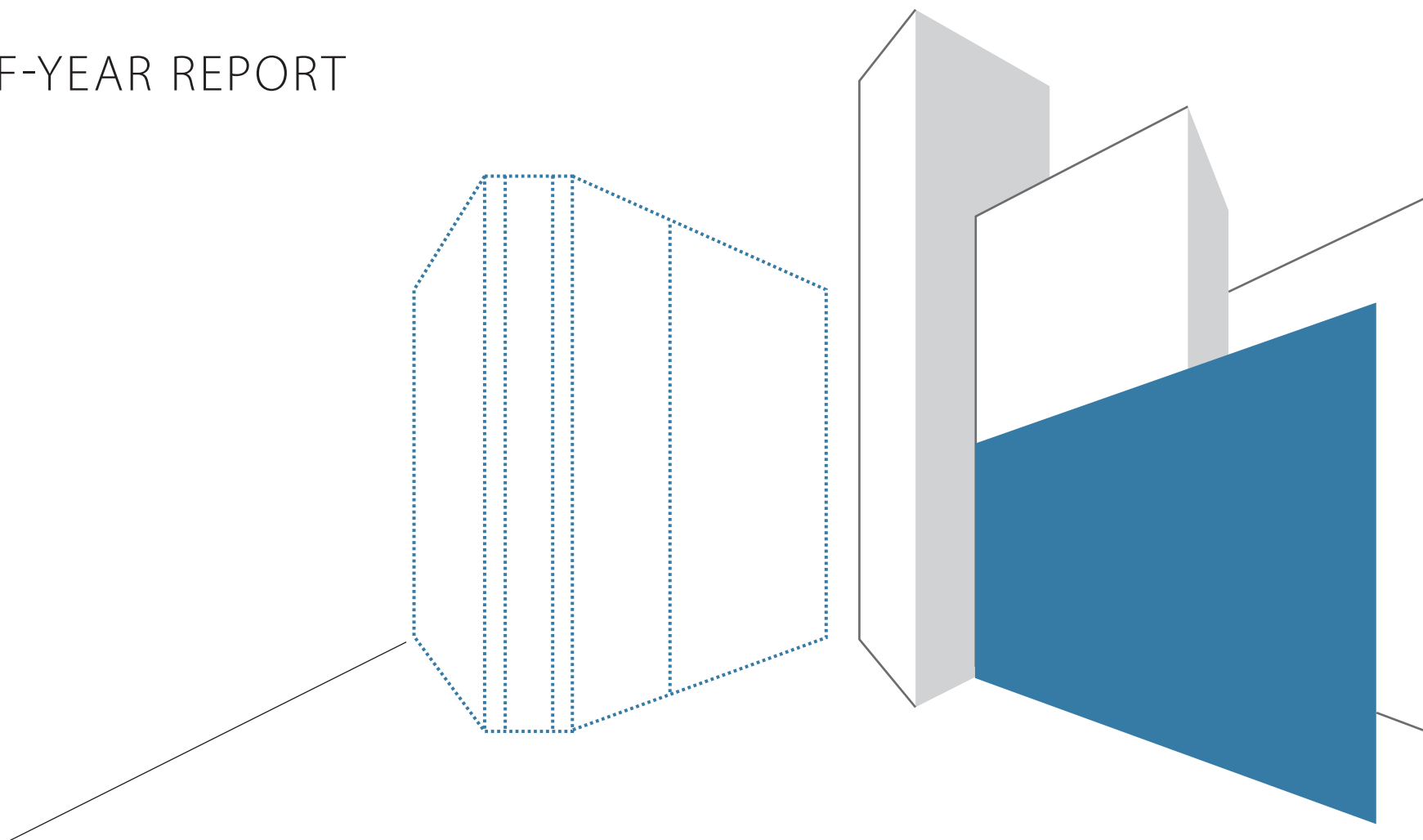


# Q2 2016

## HALF-YEAR REPORT



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## ABOUT DIC ASSET AG

Established in 2002, DIC Asset AG, with registered offices in Frankfurt/Main, is a real estate company with an investment focus on commercial real estate in Germany, pursuing a return-oriented investment policy.

The Company's investment strategy is geared to the continued development of a high-quality, highly profitable and regionally diversified portfolio. Real estate assets under management comprise 210 properties with an aggregate market value of EUR 3.2 billion. The real estate portfolio is structured in two segments: the Commercial Portfolio (EUR 1.7 billion) comprises existing properties with long-term rental contracts generating attractive rental yields. The Co-Investments segment (EUR 1.5 billion) comprises fund investments (accounting for a share of EUR 1.2 billion), joint-venture investments, and interests in development projects.

DIC Asset AG provides a direct service to tenants through its own real estate management teams in six offices located at the regional hubs within the portfolio. This provides DIC Asset AG with an edge in terms of market presence and expertise, and builds the foundation for maintaining and increasing income – and the value of its real estate assets.

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

## DIC ASSET AG AT A GLANCE

| Key financial figures in EUR million      | H1 2016 | H1 2015 | Δ     | Q2 2016 | Q1 2016 | Δ     |
|-------------------------------------------|---------|---------|-------|---------|---------|-------|
| Gross rental income                       | 54.6    | 70.4    | -22%  | 27.0    | 27.6    | -2%   |
| Net rental income                         | 46.5    | 62.7    | -26%  | 23.0    | 23.5    | -2%   |
| Real estate management fees               | 15.0    | 3.0     | >100% | 7.6     | 7.4     | 3%    |
| Proceeds from sales of property           | 265.5   | 19.9    | >100% | 27.9    | 237.6   | -88%  |
| Total income                              | 346.3   | 107.9   | >100% | 68.0    | 278.3   | -76%  |
| Profits on property disposals             | 16.9    | 1.7     | >100% | 7.0     | 9.9     | -29%  |
| Share of the profit or loss of associates | 1.3     | 3.1     | -58%  | 0.0     | 1.3     | -100% |
| Funds from operations (FFO)               | 27.7    | 24.0    | 15%   | 13.2    | 14.5    | -9%   |
| EBITDA                                    | 67.2    | 59.0    | 14%   | 31.1    | 36.1    | -14%  |
| EBIT                                      | 49.1    | 37.3    | 32%   | 22.1    | 27.0    | -18%  |
| EPRA earnings                             | 26.5    | 24.0    | 10%   | 12.9    | 13.6    | -5%   |
| Profit for the period                     | 20.2    | 5.0     | >100% | 8.4     | 11.8    | -29%  |
| Cash flow from operating activities       | 11.6    | 25.7    | -55%  | 5.0     | 6.6     | -24%  |

| Key figures per share in EUR | H1 2016 | H1 2015 | Δ   | Q2 2016 | Q1 2016 | Δ    |
|------------------------------|---------|---------|-----|---------|---------|------|
| FFO                          | 0.40    | 0.35    | 14% | 0.19    | 0.21    | -10% |
| EPRA earnings                | 0.39    | 0.35    | 11% | 0.19    | 0.20    | -5%  |

| Balance sheet figures in EUR million | 30.06.2016 | 31.12.2015 | 30.06.2016 | 31.03.2016 |
|--------------------------------------|------------|------------|------------|------------|
| Loan-to-value ratio (LTV) in %       | 57.2       | 62.6       | 57.2       | 58.8       |
| Investment property                  | 1,659.0    | 1,700.2    | 1,659.0    | 1,675.9    |
| Total assets                         | 2,185.7    | 2,456.1    | 2,185.7    | 2,200.4    |

| Key operating figures         | H1 2016 | H1 2015 | Q2 2016 | Q1 2016 |
|-------------------------------|---------|---------|---------|---------|
| Letting result in EUR million | 15.3    | 6.3     | 10.1    | 5.2     |

## FOREWORD

### Dear Shareholders,

DIC Asset AG successfully completed the first half of 2016 and achieved significant operative milestones. The highlights:

- Funds from operations (FFO), our key operating performance indicator, reached EUR 27.7 million, surpassing the very good prior-year figure by 15%.
- The new "DIC Office Balance III" office fund was put into operation; the volume of our fund business was expanded to over EUR 1.2 billion.
- Real estate management fees more than quintupled to EUR 15.0 million.
- Consolidated profit came to EUR 20.2 million thanks to sizeable sales profits.
- The most recent portfolio transaction brings the current financial year's acquisition volume to approximately EUR 300 million, which represents substantially more than half of the planned acquisition volume for the year as a whole.

Our powerful Germany-wide real estate management platform convincingly demonstrates the advantages of in-house expertise – strong take-up and steadily growing income from the management of our real estate assets. We are continuing to expand the fund business in an impressive manner. At the end of July, we acquired a real estate portfolio with a volume of EUR 220 million that we intend to incorporate into a new planned retail fund to be established. At the same time, we made significant advances in scaling back joint ventures in line with planning, which is focusing the profile of our two portfolio segments. We believe we are well on the way to achieving our goals for the year and thus solidifying and expanding DIC Asset AG's position in the German commercial real estate market.

Frankfurt am Main, August 2016



Aydin Karaduman



Sonja Wärntges



Johannes von Mutius

## INTERIM GROUP MANAGEMENT REPORT

### MACROECONOMIC ENVIRONMENT

Following a very strong first quarter, the upward momentum in the German economy weakened somewhat during the remainder of the first half year as expected. After gross domestic product had increased by as much as 0.7% in the opening quarter, mainly on the back of brisk construction activity during the production-intensive mild winter, the general trend in the Germany economy in the second three-month period remained positive, but was less dynamic.

The above-average number of bridging days in the second quarter contributed to a lower production output compared with the previous three months. By contrast, the mood in German industry again brightened at the end of the first half-year, accompanied by a rise in consumer confidence. Ahead of the Brexit referendum, the Ifo Business Climate Index climbed from 107.8 to 108.7 points in June. Construction companies in particular have not been this satisfied with their business situation since German reunification.

Employment continued to rise, especially in the services sector; the number of people out of work fell in June to a 25-year low of 2,614,000. At the end of the first six months, unemployment stood at 5.9%, down 0.3 percentage points year-on-year. Buoyant domestic demand remained the driving force in the economy throughout the whole first half of 2016. The strong growth in employment and low prices provided a positive environment for consumer spending, while the still favourable financing conditions and the government's expansionary budgetary policy created positive momentum for investments in equipment and particularly in construction. Considering the difficult economic environment worldwide, German exports were surprisingly strong.

The Brexit referendum initially led to an upset in the markets caused by speculation about the possible effects, and many experts are now revising their forecasts for short-term growth. Uncertainty about the specific consequences increased the short-term risks, so it seems likely that growth in the eurozone as a whole will taper off in the second half of the year. The Bundesbank has cut its economic forecast for 2016 by 0.1 percentage points to

1.7 percent, but confirmed that the German economy still has a strong basic economic trend. To what extent the Brexit vote will actually lead to investment decisions being postponed remains to be seen. The most recent indicators suggest that the mood in the German economy is robust. At the end of July, the ifo Business Climate Index declined only marginally by 0.4 points to 108.3 points. Economists had expected the decrease to be more pronounced after the referendum.

Economic growth in the individual eurozone countries continued to be very mixed. The geopolitical tensions and the banking crisis in Italy are impacting the fragile growth trends in the eurozone and, together with political uncertainties, are clouding the outlook of longer-term momentum.

At the beginning of June, the ECB began to buy up corporate bonds in addition to government bonds. Prior to this, the ECB's Governing Council had resolved to leave the key rate unchanged at the record low of zero percent. Germany, with its sound domestic economy, is continuing to benefit in particular from the ECB's loose monetary policy and the low interest rate level.

#### **Office space market strong overall**

The positive general economic data led to a strong first half-year in Germany's office rental markets, with total take-up of 1.79 million sqm, 9% more than in the prior-year period. An uneven picture has emerged for the top seven locations. While individual regions recorded robust growth with increases in excess of 50%, according to the analysts from JLL the shortage of supply inhibited business in several markets. The rental experts have raised their forecast of take-up to 3.5 million sqm for the year as a whole, a decrease of about 4% on the very high figure for 2015.

Vacancies in the top seven locations continued to decline up to the end of the first half of 2016, to around 5.4 million sqm in total (H1 2015: 6.4 million sqm). The vacancy rate was 6.1% (previous year: 7.2%), the lowest level in the last ten years. Here, too, a decrease was recorded on average in the seven real estate strongholds, though Frankfurt registered an

increase at the end of the first half-year on account of speculative completions. JLL anticipates a further slight reduction in the vacancy rate during the remainder of the year.

The continuing scarcity of available space has augmented construction activity. In the first half of the year, over 500,000 sqm of offices were completed, an increase of 19% compared with the same period in 2015. JLL nonetheless considers this increase in completions to be a temporary high in 2016 and expects the figure to fall again in 2017. The volume of properties under construction or being extensively refurbished is put at a total of 1.97 sqm in the top seven locations, including almost half a million square meters each in Munich and Berlin in particular, which are lagging the other locations in terms of completions at present. It is therefore expected that rapid take-up of space will continue in the individual top submarkets and that rents will rise further in prime locations.

#### **Decrease in transaction volume due to lack of supply**

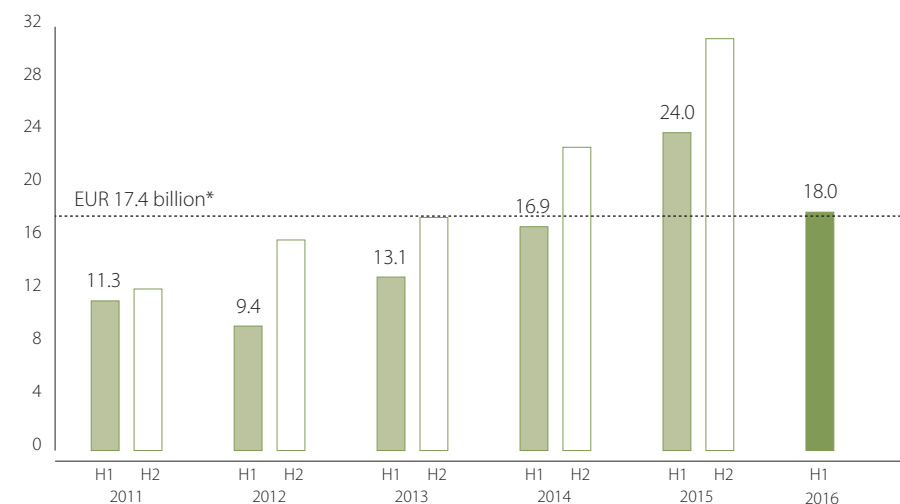
After a 14% year-on-year decrease in the transaction volume in the German commercial real estate market was observed in the first quarter of 2016, by the end of the first half-year the difference versus the previous year had widened to 25%: commercial real estate for EUR 18 billion changed hands in the first six months of 2016 (previous year: EUR 24 billion). According to the investment experts from JLL, this is not due to a decline in demand, but rather to a shortage of suitable properties available and a need to examine transaction processes in depth. Well-managed properties for which the conditions, occupancy rate and location are attractive are in high demand among investors. In the office segment, the price increases have for the first time led to yield compression below the 4% mark on average in the top seven locations: the 3.93% average achieved in the second quarter represents a decrease of 20 basis points compared with the opening quarter of the year. Office properties are therefore catching up with the sought-after high street properties – properties with retail use in prime city locations whose top yields now average 3.70%.

Around 72% of the transaction volume in the first six months was made up of single transactions; the volume of portfolio transactions decreased by 43% compared with the first half of the previous year. Office properties accounted for the largest share of around 42%

(approximately EUR 7.6 billion), followed by retail properties at 23% (EUR 4.1 billion), hotel properties at 12% and logistics properties at 10%. All asset classes are represented in the top ten major portfolio transactions with volumes exceeding EUR 100 million, which the analysts from JLL see as a reflection of considerable interest in diversification among investors.

The share attributable to foreign investors increased slightly again in the second quarter and is moving to around 45% on average over the first six months (previous year: 59%). JLL anticipates a complex general environment with regard to investment decisions in the second half of the year as a consequence of Brexit. On the one hand, foreign investors will initially be taking a close look at their European activities in general; on the other hand, it is possible that capital flows to Germany will increase as a result of the uncertain situation in the United Kingdom. JLL believes that the transaction volume of EUR 50 billion forecast for the year as a whole is unlikely to be achieved now. However, it also does not expect prices to peak because an end to the loose monetary policy is not in sight and the continuing uncertainty is currently driving investors to the real estate sector as a comparatively defensive, low-risk field of investment.

**TRANSACTION VOLUME OF GERMAN COMMERCIAL REAL ESTATE**  
in EUR billion



Source: JLL

\* Five-year-average H1 2011–2015

## BUSINESS DEVELOPMENT

### Highlights

- ➔ FFO rises to EUR 27.7 million (H1 2015: EUR 24.0 million)
- ➔ Strong expansion of the fund business in line with planning, acquisition volume of around EUR 300 million
- ➔ Accelerated progress in the scaling back of the joint venture investments
- ➔ Profit for the period at EUR 20.2 million (H1 2015: EUR 5.0 million)
- ➔ Growth course and targets for 2016 adjusted

DIC Asset AG achieved its planned targets in the first half of 2016 and again generated a high operating profit. Funds from operations (FFO) rose by 15% year-on-year to EUR 27.7 million as at 30 June 2016. Profit for the period increased to EUR 20.2 million with the sales that took effect in the six-month period (H1 2015: EUR 5.0 million).

### Portfolio

As at the reporting date, the portfolio managed by DIC Asset AG comprised 210 properties with total rental space of 1.7 million sqm. The total value of assets under management in the two segments Commercial Portfolio (EUR 1.7 billion) and Co-Investments (EUR 1.5 billion) as at 30 June 2016 amounted to around EUR 3.2 billion, the same figure as in the previous year. There were no material changes to the portfolio volumes or regional distribution as against the prior-year period. The gross rental yield remained unchanged year-on-year at 6.4% (H1 2015: 6.6%). The properties generated annual rental income of EUR 113.8 million (proportionate, including Co-Investments), compared with EUR 147.9 million in the first six months of 2015.

Ongoing letting activities in the regions resulted in the signing of long-term leases representing total annualised rental income of approximately EUR 15.3 million in the first half of 2016. Of this figure, EUR 4.9 million was attributable to new leases and EUR 10.4 million to lease renewals. Take-up in the prior-year period had totalled EUR 6.3 million. As a result of the "DIC Office Balance III" transaction that took effect at the beginning of the year, the vacancy rate was 13.2% as at 30 June 2016 (30 June 2015: 11.1%). In line with the general market trend towards shorter leases, the average lease term fell marginally to 4.2 years from 4.4 years for the prior-year period.

## REGIONAL DEVELOPMENT

as at 30 June in all cases

|                                         |         | North | East | Central | West  | South | Total |
|-----------------------------------------|---------|-------|------|---------|-------|-------|-------|
| Gross rental yield                      | H1 2016 | 6.6%  | 6.9% | 5.8%    | 6.2%  | 7.1%  | 6.4%  |
|                                         | H1 2015 | 6.7%  | 7.3% | 6.1%    | 6.4%  | 6.8%  | 6.6%  |
| Vacancy rate                            | H1 2016 | 6.9%  | 8.2% | 24.2%   | 13.2% | 10.2% | 13.2% |
|                                         | H1 2015 | 6.4%  | 6.7% | 18.8%   | 11.1% | 10.1% | 11.1% |
| Weighted average lease term in years    | H1 2016 | 6.1   | 3.6  | 4.0     | 3.9   | 3.8   | 4.2   |
|                                         | H1 2015 | 5.9   | 4.3  | 4.5     | 4.1   | 3.4   | 4.4   |
| Annualised rental income in EUR million | H1 2016 | 18.6  | 12.2 | 28.1    | 33.0  | 21.9  | 113.8 |
|                                         | H1 2015 | 23.0  | 19.6 | 34.6    | 43.6  | 27.1  | 147.9 |

## LETTING VOLUME

|                    | in sqm         |               | annualised in EUR million |            |
|--------------------|----------------|---------------|---------------------------|------------|
|                    | H1 2016        | H1 2015       | H1 2016                   | H1 2015    |
| Office             | 115,900        | 44,900        | 13.6                      | 5.0        |
| Retail             | 4,300          | 6,800         | 0.5                       | 0.6        |
| Further commercial | 22,000         | 10,100        | 1.1                       | 0.7        |
| Residential        | 1,500          | 800           | 0.1                       | <0.1       |
| <b>Total</b>       | <b>143,700</b> | <b>62,600</b> | <b>15.3</b>               | <b>6.3</b> |
| Parking            | 877 units      | 682 units     | 0.7                       | 0.3        |

## TOP LEASES

### Top 3 new lettings

|                                |           |            |
|--------------------------------|-----------|------------|
| Landeshauptstadt München       | Munich    | 19,800 sqm |
| Angleterre Hotel GmbH & Co. KG | Hamburg   | 4,400 sqm  |
| Goetzfried AG                  | Wiesbaden | 1,300 sqm  |

### Top 3 renewals

|                  |           |            |
|------------------|-----------|------------|
| AXA Konzern AG   | Wiesbaden | 35,100 sqm |
| Deutsche Bahn AG | Nuremberg | 26,500 sqm |
| Siemens AG       | Erlangen  | 6,500 sqm  |

### Sales activity for portfolio optimisation and significant scaling back of joint ventures

So far this year, a total of ten properties for EUR 106.2 million have been notarised; possession, benefits and associated risks for nine notarised properties and a total volume of EUR 52.6 million were transferred by the reporting date for the semi-annual financial statements. The sales took place as part of the ongoing optimisation of the Commercial Portfolio and the continued scaling back of existing joint venture investments in the Co-Investments segment. In connection with its future strategic alignment and simplification of its business model, DIC Asset AG is planning to scale back its joint venture investments by the end of 2017. Further sales of joint venture investments are planned in the course of the year.

#### SALES IN 2016

| in EUR million                                                   | Commercial Portfolio | Co-Investments | Total | No. of properties |
|------------------------------------------------------------------|----------------------|----------------|-------|-------------------|
| Notarisations in 2016*                                           | 33.0                 | 73.2           | 106.2 | 10                |
| Transfer of possession, benefits and associated risks in H1 2016 | 33.1**               | 19.5**         | 52.6  | 9                 |

\* Last updated: 28 July 2016

\*\* excluding DIC Office Balance III transaction

### Further substantial fund growth in 2016

The new “DIC Office Balance III” office fund was put into operation at the beginning of 2016 and comprises a start-up portfolio of nine properties with a volume of EUR 270 million. The transfer of eight properties from the Commercial Portfolio and one property from Co-Investments took place in January.

In the current financial year, four properties were acquired for the existing funds “DIC Office Balance II”, “DIC HighStreet Balance” and “DIC Office Balance III” with an aggregate transaction volume of around EUR 77 million. One office property in Essen was acquired for the “DIC Office Balance II” fund, while two properties in Essen and Krefeld were purchased for the “DIC HighStreet Balance” fund. Following the launch of the “DIC Office Balance III” fund at the beginning of 2016, the acquisition of an office property in Heidelberg was acquired in June for the fund’s planned further growth.

*Top: Acquisitions in Krefeld and Heidelberg*

*Center and bottom: Acquisitions in Hamburg and Halle for the launch of a further new planned fund*





*Centrally located retail property in Halle*

During the second quarter, we also scaled back our proportionate investment in “DIC HighStreet Balance” to around 5%, reducing the amount of capital tied up in each investment. At the fund’s launch in January 2013, the proportionate investment was 20%. The proportionate investment in the four existing funds is therefore between approximately 5% and 10% at present. When establishing new funds in the future, we will generally aim for a proportionate investment of around 5%. In addition to our investments, DIC Asset AG as a service provider also performs asset and property management and is executing the sales and purchases. For our institutional investors, we structure investment vehicles with attractive distribution yields for the German commercial real estate market.

In July 2016, DIC Asset AG already announced the acquisition of three retail properties with a total volume of approximately EUR 220 million in preparation for a new planned retail fund. As part of the planning phase, the properties were purchased by DIC Asset AG. The

portfolio’s three assets have a total rental space of around 75,000 square metres and are fully occupied. The weighted average lease term is around eleven years. Two of the properties are shopping centres in the non-discretionary retail sector located in Hamburg, one in the district of Harburg and the other in the Bergedorf district. Their combined floor area of around 44,500 square metres is fully occupied on long-term leases. The anchor tenant in both properties, which were modernised in 2011, is Marktkauf Holding GmbH, a member company of Edeka Group. Additionally, DIC Asset AG acquired the hybrid centre “Neustadt-Centrum” in the East German city of Halle (Saale), which in addition to the retail units includes offices, restaurants and a cinema. The anchor tenant under a long-term lease is a real hypermarket. The risk/reward profile of the acquired properties is superbly suited for a retail investment fund with attractive dividend yields. At the moment, it is planned to set these properties aside for a retail fund that is yet to be launched. This transaction brings the current financial year’s acquisition volume to approximately EUR 300 million in total, which represents more than half of the planned acquisition volume for the year as a whole. Due to the success of this transaction, we have increased our previous targeted acquisition volume from between circa EUR 400–450 million to circa EUR 500 million.

### Workforce changes

DIC Asset AG had 177 employees as at 30 June 2016, 13 more than in the previous year. Mr Pillmayer has left DIC Asset AG effective 31 May 2016 upon the expiration of his contract.

### NUMBER OF EMPLOYEES

|                                            | 30.06.2016 | 31.03.2016 | 30.06.2015 |
|--------------------------------------------|------------|------------|------------|
| Portfolio management, investment and funds | 18         | 17         | 16         |
| Asset and property management              | 110        | 112        | 103        |
| Group management and administration        | 49         | 51         | 45         |
| <b>Total</b>                               | <b>177</b> | <b>180</b> | <b>164</b> |

## REVENUE AND RESULTS OF OPERATIONS

### Rental income lower as expected following sales

We generated gross rental income of EUR 54.6 million in the first half of 2016 (H1 2015: EUR 70.4 million). The 22% decline in rental income is largely attributable to the scheduled sales in the Commercial Portfolio. Net rental income amounted to EUR 46.5 million, down 26% year-on-year (previous year: EUR 62.7 million).

### Growth in real estate management fees

Real estate management fees grew substantially from EUR 3.0 million in the previous year to EUR 15.0 million. This reflects the successful further expansion of the fund business, especially the commencement of operations of "DIC Office Balance III", which was structured at the end of 2015. Real estate management fees from the fund business rose by EUR 11.8 million to EUR 14.1 million.

### Total income of EUR 346.3 million

We generated proceeds of EUR 265.5 million and a profit of EUR 16.9 million from sales of properties by the end of the reporting period. In the previous year, we had generated proceeds of EUR 19.9 million and a profit of EUR 1.7 million from sales by the end of June. Total income amounted to EUR 346.3 million, compared with EUR 107.9 million in the previous year. The increase is largely attributable to the income received in connection with the transfer of our own properties to the "DIC Office Balance III" fund as at 1 January 2016.

#### OVERVIEW OF INCOME

| in EUR million                    | H1 2016      | H1 2015      | Δ               |
|-----------------------------------|--------------|--------------|-----------------|
| Gross rental income               | 54.6         | 70.4         | -22%            |
| Real estate management fees       | 15.0         | 3.0          | >100%           |
| Proceeds from sales of properties | 265.5        | 19.9         | >100%           |
| Other                             | 11.2         | 14.6         | -23%            |
| <b>Total income</b>               | <b>346.3</b> | <b>107.9</b> | <b>&gt;100%</b> |

### Operating cost ratio affected positively by real estate management fees

Operating costs in the first half of 2016 increased by EUR 0.9 million year-on-year, which is due primarily to the increase in legal and consulting costs and higher personnel expenses. After adjusting for real estate management fees that were adjusted on a quarterly basis at the launch of the "DIC Office Balance III" fund, the operating cost ratio (the ratio of administrative and personnel expenses to gross rental income, adjusted for real estate management fees) declined to 5.2% as at the end of the first half of 2016.

### Net financing result improved considerably

The considerably improved net financing result of EUR -23.2 million (H1 2015: EUR -31.9 million) primarily reflects lower interest expenses following loan repayments and improved interest rates.

### Income from Co-Investments decreased year-on-year

At EUR 1.3 million, the share of the profit or loss of associates (Co-Investments) was down on the prior-year period (EUR 3.1 million). The result in the previous year was impacted mainly by the realisation of completed sections of our MainTor project development. Income from our fund investments remained roughly at the previous year's level of EUR 1.4 million (H1 2015: EUR 1.3 million) despite a reduction in our equity interests.

## RECONCILIATION TO FFO

| in EUR million                                                                   | H1 2016 | H1 2015 | Δ     |
|----------------------------------------------------------------------------------|---------|---------|-------|
| Net rental income                                                                | 46.5    | 62.7    | -26%  |
| Administrative expenses                                                          | -4.6    | -4.4    | +5%   |
| Personnel expenses                                                               | -8.0    | -7.3    | +10%  |
| Other operating income/expenses                                                  | 0.3     | 0.3     | +0%   |
| Real estate management fees                                                      | 15.0    | 3.0     | >100% |
| Share of the profit or loss of associates without project developments and sales | 1.3     | 1.9     | -32%  |
| Interest result                                                                  | -22.8   | -32.2   | +29%  |
| Funds from operations                                                            | 27.7    | 24.0    | +15%  |

### FFO increased by 15% to EUR 27.7 million

Funds from operations (FFO), in other words our operating profit, amounted to EUR 27.7 million in the first half of 2016, up approximately 15% year-on-year despite the expected lower rental income. This is a result in particular of the significantly increased FFO contribution from the funds (EUR +11.6 million) and the improvement in net interest income. FFO per share amounted to EUR 0.40 (H1 2015: EUR 0.35).

### Profit for the period: EUR 20.2 million

As a result of the successful disposals and an improved financial result in the first half of 2016, profit rose by EUR 15.2 million year-on-year to EUR 20.2 million (H1 2015: EUR 5.0 million). Earnings per share were EUR 0.30 (H1 2015: EUR 0.07).

## FINANCIAL POSITION AND NET ASSETS

At 87%, most of our financial debt consists of loans agreed with a wide range of German banks. The rest relates to our corporate bonds. Following sales and scheduled repayments, we had repaid EUR 39.3 million by the end of the reporting period.

Our financial debt amounted to EUR 1,297.0 million as at 30 June 2016. This is a total of EUR 276.8 million less than at year-end 2015 (EUR 1,573.8 million), and EUR 365.7 million less than at 30 June 2015 (EUR 1,662.7 million). This decline is the result of our increased sales activity. The debt reduction and improved refinancing terms arranged in the previous year have sustainable, positive effects on net financial result and cash flow.

### Further reduction in volume of debt due for short-term renewal

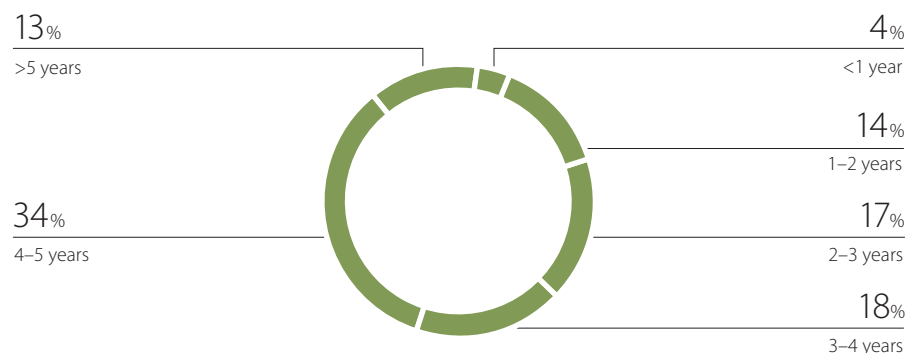
The average maturity of our debt – including the bonds – was 3.6 years at the end of the first half of the year (H1 2015: 4.7 years); as expected, this represents a reduction as against year-end 2015 (4.3 years). The portion of financial liabilities with maturities greater than five years remained at 13% at the end of the reporting period as compared with year-end 2015.

The average interest rate on all bank liabilities was approximately 3.4%, a 10 basis point decrease compared with the prior-year period (3.5%).

The interest cover ratio, i.e. the ratio of net rental income to interest payments, fell to 166% in the first half of the year (full-year 2015: 171%). Around 88% of our financial debt is fixed-rate or covered by long-term hedges against interest rate volatility (31 December 2015: 89%).

## DEBT MATURITIES

as at 30.06.2016



## Cash flow influenced by strategic transactions

Cash flow in the first half of the year was largely influenced by strategic transactions. The cash flow from operating activities was more than offset by the investments and the cash flow from financing activities.

At EUR 11.6 million, cash flow from operating activities was down year-on-year in the first half of 2016 (H1 2015: EUR 25.7 million), due in particular to the scheduled reduction in rental income. Cash flow from investing activities amounted to EUR -14.3 million (H1 2015: EUR +16.1 million). This primarily reflects the strategic investment in shares in WCM Beteiligungs- und Grundbesitz-AG, the reduction of our equity investment in our "DIC HighStreet Balance" fund, inflows from the final placement of shares in the "DIC Office Balance III" fund, as well as ongoing investments in the fund business. Cash flow from financing activities amounted to EUR -39.3 million in the first six months of 2016, following EUR -8.5 million in the prior-year period; it includes scheduled repayments and loan redemptions. The prior-year period was mainly characterised by cash inflows from topping up our third corporate bond.

Cash and cash equivalents declined by EUR 42.0 million as against the year-end to EUR 162.6 million.

## Further optimisation of balance sheet structure

Total assets as at 30 June 2016 declined by EUR 270.4 million as against year-end 2015 to EUR 2,185.7 million, mainly because of derecognition of the assets and liabilities that were transferred to "DIC Office Balance III".

In addition to the transfer of assets to "DIC Office Balance III", particularly the acquisition of more than 20% of the shares in WCM Beteiligungs- und Grundbesitz-AG and the classification of this company as an associate led to an increase in investments in associates on the asset side of the balance sheet. The reduction of the shares in the "DIC HighStreet Balance" fund to around 5% had an offsetting effect. Cash and cash equivalents decreased as compared with year-end 2015. Similar to the asset side, the transfer of the liabilities to "DIC Office Balance III" led to a reduction on the liabilities side of the balance sheet.

## Equity increased

Equity as at 30 June 2016 increased by EUR 17.8 million as against 31 December 2015, from EUR 792.1 million to EUR 809.9 million. This was due in particular to the profit of EUR 20.2 million generated in the first half of 2016. The reported equity ratio rose from 32.3% at year-end 2015 to 37.1%. At 57.2%, the loan-to-value ratio (LTV) declined significantly by 540 basis points compared with year-end 2015.

## FORECAST

Overall, the development of the German economy in the first half of the year was positive. Clearly exceeding economists' expectations, the most recent figures of the ifo Business Climate Index worsened only marginally despite the Brexit vote. We therefore continue to expect a stable environment overall for DIC Asset AG in financial year 2016. In 2016, we plan to further optimise our Commercial Portfolio, considerably expand the fund business and improve profitability through asset and property management associated with this.

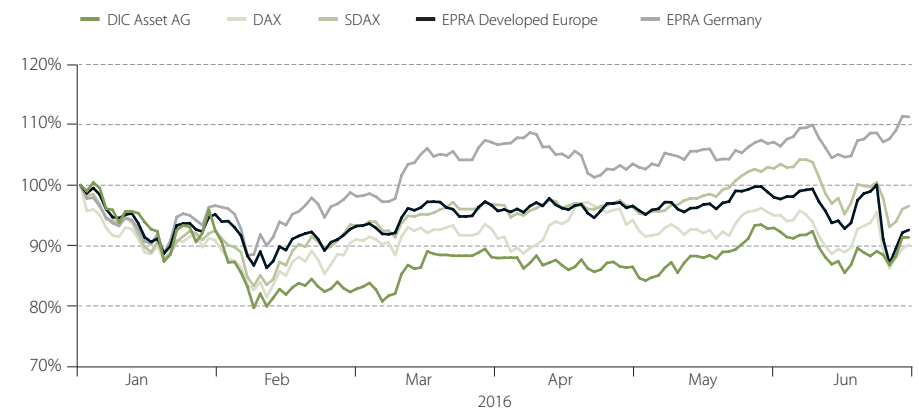
We intend to continue enhancing our directly held Commercial Portfolio in 2016 through active asset management and selective sales with a volume of EUR 80 to 100 million, taking full advantage of the prevailing market environment. In addition, we are planning to significantly expand our established, successfully positioned full-service offering through our nationwide real estate management platform in the fund business, and also in the third-party business for related parties. In the fund business, we therefore expect strong growth in assets under management. With the successful transaction in the course of 2016 we have increased our previous targeted acquisition volume from between circa EUR 400 to 450 million to circa EUR 500 million. This should enable us to make significant earnings contributions to DIC Asset AG's future business performance.

The overall result in the current financial year will be influenced by sales in 2015, particularly at the end of the year, the scaling back of sales activity in 2016, and current income from the Commercial Portfolio and further growth in the fund business. On the basis of fewer sales activities in the Commercial Portfolio in the first half year of 2016 and better than expected letting results, we now expect rental income of around EUR 105 to 107 million for 2016. For our operating profit we still expect year-on-year a lower FFO of EUR 43 to 45 million (around EUR 0.66 per share).

## DAX impacted by vague risk scenarios

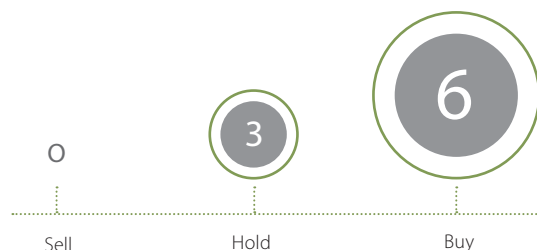
Trading in 2016 got off to a very weak start. An unexpectedly severe slump in sentiment sent the DAX spiralling down from 10,743 points (31 December 2015) to 8,699 points in mid-February. After rallying briefly up to mid-March, the German benchmark index was caught in a sideways trend. By the 30 June reporting date, the losses on the DAX had widened again compared with the end of March. Winners among the German blue chips in the first half-year could be counted on nearly one hand, and the index as a whole closed down about 10% against the start of the year. Due to investors showing more interest in short-term stock picking, among other things, the SDAX posted gains and actually reached a new all-time high, before coming under considerable pressure in connection with the Brexit vote and finishing the second quarter down around 4%, at approximately the same level as at the end of March. DIC Asset AG's shares followed the general market trend and closed the first six months of the year trading at a loss of less than 9%, marginally better than Germany's benchmark index.

## SHARE PERFORMANCE



#### ANALYSTS' COVERAGE FROM 9 BANKS

(as at August 2016)



At the beginning of June, British Empire Trust PLC/Asset Value Investors Limited informed us that it increased its stake in DIC Asset AG to 5.3%. GMO Credit Opportunities Fund, L.P. notified us at the end of July that its shareholding in DIC Asset AG had exceeded the threshold of 3.0%.

#### Bond markets: German 10-year sovereign bond yields turn negative for the first time

To alleviate continuing deflation fears in the eurozone, the ECB approved a bundle of monetary measures in March, pushing an interest rate turnaround in the eurozone further into the future. The key rate was cut by five basis points to zero percent, while the deposit rate was reduced further by ten basis points to -0.4%. The ECB increased its current securities purchase programme in April from EUR 60 billion to EUR 80 billion a month. Since the beginning of June, in addition to purchasing government bonds the ECB has also been buying up investment-grade corporate bonds. The programme's announcement in March generated a strong reaction from the markets and caused yields to fall. Critics warned about the corporate bond market drying up and believe that investors who, owing to the extremely low interest rates, are already having trouble finding opportunities for investment with an acceptable return and a reasonable level of risk will be squeezed out of the market.

#### BASIC DATA ON THE DIC ASSET AG SHARE

|                        |                                 |
|------------------------|---------------------------------|
| Number of shares       | 68,577,747 (registered shares)  |
| Share capital in EUR   | 68,577,747                      |
| WKN/ISIN               | A1X3XX/DE000A1X3XX4             |
| Symbol                 | DIC                             |
| Free float             | 67.9%                           |
| Key indices            | SDAX, EPRA, DIMAX               |
| Exchanges              | Xetra, all exchanges in Germany |
| Deutsche Börse segment | Prime Standard                  |
| Designated Sponsors    | Oddo Seydler, HSBC Trinkaus     |

#### KEY FIGURES ON THE DIC ASSET AG SHARE <sup>(1)</sup>

|                                      |             | H1 2016 | H1 2015 |
|--------------------------------------|-------------|---------|---------|
| FFO per share                        | Euro        | 0.40    | 0.35    |
| Closing price for quarter            | Euro        | 8.51    | 8.00    |
| 52-week high                         | Euro        | 9.43    | 9.99    |
| 52-week low                          | Euro        | 7.28    | 5.83    |
| Market capitalisation <sup>(2)</sup> | EUR million | 584     | 549     |

(1) Xetra closing prices in each case

(2) based on the Xetra quarterly closing price

#### BASIC DATA ON THE DIC ASSET AG BONDS

|                           |                                    |                                    |
|---------------------------|------------------------------------|------------------------------------|
| Name                      | DIC Asset AG bond 13/18            | DIC Asset AG bond 14/19            |
| ISIN                      | DE000A1TNJ22                       | DE000A12T648                       |
| WKN                       | A1TNJ2                             | A12T64                             |
| Abbreviation              | DICB                               | DICC                               |
| Deutsche Börse segment    | Prime Standard for corporate bonds | Prime Standard for corporate bonds |
| Minimum investment amount | 1,000 Euro                         | 1,000 Euro                         |
| Coupon                    | 5.750%                             | 4.625%                             |
| Issuance volume           | EUR 100 million                    | EUR 175 million                    |
| Maturity                  | 09.07.2018                         | 08.09.2019                         |

#### KEY FIGURES ON THE DIC ASSET AG BONDS

|                                    | 30.06.2016 | 30.06.2015 |
|------------------------------------|------------|------------|
| <b>DIC Asset AG bond 13/18</b>     |            |            |
| Closing price                      | 103.80     | 106.00     |
| Yield to maturity at closing price | 3.76%      | 3.61%      |
| <b>DIC Asset AG bond 14/19</b>     |            |            |
| Closing price                      | 104.75     | 103.00     |
| Yield to maturity at closing price | 3.04%      | 3.79%      |

#### IR activities

In the first six months, IR activities focused on communicating the 2015 consolidated financial statements and the further strategic alignment of DIC Asset AG. The Management Board and the Investor Relations team outlined the 2015 results and the growth targets at three investor conferences and five road shows. Shareholders, investors and analysts are continuously briefed on current developments and the course of business.

At the “German Investor Relations Awards 2016”, which pay tribute to outstanding investor relations work in Germany, Peer Schlinkmann, head of the IR team at DIC Asset AG, was ranked among the top 10 IR professionals at SDAX-listed companies.



DIC Asset AG's 2015 Annual Report won a global gold award in the largest international financial reporting competition and also received a special distinction for the presentation of key financial figures.

At the General Shareholders' Meeting in Frankfurt/Main on 5 July 2016, shareholders agreed to the Management Board's proposals by a large majority in the case of all agenda items. This was immediately followed by the distribution of a dividend in the amount of EUR 0.37 per share on 6 July 2016.

#### IR-CALENDAR 2016

|            |                                                       |           |
|------------|-------------------------------------------------------|-----------|
| 05.07.     | General Shareholders' Meeting                         | Frankfurt |
| 03.08.     | Publication of Q2 2016 Report*                        |           |
| 19.09.     | Berenberg / Goldman Sachs German Corporate Conference | Munich    |
| 20.09.     | Baader Investment Conference                          | Munich    |
| 29.09.     | Société Générale Real Estate Conference               | London    |
| 06.–08.10. | EPRA Annual Conference                                | Paris     |
| 04.11.     | Publication of Q3 2016 Report*                        |           |

\* with conference call

Upcoming events can be found on our website:  
[www.dic-asset.de/engl/investor-relations/events](http://www.dic-asset.de/engl/investor-relations/events)

# CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2016

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

| in EUR thousand                                   | H1 2016  | H1 2015 | Q2 2016 | Q2 2015 |
|---------------------------------------------------|----------|---------|---------|---------|
| Total income                                      | 346,283  | 107,913 | 68,028  | 62,084  |
| Total expenses                                    | -298,437 | -73,780 | -45,824 | -43,971 |
| Gross rental income                               | 54,553   | 70,431  | 27,001  | 35,359  |
| Ground rents                                      | -616     | -644    | -310    | -319    |
| Service charge income on principal basis          | 10,982   | 14,116  | 5,419   | 7,099   |
| Service charge expenses on principal basis        | -11,853  | -15,294 | -5,840  | -7,604  |
| Other property-related expenses                   | -6,602   | -5,890  | -3,284  | -2,803  |
| Net rental income                                 | 46,464   | 62,719  | 22,986  | 31,733  |
| Administrative expenses                           | -4,634   | -4,404  | -2,409  | -2,424  |
| Personnel expenses                                | -8,029   | -7,270  | -4,171  | -3,468  |
| Depreciation and amortisation                     | -18,027  | -21,778 | -8,920  | -10,767 |
| Real estate management fees                       | 14,984   | 2,963   | 7,600   | 1,581   |
| Other operating income                            | 240      | 487     | 117     | 239     |
| Other operating expenses                          | -86      | -278    | -60     | -131    |
| Net other income                                  | 154      | 209     | 57      | 108     |
| Net proceeds from disposal of investment property | 265,525  | 19,915  | 27,893  | 17,805  |
| Carrying amount of investment property disposed   | -248,591 | -18,221 | -20,832 | -16,455 |
| Profit on disposal of investment property         | 16,934   | 1,694   | 7,061   | 1,350   |
| Net operating profit before financing activities  | 47,846   | 34,133  | 22,204  | 18,113  |
| Share of the profit or loss of associates         | 1,277    | 3,136   | -49     | 2,231   |
| Interest income                                   | 4,857    | 4,989   | 1,988   | 2,439   |
| Interest expense                                  | -28,049  | -36,907 | -13,580 | -18,750 |
| Profit before tax                                 | 25,931   | 5,351   | 10,563  | 4,033   |
| Current income tax expense                        | -1,982   | -3,539  | -1,781  | -3,143  |
| Deferred tax income/expense                       | -3,740   | 3,207   | -374    | 2,863   |
| Profit for the period                             | 20,209   | 5,019   | 8,408   | 3,753   |
| Attributable to equity holders of the parent      | 20,346   | 4,779   | 8,396   | 3,533   |
| Attributable to non-controlling interest          | -137     | 240     | 12      | 220     |
| Basic (=diluted) earnings per share (EUR)         | 0.30     | 0.07    | 0.13    | 0.05    |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** from 1 January to 30 June

| in EUR thousand                                                         | H1 2016       | H1 2015       | Q2 2016      | Q2 2015      |
|-------------------------------------------------------------------------|---------------|---------------|--------------|--------------|
| <b>Profit for the period</b>                                            | <b>20,209</b> | <b>5,019</b>  | <b>8,408</b> | <b>3,753</b> |
| <b>Other comprehensive income</b>                                       |               |               |              |              |
| Items that may be reclassified subsequently to profit or loss           |               |               |              |              |
| Gains/losses on measurement of available-for-sale financial instruments | -1,067        | 1,222         | 657          | -1,723       |
| Fair value measurement of hedging instruments*                          |               |               |              |              |
| Cash flow hedges                                                        | -1,212        | 13,388        | 225          | 7,889        |
| Cash flow hedges of associates                                          | 9             | -1            | 19           | 4            |
| <b>Other comprehensive income</b>                                       | <b>-2,270</b> | <b>14,609</b> | <b>901</b>   | <b>6,170</b> |
| <b>Comprehensive income</b>                                             | <b>17,939</b> | <b>19,629</b> | <b>9,309</b> | <b>9,924</b> |
| Attributable to equity holders of the parent                            | 18,076        | 19,389        | 9,297        | 9,704        |
| Attributable to non-controlling interest                                | -137          | 240           | 12           | 220          |

\* after tax

**CONSOLIDATED STATEMENT OF CASH FLOW** from 1 January to 30 June

| in EUR thousand                                                  | H1 2016        | H1 2015        |
|------------------------------------------------------------------|----------------|----------------|
| <b>OPERATING ACTIVITIES</b>                                      |                |                |
| Net operating profit before interest and taxes paid              | 40,790         | 37,480         |
| Realised gains/losses on disposals of investment property        | -16,935        | -1,693         |
| Depreciation and amortisation                                    | 18,027         | 21,778         |
| Changes in receivables, payables and provisions                  | -5,424         | 2,935          |
| Other non-cash transactions                                      | -4,278         | -3,801         |
| <b>Cash generated from operations</b>                            | <b>32,180</b>  | <b>56,699</b>  |
| Interest paid                                                    | -22,178        | -29,850        |
| Interest received                                                | 556            | 149            |
| Income taxes paid/received                                       | 1,041          | -1,331         |
| <b>Cash flow from operating activities</b>                       | <b>11,599</b>  | <b>25,668</b>  |
| <b>INVESTING ACTIVITIES</b>                                      |                |                |
| Proceeds from disposal of investment property                    | 31,679         | 25,081         |
| Capital expenditure on investment properties                     | -1,981         | -5,425         |
| Acquisition/disposal of other investments                        | -48,516        | -1,948         |
| Loans to other entities                                          | 4,566          | -1,493         |
| Acquisition/disposal of office furniture and equipment, software | -43            | -103           |
| <b>Cash flow from investing activities</b>                       | <b>-14,295</b> | <b>16,112</b>  |
| <b>FINANCING ACTIVITIES</b>                                      |                |                |
| Proceeds from the issue of corporate bond                        | 0              | 51,500         |
| Proceeds from other non-current borrowings                       | 0              | 415            |
| Repayment of borrowings                                          | -39,276        | -59,002        |
| Payment of transaction costs                                     | 0              | -1,430         |
| <b>Cash flows from financing activities</b>                      | <b>-39,276</b> | <b>-8,517</b>  |
| <b>Net changes in cash and cash equivalents</b>                  | <b>-41,972</b> | <b>33,263</b>  |
| Cash and cash equivalents as at 1 January                        | 204,590        | 97,421         |
| <b>Cash and cash equivalents as at 30 June</b>                   | <b>162,618</b> | <b>130,684</b> |

## CONSOLIDATED BALANCE SHEET

| Assets in EUR thousand                       | 30.06.2016       | 31.12.2015       |
|----------------------------------------------|------------------|------------------|
| Investment property                          | 1,658,956        | 1,700,151        |
| Office furniture and equipment               | 583              | 579              |
| Investments in associates                    | 167,180          | 92,677           |
| Loans to related parties                     | 98,938           | 110,222          |
| Other investments                            | 23,053           | 33,397           |
| Intangible assets                            | 811              | 1,003            |
| Deferred tax assets                          | 26,876           | 23,515           |
| <b>Total non-current assets</b>              | <b>1,976,397</b> | <b>1,961,544</b> |
| Receivables from sale of investment property | 1,402            | 1,249            |
| Trade receivables                            | 4,333            | 7,062            |
| Receivables from related parties             | 19,054           | 10,271           |
| Income tax receivable                        | 5,152            | 8,629            |
| Other receivables                            | 6,892            | 6,393            |
| Other current assets                         | 7,316            | 6,455            |
| Cash and cash equivalents                    | 162,618          | 204,590          |
| <b>Total current assets</b>                  | <b>209,292</b>   | <b>494,525</b>   |
| <b>Total assets</b>                          | <b>2,185,689</b> | <b>2,456,069</b> |

| Equity and liabilities in EUR thousand                         | 30.06.2016       | 31.12.2015       |
|----------------------------------------------------------------|------------------|------------------|
| <b>EQUITY</b>                                                  |                  |                  |
| Issued capital                                                 | 68,578           | 68,578           |
| Share premium                                                  | 732,846          | 732,846          |
| Hedging reserve                                                | -21,835          | -20,632          |
| Reserves for available-for-sale financial instruments          | 2,551            | 3,618            |
| Retained earnings                                              | 23,009           | 2,663            |
| <b>Total shareholders' equity</b>                              | <b>805,149</b>   | <b>787,073</b>   |
| Non-controlling interest                                       | 4,757            | 5,010            |
| <b>Total equity</b>                                            | <b>809,906</b>   | <b>792,083</b>   |
| <b>LIABILITIES</b>                                             |                  |                  |
| Corporate bonds                                                | 271,460          | 270,871          |
| Non-current interest-bearing loans and borrowings              | 969,883          | 1,029,606        |
| Provisions                                                     | 0                | 10               |
| Deferred tax liabilities                                       | 15,991           | 14,735           |
| Derivatives                                                    | 28,351           | 26,955           |
| <b>Total non-current liabilities</b>                           | <b>1,285,685</b> | <b>1,342,177</b> |
| Current interest-bearing loans and borrowings                  | 55,693           | 35,521           |
| Trade payables                                                 | 1,030            | 827              |
| Liabilities to related parties                                 | 4,032            | 3,271            |
| Provisions                                                     | 580              | 500              |
| Income tax payable                                             | 4,513            | 6,290            |
| Other liabilities                                              | 24,250           | 26,361           |
| <b>Total current liabilities</b>                               | <b>90,098</b>    | <b>72,770</b>    |
| <b>Liabilities related to non-current assets held for sale</b> | <b>0</b>         | <b>249,039</b>   |
| <b>Total current liabilities</b>                               | <b>90,098</b>    | <b>321,809</b>   |
| <b>Total liabilities</b>                                       | <b>1,375,783</b> | <b>1,663,986</b> |
| <b>Total equity and liabilities</b>                            | <b>2,185,689</b> | <b>2,456,069</b> |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| in EUR thousand                                                         | Issued capital | Share premium | Hedging reserve | Reserve for available-for-sale financial instruments | Retained earnings | Total shareholders' equity | Non-controlling interest | Total          |
|-------------------------------------------------------------------------|----------------|---------------|-----------------|------------------------------------------------------|-------------------|----------------------------|--------------------------|----------------|
| <b>Balance at 31 December 2014</b>                                      | 68,578         | 732,846       | -37,667         | 91                                                   | 6,252             | 770,100                    | 4,744                    | <b>774,844</b> |
| Profit for the period                                                   |                |               |                 |                                                      | 4,779             | 4,779                      | 240                      | <b>5,019</b>   |
| Other comprehensive incomes                                             |                |               |                 |                                                      |                   |                            |                          |                |
| Gains/losses on cash flow hedges*                                       |                |               | 13,388          |                                                      |                   | 13,388                     |                          | <b>13,388</b>  |
| Gains/losses on cash flow hedges from associates*                       |                |               | -1              |                                                      |                   | -1                         |                          | <b>-1</b>      |
| Gains/losses on measurement of available-for-sale financial instruments |                |               |                 | 1,222                                                |                   | 1,222                      |                          | <b>1,222</b>   |
| <b>Comprehensive income</b>                                             |                |               | <b>13,387</b>   | <b>1,222</b>                                         | <b>4,779</b>      | <b>19,389</b>              | <b>240</b>               | <b>19,629</b>  |
| Repayment of non-controlling interest                                   |                |               |                 |                                                      |                   | 0                          | -64                      | <b>-64</b>     |
| <b>Balance at 30 June 2015</b>                                          | 68,578         | 732,846       | -24,279         | 1,313                                                | 11,031            | 789,489                    | 4,920                    | <b>794,409</b> |
| Profit for the period                                                   |                |               |                 |                                                      | 15,634            | 15,634                     | 63                       | <b>15,697</b>  |
| Other comprehensive incomes                                             |                |               |                 |                                                      |                   |                            |                          |                |
| Gains/losses on cash flow hedges*                                       |                |               | 3,667           |                                                      |                   | 3,667                      |                          | <b>3,667</b>   |
| Gains/losses on cash flow hedges from associates*                       |                |               | -20             |                                                      |                   | -20                        |                          | <b>-20</b>     |
| Gains/losses on measurement of available-for-sale financial instruments |                |               |                 | 2,305                                                |                   | 2,305                      |                          | <b>2,305</b>   |
| <b>Comprehensive income</b>                                             |                |               | <b>3,647</b>    | <b>2,305</b>                                         | <b>15,634</b>     | <b>21,586</b>              | <b>63</b>                | <b>21,648</b>  |
| Dividend payments                                                       |                |               |                 |                                                      | -24,002           | -24,002                    |                          | <b>-24,002</b> |
| Addition of non-controlling interest                                    |                |               |                 |                                                      |                   | 0                          | 27                       | <b>27</b>      |
| <b>Balance at 31 December 2015</b>                                      | 68,578         | 732,846       | -20,632         | 3,618                                                | 2,663             | 787,073                    | 5,010                    | <b>792,083</b> |
| Profit for the period                                                   |                |               |                 |                                                      | 20,346            | 20,346                     | -137                     | <b>20,209</b>  |
| Other comprehensive incomes                                             |                |               |                 |                                                      |                   |                            |                          |                |
| Gains/losses on cash flow hedges*                                       |                |               | -1,212          |                                                      |                   | -1,212                     |                          | <b>-1,212</b>  |
| Gains/losses on cash flow hedges from associates*                       |                |               | 9               |                                                      |                   | 9                          |                          | <b>9</b>       |
| Gains/losses on measurement of available-for-sale financial instruments |                |               |                 | -1,067                                               |                   | -1,067                     |                          | <b>-1,067</b>  |
| <b>Comprehensive income</b>                                             |                |               | <b>-1,203</b>   | <b>-1,067</b>                                        | <b>20,346</b>     | <b>18,076</b>              | <b>-137</b>              | <b>17,939</b>  |
| Repayment of non-controlling interest                                   |                |               |                 |                                                      |                   | 0                          | -116                     | <b>-116</b>    |
| <b>Balance at 30 June 2016</b>                                          | 68,578         | 732,846       | -21,835         | 2,551                                                | 23,009            | 805,149                    | 4,757                    | <b>809,906</b> |

\* Net of deferred taxes

## SEGMENT REPORTING

### ANNUALISED RENTAL INCOME OF THE OPERATING SEGMENTS AS AT 30 JUNE 2016

| In EUR thousand      | North         | East          | Central       | West          | South         | Total<br>H1 2016 | Rental income<br>H1 2016 (P&L) |
|----------------------|---------------|---------------|---------------|---------------|---------------|------------------|--------------------------------|
| Commercial Portfolio | 18,094        | 11,443        | 25,551        | 31,392        | 18,662        | 105,142          | 54,553                         |
| Co-Investments       | 809           | 1,073         | 2,490         | 2,097         | 4,097         | 10,566           |                                |
| <b>Total</b>         | <b>18,903</b> | <b>12,516</b> | <b>28,041</b> | <b>33,489</b> | <b>22,759</b> | <b>115,708</b>   | <b>54,553</b>                  |

### SEGMENT ASSETS AS AT 30 JUNE 2016

|                               | North | East  | Central | West  | South | Total<br>H1 2016 | Total<br>H1 2015 |
|-------------------------------|-------|-------|---------|-------|-------|------------------|------------------|
| Number of properties          | 32    | 24    | 41      | 53    | 60    | 210              | 230              |
| Market value (in EUR million) | 287.7 | 178.1 | 585.5   | 544.4 | 309.9 | 1,905.6          | 2,340.0          |

### ANNUALISED RENTAL INCOME OF THE OPERATING SEGMENTS AS AT 30 JUNE 2015

| In EUR thousand      | North         | East          | Central       | West          | South         | Total<br>H1 2015 | Rental income<br>H1 2015 (P&L) |
|----------------------|---------------|---------------|---------------|---------------|---------------|------------------|--------------------------------|
| Commercial Portfolio | 22,412        | 18,644        | 32,267        | 42,315        | 23,583        | 139,221          | 70,431                         |
| Co-Investments       | 632           | 918           | 2,358         | 1,267         | 3,520         | 8,695            |                                |
| <b>Total</b>         | <b>23,044</b> | <b>19,562</b> | <b>34,625</b> | <b>43,582</b> | <b>27,103</b> | <b>147,916</b>   | <b>70,431</b>                  |

### SEGMENT ASSETS AS AT 30 JUNE 2015

|                               | North | East  | Central | West  | South | Total<br>H1 2015 | Total<br>H1 2014 |
|-------------------------------|-------|-------|---------|-------|-------|------------------|------------------|
| Number of properties          | 33    | 31    | 47      | 56    | 63    | 230              | 246              |
| Market value (in EUR million) | 346.5 | 268.4 | 650.7   | 677.5 | 396.9 | 2,340.0          | 2,436.1          |

## NOTES

### General information on reporting

In accordance with section 37w (2) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act), the interim report comprises condensed interim consolidated financial statements and an interim group management report. The condensed interim consolidated financial statements were prepared in accordance with the requirements of the International Financial Reporting Standards (IFRSs), as adopted by the EU, that are applicable to interim financial reporting (IAS 34). The quarterly financial statements of the companies included in the consolidated financial statements were prepared using uniform accounting policies. The interim group management report was prepared in accordance with the applicable requirements of the WpHG.

The interim consolidated financial statements were prepared using the same consolidation principles, currency translation policies and accounting policies as applied in the consolidated financial statements for financial year 2015, with the exception of the changes presented in the following. Income taxes were deferred on the basis of the tax rate expected for the full year.

These condensed interim consolidated financial statements do not contain all the information and disclosures required by IFRSs for full-year consolidated financial statements, and should therefore be read in conjunction with the consolidated financial statements for the year ended on 31 December 2015, which form the basis for the accompanying interim financial statements. Please also refer to the interim management report in this document for information on material changes and transactions in the period up to 30 June 2016.

Preparation of the financial statements requires management to make estimates and assumptions affecting both the measurement of assets, liabilities and contingent liabilities at the end of the reporting period and the measurement and presentation of income and expenses for the period. Actual amounts may differ from these estimates. There were no adjustments due to changes in estimates or assumptions in the period up to and including June 2016.

### New standards and interpretations

DIC Asset AG has applied all accounting pronouncements effective as at 1 January 2016 adopted by the EU, including revised pronouncements. Please refer to the 2015 Annual Report and the following explanations for a detailed description of the new and revised accounting pronouncements:

#### Disclosure Initiative (Amendments to IAS 1 – Presentation of Financial Statements)

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

They were endorsed by the EU on 18 December 2015. These clarifications are taken into account accordingly in the preparation of the consolidated financial statements and the condensed interim financial statements of DIC Asset AG; they did not result in any material changes, however.

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

- Annual Improvements to IFRSs: 2010–2012 Cycle
- Annual Improvements to IFRSs: 2012–2014 Cycle
- IAS 16/IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 16/IAS 41 Bearer Biological Assets
- IAS 27 Equity Method in Separate Financial Statements
- IFRS 10/IFRS 12/IAS 28 Investment Entities: Applying the Consolidation Exception
- IFRS 11 Acquisition of an Interest in a Joint Operation
- IFRS 14 Regulatory Deferral Accounts” – no EU adoption

## Financial instruments disclosures

As in the previous year, financial liabilities measured at fair value relate to the derivatives reported in the balance sheet. These are exclusively interest rate hedging instruments. As in the previous year, they were measured using valuation models whose significant inputs are based on observable market data (Level 2 of the IFRS 13 fair value hierarchy). Please refer to the disclosures in the consolidated financial statements for the year ended 31 December 2015 for information on the valuation techniques used for measuring fair value.

No quoted prices in an active market are available for the unlisted shares of DIC Opportunistic GmbH held by the Group (Level 3 of the IFRS 13 fair value hierarchy). Their fair value is based on the indirectly held real estate and equity investments. Changes in fair value between 31 December 2015 and the end of the reporting period amounted to EUR -1,067 thousand. Please refer to our consolidated financial statements for the year ended 31 December 2015 for information on the valuation of the real estate assets. The shares in WCM Beteiligungs- und Grundbesitz-AG that were reported under other investments as at year-end 2015 are shown under investments in associates as at 30 June 2016.

The table on the right presents the carrying amounts and fair values of the individual financial assets and financial liabilities for each class of financial instrument and reconciles them to the corresponding line items in the balance sheet. The IAS 39 measurement categories relevant for the Group are available-for-sale financial assets (AFS), financial assets held for trading (FAHFT) and loans and receivables (LaR), as well as financial liabilities measured at amortised cost (FLAC) and financial liabilities held for trading (FLHFT).

Changes in Level 3 financial instruments are as follows:

| in EUR thousand          | 2016   | 2015   |
|--------------------------|--------|--------|
| Balance at 1.1.          | 24,120 | 20,593 |
| Additions                | 0      | 0      |
| Measurement gains/losses | -1,067 | 3,527  |
| Balance at 30.06./31.12. | 23,053 | 24,120 |

Measurement gains/losses are recognised in the "Gains/losses on measurement of available-for-sale financial instruments" item in other comprehensive income.

| in EUR thousand                                            | IAS 39 measurement category | Carrying amount at 30.06.2016 | Fair value at 30.06.2016 | Carrying amount at 31.12.2015 | Fair value at 31.12.2015 |
|------------------------------------------------------------|-----------------------------|-------------------------------|--------------------------|-------------------------------|--------------------------|
| <b>Assets</b>                                              |                             |                               |                          |                               |                          |
| Equity investments                                         | AFS                         | 23,053                        | 23,053                   | 33,397                        | 33,397                   |
| Other loans                                                | LaR                         | 98,938                        | 98,938                   | 110,222                       | 110,222                  |
| Receivables from sale of investment property               | LaR                         | 1,402                         | 1,402                    | 1,249                         | 1,249                    |
| Trade receivables                                          | LaR                         | 4,333                         | 4,333                    | 7,062                         | 7,062                    |
| Receivables from related parties                           | LaR                         | 19,054                        | 19,054                   | 10,271                        | 10,271                   |
| Other receivables                                          | LaR                         | 6,892                         | 6,892                    | 6,393                         | 6,393                    |
| Other assets                                               | LaR                         | 7,316                         | 7,316                    | 6,455                         | 6,455                    |
| Cash and cash equivalents                                  | LaR                         | 162,618                       | 162,618                  | 204,590                       | 204,590                  |
| <b>Total</b>                                               | <b>LaR</b>                  | <b>300,553</b>                | <b>300,553</b>           | <b>346,242</b>                | <b>346,242</b>           |
| <b>Liabilities</b>                                         |                             |                               |                          |                               |                          |
| Derivatives included in hedging relationships              | n.a.                        | 24,522                        | 24,522                   | 22,787                        | 22,787                   |
| Derivatives not included in hedging relationships          | FLHFT                       | 3,829                         | 3,829                    | 4,168                         | 4,168                    |
| Corporate bonds                                            | FLAC                        | 271,460                       | 287,113                  | 270,871                       | 287,610                  |
| Non-current interest-bearing loans and borrowings          | FLAC                        | 969,883                       | 937,750                  | 1,029,606                     | 1,003,257                |
| Current loans and borrowings                               | FLAC                        | 55,693                        | 55,693                   | 35,521                        | 26,037                   |
| Trade payables                                             | FLAC                        | 1,030                         | 1,030                    | 827                           | 827                      |
| Liabilities to related parties                             | FLAC                        | 4,032                         | 4,032                    | 3,271                         | 3,271                    |
| Other liabilities                                          | FLAC                        | 24,250                        | 24,250                   | 26,361                        | 26,361                   |
| Liabilities related to financial investments held for sale | FLAC                        | 0                             | 0                        | 249,039                       | 249,039                  |
| <b>Total</b>                                               | <b>FLAC</b>                 | <b>1,326,348</b>              | <b>1,309,868</b>         | <b>1,615,496</b>              | <b>1,596,402</b>         |

### Supplementary information

The Company uses the cost model in accordance with IAS 40.56 to measure its investment properties. Please refer to the disclosures in the consolidated financial statements for the year ended on 31 December 2015 for information on the fair value measurement of investment property in accordance with IFRS 13.

### Dividend

To enable the shareholders to participate appropriately in the performance and value growth of DIC Asset AG, the Management Board proposed a dividend of EUR 0.37 per share for financial year 2015 at the General Shareholders' Meeting on 5 July 2016. The dividend of EUR 25.0 million was paid out on 6 July 2016 following the adoption of the corresponding resolution.

### Related party transactions

The following new guarantees were issued up to 30 June 2016:

DIC Asset AG has issued an unlimited, directly enforceable guarantee for the "MainTor Patio" project to Thoma Aufzüge GmbH in the amount of EUR 105 thousand.

DIC Asset AG granted an unlimited guarantee in accordance with section 648 of the Bürgerliches Gesetzbuch (BGB – German Civil Code) for the "MainTor Panorama" project to Züblin AG in the amount of EUR 15,333 thousand.

DIC Asset AG has granted a surety bond for OP Portfolio GmbH in the amount of EUR 21,817 thousand vis-à-vis Berlin Hyp AG in connection with the portfolio refinancing.

Please refer to our 2015 consolidated financial statements for details of other guarantees and surety bonds issued up to the end of 2015, as well as for information on ongoing loan and services transactions with entities and individuals classified as related parties.

### Opportunities and risks

The consolidated financial statements and the group management report for financial year 2015, which were published in March 2016, describe in detail the opportunities and risks associated with our business activities, and provide information on the risk manage-

ment system and the internal control system. There have been no material changes since that date, either in the Company or in the relevant environment.

### Events after the reporting period

The following acquisitions were made between the reporting date and today:

- One property for the "DIC HighStreet Balance" special fund with a transaction volume of approximately EUR 10 million
- Two properties in Hamburg and one property in Halle for a new planned special retail fund with a transaction volume of approximately EUR 220 million

Between the end of the reporting period and today, the sale of one Co-Investment property with a transaction volume of approximately EUR 19 million was notarised as a result of sales activities.

The transfer of possession, benefits and associated risks for the transactions mentioned is expected in the third and/or fourth quarter.

### RESPONSIBILITY STATEMENT

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

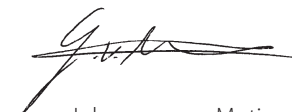
Frankfurt am Main, 1 August 2016



Aydin Karaduman



Sonja Wärtges



Johannes von Mutius

# REVIEW REPORT

To DIC Asset AG, Frankfurt am Main

We have reviewed the condensed interim consolidated financial statements – comprising the income statement, statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and selected explanatory notes – together with the interim group management report of DIC Asset AG, Frankfurt am Main, for the period from January 1 to June 30, 2016, which are part of the half-year financial report according to § 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Nuremberg, August 1, 2016

Rödl & Partner GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

|                   |                   |
|-------------------|-------------------|
| Hübschmann        | Luce              |
| Wirtschaftsprüfer | Wirtschaftsprüfer |

## PORTFOLIO (as at 30 June 2016)

### OVERVIEW PORTFOLIO\*

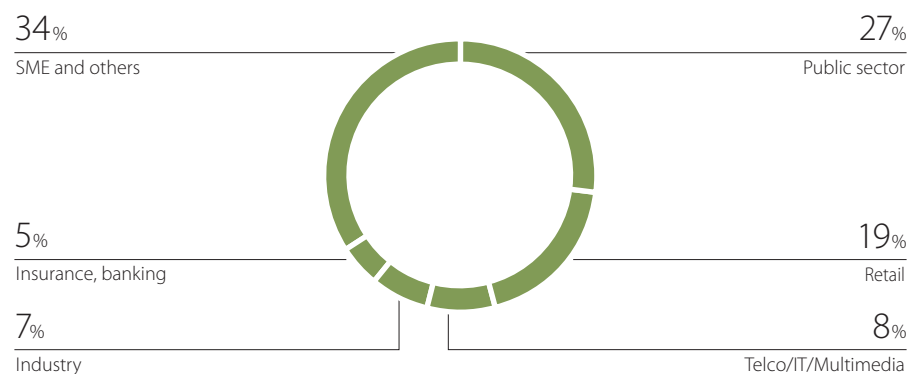
|                                         | Commercial Portfolio | Co-Investments | Total H1 2016 | Total H1 2015 |
|-----------------------------------------|----------------------|----------------|---------------|---------------|
| Number of properties                    | 149                  | 61             | 210           | 230           |
| Market value in EUR million**           | 1,792.4              | 203.2          | 1,905.6       | 2,340.0       |
| Rental space in sqm                     | 1,032,600            | 63,700         | 1,096,300     | 1,398,900     |
| Portfolio proportion by rental space    | 94%                  | 6%             | 100%          | 100%          |
| Annualised rental income in EUR million | 105.2                | 8.6            | 113.8         | 147.9         |
| Rental income in EUR per sqm            | 9.60                 | 11.00          | 9.70          | 9.60          |
| Lease maturities in years               | 4.3                  | 3.5            | 4.2           | 4.4           |
| Gross rental yield                      | 6.3%                 | 6.9%           | 6.4%          | 6.6%          |
| Vacancy rate                            | 13.9%                | 2.1%           | 13.2%         | 11.1%         |

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

\*\* Market value as at 31.12.2015, later acquisitions considered at cost

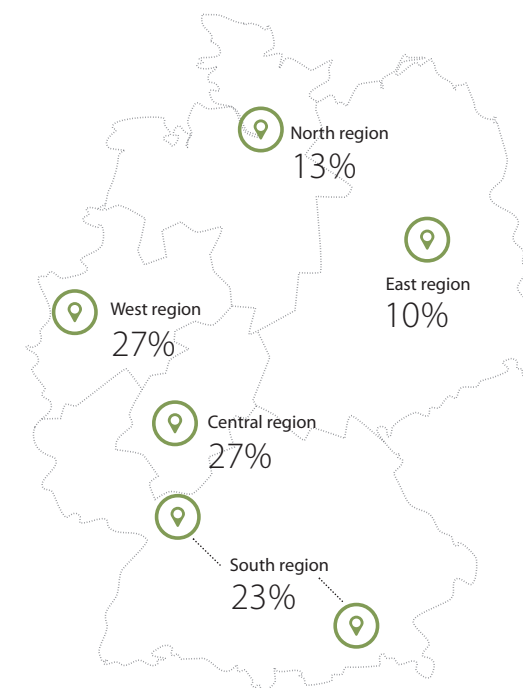
### TENANT STRUCTURE

pro rata by annualised rental income



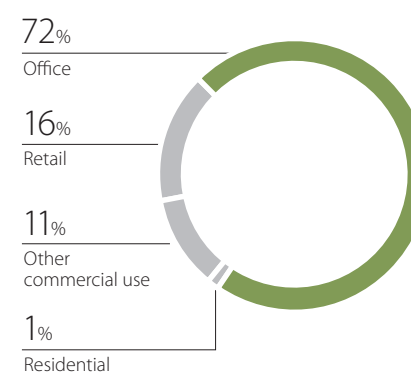
### PORTFOLIO BY REGIONS

by market value  
assets under management



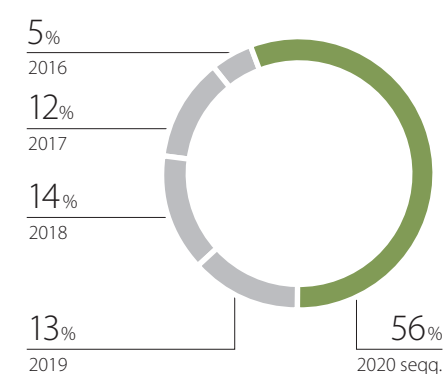
### TYPES OF USE

pro rata by annualised rental income



### LEASE MATURITIES

pro rata by annualised rental income



**DIC Asset AG**

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

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