables from related parties	FAAC	**9,164**	**9,164**	10,721	10,721
Other receivables	FAAC	**20,695**	**20,695**	17,243	17,243
Other assets	FAAC	**2,112**	**2,112**	1,681	1,681
Cash and cash equivalents	FAAC	**292,125**	**292,125**	201,997	201,997
Total	FAAC	**444,152**	**444,152**	360,085	360,085
Equity and liabilities					
Corporate bonds	FLAC	**450,036**	**466,593**	398,185	418,678
Non-current interest-bearing loans and borrowings	FLAC	**865,972**	**837,315**	810,992	780,677
Current loans and borrowings	FLAC	**189,921**	**189,897**	196,530	195,129
Trade payables	FLAC	**3,037**	**3,037**	1,245	1,245
Related party liabilities	FLAC	**17,040**	**17,040**	15,252	15,252
Other liabilities	FLAC	**29,026**	**29,026**	26,334	26,334
Liabilities related to financial investments held for sale	FLAC	**18,350**	**18,350**	47,568	47,568
Total	FLAC	**1,573,382**	**1,561,258**	1,496,106	1,484,883

Changes in Level 3 financial instruments are as follows:

in EUR thousand	2018	2017
1.1.	31,026	23,664
Additions / disposals (net)	0	6,229
Measurement gains/losses	-541	1,133
30.06. / 31.12.	30,485	31,026

Measurement gains/losses are recognised in other comprehensive income under the item “Gains/losses on financial instruments classified as measured at fair value through other comprehensive income”.

Supplementary information

The Company uses the cost model in accordance with IAS 40.56 to measure its investment properties. Please refer to the disclosures in the consolidated financial statements for the year ended on 31 December 2017 for information on the fair value measurement of investment property in accordance with IFRS 13.

Dividend

To enable the shareholders to participate appropriately in the performance and value growth of DIC Asset AG, the Management Board proposed a dividend of EUR 0.64 per share for financial year 2017 at the General Shareholders’ Meeting on 16 March 2018. The dividend of EUR 43.9 million was distributed on 19 April 2018 following the adoption of the corresponding resolution. Of this amount, EUR 19.3 million was issued in the form of new shares (scrip dividend) and EUR 24.6 million was paid to the shareholders in cash.

Contingent liabilities and other financial obligations

DIC Asset AG issued or received the following new guarantees up to 30 June 2018:

DIC Asset AG has granted a directly enforceable fixed liability guarantee for DIC HI Objekt Hamburg Kurt-Schumacher-Allee GmbH in the amount of EUR 7,000 thousand vis-à-vis UniCredit Bank AG.

The letter of comfort/surety bond granted to Bilfinger Hochbau GmbH for payment claims of the Opera Offices NEO project amounting to EUR 1,785 thousand expired.

The guarantee granted to ED Züblin AG for the MT Panorama construction project was reduced from EUR 2,261 thousand to EUR 1,666 thousand.

Please refer to our 2017 consolidated financial statements for details of other guarantees and surety bonds issued up to the end of 2017, as well as for information on ongoing loan and services transactions with entities and individuals classified as related parties.

Opportunities and risks

The consolidated financial statements and the group management report for financial year 2017, which were published in February 2018, describe in detail the opportunities and risks associated with our business activities, and provide information on the risk management system and the internal control system. There have been no material changes since that date, neither in the Company nor in the relevant environment.

Events after the reporting period

Between the end of the reporting period and today, the sale of one Commercial Portfolio property with a transaction volume of approx. EUR 3.8 million was notarised. The transfer of possession, benefits and associated risks is expected in the second half of the year.

In July 2018, we repaid the EUR 100 million bond issued in 2013.

No other material transactions were resolved, initiated or carried out in the period between the reporting date and the release for publication of the half-yearly report by the Management Board.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Frankfurt am Main, 27 July 2018

Sonja Wärntges　　Dirk Hasselbring　　Johannes von Mutius

REVIEW REPORT

To DIC Asset AG, Frankfurt am Main

We have reviewed the condensed interim consolidated financial statements – comprising the income statement, statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and selected explanatory notes – together with the interim group management report of DIC Asset AG, Frankfurt am Main, for the period from January 1 to June 30, 2018, which are part of the half-year financial report according to § 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company´s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor´s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Nuremberg, July 27, 2018

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This report is also available in German (binding version).

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