DIC

H1 2019

HALF-YEAR REPORT

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ABOUT DIC ASSET AG

Benefitting from more than 20 years of experience on the German real estate market, DIC Asset AG maintains a regional footprint on all major German markets through six branch offices, and has 175 assets with a combined market value of c. EUR 7.1 billion under management (as of: 30.06.2019). Taking an active asset management approach, DIC Asset AG employs its proprietary, integrated real estate management platform to raise capital appreciation potential and boost its revenues.

In its Commercial Portfolio division (EUR 1.8 billion in assets under management), DIC Asset AG acts as proprietor and property asset holder, and thus generates revenues both from the management of the assets and by optimising the value its own real estate portfolio.

In its Institutional Business (EUR 5.3 billion in assets under management), DIC Asset AG generates income from structuring and managing investment vehicles with attractive dividend yields for international and national institutional investors.

DIC Asset AG has been listed 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 2019**	H1 2018	Δ	**Q2 2019**	Q1 2019	Δ
Gross rental income	**49.7**	50.3	-1%	**25.2**	24.5	3%
Net rental income	**43.0**	42.5	1%	**21.8**	21.2	3%
Real estate management fees	**17.5**	12.2	43%	**8.3**	9.2	-10%
Proceeds from sales of property	**16.0**	51.2	-69%	**4.8**	11.2	-57%
Total income	**94.1**	124.3	-24%	**43.5**	50.6	-14%
Profits on property disposals	**1.7**	11.1	-85%	**0.5**	1.2	-58%
Share of the profit or loss of associates	**15.8**	10.8	46%	**13.4**	2.4	>100%
Funds from Operations (FFO)	**43.0**	32.0	34%	**26.0**	17.0	53%
EBITDA	**61.2**	61.3	0%	**34.0**	27.2	25%
EBIT	**45.5**	46.6	-2%	**25.8**	19.7	31%
EPRA earnings	**40.3**	29.4	37%	**25.2**	15.1	67%
Profit for the period	**25.9**	23.9	8%	**16.7**	9.2	82%
Cash flow from operating activities	**42.3**	34.6	39%	**32.5**	9.8	>100%

Key financial figures per share in EUR*	**H1 2019**	H1 2018	Δ	**Q2 2019**	Q1 2019	Δ
FFO	**0.60**	0.46	30%	**0.36**	0.24	50%
EPRA earnings	**0.57**	0.42	36%	**0.36**	0.21	71%
Earnings	**0.37**	0.35	6%	**0.24**	0.13	85%

Balance sheet figures in EUR million	**30.06.2019**	31.12.2018
Loan-to-value ratio (LTV) in %	**50.4**	53.1
Investment property	**1,556.8**	1,459.0
Total equity	**914.2**	895.9
Financial liabilities	**1,482.6**	1,481.1
Total assets	**2,533.1**	2,490.1
Cash and cash equivalents	**351.9**	286.9

Key operating figures	**H1 2019**	H1 2018
Letting result in EUR million	**12.0**	12.0
EPRA vacancy rate Commercial Portfolio** in %	**7.8**	8.9

* all per share figures adjusted in accordance with IFRS as per H1 2019 71,204,683 (H1 2018: 69,380,268)
** without developments and repositioning properties

DEAR SHAREHOLDERS,

Your company has delivered strong interim results at the end of the first half of 2019. With its focus on office properties in Germany and its diversified, cyclically resilient business model, DIC Asset AG remains very much on track for growth. Both our operational figures and our strategic development confirm that the Company's success is based on firm and highly reliable foundations that continue to offer attractive prospects and long-term returns.

These are some of the highlights of the first half of 2019:

- The successful reinvestment of the proceeds from our TLG equity investment by acquiring GEG German Estate Group in June 2019 – an excellent strategic addition to our institutional business with domestic and international investors.
- The growth in assets under management by 27 % to EUR 7.1 billion since the start of the year.
- The successes achieved in optimising our key portfolio figures within a year, including raising the weighted average lease term (WALT) to 6.2 years and further reducing the EPRA vacancy rate by 1.1 percentage points to 7.8 %.
- The increase in real estate management fees by 43 % to EUR 17.5 million.
- The strong growth in funds from operations (FFO) by 34 % to EUR 43.0 million.

By successfully placing our first unsecured promissory note after the reporting date with a total volume of EUR 150 million, an average interest rate of 1.58 % and an average maturity of 5.4 years, we were able to further diversify our financial structure and secure additional funds to finance the growth of our two business segments.

The growth achieved in the first six months of the year and our outlook of the remaining year have prompted us to raise our targets for the full year 2019. We are increasing our acquisition targets from the EUR 500 million set at the start of the year to EUR 1.3 billion across all segments. Taking into account the successful expansion of our management income and the additional effects expected from the GEG acquisition, we are raising our anticipated FFO by EUR 18 million to between EUR 88 and 90 million.

Given the new scope of our business, we believe we are on a strong, clear path to continue strengthening our position in the German commercial real estate market and expand our business segments to reach EUR 10 billion in assets under management in the medium term.

Frankfurt am Main, July 2019

Sonja Wärntges   Dirk Hasselbring   Johannes von Mutius

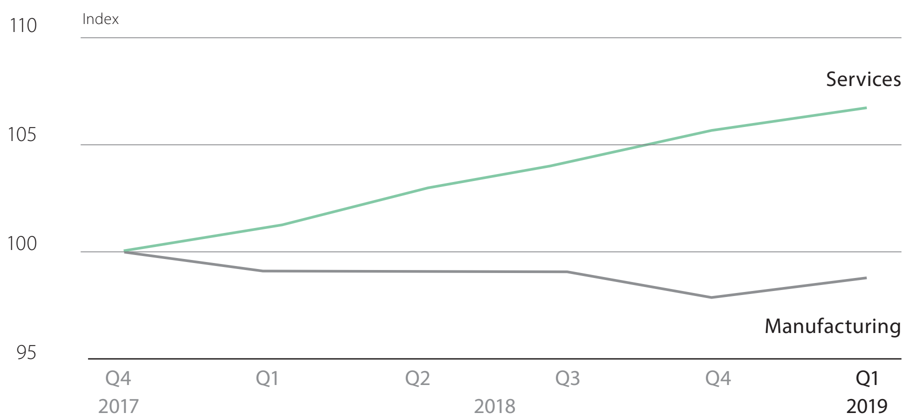
INTERIM GROUP MANAGEMENT REPORT

MACROECONOMIC ENVIRONMENT

Industrial activity cooling off, services booming

The German economy continued to grow for the tenth successive year in the first half of 2019. However, different sectors present a mixed picture across all eurozone countries, including Germany. The export-oriented manufacturing industry has been in recession since mid-2018, depressed by the threat of isolationism, sanctions and further escalation of global trade conflicts. By contrast, the primarily domestically-focused services and construction sectors have been booming in Germany.

TRENDS IN EUROZONE MANUFACTURING AND SERVICES



Source: ifo institute

The positive stimulus from the German domestic economy – driven by a rise in employment, strong wage and salary increases, tax cuts and low interest rates – defied the weakness in industrial activity and external pressures. Nevertheless, economists believe that the risks posed by interconnected value chains will transfer to the domestic economy and that this will cause even the strong positive momentum in the services sector to falter.

In the first quarter of 2019, gross domestic product rose by 0.4 % quarter-on-quarter and by 0.7 % year-on-year. GDP has benefited from catch-up effects since showing signs of weakness in the second half of 2018 (Q3 2018: -0.2 %, Q4 2018: 0.0 %); the rise is due to factors such as higher car sales compared to the slump in the previous year and a corresponding increase in consumer spending and capital expenditures. Stable consumer prices helped to boost purchasing power considerably.

For the second quarter of 2019, the ifo Institute expects the drop in industrial production to have an even stronger impact and anticipates a -0.1 % contraction in GDP overall. As a result, the ifo Business Climate Index issued as a sentiment indicator for German companies dropped to 97.4 points by June 2019, its lowest level since November 2014. Meanwhile, in March, sentiment brightened once again due to the economic strength of the services, retail and construction sectors; however, companies are currently sceptical about the economic situation and are therefore employing staff at a slower rate. Unemployment fell only slightly month-on-month at the end of the first half of 2019, dropping by 20,000 to 2.216 million. This resulted in an unemployment rate of 4.9 % in June 2019, compared to 5.0 % in June 2018.

Nevertheless, economists are only envisaging moderate recessive trends for the German economy in the second half of the year. The ifo Institute anticipates a 0.6 % increase in GDP for the current year and is forecasting a return to more accelerated economic growth next year. The number of people in gainful employment is expected to rise by 433,000 in 2019 after growing by 572,000 in 2018. In terms of monetary policy, weak economic growth is resulting in an increased tendency towards monetary easing. Members of the ECB Governing Council concurred with this strategy at their latest meeting, prompting ECB President Mario Draghi to signal that a further rate cut or the resumption of the bond purchasing programme are both possible options at the ECB's conference in mid-June.

Rental market remains robust thanks to service sector

Despite the economy's faltering momentum the office rental market reached new heights. With total take-up of around 2 million sqm at the mid-year point, the top seven office hotspots outperformed the previous year by more than 5 %. Market observers at JLL expect total take-up to reach approximately 3.8 million sqm for the full year after a slightly weaker second half.

The situation on the rental market is likely caused by differing economic trends within the German economy. While the export-oriented manufacturing industry is being significantly hampered by external uncertainties, the largely domestic-focused services sector has seen strong demand for office space and a sharp increase in construction activity. Employment growth also continued, albeit at a slower pace, causing demand for modern office space in particular to rise even further. In light of the shortage of space, companies have begun to secure new space at an early stage. JLL reports that over an average of 60% of pre-letting carried out over the past three years was agreed up to three years prior to completion of the buildings in question. Researchers expect space in one in every five square metres of rental space in the Big 7 locations to be located in buildings that are in the planning stage in 2019.

Stuttgart recorded the sharpest rise in revenue at around 21 %, followed by Hamburg at just under 15 %, Düsseldorf with a good 10 %, and Berlin, Frankfurt and Cologne with around 8 % each. Munich and Berlin were the top performers in terms of take-up, accounting for around 418,000 sqm each. While the German capital continues to experience dynamic growth in rental activity, Munich was the only one of the Big 7 locations to report a drop in revenue of around 11 %.

Once again, completion volumes in the Big 7 were not enough to remedy the shortage of space. Despite volumes rising by around 30 % compared to the prior-year period, vacancy rates continued to decline. According to JLL, the aggregated vacancy rate in the Big 7 locations fell to 3.3 %, even to 1.8 % in the nation's capital. JLL expects the vacancy rate to fall by 50 basis points year-on-year to 3.1% for the full-year 2019. Estate agent Colliers suggests that around 87 % of approximately 1.6 million sqm in anticipated 2019 completion volumes has already been pre-let.

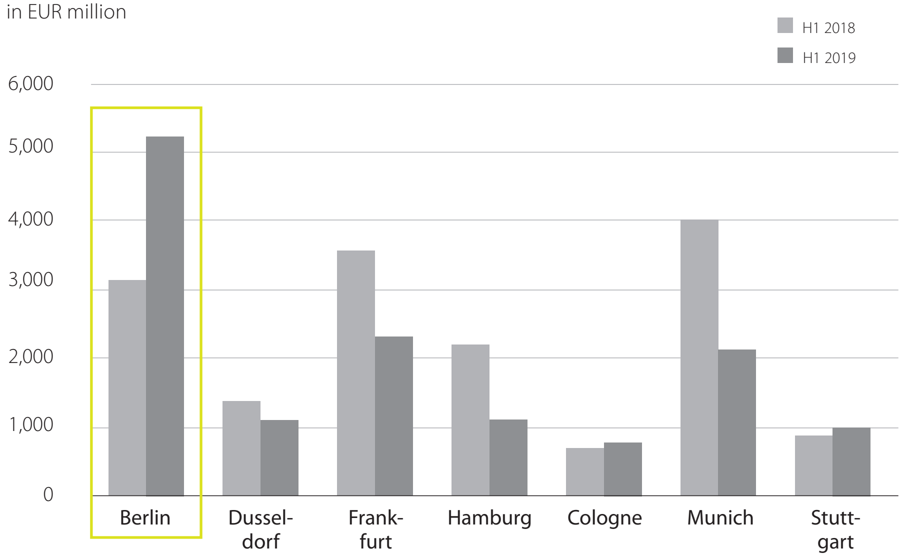
Prime rents are currently showing an increase of 7.6 % year-on-year. JLL expects the prime rental price index to climb further by the end of the year, with this figure anticipated to grow by 5.4 % compared to the end of 2018. In terms of development momentum, secondary locations and other submarkets are mirroring the trend seen in top central locations.

Investment market: Berlin is the new revenue capital

For the German commercial real estate investment market, BNP reported a transaction volume of EUR 24.4 billion, down 6 % compared to the previous year. Eighty-two per cent of revenue came from single transactions, suggesting that investors are having to work hard to generate profit at the individual property level. At EUR 13.8 billion, the Big 7 locations accounted for a 13 % lower share of transaction volumes than in the previous year. However, this still represents their second-best result in recent years, with the prior-year figure, which could not be repeated in the first half of 2019, highlighting an unusually strong focus on A-locations. One exception here is Berlin, which remains the most popular location for investors with record revenue of EUR 5.2 billion.

INVESTMENTS AT THE BIG 7 LOCATIONS

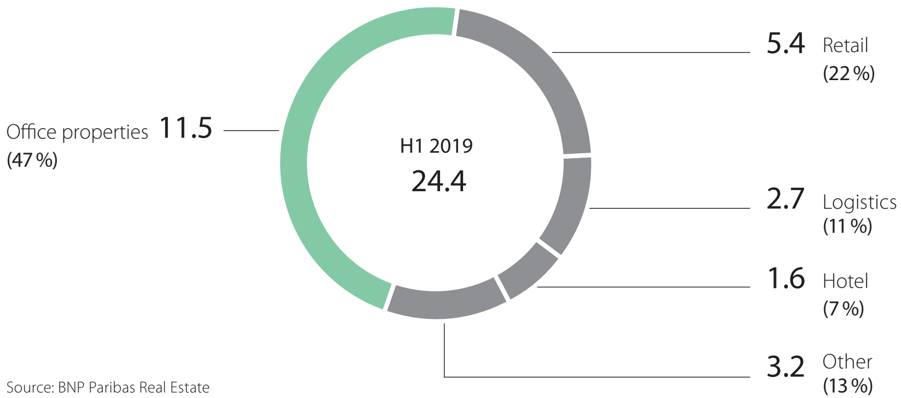
in EUR million



Source: BNP Paribas Real Estate

INVESTMENTS BY PROPERTY TYPE

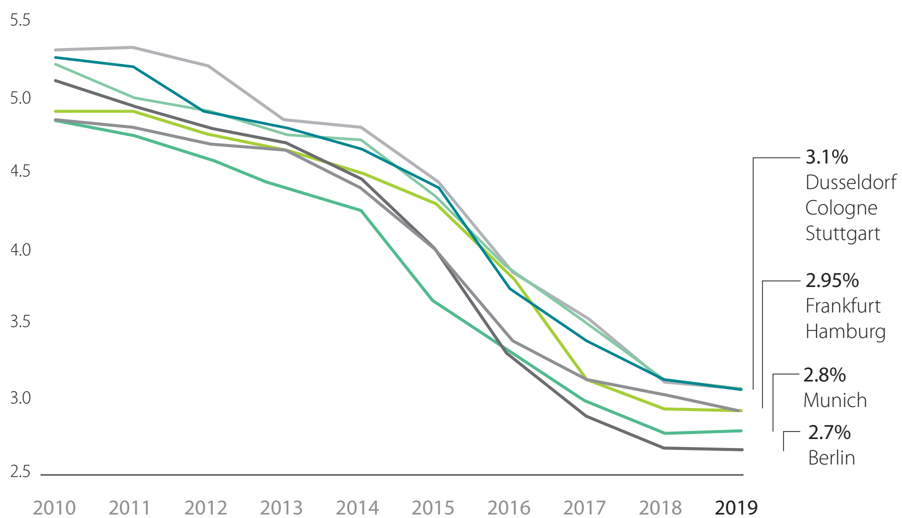
in EUR billion



Source: BNP Paribas Real Estate

Estate agents are unanimously reporting a slight increase in the share of activity involving foreign market players. According to the latest BNP report, foreign investors are currently involved in 39 % of transaction volumes; at around EUR 9.4 billion, their investments were around 25 % higher than the long-term average. The most prominent group of buyers was special funds at 26 %, followed by asset managers with 15 %.

OFFICE PRIME YIELDS (NET) AT THE BIG 7 LOCATIONS



Source: BNP Paribas Real Estate

After another modest fall in office prime yields in Dusseldorf, Cologne and Stuttgart in the first quarter, the Big 7 locations remained stable in the second quarter with the exception of Hamburg.

BUSINESS DEVELOPMENT

Highlights for the first half of 2019

- Acquisition of GEG German Estate Group represents an excellent strategic addition; combination with previous fund business to form Institutional Business operating segment
- Assets under management increased by 27 % to EUR 7.1 billion since start of the year
- Property acquisitions amounting to EUR 853 million completed – roughly 66 % of increased annual target of EUR 1.3 billion already achieved (including acquisitions made by GEG)
- Successful lettings and portfolio management: significant decline in EPRA vacancy rate in Commercial Portfolio to 7.8 % (30 June 2018: 8.9 %)
- FFO up 34 % to EUR 43.0 million (H1 2018: EUR 32.0 million)
- Forecasts raised after GEG acquisition: new FFO guidance of EUR 88–90 million, acquisition target of EUR 1.3 billion

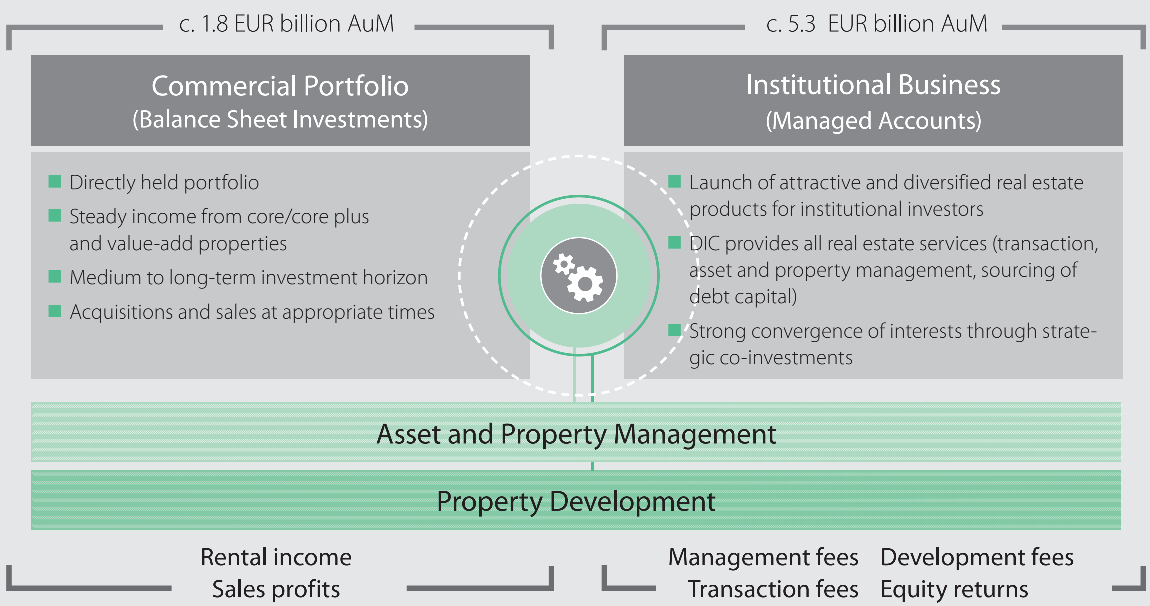
GEG acquisition: strategic complement triggers effective surge in growth

We made excellent use of the first half of 2019 to expand our business and market position, and pushed ahead with these efforts with two strategic transactions. First, we completed the sale of our equity investment in TLG agreed in December 2018 in the first half of 2019 as planned. We immediately reinvested around EUR 376 million of funds released by both partial sales for our own growth. In an agreement dated 5 June 2019, DIC Asset AG acquired real estate investment and asset manager GEG German Estate Group for a purchase price of EUR 225 million paid completely from cash.

GEG's business complements the DIC Asset AG business model perfectly and significantly accelerates its planned growth in the institutional fund and third-party business. On 30 June 2019, GEG 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

As part of the GEG transaction, we have restructured and simplified our business segments to focus our reporting on two pillars. Firstly, there is the **Commercial Portfolio** segment, which includes our own property portfolio as before. Secondly, we are combining our previous Funds segment with the GEG business to form the **Institutional Business** segment. The GEG acquisition was completed in June 2019. We are consolidating GEG for the first time in this half-yearly report. GEG has been included in DIC Asset AG's results for the month of June. Following the sale of the Joint Venture investments and our equity stake in TLG Immobilien AG we eliminated our former operating segment Other Investments. The final dividend contribution of TLG will be presented as a single item until year end 2019.

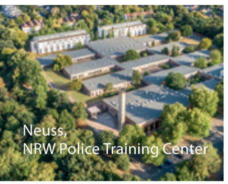
OUR DIVERSIFIED BUSINESS MODEL



base to include financiers who are currently invested in 23 properties in funds, club deals and individual mandates via GEG. 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.

Strategic reinvestment

Institutional Business perfectly expanded by complementary GEG business



DEVELOPMENT OF REAL ESTATE ASSETS UNDER MANAGEMENT

Sharp increase in assets under management
DIC Asset AG's assets under management rose by 27 % overall to EUR 7.1 billion compared with 31 December 2018, particularly as a result of the GEG acquisition.

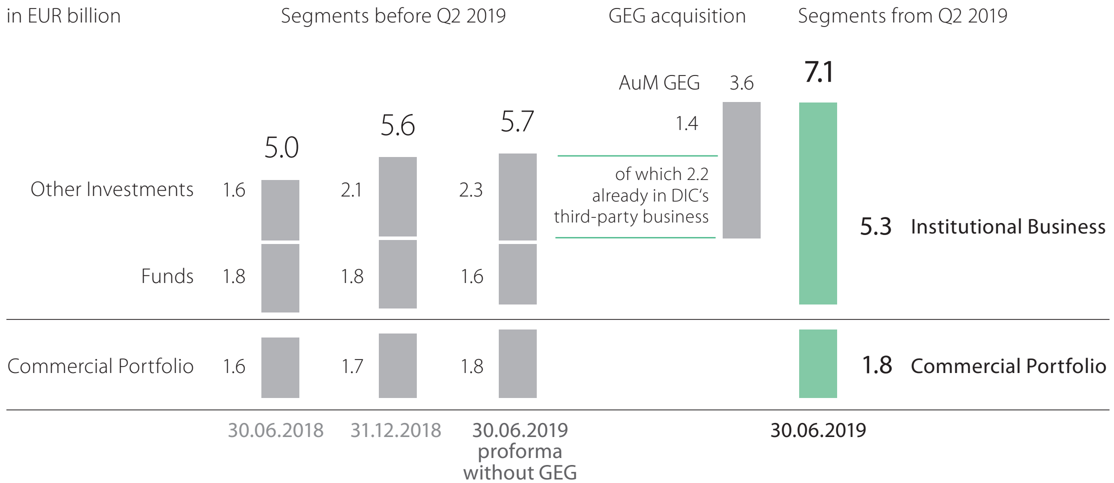
Of this figure, EUR 1.8 billion was attributable to the Commercial Portfolio segment (30 December 2018: EUR 1.7 billion) and EUR 5.3 billion – a rise of 36 % – to the new Institutional Business segment (30 December 2018: EUR 3.9 billion, made up of EUR 1.8 billion in Funds and EUR 2.1 billion in Other Investments).

PORTFOLIO BY SEGMENTS

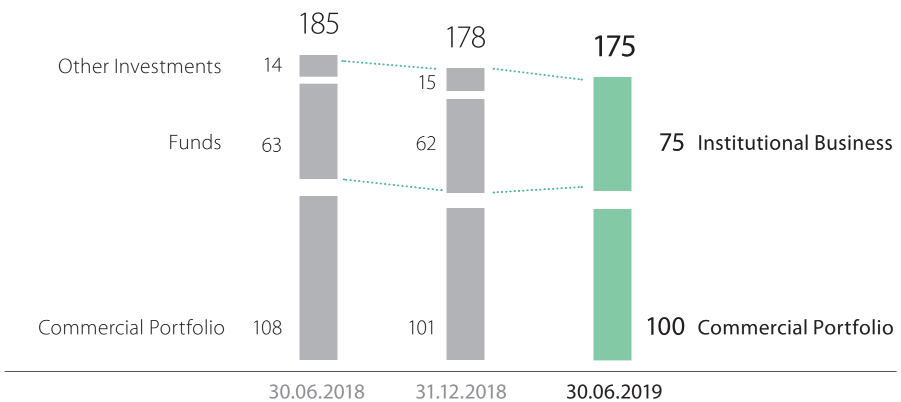
		Commercial Portfolio	Institutional Business	Total
Number of properties	30.06.2019	100	75	175
	31.12.2018	101	77	178
Market value in EUR million*	30.06.2019	1,798.1	5,261.0	7,059.1
	31.12.2018	1,696.8	3,948.9	5,645.7
Rental space in sqm	30.06.2019	923,100	1,041,400	1,964,500
	31.12.2018	893,500	966,700	1,860,200

* Market value as at 31.12.2018, later acquisitions considered at cost

ASSETS UNDER MANAGEMENT



NUMBER OF PROPERTIES



Transactions totalling roughly EUR 876 million completed
As of the reporting date, our investment teams have completed acquisitions and sales with a total volume of around EUR 876 million, including purchases made via GEG since 1 January 2019.

On the acquisitions side, purchases amounting to approximately EUR 853 million were notarised in the first half of the year. Of this figure, around EUR 73 million was attributable to the Commercial Portfolio segment and around EUR 780 million to the Institutional Business segment.

Further acquisitions, both for the Company's own portfolio and for the Institutional Business division, are being reviewed thoroughly.

Property sales with a total volume of around EUR 23 million were completed. The transfer of possession, benefits and associated risks for one property from the Institutional Business segment (EUR 1.3 million) and three properties from the Commercial Portfolio (approx. EUR 9 million), as well as one property sold in 2018 for around EUR 7 million, was completed by the 30 June 2019 reporting date.

On average, sales prices for the properties we sold were around 10% higher than the most recently determined market values.

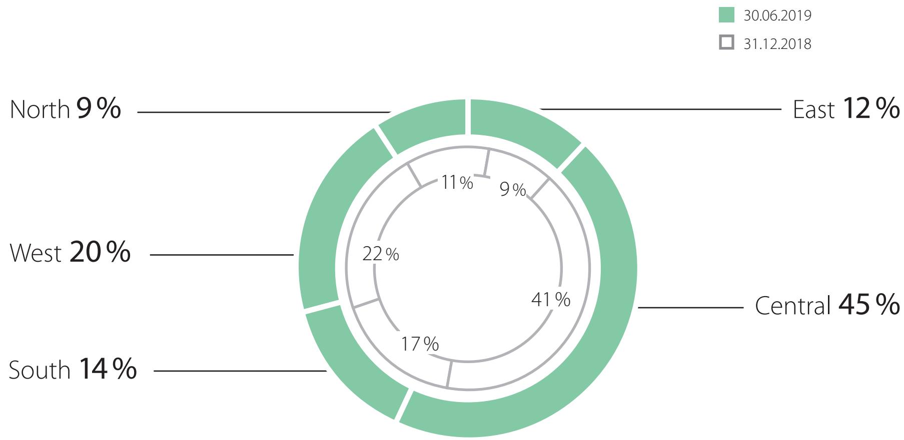
Regional development: stronger emphasis on the economically strong Central region
The regional distribution of our assets under management changed compared to the previous year, largely due to the integration of the assets managed by our subsidiary GEG. The economically strong Central region continued to increase its share to 45 % based on market value at the reporting date, which was especially due to the integration of high-volume assets in Frankfurt am Main. The East region also benefited from our intensified activities in the German capital of Berlin. By contrast, the shares of the North, West and South regions decreased.

TRANSACTIONS IN 2019

in EUR million (Number of properties)	Notarisations in 2019	Notarisations in 2019 / Transfer of possession, benefits and assoc. risks in 2019 until 30.06.2019	Notarisations in 2018 / Transfer of possession, benefits and assoc. risks in 2019 until 30.06.2019
Acquisitions			
Commercial Portfolio	73 (2)	73 (2)	45 (1)
Institutional Business	780 (7)	529 (4)	296 (3)
Total	853 (9)	602 (6)	341 (4)
Sales			
Commercial Portfolio	22 (6)	9 (3)	7 (1)
Institutional Business	1 (1)	1 (1)	-
Total	23 (7)	10 (4)	7 (1)

REGIONAL DISTRIBUTION OF ASSETS UNDER MANAGEMENT

in % of market value



Letting performance: average rents of our contracts up 21 %

Our real estate management team continued its impressive letting activities from the previous quarter. In the first half of 2019, the average rent for leased space rose considerably by 21 % from EUR 10.19/sqm to EUR 12.29/sqm. As in the previous year, leases were signed representing annualised rental income of EUR 12.0 million (H1 2018: EUR 12.0 million); around 68 % of the total rental volume of 81,300 sqm (H1 2018: 98,200 sqm) was attributable to the Commercial Portfolio segment and 32 % to the Institutional Business segment.

LETTING PERFORMANCE BY TYPE OF USE

	in sqm		annualised in EUR million	
	H1 2019	H1 2018	**H1 2019**	H1 2018
Office	**48,000**	72,000	**6.3**	9.4
Retail	**2,300**	9,800	**0.6**	1.6
Warehouse/logistics	**14,600**	10,600	**0.9**	0.6
Further commercial	**15,000**	5,200	**4.0**	0.3
Residential	**1,400**	600	**0.2**	0.1
Total	**81,300**	98,200	**12.0**	12.0
Parking	**829 units**	1,085 units	**0.6**	0.6

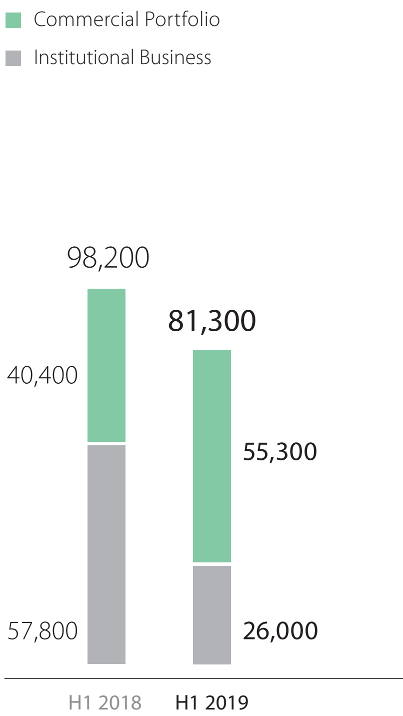
Lettings activities were primarily focused on high-volume leases (1,000 sqm or larger), which made up 78 % of the overall performance (in sqm) of the Commercial Portfolio and 77 % in the Institutional Business. For example, leases for around 15,000 sqm of hotel space (including 338 rooms) at Central Park Office (CPO) in Dusseldorf – which we subsume under the "Further Commercial" type of use – were extended until the end of 2026. At the University of Cooperative Education in Mannheim, we extended the lease for around 9,700 sqm of office space with the public-sector organisation responsible for running the university until 2022. The largest new lease signed was for the Hamburg-Rahlstedt Logistics Centre, where around 700 sqm of office space and approximately 3,100 sqm of logistics space were leased to HSS Hamburger Speditions Service GmbH until 2024.

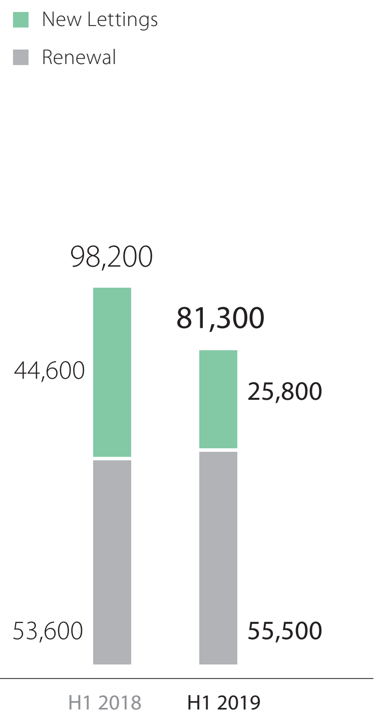
TOP LETTINGS

NH Hotels Deutschland GmbH	Renewal	Commercial Portfolio	Dusseldorf	15,000 sqm
Landesbetrieb Vermögen und Bau Baden-Württemberg	Renewal	Commercial Portfolio	Mannheim	9,700 sqm
ver.di Vereinte Dienstleistungsgewerkschaft	Renewal	Commercial Portfolio	Saalfeld	6,900 sqm
Ricoh Deutschland	Renewal	Institutional Business	Hannover	6,900 sqm
HSS Hamburger Speditions Service GmbH	New Letting	Commercial Portfolio	Hamburg	3,800 sqm

LETTING PERFORMANCE STRUCTURE

in sqm





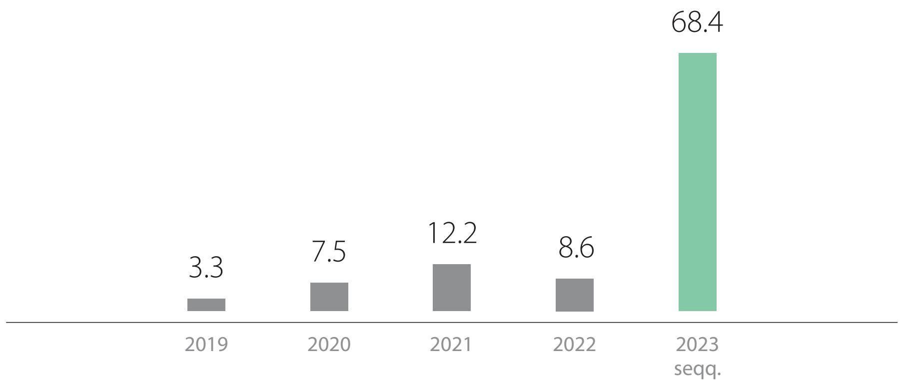
The average term of all new leases was 5.4 years in both segments. In the case of lease renewals, the average term was 2.5 years in the Commercial Portfolio segment and 3.8 years in the Institutional Business segment.

Thirty-two percent of leased space was provided under new leases, with lease renewals contributing 68 % to letting performance.

The 2019 lease expiry volume fell to just 3.3 % as a result of successful letting activities in the first half of the year. More than 68 % of leases expire in 2023 or later

LEASE EXPIRY VOLUME

in % of annualised rental income



COMMERCIAL PORTFOLIO SEGMENT

Portfolio quality enhanced significantly once again

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 its profitability, and realise profits by selling properties at the right time.

The Commercial Portfolio consisted of 100 properties as of 30 June 2019 (30 June 2018: 108). We significantly enhanced the quality of our portfolio year-on-year by maintaining an active asset and property management approach of selling non-strategic properties

The revitalisation of the Kaiserpassage in Frankfurt am Main was successfully completed in February 2019 with the ceremonial reopening.

DEVELOPMENT OF THE COMMERCIAL PORTFOLIO*

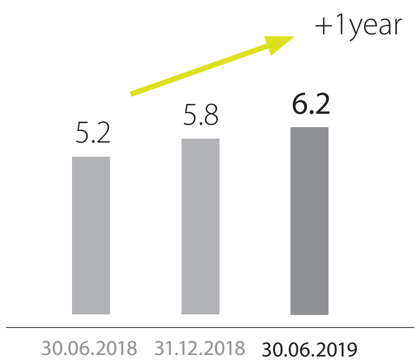
	30.06.2019	31.12.2018	30.06.2018
Number of properties	**100**	101	108
Market value (in EUR million)	**1,798.1**	1,696.8	1,598.3
Rental space in sqm	**923,100**	884,000	927,800
Annualised rental income in EUR million	**103.0**	97.6	96.2
Avg. rent per sqm in EUR	**9.82**	9.64	9.49
WALT in years	**6.2**	5.8	5.2
EPRA vacancy rate in %	**7.8**	7.2	8.9
Gross rental yield in %	**5.7**	5.9	6.3

* all figures excluding project developments and repositioning except number of properties, market values and rental space

and acquiring attractive properties with high cash flows, thus improving all key performance indicators. Annualised rental income rose by 7.1 % from EUR 96.2 million to EUR 103.0 million. At the same time, we lowered the EPRA vacancy rate from 8.9 % to 7.8 % compared to 30 June 2018 and markedly increased the weighted average lease term (WALT) from 5.2 to 6.2 years. The average rent per sqm in euros in the Commercial Portfolio increased from EUR 9.49 to EUR 9.82.

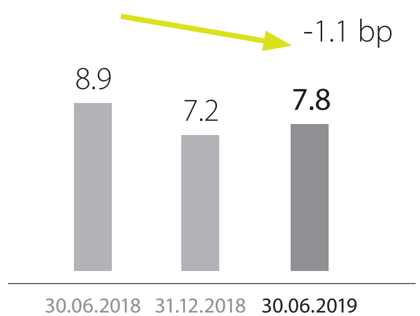
WALT

in years



EPRA VACANCY RATE

in %*



* excluding project developments and warehousing

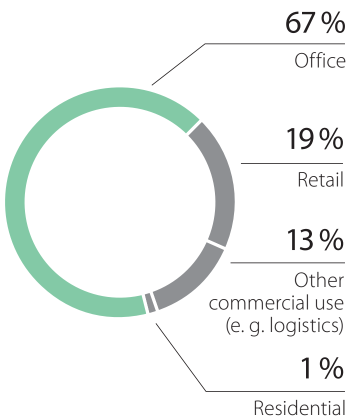
Annualised rental income in the Commercial Portfolio rose by 0.2 % on a like-for-like basis, from EUR 93.6 million on 30 June 2018 to EUR 93.8 million on 30 June 2019.

The market value of the properties in our Commercial Portfolio rose from around EUR 1.6 billion on 30 June 2018 to approximately EUR 1.8 billion on 30 June 2019.

This increase was primarily due to completed transactions (acquisitions and sales) for which the transfer of possession, benefits and associated risks took place within the last 12 months.

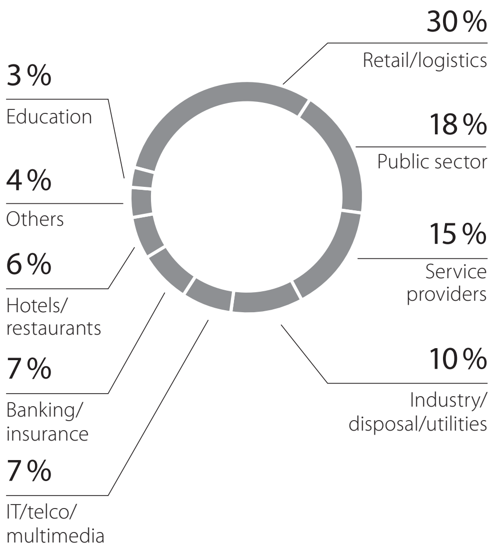
TYPES OF USE

Basis: annualised rental income



SECTORS*

Basis: annualised rental income



* new sector categorisation (Chamber of Industry and Commerce sector key)

The Stadtfenster in Duisburg, a modern, centrally-located building, is home to the City Library and other local educational services.

Growth in own portfolio

During the reporting period, two properties for around EUR 73 million acquired to further grow our portfolio were notarised. At the start of the year, we purchased a fully-let multi-tenant office building at Bremen Technology Park for total investment costs of EUR 14.7 million. Most of the 9,400 sqm of rental space is used by the University of Bremen. The transfer of possession, benefits and associated risks took place at the end of March 2019. The “Stadtfenster” in Duisburg, which we acquired for total investment costs of EUR 58.1 million at the start of May, is a modern office building in a prime city centre location and was completed in 2014. It offers more than 12,600 sqm of rental space over five floors, much of which is used by the City Library and Adult Education Centre. The fully-let property has a weighted average remaining lease term (WALT) of around 18 years. The annualised rental income is approximately EUR 2.2 million. The transfer of possession, benefits and associated risks took place at the end of June. The transfer of possession, benefits and associated risks for a further office property in Karlsruhe worth around EUR 45 million will take place in the second quarter of 2019. A purchase agreement for the property was signed back in December 2018.

INSTITUTIONAL BUSINESS SEGMENT

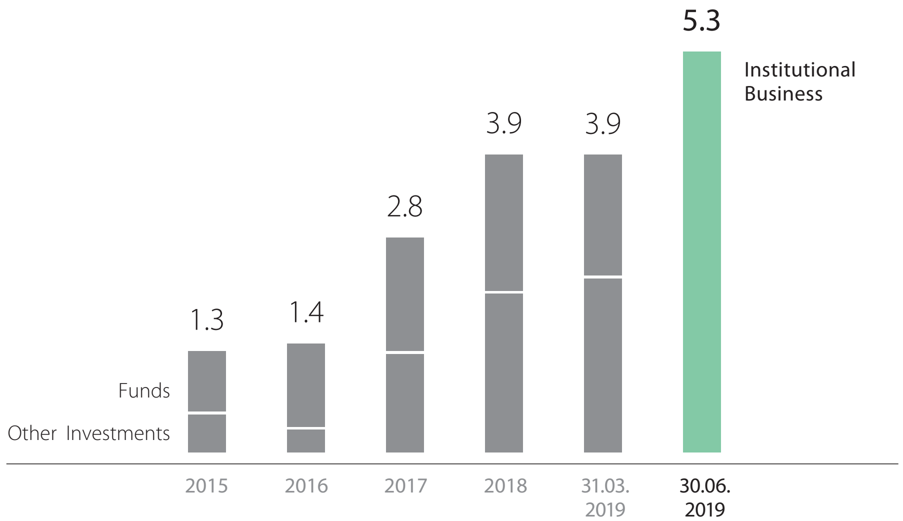
Considerable growth surge in institutional business

The Institutional Business segment combines the previous Funds segment with the institutional investment business of GEG. The division generates income by acting as issuer and manager of special real estate funds, individual mandates and club deals for institutional investors. DIC Asset AG also serves to a lesser extent as a co-investor and generates investment income from several mandates.

As of 30 June 2019, the segment comprised assets under management amounting to EUR 5.3 billion (combined figure for the previous segments as of 30 June 2018: EUR 3.4 billion; 31 December 2018: EUR 3.9 billion).

ASSETS UNDER MANAGEMENT *

in EUR billion, as of the reporting date



* until Q1 2019: Funds and Other Investments segments

The Institutional Business made acquisitions with a total volume of around EUR 780.0 million in the first half of the year, including EUR 760.5 million made through the acquired company GEG.

At the end of February, we acquired the "Falkenbrunnen" office building for the DIC Office Balance V fund for total investment costs of around EUR 19.5 million. The building is located in Dresden, the capital of Saxony, and is primarily let to Dresden University.

Several high-volume properties in prime locations were also purchased via GEG. KAP1 in Düsseldorf was added in February for EUR 56.6 million, as was a property used entirely by Deutsche Bahn on the banks of the Rhine in the historical centre of Mainz for EUR 85.6 million; in April, GEG acquired the "Pressehaus" on Berlin's Alexanderplatz – consisting of a revitalised high-rise building and a planned extension – for a total investment volume of EUR 367.1 million; and in June, the Company acquired the Helio, a fully-let property in an outstanding location in the centre of Augsburg, for EUR 111.6 million. Also in June, GEG purchased the Palazzo Fiorentino office building in Frankfurt-Sachsenhausen, which is fully let to Metzler Bank, for EUR 50.9 million. At the same time, the Company completed its acquisition of the fully-let Fashion Mall Munich in the city's Parkstadt Schwabing district for a total investment volume of EUR 88.7 million.

The transactions and the integration of GEG were very effective in driving forward DIC Asset AG's strategy of dynamically expanding the institutional business during the current year. With preparations currently being made for further attractive acquisitions, DIC Asset AG is on track to continue growing this pillar of earnings in 2019 and beyond.

The sale of the equity investment in TLG was completed on schedule in the first half of 2019, ending our involvement with the company. This generated income totalling around EUR 376 million, which was deployed effectively to finance our growth. Overall, the two partial sales resulted in an overall profit of EUR 76.8 million, which was recognised directly in retained earnings (no effect on profit or loss). Of this overall profit, EUR 32.9 million had already been recognised in the first quarter (first partial sale to Ouram Holding); the second partial sale to the Bedrock Group was completed at the start of the second quarter and increased retained earnings by a further EUR 43.9 million.

Workforce changes

DIC Asset AG had 260 employees as at 30 June 2019 (including 67 at GEG). The 67 employees of GEG are distributed as follows: 11 work in Portfolio Management, Investment and Funds, 29 in Asset and Property Management, and 27 in Group Management and Administration. Excluding GEG transaction, the workforce would have grown by 12 people year-on-year to 193 staff, including 8 as a result of the organic growth of our asset and property management activities.

NUMBER OF EMPLOYEES

	30.06.2019	31.12.2018	30.06.2018
Portfolio management, investment and funds	39	27	25
Asset and property management	149	114	112
Group management and administration	72	45	44
DIC total	260	186	181

REVENUE AND RESULTS OF OPERATIONS

Revenue results of operations in the first half of 2019 were influenced by the first-time recognition of income and expenses of the GEG German Estate Group, which were included in the consolidated financial statements for one month (June 2019). This has impacted real estate management fees and operating expenses in particular. As a result, comparability with the expenses and income reported for the first half of 2018 is limited.

Rental income almost unchanged

Gross rental income in the first half of 2019 remained almost steady year-on-year at EUR 49.7 million (H1 2018: EUR 50.3 million). Additional rental income after acquisitions and rent increases had a positive effect, which almost completely compensated for the transaction-related decrease in gross rental income. Net rental income increased by 1 % to EUR 43.0 million (H1 2018: EUR 42.5 million) due to lower property-related costs, e.g. vacancy costs.

Significant rise in real estate management fees

Real estate management fees rose sharply by 43 % from EUR 12.2 million to EUR 17.5 million year-on-year as a result of the acquisition of GEG and the significant increase in assets under management in the Institutional Business segment. Of this figure, EUR 9.6 million are transaction-related fees (30 June 2018: EUR 6.6 million) and EUR 7.9 million are asset and property management fees (30 June 2018: EUR 5.6 million). Real estate management fees attributable to GEG for the month of June amounted to EUR 4.2 million, of which EUR 3.1 million is transaction-related.

Total income of EUR 94.1 million

Total income in the first half of 2019 amounted to EUR 94.1 million, compared with EUR 124.3 million in the previous year; this is mainly attributable to lower sales proceeds. Revenue from property sales decreased to EUR 16.0 million (H1 2018: EUR 51.2 million) due to reduced sales activities in the first half of the year.

OVERVIEW OF INCOME

in EUR thousand	H1 2019	H1 2018	Δ
Gross rental income	49,683	50,332	-1 %
Real estate management fees	17,487	12,248	43 %
Proceeds from sales of properties	16,028	51,155	-69 %
Other income	10,929	10,593	3 %
Total income	94,127	124,328	-24 %

Operating costs impacted by GEG transaction

Operating costs in the first half of 2019 amounting to EUR 16.8 million (H1 2018: EUR 15.2 million) due to the acquisition of GEG and the related operating and transaction-related costs consolidated for the month of June. Without the GEG transaction, operating costs for the first half of the year would have fallen by 5 % to EUR 14.5 million.

Net financing result improved by EUR 2.3 million

The net financing result improved by EUR 2.3 million or 12 % year-on-year to EUR -16.9 million (H1 2018: EUR -19.2 million). This increase was due in particular to the improved financing structure as part of the scheduled repayment of Bond 13/18 in the amount of EUR 100 million with a coupon of 5.75 % p.a. and the issue of Bond 18/23 with a volume of EUR 150 million and a significantly lower coupon of 3.50 % p.a. in the second half of 2018 as well as further loan repayments, particularly in the course of the TLG transaction.

Investment income up 46 %

The share of the profit of associates rose by 46 % from EUR 10.8 million in the previous year to EUR 15.8 million. On the one hand, dividend income from the TLG investment, which has since been sold, increased from EUR 10.2 million to EUR 13.0 million; on the other hand, investment income from Institutional Business including funds more than doubled from EUR 1.2 million to EUR 2.8 million.

RECONCILIATION TO FFO

in EUR million	H1 2019	H1 2018	Δ
Net rental income	42,961	42,486	+1 %
Administrative expenses	-6,129	-5,948	+3 %
Personnel expenses	-10,676	-9,299	+15 %
Other operating income/expenses	48	-115	>100 %
Real estate management fees	17,487	12,248	+43 %
Share of the profit or loss of associates without project developments and sales	15,767	11,653	+35 %
Net interest income	-16,916	-19,157	-12 %
Other adjustments*	420	143	>100 %
Funds from Operations (FFO)	42,962	32,011	+34 %

* The other adjustments include:
– Transaction, legal and consulting costs of EUR 292 thousand (previous year: EUR 143 thousand)
– Administrative expenses and personnel costs of EUR 128 thousand (previous year: EUR 0 thousand)

FFO up 34 % to EUR 43.0 million

Funds from operations (FFO), in other words our operating profit, amounted to EUR 43.0 million in the first half of 2019, which was a significant increase of approximately 34 % year-on-year (H1 2018: EUR 32.0 million). This was mainly due to the significant increase in real estate management fees and the strong share of the profit of associates excluding project developments and sales, while operating expenses rose as a result of the GEG transaction (current personnel costs and administrative expenses of around EUR 1.5 million).

FFO per share rose by 30 % to EUR 0.60 (H1 2018: EUR 0.46) – with a 2.6 % increase in the average number of shares following the distribution of the scrip dividend in April.

Profit for the period up 8 %

The positive FFO performance enabled us to increase profit for the period in the first half of 2019 to EUR 25.9 million (H1 2018: EUR 23.9 million), despite the lower profit from sales and the slight increase in depreciation and amortisation. Earnings per share were up 6 % to EUR 0.37 (H1 2018: EUR 0.35), based on a higher number of shares.

FINANCIAL POSITION AND NET ASSETS

The Company's financial position and net assets were also affected by the GEG transaction in the first half of 2019. The items Goodwill, Intangible assets, Other investments, and Cash and cash equivalents were particularly impacted by the first-time consolidation of GEG. As a result, comparability with the prior-year period is only possible to a limited extent.

Total assets as at 30 June 2019 increased by EUR 43 million as against year-end 2018 to EUR 2,533.1 million. The increase is attributable in particular to the acquisitions of investment properties for the Commercial Portfolio. The main effects of the GEG transaction on the Company's balance sheet are the initial recognition of preliminary goodwill amounting to EUR 170.3 million, the addition of intangible assets of EUR 28.8 million essentially consisting of acquired service agreements, and the addition of equity investments of EUR 32.6 million attributable to our own shares in investments in the Institutional Business. The disposal of the equity investment in TLG Immobilien AG led to a reduction in other investments as of 30 June 2019 compared to the end of the previous year on the one hand, and a rise in cash and cash equivalents on the other. The purchase price payment as part of the GEG transaction had an offsetting effect on the cash and cash equivalents position.

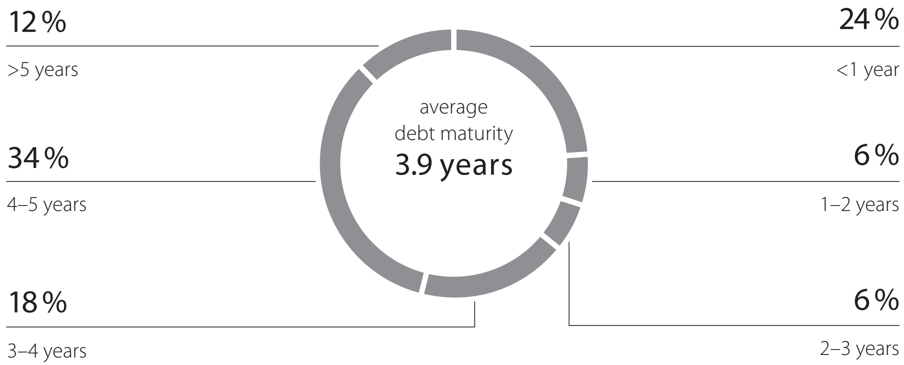
At EUR 1,482.6 million as of 30 June 2019, the Company's loans and borrowings remained at a similar level to the end of 2018 (31 December 2018: EUR 1,481.1 million). The shorter maturities caused current interest-bearing loans and borrowings to increase while non-current interest-bearing loans and borrowings decreased.

At around 65 %, most of our financial debt consists of loans agreed with a wide range of German banks. The rest relates primarily to our corporate bonds.

The average maturity of our debt including bonds remained virtually unchanged at 3.9 years as of 30 June 2019 compared to both the previous year's reporting date and the year-end 2018 due to the long-term refinancing recently completed as part of the acquisition of investment properties (30 June 2018: 4.0 years; 31 December 2018: 3.9 years). The portion of financial liabilities with maturities greater than five years rose to 12 % as of 30 June 2019 compared with the end of 2018 (31 December 2018: 5 %).

DEBT MATURITIES

Financial debt as at 30 June 2019



The average interest rate on all bank liabilities was approximately 1.8 %, remaining virtually unchanged compared with the prior-year period (30 June 2018: 1.8 %). Including corporate bonds, the average interest cost as of 30 June 2019 was 2.5 % (30 June 2018: 2.6 %)

The interest cover ratio, i.e. the ratio of EBITDA to net interest income, rose to 362% in the first half of the year (full-year 2018: 333 %). As of 30 June 2019, around 94 % of our financial debt was fixed-rate or hedged against fluctuations in interest rates (31 December 2018: 88 %).

Cash flow dominated by strategic transactions and refinancing

Cash flow for the first half of 2019 was dominated by acquisitions in real estate, capital expenditure, refinancing activities in the Commercial Portfolio, the disposal of the equity interests in TLG Immobilien AG and the acquisition of GEG.

Cash flows from operating and investing activities were positive; cash flow from financing activities was negative mainly due to loan repayments. At EUR 42.3 million, cash flow from operating activities was up significantly year-on-year in the first half of 2019 (H1 2018: EUR 34.6 million), due in particular to lower interest payments and higher payments received from property management fees.

Cash flow from investing activities amounted to EUR 39.4 million (H1 2018: EUR 27.3 million). This figure primarily reflects our sales activities, strategic investments, and ongoing investments in the Institutional Business and Commercial Portfolio segments. Compared to the prior-year period, this figure reflects lower income from the disposal of investment property and higher spending on the acquisition of investment property and capital expenditure in our own portfolio. The cash flow from the disposal of the equity interests in TLG Immobilien AG more than offset the expenditure for the acquisition of GEG German Estate Group in the first half of 2019, enabling the Company to generate a higher cash inflow from the acquisition and disposal of other investments compared to the prior-year period.

The cash flow from financing activities amounted to EUR -30.7 million in the first six months of 2019, after EUR +27.8 million in the prior-year period. It was dominated by sales-related repayments of loans and the distribution of the cash dividend of EUR 17.7 million. On the other hand, proceeds from borrowings were lower compared to the prior-year period. Additional proceeds from increasing the 17/22 bond were also included in the previous year.

Cash and cash equivalents rose by EUR 65.0 million as against the end of the year to EUR 351.9 million.

Equity strengthened

In the second quarter, we once again successfully distributed our dividend for 2018 in form of a scrip dividend, which had an acceptance rate of almost 50 %. A total of 1,687,527 new no-par value shares were issued, raising subscribed capital by EUR 1.7 million. As a result, the capital reserves rose by EUR 14.1 million after deduction of the costs for the capital increase. Overall, equity as at 30 June 2019 increased by EUR 18.3 million compared to 31 December 2018, from EUR 895.9 million to EUR 914.2 million. In addition to the capital increase, the higher equity figure was due to the profit of EUR 26.0 million generated in the first half of 2019. The cash payment portion of the dividend amounting to EUR 17.7 million had an offsetting effect. The reported equity ratio rose from 36.0 % on 31 December 2018 to 36.1 %. At 50.4 %, the loan-to-value (LTV) ratio fell by 270 basis points compared to year-end 2018, in particular due to the proceeds from the sale of TLG shares and the associated inflow of cash and cash equivalents.

GUIDANCE

In light of the acquisition of GEG German Estate Group on 5 June 2019 and based on the half-year figures available, our latest assessments of developments in the real estate market and our planning for further growth of our Commercial Portfolio and Institutional Business segments, we are raising the full-year guidance issued at the start of the year.

We are increasing our acquisition volume for the full-year 2019 from around EUR 500 million to EUR 1.3 billion across all segments. These acquisitions will help to complement and stabilise our own cash-generative portfolio (Commercial Portfolio) and support the further expansion of our Institutional Business segment, which will have a significantly broader investor base in future thanks to the acquisition of GEG. They will also considerably extend our range of investment products for domestic and international institutional investors. DIC already successfully provides property management services to the majority of GEG properties.

To support the ongoing optimisation of the Commercial Portfolio and our goal of selling non-strategic properties, we are marketing selected properties when a suitable occasion arises. We also sell properties from our managed funds for our institutional investors and mandates. We anticipate sales across all segments of between EUR 200–230 million for the full year.

Based on transactions and letting performance in our Commercial Portfolio and the results for the first half of the year, we are also confirming our operational key performance indicator forecasts issued at the start of the year. We still expect full-year gross rental income from the Commercial Portfolio to be between EUR 98-100 million after EUR 100.2 million in the 2018 financial year. The slight decline in rental income will be considerably outweighed by factors such as higher real estate management fees and additional income expected in the second half of 2019 from the acquisition of GEG.

As a result, we are raising our funds from operations (FFO) guidance from the EUR 70–72 million issued at the start of the year by EUR 18 million to EUR 88-90 million. Given that the number of shares rose to 72.2 million after the scrip dividend was distributed in April 2019, this equates to FFO per share of around EUR 1.21–1.25 and an increase of up to 26% compared with the FFO figure expected at the start of the year.

INVESTOR RELATIONS AND CAPITAL MARKETS

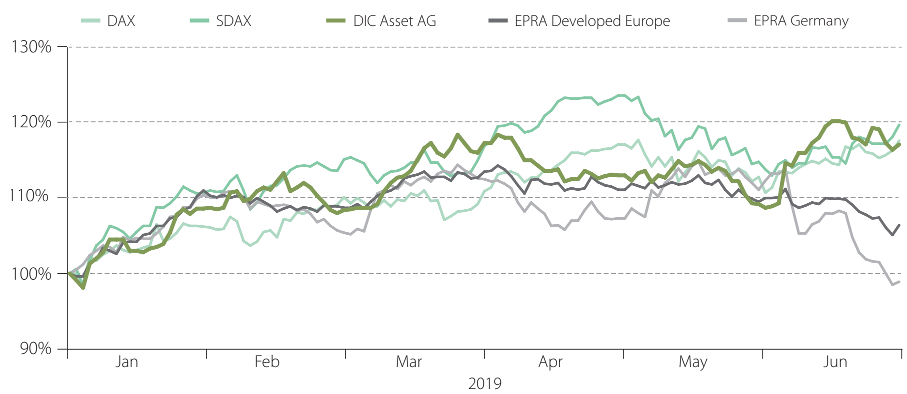
Strong first half for German equity market despite negative scenarios

The first six months of 2019 were extremely positive for German blue chips. The drop in prices in the fourth quarter of 2018 prompted many market players to take a positive view of the opportunity-risk profile and invest in German equities at the start of the year. Although hopes of a quick solution to the trade dispute between the USA and China were dashed, and the outlook for the global economy – and with it Germany's export-oriented industrial sector – became increasingly gloomy over the course of the year, the equity markets defied this slowdown in economic momentum. Driven by the prospect of the world's central banks continuing their expansive monetary policy and a lack of investment alternatives, the upturn even withstood a growing number of profit warnings. The DAX benchmark index ended the first half of the year very strongly, up 17.6%. The SDAX also profited from this overall trend to climb 19.7% in the first six months of 2019. Real estate indices delivered a much less convincing performance, particularly in the case of residential real estate stocks, which were especially affected by the discussion about regulatory intervention in Germany in the wake of a sharp rise in rents. As a result, the EPRA Developed Europe index gained just 6.4% in the first half of the year, with the more exposed EPRA Germany index even reporting a loss of -1.1%.

DIC Asset AG's shares rose sharply at the start of the year, gaining 17.3% from their 2018 closing price of EUR 9.07 to a year-to-date high of EUR 10.64 shortly before the General Shareholders' Meeting in March. The share price briefly fell in the wake of a dividend payment of EUR 0.48 per share and the introduction of new shares to the market as part of the scrip dividend, amid a slump in sentiment concerning real estate stocks. The announcement of the acquisition of GEG German Estate Group in early June enabled the shares to buck the sector trend considerably and close the first half of the year up 11.8% at EUR 10.14. Including reinvestment of the dividend, this corresponds to a 17.1% increase compared to the end of 2018.

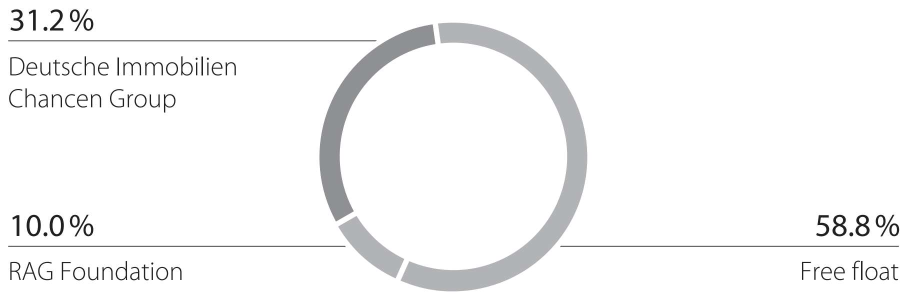
SHARE PERFORMANCE

(assuming instant investment of the dividend, indexed)



SHAREHOLDER STRUCTURE

(as at July 2019)



BASIC DATA ON THE DIC ASSET AG SHARE

Number of shares	72,213,775 (registered shares)
Share capital in EUR	72,213,775
WKN/ISIN	A1X3XX/DE000A1X3XX4
Symbol	DIC
Free float	58.8%
Key indices	EPRA, SDAX, DIMAX
Exchanges	Xetra, all exchanges in Germany
Deutsche Börse segment	Prime Standard
Designated Sponsors	ODDO BHF, Baader Bank

KEY FIGURES ON THE DIC ASSET AG SHARE (1)

		H1 2019	H1 2018
FFO per share (3)	Euro	0.60	0.46
Half-year closing price	Euro	10.14	9.61
52-week high	Euro	10.64	11.00
52-week low	Euro	8.86	9.09
Market capitalisation (2, 3)	EUR million	732	678

(1) Xetra closing prices in each case
(2) based on the Xetra quarterly closing price
(3) Number of shares on 30.06.2018: 70,526,248

Central banks take countermeasures, interest rates once again at record low

In light of growing economic risks and persistently low inflation rates, the ECB has repeatedly postponed the date for potentially abandoning its zero interest rate policy over the course of the year. Although an interest rate hike no earlier than mid-2019 was still on the cards at the start of the year, the ECB pushed this date back to no sooner than the end of 2019 in March and delayed it until mid-2020 at the earliest at its meeting in June. The penalty rate of 0.4% for banks' deposits with the ECB also remained negative. The increasingly apparent economic slowdown caused by global trade disputes prompted Mario Draghi to signal an about-turn at the ECB conference in mid-June. The ECB President suggested that a further loosening of monetary policy may be required if the outlook does not improve and inflation in the eurozone does not increase. Possible measures include tightening the bank deposit penalty rate or restarting the bond purchase programme.

In June, US Federal Reserve chairman Jerome Powell also signalled that the Fed is monitoring trade dispute developments very closely and will "act as appropriate to sustain the expansion". These statements were interpreted by the markets as a reference to a cut in interest rates.

The ECB's announcement that it will loosen its expansive monetary policy even further sent bond market yields into a tailspin, with yields on 10-year Bunds falling to a record low of -0.3% in June.

BASIC DATA ON THE DIC ASSET AG BONDS

Name	DIC Asset AG bond 14/19	DIC Asset AG bond 17/22	DIC Asset AG bond 18/23
ISIN	DE000A12T648	DE000A2GSCV5	DE000A2NBZG9
WKN	A12T64	A2GSCV	A2NBZG
Listing	Prime Standard Deutsche Börse, Frankfurt	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	EUR 1,000
Coupon	4.625%	3.250 %	3.500%
Issuance volume	EUR 175 million	EUR 180 million	EUR 150 million
Maturity	08.09.2019	11.07.2022	02.10.2023

DIC Asset AG corporate bonds

At present, DIC Asset AG has placed three corporate bonds with a total volume of just over half a billion euros.

The 14/19 bond, with a volume of EUR 175 million, will be repaid on schedule in September 2019, while the two other bonds mature in July 2022 (17/22 bond, volume of EUR 180 million) and October 2023 (18/23 bond, volume of EUR 150 million). All three bonds exceeded their issue prices at the end of the first half of 2019 (as of 28 June 2019).

KEY FIGURES ON THE DIC ASSET AG BONDS

	28.06.2019	29.06.2018
DIC Asset AG bond 14/19		
Closing price	100.21	103.95
Yield to maturity at closing price	3.54%	1.26 %
DIC Asset AG bond 17/22		
Closing price	103.25	102.60
Yield to maturity at closing price	2.13%	2.56%
DIC Asset AG bond 18/23 – issued on 02.10.2018 –		
Closing price	104.85	–
Yield to maturity at closing price	2.29%	–

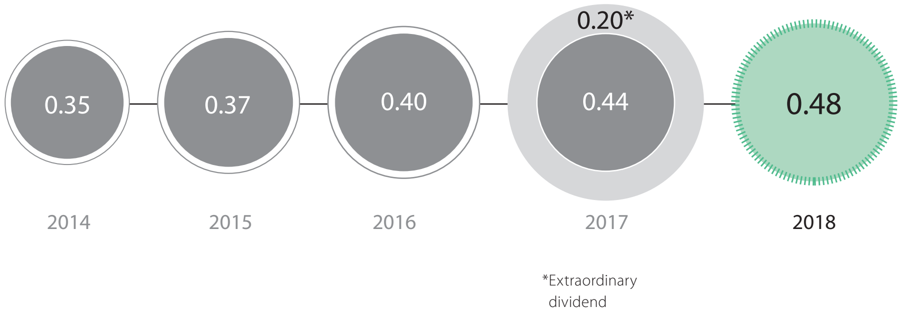
Source: vwd group / EQS Group AG

IR activities

Shareholders, investors and analysts are continuously briefed by DIC Asset AG on current developments and the course of business. In the first six months, IR activities initially focused on communicating the 2018 consolidated financial statements and the further strategic alignment of DIC Asset AG. Once again, the financial figures were determined by way of "fast close" and were therefore available to investors as early as February. This made DIC Asset AG the first German real estate company to present its annual report – and also the first SDAX company whose financial year ends on 31 December. In addition to the results and business targets for 2018, the Management Board and IR team explained the operating performance of DIC Asset and, in particular, the June 2019 acquisition of the GEG German Estate Group at three investor conferences, two European roadshows and regular investor calls.

DIC Asset AG is currently actively covered by seven analysts, six of whom have issued a recommendation: two analysts recommend buying the DIC share and four recommend holding it. The average price target of the analysts is currently EUR 11.74, 15.8% above the half-year closing price.

DIVIDEND PER SHARE
in EUR



General Shareholders' Meeting Increased dividend of EUR 0.48 paid out

On 22 March 2019, the General Shareholders' Meeting in Frankfurt adopted a resolution to increase the dividend by 4 cents to EUR 0.48 for 2018. With a dividend yield of around 5.3% based on the 2018 year-end closing price, DIC Asset AG is again one of the companies with the strongest dividend performance on the German stock market. All other Management Board proposals were adopted by a large majority.

Effective 21 May 2019, René Zahnd (53) was court-appointed as a new member of the Supervisory Board of DIC Asset AG to serve until the end of the next General Shareholders' Meeting. He succeeded Ulrich Höller, who had resigned from the Supervisory Board of DIC Asset AG. René Zahnd has been Chief Executive Officer of Swiss Prime Site AG since 1 January 2016 and will contribute his expertise and experience as CEO of a large listed real estate company to the Supervisory Board of DIC Asset.

Strong vote of confidence from shareholders: Acceptance rate of scrip dividend increased to just under 50%

The shareholders of DIC Asset AG again had the option of receiving the dividend for the 2018 financial year in cash or in the form of new shares. The scrip dividend was accepted with a rate of just under 50% of the shares carrying dividend rights, which was 13% higher than in the previous year. The cash dividend was paid on 29 April and a total of 1,687,527 new registered no-par value shares were entered in the shareholders' securities accounts on 30 April. With the newly issued shares, DIC Asset AG's subscribed capital increased by around 2.4% to EUR 72,213,775. The excellent acceptance rate has enabled the Company to strengthen its equity position by EUR 16.1 million.

IR-CALENDAR 2019

01.08.	Publication of the H1 2019 Report*	
24.09.	Berenberg/Goldman Sachs German Corporate Conference	Munich
25.09.	Baader Investment Conference	Munich
26.09.	UniCredit European Conference	Munich
06.11.	Publication of the Q3 2019 Report*	
20.11.	DZ Bank Equity Conference 2019	Frankfurt

* with conference call

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

Seventh Sustainability Report published

In accordance with the three-pillar model of sustainability, the sustainability reporting of DIC Asset AG covers the economic, environmental and social aspects of its business activities. DIC Asset AG's seventh Sustainability Report was published on the Company's website at the end of June. The report was drafted in line with the highest international reporting standards issued by the Global Reporting Initiative (GRI Standards) and the ESG (Environmental, Social and Governance) reporting standards for real estate companies issued by the European Public Real Estate Association (EPRA). This year, EPRA reporting was expanded to include social and governance information in addition to environmental information for the first time.

REPORT HIGHLIGHTS:

- Energy consumption data fully analysed for the 2018 financial year due to accelerated reporting processes
- Power consumption in the analysed portfolio for 2018 fell by 14.8% on a like-for-like basis to 44.4 kWh compared to the 2016 reference year
- Like-for-like decline of 12.6% in portfolio CO_2 emissions caused by power and heating energy consumption to 32,615 tonnes of CO_2 equivalent (tCO_2e) during the analysis period from 2016 to 2018
- Energy supply contracts re-tendered as part of the gradual conversion of our portfolio to 100% green electricity; consumption data standardised further
- Report expanded to include a value added statement for the 2018 financial year in accordance with GRI standards (stakeholder approach)

Annual Report wins another international award

The DIC Asset AG Annual Report won yet another global gold award. The 2018 Annual Report scored 98 of a possible 100 points in eight information presentation categories at one of the world's largest financial reporting competitions. The LACP jury named the report among the top 20 German annual reports across all sectors and the top 100 reports worldwide. DIC Asset AG's report was also selected as one of the "Most Engaging Reports" in the international competition.

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2019

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

in EUR thousand	H1 2019	H1 2018	Q2 2019	Q2 2018
Total income	94,127	124,328	43,570	42,673
Total expenses	-64,352	-88,535	-31,082	-27,280
Gross rental income	49,683	50,332	25,187	25,546
Ground rents	-336	-491	-168	-178
Service charge income on principal basis	10,116	10,264	5,185	4,963
Service charge expenses on principal basis	-11,327	-11,379	-5,721	-5,310
Other property-related expenses	-5,175	-6,240	-2,720	-3,045
Net rental income	42,961	42,486	21,763	21,976
Administrative expenses	-6,129	-5,948	-3,624	-2,968
Personnel expenses	-10,676	-9,299	-5,817	-4,672
Depreciation and amortisation	-15,609	-14,686	-8,092	-7,245
Real estate management fees	17,487	12,248	8,260	3,386
Other operating income	813	329	113	177
Other operating expenses	-765	-444	-606	-157
Net other income	48	-115	-493	20
Net proceeds from disposal of investment property	16,028	51,155	4,827	8,601
Carrying amount of investment property disposed	-14,335	-40,048	-4,336	-3,705
Profit on disposal of investment property	1,693	11,107	491	4,896
Net operating profit before financing activities	29,775	35,793	12,488	15,393
Share of the profit or loss of associates	15,767	10,835	13,381	10,468
Interest income	5,170	4,407	2,506	2,279
Interest expense	-22,086	-23,564	-10,800	-12,324
Profit/loss before tax	28,626	27,471	17,575	15,816
Current income tax expense	-1,729	-1,628	-342	-723
Deferred tax income/expense	-970	-1,907	-470	-351
Profit for the period	25,927	23,936	16,763	14,742
Attributable to equity holders of the parent	26,016	24,050	16,806	14,769
Attributable to non-controlling interest	-89	-114	-43	-27
Basic (=diluted) earnings per share (EUR)*	0.37	0.35	0.24	0.21

* number of shares as per H1 2019 of 71,204,683 in accordance with IFRS (H1 2018: 69,380,268)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME from 1 January to 30 June

in EUR thousand	H1 2019	H1 2018	Q2 2019	Q2 2018
Profit/loss for the period	25,927	23,936	16,763	14,742
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Fair value measurement of hedging instruments				
Cash flow hedges	-1,387	0	-1,387	0
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	12,259	1,805	2,504	3,252
Fair value measurement of hedging instruments				
Fair value hedges	-1,243	0	-1,243	0
Other comprehensive income*	9,629	1,805	-126	3,252
Comprehensive income	35,556	25,741	16,637	17,994
Attributable to equity holders of the parent	35,645	25,855	16,680	18,021
Attributable to non-controlling interest	-89	-114	-43	-27

* after tax

CONSOLIDATED STATEMENT OF CASH FLOW from 1 January to 30 June

in EUR thousand	H1 2019	H1 2018
OPERATING ACTIVITIES		
Net operating profit before interest, taxes and dividends	20,608	27,491
Realised gains/losses on disposals of investment property	-1,693	-11,107
Depreciation and amortisation	15,609	14,686
Changes in receivables, payables and provisions	18,814	14,647
Other non-cash transactions	-3,277	2,673
Cash generated from operations	50,061	48,390
Interest paid	-8,417	-10,113
Interest received	19	1,118
Income taxes received/paid	674	-4,761
Cash flows from operating activities	42,337	34,634
INVESTING ACTIVITIES		
Proceeds from disposal of investment property	16,028	69,270
Dividends received	13,043	10,200
Acquisition of investment property	-106,284	-71,650
Capital expenditure on investment properties	-18,648	-10,685
Acquisition/disposal of other investments	140,480	23,883
Loans to related parties	-5,077	6,367
Acquisition/disposal of office furniture and equipment, software	-96	-65
Cash flows from investing activities	39,446	27,320
FINANCING ACTIVITIES		
Proceeds from the issue of corporate bond	0	51,000
Proceeds from other non-current borrowings	102,210	169,465
Repayment of borrowings	-113,865	-166,332
Lease payments	-933	0
Payment of transaction costs	-366	-1,786
Dividends paid	-17,705	-24,561
Cash flows from financing activities	-30,659	27,786
Acquisition related increase in cash and cash equivalents	13,902	388
Net changes in cash and cash equivalents	51,124	89,740
Cash and cash equivalents as at 1 January	286,903	201,997
Cash and cash equivalents as at 30 June	351,929	292,125

CONSOLIDATED BALANCE SHEET

Assets in EUR thousand	30.06.2019	31.12.2018
Goodwill	170,338	0
Investment property	1,556,794	1,459,002
Office furniture and equipment	11,665	554
Investments in associates	79,090	86,988
Loans to related parties	135,283	130,206
Other investments	64,772	382,578
Intangible assets	29,102	266
Deferred tax assets	30,305	26,877
Total non-current assets	2,077,349	2,086,471
Receivables from sale of investment property	598	515
Trade receivables	6,196	4,182
Receivables from related parties	15,806	9,382
Income tax receivable	10,485	11,353
Other receivables	23,246	26,406
Other current assets	3,527	1,545
Cash and cash equivalents	351,929	286,903
	411,787	340,286
Non-current assets held for sale	44,006	63,294
Total current assets	455,793	403,580
Total assets	2,533,142	2,490,051

Equity and liabilities in EUR thousand	30.06.2019	31.12.2018
EQUITY		
Issued capital	72,214	70,526
Share premium	763,909	749,816
Hedging reserve	-1,387	1,243
Reserve for financial instruments classified as at fair value through other comprehensive income	5,007	69,515
Retained earnings	70,206	1,275
Total shareholders' equity	909,949	892,375
Non-controlling interest	4,249	3,546
Total equity	914,198	895,921
LIABILITIES		
Corporate bonds	324,143	323,372
Non-current interest-bearing loans and borrowings	802,192	857,601
Deferred tax liabilities	33,478	16,674
Derivatives	1,703	0
Other non-current liabilities	7,903	0
Total non-current liabilities	1,169,419	1,197,647
Corporate bonds	174,837	174,450
Current interest-bearing loans and borrowings	181,429	125,681
Trade payables	3,671	2,149
Liabilities to related parties	17,156	16,104
Derivatives	0	14,847
Income tax payable	12,866	8,627
Other liabilities	59,566	54,625
Total current liabilities	449,525	396,483
Total liabilities	1,618,944	1,594,130
Total equity and liabilities	2,533,142	2,490,051

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousand	Issued capital	Share premium	Hedging reserve	Reserve for financial instruments classified as at fair value through other comprehensive income	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
Balance at 31 December 2017	68,578	732,846	0	38,628	-14,763	825,289	3,624	**828,913**
Profit/loss for the period					24,050	24,050	-114	**23,936**
Other comprehensive income*								
Items that shall not be reclassified subsequently to profit or loss								
Gains/losses on measurement of available-for-sale financial instruments				1,805		1,805		**1,805**
Comprehensive income			0	1,805	24,050	25,855	-114	**25,741**
Dividend distribution for 2017					-43,890	-43,890		**-43,890**
Issuance of shares through capital increase in cash	1,948	17,381				19,329		**19,329**
Transaction costs of equity transactions		-411				-411		**-411**
Balance at 30 June 2018	70,526	749,816	0	40,433	-34,603	826,172	3,510	**829,682**
Profit/loss for the period					23,641	23,641	36	**23,677**
Other comprehensive income*								
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				41,319		41,319		**41,319**
Gains/losses on the sale of financial instruments classified as measured at fair value through other comprehensive income				-12,237	12,237	0		**0**
Gains/losses from fair value hedges			1,243			1,243		**1,243**
Comprehensive income			1,243	29,082	35,878	66,203	36	**66,239**
Balance at 31 December 2018	70,526	749,816	1,243	69,515	1,275	892,375	3,546	**895,921**
Profit/loss for the period					26,016	26,016	-89	**25,927**
Other comprehensive income*								
Items that may be reclassified subsequently to profit or loss								
Gains/losses from cash flow hedges			-1,387			-1,387		**-1,387**
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				12,259		12,259		**12,259**
Gains/losses on the sale of financial instruments classified as measured at fair value through other comprehensive income				-76,767	76,767	0		**0**
Gains/losses from fair value hedges			-1,243			-1,243		**-1,243**
Comprehensive income			-2,630	-64,508	102,783	35,645	-89	**35,556**
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 cash	1,688	14,459				16,147		**16,147**
Transaction costs of equity transactions		-366				-366		**-366**
Balance at 30 June 2019	72,214	763,909	-1,387	5,007	70,206	909,949	4,249	**914,198**

* Net of deferred taxes

NOTES

General information on reporting

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

The interim consolidated financial statements were prepared using the same consolidation principles, currency translation policies and accounting policies as applied in the consolidated financial statements for financial year 2018, 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 2018, 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 2019.

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 2019.

New standards and interpretations

DIC Asset AG has applied all accounting pronouncements effective as at 1 January 2019 adopted by the EU, including revised pronouncements. Please refer to the 2018 Annual Report and the following explanations for a detailed description of the new accounting pronouncements:

IFRS 16 Leases

IFRS 16 replaces the following standards and interpretations: IAS 17, IFRIC 4, SIC-15 and SIC-27. The new rules eliminate the difference between finance and operating leases. Instead, the lessee must account for the economic right to the leased object in the form of a right-of-use asset depreciated over the term of the lease. Correspondingly, a liability in the amount of the present value of future lease payments must be recognised and discounted using the effective interest rate method.

The definition of leases at the lessor corresponds to the provisions of IAS 17.

The standard became effective on 1 January 2019. It was endorsed by the EU on 31 October 2017.

As part of a Group-wide contract analysis, DIC Asset reviewed the existing leases in which the Group acts as lessee for possible adjustment effects. Based on this analysis, the first-time application of IFRS 16 affects the consolidated financial statements as described below. First-time application took place using the modified retrospective approach.

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:

- Amendments to IAS 28 Investments in Associates – Long-term Interests in Associates and Joint Ventures
- Amendments to IFRS 9 Financial Instruments – Prepayment Features with Negative Compensation

- IFRIC 23 Uncertainty over Income Tax Treatments
- Annual Improvements to IFRSs: 2015–2017 Cycle
- Amendment to IAS 19: Plan Amendment, Curtailment or Settlement

First-time application of IFRS 16

As a result of the first-time application of IFRS 16, the Group has recognised lease liabilities for leases previously classified as operating leases under IAS 17. These liabilities are measured at the present value of the lease payments discounted at DIC's incremental borrowing rate of interest as of 1 January 2019. DIC's incremental borrowing rate that was applied to lease liabilities as of 1 January 2019, is 2.51%. The corresponding right-of-use assets are recognised in the amount of the lease liability at the time of acquisition.

The difference between the obligations under operating leases reported as of 31 December 2018 and the lease obligation reported as of 1 January 2019 results from discounting in the amount of EUR 649 thousand and restatements due to different estimates of extension and termination options in the amount of EUR 556 thousand.

There were no finance leases at the date IFRS 16 was first applied.

When applying IFRS 16 for the first time, the Group made use of the following practical expedients:

- Application of a single discount rate to a portfolio of leases with reasonably similar characteristics
- In the case of leases entered into before the transition date, in accordance with IFRS 16 C3 no reassessment was made as to whether a contract is, or contains, a lease at the date of first-time application; instead, the previous assessment made under IAS 17 and IFRIC 4 was retained.
- Lease and non-lease components were combined into a single lease component for vehicles (IFRS 16.15)
- Exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application

The Group mainly rents various offices, vehicles and items of IT equipment.

Contracts for office space are generally entered into for fixed periods of 3 to 7 years, but may include renewal options. Measurement was based on the minimum term of the contract unless the exercise of the option is considered to be more likely than not. Vehicle contracts are entered into for a fixed period of 3 years, without exercising an extension or purchase option. IT equipment is leased for periods between 1 and 5 years and may include renewal options.

The first-time application of IFRS 16 had the following effects on the balance sheet and income statement:

in EUR thousand	01.01.2019	Depreciation of right-of-use assets	Addition of GEG at 01.06.2019	30.06.2019
Assets				
Property, plant and equipment (right-of-use assets)				
Buildings	6,519	724	3,804	9,599
Vehicles	619	199	52	472
IT equipment	296	52	256	500
Total	7,434	975	4,112	10,571

	01.01.2019	Interest and principal payments	Addition of GEG at 01.06.2019	30.06.2019
Liabilities				
Lease liability (current)	1,810	-76	977	2,711
Lease liability (non-current)	5,624	-856	3,135	7,903
Total	7,434	-932	4,112	10,614

Additions to the right-of-use assets in 2019 resulted primarily from the acquisition of GEG in the amount of EUR 4,112 thousand.

in EUR thousand	30.06.2019
Rental expense	-1,036
Depreciation of property, plant and equipment (right-of-use assets)	975
Interest expense	103
Profit or loss for the period	-40

In the statement of cash flows, depreciation is included in the cash flow from operating activities. The payments of interest and principal are shown under cash flow from financing activities. Applying IFRS 16 does not have any material effects on the Group's key control variables.

Financial instruments disclosures

No quoted prices in an active market are available for the unlisted shares of DIC Opportunistic GmbH held by the Group and the equity investments acquired within the GEG Group in early June 2019 (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 2018 and the end of the reporting period amounted to EUR +2,966 thousand. Please refer to our consolidated financial statements for the year ended 31 December 2018 for information on the valuation of the real estate assets. The shares in the listed entity TLG Immobilien AG held until April 2019 were also shown under Other investments.

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

in EUR thousand	IFRS 9 measurement category	**Carrying amount 30.06.2019**	**Fair value 30.06.2019**	Carrying amount 31.12.2018	Fair value 31.12.2018
Assets					
Other investments	FVOCI	**32,265**	**32,265**	382,578	382,578
Other investments	FVPL	**32,507**	**32,507**	0	0
Other loans	FAAC	**135,283**	**135,283**	130,206	130,206
Receivables from sale of investment property	FAAC	**598**	**598**	515	515
Trade receivables	FAAC	**6,196**	**6,196**	4,182	4,182
Receivables from related parties	FAAC	**15,806**	**15,806**	9,382	9,382
Other receivables	FAAC	**23,246**	**23,246**	26,406	26,406
Other assets	FAAC	**3,527**	**3,527**	1,545	1,545
Cash and cash equivalents	FAAC	**351,929**	**351,929**	286,903	286,903
Total	FAAC	**536,585**	**536,585**	459,139	459,139
Liabilities					
Derivatives	n/a	**1,703**	**1,703**	14,487	14,487
Corporate bonds	FLAC	**498,980**	**518,493**	497,822	508,958
Non-current interest-bearing loans and borrowings	FLAC	**802,192**	**775,742**	857,601	850,123
Current loans and borrowings	FLAC	**181,429**	**181,226**	125,681	126,994
Trade payables	FLAC	**3,671**	**3,671**	2,149	2,149
Related party liabilities	FLAC	**17,156**	**17,156**	16,104	16,104
Other liabilities	FLAC	**59,566**	**59,566**	54,625	54,625
Total	FLAC	**1,564,697**	**1,557,557**	1,553,982	1,558,953

Changes in Level 3 financial instruments are as follows:

in EUR thousand	2019	2018
01.01.	30,424	31,026
Additions	30,757	0
Measurement gains / losses	2,966	-602
30.06 / 31.12	64,147	30,424

Measurement gains/losses of EUR 1,216 thousand are recognised in other comprehensive income and EUR 1,750 thousand are recognised directly in the income statement.

Supplementary information

The Company uses the cost model in accordance with IAS 40.56 to measure its properties. Please refer to the disclosures in the consolidated financial statements for the year ended on 31 December 2018 for information on the fair value measurement of investment property in accordance with IFRS 13.

Acquisition of GEG

DIC acquired the shares in the GEG Group in early June 2019. Initial consolidation was carried out as at 01 June 2019.

GEG's business complements the DIC Asset AG business model perfectly and significantly accelerates its planned growth in the institutional fund and third-party business. At the time of the acquisition, GEG 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 are currently invested in 23 properties in funds, club deals and individual mandates via GEG. 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 management 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
Equity investments	29,566
Intangible assets	29,000
Other current assets	36,671
Total assets	95,237
Total liabilities	42,618
Net assets acquired	52,619
Non-controlling interests (0.4%)	792
Net assets acquired, DIC Asset AG	51,827

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 GEG resulted in provisional goodwill of EUR 170,338 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 PPA is provisional as at 30 June 2019, as the valuations required for the PPAs 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 and equity investments.

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" amounts to EUR 4,648 thousand. The gross amount of contractual receivables amounts to EUR 4,648 thousand.

The consolidated profit for the first half of 2019 includes profits of EUR 1,024 thousand (before amortisation of newly identified intangible assets and related deferred taxes recognised through profit or loss) from the additional business generated by GEG. The attributable revenue (income from real estate management fees) for the 2019 financial year includes EUR 4,185 thousand from GEG.

If the first-time consolidation had taken place on 1 January 2019, the Group's revenue (income from real estate management fees) for the first half of 2019 would have been EUR 26,719 thousand and the consolidated profit for the first half of 2019 would have been EUR 25,544 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.

As of 30 June 2019, transaction costs of EUR 750 thousand were recognised as administrative expenses as part of the transaction.

Segment reporting

As part of the GEG transaction, we have restructured and simplified our business segments to focus our reporting on two pillars. Firstly, there is the **Commercial Portfolio** segment, which includes our own property portfolio as before. Secondly, we are combining our previous Funds segment with the GEG business to form the **Institutional Business** segment. The TLG dividend column shows that effect of our equity investment in TLG which we have not allocated to any segment. By completing the sale of our shares in TLG Immobilien AG in the first half of 2019, we finished our involvement in TLG Immobilien AG and included all effects in Q2. The previous year's figures have been restated accordingly.

SEGMENT REPORTING

in EUR million	H1 2019				H1 2018			
	Commercial Portfolio	Institutional Business	TLG dividend	Total	Commercial Portfolio	Institutional Business	TLG dividend	Total
Key earnings figures								
Gross rental income (GRI)	49.7			**49.7**	50.3			**50.3**
Net rental income (NRI)	43.0			**43.0**	42.5			**42.5**
Profits on property disposals	1.7			**1.7**	11.1			**11.1**
Real estate management fees		17.5		**17.5**		12.2		**12.2**
Share of the profit or loss of associates		2.8	13.0	**15.8**		0.6	10.2	**10.8**
Net interest income	-14.2	-1.1	-1.6	**-16.9**	-14.7	-1.2	-3.3	**-19.2**
Operational expenditure (OPEX)	-5.8	-9.5	-1.5	**-16.8**	-6.8	-7.6	-0.8	**-15.2**
- of which administrative costs	-2.0	-3.6	-0.5	**-6.1**	-2.6	-3.0	-0.3	**-5.9**
- of which personnel costs	-3.8	-5.9	-1.0	**-10.7**	-4.2	-4.6	-0.5	**-9.3**
Funds from Operations (FFO)	23.0	10.0	10.0	**43.0**	21.0	4.9	6.1	**32.0**
Segment assets*								
Number of properties	100	75		**175**	108	77		**185**
Assets under management	1,798	5,261		**7,059**	1,598	3,393		**4,992**
Rental space in sqm	923,100	1,041,400		**1,964,500**	927,800	935,000		**1,862,800**

* incl. project developments and repositioning properties

Dividend

To enable the shareholders to participate appropriately in the performance and value growth of DIC Asset AG, the Management Board at the General Shareholders' Meeting on 22 March 2019 proposed a dividend of EUR 0.48 per share for financial year 2018. The dividend of EUR 33.9 million was distributed on 25 April 2019 following the adoption of the corresponding resolution. Of this amount, EUR 16.1 million was issued in the form of new shares and EUR 17.8 million was paid out to the shareholders in cash.

Related party disclosures

The following new guarantees were issued up to 30 June 2019:

DIC Asset AG has issued a guarantee for the MT WINX construction project to BAM Deutschland AG in the amount of EUR 14,000 thousand.

DIC Asset AG has granted a surety bond in the amount of EUR 490 thousand vis-à-vis Novapierre Allemagne in connection with the sale of two properties.

The following guarantees have expired since 31 December 2018:

Directly enforceable guarantee of DIC Asset AG furnished to Deutsche Hypothekenbank in the amount of EUR 5,000 thousand (DIC Asset AG share: EUR 2,780 thousand) in connection with the Riverpark Frankfurt GmbH & Co. KG loan agreement.

Performance guarantee of DIC Asset AG furnished to Versorgungswerk der Landesärztekammer Hessen in the amount of EUR 12,800 thousand (DIC Asset AG share: EUR 5,120 thousand) in connection with the Riverpark Frankfurt GmbH & Co. KG borrower's note loan agreement.

Surety bond of DIC Asset AG issued to Berlin Hyp AG in the amount of EUR 2,000 thousand in connection with the DIC 26 Frankfurt Taunusstraßen GmbH loan agreement.

Standby letter of credit of DIC Asset AG in the amount of EUR 20,000 thousand provided to Bankhaus Lampe KG in connection with the DIC Office Balance I GmbH loan agreement.

Please refer to our 2018 consolidated financial statements for details of other guarantees and surety bonds issued up to the end of 2018, 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 2018, which were published in February 2019, describe in detail the opportunities and risks associated with our business activities, and provide information on the risk management system and the internal control system. The opportunities and risks of the acquired business of GEG are almost identical with those reported in the 2018 consolidated financial statements. Further opportunities arise from the joint sales activities in the Institutional Business and the expansion of our development expertise. There have been no other material changes compared with February 2019, neither in the Company nor in the relevant environment.

Events after the reporting period

Between the end of the reporting period and today, the transfer of possession, benefits and associated risks from the sale of one Commercial Portfolio property with a transaction volume of approx. EUR 20.2 million took place.

Furthermore, the sale of one property from the DIC Office Balance II fund with a transaction volume of approx. EUR 26.8 million was notarised between the reporting date and today. The transfer of possession, benefits and associated risks is expected at the end of the third quarter.

Additionally the transfer of possession, benefits and associated risks from the acquisition of one property for the Institutional Business segment with a transaction volume of approx. EUR 245.4 million took place.

On 18 July 2019, DIC Asset AG issued its first borrower's note loan agreement in the amount of EUR 150 million. The weighted average annual interest rate is 1.58%, with an average maturity of 5.4 years. The funds will be used for general corporate purposes to further drive the growth of the two operating segments, Commercial Portfolio and Institutional Business.

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, 30 July 2019

Sonja Wärntges   Dirk Hasselbring   Johannes von Mutius

REVIEW REPORT

To DIC Asset AG, Frankfurt am Main

We have reviewed the condensed interim consolidated financial statements – comprising the income statement, statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and selected explanatory notes – together with the interim group management report of DIC Asset AG, Frankfurt am Main, for the period from January 1 to June 30, 2019, which are part of the half-year financial report according to § 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company´s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Nuremberg, July 30, 2019

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Kraus	Luce
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Forward-looking statements

This 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 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.