DIC

ANNUAL REPORT 2020

dynamic performance next level

DIC ASSET AG AT A GLANCE

Key financial figures in EUR million	2020	2019	|Δ|
Gross rental income	100.7	101.9	1.2
Net rental income	82.2	87.9	5.7
Real estate management fees	79.7	62.9	16.8
Proceeds from sales of property	116.3	176.0	59.7
Total income	321.1	364.3	43.2
Profits on property disposals	32.0	40.5	8.5
Share of the profit or loss of associates	11.4	18.3	6.9
Funds from Operations (FFO)	96.5	95.0	1.5
Funds from Operations II (including profit on disposals)	128.5	135.5	7.0
EBITDA	156.3	164.5	8.2
EBIT	117.6	130.2	12.6
Profit for the period	73.1	80.7	7.6
Cash flow from operating activities	67.4	64.8	2.6
Key financial figures per Share in EUR*			
FFO per share	1.22	1.32	0.11
FFO II per share	1.62	1.71	0.09
Earnings per share	0.88	1.13	0.25

* all per share figures adjusted in accordance with IFRSs (number of shares 2020: 79,421 thsd.; 2019: 71,713 thsd.)

Balance sheet figures in EUR million	31.12.2020	31.12.2019
Investment property	1,600.0	1,623.0
Equity	1,108.4	968.8
Financial liabilities	1,474.4	1,547.2
Total assets	2,724.2	2,657.4
Loan-to value ratio (LtV) in %*	44.5 %	47.8 %

EPRA key figures in EUR million	2020	2019	Δ
EPRA earnings	84.7	83.7	1 %
EPRA-NAV	1,409.9	1,244.2	13 %
EPRA-NNNAV	1,367.8	1,206.3	13 %
EPRA key figures per share in EUR **			
EPRA earnings per share	1.07	1.17	– 9 %
EPRA-NAV per share	17.49	17.23	2 %
EPRA-NNNAV per share	16.97	16.70	2 %

Key operating figures	2020	2019
Letting result in EUR million	33.2	32.7
WALT in years***	6.7	6.2
EPRA vacancy rate in % ****	5.4	6.5

* adjusted for warehousing
** all per share figures adjusted in accordance with IFRSs (number of shares 2020: 79,421 thsd.; 2019: 71,713 thsd.)
*** without third-party business and repositioning properties
**** Commercial Portfolio, without repositioning properties

DEAR SHAREHOLDERS AND BUSINESS PARTNERS, DEAR COLLEAGUES AND FRIENDS OF THE COMPANY,

At this point last year, I presented our new "dynamic performance" slogan to you. This motto encapsulates the entire team's drive and commitment to operating swiftly, creatively and reliably.

Back then, none of us could have predicted how demanding the past year would be, both for the Company and for stakeholders throughout the economy. Today, I can tell you that your company, DIC Asset AG, came through 2020 and its unique challenges with flying colours. The report we are presenting to you sums up a highly successful year for us – the results of dynamic performance that has more than proven its worth, particularly in a year of unforeseeable circumstances.

Allow me to pick out a few points as we look back over the past year:

- First and foremost, we achieved all of the goals we communicated to you throughout the year. In fact, we went even further! Despite lockdown, we surpassed our targets with a final flurry of activity.

- **One of the reasons for this was that we continued to get closer to our clients despite responsibly observing social distancing rules when meeting in person.** We opened new branches in Cologne at the start of the year and in Stuttgart at the end of the year, which means we now have a presence in all of Germany's top seven cities. We can feel the heartbeat of the markets. And we also maintain a close dialogue with our clients and investors.

- **We are working more digitally than ever**, and the past year has given our digitalisation efforts an additional boost. We have digitally enhanced our operations even further. All of our teams and business units benefit from this in their day-to-day collaboration.

- **And we have grown.** We have expanded our logistics offering, for example, by acquiring RLI Investors – outstanding specialists whose expertise takes our investment business in logistics to a whole new level.

- This brings us to perhaps the most important number of the year, as this acquisition and other initiatives took our assets under management past the EUR 10 billion mark at the start of 2021. In other words: we did not just meet our target – we exceeded it! We are all proud of this achievement.

- **This in turn gives us confidence in our future.** It is customary to look ahead at the end of each year. We have significantly enhanced our skills we use to create value for our clients and shareholders. We increasingly see ourselves as a performance platform that dynamically adds value across a property's entire life cycle – from investment and management to transaction.

As you can see, our unique business model has proven its worth, particularly in these unusual times. And we are convinced that we are exceptionally well positioned to deliver success for our clients and shareholders in a different world.

After all, we have proven that we can also deal with the kind of **structural change** that has accelerated in many industries. The business models of some real estate users, such as bricks-and-mortar retailers, are being fundamentally put to the test. During the first half of 2020, DIC Asset held intensive discussions with GALERIA Karstadt Kaufhof, a tenant at three locations, to address the framework of their contracts and their continuing use of city centre properties. We managed to find a good solution for all of the locations. We also had to adjust our plans in order to do this; most notably, we developed an entirely new concept for a new tenant in the department store space at the building in Bremen and took care of the redevelopment ourselves. This construction project is scheduled to be completed by the fourth quarter of 2021.

This example demonstrates everything that sets us apart. We reacted quickly, dealt with the issue creatively and found a viable, high-quality solution for all parties.

To date, we have not had to endure any serious instances of non-payment of rent or withdrawals from lease agreements. We see it as our responsibility to sensitively and attentively follow developments in various sectors and subsectors, right down to the level of individual tenants. We do not just rely on widely available statistics to do this. Instead, we continued to expand our own research capabilities in 2020 and established a central hub of knowledge. Our aim here is to be able to get an even faster and more precise overview of risks and, of course, opportunities.

When it comes to letting activities, a big part of our work consisted of lease renewals. We have a broad base of satisfied tenants. **New leases** were hampered by pandemic-related uncertainty last year – which means there is still untapped potential for us in this area. We accept the challenge and, above all, are asking ourselves what the office users of tomorrow will need. Although working from home will remain part of the "new normal", we are also seeing companies and employees who will be delighted to put these improvised and isolated working environments behind them, and who long to return to a suitable office environment – one that provides space for face-to-face interaction and enables staff to identify more strongly with their company and team beyond mere virtual "docking". This **rethinking of office environments** will result in a catch-up effect for rent decisions and changing needs in the market that we want to follow and exploit in a constructive way. We can do this thanks to our resources and capabilities in portfolio development and letting activities.

The year 2020 reinforced one particular trend on the real estate investment market, namely that there are fewer and fewer "one size fits all" solutions. Instead, more differentiated asset classes and forms of investment are emerging that have to be combined with specialised management. As market participants do not always have access to products that strike a good balance between risk and yield, having a wide range of contacts and possible configurations plays a crucial role on both the real estate and financing side. This is precisely what makes us the right partner. **"On demand"** and **"just in time"** are requirements and qualities that we can deliver through our platform. After all, we are property holders on the one hand and initiators and managers of investment products for institutional clients on the other.

Our business model thus allows us to transform previously linear value chains into dynamic circular processes – from **warehousing** and initiating transactions to structuring products from our acquisition pipeline, portfolio development and the real estate assets we manage for third parties.

This means that treating two earnings segments separately – property management as a property holder on the one hand and the provision of services for third-party investments on the other – is merely a formal calculation. It is precisely this ability to offer different configurations across the entire spectrum of our business model that creates the momentum for value creation and adds value for our investors and shareholders that neither of our company's individual segments would be able to generate independently. Our business model breaks down the barriers of segmentation. Combining the financial and balance sheet structure of a property holder with the management expertise of an agile asset manager enables us to occupy a unique position within the market as a provider of full-service commercial real estate investment solutions across all phases of the value chain.

HERE ARE OUR KEY OPERATING FIGURES FOR 2020:

- We set a new transaction record by handling EUR 2.5 billion of commercial properties
- Assets under management rose by 26% to EUR 9.6 billion as of the reporting date; this figure has already exceeded EUR 10 billion including the takeover of RLI Investors that became effective at the start of 2021.
- Our teams reported strong letting performance of 269,900 sqm, up 28% on the previous year.
- We also improved the quality of our portfolio, increasing rental income by 1.9% on a like-for-like basis and extending the weighted average lease term by 0.5 years to 6.7 years in our overall portfolio.
- Our Commercial Portfolio is characterised by lower vacancies (EPRA vacancy rate down 110 basis points to 5.4%), longer lease terms (up 0.5 years to 6.5 years) and higher average rents (up EUR 0.40/sqm to EUR 10.81/sqm).
- We gained access to new groups of investors and significantly expanded our Institutional Business by 33% to EUR 7.6 billion in assets under management.
- Along the way, we launched the largest fund in our company's history to date with a target volume of EUR 1.6 billion; the equity amount was already fully subscribed by the launch date.

We have therefore achieved outstanding results and proved the reliability of our business model over the past year, despite the postponements and disruption caused by Covid-19 pandemic:

- Our gross rental income of EUR 100.7 million was virtually unchanged from the previous year (EUR 101.9 million) despite sales and the effects of the Covid-19 pandemic. This was primarily due to the acquisition of properties with strong cash flows and the extension of office leases on much better terms in some cases.
- We increased management fees by 27% to EUR 79.7 million and in a final flurry of activity at the end of the year laid the foundations for a sharp rise in fees that will be reflected on the balance sheet in 2021.
- We generated EUR 11.4 million in share of the profit or loss of associates (previous year: EUR 5.4 million excluding TLG dividend).
- FFO, which does not include profits on sales, rose from EUR 95.0 million to EUR 96.5 million, which also shows that selling properties has not affected the substance of our business. Including sales profits, FFO II amounts to EUR 128.5 million.
- Although our Commercial Portfolio was smaller as of the 31 December 2020 reporting date in terms of the number of properties after a series of profitable sales (on average 20% above the most recently determined market values), its market value increased by EUR 100 million or 5.3% thanks to targeted acquisitions and successful letting activities.

DIVIDEND INCREASED TO EUR 0.70 PER SHARE

The fact that we were able to steer DIC Asset AG safely through the pandemic in 2020 while significantly enhancing the strength of our business platform is not the only piece of good news we have for our shareholders. As a result of our dynamic performance and based on the proposal to the General Shareholders' Meeting, we would like to increase the **dividend to EUR 0.70 per share**. We will once again give shareholders the choice to receive a scrip dividend. This means that the dividend yield based on the year-end closing stock price for 2020 is around 5.2%. The scrip dividend is also our invitation to you to participate in the next round of our dynamic corporate development.

2021: NEXT LEVEL, NEW TASKS AND TARGETS

We are now in the midst of the 2021 financial year and already pursuing new targets. As we have already passed the EUR 10 billion mark, our new medium-term goal is EUR 15 billion in assets under management. We will reach this target too, thanks to the strong momentum of our business model: one platform for two segments that complement each other perfectly. Firstly, there is the segment containing the portfolio properties that we develop, manage and potentially transfer into new revenue-generating ownership structures. Secondly, there is our service segment, where we structure and manage funds, club deals and individual mandates for institutional clients.

By combining these two segments, we can satisfy our clients' investment, management and transaction requirements equally with a 360-degree approach, one that brings together properties with investors and users on one platform like no other. This makes us an "on-demand" point of contact and catalyst for attractive investments and types of use, thus generating reliable added value for all parties along the entire cycle.

The synergies created by both segments are considerable, providing the reliable momentum required for our business model to succeed and enabling us to react **quickly and flexibly** to market opportunities.

This is the linchpin of our strategy. We are **fully capable of delivering** – with real estate and the corresponding right management, as well as all other activities up and down the value chain, such as financing and portfolio development.

We have also added several high-calibre individuals to our team to meet new challenges. They have been on board since January and February and are the management team members responsible for guiding our subsidiaries through their next growth steps.

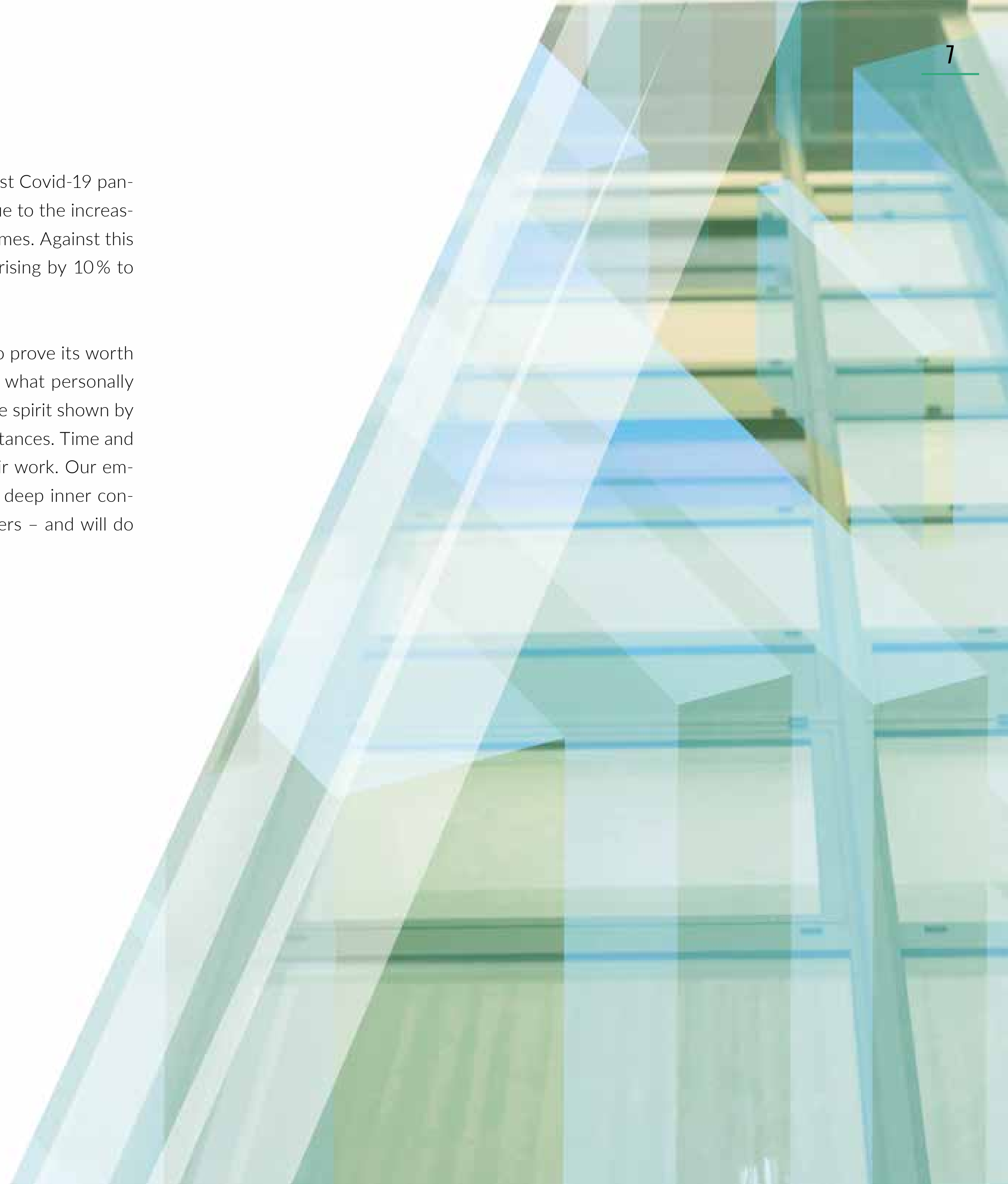
We are confident that networking is the key to unlocking opportunities in all market situations. This does not only mean making the various connections required to ensure a steady deal flow. The quality standards applied to future-proof investments are also multi-dimensional. With this in mind, we have brought together various guidelines for our growth agenda and have embedded the issue of **ESG** – the interconnection of environmental, social and governance criteria – as a strategically critical area of responsibility within our organisation.

Keeping these quality criteria in focus, we want to grow in both segments this year by EUR 1.2 billion to EUR 1.8 billion overall. According to current planning, EUR 200 to 300 million of this total will be used to top up the Commercial Portfolio, while EUR 1.0 to 1.5 billion will come from new mandates in the Institutional Business segment. Sales transactions will total EUR 300 to 400 million overall.

Although the economy will continue to be stretched by the fight against Covid-19 pandemic in 2021, the outlook already looks significantly more positive due to the increasing availability of vaccines and steady progress of vaccination programmes. Against this backdrop, we are confident that **FFO will increase further** this year, rising by 10% to EUR 106–110 million.

Our business model also offers unique advantages and will continue to prove its worth in the future. Aside from all of the figures, milestones and forecasts, what personally and particularly pleases me is the tremendous commitment and positive spirit shown by the entire DIC team over the past year under such exceptional circumstances. Time and time again, I can feel that this team puts their heart and soul into their work. Our employees show that dynamic performance is not just a slogan; it is the deep inner conviction that drives us to deliver success for our clients and shareholders – and will do again in 2021.

Yours sincerely,
Sonja Wärntges
Chief Executive Officer



REPORT OF THE SUPERVISORY BOARD

Dear Readers,

Despite all of the challenges posed by the Covid-19 pandemic, DIC Asset AG demonstrated the long-term stability of its business model even under unforeseeable external circumstances to close out another remarkably strong financial year.

The Supervisory Board would like to express its great appreciation and deep gratitude to the Management Board and all of the employees who performed so impressively during this exceptional year.

Work on the Supervisory Board was also impacted by the Covid-19 pandemic in 2020. At the start of the year, the General Shareholders' Meeting scheduled for March had to be postponed at short notice and was then held virtually for the first time in July. The dynamic nature of the situation and the need to rapidly and actively adapt our business activities required agile decision-making processes and led to a significantly higher number of extraordinary meetings.

Despite the special circumstances, the Supervisory Board fully and responsibly performed the duties incumbent upon it in accordance with the German Stock Corporation Act (AktG), the Company's Articles of Association and the Supervisory Board Rules of Procedure. The Supervisory Board consulted with the Management Board on the development of the Company and provided support for strategic corporate development and significant individual actions.

The Management Board informed the Supervisory Board during the financial year promptly and fully through written and oral reports. The written reports by the Management Board and, where applicable, the written proposals for resolutions, were made available to the Supervisory Board well ahead of time to allow its member to prepare for the consultations and the decisions to be made.

The reports set out all relevant information on significant issues regarding strategy and corporate planning, the situation and development of the Company and the Group, the risk position, the internal control system, compliance, risk management as well as material transactions.

Business development was explained in detail by the Management Board and discussed by the Supervisory Board. The Supervisory Board was involved in all material decisions at an early stage and – to the extent necessary – gave its approval after examining and discussing them in depth.

The Chairman of the Supervisory Board was notified of material developments and decisions by the Management Board also between meetings, and discussed the Company's prospects and future orientation with the Management Board in separate talks.

ATTENDANCE AT MEETINGS BY SUPERVISORY BOARD MEMBERS

The Supervisory Board met for four ordinary meetings and an additional 15 extraordinary meetings during the 2020 financial year. In addition, six resolutions were adopted by written circular. Three of the four ordinary meetings were held in person, while the fourth was held as a hybrid meeting at which the Management Board and Chairman of the Supervisory Board were present in person while the other Supervisory Board members took part via video link. The extraordinary meetings were held as conference calls.

The average attendance rate at the Supervisory Board meetings in the reporting year was 93%, while the average attendance rate at Audit Committee meetings was 100%.

The members of the Supervisory Board attended the meetings of the Supervisory Board and the committees of which they were members as follows:

Member of the Supervisory Board	Supervisory Board meetings	Meetings attended	Attendance rate
Prof. Dr. Gerhard Schmidt (Chairman)	19	19	100%
Klaus-Jürgen Sontowski (Vice Chairman)	19	18	95%
Prof. Dr. Ulrich Reuter	19	19	100%
Eberhard Vetter	19	16	84%
Dr. Anton Wiegers (until July 2020)	9	9	100%
Michael Zahn (since July 2020)	10	8	80%
René Zahnd	19	16	84%
Average attendance rate			93%

Member of the Audit Committee	Audit Committee meetings	Meetings attended	Attendance rate
Prof. Dr. Ulrich Reuter (Chairman)	2	2	100%
Prof. Dr. Gerhard Schmidt	2	2	100%
Dr. Anton Wiegers (until July 2020)	1	1	100%
René Zahnd (since December 2020)	1	1	100%
Average attendance rate			100%

KEY POINTS OF DELIBERATION AT THE SUPERVISORY BOARD MEETINGS

The meetings regularly covered the Company's operational performance – specifically lettings, acquisitions and sales – the trend in revenue and earnings as well as the financial position. In the second quarter in particular, the Supervisory Board's consultations and strategic considerations focused on the impact of the Covid-19 pandemic on the Company's operating activities.

Individual meetings also focused on the following issues:

01 2020

The key topic of this extraordinary meeting was the planned capital increase of just under 10% via a private placement to qualified investors. The Supervisory Board heard the Management Board's report on the current status, costs and next steps and approved the schedule for the **capital increase.**

02 2020

The ordinary meeting centred on the outcome of the **Audit Committee meeting**, which was explained and discussed in detail. The annual financial statements for financial year 2019 were adopted and the consolidated financial statements were approved. The Supervisory Board examined the proposal on the appropriation of profit by the Management Board and endorsed the proposal. The dependent company report for financial year 2019 was also reviewed and approved.

The Supervisory Board then discussed and approved the agenda and adopted the proposed resolutions for the General Shareholders' Meeting. The Supervisory Board agreed to propose to the General Shareholders' Meeting Michael Zahn, Chairman of the Management Board of Deutsche Wohnen SE, as the new candidate to succeed the retiring member Dr. Anton Wiegers. The Supervisory Board approved the proposal presented by the Management Board to enable shareholders to choose whether they wish to receive their **dividend payment in cash** or in the form of new shares **(scrip dividend)**. The written report of the Supervisory Board to the General Shareholders' Meeting was also adopted.

At another extraordinary meeting, the Management Board and Supervisory Board addressed the **further development** of the Institutional Business segment in detail as part of a strategic discussion. The Management Board of GEG presented its growth targets and the roadmap for potential new fund products and club deals.

The Supervisory Board also addressed staff-related matters and decided to extend the **director's contracts** of CEO Sonja Wärntges and CIO Johannes von Mutius ahead of schedule until 31 December 2023. Patrick Weiden was also appointed to the Management Board as Chief Capital Markets Officer (CCMO) with effect from 1 April 2020.

The Supervisory Board also determined the amount of variable remuneration for the Management Board for the 2019 financial year.

03 2020

The dominant theme of the extraordinary meeting in March was the impact of the Covid-19 pandemic on the operating activities of DIC Asset AG. The Management Board presented its risk assessment, outlined the measures planned and reported on the state of transaction activity in the commercial real estate market. The acquisition target was adjusted due to the exceptional situation in certain asset classes.

04 2020

At an extraordinary meeting, the Management Board reported on the results for the first quarter of 2020 and informed the Supervisory Board about the status of the sale of the Federal Criminal Police Office property in Wiesbaden and the club deal for the Infinity Office. The Management Board and Supervisory Board also discussed the impact of the Covid-19 pandemic. The Management Board presented the budget updates and **earnings forecasts** it had developed for the second quarter, while measures to mitigate the impact of the pandemic were also discussed. The Management Board and Supervisory Board also addressed plans to implement the virtual General Shareholders' Meeting.

The impact of the Covid-19 pandemic was once again the main topic of an additional extraordinary meeting. The Management Board reported on requests from tenants to defer rent payments, the specific situation in the hotel asset class, **tenant agreements** already signed and those still under negotiation. The Supervisory Board also addressed budget deviations caused by pandemic-related non-payment of rent and postponements in the transaction business and discussed the countermeasures already taken and those being planned as well as the latest liquidity planning.

05
2020

At the ordinary strategy meeting, the Supervisory Board addressed issues such as the expansion of the nationwide asset and property management platform. The Management Board presented planned and initiated measures to ensure optimum asset and tenant support for the Company's own portfolios and create an even stronger **local network** in local markets. Among other measures, it also proposed that the top 7 city of Stuttgart be covered by its own dedicated team by the end of the year.

The Supervisory Board also addressed strategic issues surrounding portfolio development as well as organic and acquisition-based growth opportunities. Targets were set for assets under management in the Commercial Portfolio and Institutional Business, and the **transaction strategy** required to hit these targets was presented and discussed. The Management Board presented the environment and target structures for new club deals and investment funds in the Institutional Business and provided clarification on capital requirements and the status of equity fundraising.

Another topic was project development activities as a way of driving value preservation and appreciation by developing the portfolio. As part of a review, successful developments were analysed and focus areas for portfolio development activities until the end of 2021 were defined. The Supervisory Board also addressed DIC Asset AG's positioning on the capital markets. The Supervisory Board then discussed and approved the extended agenda and proposed resolutions for the **virtual General Shareholders' Meeting** in July 2020.

At an extraordinary meeting, the Management Board provided clarification on the impact of the Covid-19 pandemic on the Company's operating activities. It reported on the status of rent payments and tenant agreements, with a particular focus on GALERIA Karstadt Kaufhof GmbH's properties and the implementation status of the transaction pipeline. The Supervisory Board was updated on the performance of the existing funds in the Institutional Business and the implementation options for club deals.

06
2020

At the extraordinary meeting, the Management Board presented the results of due diligence on several potential **acquisition** properties for the Company's own portfolio. The Supervisory Board approved the acquisition of two properties following in-depth deliberation.

The Management Board then outlined the status of negotiations for three properties leased by GALERIA Karstadt Kaufhof GmbH.

07
2020

At the extraordinary meeting, the Management Board reported on the earnings forecast for the first half of 2020. The Supervisory Board then approved the publication of the half-yearly financial report, which was reviewed and received an unqualified review report. The Supervisory Board also discussed the results of the **due diligence** on the acquisition of two additional properties for the Company's Commercial Portfolio and approved the purchase of a cash-flow generating refurbishment property.

At this meeting, the Supervisory Board also addressed **staff-related matters** and appointed Christian Bock to the Management Board as the new Chief Institutional Business Officer (CIBO) with effect from 1 August 2020.

08
2020

The sole topic of an extraordinary conference call was the potential issuance of a benchmark corporate bond. The Supervisory Board gave its approval for **appropriate preparations** to be made.

09
2020

At an extraordinary meeting at the start of September, the Supervisory Board approved the Management Board resolution to issue a corporate bond subject to **market conditions** and the Management Board's final decision on the terms of this bond.

At a further extraordinary meeting in September, the Management Board informed the Supervisory Board about the results of a roadshow with renowned investors in connection with the planned issue of a corporate bond.

At an ordinary meeting, the Management Board presented a preview of the results for the first nine months of the year as well as planned lettings and transaction activities for the fourth quarter of 2020. A significant part of the meeting was devoted to developments in the Institutional Business. The status of planned club deals was addressed and the Management Board provided a report on the capital resources, fund volume and potential acquisition properties of existing funds. **Strategic considerations** on the expansion of the fund range were also discussed.

In the subsequent strategic discussion, the Management Board presented operating and strategic portfolio plans in both segments for 2021 to 2023 and discussed key focus areas such as letting activities, asset classes and risk profile with the Supervisory Board.

10
2020

At the extraordinary meeting, the Management Board informed the Supervisory Board about the status of the corporate bond issue and presented the schedule for a specific issue date. The Supervisory Board approved the bond issue subject to the achievement of predetermined conditions on the planned issue date.

11
2020

At the extraordinary meeting, the Management Board presented its plans to **launch** a new open-ended **special real estate fund**. The seed portfolio also includes a property from the Commercial Portfolio in the seat of the Darmstadt Regional Council. After detailed discussions, the Supervisory Board approved the launch of the fund as well as the sale of the Darmstadt Regional Council building from the Company's Commercial Portfolio to the new fund.

The Supervisory Board also addressed strategic growth opportunities in the logistics asset class. It approved the acquisition of two logistics properties and, after detailed consultation on the Management Board's proposal, the pursuit of an M&A opportunity that would facilitate the **acquisition** of a leading German specialist in logistics real estate

12
2020

At the ordinary meeting, the Management Board presented the earnings forecast for the full 2020 financial year. Matters of operational planning, earnings and balance sheet planning as well as potential transaction activities for both the Commercial Portfolio and the Institutional Business for the 2021 financial year were also discussed with the Supervisory Board. The Management Board and Supervisory Board also discussed **financing issues**. The activities and feedback surrounding the issue of a benchmark corporate bond that was not pursued any further were analysed and alternative financing options were discussed.

At two further extraordinary meetings, the Supervisory Board addressed the M&A opportunity in the logistics sector. The Management presented details of the acquisition, paying particular attention to valuation issues and analysis provided by external experts. The Supervisory Board approved the **transaction** after detailed discussions.

AUDIT COMMITTEE REPORT

The Supervisory Board established an Audit Committee to ensure that work is allocated and performed efficiently. This audit committee met twice in 2020. The meetings were attended by all members of the Audit Committee.

The meeting held in February 2020 focused on the areas of emphasis of the audit and on financial reporting documents for financial year 2019. With representatives of the auditor in attendance, the meeting was devoted to a detailed analysis and discussion of the annual and consolidated financial statements for financial year 2019 along with the combined management and group management report as well as the associated audit reports, taking into account in particular the areas of emphasis previously defined by the Audit Committee in coordination with the auditor for the consolidated financial statements (recoverability of the carrying amounts of properties (key audit matter), the merger with GEG including testing goodwill for impairment (key audit matter), related parties, completeness of the notes to the consolidated financial statements, the Group management report) and for the single-entity financial statements (recoverability of the carrying amounts of investments in affiliates (key audit matter), full disclosure of related party transactions, revenue recognition and recognition of investment income). The Audit Committee also dealt in detail with the internal control system of DIC Asset AG, focusing on accounting, lease management, receivables management, deferral and invoicing of service charges, and IT systems.

Recommendations were approved for the Supervisory Board's resolutions concerning the financial reporting documents for the 2019 financial year. The Audit Committee recommended to the Supervisory Board to propose to the General Shareholders' Meeting the appointment of Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, as auditor of the annual and consolidated financial statements for the 2020 financial year and as auditor for reviewing the 2020 half-yearly report. The Audit Committee had previously satisfied itself of the independence and auditing quality of Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg. Based on this recommendation, the Supervisory Board adopted a corresponding nomination proposal at the General Shareholders' Meeting.

In July 2020, the results of the review of the half-yearly report were presented to the Chairman of the Audit Committee in a conference call also attended by the CEO of DIC Asset AG and representatives of the auditor. Particular attention was paid to the loss allowances associated with non-payment of rent due to Covid-19.

At the meeting in December 2020, the Audit Committee analysed the earnings forecast for 2020 and together with the representatives of the auditor specified the areas of emphasis and what are expected to be the key audit matters for the 2020 financial year.

In addition to the audit areas of emphasis identified by the German Financial Reporting Enforcement Panel (DPR) for 2021, the Audit Committee also addressed the framework for reporting, particularly in relation to the draft bill of the German Financial Market Integrity Strengthening Act (FISG), the German Act Implementing the Second Shareholder Rights Directive (ARUG II), the German Corporate Governance Code 2020 and EU auditing regulations, and analysed the relevance of each of these for DIC Asset AG.

CORPORATE GOVERNANCE REVIEWED, STATEMENT UPDATED

Members of the Supervisory Board are responsible for completing the training and continuing professional development required for their roles – on subjects such as changes to the legal framework, for example – and are supported by the Company in doing so. Internal information events are offered as necessary to provide continued professional development. New members of the Supervisory Board can meet members of the Management Board to discuss fundamental and current issues and thus gain an overview of topics that are relevant to the Company (known as “onboarding”).

During the period under review, the Supervisory Board dealt intensively with changes to ARUG II and the amended requirements of the German Corporate Governance Code (Deutscher Corporate Governance Kodex), a fundamentally reformed version of which (DCGK 2020) came into force on 20 March 2020.

The Supervisory Board, in conjunction with the Management Board, in December 2020 issued the annual Declaration of Compliance in accordance with section 161 of the AktG on the recommendations of the German Corporate Governance Code. It was published on the Company's website in the Corporate Governance section.

The Rules of Procedure for the Supervisory Board were updated on 22 December 2020 and also made available on the Company's website in the Corporate Governance section.

In the section entitled "Corporate governance report and corporate governance statement” of this Annual Report, the Management Board and the Supervisory Board jointly report in detail on corporate governance for the Company and the Group.

CONFLICTS OF INTEREST

In compliance with the German Corporate Governance Code, each member of the Supervisory Board will disclose any conflict of interest that might arise. No conflicts of interest arose in financial year 2020.

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 2020 financial year with the approval of the Supervisory Board. Prof. Schmidt did not take part in the corresponding discussion and resolution of the Supervisory Board.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2020 AUDITED AND APPROVED

The Management Board prepared the annual financial statements for financial year 2020 in accordance with the German Commercial Code, the consolidated financial statements in accordance with IFRSs, as adopted by the EU, and with the commercial law regulations to be applied in addition pursuant to section 315e of the HGB, as well as the management report combined with the group management report. These items were audited by Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, appointed as auditors at the General Shareholders‘ Meeting on 8 July 2020, and an unqualified auditor’s report was issued for each of them.

All of these documents including the Management Board’s proposal on the appropriation of profit were discussed at the meetings of the Audit Committee and the Supervisory Board on 8 February 2021 attended by representatives of the auditor. The auditor of the annual financial statements reported on the areas of emphasis and material findings of their audit and focused in particular on key audit matters and audit activities carried out. Key audit matters for auditing the consolidated financial statements were the recoverability of the carrying amount of the properties and the impairment test of the goodwill arising from the acquisition of GEG. The recoverability of the carrying amount of the investments including investment income was defined as a key audit matter for auditing the annual financial statements of DIC Asset AG. No significant weaknesses in the internal control and risk management system relevant for the financial reporting process were reported. The auditors were available to the members of the Committee and the Supervisory Board for comprehensive discussion. There were no circumstances that could suggest any bias on the part of the auditor.

The Audit Committee, to which the Management Board’s documents and the auditor’s audit reports were submitted in good time for a preliminary audit, reported to the Supervisory Board on the essential content and findings of its preliminary audit, and issued recommendations for the Supervisory Board‘s resolutions.

The Supervisory Board, which was also provided with the documents and audit reports in good time, examined the annual and consolidated financial statements for financial year 2020, the management report combined with the group management report and the Management Board‘s proposal on the appropriation of profit, taking into account the Audit Committee‘s report. The Supervisory Board concurred with the findings of the auditor‘s audit. On the basis of its own review, the Supervisory Board established that it had no cause for objections against the annual financial statements and consolidated financial statements or against the combined management report and group management report. The Supervisory Board approved the annual and consolidated financial statements prepared by the Management Board in line with the recommendation of the Audit Committee. The annual financial statements of DIC Asset AG were thereby adopted.

PROPOSAL ON THE APPROPRIATION OF RETAINED EARNINGS

In connection with the proposal on the appropriation of retained earnings by the Management Board, the Audit Committee and the Supervisory Board also discussed in detail accounting policies and financial planning. On the basis of its own review, the Supervisory Board concurred with the Management Board’s recommendation to propose to the General Shareholders’ Meeting that a regular dividend of EUR 0.70 per share carrying dividend rights be distributed to the shareholders from the retained earnings of financial year 2020 and that the remaining amount be carried forward to new account. The Supervisory Board also concurred with the recommendation of the Management Board to propose to the General Shareholders’ Meeting to once again give the shareholders the option of receiving the dividend either in cash or in shares of DIC Asset AG (“scrip dividend”).

RELATIONS WITH AFFILIATES REVIEWED

The Management Board prepared a report on relations with affiliates for financial year 2020. The auditor has audited this report, reported on the findings in writing and issued the following unqualified auditor's report:

"In accordance with our dutifully performed audit and assessment, we confirm that

1. the factual statements in the report are correct,
2. the payments made by the Company in connection with the legal transactions referred to in the report were not unduly high under the circumstances know at the time they were carried out.“

The Management Board‘s report and the auditor‘s report were also made available to the individual members of the Supervisory Board in good time. These reports were discussed in depth in the meetings of the Audit Committee and the Supervisory Board. The representatives of the auditor who participated in the meetings reported on the material findings of their audit. The Supervisory Board approved the Management Board‘s report on the relations with affiliates following its own review and also concurred with the findings of the audit of the report by the auditor. As a result of its own review, the Supervisory Board established that it had no reason to object to the statement made by the Management Board on relations with affiliates at the end of the report.

COMPOSITION OF MANAGEMENT BOARD AND SUPERVISORY BOARD

The following changes took place on the **Management Board** during the reporting period:

Effective 1 April 2020, the Supervisory Board appointed Patrick Weiden – previously head of the Equity & Debt Capital Markets team at Bankhaus Lampe – to the Management Board. As Chief Capital Markets Officer (CCMO), Patrick Weiden will be responsible for managing DIC Asset AG’s capital market business and M&A activities as a separate unit.

Effective 1 August 2020, the Supervisory Board also appointed Christian Bock, until then a member of the Management Board of DIC Asset AG’s subsidiary GEG German Estate Group AG, to the Management Board. As Chief Institutional Business Officer (CIBO), Christian Bock is responsible for Institutional Business.

The following changes took place on the **Supervisory Board** during the reporting period:

The terms of office of Supervisory Board members Prof. Dr. Ulrich Reuter, Dr. Anton Wiegers and René Zahnd ended at the conclusion of the 2020 General Shareholders' Meeting. The General Shareholders' Meeting reappointed Prof. Dr. Ulrich Reuter and René Zahnd to the Supervisory Board for a further five years.

Michael Zahn, Chief Executive Officer of Deutsche Wohnen SE, was also appointed as a new Supervisory Board member for five years to replace Dr. Anton Wiegers.

The Supervisory Board would like to thank Dr. Anton Wiegers for his valuable and trust-based collaboration and great dedication to the Company, including in his role as a member of the Audit Committee.

To succeed Dr. Anton Wiegers, the Supervisory Board elected René Zahnd to the Audit Committee on 8 December 2020. At its subsequent inaugural meeting, the Audit Committee re-elected Prof. Dr. Ulrich Reuter as Chairman.

Frankfurt am Main, 8 February 2021

The Supervisory Board

Prof. Dr. Gerhard Schmidt
– Chairman of the Supervisory Board –

… NEXT LEVEL

NEW NORMAL …

We have grown with the challenges!

The year 2020 was a challenge for businesses and society. And yet we achieved our goals – and even exceeded them. We have accepted the challenges and put our business in an excellent position to succeed in the new future. We have shown that we have created a highly resilient and agile business model with our very own **“dynamic performance”**, which enables us to respond to changes quickly, creatively and reliably.

dynamic performance

360° BENEFITS

SWIFT

CREATIVE

RELIABLE

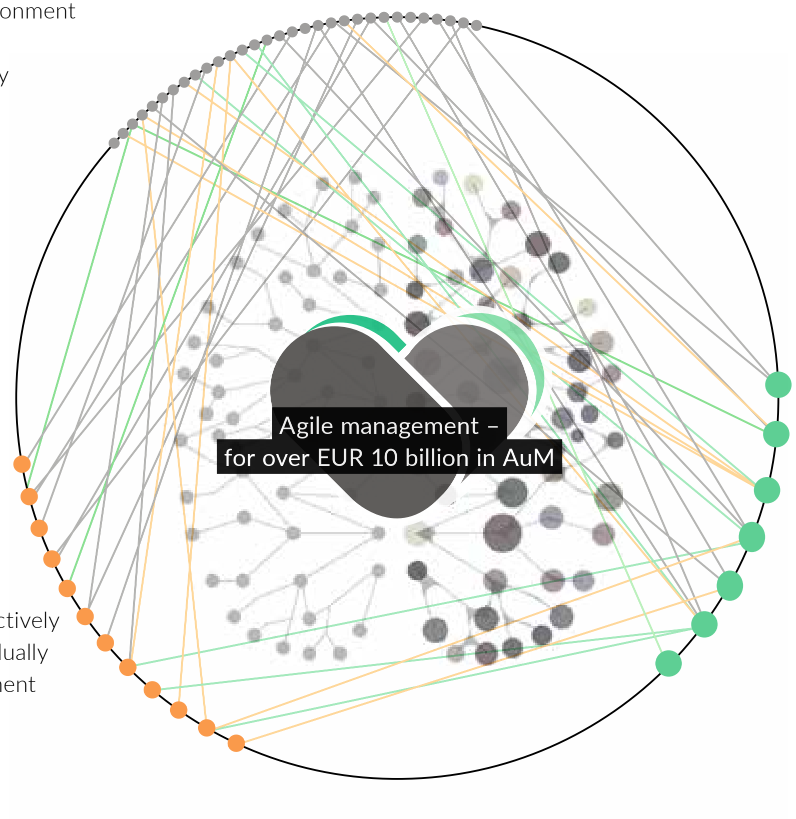
OUR PLATFORM STANDS FOR...

The dynamic nature of our management platform is the core of our business.

We use it to offer a high-quality portfolio of properties, which we always align with the requirements of the market, to meet the highest demands of tenants and investors for professionalism and sustainability.

sustainable commercial real estate

- in a relevant environment
- with potential
- and future viability



successful tenants

- who we acquire selectively
- who we serve individually
- and whose development we support

professional investors

- whose needs we understand
- whose goals we share
- whose success we enhance

OUR DEDICATION IS ALWAYS 100%

CAPITAL COMMITMENT

We always give 100% to deliver reliability and success for our customers. We give 100% to create value for tenants, investors and shareholders.

CAPITAL RECYCLING

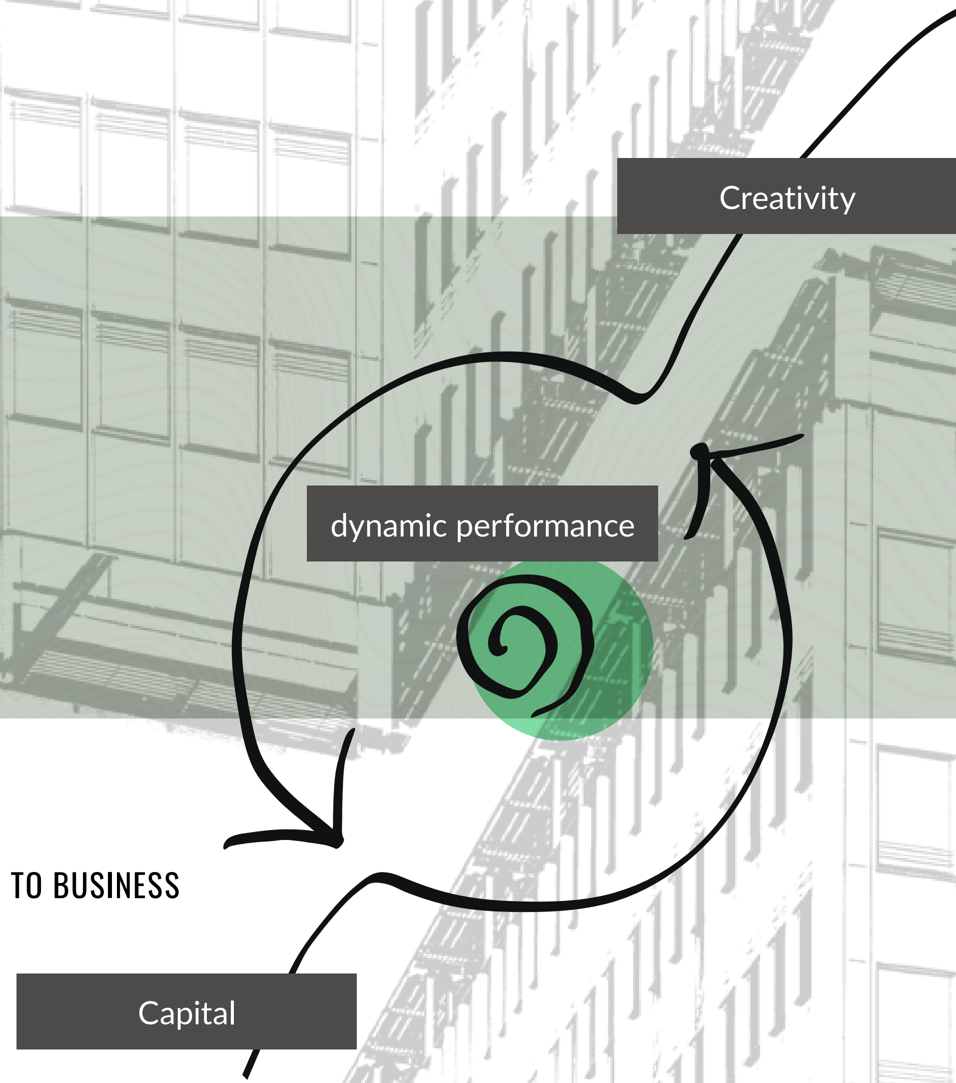
WE LIKE TO MOVE IT …

… and boost performance

Dynamic performance is what we expect from ourselves. And that is how we approach the property business. As a performance booster, we add that extra kick to every phase of the investment. We do this by using our platform to combine and coordinate the deployment of capital and expertise across a property's entire lifecycle.

Swift, creative and reliable.

A CYCLICAL APPROACH TO BUSINESS



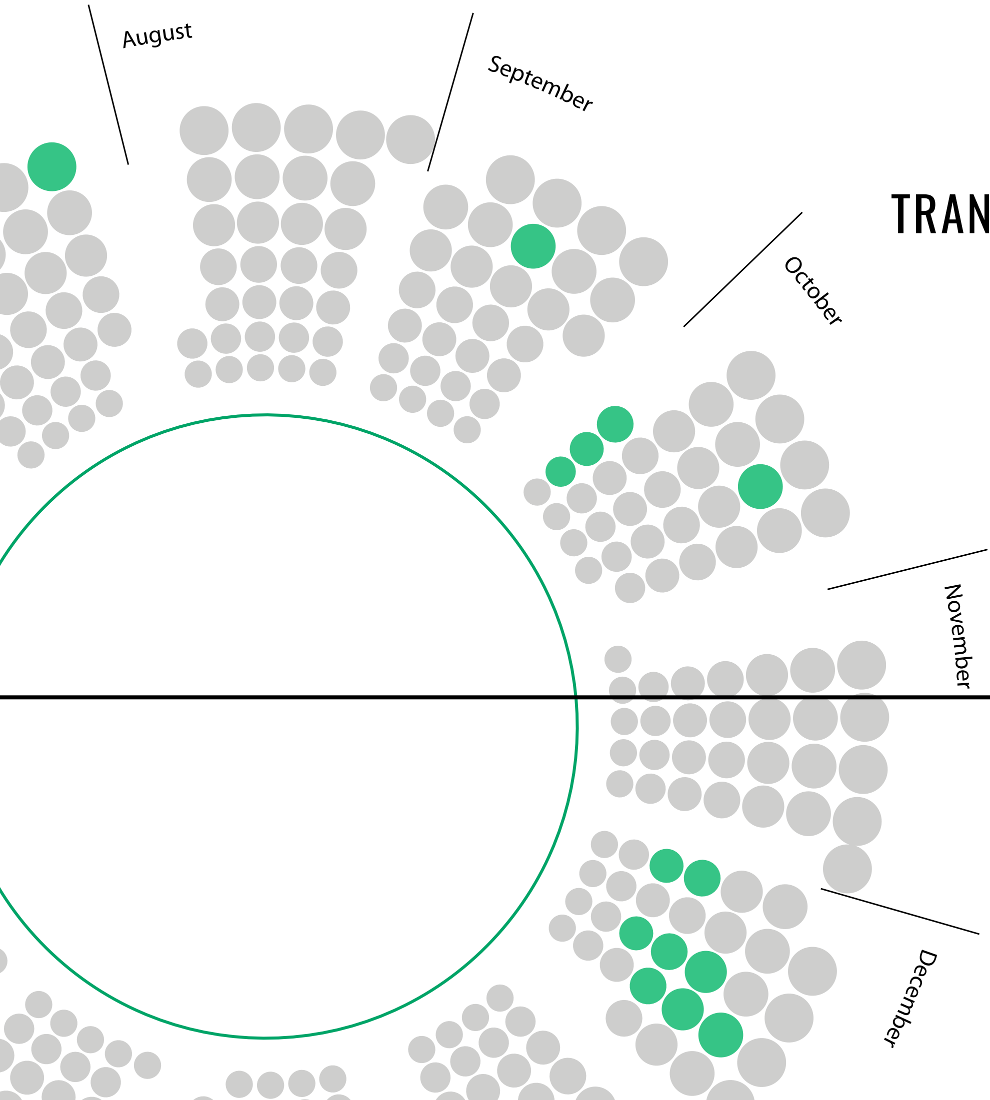
OFF MARKET

ON TRACK

We successfully implemented just over half of our transactions as off-market deals.

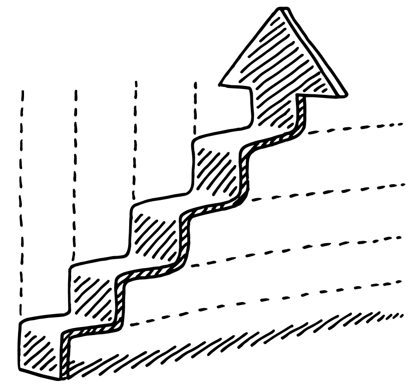
Quickly, efficiently and delivering value growth.

Because we have an excellent network, react quickly, and the professionals in the industry trust us.



TRANSACTION ACTIVITIES

EUR 2.5 BILLION



Reaching the goal faster.

We set a new transaction record in 2020, with EUR 2.5 billion of commercial real estate bought and sold in the past year – thus achieving all of our goals and even exceeding some of them.

MIX AND MATCH

We reliably bundle the properties and services that fit our customers' needs and expectations.

In 2020, we launched the largest investment fund in our company's history to date. We are proud that new investors regularly place their trust in us as well.

INCOME MIX

We are also very effective in combining our company's income streams.

Development Fees

Equity Returns

Transaction Fees

Asset Management Fees

Setup Fees

Performance Fees

Sales Proceeds

Property Management Fees

Rental Income

11.4

24.2

21.8

100.7

32.0

15.9

3.4

14.2

EUR
321 MILLION
TOTAL INCOME

We create our strong foundation based on diversified building blocks, where stable, recurring income and dynamic contributions complement each other perfectly.

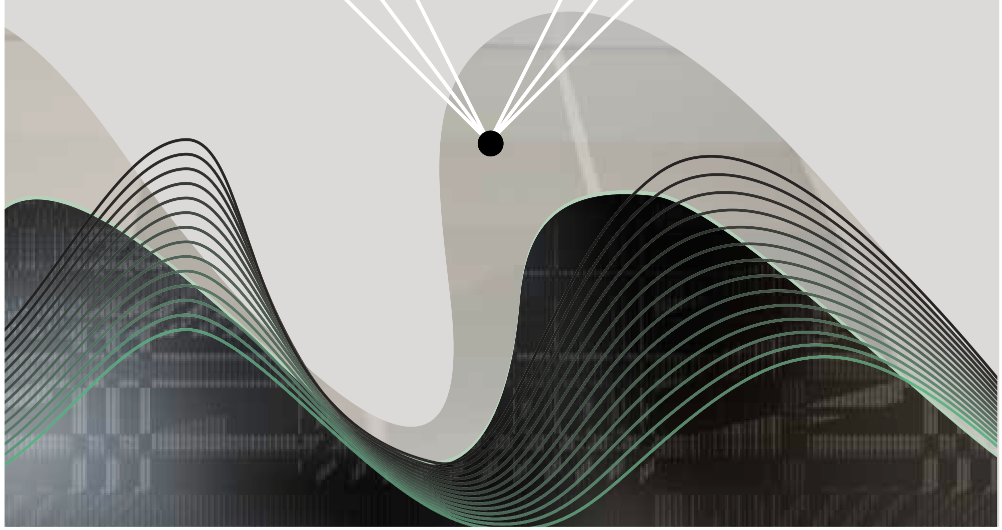
@HOME

IN GERMANY

In 2020, we expanded the presence of our teams in the top regions for property assets by opening two additional branch offices in COLOGNE and STUTTGART.

COMPLETE COVERAGE

ALL MARKET OPPORTUNITIES ON OUR RADAR



DEDICATED RESEARCH

Beating the mainstream
Our presence in regional markets is not just an operational advantage. We are able to sensitively and attentively follow developments in various sectors and subsectors, right down to the level of individual tenants.

Our aim here is to be able to get a faster and more precise overview of risks and opportunities.

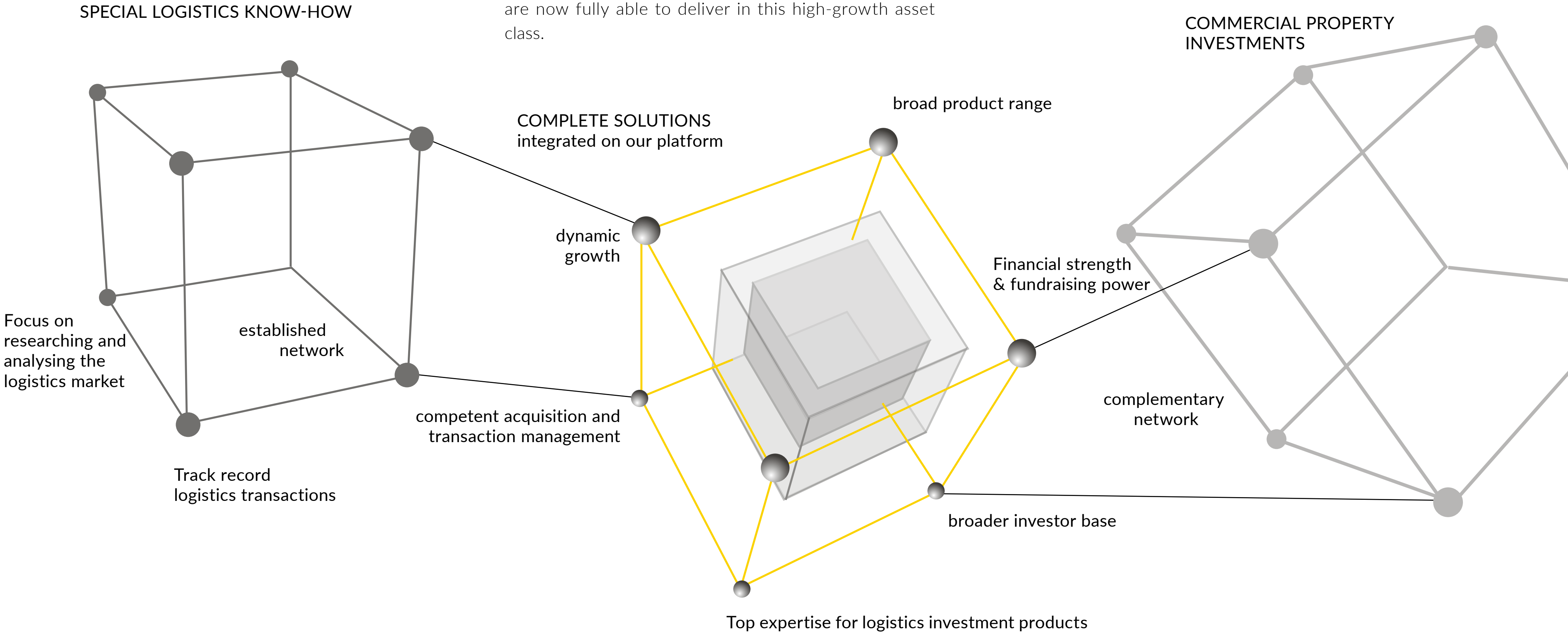
We do not rely on widely available statistics to do this. Instead, we continued to expand our own research capabilities in 2020 and established a central hub of knowledge.

WE DELIVER SOLUTIONS

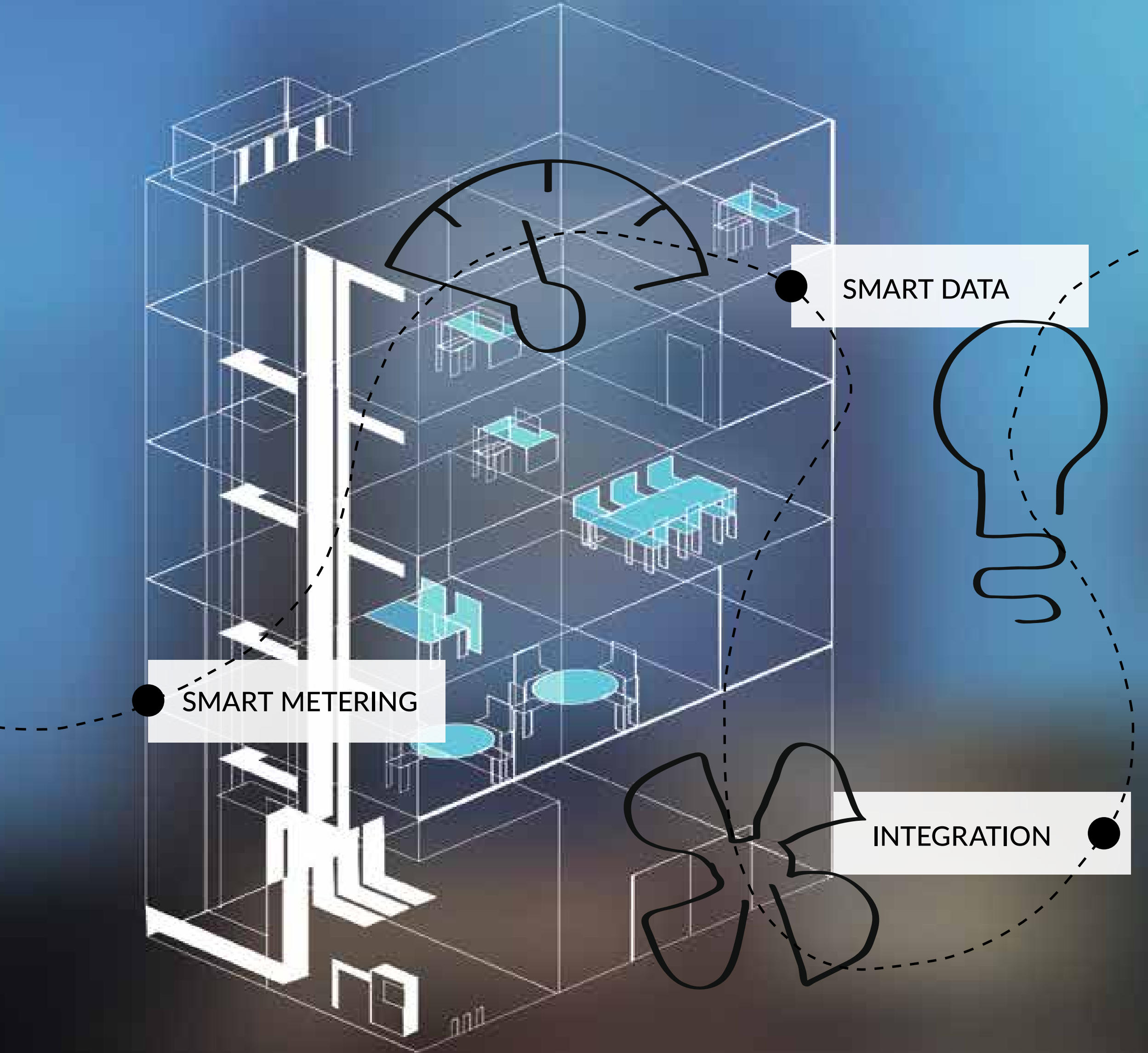
BUNDLED SOLUTIONS

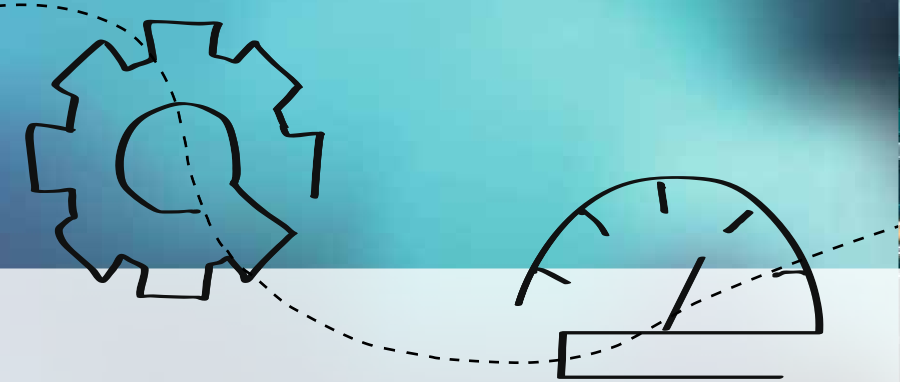
Asset plus expertise

Germany is Europe's largest logistics market – and its momentum continues to build. At the start of 2021, we acquired RLI Investors, the second-largest independent asset manager for logistics properties. Shifting into turbo mode, we added the logistics asset class to our platform more or less overnight, expanded our investor base and are now fully able to deliver in this high-growth asset class.



FAST FORWARD



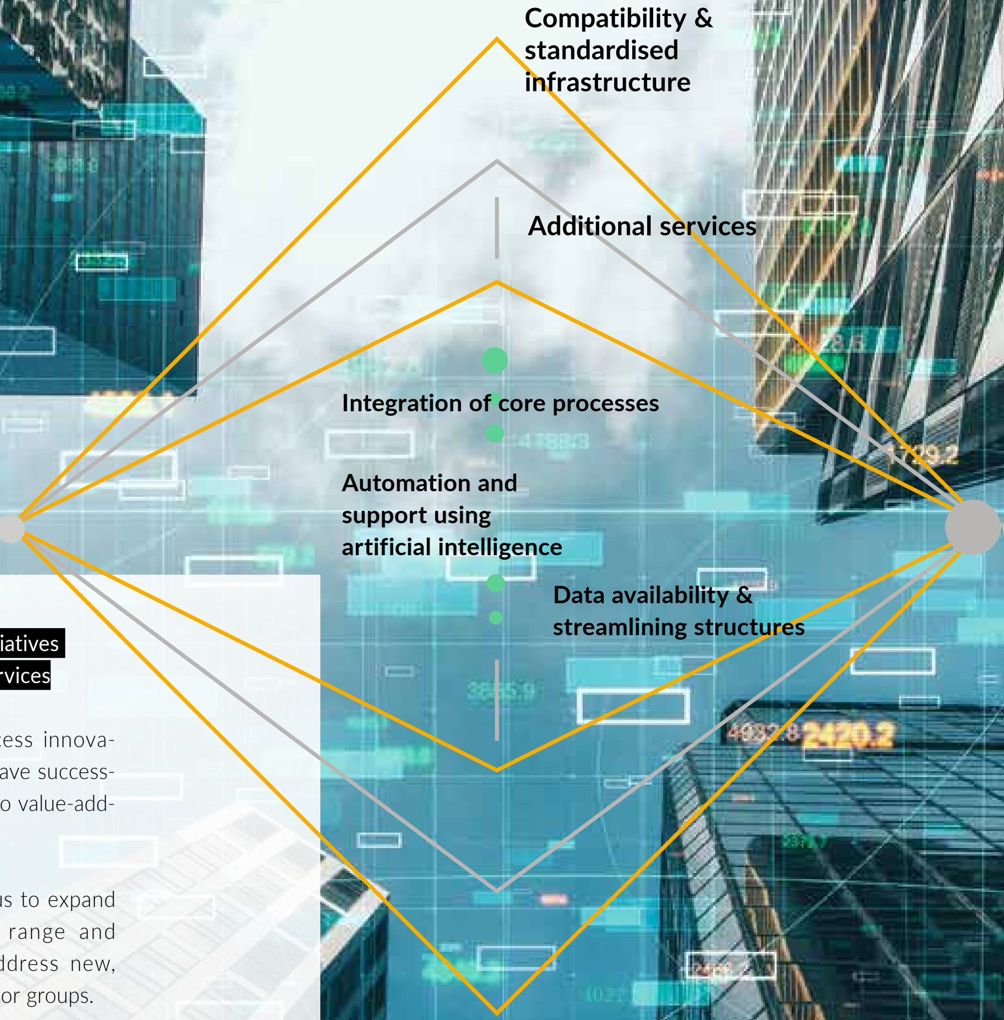


Our digital service management

We have set ourselves the goal of creating significant **added value** by digitising our processes.

We want to reduce complexity – for all stakeholders on our platform and for everyone who works with us in other areas. We are making good progress and have already benefited from this – especially in 2020. It is a strategy we will continue to pursue going forward.

OUR FUTURE IS SMART



Projects & initiatives evolve into services

We turn process innovation that we have successfully tested into value-added services.

This enables us to expand our product range and potentially address new, relevant investor groups.

Business & investment - intelligence, next level

Successful growth always entails growth in quality as well!

Implementing a smart organisation and integrated services strengthens the backbone of our platform for our new **growth target of EUR 15 billion** in assets under management.

INVESTOR RELATIONS AND CAPITAL MARKETS

Our investor relations work is characterised by openness, transparency and regular dialogue with all capital market participants.

Highlights 2020:

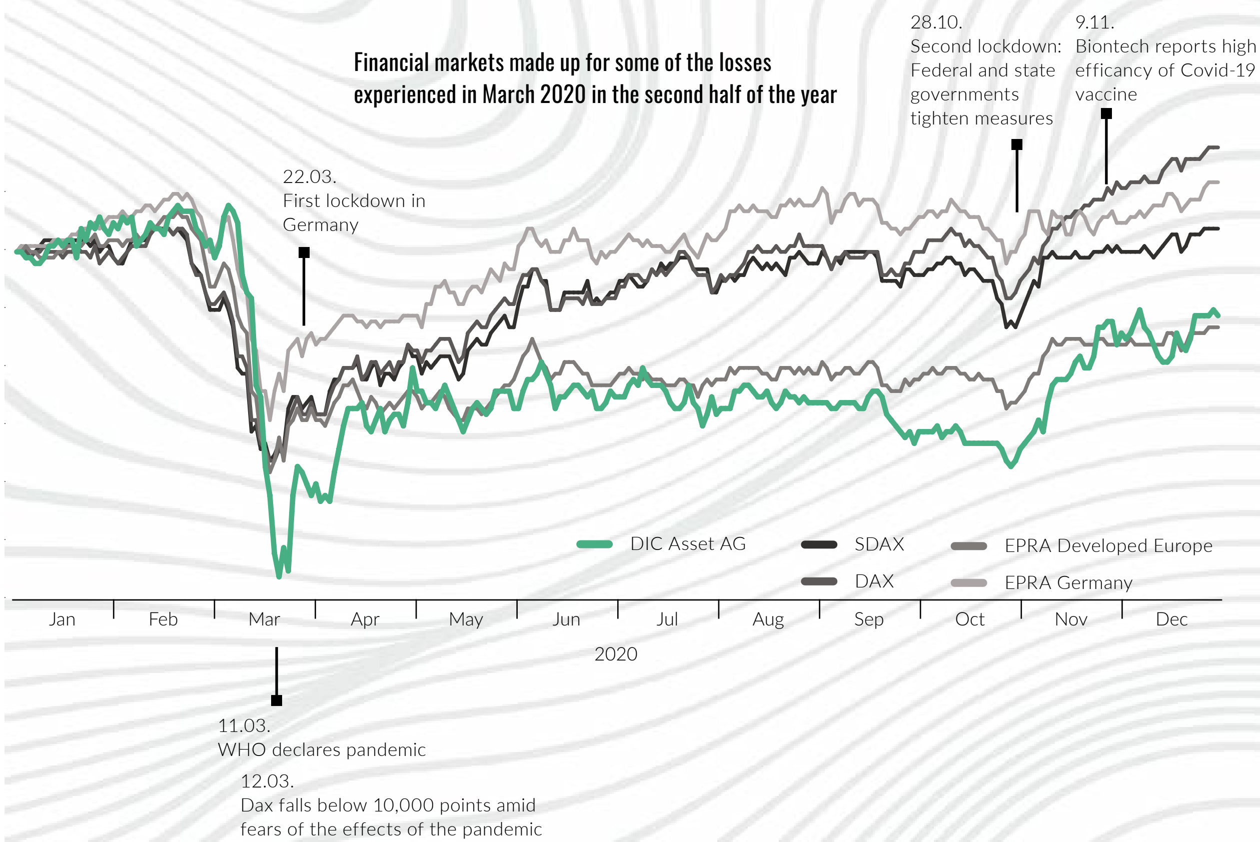
- Increased dividend proposal of EUR 0.70 per share, representing a dividend yield of 5.2 %
- Analyst coverage expanded, with “Buy” recommendations throughout
- 2019 Annual Report awarded “double gold”
- Newly created Management Board position underscores importance of investor relations

2020 trading year dominated by Covid-19 pandemic

Leading indices continued to perform very positively at the start of the year, with the DAX reaching an initial all-time high of 13,789 points on 19 February 2020. From March onwards, however, stock market performance was impacted by the spread of coronavirus from Asia to Europe and the United States, as well as subsequent travel and movement restrictions imposed by the governments of major economies, which caused a dramatic slump in prices on all capital markets. As a result, the DAX declined by almost 40 % from the aforementioned high to reach a low of 8,442 points on 5 March. The DAX ended the first half of the year down 7 % while the SDAX fell by almost 8 % by the end of the same period (relative to the 2019 year-end price in both cases). The real estate sector's leading indices were also affected, with the "EPRA Developed Europe" index slumping by 23 % by the end of the first half of 2020. Only the "EPRA Germany" index managed to end the first half of the year at the same level as it started 2020. A recovery across all indices only became apparent in the fourth quarter of the year, driven by positive momentum from the outcome of the US presidential election as well as announcements regarding the effectiveness and planned mass production of the first Covid-19 vaccines from November onwards. This enabled the DAX to reach a new high of 13,790 points on 28 December and end the year at 13,719 points on 30 December (+4 %). The SDAX small and mid-cap index even closed out the year with a gain of 18 %. Real estate indices presented a mixed picture. While the "EPRA Developed Europe" index ended 2020 down 13 %, the "EPRA Germany" index closed out the year up 12 %.

DIC Asset AG's shares were also caught up in the volatile developments on global stock markets. After the completion of the capital increase at the end of January 2020, the Company's shares initially grew from their 2019 closing price of EUR 15.90 to reach an annual high of EUR 17.14 on 18 February 2020. Much like the leading indices, however, the shares then slumped sharply in March in particular to close at an annual low in XETRA trading of EUR 7.00 on 19 March 2020. DIC Asset's shares were down by around 25 % by the end of the first half of 2020, with a closing price of EUR 11.94, before the Company's shares gained momentum again in the second half of the year and, in the wake of the wider recovery in global stock markets, ended the year down by around 15 % with a closing price of EUR 13.46. This decline was slightly lower at around 11 % after taking into account the dividend of EUR 0.66 per share carrying dividend rights for the 2019 financial year that was distributed in September.

SHARE PERFORMANCE
(assuming instant investment of the dividend, indexed)



BASIC DATA ON THE DIC ASSET AG SHARE (AS AT FEBRUARY 2021)

Number of shares	80,587,028 (registered shares)
Share capital in EUR	80,587,028
WKN/ISIN	A1X3XX / DE000A1X3XX4
Symbol	DIC
Free float	47.1 %
Key indices	SDAX, DIMAX
Exchanges	Xetra, all exchanges in Germany
Deutsche Börse segment	Prime Standard
Designated sponsors	ODDO BHF Corporates & Markets AG, Baader Bank AG

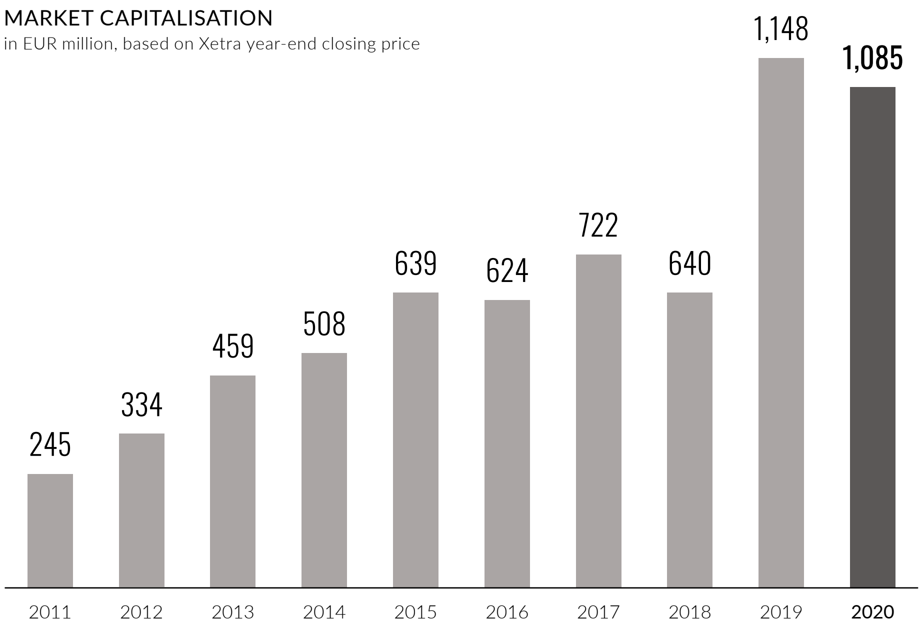
KEY FIGURES ON THE DIC ASSET AG SHARE [(1)]

		2020	2019
FFO per share	Euro	**1.22**	1.32
FFO yield [(2)]	%	**9.1**	8.4
Dividend per share	Euro	**0.70** [(3)]	0.66
Dividend yield [(2)]	%	**5.2**	4.2
Year-end closing price	Euro	**13.46**	15.90
52-week high	Euro	**17.14**	15.90
52-week low	Euro	**7.00**	8.90
Market capitalisation [(2)]	EUR million	**1,085**	1,148

(1) Xetra closing prices in each case
(2) based on the Xetra year-end closing price
(3) proposed

MARKET CAPITALISATION

in EUR million, based on Xetra year-end closing price



17/22 and 18/23 bonds exhibit robust performance in 2020

Although the two 17/22 and 18/23 bonds listed on the “Bourse de Luxembourg” regulated market were occasionally quoted below par as a result of the wider price slump in mid-March, they were able to stabilise back at prices at or above the issue price from the middle of the year onwards. The 17/22 and 18/23 bonds closed the year at 101.5 % and 102.4 %, respectively, on 30 December 2020.

BASIC DATA ON THE DIC ASSET AG BONDS

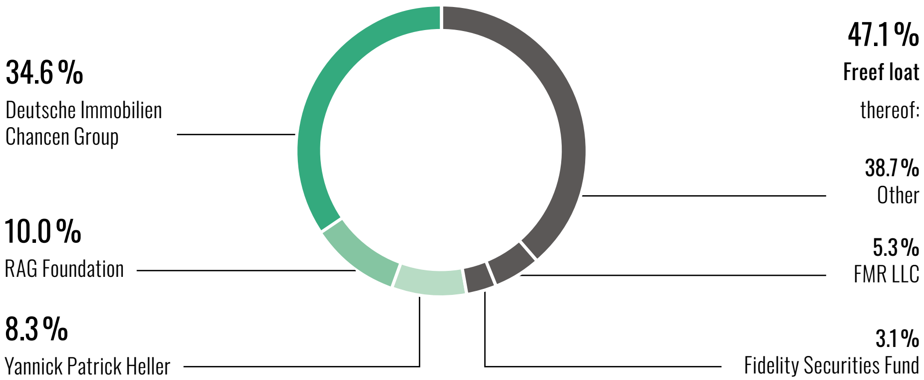
Name	DIC Asset AG 17/22 bond	DIC Asset AG 18/23 bond
ISIN	DE000A2GSCV5	DE000A2NBZG9
WKN	A2GSCV	A2NBZG
Segment	Official List of the Luxembourg Stock Exchange, Luxembourg	Official List of the Luxembourg Stock Exchange, Luxembourg
Minimum investment amount	EUR 1,000	EUR 1,000
Coupon	3.250 %	3.500 %
Issuance volume	EUR 180 million	EUR 150 million
Maturity	11.07.2022	02.10.2023

KEY FIGURES ON THE DIC ASSET AG BONDS

	2020	2019
DIC Asset AG bond 17/22		
Year-end closing price	**101.5 %**	103.8 %
Yield to maturity at year-end closing price	**2.24 %**	1.97 %
DIC Asset AG bond 18/23		
Year-end closing price	**102.4 %**	104.0 %
Yield to maturity at year-end closing price	**2.59 %**	2.50 %

Source: vwd group / EQS Group AG

SHAREHOLDER STRUCTURE



as at February 2021

Stable shareholder structure with growing interest from institutional investors

In January 2020, DIC Asset AG placed a total of 6,857,774 new shares at a price of EUR 16.00 to finance its continued growth strategy. The new shares carry the same rights as the existing shares. Both anchor shareholders – TTL Real Estate GmbH, which belongs to the Deutsche Immobilien Chancen Group, and the RAG Foundation – exercised their pre-emptive rights and acquired new shares as part of the placement process. Overall, DIC Asset received gross issue proceeds of around EUR 110 million.

Following the successful completion of the scrip dividend for financial year 2019 on 29 September 2020, a further 1,515,479 new no-par value shares with full dividend entitlement for financial year 2020 were issued. As a result of the scrip dividend, around EUR 16 million of equity remained in the Company as a further financing component for growth.

The capital increase and the scrip dividend caused the total number of shares to increase to 80,587,028 as of 31 December 2020. At EUR 1,085 million, market capitalisation was down slightly on the prior-year figure (31 December 2019: EUR 1,148 million).

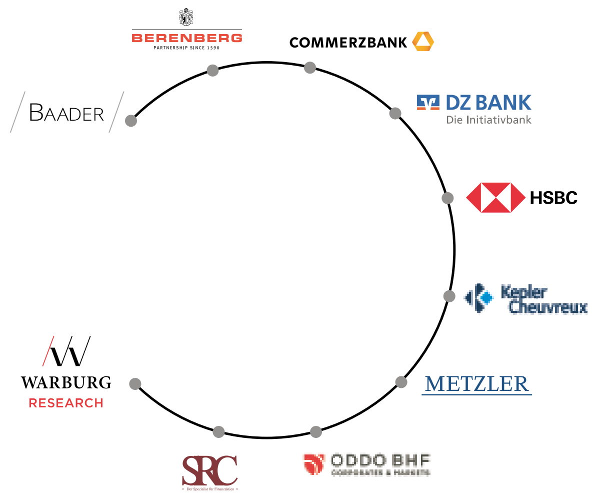
DIC Asset AG's shareholder group has a fundamentally stable structure with national and international institutional investors. The RAG Foundation has been a major shareholder in DIC Asset AG since 2014 and holds around 10.0 % of the Company's shares. Anchor shareholder Deutsche Immobilien Chancen Group currently holds around 34.6 % of the shares, of which 7.8 % are attributed via TTL Real Estate GmbH. Ketom AG held an equity interest of around 5.0 % until 15 January 2021, when it reduced its share to zero. As of 15 January 2021, Mr. Yannick Patrick Heller reported an equity interest of around 8.3 %. A total of around 47.1 % of shares are currently in free float. The largest free-float shareholder is FMR LLC with a share of around 5.3 %. In April 2020, Fidelity Investment Trust dropped below the lowest statutory reporting threshold of 3 %, holding a stake of 2.9 %. On 26 January 2021, Fidelity Securities Fund became a new investor with a share of 3.1 %.

All voting rights announcements available to us are published on our website and in the notes starting on page 237.

Analysts unanimous in issuing Buy recommendation

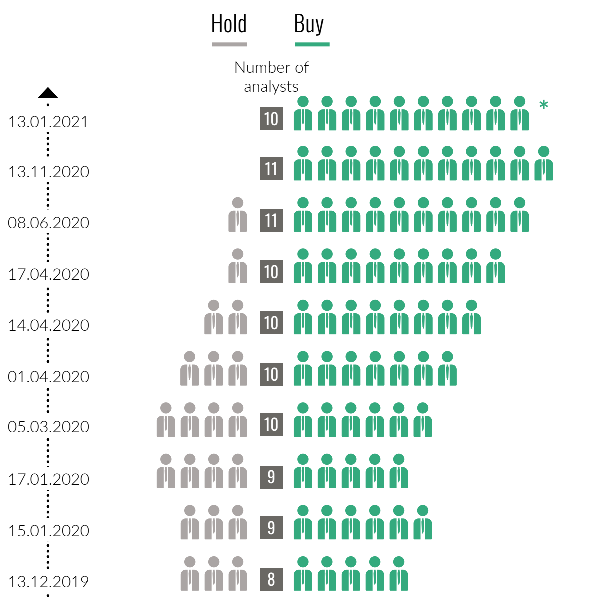
In the 2020 financial year, Warburg Research, Commerzbank and SRC Research all initiated coverage of DIC Asset AG's shares (with a Buy recommendation in each case). Bankhaus Lampe discontinued its coverage of the listed real estate sector at the end of the year.

In light of rising uncertainty on the capital markets caused by the Covid-19 pandemic, analysts adjusted their price targets several times, taking higher risk discounts into account in the process. This caused the median price target to drop to EUR 16.65 in February 2021 (February 2020: EUR 18.00), with valuations ranging from EUR 14.00 to EUR 22.00. At the same time, however, all Hold recommendations were lifted to Buy during the course of 2020.



All ten analysts currently give a Buy recommendation, while the picture in the previous year was much more mixed, with five Buy and four Hold recommendations. As in the previous year, no institutions are issuing a Sell recommendation. We attribute this to, among other things, our ongoing dialogue and collaboration with analysts and investors, based on our regular presence at roadshows and conferences. In the course of 2020, 81 talks were held with investors from 14 countries, primarily in the form of videoconferences or virtual roadshows due to Covid-19 restrictions.

ANALYST RECOMMENDATIONS



*Bankhaus Lampe discontinued coverage as of year-end 2020

Bank/Financial institute	Analyst	Current recommendation	Current price target in euros
Baader Bank	Andre Remke	Buy	18.00
Berenberg Bank	Kai Klose	Buy	16.50
Commerzbank	Tom Carstairs	Buy	16.50
DZ Bank	Karsten Oblinger	Buy	16.20
HSBC	Thomas Martin	Buy	18.50
Kepler Cheuvreux	Ferran Tort Barniol	Buy	16.00
Metzler	Jochen Schmitt	Buy	16.80
ODDO BHF	Manuel Martin	Buy	14.00
SRC Research	Stefan Scharff	Buy	22.00
Warburg Research	Philipp Kaiser	Buy	19.50
Price target (median)			16.65

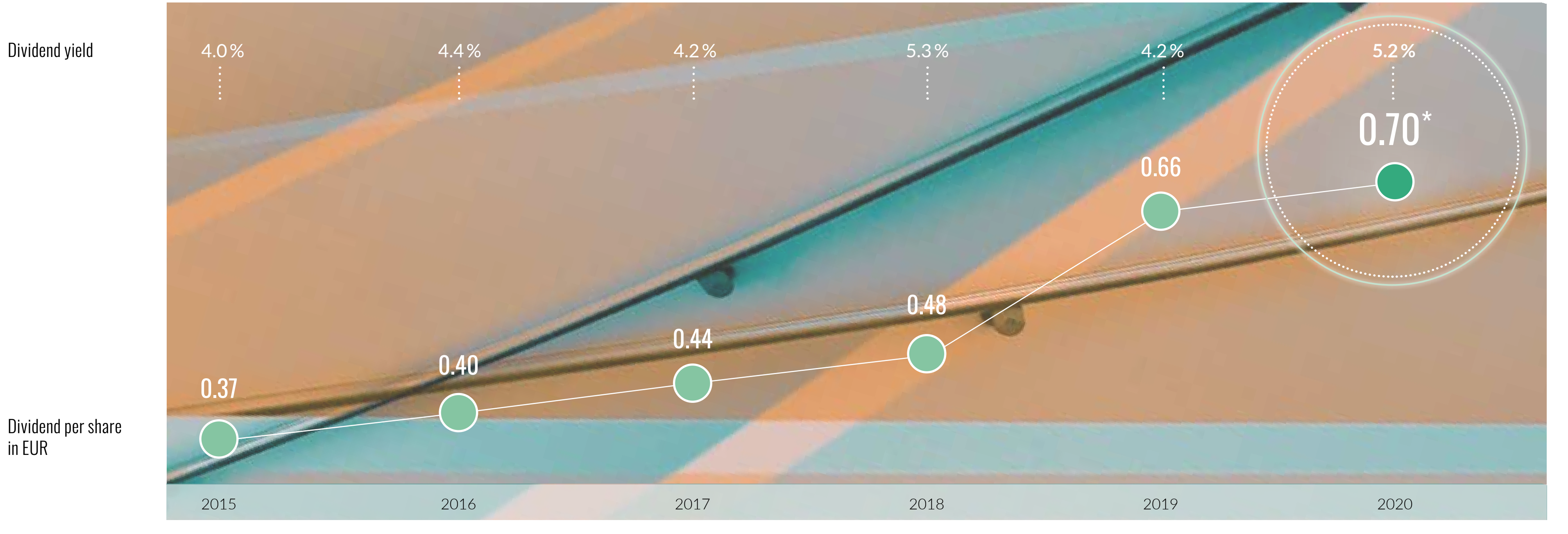
as at February 2021

Dividend proposal of EUR 0.70 with higher payout ratio

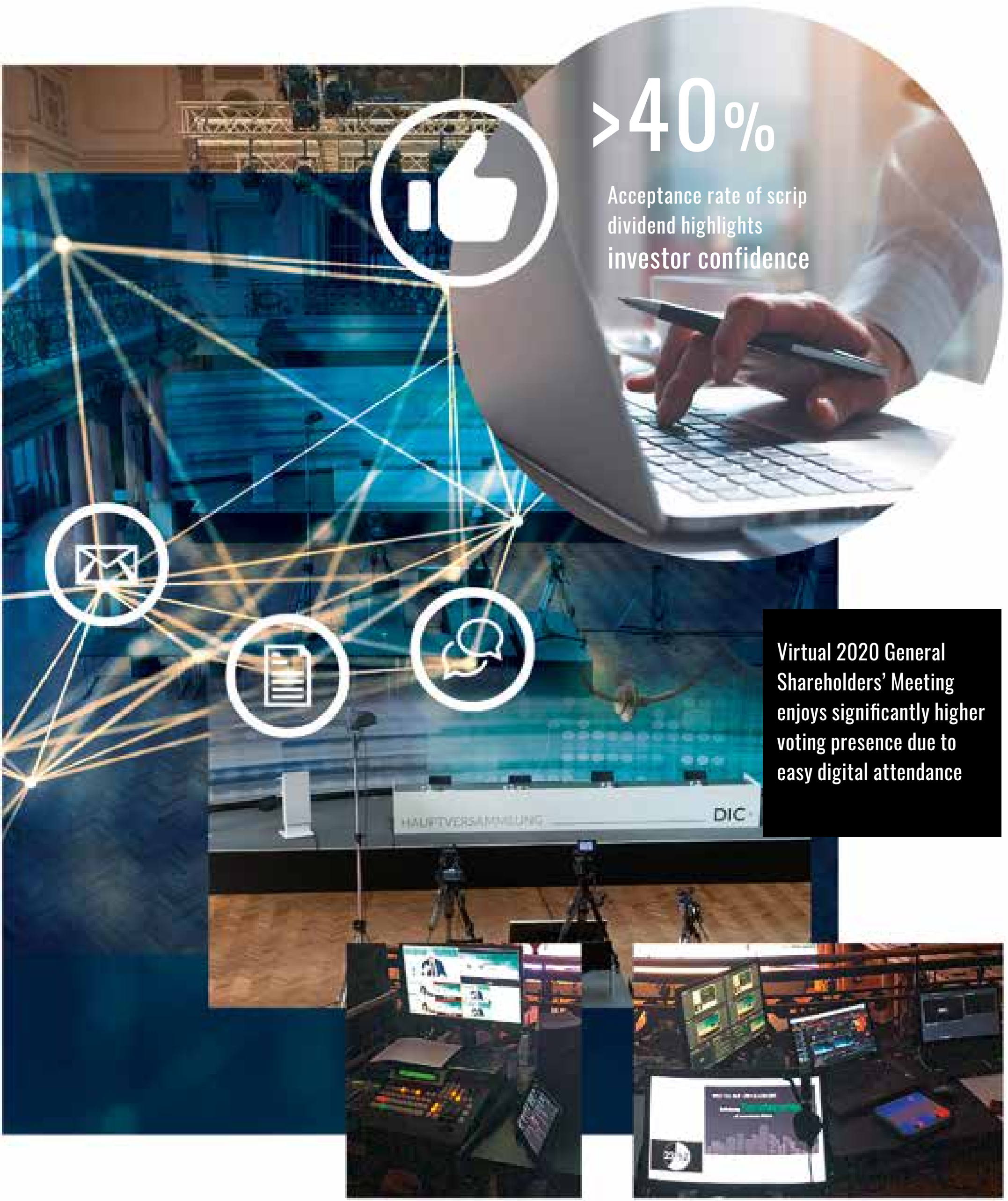
We pursue a reliable, growth-oriented dividend policy, based primarily on the operating profit achieved with our business model and largely derived from the FFO (funds from operations) key performance indicator, as a key instrument of our financial strategy. The Company's current financial shape plus the forecast for future market development and the need for financing are additional factors. The success of our business model is based on a reliable and steady flow of income from the management of our highly diversified portfolio and the growth in existing and additional income from our management services provided in the Institutional Business.

For financial year 2020, the Management Board is proposing to the General Shareholders' Meeting to distribute a dividend of EUR 0.70 per share. This represents an increased payout ratio of around 57% of FFO per share (previous year: 50%). As in the previous years, shareholders will have an option to receive the dividend in cash or in the form of additional shares of the Company ("scrip dividend").

Based on the 2020 closing price, DIC Asset AG shareholders will benefit from an attractive dividend yield of around 5.2%. DIC Asset AG has a track record as one of the most profitable companies in the SDAX and the German real estate sector.



*proposed



Virtual 2020 General Shareholders' Meeting enjoys significantly higher voting presence due to easy digital attendance

General Shareholders' Meeting, changes on the Supervisory Board

The General Shareholders' Meeting originally scheduled for 17 March 2020 had to be postponed at short notice in light of official regulations designed to contain the coronavirus pandemic and was rearranged once a legal framework for an online General Shareholders' Meeting was in place. The General Shareholders' Meeting was held virtually on 8 July 2020 without the in-person attendance of shareholders, authorised representatives or guests. Based on DIC Asset AG's stable business model, successfully completed adjustments to operations and the continued positive outlook, the Management Board reiterated its original dividend proposal. A dividend increase of 18 cents to EUR 0.66 per share was adopted for the 2019 financial year. All other Management Board proposals, including the creation of a new 2020 Authorised Capital, were also adopted by a large majority. The terms of office of Supervisory Board members Prof. Dr. Ulrich Reuter and Dr. Anton Wiegers, as well as René Zahnd, who was court-appointed as a Supervisory Board member in May 2019, ended at the conclusion of the 2020 General Shareholders' Meeting. The General Shareholders' Meeting reappointed Prof. Dr. Ulrich Reuter and René Zahnd to the Supervisory Board for a further five years. Mr. Michael Zahn, CEO of Deutsche Wohnen SE, was elected as a further member of the Supervisory Board for a five-year term.

High acceptance rate for 2020 scrip dividend affirms shareholder confidence in the Company's future development

As in previous years, shareholders had the option to receive the EUR 0.66 per share dividend for the 2019 financial year adopted by the General Shareholders' Meeting in July 2020 entirely or partly in cash or in the form of new shares (scrip dividend). At 40.25%, the acceptance rate for the scrip dividend matched the high levels of previous years. A total of 1,515,479 new shares in the Company were created in this way. The subscription price was EUR 10.71 and the subscription ratio was 21.0:1.

IR ACTIVITIES IN 2020

FIRST QUARTER

21.01.	Kepler Cheuvreux German Corporate Conference 2020	Frankfurt
05.02.	Publication of the 2019 Annual Report*	

SECOND QUARTER

30.04.	Publication of the Q1 2020 Statement*	
30.06.	Publication of the 2019 Sustainability Report	

THIRD QUARTER

08.07.	General Shareholders' Meeting	virtual
29.07.	Publication of the 2020 Half-year Report*	
19.08.	Bankhaus Lampe German Summer Conference 2020	virtual
20.08.	15th HSBC European Real Estate Conference	virtual
03.09.	Commerzbank Corporate Conference 2020	virtual
10.09.	SRC Forum Financials + Real Estate 2020	Frankfurt
22.09.	Berenberg GS German Corporate Conference 2020	virtual
23.09.	Baader Investment Conference 2020	virtual

FOURTH QUARTER

28.10.	Publication of the Q3 2020 Statement*	
17.11.	Deutsches Eigenkapitalforum 2020	virtual
19.11.	Roadshow (Paris)	virtual
20.11.	Roadshow (Nordics, Frankfurt)	virtual
23.11.	Roadshow (Switzerland)	virtual
25.11.	DZ Bank Equity Conference 2020	virtual
01.12.	Berenberg Pennyhill Conference 2020	virtual
09.12.	Roadshow (Frankfurt)	virtual
15.12.	Roadshow (Paris, Munich, Benelux)	virtual

*with conference call

IR CALENDAR 2021

as at February 2021

FIRST QUARTER

20.01.	Kepler Cheuvreux German Corporate Conference 2021	virtual
10.02.	Publication of the 2020 Annual Report*	
16.02.	Roadshow (London)	virtual
18.02.	Roadshow (Vienna)	virtual
23.02.	Roadshow (Nordics, Germany)	virtual
24.02.	ODDO SEYDLER Digital Small & Mid Cap Conference 2021	virtual
02.03	Roadshow (Switzerland)	virtual
Mid-March	Roadshow (USA)	virtual
24.03.	General Shareholders' Meeting	virtual
26.03.	Commerzbank German Real Estate Forum 2021	virtual

SECOND QUARTER

06.05.	Publication of the Q1 2021 Statement*	
30.06.	Publication of the 2020 Sustainability Report	

THIRD QUARTER

11.08.	Publication of the 2021 Half-year Report*	
08.09.	SRC Forum Financials + Real Estate 2021	Frankfurt
September	Berenberg GS German Corporate Conference 2021	Munich
September	Baader Investment Conference 2021	Munich

FOURTH QUARTER

11.11.	Publication of the Q3 2021 Statement*	
November	Deutsches Eigenkapitalforum 2021	Frankfurt

Consistent capital markets communication

Our investor relations work is based on the principles of openness, transparency and fairness to all financial market participants. We make meaningful information on our company's performance and our strategy available on an ongoing basis. On 1 April 2020, Patrick Weiden was appointed to the Management Board of DIC Asset AG in the newly created position of Chief Capital Markets Officer (CCMO). His area of responsibility focuses on the Company's capital markets and M&A activities. As a result, the Investor Relations department now reports to the CCMO.

In addition to issuing detailed written reports, we maintain direct contact with our private and institutional shareholders and with analysts, regularly providing information on all important events at DIC Asset AG. In telephone conferences we consistently explain our results and answer questions immediately after releasing our annual and quarterly figures. We use social media channels to network with capital market investors, intermediaries and market partners, especially in the context of IR events, trade fairs and other current events.

During the year under review, we presented the Company at a total of five virtual roadshow days, nine investor conferences (seven of which were held virtually) and the Deutsches Eigenkapitalforum analyst conference (also held virtually).

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

Follow us on

Linkedin

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Sonja Wärntges named "Mind of the Year" by the real estate industry

DIC Asset AG CEO Sonja Wärntges was named "Kopf des Jahres 2020" ("Mind of the Year 2020") at this year's immobilienmanager Awards in Cologne on 27 February 2020. The prize was presented by Berlin Hyp's Gero Bergmann during a glittering gala evening at Cologne's Dock One venue. The 15-strong jury recognises exceptional individuals in the real estate industry in the "Mind of the Year" category each year. In making their decision, the jury focused on finding someone with a track record of outstanding achievement during the 2019 market cycle and who serves as role model for the entire industry.

Involvement in associations

We are involved in particular in the most influential and largest associations, ZIA (Zentraler Immobilien Ausschuss) and EPRA (European Public Real Estate Association), in order to represent the common interests of the real estate sector and offer information services. Our CEO Sonja Wärntges contributes her expertise as a member of ZIA board of directors. We have also been a member of the European Association for Investors in Non-Listed Real Estate Vehicles (INREV) since January 2015.

ESG as a guiding principle

As one of Germany's leading listed real estate companies, DIC Asset AG is committed to sustainable development. With this in mind, and to ensure that the Company can remain commercially successful in the long term, management considers both economic and ESG ('Environmental, Social and Governance') aspects and has prepared an annual report on this subject since 2011. In line with the increasing digitalisation of our company, we published a digital Sustainability Report on our website for the first time in 2020. This report was drafted in line with the highest international reporting standards issued by the Global Reporting Initiative (GRI Standards) and the ESG reporting standards for real estate companies issued by the European Public Real Estate Association (EPRA sBPR).

2019 Annual Report awarded "double gold"

DIC Asset AG's financial reporting has been recognised for the thirteenth year in a row. In the 2020 Annual Report Survey conducted by Deloitte and the European Public Real Estate Association (EPRA), the 2019 Annual Report was presented with the EPRA Best Practices Recommendation (BPR) Gold Award, the highest category available. The 2019 Annual Report was also awarded global gold by the international jury of the LACP Vision Awards and was recognised as one of the top 20 German reports.

COMBINED MANAGEMENT REPORT

FUNDAMENTAL INFORMATION ABOUT THE GROUP

BRIEF PROFILE

DIC Asset AG is Germany's leading listed commercial real estate specialist, with more than 20 years of experience in the real estate market and access to a broad network of investors.

With eight locations in all major German markets, our regional and national real estate platform is the cornerstone of our business. We provide on-site support for 189 properties with a combined market value of around EUR 9.6 billion – with a local presence that keeps us close to both our tenants and our properties.

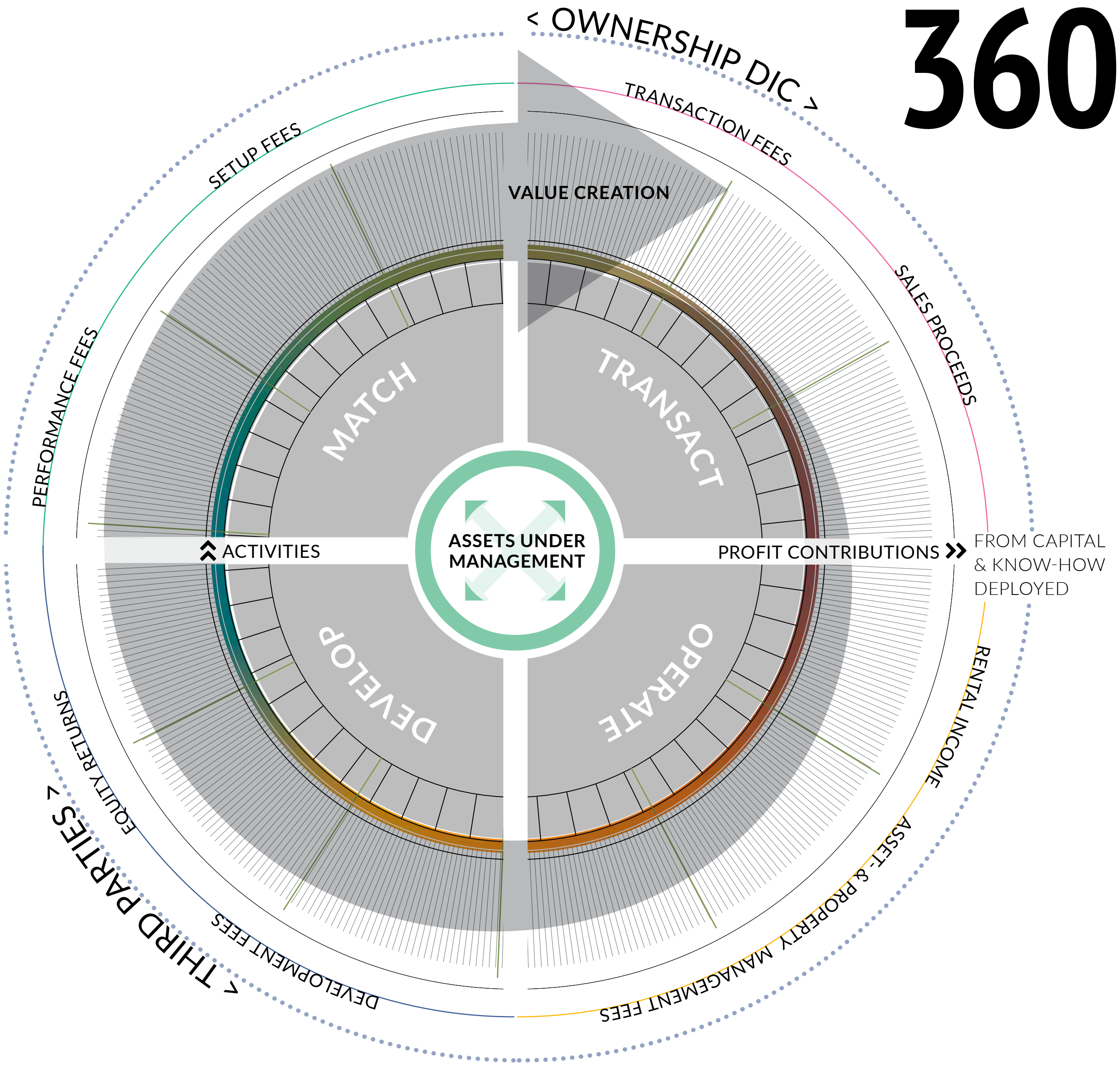
We pursue an active asset management approach that leverages appreciation potential and increases income across the Company. Our range of services includes the structuring of investment vehicles, acquisition and financing, day-to-day management of our real estate portfolio and the repositioning and sale of selected properties.

We generate sustainable and diversified cash flows across two business segments, from rental income and management fees to sales proceeds and investment income:

▮▮▮ The **Commercial Portfolio** segment (EUR 2.0 billion in assets under management) includes portfolio properties owned by DIC Asset AG. We generate continuous cash flows from stable rental income in this segment, use active management to increase our properties' value and realise profits by selling them.

▮▮▮ In our **Institutional Business** segment (EUR 7.6 billion in assets under management), we generate recurring fees from offering our property services to national and international institutional investors and from structuring and managing investment vehicles with attractive dividend yields.

DIC Asset AG has been included in the SDAX segment of the Frankfurt Stock Exchange since June 2006.

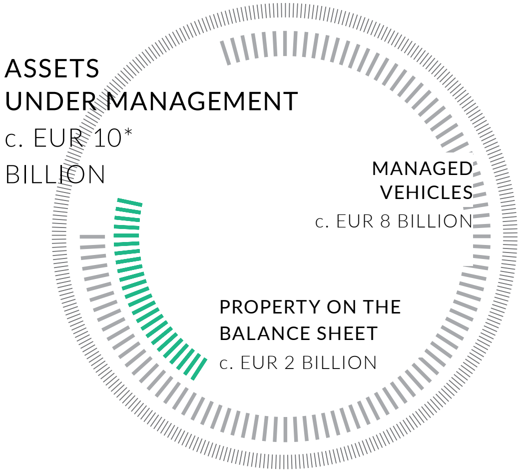


360° Value creation

INTEGRATED PLATFORM BUSINESS MODEL

- DIC Asset AG specialises in the active management of commercial real estate investments, using its proprietary investment, transaction and management platform.
- We coordinate and combine our commitments as property asset holder with the deliverables we provide as initiator and manager of investment products for institutional clients. This enables us to ensure reliable deal flows and cash flows on our platform and to act as a **full-service system provider** who covers all aspects of commercial real estate investments.
- By taking a 360° approach that integrates all players and phases of property management, we optimise the use of resources like capital and know-how while effectively networking assets, occupiers and investors on the platform.
- This results in disruption-free value creation across all market cycles.
- The steady growth of our platform's range of deliverables and its profitability is driven by the know-how of our in-house management teams across the entire range of our business lines, on the one hand, and by the dynamics of our transaction activities, on the other hand.

- Our ability to manage both properties within our own portfolio as well as the real estate investments of institutional investors is an integral element of our dynamic platform. A part of the Company's assets under management is carried as assets on the balance sheet, ensuring a high, stable cash flow while at the same time providing a high degree of flexibility when structuring the investment products we issue and manage for our institutional clients.



- As of the 31 December 2020 reporting date, real estate assets under management totalled EUR 9.6 billion. Of this figure, we showed approximately EUR 2.0 billion as investment property on the balance sheet, and carried around EUR 7.6 billion as managed vehicles. Including the acquisition of RLI Investors, which became effective in January 2021, we manage real estate assets with a total value of more than EUR 10 billion.

* pro forma statement as of January 2021 including RLI acquisition

COMPLEMENTARY SEGMENTS AND INCOME STRUCTURES

Our platform allows us to generate a highly diversified flow of income. We differentiate between two segments in our income statement based on capital employed and income characteristics:

- Our **Commercial Portfolio** (COP) segment consists of our investments and revenue streams from properties shown as assets on the balance sheet.

  Investment properties that we manage as property owners contribute to the overall commercial success of our business with a steady stream of **rental income** and **sales proceeds.**

  The Commercial Portfolio also plays a conceptually important role for the success in our second business segment. As part of our warehousing activities, we acquire and transfer properties to our own balance sheet, refurburbish properties and thus create a reservoir of attractive investment components that are readily available to be transferred to managed vehicles.

- Our **Institutional Business** (IBU) segment comprises our real estate investment services for institutional clients for whom we structure and manage funds, club deals and individual mandates.

  We receive fees from these activities. We generate these management fees for various elements of our active management service across all phases of the cycle: **setup and transaction fees** for structuring investments and transfers, fees for ongoing **asset and property management, development fees** for value enhancement measures and **performance fees** for achieving defined targets. We also generate **investment income** from minority holdings in the investment products and projects that we manage.

COMBINATION OF INCOME SOURCES

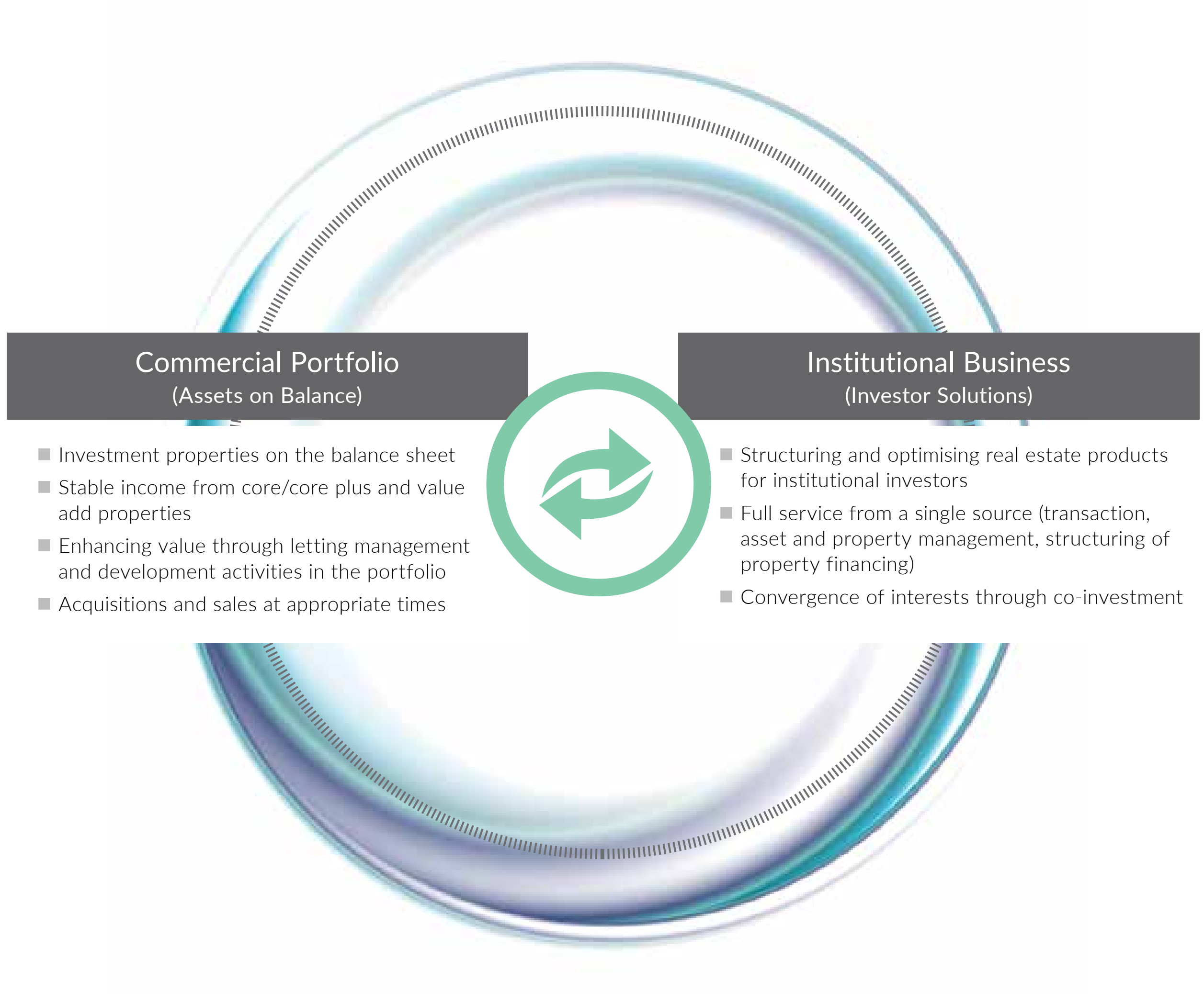
SEGMENT COMMERCIAL PORTFOLIO	SEGMENT INSTITUTIONAL BUSINESS
PROFITS FROM DISPOSAL OF INVESTMENT PROPERTY in the context of portfolio optimisation — EUR 32 MILLION	**PERFORMANCE FEES TRANSACTIONS FEES SETUP FEES** from structuring and from enhancing the performance of investment products for institutional clients — EUR 45 MILLION
GROSS RENTAL INCOME from our own portfolio — EUR 101 MILLION	**ASSET AND PROPERTY MANAGEMENT FEES DEVELOPMENT FEES** for ongoing management of institutional real estate assets — EUR 35 MILLION
	INVESTMENT INCOME from minority holdings in funds and projects — EUR 11 MILLION

Our active management approach sets the strategic tempo and creates synergies across all segments. Each of our segments contributes around half of the entire Group FFO (COP: EUR 47.3 million; IBU: EUR 49.3 million). Generating income streams from complementary segments ensures continuous profitability and enables us to generate opportunities with maximum independence from market cycles.

There are strong synergies between both segments on our platform:

Combining the financial and balance sheet structure of a portfolio holder with the management expertise of an active asset manager enables us to exploit market opportunities quickly and flexibly while at the same time ensuring exceptional reliability and providing full-service solutions across all phases of the value chain.

The overall results of our platform activities are characterised by a balanced approach to risk, consistency and capital efficiency with a high degree of reliability and scalability.



THE MARKET LANDSCAPE IN GERMANY: DECENTRALISED AND MULTI-FACETED

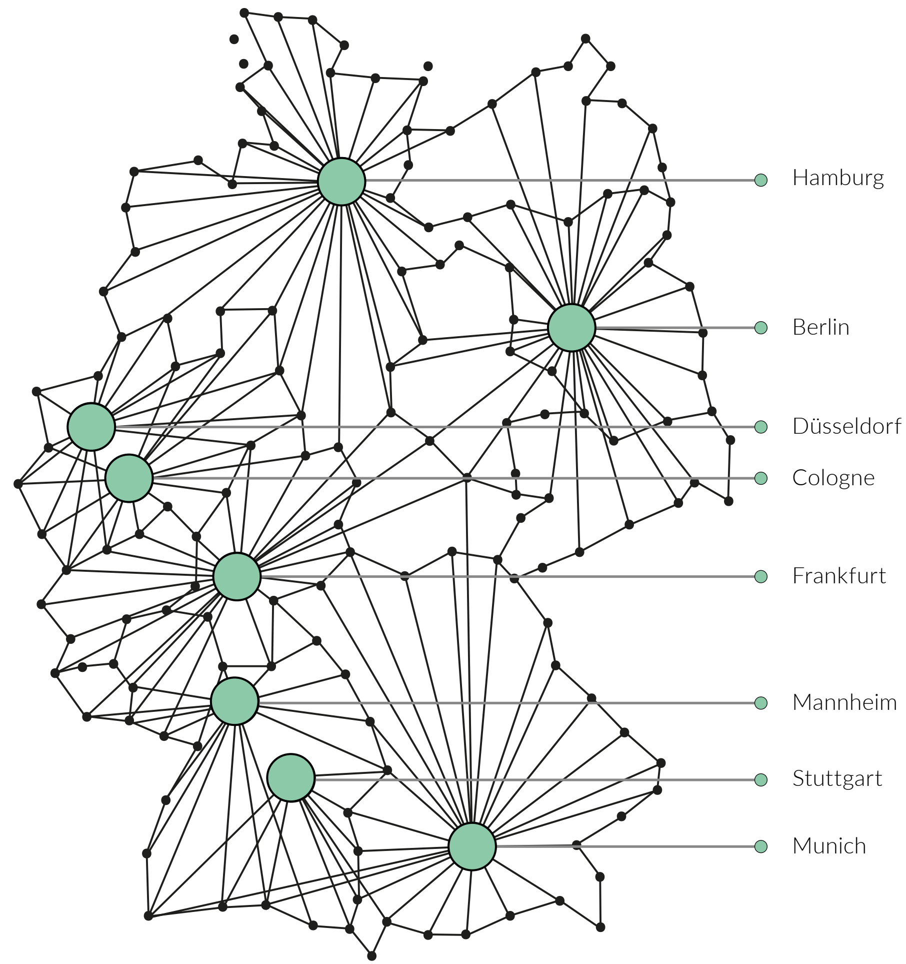
Compared to other European countries, the German commercial property market is less centralised. It is characterised by strong regional diversification and comprises many different-sized players. This is due to the federal economic structure in Germany, which benefits from a large number of strong economic centres in the regions. The so-called top seven cities (Frankfurt am Main, Hamburg, Berlin, Düsseldorf, Cologne, Stuttgart and Munich) are characterised by high volumes of office space, a very active level of transactions and liquid trading, strong competition and therefore a higher volatility of prices and rents. At the same time, there is a multitude of medium-sized cities, which form the centre of economically strong regions. Competition is less fierce and transaction activity is less pronounced in these regional centres. Prices and rents, however, are relatively stable. The transaction market for German commercial properties is diversified, liquid in the long run and therefore has a strong appeal to international investors as well.

REGIONAL STRUCTURE AND COMPANY LOCATIONS ANCHORED CLOSE TO MARKET, PROPERTY AND TENANTS

Since we have a nationwide presence with our eight branch offices and also have profound regional expertise, we are able to exploit the different advantages and opportunities offered in Germany's regional markets to create attractive investment opportunities and utilise the different market dynamics to enhance our earnings. Our proprietary management platform enables us to quickly identify and acquire properties with an attractive risk/yield ratio and manage them sustainably.

Firmly embedded in the market, our teams provide both tenants and properties with on-site support. The majority of our employees involved in property management work in regional management teams with offices in Hamburg, Berlin, Düsseldorf, Cologne, Mannheim, Munich, Frankfurt am Main and, since the start of the year, Stuttgart.

The Management Board and company head office is also located in Frankfurt am Main. Central strategic, management and administrative functions are performed here.



Corporate governance statement and additional disclosures

The corporate governance statement has been published on the Internet at > **www.dic-asset.de/en/ir/corporate-governance/.** It is also included in the section on corporate governance. Further disclosures on corporate governance, such as the composition and working practices of the Management Board and the Supervisory Board, can also be found there, as can be the report on the remuneration of the Management Board and the Supervisory Board. We explain our control system in detail in the disclosures on the internal control system in the section entitled "Report on expected developments, risks and opportunities".

CORPORATE MANAGEMENT

Corporate structure

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

Three subsidiaries carry out important core operating tasks: GEG German Estate Group GmbH and RLI Investors GmbH (since January 2021) are responsible for the Institutional Business segment, including fund and asset management of investment products structured for third parties, refining investment strategies and supporting institutional investors. The Group's own real estate management company DIC Onsite GmbH provides on-site support for the entire property portfolio, including DIC Asset AG's directly-held Commercial Portfolio as well as real estate in the Institutional Business throughout Germany.

In total, the Group comprises DIC Asset AG and 177 subsidiaries. The majority of these are property holding companies reflecting the Group's operating activities. All equity investments are listed in appendices 1 and 2 to the notes to the consolidated financial statements.

Planning and control system

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

Planning process

Our planning process combines reference values from the past and present with specific targets and objectives for the future. The process is based on detailed planning in the Commercial Portfolio at individual property and portfolio level (bottom-up planning). This also applies to planning in the Institutional Business, which is aligned with the respective investment strategy and target return of the individual investment vehicles. Planning also concerns revenue and overhead costs as well as depreciation/amortisation and financing. Corporate planning is finalised through targets and strategic elements (by way of top-down planning) before the individual sub-plans are finally consolidated at Group level.

Planning consists of:

- Detailed business plans for properties, portfolios and investment vehicles comprising, among other things, estimated rental income, costs and capital expenditure as well as gross profit including management and investment income.
- Targets for operational real estate management including action planning, among others with regard to letting, sales, capital expenditure and project developments.
- Detailed planning of real estate management fees (recurring fees and one-off fees from planned transactions) and income from existing equity investments.
- Consideration of the necessary manpower and examination of financial and liquidity issues.
- Risks and specific opportunities are identified by way of risk management – first at property and portfolio level and then aggregated to Group level. Consolidated Group planning is supplemented by strategic Group measures and the assessment of the general environment by the Management Board. It is carried out once a year and is amended during the year by subsequent forecasts in line with the expected market situation and any changes that arise in the meantime.

Company-specific leading indicators

To seize opportunities rapidly and avoid possible undesirable developments, we use leading economic and operating indicators for our business policy decisions.

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

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

Management based on key figures

The internal control system, which forms part of the risk management process and is explained in detail in the section entitled "Report on expected developments, risks and opportunities" starting on page 113, serves as the main instrument for monitoring and managing achievement of the Company’s targets.

Key performance indicators and targets

In order to monitor the agreed targets, we use key operating figures, which are part of regular reporting. The operating profit from real estate management (funds from operations, FFO) is the most significant figure from a Group perspective. Key figures to be taken into account in calculating FFO are net rental income, personnel and administrative expenses, real estate management fees, the share of the profit or loss of associates excluding project developments and sales, and net interest result.

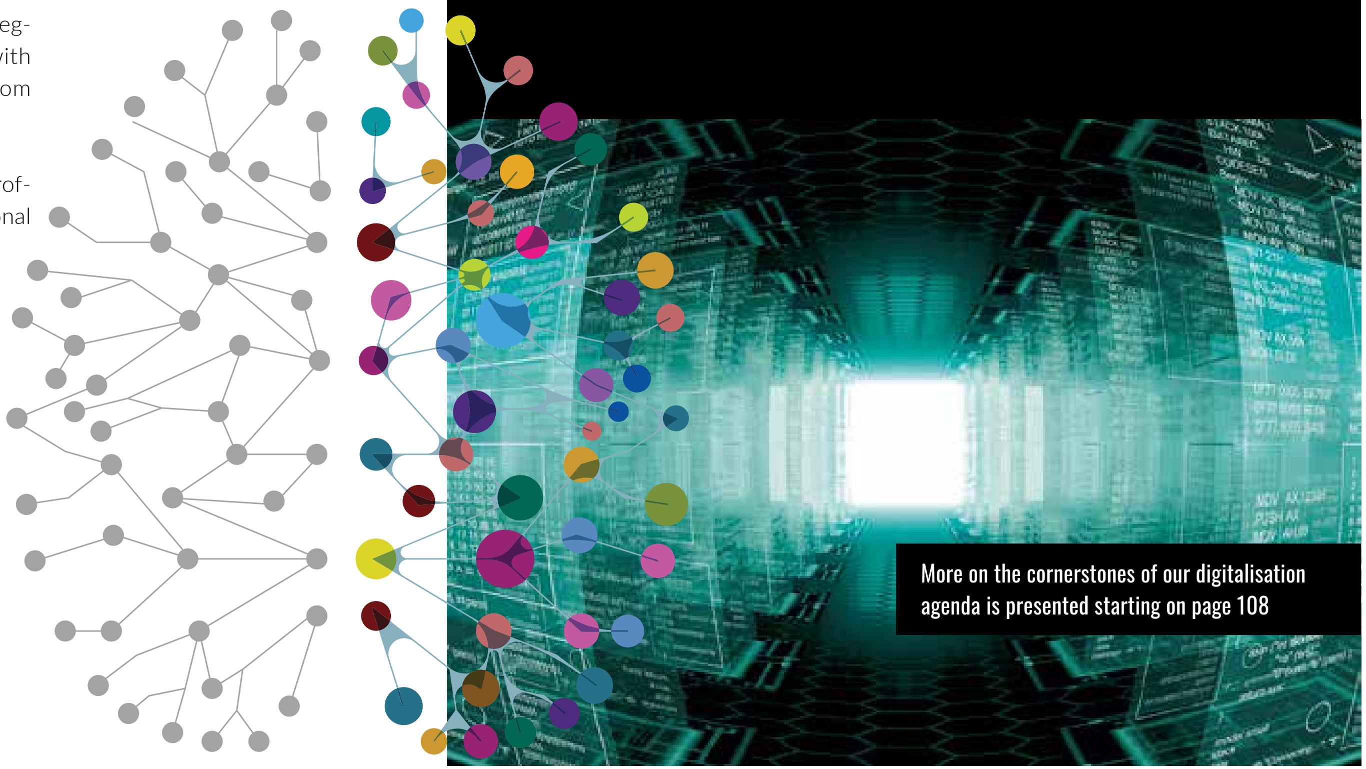
We report FFO separately for the Commercial Portfolio and Institutional Business segments. We manage our segments' operations on a uniform basis, particularly with regard to preserving value and increasing income from property management.

In this report, we are also reporting FFO II including profit on sales for the first time in order to ensure additional transparency and comparability.

Improving speed and transparency with digitalisation

Progressively digitalising our processes and expertise with developments such as dynamic data rooms containing relevant documents for our asset, property and transaction management, and carrying out cross-functional integration of interfaces in portfolio management means that the relevant information in the planning and control system is available to us sooner and in a more structured way.

This enables us to present our results faster – such as being the first German real estate company in the Prime Standard segment to present its annual report – and create faster, more comprehensive decision-making scenarios for our agile day-to-day business when conducting acquisition and sale transactions, for example.



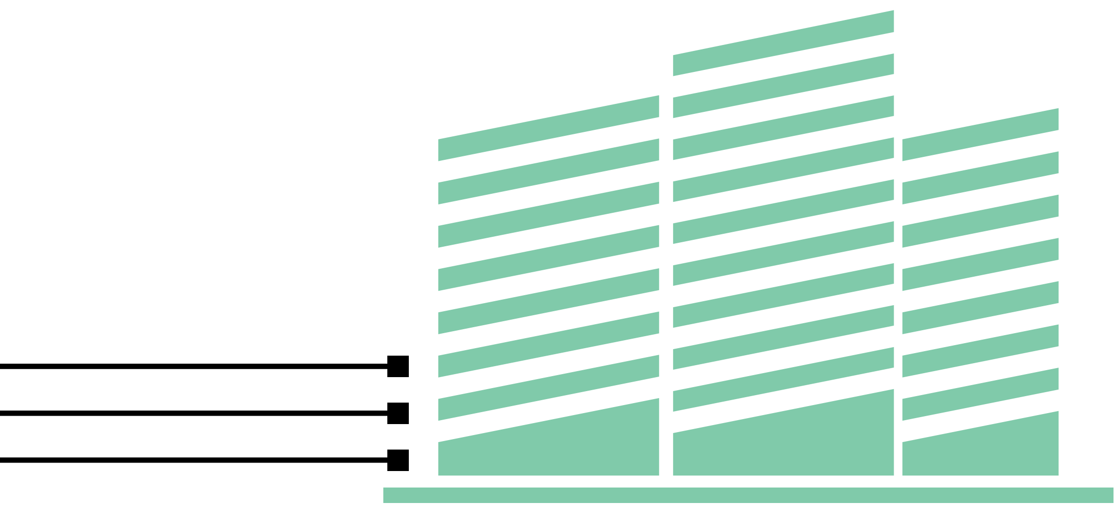
More on the cornerstones of our digitalisation agenda is presented starting on page 108

OBJECTIVES AND STRATEGIES

We are one of the largest commercial real estate specialists with a focus on office, retail and logistics properties and operate in the German-speaking real estate market.

Our corporate strategy focuses on generating a sustainable, steady stream of income via our powerful in-house real estate management platform. We strive to increase rental income and the market value of property in our directly held Commercial Portfolio and to earn growing, recurring income from property services, which we generate in our high-transaction business with institutional investors and from ongoing asset and property management of managed property vehicles.

In order to meet our growth targets, we focus on capital and financing structures that enable us to act fast and reliable.



GROWING THE INVESTMENT PLATFORM

Increase in assets under management

Across all segments, one of the key success factors for our business model is applying our management expertise to a growing portfolio. We pursue a balanced growth strategy that involves building up our earnings in both segments through acquisitions.

Diversified acquisition strategy

Our investment mix covers the entire German-speaking area with a focus on the regions and locations near our offices. In Germany, these include the top 7 cities as well as attractive cities in economically strong centres and their peripheries. We seek to achieve diversification on a regional, sectoral and tenant-related basis that avoids cluster risks over the long-term, ensures an attractive yield profile and offers the potential to create added value both for us and for our investors by pursuing an efficient asset management approach. This strategy is rooted in our regional expertise and our excellent access to markets. This allows us to identify and successfully develop properties with an adequate risk/yield ratio in Germany's key and regional real estate markets.

PROVIDING DYNAMIC WITH AGILE MANAGEMENT

Continuous sales regarding optimisation

Sales are an integral component of our activities. We use them to optimise our portfolio, realise profits at the right time and release funds that improve our financial structure and capital efficiency. In our Institutional Business we generate attractive transaction and performance fees by selling properties at a profit.

Excellent letting expertise

By entering into new leases, achieving higher rents for new leases and reducing vacant space, our letting staff makes an important contribution to increasing the value of our portfolio on a daily basis.

Expertise and capacity for refurbishments across all segments

Thanks to our expertise, we are able to leverage value add potential, especially through refurbishment work. We employ our own highly efficient teams for refurbishing properties both in our Commercial Portfolio and in the Institutional Business portfolio. These teams take care of measures aimed at repositioning properties to create value.

MULTIPLY BEST PRACTICES IN THIRD-PARTY BUSINESS

Defined investment products aimed at institutional investors

We offer national and international institutional investors our many years of investment expertise, transaction management skills and a broad range of real estate services in Germany's key and regional real estate markets. We design customised investment structures with attractive dividend yields by way of pool funds, club deals and individual mandates.

Use our real estate expertise effectively

We leverage our in-depth real estate knowledge to drive a growing third-party business and achieve recurring and increasing management income by taking on asset and property management mandates. We are using specialist skills, expertise and low capital expenditure to steadily diversify our sources of income and stabilise our business's revenue streams.

STRONG ORGANISATIONAL AND FINANCIAL FOUNDATION

Optimising the financial and capital structure

Our stable financial structure, based on predictable long-term cash flows and proactive planning, safeguards our strong standing in the market. We aim to further optimise our financial foundation through our business activities and steady cash flow from rental income as well as by growing our management income. We have a good reputation with our banking and financial partners, as well as on the capital markets, which secures us access to various sources of finance.

Smart organisation

As an agile company with an active management approach, having an efficient and innovative organisation is very important to us. We are pushing ahead with digitalisation in order to mobilise our knowledge, create additional capabilities and further enhance the performance of our integrated management platform. Across every segment of our company, we are constantly reviewing and constructively developing new solutions in order to improve the speed, flexibility and transparency of our business.

Degree of target achievement

Assets under management reach target of EUR 10 billion

We surpassed our target at the start of January 2021 with a wide range of organic and anorganic transactions.

Optimisation & stabilisation in Commercial Portfolio

Further reduction of the EPRA vacancy rate to 5.4% and extension of the weighted average remaining lease term (WALT) to 6.5 years, Stabilisation and minimisation of Covid-19-related tenant credit risks through proactive tenant dialogue.

Increasing management performance in third-party business (Institutional Business)

Further significant increase in management income by 27% to EUR 79.7 million.

Expansion of the investment offering to include logistics

Strategic growth step with the acquisition of logistics specialist RLI Investors at year-end 2020 expands expertise in the logistics market.

Highly stable and crisis-resilient business model

Rising earnings contributions and valuation growth leads to an adjusted net asset value of EUR 22.04 per share (as at 31 December 2020).

REPORT ON ECONOMIC POSITION

OVERALL ASSESSMENT

MACROECONOMIC ENVIRONMENT

COURSE OF BUSINESS

- REAL ESTATE MANAGEMENT
- PORTFOLIO DEVELOPMENT
- COMMERCIAL PORTFOLIO
- INSTITUTIONAL BUSINESS

FINANCIAL INFORMATION

- REVENUE AND RESULTS OF OPERATIONS
- FINANCIAL POSITION
- NON-FINANCIAL KEY PERFORMANCE INDICATORS

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

In the 2020 financial year, the considerable crisis resilience and stability of DIC Asset AG's business model was demonstrated by the profitability of its real estate platform. Despite the challenges posed by the Covid-19 pandemic, the Company's FFO once again reached a new record high of EUR 96.5 million. An exceptional end to the year dominated by a multitude of transactions also laid the strategic foundations for the future growth of the real estate platform. We had already achieved our target of EUR 10 billion in assets under management by the start of 2021.

The 2020 financial year was initially impacted by the effects of coronavirus and the associated restrictions on public life, which were particularly palpable across all areas of the economy during the second quarter. DIC Asset AG adjusted its forecasts for the 2020 financial year at the start of April, largely due to lower-than-expected transaction activities for the rest of the financial year.

The Covid-19 pandemic also affected various tenants from our managed portfolio. DIC Asset AG worked proactively with directly impacted tenants, primarily from the retail and hotel sectors, to agree individual arrangements aimed at providing short-term relief. Generally speaking, rents were adjusted for three months and contract terms were extended at the same time. The largest affected tenant in the Commercial Portfolio was GALERIA Karstadt Kaufhof GmbH, with whom we agreed new contractual terms for two locations. We also worked quickly to ensure the subsequent use of another location. **Our proactive management, combined with the local presence of our lettings teams, has played a major role in enabling us to significantly minimise the risk of rent losses associated with coronavirus.** Thanks to our successful lettings efforts, the interim lease expiry volume was at a lower level at the start of the year than in previous years, enabling us to focus our letting plans on lease renewals in 2020. Demand among tenants for early lease renewals also grew as a result of the Covid-19 pandemic. As a result, the overwhelming majority of leases concluded in terms of square-metres during the past financial year were lease renewals at 71% (192,600 sqm), with 29% (77,300 sqm) attributable to new leases.

We once again improved the key figures for our Commercial Portfolio. This was driven by our lettings efforts and by completing attractive acquisitions and sales to optimise the portfolio. As a result of our successful repositioning work within the portfolio, we generated EUR 242 million in notarised sales, with selling prices an average of 20% above the most recently determined market values. This resulted in sales profits of around EUR 32.0 million. Gross rental income remained stable at the same level as in the previous year at EUR 100.7 million.

The average lease term improved from 6.0 to 6.5 years, primarily due to the conclusion of long-term leases. We also succeeded in reducing the EPRA vacancy rate by 110 basis points year-on-year from 6.5% to 5.4%.

Strong growth also continued in the Institutional Business in 2020. Our enduring track record and the high level of trust shown by our institutional investors in our real estate platform, which has seen strong growth for several years, is paying off in this segment. With our on-demand services, we cover a wide range of real estate services that we offer across our entire integrated platform. We increased assets under management by 33% to EUR 7.6 billion due to the significant number of transactions completed during the past financial year. As a result, the management fees generated from ongoing management and transaction activities rose by 27% year-on-year to EUR 79.7 million.

On the transaction side, we set a new record during the past financial year with a total volume of EUR 2.5 billion. This once again demonstrated the considerable agility and effectiveness of our transaction teams. It also meant that we significantly exceeded the transaction targets adjusted in April in light of the Covid-19 pandemic. We notarised EUR 1.6 billion in acquisitions and sales in December alone, which meant that we once again surpassed the previous year's record figure of EUR 2.2 billion. In December 2020, we also launched our largest open-ended real estate fund to date with a target volume of EUR 1.6 billion. This fund invests in core office properties with long-term leases and first-class tenants. We have already secured a seed portfolio of four properties, including one property from the Commercial Portfolio that had previously been extensively modernised by DIC Asset AG.

To achieve profitable growth with a broader range of real estate products and services, we strengthened our business with another strategic acquisition, having previously purchased the GEG German Estate Group during the 2019 financial year. In December 2020, we acquired 100% of the shares in RLI Investors GmbH ("RLI Investors") as well as a 25% non-controlling interest in Realogis Holding GmbH ("Realogis") for a purchase price of around EUR 42 million. The transfer took place in January 2021. By acquiring the second-largest independent asset manager in the logistics sector, we have gained experienced logistics experts and a strong brand in this industry. Realogis is an important player in the lettings and investment business for logistics properties in Germany. This additional investment has provided us with a compelling basis for collaboration, bringing us even closer to the logistics market and enabling us to use the added specialist knowledge to effectively implement our growth strategy. Incorporating RLI Investors into the DIC real estate platform strengthens our expertise in an additional asset class in both business segments. We also have an expanded investor base and can offer a broader range of products and services. We are accelerating our planned growth in the logistics market by combining the fundraising capabilities of DIC Asset with the product expertise of RLI Investors. As a result, we can offer both our institutional investors and RLI Investors' existing investors a broad spectrum of opportunities to invest in various asset classes and build on our first-class expertise and management quality in all areas.

Consequently, our real estate assets under management rose considerably by 26% to EUR 9.6 billion by the end of 2020 – and have already passed our target of EUR 10 billion in assets under management when including the acquisition of RLI Investors that was completed in January 2021.

In addition to our operating successes during the past 2020 financial year, we have also embedded and expanded other important functions and structures within the DIC Asset Group. We opened a new branch office for the West region in Cologne at the start of 2020, thus adapting our local presence to reflect dynamic growth in our assets under management. We further expanded our portfolio with various acquisitions in the Stuttgart metropolitan area and opened a new branch office in Stuttgart to effectively manage and interconnect our activities there. This means that we now have a **direct local presence in all top 7 cities across Germany.**

Total income was very high in the 2020 financial year at EUR 321.1 million. **At EUR 96.5 million, our FFO exceeded the previous year's figure to reach another record high.** In addition to the considerable increase in real estate management fees, optimising the financing structure also contributed to this rise. Profits from sales are not included in this figure. As our own properties are measured at amortised cost, we only realise added value when we sell these properties. To present this value contribution in a transparent way, we are augmenting FFO to include the effects of sales. The resulting FFO II totalled EUR 128.5 million in 2020. Overall, we generated a profit for the period of EUR 73.1 million (2019: EUR 80.7 million). In light of our success during this financial year and the planned further growth of our real estate platform, we want our shareholders to participate in this strong result and wish to **distribute a dividend of EUR 0.70 per share, an increase** compared with the previous year.

ESG and digitalisation are key focus areas for the future both within and outside the real estate industry. With this in mind, DIC Asset AG is investing increasingly in this area and has created several key roles to ensure that these issues are even more firmly embedded in DIC Asset AG's overall strategic direction. The newly created Head of Sustainability position was filled at the start of 2021. The focus of this role is to step up ESG activities across the Group and implement a more dynamic sustainability strategy for all Group companies. Digitalisation issues are being managed across all departments by the Head of Digital Development, whose focus is on standardising and automating the Group's operating and administrative processes. Our aim is to enhance our business model by offering new digital products and services that add value for our investors and enable us to use big data to optimise energy consumption and emissions. This means that digitalisation is also consistent with our ESG strategy.

MACROECONOMIC ENVIRONMENT

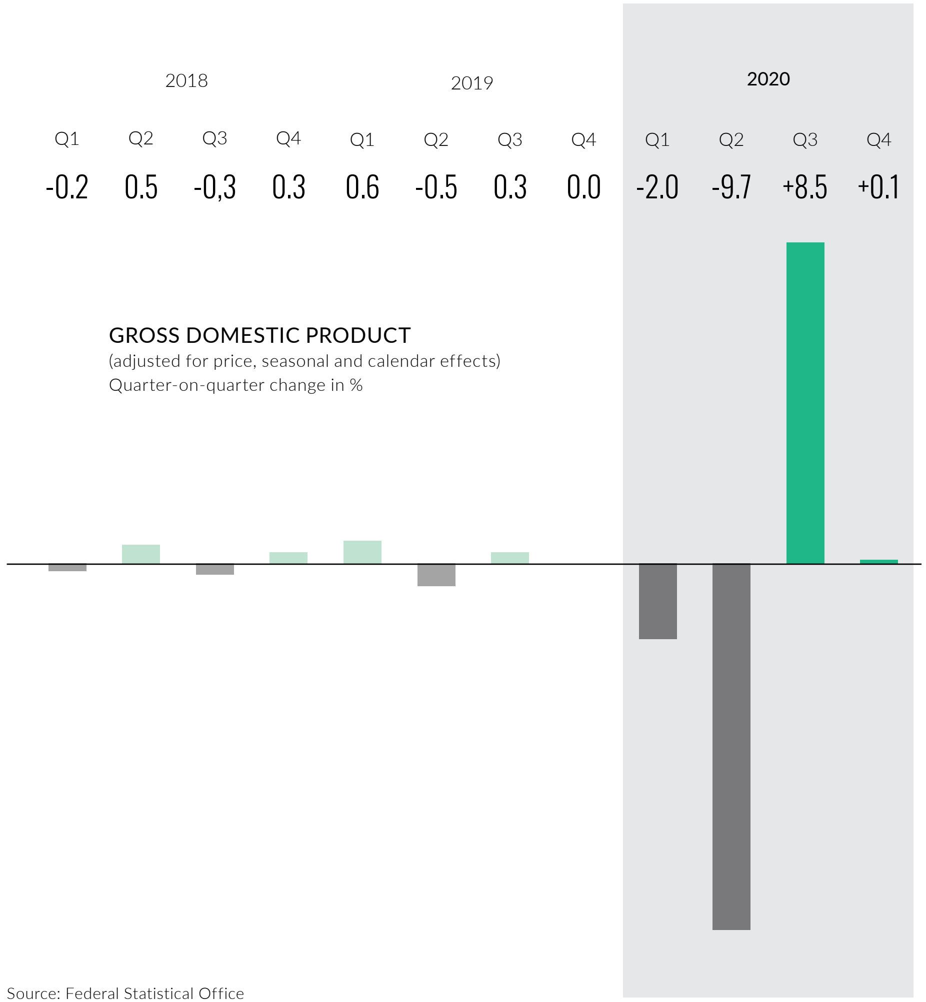
MACROECONOMIC TRENDS

Covid-19 pandemic throws politics, the economy and society into stop-start modes
The year 2020 was dominated by the Covid-19 pandemic, the social and economic impact of which outweighed all other global issues such as the trade war between the USA and China, the presidential election in the USA, and Brexit.

The outbreak of the Covid-19 pandemic at the beginning of the year abruptly brought the economies of many countries to a virtual standstill within just a few weeks. Governments around the world imposed measures, some of them severe, to restrict travel, movement and personal contact. Central banks and national governments tackled the crisis with strong monetary and fiscal policy stimuli to prevent the economic slump from spreading to the global financial system.

The measures taken to limit the spread of the pandemic's first wave in the spring took effect in early summer, and the lifting of restrictions triggered a strong recovery in economic activity over the summer. Hopes that this rapid rate of recovery would continue suffered a temporary setback as increasing signs of a second wave of infections appeared across Europe in late summer and autumn, leading to new restrictions on public life and the economy towards the end of the year

The German economy weathered the crisis well compared to other countries
The wave-like spread of the pandemic was also reflected in extreme movements in Germany's economic output. The second quarter recorded a historic slump in GDP of -9.8% as a result of the coronavirus outbreak and the first lockdown. This was followed by a similarly strong economic recovery in the third quarter once the first wave of the pandemic had subsided and restrictions were loosened, supported by the sweeping economic stabilisation programmes introduced by the federal government. While the second wave of infections accompanied by partial lockdown from November onwards slowed down this economic recovery, there was no decline in gross domestic product compared with the spring. Most importantly, the industrial sector was significantly less impacted by the latest restrictions, as



Source: Federal Statistical Office

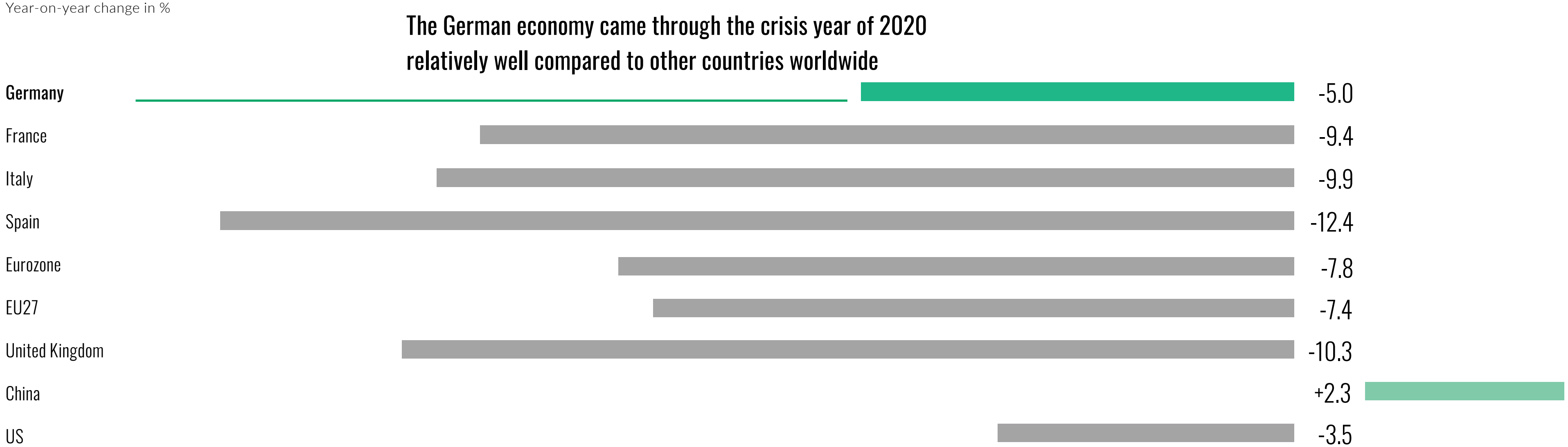
the measures are more narrowly defined and focus on particularly contact-intensive sectors. In the end, GDP for the fourth quarter showed a 0.1 % increase compared with the previous quarter.

The federal government's early intervention cushioned the economic losses caused by the coronavirus pandemic in Germany. The rapid approval of an uncomplicated support package in March limited the short-term impact of the first lockdown. According to the Federal Ministry of Finance, all of the measures adopted until the summer – which were also collectively referred to as a "coronavirus shield for Germany" – included more than EUR 350 billion in budgetary measures as well as almost EUR 820 billion in guarantees, tax support measures and increased, far-reaching regulation to provide compensation for short-time work in order to protect jobs.

The Federal Statistical Office is forecasting a price-adjusted decline in GDP of 5.0 % for the full year, which is significantly more moderate than in other major European economies. China is the only major economy in the world to have managed to prevent a second wave of coronavirus so far, and has continued to record GDP growth of 2.3 %.

This in turn benefits Germany as an exporting country, with industrial production proving to be the main growth driver at the end of the year. Exports unexpectedly rose by 2.2 % month-on-month in November, primarily as a result of robust demand from China.

GDP GROWTH OF SELECTED COUNTRIES
Year-on-year change in %



Sources: European Commission, Directorate-General for Economic and Financial Affairs, Autumn 2020 Forecast
Figures for Germany: Federal Statistical Office 01/2021, figures for China: National Bureau of Statistics of China 01/2021, figures for US: US Department of Commerce 01/2021

Construction prospers even in the face of coronavirus crisis

Construction investments and government spending prevent a more severe contraction

As a result of government measures to limit the spread of coronavirus and the restrictions subsequently enforced, consumer spending by private households dwindled by 6.0%. Foreign trade and investments in equipment also fell sharply (-12.5%) due to production and demand shortfalls as well as interruptions to supply chains.

The 3.4% increase in government spending provided a boost to the economy. This included higher pandemic-related healthcare expenditure, including procurement costs for PPE, testing kits and masks as well as the costs of creating additional intensive care capacity.

The coronavirus pandemic has impacted virtually every area of the economy. The sometimes severe production restrictions during the first lockdown led to substantial declines in added value in the manufacturing industry excluding construction as well as in several services sectors – particularly temporary employment, the hotel and hospitality industry and the leisure sector.

By contrast, construction remained unaffected and prevented an even sharper slump in economic output with a 1.4% increase in added value.

There were also industries within the services sector that benefited from the coronavirus crisis. Despite closures in bricks-and-mortar retail, retail sales increased by 4.1% in real terms, with online and mail-order retail generating the highest revenue growth, while sales of furniture, household appliances and building materials also rose significantly.

German labour market largely stable overall

Although the coronavirus pandemic left its mark on the German labour market, the impact was moderate compared to other countries worldwide. The package of measures introduced by the federal government, with easier access to short-time work compensation, which had previously proven effective during the financial crisis, had a noticeable impact. At the peak in April, almost six million people were in short-time work, which is equivalent to 18% of all employees subject to social security contributions. The Federal Employment Agency calculates that the use of short-time work has secured jobs for around one million employees.

After a sharp turning point at the first peak of the coronavirus crisis in April with a 0.7 percentage point increase in unemployment, job losses slowed considerably during the rest of the year. The unemployment rate reached an annual high of 6.4% in August before declining until the end of the year.

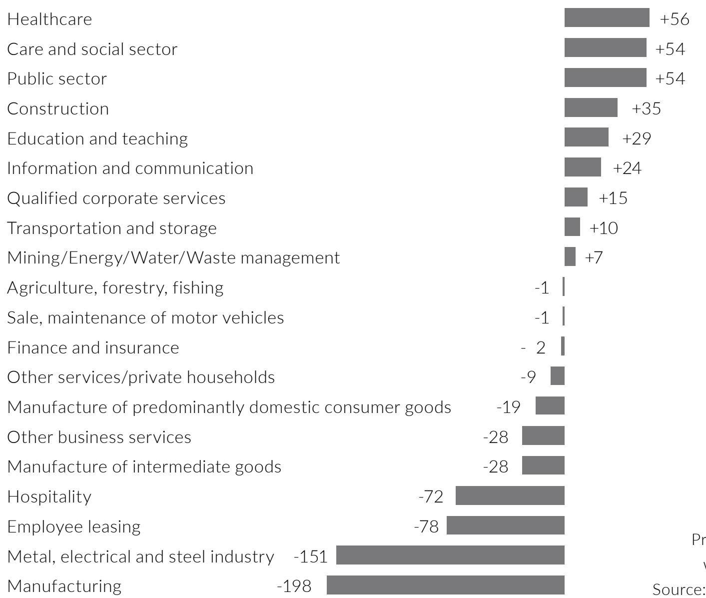
While part of the economy returned to a “new normal” thanks to adapted distance and hygiene regulations, those sectors particularly impacted by restrictions on public movement such as the restaurant, event and hotel industries, aviation and bricks-and-mortar retail scrambled to develop viable solutions before being confronted with a second lockdown from November onwards.

To date, the second lockdown has had hardly any visible impact on the labour market. Only the cyclical short-time work reported by the Federal Employment Agency rose, but not by nearly as much as in the spring and primarily in the hotel and restaurant sector. The unemployment rate fell further from 6.0% to 5.9% between October and December to end the year one percentage point higher than the previous year’s level.

The annual average number of people in gainful employment fell by around 1.1% to 44.8 million. In terms of employees subject to social security contributions, the decline compared to the previous year – which, according to the latest figures available from October, was only 0.3% – was concentrated in manufacturing, temporary employment, the metal and electronics industry and the hospitality sector. By contrast, many other sectors recorded an increase

EMPLOYEES SUBJECT TO SOCIAL SECURITY CONTRIBUTIONS

Year-on-year change in thousands, Germany, October 2020



Preliminary extrapolated values
with two months waiting time
Source: Federal Employment Agency

compared to the previous year, with a particularly sharp rise in employment seen in healthcare, the care and social sector, the public sector and construction.

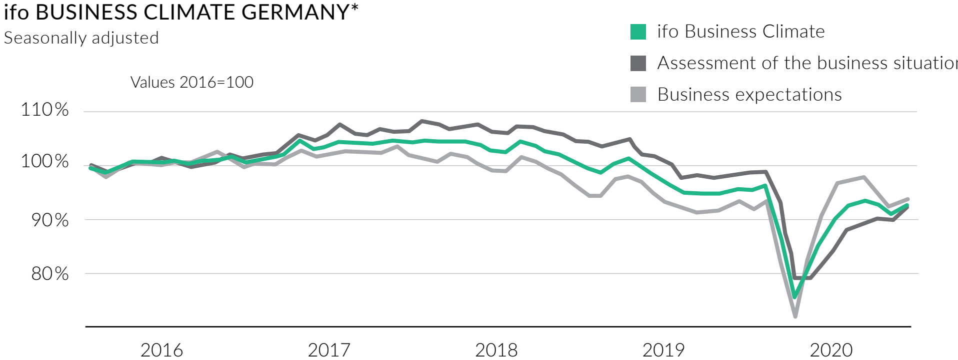
Hopes of a return to normality

Global efforts to develop a vaccine against coronavirus bore fruit within what previously would have been considered an impossibly short timeframe. The first vaccines received emergency approval after less than a year of development work, providing a dash of optimism at the end of the year and raising hopes of a quick return to normality.

Two other events provided an additional positive boost at the end of the year. Firstly, Joe Biden's victory in the US presidential election increases the chances of being able to develop common solutions to global challenges such as the Covid-19 pandemic and climate

ifo BUSINESS CLIMATE GERMANY*

Seasonally adjusted



Source: ifo business surveys, December 2020

* Manufacturing industry, service sector, trade and construction industry

change, while the trade agreement reached between the EU and the United Kingdom in the last few days of the year, thus avoiding a hard Brexit, also came as a relief.

The ifo Business Climate Index, which reflects German companies' assessment of the business situation and their expectations for the next six months, also rose again initially in December after declining in October and November as a result of the second wave of the pandemic. Although the Index ended the year lower than its starting figure of 95.5 at 92.2, this marked a considerable recovery from its dramatic decline in April with low of 74.2 points. However, the ifo figure dropped again to 90.1 in January 2021 due to the deterioration in business expectations caused by the extension of the second lockdown.

Many economic researchers expect the German economy to recover from the shock of coronavirus. The speed of this economic recovery and that of the labour market will depend partly on the success of lockdown measures but mostly on how long it takes to carry out vaccinations.

Germany's leading economic research institutes are currently predicting GDP growth within a broad range of 2.8% to 5.3% in 2021.

Central banks implement highly expansive monetary policy

Central bank and national government interventions prevented the slump in the real economy from spreading to the global financial system. According to a statistic from Bank of America, central banks introduced 190 interest rate cuts worldwide within one year. This, together with the massive increase in bond purchases, enabled governments to take on historic levels of debt for support and stimulus packages.

In March, the ECB announced the Pandemic Emergency Purchase Programme (PEPP) with a volume of EUR 750 billion for the purchase of government and corporate bonds. The programme was increased by a further EUR 600 billion in June and extended until June 2021. In December, the total volume was increased by an additional EUR 500 billion to just under EUR 1.9 trillion euros and prolonged until March 2022.

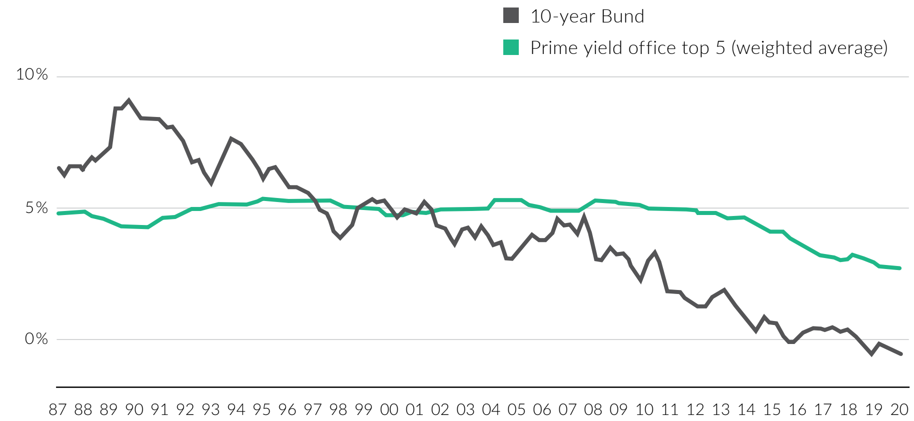
The key interest rate in the eurozone remained at 0%, while the deposit rate for commercial banks that park their money with the ECB stayed at -0.5%.

Despite the expansive monetary and fiscal policy, the inflation rate remained well below the ECB's 2% target, coming in at -0.3% between September and December 2020. In light of the global challenges facing the economy and the sharp increase in government debt, economic researchers are not anticipating a hike in key interest rates in the near future, even in the event of a potential increase in inflation.

The enormous bond purchase programme has once again increased the pressure on yields of highly-rated government bonds. For example, the average yield on ten-year Bunds reached a historic low of -0.47% in 2020.

YIELD SPREAD FOR OFFICE PROPERTY VS. 10-YEAR BUNDS

Figures for December



Source: CBRE Research

SECTOR TRENDS

Investor confidence intact in real estate investment market

As recently as the first quarter, it looked as though the commercial real estate investment market would break all records. With a transaction volume of around EUR 17.3 billion, this market made an exceptional start to the year and exceeded the previous year's figure by around 60% despite the imminent first wave of the Covid-19 pandemic. However, investment momentum stalled in the second quarter as review and decision-making processes took longer due to coronavirus, while the majority of foreign buyers without a local presence were cut off from the market.

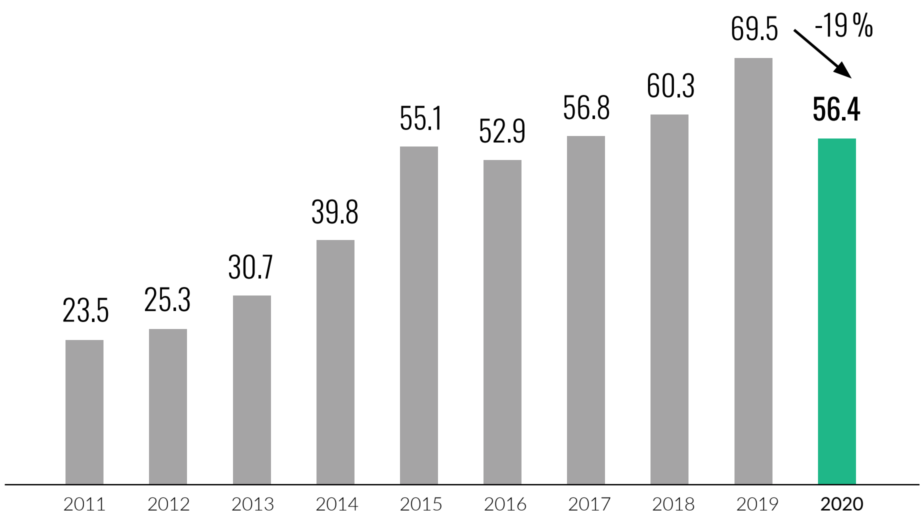
Increased risk aversion among investors also meant that a large part of demand was focused on core properties with limited availability, long-term leases and blue-chip tenants. The impact of travel, movement and contact restrictions resulting from the Covid-19 pandemic amplified sectoral market transformation trends and triggered a shift in investor preferences. Demand for logistics properties increased, while the environment for investments in the retail and hotel sectors was challenging.

In the fourth quarter, investment volume once again rose significantly compared to the two previous quarters, increasing to EUR 17.4 billion. However, this figure fell far short of what appeared to be a record-breaking EUR 27.9 billion seen in the fourth quarter of 2019.

According to JLL commercial transaction volume totalled EUR 56.4 billion for the full year, while Savills and BNPBR calculated commercial transaction volume of EUR 58.8 billion and EUR 59.7 billion, respectively.

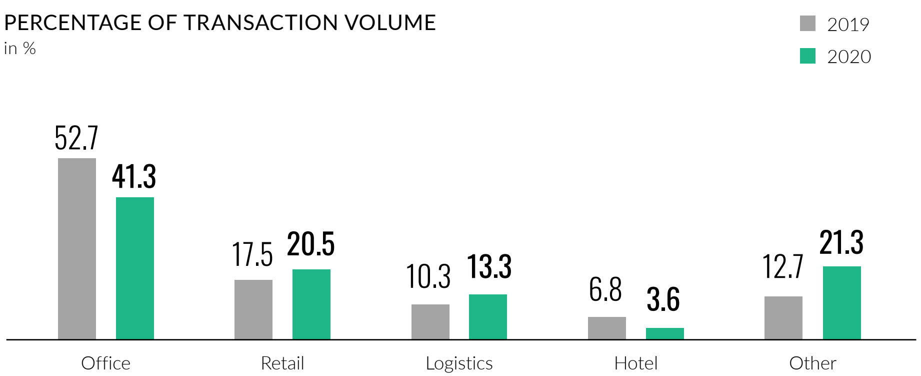
As a result, although JLL stated that the commercial investment market closed the year 19% down on the previous year's figure, it still was the fourth-best annual result in the last ten years. This once again demonstrates investors' consistently high level of confidence in the German real estate market.

GERMAN COMMERCIAL REAL ESTATE TRANSACTION VOLUME
in EUR billion



Source: JLL

PERCENTAGE OF TRANSACTION VOLUME
in %



Source: BNP Paribas Real Estate

Transaction volumes fall in top 7 cities, rise in B and C-locations

According to BNPPRE, revenue in the seven A-locations declined by 30% to EUR 32.4 billion. With the exception of Hamburg, all of these cities were forced to accept losses, some of them significant, ranging from -13% in Düsseldorf to -57% in Cologne.

Berlin once again led the way in 2020 with transaction volumes of almost EUR 9 billion, followed by Frankfurt with EUR 6.5 billion. Volumes in Hamburg increased by 26% to EUR 5.5 billion to take third place ahead of Munich.

Colliers attributes the fall in transaction volumes at the top 7 cities to the lack of core products and the deferral of transactions until next year.

In contrast to the top 7 cities, transaction volumes in B and C-locations rose slightly by around 2%, Significantly increasing their share of overall transactions from 37% to approximately 46% in 2020.

Office properties remain top of the pile when it comes to asset classes at around 41%, even through their share of the market decreased compared to the previous year. Unsurprisingly, the focus here is increasingly on the core segment with its secure cash flows. Demand for stable long-term real estate investment products is still being driven by a lack of investment alternatives.

At first glance, the growing share of retail investment appears strange, as this segment has long been under pressure to adapt in the face of digital transformation and, together with hotels, is one of the sectors most severely impacted by the Covid-19 pandemic. On closer inspection, however, it becomes clear that there is a disproportionate increase in investments in crisis-resistant areas of this market, including supermarkets and discounters, Which have increased their share of retail investments from around 40% to a new record high of around 57%.

As expected, there was also stronger demand for logistics properties. These profited from the way in which Covid-19 intensified the trend towards online shopping, together with an increased requirement for goods logistics and higher demand for space in local and regional distribution centres.

According to BNPPRE, the market share of international investors in the German real estate investment market remained virtually unchanged at around 40% (2019: 41%). The competition for core and core-plus properties further underlined the fact that Germany enjoys an outstanding reputation as a safe haven among international investors. Low interest rate policies around the world together with the liquidity glut caused by bond purchase programmes also play their part.

Yields declining further in core segments due to persistently high investment pressure

High demand for properties characterised by stable cash flows in crisis situations led to a further decline in yields in these segments, With prime yields on core properties in the top office markets falling by 12 basis points to 2.81% (2019: 2.93%). Logistics properties, which have become increasingly popular with investors, also saw their yields fall by 37 basis points to 3.38%. In the retail segment, yields on sought-after retail parks dropped by 30 basis points to 3.90%, while those for individual specialist stores decreased by 40 basis points to 4.60%. By contrast, shopping centre yields rose by 35 basis points to 4.85% as a result of the crisis in bricks-and-mortar non-food retail.

Office property rental market: wait-and-see and a search for the future “new normal”

The impact of the Covid-19 pandemic was more apparent in the commercial property rental markets. Uncertainty about the depth of the recession and the possible consequences of the pandemic made companies less willing to hire people and caused them to shelve relocation plans. Marked restraint could be seen particularly in the case of large-scale rentals upwards of 10,000 sqm. The Covid-19 activity also led companies to suddenly give greater priority to considering more flexible forms of work, fast-tracked digitalisation and hence decentralised working that is decoupled from corporate offices to a certain degree.

JLL puts annual take-up of office lettings in the top 7 cities at just 2.7 million sqm, down around 34 % on the prior-year figure. Take-up declined in all of these locations.

The volume of space available at short notice (including sublet space) rose by around 23 % to 3.5 million sqm towards the end of 2019. With regard to the trends in vacancy rates, substantial differences between the individual regions could be observed: while the vacancy rate in Stuttgart fell by a further 20 bp to 2.1 % and remained stable in Hamburg at 3.0 %, the vacancy rate in the other locations rose particularly sharply by 100 bp in Berlin (to 2.8 %) and Düsseldorf (to 6.8 %) and by 120 bp in Munich to 3.5 %. The aggregated vacancy rate reached an average of 3.7 %, up from 3.0 % in the previous year. Vacancy rates thus remained far from an oversupply, even though the number of completions had increased in the meantime. The pandemic did not change the situation in many of the top locations, where the office rental market is almost fully occupied.

Some completions were delayed or postponed during the year, which meant that the volume forecasts of 1.9 million sqm made at the beginning of the year were not reached. Overall, 1.5 million sqm came onto the market in 2020, an increase of 29 % on 2019, 84 % of which was already pre-let by the completion date. JLL notes that 4.5 million sqm is planned or under construction throughout the top 7 cities for 2021 and 2022, half of which is already pre-let for 2021.

High-quality space in good locations still sought after

Despite the significant decline in lettings by square metre, no nominal declines in rent prices were observed; in Stuttgart, Hamburg and Berlin, prime rents actually increased further. JLL notes, however, that owners have provided more incentives in the form of rent-free periods and expansion allowances, with a trend towards 5–10 % of nominal rents on a ten-year lease. As regards leases running for shorter terms, the researchers have witnessed a contrary trend, with a flexibility premium in negotiated rents. The rise in rent incentives observed on average as a consequence of Covid-19 does not apply across the board, nor are all market players equally involved in these. Such incentives rather take the form of packages selectively put together between landlord and tenant in an effort to stabilise business plans, provide liquidity assistance and optimise properties in compliance with changed distancing and hygiene rules.

The suspension of decisions during the acute Covid-crisis continues to put tenants with expiring leases under intense pressure, and the newly introduced distancing and hygiene rules have also created a need for change. Estate agents estimate that this has created potential for catch-up effects that may also more than compensate for continued uncertainty at senior management levels.

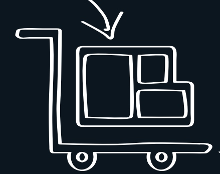
COURSE OF BUSINESS

/// Assets under management up 26 % to EUR 9.6 billion – EUR 10 billion mark already reached when including strategic acquisition

/// New transaction record: commercial real estate with a volume of EUR 2.5 billion bought and sold

/// Largest open-ended real estate special fund in the Company's history to date launched with a target volume of EUR 1.6 billion

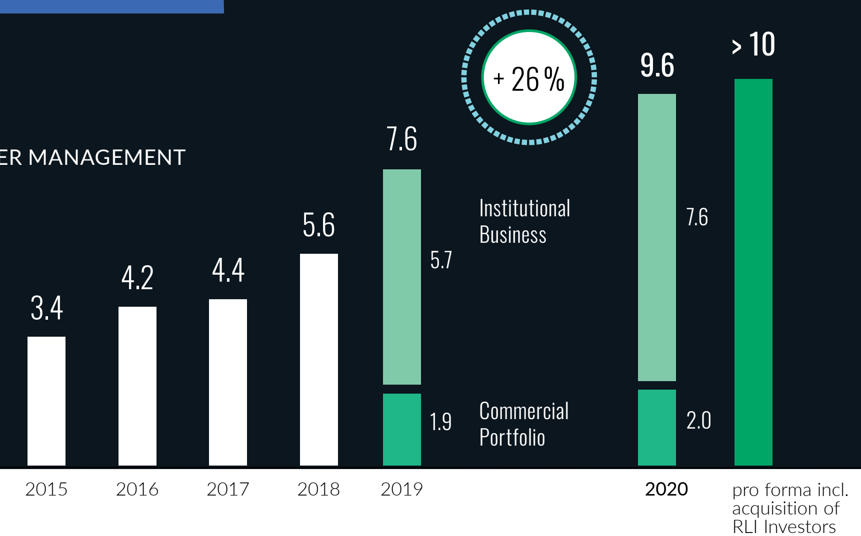
/// Strong expansion in the logistics asset class – sector expertise and investments on the platform strengthened by strategic acquisition



In 2020, we took our investment, transaction and management platform to a new level. We dynamically drove forward both our operating business and strategic development

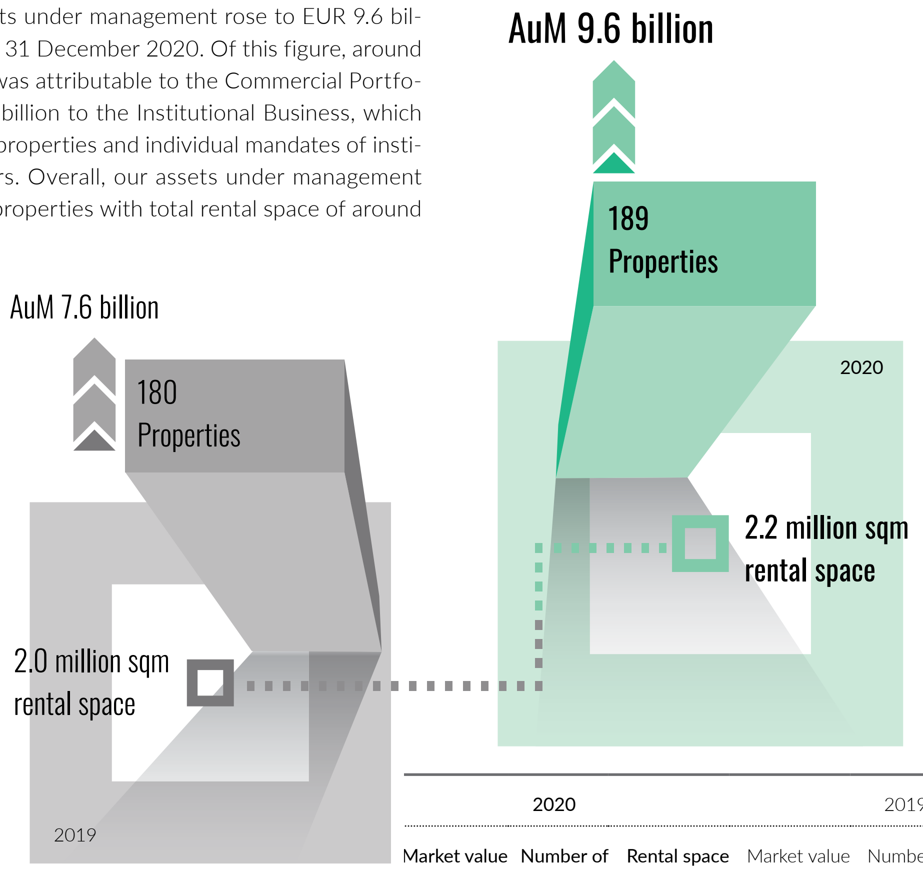
NEXT LEVEL:
EUR 10 BILLION IN AUM
ALREADY REACHED

ASSETS UNDER MANAGEMENT
in EUR billion



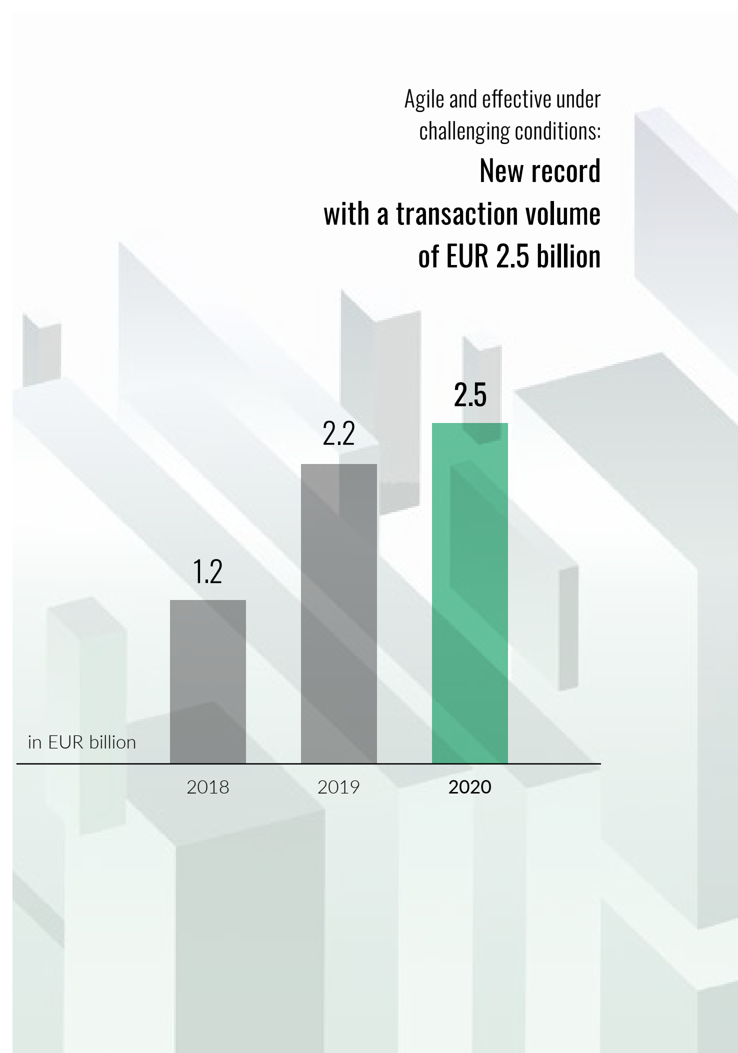
REAL ESTATE ASSETS ON THE ASSET MANAGEMENT PLATFORM GROW BY MORE THAN 25 %

Real estate assets under management rose to EUR 9.6 billion (+26 %) as at 31 December 2020. Of this figure, around EUR 2.0 billion was attributable to the Commercial Portfolio and EUR 7.6 billion to the Institutional Business, which comprises fund properties and individual mandates of institutional investors. Overall, our assets under management comprised 189 properties with total rental space of around 2.2 million sqm.

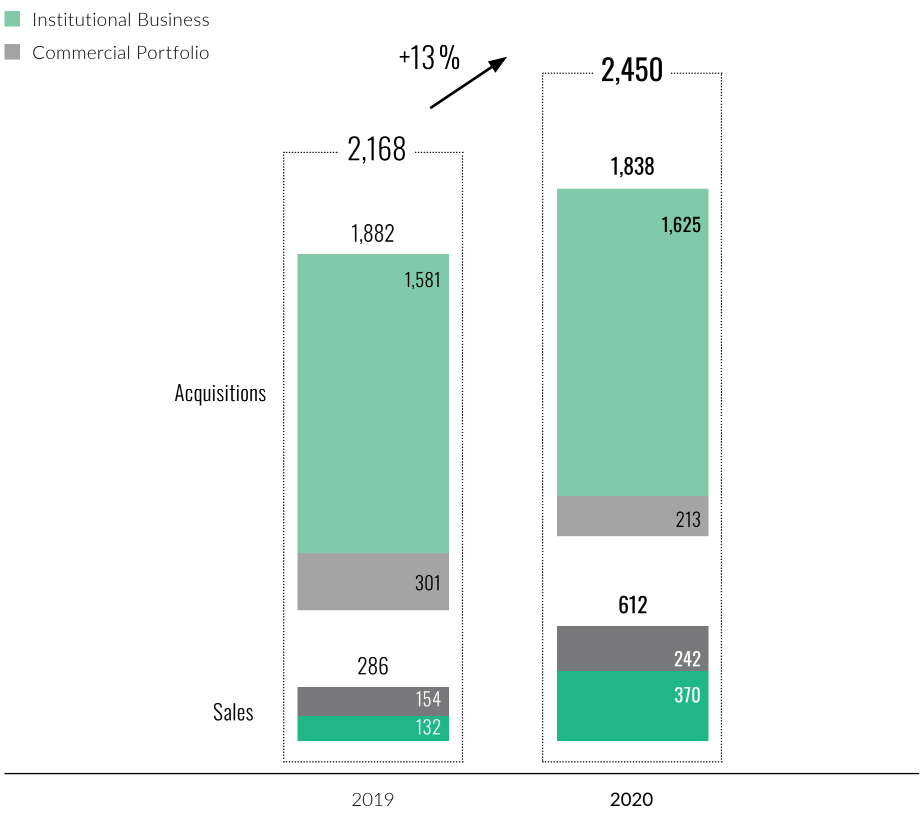


ASSETS UNDER MANAGEMENT

	2020			2019		
	Market value in EUR billion	Number of properties	Rental space in million sqm	Market value in EUR billion	Number of properties	Rental space in million sqm
Commercial Portfolio	2.0	91	0.8	1.9	93	0.8
Institutional Business	7.6	98	1.4	5.7	87	1.2
Total portfolio	9.6	189	2.2	7.6	180	2.0



TRANSACTION VOLUME
in EUR million



Stable business model – agile management

Transaction targets exceeded thanks to agile management approach

Our transaction team managed to reach all of our planned targets for financial year 2020. This means that in the end we significantly exceeded the acquisition target we had adjusted to EUR 700 million to 1.1 billion during the year in light of the pandemic and also achieved more than planned on the sales side.

Thanks to a strong finish to the year – with EUR 1.6 billion of transactions notarised in December alone – we surpassed the previous year's record figure (EUR 2.2 billion) to realise a transaction volume of EUR 2.5 billion.

With acquisitions amounting to around EUR 1.8 billion across both segments, we eclipsed both the latest forecast of EUR 200 to 300 million for the Commercial Portfolio and EUR 500 to 800 million for the Institutional Business (EUR 700 to 1,100 million overall) due mainly to large-volume acquisitions. With a volume of around EUR 1.6 billion, almost 90% of all acquisitions were made for the Institutional Business, while properties with a total volume of EUR 213 million were acquired for the Commercial Portfolio.

We acquired a total of 16 individual properties: four high cash-flow properties with a total investment volume of around EUR 213 million were purchased for the Commercial Portfolio. Three of the new acquisitions with a volume of around EUR 189 million were transferred to our portfolio before the end of 2020.

Twelve properties with a volume of around EUR 1.6 billion were acquired for institutional investors. The transfer of five of them took effect in the past financial year. Of the other seven new acquisitions with a volume of around EUR 1 billion, one property was transferred on 1 January 2021, and we expect the transfer of possession, benefits and associated risks for four properties to happen in the first half of 2021. Five properties with a volume of around EUR 0.8 billion that were notarised in 2019 or earlier were added in 2020.

Two project developments acquired under forward deals are expected to be transferred to the managed investment vehicles after completion in 2022.

➲ Sales transactions significantly above projections at EUR 612 million

Sales were notarised for 10 properties totalling EUR 612 million: five of them representing a volume of around EUR 242 million for portfolio optimisation and income realisation from the Commercial Portfolio and four properties representing a combined volume of around EUR 370 million as part of our active fund management mandates.

We therefore exceeded our annual target, which envisaged sale proceeds of around EUR 400 million, by more than 50%. The transaction prices achieved in the 2020 financial year were around 19% higher than the most recently determined market values.

STRATEGIC EXPANSION OF THE LOGISTICS ASSET CLASS

In December 2020, we acquired 100% of the shares in RLI Investors GmbH (“RLI Investors”) as well as a 25% non-controlling interest in Realogis Holding GmbH, Munich (“Realogis”) for a purchase price of around EUR 42 million.

This acquisition enables us to enhance our specialist expertise and secure a well-established network in the logistics sector.

The transfer took place in January 2021. The acquisition of RLI Investors increases our assets under management by more than EUR 700 million. RLI’s current investors also provide an excellent complement to DIC Asset AG’s investor base.

ACQUISITIONS

in EUR million (number of properties)	Notarisations in 2020	Notarisations in 2020 Transfer of possession, benefits and associated risks in 2020	Notarisations in 2018/19 Transfer of possession, benefits and associated risks in 2020
Commercial Portfolio	213 (4)	189 (3)	0 (0)
Institutional Business	1.625 (12)	577 (5)	772 (5)
Total	**1.838 (16)**	**766 (8)**	**772 (5)**

SALES

in EUR million (number of properties)	Notarisations in 2020	Notarisations in 2020 Transfer of possession, benefits and associated risks in 2020	Notarisations in 2018/19 Transfer of possession, benefits and associated risks in 2020
	242 (5)	129 (4)	0 (0)
	370 (5)	310 (4)	0 (0)
	612 (10)	**439 (8)**	**0 (0)**

➲ Regional development: presence completed in all top 7 cities, yields remain well above market average

The regional diversification of the rental space shifted only slightly in favour of economically strong regions compared to the previous year as a result of the acquisitions and sales that took effect during the financial year and the completion of project development and refurbishment activities. We opened a new branch office for the West region in Cologne at the start of 2020, thus adapting our service capacity to reflect dynamic growth in our assets under management. The region's share of the portfolio increased further to 31 % (previous year: 29 %), in particular due to the acquisition of the Stadthaus in Cologne with a volume of around EUR 500 million and more than 100,000 sqm of rental space. The increase in the Central region's share of the portfolio is primarily attributable to the completion of the WINX Tower project development in Frankfurt. Around 65 % of the approximately 42,000 sqm of rental space was transferred to tenants during the year under review, while the remaining space will be occupied in the course of 2021. We also successfully completed our extensive refurbishment of the Eurotheum in Frankfurt with around 23,000 sqm of rental space and transferred the space into the portfolio following repositioning.

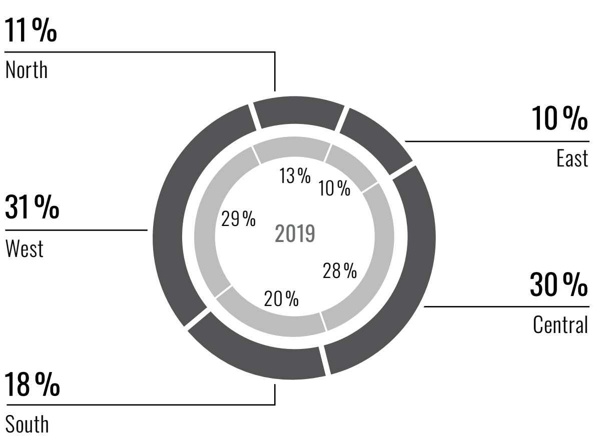
We expanded our portfolio in the Stuttgart metropolitan area for the long term by acquiring the multi-tenant "GATE NEUN" office building in Leinfelden-Echterdingen and the "LOOK 21" office property in the centre of Stuttgart. To provide optimum support for the acquired properties and further reinforce and interconnect our activities in the region, we opened our new branch office in Stuttgart at the start of 2021. This means that we now have a direct local presence in all top 7 cities across Germany.

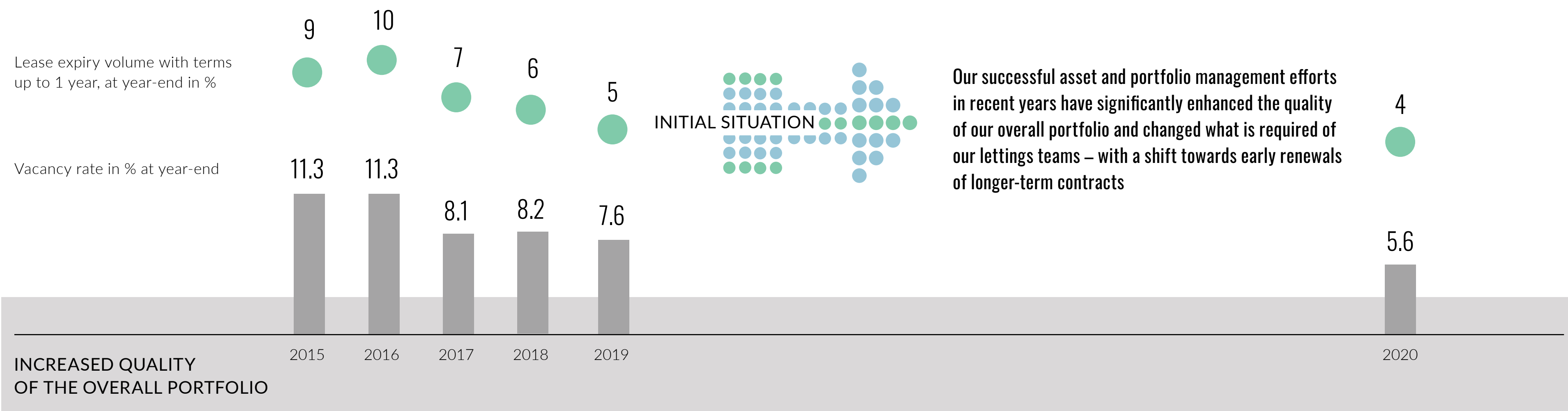
While gross rental yields fell in all regions in line with the general market trend, they once again remained at a much higher level than the overall market observed by real estate research analysts at JLL: Due to the greater emphasis on regions and submarkets with higher yields, our regional allocation resulted in an average gross rental yield of 4.1 % (previous year: 4.5 %). JLL reported an average office prime yield of around 2.8 % at the end of 2020. The stabilising effect of regional diversification across Germany is once again reflected in the comparatively attractive yield of our overall portfolio. A detailed overview of key portfolio figures by region can be found in the Overview section on page 249.

Regional support capacity expanded – new branches opened in Cologne and Stuttgart

REGIONAL STRUCTURE OF OVERALL PORTFOLIO IN 2020

Basis: market value of assets under management, excluding project developments





REAL ESTATE MANAGEMENT

Letting activities focused on extending existing lease agreements

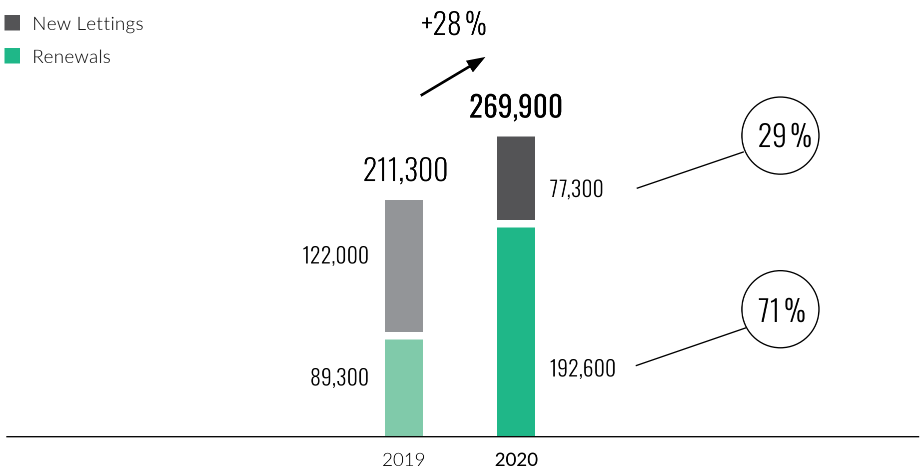
Our real estate management teams dealt mainly with the extension of existing lease agreements during the year under review. Thanks to the outstanding efforts of our lettings teams and portfolio managers in recent years, the overall portfolio's volume of leases set to expire during the year was at a lower level at the start of the year (4.9 %) than in the past. This meant that letting plans could focus on renewing even longer-term lease agreements. This trend intensified further during the year under review as a result of the Covid-19 pandemic, with tenants showing an increased desire for stability and a decreased appetite for relocations.

Our lettings teams used this situation to extend many contracts, particularly in the office segment, and thus secured renewals totalling 111,300 sqm (2019: 51,600 sqm).

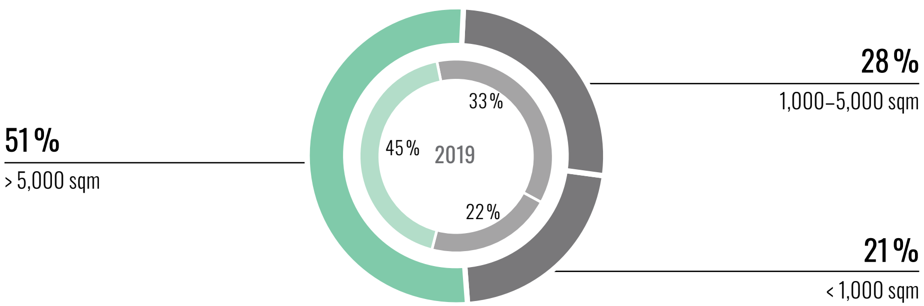
LETTING PERFORMANCE BY TYPE OF USE

	in sqm		annualised in EUR million	
	2020	2019	2020	2019
Office	**152,000**	131,000	**24.8**	22.0
Retail	**87,500**	30,800	**6.5**	3.7
Warehouse / logistics	**25,600**	26,300	**1.4**	1.6
Further commercial	**3,000**	20,800	**0.3**	5.1
Residential	**1,800**	2,400	**0.2**	0.3
Total	**269,900**	**211,300**	**33.2**	**32.7**
Parking (units)	**3,350**	2,468	**1.9**	1.7

LETTING VOLUME BY TYPE OF LEASE
in sqm



LETTING VOLUME STRUCTURE 2020
based on leased space in sqm



This means that, in contrast to the previous year, the overwhelming majority of concluded leases on a square-metre basis were lease renewals at 71 % (192,600 sqm), with 29 % (77,300 sqm) attributable to new leases. The proportion of high-volume leases concluded for rental space larger than 5,000 sqm increased to over 50 % (2019: 45 %).

Overall, the number of leases concluded rose by 18 % from 201 in 2019 to 237 in 2020.

First-rate tenants

Systemically relevant: local government users also ensure cash flow stability

Cloud business with IT services and storage space flourishing

On demand: dynamic supply and service chains

Education becoming increasingly important in the shift from an industrial to a knowledge-based society

Public sector

IT & software

Logistics

Educational institutions

Kaufhof locations in Chemnitz and Leverkusen secured, jobs safeguarded, leases extended

The GALERIA Karstadt Kaufhof chain of department stores called into question the future of the Kaufhof stores in Chemnitz and Leverkusen in a comprehensive restructuring plan developed as part of its insolvency protection proceedings (“Schutzschirmverfahren”).

After intensive discussions, we managed to find a viable solution for all parties and ensure the continued operation of the Chemnitz and Leverkusen locations. The average term of the leases under new contractual conditions was extended to more than 13 years, enabling us to create an important foundation for protecting jobs and creating a vibrant city centre.

Active renewals: longer terms, higher rent levels

The increased desire for stability among our tenants was also reflected in the fact that the average term of lease renewals rose in both segments: to 4.5 years in the Commercial Portfolio (2019: 2.7 years) and 5.4 years in the Institutional Business (2019: 4.2 years).

In addition to the two major lease renewals with GALERIA Karstadt Kaufhof in Chemnitz and Leverkusen, we also concluded large-volume leases with public-sector tenants for the Commercial Portfolio. The Free and Hanseatic City of Hamburg extended its lease for the Behördencenter Hamburg-Mitte property by three years until 2027, while we also succeeded in extending the lease for an office property in Mannheim with the Landesbetrieb Vermögen und Bau Baden-Württemberg by around five years, which means the property is now fully occupied for approximately another eight years.

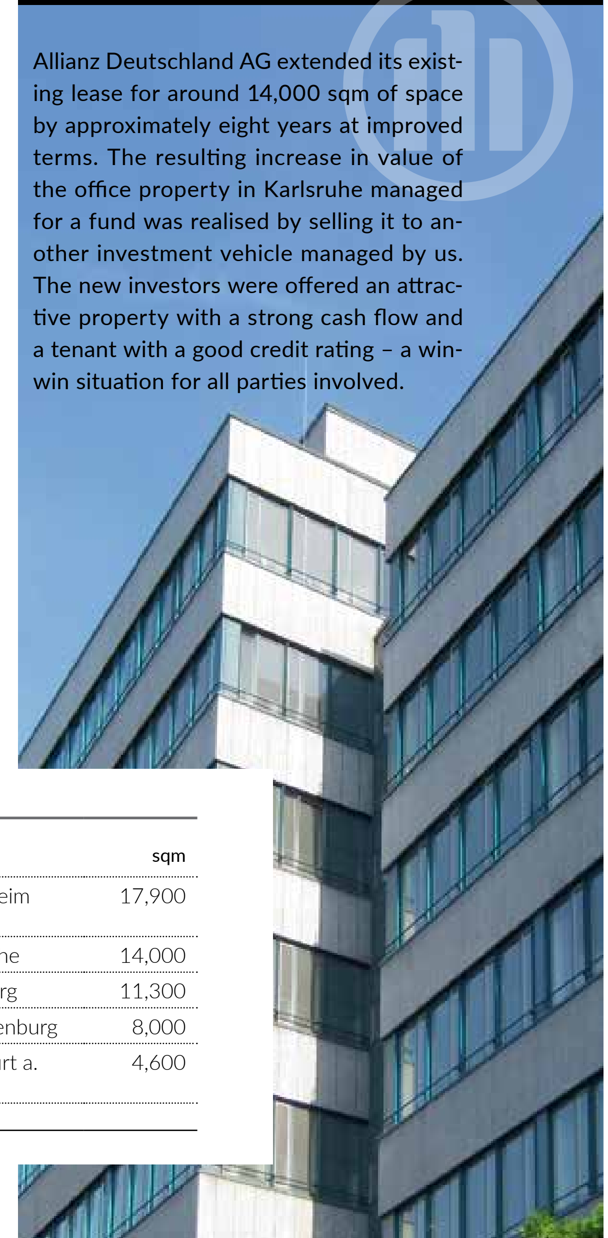
We also increased rent levels significantly in some areas with active renewals, raising rents by 2.6 % in the Commercial Portfolio when adjusted for the one-off effect of GALERIA Karstadt Kaufhof (including the effect: -13.5 %) and by 6.1 % in the Institutional Business.

TOP 5 RENEWALS

			sqm
Baden-Württemberg State Office of Property and Construction	Commercial Portfolio	Mannheim	17,900
Allianz Germany	Institutional Business	Karlsruhe	14,000
City of Hamburg	Commercial Portfolio	Hamburg	11,300
UL International Germany GmbH	Commercial Portfolio	Neu-Isenburg	8,000
Chemetall GmbH	Commercial Portfolio	Frankfurt a. Main	4,600

Adding value with active lettings management

Allianz Deutschland AG extended its existing lease for around 14,000 sqm of space by approximately eight years at improved terms. The resulting increase in value of the office property in Karlsruhe managed for a fund was realised by selling it to another investment vehicle managed by us. The new investors were offered an attractive property with a strong cash flow and a tenant with a good credit rating – a win-win situation for all parties involved.

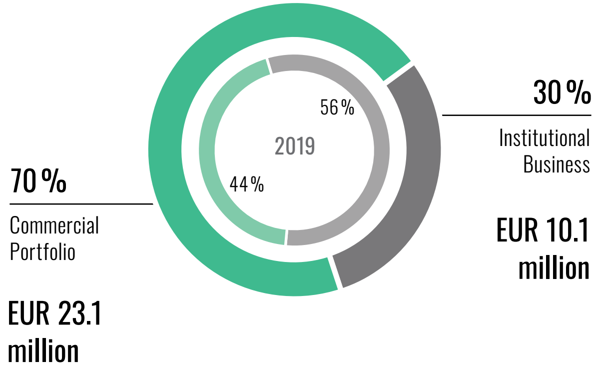


➲ **New leases: around 23,000 sqm leased at former Kaufhof location in Bremen**

Unlike with lease renewals, interested parties were more hesitant to agree new leases due to Covid-19 restrictions and postponed these agreements in some cases. There was also a trend towards shorter terms, with an average of 5.2 years in the Commercial Portfolio (2019: 7.4 years) and 7.4 years in the Institutional Business (2019: 8.7 years). The largest new leases were concluded as part of the repositioning of the former GALERIA Karstadt Kaufhof location in Bremen. The rent being generated by the new multi-tenant configuration is at a similar level to pre-letting. Other significant new leases included the conclusion of a lease with the Institute for Federal Real Estate (Bundesanstalt für Immobilienaufgaben) in Bonn for 3,500 sqm of space with a term of more than 15 years and another with the Karlsruhe District Administrative Office (3,000 sqm for approximately five years).

Of EUR 33.2 million in contractually agreed annualised rent, 70% (EUR 23.1 million) was attributable to the Commercial Portfolio and 30% (EUR 10.1 million) to the Institutional Business.

LETTING VOLUME BY SEGMENT
based on annualised rental income



TOP 5 NEW LETTINGS

			sqm
Optimal GmbH	Commercial Portfolio	Bremen	13,800
Media-Saturn-Holding GmbH	Commercial Portfolio	Bremen	9,300
Bundesanstalt für Immobilienaufgaben	Institutional Business	Bonn	3,500
Landratsamt Karlsruhe	Institutional Business	Karlsruhe	3,000
Adesso SE	Institutional Business	Bonn	2,000

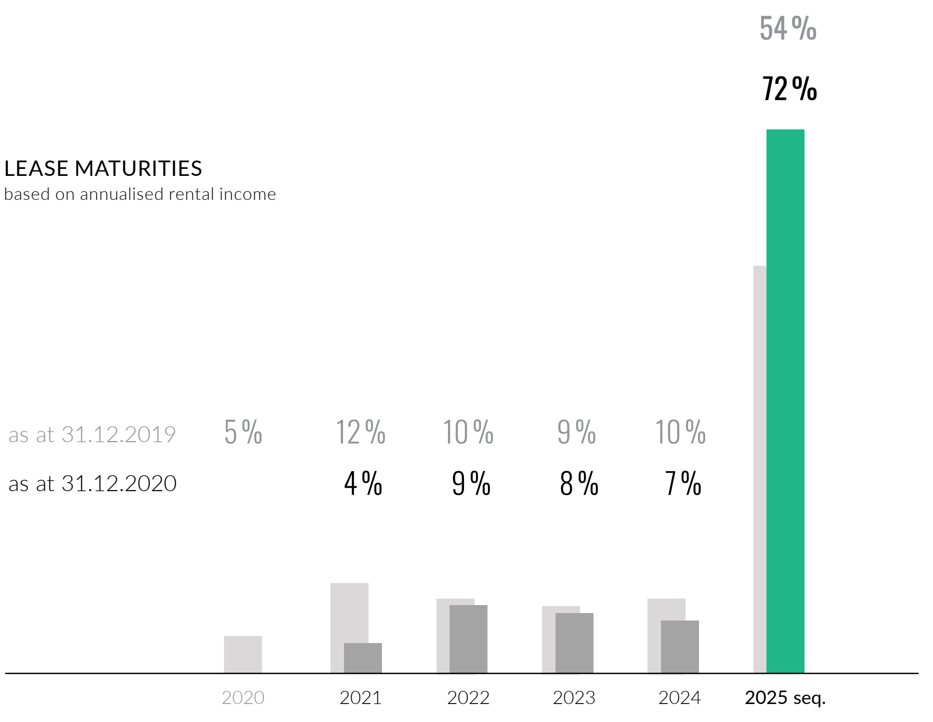
Portfolio quality significantly enhanced, like-for-like rental income up 1.9 %

Thanks to the excellent efforts of our lettings teams and portfolio managers, the quality and profitability of our portfolio has increased markedly once again. The long end of the remaining term yield curve steepened considerably, with almost three-quarters (72 %) of our leases running for longer than four years (previous year: 64 %), while leases with a term of up to one year account for just 4 % (previous year: 5 %).

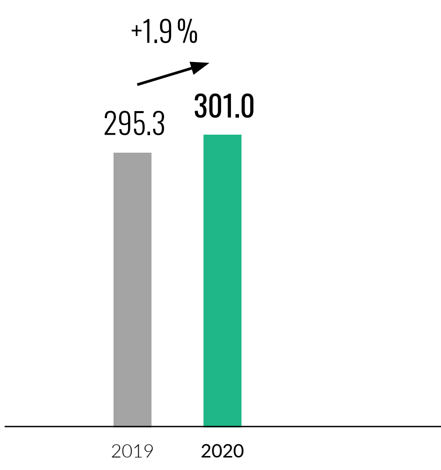
While like-for-like rental income in the Commercial Portfolio fell by 3.1 % due to the GALERIA Karstadt Kaufhof effect, like-for-like rental income in the Institutional Business rose by 4.3 % due to the conclusion of more profitable leases. All in all, like-for-like rental income in the overall portfolio increased by 1.9 % to EUR 301.0 million (2019: EUR 295.3 million).

The average lease term increased by 0.5 years to 6.7 years (2019: 6.2 years).

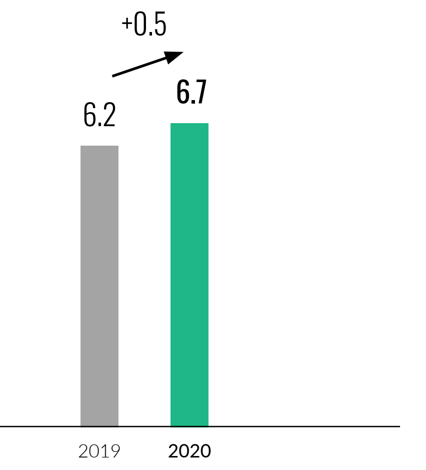
LEASE MATURITIES
based on annualised rental income



LIKE-FOR-LIKE RENTAL INCOME
annualised rental income in EUR million*



WEIGHTED AVERAGE LEASE TERM
in years*



* without project developments and repositioning

COMMERCIAL PORTFOLIO

New acquisitions with stable cash flows and future potential

BLUE-CHIP TENANTS

Together, our tenants SAP and ING-DiBa generate gross rental income of approximately EUR 4.5 million p.a.

Eschborn, SAP Tower
First and only tenant is listed software company SAP – the largest listed software company in Europe and the third largest in the world in terms of sales

SAP partly uses the property as a distribution and demo centre in conjunction with "SAP Digital Studio"

Löwen property, Hanover
ING-DiBa is the largest direct bank in Germany based on 2020 customer numbers

Single tenant: blue-chip tenant from the financial sector

Stuttgart – driving mobility innovation forward
Central location right on the A8, in close proximity to the new Daimler Trucks campus

MOBILITY LOCATIONS

Two locations where the key future issue of mobility plays an important role

Airportstadt North in Bremen
Important logistics site and key hub for international freight traffic

Logistics and cutting-edge technology in Bremen: the user is a subsidiary of the Airbus Group

©TAKTICS GmbH, Stuttgart

Leinfelden-Echterdingen – refurbishment under cash flow: multi-tenant "GATE NEUN" office building

COMMERCIAL PORTFOLIO

Our Commercial Portfolio segment comprises our direct real estate investments with which we generate stable long-term rental income. We also use active lettings management to optimise and increase the value of our properties, and undertake portfolio development activities to leverage their potential. We take advantage of attractive acquisition opportunities in the market to diversify our portfolio and stabilise and enhance its profitability, and we generate profits by selling properties at the right time.

At the end of the financial year, our Commercial Portfolio comprised 91 properties (previous year: 93) and rental space of 807,800 sqm (previous year: 842,400 sqm) with a market value of around EUR 2.0 billion (previous year: EUR 1.9 billion).

➲ High-yield new additions to the Company's own portfolio

During the 2020 financial year, we made three first-rate and high-yield acquisitions with a total volume of approximately EUR 189 million for our Commercial Portfolio, all of which were transferred in the reporting period.

In June, we notarised the acquisition of two high-quality office properties for around EUR 117 million (TIC):

The “SAP-Turm” (SAP Tower) property in Frankfurt/Eschborn, built in 2018 and equipped with the “LEED Gold” green label, is being used by software company SAP. The building is defined by its modern architectural concept, high building quality and state-of-the-art technical equipment. The weighted average lease term is approximately 8.0 years.

The high-quality office building in Hanover boasts total space of around 9,350 sqm and is being leased by ING-DiBa. The weighted average lease term is approximately 9.5 years.

Together, both properties generate annual gross rental income of around EUR 4.5 million.

“GATE NEUN” in Leinfelden-Echterdingen, which we acquired in September for around EUR 72 million (TIC), is a multi-tenant office building in an ideal location right on the A8 in the Stuttgart metropolitan area. This property is being refurbished and is already generating rental cash flows from an existing tenant. Two further tenants have been confirmed and will move into their space in 2021. We are also profiting from the high potential for value creation by achieving full occupancy by the time the modernisation work and letting phase is complete. The project will be completed during the second quarter of 2021. With full occupancy expected by the end of 2021 at the latest, the property will generate an attractive gross rental yield of around 5.3%.

➲ Acquisition of a logistics property in warehousing

In December, we acquired a logistics property in Bremen for around EUR 25 million (TIC) as part of the strategic expansion of our logistics segment. With approximately 8,500 sqm of lettable space, the property is situated in an attractive micro location in Bremen's Airport-Stadt North with excellent regional and nationwide transport links. The user is a subsidiary of the Airbus Group.

TYPES OF USE COMMERCIAL PORTFOLIO*

Type of use	No. of properties	Market value EUR m	Market value % of total	Rental income EUR m	Rental income % of total	EPRA vacancy rate	WALT
Office	55	1,390.6	70%	66.2	69%	5.8%	6.8
Mixed-use	13	267.2	13%	13.7	14%	4.3%	5.6
Retail	11	285.9	14%	12.6	13%	4.4%	7.2
Logistics	8	47.9	2%	2.8	3%	2.9%	5.0
Other	4	8.4	1%	0.5	1%	15.2%	3.2
Total	91	2,000.0	100%	95.8	100%	5.4%	6.5

* all figures without project developments and repositioning properties, except for number of properties and market value

Strong profits, particularly from repositioning within the portfolio

To further optimise our portfolio and generate profits, we sold five properties with a notarised volume of EUR 242 million during the 2020 financial year. On average, the income generated from these sales was around 20% higher than the most recently determined market values. The profit of around EUR 32.0 million generated by the sale reflects the properties' appreciation in value during the holding phase based on lettings and repositionings.

We achieved particular success with the repositioning of the Darmstadt Regional Council building. Scheduled to last 18 months, this redevelopment was completed on schedule and on budget at the end of last year. Around 700 civil servants moved back from the temporary premises we organised for them for the duration of the building work in the first quarter of 2020. By completely renovating this administration building with 25,000 sqm of rental space and signing a lease agreement that runs until 2040, we created significant additional value that we realised in December by adding the property to our recently-issued special fund, the largest in the Company's history.

Tenant-focused asset and property management lifts key portfolio figures even amid the challenges of the Covid-19 pandemic

Annualised rental income in the Commercial Portfolio amounted to EUR 95.8 million as of 31 December 2020, due in particular to the effect of sales from the previous year (31 December 2019: EUR 101.8 million).

The Covid-19 pandemic also affected various tenants from our Commercial Portfolio. We approached these tenants proactively and reached agreements with tenants from the particularly affected sectors of retail and hotels and adjusted leases to ease the burden on them in the short term. In most cases, rents have been reduced temporarily, while the lease term has been extended. Together with our tenant GALERIA Kaufhof GmbH, we were able to avert the closure of the Chemnitz and Leverkusen locations by extending the average term of the leases to over 13 years subject to new contractual terms.

The rent adjustments for Kaufhof properties, together with the repositioning of space in Wiesbaden and Frankfurt, were primarily responsible for the -3.1% decline in like-for-like rental income.

The average lease term improved from 6.0 to 6.5 years, primarily due to the conclusion of long-term leases. Higher – in some cases significantly higher – rent levels for office property lease renewals, together with the acquisition of high-yield office properties, helped the average rent per square metre in the Commercial Portfolio to rise from EUR 10.41 to EUR 10.81. We also succeeded in reducing the EPRA vacancy rate by 110 basis points year-on-year from 6.5% to 5.4%.

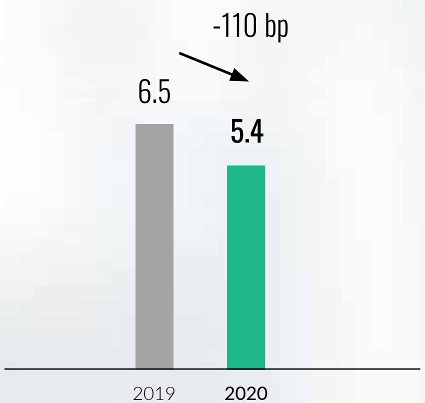
The distribution of tenants by type of use shifted even more markedly towards office use as a result of developments in transaction and letting activity in the Commercial Portfolio. With an increase of 8 percentage points to 74% (2019: 66%), almost three-quarters of annualised rental income in the Commercial Portfolio is generated by office spaces. By contrast, the share of rental income attributable to retail spaces fell by 5 percentage points to 15%.

COMMERCIAL PORTFOLIO DEVELOPMENT*

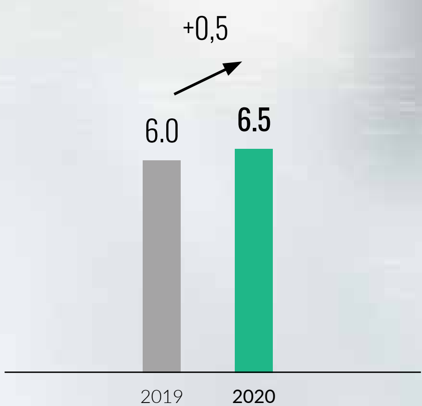
	2020	2019
Number of properties	91	93
Market value in EUR million	2,000.0	1,900.0
Rental space in sqm	807,800	842,400
Annualised rental income in EUR million	95.8	101.8
Average rent in EUR per sqm	10.81	10.41
WALT in years	6.5	6.0
EPRA vacancy rate in %	5.4	6.5
Gross rental yield in %	4.9	5.4

* all figures without project developments and repositioning properties, except for number of properties, market value and rental space

EPRA VACANCY RATE
as at 31.12.*

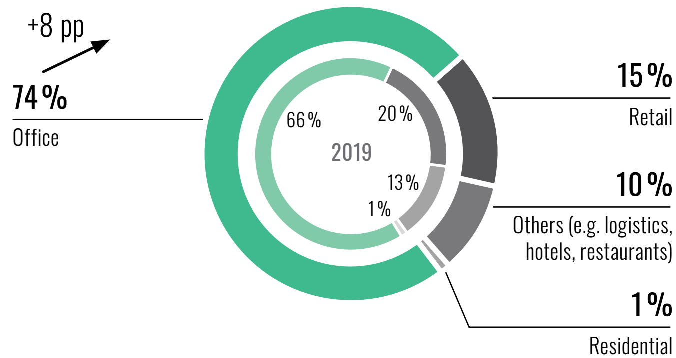


WALT
in years*

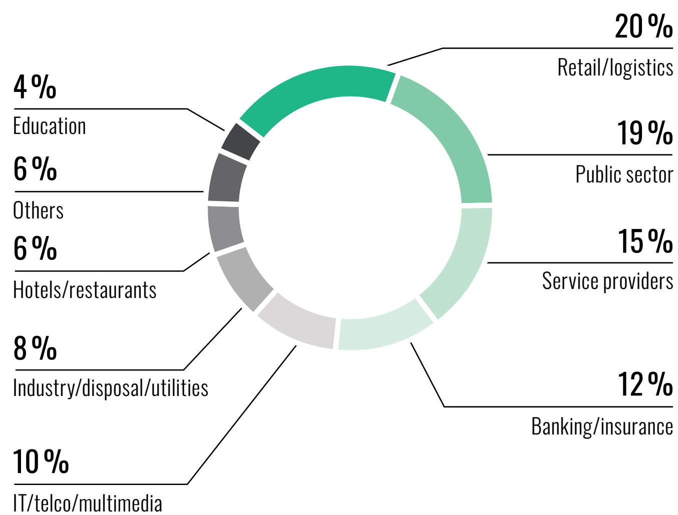


* without project developments and repositioning

TYPE OF USE COMMERCIAL PORTFOLIO
Basis: annualised rental income



SECTORS COMMERCIAL PORTFOLIO
Basis: annualised rental income



External experts regularly determine the market value of our own properties and the properties managed by us. This value include property-related factors such as the occupancy rate, the amount of rental income, the terms of the leases, and the age and quality of the property. Added to this are external factors such as the development of the local environment, the market in general and the financial climate.

The change in value therefore also reflects the performance of asset, property and development management.

The measurement gain for the overall portfolio managed by us was 3.3 % at the end of 2020.

➲ Value of portfolio properties increases by around EUR 66 million excluding transactions

The market valuation carried out by external experts as at 31 December 2020 revealed a substantial increase in the value of the properties in our Commercial Portfolio.

Adjusted by acquisition and sales and including measurement gains, the market value of the Commercial Portfolio amounted to EUR 2,000.0 million, an increase of 5.3 % compared with the previous year (EUR 1,900.0 million). The measurement gain for the Commercial Portfolio as at 31 December 2020 was EUR 65.9 million or 3.4 %.

MEASUREMENT RECONCILIATION in EUR million

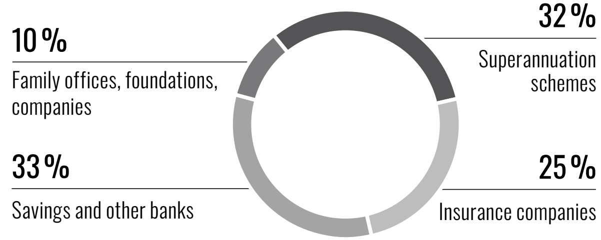
	Commercial Portfolio	Total Portfolio
Market value as at 31 December 2019	**1,900.0**	**7,629.4**
Acquisitions	162.7	2,096.2
Sales	– 128.6	– 438.5
Measurement gains (3.4 % / 3.3 %)	65.9	307.4
Market value as at 31 December 2020	**2,000.0**	**9,594.5**

The calculated market value is the estimated transaction price between the buyer and the seller under normal conditions on the date of the property's valuation. We carry our assets at amortised cost, which is why a change in their market value does not have a direct impact on the accounting. Further information on accounting for properties is provided in the section entitled "Net assets". Information on how the market value is determined is presented in the notes starting on p. 173.

INSTITUTIONAL BUSINESS

Our services for institutional investors are combined within the Institutional Business segment. The division generates income by acting as issuer and manager of special real estate funds, individual mandates and club deals for institutional investors. We also act to a lesser extent as a co-investor and generate investment income from minority interests.

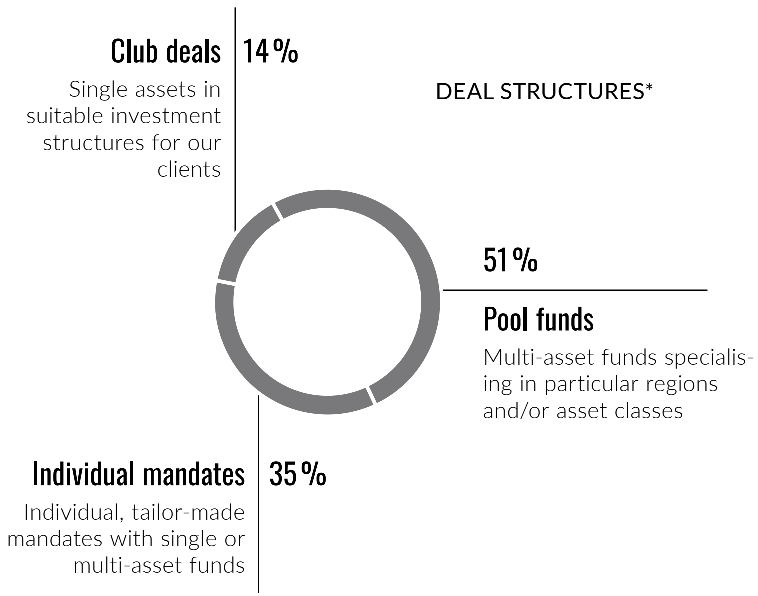
INVESTMENT PARTNERS*



* Percentages in relation to subscribed equity as at 31 December 2020

As the basis for our management fees in the Institutional Business, real estate assets under management have almost doubled in the last two years.

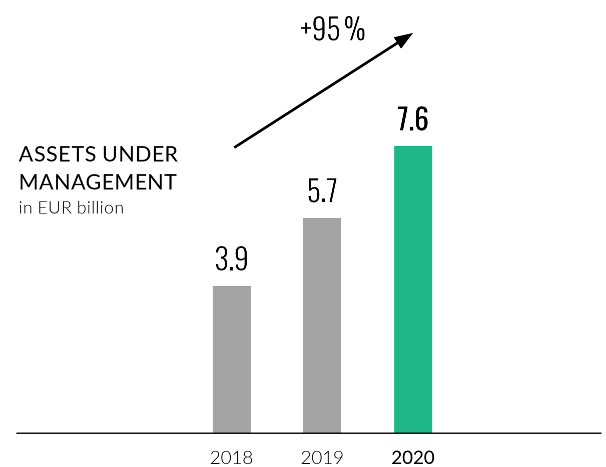
DEAL STRUCTURES*



* Percentages in relation to assets under management of EUR 7.6 billion as at 31 December 2020

Demand for our management services among our investor base, which has become considerably broader in recent years, was very high throughout the year. This clearly demonstrates how investors trust our management platform to identify and exploit attractive market opportunities, especially under challenging external conditions.

ASSETS UNDER MANAGEMENT
in EUR billion

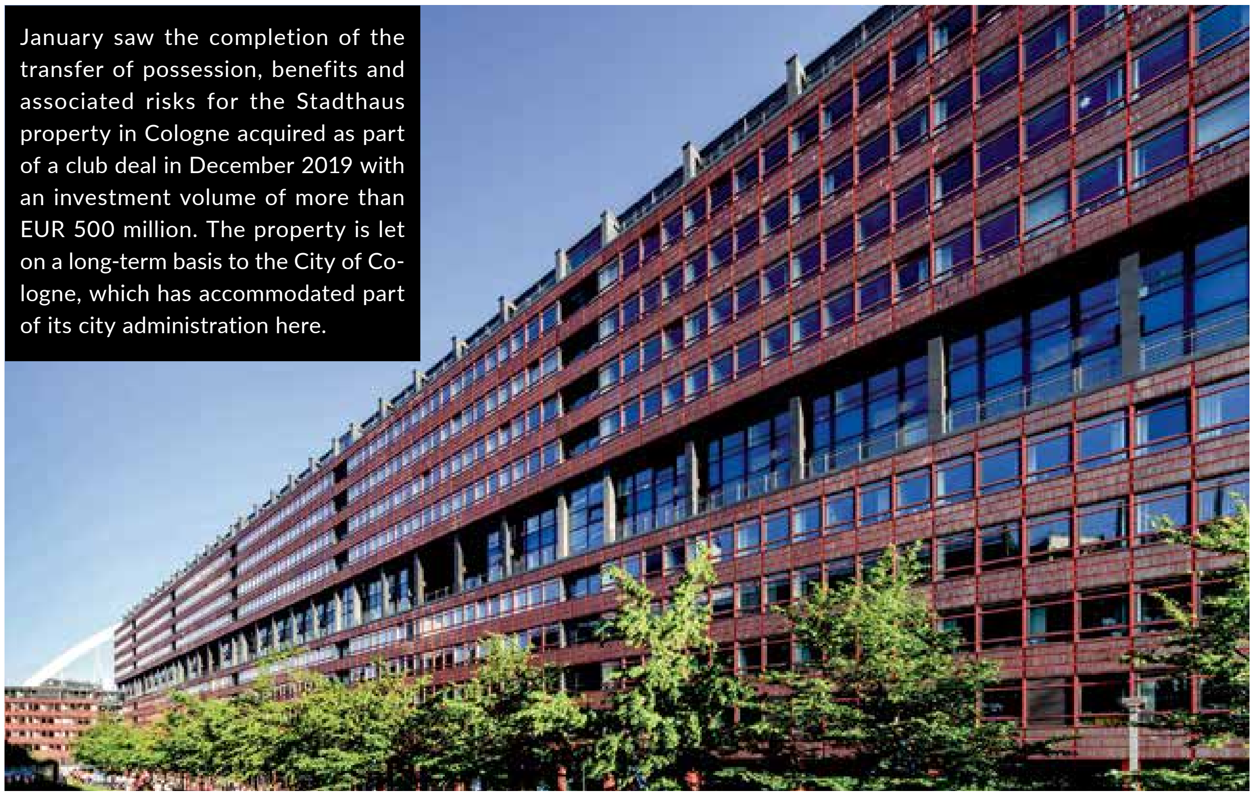


➲ Strong growth continues in institutional business

We continued to systematically pursue our growth strategy for the Institutional Business segment in 2020, growing assets under management by 33 % to EUR 7.6 billion (2019: EUR 5.7 billion).

Overall, we acquired 12 properties with a total investment volume of EUR 1,625 million to expand the Institutional Business in 2020.

Five of the acquired properties with a volume of EUR 577 million were transferred before the reporting date and contributed to the strong growth in assets under management together with an additional five properties with a volume of EUR 772 million that were acquired in 2018 and 2019 and transferred in 2020.



January saw the completion of the transfer of possession, benefits and associated risks for the Stadthaus property in Cologne acquired as part of a club deal in December 2019 with an investment volume of more than EUR 500 million. The property is let on a long-term basis to the City of Cologne, which has accommodated part of its city administration here.

➲ Value growth of 3.3 % recognised

The Institutional Business also saw an increase in value, mainly due to our successful asset management. For example, the 4.3 % like-for-like increase in rental income in the Institutional Business led to a measurement gain of around EUR 241 million, which was also reflected in the rise in assets under management.

➲ Acquisition of high-quality core properties underscores investment and growth strategy

DIC Asset AG acquired the “Infinity Office” project development in Düsseldorf in 2018 under a forward deal. Once the 20,500-sqm property occupied by anchor tenant Bankhaus Lampe with a WALT of around 12 years was complete and transferred into warehousing, we launched and structured a club deal for two renowned institutional investors with a total investment volume of EUR 175 million in the first quarter.

In September we acquired two properties in the top 7 cities:

We acquired “LOOK 21” in central Stuttgart for around EUR 122 million (TIC) for the GEG Public Infrastructure II fund. This new-build property with around 11,200 sqm of lettable space boasts modern architecture and landmark character and is fully let for 12 years to a blue-chip tenant from the infrastructure sector.

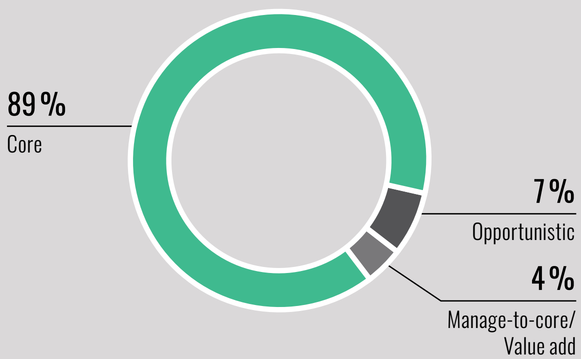
The new “HangarOne” building in the dynamic Köln-Ossendorf office market was acquired for around EUR 38 million (TIC) for the GEG Deutschland Value I manage-to-core fund. After being completed, this modern property has around 8,500 sqm of lettable space and is 60 % pre-let to blue-chip tenants from the specialist industrial materials, flexible office and IT consulting sectors. The weighted average lease term (WALT) is around 9 years.

In December we acquired the “Galilei” property in Mannheim for the GEG Deutschland Value I fund with a total investment volume of EUR 39 million (TIC). This multi-tenant property with around 9,300 sqm of lettable space is mostly let to agricultural chemicals manufacturer EuroChem Agro and international auditing firm Deloitte.

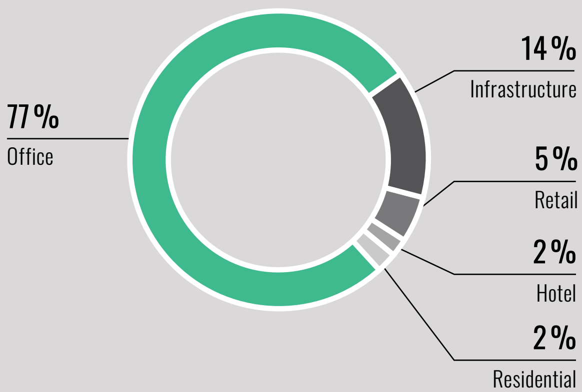
High proportion of profitable properties

A significant proportion of the properties managed in the Institutional Business are characterised by strong profitability, long lease terms and high tenant quality. Properties with manage-to-core, value-add and opportunistic investment profiles are occasionally added to the portfolios. We can use our real estate experience and local expertise to create added value in these areas.

RISK PROFILE
based on assets under management in EUR million



TYPE OF USE
based on assets under management in EUR million



In December we also purchased the “Magazinhof” in Kassel with around 15,000 sqm of lettable space for EUR 65 million (TIC) for the GEG Public Infrastructure II fund. This city campus near the Kassel-Wilhelmshöhe ICE railway station is fully let on long-term leases to three blue-chip public-sector tenants, including Landesbetrieb Bau und Immobilien Hessen. The weighted average lease term (WALT) is around 15 years.

Also in December, we structured a club deal for the acquisition of the “Goldenes Haus” property in Frankfurt with a volume of around EUR 192 million (TIC) for institutional investors. This fully-let landmark office property in Frankfurt’s City West district has around 33,000 sqm of lettable space and was extensively modernised in 2019 and 2020. Its two blue-chip tenants, Landwirtschaftliche Rentenbank and Finanz Informatik, provide secure long-term cash flows.

➲ Sales after successful active management

In accordance with the Company's investment strategy, the DIC Office Balance I fund is currently in the divestment phase. Three exceptionally attractive properties from this fund were secured “off-market” this year by other funds managed by us:

The Frankfurter Straße property in Wiesbaden has been in the DIC Office Balance I portfolio since 2010. After refurbishment and repositioning, we succeeded in concluding a long-term 10-year lease with the Institute for Federal Real Estate (Bundesanstalt für Immobilienaufgaben, BImA) to be used by the Federal Criminal Police Office (Bundeskriminalamt, BKA). After completion, this core property with strong cash flow was placed in the GEG Public Infrastructure I fund in March.

DIC Asset repositioned the „Wacker Hof“ infrastructure property in Düsseldorf in 2020. With the modernisation work having been completed in the third quarter of 2020, this former single-tenant property with around 23,100 sqm of lettable space was successfully transformed to allow multi-tenant use. The main tenant, the City of Düsseldorf, is using around 13,000 sqm for its newly-created Office for Migration and Integration as well as the Department of Health. The weighted average lease term (WALT) is around 7 years. Our managed GEG Public Infrastructure II fund secured this significantly upgraded property in December.

Another property from the DIC Office Balance I fund in Karlsruhe was upgraded with active lettings management and transferred for marketing after the conclusion of a long-term lease renewal for 14,000 sqm of space with blue-chip tenant Allianz AG. We were able to acquire this profitable property for our investors in the DIC Office Balance VI fund.

A property from the DIC Office Balance III fund and another property from the separate accounts were also sold after a significant increase in value. The sales volume of these five transactions totalled around EUR 370 million.

Public sector and financial services tenants ensure secure long-term cash flows

➲ Largest open-ended real estate fund to date launched with target volume of EUR 1.6 billion

In December 2020, we issued the largest investment vehicle by volume in the Company's history for a club of national institutional investors. The investment focus of this new fund with a target volume of EUR 1.6 billion is core office properties with long-term leases and first-class tenants.

The four properties in the seed portfolio with a value of around EUR 780 million are all characterised by high build quality and central locations within the leading Rhine-Main business region. The properties are fully let with a weighted average lease term (WALT) of over 18 years. The key properties in the starting portfolio are the "Deka Office Hub" in Frankfurt and the "Wilhelminenhaus" in Darmstadt.

The equity amount of EUR 800 million was already fully subscribed by the issue date.

The start-up portfolio includes:

Lincoln Offices II, Wiesbaden

The "Lincoln Offices II" were acquired under a forward deal. Total rental space of around 18,000 sqm that has been leased to the State of Hesse on a long-term basis for 25 years will be created here by summer 2022. We are aiming to obtain gold DGNB (German Sustainable Building Council) certification for this property.

Frankfurt Ordnungsamt, Frankfurt am Main

This immaculate portfolio property in Frankfurt's Gallus district is leased on a long-term basis (WALT of more than eight years) to the City of Frankfurt am Main, which is using the attractive space for its Office for Public Order and its Youth and Social Welfare Office. The property has around 26,500 sqm of lettable space with options for flexible use.

"Wilhelminenhaus" Regional Council building, Darmstadt

The "Wilhelminenhaus" in Darmstadt from DIC Asset AG's Commercial Portfolio has been fully modernised and upgraded by DIC Asset over the last few years. This modernisation also achieved a great deal in terms of energy, with primary energy savings of more than 40%. This property with around 25,700 sqm of rental space has a blue-chip public-sector tenant with a long-term lease in the Darmstadt Regional Council of the State of Hesse.

Deka Office Hub, Frankfurt am Main

The "Deka Office Hub" is a high-end new build in Frankfurt am Main. The property is scheduled for full completion by 2022. The future user of this property will be Deka Bank, which is planning to relocate around 3,500 employees in Frankfurt to its new office. We are aiming to obtain a Gold DGNB Certificate for the sustainable building design of the "Deka Office Hub".

MainTor project development: WINX high-rise building handed over on schedule

The sixth and final WINX sub-project with around 42,000 sqm on the MainTor site was handed over to the tenants in 2020. Handover to the investor will take place in the first half of 2021. Lease agreements were signed for almost all of the available office and commercial space.

Global Tower project development: Construction progressing according to plan

In the Institutional Business segment, DIC Asset manages the Global Tower project development in Frankfurt. The former Commerzbank high-rise building with 33,000 sqm of space in the heart of Frankfurt's banking district has been comprehensively revitalised since August 2018 and repositioned under the name Global Tower.

In January 2020, a lease was signed with a major tenant from the IT sector for around 5,400 sqm of space. To complement this, a lease was signed with a financial services provider for around 1,000 sqm on the eighth floor in December 2020.

Crane being dismantled at "Global Tower" in Frankfurt, summer 2020

Management fees increase by 27%

The further expansion of our management platform and strong transaction business were very effective in driving forward DIC Asset AG's strategy of dynamically expanding the Institutional Business during the current year. Management fees totalling EUR 79.7 million were generated during the year under review, an 27% increase compared to the previous year.

For more details on the structure of management income, see the section "Revenue and results of operations".

Transaction volumes in Institutional Business at record level*

Transaction volume	c. EUR 2 billion
Assets under Management	EUR 7.6 billion

EUR 38 million
COLOGNE-OSSENDORF, “HangarOne”

EUR 65 million
KASSEL, “Magazinhof”

Club Deal | EUR 175 million
DÜSSELDORF, “Infinity Office”

EUR 122 million
STUTTGART, “LOOK 21”

Club Deal | EUR 192 million
FRANKFURT, “Goldenes Haus”

EUR 39 million
MANNHEIM, “Galilei”

*all figures TIC

Cyclical value creation

Placement via the management platform after significant increase in value ...

WIESBADEN,
FRANKFURTER STRASSE

... after completed redevelopment and long-term letting

KARLSUHE,
GARTENSTR./KRIEGSTR.

... with successful lettings management

DÜSSELDORF “WACKER HOF”

... after modernisation, repositioning and lettings management

FINANCIAL INFORMATION

REVENUE AND RESULTS OF OPERATIONS

- FFO of EUR 96.5 million surpasses previous year's record high
- Gross rental income stable at EUR 100.7 million
- Real estate management fees up 27% to EUR 79.7 million due to growth trajectory
- Profits on property disposals contribute EUR 32.0 million to strong profit of the year
- Group profit for the period reaches high level of EUR 73.1 million

DIC Asset AG's profitable business model increased FFO, even in 2020. The revenue and results of operations for the financial year were impacted by the recognition of income and expenses of the GEG Group acquired in June 2019 over 12 months for the first time (previous year: seven months); as a result, the two periods are not fully comparable. This has impacted real estate management fees and operating expenses in particular.

Overview of income

At EUR 321.1 million, total income was EUR 43.2 million lower in the 2020 financial year than in the previous year (2019: EUR 364.3 million). This is primarily due to the EUR 59.7 million reduction in proceeds from property sales. Both our Commercial Portfolio and Institutional Business earnings pillars contributed to the high total income.

At EUR 96.5 million, FFO at record level exceeding the previous year's figure

In what was a challenging financial year, we once again succeeded in increasing FFO, which at EUR 96.5 million is up 2% year-on-year (2019: EUR 95.0 million). In addition to the considerable increase in real estate management fees, optimising the financing structure also contributed to this rise. The net interest result improved by EUR 4.3 million year-on-year to EUR -28.1 million (2019: EUR -32.4 million). This is primarily due to the more advantageous financing conditions of new real estate loans. This more than compensated for the reduction in net rental income triggered by the pandemic and the decrease in investment income as a result of the TLG dividend being no longer applicable.

In 2020, FFO per share amounted to EUR 1.22 after EUR 1.32 in the previous year, with an increase of 7,707,878 in the average number of shares.

As our own properties are measured at amortised cost, we only realise valuation gains when selling properties. To present this value contribution in a transparent way, we include these effects of sales in the newly reported FFO II. The resulting FFO II totalled EUR 128.5 million in 2020 (2019: EUR 135.5 million). The year-on-year decline is primarily attributable to the lower sales volume in the Commercial portfolio.

Profit for the period at a high level

At EUR 73.1 million, profit for the period was approximately EUR 7.6 million below the previous year's earnings (2019: EUR 80.7 million), mainly as a result of the EUR 8.5 million drop in profits on property disposals. In 2020, earnings per share amounted to EUR 0.88 (2019: EUR 1.13), with an increase of 7,707,878 in the average number of shares.

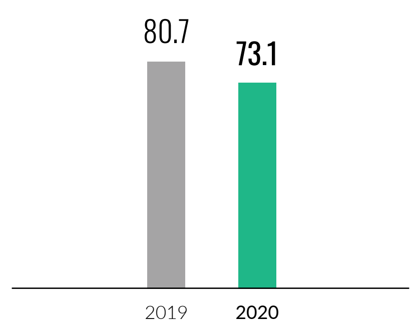
OVERVIEW OF INCOME

in EUR million	2020	2019	Δ
Gross rental income	100.7	101.9	– 1 %
Proceeds from sales of property	116.3	176.0	– 34 %
Real estate management fees	79.7	62.9	27 %
Other income	24.4	23.5	4 %
Total income	321.1	364.3	– 12 %

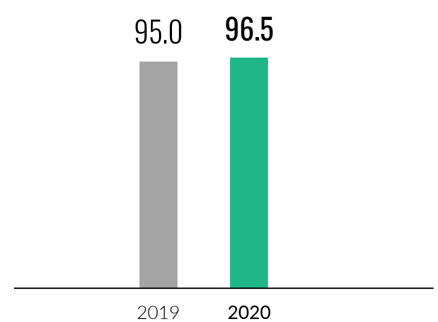
NET INTEREST RESULT

in EUR million	2020	2019	Δ
Interest income	8.7	10.3	– 16 %
Interest expenses	– 36.8	– 42.7	– 14 %
Net interest result	– 28.1	– 32.4	– 13 %

PROFIT FOR THE PERIOD
in EUR million



FFO
in EUR million



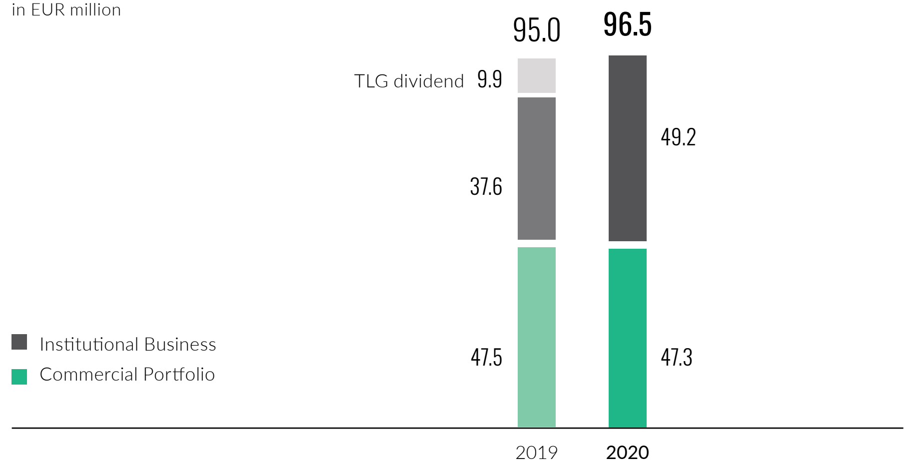
CONTRIBUTIONS TO EARNINGS BY SEGMENT

DIC Asset's business model, and thus its reporting and management, are based on two pillars – the Commercial Portfolio segment, which comprises our own real estate portfolio, and the Institutional Business, which consists of our real estate management activities for institutional investors. The earnings contribution from our investment in TLG Immobilien AG, which we terminated last year and which was shown separately in the previous year, was recognised within the Institutional Business segment in the 2019 comparison column.

In the following sections, we present the revenue and results of operations of each individual segment for the financial year.

FFO-CONTRIBUTION OF THE SEGMENTS

in EUR million



TRANSITION FFO

	Total			Commercial Portfolio			Institutional Business		
in EUR million	2020	2019	Δ	2020	2019	Δ	2020	2019	Δ
Net rental income	**82.2**	87.9	– 6 %	**82.2**	87.9	– 6 %			
profit on disposals	**32.0**	40.5	– 21 %	**32.0**	40.5	– 21 %			
Administrative expenses	**– 19.1**	– 17.9	7 %	**– 4.4**	– 4.9	– 10 %	**– 14.7**	– 13.0	13 %
Personnel expenses	**– 30.3**	– 27.9	8 %	**– 7.0**	– 7.9	– 11 %	**– 23.3**	– 20.0	17 %
Other operating income / expenses	**0.4**	0.6	33 %	**0.8**	1.0	– 20 %	**– 0.4**	– 0.4	0 %
Real estate management fees	**79.7**	62.9	27 %				**79.7**	62.9	27 %
Share of the profit or loss of associates without project developments and sales	**11.4**	18.3	– 38 %				**11.4**	18.3	– 38 %
Net interest income	**– 28.1**	– 32.4	– 13 %	**– 24.6**	– 28.6	– 14 %	**– 3.5**	– 3.8	– 8 %
Other adjustments*	**0.3**	3.5	– 92 %	**0.3**	0.0		**0.0**	3.5	– 100 %
Funds from Operations	**96.5**	95.0	2 %	**47.3**	47.5	– 0 %	**49.2**	47.5	4 %
Funds from Operations II (including profit on disposals)	**128.5**	135.5	– 5 %	**79.3**	88.0	– 10 %	**49.2**	47.5	4 %

* The other adjustments include:
– Transaction, legal and consulting costs of EUR 285 thousand (previous year: EUR 2,090 thousand)
– Administrative expenses and personnel costs of EUR 0 thousand (previous year: EUR 1,325 thousand)

COMMERCIAL PORTFOLIO

➲ Rental income impacted by coronavirus

Gross rental income remained stable during the year under review, despite the challenges posed by the COVID-19 pandemic and sales in the previous and current year. At the start of the pandemic, we held discussions with our tenants with the aim of developing fair, mutually satisfactory solutions for those tenants particularly badly affected by the coronavirus crisis. For example, we announced rent waivers while at the same time extending leases in order to provide tenants with short-term liquidity support and ensure that we receive stable cash flows in the future. We also reached deferred rent agreements with several of our tenants. Overall, we generated gross rental income of EUR 100.7 million (2019: EUR 101.9 million). In addition to coronavirus-related rent adjustments, the rent increases arising from new leases and acquisitions offset the loss of tenants due to sales and lease terminations. Our annualised rental income from the Company's own portfolio fell by 3.1% on a like-for-like basis as of the reporting date, mainly due to our tenant GALERIA Karstadt Kaufhof GmbH's insolvency protection proceedings ("Schutzschirmverfahren") in the first half of 2020 and the related rent adjustments. Net rental income amounted to EUR 82.2 million and was down on the previous year's figure (2019: EUR 87.9 million) due to the EUR 3.2 million increase in valuation allowances on outstanding rent payments triggered by the coronavirus crisis.

FFO CONTRIBUTION OF THE COMMERCIAL PORTFOLIOS

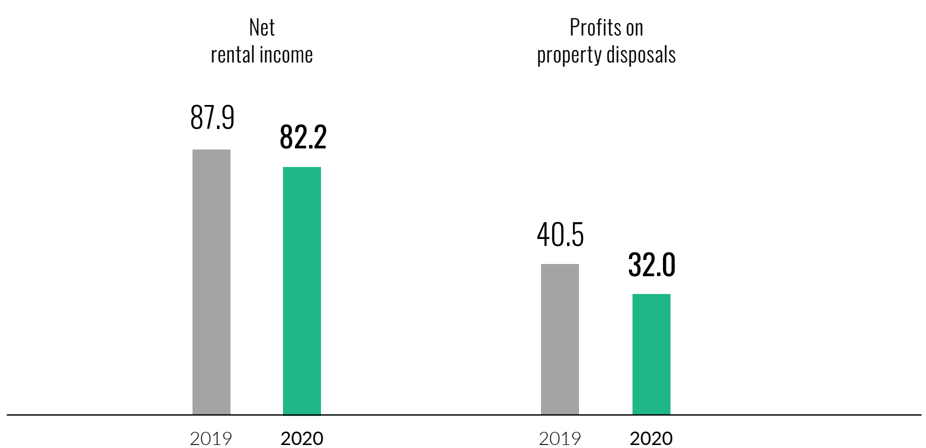
	Total			Commercial Portfolio		
in EUR million	2020	2019	Δ	2020	2019	Δ
Net rental income	**82.2**	87.9	– 6 %	**82.2**	87.9	– 6 %
profit on disposals	**32.0**	40.5	– 21 %	**32.0**	40.5	– 21 %
Administrative expenses	**– 19.1**	– 17.9	7 %	**– 4.4**	– 4.9	– 10 %
Personnel expenses	**– 30.3**	– 27.9	8 %	**– 7.0**	– 7.9	– 11 %
Other operating income / expenses	**0.4**	0.6	33 %	**0.8**	1.0	– 20 %
Real estate management fees	**79.7**	62.9	27 %			
Share of the profit or loss of associates without project developments and sales	**11.4**	18.3	– 38 %			
Net interest income	**– 28.1**	– 32.4	– 13 %	**– 24.6**	– 28.6	– 14 %
Other adjustments	**0.3**	3.5	– 92 %	**0.3**	0.0	>100 %
Funds from operations	**96.5**	95.0	2 %	**47.3**	47.5	– 0 %
Funds from Operations II (including profit on disposals)	**128.5**	135.5	– 5 %	**79.3**	88.0	– 10 %

➲ Proceeds and profits from sales at very high level

We exploited market opportunities as part of the further strategic optimisation of our portfolio in 2020 and agreed several attractive sales in the fourth quarter of the year in particular. Net proceeds from sales totalled EUR 116.3 million (2019: EUR 176.0 million).

Profits on sales amounted to EUR 32.0 million (2019: EUR 40.5 million). We were able to significantly increase our return on sales (sales profits in relation to net sales proceeds) on a year-on-year basis from around 23% in 2019 to approximately 28% in 2020, once again underlining the value created by our asset and property management expertise.

INCOME FROM THE COMMERCIAL PORTFOLIO
in EUR million



Operating cost ratio falls to 11.3%

At EUR 4.4 million, administrative expenses in the Commercial Portfolio were EUR 0.5 million lower compared to the previous year (2019: EUR 4.9 million), while personnel costs also fell by EUR 0.9 million year-on-year to EUR 7.0 million (2019: EUR 7.9 million). As a result, the operating cost ratio in the Commercial Portfolio (ratio of operating expenses to gross rental income) improved to 11.3% compared to the previous year (previous year: 12.6%).

Net interest result optimised further

The net interest result improved considerably by 14% year-on-year to reach EUR -24.6 million (2019: EUR -28.6 million). This is primarily due to the more advantageous financing conditions of new real estate loans signed. The previous year's figure still included interest for the 14/19 bond with a coupon of 4.625% until it was repaid on schedule in September 2019. As of 31 December 2020, the average interest rate remained unchanged at 2.0% (previous year: 2.0%).

FFO CONTRIBUTION OF THE INSTITUTIONAL BUSINESS

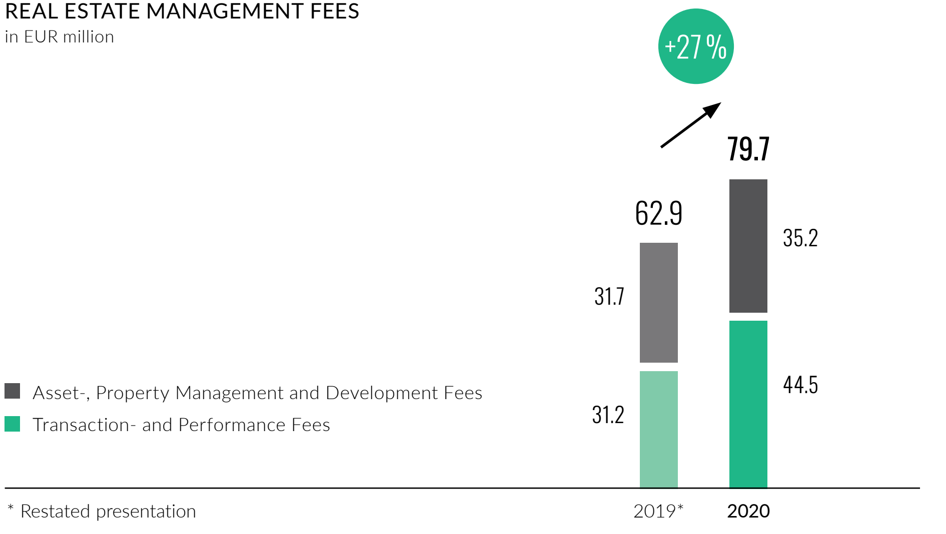
	Total			Institutional Business		
in EUR million	2020	2019	Δ	2020	2019	Δ
Net rental income	**82.2**	87.9	– 6 %			
profit on disposals	**32.0**	40.5	– 21 %			
Administrative expenses	**– 19.1**	– 17.9	7 %	**– 14.7**	– 13.0	13 %
Personnel expenses	**– 30.3**	– 27.9	8 %	**– 23.3**	– 20.0	17 %
Other operating income / expenses	**0.4**	0.6	33 %	**– 0.4**	– 0.4	0 %
Real estate management fees	**79.7**	62.9	27 %	**79.7**	62.9	27 %
Share of the profit or loss of associates without project developments and sales	**11.4**	18.3	– 38 %	**11.4**	18.3	– 38 %
Net interest income	**– 28.1**	– 32.4	– 13 %	**– 3.5**	– 3.8	– 8 %
Other adjustments	**0.3**	3.5	– 92 %	**0.0**	3.5	– 100 %
Funds from operations	**96.5**	95.0	2 %	**49.2**	47.5	4 %
Funds from Operations II (including profit on disposals)	**128.5**	135.5	– 5 %	**49.2**	47.5	4 %

FFO contribution at high prior-year level

Despite the challenges posed by coronavirus, the segment's FFO contribution remained stable overall at EUR 47.3 million (2019: EUR 47.5 million). The optimisation of the cost structure and improved financing conditions almost fully compensated for the reduction in net rental income caused by the coronavirus crisis. As in the previous year, the segment's FFO margin (FFO in relation to gross rental income) was 47%. FFO II, which also contains the effects of sales, totalled EUR 128.5 million overall in 2020 (previous year: EUR 135.5 million) and EUR 79.3 million for the Commercial Portfolio segment (previous year: EUR 88.0 million). We increased our sales margin to 28% during the year under review (previous year: 23%). With a sales volume of EUR 116.3 million, however, net sales proceeds were 34% lower than in 2019 (previous year: EUR 176.0 million). At EUR 32.0 million, sales profits were only 21% or EUR 8.5 million lower year-on-year due to the improvement in margins (previous year: EUR 40.5 million).

REAL ESTATE MANAGEMENT FEES

in EUR million



* Restated presentation

INSTITUTIONAL BUSINESS

➲ Another significant increase in real estate management fees

Assets under management in the Institutional Business rose from EUR 5.7 billion to EUR 7.6 billion during the year under review, reflecting the growth trajectory of the segment. Real estate management fees consequently rose considerably by 27% to EUR 79.7 million (2019: EUR 62.9 million).

At the start of the financial year, we commenced real estate management activities for the Stadthaus in Cologne (volume of around EUR 0.5 billion), which now generates regular asset and property management revenue. The club deal for the Infinity Office property in Düsseldorf was delivered in the first half of the year, resulting in significant transaction proceeds. After extensive redevelopment work for a new tenant, a property in Wiesbaden from the DIC Office Balance I fund was also sold to another of our managed investment vehicles.

The transaction market came to a standstill in some places in spring 2020 due to the spread of the COVID-19 pandemic, with many transactions initially postponed or cancelled. Transaction activity picked up again during the third quarter and postponed transactions were revived. As a result, we sold two further properties from the DIC Office Balance I portfolio to our other managed investment vehicles in the fourth quarter after agreeing successful lease renewals and new leases with extensive construction projects. During the fourth quarter we also launched the largest special fund in the Company's history to date with a target volume of EUR 1.6 billion and four properties in the starting portfolio with a combined volume of approximately EUR 780 million. Overall, transaction and performance fees (fees for acquisitions and sales, setup and the structuring of investment products as well as for exceeding defined target returns with successful real estate management) rose by 43% to EUR 44.5 million (2019: EUR 31.2 million), particularly as a result of the exceptional work carried out by our development teams, who exceeded the previous year's excellent result and secured agreements for a transaction volume of around EUR 2.0 billion in the Institutional Business. Income from asset and property management and development increased by 11% to EUR 35.2 million (2019: EUR 31.7 million).

➲ High investment income in the Institutional Business

In addition to real estate management fees, the Institutional Business also generates income from equity investments in issued investment products, especially from the funds in the Office Balance series. These more than doubled to EUR 11.4 million in 2020 (2019: EUR 5.3 million), in particular due to highly successful transactions. In the previous year, this item also included the dividend of around EUR 13 million from our investment in TLG Immobilien AG, which was discontinued in 2019.

➲ Operating expenses reflect growth

Operating expenses in the fast-growing Institutional Business segment rose to EUR 38.0 million in 2020 (2019: EUR 33.0 million) as a result of the full-year recognition of the GEG Group acquired in mid-2019. Personnel costs increased to EUR 23.3 million (2019: EUR 20.0 million) due to the full recognition of the costs of the integrated GEG teams on the one hand and the targeted strengthening of our expertise for the implementation of our growth strategy on the other. Administrative costs rose to EUR 14.7 million (2019: EUR 13.0 million) in the wake of significant growth in assets under management.

➲ Net interest result slightly improved

The net interest result amounted to EUR -3.5 million, improving slightly year-on-year by EUR 0.3 million (previous year: EUR -3.8 million).

➲ FFO contribution up 4% year-on-year

Real estate management fees, which rose as a result of the GEG acquisition in mid-2019, among others, are predominantly responsible for the significant increase in the FFO contribution of this segment and also overcompensated for the rise in operating expenses. The segment's FFO margin (FFO in relation to real estate management fees and the share of the profit or loss of associates) was approximately 54%.

FINANCIAL POSITION

- Financing structure optimised further
- Capital increase at the start of the year with gross issue proceeds of around EUR 109.7 million
- Historically low interest rates achieved for real estate financing
- LTV reduced by 330 basis points to 44.5%
- Average interest rate across all financial liabilities stable at 2.0%
- 96% of financing is at fixed interest rates or hedged against interest rate volatility

Broad financing spectrum

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

We meet our financing requirements both through traditional bank financing and the capital markets. The promissory note market and commercial paper programmes complement our financing strategy. We have a large number of business relationships with various partner banks and insurance companies. We arrange loans at customary market conditions and review them continuously to see whether there is scope for optimisation.

Long-term focus and security in our planning

To make our financing structure as stable as possible, as a rule, we conclude our financing on a long-term basis, mainly over 5 to 8 years. Our current financing was carried out on a non-recourse basis, which prevents unlimited enforcement against the Group. We achieve more stability and security in our planning by hedging the vast majority of our financing against fluctuations in interest rates.

Including the financing activities for our Institutional Business segment, we realised a financing volume (new borrowings and repayments) of approximately EUR 1,483 million in 2020, after arranging a financing volume of around EUR 1,705 million in the previous year.

FINANCING ACTIVITIES IN THE COMMERCIAL PORTFOLIO IN 2020

in EUR million	
New loans	188
Repayment of loans and commercial paper	230
Proceeds from capital increase	110

At EUR 1,474.4 million, the financial debt shown on the balance sheet as at 31 December 2020 was down EUR 72.8 million year-on-year following refinancing and repayments. The large majority (66%) of the financial debt consists of bank loans, whereas the remaining portion is attributable to funds from our bonds (22%) and promissory note loans (12%). Across all segments, loan repayments made in 2020 totalled EUR 281.7 million, of which around EUR 58.6 million were unscheduled repayments following sales.

Remaining maturities down only slightly to 3.6 years

The average maturity of our financial debt remained stable overall. The average remaining maturity including the bonds decreased by 0.3 years compared with the previous year and was 3.6 years at the end of December 2020. About 98% of all financing has a maturity of more than one year.

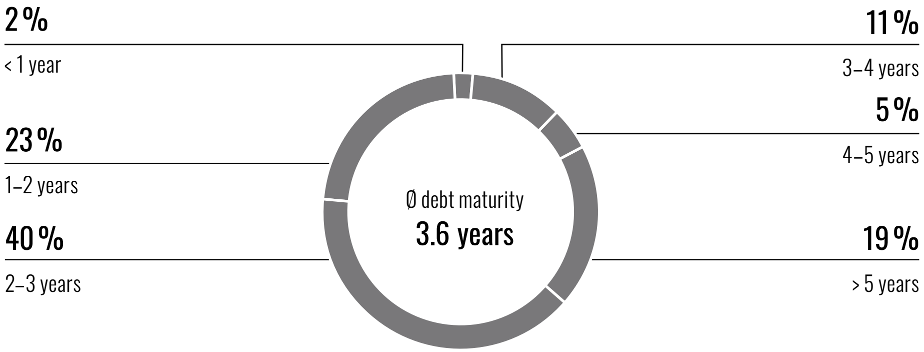
To reflect our dynamic and agile business model, we set up a commercial paper programme in the previous year under which we can call up to EUR 300 million at short notice for a specified period of time. During the reporting period, we repaid the EUR 40 million tranche drawn in the previous year. At corporate level, we also continue to have a working capital facility of EUR 25 million with a major German bank. This facility has currently not been utilised and is available without payout requirements.

Hedging against interest rate fluctuations

At around 96%, the vast majority of financial debt is at fixed interest rates or hedged against interest rate volatility – as a rule on a fixed-rate basis. This gives us long-term certainty in our planning and keeps interest rate risks low. Just under 4% of our financial liabilities – primarily short-term in nature – are agreed at variable rates and are not hedged against interest rate risks.

DEBT MATURITIES

as at 31.12.2020



Average interest rate across all financial liabilities unchanged at 2.0%

As at 31 December 2020, the average interest rate across all financial liabilities amounted to 2.0%, as in the previous year.

The interest coverage ratio (ICR; i.e. the ratio of EBITDA to net interest result) rose by 48 basis points year-on-year to 557% (2019: 509 %) due to the improved net interest result.

LTV reduced by 330 basis points to 44.5%

Due mainly to the increased market values of our properties in the Commercial Portfolio (up +3.4% adjusted for purchases and sales) and our optimised financing structure, we reduced LTV adjusted for warehousing by 330 basis points to 44.5% (2019: 47.8%). The adjusted LTV is 39.2%, which is 260 basis points lower than in the previous year (2019: 41.8%).

Financing obligations met in full

We complied with all financing obligations, including financial covenants stipulated in loan agreements, throughout the year and as at the reporting date. DIC Asset AG has agreed a customary level of credit with financial covenants. If the Company fails to comply with these clauses, banks could modify their credit terms or demand the repayment of some loans at short notice.

LOAN TO VALUE (LTV)

in EUR thousand	31.12.2020	31.12.2019
Asset values		
Market value in EUR million	2,000,019	1,900,017
Market value of investments (indirect real estate)*	152,155	130,710
Goodwill	177,892	177,892
Service contracts	37,604	40,795
Carrying amount Loans / receivables related parties	145,434	130,529
Market value Assets (Value)	**2,513,104**	**2,379,943**
Liabilities		
Current interest-bearing Loans and borrowingsbank liabilities	1,114,476	967,374
Non-current interest-bearing Loans and borrowingsbank liabilities	33,431	178,856
Related party liabilities	16,187	16,582
Corporate Bonds	326,494	324,896
less cash on hand / bank balances	– 371,404	– 351,236
Net liabilities (loan)	**1,119,184**	**1,136,472**
LTV**	**44.5 %**	**47.8 %**
Adjusted LTV**	**39.2 %**	**41.8 %**

* includes shares in associated companies, participations and paricipation under IFRS 5
** adjusted for warehousing

Essentially, the following covenants have been agreed:

- DSCR (debt service coverage ratio): specifies the percentage of expected interest plus repayment (principal repayment) covered by rental income.
- LTV (loan-to-value): is a ratio expressing the loan amount as a percentage of a property's market value.

➲ No off-balance sheet financing

There are no significant off-balance sheet forms of financing. The consolidated financial statements report all forms of financing used by the Company. Additional details such as terms, the fair value of loans or information on derivative financial instruments is provided in the notes from page 184.

➲ Comfortable liquidity situation

Liquidity forecast has the utmost priority for us as part of financial management, not least against the backdrop of conditions for the granting of loans which remain stringent. We therefore endeavour to be independent of additional financing for ongoing operations. For this purpose, we carry out annual liquidity planning as part of our budgeting process, which is then continuously updated through daily liquidity status reports. The consistency of our cash flow enables us to make a detailed liquidity forecast against which we can align our cash deployment and requirements with great precision.

During 2020, DIC Asset AG was at all times able to meet its payment obligations. As at 31 December 2020, available liquidity amounted to around EUR 310.4 million. The Company also has unused bank credit lines and guarantee facilities in the amount of EUR 80.2 million at its disposal.

➲ Cash flow driven by operating activities, transactions and financing arrangements

The cash inflow for the financial year is primarily driven by strong cash flow from operating activities, proceeds from sales, acquisitions, loan repayments and proceeds from the capital increase implemented in January. The positive cash flow from operating and financing activities more than offset the cash outflow from investing activities, leading to an overall cash inflow of EUR 20.2 million (previous year: EUR 50.4 million).

Cash generated from operations rose particularly due to the continued, highly positive revenue trend in the Institutional Business, reflecting the Company's strong operational profitability. At the same time, financing costs were further optimised. Tax payments also rose in line with the increase in earnings in recent years. Cash flow from operating activities rose EUR 2.6 million year-on-year to EUR 67.4 million (previous year: EUR 64.8 million).

Cash flow from investing activities reflects our growth strategy. Proceeds from the sale of real estate to streamline the portfolio amounting to EUR 116.3 million (previous year: EUR 176.0 million) are offset by payments for the acquisition of new properties of EUR -168.9 million (previous year: EUR -254.7 million) and investments in our portfolio properties of EUR -17.7 million (previous year: EUR -49.0 million). The previous year was also impacted by the cash outflow of EUR -222.2 million for the acquisition of GEG and the cash inflows of EUR 326.7 million from the disposal of our shares in TLG Immobilien AG and from dividend payments received. Overall, we recorded a cash flow from investing activities of EUR -73.5 million (2019: EUR -15.2 million).

In 2020, cash flow from financing activities was dominated by the capital increase implemented in January of the financial year and the resulting inflow of funds amounting to a net EUR 107.0 million. Proceeds from loans totalled EUR 188.1 million (previous year: EUR 224.1 million) whereas repayments came to EUR -230.1 million (previous year: EUR -206.9 million). A total of EUR 36.0 million was distributed to the shareholders as a cash dividend in the financial year (previous year: EUR 17.7 million). Overall, cash flow from financing activities was positive at EUR 26.3 million (previous year: EUR +0.8 million).

Cash and cash equivalents increased year-on-year by EUR 20.2 million to EUR 371.4 million.

CASH FLOW

in EUR million	2020	2019
Profit for the year	**73.1**	80.7
Cash flow from operating activities	**67.4**	64.8
Cash flow from investing activities	**– 73.5**	– 15.2
Cash flow from financing activities	**26.3**	0.8
Net changes in cash and cash equivalents	**20.2**	50.4
Acquisition-related addition	**0.0**	13.9
Cash and cash equivalents as at 31 December	**371.4**	351.2

NET ASSETS

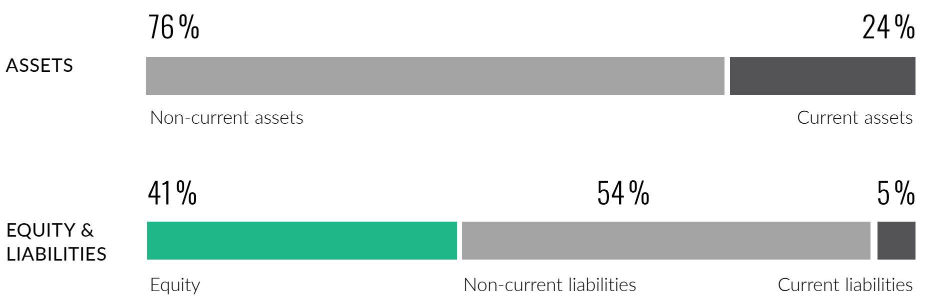
- Investment properties stable at EUR 1,600.0 million due to sales and acquisitions
- EPRA NAV up +13% to EUR 1,409.9 million
- Adjusted NAV per share reaches EUR 22.04 as number of shares outstanding increases by 8.4 million
- Capital increase in January with gross issue proceeds of EUR 109.7 million strengthens equity base
- High acceptance of scrip dividend demonstrates investor confidence (>40%)
- Reported equity increases by EUR 139.6 million (+14%)
- Equity ratio up significantly from 36.5% to 40.7%

During the 2020 financial year, net assets were primarily impacted by the capital increase implemented in January, the acquisition of properties for the Commercial Portfolio and the sale of Commercial Portfolio properties. Due to the largely even balance of acquisitions and sales, real estate assets in the Commercial Portfolio remained virtually unchanged. In addition, the increase in equity generated by the capital increase of almost 10% at the start of the financial year and the scrip dividend in the second half of the year had a positive effect on net assets. EPRA net asset value (EPRA NAV) once again rose by 13% year-on-year to EUR 1,409.9 million (previous year: EUR 1,244.2 million). The net asset value adjusted for the value of the Institutional Business segment (adjusted NAV) was EUR 1,776.4 million at the end of 2020 (EUR 22.04 per share with 80,587 thousand shares) (previous year: EUR 1,607.3 million or EUR 22.26 per share with 72,214 thousand shares).

Measurement at cost

Our properties are carried at amortised cost. The carrying amounts are reviewed annually in the course of IFRS impairment testing to establish whether impairment losses must be recognised. These are compared against the higher of fair value and value in use, which reflects the value of a property under its intended use. In 2020, impairment testing did not result in any impairment charges to investment properties.

BALANCE SHEET STRUCTURE



Capital increase at the beginning of the year shows confidence in robust business model

The cash capital increase in January was implemented from authorised capital by means of an accelerated bookbuilding (“ABB”) while disapplying pre-emptive rights. A total of 6,857,774 new shares were placed at a price of EUR 16.00 per share. Overall, the Company received net issue proceeds of around EUR 107 million from the capital increase. This has further strengthened our net assets and our position for further growth.

Increase in total assets due to growth

As at 31 December 2020, total assets were EUR 2,724.2 million, EUR 66.8 million (3%) above the previous year-end figure. Investment property (our existing properties in the Commercial Portfolio segment) was carried at EUR 1,600.0 million at the end of 2020 compared with EUR 1,623.0 million in the previous year. The slight change of EUR -23.0 million (-1%) is mainly due to depreciation in the financial year. Additions through acquisitions and our sales were almost equal.

Due to the acquisition of the GEG Group in mid-2019, the Company is reporting goodwill of EUR 177.9 million as at 31 December 2020, which is unchanged from the previous year.

Investments in associates declined due to transaction-related dividend payments and capital repayments, particularly in DIC Office Balance I and the disposal of our MSREF joint ventures, from EUR 71.2 million to EUR 66.7 million. Positive earnings contributions from our funds, and additional investments in our Institutional Business had an offsetting effect. In the reporting period, we made total acquisitions of around EUR 1,625 million for the Institutional Business segment. Loans to related parties included in non-current assets increased by EUR 7.3 million to EUR 126.8 million as a result of a change in interest rates. The corresponding receivables in current assets also rose by EUR 7.6 million to EUR 18.6 million, due in particular to the transaction-related real estate management fees generated at the end of the year. At EUR 53.3 million, other investments were on a par with the prior-year figure (31 December 2019: EUR 53.6 million). Overall, non-current assets fell by 1% or EUR 21.8 million to EUR 2,083.8 million year-on-year (31 December 2019: EUR 2,105.6 million).

Current assets increased by EUR 88.5 million or 16% to EUR 640.4 million. This was due to the EUR 25.9 million increase in non-current assets held for sale, the EUR 20.2 million rise in cash and cash equivalents, and year-on-year growth in receivables caused by the transaction-related real estate management fees generated at the end of the year, which were reported in trade receivables (EUR +16.1 million), receivables from related parties (EUR +7.6 million) and other receivables (EUR +13.1 million). The rise in cash and cash equivalents is primarily attributable to the net proceeds from the capital increase of EUR 107.0 million as well as positive cash flow from operating activities of EUR 67.4 million. This was offset by the cash flow for investments in real estate assets and net proceeds from sales of EUR -70.3 million, the net repayment of loans of EUR -41.9 million and the payment of a cash dividend totalling EUR -36.0 million. As of the reporting date, non-current assets held for sale included real estate properties and shares in investment products of the Institutional Business segment that are expected to be sold in 2021.

➲ Equity enhanced by capital increase and strong profit for the period

Equity rose by EUR 139.6 million from EUR 968.8 million to EUR 1,108.4 million (+14%), particularly as a result of capital increases implemented during the financial year with net proceeds of EUR 107.0 million and the strong profit for the year of EUR 73.1 million. The dividend distributed in 2020 amounted to EUR 52.2 million, of which EUR 36.0 million were paid in cash to shareholders. The capital increase implemented in January and the voluntary scrip dividend led to a EUR 8.4 million increase in issued capital and raised capital reserves by EUR 114.9 million after deducting the transaction costs incurred.

This again lifted the reported equity ratio by 4.2 percentage points to 40.7% compared with the previous year's figure of 36.5%. The loan-to-value (LTV) ratio was reduced by 3.2 percentage points from 47.8% to 44.5%, particularly as a result of the increase in property values and the capital increase.

BALANCE SHEET OVERVIEW

in EUR million	31.12.2020	31.12.2019
Total assets	**2,724.2**	2,657.4
Total non-current assets	**2,083.8**	2,105.6
Total current assets	**640.4**	551.9
Equity	**1,108.4**	968.8
Total non-current financial liabilities	**1,441.0**	1,292.3
Total current financial liabilities	**33.4**	219.9
Other liabilities	**141.4**	176.5
Total liabilities	**1,615.8**	1,688.7
Equiry balance sheet	**40.7%**	36.5%
Loan-to-value*	**44.5%**	47.8%
Adjusted Loan-to-value*	**39.2%**	41.8%
EPRA-NAV	**1,409.9**	1,244.2
Adjusted NAV	**1,776.4**	1,607.2

* The ratio of total net financial debt (including liabilities to related parties) to the sum of the market value of the Commercial Portfolio, the market value of other investments, GEG goodwill and other intangible assets in connection with the acquisition of GEG, loans to associates and receivables from related parties.

Adjusted net asset value reflects full value of Institutional Business

The EPRA NAV key figure is equal to the value of all tangible and intangible assets less liabilities. The NAV was EUR 1,409.9 million at the end of 2020. Only a portion of the value of real estate management services provided by the Institutional Business is reflected in EPRA NAV via the goodwill recognised in the balance sheet. This value contribution is therefore added to EPRA NAV. As at the reporting date, the total adjusted NAV was EUR 1,776.5 million (2019: EUR 1,607.2 million).

As a result of the capital increases implemented in 2020, the number of shares increased by 8,373,253 shares to 80,587,028 shares. EPRA NAV per share amounted to EUR 17.49 compared with EUR 17.23 in the previous year. The adjusted NAV per share as at 31 December 2020 was EUR 22.04 (2019: EUR 22.26).

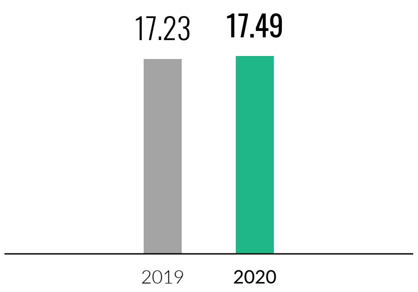
EPRA-NET ASSET VALUE

in EUR million	31.12.2020	31.12.2019
Carrying amount of properties	1,600.0	1,623.0
Fair value adjustment	306.0	277.0
Fair value of the Commercial Portfolio	1,906.1	1,900.0
Real estate assets acc. to IFRS 5	94.0	100.2
Fair value of properties	2,000.0	2,000.2
Carrying amount of equity investments	66.7	71.2
Fair value adjustment	0.0	5.9
Fair value of equity investments	66.7	77.1
+ / - Other assets / liabilities (excluding goodwill)	719.5	592.6
Restatement of Other assets / liabilities*	– 83.8	– 60.3
Net loan liabilities at carrying amount	– 1,474.4	– 1,512.1
Net loan liabilities in accordance with IFRS 5	0.0	– 35.0
Non-controlling interests	– 14.8	– 12.2
Goodwill incl. other assets / liabilities	196.7	193.9
EPRA-Net Asset Value (EPRA-NAV)	1,409.9	1,244.2
Number of shares (thousand)	80,587	72,214
EPRA-NAV per share in EUR**	17.49	17.23
EPRA-NNNAV per share in EUR**	16.97	16.70

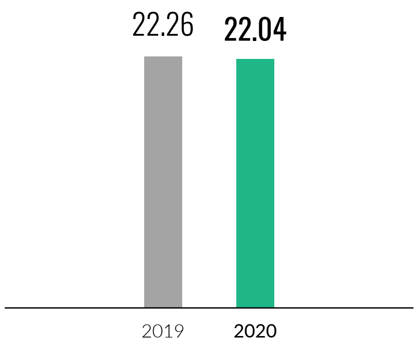
* Restated for deferred taxes (EUR +5,009 thousand; previous year: EUR +7,880 thousand), financial instruments (EUR +5,129 thousand; previous year: EUR -3,045 thousand) and IFRS 5 assets and liabilities (EUR -93,965 thousand; previous year: EUR -65,123 thousand)

** Based on 80,587,028 shares (previous year: 72,213,775 shares)

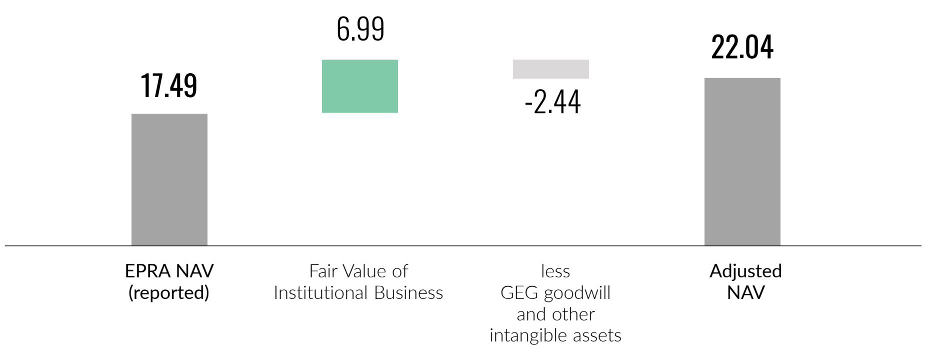
EPRA-NAV
in EUR/share



ADJUSTED NAV
in EUR/share



ADJUSTED NAV RECONCILIATION (INCLUDING VALUE OF INSTITUTIONAL BUSINESS)
in EUR/share



OTHER DISCLOSURES

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

In 2020, no options were newly exercised, no grooming transactions were carried out and no changes were made to discretionary decisions which – if treated differently – would have had a material impact on the presentation of the net assets, financial position and results of operations in the financial year.

NON-FINANCIAL KEY PERFORMANCE INDICATORS

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

- Motivated and dedicated employees and managers
- Sustainability-related financial and non-financial key performance indicators
- Competitive and organisational advantages from our real estate management platform throughout Germany
- Long-term relationships with highly satisfied tenants and investors
- Established, trusting cooperation with service providers and business partners
- Trust-based partnerships with strategic financial and capital partners
- Cooperation and continual exchange with all relevant stakeholders
- Increasing digitalisation of administrative and operational processes, leading to a simplification of workflows and an increase in efficiency

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

EMPLOYEES

Our success as a company is based on the knowledge, skills and dedication of our employees. We can only achieve our ambitious goals if we have qualified and motivated employees who represent our company externally with success and conviction. We therefore value and encourage an entrepreneurial mindset and behaviour, accountability, flexibility and expertise.

Maintaining eight branch offices now 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.

Workforce changes

Focused personnel development is crucial to our long-term corporate development strategy. The aim of personal development is to support and promote our employees and improve their skills, and to secure their long-term loyalty. We ensure that talents are discovered, nurtured and challenged. We therefore support our employees in achieving their personal goals in terms of their professional development and advancement, and we invest in the development of professional expertise and skills. For instance, we offer general training and CPD training on specific topics, availing ourselves both of internal and external teachers and of CPD providers.

Personnel development and advancement is an essential part of the role of our managers. We support our managers in this regard and provide them with tools, for example through training sessions and/or one-on-one coaching. In individual cases, DIC Asset AG has also agreed to pay the tuition fees for work-study programmes.

Employer brand

Attracting new staff to our company is also one of the most important tasks of Human Resources. In order to appeal to talented and highly qualified candidates, we work to position the Company as an excellent employer. We offer flat hierarchies, the opportunity to assume responsibility at an early stage and extensive powers to take decisions independently.

At career fairs, our colleagues gave interested students an insight into the various business areas of our group of companies in one-on-one conversations. Due to the Covid-19 pandemic, the annual IZ Career Forum of organised by the Immobilien-Zeitung trade journal could not be held as an in-person event in 2020.

As a result of increasing digitalisation, DIC Asset AG has gained valuable insights for future HR work and recruiting. Digital interviews with applicants will remain an option going forward, especially at regional offices.

We also launched our new career website at www.dic-asset.de/karriere/ in June 2020. It serves interested parties and job seekers as a go-to point for sourcing detailed information on the services provided by the DIC Asset Group and for getting a general idea of the benefits offered.

Training of junior employees, nurturing students and young talent

School children and students are given an insight into various areas of our company through school internships (lasting up to 14 days) and student internships (lasting two to six months). We offer university graduates the opportunity to embark upon a 12- or 18-month training programme following their studies, during which career starters are trained for positions of responsibility. Since 2015, we have also been certified for training real estate professionals. We currently provide students with support for graduating from university. We view all these programmes as important ways of acquiring new and well-qualified junior employees for our company and for meeting our social responsibility.

As a dual partner of the Baden-Württemberg Cooperative State University (DHBW), DIC Asset AG assumes responsibility for the qualification of junior staff by agreeing study goals and scheduling regular feedback meetings, offering the possibility of acquiring professional, social and methodological skills, and setting aside time for preparing for examinations and for writing project papers and the Bachelor thesis, among other things.

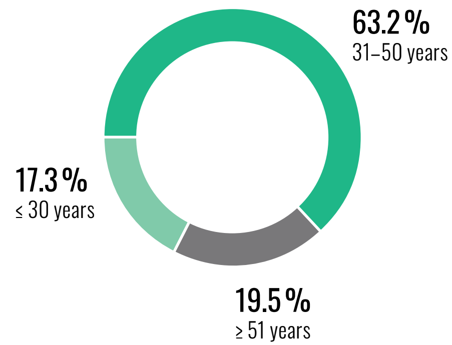
DIC Asset AG has been supporting the global Girls' Day career orientation project for schoolgirls for several years. In this project, schoolgirls learned more about apprenticeships and study programmes in the property sector and had the opportunity to meet women in leadership roles. The Girls' Day is part of a federal initiative entitled "Klischeefrei – Nationale Kooperationen zur Berufs- und Studienwahl" ("Free from Stereotypes – National Collaborations for Career and Study Choices"). The aim of the initiative is to encourage young people across Germany to choose careers and studies that fit with their own interests regardless of gender stereotypes.

Remuneration system

Our salaries consist of a basic income, supplementary benefits and performance-related components. We base our salaries on industry standards and those of our competitors. The performance-related component is based on achieving individual goals as well as strategic and operating targets, which are set annually together with supervisors. In 2020, a total of EUR 26.4 million was spent on employees. This figure includes performance-related remuneration of EUR 3.2 million, corresponding to a share of approximately 12 %. Social security contributions, pension plans and other benefits added up to EUR 2.9 million.

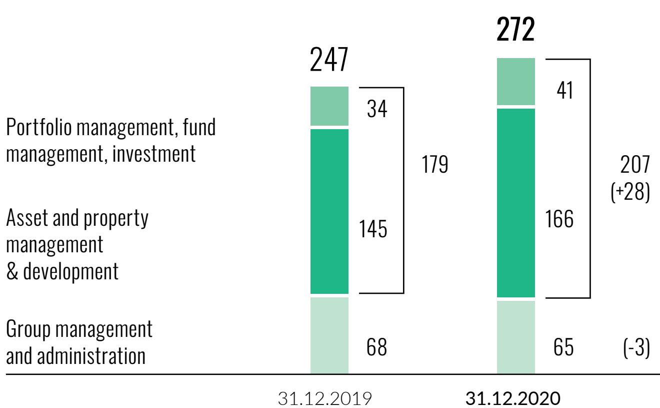
As in previous years, the Company expanded its capacity to support the dynamic growth of its real estate assets under management and its Institutional Business, enhance its property expertise and accelerate the implementation of strategies and plans.

AGE STRUCTURE

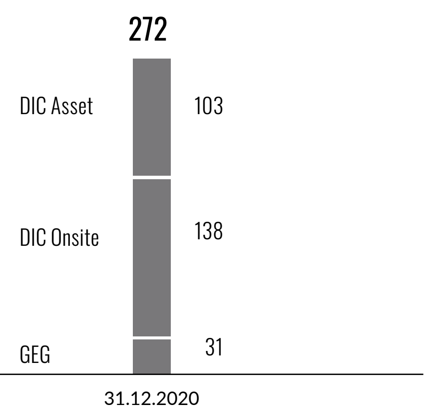


The number of employees rose to 272 (31 December 2019: 247) as a result of continued growth in asset and property management. As at year-end, 41 employees worked in portfolio management, 166 in asset and property management and 65 in administration.

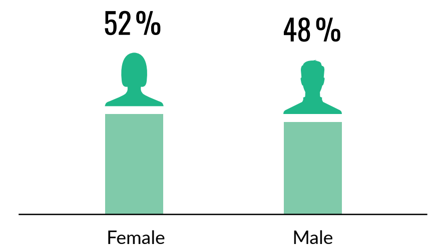
NUMBER OF EMPLOYEES BY UNIT



NUMBER OF EMPLOYEES BY ENTITY



PROPORTION MALE/FEMALE EMPLOYEES

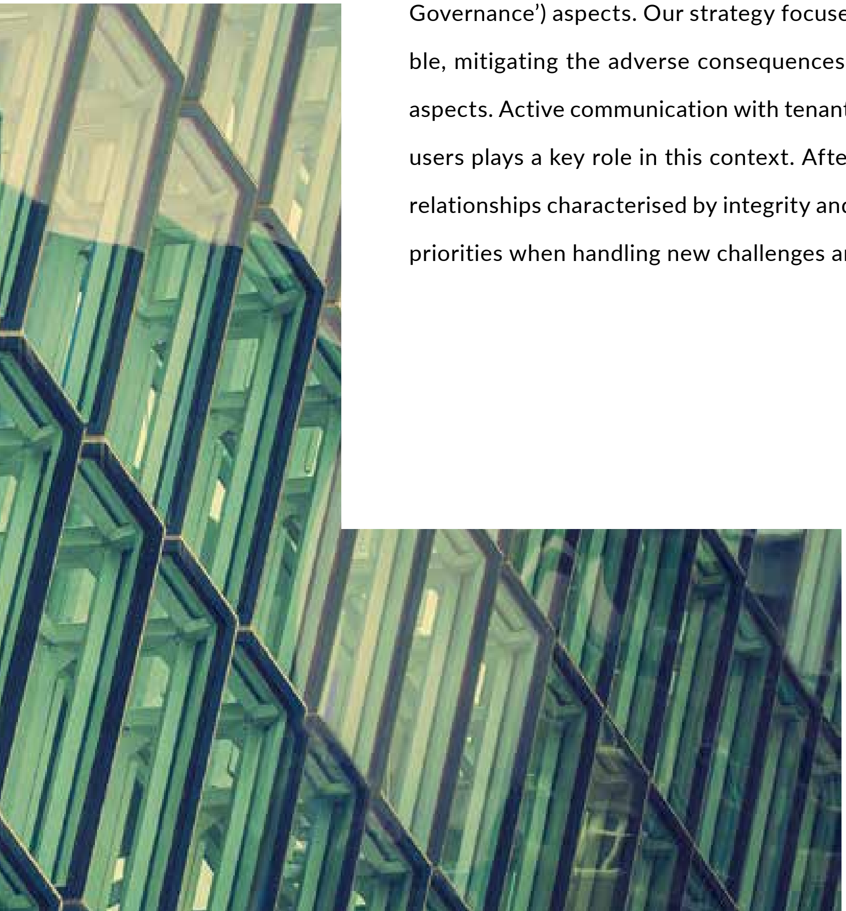


Diversity

DIC Asset AG and its subsidiaries promote diversity within the Group. As at 31 December 2020, 52 % of all positions were staffed by women. We offer our employees part-time models to enable flexible working hours. As at the end of 2020, the Group had employees from 13 countries. We firmly believe that heterogeneous teams that differ in terms of their individual skills, expertise and approaches are better equipped to solve complex issues than homogeneous teams and have a higher potential for innovation as a result. With this in mind, we maintain a corporate culture that is committed to the principles of ethics and integrity and promotes mutual appreciation, responsibility and respect within the workforce. Our Compliance Guidelines outline our comprehensive approach to protection against discrimination, particularly with regard to ethnic identity, gender, religion or belief, disability, age and sexual identity. As a result, our aim is to actively counteract discrimination, disadvantage or undesirable behaviour.

ESG (ENVIRONMENTAL, SOCIAL, GOVERNANCE)

As one of Germany's leading listed real estate companies, DIC Asset AG is fully aware of its responsibility for global sustainable development and makes a positive contribution to climate protection. To ensure that the Company can remain commercially successful in the long term, management considers both economic and ESG ('Environmental, Social and Governance') aspects. Our strategy focuses on identifying, monitoring and, where possible, mitigating the adverse consequences of our business activities under any of these aspects. Active communication with tenants, business partners, employees, investors and users plays a key role in this context. After all, it is only by fostering lasting stakeholder relationships characterised by integrity and reciprocity that we can effectively define our priorities when handling new challenges and opportunities.



Head of Sustainability position created, internal exchange intensified

The regulatory requirements for achieving the Paris climate targets and the fact that investments are increasingly shifted towards sustainable financial products are both a challenge and an opportunity for the real estate industry. Sustainability has therefore gradually gained in importance in each of our areas of business in recent years.

To better identify potential for quality improvements and new business models going forward, DIC Asset began holding regular cross-departmental expert panels on technical and economic ESG issues in 2020. Since there is a considerable overlap between the strategic topics of ESG and digital transformation, the ESG expert panel is regularly attended by colleagues from IT as well. Our focus is squarely on intensifying our ESG activities throughout the Group and implementing a detailed sustainability strategy to be pursued by all Group companies. This is why the newly created Head of Sustainability position was filled at the start of 2021.

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

Eighth (digital) Sustainability Report published
In line with the increasing digitalisation of our company, we published a digital Sustainability Report on our website for the first time in 2020. This report was drafted in line with the highest international reporting standards issued by the Global Reporting Initiative (GRI Standards) and the ESG reporting standards for real estate companies issued by the European Public Real Estate Association (EPRA). Reflecting the three ESG dimensions, the sustainability reporting of DIC Asset AG covers the environmental, social and governance aspects of its business activities. Since 2009, DIC Asset AG has been continuously reporting on its sustainability activities. Since March 2011, this has taken the form of a stand-alone Sustainability Report to give adequate scope to the ever increasing importance of ESG issues within our company.

Current highlights:

- Start of the "smart metering" project to digitally record and electronically transfer consumption data: In a first step, all utility electricity meters are currently being modernised; the replacement of the natural gas, district heating and water supply meters is being prepared. This will allow consumption levels to be optimised further.
- Since 2018, we have been converting our entire Commercial Portfolio to green electricity and are getting closer and closer to our goal – including positive effects on the availability and standardisation of consumption data.
- In 2020, we reported on our ESG activities in the Institutional Business for the first time, particularly on the planned expansion of reporting standards at property and vehicle level.

DIGITALISATION

In recent years, DIC Asset AG has established digitalisation as a strategic focus area within the Company. Interdepartmental digitalisation issues are managed at Group level by the Head of Digital Development, who reports directly to the Management Board.

The focus during the last few years has been on further optimising and automating company processes and interfaces. The fundamental aim across the entire Company is to use digital workflows to further enhance value creation within the property sector. Networking between different business areas also plays an important role here, enabling teams from different departments to work together more effectively on specific issues. Digital communication and collaboration tools are also increasingly being used in this effort.

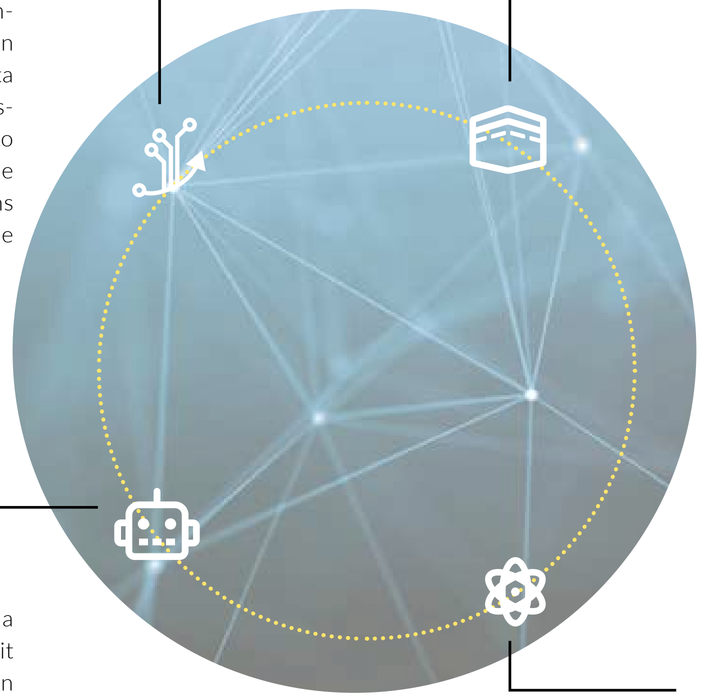
Rapid coordination between many stakeholders and accelerated distribution of relevant knowledge and decisions – in short, an agile organisation – is reflected in systematic digitalisation.

Sonja Wärntges

KEY PILLARS OF THE DIGITALISATION STRATEGY

Digital growth ("DIC X")
We want to enhance our business model and offer new digital services and products, including value-added services for investors in the Institutional Business or by using big data to optimise energy consumption and emissions, thus making ourselves more relevant to new investor groups. These projects will be tested in stages over the next few months and rolled out after a successful prototype phase.

DIC Data Hub
The property sector relies on a variety of different data sources and requires good data quality and availability. Our aim is to structure and interconnect the existing databases within the Company even more effectively. To achieve this, we are recruiting data managers and are implementing integration layers, and we are continually enhancing DIC Asset AG's ERP system.



Automation & AI (Artificial Intelligence)
New technologies make it possible to gain a competitive advantage, particularly when it comes to helping users with routine tasks. In a trial project with one of our facility management partners, we will be using an automated computer programme (bot) to help increase efficiency and scalability in technical property management.

Digital core processes
We are constantly looking for ways to optimise our core processes and enhance their digital integration. This enables us to achieve our goals swiftly. For this purpose, we regularly test new digital solutions and implement them after a successful pilot phase.

REPORT ON POST-BALANCE SHEET DATE EVENTS

At the beginning of 2021, the economic transfer of the shares in the logistics property specialist RLI Investors GmbH acquired in December 2020 with a volume of assets under management of more than EUR 700 million and a minority interest of 25% in Realogis Holding GmbH took place.

In January 2021, the transfer of possession, benefits and associated risks for two properties acquired in 2020 for the Institutional Business segment with a volume of around EUR 231 million took place.

Late January 2021 saw the transfer of possession, benefits and associated risks for one property acquired in 2019 for the Commercial Portfolio segment with a volume of around EUR 85 million.

At the beginning of January 2021, the acquisition of a property from the logistics asset class was notarised. Completion and the transfer of possession, benefits and associated risks are scheduled to take place in the first half of the year. The property is earmarked for a new investment vehicle focused on logistics.

REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

REPORT ON RISKS AND OPPORTUNITIES

THE RISK MANAGEMENT SYSTEM OF DIC ASSET AG

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

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

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

The risk management system extends throughout all areas of the Company and its subsidiaries, and is binding on all employees. DIC Asset AG's risk system currently comprises five risk classes: (1) strategic risks, (2) compliance risks, (3) operational risks, (4) political, social, regulatory and environmental (ESG) risks and (5) financial risks. These risks are examined to determine whether they have a significant impact on the Company’s existence, economic position and achievement of corporate objectives. The RMS covers strategic decisions by the Management Board as well as day-to-day business. The internal control and monitoring system is an integral component of the risk management system. It minimises operational and financial risks and monitors processes, and it ensures compliance with laws and regulations including the appropriateness of financial reporting.

Structure of the risk management system

> Risk early warning system

DIC Asset AG's early warning system aims to identify all potential risks at an early stage so that measures can be taken in due time to manage negative developments. The respective risk owners are responsible for identifying, reporting, assessing and controlling risks. For example, real estate data are recorded and aggregated at property level by the asset and property management teams. These data are checked, supplemented and summarised by the central Controlling function and then reported to management.

In accordance with section 317 (4) HGB, the risk early warning system is reviewed and assessed annually by the auditor as part of the audit of the financial statements in terms of its compliance with the requirements of German stock corporation law.

> Risk identification

As part of risk controlling, the identification of risk is the first step in the risk management process and forms the basis for managing risks in an adequate and effective manner. Risks are identified and systematised in accordance with the integration concept as part of general business processes. Owing to the permanently changing situation DIC Asset AG is up against, identification and documentation of risk is a continuous task.

Instruments such as corporate and scenario analyses among others are used to analyse strategic risks, and both data collection methods (check lists) and creativity methods (e.g. brainstorming) are used to identify risk. All risks identified are assigned to a risk class.

> Risk assessment and communication

Our employees are required to manage risks and opportunities conscientiously and responsibly and in line with their competencies. Responsibilities are defined for all relevant risks in accordance with the hierarchy. An identified risk is assessed as to its probability of occurrence and the extent of potential financial loss is calculated. The next step involves a decision by the responsible divisional managers, if necessary together with the Management Board, regarding appropriate risk management. In addition, measures that have already been or could be taken are developed and monitored regularly, and any residual risks are pointed out. Unquantifiable risks are assessed using qualitative attributes.

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

> Opportunity management

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

> Risk management

Risk identification and assessment allows us to initiate appropriate measures for coping with risk and also for exploiting in a targeted manner any opportunities that arise.

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

The individual risks can be averted or reduced in some cases through appropriate action. Possible countermeasures are regularly discussed and monitored with the Management Board. The decision as to whether risk management measures must be taken – and which ones – is generally made on the basis of cost/benefit considerations and taking risk/return ratios into account where possible.

Depending on the significance of the risks identified, suitable risk mitigation activities may need to be developed and implemented in addition to the existing safeguards. Avoidance, reduction, transfer and acceptance are all possible alternatives.

Risks that are serious or could even jeopardise the continued existence of DIC Asset AG are reported to the Management Board without delay

> Risk communication and reporting

Risk communication is an interactive process through which the findings of individual risk assessments and of any control measures implemented plus their effectiveness are made available to the Company’s management as promptly and comprehensively as possible. Its core function is therefore to ensure the transparency of the risk situation, the operating business and the Company as a whole. Risk communication is an integral part of DIC Asset AG’s reporting system and is generally performed from the bottom up to the Management Board through tiered information channels.

> Risk management documentation

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

INTERNAL CONTROL SYSTEM

General

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

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

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

Use of IT

We manage and monitor our relevant IT systems centrally. In addition to the physical infrastructure, the system environment is of particular importance. Both are protected against failure through suitable mechanisms to always guarantee a high degree of availability of all mission-critical systems and components.

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

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

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

We also regularly perform penetration tests to verify and further optimise the measures taken.

Ensuring that the financial reporting is appropriate and reliable

The checks to ensure that financial reporting is appropriate and reliable include analysing the issues and changes using specific key data, and using check lists to ensure that the information is complete and that the procedures are uniform. Accounting transactions in the single-entity financial statements of DIC Asset AG and its subsidiaries are recorded in our enterprise resource planning (ERP) system, which is tailored specially to the requirements of real estate companies. In 2020, a digital invoice workflow system was introduced to support the approval and posting process of incoming invoices throughout the Group. This is supplemented by a payment software package closely tied in with the ERP system that ensures that payment transactions are correct and are duly entered. The consolidated financial statements are prepared by creating standardised reporting packages comprising the respective single-entity financial statements and additional information and processing them with consolidation software.

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

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

At Group level, control primarily comprises the analysis and, if necessary, adjustment of the single-entity financial statements included, taking into account the findings and recommendations of the auditors. The consolidation of all financial statements is conducted at the headquarters in Frankfurt am Main. Impairment tests carried out centrally, particularly the annual review of the market value of all properties carried out externally by independent surveyors, ensure that the measurement criteria are applied uniformly and on a standardised basis. The data required for disclosures in the combined management report and the notes are also aggregated and adapted at Group level.

Caveats

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

INDIVIDUAL RISKS AND OPPORTUNITIES

Strategic risks

- Negative macroeconomic development and pandemic risk
- Negative development of the real estate sector
- Organisational risk

Compliance risks

- Risks arising from breaches of compliance regulations
- Legal risks

Operational risks

- Tenant credit risk
- Letting risk
- Credit risk related to real estate management fees
- Risk arising from Refurbishments /project developments
- Transaction risk
- Location and property risks
- Technological risks (including IT)
- Personnel risks

Political, social, regulatory and environmental risks (ESG)

- Regulatory risks
- Climate and environmental risks

Financial risks

- Financing risk
- Valuation risk

Strategic risks

> Negative macroeconomic development and pandemic risk

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

Since spring 2020, Germany's macroeconomic situation has been dominated by the Covid-19 pandemic. The outbreak of the pandemic and the initial lockdown that followed led to a historic drop in gross domestic product of 9.8 % in the second quarter of 2020. The economy began to recover during the summer, though the rebound was curbed in late 2020 by the second wave of the virus and a further government-mandated lockdown. According to initial calculations by the Federal Statistical Office (Destatis), Germany's price-adjusted gross domestic product (GDP) in 2020 was 5.0 % lower than in 2019, abruptly ending a ten-year growth phase that had lasted since the financial and economic crisis of 2008/2009. Economic production was severely curtailed in some cases in both the services and manufacturing sectors. The fallout of the Covid-19 pandemic dealt German industry a particular blow in the first half of the year, due in part to the temporary disruption of global supply chains. The services sector also saw a marked economic decline, with sectors such as retail, transportation and hospitality experiencing a 6.3 % drop on 2019 after adjusting for price changes. This contrasted sharply with online trading, which witnessed significant growth at the expense of bricks-and-mortar trading. Hit hard by the lockdown restrictions in the spring, accommodation and food service experienced a significant revenue and earnings decline in the hospitality industry. By contrast, the construction industry held up well, with price-adjusted gross value added actually even rising by 1.4 % year-on-year. Coronavirus produced the first drop in the labour market after 14 years of rising employment levels.

In 2020, Germany's economic output was delivered by an average of 44.8 million people working in this country, a decrease of 1.1 % compared with 2019. "Marginal" part-time workers and the self-employed were the hardest hit, while the number of employees paying mandatory social security contributions remained stable. The extension of regulations on short-time working in particular probably prevented redundancies.

Economic researchers expect to see the trend in the Federal Republic of Germany reverse in the 2021 financial year. In spite of the further lockdown imposed at the beginning of the year, economic growth is anticipated again from mid-2021 as more and more people are vaccinated. Consumer spending is expected to be the main driver of the domestic economy, probably benefiting sectors such as retail and food service. Economists also estimate that the economy will return to normal and reach pre-crisis levels by summer 2022 at the latest. Initial estimates currently put GDP growth for the 2021 financial year at around 3.0 % to 4.0 %.

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

Our business model and our investments in the individual business segments are highly diversified. Our investments include a high proportion of agreements with public sector tenants and a large number of tenancy agreements with SMEs in particular. We broadened our investor base and investment portfolio by acquiring GEG in 2019 and making the strategic acquisition of RLI Investors at the end of 2020 and completing the transfer in January 2021. Based on assets under management in excess of EUR 10 billion achieved after the reporting date, we generate diversified, steady cash flows from ongoing rental income, transaction, structuring and management fees, and income from investments.

Overall, we classify the probability of occurrence of a negative macroeconomic development and its negative financial impact as medium.

> Negative development of the real estate sector

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

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

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

Due to the stable general environment, the German commercial real estate market remains an attractive investment market among foreign and domestic investors even in spite of the coronavirus crisis. Persistently favourable financing conditions combined with a lack of investment alternatives are making properties with attractive returns in the top 7 cities and also in B- and C-locations particularly interesting. In the top 7 cities, gross initial yields for top properties at the end of 2020 ranged from 2.7% in Munich to 2.8% in Berlin, 3.0% in Frankfurt and Hamburg, 3.1% in Stuttgart, 3.2% in Düsseldorf and 3.3% in Cologne. According to consultancy firm Colliers International, the commercial transaction volume in Germany totalled around EUR 59.2 billion in 2020. This means that in the last decade the EUR 50 billion threshold was significantly exceeded for the sixth time in a row. The fourth quarter in particular contributed EUR 18.2 billion, or 31%, to this full-year result, even slightly exceeding the figure for the start of the year of EUR 17.7 billion. Despite the Covid-19 crisis, Germany's seven major investment centres continued to attract investors' attention in the financial year now ended, with around EUR 30.6 billion, or 52% of the transaction volume, being placed there in 2020. After the first lockdown, the investment market therefore began to grow again in the second half of the year and gained significant momentum, particularly in the final quarter of the year, on the strength of more high-volume transactions. This also demonstrates the resilience of the German investment market and the ability of market players to adapt. The share of foreign investors increased again as the year went on and by year-end accounted for 43% of the commercial transaction volume in 2020. The price trend remained stable, rising in the core segment.

Office locations in German B- and C-cities also generated increased interest among investors despite the coronavirus-induced situation in the 2020 financial year as well as the ongoing liquidity pressure and yield compression in the top 7 cities. New projects are generally launched with high pre-letting rates rather than as speculative projects, and portfolio properties with low vacancy rates promise a crisis-resistant investment. Acquisition processes continued and were brought to a conclusion despite the restrictions in public life. The strong demand outside the major office centres was reflected in a high transaction volume. Nearly 17% of all office transactions in 2020 took place in B- and C-cities, an increase of three percentage points on 2019. Properties with a core profile and a large share of public sector tenants were particularly popular with investors.

The Covid-19 pandemic inevitably had an impact on the office rental market as well. Planned expansions were initially postponed or could no longer be implemented at all. However, there was no dramatic increase in vacancy rates or a wave of vacancies. Information provided by Colliers International Deutschland reveals take-up of 2,555,100 sqm in Germany's seven largest office markets in 2020. This is a decrease of nearly 35% on the extraordinarily strong 2019 and 25% below the ten-year average. According to the experts, the weighted vacancy rate in the top 7 cities rose slightly to 3.5% at year-end, though it remains at a very low level. The level is therefore indicative of a more landlord-friendly market in a situation with normal levels of demand. Even in relation to the vacancy rate of 2.9% in the final quarter of 2019, the increase is only moderate. Here, too, we can see the resilience of the German economy. Prime rents in the top 7 cities mostly moved sideways in 2020. As of the end of 2020, slightly over 3 million sqm of office space were available for short-term rental. Sublet space and incentives are becoming increasingly important, but still do not play a dominant role in office markets.

Individual project developments experienced delays during the year, which is why Colliers International anticipates higher completion volumes in 2021. Just under 1.7 million sqm of new office space came on the market in 2020 in spite of the Covid-19 pandemic, a large share of which was already pre-let.

Although falling yields could impact our transaction planning in the long term, the risk would not result in any material financial damage, at least in the medium term, as our business plans are long-term and flexible. On the selling side, it also results in attractive exit options for us.

Our company is widely networked to minimise risks. As an active investor and asset manager with a local presence, we are well placed to become aware of possible sales in our relevant markets at an early stage. Furthermore, our market penetration throughout Germany and our in-depth knowledge also of B- and C-locations enables us to seize opportunities in the regions, thereby compensating for a potential lack of supply at the top 7 cities. While rental yields from A-locations within B-cities continued to decline, they are still significantly higher than rental yields from A-locations in A-cities. This means that they continue to offer attractive investment opportunities.

In view of the basic economic data and an expected recovery, liquidity in the transaction markets is expected to remain high in the 2021 financial year from mid-year at the latest. Companies could then increasingly resume relocation and expansion plans, and in doing so halt the decline in the total amount of space let. By contrast, the situation for hotel and retail properties will remain challenging. Ongoing travel restrictions and lockdown measures in particular are putting companies operating in these sectors under considerable pressure. This means that the negative trend for the properties affected could continue and lead to an increase in alternative uses or hybrid properties. In 2021, investors are expected to continue differentiating clearly between the asset classes and also within the asset classes when assessing the risks of an investment. On the transaction market, we see more opportunities than risks on the seller side in 2021, particularly due to continuing demand for core real estate in light of persistently low interest rates. On the buyer side, we continue to see suitable opportunities due to our growing real estate platform, the expanding investor network, and a broader scope of investment thanks to our increasing investments in the logistics sector as well.

We expect rental markets, particularly office rental markets, to recover in 2021. Tenants are still prepared to pay high rents for high-quality space in good locations. However, the surge in rents seen in recent years is likely to slow due to the coronavirus-related fall in demand, especially in the large-scale segment. How demand in the markets develops will depend on the evolution of the pandemic. With the prospect of widespread vaccination against Covid-19 followed by a consistently positive economic recovery, letting activities in the office markets are expected to steadily return to normal.

Overall, we classify the probability of occurrence of a negative development of the real estate sector and its negative financial impact as medium.

> Organisational risk

Organisational risk describes the risk that the Company's organisation, processes, and rules and regulations are not strictly aligned with the corporate strategy and objectives, or are incorrect, or that there is no connection between the strategy and the operating business. There is also a risk of inefficient organisational structures and processes, and dependence on or a lack of support from IT systems and structures.

To minimise risks, we continuously review current processes and decision-making channels as well as efficient use of our IT systems. An independent committee has been formed for this purpose that generally meets once every two weeks.

Overall, we classify the probability of occurrence of organisational risk and its negative financial impact as low.

Compliance risks

> Risks arising from breaches of compliance regulations (e.g. fraud, money laundering, data protection)

DIC Asset AG relies on all employees and its management team to observe the compliance standards. Were employees to commit criminal, unlawful or unethical acts (including corruption) or breach data protection legislation, this could have a material adverse effect on DIC Asset AG's business activities, financing terms and earnings. These consequences may also occur if future business opportunities are negatively impacted by damage to our reputation in the real estate market.

In its Compliance Guidelines, which apply Group-wide, DIC Asset AG requires all Group employees to act responsibly and lawfully. A Compliance Officer was appointed and the whistleblower system for reporting misconduct and violations was set up. The Compliance Guidelines include the following items:

- Protection against discrimination: Employees prevent any form of discrimination, disadvantage or undesirable behaviour, particularly on grounds of ethnic origin, gender, religion or belief, disability, age or sexual orientation.

- Avoidance of conflicts of interest and corruption risks: DIC Asset Group companies reject any kind of corruptive behaviour and the misuse of decision-making powers. The giving and accepting of gifts is regulated by binding provisions in the Compliance Guidelines and subject to the principle of maintaining transparent business activities. Employees must avoid giving the appearance of granting an advantage when dealing with government officials. Under no circumstances must benefits be granted to government officials in order to persuade them to act in contradiction to their duties. Private secondary employment and company investments must not influence the employee's actions as stipulated in their employment contract.

- Data protection: Employees undertake to safeguard trade and company secrets and to comply with applicable data protection laws. DIC Asset AG provides information on its website on the handling of personal data in accordance with the European General Data Protection Regulation.

- Capital market requirements/insider trading bans: Conducting insider trading, advising or inducing third parties to conduct insider trading and the unauthorised disclosure of insider information are prohibited.

- Money laundering: DIC Asset AG does not tolerate money laundering and obliges its employees to report suspicious behaviour by business partners and advisers and observes all relevant provisions and instructions in this regard.

- Prohibited agreements: Any distortion of competition or corrupt practices in contravention of competition law are strictly rejected. In situations where employees see a violation of competition rules, they are encouraged to voice their concerns clearly, expressly distance themselves from the content and inform the Compliance Officer immediately.

- Reports of misconduct and violations: Employees are encouraged to report misconduct and violations of statutory provisions or regulations and internal company guidelines. They can report such incidents to the Compliance Officer, relevant supervisor, Management Board, personnel department or via a whistleblower system that also enables employees to submit reports anonymously.

- Consequences: Employees can expect sanctions under employment law for violating statutory provisions and internal company guidelines. The companies also reserve the right to report a crime or file a criminal complaint in the event of a criminal offence.

The risk arising from breaches of compliance regulations is considered unlikely due to the compliance management system in place and because no incidents occurred in the 2020 financial year, and the negative financial impact is considered low.

> Legal risks

DIC Asset AG is exposed to the risk that third parties will assert claims or file actions for a possible breach of their rights within the framework of normal business operations. We therefore carefully check all material acts carried out by the Company in order to identify and avoid potential conflicts. Risks may also arise from non-compliance with contractual obligations.

At present, ongoing litigation relate almost exclusively to legal proceedings initiated by the Company to collect outstanding rent. We recognised provisions for these legal costs and recognised bad-debt allowances as required.

There are currently no material pending or foreseeable legal disputes which could constitute a considerable risk. In our view, current litigation will result in more opportunities than risks. Sufficient provisions have been recognised for any risks. Overall, we consider the probability of occurrence of legal risk and its financial impact to be low.

Operational risks

> Tenant credit and letting risks

Opportunities from letting arise primarily from stabilising and increasing income in our own portfolio and in the Institutional Business segment. We strive to do this by letting to tenants with good credit ratings and through intensive property management. When deciding on acquisitions, we subject properties, the market, locations and tenants to an intensive analysis. As a general principle, we aim to secure long-term tenancies and take measures in good time to extend tenancy agreements and find new tenants. We optimise our opportunities for letting by regularly monitoring and improving the structural quality of our properties.

Letting risks involve the non-payment of rent and profitability risks due to less profitable new leases or lease renewals. Counterparty credit risk resulting from outstanding rental payments is taken into account by way of bad debt allowances. These were increased by EUR 3.2 million in 2020 as a consequence of the Covid-19 pandemic and lingering uncertainties. In addition, we entered into agreements with tenants that safeguard short-term liquidity benefits for the tenants and long-term cash flows for us. In 2020, for example, we adjusted our gross rents by EUR 1.4 million based on existing rental agreements.

We generally try to avoid being dependent on major tenants. In 2020, around 39% of total rental income from the Commercial Portfolio was attributable to the ten largest tenants. These tenants are all renowned tenants with mostly excellent credit standing, primarily from the public sector, and from the telecommunications, insurance and IT industries. No tenant accounts for more than 6% of total letting volume.

In financial year 2021, tenancy agreements in the Commercial Portfolio with a volume of EUR 3.6 million may end, while leases generating income of EUR 6.4 million will be extended periodically without a fixed end date. We assume that, as previously, the overwhelming majority of expiring agreements can be extended, or the space becoming vacant can be let to new tenants. If, for example, 10% of the rental space to become vacant in 2021 is not re-let, this would result in a maximum loss of income of approx. EUR 0.4 million when assuming an annualised rent total of approx. EUR 3.6 million.

Thanks to our effective real estate management platform, we maintain a regional focus on our tenants and seek to achieve long-term tenant loyalty. From the onset of the Covid-19 pandemic in March 2020, transaction activity declined, with letting activities tapering off some time later. In 2020, we noted a clear trend towards lease renewals, in some cases even ahead of schedule, rather than new leases. The most recent development (lockdown since November 2020) has perceptibly curbed momentum once more. As things stand today, the restraint among players in the rental market is expected to continue until around mid-2021. If the rate of infection abates from the second quarter of 2021 as anticipated, companies will regain more planning certainty for the development of their businesses and letting activities will return to normal levels.

The discussion about future office space requirements unleashed in connection with the Covid-19 crisis as greater numbers of people work from home or remotely must be viewed from different angles. A drop in demand in excess of 10% seems unlikely at present, especially given that the supply of vacant rental space in line with the market is at an all-time low in the top office locations. What is more, new project developments – especially speculative ones – have continued to decline recently, which means that the strained supply situation before the pandemic will remain unchanged. Larger companies will use the experience gained from employees' mobile working to review their space requirements at the very least. One area to be examined in particular is not whether remote workplaces can be permanently relocated to employees' private residences, but whether it would be possible to rent flexible workplaces close to employees' places of residence so as to reduce commuting times for them in the future and mitigate any infection risks arising from the use of public transport. In addition, the current situation will increase demand for small-scale and flexible forms of office use (cellular offices). Savings in potential space requirements resulting from desk-sharing and remote concepts will be eroded to some extent by more spacious working environments and the growing need for meeting zones that allow staff to maintain a safe distance.

To further reduce letting and tenant credit risks, DIC Asset AG expanded its regional footprint around the end of the year with the acquisition of an eighth location in Stuttgart. By opening a further branch of our subsidiary DIC Onsite GmbH, we are deepening our regional presence in Germany's top real estate locations. Our local presence and proven expertise in the German real estate market is a central pillar of our portfolio of services – also for our institutional investors. The new location is a logical step that allowed us to manage acquisitions in the 2020 financial year and will enable us to manage future acquisitions in and around Stuttgart on the DIC real estate platform, delivering the customary level of quality. Currently, the new branch has assets under management in the Stuttgart area worth approximately EUR 200 million. Further investments are planned.

Due to our proximity to tenants and the market, we classify the probability of occurrence of letting risks in our property portfolio as low overall and the financial impact as low to medium-high. We consider the probability of occurrence of tenant credit risks as medium overall due to the continuing uncertainty about the macroeconomic consequences of the ongoing restrictions on public life. We classify the financial impact as low to medium. Opportunities will arise as vacancy rates fall further – particularly if the rental market stabilises from the second half of 2021 onwards – and from a future change in the use of office space by existing and potential new tenants.

> Credit risk related to real estate management fees

DIC Asset AG designs funds, club deals and alternative investment structures for institutional investors. It typically invests up to 10% as a co-investor, thereby achieving regular investment income. In recent years, the trend has been towards smaller co-investments. In addition, the Institutional Business segment generates recurring income from asset and property management and from management fees on regular acquisitions and sales driven by platform growth and developments.

Opportunities and risks arise in the Institutional Business segment with regard to the expected income, which primarily depends on the volume of assets under management, rental income and transaction activities. The volume of assets under management can be impacted in particular if transaction activities deviate from those forecast. Lower rental income as well as a negative trend in market values can also weigh on income. Successful transactions can have a positive effect on our earnings, as it might be possible to generate performance-based exit fees.

After the onset of the pandemic in mid-March 2020, transaction activity in the real estate market came to almost a complete halt at times. Some ongoing transactions were postponed while others were cancelled. However, transaction volumes increased sharply again in the second half of the financial year, and particularly in the fourth quarter. Thanks to our robust real estate platform, we too were able to resume postponed transactions and secure new transactions and bring them to a successful conclusion in the fourth quarter of the financial year. As a result, all transaction targets for 2020 were achieved and some were even exceeded.

Another risk could be that we lose our reputation as a provider of institutional investment products, which may jeopardise the launch of new investment products. In order to boost investor confidence, we always have a significant equity stake in each investment product to ensure we share a common interest with our investors.

Investors' lack of interest or waning interest in our investment products could pose another risk. We are continuously expanding our investor base and the range of products we offer. In the fourth quarter of 2020, for example, we launched the largest institutional fund in the Company's history with a target volume of EUR 1.6 billion and acquired logistics specialist RLI Investors with economic effect from the beginning of 2021 – a transaction that will significantly broaden our portfolio of investment products in the logistics sector.

After launching the special fund and completing extensive transactions with a total volume of EUR 2.5 billion in 2020, DIC Asset AG now manages 27 investment products, including twelve pool funds, six club deals and nine separate accounts. This meant that the overall managed volume in the Institutional Business segment rose to EUR 7.6 billion. The Company plans to launch more investment products operationally and drive forward its growth in 2021.

Opportunities and risks relating to investment income arise especially in connection with rental income from the properties, which may be negatively impacted by bankruptcies and significant rental defaults. We minimise these risks with our own effective property management, which manages the properties in our investment products (see “Operational risks - letting”).

In terms of personnel, DIC Asset AG has further strengthened its subsidiary GEG by adding two members to its executive management at the beginning of 2021. Their work as managing directors will focus on raising additional funds from national and international institutional investors and opening up new opportunities in the asset management market.

Thanks to our expertise, our customer relationships and based on the current and planned activities in 2021, we consider the risks from the Institutional Business segment, particularly the probability of occurrence of credit risks from real estate management fees as low. We consider the financial impact to be low to medium.

> Risks arising from refurbishments/project developments

DIC Asset AG has invested in project developments in the past few years as a co-investor and possesses real estate with potential for development (Commercial Portfolio). We are currently increasing our focus on repositioning efforts within our Commercial Portfolio and, in the Institutional Business segment, on repositioning larger landmark properties in the top 7 cities of Frankfurt and Munich as part of our management services for third parties.

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

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

Overview of ongoing and completed project developments:

Commercial Portfolio:

The “Wilhelminenhaus” in Darmstadt, which is part of DIC Asset AG’s Commercial Portfolio, had been undergoing a complete refurbishment since December 2018. In addition to upgrading the technical specifications, the focus was on restructuring the building to make it handicap-accessible and on the rooftop installation of a photovoltaic system. The total investments costs added up to around EUR 33 million. In light of the planned renovation work, Darmstadt Regional Council and Landesbetrieb Bau und Immobilien Hessen (LBIH) also extended their lease with DIC Asset until 2040. The tenant moved into temporary quarters elsewhere in Darmstadt for the duration of the refurbishment work, which took roughly 18 months. This ensured that the Regional Council's work could continue without interruption during this period. The tenant moved back into the renovated offices in Darmstadt in the first quarter of 2020 as planned. At the end of the 2020 financial year, the completed property was sold as part of a seed portfolio for a new, open-ended institutional fund with a target volume of EUR 1.6 billion. The transfer of possession, benefits and associated risks will take place in the first quarter of 2021.

The last quarter of 2020 saw the start of planning for a modernisation of Rheydt-Galerie at the heart of Mönchengladbach’s Rheydt district. The property is part of the Company’s Commercial Portfolio. Rheydt-Galerie has total rental space of around 10,300 sqm. With an investment volume of approximately EUR 30 million, the business centre, which was built in the late 1950s and last modernised in the 1990s, will be technically and visually upgraded over the next 18–24 months. A variety of construction measures are planned for the interior, the car park and the exterior facade. At the time the repositioning project kicked off, a long-term lease was concluded at the beginning of December with a discount supermarket that will occupy an area of around 1,200 sqm on the ground floor as the largest single tenant. Most of the existing tenants will still be found there. Overall, the retail focus at Rheydt-Galerie in future will be on non-discretionary retail.

Due to the restructuring of GALERIA Karstadt Kaufhof under the insolvency protection proceedings (“Schutzschirmverfahren”), the discontinued location in the centre of Bremen had to repositioned in the short-term. Plans for the subsequent use of the centrally located property were developed at an early stage. Follow-up contracts were signed with the existing tenant Saturn occupying around 9,000 sqm and other smaller tenants. In furniture retail chain Opti-Wohnwelt, DIC Asset also found a new anchor tenant for the approximately 15,500 sqm of space that had become vacant. The net cost of the tenant fit-out is around EUR 3.4 million. Planning and construction will take about 10 months.

Institutional Business:

In the Institutional Business segment, DIC Asset AG manages the Global Tower project development in Frankfurt. The former Commerzbank high-rise building with 33,000 sqm of space in the heart of Frankfurt’s banking district has been comprehensively revitalised since August 2018 and repositioned under the name Global Tower. Its completion is planned for summer 2021. In January 2020, a lease was signed with a major tenant from the IT sector for around 5,400 sqm of space on the 22nd to 27th floors. To complement this, a lease was signed with a financial services provider for around 1,000 sqm on the eighth floor in December 2020.

Another project ("Riverpark") in Frankfurt am Main is currently being managed by DIC Asset AG under a third-party mandate. Further planning as well as marketing and sales activities took place for this project in the past financial year. DIC Asset AG also discussed further options for implementing the project with the investor against the background of the Covid-19 pandemic.

The Pasing Central project in Munich’s Pasing district has been under construction since mid-2018. An extensive refurbishment and construction project on a site opposite the Pasing Arcaden shopping centre and Pasing’s main railway station. The first sub-project, “Pasing I”, consisting of three buildings with a mixed use of apartments, commercial and retail space, was sold to an institutional investor in February 2020 as part of a forward asset deal. All of the 66 condominiums from the second sub-project, “Pasing II”, had already been sold in 2019. The entire complex including exterior spaces is scheduled to be completed by mid-2021.

We are also pursuing a project development with our 40% MainTor investment property in Frankfurt – divided into six construction phases with a total volume of around EUR 850 million. All six construction phases of the MainTor project were sold and marketed in advance between June 2011 and November 2014. All six construction phases have now been completed and transferred to their tenants. The project’s last construction phase, WINX, will be handed over to the investor in the first half of 2021.

On the basis of current and planned project development and repositioning work for the next twelve months, we consider these risks and any potential financial impact for 2021 to be low to medium.

> Transaction risk

Active portfolio management is a key component of our corporate development. We constantly monitor the risks associated with the sale or purchase of real estate and, where required, recognise provisions.

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

In the case of purchases, opportunities and risks arise mainly from income and costs deviating from budget, a fact which generally only becomes apparent in the medium to long term. In the case of property sales, the seller usually provides certain guarantees, for example with regard to legal and technical issues. As a result, there is a risk that claims may be asserted against the seller after the sale for breach of warranty obligations. There is also the risk in transactions that the planned figures may not be achieved due to sudden changes in the macroeconomic environment or property-specific issues.

We reduce risks prior to sales and purchases by means of extensive due diligence in conjunction with external experts as required. Furthermore, we prepare risk-oriented business plans, which are continually adjusted to cost and income trends. Continuous property management increases the likelihood of positive performance. Our portfolio management system enables us to constantly monitor the risks associated with the sale or purchase of real estate even more efficiently.

The recently revised planned transaction targets were clearly exceeded in the 2020 financial year. The cross-segment acquisition volume stood at EUR 1.8 billion, divided into EUR 213 million for the Commercial Portfolio and EUR

1,625 million for the Institutional Business. This means that the goal of EUR 200 to 300 million for the Commercial Portfolio was achieved. The targets for the Institutional Business were exceeded, due not least to large-volume acquisitions such as “Deka Office Hub” and “Lincoln Offices”, contracts for which were signed in December. Likewise, all targets on the sales side were exceeded with a volume of EUR 242 million in the Commercial Portfolio and EUR 370 million in the Institutional Business. A total volume of around EUR 2.5 billion was transacted in 2020, which is once again significantly higher than the record-breaking year 2019. This raises assets under management to around EUR 9.6 billion as at 31 December 2020, of which around EUR 2.0 billion is attributable to the Company’s Commercial Portfolio and approximately EUR 7.6 billion to the third-party business. In addition, the acquisition of RLI Investors GmbH reported on 23 December 2020, with assets under management in excess of EUR 700 million, was completed in January. As a result, the DIC platform’s real estate assets under management rose to over EUR 10 billion on a pro forma basis by the end of the year. DIC Asset AG is planning transactions with a volume of between EUR 1.5 billion and EUR 2.2 billion across all segments for 2021.

Our planning for 2021 also contains income and profits resulting from acquisitions and sales. Should we exceed or fail to meet the projected transaction volumes, this could change our earnings forecast positively or negatively. Aside from the risks and opportunities that may arise outside the Company on the transaction market (cf. Risks in the external environment, “Real estate sector”) or from the requirements to obtain consent from investors in the Institutional Business segment, we consider it unlikely that we will have to deviate substantially from our planning for 2021. The opportunities for exceeding the minimum targets set predominate here thanks to the Company’s flexibility.

On the basis of current and planned transaction activities for the next twelve months, we therefore consider the probability of occurrence of transaction risks and the financial impact to be low.

> Location and property risks

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

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

We consider the probability of such location and property risks and the financial impact to be low overall.

> Technological risks (including IT)

A loss of the database or an extended failure of the systems used in the regions or at head office could lead to our operations being considerably disrupted. We have protected ourselves against IT risks though our own network, modern hard and software solutions and appropriate measures against attacks. All data are backed up redundantly in a second data centre every day. We have developed data recovery and continuity plans to be able to rectify disruptions quickly. Detailed rules on access rights ensure that employees can only access the systems and documents they need for their work. We use a modern IT platform, which has replaced isolated systems with integrated software and has increased efficiency and security in controlling real estate management.

During the 2016 financial year, the internal data centre was relocated to an external provider, further reducing the risk of IT failure. Over the next years, we continued the process started in 2018 of moving our physical server and storage infrastructure to a private cloud. This step has already been completed to a very large extent, further enhancing fail safety.

As a result of the precautions and security measures taken, we consider the probability of IT risks occurring to be low overall. We classify the financial impact as low to medium.

> Personnel risks

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

Risks arise, most notably, from high-performers leaving the Company and from attracting suitable new employees. Given the measures we have taken, we consider substantial adverse effects and personnel-related risks including their financial impact to be low.

Political, social, regulatory and environmental risks (ESG)

> Regulatory risks

Risks as well as opportunities may arise from changes to general conditions or regulations. While such changes usually require a certain amount of lead time to allow sufficient scope to adjust, They can sometimes be made rapidly in exceptional situations such as the Covid-19 pandemic or a financial crisis, thus complicating the adjustment process.

Compared to other countries in Europe, Germany has previously proven itself to be an economy with a strong degree of regulatory, social and political stability and thus offers less potential for sudden, unmoderated measures and regulatory interventions without a broad social and economic consensus.

Legislation for mitigating the consequences of the Covid-19 pandemic:

Amid the Covid-19 pandemic, the German Bundesrat on 27 March 2020 approved the Act to Mitigate the Effects of the Covid-19 Pandemic in Civil, Insolvency and Criminal Procedure Law, which the Bundestag had passed two days earlier.

Overall, the Act provided for temporary changes to civil law regulations on general contract law, tenancy law (moratorium on termination) and loan law (deferral of consumer loan agreements) in the period from April until the end of June 2020, among other things. The regulations constituted a temporary exemption from the principle that the landlord can terminate a tenancy if the tenant is late in paying the rent. A moratorium on termination could apply if a tenant's failure to pay the rent was a consequence of the Covid-19 pandemic. However, the moratorium did not change the tenant's obligation to pay the rent or the due date for the rent. The tenant has until 30 June 2022 to settle arrears from the period between 1 April 2020 and 30 June 2020.

In response to the imposing of fresh restrictions and lockdown regulations in December 2020 (as of the date of publication of the Annual Report until mid-February 2021), the German parliament on 17 December 2020 approved the Act to Further Shorten the Residual Debt Discharge Procedure and Amend Pandemic-Related Provisions in Company, Cooperative, Association and Foundation Law, as well as in Tenancy and Patent Law. This is an amendment to the earlier Act to Mitigate the Effects of the Covid-19 Pandemic in Civil, Insolvency and Criminal Procedure Law of 27 March 2020. The amendment entered into force on 31 December 2020 and entails two major changes to tenancy law as well as to the acceleration of legal proceedings as a consequence of the Covid-19 pandemic.

DIC Asset AG maintains ongoing dialogue with its tenants. Arrangements have been made with affected tenants that will continue to provide a foundation on both sides for a long-term partnership based on trust. Thanks to active communication with tenants directly affected by the closures – primarily from the retail and hotel sectors in both business segments – the risks arising from rent losses were significantly reduced through economically viable individual solutions such as temporary rent waivers with simultaneous extension of the lease term. In specific cases, DIC Asset AG also took the precautionary measure of starting to draw up post-utilisation and repositioning plans for properties with retail spaces. In addition, DIC Asset AG recognised higher loss allowances in the 2020 financial year for possible non-payment of rent (for more information see the section entitled Tenant credit and letting risks).

A possible shift in the balance of political power combined with further increasing social polarisation and a potential trend towards greater protectionism plus other temporarily applicable or permanently amended laws as a consequence of exceptional circumstances could have a negative effect on the German economy and the real estate sector.

Overall, we consider the risks and opportunities arising from the short-term change in the regulatory environment to be minor for DIC Asset AG. The financial impact would be low to medium.

> Climate and environmental risks

Due to the long-term nature of the investment horizon, the increasing impact of climate change and the public's growing need for information on sustainable aspects of economic activity require the business models of real estate investors and managers to be firmly established in the real estate sector.

DIC Asset AG is exposed to the following climate and environmental risks:

Portfolio risks and changing consumer behaviour (direct/indirect)

Significant and sustained extreme changes in weather conditions increase the risk that storms, floods, severe global warming, and changes in the atmospheric environment, for example, will have a direct and indirect impact on the fabric of the buildings in DIC's property portfolio or the properties it manages for third parties, limiting possible uses and bringing about changes in usage behaviour. Tenants' consumption of energy and water could increase.

Tenants could place greater emphasis on sustainability-certified or energy-efficient accommodation in future. A climate-induced increase in tenants' consumption of energy or water is also likely to increase operating expenses.

Although renovating existing buildings to make them more energy-efficient entails a higher level of capital expenditure, it reduces operating expenses in the long term. We work closely with tenants to find the most efficient approach for meeting their energy needs. Construction measures that generate savings in energy consumption and carbon emissions are also to be preferred when repositioning properties from our Commercial Portfolio.

Our energy procurement activities ensure that the electricity requirements of our properties' common areas have been met with renewable energy sources since 2010. We expect that implementing smart metering systems for the entire property portfolio will make it easier to analyse and manage consumption data going forward.

Regulatory and legislative aspects

The Paris Agreement on climate change that was adopted on 12 December 2015 replaces the Kyoto Protocol and is considered an important milestone in the fight against global warming. At the UN Climate Change Conference held in France in December 2015, 196 countries plus the European Union agreed for the first time to limit global warming to well below 2, preferably to below 1.5 degrees Celsius, compared to pre-industrial levels. The goal of containing climate change below this temperature level was to effectively mitigate environmental consequences such as natural disasters, droughts and rising sea levels. New regulations and stricter laws on energy efficiency and emissions requirements may necessitate increased spending on modernisation. The German Renewable Energy Sources Act (EEG) sets out among other things that from 2025 more than 40% of energy consumed in Germany must be generated from renewable sources. Future amendments by the legislature could require significant changes in the construction or conversion of real estate and lead to stricter energy efficiency requirements in the areas of asset and property management.

DIC Asset AG has its own expertise in the field of energy management, along with a team of property managers experienced in catering to tenants' needs. We invest regularly in our buildings. We promptly take note of legal and regulatory changes to ensure compliance with all relevant regulations.

At the beginning of 2021, DIC Asset AG built up more internal expertise in the area of ESG and created the position of Head of Sustainability to ensure that changes in the general framework are continuously analysed and any necessary adjustments to operating processes are implemented.

The increasing requirements for ESG criteria within companies' own business activities are also creating opportunities for DIC Asset AG. Proactive modernisation of buildings, the building of ESG criteria into decision-making processes, and selection of future investments and divestments incorporating ESG criteria may give rise to additional business activity on the existing real estate platform and among institutional investors who attach considerable importance to sustainability-related aspects as an additional key criterion for investment.

For financial year 2021, we consider risks or opportunities arising from climate and environmental risks and their financial impact to be low.

Financial risks

> Financial risks

Interest rates

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

At present, our financing is primarily based on fixed-interest loans, although derivative financial instruments can also be used selectively for interest rate hedging. As at 31 December 2020, 96% (previous year: 91%) of our financing volume was hedged against interest rate changes.

Due to the hedging, an increase in interest rates of 100 basis points would only reduce our cash flow by an additional EUR 0.3 million. As at 31 December 2020, the average interest rate across all liabilities to banks amounted to 1.7% (previous year: 1.7%). Further information about interest rate risks can be found in the notes.

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

We further optimised borrowing costs by locking in attractive financing conditions associated with the acquisition of new properties in the Commercial Portfolio of DIC Asset AG. These were all financed on a non-recourse basis with domestic credit institutions. The Company selected its banking partners in competitive processes that weighed up conditions, structure, transaction security and timing. The overall new financing volume for loans secured by real estate for DIC Asset AG in 2020 totalled around EUR 154.9 million with an average interest rate of 1.0% p.a.

Due to the Covid-19 pandemic and the resulting macroeconomic challenges experienced in financial year 2020, we expect interest rates to remain low in 2021, which will continue to benefit real estate investment markets. Thanks to the substantial level of hedging, a stronger increase in interest rates would have a slightly to moderately negative impact on our finances. DIC Asset AG will once again make use of available sources of financing in 2021 to continue opportunistically optimising the liability side of the balance sheet.

Financing and liquidity

The close relationship between the financial sector and the real economy is particularly evident in the property industry. Among other things, this is attributable to the fact that construction projects, repairs, modernisation and purchasing properties are usually very capital-intensive activities requiring borrowings to finance.

The aftermath of the last financial crisis resulted in some real estate financiers discontinuing new business or basing their credit requirements on more restrictive risk parameters. However, due to the ongoing expansive monetary policy pursued by the ECB, the liquidity associated with this and the favourable refinancing conditions, funds in the real estate markets are at a high level and the willingness of banks and other financing partners to provide financing remains high – despite the temporary effects of the Covid-19 pandemic. This is true in particular to so-called core properties in premium locations, which are characterised by long lease terms and tenants with strong credit ratings. New, alternative lenders have entered the market, subjecting the traditional financing providers to greater margin competition. To ensure a viable and sustainably stable financing structure, we therefore only agree loans and derivative financial instruments with banks with which we can build on a reliable and long-term partnership and which have excellent credit ratings or are members of a guarantee fund.

The real estate portfolio of DIC Asset AG is financed on a property or portfolio basis. Financial risks do not therefore have a direct or unlimited impact on the Group as a whole (non-recourse financing). DIC Asset AG has agreed a customary level of credit with financial covenants (loan agreement clauses imposing financial ratios). If the Company fails to comply with these clauses, capital providers could modify their credit terms or demand the repayment of some loans at short notice, which would have negative financial implications.

Essentially, the following covenants apply:

- DSCR (debt service coverage ratio): specifies the percentage of expected interest plus any repayment (principal repayment) covered by rental income.
- LTV (loan-to-value): is a ratio expressing the loan amount as a percentage of a property's market value.

No shares in DIC Asset AG serve as collateral or parameters for any of our loan agreements. Compliance with credit clauses is monitored continuously and proactively through risk management in the Corporate Finance division; all covenants were complied with throughout 2020. Deviations from defined threshold values are identified through ongoing sensitivity analyses and presented to the Management Board without delay, and the type and scope of the countermeasures to be taken are determined. The conclusion of affordable long-term financing has been a material condition for the investment decision for all new acquisitions.

The liquidity risk consists of the risk that, due to insufficient availability of funds, the Company is unable to meet existing or future payment obligations or has to accept unfavourable financing terms in order to meet cash shortfalls. In the Group, this risk is managed centrally on the basis of multi-year financial plans and monthly rolling liquidity planning of long-term credit lines and liquid funds to ensure the solvency and financial flexibility of the Group at all times. Cash is passed on to Group companies as required under cash pooling arrangements. DIC Asset AG's financing and liquidity requirements for its operations are secured for the long term and are based on the cash flow from our properties and investments, which can be planned long-term. Liquidity is mainly held in the form of call and term deposits. The Company also has guarantee facilities in the amount of approx. EUR 55,2 million at its disposal.

In addition to existing bank credit lines and guarantee facilities, a working capital facility of EUR 25 million with a major German bank is in place. This financing is unsecured and enhances our financial flexibility at Group level.

The DIC Asset AG commercial paper programme was also launched at the end of 2019. The commercial paper market has changed a great deal in recent years and perfectly complements DIC Asset AG's mostly long-term financing structure. The programme's volume is limited to a maximum of EUR 300 million. DIC Asset AG will use the commercial paper product selectively and only as long as repayment is guaranteed. Currently, there are no drawdowns under the commercial paper programme.

In the current interest rate landscape, we examined the issue of deposit charges and bank levies with the aim of minimising costs while at the same time maintaining financial flexibility. With this in mind, the Company relies on standardised investment products, primarily periodically rolling time deposits. Further information about financing and liquidity risks can be found in the notes.

We make use regularly or as required of the financing opportunities arising from new means of financing such as our corporate bonds, the promissory note market, or the commercial paper market (for raising liquidity short-term). These enable financing sources but also counterparty credit risk to be diversified to the benefit of all those involved.

Overall, we classify the risks arising from financing including their financial impact as low.

> Valuation risk

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

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

Sensitivity calculations were carried out as at the reporting date in order to quantify possible valuation risks. The sensitivity analysis shows, by way of example, how market values react to changes in the discount rate and capitalisation rate.

If the discount rate increases by 25 basis points, for example, market values will drop by EUR 41.4 million. If the capitalisation rate increases at the same time by 25 basis points, the drop will increase to EUR 122.5 million. Since our financial statements are prepared using the cost model (IAS 40.56), variations in market value do not have a direct effect on the balance sheet or the income statement. Impairments are only recognised if the carrying amounts exceed the fair values and values in use of the properties.

We succeeded in minimising the temporary effects of the Covid-19 pandemic on our property portfolio in the 2020 financial year through active management and by reaching individual agreements with directly affected tenants. In view of the anticipated economic recovery and the likelihood of an upswing in the commercial real estate sector in 2021, we believe that our active management approach with in-house asset and property management expertise puts us in an excellent position with regard to our Commercial Portfolio and in the third-party business, which is why we consider the risk that market values will decline in 2021 to be low on the whole. As property is recognised at amortised cost, declining market values do not simultaneously trigger a need for write-downs at DIC Asset. Overall, we classify the risk arising from valuation including its financial impact as low.

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

Sensitivity analysis

Change in the market value of properties in the Commercial Portfolio

Scenarios for a change in the discount rate	Scenarios for a change in the capitalisation rate: +0.25%	0%	-0.25%
+0.25%	-122.5 EUR million	-41.4 EUR million	+50.1 EUR million
0%	-83.1 EUR million	+/-0.0	+93.3 EUR million
-0.25%	-42.9 EUR million	+41.7 EUR million	+139.7 EUR million

OVERALL ASSESSMENT OF THE RISK AND OPPORTUNITY POSITION

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

In the wake of the steep decline in economic activity in the second quarter of 2020, economic output saw a strong rebound in the third quarter before being brought to a halt at the end of the year by a further lockdown imposed in December and the associated restrictions in public life. Further macroeconomic developments in the 2021 financial year will depend to a large extent on the impact of the second lockdown (as of the date of publication of the Annual Report lasting until mid-February) as well as on the effects of more stringent measures taken to combat the Covid-19 pandemic and the government support schemes implemented.

Overall, the risk mechanisms put in place by DIC Asset AG and the early action taken during the Covid-19 pandemic in the course of the 2020 financial year helped to safeguard our income streams, with the direct effects on income being minimised through proactive interaction with our tenants, investors and other stakeholders, among other things.

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

The risk and opportunity situation is mainly characterised by:

– Earnings opportunities/risks from:

  Rental income: Numerous extensions of existing leases and Covid-19-related individual temporary contractual arrangements to minimise the risk of rent default among directly affected tenants helped secure and stabilise our tenant base.

  Sensible additions to the Commercial Portfolio by acquiring property occupied by tenants with good credit ratings also contributed to reducing the risk of rent losses. We are further expanding our earnings base and enhance the diversification of our portfolio and tenant base with the growth planned for the 2021 financial year.

  Real estate management fees: The significant growth in the base of assets under management in the Institutional Business segment in the 2020 financial year based on, among other things, the acquisition of GEG in summer 2019 and the logistics specialist RLI Investors at the turn of 2020/2021 further increased the number of investors and investment vehicles managed by the DIC Group. The strategic acquisition of RLI Investors, among others, enabled us to expand the range of possible investments in terms of geographical location, volume of investment for each individual property and asset class. This will help to further reduce and avoid cluster risks as well as dependence on income from large individual mandates, investors and asset classes.

– Strategic opportunities/risks: With the major new development WINX (MainTor) now being completed, the focus of the corporate strategy is continuing to shift towards lower-risk business segments. Our powerful real estate management platform enables us to focus on active management of the directly held Commercial Portfolio as well as our growing Institutional Business.

– Project development opportunities/risks: DIC Asset has completed the MainTor project development (40% equity interest). All six construction phases are now operational, and the final WINX subproject was largely completed by the end of financial year 2020. Some finishing touches will still be completed in financial year 2021. In addition, DIC Asset manages small to mid-sized repositioning activities and refurbishments within the Commercial Portfolio as well as larger repositioning activities and refurbishments of landmark properties for third parties in the Institutional Business segment. DIC Asset AG is only a minor shareholder in the Global Tower, Riverpark and Munich Pasing project developments it currently manages for third parties. Managing project developments for third parties provides good earnings opportunities for DIC Asset while minimising its equity interest.

– Financing opportunities/risks: We have reduced our financing risks in the medium term as a result of implementing the refinancing of our Commercial Portfolio in January 2017 and the resulting significant reduction in financing costs, the increased maturity of our financial debt and increased future cash flows from lower levels of debt servicing. In the 2019 financial year, the issuance of DIC Asset's first promissory note with a weighted average interest rate of 1.55% also led to further diversification of our sources of outside capital. In the 2020 financial year, our acquisition activities also saw us enter into attractive financing deals. We intend to further optimise our financing structure in financial year 2021, develop new sources of finance and keep our loan-to-value (LTV) ratio at a level of around 45%.

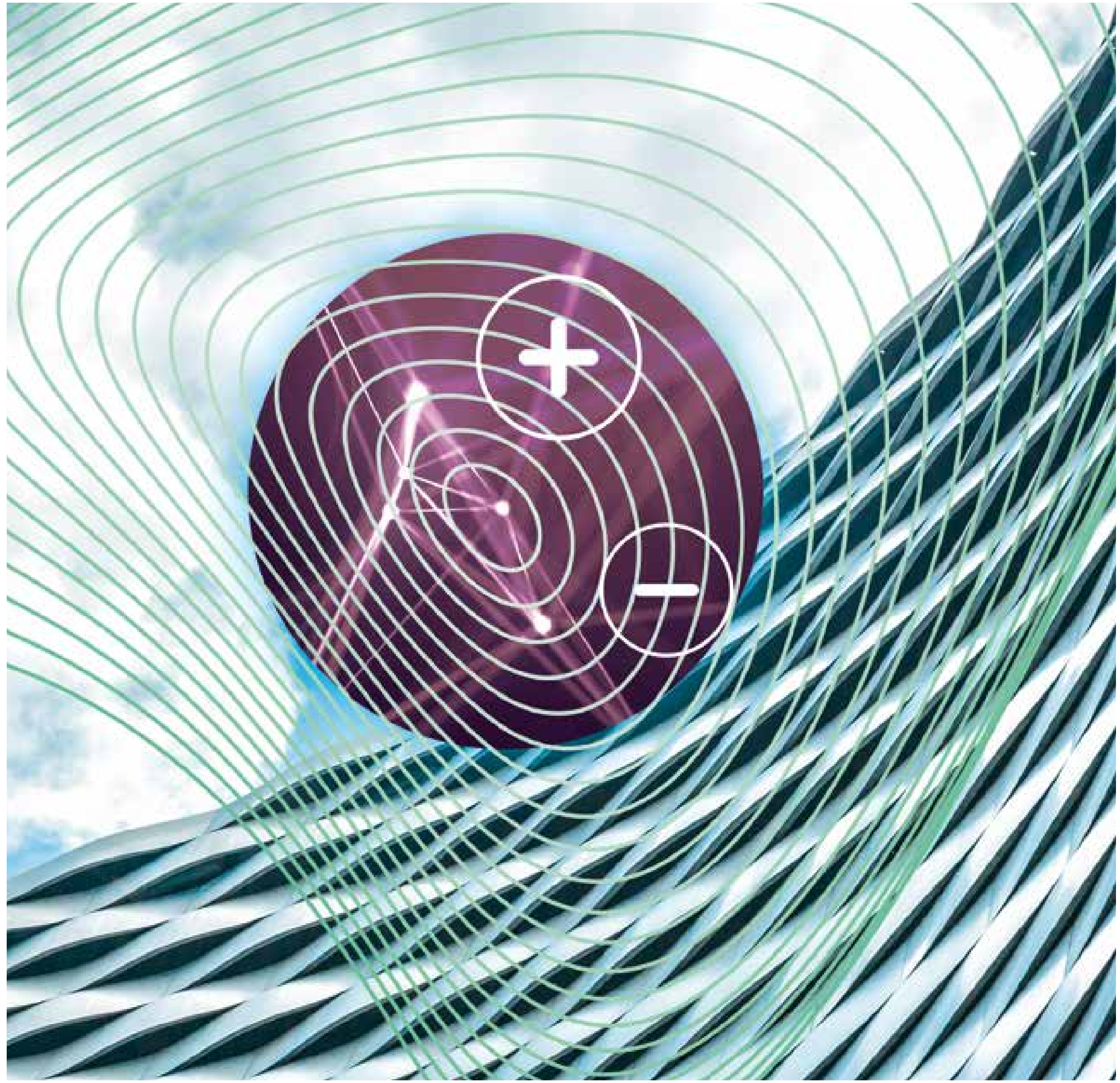
As a result, DIC Asset AG's overall risk profile proved to be stable and crisis-resistant in 2020 compared with the previous year. Having a business model comprising a comprehensive range of services with broad coverage of the real estate value chain in DIC's real estate platform enables us to generate diversified, steady cash flows from ongoing rental income, transaction, structuring and management fees, and attractive income from investments. Our excellent market penetration and extensive knowledge of the German commercial real estate market will support our planned growth. We will efficiently create economies of scale and investment opportunities from the symbiosis of our capital and financial structure as a traditional real estate property holder and the long-standing expertise of a real estate manager.

In a financial year dominated by Covid-19, we succeeded in lifting our FFO earnings once again to EUR 96.5 million. On the transaction side, too, a significantly higher number of transactions had been completed by the end of 2020 than recently forecast. On the acquisition side, transactions worth around EUR 1,838 million were notarised, while on the sales side this figure was EUR 614 million. This significantly increased our assets under management to EUR 9.6 billion at the reporting date. Acquiring the asset manager RLI Investors, which specialises in logistics properties, effective as of the beginning of 2021 has already enabled us to meet our short-term goal of having around EUR 10 billion in assets under management.

Overall economic development in the 2021 financial year will be contingent on the evolution of the pandemic and, subsequently, on possible further restrictions and lockdown regulations introduced by the legislature. On a more positive note, there are high hopes that vaccines will soon be extensively available to combat and contain the pandemic.

This would also have positive effects for the real estate sector as a whole. Following an extraordinary low in the rental market triggered by the pandemic, demand for office space could pick up again during financial year 2021. In 2020, companies put off decisions about relocations and expansion, but leases with correspondingly shorter terms are expiring or coming up for renewal. As a result, additional demand pressure coupled with a shortage of space in Germany's top 7 cities and in metropolitan regions could give a boost to the total amount of space let. Demand in the investment market is also buoyant at present, particularly for core properties. High-yield government bonds are nearing the end of their term, and interest rates are expected to remain low for an indefinite period, which could lead to increased investment pressure among institutional investors. All things considered, the property sector can expect a much stronger year in 2021.

The resulting developments, both positive and negative, and their potential repercussions may have significant consequences for the German economy, its businesses and the real estate sector. However, due to their complexity, these effects are currently subject to greater uncertainty than in previous years in terms of their probability of occurrence.



REPORT ON EXPECTED DEVELOPMENTS

Achievement of objectives for 2020

We met all of the most recent targets for our key performance indicators and exceeded some of them – in some cases by a considerable margin. Despite the exceptional environment and temporary restrictions on public life aimed at tackling and limiting the spread of the Covid-19 pandemic during the 2020 financial year, we were able to expand our diversified real estate platform further with numerous investments both for the Company's own portfolio and as part of third-party mandates. One of our major competitive advantages in this regard is our in-house real estate management team, which we recently strengthened further by opening an eighth office, in Stuttgart, at the start of 2021. Thanks to our proximity to our tenants, investors and properties and our proactive management approach, we were able to significantly minimise potential risks to our business even amid the challenges posed by the outbreak of the Covid-19 pandemic and during the first half of 2020, particularly with regard to the risk of rent losses from directly affected tenants. Directly impacted tenants in particular asked to defer their rent payments during the first few weeks and months of lockdown. We also entered into individual agreements with a number of tenants from sectors particularly affected by lockdown, such as retail and hotels. These agreements primarily comprised a combination of temporary short-term relief from rent payments and a simultaneous extension of contract terms.

In contrast to generally negative expectations regarding the development of lease revenue in office rental markets, our lettings teams saw strong demand for our space across the entire portfolio. Over the course of the year, there was also a clear and noticeable trend towards lease renewals and the extension of existing lease agreements. Overall, our specialists achieved a letting performance of around 269,900 sqm, signing lease agreements with a total volume of EUR 33.2 million across both segments and further securing long-term cash flows in both business segments. The EPRA vacancy rate in the Commercial Portfolio was around 5.4 % at the end of the year.

On 3 April 2020, we adjusted the forecasts made for our key performance indicators at the start of the year before the outbreak of the Covid-19 pandemic to reflect the potential short-term impact of the crisis. The forecast for funds from operations (FFO) was revised to EUR 94 to 96 million (previously: EUR 104 to 106 million), placing it at the high level achieved in 2019 (EUR 95.0 million). The expectation for gross rental income was adjusted to EUR 94 to 98 million (previously: EUR 102 to 104 million), while the outlook for real estate management fees was revised to a range of EUR 80 to 90 million (previously: EUR 85 to 95 million). On the transaction side, we anticipated totalling EUR 700 million to 1.1 billion, including EUR 200 to 300 million for the Commercial Portfolio (previously: EUR 500 to 600 million) and EUR 500 to 800 million for the Institutional Business (previously: EUR 1.1 to 1.3 billion). We continued to forecast planned sales of approximately EUR 400 million, with around EUR 100 million in the Commercial Portfolio and around EUR 300 million in the Institutional Business.

These updated forecasts were refined further when the nine-month figures were published at the end of October 2020 due to increased visibility and a renewed sharp increase in activities on the transaction market in the second half of the year. The latest forecast for FFO was EUR 95 to 96 million, which we were able to achieve as planned with a figure of EUR 96.5 million as of the reporting date. We generated EUR 100.7 million in gross rental income. This meant that we slightly exceeded our most recent adjusted forecast of EUR 98 million due to later sales than originally predicted. Real estate management fees were EUR 79.7 million at the end of the year, thus reaching our most recent projection of EUR 80 to 85 million. On the transaction side, we managed to significantly exceed our transaction targets in some cases due to an very busy final quarter. Among other things, this was due to the launch of the largest real estate special fund in the Company's history, which boasted a seed portfolio of around EUR 780 million that already put it halfway towards its target volume of approximately EUR 1.6 billion.

In the fourth quarter of the financial year ended, we once again observed a marked increase in investors' willingness to complete transactions, enabling us to significantly exceed our most recent acquisition guidance by the end of the year. Acquisition volumes across all segments reached EUR 1,838 million, including EUR 213 million in the Commercial Portfolio segment and EUR 1,625 million in the Institutional Business. This means that the goal of EUR 200 to 300 million for the Commercial Portfolio was achieved. Likewise, all targets on the sales side were exceeded with a volume of EUR 242 million in the Commercial Portfolio and EUR 370 million in the Institutional Business. Overall, the Company's transactions in 2020 add up to around EUR 2.5 billion, exceeding even the record set in 2019 by a significant amount. As a result, assets under management at the end of 2020 rose to more than EUR 2 billion for our own portfolio (Commercial Portfolio segment) and approximately EUR 7.6 billion under third-party mandates (Institutional Business segment).

In the second half of 2020, we firmly stipulated in our investment strategy that we will continue to expand logistics investments both for our own portfolio as well as for institutional investors, thus further diversifying our rental cash flows and real estate management fees. At the end of the past financial year, on 23 December 2020, DIC Asset AG acquired 100% of the shares in RLI Investors GmbH, Munich ("RLI Investors") as well as a 25% non-controlling interest in Realogis Holding GmbH, Munich ("Realogis"). The purchase price was around EUR 42 million. The transfer into the DIC Asset Group took place in early January 2021. With 16 employees in Berlin and Munich, RLI Investors is one of Germany's leading independent investors in logistics properties, with assets under management of more than EUR 700 million. It manages these assets for institutional investors such as pension funds, family offices and international asset managers who pursue an investment strategy focused on returns, diversify their portfolio and seek to work with RLI Investors to reap long-term benefits from the attractive logistics asset class. This strategic acquisition is expected to contribute around EUR 4 million to the DIC Asset Group's EBITDA as early as 2021. The newly acquired expertise provides us with a basis for achieving further growth in the logistics asset class both for our own portfolio as well as for our investors in the Institutional Business – both within and outside Germany. The acquisition of RLI Investors increases our assets under management on the DIC property platform by more than EUR 700 million. RLI Investors' current investors also provide an excellent complement to the DIC Asset Group's existing investor base.

As a result of the transactions notarised in late 2020/early 2021 and over EUR 700 million in real estate assets from RLI, the DIC platform's real estate assets under management rose to meet the strategic target of over EUR 10 billion in assets under management by the end of the year.

We took additional action to address the further development and growth of the Company. In light of the expansion in the logistics asset class, a specialised logistics team has been set up in investment and fund management that will be led by the newly created Head of Logistics role in future. The management team of subsidiary GEG was strengthened further with the addition of Mr Tim Van den Brande on 1 January 2021 and Mr Torsten Doyen on 1 February 2021. Their work as managing directors will focus on raising additional funds from national and international institutional investors and opening up new opportunities in the asset management market.

Overall assessment for 2021

We once again expect a stable environment overall for DIC Asset AG in the 2021 financial year. Our business model and profitable real estate platform in the German commercial real estate market enable us to react quickly and flexibly to changing business conditions.

Based on the diversified cash flows we generate via the two significant earnings pillars of our real estate platform, our local presence and the active management approach of our overall managed portfolio, we were able to demonstrate the considerable crisis resilience and flexibility of our business model under the challenging conditions caused by the Covid-19 pandemic during the past financial year.

By repeating our strong letting performance and making attractive acquisitions of around EUR 200 million in 2020 we once again considerably improved the diversification, stability and profitability of the Commercial Portfolio and are thus generating a stable long-term cash flow. We were able to minimise tenant credit risks by proactively communicating with tenants directly affected by the Covid-19 pandemic. In addition to further growth in assets under management through acquisitions, we continue to focus on development measures in 2021 to leverage additional potential in the Commercial Portfolio and improve its quality.

In the Institutional Business, our reputation in the German commercial real estate market as a provider of investment products with attractive returns has been further enhanced since acquiring GEG in financial year 2019 and making the strategic acquisition of RLI Investors towards the end of 2020, making us an even more appealing partner for institutional investors. With our enhanced offering in logistics and our office property expertise, we are seeing persistently high demand for investment products among our investors, not least in view of the low interest rate environment. We therefore anticipate rising income from real estate management in 2021 as a result of having further expanded our assets under management.

Macroeconomic environment in 2021

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

Since spring 2020, Germany's macroeconomic situation has been dominated by the Covid-19 pandemic. The outbreak of the pandemic and the initial lockdown that followed led to a massive drop in gross domestic product of 9.8% in the second quarter of 2020. The economy began to recover during the summer, though the rebound was curbed in late 2020 by the second wave of the virus and a further government-mandated lockdown. According to initial calculations by the Federal Statistical Office (Destatis), Germany's price-adjusted gross domestic product (GDP) in 2020 was 5.0% lower than in 2019, abruptly ending a ten-year growth phase that had lasted since the financial and economic crisis of 2008/2009. The fallout of the Covid-19 pandemic dealt German industry a particular blow in the first half of the year, due in part to the temporary disruption of global supply chains. Coronavirus produced the first drop in the labour market after 14 years of rising employment levels.

Economists are anticipating a trend reversal in Europe's largest economy during the 2021 financial year. In spite of the further lockdown imposed at the beginning of the year, economic growth is anticipated to increase from mid-2021 as more and more people are vaccinated. Consumer spending is expected to be the main driver of the domestic economy, probably benefiting sectors such as retail and food service. Economists also estimate that the economy will return to normal and reach pre-crisis levels by summer 2022 at the latest. Based on the initial assessments of leading economists, we are currently anticipating GDP growth of around 3.5% to 4.0% for 2021.

Assessment of sector trends

To assess the situation in the sector, we draw on analyses published by highly regarded estate agents, most notably CBRE, Colliers, JLL and Savills, in addition to the indicators from our own business.

Rental market in 2021

During the 2020 financial year, pandemic-related uncertainty among businesses was palpable in the German office rental market. Many sectors and industries have been adversely affected by the Covid-19 pandemic, and this inevitably had an impact on the office rental market as well. Planned expansions were initially postponed or could no longer be implemented at all. However, there was no dramatic increase in vacancy rates or a wave of vacancies. Information provided by Colliers International Deutschland reveals take-up of 2,555,100 sqm in Germany's seven largest office markets in 2020. This is a decrease of nearly 35% on the extraordinarily strong 2019 and 25% below the ten-year average. According to the experts, the weighted vacancy rate in the top 7 cities rose slightly to 3.5% at year-end, though it remains at a very low level. The level is therefore indicative of a more landlord-friendly market in a situation with normal levels of demand. Even in relation to the vacancy rate of 2.9% in the final quarter of 2019, the increase is only moderate.

We expect rental markets, particularly office rental markets, to recover in 2021. Companies could then increasingly resume relocation and expansion plans, and in doing so halt the declining trend in letting revenue observed in 2020. Tenants are still prepared to pay high rents for high-quality space in good locations. However, the surge in rents seen in recent years is likely to slow due to the coronavirus-related fall in demand, especially in the large-scale segment. How demand in the markets develops in 2021 will also depend on the evolution of the pandemic. With the prospect of widespread vaccination against Covid-19 followed by a consistently positive economic recovery, letting activities in the office markets are expected to steadily return to normal.

Investment market in 2021

According to consultancy firm Colliers International, the commercial transaction volume in Germany totalled around EUR 59.2 billion in 2020. This means that in the last decade the EUR 50 billion threshold was significantly exceeded for the sixth time in a row. The fourth quarter in particular contributed EUR 18.2 billion, or 31%, to this full-year result, even slightly exceeding the record figure for the start of the year of EUR 17.7 billion. Despite the Covid-19 crisis, Germany's seven major investment centres continued to attract investors' attention in the financial year now ended, with around EUR 30.6 billion, or 52% of the transaction volume, being placed there in 2020. After the first lockdown, the investment market therefore began to grow again in the second half of the year and gained significant momentum, particularly in the final quarter of the year, on the strength of more high-volume transactions. This also demonstrates the resilience of the German investment market and the ability of market players to adapt. The share of foreign investors increased again as the year went on and by year-end accounted for 43% of the commercial transaction volume in 2020. The price trend remained stable, even rising in the core segment.

In view of the basic economic data and an expected recovery, liquidity in the transaction markets is expected to remain high in the 2021 financial year from mid-year at the latest. In 2021, investors are likely to continue differentiating clearly between the asset classes (including office, retail, logistics and hotel) when assessing the risks of an investment. On the transaction market, we see more opportunities than risks on the seller side in 2021, particularly due to continuing demand for core real estate in light of persistently low interest rates. On the buyer side, adequate opportunities to improve the profile and market share of DIC Asset AG and its subsidiaries in the German-speaking real estate market and beyond will arise due to steady growth in the investor network and real estate platform with an increased range of logistics investments in the future.

Expected trend in the key performance indicators of the DIC Asset AG Group

➲ Further growth in all segments

Based on high transaction volumes in the past financial year and more than EUR 10 billion in pro forma real estate assets under management on the real estate platform at the end of the year, we are expecting our real estate platform to grow further in the German commercial real estate market in 2021. We laid the foundations for this in 2020, firstly with EUR 1.1 billion of acquisitions that have not yet been recognised in the balance sheet, of which around EUR 0.5 billion will be transferred to the 2021 financial year, and secondly by agreeing in December the acquisition of specialist logistics property investment and asset management company RLI Investors GmbH, which has assets under management of more than EUR 700 million. The acquisition is expected to contribute around EUR 4 million to EBITDA as early as 2021. In December, we also launched the largest real estate fund in the Company's history with a target volume of EUR 1.6 billion, having put together a seed portfolio of four properties with a total volume of around EUR 780 million. We already have the equity commitments required for the remaining acquisition volume of approximately EUR 800 million. Despite the ongoing Covid-19 pandemic during the 2021 financial year, we expect the Institutional Business segment to make an increasing contribution to earnings as well as growth in assets under management in both the Commercial Portfolio and Institutional Business segments. Overall, we are planning for **transactions with a total volume of between EUR 1.5 and 2.2 billion** across all segments in 2021. In the medium term, we are aiming to increase assets under management to around EUR 15 billion across all segments.

As of 31 December 2020, assets under management totalled approximately EUR 9.6 billion. Additional acquisitions amounting to around EUR 1.2 to 1.8 billion are planned for 2021. Acquisitions within a range of EUR 200 to 300 million are attributable to the Commercial Portfolio and EUR 1.0 to 1.5 billion to the Institutional Business (third-party business). These acquisitions are planned for both existing mandates and as part of new mandates and investment vehicles.

➲ Generation of sales profits and investment income after successful value creation

We expect consistently high demand on the transaction markets, not least due to low interest rates. The persistently low interest rate environment in 2021 is one of the reasons why we believe that there is an excellent chance that we can continue to leverage the potential of the properties in the Commercial Portfolio and for our clients in the Institutional Business. We can do this by investing in selected properties and in some instances redeveloping and repositioning them, reducing vacancy rates, raising rental income on a like-for-like basis and thus creating additional value that is reflected by the rental income in the Commercial Portfolio as well as in management income from looking after properties in the Institutional Business. We will market selected properties across all segments when a suitable occasion arises in order to realise attractive sales profits and investment income and to further strategically optimise the portfolios managed by DIC Asset AG. We can also develop additional suitable investment properties for our institutional investors from our own portfolio and place them in appropriate investment vehicles.

As a result, we are targeting **sales across all segments with a volume of between EUR 300 and 400 million** for 2021. Of this figure, around EUR 100 million is attributable to the Commercial Portfolio and around EUR 200 to 300 million to the Institutional Business.

➲ Development of the Commercial Portfolio

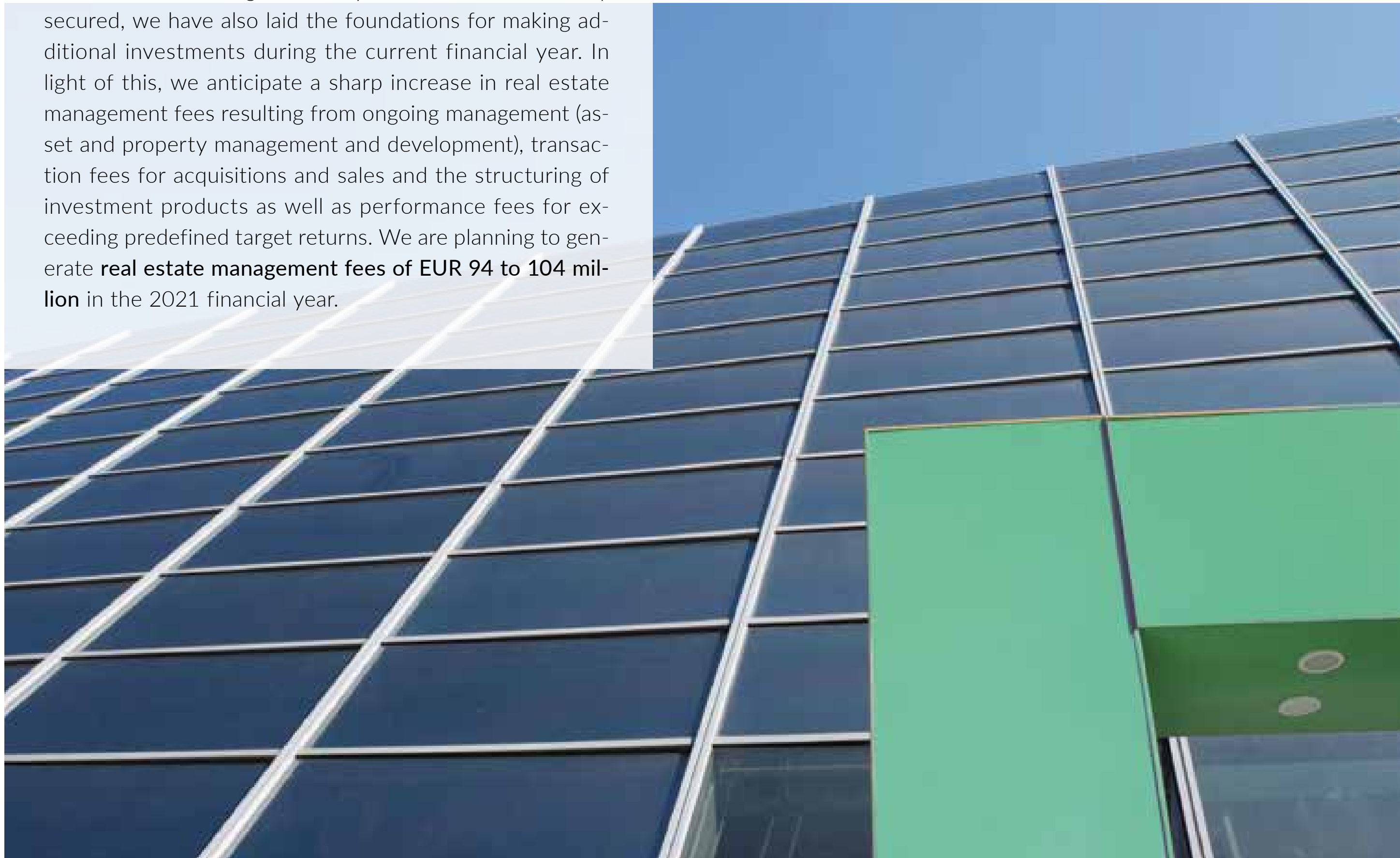
We made attractive acquisitions to enhance the quality of our portfolio during the past financial year. Successfully repositioned properties were sold for reasons including the realisation of added value, some of which was reintroduced to managed investment vehicles in the Institutional Business segment within the real estate platform. Non-strategic properties were also sold to optimise the portfolio further. We were able to minimise pandemic-related rent defaults with active, tenant-focused management, while stabilising expected rental cash flows with appropriate individual agreements at the end of the year. We are planning to make further acquisitions for the Commercial Portfolio in excess of EUR 2 billion during the 2021 financial year. Based on the current portfolio, planned letting performance and taking into account additional acquisitions and sales recognised on the balance sheet in the current financial year, we expect **gross rental income from the Commercial Portfolio to be stable or rise slightly and come in between EUR 98 and 102 million.**

➲ Development of the Institutional Business

Assets under management in the Institutional Business rose by 33% from EUR 5.7 billion to EUR 7.6 billion in 2020. With the acquisition of RLI Investors in December, we acquired an additional more than EUR 700 million in assets under management after the reporting date. In addition, EUR 488 million in assets under management that were acquired in 2020 will be transferred in 2021. The strategic acquisition of logistics experts RLI Investors further diversified the real estate platform after the acquisition of GEG in 2019. This will provide the existing investor base with access to an even broader range of real estate investments in future, particularly in the office and logistics asset classes. With significant capital commitments already secured, we have also laid the foundations for making additional investments during the current financial year. In light of this, we anticipate a sharp increase in real estate management fees resulting from ongoing management (asset and property management and development), transaction fees for acquisitions and sales and the structuring of investment products as well as performance fees for exceeding predefined target returns. We are planning to generate **real estate management fees of EUR 94 to 104 million** in the 2021 financial year.

➲ Expected revenue and results of operations in 2021

Overall, we are planning funds from operations (FFO) growth of around 10% year-on-year from our planned activities in the current financial year, particularly from planned growth in all segments as well as the ongoing active management of our Commercial Portfolio and the managed properties in the Institutional Business. We anticipate **FFO of EUR 106 to 110 million** by the end of 2021.



Material assumptions for the business forecast

Our forecast is based on the following material assumptions:

- The vaccination rates among the population in Germany will increase and will be effective
- There will not be any outbreaks of previously unknown pandemics that could result in a further deterioration in and restrictions on public life
- Global trade conflicts do not expand significantly
- There will be no major escalations of geopolitical tensions
- There will be no material escalation of the sovereign debt crisis in the eurozone
- There will be no resurgence of the banking crisis in the eurozone
- Brexit will have no dramatic effects on the economies in the eurozone
- In the second half of the year the German economy will recover and the unemployment rate will not increase significantly
- The rental market and lease revenue will grow again during the 2021 financial year to reach a normal level seen in previous years
- Inflation will not see an unexpectedly high increase
- The ECB will not abruptly end its policy of cheap money
- Banks will not tighten the requirements of their lending policies to such an extent that they restrict transaction activity
- No new, unforeseen permanent or temporary regulatory changes and regulations will come into effect

OTHER DISCLOSURES

ANNUAL FINANCIAL STATEMENTS OF DIC ASSET AG

Net assets, financial position and results of operations

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

DIC Asset AG's net assets and results of operations are therefore influenced primarily by its involvement in its investees. The sustained value of its investments is based on the net assets, financial position and results of operations of the subsidiaries (property companies) and is secured, in particular, by their real estate assets or service agreements. DIC Asset AG prepares its annual financial statements in accordance with the HGB.

Overall, we view DIC Asset AG's business situation as positive. Our business model of serving the full real estate value chain for our own portfolio and institutional investors and dynamically creating value has again proven to be very robust in what has been an extraordinary financial year that was significantly impacted by the Covid-19 pandemic. The net assets, financial position and results of operations of DIC Asset AG in 2020 were mainly determined by the 10% capital increase implemented in January, acquisitions and sales in the Commercial Portfolio segment and the continued, significant growth seen in the Institutional Business segment. While a significant portion of the investment income generated by the investees in the Commercial Portfolio results from high transaction income, the investment income of the investees in the Institutional Business consists mainly of transaction-related real estate management income. Overall, our investment income of EUR 73.8 million was up EUR 11.5 million or 18% year-on-year (previous year: EUR 62.3 million).

At EUR 6.5 million, revenue was on a par with the prior-year figure of EUR 6.6 million. This mainly concerns revenue from consulting and other services provided to subsidiaries. Due to last year's takeover of GEG employees, who were fully included in personnel expenses for the first time in the reporting period (after only seven months in the previous year), personnel expenses increased by EUR 6.1 million. At EUR 16.3 million, other operating expenses were EUR 1.7 million higher than in the previous year (previous year: EUR 14.6 million), an increase that was mainly triggered by costs incurred in connection with the capital increases in 2020. At EUR -24.7 million, earnings before interest, taxes and investment income were down EUR 10.8 million on the previous year, which was mainly due to the integration of the GEG teams and the associated increase in personnel expenses, and higher other operating expenses (previous year: EUR -13.9 million). Interest expenses resulting from our bonds and promissory notes amounted to EUR 14.0 million (previous year: EUR 17.6 million). The scheduled repayment in September 2019 of the bond issued in 2014 for a total of EUR 175.0 million was the main reason for the EUR 3.1 million decrease in interest expenses.

The positive balance of interest due to subsidiaries and investees and income from long-term loans totalled EUR 24.6 million during the year under review, a year-on-year increase of EUR 3.0 million (previous year: EUR 21.6 million).

Overall, DIC Asset AG again achieved a very good net income for the year of EUR 57.5 million (previous year: EUR 52.0 million). All of this means that we once again concluded a successful financial year, despite the challenges posed by the Covid-19 pandemic.

Investments in affiliated companies, investees and loans totalled EUR 987.7 million as at the reporting date, an increase of EUR 74.1 million (+8.1%). This was primarily due to an increase in investments in affiliated companies resulting from acquisitions.

Receivables from affiliated companies and investees rose by EUR 60.3 million (+11.4%) to EUR 589.1 million. The corresponding liabilities increased by EUR 75.3 million to EUR 307.6 million. Overall, our commitment to related entities, consisting of financial assets as well as receivables from and liabilities to affiliated companies and investees as at the reporting date of 31 December 2020, rose by EUR 59.1 million, from EUR 1,210.1 million to EUR 1,269.2 million (+4.9%).

The Company's equity increased from EUR 904.4 million to EUR 1,035.7 million (+14.5%), mainly due to the capital increase by just under 10% implemented in January 2020 with a net cash inflow of around EUR 107.0 million, and the net income for the year of EUR 57.5 million. The cash dividend amounting to EUR 36.0 million paid in September 2020 had an offsetting effect. Borrowed capital rose, driven mainly by the increase in liabilities to affiliated companies totalling EUR 75.3 million. The reported equity ratio rose to 55.4 % due primarily to the capital increases implemented in 2020 and the net income generated in the financial year (previous year: 53.2 %).

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

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

For 2020, we had forecast net income for the year on a par with the previous year of EUR 52.0 million. We exceeded this target during the financial year with net income for the year of EUR 57.5 million, primarily as a result of investment income derived from exceptionally positive transaction results.

Subject to a stabilisation of economic trends by mid-2021, the Group meeting its acquisition and sales targets and continual growth in the Institutional Business, we are forecasting net income for 2021 at the level of the previous year. We expect to continue our consistent dividend policy in the coming year. For further information, please refer to the Group's report on expected developments.

RELATED PARTY DISCLOSURES

The Management Board prepared a separate report on relations with affiliates in accordance with section 312 AktG, which ends with the following statement:

"We hereby declare that, based on the circumstances known to us at the time when the transactions were entered into, our company received or paid appropriate consideration for each transaction. We took no actions at the request of or on behalf of the controlling company."

Related party disclosures in accordance with IAS 24 can be found in the notes to the consolidated financial statements. Information on the remuneration of Supervisory Board and Management Board members is provided in the remuneration report.

DISCLOSURES AND EXPLANATIONS REQUIRED UNDER TAKEOVER LAW

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

Composition of subscribed capital

The subscribed capital in the amount of EUR 80,587,028.00 consists of 80,587,028 registered no-par value ordinary shares. There are no other classes of shares. Pursuant to section 67 (2) AktG, rights and obligations arising from shares exist in relation to the Company only for and against the person entered in the share register. All shares convey the same rights and obligations. Each no-par value share grants the holder one vote at the General Shareholders' Meeting. This excludes any treasury shares held by the Company itself. The Company will have no rights based on these shares. The voting right begins when the statutory minimum deposit has been made on the shares. The individual rights and obligations tied to the shares arise from the provisions of the AktG, in particular sections 12, 53a et seq., 118 et seq. and 186.

Restrictions affecting voting rights and the transfer of shares

An agreement to pool voting rights is in place between the shareholders DIC Opportunistic GmbH and TTL Real Estate GmbH.

Direct and indirect shareholdings exceeding 10% of voting rights

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

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

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

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

Powers of the Management Board to issue and buy back shares

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

> Authorisation to purchase own shares

By virtue of the resolution adopted by the ordinary General Shareholders' Meeting of 5 July 2016, the Management Board is authorised, with the prior approval of the Supervisory Board, to acquire own shares until 4 July 2021 representing up to 10% of the lower of the Company's share capital at the date of the resolution or at the date the authorisation is exercised. At no time may the acquired shares together with other treasury shares in the possession of the Company or allocated to it under sections 71a et seq. AktG represent more than 10% of the share capital. The authorisation may not be used for the purpose of trading treasury shares. The authorisation may be exercised in whole or in part, once or repeatedly, for one or more than one purpose, by the Company or by companies dependent on it or majority-owned by it, or by third parties acting on their behalf or on behalf of the Company.

At the Management Board's discretion, and with the prior approval of the Supervisory Board, shares may be purchased through the stock exchange or based on a public offering directed to all shareholders or a public invitation to all shareholders to submit offers to sell.

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

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

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

(ii) The shares may also be sold in a way other than through the stock exchange or based on an offering directed to all shareholders if the purchase price payable in cash is not significantly lower than the stock market price of equivalent shares already listed. The number of shares sold in this manner disapplying pre-emptive rights may not exceed 10% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. Other shares that are issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights or conversion obligations from bonds with warrants and/or convertible bonds and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG.

(iii) The shares may be sold in return for contributions in kind, in particular in connection with business combinations, for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets, or claims for acquiring other assets including receivables in respect of the Company.

(iv) The shares may be used to implement a scrip dividend in which shares of the Company are used (including partially and alternatively) to fulfil shareholder dividend claims.

(v) The shares may be used to fulfil subscription and exchange rights on the basis of the exercise of conversion and/or option rights or the fulfilment of conversion obligations arising from convertible bonds and/or bonds with warrants issued by the Company or one of its Group companies wholly owned by DIC Asset AG either directly or indirectly.

As at 31 December 2020, the Company held no treasury shares. It has not made use of the authorisation described above.

> Authorised capital

The Management Board was authorised by a resolution adopted at the ordinary General Shareholders' Meeting on 8 July 2020 to increase the Company's share capital with the approval of the Supervisory Board by a total of up to EUR 15,814,309.00 until 7 July 2025 by issuing new no-par value registered shares once or repeatedly in return for cash contributions and/or contributions in kind (Authorised Capital 2020). After a portion of Authorised Capital 2020 was utilised subject to disapplying some pre-emptive rights and otherwise granting pre-emptive rights to shareholders in August/September 2020, the remaining Authorised Capital 2020 at the reporting date amounts to EUR 14,298,830.00. As a rule, the shareholders are to be granted a pre-emptive right when authorised capital is utilised.

The shares may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right). However, the Management Board is authorised with the approval of the Supervisory Board to disapply the pre-emptive rights of shareholders

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

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

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

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

> Contingent capital

By virtue of the resolution adopted at the ordinary General Shareholders' Meeting of 8 July 2020, the Management Board is authorised, with the approval of the Supervisory Board, to issue bearer convertible bonds or bonds with warrants (together, "bonds") with or without limitation of maturities on one or more occasions until 7 July 2025 in a total nominal amount of up to EUR 500,000,000.00, and to grant to holders and/or creditors of bonds conversion or option rights (which may include a conversion obligation) to no-par value registered shares in the Company representing a proportionate amount of the share capital of up to EUR 15,814,309.00 in total, subject to the terms of the convertible bonds and/or bonds with warrants (together also "bond terms"). The bonds may only be issued in return for cash payment. In principle, the shareholders are granted a pre-emptive right. The bonds may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right).

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

- for fractional amounts resulting from the subscription ratio;

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

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

The bond issues may be divided into several notes.

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

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

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

To service conversion or option rights and/or conversion or option obligations under bonds that will be issued until 7 July 2025 based on an authorisation by the General Shareholders' Meeting on 8 July 2020, the Company's share capital was contingently increased, by virtue of the resolution adopted at the ordinary General Shareholders' Meeting on 8 July 2020, by up to EUR 15,814,309.00 by issuing up to 15,814,309 registered shares (contingent capital 2020).

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

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

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

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

The terms of issue of the 2017 corporate bond (ISIN DE000A2GSCV5) issued by the Company with a volume of EUR 180 million (matures July 2022) as well as the 2018 corporate bond (ISIN DE000A2NBZG9) issued by the Company with a volume of EUR 150 million (matures October 2023) provide for early redemption at the choice of the creditor in the event of a change of control. According to the terms, every creditor has the right, but not the obligation, to demand full or partial repayment from DIC Asset AG or, at the choice of DIC Asset AG, the purchase of its bonds by DIC Asset AG (or at its request by a third party). However, the exercise of the option by a creditor will only take effect for the respective corporate bond if in each case creditors of at least 20% of the total nominal amount have exercised the option in respect of the bonds still outstanding at this time. A change of control pursuant to the terms of the issue occurs where it becomes known to DIC Asset AG that (i) a person or group of persons acting in concert pursuant to section 2 (5) of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act) has become the legal or economic owner of more than 50% of the voting rights in DIC Asset AG; or (ii) a person has achieved actual control over DIC Asset AG under the terms of a control agreement with DIC Asset AG pursuant to section 291 AktG.

Other disclosures

The other disclosures required under sections 289a (1), 315a (1) HGB refer to circumstances that do not apply to DIC Asset AG. There are no shareholders with special rights conferring control rights nor are there any controls of the voting right of employees holding shares in the Company's capital or compensation agreements entered into with Management Board members or employees in case of a takeover offer.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the period from 1 January to 31 December

in EUR thousand	Note	2020	2019
Total income		321,099	364,250
Total expenses		– 214,916	– 252,344
Gross rental income	1	100,695	101,942
Ground rents		– 510	– 676
Service charge income on principal basis	2	22,135	20,836
Service charge expenses on principal basis	2	– 24,029	– 23,565
Other property-related expenses	3	– 16,070	– 10,631
Net rental income		82,221	87,906
Administrative expenses	4	– 19,077	– 17,876
Personnel expenses	5	– 30,280	– 27,918
Depreciation and amortisation	6	– 38,774	– 34,242
Real estate management fees	7	79,722	62,883
Other operating income		2,222	2,616
Other operating expenses		– 1,852	– 1,979
Net other income		370	637
Net proceeds from disposal of investment property	8	116,324	175,973
Carrying amount of investment property disposed	8	– 84,324	– 135,457
Profit on disposal of investment property		32,000	40,516
Net operating profit before financing activities		106,182	111,906
Share of the profit of associates	9	11,370	18,321
Interest income	10	8,670	10,296
Interest expense	10	– 36,760	– 42,660
Profit / loss before tax		89,462	97,863
Current Income tax expense	11	– 14,128	– 13,803
Deferred tax expense	11	– 2,222	– 3,371
Profit for the period		73,112	80,689
Attributable to equity holders of the parent		70,013	80,911
Attributable to non-controlling interest		3,099	– 222
Basic (=diluted) earnings per share (EUR) *	12	0.88	1.13

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 31 December

in EUR thousand	2020	2019
Profit / loss for the period	73,112	80,689
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Fair value measurement of hedging instruments		
Cash flow hedges	– 1,442	– 1,406
Items that shall not be reclassified subsequently to profit or loss		
Gain / losses on financial instruments classified as measured at fair value through other comprehensive income	– 3,093	12,096
Fair value measurement of hedging instruments		
Fair value hedges	0	– 1,243
Other comprehensive income*	– 4,535	9,447
Comprehensive income	**68,577**	**90,136**
Attributable to equity holders of the parent	65,478	90,358
Attributable to non-controlling interest	3,099	– 222

* after tax

CONSOLIDATED BALANCE SHEET as at 31 December

ASSETS

in EUR thousand	Note	31.12.2020	31.12.2019
Goodwill	13	177,892	177,892
Investment property	14	1,599,987	1,623,030
Property, plant and equipment	15	14,575	10,285
Investments in associates	16	66,712	71,212
Loans to related parties	17	126,791	119,527
Other investments	18	53,348	53,611
Intangible assets	19	17,766	21,486
Deferred tax assets	11	26,700	28,545
Total non-current assets		**2,083,771**	**2,105,588**
Receivables from sale of investment property		1,283	488
Trade receivables	20	27,658	11,634
Receivables from related parties	21	18,643	11,002
Income taxe receivable	22	18,212	15,491
Other receivables	23	54,464	41,448
Other current assets	24	22,674	20,402
Cash and cash equivalents	25	371,404	351,236
		514,338	**451,701**
Non-current assets held for sale	26	126,059	100,154
Total current assets		**640,397**	**551,855**
Total assets		**2,724,168**	**2,657,443**

EQUITY AND LIABILITIES

in EUR thousand	Note	31.12.2020	31.12.2019
EQUITY			
Issued capital	27	80,587	72,214
Share premium	27	878,789	763,909
Hedging reserve	27	– 2,848	– 1,406
Reserve for financial instruments classified as at fair value through other comprehensive income	27	1,682	4,775
Retained earnings	27	142,996	125,170
Total shareholders' equity		1,101,206	964,662
Non-controlling interest		7,215	4,116
Total equity		**1,108,421**	**968,778**
LIABILITIES			
Corporate bonds	28	326,494	324,896
Non-current interest-bearing loans and borrowings	28	1,114,476	967,374
Deferred tax liabilities	11	29,794	30,493
Derivatives	29	23	1,729
Other non-current liabilities	30	5,002	6,709
Total non-current liabilities		**1,475,789**	**1,331,201**
Current interest-bearing loans and borrowings	28	33,431	219,856
Trade payables	31	2,306	3,443
Liabilities to related parties	21	16,187	16,582
Derivatives	29	3,424	0
Income taxes payable	32	21,297	20,689
Other liabilities	33	63,313	61,863
		139,958	**322,433**
Liabilities related to non-current assets held for sale	26	0	35,031
Total current liabilities		**139,958**	**357,464**
Total liabilities		**1,615,747**	**1,688,665**
Total equity and liabilities		**2,724,168**	**2,657,443**

CONSOLIDATED STATEMENT OF CASH FLOW

for the period from 1 January to 31 December

in EUR thousand	2020	2019
OPERATING ACTIVITIES		
Net operating profit before interest and taxes paid	117,669	112,449
Realised gains / losses on disposals of investment property	– 32,000	– 40,516
Depreciation and amortisation	38,774	34,242
Changes in receivables and other assets	– 14,732	7,087
Other non-cash transactions	2,275	– 3,618
Cash generated from operations	111,986	109,644
Interest paid	– 30,586	– 36,926
Interest received	85	19
Income taxes received / paid	– 14,056	– 7,896
Cash flows from operating activities	67,429	64,841
INVESTING ACTIVITIES		
Proceeds from disposal of investment property	116,324	175,973
Dividends received	0	13,043
Acquisition of investment property	– 168,867	– 254,710
Capital expenditure on investment properties	– 17,710	– 48,992
Acquisition / disposal of other investments	1,899	310,256
Investment in business combination	0	– 222,208
Loans to other entities	473	11,613
Acquisition / disposal of office furniture and equipment, software	– 5,687	– 139
Cash flows from investing activities	– 73,568	– 15,164
FINANCING ACTIVITIES		
Proceeds from the issue of share capital	109,724	0
Proceeds from the issue of corporate bond / promissory notes	0	180,000
Proceeds from other non-current borrowings	188,140	224,105
Repayment of borrowings	– 230,074	– 206,904
Repayment of corporate bonds	0	– 175,000
Lease payments	– 2,826	– 2,268
Payment of transaction costs	– 2,701	– 1,476
Dividends paid	– 35,956	– 17,703
Cash flows from financing activities	26,307	754
Acquisition related increase in cash and cash equivalents	0	13,902
Net increase in cash and cash equivalents	20,168	50,431
Cash and cash equivalents as at 1 January	351,236	286,903
Cash and cash equivalents as at 31 December	**371,404**	**351,236**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period from 1 January to 31 December 2020

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 December 31, 2019	72,214	763,909	– 1,406	4,775	125,170	964,662	4,116	968,778
Profit / loss for the period					70,013	70,013	3,099	73,112
Other comprehensive income*								
Items that may be reclassified subsequently to profit or loss								
Gains / losses from cash flow hedges			– 1,442			– 1,442		– 1,442
Items that shall not be reclassified subsequently to profit or loss								
Gains / losses on financial instruments classified as measured at fair value through other comprehensive income				– 3,093		– 3,093		– 3,093
Comprehensive income	0	0	– 1,442	– 3,093	70,013	65,478	3,099	68,577
Dividend distribution for 2019					– 52,187	– 52,187		– 52,187
Issuance of shares through capital increase in kind	8,373	117,581				125,954		125,954
Transaction costs of equity transactions		– 2,701				– 2,701		– 2,701
Balance at December 31, 2020	**80,587**	**878,789**	**– 2,848**	**1,682**	**142,996**	**1,101,206**	**7,215**	**1,108,421**

* Net of deferred taxes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period from 1 January to 31 December 2019

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 sharehold-ers' equity	Non-controlling interest	Total
Balance at December 31, 2018	70,526	749,816	1,243	69,515	1,275	892,375	3,546	895,921
Profit / loss for the period					80,911	80,911	– 222	80,689
Other comprehensive income*								
Items that may be reclassified subsequently to profit or loss								
Gains / losses from cash flow hedges			– 1,406			– 1,406		– 1,406
Items that shall not be reclassified subsequently to profit or loss								
Gains / losses on financial instruments classified as measured at fair value through other comprehensive income				12,096		12,096		12,096
Gains / losses on the sale of financial instruments classified as measured at fair vaule through other comprehensive income				– 76,836	76,836	0		0
Gains / losses from fair value hedges			– 1,243			– 1,243		– 1,243
Comprehensive income	0	0	– 2,649	– 64,740	157,747	90,358	– 222	90,136
Changes in the basis of consolidation							792	792
Dividend distribution for 2018					– 33,852	– 33,852		– 33,852
Issuance of shares through capital increase in kind	1,688	14,459				16,147		16,147
Transaction costs of equity transactions		– 366				– 366		– 366
Balance at December 31, 2019	**72,214**	**763,909**	**–1,406**	**4,775**	**125,170**	**964,662**	**4,116**	**968,778**

* Net of deferred taxes

For information on the consolidated statement of changes in equity see note 27

NOTES TO THE 2020 CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION ON THE COMPANY

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

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

DIC Asset AG, which is entered in the commercial register of the Local Court of Frankfurt am Main (HRB 57679), has its registered office in Frankfurt am Main, Neue Mainzer Strasse 20 – MainTor, Germany.

These consolidated financial statements were released for publication by the Management Board on 8 February 2021 and approved by the Supervisory Board.

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements for the 2020 financial year were prepared in accordance with the International Financial Reporting Standards applicable as at 31 December 2020 (including the interpretations of the IFRS IC), as adopted by the EU, and in accordance with the regulations to be applied under section 315e (1) HGB.

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

The accounting policies applied and the disclosures in the notes to the consolidated financial statements for financial year 2020 are based in principle on the same accounting policies applied in the consolidated financial statements in financial year 2019. The effects of any changes made are described in the explanations of the standards to be applied for the first time.

The annual financial statements for the companies included in the consolidated financial statements were prepared using uniform accounting policies. As a rule, the same accounting policies are applied at the level of the associates of DIC Asset AG. The single-entity financial statements of the consolidated companies were prepared as at the reporting date of the consolidated financial statements (31 December 2020).

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

Structure of the balance sheet and the income statement

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

The income statement was prepared following the best practices recommendations of the European Public Real Estate Association (EPRA).

New standards and interpretations

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

The Group applied the following new and revised standards and interpretations as at 1 January 2020:

> Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 9 Financial Instruments: Interest Rate Benchmark Reform
On 26 September 2019, the IASB published amendments to IAS 39 and IFRS 9. The IASB has thus responded to existing uncertainties in connection with the IBOR reform. These amendments relate to hedge accounting in accordance with the IFRSs. They address the prospective assessment of the effectiveness of hedge accounting, the adjustment of the "highly probable" criterion in relation to cash flow hedges as well as the IBOR risk component. They were endorsed by the EU on 15 January 2020. The amendments are effective for annual periods beginning on or after 1 January 2020. These amendments do not materially affect the consolidated financial statements.

> Revised Conceptual Framework for Financial Reporting
On 29 March 2018 the IASB released a revised version of the Conceptual Framework. The amendment includes revised definitions of assets and liabilities as well as new guidelines on measurement and derecognition, presentation and disclosure. The updated references in the individual standards are applicable from 1 January 2020. The revised version was endorsed by the EU on 19 November 2019. These amendments do not materially affect the consolidated financial statements.

> Amendments to IFRS 3: Definition of a Business
The IASB published amendments to IFRS 3 regarding the definition of a business on 22 October 2018. The aim of the amendments is to more clearly delineate in the future whether an entity has acquired a business or a group of assets. Changes to the appendix, application guidance and illustrative examples clarify the three elements constituting a business. The amendments are effective for annual periods beginning on or after 1 January 2020. They were endorsed by the EU on 21 April 2020. These amendments do not materially affect the consolidated financial statements.

> Amendments to IAS 1 and IAS 8: Definition of Material
On 31 October 2018 the IASB released amendments covering the definition of "material" in financial statements. The amendments relate to IAS 1 and IAS 8. Along with additional application guidance, the amendments make it easier for companies preparing IFRS financial statements to make materiality judgements. In addition, the amendments ensure that the definition of "material" is consistent across all IFRS Standards. They were endorsed by the EU on 29 November 2019. The amendments are effective for annual periods beginning on or after 1 January 2020. These amendments do not materially affect the consolidated financial statements.

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

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have adopted additional standards and interpretations which are not yet required to be applied in financial year 2020, or which have not yet been adopted by the EU.

> Amendments to IFRS 16 Leases: Covid-19-related Rent Concessions
On 28 May 2020, the IASB published amendments to IFRS 16. These amendments relate to rent concessions (deferrals, waivers) due to the Covid-19 pandemic and include optional practical expedients for lessees. Use of the practical expedient results in the remeasurement of the lease liability in line with the changed conditions, at the original discount rate. The remeasurement effect will not have any impact on the right-of-use asset and is recognised in profit or loss. No amendments to the current IFRS 16 rules are envisaged for lessors. The amendments are effective for annual periods beginning on or after 1 June 2020 and explicitly apply only to rent concessions up to 30 June 2021. They were endorsed by the EU on 9 October 2020.

> Amendments to IFRS 4 Insurance Contracts: Postponement of IFRS 9
On 25 June 2020, analogously to the postponement of the date of first-time application of IFRS 17 the temporary exemption from applying IFRS 9 was extended for relevant users. In such cases, IFRS 9 is also effective for annual periods beginning on or after 1 January 2023. They were endorsed by the EU on 15 December 2020.

> Amendments to IFRS 9 Financial Instruments – Recognition and Measurement, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments – Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases: Interest Rate Benchmark Reform (Phase 2)
On 27 August 2020, the IASB published its finalised amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 as a result of the IBOR Reform (Phase 2). The second phase focuses on support for preparers in relation to the balance-sheet recognition of changes to contractual cash flows in the case of financial instruments as well as hedges due to the transition to alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021. They were endorsed by the EU on 13 January 2021.

> Annual Improvements to IFRSs: 2018–2020 Cycle
On 14 May 2020, the IASB published Annual Improvements to IFRS Standards (2018–2020 Cycle). The purpose of these annual improvements is the continuous adjustment of existing IFRSs, and these improvements relate to certain narrowly defined issues. The envisaged amendments in the 2018–2020 cycle concern the following four standards:

- IFRS 1: Enabling simplified measurement of cumulative currency translation effects for a subsidiary that becomes a first-time adopter of IFRS standards later than its parent, in the context of applying IFRS 1.D16(a).

- IFRS 9: Clarification of the fees to be included in the 10% present-value test for an assessment of the derecognition of financial liabilities.

- IFRS 16: Amendment of the contents and removal of part of the wording in Illustrative Example 13 “Measurement by a lessee and accounting for a change in the lease term” in relation to the reimbursement of leasehold improvements by the lessor. This is to resolve any potential confusion regarding the balance-sheet treatment of lease incentives.

- IAS 41: Removal of the requirement in IAS 41.22 for taxation cash flows to be excluded when measuring the fair value of a biological asset using a present value technique. This is to ensure consistency with IFRS 13.

The amendments are effective for annual periods beginning on or after 1 January 2022. They have not yet been endorsed by the EU.

> Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework
On 14 May 2020, the IASB published amendments to IFRS 3. These amendments relate to the updating and amendment of references to the Conceptual Framework. In principle, the modified definition criteria for assets and liabilities in the revised 2018 Conceptual Framework are to be applied in a business combination. This excludes transactions covered by IAS 37 and IFRIC 21 for which the definitions provided in the respective standards apply. In addition, recognition of contingent assets acquired in a business combination is explicitly prohibited. The amendments are effective for annual periods beginning on or after 1 January 2022. They have not yet been endorsed by the EU.

> Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
On 14 May 2020, the IASB published amendments to IAS 16. These amendments relate to the balance-sheet recognition of proceeds resulting from the sale of items arising during the production of an item of property, plant and equipment, such as during testing. In certain circumstances, the previous rules permitted offsetting of such proceeds against the costs of production or construction, while enabling heterogeneous implementation in practice. The offsetting option has now been removed. Such proceeds and the related costs must instead be uniformly recognised in the profit or loss for the period. The amendments are effective for annual periods beginning on or after 1 January 2022. They have not yet been endorsed by the EU.

> Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
On 14 May 2020, the IASB published amendments to IAS 37. These clarify the costs which must be taken into consideration in assessing whether a contract is onerous. Both the additional costs arising directly in connection with the fulfilment of the contract and other costs that relate directly to the fulfilment of the contract must be taken into consideration. The amendments are effective for annual periods beginning on or after 1 January 2022. EU endorsement is expected in the second half of 2021.

> IFRS 17 Insurance Contracts
On 18 May 2017, the IASB published IFRS 17 Insurance Contracts. The new standard pursues the goal of consistent, principle-based accounting for insurance contracts and requires measurement of insurance liabilities at the actual settlement amount. This results in uniform measurement and presentation of all insurance contracts. By resolution adopted on 18 March 2020, the effective date was deferred from 1 January 2021 to annual periods beginning on or after 1 January 2023. No date for EU endorsement has been determined yet.

> Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
On 23 January 2020, the IASB published Classification of Liabilities as Current or Non-current with amendments to IAS 1. These amendments are intended to clarify the criteria for classification of liabilities as current or non-current. Liabilities are thus to be classified on the basis of the rights in place at the end of the reporting period rather than whether the management intends to make early repayment or actually exercises these rights. On 15 July 2020, the effective date of the amendments was deferred from 1 January 2022 to annual periods beginning on or after 1 January 2023. They have not yet been endorsed by the EU.

The effects of the first-time application of the above-mentioned standards and interpretations on the consolidated financial statements of DIC Asset AG are currently being reviewed.

Accounting policies

Revenue recognition

The Group generates a significant portion of its revenue from the long-term letting of investment property in the form of gross rental income. This revenue is accounted for in accordance with IFRS 16 Leases and is not subject to the rules in IFRS 15 Revenue from Contracts with Customers.

The rental income from operating leases for investment property is recognised on a straight-line basis over the lease term in the income statement and reported as revenue on the basis of the Group's business model. This is thus revenue realised over time. The non-leasing components must be separated from the leasing component in the form of the net base rent. In particular, the former comprise the services which are billed as service charges. These services are reported under income from service charges.

The operating expense components are accounted for according to IFRS 15 and on the basis of the 5-step model, according to which revenue is recognised in the amount to which the Group expects to be entitled as control passes from DIC Asset AG to the customer, either over time or at a point in time, once the performance obligation is satisfied. The revenue from the operating and service charge accounting is reported gross according to IFRS 15, since DIC Asset AG has primary responsibility for the original performance obligation and thus acts as the principal.

Revenue from the sale of property is recognised as of the date when control transferred to the purchaser. Depending on the respective purchase agreement, revenue is commonly realised at the time of delivery or acceptance, which in turn corresponds to the time that possession, benefits and associated risks are transferred. This normally occurs upon payment of the purchase price. This is revenue which arises at a point in time.

DIC Asset AG also provides services within the scope of agency agreements which are reported under real estate management fees. These agreements provide the customer with multiple separately identifiable services. Some of the identified performance obligations are fulfilled over time according to IFRS 15.35(a) (e.g. asset management and property management fee), while some are fulfilled at a point in time (e.g. purchase and selling fees, performance-related remuneration as well as structuring fees).

Revenue from project-related services within the scope of refurbishments will be recognised over time in the event that the customer realises the benefit from the service during its provision. The services mainly comprise commercial management and commercial supervision of construction projects, in particular the planning, development and letting of project land. This revenue is likewise reported under real estate management fees.

The Company realises interest income on a time proportion basis, while taking into consideration the residual debt and the effective interest rate for the remaining term. DIC Asset receives dividend income as of the date on which the right to receive the payment arises.

Investment property

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

Where they can be assigned directly to the construction or production of a qualifying asset, borrowing costs are capitalised over the period during which all work is substantially completed in order to prepare the qualifying asset for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Otherwise, borrowing costs are recognised as expenses when incurred.

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

The following useful lives are assumed when depreciating buildings:

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

The Company's real property is treated as a financial investment, since property trading itself is not considered to be part of its business activities. Due to the measurement at depreciated cost, the fair value of investment property is to be disclosed in the notes (see note 14). The valuation is carried out by independent experts and in accordance with international valuation standards (IVS). In particular, the fair value is established on the basis of discounted future surpluses in accordance with the discounted cash flow method or, if available, on the basis of proposed sales contracts, comparative or market prices. The fair value is a net value, i.e. transaction costs that could be incurred in an actual acquisition are deducted.

Property, plant and equipment

Due to the first-time application of IFRS 16 in 2019, as well as office furniture and equipment and owner-occupied property the right-of-use assets for our leases, accounted for according to IFRS 16, in which we are the lessee are also recognised under property, plant and equipment. The right-of-use assets are depreciated over the term of the underlying contracts. Please refer to the Leases section on p. 175 and p. 195 for further details. Owner-occupied property and office furniture and equipment are carried at depreciated cost. Borrowing costs are not recognised as part of costs. As a rule, property, plant and equipment is depreciated on a straight-line basis over its economic life. The useful life of office furniture and equipment is normally between 3 and 13 years and 50 years for property.

Intangible assets

Intangible assets with a finite useful life are carried at amortised cost and amortised on a straight-line basis over their economic lives. They are tested for impairment if events or changes in circumstances indicate that the carrying amount is no longer recoverable.

Business software is amortised over three to five years. The useful life of concessions and other rights is generally ten years. Service agreements and trademarks are amortised over a period of between 4 to 12 years. With the exception of goodwill, there are no intangible assets with indefinite useful lives.

Investments in associates

An associate is an entity over which the Group can exercise significant influence, but not control, and in which it usually holds a share of the voting rights between 20% and 50%. Significant influence is the power to participate in the financial and operating policy decisions of the investee. At the same time, neither control nor joint control is exercised over decision-making processes. Investments in associates are accounted for using the equity method. They are initially recognised at cost in the consolidated balance sheet and adjusted in subsequent years to reflect changes in the Group's share of profit or loss of the associate and the associate's other comprehensive income after acquisition. An associate's losses which exceed the Group's share in this associate are not recognised. They are only recognised if the Group has entered into legal or de facto obligations to assume the loss or if the Group makes payments on behalf of the associate.

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

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

Receivables and other assets

Receivables and other financial assets are carried at amortised cost if the following two criteria are met:

- The business model for managing these financial instruments involves holding them to collect the underlying contractual cash flows (business model assessment) and
- the contractual cash flows generated consist solely of principal and interest (contractual cash flow test).

These financial assets are subsequently measured using the effective interest method subject to the impairment rules in IFRS 9.5.5 ff.

If the business model and/or contractual cash flow criteria are not fulfilled, measurement is at fair value in accordance with the classification guidelines in IFRS 9.4.1, either through profit or loss, or in other comprehensive income. Debt instruments measured at fair value through other comprehensive income are also subject to the impairment guidelines in IFRS 9.5.5 ff.

Financial assets, except financial assets measured at fair value through profit or loss, contract assets in accordance with IFRS 15, lease receivables, loan commitments and financial guarantees are subject to the impairment model within the meaning of IFRS 9.5.5. According to this approach, the Group must recognise a loss allowance on these assets based on the expected credit loss. The expected credit loss is the difference between the contractually agreed cash flows and the expected cash flows, measured at present value and applying the original effective interest rate. Expected cash flows also include proceeds from short hedges and other loan collateral that is an integral part of the relevant contract.
As a rule, expected credit losses are recognised in three levels. For financial assets which have not experienced a significant increase in credit risk since initial recognition, a loss allowance in the amount of the expected 12-month credit loss is recognised (Level 1). Where a significant increase in credit risk has occurred, the expected credit loss for the remaining lifetime of the asset is determined (Level 2). The Group generally assumes that a significant increase in credit risk has occurred if payments are 30 days in arrears. This principle can be refuted if reliable and justifiable information indicates in individual cases that credit risk has not increased. If there is objective indication of impairment, the underlying assets must be assigned to Level 3.

The Group applies the simplified method in accordance with IFRS 9.5.15 to trade receivables. In this approach, the loss allowance always equals the lifetime expected credit loss for the asset. For further details on calculating loss allowances, see the reporting on risk management.

For other assets subject to the amended impairment model in IFRS 9 and to which the general approach is applied, the expected credit loss is measured by grouping financial assets on the basis of common credit risk characteristics, and considering individual default information and existing collateral.

The Group generally assumes a default has occurred when contractual payments are more than 90 days in arrears. In addition, in individual cases, other internal and external information may be considered that indicates that contractual payments cannot be paid in full. Financial assets are derecognised when there is no reasonable expectation that future payments will be made.

Other assets are carried at amortised cost.

Cash and cash equivalents

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

Non-current assets held for sale

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

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

Provisions

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

Provisions are recognised at the present value of the expected expense and are not offset against reimbursement rights.

Share-based payment

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

Liabilities

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

With the exception of derivative financial instruments, liabilities are recognised at amortised cost, applying the effective interest method. When determining the carrying amount, the Group only takes account of transaction costs directly attributable to the acquisition or issue of financial instruments if the financial instruments are not recognised at fair value through profit or loss.

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

Deferred tax income/expense

Deferred taxes are recognised on temporary differences between carrying amounts in accordance with IFRSs and their tax base and on tax loss carryforwards. As a rule, the differences established are always recognised if they lead to deferred tax liabilities. Deferred tax assets are taken into account if it is probable that the corresponding tax benefits can also be realised in subsequent years. If, however, as part of a transaction that does not constitute a business combination, temporary differences arise from the initial recognition of an asset or liability that does not affect accounting or taxable profit or loss at the time of the transaction, no deferred tax is recognised either at the time the asset or liability is recognised initially or subsequently.

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

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

Current income taxes

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

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

Derivative financial instruments

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

Derivative financial instruments are shown as a financial asset or financial liability and measured at fair value through profit or loss. This is calculated by discounting expected future cash flows over the remaining term of the contract based on current yield curves. They are initially accounted for on their date of origin.

Provided that the requisite criteria are met, derivatives used for hedging interest rates are recognised as cash flow hedges if this concerns the hedging of cash flows. When the transaction is entered into, the Group documents the hedging relationship between the hedging instrument and the hedged item, the objective of risk management and the underlying strategy. In addition, an assessment of whether the derivatives used as hedges compensate for changes in the cash flows of the hedged items is documented at the beginning of the hedge and continuously thereafter.

The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognised through other comprehensive income in the reserve for cash flow hedges in equity. Gains or losses from the ineffective changes in value, on the other hand, are recognised directly through profit or loss. Amounts recognised in other comprehensive income are recognised as income or expense in the period in which the hedged item affects profit or loss.

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

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

In individual cases, DIC Asset uses derivatives as fair value hedges. When the transaction is entered into, the Group documents the hedging relationship between the hedging instrument and the hedged item, the objective of risk management and the underlying strategy. In addition, an assessment of whether the derivatives used as hedges compensate for changes in the cash flows of the hedged items is documented at the beginning of the hedge and continuously thereafter.

The gain or loss on derivatives designated as a hedging instrument in a fair value hedge is recognised through profit or loss. In the case of hedges of equity instruments measured through other comprehensive income, the changes in value are recognised in other comprehensive income. The hedging gain or loss on the hedged item results in an adjustment of the carrying amount of the hedged item and is generally recognised in profit or loss. In the case of equity instruments measured through other comprehensive income, the corresponding changes in value are recognised in other comprehensive income. Amounts recognised in other comprehensive income are never recognised in profit or loss.

Derivatives which do not meet the criteria for hedge accounting are classified as at Fair Value through Profit or Loss or as Financial Liabilities at Fair Value through Profit or Loss (FLFVtPL) in accordance with the IFRS 9 measurement categories. Changes to fair values are recognised in profit or loss.

Leases

Leases are accounted for in accordance with the requirements of IFRS 16.

> The Group as lessor

As a lessor, the Group classifies its leases as operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, the lease will be classified as an operating lease.

In case of an operating lease, unless this falls under the scope of IAS 40 the Group will report the leased asset under property, plant and equipment. It is measured at depreciated cost. The rental income is recognised on a straight-line basis over the lease term in profit or loss and reported under other operating income.

If the Group operates as a lessor within the scope of a finance lease, a receivable will be recognised in the amount of the net investment under the lease.

> The Group as lessee

For all new agreements which come into effect on or after 1 January 2019, the Group will review whether this agreement is or contains a lease. However, while exercising the relevant option the IFRS 16 rules will not be applied to right-of-use assets for intangible assets.

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. In application of this definition, the Group assesses whether the contract meets the following three preconditions:

- The contract refers to an identified asset which is either expressly indicated in the contract or is implicitly specified and can thus be considered to have been identified.

- The Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, while taking into consideration its rights within the defined scope of the contract.

- The Group has the right to determine the use of the identified asset throughout the period of use.

- In case of multiple-component contracts, each separate leasing component is separately accounted for. In case of contracts which include lease components as well as non-lease components, the exemption for separation of these components is applied.

As of the date of provision of the leased asset, the Group recognises a right-of-use asset and a lease liability in the balance sheet. The costs of the right-of-use asset correspond to the amount of the lease liability at the time of acquisition, adjusted for the Group's initial direct costs, an estimate of the costs for disassembly and removal of the asset at the end of the lease as well as the lease payments made prior to the start of the lease, less any lease incentives. In subsequent periods, the right-of-use asset will be measured at depreciated cost.

The lease liability is measured according to the present value of the lease payments made during the term of the lease, on the basis of the underlying interest rate for the lease or, if this is not available, the incremental borrowing rate of interest. Within the scope of the subsequent measurement, interest will accrue to the carrying amount of the lease liability on the basis of the interest rate used for discounting, while the lease payments made will be deducted from this carrying amount.

The lease payments included in the measurement of the lease liability consist of fixed payments (including de facto fixed payments), variable payments which are tied to an index or (interest) rate, payments expected within the scope of residual value guarantees as well as payments which will arise through purchase options with a reasonable degree of certainty. In addition, penalties for a termination are taken into consideration where the term takes into consideration that the lessee will exercise a termination option and corresponding penalties have been agreed.

In principle, changes to leases and remeasurements of lease liabilities are recognised in other comprehensive income against the right-of-use asset. They will be recognised through profit or loss if the carrying amount of the right-of-use asset has already been reduced to zero or this results from a partial termination of the lease.

As a rule, the Group depreciates on a straight-line basis the right-of-use assets from the start of the lease up to the end of the period of use of the leased asset or the end of the contract term, whichever is earlier. A longer period of use for the leased asset will be applied for the depreciation period if a transfer of ownership (e.g. through exercise of a purchase option) is assumed at the end of the lease term. In addition, the Group tests for impairment in case of relevant indicators.

In case of short-term leases and low-value leases, the relevant payments are recognised as expense through profit or loss on a straight-line basis over the term of the lease.

The right-of-use assets and lease liabilities are reported in the balance sheet under property, plant and equipment or other non-current liabilities and other liabilities.

Currency translation

The functional currency of all consolidated subsidiaries and joint ventures is the euro. There are not balance sheet items in a foreign currency.

Earnings per share

The basic earnings per share are calculated by dividing the share of the profit for the period attributable to the shareholders of DIC Asset AG by the weighted average of the number of shares outstanding during the year. Shares newly issued or repurchased during a period are taken into consideration on a pro rata basis for the period in which they are outstanding. A dilutive effect may result in the future from existing authorised capital.

Accounting estimates and assumptions

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

The principal areas affected by assumptions and estimates are:

- the determination of the economic lives of fixed assets,
- the calculation of discounted cash flows as well as the discounting and capitalisation rates used in impairment tests,
- the determination of the fair value and present value of minimum lease payments, the applicable discount rate and the term of leases, taking into account existing termination and extension options.
- the determination of the point in time and amount of revenue recognition in accordance with the principles of IFRS 15,
- the recognition and measurement of provisions,
- the recoverability of receivables,
- the future usability of tax loss carryforwards.

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

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

Consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the parent company and the companies that it controls. The Company has control if it has power over an investee, is exposed to variable returns from its involvement with the investee and has the ability to affect the amount of the returns as a result of its power.

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

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

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

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

The acquisition method is used to account for acquired subsidiaries as long as they constitute a business within the meaning of IFRS 3. The acquisition cost comprises the fair value of all assets transferred, of the equity instruments issued and of the liabilities that arose or were assumed at the time of the transaction. In accordance with IFRS 3 Business Combinations, the carrying amounts of the parent company's investments are offset against its shares in the remeasured equity of the subsidiaries at the time of acquisition. In this process, assets and liabilities are recognised at fair value. Acquisition-related costs are expensed as incurred. The amount recognised as goodwill – which is tested for impairment at least once a year – is calculated as the amount by which the acquisition cost, the amount of non-controlling interests in the acquiree and the fair value of all previously held equity interests at the acquisition date exceeds the Group's share of the acquiree's net assets, measured at fair value. If the cost of acquisition is lower than the fair value of the acquiree's net assets, following further testing the difference is recognised directly in the Group's profit or loss.

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

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

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

As at 31 December 2020, a total of 177 (previous year: 173) subsidiaries were included in the consolidated financial statements in addition to DIC Asset AG (see appendix 1 to the notes, p. 232 et seq.). There are no material non-controlling interests in the Group.

Three companies were merged in the course of optimising the Group's structure. Seven companies were acquired during the financial year and consolidated for the first time (previous year: GEG Group and four other entities).

Business Combination with GEG

DIC Asset AG acquired the shares in German Estate Group GmbH & Co. KG, now GmbH, and its subsidiaries ("GEG Group") in early June 2019. At the time of acquisition, the GEG Group consisted of a parent company and 32 subsidiaries. Initial consolidation was carried out as at 1 June 2019.

Due to the acquisition of the GEG Group in June 2019, a year-on-year comparison of the figures is possible only to a limited extent.

The GEG Group's business complements the DIC Asset AG business model perfectly and significantly accelerates its planned growth in the Institutional Business segment. At the time of the acquisition, the GEG Group had EUR 3.6 billion in assets under management, with several well-known properties already managed by our property management team under previous mandates. By completing this acquisition, DIC Asset AG has expanded its institutional investor base to include financiers who had invested in 23 properties in funds, club deals and individual mandates via the GEG Group at the date of acquisition. The deal has also enlarged the portfolio management capacity we reinforced in the past to enhance value as part of our asset and portfolio management efforts, with the addition of an excellent project development team specialising in the repositioning of challenging properties.

A fixed purchase price of EUR 222.2 million was paid in cash for the acquisition of 99.6% of the shares in the GEG Group.

The following table shows the fair values of the acquired assets and liabilities recognised at the acquisition date of 1 June 2019:

in EUR thousand	Fair Value
Other investments	13,673
Intangible assets	31,753
Other current assets	13,527
Cash	13,180
Total assets	72,133
Total liabilities	39,159
Net assets acquired	32,974
Non-controlling interests (0.4 %)	792
Net assets acquired, DIC Asset AG	32,182

The comparison of the total of the consideration transferred and the non-controlling interests in the net assets with the acquired remeasured net assets of the GEG Group resulted in goodwill of EUR 177,892 thousand. The goodwill reflects future synergies, in particular access to a broader investor base, further products in the Institutional Business and the expansion of our portfolio development capacity.

The non-controlling interests of 0.4 % were recognised at the acquisition date and measured at their share of the identifiable net assets acquired in the amount of EUR 792 thousand.

The fair value of trade receivables within the item "Trade receivables" amounted to EUR 4,648 thousand. The gross amount of contractual receivables amounted to EUR 4,648 thousand.

The profit for financial year 2019 includes profits of EUR 18,600 thousand (before amortisation of newly identified intangible assets and related deferred taxes recognised through profit or loss) from the additional business generated by the GEG Group. The attributable revenue (income from real estate management fees) for the 2019 financial year includes EUR 31,900 thousand from the GEG Group.

If the first-time consolidation had taken place on 1 January 2019, the Group's revenue (income from real estate management fees) for financial year 2019 would have been EUR 72,116 thousand and the profit for financial year 2019 would have been EUR 80,305 thousand. The pro forma disclosure is based on the assumption that the carrying amounts applicable at the time of acquisition would also have been applicable at the beginning of the period.

Until 31 December 2019, transaction costs of EUR 2,255 thousand were recognised as administrative expenses as part of the transaction.

Associates

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

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

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

For strategic reasons, DIC Asset AG holds shares in 14 (2019: 14) companies which are accounted for using the equity method in the consolidated financial statements as associates in accordance with IAS 28.05 (see appendix 2 of the notes on p. 236).

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

Other investments

As previously and similar to the provisions of IAS 39, investments that represent an equity instrument as defined by IAS 32 are measured at fair value through other comprehensive income and allocated to the category "At Fair Value through other Comprehensive Income". Any changes in the fair value are shown in other comprehensive income. In this case, if the instrument is derecognised, it is not subsequently reclassified to profit or loss but reclassified to retained earnings. Dividends from these instruments, on the other hand, are recognised as investment income in profit or loss. As a rule, assets available for sale are carried in the balance sheet at their fair value. Changes in the market value are recorded in other comprehensive income as long as there is no impairment.

Investments that do not represent an equity instrument as defined by IAS 32 are measured at fair value through profit or loss and allocated to the category "At Fair Value through Profit or Loss".

Goodwill

Goodwill results from a business combination and corresponds to the amount by which the transferred consideration exceeds the fair value of the net assets (assets acquired less liabilities entered into or assumed). Goodwill is not subject to amortisation and is tested for impairment at the level of so-called cash-generating units (CGUs) once a year and in case of events or changes in circumstances which point to an impairment. It is measured at cost less accumulated impairment losses. Reversals of impairment losses are not permitted.

In the case of the sale of the subsidiary, the attributable goodwill amount resulting from this sale will be included in the profit or loss calculation.

With regard to the impairment test for goodwill, please see the information provided in Note 13 Goodwill.

Impairment

For assets with a specific useful life, in accordance with IAS 36 on each reporting date indications of possible impairment will be checked for, e.g. particular events or market developments which point to a possible fall in value. There were no indications of an impairment of the intangible assets, property, plant and equipment or the investment property subject to depreciation and amortisation in either the reporting period or the comparative period.

Intangible assets with a indefinite useful life must also be tested for impairment on each reporting date. In the current reporting period, this relates to the goodwill resulting from the acquisition of the German Estate Group.

In case of indications or as of the mandatory annual impairment test for intangible assets with an indefinite useful life, the recoverable amount of the asset will be determined. The recoverable amount of an asset is the higher of the asset’s fair value or a cash-generating unit (CGU) less costs to sell and the value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In the latter case, the recoverable amount is to be determined on the basis of a CGU to which assets or groups of assets are allocated until they jointly generate largely independent cash inflows. For example, this is the case for goodwill. Where this results from a business combination, it will be allocated from the acquisition date to the CGU or the group of CGUs which may derive benefits from the synergies resulting from the combination and at whose level the goodwill is monitored for internal management purposes.

To determine the value in use, in principle the expected future cash flows are discounted to their present value on the basis of a pre-tax discount rate reflecting the current market assessments with respect to the interest effect and the specific risks of the asset. In determining the value in use, account is taken of the current and future expected income level as well as technological, economic and general development trends on the basis of approved financial budgets. To determine the fair value less costs to sell, account is taken of any recent market transactions. If the carrying amount exceeds the recoverable amount of the asset or the CGU, an impairment loss is recognised in profit or loss at the level that the carrying amount exceeds the recoverable amount.

For goodwill, if the impairment requirement is higher than the carrying amount of the goodwill of the CGU, then the goodwill is first fully amortised and the remaining impairment requirement distributed to the other assets of the CGU. Account is taken of the necessary impairment on individual assets of this CGU in advance of goodwill impairment testing.

Reversals on the new recoverable amount are made, except for goodwill, when the reasons for impairment in previous years no longer apply. The upper limits for reversals are the depreciated historical costs which would have resulted if no impairments had been recognised in previous years. No reversals were recognised on intangible assets or property, plant and equipment in the reporting period or the comparative period.

The goodwill reported at 31 December 2020 in the unchanged amount of EUR 177,892 thousand has resulted from the acquisition of the GEG Group in 2019. This goodwill has been allocated to the Institutional Business segment and will be monitored at this level. See Note 13 "Goodwill" for further information.

EPRA earnings

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

“EPRA earnings” measures the sustainable and continuing performance of the real estate portfolio. The financial years 2019 and 2020 showed the following EPRA earnings:

in EUR thousand	2020	2019
IFRS profit	70,013	80,911
EPRA adjustments		
Market value change or depreciation of investment property	31,882	29,545
Profit / loss on disposal of investment property	– 32,000	– 40,516
Tax on disposal of investment property	5,064	6,412
Amortisation of intangible assets and depreciation of right-of-use assets in acc. with IFRS 16	6,891	4,697
Other non-recurring effects	285	3,415
Deferred taxes in connection with EPRA adjustments	– 521	– 570
Contributions from Co-Investments (project developments and sales)	0	0
Non-controlling interests	3,100	– 222
EPRA earnings	**84,714**	83,672
EPRA earnings per share	**1.07**	1.17

INCOME STATEMENT DISCLOSURES

1. Gross rental income

Despite the challenges posed by the Covid-19 pandemic and the sales made in the last two financial years, gross rental income of EUR 100,695 thousand is only slightly lower than the previous year's figure by EUR 1,247 thousand (2019: EUR 101,942 thousand). This was due in particular to the agreements signed with DIC Asset's tenant partners particularly affected by the Covid-19 pandemic. As a result, we adjusted our rents by EUR 1,425 thousand in the financial year. Additional rental income from property acquisitions and new or extended leases largely offset lower rental income from expiring leases and property sales. Acquisitions made in 2019 and 2020 resulted in an increase in gross rental income of EUR 10,315 thousand and EUR 2,185 thousand, respectively. This includes EUR 2,987 thousand from warehousing properties that were transferred to investment vehicles in 2020.

2. Service charge income and expenses on principal basis

The costs recognised include apportionable current expenses incurred by the Group under section 1 of the Betriebskostenverordnung (German Regulation on Operating Costs) based on its ownership of the land or its use of the building, annexes, facilities, etc. in accordance with their intended purpose as well as ancillary leasing costs to be borne by the tenants under the terms of their contract. These are typically understood to mean costs for water, power, heating and property tax, for example, as well as the necessary maintenance and inspection costs.

The shortfall between income and expenses from service charges amounting to EUR 1,894 thousand (2019: EUR 2,729 thousand) is mainly the result of costs that cannot be passed on to tenants on account of the exemption clauses written into their leases.

Rental income was generated in the case of all investment property.

3. Other property-related expenses

Other property-related expenses include property management costs that cannot be passed on to tenants as operating expenses because they are already covered in the rent charged. These include costs to rectify structural defects caused by wear and tear to the buildings or ageing, in particular the replacement of fire protection technology, as well as administrative and ancillary costs resulting from vacant space as well as bad debt allowances on rent receivables. Due to our agreements with our tenant partners on Covid-related rent adjustments, as well as deferral agreements and the temporary insolvency protection proceedings ("Schutzschirmverfahren") of our tenant GALERIA Kaufhof Karstadt GmbH, we recognized additional valuation allowances of EUR 3,153 thousand in the financial year.

4. Administrative expenses

in EUR thousand	2020	2019
Legal and consulting costs	**6,059**	8,139
IT costs	**2,441**	1,485
Marketing / investor relations	**2,019**	1,768
Ancillary financing costs	**1,951**	1,241
Recruitment and other personnel costs	**1,486**	641
Insurance / contributions and levies	**1,107**	1,035
Supervisory Board remuneration	**786**	395
External services	**754**	401
Auditing costs	**698**	698
Rental and ancillary costs	**673**	333
VAT	**405**	273
Vehicle costs	**325**	248
Other	**373**	1,219
Total	**19,077**	17,876

Administrative expenses increased overall compared with the previous year as financial year 2020 was the first full year in which the GEG Group was part of the DIC Asset Group.

In the course of DIC Asset's growth strategy and the associated expansion of expertise in the Group, costs for personnel recruitment and other personnel costs increased year-on-year.

Digitalisation projects within the Group and the adaptation of IT systems to regulatory requirements in the financial year led to an increase in IT costs.

In the financial year the Company granted remuneration totalling EUR 786 thousand to members of the Supervisory Board. Supervisory Board members were also reimbursed travel expenses totalling EUR 8 thousand. Further details, especially disclosures in accordance with section 314 (1) no. 6 letter a HGB, are provided on page 226 et seq. in the corporate governance section of the remuneration report, which is an integral part of the management report.

The following fees were incurred for the services supplied by the auditors of the financial statements Rödl & Partner GmbH, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Nuremberg, in financial years 2019 and 2020:

in EUR thousand	2020	2019
Financial statements auditing services	492	464
Other assurance services	39	34
Other services	167	200
Total	698	698

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

The other assurance services include, in particular, the review of the half-yearly IFRS financial statements.

The other services mainly concern support services in connection with transactions and impairment tests.

5. Personnel expenses

Personnel expenses include the wages and salaries of employees of DIC Asset AG and DIC Onsite GmbH, DIC Fund Balance GmbH and the entities of the GEG Group as well as the related social security contributions in the total amount of EUR 26,356 thousand (2019: EUR 24,936 thousand). The social security contributions totalling EUR 2,900 thousand (2019: EUR 3,686 thousand) include EUR 1,507 thousand (2019: EUR 1,304 thousand) in contributions to the statutory pension fund. At EUR 30,280 thousand, personnel expenses are higher than in the previous year (2019: EUR 27,918 thousand), mainly because the GEG Group was included for a full financial year for the first time.

The average number of employees fell from 247 in 2019 to 244 in 2020. Averaged over the year, DIC Asset AG had 99 employees, while DIC Onsite GmbH had 119 employees, DIC Fund Balance GmbH had 10 employees and the GEG Group entities had 16 employees.

Details on the Management Board's remuneration in accordance with section 314 (1) no. 6 letter (a) sentences 5 to 9 of the HGB are reproduced page 226 et seq. in the corporate governance section of the remuneration report, which is an integral part of the management report.

6. Depreciation and amortisation

Depreciation and amortisation of EUR 38,774 thousand (2019: EUR 34,242 thousand) primarily concerns the recognised properties. This also includes depreciation and amortisation of right-of-use assets for the offices which we use ourselves and, to a lesser extent, office furniture and equipment as well as intangible fixed assets. The depreciation and amortisation item was affected by acquisitions, sales in the previous and current year, the application of IFRS 16 and the service agreements recognised as intangible assets within the scope of the purchase price allocation in connection with the acquired GEG Group, as well as the investments made in real estate assets.

7. Real estate management fees

The income relates to asset and property management, leasing, project management and disposition fees generated by DIC Asset AG and its subsidiaries, particularly by DIC Onsite GmbH and GEG Real Estate Management GmbH: In addition to the related parties listed in the table below, income from real estate management fees was generated in particular from the investment vehicles (three categories) of the Institutional Business segment as shown.

in EUR thousand	2020	2019
DIC Office Balance I	**16,780**	17,289
DIC Office Balance II	**2,307**	2,192
DIC Office Balance III	**3,592**	2,805
DIC Office Balance IV	**1,470**	1,422
DIC Office Balance V	**1,893**	2,566
DIC Retail Balance I	**1,384**	1,561
Deutsche Immobilien Chancen AG & Co. KGaA and subsidiaries	**33**	436
MainTor GmbH	**75**	85
Pool Funds	**27,077**	7,026
Club Deals	**16,593**	10,058
Separate Accounts*	**8,518**	17,443
Total	**79,722**	62,883

* Previous year MSREF-group shown separately

Of the real estate management fees realised, EUR 35.2 million (2019: EUR 31.7 million) relates to asset and property management and development and EUR 44.5 million (2019: EUR 31.2 million) to transaction- and performance-related fees.

8. Profit on disposal of investment property

Thanks to strategic sales in connection with the portfolio streamlining and the exploitation of market opportunities, the Group generated profits from the disposal of investment property in the amount of EUR 32,000 thousand (2019: EUR 40,516 thousand). This corresponds to a return on sales of 28 % (2019: 23 %).

Costs to sell of EUR 12,294 thousand (2019: EUR 5,592 thousand) mainly related to legal, consultancy and estate agent costs as well as any construction costs yet to be incurred were deducted from the sales proceeds of EUR 128,618 thousand (2019: EUR 181,565 thousand).

9. Share of the profit or loss of associates

This item relates to the investor's share of the investee's profit or loss to be recognised in the investor's profit or loss using the equity method of accounting as well as investment income and amounts to EUR 11,370 thousand (2019: EUR 18,321 thousand).

The year-on-year decrease is primarily attributable to the dividend from TLG Immobilien AG totalling around EUR 12.9 million included in the previous year. The share of the profit or loss of associates also includes contribution from the existing DIC Office Balance I, DIC Office Balance II, DIC Office Balance III, DIC Office Balance IV, DIC Office Balance V and DIC Retail Balance I funds. Investment income from minority interests is also shown here and amounted to EUR 1,544 thousand in the financial year (2019: EUR 151 thousand).

10. Interest income and expense

The expense arising from the repayment of processing fees incurred in connection with financial liabilities amounted to EUR 1,082 thousand in the financial year (2019: EUR 1,669 thousand). The decrease is mainly due to the repayment of a loan.

Effective interest expense of EUR 16,098 thousand (2019: EUR 21,476 thousand) results from the corporate bonds. The decrease is primarily attributable to the scheduled repayment of the EUR 175 million 14/19 Bond in September 2019.

Finance costs include interest expenses for lease liabilities in the amount of EUR 222 thousand (2019: EUR 225 thousand).

11. Income tax

in EUR thousand	2020	2019
Current taxes	– 14,128	– 13,803
Deferred tax income / expense	– 2,222	– 3,371
Total	– 16,350	– 17,174

Current income taxes relate exclusively to taxable profits of consolidated subsidiaries and DIC Asset AG. Current tax expense is composed primarily of corporation tax including solidarity surcharge amounting to EUR 8,830 thousand (2019: EUR 9,493 thousand) and trade tax amounting to EUR 5,298 thousand (2019: EUR 4,310 thousand).

The deferred taxes result from temporary differences between tax base and IFRS balance sheet values, and from existing tax loss carryforwards and the recognition of deferred taxes on outside basis differences.

Whether or not deferred tax assets are recoverable is determined based on management's assessment regarding the recoverability of deferred tax assets. This depends on the generation of future taxable profits during the periods in which temporary differences are reversed and tax loss carryforwards can be utilised. DIC Asset AG assumes that, based on the forecast for each portfolio and individual property, the future taxable income will be sufficient to be able in all likelihood to realise the recognised deferred tax assets. The current assessment with regard to the recoverability of deferred tax assets may change, making higher or lower allowances necessary.

No deferred tax assets were recognised on corporation tax loss carryforwards amounting to EUR 18.6 million (2019: EUR 25.7 million) and on trade tax loss carryforwards amounting to EUR 90.2 million (2019: EUR 92.5 million).

Deferred taxes are measured on the basis of the tax rates that apply or are likely to apply at the date they are realised. The calculation of domestic deferred taxes is based on the corporation tax rate of 15 %, the solidarity surcharge of 5.5 % and the Company-specific trade tax rates (usually 16.1 %).

Deferred tax expense/income compares with the previous year as follows:

in EUR thousand	2020	2019
Tax loss carryforwards	– 4,589	701
Real estate valuation	3,051	– 1,851
Service agreements	– 894	– 2,477
Capital transactions	– 71	353
Other	281	– 97
Total	– 2,222	– 3,371

Deferred tax assets and liabilities can be classified as follows:

in EUR thousand	31.12.2020		31.12.2019	
	Assets	Liabilities	Assets	Liabilities
Tax loss carryforwards	15,444	0	20,033	0
Real estate valuation	10,948	15,957	7,685	15,846
Service agreements	0	11,712	0	12,606
Derivatives	184	0	452	0
Capital transactions	124	1,826	353	1,914
Other	0	299	22	127
Total	26,700	29,794	28,545	30,493

Deferred taxes on the items included in other comprehensive income amount to EUR -241 thousand (2019: EUR -469 thousand), of which EUR -265 thousand (2019: EUR -452 thousand) is attributable to the movements in the Group's cash flow or fair value hedges and EUR 24 thousand (2019: EUR -17 thousand) to the fair value changes of the financial instruments measured at fair value through other comprehensive income.

No deferred taxes were recognised on temporary differences in connection with shares in subsidiaries (outside basis differences) totalling EUR 25.4 million (2019: EUR 20.3 million) and on temporary differences in connection with associated companies totalling EUR 0.9 million (2019: EUR 0.7 million).

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

in EUR thousand	2020	2019
Profit for the period before tax	89,462	97,863
Applicable statutory tax rate (in %)	31.925	31.925
Anticipated tax expense	28,561	31,243
Increase or decrease in the tax liability through:		
Trade tax reduction and differing tax rates	– 10,575	– 6,241
Non-deductible expenses	3,592	3,574
Effects of associates	– 3,630	– 5,848
Effects of unrecognised tax losses	– 831	– 6,571
Taxes for previous periods	– 224	– 724
Other effects	– 543	1,741
Current total tax expense	16,350	17,174

The anticipated tax rate was determined on the basis of the tax rates applicable in Germany in 2020 and 2019. A tax rate of 31.925% was used for the calculation. This is composed of a nominal corporation tax rate incl. solidarity surcharge of 15.825% plus a nominal trade tax rate of 16.10%. The trade tax rate is based on the assessment rate for Frankfurt am Main of 460%.

12. Earnings per share, EPRA net asset value (EPRA-NAV) and EPRA-NAV per share

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

in EUR	2020	2019
Profit for the period after non-controlling interests	**70,012,571.24**	80,910,538.08
Average number of shares issued	**79,421,254**	71,713,376
Basic earnings per share	**0.88**	1.13

For 2020, the Management Board will propose a dividend in the amount of EUR 56,411 thousand (EUR 0.70 per share). In addition, the Management Board will propose paying the dividend according to shareholder choice either (i) entirely in cash or (ii) partly in cash and partly in shares of DIC Asset AG (scrip dividend). The dividend, which is estimated to be EUR 14,878 thousand, will be fully subject to capital gains tax. In accordance with IAS 10, the dividend is not recognised as a liability in these consolidated financial statements.

Following the recommendation of the European Public Real Estate Association (EPRA), the net asset value (NAV) as at 31 December 2020 and 31 December 2019 is calculated as follows:

in EUR thousand	31.12.2020	31.12.2019
Carrying amount of investment properties	**1,599,987**	1,623,030
Fair value adjustment	**306,068**	276,987
Fair value of investment properties*	**1,906,055**	1,900,017
Properties in accordance with IFRS 5	**93,965**	100,154
Fair value of real estate properties incl. IFRS 5*	**2,000,020**	2,000,171
Carrying amount of associates	**66,712**	71,212
Fair value adjustment	**0**	5,887
Fair value of associates	**66,712**	77,099
+/- other assets/liabilities	**916,123**	786,662
+/- restatement of Other assets/liabilities*	**– 83,827**	– 60,288
Net loan liabilities at carrying amount	**– 1,474,401**	– 1,512,125
Net loan liabilities in accordance with IFRS 5	**0**	– 35,031
Non-controlling interests	**– 14,769**	– 12,253
EPRA-NAV	**1,409,858**	1,244,235
Deferred taxes on fair value adjustments	**– 48,435**	– 44,765
EPRA-NNAV	**1,361,423**	1,199,470
Fair value of financial instruments	**– 5,129**	3,045
Fair value adjustment of net loan liabilities	**11,536**	3,802
EPRA-NNNAV	**1,367,830**	1,206,317
EPRA-NAV/share	**17.49**	17.23
EPRA-NNAV/share	**16.89**	16.61
EPRA-NNNAV/share	**16.97**	16.70

* incl. non-controlling interests and IFRS 5 properties

** Restated for deferred taxes (EUR +5,009 thousand; previous year: EUR +7,880 thousand), financial instruments (EUR +5,129 thousand; previous year: EUR -3,045 thousand) and IFRS 5 assets and liabilities (EUR -93,965 thousand; previous year: EUR -65,123 thousand)

BALANCE SHEET DISCLOSURES

13. Goodwill

The goodwill resulted from the consolidation of the GEG Group. In the financial year, goodwill was tested for impairment on the basis of estimated future cash flows derived from planning (value in use) for the cash-generating unit to which the goodwill is allocated. This planning is based on a planning horizon of three years derived from management's current budget. The planning is based on existing contractual agreements or experience from transactions already concluded for comparable future situations. For discounting of cash flows in the detailed planning period, we apply a consistent capital cost rate after tax of 5.8% which is determined on the basis of a capital asset pricing model (CAPM).

The corresponding average capital cost rate before tax was 8.4%. At the end of the detailed planning period, this is followed by a reconciled terminal value for the years from 2024 onwards which has been discounted by a capital cost rate of 4.8% (after tax, after growth rate) on the basis of the CAPM. For the terminal value, the calculation is based on a perpetual average growth rate of 1.0%. For the purpose of discounting, we consider the growth rate as a discount on the capital cost rate.

We continuously observe and update the key technical, market-related, economic and statutory parameters and outline conditions for the purpose of the impairment test. No indication of impairment arose in the financial year. The goodwill impairment test implemented at the reporting date did not trigger an impairment loss, either. This test compares the higher of the fair value less costs to sell and the value in use with the carrying amount of the cash-generating unit (CGU) to which the goodwill is allocated.

For goodwill in the financial year, a 5% decrease in the cash flows serving as the basis for the calculation would have reduced the value in use by around EUR -25.9 million and would not have resulted in any impairment. A +1% increase in the discount rate would have reduced the value in use by around EUR -79.1 million and would likewise not have given rise to any impairment since the value in use is significantly higher than the CGU's carrying amount.

14. Investment property

in EUR thousand	2020	2019
Cost		
As at 1 January	**1,883,963**	1,701,653
Additions resulting from acquisitions	**168,867**	254,710
Additions due to capital expenditures	**17,710**	48,992
Classification as "held for sale"	**– 106,254**	0
Disposals	**– 111,332**	– 121,392
As at 31 December	**1,852,954**	1,883,963
Depreciation and amortisation		
As at 1 January	**260,933**	242,651
Additions	**31,331**	29,045
Classification as "held for sale"	**– 12,290**	0
Disposals	**– 27,007**	– 10,763
As at 31 December	**252,967**	260,933
Carrying amount on 1 January	**1,623,030**	1,696,772
Carrying amount on 31 December	**1,599,987**	1,623,030
Fair value *	**2,000,019**	1,900,017

* incl. non-controlling interests and IFRS 5 property

Details of and information about the levels of the fair value hierarchy in accordance with IAS 40.79 in conjunction with IFRS 13.93 (a), (b) and 13.97 of the Group's investment property as at 31 December 2020 are presented in the following table:

in EUR thousand	Fair value 31.12.2020	Quoted prices in active markets for identical assets (Level 1)	Material other observable inputs (Level 2)	Material unobservable inputs (Level 3)
Commercial real estate in Germany	2,000,019			2,000,019

Valuation techniques applied to level 3

The fair values calculated (net value after deducting transaction costs) are based entirely on the findings of the independent valuers contracted for this purpose, Cushman & Wakefield, Jones Lang LaSalle, Knight Frank and ENA Experts, who have undertaken a valuation in accordance with internationally recognised standards. Valuation parameters that are as close to the market as possible should be used as inputs. Despite taking account of some observable market inputs, which correspond to level 2, the fair values must ultimately be assigned to level 3.

The calculation of market values is based on a calculation of their present values (discounted cash flow method). This is generally based on a cash flow period of ten years, at the end of which the property is assumed to be sold. The discount rate recognised for the valuation comprises a risk-free rate, which can be derived from the average current yield on long-term, fixed-income federal bonds and a property-specific risk premium, which reflects the restricted fungibility of real estate investments in relation to more fungible forms of investment such as equities or bonds. The average current yield recognised was 0.80 % (2019: 1.12 %). The property-specific risk premium was between 2.05 % and 6.20 % (2019: between 1.78 % and 5.65 %). The average discount rate was 2.85 % to 7.00 % (2019: 2.90 % to 6.75 %).

The interest rate recognised for the capitalisation of the terminal value corresponds to the observable interest rate in the current real estate capital market plus a property-specific risk premium. The capitalisation rates recognised vary between 3.10 % and 6.75 % (2019: 3.15 % and 6.25 %) depending on the quality, location and structure of the properties.

When investment property is tested for impairment in accordance with IAS 36, the carrying amounts of the properties – with the exception of properties classified as non-current assets held for sale – are compared with the higher of fair value and the properties' values in use deduced from market values. The comparison uses gross market values, i.e. not including the transaction costs that may arise if the properties are actually sold. In addition, parameters specific to the Company were used to calculate the reference values. These parameters take account of the value in use of the properties in the context of their use for business purposes. In this respect, the important factors are, in particular, the retention of the property in the Group, the forecast cash flows arising as a result and the reduction in management costs compared with the standard valuation due to the assets being managed in-house. An appropriate asset-specific capitalisation rate is also calculated in accordance with the criteria of IAS 36 A17.

In addition to the sensitivity analysis for the fair values already presented in the report on opportunities and risks (page 111 in the management report), we performed a sensitivity calculation for the properties' values in use so as to be able to assess effects of potential interest rate volatilities more accurately. This produced the following result:

Change in the value in use of properties

Scenarios: changes of discount rate \ Scenarios: changes of capitalisation rate	+0.25 %	0 %	-0.25 %
+0.25 %	-165.8 EUR million	-50.7 EUR million	+82.5 EUR million
0 %	-117.8 EUR million	+/-0.0	+137.0 EUR million
-0.25 %	-68.0 EUR million	+52.2 EUR million	+192.0 EUR million

Were the capitalisation and discount rates to increase by 25 basis points due to the macroeconomic or business situation, the value in use would fall by EUR 165.8 million. If the interest rates were to rise by the same amount, the value in use would rise by EUR 192.0 million.

As at 31 December 2020, acquisition costs included borrowing costs of EUR 2,551 thousand (2019: EUR 1,683 thousand). In financial year 2020, borrowing costs of EUR 868 thousand were capitalised (2019: EUR 948 thousand). The range of the recognised rate of borrowing costs was 1.4 % to 1.55 % (2019: 1.53 % to 2.33 %).

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

Current contractual arrangements result in financial obligations vis-à-vis our tenants of EUR 26.2 million for 2020 and 2021 (2019: EUR 27.1 million). Obligations from purchase agreements amount to EUR 174,4 million (2019: EUR 153.3 million). In the previous year, there were also obligations totalling EUR 163.6 million resulting from agreements to secure property.

15. Property, plant and equipment

in EUR thousand	Building	Office furniture and equipment	Right-of-use assets	2020 Total	2019 Total
Cost					
As at 1 January	0	3,357	11,595	**14,952**	9,822
Additions	5,947	593	1,240	**7,780**	5,305
Disposals	0	0	– 847	**– 847**	– 175
As at 31 December	5,947	3,950	11,988	**21,885**	14,952
Depreciation and amortisation					
As at 1 January	0	2,334	2,333	**4,667**	1,834
Additions	47	505	2,853	**3,405**	2,836
Disposals	0	0	– 762	**– 762**	– 3
As at 31 December	47	2,839	4,424	**7,310**	4,667
Carrying amount on 1 January	0	1,023	9,262	**10,285**	7,988
Carrying amount on 31 December	5,900	1,111	7,564	**14,575**	10,285

This includes the following right-of-use assets in accordance with IFRS 16:

	Buildings	Vehicles	IT equipment	2020 Total
Cost				
As at 1 January	10,322	895	378	**11,595**
Additions	431	659	151	**1,241**
Disposals	– 362	– 303	– 182	**– 847**
As at 31 December	10,391	1,251	347	**11,989**
Depreciation and amortisation				
As at 1 January	1,731	437	165	**2,333**
Additions	2,267	385	201	**2,853**
Disposals	– 295	– 285	– 182	**– 762**
As at 31 December	3,703	537	184	**4,424**
Carrying amount on 1 January	8,591	458	213	**9,262**
Carrying amount on 31 December	6,688	714	163	**7,565**
Number of right-of-use assets	12	43	46	
Range of remaining maturities (months)	12 – 42	2-36	3-26	

16. Investments in associates

The associates as at 31 December 2020 are listed in the following table. DIC Asset AG directly holds equity interests or voting rights in the entities listed below.

in EUR thousand	31.12.2020		31.12.2019	
Interest in:	Share of voting rights	Carrying amount	Share of voting rights	Carrying amount
DIC Office Balance I (fund)	**12.5%**	**12,982**	12.5%	14,308
DIC Office Balance II (fund)	**0.0%**	**9,661**	0.0%	9,609
DIC Office Balance III (fund)	**5.9%**	**4,734**	5.9%	5,681
DIC Office Balance IV (fund)	**6.4%**	**3,167**	6.6%	3,176
DIC Office Balance V (fund)	**5.6%**	**3,967**	5.9%	3,926
DIC Retail Balance I (fund)	**8.1%**	**5,804**	8.1%	5,920
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	**40.0%**	**26,224**	40.0%	28,100
DIC MSREF HT Portfolio GmbH*	**0.0%**	**0**	20.0%	3
DIC FF Südwest Portfolio GmbH & Co. KG*	**0.0%**	**0**	20.0%	310
DIC MSREF HMDD Portfolio GmbH*	**0.0%**	**0**	20.0%	2
Other		**173**		177
Total		**66,712**		71,212

* until 31.10.2020

Significant associates as defined in IFRS 12.2 are DIC MainTor Zweite Beteiligungs GmbH & Co.KG, DIC Office Balance I, DIC Office Balance II, DIC Office Balance III, DIC Office Balance IV, DIC Office Balance V, DIC Retail Balance I.

The Group holds a 10.0% interest (DIC Office Balance I), a 4.6% interest (DIC Office Balance II), a 2.4% interest (DIC Office Balance III), a 1.7% interest (DIC Office Balance IV), a 3.8% interest (DIC Retail Balance I), a 1.2% interest (DIC Office Balance V) in the capital of funds and/or in the capital of various fund property entities and thus directly or indirectly holds an interest in the respective fund. It exerts a significant influence on the companies due to the chairmanship and the regulations regarding voting rights in the Investment Committee

in EUR thousand	DIC MainTor Zweite Beteiligungs GmbH & Co. KG	DIC Office Balance I	DIC Office Balance II	DIC Office Balance III	DIC Office Balance IV	DIC Retail Balance I	DIC Office Balance V	Other associates	2020 total	2019 total
Assets	661,325	289,814	396,455	181,023	197,743	137,020	266,875	9,722	**2,139,977**	2,062,925
Liabilities	597,616	106,362	108,333	1,328	41,961	16,795	68,488	4,595	**945,478**	968,583
Net assets	63,709	183,452	288,122	179,695	155,782	120,225	198,387	5,127	**1,194,499**	1,094,342
Income	43,211	66,864	4,255	25,705	8,461	7,194	5,664	290	**161,644**	150,505
Expenses	16,949	9,881	3,105	3,123	2,505	1,194	2,416	242	**39,415**	41,635
Profit for the year	26,262	56,983	1,150	22,582	5,956	6,000	3,248	48	**122,229**	108,870

and through the contractual right to conduct the funds' asset and property management and to manage a fund property entity's business.

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

17. Loans to related parties

The loans to related parties concern the long-term loans to the related parties listed below. Please refer to the disclosures in the section entitled "Legal transactions with related parties" on p. 202 for a description of the terms.

in EUR thousand	IAS 24.9	2020	2019
DIC MainTor GmbH	b (ii)	**48,726**	44,751
DIC Opportunistic GmbH	b (ii)	**31,868**	30,949
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	b (ii)	**26,636**	24,835
Deutsche Immobilien Chancen AG & Co. KGaA	b (ii)	**19,561**	18,992
Total		126,791	119,527

18. Other investments

In addition to the equity investment in DIC Opportunistic GmbH in the amount of EUR 24,613 thousand (2019: EUR 31,506 thousand), the other investments also include minority interests in investment vehicles of the Institutional Business segment in the amount of EUR 28,735 thousand (2019: EUR 22,105 thousand). All equity investments are carried at their fair values.

19. Intangible assets

Intangible assets mainly comprise the service agreements and trademark rights added through the acquisition of the GEG Group as well as software for accounting, consolidation and office applications.

in EUR thousand	IT software, licenses	Service agreements	Brands	2020 Total	2019 Total
Cost					
As at 1 January	3,376	22,279	1,087	**26,742**	3,161
Additions	318	0	0	**318**	23,581
Disposals	0	0	0	**0**	0
As at 31 December	**3,694**	**22,279**	**1,087**	**27,060**	**26,742**
Amortisation					
As at 1 January	3,019	2,146	91	**5,256**	2,895
Additions	203	3,680	155	**4,038**	2,361
Disposals	0			**0**	0
As at 31 December	**3,222**	**5,826**	**246**	**9,294**	**5,256**
Carrying amount on 1 January	357	20,133	996	**21,486**	266
Carrying amount on 31 December	472	16,453	841	**17,766**	21,486

20. Trade receivables

These are primarily receivables from rents, service charges and real estate management fees. All receivables are due within one year.

For an explanation of expected credit losses or impairments, please refer to the explanatory notes on credit risk in our risk management reporting.

21. Receivables from and liabilities to related parties

The receivables result predominantly from the granting of loans. An interest rate of 6.0% to 7.25% p.a. applies to the loans. Receivables from services rendered to related parties are also reported under this item.Detailed disclosures on relations with entities and individuals classified as related parties are shown in the corresponding section entitled "Related party disclosures" on p. 202.

The value shown in the balance sheet relates to:

		31.12.2020		31.12.2019	
	IAS 24.09	Receiv-ables	Liabilities	Receiv-ables	Liabilities
MainTor GmbH	b (ii)	252	10,275	255	9,693
DIC Opportunistic GmbH	b (ii)	9,108		5,468	1,237
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	b (ii)		4,341		3,876
Deutsche Immobilien Chancen Beteiligungs AG	b (ii)	1,339		1,493	
Deutsche Immobilien Chancen AG & Co. KGaA	b (ii)	1,252	675	800	585
DIC MainTor III GmbH	b (ii)		830		783
DIC Office Balance II (fund)	b (ii)	210		103	
DIC Office Balance III (fund)	b (ii)	3,264		1,157	
DIC Office Balance IV (fund)	b (ii)	379		406	
DIC Retail Balance I (fund)	b (ii)	1,872		541	
DIC Office Balance V (fund)	b (ii)	411		285	
Other*	b (ii)	556	66	494	408
Total		18,643	16,187	11,002	16,582

* included in the previous year DIC MSREF FF Südwest GmbH and DIC MSREF HMDD Portfolio GmbH

22. Income tax receivables

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

23. Other receivables

in EUR thousand	2020	2019
Receivables from unbilled services	28,641	21,574
Recovery of special repayments	7,482	3,619
Deposits	5,009	4,610
"Rent-free period" receivables	4,178	3,609
Value added tax	3,121	4,326
Receivables from insurance compensations	340	494
Other	5,693	3,216
Total	54,464	41,448

24. Other assets

This item mainly includes deferred income of EUR 20,478 thousand (2019: EUR 19,309 thousand) from a refurbishment project in the Institutional Business segment.

25. Cash and cash equivalents

Of the existing cash and cash equivalents, EUR 60,977 thousand is subject to short-term restrictions on disposal beyond the end of the reporting period.

26. Non-current assets held for sale

The non-current assets held for sale item comprises real estate, equity interests in investment products and incidental acquisition costs for such products in the Institutional Business segment which will be sold or are to be transferred over the course of the next year.

Profits of EUR 0 thousand arose in 2020 in connection with the non-current assets held for sale item from the previous year (2019: EUR 884 thousand).

27. Equity

a. Issued capital

The subscribed capital in the amount of EUR 80,587,028.00 (2019: EUR 72,213,775.00) consists of 80,587,028 (2019: 72,213,775) registered no-par value ordinary shares. There are no other classes of shares. Pursuant to section 67 (2) AktG, rights and obligations arising from shares exist in relation to the Company only for and against the person entered in the share register. All shares convey the same rights and obligations. Each no-par value share grants the holder one vote at the General Shareholders' Meeting. This excludes any treasury shares held by the Company itself. The Company will have no rights based on these shares. The voting right begins when the statutory minimum deposit has been made on the shares. The individual rights and obligations tied to the shares arise from the provisions of the AktG, in particular sections 12, 53a et seq., 118 et seq. and 186.

b. Authorised capital

The Management Board was authorised by a resolution adopted at the ordinary General Shareholders' Meeting on 8 July 2020 to increase the Company's share capital with the approval of the Supervisory Board by a total of up to EUR 15,814,309.00 until 7 July 2025 by issuing new no-par value registered shares once or repeatedly in return for cash contributions and/or contributions in kind (Authorised Capital 2020). After a portion of Authorised Capital 2020 was utilised subject to disapplying some pre-emptive rights and otherwise granting pre-emptive rights to shareholders in August/September 2020, the remaining Authorised Capital 2020 at the reporting date amounts to EUR 14,298,830.00. As a rule, the shareholders are to be granted a pre-emptive right when authorised capital is utilised. The shares may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right). However, the Management Board is authorised with the approval of the Supervisory Board to disapply the pre-emptive rights of shareholders

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

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

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

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

c. Contingent capital

By virtue of the resolution adopted at the ordinary General Shareholders' Meeting of 8 July 2020, the Management Board is authorised, with the approval of the Supervisory Board, to issue bearer convertible bonds or bonds with warrants (together, "bonds") with or without limitation of maturities on one or more occasions until 7 July 2025 in a total nominal amount of up to EUR 500,000,000.00, and to grant to holders and/or creditors of bonds conversion or option rights (which may include a conversion obligation) to no-par value registered shares in the Company representing a proportionate amount of the share capital of up to EUR 15,814,309.00 in total, subject to the terms of the convertible bonds and/or bonds with warrants (together also "bond terms"). The bonds may only be issued in return for cash payment. In principle, the shareholders are granted a pre-emptive right. The bonds may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right).

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

- for fractional amounts resulting from the subscription ratio;
- if upon due review the Management Board concludes that the issue price of the bonds is not substantially lower than the theoretical market value of the bonds determined in accordance with generally accepted methods of financial mathematics. This authorisation to disapply pre-emptive rights does not, however, apply to bonds with a conversion or option right (including those with a conversion obligation) to shares, the total amount of which does not exceed 10% of the lower of the share capital existing at the time this authorisation becomes effective or at the time it is exercised. Shares that were issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights or conversion obligations from convertible bonds and/or bonds with warrants and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued based on a different authorisation during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG;
- to the extent it is necessary to grant pre-emptive rights for bonds to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights and/or conversion obligations that were or will be issued by the Company or companies in which the Company holds a direct or indirect 100% interest in the volume to which they would be entitled as shareholders after exercising the option rights and/or conversion rights or fulfilling the conversion obligations;

The bond issues may be divided into several notes.

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

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

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

To service conversion or option rights and/or conversion or option obligations under bonds that will be issued until 7 July 2025 based on an authorisation by the General Shareholders' Meeting on 8 July 2020, the Company's share capital was contingently increased, by virtue of the resolution adopted at the ordinary General Shareholders' Meeting on 8 July 2020, by up to EUR 15,814,309.00 by issuing up to 15,814,309 registered shares (contingent capital 2020).

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

d. Powers of the Management Board to buy back shares
By virtue of the resolution adopted by the ordinary General Shareholders' Meeting of 5 July 2016, the Management Board is authorised, with the prior approval of the Supervisory Board, to acquire own shares until 4 July 2021 representing up to 10% of the lower of the Company's share capital at the date of the resolution or at the date the authorisation is exercised. At no time may the acquired shares together with other treasury shares in the possession of the Company or allocated to it under sections 71a et seq. AktG represent more than 10% of the share capital. The authorisation may not be used for the purpose of trading treasury shares. The authorisation may be exercised in whole or in part, once or repeatedly, for one or more than one purpose, by the Company or by companies dependent on it or majority-owned by it, or by third parties acting on their behalf or on behalf of the Company.

At the Management Board's discretion, and with the prior approval of the Supervisory Board, shares may be purchased through the stock exchange or based on a public offering directed to all shareholders or a public invitation to all shareholders to submit offers to sell.

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

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

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

(ii) The shares may also be sold in a way other than through the stock exchange or based on an offering directed to all shareholders if the purchase price payable in cash is not significantly lower than the stock market price of equivalent shares already listed. The number of shares sold in this manner disapplying pre-emptive rights may not exceed 10% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. Other shares that are issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights or conversion obligations from bonds with warrants and/or convertible bonds and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG.

(iii) The shares may be sold in return for contributions in kind, in particular in connection with business combinations, for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets, or claims for acquiring other assets including receivables in respect of the Company.

(iv) The shares may be used to implement a scrip dividend in which shares of the Company are used (including partially and alternatively) to fulfil shareholder dividend claims.

(v) The shares may be used to fulfil subscription and exchange rights on the basis of the exercise of conversion and/or option rights or the fulfilment of conversion obligations arising from convertible bonds and/or bonds with warrants issued by the Company or one of its Group companies wholly owned by DIC Asset AG either directly or indirectly.

As at 31 December 2020, the Company held no treasury shares. It has not made use of the authorisation described above.

e. Capital reserves

The capital reserves amounted to EUR 878,789 thousand at the reporting date (2019: EUR 763,909 thousand). It contains the premium from the issuance of shares. The year-on-year rise results from the capital increase implemented in January and the capital increase carried out in connection with the scrip dividend in September 2020.

f. Hedging reserve

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

g. Provision for financial instruments classified as measured at fair value through other comprehensive income

The reserve contains the measurement effect from the investments accounted for at fair value, which are reported as financial instruments classified at fair value through other comprehensive income.

h. Retained earnings

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

in EUR thousand	31.12.2020	31.12.2019
Retained earnings beginning of the period	125,170	1,275
Consolidated profit for the year	73,112	80,689
Dividend payment	– 52,187	– 33,852
Profit attributable to non-controlling interests	– 3,099	222
Amount reclassified from the provision for financial instruments classified as measured at fair value	0	76,836
Consolidated retained earnings	**142,996**	**125,170**
of which profits from the income statement	92,523	36,097
of which profits from other comprehensive income	50,473	89,073

The dividend payment for 2019 and 2018 amounted to EUR 0.66 and EUR 0.48 per share, respectively.

28. Interest-bearing loans and borrowings

in EUR thousand	31.12.2020		31.12.2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term (> 1 year) interest-bearing loans and borrowings				
Variable-rate loans and borrowings	58,211	58,443	59,325	59,675
Fixed-rate loans and borrowings	1,382,759	1,370,226	1,232,946	1,230,048
	1,440,970	1,428,669	1,292,271	1,289,723
Short-term (< 1 year) interest-bearing loans and borrowings				
Variable-rate loans and borrowings	1,200	1,229	89,133	89,374
Fixed-rate loans and borrowings	32,231	32,967	165,753	164,258
	33,431	34,196	254,886	253,632
Total	1,474,401	1,462,865	1,547,157	1,543,355

The fair values of the fixed-rate loans and borrowings are based on discounted cash flows calculated using interest rates taken from the yield curve as at 31 December 2020. The fair values of the financial instruments were determined applying risk premiums on a case-by-case basis. The carrying amounts of the variable-rate loans and borrowings are roughly equivalent to their fair values.

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

in EUR thousand	31.12.2020			31.12.2019		
	Total variable-rate loans and borrowings	Total fixed-rate loans and borrowings	Weighted interest rate (fixed-rate loans and borrowings)	Total variable-rate loans and borrowings	Total fixed-rate loans and borrowings	Weighted interest rate (fixed-rate loans and borrowings)
< 1 year	1,200	32,231	1.58 %	89,133	165,753	1.12 %
1 – 5 years	58,211	1,107,469	2.18 %	59,325	1,036,956	2.17 %
> 5 years	–	275,290	1.32 %	–	195,990	1.39 %
Total	59,411	1,414,990		148,458	1,398,699	

Interest rates on the variable-rate loans and borrowings were adjusted regularly. Interest-rate adjustment dates are based on the 3- or 6-month Euribor rate plus an average margin. An average interest rate of 1.44 % (2019: 1.41 %) is used for the variable-rate loans and borrowings, while an average interest rate of around 2.05 % (2019: 2.00 %) is used for the fixed-rate loans and borrowings.

The price the bond issued in July 2017 with a nominal volume of EUR 180 million was 101.5 % at the reporting date. The bond issued in October 2018 with a nominal volume of EUR 150 million was quoted at 102.4 % at the reporting date.

The interest-bearing loans and borrowings were secured by land charges – with two exceptions: EUR 326,494 thousand for our corporate bonds (2019: EUR 324,896 thousand) and EUR 186,467 thousand in current liabilities and promissory note loans (2019: EUR 227,256 thousand).

29. Derivatives

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

in EUR thousand	31.12.2020		31.12.2019	
	Notional amount	Fair value	Notional amount	Fair value
Liabilities				
Interest rate hedges (swaps)	52,550	– 3,447	53,750	– 1,729

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

Negative fair values of EUR 2,848 thousand after deduction of deferred taxes were recorded in equity as at 31 December 2020. The interest-rate hedging agreements had remaining terms of between six and 18 months as at 31 December 2020 (2019: between 18 and 30 months).

in EUR thousand	31.12.2020		31.12.2019	
	Notional amount	Fair value	Notional amount	Fair value
Term ≤ 1 year	50,400	– 3,424	0	0
Term > 1 year	2,150	– 23	53,750	– 1,729

This had the following effects in the financial year:

in EUR thousand				
Type of hedge	Notional amount	Carrying amount	Change in value	Balance sheet item
Interest rate hedges (Swaps)	52,550	– 3,447	– 1,718	Derivatives

In the previous year, the hedge had the following effects:

in EUR thousand				
Type of hedge	Notional amount	Carrying amount	Change in value	Balance sheet item
Interest rate hedges (Swaps)	53,750	– 1,729	– 1,406	Derivatives

The effective changes in value from the hedges are recognised in the related items in other comprehensive income.

The following effects result from the hedged items:

in EUR thousand				
Type of hedged item	Carrying amount	Balance sheet item	Change in value in the current financial year	Cumulative change in value
Loans	2,148	Interest-bearing loans and borrowings	0	0

An interest rate hedge for a nominal volume of EUR 50,400 thousand was concluded for a loan of the same amount yet to be raised.

In the previous year, the hedged items had the following effects:

in EUR thousand				
Type of hedged item	Carrying amount	Balance sheet item	Change in value in the current financial year	Cumulative change in value
Loans	3,348	Interest-bearing loans and borrowings	0	0

No ineffectiveness from hedges is shown in the income statement in the current financial year.

30. Other non-current financial liabilities

The lease liabilities are composed of the following items:

in EUR thousand	31.12.2020	31.12.2019
Non-current lease liabilities	**5,002**	6,709
Current lease liabilities	**2,651**	2,635
Total lease liabilities	**7,653**	9,344

There were no significant lease liabilities for short-term leases or low-value leases which have not been included.

The short-term lease liabilities are reported under the “Other liabilities” item.

The total outflow of funds from leases for financial year 2020 amounted to EUR 3,268 thousand (2019: EUR 2,494 thousand). This includes principal payments of EUR 3,046 thousand (2019: EUR 2,269 thousand) and interest payments of EUR 222 thousand (2019: EUR 225 thousand).

The following table shows the maturity analysis for the lease liabilities. The amounts shown are the undiscounted lease payments rather than the present values of the lease liabilities carried in the balance sheet.

in EUR thousand	2020	2019
< 1 year	**2,751**	2,583
1 – 5 years	**5,463**	7,347
> 5 years	**0**	0
Total	**8,214**	9,930

Possible future outflows of funds from extension and termination options not considered reasonably certain in the amount of EUR 10,325 thousand have not been included in the measurement of the lease liabilities.

At the reporting date, there were no leases which had been entered into but had not yet begun.

31. Trade payables

Of the trade payables amounting to EUR 2,306 thousand (2019: EUR 3,443 thousand), EUR 377 thousand (2019: EUR 391 thousand) results from deferred service charges and from the use of services. They are due within one year.

32. Income tax payable

in EUR thousand	31.12.2020	31.12.2019
Trade tax	**14,172**	11,520
Corporation tax	**7,125**	9,169
Total	**21,297**	20,689

33. Other liabilities

in EUR thousand	31.12.2020	31.12.2019
Invoices outstanding	34,543	33,157
Bonuses	5,056	6,555
Deposits	5,054	4,631
Value added tax	3,407	4,518
Current lease liabilities	2,651	2,635
Building cost subsidies received	2,436	907
Advance rent payments received	2,354	75
Holiday pay und other personnel-related expenses	1,506	1,664
Share-based payment	1,367	1,163
Security deposits	1,150	2,060
Supervisory Board remuneration	786	394
Tax consultancy fees	578	530
Auditing costs	542	591
Other	1,883	2,983
Total	63,313	61,863

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

The Group has agreed performance-related remuneration agreements with the members of the Management Board in the form of a share-based payment model. At the end of 2020, the current and former members of the Management Board held options on 520,000 (2019: 200,000) phantom stocks of the Company. These options may not be exercised by members of the Management Board until they have been a member of the Board of DIC Asset AG for three to four years. Depending on the tranche, the Company as at 31 December 2020 measured the fair value at EUR 5.44 and EUR 7.47 for Ms Wärntges and Mr von Mutius, at EUR 4.88 for Mr Weiden and at EUR 5.44 for Mr Bock. The Black-Scholes option pricing model is used for the measurement.

The material parameters for the valuation model are: the share price at the reporting date of EUR 13.46 (2019: EUR 15.90); the exercise price of EUR 5.82 each for the tranche exercisable by Ms Wärntges and Mr von Mutius as at 31 December 2020, or EUR 14.00 for the options held by Mr Bock and EUR 15.00 for the options held by Ms Wärntges, Mr von Mutius and Mr Weiden; the standard deviation from the expected share price return of 40.83% (2019: 32.73%); the annual term-related risk-free interest rate of 0.01%, unchanged from the previous year; and an additional value-enhancing factor of between 1 and 3 depending on the share price. Volatility as measured by the standard deviation from the expected share price returns is based on statistical analyses of the daily share prices over the last year.

Mr Hasselbring (a member of the DIC Asset AG Management Board until 31 August 2019) exercised his phantom stock options from 2017 when the prerequisites were met. The total of 40,000 phantom stocks were measured at the average price of EUR 11.97 (Xetra closing price) in the last ten trading days prior to the date of exercise. The total cash settlement volume amounted to EUR 246 thousand, which was recognised in full in other liabilities.

Further details, especially disclosures in accordance with section 314 (1) no. 6 letter a sentences 5 to 8 HGB or IAS 24.17e, are provided in the remuneration report, which is an integral part of the combined management report.

As at the reporting date, 75,000 phantom stock options of Ms Wärntges and 45,000 of Mr von Mutius were exercisable. The fair value of all options granted amounted to EUR 1,366 thousand at the reporting date (2019: EUR 1,163 thousand). As a result, a total of EUR 575 thousand (2019: EUR 1,280 thousand) was recognised as an expense for stock options in the 2020 financial year.

The liabilities arising from Supervisory Board remuneration are liabilities to members of the Supervisory Board. They constitute liabilities to related parties as defined by IAS 24.9. The breakdown of the remuneration in accordance with the criteria set out in IAS 24.9 is provided in the section entitled "Legal transactions with related parties" on page 202 et seq. For information on individual members, see the details on Supervisory Board remuneration in the remuneration report.

34. Supplementary disclosures on financial instruments

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

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

The following table presents the carrying amounts, measurement in accordance with IAS 39 and the fair values of the individual financial assets and financial liabilities for each class of financial instrument and reconciles them to the corresponding line items in the balance sheet. The 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 (FVTPL), Financial assets measured at amortised cost (FAAC), and Financial liabilities measured at amortised cost (FLAC).

There are no prices quoted on an active market for the unlisted shares in DIC Opportunistic GmbH held by the Group and for the equity investments newly acquired in the course of the GEG acquisition. Their fair value is based on the indirectly held real estate and equity investments. Changes in fair value at the end of the reporting period amounted to EUR -1,903 thousand (2019: EUR +1,081 thousand). Please refer to page 173 et seq. for the valuation of real estate assets.

in EUR thousand	IFRS 9 measurement category	Carrying amount 31.12.2020	Measurement in acc. with IRFRS 9			Fair Value 31.12.2020
			Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	
Assets						
Other investments	FVOCI	**35,311**			35,311	**35,311**
Other investments	FVTPL	**18,037**		18,037		**18,037**
Other loans	FAAC	**126,791**	126,791			**126,791**
Receivables from sale of investment property	FAAC	**1,283**	1,283			**1,283**
Trade receivables	FAAC	**27,658**	27,658			**27,658**
Receivables from related parties	FAAC	**18,634**	18,634			**18,634**
Other receivables	FAAC	**54,464**	54,464			**54,464**
Other assets	FAAC	**22,674**	22,674			**22,674**
Cash and cash equivalents	FAAC	**371,404**	371,404			**371,404**
Total	FAAC	**622,908**	622,908			**622,908**
Liabilities						
Derivatives	n/a	**3,447**			3,447	**3,447**
Corporate bond	FLAC	**326,494**	326,494			**336,300**
Non-current interest-bearing loans and borrowings	FLAC	**1,114,476**	1,114,476			**1,092,369**
Current loans and borrowings	FLAC	**33,431**	33,431			**34,196**
Trade payables	FLAC	**2,306**	2,306			**2,306**
Related party liabilities	FLAC	**16,187**	16,187			**16,187**
Other liabilities*	FLAC	**60,662**	60,662			**60,662**
Total	FLAC	**1,553,556**	1,553,556			**1,542,020**

* without current lease liabilities

The figures for the previous year are as follows:

in EUR thousand	IFRS 9 measurement category	Carrying amount 31.12.2019	Measurement in acc. with IRFRS 9			Fair Value 31.12.2019
			Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	
Assets						
Other investments	FVOCI	**38,418**			38,418	**38,418**
Other investments	FVTPL	**15,193**		15,193		**15,193**
Other loans	FAAC	**119,527**	119,527			**119,527**
Receivables from sale of investment property	FAAC	**488**	488			**488**
Trade receivables	FAAC	**11,634**	11,634			**11,634**
Receivables from related parties	FAAC	**11,002**	11,002			**11,002**
Other receivables	FAAC	**41,448**	41,448			**41,448**
Other assets	FAAC	**20,402**	20,402			**20,402**
Cash and cash equivalents	FAAC	**351,236**	351,236			**351,236**
Total	FAAC	**555,737**	555,737			**555,737**
Liabilities						
Derivatives	n/a	**1,729**			1,729	**1,729**
Corporate bond	FLAC	**324,896**	324,896			**342,720**
Non-current interest-bearing loans and borrowings	FLAC	**967,374**	967,374			**947,003**
Current loans and borrowings	FLAC	**219,856**	219,856			**219,691**
Trade payables	FLAC	**3,443**	3,443			**3,443**
Related party liabilities	FLAC	**16,582**	16,582			**16,582**
Other liabilities*	FLAC	**59,228**	59,228			**59,228**
Liabilities related to financial investments held for sale	FLAC	**35,031**	35,031			**33,941**
Total	FLAC	**1,626,410**	1,626,410			**1,622,608**

* without current lease liabilities

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

in EUR thousand	Interest income		Interest expense	
	2020	2019	2020	2019
Financial assets measured at amortised cost (FAAC)	8,670	10,296		
Financial liabilities measured at amortised cost (FLAC)			– 34,500	– 38,963

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

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

As at 31 December 2020, the division into measurement levels is as follows:

in EUR thousand	Fair Value 31.12.2020	Level 1	Level 2	Level 3
Assets at fair value – recognised in other comprehensive income				
Equity investment	35,311			35,311
Assets at fair value – recognised through profit or loss				
Equity investment	18,037			18,037

The figures for the previous year are as follows:

in EUR thousand	Fair Value 31.12.2019	Level 1	Level 2	Level 3
Assets at fair value – recognised in other comprehensive income				
Equity investment	38,418			38,418
Assets at fair value – recognised through profit or loss				
Equity investment	15,193			15,193

Changes in Level 3 financial instruments are as follows:

in EUR thousand	2020	2019
01.01.	53,611	30,424
Addition	5,440	22,106
Measurement gains / losses	– 1,903	1,081
Disposals	– 3,800	0
31.12.	53,348	53,611

Net gains and losses on financial instruments are as follows:

in EUR thousand	2020	2019
Financial assets measured at fair value through other comprehensive income (FVOCI) – equity instruments	– 3,093	1,081
Financial assets measured at fair value through profit and loss (FVtPL) – debt instruments	1,190	0
Financial assets measured at amortised cost (FAAC)		
	3,858	584

The net gains and losses consist of the changes in the fair value of financial assets recognised through other comprehensive income (equity instruments, FVOCI), as well as expenses and income for expected credit losses (previous year: impairments) from the financial assets measured at amortised cost (FAAC).

STATEMENT OF CASH FLOWS DISCLOSURES

The cash and cash equivalents shown in the statement of cash flows correspond to the cash and cash equivalents shown on the balance sheet, i.e. cash at hand and bank balances that can be made available within three months.

The non-cash changes in financial liabilities in the statement of cash flows are largely attributable to unpaid interest, amortisation and transactions.

in EUR thousand	01.01.2020	Cash	Non-cash			31.12.2020
			Reclassifica-tions	Changes in the basis of consolidation	Interest / Other	
Corporate Bond	324,896				1,598	**326,494**
Long-term interest-bearing loans and borrowings	967,374	154,607	– 9,466		1,961	**1,114,476**
Current interest-bearing loans and borrowings	219,856	– 196,541	9,466		650	**33,431**
Liabilities in accordance with IFRS 5	35,031			– 35,031		**0**
Total	1,547,157	– 41,934	0	– 35,031	4,209	**1,474,401**

in EUR thousand	01.01.2019	Cash	Non-cash			31.12.2019
			Reclassifica-tions	Changes in the basis of consolidation	Interest / Other	
Corporate Bond	497,822	– 175,000			2,074	**324,896**
Long-term interest-bearing loans and borrowings	857,601	262,894	– 160,506	8,250	– 865	**967,374**
Current interest-bearing loans and borrowings	125,681	– 65,693	160,506		– 638	**219,856**
Liabilities in accordance with IFRS 5	0			35,031		**35,031**
Total	1,481,104	22,201	0	43,281	571	**1,547,157**

SEGMENT REPORTING

The segment report is structured in line with IFRS 8 Operating Segments, following the management approach. Since the 2019 financial year, our reporting has been focused on two pillars: the Commercial Portfolio segment, which comprises our own property portfolio, and the Institutional Business segment, in which we are consolidating our property management services for institutional investors.

Decisions by the Management Board on the allocation of resources to the segments and their earnings capacity are based primarily on the operational and financial key performance indicators presented.

Overall, the FFO contribution of the Commercial Portfolio segment has been stable year-on-year at EUR 47.3 million (2019: EUR 47.5 million) despite the Covid-19-related challenges. The optimisation of our cost structure and the improved financing conditions almost completely compensated for the decline in net rental income triggered by the pandemic. Assets under management grew by 5% to EUR 2,000.0 million (previous year: EUR 1,900.0 million)

Real estate management fees, which rose as a result of the acquisition of the GEG Group in mid-2019, among others, are predominantly responsible for the significant increase in the FFO contribution of the Institutional Business segment and also overcompensated for the rise in operating expenses. Assets under management grew by 33% to EUR 7,594.5 million at the reporting date (previous year: EUR 5,729.4 million)

SEGMENT REPORTING

in EUR million	2020			2019		
	Commercial Portfolio	Institutional Business	Total	Commercial Portfolio	Institutional Business**	Total
Key earnings figures						
Gross rental income (GRI)	100.7		100.7	101.9		101.9
Net rental income (NRI)	82.2		82.2	87.9		87.9
Profits on property disposals*	32.0		32	40.5		40.5
Real estate management fees		79.7	79.7		62.9	62.9
Share of the profit or loss of associates		11.4	11.4		18.3	18.3
Net other income	0.8	– 0.4	0.4	1.0	– 0.4	0.6
Net interest result	– 24.6	– 3.5	– 28.1	– 28.6	– 3.8	– 32.4
Operational expenditure (OPEX)	– 11.4	– 38	– 49.4	– 12.8	– 33.0	– 45.8
of which admin costs	– 4.4	– 14.7	– 19.1	– 4.9	– 13.0	– 17.9
of which personnel costs	– 7.0	– 23.3	– 30.3	– 7.9	– 20.0	– 27.9
EPRA FFO adjustments	0.3	0	0.3	0.0	3.5	3.5
Funds from Operations (FFO)	47.3	49.2	96.5	47.5	47.5	95.0
Funds from Operations II (FFO II)	79.3	49.2	128.5	88.0	47.5	135.5
EBITDA	103.6	52.7	156.3	116.6	47.9	164.5
EBIT	70.9	46.7	117.6	85.8	44.4	130.2
Segment assets*						
Number of properties	91	98	189	93	87	180
Assets under Management (AuM) in EUR million	2,000.0	7,595.5	9,595.5	1,900.0	5,729.4	7,629.4
Rental space in sqm	807,800	1,411,900	2,219,700	842,400	1,164,600	2,007,000

* not proportionate / based on 100%, incl. project developments and repositioning properties
** including separate shown TLG dividend last year

RECONCILIATION BETWEEN THE MARKET VALUE IN 2020 AND THE CARRYING AMOUNT OF INVESTMENT PROPERTIES

in EUR million	2020	2019
Market value, AuM, total	9,594	7,629
less Institutional Business	7,594	5,729
Market value Commercial Portfolio	2,000	1,900
less fair value adjustment	306	277
less IFRS 5 properties	94	0
Total	1,600	1,623

LEASES

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

At the reporting date, investment properties with a carrying amount of EUR 1,599,987 thousand (previous year: EUR 1,623,030 thousand) were let under operating leases. With regard to the required disclosures on accumulated depreciation and depreciation costs for the period, please see the information in note 14 “Investment property”.

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

in EUR thousand	2020	2019
< 1 year	93,288	79,822
1 – 5 years	312,950	263,195
5 years	223,683	151,944
Total	629,921	494,961

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

In 2020, the Group had leases primarily for retail and gastronomy space involving a revenue-dependent, in some cases index-linked rent agreement. The Group generated rent of EUR 5,225 thousand (2019: EUR 4,204 thousand) from these leases. Furthermore, there were no contingent rents.

With regard to the gross rental income recognised by the Group from investment property in 2020, please refer to note 1. Maintenance expenses included in other property-related expenses were as follows:

in EUR thousand	2020	2019
Properties with which rental income is generated	1,106	1,536
Properties which are vacant	0	0

The Group has entered into several lease agreements as lessee. The lease agreements primarily concern leased vehicles and the rental of office premises. The lease for the offices began on 1 April 2014 and ends on 31 March 2024. Contracts for leased vehicles have a standard term of three years. For leases there exist extension options with a term of three to ten years.

REPORTING ON RISK MANAGEMENT

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

Details concerning the risk management system and business risks are presented in the Company's management report in the section entitled "Risk management" on page 111. The following supplementary disclosures on individual risks are made in accordance with IFRS 7:

Credit risk

Credit risk is defined as the risk that a business partner may not be able to meet obligations on time, resulting in a financial loss or a decline in the value of the assets serving as collateral. To reduce the risk of a loss from non-performance, the Group aims to only enter into business relationships with creditworthy counterparties or, if appropriate, request that collateral be furnished. The Group is exposed to credit risk as part of its operating activities (in particular from trade receivables and receivables from related parties) as well as risks as part of its financing activities, including its deposits with banks and financial institutions.

Receivables from tenants are due from a large number of tenants spread across various industries. Credit risk is assessed and controlled by regularly conducting credit rating analyses when new leases or extensions are signed as well as proactively managing accounts receivable. Leases are only signed with counterparties with excellent credit standing. Credit ratings are analysed and updated on each reporting date. To this end, the available credit information is reviewed for significant deterioration. Contractual partners without any record of late payments are assigned to Risk Level I. Delayed payments or non-payment of outstanding receivables are generally considered to increase credit risk significantly and in some cases are already subject to litigation (Risk Level II). Receivables that appear uncollectible, e.g. because insolvency proceedings have been opened, are classified in the highest risk level (Risk Level III). This principle can be refuted if reliable and justifiable information indicates in individual cases that credit risk has not increased. Based on the relevant risk level assignment, loss allowances are recognised in the amount of the expected credit loss.

Receivables from related parties exist mainly in the form of loans granted. The creditworthiness of these contractual partners is monitored continuously. Due to the existing collateral and the assets of the contractual partners, the expected credit losses in this context are regarded as insignificant. In the case of financing activities, the Group is exposed to credit risk arising from the non-performance of contractual agreements on the part of its contractual partners. This applies in particular to bank balances. The credit risk of these contractual partners is subject to regular monitoring. To minimise risk, the Group enters into transactions only with counterparties that have a high credit rating or are members of a deposit protection fund.

In addition, the Group is exposed to credit risk resulting from financial guarantees furnished by the Group to banks or other contractual partners. The Group's maximum risk corresponds to the amount the Group would have to pay if the guarantee was called in. As at 31 December 2020, there were guarantees amounting to EUR 115,266 thousand (2019: EUR 118,168 thousand). The share attributable to DIC Asset AG as at the reporting date amounts to EUR 80,148 thousand (2019: EUR 101,716 thousand) (see disclosures on contingent liabilities).

Based on the risk classifications, the carrying amounts per risk level are as follows:

in EUR thousand	2020			
	Trade receivables	Loans to related parties	Receivables from related parties	Cash and cash equivalents
Risk level I	25,440	126,791	18,643	371,404
Risk level II	2,218	–	–	–
Risk level III	–	–	–	–
Total	**27,658**	**126,791**	**18,643**	**371,404**

Impairment losses on trade receivables changed as follows::

in EUR thousand	2020	2019
As at 1 January	**2,095**	1,832
Additions	**4,172**	1,019
Use	**– 189**	– 321
Reversal	**– 314**	– 435
As at 31 December	**5,764**	2,095

The change in impairment losses is attributable to the ongoing measurement of receivables. Additions relate mainly to additions to Level 2.

For all other assets subject to the impairment model according to IFRS 9.5.5, there were no material expected credit losses.

The maximum credit risk is equal to the carrying amounts of the financial assets recognised in the balance sheet.

A concentration risk could arise in cases where individual tenants generate more than 10% of the Group’s rental income. Since no tenant has a share exceeding 10% of total volume, the Group is not exposed to significant credit risk. The top ten tenants generate some 39% of total annual rental income. These tenants are all renowned tenants with mostly excellent credit standing, primarily from the public sector, insurance companies, banks and retail.

Liquidity risk

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

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

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

Compliance with covenants is monitored on an ongoing basis and included in the Group's quarterly reporting to management. All covenants were met in the 2020 financial year. We expect no covenant violations in 2021.

Cash and cash equivalents totalling EUR 371,404 thousand (2019: EUR 351,236 thousand) are available to cover liquidity requirements. Furthermore, the Group has credit lines and guarantee facilities unutilised to date in the total amount of EUR 80,209 thousand (2019: EUR 77,265 thousand). The Group expects to be able to fulfil its other obligations from operating cash flows.

In the interest of minimising risk concentration, new financing and refinancing deals for real estate portfolios are spread across several banks in some cases, thus reducing the respective exposure per bank. At the reporting date, the maximum counterparty risk with a single counterparty stands at EUR 152 million (2019: EUR 204 million).

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

in EUR thousand	2021	2022 to 2025	2026 and after
Non-derivative financial liabilities			
Non-current interest-bearing loans and borrowings	30,181	1,229,821	282,740
Current loans and borrowings	34,752		
Trade payables	2,306		
Related party liabilities	17,412		
Other liabilities	62,088		
Derivative financial liabilities	3,424	23	
Total	150,163	1,229,844	282,740

The figures for the previous year are as follows:

in EUR thousand	2020	2021 to 2024	2025 and after
Non-derivative financial liabilities			
Non-current interest-bearing loans and borrowings	27,116	1,181,744	204,582
Current loans and borrowings*	268,518		
Trade payables	3,443		
Related party liabilities	16,582		
Other liabilities	61,863		
Derivative financial liabilities	0	1,729	
Total	377,522	1,183,473	204,582

* incl. liabilities – properties held for sale

Market risk

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

Interest rate risk arises as a result of market-driven fluctuations in interest rates or margins on new borrowings and renewals of loans. The Group is exposed to interest rate risk because Group companies raise funds at fixed and variable interest rates. This risk is managed by the Group through a balanced portfolio of fixed-rate and variable-rate loans. Interest rate swaps, mainly payer swaps, are also arranged additionally for this purpose if appropriate. As at the 31 December 2020 reporting date, the Group had four interest rate derivatives (2019: four).

The following table shows the notional amounts and remaining terms of derivatives at the end of the reporting period.

in EUR thousand	2020		2019	
	Notional amount	Fair value	Notional amount	Fair value
Term ≤ 1 year	50,400	– 3,424	0	0
Term 1-5 years	2,150	– 23	53,750	– 1,729
Term > 5 year	0	0	0	0

As at 31 December 2020, 96% (previous year: 91%) of the Group's loans and borrowings carried a fixed interest rate or were hedged against interest rate fluctuations and thus matched the cash flows from rents. This means that the impact of fluctuations in market interest rates is foreseeable in the medium term.

For the purpose of optimising its net interest result, the Group maintained 4% (2019: 9%) of financial debt at variable interest rates in financial year 2020.

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

in EUR thousand	2020		2019	
	+100 Bp	-100 Bp	+100 Bp	-100 Bp
Effect on earnings from variable-rate loans and borrowings	299	0	-1,457	+1,457
Hedge effect on equity	-2,755	+2,823	– 2.992	+3,251

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

CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities

The DIC Asset Group has provided the following sureties and guarantees:

Type of collateral	Beneficiary	Purpose	Amount in EUR thousand	DIC Asset Group share in EUR thousand
Directly enforceable fixed liability guarantee	Deutsche Hypotheken Bank AG, Berlin Hyp AG, HSH Nordbank AG	Loan agreement, Commercial Portfolio	50,500	50,500
Directly enforceable guarantee	Thoma Aufzüge GmbH	Claims from the MT Porta construction project	30	12
Directly enforceable guarantee	Imtech Deutschland	Claims from the MT Porta construction project	2,481	992
Directly enforceable guarantee	Union Investment Real Estate GmbH	Warranty bond for MT Porta	2,750	1,100
Payment bond	BAM Deutschland AG	MT WINX construction project	7,088	2,835
Payment bond	ED.Züblin AG	MT Panorama construction project	595	238
Payment bond	BAM Deutschland AG	MT WINX construction project	14,000	5,600
Payment bond	BAM Deutschland AG	MT WINX construction project	7,000	2,800
Rent guarantee	Ideal Lebensversicherung	Rent guarantee for a subsidiary's commercial property	34	34
Payment bond	Köster GmbH	Leverkusen construction project	350	350
Directly enforceable guarantee	Union Investment Real Estate GmbH	Fulfilment of all payment obligations and obligations to pay damages by the seller in accordance with the MT Porta purchase agreement	5,000	2,000
Cost overrun guarantee	Deutsche Pfandbriefbank	Global Tower project development	3,750	3,750
Warranty bond	PATRIZIA WohnInvest Kapitalverwaltungsgesellschaft mbH	Acceptance of MT Patio construction project	1,000	400
Directly enforceable guarantee	WinX Verwaltungs GmbH	Obligation to fulfil contractually secured claims in the WINX construction project	16,000	6,400
Directly enforceable guarantee	Grundbesitzgesellschaft Große Theaterstraße mbH & Co. KG	Opera Offices NEO construction project	1,800	360
Directly enforceable guarantee	Grundbesitzgesellschaft Große Theaterstraße mbH & Co. KG	Opera Offices NEO construction project	140	28
Debt service guarantee	Deutsche Pfandbriefbank	Global Tower project development	1,650	1,650
Payment bond	Schwitzke Project GmbH	Regional Council Darmstadt construction project	813	813
Rent guarantee	Triuva Kapitalverwaltungsgesellschaft mbH	Rent guarantee for a subsidiary's rental property	285	285

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

Financial obligations

With regard to existing investment obligations for measures on portfolio properties, please refer to our explanations in the section entitled ”Investment property“ on p. 173 et seq.

CAPITAL MANAGEMENT

The paramount objective of capital management is to ensure that the Group retains its ability to repay its debts and the financial stability to support its business activities in the future.

The capital structure is managed in accordance with economic and regulatory provisions. In this process, we aim to achieve a balanced maturity structure for outstanding liabilities.

DIC Asset AG is able to manage its capital structure through dividends and/or capital increases or by changes to its financing. DIC Asset AG strives to maintain a capital structure that is in line with the business risk. DIC Asset AG is subject to the minimum capital requirements for stock corporations. Compliance with these requirements is monitored.

The equity ratio is used as an important parameter vis-à-vis investors, analysts and banks.

in EUR thousand	2020	2019
Equity	**1,108,421**	968,778
Total assets	**2,724,168**	2,657,443
Reported equity ratio	**40.7%**	36.5%

The reported equity ratio increased by 4.2 percentage points year-on-year.

RELATED PARTY DISCLOSURES

Entities and individuals classified as related parties

Related parties include the 14 (2019: 14) associated companies accounted for using the equity method (see the section entitled “Consolidation”).

Due to their significant influence, the following entities and individuals are classified as related parties:

- Deutsche Immobilien Chancen AG & Co. KGaA
- Group companies of Deutsche Immobilien Chancen AG & Co. KGaA
- Deutsche Immobilien Chancen Beteiligungs AG
- DIC Grund- und Beteiligungs GmbH
- DIC Capital Partners (Europe) GmbH
- GCS Verwaltungs GmbH
- Forum European Realty Income II L.P. (hereinafter “Forum”)
- DICP Capital SE
- Prof. Dr. Gerhard Schmidt

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

The equity interests in the entities of the MSREF Group were sold effective 1 November 2020. Legal transactions with MSREF Funding Inc. together with the investees of the MSREF Group were included in the related party disclosures until 31 October 2020. There were no material legal transactions up to this date.

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

The report concludes with the following statement:

“We hereby declare that, based on the circumstances known to us at the time when the transactions were entered into, our Company received or paid appropriate consideration for each transaction. We took no actions at the request of or on behalf of the controlling company.”

An overview of legal transactions and relations with related parties is shown below.

Legal transactions with related parties

Deutsche Immobilien Chancen AG & Co. KGaA and its group entities

There is an overlap of personnel in the Supervisory Boards of DIC Asset AG, Deutsche Immobilien Chancen AG & Co. KGaA (“DIC AG & Co. KGaA”) and DIC Beteiligungs AG in that Prof. Dr. Gerhard Schmidt and Mr Klaus-Jürgen Sontowski are also indirectly significant limited shareholders in DIC AG & Co. KGaA. In addition, Prof. Dr. Gerhard Schmidt is also the indirect majority shareholder of its sole general partner, DIC Beteiligungs AG.

The Company currently provides services related to general property and building management (including re-letting services), technical building management as well as accounting, finance and management control for a total of 14 properties in which DIC AG & Co. KGaA has a direct or indirect equity interest. Remuneration of EUR 532 thousand (2019: EUR 436 thousand) was paid by the fully consolidated companies of the DIC AG & Co. KGaA Group for the provision of these described general services in 2020.

DIC Asset AG has granted a loan to DIC AG & Co. KGaA with an indefinite term and a notice period of 12 months effective at the end of a quarter. An interest rate of 3% above the 3-month Euribor to be paid in arrears, has been agreed. As collateral for taking out the loan, DIC AG & Co. KGaA in accordance with an addendum dated 21 December 2015 had granted a lien on ordinary shares of TTL Real Estate GmbH in the amount of EUR 222 thousand (22% of the ordinary shares). As at 31 December 2020, EUR 19,562 thousand of this credit line had been utilised (2019: EUR 18,992 thousand). For the money made available, DIC Asset AG received interest income in the amount of EUR 570 thousand in the reporting year (2019: EUR 903 thousand). The loan is shown under non-current loan and borrowings in the balance sheet.

In addition, a sublease relationship is in place between DIC AG & Co. KGaA and DIC Asset AG with regard to office space used by DIC Asset AG at the Frankfurt site since DIC AG & Co. KGaA acts as the general tenant in the Group headquarters in Frankfurt. The amount of the rent is based on the space actually occupied by DIC Asset AG and is charged on at the same price per square metre that is a component of the general rental agreement of DIC AG & Co. KGaA. For 2020, rent paid to DIC AG & Co. KGaA amounted to EUR 1,485 thousand (2019: EUR 1,466 thousand).

DIC Opportunistic GmbH

In accordance with a loan agreement dated 17 December 2008 and the addenda thereto, DIC Asset AG has granted a loan to DIC Opportunistic GmbH. As at 31 December 2020, this loan amounted to EUR 31,868 thousand (2019: EUR 30,949 thousand). The term of the loan was extended from 31 December 2016 to 31 December 2017 with respect to a partial amount of EUR 35 million and to 31 December 2018 with respect to the remaining amount of EUR 9.8 million in accordance with an addendum dated 14 December 2015. The term was extended from 31 December 2017 to 31 December 2018 with respect to a partial amount of EUR 15 million and to 31 December 2019 with respect to the remaining amount of EUR 19.8 million in accordance with an addendum dated 20 December 2017. Based on an addendum dated 18 October 2018, the term was extended to 31 December 2019 with respect to a partial amount of EUR 15 million, and to 31 December 2020 with respect to the remaining amount. Based on an addendum dated 23 December 2019, a partial repayment of EUR 8 million was agreed, the interest rate was adjusted to 3.0% p.a. and the term for the remaining amount was extended to 31 December 2021. For the money made available, DIC Asset AG received interest income in the amount of EUR 919 thousand in the reporting period (2019: EUR 2,118 thousand).

DIC Opportunistic GmbH holds a 7.5% interest in DIC Hamburg Portfolio GmbH and in DIC HI Portfolio GmbH; DIC Asset AG holds the remaining 92.5% of the shares. DIC Opportunistic GmbH would generally be willing to sell this interest. However, since DIC Asset AG is interested in maintaining this structure to avoid any influence by a third party or triggering property transfer tax, it pays an annual financial compensation of 5% of the purchase cost for the shares (EUR 285 thousand).

DIC Opportunity Fund GmbH

Under purchase agreements dated 4 November 2020 with economic effect as 1 November 2020, DIC Asset AG sold 20% of the shares in each of DIC MSREFF HMDD Portfolio GmbH for a purchase price of EUR 5 thousand, DIC MSREF HT Portfolio GmbH for a purchase price of EUR 91 thousand and DIC MSREF FF Südwest Portfolio GmbH for a purchase price of EUR 123 thousand to DIC Opportunity Fund GmbH.

MainTor GmbH

In an agreement dated 12 December 2011, DIC OF REIT 1 GmbH (a wholly-owned subsidiary of DIC Asset AG) granted DIC MainTor Porta GmbH a loan in the amount of up to nominally EUR 30 million to finance the corresponding construction stage of our project development. The loan has an interest rate of 7.25% p.a. In accordance with the addendum dated 7 December 2020, it has a term ending 31 December 2021. In accordance with the addendum to the loan agreement dated 18 December 2014, a special repayment of EUR 20 million was agreed. The shares in DIC MainTor WINX GmbH were pledged as collateral. As at the reporting date, this loan amounted to EUR 48,726 thousand including accrued interest (2019: EUR 44,751 thousand). Total interest income of EUR 3,975 thousand (2019: EUR 3,703 thousand) was recognised in the 2020 financial year. In addition, a collateral promise agreement was concluded on 19 December 2014. The collateral promise turned this liability into a joint and several obligation of DIC MainTor Porta GmbH and MainTor GmbH.

DIC MainTor Zweite Beteiligungs GmbH & Co. KG

DIC Asset AG entered into a loan agreement with DIC MainTor Zweite Beteiligungs GmbH & Co. KG in the amount of EUR 8,000 thousand with effect from 4 July 2008 for the purpose of financing the working capital of the borrower. The loan carries annual interest of 7.25%. The claims arising from the loan were secured by providing the lender with a first-priority pledge over the rights and claims from the shares in the capital of DIC MainTor Erste Beteiligungs GmbH. Addendum 1 dated 10 October 2008 to the loan agreement dated 4 July 2008 increased the loan amount by EUR 4,000 thousand to EUR 12,000 thousand. Addenda 1 through 11 extended the term of the loan, most recently to 31 December 2022 by way of Addendum 11. As at 31 December 2020, the loan balance was EUR 26,636 thousand (2019: EUR 24,835 thousand). For the money made available, DIC Asset AG received interest income in the amount of EUR 1,801 thousand in the reporting period (2019: EUR 1,679 thousand).

DIC Office Balance I, DIC Office Balance II, DIC Office Balance III, DIC Office Balance IV, DIC Office Balance V, DIC Office Balance VI, DIC Retail Balance I and DIC Metropolregion Rhein-Main

As a result of an agency agreement regarding asset and property management, the Group generated income from real estate management fees of EUR 16,780 thousand (2019: EUR 17,289 thousand) for services provided to the DIC Office Balance I fund, of EUR 2,307 thousand (2019: EUR 2,192 thousand) for services provided to the DIC Office Balance II fund, of EUR 3,592 thousand (2019: 2,805 thousand) for services provided to DIC Office Balance III, of EUR 1,470 thousand (2019: EUR 1,422 thousand) for services provided to DIC Office Balance IV, of EUR 1,893 thousand (2019: EUR 2,566 thousand) for services provided to DIC Office Balance V, of EUR 4,282 thousand (2019: EUR 0 thousand) for services provided to DIC Office Balance VI, of EUR 1,384 thousand (2019: EUR 1,561 thousand) for services provided to DIC Retail Balance I and of EUR 0 thousand (2019: EUR 1,545 thousand) for services provided to DIC Metropolregion Rhein-Main.

Deutsche Immobilien Chancen Beteiligungs AG

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

SERVICE AGREEMENTS

Companies
DIC MSREF HMDD Portfolio GmbH*
DIC MSREF Hochtief Portfolio GmbH*
DIC FF Südwest Portfolio GmbH & Co. KG*
Agreements in place
Provision of management services
Commission on letting or sale of properties
Accounting fee
Remuneration for subleases (tenant improvement fee)
Development fees
Arrangement fee

* until 31 October 2020

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

- Base management fee: 1.3% of net annual rent
- Disposition fee (corresponds to a sales commission): 1% to 3% of the sales price after transaction costs if no outside broker is involved, and 0.4% to 1.5% of the sales price after transaction costs if an outside broker is involved
- Development fee: for project development services up to initial leasing: dependent on expenses or market-rate compensation.
- Accounting fee: for accounting, finance and control services, EUR 10.8 thousand per company p.a. and EUR 28 thousand for a company that was still operational.

A fee for services in connection with new financing or the renewal of existing financing (arrangement fee) was also added to the asset management agreement of DIC FF Südwest Portfolio GmbH & Co. KG with the addendum dated 20 March 2013.

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

In 2020 and 2019, the following compensation was paid to DIC Beteiligungs AG, in which MSREF holds 25.1% of the share capital (excluding applicable value added tax):

Recipient of service (amounts in EUR thousand)		Base management fee	Disposition fee	Accounting fee	Arrangement fee	Development fee	Total
DIC MSREF HM Portfolio GmbH	2020	0	0	11	0	0	11
	2019	0	0	11	0	0	11
DIC MSREF HT Portfolio GmbH	2020	0	0	11	0	0	11
	2019	0	0	11	0	0	11
DIC FF Südwest Portfolio GmbH & Co. KG	2020	0	534	22	0	0	556
	2019	9	4,046	47	109	1,469	5,680
Total amounts	2020	0	534	44	0	0	578
	2019	9	4,046	69	109	1,469	5,702

In addition to the Management Board members, DIC Beteiligungs AG employs one more person; and for the purpose of providing the services assigned to it under the asset management agreement, it made use of services rendered by DIC Onsite GmbH in the reporting year. Based on a service agreement dated 31 July 2012, DIC Onsite GmbH (a wholly-owned subsidiary of DIC Asset AG) charges fees to DIC Beteiligungs AG for this, the amount of which also depends on whether the MSREF investee has contracted third parties to provide these services with the approval of the Company.

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

DIC Capital Partners (Europe) GmbH

Under the existing service agreements ("Asset Management Agreements") the DICP investees are to pay the following compensation to DIC Beteiligungs AG, as in the previous year:

- Disposition fee (corresponds to a sales commission): 1.5% of the sales price after transaction costs if no outside broker is involved, and 0.5% of the sales price after transaction costs if an outside broker is involved
- Development fee: for project development services up to initial leasing: dependent on expenses or market-rate compensation.
- Accounting fee: for accounting, finance and control services, between EUR 20 thousand and 35 thousand per company p.a.
- Arrangement fee: for services in connection with new financing or renewals of existing financing.

In 2020 and 2019, the following compensation was paid to DIC Beteiligungs AG, in which DICP directly holds 7.5% of the share capital (excluding applicable value added tax):

Recipient of service (amounts in EUR thousand)		Base Management fee	Disposition fee	IT / Development fee	Arrangement fee	Accounting Fee	Total
MainTor GmbH	2020	0	0	0	85	0	85
	2019	0	0	0	85	0	85

Transactions with executives

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

Management remuneration

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

The members of the Management Board received remuneration as follows:

in EUR thousand	2020	2019
Short-term benefits	3,349	1,805
Share-based payment	575	971
Total	3,924	2,776

For more details of the Management Board's remuneration, please see the remuneration report starting on page 226 et seq., which is part of the combined management report.

The members of the Supervisory Board received remuneration as follows:

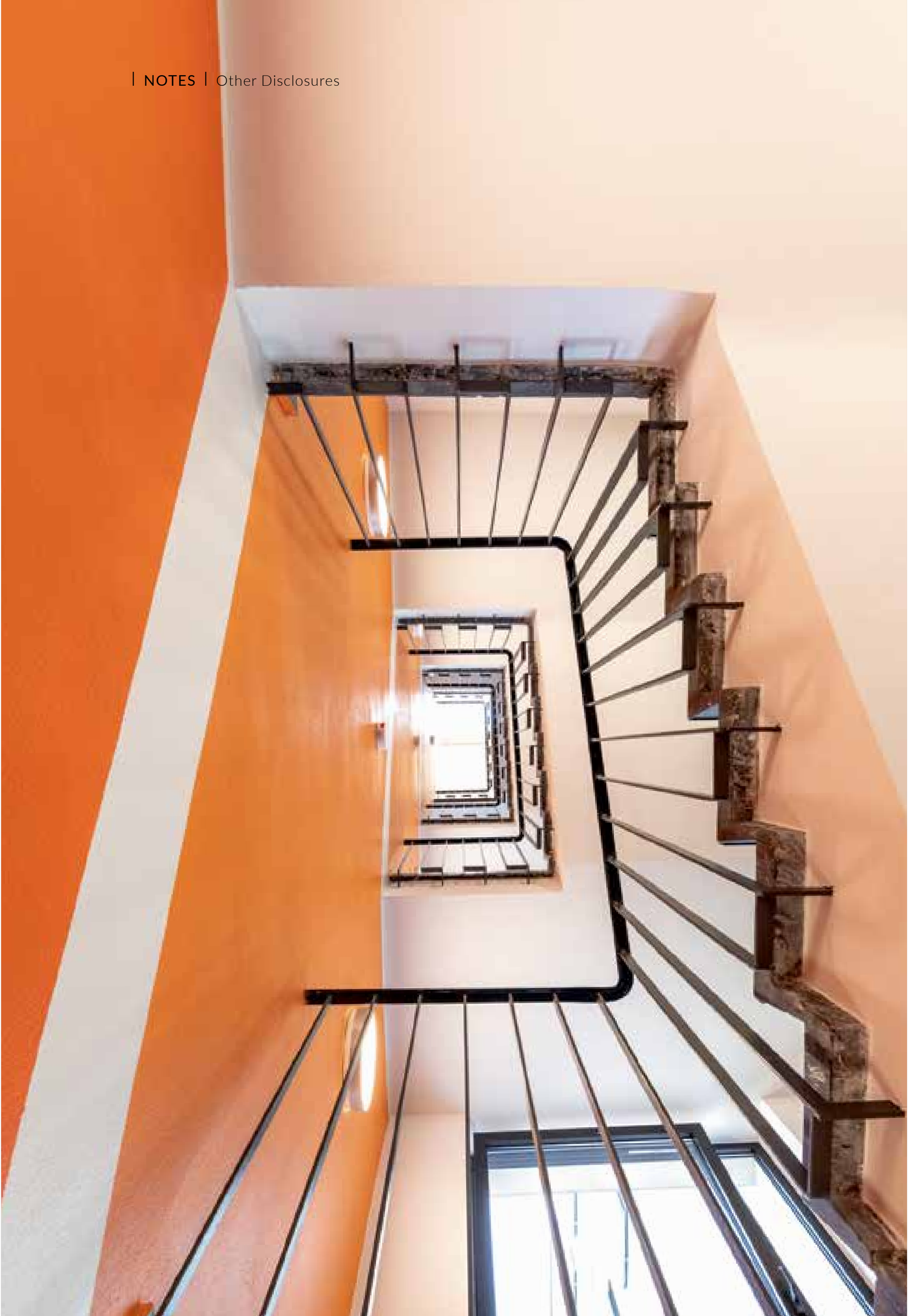
in EUR thousand	2020	2019
Short-term benefits	786	394
Total	786	394

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

The Chairman of the Company's Supervisory Board, Prof. Dr. Gerhard Schmidt, is a partner in the law firm of Weil, Gotshal & Manges LLP. This law firm received fees for legal consultancy services in the amount of EUR 33 thousand for financial year 2020.

Shareholder structure

Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main, holds a direct and indirect equity interest of 34.6% in the capital of DIC Asset AG, subject to a pooling agreement. The Company has received the voting rights announcements pursuant to section 20 AktG.



OTHER DISCLOSURES

Announcements pursuant to section 160 AktG

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

Events after the reporting period

At the beginning of the year, the economic transfer of the shares in the logistics property specialist RLI Investors GmbH ("RLI Investors") acquired in December 2020 with a volume of assets under management of around EUR 700 million and a minority interest of 25% in Realogis Holding GmbH took place.

Initial consolidation was carried out as at 1 January 2021. The business of RLI Investors complements the DIC Asset AG business model perfectly and significantly accelerates its planned growth in the logistics asset class. At the time of the acquisition, RLI had EUR 700 million in assets under management. By completing this acquisition, DIC Asset AG has expanded its institutional investor base to include additional financiers. We have also significantly broadened our expertise in the logistics asset class and further extended our portfolio of products and services. A purchase price of EUR 36.2 million was paid in cash for the acquisition of 100% of the shares in RLI Investors. The fair values of the acquired assets and liabilities recognised at the acquisition date of 1 January 2021 mainly relate to current assets of EUR 2.1 million, intangible assets of around EUR 5.7 million, and current and non-current liabilities of EUR 2.7 million.

The comparison of the sum total of the consideration transferred and the share in the net assets with the acquired remeasured net assets of RLI Investors resulted in goodwill of EUR 31.1 million. The goodwill reflects future synergies, in particular access to a broader investor base and further products in the logistics asset class. The purchase price allocation (PPA) is provisional as at the reporting date, as the valuations required for the PPA could not be completed because the acquisition date was too close to the reporting date. The provisional nature mainly relates to intangible assets including goodwill.

In January 2021, the transfer of possession, benefits and associated risks for two properties acquired in 2020 for the Institutional Business segment with a volume of around EUR 231 million took place.

In late January 2021, the transfer of possession, benefits and associated risks for one property acquired in 2019 for the Commercial Portfolio segment with a volume of around EUR 85 million took place.

At the beginning of January 2021, the acquisition of a property from the logistics asset class was notarised. Completion and the transfer of possession, benefits and associated risks are scheduled to take place in the first half of the year. The property is earmarked for a new investment vehicle focused on logistics.

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

Corporate governance report

The declaration regarding the German Corporate Governance Code pursuant to section 161 AktG has been submitted and has been made permanently available to shareholders on the website „https://www.dic-asset.de/investor-relations/corporate-governance/entsprechenserklaerung/“

Supervisory Board

The members of the Supervisory Board are:

- Prof. Dr. Gerhard Schmidt (Chairman), Attorney, Glattbach
- Mr Klaus-Jürgen Sontowski (Vice Chairman), Entrepreneur, Nuremberg
- Prof. Dr. Ulrich Reuter Chief Administrative Officer off duty of the District of Aschaffenburg, Kleinostheim
- Mr Eberhard Vetter, Head of Capital Investments at RAG-Stiftung, Nauheim
- Mr Michael Zahn (since 08 July 2020), Chief Executive Officer of Deutsche Wohnen SE, Potsdam
- Mr René Zahnd, Chief Executive Officer of Swiss Prime Site AG, Bern
- Dr. Anton Wiegers (until 08 July 2020), former Chief Financial Officer of Provinzial Rheinland Holding, Provinzial Rheinland Versicherung AG and Provinzial Rheinland Lebensversicherung AG, Winterbach

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

Membership in additional supervisory boards and control bodies:

Prof. Dr. Gerhard Schmidt	Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: Chairman of the Supervisory Board*
	Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main: Chairman of the Supervisory Board*
	DICP Erste Family Office Beteiligungsgesellschaft mbH & Co. KGaA, Munich: Chairman of the Supervisory Board*
	DIC Capital Partners (Germany) GmbH & Co. Kommanditgesellschaft auf Aktien, Munich: Chairman of the Supervisory Board
	DICP Asset Management Beteiligungsgesellschaft mbH & Co. KGaA, Munich: Chairman of the Supervisory Board
	DICP Capital SE, Munich: Chairman of the Board of Directors/ Managing Director**
	DIC Capital Partners Beteiligungs GmbH, Munich: Chairman of the Supervisory Board**
	DIC Capital Partners (Germany) Verwaltungs GmbH, Munich: Chairman of the Supervisory Board**
	TTL Beteiligungs- und Grundbesitz AG, Munich: Chairman of the Supervisory Board*
	Novalpina Capital Group S.à.r.l., Luxemburg: Non-Executive Chairman
	STONE Capital Partners GmbH, Frankfurt am Main: Chairman of the Supervisory Board** (until 14 January 2021)
Klaus-Jürgen Sontowski	Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main: Vice Chairman of the Supervisory Board
	Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: Vice Chairman of the Supervisory Board
	S&P Commercial Development GmbH, Erlangen: Chairman of the Advisory Board
Prof. Dr. Ulrich Reuter	Bayerischer Versicherungsverband Versicherungsaktiengesellschaft, Munich: Member of the Supervisory Board
	Bayerische Landesbrandversicherung Aktiengesellschaft, Munich: Member of the Supervisory Board
	Bayern-Versicherung Lebensversicherungs Aktiengesellschaft, Munich: Chairman of the Supervisory Board
	Versicherungskammer Bayern (Bavarian Insurance Chamber), Munich: Member of the Board of Directors

Eberhard Vetter	HQ Capital (Deutschland) GmbH, Bad Homburg: Member of the Advisory Board
	Röder Zeltsysteme und Service GmbH, Büdingen: Member of the Advisory Board
	Scope SE & Co. KGaA, Berlin: Member of the Supervisory Board
	Vertical Topco S.à.r.l., Luxembourg: Member of the Supervisory Board
Michael Zahn (since 08 July 2020)	IOLITE IQ GmbH, Berlin: Member of the Supervisory Board
	QUARTERBACK Immobilien AG, Leipzig: Vice Chairman of the Supervisory Board
	G+D Gesellschaft für Energiemanagement GmbH, Magdeburg: Chairman of the Advisory Board
	Funk Schadensmanagement GmbH, Berlin: Chairman of the Advisory Board
	DZ Bank AG, Frankfurt am Main: Member of the Advisory Board
	Füchse Berlin Handball GmbH, Berlin: Member of the Advisory Board
	GETEC Wärme & Effizienz GmbH, Magdeburg: Member of Real Estate Advisory Board
René Zahnd	Jelmoli AG, Zürich: President of the Board of Directors
	Swiss Prime Site Immobilien AG, Olten: President of the Board of Directors
	Swiss Prime Site Finance AG, Olten: President of the Board of Directors
	Swiss Prime Site Management AG, Olten: President of the Board of Directors
	Swiss Prime Site Solutions AG, Zurich: President of the Board of Directors
	Wincasa AG, Winterthur: President of the Board of Directors
	immoveris ag, Bern: President of the Board of Directors

* Membership as defined in section 100 (2) sentence 2 AktG
** Supervisory Board not required by law

Management Board member

The members of the Management Board are:

- Ms Sonja Wärntges (Chairwoman), Chief Executive Officer (CEO), Economics Graduate, Frankfurt am Main

  Ms Sonja Wärntges is a member of the corporate/supervisory bodies of the following companies:

  – DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main: Chairman of the Supervisory Board

  – Fraport AG, Frankfurt am Main: Member of the Supervisory Board

- Mr Christian Bock (since 1 August 2020), Chief Institutional Business Officer (CIBO), Holder of a degree in Economic Geography & an MSc in Real Estate Finance & Investment, Frankfurt am Main

- Mr Johannes von Mutius, Chief Investment Officer (CIO), Business Administration Graduate, Königstein im Taunus

  Mr Johannes von Mutius is a member of the corporate/supervisory bodies of the following companies:

  – DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main: Member of the Supervisory Board

- Mr Patrick Weiden (1 April 2020), Chief Capital Markets Officer (CCMO), Business Management Graduate & CIIA (Certified International Investment Analyst), Oberursel (Taunus)

RESPONSIBILITY STATEMENT

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

Frankfurt am Main, 8 February 2021

The Management Board

Sonja Wärntges Christian Bock Johannes von Mutius Patrick Weiden

The audit report reproduced below includes a "report on the audit of the electronic reproductions of the consolidated financial statements and the combined management report prepared for the purpose of disclosure pursuant to § 317 (3b) HGB" ("ESEF opinion"). The audit subject matter (ESEF documents to be audited) underlying the audit opinion is not attached. The audited ESEF documents can be viewed or downloaded from the Federal Gazette after publication.

INDEPENDENT AUDITOR'S REPORT

To the DIC Asset AG, Frankfurt am Main, Germany

Report on the audit of the consolidated financial statements and of the combined management report

Audit Opinions

We have audited the consolidated financial statements of DIC Asset AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1,, 2020 to December 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of DIC Asset AG for the financial year from January 1,, 2020 to December 31, 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report listed in the appendix to the Independent Auditor's Report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2020, and of its financial performance for the financial year January 1,, 2020 to December 31, 2020, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the parts of the combined management report listed in the appendix to the Independent Auditor's Report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1,, 2020 to December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

In our view, the matters described below were the most significant matters in the course of our audit:

Impairment of Investment Properties

- Reasons for designation as a key audit matter

  The consolidated financial statements as at December 31, 2020 present investment properties amounting to EUR 1,600 million. DIC Asset AG measures investment properties using the cost model in accordance with IAS 40 in conjunction with IAS 16. The carrying amounts of investment properties are tested for impairment according to IAS 36 annually. For this purpose, specialized and acknowledged expert evaluators (Cushman & Wakefield und ENA Experts) are commissioned with the preparation of expert assessments in order to determine market values and values in use. The evaluation is carried out for all residential and commercial properties using the discounted cash flow ("DCF") method. The valuation of investment properties includes numerous valuation-relevant parameters which are associated with considerable estimation uncertainty and discretionary leeway. Even minor changes in the valuation-relevant parameters can lead to significant changes in the resulting fair values. Due to the existing estimation uncertainty and discretionary leeway, there is a risk for the consolidated financial statements that the carrying amounts of the investment properties are not covered by the fair values less costs of disposal or values in use according to IAS 36.6 and an impairment requirement exists. In addition, IAS 40 and IAS 36 require a large number of disclosures in the notes, the completeness and adequacy of which is to be ensured.

- Our audit approach

  Our audit activities included in particular the assessment of the valuation procedures applied by DIC Asset AG for compliance with IAS 36 for the correctness and completeness of the data used for the real estate and for the reasonableness of the valuation parameters used. For a partly random-based and partly for risk aspects deliberately selected sample of properties, we have conducted on-site visits and, in addition, mathematically reviewed the valuations determined by the commissioned external experts. We have assured ourselves of the qualification and objectivity of the external experts commissioned by DIC Asset AG and the applied valuation methodology for conformity with IAS 36. In addition, we examined the completeness and appropriateness of the disclosures required under IAS 40 and IAS 36 in the notes to the consolidated financial statements.

- Reference to related disclosures in the notes
  With regard to the accounting policies applied regarding the impairment of investment property, the related disclosures on accounting estimates and assumptions and the disclosures on the impairment of investment property, we refer to the disclosures in the notes to the consolidated financial statements in the sections "Accounting policies" under “Significant accounting policies” and "Investment property" under “Balance sheet disclosures”.

Impairment of Goodwill

- Reasons for designation as a key audit matter

  In financial year 2020, DIC Asset AG carried out an impairment test on the goodwill recorded in the balance sheet. The impairment test for the related identified cash-generating unit according to IAS 36 is highly dependent on assessments and assumptions and is therefore discretionary as well as associated with estimation uncertainties. In view of the materiality for the DIC Group's financial position and the scope for discretion in carrying out the impairment test, we consider the impairment of the goodwill from the acquisition of the GEG Group to be a key audit matter.

- Our audit approach

  In order to assess the recoverability of goodwill, we have followed the methodical procedure for carrying out the impairment test with regard to the requirements of IAS 36. With regard to the determination of the recoverable amount on the basis of a discounted cash flow procedure, we compared the expected cash flows with the underlying planning and critically assessed these planning data. With regard to the capitalization interest rate applied, we analyzed the individual parameters to determine whether they reflect industry-specific market expectations. We also assessed the completeness and appropriateness of the disclosures required by IAS 36 in the notes to the consolidated financial statements.

- Reference to related disclosures in the notes

  With regard to the accounting policies applied for the impairment of goodwill, the related disclosures on accounting estimates and assumptions, we refer to the disclosures in the notes to the consolidated financial statements in the sections "Impairment" under “Significant accounting policies” and “Goodwill” under “Balance sheet disclosures”.

Other Information

The executive directors are responsible for the other information. The other information comprises:

- Unaudited content of those parts of the combined management report listed in the appendix to the Independent Auditor's Report,
- The remaining parts of the annual report, with the exception of the audited consolidated financial statements and combined management report and our auditor's report,
- The corporate governance report pursuant to Principle 22 of the German Corporate Governance Code, and
- The confirmation pursuant to § 297 Abs. 2 Satz 4 HGB regarding the consolidated financial statements and the confirmation pursuant to § 315 Abs. 1 Satz 5 HGB regarding the combined management report.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of such other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the audit of the electronic reproductions of the consolidated financial statements and the combined management report prepared for the purposes of disclosure pursuant to § 317 (3b) HGB

Audit Opinion

We have performed an audit in accordance with § 317 (3b) HGB to obtaining reasonable assurance that the information contained in the attached file dic-asset-2020-12-31.zip, 1759ffca4536573bc974049ebeee39dc1376a11a2ac8df729096b828d26bcae4, SHA256, assembled for the purpose of disclosure of the reproduction of the consolidated financial statements and the combined management report (hereinafter also referred to as "ES-EF-documentation") comply with the requirements for the electronic reporting format ("ESEF format) pursuant to § 328 (1) HGB in all material respects. In accordance with German legal requirements, this audit only covers the transfer of the information of the consolidated financial statements and the combined management report into the ESEF format and therefore does not include the information contained in these reproductions nor any other information contained in the above-mentioned file.

In our opinion, the reproductions of the consolidated financial statements and the combined management report contained in the attached file referred to above and prepared for the purpose of disclosure comply, in all material respects, with the requirements for the for the electronic reporting format pursuant to § 328 (1) HGB. Beyond this audit opinion and the audit opinions on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1, 2020 to December 31, 2020, contained in the aforementioned "Report on the audit of the consolidated financial statements and the combined management report", we do not express an opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file.

Basis for the Audit Opinion

We have conducted our audit of the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned attached file in accordance with § 317 (3b) HGB in compliance with the IDW draft audit standard: Report on the audit of the electronic reproductions of the consolidated financial statements and the combined management report prepared for the purposes of disclosure pursuant to § 317 (3b) HGB (IDW EPS 410). Our responsibility resulting thereafter is further described in the section "Auditor's Responsibility for the Audit of the ESEF documentation". Our audit firm has applied the requirements for the quality assurance system as specified by the IDW: Requirements for Quality Assurance for Audit Firms (IDW QS 1).

Responsibility of the Executive Directors and the Supervisory Board for the ESEF Documentation

The legal representatives are responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the combined management report in accordance with § 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 (1) sentence 4 no. 2 HGB. Furthermore, the legal representatives are responsible for the internal controls they consider necessary to enable the preparation of the ESEF documents, which are free from material violations - intended or unintended - of the electronic reporting format requirements of § 328 (1) HGB.

The legal representatives are also responsible for submitting the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited combined management report as well as other documents to be disclosed to the operator of the Federal Gazette [Bundesanzeiger]

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Auditor's Responsibility for the Audit of the ESEF Documentation

Our objective is to obtain reasonable assurance as to whether the ESEF documents are free from material violations - intended or unintended - of the electronic reporting format requirements of § 328 (1) HGB. During the audit, we exercise professional judgement and maintain a critical attitude. In addition

- we identify and assess the risks of material violations - intended or unintended - of the requirements of § 328 (1) HGB, we plan and perform audit procedures in response to these risks and we obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion
- we gain an understanding of the internal controls relevant to the audit of the ESEF documents in order to plan audit procedures that are appropriate in the given circumstances, yet do not aim to express an audit opinion on the effectiveness of these controls
- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents complies with the technical specifications in accordance with of the Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date.
- We assess whether the ESEF documentation provides a consistent XHTML representation of the audited consolidated financial statements and the audited combined management report.
- we assess whether the tagging of the ESEF documents with inline XBRL technology (iXBRL) provides an adequate and complete machine-readable XBRL copy of the XHTML rendering

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on July 8, 2020. We were engaged by the supervisory board on November 9, 2020. We have been the group auditor of the DIC Asset AG without interruption since the financial year 2006.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Karsten Luce.

Nuremberg, February 8, 2021

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Landgraf	Luce
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Appendix to the auditor’s report: Parts of the combined management report, whose contents is unaudited

We have not audited the content of the following parts of the combined management report:

- the corporate governance statement included in the section Corporate Governance of the combined management report
- the report on sustainability,
- the report on digitalization.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT

The corporate governance statement for the Company and the Group pursuant to sections 289f, 315d of the HGB is a component of the combined management report. In this statement, the Supervisory Board and the Management Board also report on the corporate governance of the Company in accordance with Principle 22 of the German Corporate Governance Code. The section also contains the remuneration report.

Disclosures on corporate governance practices

DIC Asset AG attaches great value to corporate governance with the Company and the Group. The Management Board and Supervisory Board feel that they have an obligation to ensure the Company's continued existence and the generation of sustained value added through responsible corporate governance with a long term focus. For DIC Asset AG, good corporate governance also includes managing risks in a responsible manner. The Management Board therefore makes sure that risks are appropriately managed and controlled in the Company (see also the comments in the report on risks and opportunities) and ensures that the Company complies with the law by maintaining a compliance management system that reflects the Company's exposure to risk. The Company is in compliance with the recommendations of the German Corporate Governance Code as described in its annual Declaration of Compliance. The Management Board regularly informs the Supervisory Board of any existing risks and their development. The Company's internal control, reporting and compliance structures are continuously reviewed, enhanced and adjusted to changes in the general environment.

Compliance Guidelines are in place for the DIC Asset Group and a Compliance Officer supervises observance of material compliance requirements. In addition, a whistleblower system for reporting misconduct and violations has been set up. Based on the Compliance Guidelines, the employees of DIC Asset AG and its subsidiaries are obliged to act in a responsible and legal manner. This includes the principles of ethics and integrity within the Company, in particular compliance with legal requirements, internal company guidelines and self-imposed values. The cornerstones of the Compliance Guidelines are described in the current report on risks and opportunities which is part of the Group management report of DIC Asset AG.

In our opinion, more sophisticated corporate governance tools, such as in-house corporate governance principles, are not required given the company-specific circumstances. Should the implementation of additional tools become necessary, the Management Board and Supervisory Board will respond without delay.

Current Declaration of Compliance

The Management Board and Supervisory Board again focused on meeting the recommendations of the German Corporate Governance Code in financial year 2020, The consultation process resulted in the adoption of an updated annual Declaration of Compliance dated 22 December 2020, which has been made permanently accessible to the public on the Company's website.

Declaration of Compliance pursuant to section 161 German Stock Corporation Act (AktG)

The Management Board and the Supervisory Board declare that DIC Asset AG from the date of submission of its previous Declaration of Compliance has complied with the recommendations of the German Corporate Governance Code as amended on 7 February 2017. The following exceptions applied:

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

- The Code in clause 4.1.5, in particular, recommended aiming for an appropriate consideration of women when appointing company executives. When appointing company executives, the Management Board has focused on the interests of the Company and the statutory provisions, and in doing so most of all has given priority to the professional and personal qualifications of candidates – irrespective of gender. We have met the applicable statutory provisions with regard to the determination of targets for the share of women at the executive level below the Management Board.

- The members of the Management Board have been promised performance-related payments (profit-sharing bonuses) and options on so-called phantom stocks as variable remuneration components. In accordance with clause 4.2.3 paragraph 2 sentence 4 of the Code, both positive and negative developments within the agreed assessment period are taken into consideration when determining the variable remuneration components, insofar as the payments may turn out to be proportionately higher or lower, or may not be made at all. When they exercise the options, the members of the Management Board receive share-price-dependent payments which are based solely on the Company's share price within a reference period. In deviation from clause 4.2.3 paragraph 2 sentence 7 of the Code, these options on phantom stocks were not and are not based on "demanding and relevant comparison parameters" within the meaning of the Code. We are of the opinion that incorporating additional comparison parameters would not inspire greater motivation or a keener sense of responsibility.

- The Code recommended in clause 4.2.3 paragraph 2 sentence 6 that the amount of the remuneration of the members of the Management Board should be capped both in the aggregate and as regards variable components. The amount of the variable performance-related payments (profit-sharing bonus) of Management Board members has not been capped in the director's contracts of the current Management Board members. We do not consider a cap on the profit-sharing bonus necessary since the Supervisory Board determines the amount of the bonus annually. The options on so-called phantom stocks granted to the members of the Management Board as long-term variable remuneration components have been and continue to be limited in number. When exercised, the options entitle the bearer to a cash payment in an amount defined by the positive difference between the average closing price of the DIC Asset AG share during a reference period preceding the exercise of the option, on the one hand, and the contractually agreed exercise price, on the other hand. The members of the Management Board may therefore benefit from the shares' upside potential during the reference period. No cap has been set on the participation in the upside potential at the time the option is exercised. We believe that an additional cap on this share-based remuneration component would run counter to its major incentive, which is working toward increasing the company value. Given the absence of caps on the variable remuneration components and on some of the fringe benefits, there were and currently are no caps on the total amount of remuneration for the members of the Management Board.

- When entering into Management Board employment contracts, it should be ensured that payments to members of the Management Board upon the early termination of their Management Board work do not exceed twice their annual remuneration, including fringe benefits (severance cap), and shall not constitute remuneration for more than the remaining term of the employment contract. In deviation from clause 4.2.3 paragraph 4 of the Code, director's contract do not include a severance cap. Any agreement of this kind would run counter to the basic understanding of a director's contract that is routinely entered into for the duration of the period of appointment, and that in principle may not be terminated without cause. In addition, the Company cannot enforce a cap to the severance payment unilaterally in the event that a member's work for the Management Board is terminated by mutual agreement, as is frequently the case in practice. In the event of a director's contract being terminated prematurely, we will try to take account of the underlying principle of the recommendation.

- The Code recommended in clause 4.2.5 paragraph 3 and paragraph 4 to present the board remuneration for each Member of the Management Board by using model tables that include specific details prescribed by the Code. To the extent that the Company deviates as elaborated above from the recommendation of clause 4.2.3 paragraph 2, sentence 6 for defining caps for the board remuneration, it obviously fails to act on the corresponding disclosure recommendation. Moreover, certain other disclosures required in the model tables that concern the remuneration structure are not relevant for the Management Board of DIC Asset AG. In the opinion of the Management Board and the Supervisory Board the new method would provide no added information value to shareholders. Accordingly, the Company has deviated from clause 4.2.5 paragraph 3 and paragraph 4 of the Code.

- The Supervisory Board is required to propose suitable candidates for new appointments or reappointments to positions on the Supervisory Board by the General Shareholders' Meeting. In deviation from clause 5.3.3 of the Code, no nomination committee was formed for this purpose. As the six members of the Supervisory Board are all representatives of the shareholders and the current practice of voting proposals being prepared by the full Supervisory Board has proved to be efficient, the Supervisory Board sees no need to form a nomination committee.

- In deviation from clause 5.4.1 paragraph 2 of the Code, the Supervisory Board has specified no age-independent regular limit of members' terms of office. The Supervisory Board is of the opinion that it is more beneficial for the Company to have access to many years of expertise of individual Supervisory Board members and to make a decision in favour of continuity or replacement on a case-by-case basis. In the absence of a corresponding regular limit for term of office, in deviation from clause 5.4.1 paragraph 4 of the Code, this aspect has also not been taken into account in the Supervisory Board's nominations for elections to the General Shareholders' Meeting, nor has information on the status of its implementation been published.

- The Code recommended in clause 5.4.1 paragraph 5 sentence 2 part 1 that the proposal for a candidate shall be accompanied by a curriculum vitae, providing information on the candidate's relevant knowledge, skills and experience. The Company has made the candidates' curricula vitae available on the Company's website together with any other material to be made available for the General Shareholders' Meeting. The reason for this was that publishing curricula vitae as part of the convening to the General Shareholders' Meeting would impair its readability.

- According to the current Articles of Association, members of the Supervisory Board have been and are granted performance-related remuneration that is based on the annual dividend payment and may thus deviate from clause 5.4.6 paragraph 2 of the Code, which recommends that remuneration be linked to sustainable growth of the company. The dividend payment is a key measure of success for the shareholders. We consider it appropriate that members of the Supervisory Board be remunerated in accordance with criteria that are also of significance for the shareholders.

The Management Board and the Supervisory Board declare that DIC Asset AG has complied and will comply with the recommendations of the German Corporate Governance Code as amended on 16 December 2019. The following exceptions apply:

- The Code recommends in clause C.10 sentence 1 that the Chairman of the Supervisory Board should be independent of the Company and its Management Board. According to clause C.7 of the Code, when assessing the independence from the Company and its Management Board it should be taken into account, among other things, whether the Supervisory Board member currently is maintaining (or has maintained) a material business relationship with the Company or one of the entities dependent upon the Company in the year prior to his appointment, directly or as a shareholder, or in a leading position of a non-group entity, and/or has been a member of the Supervisory Board for more than 12 years. The Supervisory Board has decided to use the formal indicators referred to in the Code as relevant for its assessment and not to apply a different classification, as would be permitted under clause C.8 of the Code. Notwithstanding the fact that the Chairman of the Supervisory Board based on the aforementioned formal indicators would not be regarded as independent of the Company and its Management Board, the Supervisory Board has no doubt that the Chairman can fully meet his advisory and supervisory duties. In addition, the Supervisory Board has what it considers to be an appropriate number of independent members as more than half of the shareholder representatives, including the Chairman of the Audit Committee, are independent of the Company and its Management Board.

- In deviation from clause D.5 of the Code, no nomination committee will be formed. The reasons set out above for clause 5.3.3 of the Code apply.

- The existing remuneration system for the Management Board and the director's contracts in place at this time do not currently meet all the recommendations set out in clauses G.1 to G.16 of the Code. The Supervisory Board intends to adopt a remuneration system for the Management Board in accordance with section 87a of the German Stock Corporation Act (AktG) and submit it for approval at the General Shareholders' Meeting in 2021. The Supervisory Board will only decide to what extent it will comply with the recommendations relating to Management Board remuneration set out in clauses G.1 to G.16 of the Code when the remuneration system in accordance with section 87a AktG is adopted.

- According to the current Articles of Association, members of the Supervisory Board are granted performance-related remuneration that is based on the annual dividend payment and may thus deviate from clause G.18 of the Code, which recommends that remuneration be linked to the long-term performance of the company. The Supervisory Board intends to submit the existing remuneration arrangements to the 2021 General Shareholders' Meeting for confirmation. The reasons set out above for clause 5.4.6 of the Code apply.

Frankfurt am Main, 22 December 2020

Management Board and Supervisory Board of DIC Asset AG

WORKING PRACTICES AND COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Dual management structure

As a listed corporation, DIC Asset AG has a dual management structure comprising a Management Board and a Supervisory Board. The two Boards are clearly separated from each other – both in terms of personnel and function – allowing each of them to perform their different duties independently. While the duty of the Management Board is to manage the Company independently, the Supervisory Board's duty is to monitor this management.

Close cooperation between the Management Board and the Supervisory Board

The Management Board and the Supervisory Board work closely together in the interests of the Company and the Group. This ensures that optimal use is made of the professional expertise of the Board members and speeds up decision-making processes. The Management Board keeps the Supervisory Board regularly, promptly and comprehensively informed of strategy, planning, risk position and risk management, the internal control system, compliance, as well as current business developments. The Chairman of the Supervisory Board is also notified of material developments and decisions by the Management Board between meetings.

The Management Board performs its management role as a collegial body. It determines corporate objectives, strategic orientation, corporate policy and Group organisation and coordinates these with the Supervisory Board and ensures that they are implemented. In this process, the Management Board is bound to the Company's Group-wide interests and committed to the sustained increase of enterprise value, and to the needs of shareholders, customers, employees and other groups associated with the Company. The members of the Management Board are jointly responsible for managing the entire business. Notwithstanding their overall responsibility, the individual Management Board members manage the departments assigned to them independently and within the parameters of the Management Board resolutions. The allocation of duties between the members of the Management Board is derived from the Schedule of Responsibilities. The Management Board has a quorum if at least the majority of its members participate in the resolution and adopts its resolutions by a simple majority. In the event that the Management Board consists of more than two members, the Chairwoman will have the casting vote in the event of a tie.

The Supervisory Board appoints and dismisses members of the Management Board. The Supervisory Board monitors the Management Board in its leadership and management of the Company. In the case of specifically defined actions of material significance – such as major capital expenditures – the Rules of Procedure for the Management Board issued by the Supervisory Board require the approval of the Supervisory Board. The Supervisory Board has also adopted Rules of Procedure. The Rules of Procedure for the Supervisory Board are available on our website under Company/Corporate Governance. Supervisory Board resolutions are generally passed at meetings by a simple majority of the votes cast. At the instruction of the Chairman of the Supervisory Board, resolutions can also be passed outside meetings if no member objects to this process. The Chairman of the Supervisory Board coordinates work within the Supervisory Board, chairs its meetings and attends to the affairs of the Supervisory Board externally. He holds discussions with investors on Supervisory Board-specific topics as required.

An overview of the Supervisory Board's activities during the 2020 financial year is presented in the Supervisory Board report.

Composition of the Boards

Since 1 August 2020, the Management Board of DIC Asset AG has consisted of four members: Sonja Wärntges as Chairwoman (Chief Executive Officer, CEO), also responsible for Asset, Property and Portfolio Management, Finance, Controlling, Marketing, IR and Administration; Christian Bock, responsible for Institutional Business (Chief Institutional Business Officer, CIBO); Johannes von Mutius, responsible for Transaction Business (Chief Investment Officer, CIO); and Patrick Weiden, responsible for Capital Market Business and M&A (Chief Capital Markets Officer, CCMO). More information on the Management Board is provided in the notes to the consolidated financial statements under "Other disclosures".

The Supervisory Board of DIC Asset AG consists of six members, who are all elected by the General Shareholders' Meeting. The Supervisory Board has elected a Chairman and a Vice Chairman. Members of the Supervisory Board are elected for a term of office ending at the conclusion of the General Shareholders' Meeting that formally approves their actions during the fourth financial year following the start of their term of office. The financial year in which the term of office begins is not included in this calculation. The current terms in office end at different times due to different appointment dates. The specific composition of the Supervisory Board in the 2020 financial year and the disclosures pursuant to section 285 no. 10 HGB are listed in the notes to the consolidated financial statements under "Other disclosures".

Succession planning for the Management Board, diversity policy

The Supervisory Board works with the Management Board on long-term succession planning. In addition to meeting the requirements of the German Stock Corporation Act (AktG), the German Corporate Governance Code (Deutscher Corporate Governance Kodex, DCGK) and the Rules of Procedure, the target for the share of women on the Management Board as well as the diversity policy for the Management Board and a requirements profile must also be taken into account when carrying out long-term succession planning. The specific qualification requirements and stated specification are taken into consideration to create an ideal profile that is used by the Supervisory Board to select a shortlist of available candidates with whom to conduct structured discussions. External consultants help the Supervisory Board to develop the requirements profiles and/or select candidates as required. When making decisions on filling Management Board positions, the key suitability criteria are professional qualifications for the division being run, leadership qualities, past performance and acquired skills as well as knowledge of DIC Asset AG.

With regard to the composition of the Management Board, the Supervisory Board follows a diversity policy that primarily includes the following aspects:

- Members of the Management Board should have the knowledge, skills and experience required to properly complete their tasks.

- Members of the Management Board must be familiar with the commercial real estate sector. At least some members of the Management Board should also have knowledge or experience of funds/asset and property management as well as capital markets and financing. As a minimum, the member of the Management Board responsible for Finance must have accounting or auditing expertise and some members of the Management Board should contribute experience of leading a medium-sized company.

- Diversity should also be taken into account when searching for qualified individuals for the Management Board. There should also be an appreciation of how different complementary professional profiles, work and life experiences and balanced gender representation can benefit the work of the Management Board.

- As a rule, members of the Management Board should be under 65 years old. Age should therefore also be taken into account when appointing Management Board members.

- The Supervisory Board stipulated targets for the share of women on the Management Board and a deadline for their achievement in accordance with section 111 (5) AktG as outlined below.

The diversity policy should benefit the work of the Management Board overall. When deciding which individual should fill a specific Management Board position, the Supervisory Board acts in the best interests of the Company while taking into account all circumstances in each individual case.

The Management Board of DIC Asset AG currently consists of four members professionally and personally qualified in different areas, including a female member, Sonja Wärntges, as CEO. The Supervisory Board believes that the diversity policy has been satisfied during the reporting period.

Objectives of the Supervisory Board with regard to its composition, skills profile and diversity policy

The Supervisory Board defined targets for its composition, which were last updated on 22 December 2020 and take the recommendations of the German Corporate Governance Code into account in accordance with the Declaration of Compliance. These targets include the skills profile for the Supervisory Board as a whole as well as the diversity policy it pursues for its composition.

- As a group, the Supervisory Board should have the knowledge, skills and professional experience required to properly complete its tasks. Members of the Supervisory Board must generally be familiar with the sector in which the Company operates.

- It should be ensured that at least some individual members of the Supervisory Board have the following knowledge or experience: (i) familiarity with the commercial real estate sector, (ii) knowledge of funds/asset and property management, (iii) knowledge of capital markets and financing, (iv) accounting expertise for at least one Supervisory Board member and auditing expertise for at least on Supervisory Board member, (v) experience of leading a medium-sized or larger company. The individual qualifications of individual members may complement each other in achieving this objective.

- Independence and avoiding conflicts of interest are also important objectives: The Supervisory Board members representing the shareholders should include an adequate number of independent members as defined in clause C.6 of the German Corporate Governance Code. More than half of the shareholder representatives shall be independent from the Company and the Management Board as defined in clause C.7 of the German Corporate Governance Code. At least half of the shareholder representatives shall be independent from a controlling shareholder as defined in clause C.9 of the German Corporate Governance Code. The Supervisory Board also follows the recommendations of the German Corporate Governance Code with regard to conflicts of interest. The Supervisory Board should not include any members who perform an executive or advisory role with significant third-party competitors of the Company or Group. The Supervisory Board should not include more than two former Management Board members.

- Requirements for individual Supervisory Board members include: Only persons under 70 should be proposed for election to the Supervisory Board. Supervisory Board members should have business or operational experience. They should be able to assess the profitability, expediency and legality of the business decisions being evaluated as part of the Supervisory Board's work as well as key accounting documents, with the support of the auditor where appropriate. They should be willing to get involved in the substance of the business to a reasonable extent. Each Supervisory Board member ensures that they can dedicate the expected time to properly exercising their Supervisory Board mandate.

- The Supervisory Board may also include members who are particularly qualified for international requirements. However, in view of DIC Asset AG's focus on the German property market, the decision was made not to stipulate the aspect of internationality as an objective.

- Diversity should also be taken into account when searching for qualified individuals for the Supervisory Board. There should also be an appreciation of how different complementary professional profiles, work and life experiences and balanced gender representation can benefit the work of the Supervisory Board. The Supervisory Board stipulated targets for the share of women on the Supervisory Board and a deadline for their achievement in accordance with section 111 (5) AktG as outlined below.

The aforementioned targets should benefit the work of the Supervisory Board overall. The targets for the composition of the Supervisory Board are taken into account in the Supervisory Board's proposals for the election of Supervisory Board members submitted to the General Shareholders' Meeting. When preparing and approving candidate proposals to the General Shareholders' Meeting for the appointment of Supervisory Board members, the Supervisory Board should be guided by the best interests of the Company in each case, observe legal requirements and focus on the professional and personal qualifications of the candidate.

The Supervisory Board of DIC Asset AG currently consists of six professionally and personally qualified members, including Prof. Dr. Ulrich Reuter as a financial expert in the areas of accounting and auditing and as the independent Chairman of the Audit Committee. Four members of the Supervisory Board – Prof. Dr. Ulrich Reuter, Eberhard Vetter, Michael Zahn and René Zahnd – are independent from the Company and the Management Board as defined in clause C.7 DCGK and are also independent from the controlling shareholder as defined in clause C.9 DCGK. With at least four members who are independent from both the Company and the Management Board on the one hand and the controlling shareholder on the other, the Supervisory Board is therefore of the opinion that it has an appropriate number of independent members to represent the shareholders. In the opinion of the Supervisory Board, the targets are otherwise currently being met with one exception. Although the target for the share of women on the Supervisory Board is currently not being met, the Supervisory Board is also taking into account the deadline it has set itself to meet this target.

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

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

With effect from 1 July 2017, the Supervisory Board adopted targets of 1/6 (corresponding to around 16.66%) for the share of women on the Supervisory Board and 25% (1/4) for the share of women on the Management Board. A deadline of 30 June 2022 has been set for achieving these targets. With a ratio of 1/4 (25%), the target for the Management Board is currently met. The target for the share of women on the Supervisory Board is currently not achieved with a ratio of 0%. When proposing to the General Shareholders' Meeting to elect member of the Supervisory Board, the Supervisory Board takes into account the objectives set by the Supervisory Board for its composition and the skills profile for the Supervisory Board as a whole, while focusing on the professional and personal qualification of the candidate.

With effect from 1 July 2017, the Management Board adopted a target of 15.38% (2/13) for the share of women at the executive level below the Management Board and a deadline for achieving this target of 30 June 2022. As of the reporting date, this target has been missed with a ratio of 14.28% (2/14).

Disclosure of conflicts of interest

Each member of the Management Board and Supervisory Board discloses potential conflicts of interest in compliance with the German Corporate Governance Code. No conflicts of interest arose on the Management Board in financial year 2020. Any conflicts of interest on the Supervisory Board disclosed to the Supervisory Board in the 2020 financial year and their treatment are described in the Supervisory Board report.

Establishment of the Audit Committee

The Supervisory Board established an Audit Committee, which supports the Board in the performance of its duties and regularly reports to it. The Audit Committee primarily monitors the accounting, the financial reporting process, the effectiveness of the internal control system, the risk management system, Group-wide compliance and, finally, the audit of financial statements. It evaluates and monitors the independence of the auditors (also taking into account the additional services provided by the auditors), regularly assesses the quality of the audit, and determines the areas of emphasis of the audit in consultation with the auditors. The Audit Committee mainly meets as needed.

The Audit Committee has the following three members:

- Prof. Dr. Ulrich Reuter
  (Chairman of the Audit Committee)
- Prof. Dr. Gerhard Schmidt
- René Zahnd

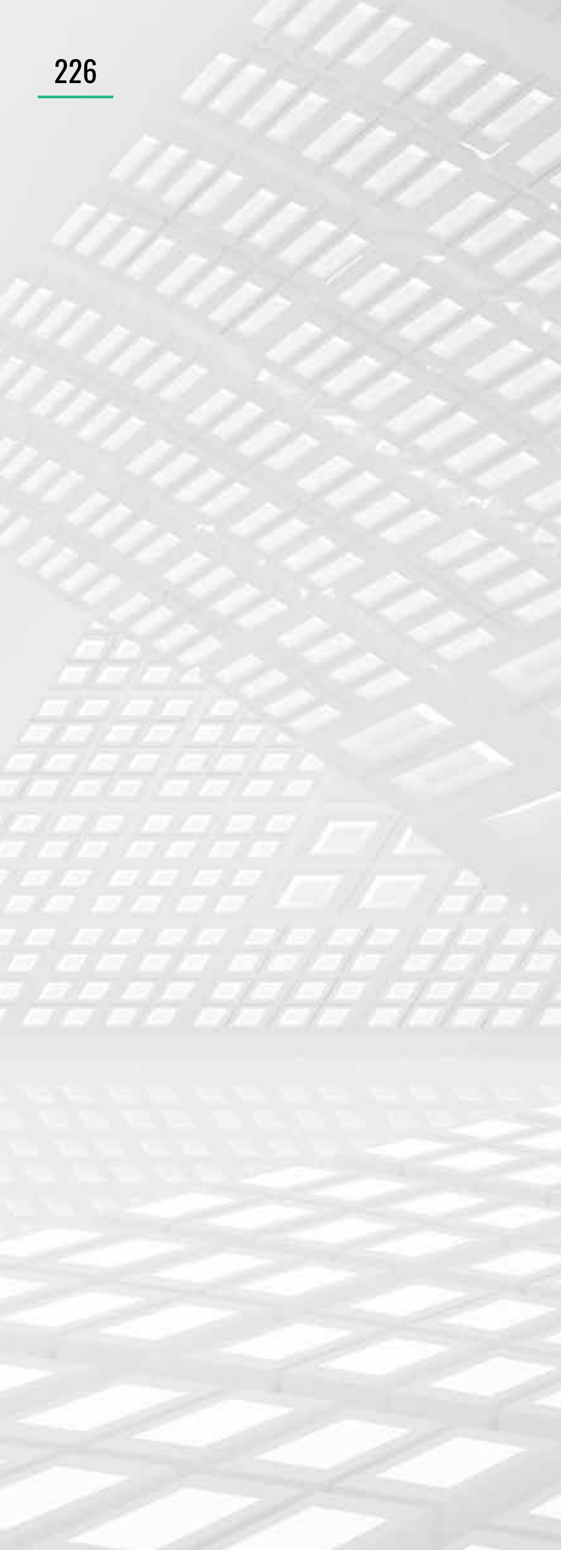
The Chairman of the Audit Committee is independent and has particular knowledge and experience in financial reporting and the auditing of financial statements. All of the members of the Audit Committee are familiar with the property sector.

Self-assessment of the work of the Supervisory Board and the Audit Committee

The Supervisory Board regularly assesses how effectively the Supervisory Board as a whole and the Audit Committee fulfil their tasks. Externally created, structured questionnaires are used in which Supervisory Board and committee members are asked to answer a series of questions. These questionnaires include issues concerning the organisational, human resources-related and substantive performance of the Supervisory Board and its committee as well as the collaborative structure and procedures within the Supervisory Board and the provision of information, particularly by the Management Board. The results are then jointly discussed by the Supervisory Board. The Supervisory Board most recently carried out a self-assessment in December 2018 and finalised it in the 2019 financial year.

D&O insurance

A Directors & Officers (D&O) insurance policy is in place for members of the Management Board and the Supervisory Board. It provides insurance for claims for damages by the Company, shareholders or third parties, which may be asserted due to Board members' failure to exercise due care. DIC Asset AG bears the costs of the insurance policy. The members of the Management Board have to pay a deductible in the event of a claim.



REMUNERATION REPORT

The following remuneration report is a component of the management report. The remuneration report is based on the requirements of the HGB in the version applicable up to and including 31 December 2019, which are applicable to the management report for the 2020 financial year pursuant to article 83 (1) sentence 2 of the Introductory Act to the HGB (EGHGB).

Remuneration system for the Management Board

The Supervisory Board sets the total remuneration of individual members of the Management Board, and adopts and regularly reviews the remuneration system for the Management Board.

Total remuneration adequately reflects the tasks of each member of the Management Board, their personal performance, the economic situation, the success and future prospects of DIC Asset AG, and it is also appropriate when measured against its peer group and the Company's overall remuneration structure. The remuneration structure establishes long-term behavioural incentives particularly through share-based payments and is generally focused on ensuring long-term and sustainable business growth. At the same time, remuneration is focused in such a way that it is competitive. In order to assess whether the specific total remuneration of Management Board members is in line with usual levels compared to other enterprises, the Supervisory Board determines an appropriate peer group of other third-party entities. The relevant criterion for comparing DIC Asset AG with these peer group companies is their market position. DIC Asset AG has therefore collected various remuneration data from other listed real estate companies recently.

The remuneration of the Management Board comprised three components in financial year 2020: (i) a fixed remuneration and fringe benefits, (ii) a variable remuneration that is contingent on the achievement of specific targets (short-term performance-related component) and (iii) share-based payment (long-term incentive component).

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

(ii) Variable, performance-related remuneration
The Management Board's variable, performance-related remuneration (bonus) is based on the annual funds from operations (FFO) generated by the DIC Asset Group and is therefore linked to one of the Group's key performance indicators.

Members of the Management Board are granted a bonus only if the DIC Asset Group meets a level of FFO defined in the respective director's contract. For the Chief Executive Officer (CEO) and the Chief Investment Officer (CIO), the amount of the bonus is based on the extent to which corporate and personal targets were achieved whereas the bonus amount applicable to the other Management Board members is based on achieving personal targets. To the extent that both corporate and personal targets have been defined, each are given a 50% weighting by the Supervisory Board when setting the bonus. No bonus cap has been specified in the director's contracts. The Supervisory Board decides on the bonus once a year by 31 May of the following year. The bonus is paid on the last bank working day of the month in which the Supervisory Board makes its decision on the bonus.

(iii) Share-based payment as a long-term incentive
In addition, members of the Management Board hold options on phantom stocks in DIC Asset AG, which take account of both positive and negative developments. The number of options granted is specified in individual contracts and capped. The options are designed such that they only grant the right to cash payment. The exercise of the options is linked to a specific number service years (vesting period). The duration of the vesting period is regulated by contract and is based on the term of the respective director's contract (see table "Phantom stock options"). When the options are exercised, the special remuneration is generally determined as the positive difference between the average of the closing prices during a reference period of ten trading days preceding the exercise of the options and the exercise price agreed in the respective director's contract. In addition, an increase factor dependent on the reference price is applied to options granted in 2020, with the amount paid out as special remuneration being capped at three times the original amount. The members of the Management Board may therefore benefit from the shares' upside potential during the reference period. The fair value of the options on 31 December 2020 was EUR 1,367 thousand.

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

Regulations regarding the termination of director's contracts

The director's contracts of the Management Board members do not expressly provide for severance pay. To the extent possible, the Supervisory Board takes care that any payments made to a Management Board member due to early termination of their Management Board activity shall not exceed twice the annual remuneration (severance cap) and shall not constitute remuneration for more than the remaining term of the employment contract.

If a Management Board member dies during the term of their director's contract, the fixed annual salary and the variable remuneration are to be paid pro rata temporis to their surviving dependants for a period of six months after the end of the month in which the Management Board member died. If a Management Board member becomes permanently incapable of working during the term of their director's contract, the contract will end three months after the end of the half-year in which the member's permanent incapacity was established. In the event of illness, the benefits will be paid for a term of six months, but no longer than until the director's contract ends.

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

Management Board remuneration in financial year 2020

REMUNERATION OF THE MANAGEMENT BOARD

in EUR	Fixed remuneration	Variable remuneration*	Share-price related remuneration**	Other***	**Total 2020**	Total 2019
Sonja Wärntges	868,333.00	434,166.00	294,200.00	26,370.67	**1,623,069.67**	1,306,052.40
Christian Bock (since 01.08.2020)	187,500.00	93,750.00	46,600.00	7,549.59	**335,399.59**	0.00
Johannes von Mutius	582,500.00	291,250.00	166,300.00	28,908.06	**1,068,958.06**	914,568.80
Patrick Weiden (since 01.04.2020)	375,000.00	187,500.00	67,600.00	266,350.26	**896,450.26**	0.00
Dirk Hasselbring (until 31.08.2019)	0.00	0.00	0.00	0.00	**0.00**	555,692.74
Total	2,013,333.00	1,006,666.00	574,700.00	329,178.58	**3,923,877.58**	2,776,313.94

* Provision as at 31 December 2020, the payment exceeding the provision amounted to EUR 400,000 in the previous year
** amount recognized as expense in the financial year
*** Non-monetary benefits from personal use of a company car and insurance subsidies as well as agreed one-off payment at the beginning of the activity

PHANTOM STOCK OPTIONS

	Number of stock options	Exercisable from
Sonja Wärntges	75,000	31.12.2020
	180,000	31.12.2023
Christian Bock (since 01.08.2020)	60,000	30.06.2023
Johannes von Mutius	45,000	31.12.2020
	100,000	31.12.2023
Patrick Weiden (since 01.04.2020)	60,000	30.06.2023

Benefits paid to former Management Board members in financial year 2020

In the 2020 financial year, Dirk Hasselbring, who left the Management Board effective 31 August 2019, received benefits totalling EUR 311,000.00, which are composed of variable remuneration of EUR 65,000.00 for 2019 and EUR 246,000.00 for exercising his 40,000 stock options in 2020. Since provisions had already been recognised for these benefits as at 31 December 2019, these had no effect on profit for 2020.

REMUNERATION OF THE SUPERVISORY BOARD

in EUR	Fixed remuneration	Variable remuneration	Remuneration for committee memberships	**Total 2020**	Total 2019
Prof. Dr. Gerhard Schmidt (Chairman)	100,000.00	100,000.00	10,000.00	**210,000.00**	105,000.00
Klaus-Jürgen Sontowski (Deputy Chairman)	75,000.00	75,000.00		**150,000.00**	75,000.00
Prof. Dr. Ulrich Reuter	50,000.00	50,000.00	20,000.00	**120,000.00**	60,000.00
Eberhard Vetter	50,000.00	50,000.00		**100,000.00**	50,000.00
Michael Zahn (since 08.07.2020)	24,246.58	24,246.58		**48,493.16**	0.00
René Zahnd (since 21.05.2019)	50,000.00	50,000.00	655.75	**100,655.75**	30,821.92
Dr. Anton Wiegers (until 08.07.2020)	25,819.67	25,819.67	5,163.93	**56,803.27**	55,000.00
Ulrich Höller (until 15.05.2019)	0.00	0.00		**0.00**	18,493.15
Total	375,066.25	375,066.25	35,819.68	**785,952.18**	394,315.07

Remuneration of Supervisory Board members

Supervisory Board remuneration is based on article 10 of the Articles of Association of DIC Asset AG. Accordingly, each member receives appropriate remuneration for their work that is composed of fixed remuneration and variable performance-related remuneration. The members of the Supervisory Board receive fixed remuneration of EUR 50,000.00 for each full financial year of membership of the Supervisory Board. Such remuneration shall be payable after the end of the financial year and shall be posted as an expense. Each member also receives EUR 2,500.00 annually for each percentage of the dividend over the rate of ten percent, calculated on the amount of the share capital that is distributed, but no more than EUR 50,000.00. The Chairman is paid twice the fixed and variable remuneration, and the Vice Chairman is paid one-and-a-half times the fixed and variable remuneration.

Supervisory Board members who are members of a Supervisory Board committee that has met at least once during the financial year receive an annual remuneration of EUR 10,000.00 per committee for each full financial year of their membership of this committee, but no more than EUR 20,000.00 in total. The Chairman of a Supervisory Board committee receives double this amount of additional remuneration. In years in which their term of office begins or ends, Supervisory Board members receive this remuneration on a pro rata basis.

In addition to the remuneration, each member of the Supervisory Board receives reimbursement of their expenses, including value added tax.

The total remuneration of the Supervisory Board members amounted to EUR 786 thousand in 2020. Supervisory Board members were also reimbursed travel expenses totalling EUR 8 thousand. A total of EUR 33 thousand (previous year: EUR 190 thousand) in remuneration for services purchased was paid to the law firm of Weil, Gotshal & Manges LLP, of which the Chairman of the Supervisory Board, Prof. Dr. Gerhard Schmidt, is a partner. The Supervisory Board had approved of this retention, with the Chairman of the Supervisory Board abstaining from the vote. The fees paid for services in financial year 2020 concerned project-related legal consulting services on specific issues of company law.

Directors' dealings

Article 19 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council on market abuse (Market Abuse Regulation) requires members of the Management Board and Supervisory Board to report any transactions conducted on their own account relating to the shares or debt instruments of DIC Asset AG or to derivatives or other financial instruments of DIC Asset AG linked thereto (Directors' dealings). This obligation also applies to persons related to members of governing bodies. However, transactions only had to be disclosed if the total amount of all transactions made by a member of a governing body or a person related to a member of a governing body until the end of the 2020 calendar year was at least EUR 20,000.00.

The following securities transactions as defined by article 19 Market Abuse Regulation were reported in the 2020 financial year:

Date	Issuer (ISIN)	Person required to file the report	Type of transaction	Volume
05.11.2020	DIC Asset AG DE000A1X3XX4	Michael Zahn Supervisory Board	Purchase	EUR 7,607.2000
05.11.2020	DIC Asset AG DE000A1X3XX4	Michael Zahn Supervisory Board	Purchase	EUR 22,875.2800
05.11.2020	DIC Asset AG DE000A1X3XX4	Michael Zahn Supervisory Board	Purchase	EUR 8,625.2000
05.11.2020	DIC Asset AG DE000A1X3XX4	Michael Zahn Supervisory Board	Purchase	EUR 10,844.1600
05.11.2020	DIC Asset AG DE000A1X3XX4	Sonja Wärntges Management Board	Purchase	EUR 10,240.0000
28.10.2020	DIC Asset AG DE000A1X3XX4	Patrick Weiden Management Board	Purchase	EUR 56,100.0000
25.09.2020	DIC Asset AG DE000A1X3XX4	Entity with close relations to Prof. Dr. Gerhard Schmidt Supervisory Board	Acquisition of 272,427 shares by exercising pre-emptive rights in connection with the scrip dividend for financial year 2019	EUR 2,917,693.1700
25.09.2020	DIC Asset AG DE000A1X3XX4	Sonja Wärntges Management Board	Acquisition of 370 shares by exercising pre-emptive rights in connection with the scrip dividend for financial year 2019	EUR 3,962.7000
24.08.2020	DIC Asset AG DE000A1X3XX4	Sonja Wärntges Management Board	Granting of 7,799 pre-emptive rights in connection with the scrip dividend for financial year 2019	EUR 0
24.08.2020	DIC Asset AG DE000A1X3XX4	Entity with close relations to Prof. Dr. Gerhard Schmidt Supervisory Board	Granting of 5,720,981 pre-emptive rights in connection with the scrip dividend for financial year 2019	EUR 0
30.07.2020	DIC Asset AG DE000A1X3XX4	Entity with close relations to Prof. Dr. Gerhard Schmidt Supervisory Board	Purchase	EUR 3,330,000.0000
02.03.2020	DIC Asset AG DE000A1X3XX4	Sonja Wärntges Management Board	Purchase	EUR 15,400.0000
17.02.2020	DIC Asset AG DE000A1X3XX4	Entity with close relations to Prof. Dr. Gerhard Schmidt Supervisory Board	Purchase	EUR 1,640,000.0000
06.02.2020	DIC Asset AG DE000A1X3XX4	Sonja Wärntges Management Board	Purchase	EUR 16,320.0000
06.02.2020	DIC Asset AG DE000A1X3XX4	Sonja Wärntges Management Board	Purchase	EUR 8,260.0000
22.01.2020	DIC Asset AG DE000A1X3XX4	Sonja Wärntges Management Board	Purchase	EUR 33,040.0000
28.01.2020	DIC Asset AG DE000A1X3XX4	Entity with close relations to Prof. Dr. Gerhard Schmidt Supervisory Board	Acquisition of shares in connection with a capital increase	EUR 37,379,968.0000

OTHER DISCLOSURES

Shareholders and General Shareholders' Meeting

The shareholders of DIC Asset AG exercise their rights at the General Shareholders' Meeting. The ordinary General Shareholders' Meeting takes place once a year. Every shareholder who is recorded in the share register and registers in good time is entitled to take part in the General Shareholders' Meeting, to vote with his shares recorded in the share register and registered and to pose questions to the Management Board. Each share grants one vote at the General Shareholders' Meeting.

Shareholders who cannot attend in person may arrange for their voting rights to be exercised in the General Shareholders' Meeting by an intermediary (e.g. a bank), an association of shareholders, the proxy or proxies of DIC Asset AG acting according to instructions or any other authorised individual. The Company makes it possible to follow all or part of the General Shareholders' Meeting online. The Management Board can enable shareholders to cast their votes in writing or by means of electronic communication (postal vote) and participate in the General Shareholders' Meeting without being present in person, and ensure that they can exercise all or some of their rights fully or partially by means of electronic communication. Due to the exceptional circumstances of the Covid-19 pandemic, the 2020 General Shareholders' Meeting was held virtually in accordance with what is known as the German Covid-19 Act.

Transparent communication

We report each quarter on the course of business and the net assets, financial position and results of operations and inform our shareholders in an open, prompt and transparent manner about the DIC Asset AG business model as well as of any news or changes. We describe communications with our shareholders and business partners in detail in the chapter entitled "Investor relations and capital market".

Financial reporting and auditing

DIC Asset AG prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), taking into account the recommendations of EPRA, while the single-entity financial statements are prepared in accordance with the HGB. The financial statements for the full year are prepared by the Management Board, audited by the auditor (currently: Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Nuremberg) and examined by the Supervisory Board. Prior to their publication, the quarterly financial information and the half-yearly report reviewed by the auditors are discussed with the Supervisory Board. Based on the recommendation of the Audit Committee, the Supervisory Board submits a proposal regarding the election of the auditors by the General Shareholders' Meeting. Prior to this, the auditors submit a statement of independence to the Supervisory Board. In addition, it has been agreed with the auditors that they would notify the Supervisory Board immediately of any possible grounds for exclusion or bias that may arise during the audit.

Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft has been the auditor of the annual and consolidated financial statements since 2001 and was re-elected as the auditor following a call for tenders in the 2016 financial year. Mr Karsten Luce has been the auditor responsible for reviewing these statements since the audit of the 2015 annual and consolidated financial statements (1 January 2015 to 31 December 2015). In addition to Mr Karsten Luce, Mr Christian Landgraf is also authorised to sign the auditor's report relating to the annual financial report for the 2020 financial year.

Risk management

Good corporate governance also includes managing risks in a responsible manner. The Management Board ensures that risks are adequately managed and controlled in the company. DIC Asset AG has therefore established a systematic risk management process, which ensures that risks are recognised and assessed at an early stage and the existing risk exposure is optimised. Risk management and risk control processes are continually enhanced and adjusted to changes in the general environment. Key features of the control and risk management systems are presented in the report on risks and opportunities.

OVERVIEW

Overview of holdings: Appendix 1 to the notes to the consolidated financial statements

List of consolidated subsidiaries

Name and registered office of company	Interest (%)*
DIC Asset Beteiligungs GmbH, Frankfurt am Main	100.0
DIC Fund Balance GmbH, Frankfurt am Main	100.0
DIC Office Balance I GmbH, Frankfurt am Main	100.0
DIC Office Balance II GmbH, Frankfurt am Main	100.0
DIC Office Balance III GmbH, Frankfurt am Main	100.0
DIC Office Balance IV GmbH, Frankfurt am Main	100.0
DIC FB Property Management GmbH, Frankfurt am Main	100.0
OB III Verwaltungs GmbH Frankfurt am Main	100.0
DIC High Street Balance GmbH, Frankfurt am Main	100.0
DIC Retail Balance I GmbH, Frankfurt am Main	100.0
DIC Objekt Halle BV GmbH, Frankfurt am Main	100.0
DIC Retail Balance I Funding GmbH, Frankfurt am Main	100.0
DIC Retail Balance I Beteiligungs GmbH, Frankfurt am Main	100.0
DIC Objekt Halle GmbH & Co. KG, Frankfurt am Main	100.0
DIC Objekt Berlin Heilbronner Straße GmbH & Co. KG, Frankfurt am Main	100.0
DIC Objekt Düsseldorf Schwannstraße GmbH & Co. KG, Frankfurt am Main	100.0
DIC Fund Balance Consulting I GmbH, Frankfurt am Main	100.0
DIC Fund Balance Consulting II GmbH, Frankfurt am Main	100.0
DIC Real Estate Investments Beteiligungs GmbH, Frankfurt am Main	100.0
DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main	100.0
DIC Development Services GmbH, Frankfurt am Main	100.0
DIC Objekt Karlsruhe Bahnhofsplatz GmbH, Frankfurt am Main	100.0
DIC Objekt Duisburg Stadtfenster GmbH, Frankfurt am Main	100.0
DIC Objekt Stockstadt GmbH, Frankfurt am Main	100.0
DIC Objekt Köln Butzweilerhof GmbH, Frankfurt am Main	100.0
DIC Objekt Offenbach Kaiserleistraße GmbH, Frankfurt am Main	100.0
DIC Objekt Hannover Podbie GmbH, Frankfurt am Main	100.0

* Interest equals the share of voting rights

Name and registered office of company	Interest (%)*
DIC Objekt Leinfelden-Echterdingen GmbH, Frankfurt am Main	100.0
DIC Objekt Stuttgart I GmbH, Frankfurt am Main	100.0
DIC Objekt Eschborn Frankfurter Straße GmbH, Frankfurt am Main	100.0
DIC Objekt Offenbach Unite GmbH, Frankfurt am Main	100.0
DIC Objekt Berlin BELT GmbH, Frankfurt am Main	100.0
DIC Projekt Berlin Taubenstraße GmbH, Frankfurt am Main	100.0
DIC Objekt Berlin Taubenstraße GmbH & Co. KG, Frankfurt am Main	100.0
DIC Objekt Bremen GmbH & Co. KG, Frankfurt am Main	100.0
DIC Objekt Zeppelinheim GmbH, Frankfurt am Main	100.0
DIC Finance Management GmbH & Co. KG, Frankfurt am Main	100.0
DIC Fund Balance 1. Beteiligungs GbR, Frankfurt am Main	100.0
DIC Fund Balance 2. Beteiligungs GbR, Frankfurt am Main	100.0
DIC RMN Portfolio GmbH, Frankfurt am Main	100.0
DIC Objekt Stadthaus Offenbach GmbH, Frankfurt am Main	100.0
DIC Objekt Kronberg GmbH, Frankfurt am Main	100.0
DIC Objekt Velbert GmbH, Frankfurt am Main	100.0
DIC Objekt Alsbach GmbH, Frankfurt am Main	100.0
DIC Objekt Hemsbach GmbH, Frankfurt am Main	100.0
DIC Ruhr Portfolio GmbH, Frankfurt am Main	100.0
DIC RP Objekt 1 GmbH, Frankfurt am Main	100.0
DIC RP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC RP Objekt Bochum GmbH, Frankfurt am Main	100.0
DIC RP Objekt Essen GmbH, Frankfurt am Main	100.0
DIC AP Portfolio GmbH, Frankfurt am Main	100.0
DIC AP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 3 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 5 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 6 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 7 GmbH, Frankfurt am Main	100.0

Name and registered office of company	Interest (%)*
DIC AP Objekt 8 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 9 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Augustaanlage GmbH, Frankfurt am Main	100.0
DIC AP Objekt Coblitzweg GmbH, Frankfurt am Main	100.0
DIC AP Objekt Düsseldorf GmbH, Frankfurt am Main	100.0
DIC AP Objekt Insterburger Str. 5 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Insterburger Str. 7 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Königsberger Str. 29 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Konstanz GmbH, Frankfurt am Main	100.0
DIC Asset Portfolio GmbH & Co. KG, Frankfurt am Main	100.0
DIC Asset AP GmbH, Frankfurt am Main	100.0
DIC Asset OP GmbH, Frankfurt am Main	100.0
DIC Asset DP GmbH, Frankfurt am Main	100.0
DIC OF REIT 1 GmbH, Frankfurt am Main	100.0
DIC 27 Portfolio GmbH, Frankfurt am Main	100.0
BCP Düsseldorf BVO GmbH, Frankfurt am Main	100.0
BCP Düsseldorf Holding GmbH & Co. KG, Frankfurt am Main	100.0
BCP Verwaltungs GmbH, Frankfurt am Main	100.0
Diamond BVO GmbH, Frankfurt am Main	100.0
Diamond Holding 1 GmbH, Frankfurt am Main	100.0
Diamond Verwaltungs GmbH, Frankfurt am Main	100.0
GEG Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
GEG Emittent GmbH & Co. KG, Frankfurt am Main	100.0
GEG Emittent Verwaltungs GmbH, Frankfurt am Main	100.0
GEG HA Holding GmbH & Co. KG, Frankfurt am Main	100.0
GEG HA Verwaltungs GmbH, Frankfurt am Main	100.0
GEG Merlion FF & E GmbH, Frankfurt am Main	100.0
GEG Merlion GmbH, Frankfurt am Main	100.0
GEG Real Estate Beteiligungs - und Verwaltungs GmbH, Frankfurt am Main	100.0

* Interest equals the share of voting rights

Name and registered office of company	Interest (%)*
GEG Real Estate Fund Management GmbH, Frankfurt am Main	100.0
GEG Real Estate Fund Management VK GmbH, Frankfurt am Main	100.0
GEG Triforum BVO GmbH, Frankfurt am Main	100.0
GEG Triforum FinCo. GmbH & Co. KG, Frankfurt am Main	100.0
GEG Triforum Holding GmbH & Co. KG, Frankfurt am Main	100.0
GEG Triforum Verwaltungs GmbH, Frankfurt am Main	100.0
GEG Verwaltungs GmbH, Frankfurt am Main	100.0
Global Tower Verwaltungs GmbH, Frankfurt am Main	100.0
GEG Development GmbH, Frankfurt am Main	100.0
GEG German Estate Group GmbH, Frankfurt am Main	100.0
GEG Investment Advisory GmbH, Frankfurt am Main	100.0
GEG Portfolio Advisory GmbH, Frankfurt am Main	100.0
GEG Real Estate Management GmbH, Frankfurt am Main	100.0
Global Tower GmbH & Co. KG, Frankfurt am Main	100.0
DIC Metropolregion Rhein-Main. Frankfurt am Main	100.0
DIC OP Portfolio GmbH, Frankfurt am Main	100.0
DIC OP Objekt 1 GmbH, Frankfurt am Main	100.0
DIC OP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC OP Objekt 3 GmbH, Frankfurt am Main	100.0
DIC OP Objekt 4 GmbH, Frankfurt am Main	100.0
DIC OP Objekt Darmstadt GmbH, Frankfurt am Main	100.0
DIC OP Objekt Düsseldorf GmbH, Frankfurt am Main	100.0
DIC OP Objekt Leverkusen GmbH, Frankfurt am Main	100.0
DIC OP Objekt Marl GmbH, Frankfurt am Main	100.0
DIC OP Objekt München-Grünwald GmbH, Frankfurt am Main	100.0
DIC VP Portfolio GmbH, Frankfurt am Main	100.0
DIC VP Objekt Köln ECR GmbH, Frankfurt am Main	100.0
DIC VP Objekt Köln SILO GmbH, Frankfurt am Main	100.0
DIC VP Objekt Moers GmbH, Frankfurt am Main	100.0

Name and registered office of company	Interest (%)*
DIC VP Objekt Neubrandenburg GmbH, Frankfurt am Main	100.0
DIC VP Objekt Saalfeld GmbH, Frankfurt am Main	100.0
DIC DP Portfolio GmbH, Frankfurt am Main	100.0
DIC DP Langenselbold Am Weiher GmbH, Frankfurt am Main	100.0
DIC DP Mönchengladbach Stresemannstraße GmbH, Frankfurt am Main	100.0
DIC DP Objekt 1 GmbH & Co. KG, Frankfurt am Main	100.0
DIC DP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 6 GmbH, Frankfurt am Main	100.0
DIC Objekt Bremen Grazer Straße GmbH, Frankfurt am Main	100.0
DIC DP Wiesbaden Frankfurter Straße 46-48 GmbH, Frankfurt am Main	100.0
DIC 25 Portfolio GmbH, Frankfurt am Main	100.0
DIC 25 Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
DIC 25 Objekt Bremen GmbH, Frankfurt am Main	100.0
DIC 25 Objekt Chemnitz GmbH, Frankfurt am Main	100.0
DIC 26 Portfolio GmbH, Frankfurt am Main	100.0
DIC 26 Erfurt GmbH, Frankfurt am Main	100.0
DIC 26 Frankfurt Taunusstraße GmbH, Frankfurt am Main	100.0
DIC 26 Wiesbaden GmbH, Frankfurt am Main	100.0
DIC Main Palais GmbH, Frankfurt am Main	100.0
DIC MainTor Real Estate 1 GmbH, Frankfurt am Main	100.0
DIC Onsite GmbH, Frankfurt am Main	100.0
DIC Berlin Portfolio Objekt Bundesallee GmbH, Frankfurt am Main	100.0
DIC Fund Advisory GmbH & Co. KG, Frankfurt am Main	99.99
DIC EB Portfolio GmbH & Co. KG, Frankfurt am Main	99.4
DIC Zeil Portfolio GmbH, Frankfurt am Main	99.4
DIC Frankfurt Objekt 3 GmbH, Frankfurt am Main	99.4
Gewerbepark Langenfeld West 3 GmbH & Co. KG, Frankfurt am Main	99.2
GEG Sapporobogen Holding GmbH & Co. KG, Frankfurt am Main	94.9
HCC Dortmund Holding GmbH & Co. KG, Frankfurt am Main	94.9

* Interest equals the share of voting rights

Name and registered office of company	Interest (%)*
GEG Riverpark GmbH & Co. KG, Frankfurt am Main	94.9
German Estate Group GmbH, Frankfurt am Main	94.9
DIC Objekt Leverkusen GmbH, Frankfurt am Main	94.9
DIC Management Holding GmbH, Frankfurt am Main	94.9
DIC Objektsteuerung GmbH, Frankfurt am Main	94.8
DIC Objekt Frankfurt 1 GmbH & Co. KG, Frankfurt am Main	94.0
DIC HI Portfolio GmbH, Frankfurt am Main	92.5
DIC HI Beteiligungs GmbH, Frankfurt am Main	92.5
DIC HI Landsberger Straße GmbH & Co. KG, Frankfurt am Main	92.5
DIC HI Objekt 1 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 10 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 11 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 12 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 13 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 14 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 15 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 2 GmbH & Co. KG, Frankfurt am Main	92.5
DIC HI Objekt 4 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 5 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 6 GmbH & Co. KG, Frankfurt am Main	92.5
DIC HI Objekt 7 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 9 GmbH, Frankfurt am Main	92.5
DIC HI Objekt Frankfurt Theodor-Heuss-Allee GmbH, Frankfurt am Main	92.5
DIC HI Objekt Hamburg Kurt-Schumacher-Allee GmbH, Frankfurt am Main	92.5
DIC HI Objekt Köln GmbH, Frankfurt am Main	92.5
DIC HI Objekt Neu-Isenburg GmbH, Frankfurt am Main	92.5
DIC HI Objekt Ratingen GmbH, Frankfurt am Main	92.5
DIC Hamburg Portfolio GmbH, Frankfurt am Main	92.5
DIC Hamburg Objekt 1 GmbH, Frankfurt am Main	92.5

Name and registered office of company	Interest (%)*
DIC Hamburg Objekt 5 GmbH, Frankfurt am Main	92.5
DIC Hamburg Objekt Großmannstrasse GmbH, Frankfurt am Main	92.5
DIC Hamburg Objekt Marckmannstraße GmbH, Frankfurt am Main	92.5
Deutsche Immobilien Chancen Objekt Ulm 1 Erweiterung GmbH, Frankfurt am Main	90.0
Deutsche Immobilien Chancen Objektbeteiligungs GmbH, Frankfurt am Main	90.0

* Interest equals the share of voting rights

Overview of holdings: Appendix 2 to the notes to the consolidated financial statements

Indirect and direct holdings of up to 40 %

Name and registered office of company	Interest (%)*
DIC MainTor III GmbH, Frankfurt am Main	40.0
DIC MainTor Zweite Beteiligungs GmbH & Co. KG, Frankfurt am Main	40.0
MainTor GmbH, Frankfurt am Main	40.0
DIC MainTor Primus GmbH, Frankfurt am Main	40.0
DIC MainTor Patio GmbH, Frankfurt am Main	40.0
DIC MainTor Panorama GmbH, Frankfurt am Main	40.0
DIC MainTor Porta GmbH, Frankfurt am Main	40.0
DIC MainTor Palazzi GmbH, Frankfurt am Main	40.0
DIC MainTor Verwaltungs GmbH, Frankfurt am Main	40.0
DIC Office Balance VI, Frankfurt am Main**	32.0
DIC GMG GmbH, Frankfurt am Main	20.0
WACO Beteiligungs GmbH, Frankfurt am Main	20.0
DIC Development GmbH, Frankfurt am Main	20.0
DIC Opportunistic GmbH, Frankfurt am Main	20.0
DIC BW Portfolio GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Dammtorstraße GmbH & Co. KG, Frankfurt am Main	18.8
DIC Office Balance I, Frankfurt am Main***	10.0
Riverpark Frankfurt GmbH & Co. KG, Frankfurt am Main	9.5
Riverpark Frankfurt Verwaltungs GmbH, Frankfurt am Main	9.5
OB III Berlin 1 GmbH & Co. KG, Frankfurt am Main	5.1
OB III Berlin 2 GmbH & Co. KG, Frankfurt am Main	5.1
OB III Berlin 3 GmbH & Co. KG, Frankfurt am Main	5.1
OB III Bochum GmbH & Co. KG, Frankfurt am Main	5.1
OB III Bonn GmbH & Co. KG, Frankfurt am Main	5.1
OB III Frankfurt GmbH & Co. KG, Frankfurt am Main	5.1
OB III Hannover GmbH & Co. KG, Frankfurt am Main	5.1
OB III Koblenz GmbH & Co. KG, Frankfurt am Main	5.1
OB III Köln GmbH & Co. KG, Frankfurt am Main	5.1
OB III München GmbH & Co. KG, Frankfurt am Main	5.1
OB III Nürnberg GmbH & Co. KG, Frankfurt am Main	5.1
OB IV Düsseldorf GmbH & Co. KG, Frankfurt am Main	5.1

Name and registered office of company	Interest (%)*
OB IV München GmbH & Co. KG, Frankfurt am Main	5.1
RB I Objekt Berlin GmbH & Co. KG, Frankfurt am Main	5.1
RB I Objekt Hamburg Bergedorf GmbH & Co. KG, Frankfurt am Main	5.1
RB I Objekt Hamburg Harburg GmbH & Co. KG, Frankfurt am Main	5.1
OB V Hamburg GmbH & Co. KG, Frankfurt am Main	5.1
OB V München GmbH & Co. KG, Frankfurt am Main	5.1
MRM Eschborn GmbH & Co. KG, Frankfurt am Main	5.1
Passing Holdco S. à. R. l, Frankfurt am Main	5.1
Zweite DV I GmbH & Co. KG, Frankfurt am Main	5.1
Dritte DV I GmbH & Co. KG, Frankfurt am Main	5.1
Vierte DV I GmbH & Co. KG, Frankfurt am Main	5.1
Fünfte DV I GmbH & Co. KG, Frankfurt am Main	5.1
Erste Stuttgart GmbH & Co. KG, Frankfurt am Main	5.1
Zweite Düsseldorf GmbH & Co. KG, Frankfurt am Main	5.1
Dritte Kassel GmbH & Co. KG, Frankfurt am Main	5.1
Erste Bremen GmbH & Co. KG, Frankfurt am Main	5.1
Zweite Erfurt GmbH & Co. KG, Frankfurt am Main	5.1
Gemini I Boersencenter GmbH, Frankfurt am Main	5.1
Gemini II Bronce GmbH, Frankfurt am Main	5.1
Gemini III Titan GmbH, Frankfurt am Main	5.1
DIC Office Balance II, Frankfurt am Main****	4.6
DIC Retail Balance I, Frankfurt am Main*****	3.8
DIC Office Balance III, Frankfurt am Main******	2.4
DIC Office Balance IV, Frankfurt am Main*******	1.7
DIC Office Balance V, Frankfurt am Main********	1.2

* Interest equals the share of voting rights
** 22.0 % share of voting rights
*** 12.5 % share of voting rights
**** 0.0 % share of voting rights
***** 8.1 % share of voting rights
****** 5.9 % share of voting rights
******* 6.4 % share of voting rights
******** 5.6 % share of voting rights

Appendix 3 to the notes to the consolidated financial statements

Announcements on voting rights

Disclosures in line with section 160 (1) no. 8 AktG

Section 160 (1) no. 8 AktG requires disclosures to be made regarding equity investments of which the Company was informed pursuant to section 21 (1) or (1a) WpHG (as amended until 2 January 2018) or pursuant to section 33 (1) or (2) WpHG (as amended from 3 January 2018). The following disclosures were taken from the most recent notification received from a person or entity required to make an announcement of their voting rights. The most recent change in the total number of voting rights has been effective since 22 September 2020.

a. Fidelity Securities Fund, Boston, Massachusetts, United States of America, informed us pursuant to section 33 WpHG that on 26 January 2021 its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the threshold of 3% and amounted to 3.14% (2,532,064 voting rights) as per this date.

b. Mr Yannick Patrick Heller informed us pursuant to section 33 WpHG that on 15 January 2021 his share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the thresholds of 3% and 5% and amounted to 8.32% (6,701,463 voting rights) as per this date.

c. FMR LLC, Wilmington, Delaware, United States of America, informed us by way of a voluntary group voting rights notification where the threshold is met at subsidiary level pursuant to section 33 (1) WpHG that on 15 October 2020 its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 5.30% (4,272,117 voting rights). 5.30% (4,272,117 voting rights) of these voting rights are to be assigned to FMR LLC pursuant to section 34 WpHG.

d. Prof. Dr. Gerhard Schmidt informed us pursuant to section 33 (1) WpHG by way of a voluntary group voting rights notification where the threshold is met only at subsidiary level that on 9 July 2020 his share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 34.19 % (27,037,429 voting rights). 34.19% (27,037,429 voting rights) of these voting rights are to be assigned to Prof. Dr. Gerhard Schmidt pursuant to section 34 WpHG. The names of the shareholders with 3% or more voting rights are: Deutsche Immobilien Chancen AG & Co. Kommanditgesellschaft auf Aktien, DIC Opportunistic GmbH and TTL Real Estate GmbH.

e. Fidelity Investment Trust, Boston, Massachusetts, United States of America, informed us pursuant to section 33 (1) WpHG that on 7 April 2020 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.87% (2,266,955 voting rights) as per this date. 2.87% (2,266,955 voting rights) of these voting rights are to be assigned to Fidelity Investment Trust pursuant to section 34 WpHG

f. Mr Norbert Ketterer informed us pursuant to section 33 WpHG that on 27 February 2020 his share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the threshold of 5% and amounted to 5.005% (3,957,236 voting rights) as per this date. 5.005% (3,957,236 voting rights) of these voting rights are to be assigned to Mr Ketterer pursuant to section 34 WpHG. The name of the shareholder holding at least 3% of the voting rights is: Ketom AG.

   After the reporting date of 31 December 2020, the Company received another notification from Mr Ketterer pursuant to section 33 WpHG, which was published as follows pursuant to Section 40 WpHG:

   Mr Norbert Ketterer informed us pursuant to section 33 WpHG that on 15 January 2021 his share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the thresholds of 5% and 3% and amounted to 0.0% (0 voting rights) as per this date.

g. DWS Investment S.A., Luxembourg, Luxembourg, informed us pursuant to section 33 (1) WpHG that on 18 October 2019 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.97% (2,142,314 voting rights) as per this date. 2.97% (2,142,314 voting rights) of these voting rights are to be assigned to DWS Investment S.A. pursuant to section 34 WpHG.

h. BlackRock, Inc., Wilmington, Delaware, United States of America, informed us pursuant to section 33 (1) WpHG that on 16 August 2019 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.99% (2,160,321 voting rights) as per this date. 2.99% (2,160,321 voting rights) of these voting rights are to be assigned to BlackRock, Inc. pursuant to section 34 WpHG.

i. Makuria Fund Ltd, Grand Cayman, Cayman Islands, informed us pursuant to section 33 (1) WpHG that on 29 January 2019 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.96% (2,084,321 voting rights) as per this date. 2.96% (2,084,321 voting rights) of these voting rights are to be assigned to Makuria Fund Ltd pursuant to section 34 WpHG.

j. Makuria Investment Management (UK) LLP, London, United Kingdom, informed us pursuant to section 33 (1) WpHG that on 29 January 2019 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.96% (2,084,321 voting rights) as per this date. 2.96%

(2,084,321 voting rights) of these voting rights are to be assigned to Makuria Investment Management (UK) LLP pursuant to section 34 WpHG.

k. BrightSphere Investment Group plc, London, United Kingdom, informed us pursuant to section 33 (1) WpHG that on 3 May 2018 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.00% (0 voting rights) as per this date.

l. Deka Investment GmbH, Frankfurt am Main, Germany, informed us pursuant to section 21 (1) WpHG that on 6 July 2017 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the thresholds of 5% and 3% and amounted to 0.31% (213,000 voting rights) as per this date. 0.31% (213,000 voting rights) of these voting rights are to be assigned to Deka Investment GmbH pursuant to section 22 WpHG.

m. RAG-Stiftung, Essen, Germany, informed us pursuant to section 21 (1) WpHG that on 6 July 2017 its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the threshold of 10% and amounted to 10.01% (6,867,520 voting rights) as per this date.

n. ASSET VALUE INVESTORS LIMITED, London, United Kingdom, informed us pursuant to section 21 (1) WpHG that on 19 May 2017 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the thresholds of 5% and 3% and amounted to 2.98% (2,044,526 voting rights) as per this date. 2.98% (2,044,526 voting rights) of these voting rights are to be assigned to ASSET VALUE INVESTORS LIMITED pursuant to section 22 WpHG.

o. BRITISH EMPIRE TRUST PLC, Exeter, United Kingdom, informed us pursuant to section 21 (1) WpHG that on 18 May 2017 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.98% (2,042,218 voting rights) as per this date. 2.98% (2,042,218 voting rights) of these voting rights are to be assigned to BRITISH EMPIRE TRUST PLC pursuant to section 22 WpHG.

p. GMO Credit Opportunities Fund, L.P., Boston, MA, United States of America, informed us pursuant to section 21 (1) WpHG that on 4 August 2016 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.99498% (2,053,891 voting rights) as per this date.

q. Grantham, Mayo, Van Otterloo & Co. LLC, Boston, MA, United States of America, as the manager/investment advisor of GMO Credit Opportunities Fund, L.P. having discretion regarding investments and re-investments of the fund assets informed us pursuant to section 21 (1) WpHG that on 4 August 2016 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.99498% (2,053,891 voting rights) as per this date. 2.99498% (2,053,891 voting rights) of these voting rights are to be assigned to Grantham, Mayo, Van Otterloo & Co. LLC pursuant to section 22 WpHG. The name of the shareholder holding at least 3% of the voting rights is GMO Credit Opportunities Fund, L.P.

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

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

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

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

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

u. Morgan Stanley, Wilmington, Delaware, United States of America, informed us in line with § 21 (1) WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the 3% threshold on 9 June 2014 and was 0.01% as of this date (8,000 votes).

0.01 % thereof (8,000 votes) is allocable to Morgan Stanley in line with § 22 (1) sentence 1 No. 1 WpHG.

v. Commerzbank Aktiengesellschaft, Frankfurt am Main, Germany, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the levels of 10 %, 5 % and 3 % on 29 November 2013 and now stands at 0.02 % (corresponding to 15,000 votes). 0.02 % of these voting rights (corresponding to 15,000 votes) are to be assigned to Commerzbank Aktiengesellschaft pursuant to § 22 Para. 1 Sentence 1 No. 6 WpHG.

w. BNP Paribas Investment Partners S.A., Paris, France, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the level of 3 % on 24 January 2012 and now stands at 2.93 % (corresponding to 1,338,422 votes). 2.41 % of these (corresponding to 1,099,682 votes) are to be assigned to the company pursuant to § 22 Para. 1 Sentence 1 No. 6 WpHG.

x. Massachusetts Mutual Life Insurance Company, USA, informed us pursuant to § 21 Para. 1, 24 WpHG:

   Correction to the voting rights notification pursuant to § 21 Para. 1, 24 WpHG
   OppenheimerFunds Inc., Centennial, Colorado, USA, fell below the 3 % level of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91 % (911,303 voting rights), which are to be assigned to OppenheimerFunds Inc. pursuant to § 22 Para. 1 Sentence 1 No. 6 WpHG.

   Voting rights notification pursuant to § 21 Para. 1, 24: WpHG Oppenheimer Acquisition Corp., Centennial, Colorado, USA, fell below the 3 % level of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91 % (911,303 voting rights), which are to be assigned to Oppenheimer Acquisition Corp. pursuant to § 22 Para. 1 Sentence 1 No. 6 Sentence 2 WpHG.

   Voting rights notification pursuant to § 21 Para. 1, 24 WpHG
   MassMutual Holding LLC, Springfield, Massachusetts, USA, fell below the 3 % level of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91 % (911,303 voting rights), which are to be assigned to MassMutual Holding LLC pursuant to § 22 Para. 1 Sentence 1 No. 6 Sentence 2 WpHG.

   Correction to the voting rights notification pursuant to § 21 Para. 1, 24 WpHG
   Massachusetts Mutual Life Insurance Company, Springfield, Massachusetts, USA, fell below the 3 % level of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91 % (911,303 voting rights), which are to be assigned to Massachusetts Mutual Life Insurance Company pursuant to § 22 Para. 1 Sentence 1 No. 6 Sentence 2 WpHG.

y. FMR Corp., Boston, Massachusetts, USA, informed us pursuant to § 21 Para. 1 WpHG that its share of voting rights in DIC Asset AG fell below the level of 3 % on 1 February 2007 and now stands at 1.71 %. The voting rights are assigned to FMR Corp. pursuant to § 22 Para. 1 Sentence 2 WpHG in conjunction with § 22 Para. 1 Sentence 1 No. 6 WpHG.

KEY FIGURES IN ACCORDANCE WITH EPRA

DIC Asset AG periodically supplements its reporting in accordance with International Financial Reporting Standards (IFRSs) with the best practice recommendations of the European Public Real Estate Association (EPRA).

As in the previous year, we are reporting EPRA net asset value (EPRA-NAV), EPRA triple net asset value (EPRA-NNNAV) and EPRA earnings for our Group. We are also reporting EPRA net initial yield (normal and 'topped up'), the EPRA vacancy rate and EPRA cost ratio (including and excluding direct vacancy costs) for our Commercial Portfolio.

We are also reporting the key figures, EPRA net tangible assets (EPRA-NTA), EPRA net reinstatement value (EPRA-NRV) and EPRA net disposal value (EPRA-NDV) for the financial year ended and provide a reconciliation to EPRA NAV in this report. The EPRA guidelines of October 2019 recommend that association members use these indicators for reporting periods starting on or after 1 January 2020.

Overview of EPRA key figures

in EUR million	31.12.2020	31.12.2019
EPRA Net Asset Value (EPRA-NAV)	**1,409.9**	1,244.2
EPRA Triple Net Asset Value (EPRA-NNNAV)	**1,367.8**	1,206.3
EPRA Net Reinstatement Value (EPRA-NRV)	**1,519.5**	1,345.3
EPRA Net Tangible Assets (EPRA-NTA)	**1,185.0**	1,015.2
EPRA Net Disposal Value (EPRA-NDV)	**1,185.0**	1,021.6
EPRA net initial yield (in %)*	**3.8**	4.5
EPRA "topped up" net initial yield (in %)*	**3.9**	4.6
EPRA vacancy rate (in %)**	**5.4**	6.5

in EUR million	2020	2019
EPRA earnings	**84.7**	83.7
EPRA cost ratio incl. direct vacancy costs (in %)*	**26.3**	21.6
EPRA cost ratio excl. direct vacancy costs (in %)*	**24.4**	18.9

* Calculated for the Commercial Portfolio only
** Calculated for the Commercial Portfolio only, without project developments and repositioning

EPRA-Net Asset Value

in EUR million	31.12.2020	31.12.2019
Equity attributable to Group shareholders	1,101.2	964.7
plus hidden reserves on investment properties*	298.5	268.9
plus reserves on equity investments	0.0	5.9
plus deferred tax on investment properties in IFRS financial statements	5.0	7.9
plus / less fair value of financial instruments	5.1	– 3.0
EPRA Net Asset Value (EPRA-NAV)	1,409.9	1,244.2
Number of shares (thousand)	80,587	72,214
EPRA-NAV per share in EUR**	17.49	17.23

* Excl. non-controlling interests
** Based on 80,587,028 shares (previous year: 72,213,775 shares)

EPRA net reinstatement value

The EPRA net reinstatement value (EPRA-NRV) key performance indicator represents the intrinsic value of a company after adjusting for fair value adjustments and the fair value of financial instruments. As at 31 December 2020, EPRA-NRV rose by around 13% to EUR 1,519.5 million (previous year: EUR 1,345.3 million). This increase was primarily attributable to higher equity attributable to Group shareholders as at 31 December 2020.

in EUR million	31.12.2020	31.12.2019
Equity attributable to Group shareholders	1,101.2	964.7
plus hidden reserves on investment properties*	298.5	268.9
plus hidden reserves on equity investments	0.0	5.9
plus / less fair value of financial instruments	5.1	– 3.0
plus real estate transfer tax	114.7	108.8
EPRA Net Reinstatement Value (EPRA-NRV)	1,519.5	1,345.3
Number of shares (thousand)	80,587	72,214
EPRA-NRV per share in EUR**	18.86	18.63

* Excl. non-controlling interests
** Based on 80,587,028 shares (previous year: 72,213,775 shares)

EPRA net disposal value

The EPRA Net Disposal Value (EPRA-NDV) key performance indicator represents the intrinsic value of a company after adjusting for total deferred taxes on fair value adjustments to investment properties, the goodwill recognised in the balance sheet and the fair value adjustment for fixed-rate liabilities. As at 31 December 2020, EPRA-NDV rose by around 16% to EUR 1,185.0 million (previous year: EUR 1,021.6 million). This increase was primarily attributable to higher equity attributable to Group shareholders as at 31 December 2020.

in EUR million	31.12.2020	31.12.2019
Equity attributable to Group shareholders	1,101.2	964.7
plus hidden reserves on investment properties*	298.5	268.9
plus hidden reserves on equity investments	0.0	5.9
less 100% deferred tax on fair value adjustments on investment properties	– 48.4	– 43.8
less recognised goodwill	– 177.9	– 177.9
plus fair value adjustment of fixed-rate liabilities	11.5	3.8
EPRA Net Disposal Value (EPRA-NDV)	1,185.0	1,021.6
Number of shares (thousand)	80,587	72,214
EPRA-NDV per share in EUR**	14.70	14.15

* Excl. non-controlling interests
** Based on 80,587,028 shares (previous year: 72,213,775 shares)

EPRA net tangible assets

The EPRA Net Tangible Assets (EPRA-NTA) key performance indicator represents the intrinsic value of a company after adjusting proportionally for deferred taxes on fair value adjustments to investment properties, the fair value of financial instruments and all intangible assets. As at 31 December 2020, EPRA-NTA rose by around 17% to EUR 1,185.0 million (previous year: EUR 1,015.2 million). This increase was primarily attributable to higher equity attributable to Group shareholders as at 31 December 2020.

in EUR million	31.12.2020	31.12.2019
Equity attributable to Group shareholders	1,101.2	964.7
plus hidden reserves on investment properties*	298.5	268.9
plus hidden reserves on equity investments	0.0	5.9
less 50% deferred tax on fair value adjustments on investment properties	– 24.2	– 21.9
plus / less fair value of financial instruments	5.1	– 3.0
less recognised goodwill	– 177.9	– 177.9
less intangible assets	– 17.8	– 21.5
EPRA Net Tangible Assets (EPRA-NTA)	1,185.0	1,015.2
Number of shares (thousand)	80,587	72,214
EPRA-NTA per share in EUR**	14.70	14.06

* Excl. non-controlling interests
** Based on 80,587,028 shares (previous year: 72,213,775 shares)

Reconciliation of EPRA-NAV to new EPRA key figures

in EUR million	31.12.2020	31.12.2019
EPRA-NAV	1,409.9	1,244.2
less deferred tax on investment properties in IFRS financial statements	– 5.0	– 7.9
plus real estate transfer tax	114.7	108.8
EPRA-NRV	1,519.5	1,345.3
less 50 % deferred tax on fair value adjustments on investment properties	– 24.2	– 21.9
less goodwill without deferred tax	– 177.9	– 177.9
less intangible assets	– 17.8	– 21.5
less real estate transfer tax	– 114.7	– 108.8
EPRA-NTA	1,185.0	1,015.2
less fair value adjustment of fixed-rate liabilities	11.5	3.8
less additional 50 % deferred tax on fair value adjustments on investment properties	– 24.2	– 21.9
plus intangible assets	17.8	21.5
plus / less fair value of financial instruments	– 5.1	3.0
EPRA-NDV	1,185.0	1,021.6

EPRA net initial yield

The EPRA net initial yield compares annualised rental income (excluding non-allocable property expenses) with the market value of the real estate portfolio at the reporting date; the 'topped up' calculation includes notional rents in respect of unexpired rent-free periods.

in EUR million	31.12.2020	31.12.2019
Annualised gross rental income at the reporting date*	93.9	100.0
less non-allocable operating expenses	– 13.6	– 9.9
Annualised net rental income at the reporting date (A)	80.3	90.1
plus estimated rent for current rent-free periods	1.9	1.8
Topped up annualised net rental income at the reporting date (B)	82.2	91.9
Investment property in the Commercial Portfolio segment	2,000.0	1,900.0
Estimated incidental acquisition costs on real estate portfolio	100.0	95.0
Commercial Portfolio (gross) (C)	2,100.0	1,995.0
EPRA net initial yield (in %) (A / C)	3.8 %	4.5 %
EPRA topped-up net initial yield (in %) (B / C)	3.9 %	4.6 %

* without warehousing, without rent-free periods

EPRA vacancy rate

The EPRA vacancy rate compares market rents for vacant spaces with the market rent for the total portfolio space (at the respective reporting date).

in EUR million	31.12.2020	31.12.2019
Estimated rent for vacant space (A)	5.2	6.4
Estimated rent for the entire portfolio (B)	96.2	98.5
EPRA vacancy rate* (in %) (A / B)	5.4 %	6.5 %

* reported for the Commercial Portfolio only, without project developments and repositioning

EPRA earnings

in EUR thousand	2020	2019
IFRS profit	70,013	80,911
EPRA adjustments		
Market value change or depreciation of investment property	31,882	29,545
Profit / loss on disposal of investment property	– 32,000	– 40,516
Tax on disposal of investment property	5,064	6,412
Amortisation of intangible assets and depreciation of right-of-use assets in acc. with IFRS 16	6,891	4,697
Other non-recurring effects	285	3,415
Deferred taxes in connection with EPRA adjustments	– 521	– 570
Contributions from Co-Investments (project developments and sales)	0	0
Non-controlling interests	3,100	– 222
EPRA earnings	84,714	83,672
EPRA earnings per share	1.07	1.17

EPRA cost ratios

The EPRA cost ratio compares the sum of the proportional operating and administrative expenses of the Commercial Portfolio with gross rental income during the reporting period – both including and excluding direct vacancy costs.

in EUR million	2020	2019
Operating expenses	27.9	24.1
less ground rents	– 0.5	– 0.7
less exceptionals	– 1.5	– 2.0
EPRA costs incl. direct vacancy costs (A)	25.9	21.4
less direct vacancy costs	– 1.8	– 2.6
EPRA costs excl. direct vacancy costs (B)	24.1	18.8
Gross rental income less ground rents	100.2	101.3
exceptionals relating object management	– 1.5	– 2.0
Gross rental income (C)	98.7	99.3
EPRA cost ratio incl. direct vacancy costs (in %) (A / C)	26.3 %	21.6 %
EPRA cost ratio excl. direct vacancy costs (in %) (B / C)	24.4 %	18.9 %

QUARTERLY OVERVIEW 2020

Key financial figures in EUR million	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Gross rental income	26.0	25.4	24.9	**24.4**
Net rental income	22.6	18.4	20.8	**20.5**
Real estate management fees	20.4	21.7	18.5	**19.1**
Proceeds from sales of property	9.5	0.0	0.0	**106.8**
Total income	61.5	52.8	48.8	**157.9**
Profits from sales of property	2.5	0.0	0.0	**29.5**
Share of the profit or loss of associates	2.7	3.7	1.6	**3.4**
Funds from Operations (FFO)	26.4	24.2	22.1	**23.8**
EBITDA	36.0	31.2	29.0	**60.1**
EBIT	26.8	21.8	19.1	**49.9**
EPRA earnings	23.0	21.8	19.8	**20.1**
Profit / loss of the period	16.1	12.4	9.9	**34.7**
Cash flow from operating activities	15.4	26.1	4.3	**21.7**

Balance sheet figures in EUR million	31.03.2020	30.06.2020	30.09.2020	31.12.2020
Loan-to Value (LtV) in %*	45.0%	44.3%	48.2%	**44.5%**
Investment property	1,614.6	1,625.2	1,726.5	**1,600.0**
Total assets	2,798.5	2,725.5	2,765.0	**2,724.2**

Key figures per sheed in EUR	Q1 2020	Q2 2020	Q3 2020	Q4 2020
FFO	0.34	0.31	0.27	**0.30**
EPRA-Ergebnis	0.30	0.27	0.25	**0.25**
Earnings	0.21	0.15	0.12	**0.40**

* adjusted for warehousing

5-YEAR OVERVIEW

Key financial figures in EUR million	2016	2017	2018	2019	2020
Gross rental income	111.2	109.7	100.2	101.9	**100.7**
Net rental income	94.5	93.1	84.7	87.9	**82.2**
Real estate management fees	21.5	20.8	33.6	62.9	**79.7**
Proceeds from sales of property	318.1	229.5	86.8	176.0	**116.3**
Total income	473.8	381.9	241.6	364.3	**321.1**
Profits from sales of property	23.2	25.5	18.6	40.5	**32.0**
Share of the profit or loss of associates	2.3	29.0	15.8	18.3	**11.4**
Funds from Operations (FFO)	47.0	60.2	68.0	95.0	**96.5**
EBITDA	114.9	136.6	122.3	164.5	**156.3**
EBIT	79.6	105.6	92.8	130.2	**117.6**
Profit / loss	– 29.4	64.4	47.6	80.7	**73.1**
Cash flow from operating activities	33.9	56.5	61.9	64.8	**67.4**

Balance sheet figures in EUR million	31.12.2016	31.12.2017	31.12.2018	31.12.2019	31.12.2020
Investment property	1,583.4	1,437.2	1,459.0	1,623.0	**1,600.0**
EPRA-Net Asset Value	880.0	900.0	1,085.8	1,244.2	**1,409.9**
Total assets	2,395.5	2,341.3	2,490.1	2,657.4	**2,724.2**
Equity	757.0	828.9	895.9	968.8	**1,108.4**
Liabilities	1,638.6	1,512.4	1,594.1	1,688.7	**1,615.7**

Key figures per sheed in EUR	2016	2017	2018	2019	2020
FFO	0.69	0.88	0.97	1.32	**1.22**
EPRA earnings	0.64	0.83	0.89	1.17	**1.07**
EPRA Net Asset Value	12.83	13.12	15.40	17.23	**17.49**
Dividend	0.40	0,64**	0.48	0.66	**0,70***

* proposed dividend

** incl. extraordinary dividend of EUR 0.20

TOP-20-ASSETS COMMERCIAL PORTFOLIO*

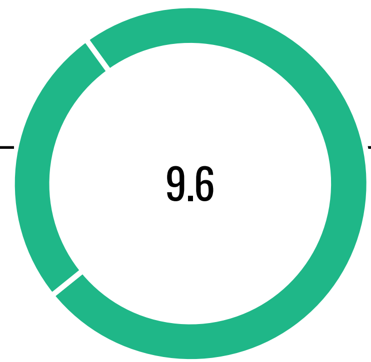
	Location	Address	Rental space (thsd. sqm)	EPRA vacancy rate	Annualised rental income (EUR million)	Market value (EUR million)	WALT (years)
1	Berlin	Taubenstr. 7-9	10.1	0.0%	4.3	120.5	4.1
2	Düsseldorf	Werdener Str. 4	29.5	0.4%	6.5	107.5	5.2
3	Frankfurt	Insterburger Str. 7	14.3	6.2%	5.5	73.5	2.2
4	Eschborn	Frankfurter Str. 1	9.3	0.0%	2.6	72.1	7.6
5	Halle	Neustädter Passage 17 a-d	30.7	0.9%	4.2	71.1	4.8
6	Hamburg	Marckmannstr. 129a-e	23.4	0.0%	2.4	63.8	11.0
7	Duisburg	Steinsche Gasse 26	12.6	0.0%	2.2	58.3	16.3
8	Leverkusen	Horst-Henning-Platz 1	13.4	0.0%	2.4	57.1	14.1
9	Chemnitz	Am Rathaus 1	26.9	0.0%	2.2	56.7	14.4
10	Frankfurt	Kaiserstr. 62-64	9.3	0.0%	2.1	56.0	11.8
11	Frankfurt	Königsberger Str. 29	12.7	0.0%	2.4	50.5	7.9
12	Wiesbaden	Gustav-Stresemann-Ring 12-16	26.1	38.1%	2.4	48.1	3.4
13	Hannover	Podbielskistr. 343	9.3	0.0%	1.9	47.6	8.9
14	Karlsruhe	Bahnhofplatz 12	11.0	0.0%	1.9	44.7	9.2
15	Hamburg	Kurt-Schumacher-Allee 2-6	13.1	0.0%	1.6	41.6	6.8
16	Cologne	Mathias-Brüggen-Str. 124-170	28.2	1.5%	2.2	41.2	3.4
17	Mannheim	Coblitzallee 1-7	17.9	0.0%	2.3	38.0	7.6
18	Offenbach	Berliner Str. 60	12.8	0.0%	1.6	35.8	16.0
19	Kronberg	Westerbachstr. 28-32	12.8	0.0%	2.1	35.4	4.3
20	Cologne	Agrippinawerft 22+24	8.4	0.2%	1.7	33.0	2.2
Top 20 properties			331.8	3.3%	54.5	1,152.5	7.2
Other properties			476.0	7.9%	41.3	847.5	5.6
Total			807.8	5.4%	95.8	2,000.0	6.5

* Top 20 list without non-strategic properties and properties earmarked for future development activities

PORTFOLIO OVERVIEW

ASSETS UNDER MANAGEMENT

in EUR billion



Commercial Portfolio 2.0

(direct investments)

- 91 properties
- Directly held portfolio
- Recurring rental income from Core/Core Plus and Value-add assets
- Medium to long-term investment horizon
- Sales at appropriate time

Institutional Business 7.6

- 98 properties
- Investment vehicles for institutional investors
- Income from structuring and managing of these vehicles
- Core real estate in major cities and regional economic centres

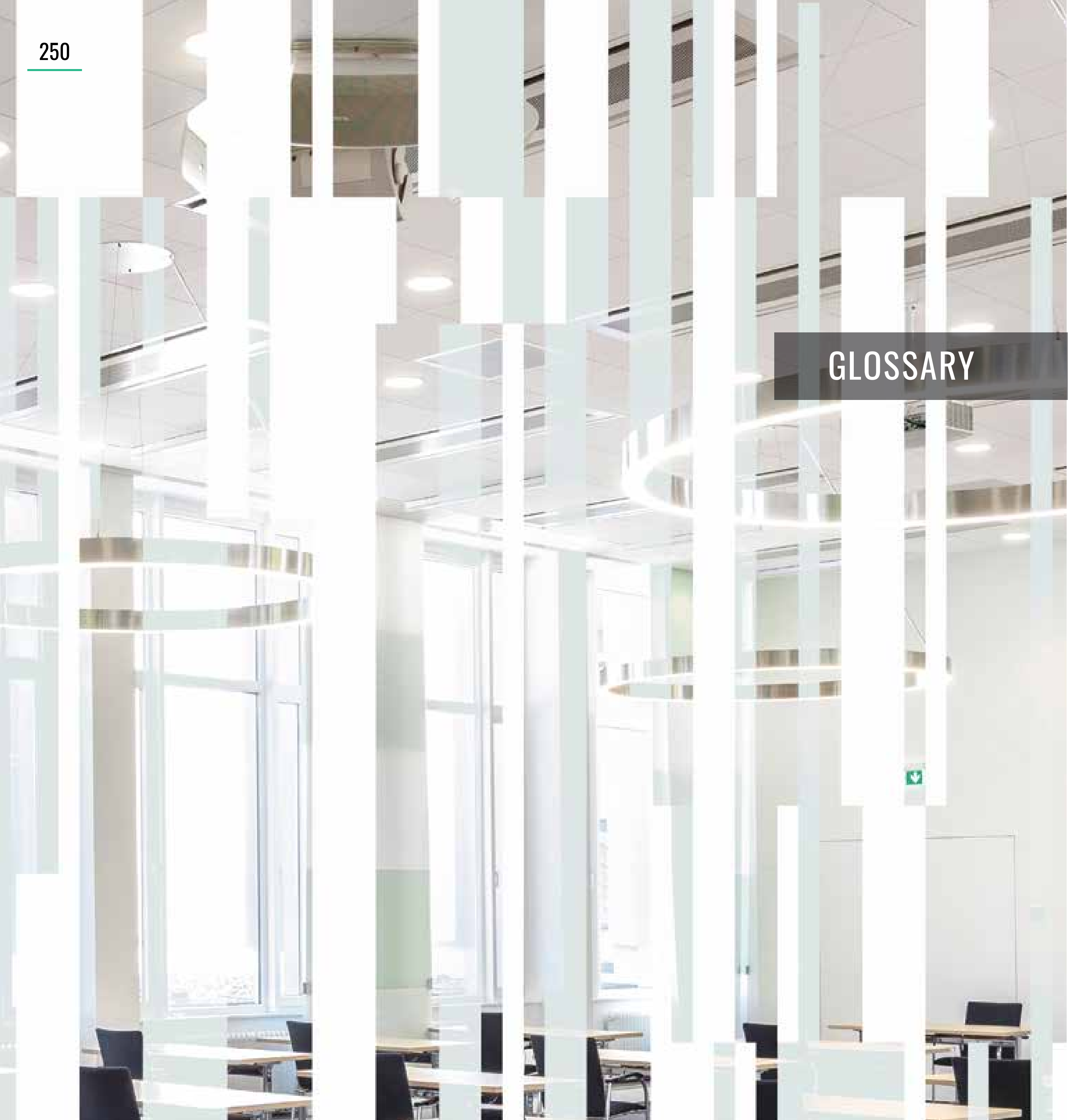
PORTFOLIO BY SEGMENTS

		Commercial Portfolio	Institutional Business	Total
Number of properties	2020	91	98	189
	2019	93	87	180
Market value in EUR million	2020	2,000.0	7,594.5	9,594.5
	2019	1,900.0	5,729.4	7,629.4
Rental space in sqm	2020	807,800	1,411,900	2,219,700
	2019	842,400	1,164,600	2,007,000

PORTFOLIO BY REGIONS*

		North	East	Central	West	South	Total
Number of properties	2020	28	17	48	53	43	189
	2019	27	17	44	50	42	180
Market value in EUR million	2020	775.6	930.7	4,344.3	2,179.8	1,364.1	9,594.5
	2019	722.4	908.6	3,419.7	1,441.7	1,137.0	7,629.4
Portfolio proportion in % by market value	2020	8 %	10 %	45 %	23 %	14 %	100 %
	2019	9 %	12 %	45 %	19 %	15 %	100 %
Annualised rental income in EUR million	2020	33.6	32.0	134.4	100.2	57.5	357.7
	2019	34.8	32.8	110.2	71.3	53.2	302.3
Average rent in EUR per sqm	2020	11.90	12.47	18.20	12.34	11.67	13.86
	2019	11.28	13.39	16.72	11.09	11.20	12.97
Weighted average lease term in years	2020	8.2	5.5	6.5	6.6	6.9	6.7
	2019	8.9	6.0	5.5	5.3	7.0	6.2
Gross rental yield	2020	4.6 %	3.4 %	3.9 %	4.6 %	4.2 %	4.2 %
	2019	4.8 %	3.6 %	4.3 %	4.9 %	4.7 %	4.5 %

* figures excluding developments and warehousing, except for number of properties, market value and rental space; figures including third-party properties, except for average rent, weighted average lease term and gross rental yield



GLOSSARY

Adjusted NAV (adjusted net asset value)
Adjusted NAV is calculated as EPRA NAV plus the economic value of the Institutional Business division that was determined in an external valuation at year-end and is not included in full in the consolidated balance sheet. Adjusted NAV therefore serves as an indicator of the value of the entire Group including all income pillars.

Acquisition volume
The total of the purchase prices for acquired real estate (with notarisation) within a reporting period.

Annualised rent
Rental income of a property at a specific date based on current rent, extrapolated to the full year.

Asset management
Value-orientated operation and/or optimisation of properties through letting management, repositioning or modernisation.

Asset management/property management/development fees
The fees for asset management and property management services as well as services for development activities are closely correlated with the amount of assets under management and as a general rule are largely derived from this.

Assets under management
At DIC Asset AG, the term assets under management refers to all managed real estate assets from the Commercial Portfolio and Institutional Business divisions that are included here at the most recently determined market value in each case.

Cash flow
Figure that shows the flow of cash during a given period, making a distinction between cash flow from operating, investing and financing activities.

Commercial Portfolio
The Commercial Portfolio represents the existing portfolio of DIC Asset AG including the direct real estate investments ("investment properties"). Properties in this portfolio are reported under "Investment property". Income from managing its own real estate portfolio and optimising its value are combined in the “Commercial Portfolio” division.

Core real estate
Properties let on long-term leases to tenants with outstanding credit ratings in the best locations are described as "core real estate".

Corporate governance
Rules for sound, responsible business management aimed at running a company in line with values and standards in the interest of its investors and other stakeholders. The annual declaration of conformity to the German Corporate Governance Code provides a tool to assess corporate governance.

Derivative financial instruments
Derivative financial instruments, or derivatives, are reciprocal contracts, whose price determination is generally based on the trend of a market-dependent underlying security (e. g. shares or interest rates). At DIC Asset AG, these are used exclusively to hedge interest rate risks.

Designated Sponsor
The term "designated sponsor" is used for stock brokers who are active in Deutsche Börse’s Xetra trading system, and who in their role as special market players ensure that the shares of a given issuer retain the necessary liquidity.

Disposal volume
The total of the sales prices for the sold real estate (with notarisation) within a reporting period.

EBIT
Earnings before interest and taxes, including the share of the profit or loss from associates

EBITDA
Earnings before interest and other financing activities, excluding depreciation and amortisation, including the share of the profit or loss from associates

EPRA earnings
EPRA earnings are a measure for the sustained and continuous performance by a real estate portfolio and are comparable with the calculation of funds from operations (FFO), although they differ in the way deferred taxes are considered, among other things. When calculating EPRA earnings, all non-recurring or non-cash income components are eliminated. These include valuation effects/depreciation and amortisation and the result of the sale of properties and project developments.

EPRA-NAV (net asset value)
Represents the intrinsic value of a company. The net assets are calculated as the fair value of the assets less liabilities.

EPRA-NDV (net disposal value)
EPRA-NDV represents the intrinsic value of a company after adjusting for goodwill recognised in the balance sheet and the fair value adjustment for fixed-rate liabilities.

EPRA-NNNAV (triple net asset value)
EPRA-NAV adjusted for the fair value of derivatives, financial liabilities and deferred taxes thereon.

EPRA-NRV (net reinstatement value)
EPRA-NRV represents the intrinsic value of a company after adjusting for deferred taxes on fair value adjustments to investment properties and the fair value of financial instruments.

EPRA-NTA (net tangible assets)
EPRA-NTA represents the intrinsic value of a company after adjusting for deferred taxes on fair value adjustments to investment properties, the fair value of financial instruments and all intangible assets.

Equity method
Consolidation and measurement method in the consolidated financial statements based on the share of updated equity and earnings. DIC Asset AG reports its shares in associates using this method.

Fair value
The fair value is the amount for which an asset could be exchanged, or a liability settled, without compulsion between competent, independent business partners.

Fee
Payment for services to third parties or payment obligation as a result of using third-party services. In the Institutional Business division DIC Asset AG makes a distinction between fees for asset management, property management and development activities, as well as transaction and performance fees.

FFO (funds from operations)
Operating income from property management, before depreciation, tax, profits from sales and project developments as well as other non-recurring or non-cash income components.

Financial covenants
are conditions stipulated by financial institutions when granting loans.
Financial covenants are conditions stipulated by financial institutions when granting loans. They are linked to the achievement of financial key figures (e. g. interest coverage ratio [ICR], and debt service coverage ratio [DSCR]) during the term.

Goodwill
Goodwill arises from the recognition of acquisitions in the acquiror's balance sheet as a residual figure when the purchase price used to acquire the acquiree cannot be fully divided among the sum of the fair values of all of the acquiree's assets. Unrecognised intangible assets of the acquiree are reflected in goodwill. In accordance with IFRS, the goodwill recognised must be tested for impairment on an annual basis.

Gross rental income
Corresponds to the contractually agreed rent, plus/minus the rental incentives to be distributed over the lease agreement in accordance with IFRS from investment rent and rent-free periods.

Gross rental yield
Ratio of contractually agreed gross rent to the most recently determined market value of the real estate.

Hedge (cash flow hedge, fair value hedge)
Agreement of a contract to safeguard and compensate for the exposure to financial risk.

IFRS (International Financial Reporting standards)

IFRS have been applicable to listed companies in the EU since 1 January 2005. They are intended to facilitate worldwide comparability of publicly traded companies. The focus is on providing information that is easy to understand and fair, not on the protection of creditors and risk-related matters.

Impairment test
Obligatory periodic comparison under IFRS of fair values and carrying amounts and the assessment of potential signs of a sustained impairment in the value of assets.

Institutional Business
The Institutional Business reporting segment combines all income from real estate management services and all income from associated companies (particularly in connection with co-investments).

Interest cover ratio (ICR)
Ratio of EBITDA to net interest result; also called interest coverage ratio.

Interest rate swap
In the case of interest rate swaps, cash flows from fixed and variable interest-bearing loans are swapped between counterparties. This can be used, for example, to ensure a certain interest rate and thereby minimise risks from interest rate rises.

Investment properties
Investment properties are investments in land and/or buildings that are held for the purposes of earning income from rents and leases, and/or for capital appreciation. They are reported as "Investment property" in accordance with the International Accounting Standards (IAS 40). DIC Asset AG measures investment properties at depreciated cost in accordance with IAS 40.56.

Letting performance/volume
Rental space for which rental agreements for new tenancies or renewals have been concluded for a given period. The letting performance is reported as of a specific date.

Like-for-like rental income
Like-for-like rental income is rental income from properties in a portfolio that were continuously in the portfolio within a given period. Changes due to portfolio additions and disposals are therefore not included here. When comparing periods, this figure shows the organic component of the change in rental income from letting activity, among other aspects.

Loan-to-value (LtV)
The ratio of total net financial debt (including liabilities to related parties) to the sum of the market value of the Commercial Portfolio, the market value of other investments, GEG goodwill and other intangible assets in connection with the acquisition of GEG, loans to associates and receivables from related parties. DIC Asset AG also reports loan to value without the short-term effects of bridge financing in connection with warehousing.

Market capitalisation
Total market value of a company listed on the stock exchange, resulting from the share price multiplied by the number of shares issued at a specific date.

Measurement at cost
When measuring an asset at cost, measurement includes recognising the historical cost incurred for producing or acquiring the asset. The carrying amount of depreciable assets is reduced by depreciation and, if required, by impairment charges. Also referred to as "at cost accounting".

Non-recourse financing
Financing at property or portfolio level, whereby recourse to other assets within the scope of the Group is excluded. In the case of non-recourse financing, lenders tailor their lending to the property or the portfolio, as well as the cash flow from the rental income.

Operating leases
Term used in the context of international financial reporting standards. It refers to a periodic lease without transfer of title to the leased asset for the agreed period of use. The recognised right-of-use asset (e.g. for operating and office equipment) is offset by a corresponding liability on the liabilities side.

Operating expenses
Combined personnel and administrative expenses

Peak rent
The peak rent is the highest possible rent that could be expected in the market for a prime quality, suitably equipped office unit in the best location.

Prime Standard
Segment of the Frankfurt Stock Exchange with the greatest relevance and degree of regulation, as well as the highest level of transparency.

Proceeds from sales of property
Pro-rata income from sales of investment property after transfer of ownership.

Property management
Complete property servicing by own efforts or by management of commercial, infrastructure and technical service providers.

Redevelopment
Redevelopment is any type of measure to develop property that is already in use. The development activities of DIC Asset AG relate exclusively to such portfolio developments.

Refurbishment
Generally, structural changes to a building aimed at improving a building's quality and/or fixtures and fittings.

Share of the profit or loss of associates
Covers the earnings of DIC Asset AG's equity investments calculated in accordance with the equity method. These investments are essentially co-investments by DIC Asset AG in the investment vehicles of the Institutional Business division. The share of the profit or loss of associates includes income from the management of real estate and profits on sales among other sources, calculated proportionately in each case, as well as dividends.

Transaction and performance fees
Transaction and performance fees include fees for acquisitions and sales, for the set-up of investment products and for the exceeding of defined profitability hurdles through successful real estate management.

Value in use
Present value of future cash flows to be earned through the use of an asset. In contrast to the fair value, which is orientated towards sales and markets, the value in use reflects the specific value of the continued use of an asset from the point of view of the company.

Warehousing
Securing real estate to form the seed portfolios for new vehicles to be launched, or to contribute the properties to existing investment products at a later time by acquiring them and adding them to the Commercial Portfolio. Warehousing property was accounted for as “Non-current assets held for sale”.

MANAGEMENT BOARD

Sonja Wärntges
Chief Executive Officer

Christian Bock
Chief Institutional Business Officer

Johannes von Mutius
Chief Investment Officer

Patrick Weiden
Chief Capital Markets Officer

LEGAL NOTES

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Forward-looking statements

This annual report contains statements that refer to future developments. Such statements constitute assessments that have been taken in the light of the information available. Should the assumptions on which they are based not prove accurate, or should – as specified in the section entitled Risk Report – risks occur, the actual results may differ from those anticipated.

Note:
This report is published in German (original version) and English (non-binding translation).

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