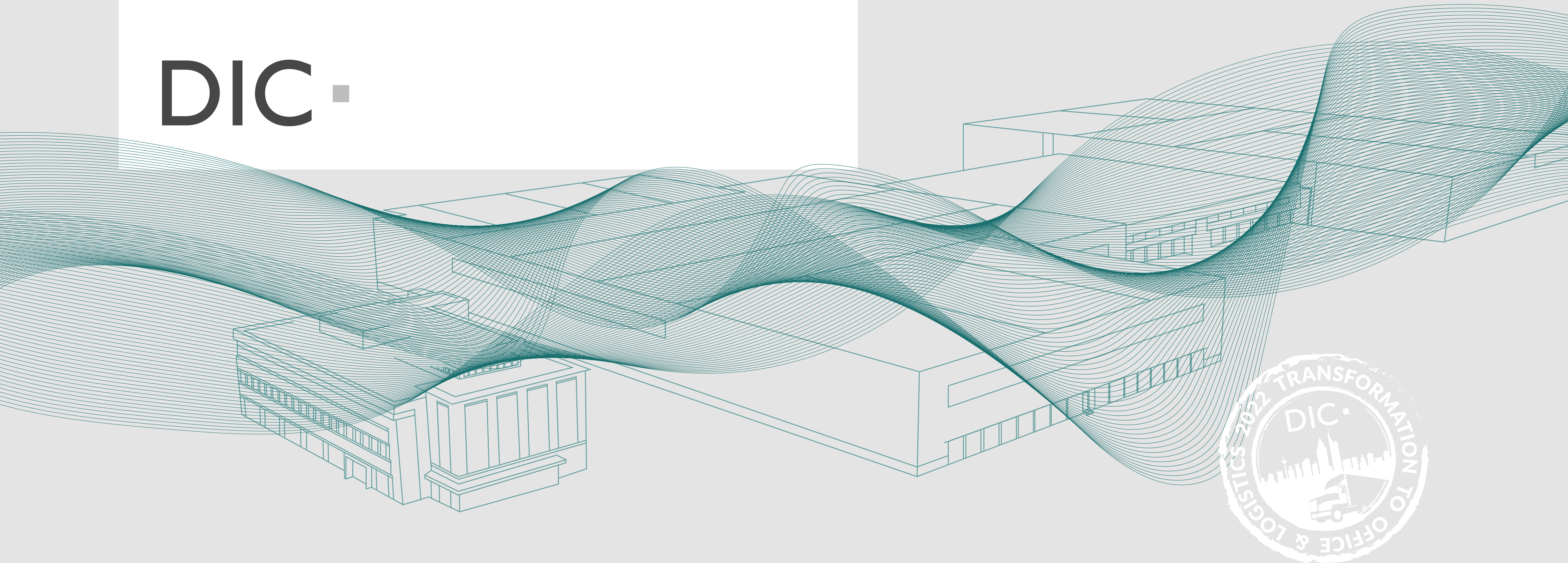
The spirit to **create excellence**

Annual Report 2022

DIC



DIC Asset AG at a glance

Key financial figures in EUR million	2022	2021	|Δ|
Gross rental income	176.0	108.4	67.6
Net rental income	152.5	91.2	61.3
Real estate management fees	88.4	101.2	12.8
Proceeds from sales of property	51.5	139.3	87.8
Profits on property disposals	12.7	23.8	11.1
Share of the profit or loss of associates	18.9	6.5	12.4
Funds from Operations excluding non-controlling interest (FFO)	114.2	107.2	7.0
Funds from Operations II (excluding non-controlling interest, including profit on disposals)	126.9	131.0	4.1
EBITDA	194.4	165.1	29.3
EBIT	120.5	122.1	1.6
Adjusted profit for the period*	52.2	69.9	17.7
Profit for the period	42.9	58.4	15.5
Cash flow from operating activities	158.9	43.4	115.5

Key financial figures per share in EUR**			
FFO per share (excluding non-controlling interest)	1.38	1.32	0.06
FFO II per share (excluding non-controlling interest)	1.53	1.61	0.08
Earnings per share (excluding non-controlling interest)	0.38	0.71	0.33

* Adjusted non-recurring costs acquisition VIB
** All per share figueres adjusted accordance with IFRSs (number of shares 12M 2022: 82,689,478; 12M 2021: 81,504,495)

Balance sheet figures in EUR million	31.12.2022	31.12.2021
Investment property	3,673.3	1,756.7
Non-current assets held for sale (IFRS 5)	540.8	238.7
Equity	1,664.1	1,134.0
Financial liabilities (incl. IFRS 5)	3,138.4	2,207.4
Total assets	5,180.3	3,493.7
Loan-to-Value ratio (LTV)**	57.8%	48.5%
Adjusted LTV** / ****	54.7%	41.1%
NAV per share (in Euro)*	18.29	18.44
Adjusted NAV per share (in Euro)****	21.84	25.00

Key operating figures	31.12.2022	31.12.2021
Number of properties	360	237
Assets under Management in EUR billion	14.7	11.5
Rental space in sqm	4,794,600	3,143,200
Letting result in sqm	374,900	309,100

Key operating figures (Commercial Portfolio)***	31.12.2022	31.12.2021
Annualised rental income in EUR million	203.8	105.5
EPRA vacancy rate in %	4.3	5.3
WALT in years	5.5	5.9
Avg. rent per sqm in EUR	8.26	11.39
Gross rental yield in %	4.8	4.9

* All per share figueres adjusted accordance with IFRSs (number of shares 31.12.2022: 83,152,366; 31.12.2021: 81,861,163)
** Adjusted for warehousing
*** Calculated for the Commercial Portfolio only, without repositioning and warehousing
**** Incl. full value of Institutional Business

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Please click on the section title to use the embedded link. Every section starts with a dedicated separating page, providing details on the section content.

Dear shareholders, business partners and friends of the company,

DIC Asset AG ("DIC") ended 2022 with the strongest set of results in its 25-year history. But what might be even more important looking at the future is that we can look back on a year of extremely successful transformation at DIC, in which we acquired and integrated a listed company, VIB Vermögen AG ("VIB"), thereby expanding our logistics asset class into DIC's second main source of income. We achieved all of this in a year dominated by war in the heart of Europe, global supply chain issues, a turnaround in interest rates, and considerable uncertainty about both the economy and the supply of energy and raw materials.

More than ever, our business model, strategy and the agility of our employees have proven to be the keys to our success. What sets us apart is our determination to shape the future of our business and take matters into our own hands. We had a plan at all times, and that is true for the future beyond 2022 as well. It is all part of our **"spirit to create excellence"**.

Spurred on by our innate quest for "dynamic performance". We are driven to be the best, not only in our market and among our competitors, but across the entire spectrum of our value chain.

At the end of our most successful year to date, we can now reflect on **25 years** of history for DIC. Over the past quarter of a century, we have become an established name in the German real estate market. That does not just mean posting strong results in a particular year, however gratifying that might be. Instead, it means being dependable over the long term and trusting in the resilience and adaptability of our company as times and the market change.

With all that in mind, we are proud to present a business that is not only in excellent shape for the 2022 financial year, but is also well positioned for the long run. We also incorporated **ESG** into our self-image and DNA at a very early stage, and take these considerations into account when launching funds and financing. We are also delighted that Green Buildings already make up more than 30% of our Commercial Portfolio, and that we are increasingly unlocking the potential of digitalisation, both for ourselves and our customers, to enhance the efficiency of our processes and buildings.

Looking at the **2022 financial year,** our company has shown an excellent performance over the past 12 months. We generated the highest **Funds from Operations (FFO)** earnings in DIC's history last year, with FFO (before tax, after minority interests) of EUR 114.2 million once again exceeding our record result from 2021 by around 7%. This meant we comfortably reached our most recent forecast of FFO between EUR 114 and 117 million.

Yet we were not simply able to increase FFO again; this rise was also the result of significant structural enhancements in recent years. By making the right strategic decisions, we have enabled our business to benefit much more significantly from predictable long-term sources of income, putting us in an even stronger position when it comes to **earnings continuity**. All of this means we have further improved the resilience and stability of the company.

At the start of the year, we took another crucial step in adjusting our revenue streams and underlying portfolio by acquiring VIB. The positive effect of this deal was twofold: Firstly, we made another major progress in expanding the **logistics** asset class, which we have already spent several years developing as a second key focus for our portfolio alongside office properties. Secondly, the acquisition expanded our **Commercial Portfolio** to EUR 4.5 billion at the end of 2022, more than twice the size it was a year earlier. The valuation of the Commercial Portfolio increased by 1.5% year-on-year by the end of the year, particularly as a result of changes to the portfolio mix caused by the higher share of logistics properties.

We achieved similarly exceptional **letting success**: With letting performance of 374,900 sqm and like-for-like growth in rents of 5.8%, we once again demonstrated the strength of our real estate platform in the rental market.

Over the past financial year, we adjusted our transaction targets given the difficult parameters on the real estate investment market and the resulting subdued transaction activity, and lowered our target for real estate management fees in our **third-party business (Institutional Business)**, primarily because we anticipated lower earnings from transaction-based fees. In addition to acquiring VIB for around EUR 2.3 billion, we also completed around EUR 393 million in sales from our proprietary portfolio and acquisitions of around EUR 640 million in the third-party business by the end of the 2022 financial year, as well as EUR 88.4 million in both recurring and transaction-based management fees.

Overall, we achieved a new all-time high in **assets under management** of around EUR 14.7 billion on our platform at the end of 2022.

As in the 2021 financial year, and in light of DIC's highly successful overall result, the Management Board and Supervisory Board of DIC will propose to distribute a **dividend** of EUR 0.75 per share for the 2022 financial year at the General Shareholders' Meeting. This represents an attractive dividend yield of 9.8% based on the closing price of DIC shares at the end of 2022. Going forward, we intend to keep offering our shareholders an attractive dividend, enabling them to participate in DIC's success in the long term. Our dividend policy aims to distribute a regular dividend amounting to at least 50% of FFO earnings in a given financial year, provided that the company has generated a net profit. As we continue to focus on optimising our portfolio and cash flows in the 2023 financial year, we expect to generate FFO of between EUR 90 and 97 million. The main reason why FFO is expected to be lower than in the previous year is due to the persistently challenging environment in the real estate investment market.

In light of changes in the interest rate environment since 2022 and the ongoing lack of clarity about what impact a weaker economy is likely to have on demand for real estate in Germany, we expect delays to acquisitions and sales in the first half of 2023 in particular that will affect the anticipated FFO in the 2023 financial year, with lower transaction-based management fees expected in the Institutional Business in particular.

Dear shareholders, business partners and friends of the company, the things that have caused us to prosper to date will continue to give us the tailwind we need in 2023 and beyond. Our **"dynamic performance"** and excellence in everything we do are the driving force behind our business. Agility, creativity and reliability are our calling cards, and ESG is in our DNA.

You can count on us to do everything in our power to proceed with care and foresight to continue creating value in the long run by delivering long-term excellence for our stakeholders and ensure the continued success of DIC as we embark on the next 25 years of our journey!

Sonja Wärntges
Chief Executive Officer/Chief Financial Officer (CEO/CFO)

Christian Fritzsche
Chief Operating Officer (COO)

Sonja Wärntges
Chief Executive Officer/Chief Financial Officer (CEO/CFO)

Johannes v. Mutius
Chief Investment Officer (CIO)

Torsten Doyen
Chief Institutional Business Officer (CIBO)

DIC at a glance

2022 was an exceptional year for us, due in particular to the **acquisition of listed company VIB.** Our 25 years of experience in the real estate market enabled us to take a methodical approach to our business and achieve success based on our national and regional real estate platform and extensive investor network.

We provide on-site support that means we are always close to our properties and their tenants, managing around 1,700 tenants in 360 properties from nine offices in all major German markets.

341

Employees

EUR 14.7 billion

Assets under management

9

Locations

360

Commercial properties

EUR 114 million

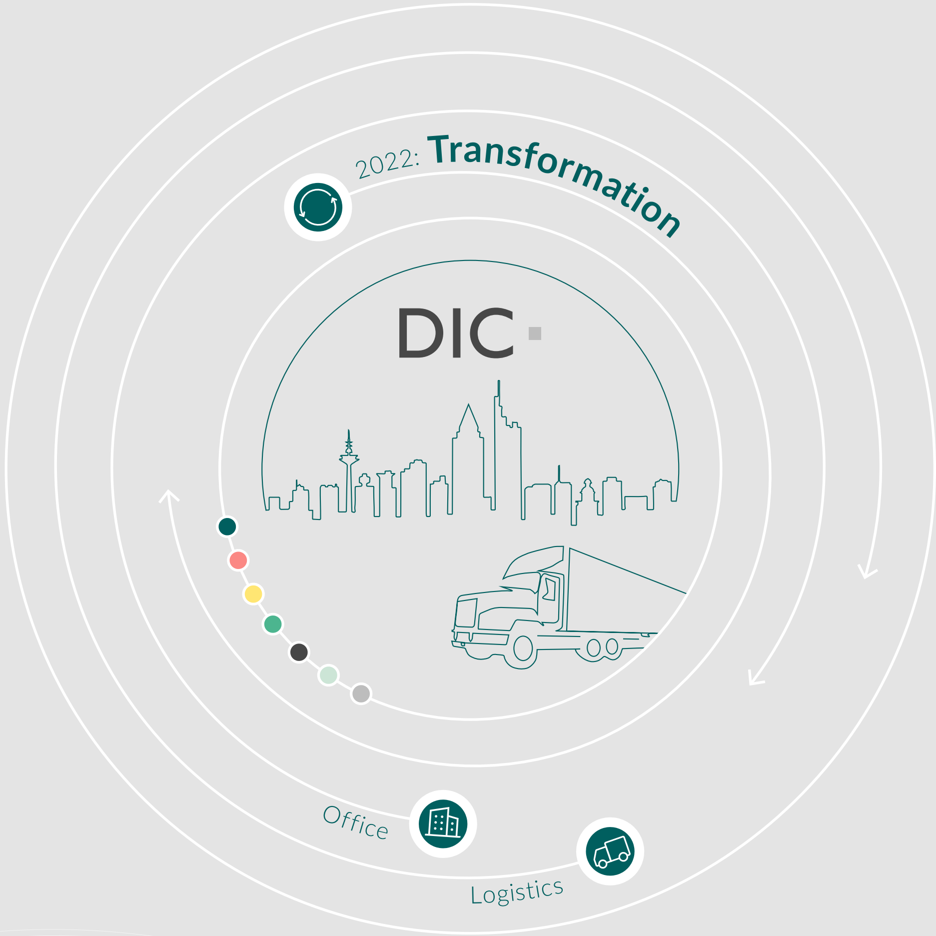
FFO

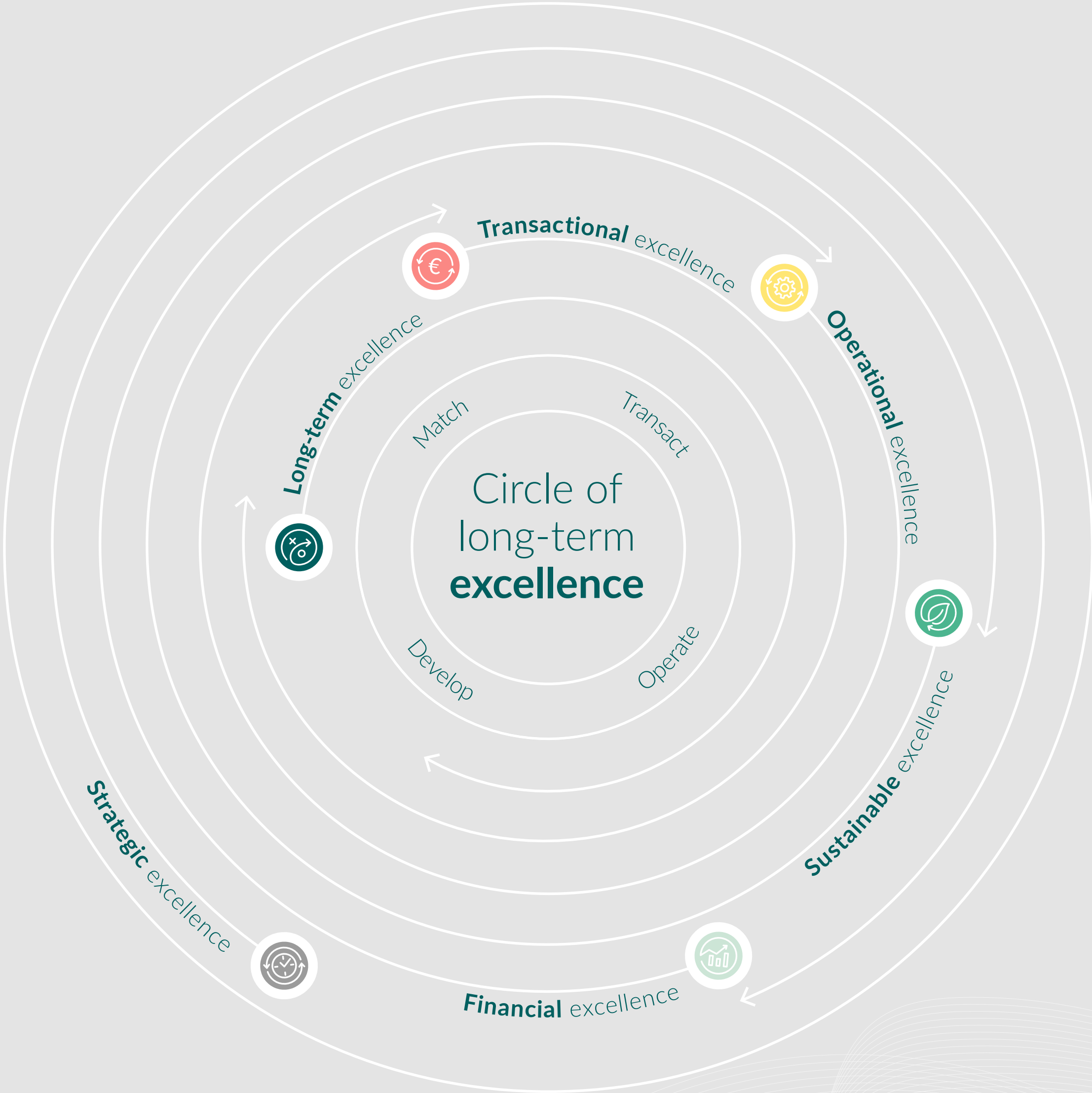
Dynamic performance

Staying on the move, being methodical and proactive and acting sustainably and decisively is what dynamic performance is all about. For us, 2022 was a year of **transformation through transaction**, and most notably the acquisition of VIB, which expanded our Commercial Portfolio, created two strong asset classes, and increased our sustainable cash flows.

Both pillars of our business model – holding properties in our proprietary portfolio (Commercial Portfolio) and managing third-party properties (Institutional Business) – have been expanded and applied to VIB, which will focus on the group's activities in the logistics sector.

Our **360-degree expertise** enables us to provide solutions across the entire **lifecycle of a property** – bringing investors together (Match), buying and selling properties (Transact), operating (Operate) and developing (Develop) them, structuring investment products, and advising tenants, owners and investors on issues such as ESG, New Work and digitalisation.





The spirit to create excellence

Excellence is the sum of many different strengths and elements – and always the result of ability and desire. We **achieved unparalleled success and posted record earnings in 2022**, despite the year's challenges.

DIC keeps its finger on the pulse and stays close to the market. Our values, corporate strategy and expertise provide the foundation for our work, while our proximity to and dialogue with our stakeholders hold the key to our success. Our sophisticated system of key performance indicators gives us transparency at all times, and our management system allows us to control our business with clear targets in mind, whatever the situation.

We have the expertise, organisational structure, leadership skills, motivation and agility to react appropriately to the market and recognise and actively address risks, trends and opportunities at an early stage.

Long-term excellence

DIC's strategic development is characterised by clearly defined targets, dynamic action and focused, value-enhancing growth in new directions, all of which delivered top results for 2022.

Assets under management have risen from EUR 5.6 billion to EUR 14.7 billion in the past five years alone, with funds from operations (FFO) increasing from EUR 68 million to more than EUR 114 million in the same period. DIC's proprietary portfolio has grown from EUR 2.2 billion to EUR 4.5 billion over the past year, making a significant contribution to the recovery of sustainable revenue streams.

The clear **focus of our strategy is to expand logistics** as an additional asset class alongside office properties. We have emphatically succeeded in doing this, with logistics properties now comprising 39% of our proprietary portfolio. This progress was primarily driven by the acquisition of VIB and our first foray into internationalisation as we purchased four properties in the Netherlands along Europe's main north-south trade corridor.

19%

logistics share on the platform
(39% in the Commercial Portfolio)

Transactional excellence

Despite the challenging environment, our proactive approach, strategic rationale and keen sense of timing enabled us to generate transaction volumes of EUR 3.3 billion, taking assets under management to EUR 14.7 billion.

Transformation through transaction: By acquiring and integrating VIB, DIC now has a strong second asset class in logistics in addition to its existing focus on office properties. We implemented our plan and integrated VIB successfully amid difficult conditions.

New retail special fund
VIB Retail Balance I

Fund volume: EUR **350** million

Distribution yield: **4.9** % p.a.

Sale increases focus on logistics

Planned term: **10** Years

Two-pillar model expanded to VIB

VIB Vermögen AG

Leading specialist for logistics and light industrial	Some 30 years of logistics property expertise

Rental income p.a.	EUR 99.8 million
Portfolio market value	EUR 2.3 billion
Property space	1.37 million sqm
EPRA vacancy rate	1.5%
Development pipeline of	156,000 sqm
Stable WALT at	5.4 years

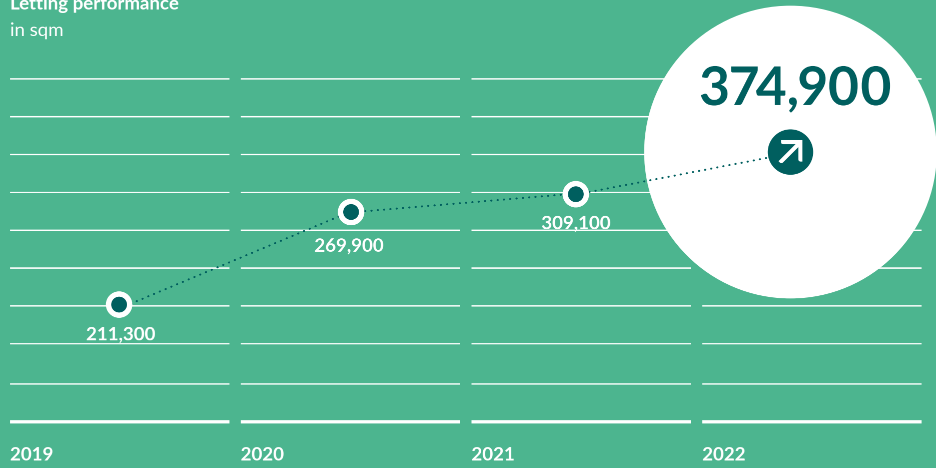
Operational excellence

5.8%

Like-for-like rental growth
on the platform

Our teams achieved **record letting results** for the third successive year, retaining tenants for the longer term by renewing numerous contracts ahead of schedule and lowering the overall vacancy rate.

Letting performance
in sqm



Gross rental income
in EUR million

176.0

Value growth in
the Commercial Portfolio

1.5%

The fact that we were able to increase the **value of our real estate portfolio** even under the past year's challenging conditions offers impressive proof of the skill and agility of our team. In addition to being a year of transformation, 2022 also gave us another opportunity to demonstrate our operational capabilities.

Manage-to-ESG: Green Building standards implemented

Excellent rating results

Partnerships for sustainable building operation

DIC defines clear target: Carbon reduction by 40 % by 2030

Sustainable excellence

With our commitment to sustainability, clearly defined milestones and demonstrable transparency, ESG is part of our DNA. It means equipping our buildings in an environmentally responsible way, making our internal processes more efficient, promoting a diverse and inclusive employee structure, generating a steady flow of income, ensuring continuity in our dividend policy and providing ESG-focused financial instruments.

One key element of our understanding of sustainable corporate governance is maintaining a **wide-ranging dialogue with our stakeholders.** This means raising awareness among tenants and investors, advising them and involving them in a spirit of partnership, engaging in dialogue with our community, and contributing to social cohesion beyond our day-to-day work with initiatives such as our Social Impact Days. All of this helps to shape our comprehensive understanding of ESG.

31%

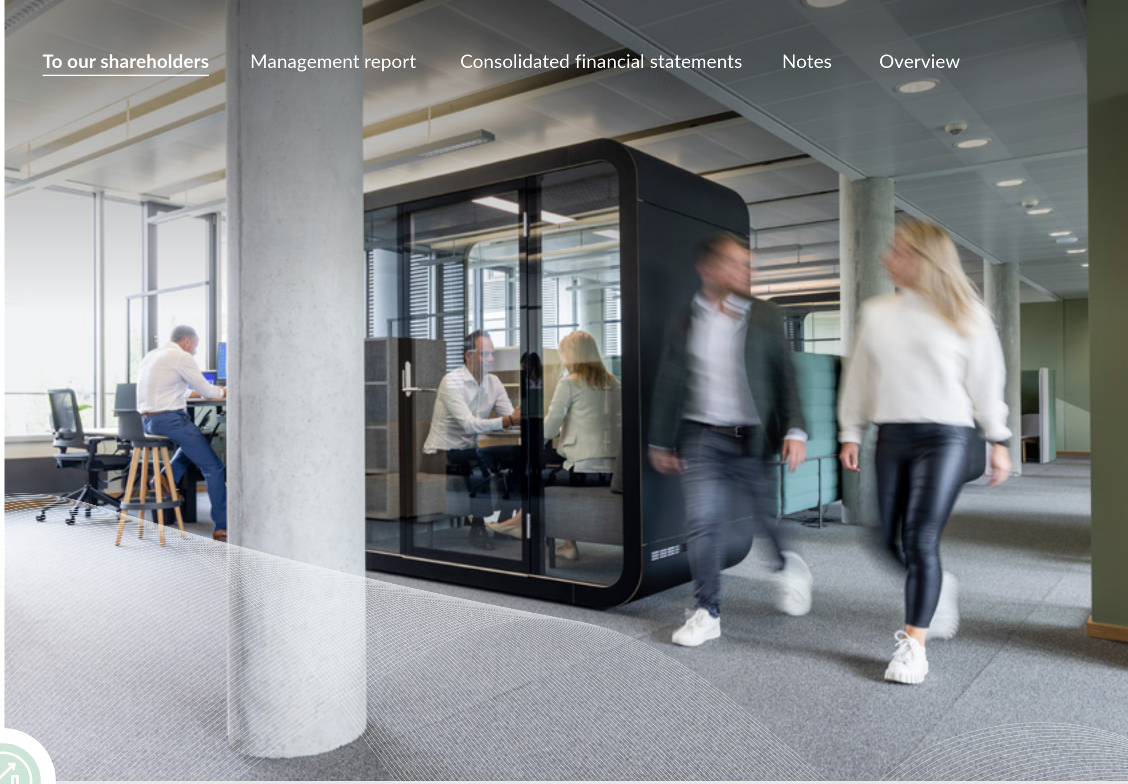
Green building share in the market value of our proprietary portfolio – 20% target exceeded ahead of schedule

ESG REGIONAL TOP RATED

ESG INDUSTRY TOP RATED

EPRA sBPR GOLD

Financial excellence

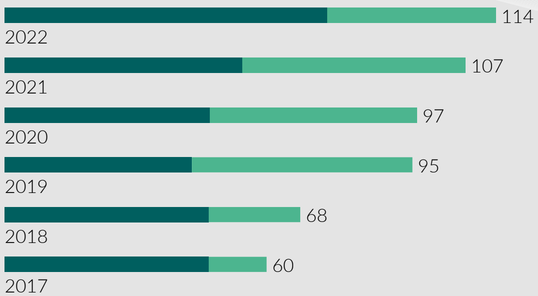


0.75

Dividend for 2022
in EUR per share

Our aim is to steadily grow recurring cash flows that offer reliable predictability and create **resilience during difficult market phases**. This is also reflected in our dividend policy, which enables our shareholders to participate in DIC's success in the long term. Capital management and accounting policies offering clarity and vision.

FFO growth in EUR million

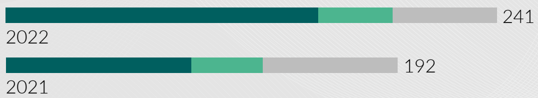


- Commercial Portfolio contribution
- Institutional Business contribution (until 2018: funds + other investments)

114.2

FFO in EUR million

Sources of income in EUR million



- Rents
- Management fees (recurring)
- Management fees (non-recurring)

78%

Share of recurring operating cash flows in 2022
2021: 66%

Strategic excellence

We adopt an active approach and adapt to changes in the market at an early stage – just as we have done for the last 25 years. We have a clear vision for the future and an understanding of the challenges facing commercial properties in light of climate change, ESG considerations and competition for labour. Agility, creativity and reliability are our calling cards. Our USP **allows us to create long-term value** for our stakeholders.

With sustainability and efficiency

- Implementing an ESG strategy that aims to reduce carbon emissions by 40% by 2030
- Steadily expanding green finance initiatives
- Digitalising operating processes
- Maintaining a continuous stakeholder dialogue

With stability and vision

- Increasing recurring operating cash flows
- Optimising our balance sheet and financial structure: lowering LTV to less than 50%
- Maintaining a reliable and attractive dividend policy

Exploiting opportunities, creating value

- Extending our lead in the German logistics and office real estate markets
- Continuing the internationalisation of our real estate platform
- Being a strong partner for active investment strategies
- Offering New Work concepts from a single source

Investor relations and capital markets

Global equity markets heavily impacted in 2022

The 2022 trading year was marked by widespread losses and will be remembered as one of the worst years since records began. In addition to high volatility in the markets, the stronger-than-usual correlation between different asset classes (e. g. between equities and bonds) was also unusual. The international capital markets were dominated by a combination of global crises and the reactions of international institutions to these situations.

China's zero-Covid policy continued to impact the highly interdependent global economy well into 2022. However, the outbreak of war in Ukraine on 24 February 2022 was a particularly grave turning point, with far-reaching consequences including an energy price shock that further exacerbated the supply chain and inflation issues already plaguing the global economy. High levels of inflation caused central banks to raise interest rates unusually quickly away from the low levels they had maintained for many years (led by rate hikes from the US Federal Reserve and the Bank of England, followed by the European Central Bank).

Highlights 2022

Dividend proposal unchanged from previous year at EUR 0.75 per share, representing a dividend yield of 9.8%

2021 Annual Report receives another **EPRA BPR Gold Award**

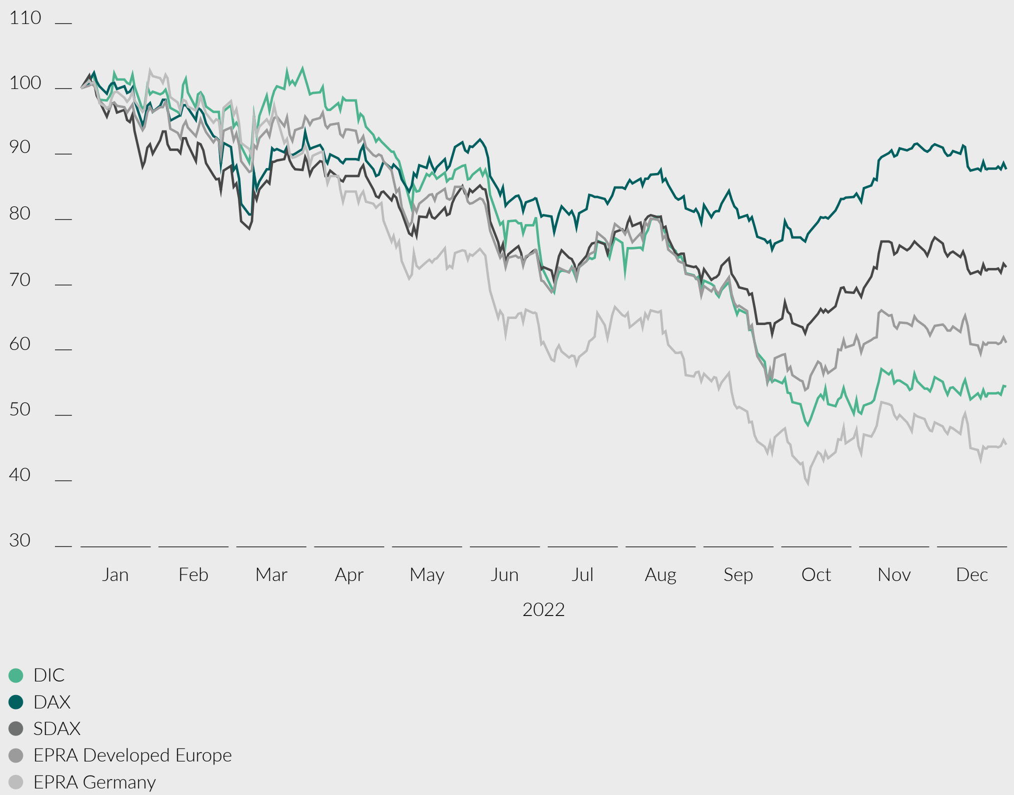
First **EPRA sBPR Gold Award** for 2021 Sustainability Report

Intensive capital markets communication with more than 100 investors during the year

DIC shares feel pressure on real estate sector

The uncertainty surrounding the global geopolitical and macroeconomic crises as well as the sharp increase in real estate financing costs during 2022 weighed even more heavily on the real estate sector than on the wider market. While the DAX and SDAX fell by 12% and 27% respectively, the EPRA Developed Europe sector index containing European listed real estate companies recorded an even more marked decline of 39%. The EPRA Germany sector index consisting of German companies suffered even greater losses of 54%. In this context, the negative performance of –46% recorded by DIC Asset AG's ("DIC") shares (excluding the distribution of a dividend for the 2021 financial year) was typical for the sector. When taking the distribution of a dividend into account, DIC shares fell from their Xetra opening price for the year of EUR 15.37 to EUR 7.62 Euro at the end of the year, a decline of 50%.

Share performance
indexed (XETRA closing price on 31 December 2021 = 100%),
DIC Asset AG excluding dividend distribution



DIC shares

Basic data (as at February 2023)

Number of shares	83,152,366 (registered shares)
Share capital in EUR	83,152,366
WKN/ISIN	A1X3XX / DE000A1X3XX4
Symbol	DIC
Free float	45.4%
Key indices	SDAX, DIMAX
Exchanges	Xetra, all exchanges in Germany
Deutsche Börse segment	Prime Standard
Designated sponsors	ODDO BHF Corporates & Markets AG, Baader Bank AG, Stifel Europe Bank AG
Paying agent	Joh. Berenberg, Gossler & Co. KG

Key figures *

		2022	2021
FFO per share	Euro	**1.38**	1.32
FFO yield **	%	**18.1**	8.6
Dividend per share	Euro	**0.75** ***	0.75
Dividend yield **	%	**9.8**	4.9
Year-end closing price	Euro	**7.62**	15.37
52-week high	Euro	**15.76**	16.09
52-week low	Euro	**6.71**	13.42
Market capitalisation **	EUR million	**634**	1,258

* Xetra closing prices in each case
** based on the Xetra year-end closing price
*** proposed

DIC's corporate bonds also see declining performance

The rise in market interest rates during 2022 generally put corporate bond prices under pressure. As a result, the two DIC bonds still outstanding at year-end (30 December 2022) all ended the year below par and below their opening prices for the year.

The 18/23 bond (EUR 150 million) closed the year at 99.1 (30 December 2021: 103.0), while the 21/26 Green Bond with a volume of EUR 400 million closed the year at 57.5 (30 December 2021: 94.2) due to factors such as lower trading volumes and higher denominations.

The 17/22 bond with a volume of EUR 180 million was repaid on schedule on 11 July 2022.

DIC bonds

Basic data

Name	DIC Asset AG 18/23 bond	DIC Asset AG 21/26 Green Bond
ISIN	DE000A2NBZG9	XS2388910270
WKN	A2NBZG	A3MP5C
Segment	Official List of the Luxembourg Stock Exchange, Luxembourg	Euro MTF market of the Luxembourg Stock Exchange
Minimum investment amount	EUR 1,000	EUR 100,000
Coupon	3.500%	2.250%
Issuance volume	EUR 150 million	EUR 400 million
Maturity	02.10.2023	22.09.2026

Key figures

	2022	2021
DIC Asset AG 18/23 bond		
Year-end closing price	99.1	103.0
Yield to maturity at year-end closing price	4.81%	1.78%
DIC Asset AG 21/26 Green Bond		
Year-end closing price	57.5	94.2
Yield to maturity at year-end closing price	19.23%	3.60%

Source: vwd group / EQS Group AG

Virtual 2022 General Shareholders' Meeting

At the 2022 General Shareholders' Meeting, which as in previous years was held as an online event on 24 March 2022 without shareholders, proxies and guests in physical attendance, all items on the agenda were adopted with large majorities.

The dividend approved for the 2021 financial year amounts to EUR 0.75, representing a 7% year-on-year increase (previous year: EUR 0.70). This meant that the payout ratio remained unchanged compared to the previous year at 57% of funds from operations (FFO). As in previous years, shareholders may choose to receive their dividends either in cash or in the form of new shares (scrip dividend). The dividend yield based on the XETRA year-end closing price for 2021 was 4.9%.

In other resolutions, the actions of the Management Board and Supervisory Board for the 2021 financial year were formally approved and Prof. Dr. Gerhard Schmidt, Mr Eberhard Vetter and Dr. Angela Geerling were appointed to the Supervisory Board. In addition, auditing firm BDO was appointed for the 2022 financial year and the remuneration report for the Management Board and Supervisory Board was discussed.

In her speech, CEO Sonja Wärntges reflected on a successful 2021 and reported on the acquisition of a majority stake in VIB Vermögen AG ("VIB").

Well-established scrip dividend strengthens equity

For the fifth time in a row, shareholders were given the option to receive their dividends for the 2021 financial year either in cash or in the form of new shares (scrip dividend). With the acceptance rate standing at 40.54% (previous year: 47.27%), on 4 May 2022 a total of 1,291,203 new shares were credited to the securities accounts of the participating shareholders and admitted to trading on the Regulated Market of the Frankfurt Stock Exchange.

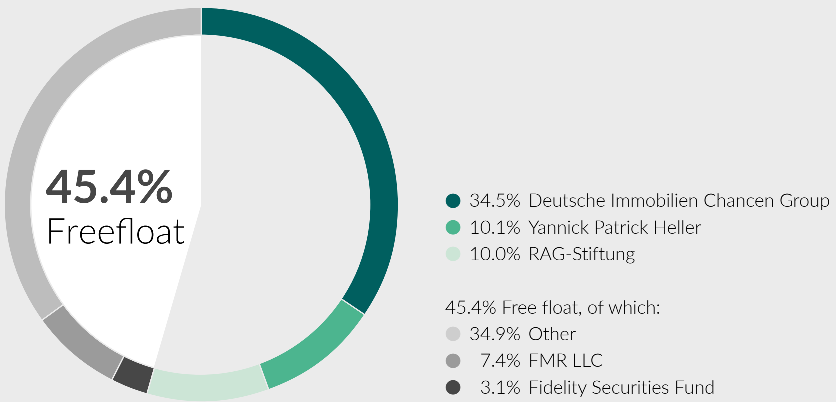
After the capital increase was entered in the Commercial Register on 26 April 2022, the number of outstanding DIC shares as at year-end 2022 amounted to 83,152,366, which corresponds to an increase of approximately 1.6% compared to the end of 2021. The gross proceeds from the issuance of new shares add up to approx. EUR 17.9 million, strengthening the company's equity base.

Stable shareholder structure

DIC's shareholder group has a fundamentally stable structure comprising national and international institutional investors. The RAG-Stiftung, a foundation, has been a major DIC shareholder since 2014 and holds around 10.0% of the company's shares. Anchor shareholder Deutsche Immobilien Chancen Group currently holds around 34.5% of the shares, of which 8.1% are attributed via TTL Real Estate GmbH. In February 2021, Mr Yannick Patrick Heller held an equity interest of around 10.1%, thus exceeding the 10% threshold. A total of around 45.4% of shares are currently in free float. The largest free-float shareholder is FMR LLC with a share of around 7.4% (which it increased in October 2022 after previously holding 6.8%). Fidelity Securities Fund's share remained at 3.1%.

All voting rights announcements available to us are published on our website and in the notes starting on page 206.

Shareholder structure



Last updated: February 2023

Consistent capital markets communication

Our investor relations work is based on the principles of openness, transparency and fairness to all financial market participants. Investor relations activities focus on providing ongoing, timely information about the latest developments and course of business to our shareholders, investors and analysts. As in previous years, DIC was the first listed German real estate company to present its consolidated financial statements for 2021 using the "Fast Close" process and was able to provide an early outlook for the current financial year on 9 February 2022.

In addition to issuing detailed written reports, we maintain direct contact with our private and institutional shareholders and with analysts, regularly providing information on all important events at DIC. We use social media channels to network with capital market investors and intermediaries, as well as market partners, especially in the context of IR events, trade fairs and other current events.

In financial year 2022, the IR team and Management Board held meetings with 109 German and international investors on a total of 12 conference days (including the Deutsches Eigenkapitalforum investor event), four roadshow days and across 62 video conferences and telephone calls outside roadshows (corresponding to an average of 1.4 meetings per investor during the year). DIC also hosted webcasts for the wider capital markets as part of the regular reporting cycle and to announce the offer to acquire part of VIB, each of which involved a presentation from the Management Board followed by an open Q&A session.

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

Follow us on:

Ongoing exchange with analysts

As at the end of 2021, DIC was covered by ten analysts during financial year 2022, most of whom currently recommend buying the company's shares. At the time this report was published, the median target price was EUR 12.00 per share (within a range of EUR 7.50 to EUR 16.00). Detailed estimates from these research firms are regularly updated and published on DIC's IR website.

DIC's IR team maintains a regular exchange with the analysts on issues relating to modelling and company valuation. A total of 66 talks were held with analysts in 2022.

Analyst recommendations

Bank/Financial institute	Analyst	Current recommendation	Current price target in euros
Baader Bank	Andre Remke	Sell	7.50
Berenberg Bank	Kai Klose	Buy	13.00
DZ Bank	Karsten Oblinger	Buy	12.50
HSBC	Thomas Martin	(Restricted)	
Kepler Cheuvreux	Ferran Tort Barniol	Hold	8.70
Metzler	Jochen Schmitt	Buy	12.00
ODDO BHF	Manuel Martin	Hold	10.00
SRC Research	Stefan Scharff, Christopher Mehl	Buy	16.00
Stifel Europe	Tom Carstairs	Hold	9.00
Warburg Research	Philipp Kaiser	Buy	14.60
Price target (median)			12.00

Last updated: February 2023

Dividend proposal of EUR 0.75

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

For financial year 2022, the Management Board is proposing to the General Shareholders' Meeting to distribute a dividend of EUR 0.75 per share. This represents a payout ratio of around 54% of FFO per share (previous year: 57%). As in the previous years, shareholders will have an option to receive the dividend in cash or in the form of additional shares of the company ("scrip dividend").

Based on the 2022 closing price, DIC shareholders will benefit from an attractive dividend yield of around 9.8%. DIC has a track record as one of the most profitable companies in the SDAX and the German real estate sector.

IR activities in 2022

First quarter

21.01.	Kepler Cheuvreux German Corporate Conference 2022	virtual
31.01.	Announcement presentation on the offer to acquire part of VIB*	
09.02.	Publication of the 2021 Annual Report*	
24.03.	General Shareholders' Meeting	virtual

Second quarter

10.05.	Publication of the Q1 2022 Statement*	
12.05.	Morgan Stanley Leveraged Finance Conference	London
18.05.	Publication of the 2021 Sustainability Report	
19.05.	Stifel German SMID CAP Forum	Frankfurt
25.05.	EPRA Corporate Access Day	London
02.06.	Quirin Champions Conference 2022	virtual
15.06.	Non-Deal Roadshow (UK)	virtual
21.06.	Non-Deal Roadshow (Switzerland)	virtual
22.06.	Non-Deal Roadshow	Brussels
29.06.	Kepler Cheuvreux Pan-European Real Estate Conference	Paris

Third quarter

04.07.	Non-Deal Roadshow (Belgium)	virtual
02.08.	Publication of the 2022 Half-year Report*	
13.09.	SRC Forum Financials + Real Estate 2022	Frankfurt
19.09.	Berenberg GS German Corporate Conference 2022	Munich
20.09.	Baader Investment Conference 2022	Munich

Fourth quarter

04.10.	Degroof Petercam Real Estate Conference 2022	Brussels
09.11.	Publication of the Q3 2022 Statement*	
23.11.	Berenberg Industrial and Logistics Real Estate Paris Seminar	Paris
29.11.	Deutsches Eigenkapitalforum 2022 (analyst event)	Frankfurt

* with conference call

IR calendar 2023

Last updated: February 2023

First quarter

16.01.	Kepler Cheuvreux German Corporate Conference 2023	Frankfurt
15.02.	Publication of the 2022 Annual Report*	
March	BofA Securities EMEA Real Estate CEO Conference 2023	London
30.03.	General Shareholders' Meeting	

Second quarter

10.05.	Publication of the Q1 2023 Statement*	
17.05.	Publication of the 2022 Sustainability Report	

Third quarter

03.08.	Publication of the 2023 Half-year Report*	
September	SRC Forum Financials + Real Estate 2023	Frankfurt
September	Berenberg GS German Corporate Conference 2023	Munich
September	Baader Investment Conference 2023	Munich

Fourth quarter

08.11.	Publication of the Q3 2023 Statement*	
November	Deutsches Eigenkapitalforum 2023 (analyst event)	Frankfurt

* with conference call

Involvement in associations

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

DIC's outstanding reporting earns double gold award

Both our financial and ESG reporting received a Gold Award from EPRA in 2021 – the highest category possible.

Like the annual reports of previous years, the 2021 Annual Report was again presented with the BPR (Best Practices Recommendations) Gold Award, while the 2021 Sustainability Report won Gold for the first time in the annual sBPR (Sustainability Best Practices Recommendations) rankings. By presenting DIC with these awards, EPRA recognised the group's clear communication of its sustainability targets and its best-in-class approach to ESG. For more information on ESG ratings, see also page 81 in this report.

Report of the Supervisory Board

Quick, creative and reliable - 2022 was yet another year in which DIC Asset AG ("DIC") was able to successfully expand its stable business model. The Supervisory Board would like to express its great appreciation and deep gratitude to the Management Board and all of the employees who performed so exceptionally during this year again.

In the 2022 financial year, the Supervisory Board fully and responsibly performed the duties incumbent upon it in accordance with the German Stock Corporation Act (AktG), the company's Articles of Association and the Supervisory Board Rules of Procedure. The Supervisory Board consulted with the Management Board on the development of the company and provided support for strategic corporate development and significant individual actions.

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

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

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

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

Attendance at meetings by Supervisory Board members

The Supervisory Board met for four ordinary meetings during the 2022 financial year. One of these meetings was held in person, the other three as virtual conferences. There were also nine extraordinary meetings, eight of which were held as conference calls, while one meeting was held in person. The Supervisory Board also met regularly on selected topics without the Management Board. In addition, five resolutions were adopted by written circular.

The average attendance rate at the Supervisory Board meetings in the reporting year was 98.9%, while the average attendance rate at Audit Committee meetings was 100%.

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

Member of the Supervisory Board	Supervisory Board meetings	Meetings attended	Attendance rate
Prof. Dr. Gerhard Schmidt (Chairman)	13	13	100%
Michael Zahn (Vice Chairman)	13	13	100%
Dr. Angela Geerling (from 24.03.2022)	9	9	100%
Prof. Dr. Ulrich Reuter	13	13	100%
Eberhard Vetter	13	12	92.3%
René Zahnd	13	13	100%
Klaus-Jürgen Sontowski (Vice Chairman until 24.03.2022)	4	4	100%
Average attendance rate			**98.9%**

Member of the Audit Committee	Audit Committee meetings	Meetings attended	Attendance rate
Prof. Dr. Ulrich Reuter (Chairman)	3	3	100%
Prof. Dr. Gerhard Schmidt	3	3	100%
René Zahnd	3	3	100%
Average attendance rate			**100%**

Key points of deliberation at the Supervisory Board meetings

The meetings regularly covered DIC's strategic growth in selected asset classes as well as its operational performance – specifically lettings, acquisitions and sales – the trend in revenue and earnings as well as the financial position.

Individual meetings also focused on the following issues:

01|18
At the ordinary meeting, the Management Board presented the earnings forecast for the full 2022 financial year. Matters of operational planning, earnings and balance sheet planning as well as potential transaction activities for both the Commercial Portfolio and Institutional Business were also discussed with the Supervisory Board. The Supervisory Board approved the 2022 budget planning proposed by the Management Board after detailed discussions.

The Management Board also discussed strategic growth issues in the logistics segment with the Supervisory Board.

01|28
At this extraordinary meeting, the Management Board reported on its preparations for a potential acquisition of VIB Vermögen AG ("VIB"). Strategic aspects and financing issues in particular were discussed with the Supervisory Board.

01|31
The main focus of this extraordinary meeting was the submission of a voluntary public offer in the form of a partial offer aimed at acquiring shares in VIB. The Management Board presented the most important parameters of the proposed offer. The Supervisory Board approved the submission of the voluntary public offer after an extensive discussion.

02|08
This ordinary meeting focused on the outcome of the Audit Committee meeting, which was explained and discussed in detail. The annual financial statements for financial year 2021 were adopted and the consolidated financial statements were approved. The dependent company report was also reviewed and approved. In addition, the Supervisory Board examined the proposal on the appropriation of profit by the Management Board and endorsed the proposal.

The Supervisory Board then discussed and approved the agenda and adopted the proposed resolutions for the General Shareholders' Meeting. The Supervisory Board approved the proposal presented by the Management Board to enable shareholders to choose whether they wish to receive their dividend payment in cash or in the form of new shares (scrip dividend).

The Supervisory Board also considered proposals submitted to the General Shareholders' Meeting for elections to the Supervisory Board due to the expiry of the terms of office of three Supervisory Board members. The Supervisory Board decided to propose to the General Shareholders' Meeting that Prof. Dr. Gerhard Schmidt, Mr Eberhard Vetter be re-appointed and Dr. Angela Geerling be newly appointed to the Supervisory Board. When deciding upon its election proposals, the Supervisory Board took into account the interests of the company and its shareholders, statutory provisions, and the professional and personal qualifications of each candidate.

03|24
At the start of the inaugural meeting held following the General Shareholders' Meeting, the Supervisory Board unanimously re-elected Prof. Schmidt as Chairman of the Supervisory Board.

A significant part of the meeting was devoted to the Management Board's report on current business developments. On the acquisition side, the company's strategic entry into the Dutch market with the proposed acquisition of three logistics properties for the Institutional Business was discussed, as were several properties for the Commercial Portfolio. The Management Board also presented the comprehensive sales programme for both segments. Another topic of discussion was the generally higher-than-expected letting performance, which was primarily attributable to large-volume leases in the Institutional Business.

The Management Board also provided a report on the status of the launch of various new funds, which has been complicated in part by the outbreak of the war in Ukraine, as well as the placing of the O2-Tower.

Another key focus of this meeting was the investment in VIB and the successful conclusion of the Business Combination Agreement aimed at enhancing the long-term value of the DIC and VIB.

05|04
At this ordinary meeting, the Supervisory Board addressed the results for the first quarter of 2022 prior to the initial consolidation of VIB, which took place on 1 April 2022. The Management Board also provided a report on the course of business at VIB in the first quarter of the year and outlined the financing structure of VIB in this context.

The Supervisory Board also discussed the strategic allocation of portfolios within the DIC group with the aim of expanding individual segments.

06|15
At this extraordinary meeting, the status of the placing of the Uptown and Unite properties as well as the launch of the Public Infrastructure IV fund for institutional investors was also discussed.

A significant part of the meeting was once again dedicated to providing advice on the strategic allocation of portfolios within the group.

The Management Board also presented the preliminary results of the revaluation of the VIB portfolio by a recognised appraiser as announced by VIB on 25 May 2022.

07|28
At this extraordinary meeting, the Management Board reported on the earnings forecast for the first half of 2022 as well as ongoing transaction activities and those planned for the second half of the year.

The Supervisory Board also discussed the status of the refinancing of the overall VIB portfolio and other strategic growth opportunities. The issuance of a EUR 100 million promissory note by DIC was also discussed and approved by the Supervisory Board.

08|01
In an extraordinary meeting, the Supervisory Board discussed the extension of the Management Board appointment of Mr von Mutius and his remuneration, and approved the conclusion of the service agreement with Mr von Mutius

09|13
At this ordinary meeting, the Management Board presented a preview of the results for the first nine months of the year, proposed transactions in the Commercial Portfolio and Institutional Business, and the status of letting activities.

The Management Board also presented the outcome of resolutions passed by the General Shareholders' Meeting of VIB held on 30 August 2022, including the approval of a shareholder resolution to create new authorised capital.

10|06
The impact of market turbulence on the business model and the operating peer group comparison were discussed in detail at this extraordinary strategy meeting. The most important milestones to achieve by the end of the year, including portfolio sales and valuations of the portfolios of DIC and VIB, were also discussed in this context. The Supervisory Board approved the evaluation of and preparations for potentially adding a logistics portfolio to VIB.

11|07

The Supervisory Board's primary focus at this extraordinary meeting was the updated guidance issued by the Management Board on 2 November 2022 and its impact on the group's various subsegments. The Management Board also provided a report on the status of preparations to potentially add a logistics portfolio to VIB and its structuring. The Supervisory Board approved the further implementation of this initiative.

12|14

At this ordinary meeting, the Management Board presented the earnings forecast for the full 2022 financial year. Matters of operational planning, earnings and balance sheet planning as well as potential transaction activities for both the Commercial Portfolio and Institutional Business for the 2023 financial year were also discussed with the Supervisory Board.

The Supervisory Board also approved the updating of targets for the composition and skills profile of the Supervisory Board as a whole and adopted the Declaration of Compliance for the 2022 financial year. The Supervisory Board also dealt with Management Board matters and adopted a resolution to appoint Mr Torsten Doyen, responsible for the Institutional Business Unit (CIBO), and Mr Christian Fritzsche, responsible for Operations (COO), as new members of the Management Board, in each case with effect from 1 January 2023.

Audit Committee report

The Supervisory Board established an Audit Committee to ensure that work is allocated and performed efficiently. This committee met three times in 2022, once in person and twice in a video conference or conference call. The meetings were attended by all members of the Audit Committee.

The meeting held in February 2022 focused on the areas of emphasis of the audit and on financial reporting documents for financial year 2021. With representatives of the auditor in attendance, the meeting was devoted to a detailed analysis and discussion of the annual and consolidated financial statements for financial year 2021 along with the combined management and group management report as well as the associated audit reports, taking into account in particular the areas of emphasis previously defined by the Audit Committee in coordination with the auditor for the consolidated financial statements (recoverability of the carrying amounts of properties (key audit matter), impairment test of the goodwill arising from the acquisition of GEG (key audit matter), related parties, completeness of the notes to the consolidated financial statements, the group management report) and for the single-entity financial statements (recoverability of the carrying amount of the investments including investment income (key audit matter), full disclosure of related party transactions).

The Committee also dealt in detail with the review of DIC's internal control system, focusing on accounting, lease management, receivables management, deferral and invoicing of service charges, and IT systems. Recommendations were approved for the Supervisory Board's resolutions concerning the financial reporting documents for the 2021 financial year.

In July 2022, the Audit Committee discussed the optimisation of the risk management system and the assessment and classification of risks carried out. The Audit Committee also had representatives of the auditing firm explain the procedure of the review of the half-yearly report and the activities to date in connection with the initial audit of the annual and consolidated financial statements.

At the ordinary meeting held in December 2022, the Audit Committee analysed the earnings forecast for the full 2022 financial year. Together with the auditor's representatives, the Audit Committee specified the areas of emphasis and the key audit matters for the 2022 financial year and examined the areas of emphasis identified by ESMA and BaFin for 2023.

Corporate governance and declaration of compliance

Members of the Supervisory Board are responsible for completing the training and continuing professional development required for their roles – on subjects such as changes to the legal framework, for example – and are supported by the company in doing so. In July 2022, training was provided in the form of a webinar on the subject of compliance and DIC's policies. New members of the Supervisory Board can meet members of the Management Board to discuss fundamental and current issues and thus gain an overview of topics that are relevant to the company (known as "onboarding").

The Supervisory Board, in conjunction with the Management Board, in December 2022 issued the annual Declaration of Compliance in accordance with section 161 of the AktG on the recommendations of the German Corporate Governance Code, taking into account its amendments. It was published on the company's website in the Corporate Governance section.

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

No conflicts of interest

In compliance with the German Corporate Governance Code, each member of the Supervisory Board will disclose any conflict of interest that might arise. No conflicts of interest arose in financial year 2022.

Between the company and law firm of Weil, Gotshal & Manges LLP, of which Supervisory Board Chairman Prof. Dr. Gerhard Schmidt is a partner, advisory mandates existed during the 2022 financial year, which the Supervisory Board approved in the previous year. Prof. Dr. Schmidt did not take part in the corresponding resolution of the Supervisory Board.

Annual and consolidated financial statements for 2022 audited and approved

The Management Board prepared the annual financial statements for financial year 2022 in accordance with the German Commercial Code, the consolidated financial statements in accordance with IFRSs, as adopted by the EU, and with the commercial law regulations to be applied in addition pursuant to section 315e of the HGB, as well as the management report combined with the group management report. These items were audited by BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, appointed for the first time as auditors at the General Shareholders' Meeting on 24 March 2022, and an unqualified auditor's report was issued for each of them. The remuneration report jointly prepared by the Management Board and the Supervisory Board in accordance with section 162 of the AktG for the 2022 financial year was also formally audited by the auditor.

BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, has been the auditor for DIC and the DIC group since financial year 2022. The auditor responsible for the audit, Christoph Hykel, signed the auditor's report for the first time for financial year 2022, and Tobias Haerle signed it as co-signatory for the first time for financial year 2022.

All of these documents including the Management Board's proposal on the appropriation of profit were discussed at the meetings of the Audit Committee and the Supervisory Board on 14 February 2023 attended by representatives of the auditor. The auditor of the annual financial statements reported on the areas of emphasis and material findings of their audit and focused in particular on key audit matters and audit activities carried out. Key audit matters for auditing the consolidated financial statements were the recoverability of the carrying amount of the properties, the impairment test of the goodwill arising from the acquisition of GEG and RLI, and the initial consolidation of VIB. The recoverability of the carrying amount of the investments and of the receivables from affiliated companies was defined as a key audit matter for auditing the annual financial statements of DIC. No significant weaknesses in the internal control and risk management system relevant for the financial reporting process were reported. The auditors were available to the members of the Committee and the Supervisory Board for comprehensive discussion. There were no circumstances that could suggest any bias on the part of the auditor.

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

The Supervisory Board, which was also provided with the documents and audit reports in good time, examined the annual and consolidated financial statements for financial year 2022, the management report combined with the group management report and the Management Board's proposal on the appropriation of profit, taking into account the Audit Committee's report. The Supervisory Board concurred with the findings of the auditor's audit. On the basis of its own review, the Supervisory Board established that it had no cause for objections against the annual financial statements and consolidated financial statements or against the combined management report and group management report. The Supervisory Board approved the annual and consolidated financial statements prepared by the Management Board in line with the recommendation of the Audit Committee. The annual financial statements of DIC were thereby adopted. The remuneration report was approved by the Supervisory Board.

Proposal on the appropriation of retained earnings

In connection with the proposal on the appropriation of retained earnings by the Management Board, the Audit Committee and the Supervisory Board also discussed in detail accounting policies and financial planning. On the basis of its own review, the Supervisory Board concurred with the Management Board's recommendation to propose to the General Shareholders' Meeting that a dividend of EUR 0.75 per share carrying dividend rights be distributed to the shareholders from the retained earnings of financial year 2022 and that the remaining amount be carried forward to new account. The Supervisory Board also concurred with the recommendation of the Management Board to propose to the General Shareholders' Meeting to once again give the shareholders the option of receiving the dividend either in cash or in shares of DIC ("scrip dividend").

Relations with affiliates reviewed

The Management Board prepared a report on relations with affiliates for financial year 2022. The auditor has audited this report, reported on the findings in writing and issued the following unqualified auditor's report:

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

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

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

Composition of the Management Board and Supervisory Board

The following changes took place on the Management Board during the reporting period: Mr Patrick Weiden (CCMO) and Mr Christian Bock (CIBO) left the Management Board by mutual agreement effective at the end of 31 December 2022. The Supervisory Board would like to thank Christian Bock and Patrick Weiden for their commitment and their contribution to the milestones and growth steps achieved by DIC in recent years. The Supervisory Board appointed Mr Torsten Doyen, responsible for the Institutional Business Unit (CIBO), and Mr Christian Fritzsche, responsible for Operations (COO), as new members of the Management Board, in each case with effect from 1 January 2023.

The following changes took place on the Supervisory Board during the reporting period: The General Shareholders' Meeting held on 24 March 2022 elected Dr. Angela Geerling as a new member of the Supervisory Board and re-elected Prof. Dr. Gerhard Schmidt and Mr Eberhard Vetter to the Supervisory Board. Prof. Dr. Schmidt was again unanimously elected Chairman of the Supervisory Board following the General Shareholders' Meeting. The term of office of the Vice Chairman of the Supervisory Board, Mr Klaus-Jürgen Sontowski, ended at the close of the General Shareholders' Meeting on 24 March 2022. The Supervisory Board would like to thank Mr Sontowski for his many years of valuable and trust-based collaboration on the Board. Mr Sontowski has made a very significant contribution to DIC's success story. He has supported the achievement of key milestones for the company's development with his advice and expertise.

Frankfurt am Main, 14 February 2023

The Supervisory Board

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

Combined management report

Fundamental information about the group

Brief profile

DIC Asset AG ("DIC", "we") is one of Germany's leading listed commercial real estate specialists, with 25 years of experience in the real estate market and access to a broad network of investors.

Our business is based on a nationwide real estate platform with nine offices on the ground in all major German markets (incl. VIB Vermögen AG, "VIB"). We provide on-site support for 360 properties with a combined market value of around EUR 14.7 billion – with a local presence that keeps us close to both our tenants and our properties.

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

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

Commercial Portfolio
The Commercial Portfolio segment (EUR 4.5 billion in assets under management) includes portfolio properties owned by DIC. Here, we generate steady cash flows from stable rental income on long-term leases while also optimising the value of our portfolio assets through active management, and realising gains from sales. We also generate income from equity investments.

Institutional Business
In our Institutional Business segment (EUR 10.2 billion in assets under management), we generate recurring fees from offering our property services to national and international institutional investors and from structuring and managing investment vehicles with attractive dividend yields. We are also a co-investor in some cases.

DIC has been SDAX-listed since June 2006.

Business model

- DIC specialises in the active management of commercial real estate investments, leveraging its proprietary investment, transaction and management platform and in-depth knowledge of local markets.

- We coordinate and combine our commitments as property asset holder with the deliverables we provide as initiator and manager of investment products for institutional clients. This enables us to ensure reliable cash flows on our platform and to act as a full-service system provider who covers all aspects of commercial real estate investments.

- By taking a 360-degree approach that integrates all players and phases of property management, we optimise the use of resources like capital and know-how while effectively networking assets, occupiers and investors on our platform.

- This results in disruption-free value creation across all market cycles.

- The steady growth of our platform's range of deliverables and its profitability is driven by the know-how of our in-house management teams across the entire range of our business lines, on the one hand, and by the dynamics of our transaction activities, on the other hand.

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

- As of the 31 December 2022 reporting date, real estate assets under management totalled around EUR 14.7 billion. Of this figure, we carry around EUR 4.5 billion as investment property on our balance sheet and around EUR 10.2 billion as managed vehicles.

Segments and income structures

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

- Our **Commercial Portfolio** (COP) segment consists of our investments and revenue streams from properties shown as assets on the balance sheet. Investment properties that we manage as property owners contribute to the overall commercial success of our business with a steady stream of rental income and sales proceeds. In this segment, we also generate income from equity investments. Through our subsidiary VIB, we also act as project developers for new logistics properties.

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

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

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

Our active management approach sets the strategic tempo and creates synergies across all segments. In the past financial year, the Commercial Portfolio segment contributed 70% and the Institutional Business segment 30% to FFO (COP: EUR 75.4 million, IBU: EUR 38.8 million). Generating income streams from complementary segments ensures continuous profitability and enables us to exploit opportunities with maximum independence from market cycles.

There are strong synergies between both segments on our platform:

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

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

Market landscape

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

Regional structure and locations

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

Firmly embedded in the market, our teams provide both tenants and properties with on-site support. The majority of our employees involved in property management work in regional management teams with offices in Berlin, Cologne, Dusseldorf, Frankfurt am Main, Hamburg, Mannheim, Munich and Stuttgart. Since the beginning of this financial year, the employees of subsidiary VIB based at Neuburg an der Donau have also been part of our team.

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

Corporate management

Corporate structure

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

Four subsidiaries carry out important core operating tasks: GEG German Estate Group GmbH and DIC Fund Balance GmbH are responsible for the Institutional Business segment, including fund and asset management of investment products structured for third parties, refining investment strategies and supporting institutional investors. The group's own real estate management company DIC Onsite GmbH provides on-site support for the entire property portfolio, including DIC's directly-held Commercial Portfolio as well as real estate in the Institutional Business throughout Germany. The fully consolidated subsidiary VIB, headquartered in Neuburg an der Donau, is the logistics real estate specialist within the DIC group and also handles project development for new logistics properties.

In total, the group comprises DIC and 189 subsidiaries. The majority of these are property holding companies reflecting the group's operating activities. All equity investments are listed in appendices 1 and 2 to the notes to the consolidated financial statements.

Planning and control system

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

Planning process

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

Planning consists of:

- Detailed business plans for properties, portfolios and investment vehicles comprising, among other things, estimated rental income, costs and capital expenditure as well as gross profit including management and investment income.
- Targets for operational real estate management including action planning, among others with regard to letting, sales, capital expenditure and project developments.
- Detailed planning of real estate management fees (recurring fees and one-off fees from planned transactions) and income from existing equity investments.
- Consideration of the necessary manpower and examination of financial and liquidity issues.

Risks and specific opportunities are identified by way of risk management – first at property and portfolio level and then aggregated to group level. Consolidated group planning is supplemented by strategic group measures and the assessment of the general environment by the Management Board. It is carried out once a year and is amended during the year by subsequent forecasts in line with the expected market situation and any changes that arise in the meantime.

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

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

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

Management based on key figures
The internal control system, which forms part of the risk management process and is explained in detail in the section entitled "Report on expected developments, risks and opportunities" starting on page 85, and regular updates of corporate planning by way of forecasts serve as the main instrument for monitoring and managing achievement of the company’s targets.

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

We report FFO separately for the Commercial Portfolio and Institutional Business segments. We manage our segments’ operations on a uniform basis, particularly with regard to preserving value and increasing income from property management. We also report FFO II (after minority interests) including profit on sales in order to ensure additional transparency and comparability.

In addition to controlling the target figures in absolute terms, the corresponding key figures per share are also included in the planning.

Implementation of ESG in the business strategy

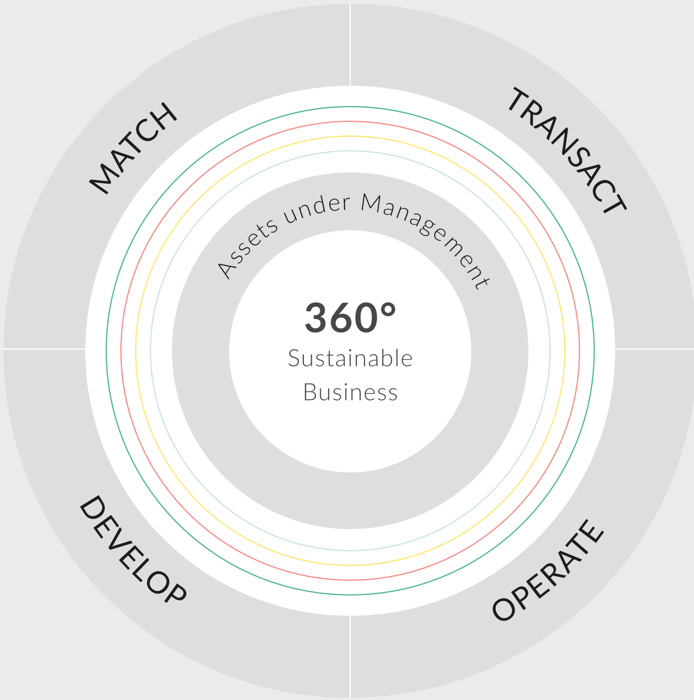
Sustainability is an integral part of our corporate strategy, management approach and business activities. Combining our ESG strategy with our digital and IT strategy creates a powerful foundation.

To ensure that the company can remain commercially successful in the long term, company management attaches material significance especially to sustainability in addition to economic factors.

The approach taken by DIC consists of developing our proprietary portfolio based on DIC-specific environmental and governance criteria (MATCH), acquiring suitable properties and disposing of unsuitable ones (TRANSACT), sustainable letting and management (OPERATE) and further developing the property portfolio under management by implementing structural, technical or innovative measures (DEVELOP).

In our Institutional Business, we design innovative products and, in close cooperation with our AIF management companies (German "KVG"), inspire investors with these designs (MATCH). At the same time, we acquire suitable properties to sell them at the right time at a higher value (TRANSACT). We also actively manage the respective (fund) products based on our investment strategy (OPERATE) and develop individual investments and properties with the approval of the investors (DEVELOP).

360-degree value creation and ESG strategy



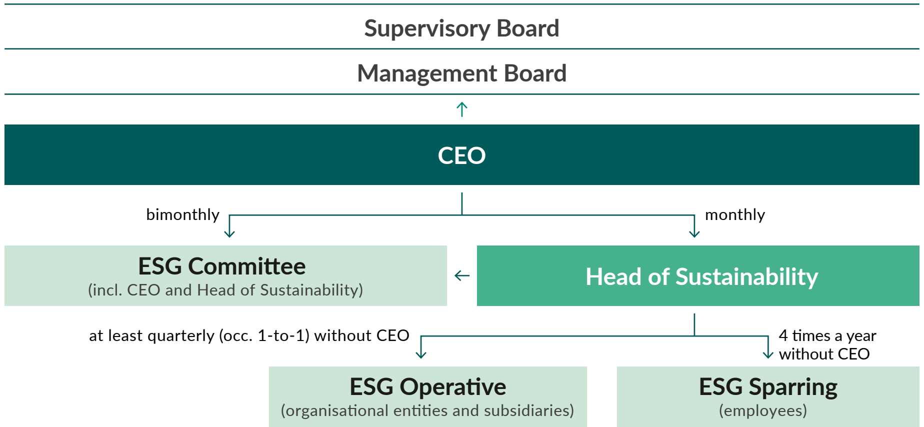
Digitalisation is a fundamental building block of our ESG strategy. We make our management approach more efficient and agile, and increase the quality of service delivery by standardising and automating operational and administrative processes. This is why we are continuously working on integrating digitalisation into our ESG routines and work streams. We use digital tools to better network previously existing data structures. This will give us not only improved data oversight and increase our control options but also boost communication addressing all stakeholders.

ESG issues need to be clearly embedded within our organisation, and the interaction and contribution of the expertise of different organisational units in this context is vital to DIC's sustainability success.

The Chairwoman of the Management Board of DIC is responsible for sustainability and regularly discusses this topic with the Supervisory Board in the context of the business strategy. The Head of Sustainability reports directly to the Chairwoman of the Management Board and is closely involved in the company's ESG-related decision-making processes. The Head of Sustainability is responsible for developing the ESG strategy on an ongoing basis and working with DIC's administrative and operating areas to intensify their ESG activities. This includes identifying, setting targets and centrally managing strategic and economically viable ESG projects along the company's value chain, managing the implementation of governance issues, ESG reporting and sustainability communications.

We set up an ESG Committee consisting of the CEO, Head of Sustainability and executives from Investor Relations & Corporate Communications, Human Resources, Investment, Portfolio Management, Development, Corporate Finance, and Accounting/Compliance to make key decisions on the focus of ESG strategy and targets. The ESG Committee's role is to set ESG priorities, launch ESG initiatives and manage ESG risks. This ensures that ESG strategy, targets and risk management are integrated and implemented across all business units.

ESG topics and projects are operationally managed, implemented and processed by the organisational units in accordance with DIC's organisational structure (operational ESG). The organisational units also appoint ESG project managers who are responsible for implementing initiatives and setting targets as part of day-to-day business and reporting to the Head of Sustainability on a regular basis.



For more details about our comprehensive ESG strategy, turn to page 78.

Objectives and strategies

We are one of the largest commercial real estate specialists with a focus on office and logistics properties and primarily operate in the German real estate market. We also aim to expand our logistics investments outside Germany in neighbouring countries and to central logistics hubs.

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

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

International growth of the investment platform

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

Diversified acquisition strategy
Our investment mix for the office asset class covers all of Germany with a focus on the regions near our offices. In Germany, these include the top seven cities as well as attractive cities in economically strong centres and their peripheries. By strategically expanding our logistics expertise and logistics investments we are also growing internationally and outside Germany in neighbouring countries.

We seek to achieve diversification on a regional, sectoral and tenant-related basis that avoids cluster risks over the long-term, ensures an attractive yield profile and offers the potential to create added value both for us and for our investors by pursuing an efficient asset management approach. This strategy is rooted in our regional expertise and our excellent access to markets. This allows us to identify and successfully develop properties with an adequate risk/yield ratio in Germany's key and regional real estate markets.

Dynamic performance based on agile management

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

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

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

Project developments in the sought-after logistics asset class
Through our subsidiary VIB, we also develop new logistics properties for our proprietary portfolio and, going forward, will offer this service for third parties as well. The complete project pipeline comprises around 156,000 sqm and is being implemented according to Green Building standards.

Creating value in asset management services for third parties

Defined investment products aimed at institutional investors.
We offer national and international institutional investors our many years of investment expertise, transaction management skills and a broad range of real estate services in Germany's key and regional real estate markets and neighbouring logistics markets outside Germany. We design customised investment structures with attractive dividend yields by way of pool funds, club deals and individual mandates. Further opportunities arise from expanding our third-party business for institutional investors to include VIB.

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

Strong organisational and financial foundation

Optimising the financial and capital structure
Our stable financial structure, which is based on proactive planning, safeguards our strong standing in the market. We aim to further optimise our financial foundation by increasing the share of long-term predictable cash flows generated from rental income and management income. We have a good reputation with our banking and financial partners, as well as on the capital markets, which secures us access to various sources of finance even in a changing interest rate environment. In addition to diversifying our sources of financing, we will also be pursuing a “green” financial structure in future and aim to increase the share of green financial instruments to 40–50% by the end of 2027.

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

Report on economic position

Overall assessment of the course of business and the position of the company

In 2022, we achieved all of the targets for our key performance indicators most recently forecast in November 2022 and set out several important strategic milestones for the further development and reliable continuity of DIC. During the past financial year, we were once again able to expand our diversified real estate platform significantly. In particular, the acquisition of VIB in the first half of 2022 significantly expanded investments in the proprietary portfolio, sharply increasing recurring cash flows from rental income. The acquisition considerably increased the share of logistics properties in the company's proprietary portfolio, making it the largest asset class in the Commercial Portfolio at the end of the year. We also succeeded in achieving our third-party investment targets in our Institutional Business segment by the end of 2022 as planned despite a challenging transaction market. For our existing logistics funds, we began internationalising our real estate platform for logistics properties by making our first investments outside Germany in the Netherlands in April 2022.

Together with our subsidiary VIB, we also continue to emphasise how our local presence across nine locations gives us a significant competitive advantage for successful active 360-degree real estate management. Broadly distributed across Germany, our investments reached EUR 14.7 billion at the end of the year.

First half of 2022 dominated by VIB acquisition

The first half of the year was primarily shaped by the majority takeover of VIB. At the end of January 2022, DIC made an offer to the shareholders of VIB by way of a voluntary partial public offer to acquire shares in return for a cash consideration of EUR 51 per share. The aim was obtain a majority shareholding in VIB of around 51%. During the course of the offer process, DIC announced on 23 March 2022 that it held around 60% of shares in VIB and had reached an agreement in principle with the company. The aim of this transaction is to increase the long-term value of DIC and VIB and enhance their competitive positioning. By acquiring a majority in VIB, DIC continues to consistently expand both its portfolio, particularly in the high-potential logistics and light industrial asset class, and its presence in southern Germany. As a result, DIC is consolidating its position as a leading office and logistics player in the German commercial real estate market. VIB has been fully consolidated into DIC's consolidated balance sheet since 1 April 2022. The acquisition prompted DIC to update its annual forecast on 9 February 2022 as follows: Due to the higher expected rental income, the group anticipated higher funds from operations (FFO) (before tax, after minority interests) of EUR 130 to 136 million (previously EUR 115 to 119 million). All other targets remained unchanged at this point.

In November 2022, DIC increased its majority stake in VIB further to around 68% as part of a non-cash capital increase totalling EUR 99 million by issuing 4,872,761 new no-par value shares, further increasing its influence over the company. As a result, DIC is bundling all of its logistics activities into VIB, which will function as a logistics real estate specialist within the DIC group in the future. A logistics property portfolio worth around EUR 56 million and two management companies worth around EUR 43 million that manages properties for third parties in the logistics sector have been incorporated as part of this deal. By acquiring these management agreements, VIB will follow DIC in pursuing a two-pillar model, holding its own properties on the one hand while at the same time acting as an asset manager of third-party properties.

Internationalisation of real estate platform

The group took its first steps towards internationalising the real estate platform at the end of the first quarter of 2022. The acquisition of three logistics properties in the Netherlands was notarised at the end of March. The acquisitions were made for the existing RLI-GEG Logistics & Light Industrial III special logistics fund, which invests in traditional Core/Core+ logistics properties as well as light industrial and urban logistics properties. In addition to its principal market of Germany, the fund's investment focus has been expanded to include established neighbouring European markets in the Netherlands, Belgium, Luxembourg and Austria. In October 2022, the group acquired an additional logistics property in Oosterhout in the West-Brabant region of the southern Netherlands for that same fund. At the end of 2022, the market value of the Dutch properties already transferred was around EUR 128 million.

Sustainability strategy expanded and ESG milestones reached

In 2022, DIC made significant progress in implementing its sustainability strategy and took its key ESG ratings to new record highs. DIC achieved an excellent result for the real estate sector in the ESG ratings process carried out by internationally renowned provider Sustainalytics. With an overall result of 9.2 (ESG Risk Rating), DIC ranked in the top 3% of the real estate industry (25th out of 1,046) in the last reporting period and the top 4% (6th of 160) of real estate management companies. Sustainalytics had already provided a second party opinion for DIC's Green Bond during the previous year. In S&P's CSA ratings, DIC also improved its score considerably (+8 points) to 26 for 2021, placing it among the best 39% of companies in the international real estate sector. The group published its Sustainability Report for 2021 in May 2022. As part of this report, DIC set its first quantitative sustainability target: to reduce carbon emissions per sqm within the Commercial Portfolio by 40% by 2030.

DIC reached another milestone in implementing its ESG strategy and making its property management activities more sustainable by reaching a strategic "Green FM" partnership with the four largest facility management providers WISAG, SPIE, RGM/Gegenbauer and Apleona. The standard service specification for facility managers was expanded to include regulations focusing on sustainable building operations. This new contract standard is also being applied to new tenders. Around 62% of properties in the company's proprietary portfolio had been switched to the new framework by the end of

2022. More ESG information can also be found in the section entitled “Non-financial performance indicators” starting on page 73.

Outstanding letting performance – further improvement and rental growth

We successfully extended tenancy agreements and secured new leases once again during 2022. Overall, our teams achieved a letting performance of around 374,900 sqm after 309,100 sqm in the previous year, including approximately 119,600 sqm of new leases. Take-up from office space increased significantly year-on-year to 163,400 sqm compared to 104,900 sqm in the previous year. Take-up from logistics space remained high, rising slightly to 168,900 sqm compared to 152,500 sqm in the previous year. Lease renewals in particular climbed to new heights of 255,300 sqm during the past financial year. In 2022, we signed lease agreements with a total volume of EUR 48.9 million in annualised rent across both segments and further secured long-term cash flows in both business segments. The EPRA vacancy rate in the Commercial Portfolio (excluding repositionings, project developments and warehousing) was around 4.3% at the end of the year, with a weighted average lease term (WALT) of 5.5 years.

Transaction market dominated by changing market environment

On the transaction side, we were able to reach the latest targets we adjusted during the course of the year, despite a changing market environment caused in particular by sharply rising interest rates. Taking the VIB transaction into account, the cross-segment transaction volume was around EUR 3.3 billion, of which around EUR 2.3 billion was acquired for the Commercial Portfolio segment including VIB and around EUR 640 million for the Institutional Business segment. As a result, we largely achieved our most recent acquisition targets of EUR 2.3 billion for the Commercial Portfolio and EUR 650 million to EUR 700 million for the Institutional Business. On the sales side, we completed transactions with a total volume of approximately EUR 393 million. No more sales were recently planned for the Institutional Business segment. One significant transaction during the past financial year was the successful launch of the first VIB special fund in December 2022. The new open-ended special real-estate fund “VIB Retail Balance I” has a target fund volume of around EUR 350 million. The fund focuses its investments on food retail properties and speciality shopping centres with a planned maturity of around 10 years and a targeted dividend yield of 4.9% p.a. The fund’s entire equity of around EUR 202 million has already been subscribed. Overall, assets under management at the end of 2022 rose to EUR 4.5 billion for our proprietary portfolio (Commercial Portfolio segment) and approximately EUR 10.2 billion under third-party mandates (Institutional Business segment), up from EUR 2.4 billion and EUR 9.3 billion, respectively, in the previous year. With assets under management totalling EUR 14.7 billion at the reporting date, we are on track to meet our medium-term target of EUR 15 billion.

Most recent guidance for 2022 achieved

In light of significant changes in the interest rate environment, surging inflation caused by factors including the war in Ukraine, and ambiguity regarding the effect of the anticipated economic weakening on demand for real estate in Germany, planned acquisitions and sales were subject to delays and rescheduling, particularly from the second half of the year. DIC’s Institutional Business was particularly affected by this during the past financial year, as its revenues and income from management fees are more dependent on the transaction market than those of the Commercial Portfolio segment, which primarily generates its income from rents. As a result, the forecast for the 2022 financial year initially updated after the completion of the VIB acquisition was adjusted again in November 2022. The updated target for FFO was EUR 114 to 117 million (previously: EUR 130 to 136 million) and EUR 90 to 95 million for real estate management fees (previously: EUR 105 to 115 million). With EUR 114.2 million of FFO, we achieved our most recent target and recorded our best FFO result in the company’s history. FFO grew by around 7% year-on-year. Significant demand for contract extensions in 2022 and considerably higher gross rental income from the consolidation of VIB as expected were particularly decisive here.

Macroeconomic environment

Macroeconomic trends

German economy more resilient than anticipated – high inflation, energy crisis, supply bottlenecks and war stifle stronger momentum
The German economy grew by 1.9% year-on-year on a price-adjusted basis in 2022. According to data published by the Federal Statistical Office (Destatis), German GDP growth held up well despite falling well short of the previous year's figure (2.6%). Forecasts were revised downwards considerably in several cases during the course of the year due to significant inhibiting factors triggered by record inflation figures, soaring energy prices, persistent supply bottlenecks and Russia's attack on Ukraine. The first quarter was dominated by two fundamentally different economic developments: the steadily diminishing impact of the coronavirus pandemic (in Europe at least) and high order backlog in the German industrial sector indicating a marked economic upturn on the one hand, and Russia's attack on the Ukraine and its associated effects on the economy – including sanctions, shortages in the supply of raw materials and intermediate products, and considerable uncertainty surrounding energy prices in particular – on the other. Economic output rose slightly in the first quarter (GDP +0.2% quarter-on-quarter).

The German economy continued its recovery from the pandemic during the second quarter, particularly in consumer-centric service sectors. However, this upturn was dampened considerably by rapidly rising inflation, the war in Ukraine and what proved to be persistent bottlenecks within global supply chains. German GDP increased by just 0.1% quarter-on-quarter in the second quarter, with the country's economic recovery finally cooling off during the third quarter.

High rates of inflation (September 2022: 10%) reduced the real income and savings of consumers and weakened their purchasing power. The construction industry also experienced a marked downturn triggered not only by material shortages and soaring construction costs but also by the turnaround in interest rates in particular, which also caused financing costs to rise. Economic output then contracted by 0.3% quarter-on-quarter in the third quarter.

Economy

GDP 2022
+1.9%

GDP forecast 2023
+0.3%

ifo Business Climate Index
88.6

Labour market

Unemployed
–195,000
vs. 2021

Reported vacancies
+139,000
vs. 2021

Interest rate environment

ECB key rate
2.0%

ECB inflation forecast 2023
6.3%

The fourth quarter was dominated by severe supply shocks that stoked fears of looming energy supply (gas delivery) shortages. This was compounded by ongoing supply chain interruptions (intermediate products from Asia) and increasing labour shortages across a growing number of sectors, which adversely impacted production and amplified the effects of inflation. Although government initiatives are likely to mitigate the impact of the energy crisis, they are also creating (artificial) demand that continues to fuel price increases given the limited production capacity. GDP fell by 0.2% quarter-on-quarter in the fourth quarter. Overall, the positive growth factors that prevailed at the start of the year in particular were not enough to generate higher economic growth amid a mix of negative factors including inflation, supply bottlenecks, war and labour shortages. As a result, 2022 was ultimately a weak year for the German economy. Household purchasing power suffered due to high energy prices, which also dampened consumer spending.

The global environment also looks weak and is not generating any positive economic momentum. Despite this, the economic outlook brightened a little towards the end of the year. In particular, wholesale electricity and gas prices fell once more, although they are still at a high level. Inflation is expected to remain high in 2023. According to forecasts from ifw Kiel, while real disposable income and consumer spending will shrink further, the scope and extent of this downturn is difficult to predict. As a result, ifw Kiel's 2022 Winter Report only anticipates low economic growth of 0.3% for 2023.

With the exception of the construction industry, which was the only sector to have made a positive contribution to the economy during the coronavirus pandemic in the previous year, every sector added economic value in 2022. The strongest growth was recorded by the business services sector and – despite supply bottlenecks – the manufacturing industry with its full order books.

Business sentiment: downward trend in second half of the year, glimmer of hope at year-end

As the coronavirus pandemic steadily abated, the German industrial sector began 2022 confidently, with the ifo Business Climate Index still at 98.8 points in February. However, this confidence had been well and truly dampened by the time Russia launched its attack on Ukraine. After slumping to 90.8 points in March, the index remained only cautiously positive until the middle of the year amid the looming threat of energy shortages. The sentiment and outlook in the German industrial sector continued to deteriorate in the second half of 2022, with the ifo Business Climate Index reaching its annual low of 84.3 points in September. According to the ifo Institute, the decline in the Business Climate Index during the second half of the year was primarily driven by Russia's war of aggression against Ukraine as well as growing uncertainty about rising energy prices.

The ifo Business Climate Index was at 88.6 points in December 2022, an increase of 2.2 points compared to the previous month. This brought a marked downward trend to a close, with the index value for the current situation rising from 93.2 to 94.4 points to record its first improvement in six months. According to the ifo Institute, companies' satisfaction with their current business increased at the end of the year, while expectations for the first quarter of 2023 also rose. Although there was less uncertainty, the order backlog also decreased. While the prospects for the construction industry also brightened, they remained thoroughly pessimistic overall. The index reached its previous low of 75.4 points in April 2020 as a direct response to the outbreak of the coronavirus pandemic.

Labour market stable despite significant pressure

The labour market proved robust in 2022 despite lower economic growth and continuing uncertainty. According to data from the Federal Employment Agency, the Russian war of aggression had only a moderate impact on the labour market, with the number of unemployed people in Germany even declining by 195,000 to 2,418,000 compared to the previous year. According to the Federal Employment Agency, this fall in unemployment was due to favourable developments in the previous year as well as in the first half of 2022. From mid-2022 onwards, the inclusion of Ukrainian refugees in labour figures in particular caused unemployment and underemployment to increase slightly.

Despite the economic and political uncertainty, demand for new employees remained very high in 2022. However, the Federal Employment Agency reported a marked decline in demand in the second half of the year. Overall, the annual average number of reported vacancies rose by 139,000 to 845,000 year-on-year in 2022.

Turnaround in interest rates: inflation at record highs forces central banks to make significant rate hikes

With an average rate of 7.9% (2021: 3.1%), inflation in Germany reached its highest level since 1950 in 2022. In addition to base effects (which arose due to the Covid-related VAT reduction in 2020 and the fall in prices this caused), this development was primarily driven by the sharp year-on-year increase in prices for petroleum products and natural gas imports. The prices of many raw materials and intermediate products also rose as a result of supply chain disruption or interruptions caused by the pandemic. The Chinese's government's plan to end the pandemic by pursuing a "zero-Covid" strategy played a central role in this trend. Beijing only changed its stance on this issue towards the end of the year, enabling global freight and production flows to normalise somewhat. Inflation in Germany reached its annual high of 10.4% in October. Both the US Federal Reserve and European Central Bank (ECB) responded to historic inflation levels by drastically hiking interest rates. The Fed raised its key rate seven times over the course of the year, most recently lifting it by a further 0.5 percentage points to 4.5% in mid-December (Federal Funds Rate range of 4.25% to 4.5%). Meanwhile in Europe, the key interest rate had been kept at 0% since March 2016. The ECB was initially slow to respond to the turnaround in rates, eventually raising rates by 0.5 percentage points at the end of July. The next step came in September, as the ECB lifted the key rate by 0.75 percentage points to 1.25%. The main refinancing operations rate rose by a further 0.75 percentage points to 2.0% on 2 November. At the end of the year, the ECB once again made it clear that it would consider further interest rate hikes and accompanying measures to lower inflation in 2023. According to the central bank's forecasts, inflation is likely to weaken further during 2023 before levelling off at 6.3%.

In its December meeting, the ECB Governing Council defined principles for normalising the portfolio of securities held by the Eurosystem for monetary policy purposes. According to the ECB, the Asset Purchase Programme (APP) portfolio will decline at a measured and predictable pace from March 2023, as the Eurosystem will no longer reinvest all of the principal payments from maturing securities. In line with this approach, the ECB plans to reduce its portfolio by an average of EUR 15 billion per month between March and the end of June 2023, before determining the subsequent pace of this reduction. With regard to the Pandemic Emergency Purchase Programme (PEPP), the ECB intends to continue reinvesting principal payments from purchased securities until at least the end of 2024. The central bank also plans to manage the eventual unwinding of the PEPP portfolio to prevent any adverse impact on appropriate monetary policy. The ECB also announced that it will continue to apply flexibility in reinvesting principal payments of maturing securities within the PEPP portfolio in order to counter any pandemic-related risks to the monetary policy transmission mechanism.

The yield on ten-year German government bonds recorded a historic turnaround in 2022. The yield was still at –0.06% in January, in line with the low interest rate environment seen in previous years. It then climbed to 0.33% by March and reached the 1% mark as early as May. Given the sustained downward trend in yields on ten-year German government bonds over recent years, the rapid rise recorded in 2022 is indicative of the momentum created by the turnaround in interest rates during the year.

Sector trends

Decline in commercial real estate investment market not as severe as feared

According to data from BNP Paribas Real Estate (BNPPRE), the German real estate investment market achieved volumes of EUR 54.1 billion in 2022 despite the challenging economic environment. This would correspond to a decline of around 16% compared to the previous year. However, this means that the downturn was less marked than was feared as recently as the middle of the year. What's more, 2022 volumes were only 2% below the ten-year average.

While the proportion of individual properties remained relatively high (EUR 36.5 billion), the volume of these properties was 25% down on the previous year's figure. Meanwhile portfolio deals moved in the opposite direction, growing by 10% to around EUR 17.6 billion. The market continued to adopt a wait-and-see approach in the fourth quarter of 2022, which meant there was no year-end rally. The gloomy economic outlook, significantly higher interest rates and historic levels of inflation created considerable uncertainty among all market players about the short to medium-term development of the market. As a result, many sales already being marketed were not completed.

Revenue declines even in top cities

Even in Germany's top 7 cities, revenues were around 24% lower than in 2021 at EUR 28.2 billion. Berlin led the way with revenue of EUR 8.54 billion. Although this was equivalent to a year-on-year decline of 24%, the high prior-year figure meant this was still the capital's fourth-best annual result since reunification. While Frankfurt recorded annual revenues of EUR 5 billion (–25%), Hamburg's revenues soared by 57% to EUR 4.9 billion, making it (together with Dusseldorf) a rare exception in a generally declining market. Revenues totalled around EUR 4.3 billion in Munich (–45%), just under EUR 2.9 billion in Dusseldorf (+22%) and EUR 1.44 billion in Stuttgart (–32%) in 2022. Cologne suffered by far the steepest drop with revenues of EUR 1.1 billion, a decrease of 70% compared to the previous year.

Office and logistics properties the most sought-after asset classes

Based on total revenues in the German real estate investment market (EUR 54.1 billion), offices took first place with EUR 22.25 billion (41%) of the market, a decline of 7 percentage points compared to the previous year. Logistics properties followed in second place with just under EUR 10.14 billion (19%) of the market (+4 percentage points year-on-year). This asset class posted record revenues in 2022 after a strong first half of the year. The strongest growth came in the size category between EUR 50 and 100 million (+5.9% year-on-year). However, even the logistics investment market was impacted by geopolitical developments and the turnaround in interest rates.

Yields track rising inflation

Given the ongoing interest rate rises, it is hardly surprising that financing costs for real estate projects, and thus yields, increased over the course of the year. According to data from BNPPRE, net prime yields for office properties increased by an average of around 30 basis points during the fourth quarter, reaching an average of 3.31% at the end of 2022. Berlin and Munich topped the list with yields of 3.20% each, closely followed by Hamburg and Cologne, each with 3.30%. Next came Frankfurt at 3.35% and Dusseldorf and Stuttgart at 3.40%. The increase was slightly less pronounced for commercial buildings in inner-city locations, with yields of 3.00% recorded in Berlin and Munich, 3.15% in Hamburg, 3.30% in Frankfurt, 3.40% in Dusseldorf and Stuttgart, and 3.45% in Cologne. In the case of logistics properties, prime yields in Germany rose by as much as 50 basis points to 3.85%. Retail warehouse parks generated yields of 4.20% at the year-end, while the figure for individual specialist stores was 4.80%. Yields on shopping centres also moved upwards slightly to 4.90% in the fourth quarter.

Commercial real estate transaction volume
in EUR

54.1 billion

Previous year: EUR 64.1 billion

Office properties volume
in EUR

22.25 billion

Logistics properties volume
in EUR

10.14 billion

Prime yield

Office
3.31%

Previous year: 2.64%

Prime yield

Logistics
3.85%

Previous year: 3.03%

Office space take-up
in top 7 cities

3.4 million sqm

Completed space

–9%

Office properties record stable take-up
Despite the challenging environment, the key metrics for the German office market remained stable in 2022. According to BNPPRE, take-up in the top cities totalled 3.4 million sqm, roughly on a par with both the previous year's figure and the long-term average. Nevertheless, the economic slowdown that became increasingly apparent towards the end of the year also left its mark on the office market, with take-up falling significantly in almost all top cities during the fourth quarter. In its report on the fourth quarter, CBRE reported a 40% decline in take-up compared to the prior-year quarter.

Fewer large deals – dynamic activity in middle of sector
When measuring take-up by size category, the strongest growth came in the mid-market segment. According to BNPPRE, deals in the category between 2,000 and 5,000 sqm rose by 9% year-on-year, while those in the 5,000 to 10,000 sqm category increased by as much as 13% year-on-year. Take-up in the largest category (>10,000 sqm) fell by 13% compared to the previous year. CBRE recorded a decline of 80% for this category in the top cities in the fourth quarter of 2022 alone (only four major deals).

Different vacancy rates in top office locations
According to data from BNPPRE, vacancy rates in the top cities vary greatly. While the figures for Berlin (3.2%), Hamburg (3.9%), Cologne (3.3%), Leipzig (4.0%) and Munich (4.7%) were below the fluctuation reserve of 5%, vacancy rates in Frankfurt (8.5%) and Dusseldorf (10.6%) continued to rise. According to CBRE, the existing structural lack of space in prominent locations within the top cities is becoming apparent. The continuing polarisation of the rental market is clearly apparent here, with good demand for high-quality, certified sustainable space in A-locations, while inflexible old portfolio holdings requiring energy efficiency improvements are proving problematic.

Available office space becoming more expensive
Average and maximum rents continued to rise in all top cities in 2022. Frankfurt once again recorded the highest prime rents at EUR 48.00/sqm (+2% year-on-year). The biggest growth in prime rents was in Düsseldorf's top segment (+33%). Prime rents in Munich (EUR 45.00/sqm; +5%), Berlin (EUR 44.00/sqm; +2%) and Hamburg (EUR 35.00/sqm; +6%) also followed this upward trend.

According to data from CBRE, space-weighted average rents saw growth of 5% to EUR 24.29 in 2022. This figure only declined in Berlin, where it fell by 1% (EUR 27.73), while rising by 17% to EUR 21.74 in Hamburg, by 17% to EUR 19.04 in Dusseldorf, by 13% to EUR 24.57 in Frankfurt, and by 2% to EUR 24.42 in Munich. As a result, average rents for office space in the top cities bucked the negative trends in the wider economy to record a positive performance.

Decline in new construction
According to CBRE, 356,800 sqm of new space was completed in the final quarter of 2022. This corresponds to a decline of 9% compared to the same period in the previous year. Overall, 1.1 million sqm of new space was constructed during the past financial year, a drop of 13% year-on-year. This decline was primarily driven by delays to planning and construction processes that arose due to looming material and supply bottlenecks as well as rising construction costs.

Course of business

Platform

Growth despite difficult market environment – real estate assets rise by 28% to EUR 14.7 billion

Assets under management (AuM) on the DIC platform increased by around EUR 3.2 billion (+28%) to EUR 14.7 billion as of 31 December 2022. At the reporting date, around EUR 4.5 billion was attributable to the Commercial Portfolio and around EUR 10.2 billion to the third-party business, which comprises funds, club deals and individual mandates of institutional investors (Institutional Business).

Around EUR 2.3 billion of AuM growth in financial year 2022 is attributable to the Commercial Portfolio and around EUR 0.9 billion to the Institutional Business.

The acquisition of VIB contributed around EUR 2.3 billion to the strong growth of the Commercial Portfolio.

This expansion in the logistics asset class caused rental space to grow faster than the value of assets under management (+28%). Overall, real estate assets under management included 360 properties (+52%) with total rental space of around 4.8 million sqm (+53%) as of the reporting date.

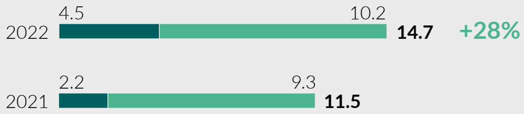
Strategic expansion of logistics asset class continues

After the majority takeover of VIB, the company was fully consolidated into the DIC group with effect from 1 April 2022. Its operations were increasingly integrated once an agreement in principle was reached for a shared logistics growth strategy.

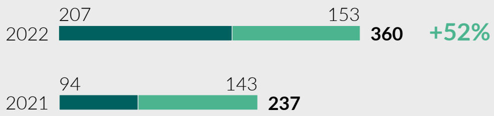
This strategic acquisition enabled us to significantly expand our existing logistics real estate portfolio and considerably augment our expertise and network in the logistics sector.

The logistics asset class's share of AuM across the entire platform rose year-on-year to around 19% of assets under management totalling EUR 14.7 billion (previous year: around 8% of EUR 11.5 billion).

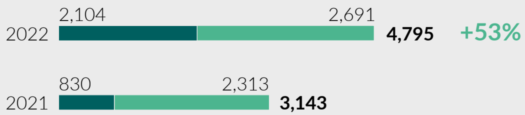
Assets under management
In EUR billion



Number of properties



Rental space
In thousand sqm



● Commercial Portfolio
● Institutional Business

approx. 19%

Share of asset class logistics in AuM of the entire platform

Weak transaction market in second half of year

At EUR 3.3 billion, the transaction volume in 2022 exceeds the results of the last ten years and is dominated by the majority takeover of VIB and the associated growth of the Commercial Portfolio. Challenging market conditions caused by supply bottlenecks, sharp interest rate rises and Russia's war of aggression in Ukraine triggered uncertainly among many market players in the second half of the year, prompting transaction activities to slow significantly.

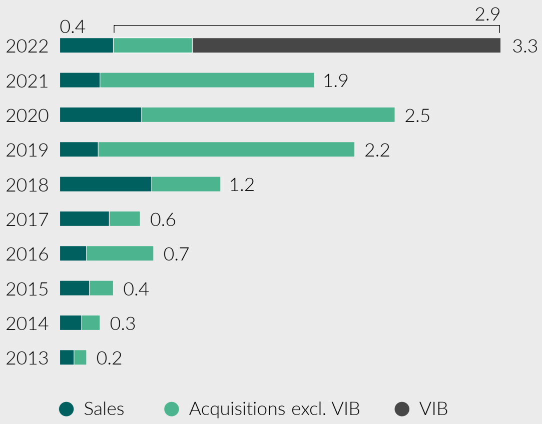
Against this backdrop, DIC also adjusted its transaction targets during the year under review. While the forecast for the Commercial Portfolio remained unchanged (acquisition volume of EUR 2.3 billion incl. VIB and sales of EUR 400 to 500 million), the acquisition forecast for the Institutional Business was reduced from EUR 0.9 to 1.0 billion to a volume of between EUR 650 and 700 million. At the same time, the sales forecast in the Institutional Business was lowered from between EUR 400 and 600 million to zero. Unlike in previous years, there was no year-end rally in 2022. Despite this, DIC largely met its transaction targets announced in November 2022: Taking the VIB transaction into account, cross-segment (notarised) transaction volumes were around EUR 3.3 billion, of which approximately EUR 2.3 billion was purchased for the Commercial Portfolio (incl. VIB) and around EUR 640 million for the Institutional Business. On the sales side, we completed transactions with a total volume of approximately EUR 393 million from the Commercial Portfolio.

Acquisitions of around EUR 688 million (excl. VIB)

A total of 37 properties with a volume of approximately EUR 688 million were acquired during the financial year, of which four (EUR 207 million) have already been transferred.

We acquired one property in Hamburg with an investment volume of around EUR 48 million for the Commercial Portfolio at the start of 2022. Its notarisation was still outstanding at year-end. We acquired 36 properties with a volume of around EUR 641 million for our institutional investors. The notarisations of previous years with transfer of possession, benefits and associated risks by the end of 2022 amounted to EUR 28 million in the Commercial Portfolio and EUR 1,253 million in the Institutional Business.

Transaction volume
In EUR billion



Acquisitions (excl. VIB)

in EUR million (number of properties)	Notarisations 2022	thereof: Notarisations 2022 with Transfer until 31.12.2022	Prior-year Notarisations with Transfer until 31.12.2022
Commercial Portfolio	48 (1)	(0)	28 (1)
Institutional Business	640 (36)	207 (4)	1.253 (8)
Total	**688 (37)**	**207 (4)**	**1.281 (9)**

Sales

in EUR million (number of properties)	Notarisations 2022	thereof: Notarisations 2022 with Transfer until 31.12.2022	Prior-year Notarisations with Transfer until 31.12.2022
Commercial Portfolio	393 (35)	30 (2)	3 (1)
Institutional Business	0 (0)	0 (0)	134 (2)
Total	**393 (35)**	**30 (2)**	**137 (3)**

Strategic sales for portfolio optimisation

Sales were notarised for 35 properties totalling EUR 393 million, with the Commercial Portfolio accounting for the majority of transactions. Two properties with a volume of EUR 134 million were transferred in the Institutional Business, having already been notarised in a previous period.

Regional development: AuM growth in almost all regions

In terms of regional development, we were able to continue the trend that began in the previous year and diversify our business further: The VIB acquisition caused the proportion of rental space in the prosperous South region to increase considerably year-on-year from 19% to 28%. As a result, the strategic expansion of the logistics asset class goes hand-in-hand with an attractive shift in the portfolio's regional composition.

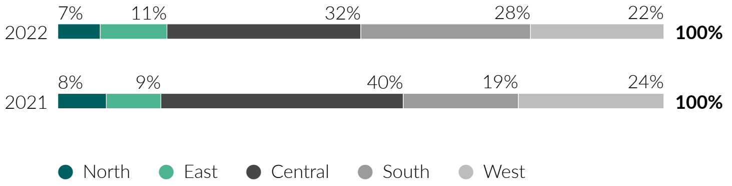
In the previous year, we had opened our new branch office to further reinforce and interconnect our activities in the Stuttgart metropolitan area, giving us now a local presence in all top 7 cities across Germany.

Although the market value of the Central region year-on-year rose from around EUR 4.6 billion to more than EUR 4.7 billion, this region's share of the overall portfolio fell from 40% to just over 32% due to higher growth in other regions (particularly the South).

The market value of properties in the East region increased year-on-year from around EUR 1.0 billion to approximately EUR 1.7 billion. The growth rate of around 70% is due in part to property transfers in Berlin. As part of forward deals, these properties were notarised in previous years, while their transfer was only completed during 2022.

Regional structure of overall portfolio in 2022

Basis: Market value of assets under management



As in the previous year, DIC again increased its assets under management across all regions in terms of both the number of properties and market values in the year under review, despite a market environment that was difficult at times.

Letting performance up 21% year-on-year, expertise in logistics sector pays off

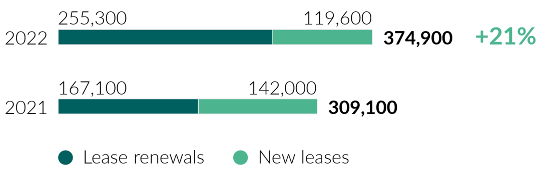
In 2022, our lettings teams signed agreements for a total of 374,900 sqm of rental space (2021: 309,100 sqm), an increase of 21%, and agreed annualised rental income totalling EUR 48.9 million (2021: EUR 33.0 million). Of this figure, 61% (EUR 29.7 million) was attributable to the Institutional Business and 39% (EUR 19.2 million) to the Commercial Portfolio.

As in the previous year, large volume leases continued to drive letting performance with a share of 68% in the Commercial Portfolio and 55% in the Institutional Business in terms of sqm. This was followed by mid-sized leases covering between 1,000 and 5,000 sqm, which accounted for a share of 21% in the Commercial Portfolio and 29% in the Institutional Business.

Our strategic expansion in the logistics sector had a noticeable impact on letting activities, too. Letting performance increased considerably in the logistics asset class. Our lettings experts from the logistics sector concluded leases for space totalling around 168,900 sqm (previous year: 152,500 sqm). This corresponds to an annualised lease volume of around EUR 9.0 million (previous year: EUR 7.5 million), an increase of 20% year-on-year. Office leases totalling EUR 34.6 million continued to make up the majority of contractually agreed annualised rents at around 71% (previous year: EUR 18.0 million, approx. 55%).

In 2022, the share of new leases comprised approximately 32% of total contractually agreed space at around 119,600 sqm (previous year: 142,000 sqm, approx. 46%). As a result, lease renewals made up 68% of the total at 255,300 sqm (previous year: 167,100 sqm, 54%). We assume there is a link between tenants' increased need for security (triggered by the Ukraine conflict, inflation and the energy crisis) and the shift in demand from new leases to lease renewals. It is clear that tenants become less willing to move premises in crisis scenarios, with similar trends in tenant behaviour observed during the peak of the coronavirus pandemic.

Letting volume by type of lease
In sqm



New leases: declining volumes, higher rent levels

While the volume of newly leased space fell year-on-year, rent levels rose. The average monthly rent for new agreements rose by 20% to EUR 18.72/sqm for office properties (previous year: EUR 15.56/sqm) and by 13% to EUR 4.80/sqm for logistics properties (previous year: EUR 4.24/sqm). Across all asset classes, the average monthly rent for newly leased space increased to EUR 11.85/sqm (+17% compared to EUR 10.11/sqm in the previous year).

The five biggest new leases – all in the region of 6,000 sqm to 10,000 sqm – totalled 36,600 sqm, accounting for around 31% of newly leased space. We agreed a long-term lease with a chemical company in Neuburg an der Donau – the most significant new lease of the year at 9,700 sqm. The company offers a wide range of services relating to the processing, filling and packaging of technical chemical products.

Letting performance by type of use

	in sqm		annualised in EUR million	
	2022	2021	2022	2021
Office	**163,400**	104,900	**34.6**	18.0
Retail	**34,400**	43,100	**4.1**	6.4
Warehouse / logistics	**168,900**	152,500	**9.0**	7.5
Further commercial	**7,300**	6,700	**1.1**	0.8
Residential	**900**	1,900	**0.1**	0.3
Total	374,900	309,100	48.9	33.0
Parking (units)	**2,627**	2,614	**1.5**	1.6

Top 5 new lettings

			sqm
Chemical company	Commercial Portfolio	Neuburg	9,700
NSB Polymers GmbH	Institutional Business	Dormagen	7,400
Technology company	Commercial Portfolio	Großmehring	6,800
Stenger Waffelfabrik GmbH	Institutional Business	Marquardt	6,600
Deutsche Bank AG	Institutional Business	Frankfurt a. M.	6,100

Strong lease renewal activities in logistics and office properties

The standout lease renewal in 2022 was the conclusion of a lease in Haiming. The tenant focuses on tailor-made logistics and fulfilment solutions. A lease covering around 38,400 sqm of space in a key logistics centre for the tenant was renewed.

Deutsche Bank AG concluded the largest lease renewal in the office property sector in 2022 for around 31,900 sqm of space in the IBC Campus property in Frankfurt-West, while signing new leases for approximately 6,100 sqm of additional rental space. The term of this lease agreement covering 38,000 sqm of state-of-the-art office space is around ten years. What makes this transaction particularly special is that DIC is redeveloping the third floor and levels 26-29 in line with an innovative New Work model.

Top 5 renewals

			sqm
Logistics company	Commercial Portfolio	Haiming	38,400
Deutsche Bank AG	Institutional Business	Frankfurt a. M.	31,900
Mercedes-Benz AG	Institutional Business	Achim	26,700
Logistics company	Commercial Portfolio	Kosching	21,000
Industry technology company	Commercial Portfolio	Mitterteich	10,500

Like-for-like rental income up 5.8%

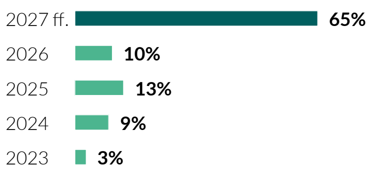
The letting performance of our lettings teams and portfolio managers was exceptional amid an increasingly challenging market environment in 2022. The sharp 5.8% rise in like-for-like rental income (excluding acquisitions and sales in the 12 months to 31 December 2022) in the overall portfolio to EUR 461.6 million was largely attributable to index-based rent increases in many existing agreements (previous year: EUR 436.5 million), with rising inflation based on the German consumer price index having a noticeable impact.

Like-for-like rental income increased in both segments, rising by 6.4% to EUR 355.4 million in the Institutional Business (previous year: EUR 333.9 million) and by 3.6% to EUR 106.2 million in the Commercial Portfolio (previous year: EUR 102.5 million).

The short end of the remaining term yield curve was reduced to a minimum, with only around 3% of all leases having a term of less than one year (previous year: 2%). By contrast, just under two thirds of our leases are longer than four years, which is roughly on a par with the previous year's figure.

Like-for-like rental income
Annualised rental income in EUR million (excl. project development and repositioning properties)

Lease terms
Based on annualised rental income



Commercial Portfolio

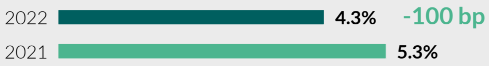
The Commercial Portfolio segment represents the proprietary real estate portfolio of DIC. Here, we generate steady cash flows from rental income, optimise the value of our portfolio assets, and realise gains from well-timed sales. We also generate income from investments.

Proprietary portfolio becoming larger and more diversified

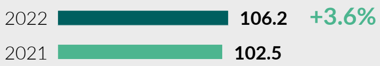
In 2022, the market value of the Commercial Portfolio rose from around EUR 2.2 billion at the start of the year to approximately EUR 4.5 billion on 31 December 2022. This substantial increase is primarily attributable to the acquisition of VIB. In addition to strong growth, the operating figures for the Commercial Portfolio also reflect changes in the portfolio mix resulting from the VIB consolidation from April onwards, with the number of properties held in the Commercial Portfolio rising from 94 in the previous year to 207. The amount of rental space also increased from 829,900 sqm to 2,103,500 sqm. Annualised rents rose from EUR 105.5 million to EUR 203.8 million.

The average monthly rent per sqm as of 31 December 2022 was EUR 8.26, a decrease of around 28% compared with the previous year. This is due to the lower average rents for logistics space, which are the largest asset class in the Commercial Portfolio following the acquisition of VIB. The average monthly rent per sqm for office properties increased year-on-year from EUR 12.39 to EUR 12.88 as of 31 December 2022, while the average monthly rent per sqm for logistics properties increased from EUR 4.79 to EUR 7.25. The average lease term (WALT) of 5.5 years was slightly down compared to the previous year (5.9 years). On the other hand, the EPRA vacancy rate improved from 5.3% in the previous year to 4.3%.

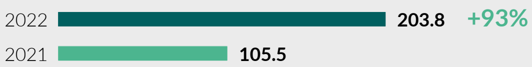
EPRA vacancy rate
As at 31 December*



Like-for-like rental income
In EUR million



Annualised rental income
In EUR million*



* excluding project developments and repositioning properties

Commercial Portfolio development*

	2022	2021
Number of properties	207	94
Market value in EUR million	4,451.9	2,222.2
Rental space in sqm	2,103,500	829,900
Annualised rental income in EUR million	203.8	105.5
Average rent in EUR per sqm	8.26	11.39
WALT in years	5.5	5.9
EPRA vacancy rate in %	4.3	5.3
Gross rental yield in %	4.8	4.9

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

Stabilising cash flows, exploiting market opportunities, expanding logistics portfolio
DIC uses the properties held in the Commercial Portfolio to generate steady rentalincome on its own account. The regularity of this income means it is easier to predict than income from the more volatile transaction business, which plays a more significant role in the Institutional Business segment. We also work to continuously optimise our proprietary portfolio and generate opportunistic gains from transactions provided that there are attractive opportunities in the market.

As in previous years, we regularly carried out acquisitions and sales during the year to continuously optimise the composition of our portfolio. Being an active player in the market, we have the market knowledge and sophisticated network of industry contacts needed to identify promising opportunities at an early stage. As a lean organisation with a high degree of flexibility, we also have quick reaction times and agile decision-making processes.

In previous years, we realised that rising demand for modern logistics space represented an additional growth market to supplement the office property asset class we traditionally serve. We began making targeted property acquisitions years ago. In 2020, we acquired RLI Investors GmbH (“RLI”), which has since been fully integrated into our Institutional Business.

Next milestone reached: VIB consolidated in 2022
By acquiring and consolidating VIB during the past financial year, we continue to consistently diversify our proprietary portfolio and expand our presence in the logistics sector.

As a real estate property holder with a focus on investing in commercial properties in southern Germany, VIB is the ideal addition to our Commercial Portfolio. It has been pursuing a “develop-or-buy-and-hold” strategy since it was founded in 1993. Its core competencies are in acquiring and managing its own properties on the one hand, and developing properties for its own portfolio on the other hand. VIB’s real estate portfolio includes various logistics properties and industrial plants, general and speciality shopping centres, and commercial and service centres.

Transaction activities in the Commercial Portfolio in 2022 were largely impacted by the acquisition and downstream consolidation of VIB. By completing this transaction, DIC reached its 2022 acquisition forecast of around EUR 2.3 billion for the Commercial Portfolio.

At the end of the year, VIB also created the structures required to adopt DIC’s combined business model with a proprietary portfolio as well as structuring and managing investments for institutional investors. The starting point was the launch of the first VIB special fund at the end of 2022 with a fund volume of around EUR 350 million and the investment focus on retail properties and specialty shopping centres. With the sales from its own portfolio to the VIB special fund, DIC is continuing to focus on the office and logistics asset classes in its own portfolio.

The transfer to the VIB special fund made up the majority of the 35 notarised sales in the Commercial Portfolio with a volume of EUR 393 million. Aside from this, we also continued to optimise the Commercial Portfolio by selling smaller properties, with DIC selling four non-strategic properties from the Commercial Portfolio in 2022, including the Kaufhof Chemnitz property. This brought our achieved sales volume very close to the target range of EUR 400 to 500 million for the Commercial Portfolio.

Diversified asset mix: logistics properties driving growth

Logistics properties are now the largest asset class based on the market value of the Commercial Portfolio (EUR 4.5 billion), with a share of 39% as of 31 December 2022 (previous year: 4%). The market value of office properties comprises around 34% of DIC's proprietary portfolio (previous year: 67%). As a result, logistics assets exceeded office properties for the first time during the year under review. While the share of the retail asset class was 15% at the end of the year, it is expected to decline considerably in early 2023 once the sales notarised in 2022 (retail portfolio, Kaufhof Chemnitz property) have been transferred.

The significant diversification of our tenant structure and the acquisition of blue-chip tenants play a key role in our transaction and letting activities. Logistics tenants are the largest tenant group, making up 25% (+23 percentage points) of annualised rental income and providing a stable long-term foundation for the company's activities. As of 31 December 2022, this is followed by tenants of retail properties with a share of 20% of annualised rental income (31 December 2021: 15%). As a result of the new portfolio mix, the public sector now makes up 11% of the Commercial Portfolio (-9 percentage points).

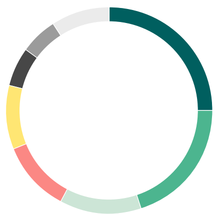
Types of use Commercial Portfolio*

Type of use	No. of properties	Market value EUR m	Market value % of total	Rental income EUR m	Rental income % of total	EPRA vacancy rate	WALT
Logistics	65	1,711.3	39 %	76.7	39 %	1.3 %	5.0
Office	60	1,516.3	34 %	72.0	35 %	7.8 %	5.7
Retail	44	666.8	15 %	35.6	17 %	2.3 %	6.7
Mixed-use	16	314.9	7 %	17.2	8 %	9.0 %	4.4
Other	18	50.9	1 %	2.3	1 %	3.7 %	2.0
Project Development	4	191.7	4 %	0.0	0 %	n.a.	n.a.
Total	207	4,451.9	100 %	203.8	100 %	4.3 %	5.5

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

Rental income by sectors in Commercial Portfolio

Basis: annualised rental income



- 25 % Logistics
- 20 % Retail
- 13 % Industry/disposal/utilities
- 11 % Public sector
- 10 % Service providers/consultants
- 6 % Banks/insurers
- 6 % IT/Telco/Multimedia
- 9 % Other

Higher quality leads to an increase in value of around EUR 66 million (+1.5%)

The excellent job done by our letting teams and the associated increase in the quality of the portfolio is reflected in the performance of our properties.

Based on the market value of EUR 2,222.2 million as of 31 December 2021, acquisitions totalling EUR 2,215.9 million, sales of EUR 52.2 million (with possession, benefits and associated risks all transferred during the 2022 financial year) and the measurement gains of EUR 66.0 million or around 1.5% at the year-end 2022, a new market value of EUR 4,451.9 million was reached.

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

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

The measurement gain for the overall portfolio managed by us was 0.8% at the end of 2022.

Measurement reconciliation in EUR million

	Commercial Portfolio	Total Portfolio
Market value as at 31 December 2021	2,222.2	11,503.0
Acquisitions	2,215.9	3,267.9
Sales	–52.2	–186.3
Measurement gains (1.5% / 0.8%)	66.0	121.5
Market value as at 31 December 2022	**4,451.9**	**14,706.1**

The calculated market value is the estimated transaction price between the buyer and the seller under normal conditions on the date of the property's valuation. We carry our assets at amortised cost, which is why a change in their market value does not have a direct impact on the accounting. Further information on accounting for properties is provided in the section entitled "Net assets". Information on how the market value is determined is presented in the notes starting on page 161.

Institutional Business

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

Double-digit AuM growth in 2022

The number of properties increased only slightly year-on-year from 143 to 153. Assets under management in the third-party business for institutional investors rose by more than 10% year-on-year to around EUR 10.2 billion as of 31 December 2022. Due to strong growth in the Commercial Portfolio following the VIB acquisition, the Institutional Business's share of DIC's overall portfolio dropped from 81% in the previous year to 69% now.

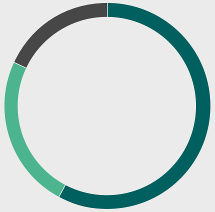
Since the beginning of the year, four acquired properties with a volume of EUR 207 million and a total of eight properties from previous years with a volume of EUR 1,253 million were transferred, thus contributing to the strong growth in AuM. At the same time, two sales from the previous year in the amount of EUR 134 million took effect.

DIC currently manages 31 vehicles (16 pool funds, eight club deals and seven separate accounts) for a total of 169 institutional investors.

As at 31 December 2022, 35% of the equity invested came from pension funds and superannuation schemes, 28% from savings banks and other banks, 27% from insurance companies and 10% from foundations and family offices.

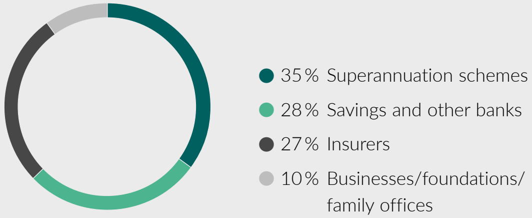
Around 60% of equity comes from investors who have invested in more than one DIC investment product. At present, around EUR 250 million in committed equity is still available for further acquisitions or forward deals that have already been notarised.

Deal structures*



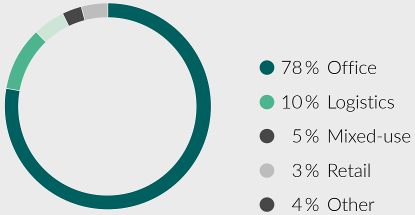
* Percentages in relation to assets under management of EUR 10.2 billion as at 31 December 2022

Investment partners*



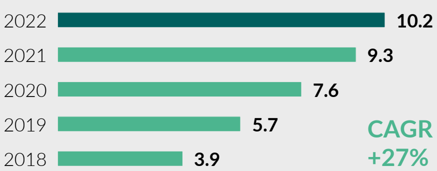
* Percentages in relation to subscribed equity as at 31 December 2022

Asset classes



Basis: assets under management in EUR million

Assets under management
EUR billion



Investor interest wanes in 2022

Market momentum increasingly slowed over the course of the year, triggered by supply chain disruption from Asia, soaring prices for raw materials and intermediate products, and Russia's attack on Ukraine. From the end of February, the German real estate market began a sideways movement characterised by a high degree of uncertainty among market players. While there were still signs of an economic upturn in the first half of the year, these disappeared in the second six months of 2022 due to growing reticence among investors. As an established service provider for institutional investors, DIC was also impacted by these changes in the market environment.

In our Institutional Business, this dramatic slowdown in investor interest resulted in marked changes in the transaction business in particular, with acquisition volumes in the DIC third-party business falling from EUR 1,317 million (ten properties incl. warehousing deals) in the previous year to EUR 640 million (36 properties) – a decline of 51%. The sales side was also heavily impacted due to shifts in market conditions. While four sales totalling EUR 317 million were notarised in the previous year, there were no sales at all in 2022 as a result of the changing environment.

Strategic growth: third logistics fund and internationalisation

Despite the slowdown in the German commercial real estate market, DIC also reached several important strategic milestones in the Institutional Business. The acquisition of three logistics properties in the Netherlands was notarised in March 2022. A fourth property followed in the fourth quarter.

The four properties were acquired for the third logistics special fund, RLI-GEG Logistics & Light Industrial III, which is fully placed after the transfer of these purchases (partly still outstanding). The fund invests in both traditional Core/Core+ logistics properties as well as in light industrial and urban logistics properties. The fund focuses on Germany as its core market, supplemented by established neighbouring European markets Belgium, Luxembourg, Austria and the Netherlands.

This investment marks DIC's first commitment in Europe outside Germany along major transport and trade routes.

Model for success expanded: VIB issues its first special fund

VIB launched its first special fund for institutional investors in December 2022. The new open-ended real estate special fund VIB Retail Balance I has a fund volume of around EUR 350 million. The fund focuses its investments on food retail properties and speciality shopping centres with a planned maturity of around ten years and a targeted dividend yield of 4.9% p.a.

With the setup of the first VIB fund, DIC is relying on its proven business model at VIB level, too.

Enterprise value of Institutional Business at around EUR 522 million

The enterprise value of the Institutional Business was around EUR 522 million at the end of 2022 (or EUR 6.28 per share), down on the 31 December 2021 figure of around EUR 762 million. The updating of this figure was primarily the result of adjustments to several parameters in DCF modelling, particularly capitalisation costs, to reflect changes to the financing environment at the end of 2022.

Project developments in the Institutional Business

Global Tower

In the Institutional Business segment, DIC manages the Global Tower project development in Frankfurt am Main. The former Commerzbank high-rise building with 33,000 sqm of space in the heart of Frankfurt's banking district has been comprehensively revitalised since August 2018 and repositioned under the name Global Tower. This flexible landmark building furnished to a high standard offers the ideal conditions for the digital work models of the future. Additional lease agreements were concluded in the fourth quarter of 2022, which meant the building reached a pre-letting rate of around 76% at the reporting date.

Financial information

Revenue and results of operations

- Consolidation of VIB improves revenue and earnings and ensures a more sustainable mix of income streams
- FFO up by around 7% to record high of EUR 114.2 million
- Gross rental income increases by around 62% to EUR 176.0 million.
- Real estate management fees strong at EUR 88.4 million despite challenging transaction environment in 2022
- Profits on property disposals contribute EUR 12.7 million to profit the year
- Adjusted profit for the period reaches high level of EUR 52.2 million

DIC's profitable business model enabled it to have the most successful year in 2022 since its IPO. FFO after minority interests rose to EUR 114.2 million. Revenue and earnings for the financial year were impacted by the recognition of income and expenses of VIB acquired in April; as a result, the two periods are not fully comparable. This has had an effect on gross and net rents, the share of the profit of associates and operating expenses in particular.

At EUR 114.2 million, FFO at a record high (up around 7% year-on-year)
Despite the challenges in the past financial year due to the tense global political situation and the changed conditions on the real estate investment market, the financial year ended with the highest ever FFO figure after minority interests since the company's IPO, EUR 114.2 million, which represents an increase of around 7% year-on-year. Due to the company's acquisition of a 68% interest in VIB, the FFO figure now includes a significantly higher proportion of revenue which can be planned long-term. This means that the company is placed on a stable and resilient footing for the future.

The FFO increase was mainly driven by the higher gross and net rental income – which increased strongly, by around 62% and 67% respectively – as well as investment income, which has more than doubled. This clearly more than made up for the increase in personnel and administrative expenses – which was attributable, in particular, to the first-time recognition of VIB and the adjustment for non-recurring effects – as well as the decline in transaction-related real estate management fees on account of the difficult conditions on the real estate investment market.

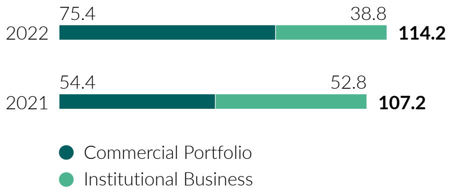
In 2022, FFO per share amounted to EUR 1.38 after EUR 1.32 in the previous year, with an increase of 1,184,983 in the average number of shares.

In the past financial year, FFO II (which take the effects of sales into consideration) amounted to EUR 126.9 million (previous year: EUR 131.0 million), or EUR 1.53 per share (EUR 1.61 per share). This decrease is associated with the significant year-on-year decline in the sales volume in the past financial year.

Adjusted profit for the period at a high level
At EUR 52.2 million, profit for the period adjusted for the non-recurring effect from the VIB transaction was approximately EUR 17.7 million below the previous year's earnings (previous year: EUR 69.9 million), mainly as a result of the EUR 11.1 million drop in profits on property disposals and the significant increase in depreciation on investment property resulting from the VIB transaction. The non-recurring effect, which mainly consists of transaction costs, amounted to EUR 9.3 million after tax. In 2022, adjusted earnings per share amounted to EUR 0.63 (previous year: EUR 0.86), with an increase of 1,184,983 in the average number of shares.

FFO
In EUR million

FFO contribution by segment
In EUR million



Adjusted profit for the period
In EUR million

* Adjusted for non-recurring effect of EUR 9.3 million after taxes from refinancing (previous year: EUR 11.5 million)

Contributions to earnings by segment

DIC is managed on the basis of the two segments of the business model. Reporting also follows this distinction. The Commercial Portfolio segment comprises our proprietary portfolio. Since April 2022, the expenses and income of VIB have also been included. The Institutional Business segment covers property management for institutional investors.

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

Transition FFO

	Total			Commercial Portfolio			Institutional Business		
in EUR million	2022	2021	Δ	2022	2021	Δ	2022	2021	Δ
Net rental income	**152.5**	91.2	67 %	**152.5**	91.2	67 %			
Profit on disposals	**12.7**	23.8	– 47 %	**12.7**	23.8	– 47 %			
Administrative expenses	**– 37.9**	– 21.5	76 %	**– 18.7**	– 4.3	>100 %	**– 19.2**	– 17.2	12 %
Personnel expenses	**– 42.6**	– 38.1	12 %	**– 10.6**	– 7.6	39 %	**– 32.0**	– 30.5	5 %
Other operating income / expenses	**2.3**	2.0	15 %	**2.7**	3.2	– 16 %	**– 0.4**	– 1.2	– 67 %
Real estate management fees	**88.4**	101.2	– 13 %				**88.4**	101.2	– 13 %
Share of the profit or loss of associates without project developments and sales	**18.9**	6.5	>100 %	**12.6**	1.6	>100 %	**6.3**	4.9	29 %
Net interest income	**– 60.6**	– 49.7	22 %	**– 57.0**	– 45.0	27 %	**– 3.6**	– 4.7	– 23 %
Other adjustments*	**13.3**	15.6	– 15 %	**13.0**	15.3	– 15 %	**0.3**	0.3	0 %
Funds from Operations	**134.3**	107.2	25 %	**94.5**	54.4	74 %	**39.8**	52.8	– 25 %
Non-controlling interest	**– 20.1**	0.0	>100 %	**– 19.1**	0.0	>100 %	**– 1.0**	0.0	>100 %
Funds from Operations (excluding non-controlling interest)	**114.2**	107.2	7 %	**75.4**	54.4	39 %	**38.8**	52.8	– 27 %
Funds from Operations II (including profit on disposals)	**147.0**	131.0	12 %	**107.2**	78.2	37 %	**39.8**	52.8	– 25 %
Funds from Operations II (including profit on disposals, excluding non-controlling)	**126.9**	131.0	– 3 %	**88.1**	78.2	13 %	**38.8**	52.8	– 27 %

* The other adjustments include:
– Transaction, legal and consulting costs of EUR 11,663 thousand (previous year: EUR 754 thousand)
– One-off refinancing costs of EUR 1,592 thousand (previous year: EUR 14,815 thousand)

Commercial Portfolio

Rental income increased by around 62% due to transaction activities
In the past financial year, gross rental income rose by around 62% to EUR 176.0 million (previous year: EUR 108.4 million), largely due to the first-time consolidation of VIB and outstanding letting work. The rent increases resulting from the inclusion of VIB rents, new leases and acquisitions significantly overcompensated for the reduction due to sales and lease terminations. Annualised rental income from the company's proprietary portfolio increased by 3.6% on a like-for-like basis as of the reporting date. Net rental income likewise increased in the 2022 financial year, by around 67% to EUR 152.5 million (previous year: EUR 91.2 million).

Sales realised with attractive return on sales of approx. 25%
Due to the lower volume of sales recognised on the balance sheet in the past financial year, we generated net proceeds from sales of EUR 51.5 million (previous year: EUR 139.3 million). These sales were achieved with a very high return on sales (sales profits in relation to net sales proceeds) of approx. 25% (previous year: 17%). The profits on sales totalled EUR 12.7 million, compared with EUR 23.8 million in the previous year.

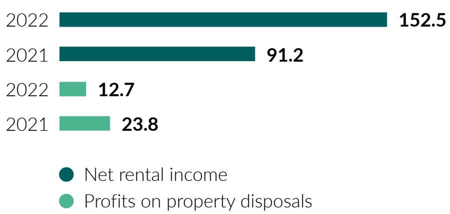
Operating cost ratio falls to 9.1%
The operating expenses of the Commercial Portfolio have increased due to the first-time recognition of VIB from the second quarter of the past financial year. Administrative expenses, adjusted for non-recurring effects, rose by EUR 2.3 million to EUR 6.6 million year-on-year (previous year: EUR 4.3 million), while personnel costs increased by EUR 3.0 million to EUR 10.6 million (previous year: EUR 7.6. million). As a result, the operating cost ratio in the Commercial Portfolio (ratio of operating expenses to gross rental income and investment income excluding non-recurring effects) improved by 170 basis points to 9.1% year-on-year (previous year: 10.8%).

Net interest result impacted by VIB transaction
The net interest result has increased to EUR –57.0 million (previous year: EUR –30.3 million), primarily due to the first-time recognition of VIB and the financing of the VIB transaction. The average interest rate across all financial liabilities (not including the bridging loan from the VIB transaction) amounted to 1.9% (previous year: 1.8%) at the end of the year, mainly due to refinancing activities.

Investment income positively affected by sale of joint venture
Investment income in the Commercial Portfolio segment increased by EUR 11.0 million to EUR 12.6 million in the past financial year (previous year: EUR 1.6 million). This increase is mainly due to the sale of our share in a VIB joint venture, which enabled us to realise the value created.

FFO contribution increased by around 39%
The segment's FFO contribution after minority interests increased by around 39% or EUR 21.0 million to EUR 75.4 million (previous year: EUR 54.4 million). The significantly higher rental income more than compensated for the net interest result which increased on transaction-related grounds. The segment's FFO margin (FFO in relation to gross rental income) again improved by 3.5 percentage points year-on-year to 53.7%. FFO II, which also contain the effects of sales, totalled EUR 88.1 million for the Commercial Portfolio segment in 2022 (previous year: EUR 78.2 million).

Income from the Commercial Portfolio
In EUR million



FFO contribution of the Commercial Portfolios

	Total			Commercial Portfolio		
in EUR million	2022	2021	Δ	2022	2021	Δ
Net rental income	**152.5**	91.2	67 %	**152.5**	91.2	67 %
Profit on disposals	**12.7**	23.8	– 47 %	**12.7**	23.8	– 47 %
Administrative expenses	**– 37.9**	– 21.5	76 %	**– 18.7**	– 4.3	>100 %
Personnel expenses	**– 42.6**	– 38.1	12 %	**– 10.6**	– 7.6	39 %
Other operating income / expenses	**2.3**	2.0	15 %	**2.7**	3.2	– 16 %
Real estate management fees	**88.4**	101.2	– 13 %			
Share of the profit or loss of associates without project developments and sales	**18.9**	6.5	>100 %	**12.6**	1.6	>100 %
Net interest income	**– 60.6**	– 49.7	22 %	**– 57.0**	– 45.0	27 %
Other adjustments	**13.3**	15.6	– 15 %	**13.0**	15.3	– 15 %
Funds from operations	**134.3**	107.2	25 %	**94.5**	54.4	74 %
Non-controlling interest	**– 20.1**	0.0	>100 %	**– 19.1**	0.0	>100 %
Funds from Operations (excluding non-controlling interest)	**114.2**	107.2	7 %	**75.4**	54.4	39 %
Funds from Operations II (including profit on disposals)	**147.0**	131.0	12 %	**107.2**	78.2	37 %
Funds from Operations II (including profit on disposals, excluding non-controlling)	**126.9**	131.0	– 3 %	**88.1**	78.2	13 %

Institutional Business

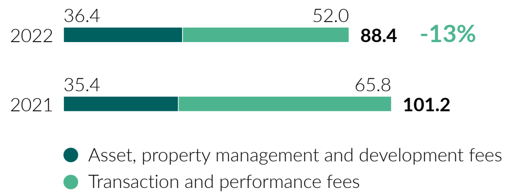
Real estate management fees dominated by challenging overall environment

In financial year 2022, we achieved a lower volume of transactions than in previous years and thus lower transaction-related real estate management fees given the difficult conditions on the real estate investment market and due to delays and rescheduling of transactions. Despite the very subdued real estate investment market, with a volume of EUR 88.4 million we almost achieved our revised annual target for real estate management fees (previous year: EUR 101.2 million). Assets under management in the Institutional Business segment rose from EUR 9.3 billion to EUR 10.3 billion in the past financial year, demonstrating that our business model can hold its own even during rough periods and generate growth for the segment.

Most of our transactions were only realised in the fourth quarter of the financial year or partially postponed. In the fourth quarter, we established a new retail fund, VIB Retail Balance I, with our new subsidiary VIB. At the same time, in December of the past financial year we placed a property acquired in Berlin in previous years as a forward deal with an existing fund vehicle. These transactions once again impressively demonstrate the strength of our business model. We are able to provide attractive seed portfolios with our own properties, but also to secure early opportunities for institutional investment vehicles and thus generate attractive transaction fees.

In 2022, we achieved an overall acquisition volume of EUR 640 million in our Institutional Business segment. Over the course of the financial year, through our purchase of a total of four properties in the Netherlands for our logistics fund RLI-GEG Logistics & Light Industrial III we acquired properties outside Germany for the first time and thus added further flexibility to our business model. At the end of the financial year, 31 commercial properties were acquired for the newly launched VIB Retail Balance I fund. Overall, transaction and performance fees (fees for acquisitions and sales, setup and the structuring of investment products as well as for exceeding defined target returns with successful real estate management) came to a solid EUR 52.0 million (previous year: EUR 65.8 million), despite the challenging real estate investment market. At EUR 36.4 million, income from asset and property management, and developments increased slightly year-on-year (previous year: EUR 35.4 million).

Real estate management fees
in EUR million



Investment income in the Institutional Business up year-on-year

In addition to real estate management fees, the Institutional Business also generates income from equity investments in issued investment products, especially from the funds in the Office Balance series. In 2022, these fees increased by EUR 1.4 million to EUR 6.3 million (previous year: EUR 4.9 million).

Operating expenses reflect growth

In the growing Institutional Business segment, operating costs rose to EUR 51.2 million due to the higher volume of assets under management over the course of the year (previous year: EUR 47.7 million). Personnel costs increased to EUR 32.0 million (previous year: EUR 30.5 million), reflecting the expansion of our teams to implement our growth strategy in previous years. Administrative costs rose to EUR 19.2 million (previous year: EUR 17.2 million) in the wake of growth in assets under management.

Net interest result improved

The net interest result amounted to EUR −3.6 million and has thus improved by EUR 1.1 million year-on-year (previous year: EUR −4.7 million).

FFO contribution influenced by lower volume of transactions

The lower transaction volume compared to the previous year and the associated lower transaction-related real estate management fees are the main reasons for the segment's reduced FFO contribution. The segment's FFO margin (FFO in relation to real estate management fees and the share of the profit or loss of associates) was approximately 42%.

FFO contribution of the Institutional Business

	Total			Institutional Business		
in EUR million	2022	2021	Δ	2022	2021	Δ
Net rental income	**152.5**	91.2	67%			
Profit on disposals	**12.7**	23.8	–47%			
Administrative expenses	**–37.9**	–21.5	76%	**–19.2**	–17.2	12%
Personnel expenses	**–42.6**	–38.1	12%	**–32.0**	–30.5	5%
Other operating income / expenses	**2.3**	2.0	15%	**–0.4**	–1.2	–67%
Real estate management fees	**88.4**	101.2	–13%	**88.4**	101.2	–13%
Share of the profit or loss of associates without project developments and sales	**18.9**	6.5	>100%	**6.3**	4.9	29%
Net interest income	**–60.6**	–49.7	22%	**–3.6**	–4.7	–23%
Other adjustments	**13.3**	15.6	–15%	**0.3**	0.3	0%
Funds from operations	**134.3**	107.2	25%	**39.8**	52.8	–25%
Non-controlling interest	**–20.1**	0.0	>100%	**–1.0**	0.0	>100%
Funds from Operations (excluding non-controlling interest)	**114.2**	107.2	7%	**38.8**	52.8	–27%
Funds from Operations II (including profit on disposals)	**147.0**	131.0	12%	**39.8**	52.8	–25%
Funds from Operations II (including profit on disposals, excluding non-controlling)	**126.9**	131.0	–3%	**38.8**	52.8	–27%

Financial position

- Broadly diversified financing structure from various capital sources
- 2022 shaped by strong market movements on the interest rate and bond markets
- 88% of DIC's financing is hedged against changes in interest rates (excluding the VIB bridge loan)
- Conclusion of largely fixed-rate syndicating financing arrangement with volume of EUR 550 million at end of 2021 secures low long-term interest-rate level
- Average interest rate across all financial liabilities was at 1.9% at the end of 2022 (excluding bridge loan)
- Despite the volatility on the capital markets, DIC successfully launched further promissory note tranches with a volume of EUR 100.0 million in July 2022.

Ongoing enhancement of financing spectrum

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

We meet our financing requirements both through traditional bank financing and the capital markets. The promissory note market and commercial paper programmes complement our financing strategy.

Expansion of "green" financing

We incorporated the "green" capital market in our financing spectrum for the first time in 2021 through the issuance of our first-ever Green Bond and through our ESG-linked promissory notes. We envisage further expansion of "green" financing as we increase the number of Green Buildings on our balance sheet. In 2022, we placed further ESG-linked promissory note tranches with a volume of EUR 100.0 million with German and international institutional investors in significantly more volatile markets. One factor in our closing this transaction so successfully was our ability to persuade many of our existing investors from the three annual tranches of the 2019 promissory note to continue their relationship with DIC. We used the proceeds from the 2022 promissory note in order to reduce by around EUR 100 million the HSBC-led bridge loan ("Bridge") for the acquisition of a majority interest in VIB.

Long-term focus and security in our planning

To make our financing structure stable, as a rule, we conclude our financing on a long-term basis, mainly over five to eight years. Our current financing was carried out on a non-recourse basis, which prevents unlimited enforcement against the group. We achieve more stability and security in our planning by hedging the vast majority of our financing against fluctuations in interest rates. This long-term financing strategy pays off particularly in more volatile interest-rate periods as currently observed on today's markets.

Overall in 2022, in our group we realised a financing volume (new borrowings and repayments) of around EUR 1.1 billion. Following the first-time consolidation of VIB in the 2022 financial year, we are reporting these additional financial liabilities as at the 31 December 2022 reporting date.

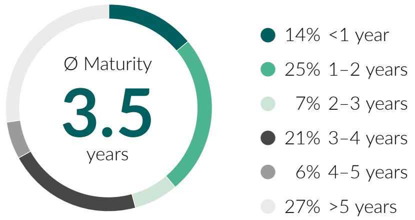
Financing activities in 2022

In EUR million	
New property-related loans	19
VIB bridge loan	500
Proceeds from promissory note	100
Repayments (bond/promissory note loan/property financing/bridge)	477

At EUR 3,138.4 million, the financial debt shown on the balance sheet as at 31 December 2022 was up EUR 931.0 million year-on-year following refinancing and repayments, primarily due to the acquisition of VIB. The large majority (65%) of the financial debt consists of bank loans, whereas the remaining portion is attributable to funds from our bonds (17%) and promissory note loans (18%).

Across all segments, loan repayments made in 2022 totalled EUR 486.4 million, not including around EUR 16.7 million in unscheduled repayments following sales.

Maturity of liabilities
As at 31.12.2022



Remaining maturity is 3.5 years (3.8 years excluding the Bridge)

The average remaining maturity of all financial liabilities (excluding the Bridge) is 3.8 years at the end of 2022. Taking into account the Bridge, the average remaining maturity was 3.5 years.

To reflect our dynamic business model, we set up a commercial paper programme in 2019, under which we can call up to EUR 300 million at short notice for a specified period of time. We had not exercised this option as at the reporting date. At corporate level, we also continue to have a working capital facility of EUR 25 million with a major German bank. This is available without payment requirements, and an amount of EUR 8.5 million has currently been drawn down.

Loan To Value (LTV)

in EUR thousand	31.12.2022	31.12.2021
Asset values		
Market value in EUR million	4,451,901	2,222,211
Market value of investments (indirect real estate)*	205,337	239,228
Goodwill	190,243	190,243
Service contracts	52,175	64,531
Carrying amount Loans / receivables related parties	123,082	119,388
Market value Assets (Value)	**5,022,738**	**2,835,601**
Liabilities		
Non-current interest-bearing Loans and borrowings**	2,236,839	1,030,575
Current interest-bearing Loans and borrowings	252,759	115,733
Liabilities for properties under IFRS 5	38,676	39,266
Related party liabilities	19,160	17,470
Corporate Bonds	542,199	719,080
less cash on hand / bank balances	– 188,404	– 546,911
Net liabilities (loan)	**2,901,229**	**1,375,213**
LTV**	**57.8 %**	**48.5 %**
Adjusted LTV**	**54.7 %**	**41.1 %**

* Includes shares in associated companies, participations and participation under IFRS 5
** Adjusted for warehousing

Hedging against interest rate fluctuations
At around 88% (excluding the Bridge), the vast majority of financial debt is at fixed interest rates or hedged against interest rate volatility. This gives us long-term certainty in our planning and keeps interest rate risks low. Just under 12% of our financial liabilities – primarily short-term in nature – are agreed at variable rates and are not hedged against interest rate risks. In addition, the Bridge volume of EUR 400 million outstanding at the end of the year is financed at a variable rate (on the basis of the 1-month EURIBOR plus increasing spreads during the term).

Average interest rate across all financial liabilities of 2.4% (1.9% excluding the Bridge)
As at 31 December 2022, the average interest rate across all financial liabilities (excluding the Bridge) increased to 1.9% and already reflects in part the changed interest rate environment (31 December 2021: 1.8%). Including the Bridge, the average interest rate as at the reporting date increased to 2.4%.

At 347%, the interest coverage ratio (ICR, i.e. the ratio of EBITDA to adjusted net interest result) remained at a high level in 2022 (previous year: 473 %).

Transaction-related LTV increase in 2022
Due to the acquisition of VIB in particular, LTV and Adjusted LTV has increased to 57.8 % and 54.7 %, respectively (previous year: 48.5 % and 41.1 %). We continue to envisage LTV in a target range of 45-50% and are seeking to reduce the liabilities on our balance sheet. In 2022, we repaid the maturing 2017/2022 bond on schedule out of our existing cash. The new promissory notes with a volume of EUR 100 million were used to repay the Bridge. A further reduction is mainly to be achieved via sales out of our proprietary portfolio.

Financing obligations met in full
We complied with all financing obligations, including financial covenants stipulated in loan agreements, throughout the year and as at the reporting date. DIC has agreed a customary level of credit with financial covenants. If the company fails to comply with these clauses, banks could modify their credit terms or demand the repayment of some loans at short notice. Essentially, the following covenants have been agreed:
- DSCR (debt service coverage ratio): specifies the percentage of expected interest plus repayment (principal repayment) covered by rental income.
- Debt yield (rental income / loan volume): indicates rental income as a percentage of debt.
- LTV (Loan To Value): is a ratio expressing the loan amount as a percentage of a property's market value.

No off-balance sheet financing
There are no significant off-balance sheet forms of financing. The consolidated financial statements report all forms of financing used by the company. Additional details such as terms, the fair value of loans or information on derivative financial instruments is provided in the notes from page 177.

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

During 2022, DIC was at all times able to meet its payment obligations. As at 31 December 2022, available liquidity amounted to EUR 180.5 million. The company also has free guarantee facilities and credit lines in the amount of approx. EUR 73.8 million at its disposal.

Cash flow shaped by investments and financing
The cash outflow in the financial year was primarily due to our strategic investment within the scope of the acquisition of a majority interest in VIB. The cash outflow from investing activities more than offset the positive cash flow from operating activities and financing activities. Overall, the outflow of funds amounted to EUR 454.5 million (previous year: inflow of funds of EUR 172.3 million).

Cash generated from operations amounted to EUR 158.9 million in the past financial year (previous year: EUR 43.4 million). The strong increase year-on-year is mainly attributable to the fees deferred in the previous year and recognised as cash flows in the current financial year as well as the first-time inclusion of VIB since April in this financial year.

Cash flow from investing activities has been shaped by the purchase price payments made within the scope of the acquisition of the majority interest in VIB which we consider to be an important milestone for our company's future strategy. At the same time, proceeds from the purchase price from the closing of the structured and sold Uptown Tower investment in Munich have made a positive contribution to cash flow from investing activities. Apart from the VIB transaction, we invested EUR 37.4 million in the acquisition of properties (previous year: EUR 296.9 million). The proceeds from the sale of properties amounted to EUR 51.5 million (previous year: EUR 130.7 million). Including VIB's project developments, we invested EUR 52.0 million in our existing properties (previous year: EUR 16.9 million). Overall, we recorded a cash flow from investing activities of EUR –700.3 million (2021: EUR –567.1 million).

Cash flow from financing activities in 2022 was influenced by the financing of the VIB transaction as well as scheduled repayments of our bond and promissory note loan tranches. The issuance of a further ESG-linked promissory note loan with a volume of EUR 100.0 million in a challenging financing environment had a positive impact on financing cash flow. We also raised loans with a volume of EUR 527.8 million, in particular for the VIB transaction. Including the repayments made on the bond and the promissory note loans, we repaid loans with a volume of EUR 476.9 million. A total of EUR 43.5 million was distributed to the shareholders as a cash dividend in the financial year (previous year: EUR 37.4 million). Overall, cash flow from financing activities was positive at EUR 86.9 million (previous year: EUR +696.0 million).

Cash and cash equivalents decreased year-on-year by EUR 358.5 million to EUR 188.4 million.

Cash flow

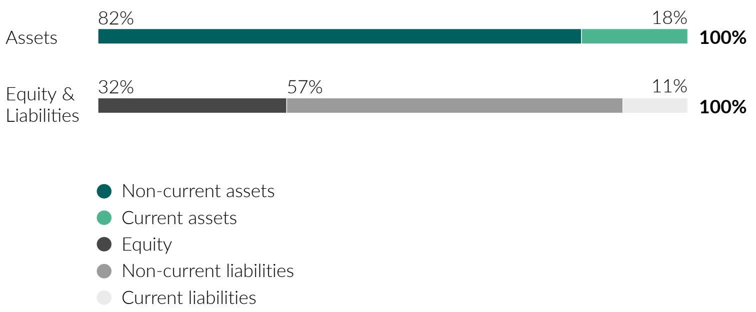
in EUR million	2022	2021
Profit for the year	**42.9**	58.4
Cash flow from operating activities	**158.9**	43.4
Cash flow from investing activities	**– 700.3**	– 567.1
Cash flow from financing activities	**86.9**	696.0
Net changes in cash and cash equivalents	**– 454.5**	172.3
Acquisition-related addition	**96.0**	3.2
Cash and cash equivalents as at 31 December	**188.4**	546.9

Net assets

- VIB acquisition causes total assets to increase by around 48% to EUR 5,180.3 million
- Real estate assets more than doubled to EUR 3,673.3 million
- Commercial Portfolio records 1.5% measurement gain, demonstrating the resilience of the 360 degrees business model
- NAV stable at positive level of EUR 1,520.9 million
- Value of the Institutional Business segment influenced by general interest effects
- Adjusted NAV of EUR 21.84 per share, resulting from higher number of shares and updated value of the Institutional Business segment
- Equity strengthened with proven scrip dividend (acceptance rate of around 41%).
- Reported equity increases by EUR 530.1 million (+47%)

During the 2022 financial year, net assets were primarily impacted by the acquisition of an overall interest of around 68% in VIB. Due to the addition of VIB's properties, the Commercial Portfolio's real estate assets have more than doubled to EUR 3,673.3 million. This is the main factor behind the rise in non-current assets. Overall, current assets have decreased, above all due to the reduction in bank balances and cash on hand due to the acquisition of the equity interest in VIB. The reclassification of the 31 retail properties sold at the end of the year to the VIB Retail Balance I fund, to non-current assets held for sale, had an offsetting effect. In addition, the increase in equity generated by the scrip dividend in April of the year under review had a positive effect on net assets. Due to the acquisition of the equity interest in VIB, minority interests in equity have increased significantly on the previous year.

Balance sheet structure



Measurement at cost
Our properties are carried at amortised cost. The carrying amounts are reviewed annually in the course of IFRS impairment testing to establish whether impairment losses must be recognised. These are compared against the higher of fair value and value in use, which reflects the value of a property under its intended use. In 2022, impairment testing did not result in any impairment losses to be recognised on real estate assets.

Total assets up 48% due to VIB acquisition
As at 31 December 2022, total assets were EUR 5,180.3 million, EUR 1,686.6 million (48%) above the previous year-end figure. Investment property (our existing properties in the Commercial Portfolio segment) was carried at EUR 3,673.3 million at the end of 2022 compared with EUR 1,756.7 million in the previous year. This is primarily attributable to the first-time inclusion of the VIB properties since April 2022. This has further stabilised our robust balance sheet structure. In addition to investment property, property, plant and equipment, investments in associates, and also non-current assets held for sale in particular have increased on the assets side as a result of the first-time inclusion of VIB. On the equity and liabilities side, the minority interests in equity, current and non-current interest-bearing loans and borrowings and deferred tax liabilities especially have increased as a result.

At EUR 190.2 million, following the annual impairment test goodwill remains at the same level as in the previous year (31 December 2021: EUR 190.2 million).

At EUR 81.6 million, investments in associates have increased by 22% year-on-year (previous year: EUR 66.9 million). While the addition of the investments in associates relating to VIB and the associated apportionment of earnings increased investments in associates, this was offset by the distributions and capital repayments (above all from DIC Office Balance I). The year-on-year decrease in investments in non-current assets by EUR 38.9 million to EUR 102.5 million is attributable, in particular, to the consolidation of VIB in 2022 (previous year: EUR 141.4 million). The equity interest acquired in VIB in 2021 was reported under investments in the previous year. Overall, non-current assets rose by EUR 1,904.6 million or 81% to EUR 4,247.5 million year-on-year (previous year: EUR 2,342.9 million).

Current assets decreased by EUR 218.0 million 19% to EUR 932.7 million. Due to the launch of "VIB Retail Balance I" and the related sale of 31 retail properties at the end of the financial year in particular, non-current assets held for sale increased by EUR 302.1 million. The EUR 178.8 million decrease in other receivables year-on-year to EUR 87.0 million mainly reflects the purchase price payment from the placing of the Uptown Tower in Munich in the first half of the financial year. Cash and cash equivalents declined by EUR 358.5 million year-on-year, in particular due to the acquisition of VIB as well as the scheduled repayment of our bond maturing in 2022 and promissory note loans in the amount of EUR 320.5 million. The issuance of further ESG-linked promissory note tranches with a volume of EUR 100 million had an offsetting effect.

Equity increases due to acquisition of VIB
Equity has risen by EUR 530.1 million to EUR 1,664.1 million, in particular due to the addition of minority interests through the acquisition of a 68% equity interest in VIB. Equity attributable to the group’s shareholders has decreased year-on-year by EUR 25.4 million or 2% to EUR 1,103.5 million (31 December 2021: EUR 1,128.9 million). The profit for the year attributable to the group’s shareholders in the amount of EUR 31.0 million, which includes non-recurring expenses of EUR 9.3 million, is offset by the EUR 43.5 million cash component of the distributed dividend as well as the EUR 15.1 million decrease in the reserve for available-for-sale financial instruments. The dividend distributed in 2022 amounted to EUR 61.4 million, of which EUR 43.5 million were paid in cash to shareholders. The voluntary non-cash dividend (scrip dividend) led to a EUR 1.3 million increase in issued capital and raised capital reserves by EUR 16.4 million after deducting the transaction costs incurred.

The reported equity ratio at 32.1% was similar to the prior-year figure of 32.5%. The loan-to-value ratio (LTV) increased on growth-related grounds, to 57.8% (previous year: 48.5%).

Balance Sheet overview

in EUR million	31.12.2022	31.12.2021
Total assets	**5,180.3**	3,493.7
Total non-current assets	**4,247.6**	2,342.9
Total current assets	**932.7**	1,150.8
Equity	**1,664.1**	1,134.0
Total non-current financial liabilities	**2,697.6**	1,872.9
Total current financial liabilities	**402.2**	295.2
Other liabilities	**416.4**	191.6
Total liabilities	**3,516.2**	2,359.7
Equity ratio book value	**32.1%**	32.5%
Loan To Value*	**57.8%**	48.5%
Adjusted Loan To Value*	**54.7%**	41.1%
NAV	**1,520.9**	1,509.8
Adjusted NAV	**1,815.9**	2,046.5

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

Commercial Portfolio records 1.5% measurement gain

The measurement gain – adjusted for acquisitions and sales – is 1.5% in our Commercial Portfolio (previous year: 4.0%).

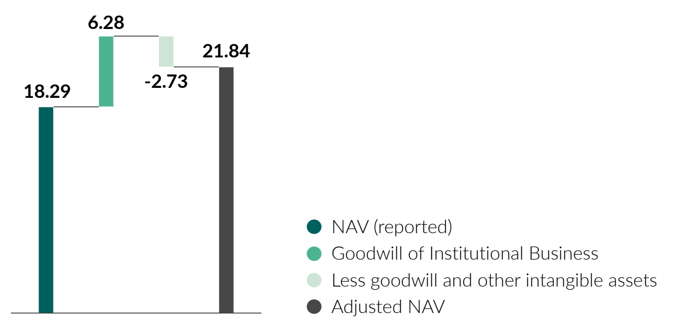
Adjusted net asset value at EUR 21.84 per share

The NAV key figure is equal to the value of all tangible and intangible assets less liabilities. NAV was EUR 1,520.9 million at the end of 2022. Only a portion of the value of real estate management services provided by the Institutional Business is reflected in NAV via the goodwill recognised in the balance sheet. This value contribution is therefore added to NAV. As at the reporting date, the total adjusted NAV was EUR 1,815.9 million (previous year: EUR 2,046.5 million). The adjustment of the valuation parameters, in particular the interest rate conditions, in the 2022 financial year due to the changed market environment led to an updated value of the Institutional Business segment of EUR 522.3 million (31 December 2021: EUR 762.0 million). As a result of the capital increases implemented in connection with the non-cash dividend in 2022, the number of shares increased by 1,291,203 shares to 83,152,366 shares. NAV per share amounted to EUR 18.29 compared with EUR 18.44 in the previous year. The adjusted NAV per share as of 31 December 2022 was EUR 21.84 (previous year: EUR 25.00).

NAV
In EUR/share

Adjusted NAV
In EUR/share

Adjusted NAV reconciliation (including value of Institutional Business)
In EUR/share



Net Asset Value

in EUR million	31.12.2022	31.12.2021
Carrying amount of investment properties	**3,673.3**	1,756.7
Fair value adjustment	**342.9**	375.1
Fair value of the Commercial Portfolio	**4,016.2**	2,131.8
Real estate assets acc. with IFRS 5	**435.7**	90.4
Fair value of properties	**4,451.9**	2,222.2
Carrying amount of equity investments	**81.6**	66.9
Fair value of equity investments	**81.6**	66.9
+ / - Other assets / liabilities (excluding goodwill)	**781.6**	1,253.6
Restatement of Other assets / liabilities*	**– 332.7**	– 37.0
Net loan liabilities at carrying amount	**– 3,099.8**	– 2,168.1
Net loan liabilities in accordance with IFRS 5	**– 38.7**	– 39.3
Non-controlling interests	**– 550.4**	– 13.4
Goodwill incl. other assets / liabilities	**227.4**	224.9
Net Asset Value (NAV)	**1,520.9**	1,509.8
Number of shares (thousand)	**83,152**	81,861
NAV per share in EUR	**18.29**	18.44
Adjusted NAV per share in EUR**	**21.84**	25.00

* Restated for deferred taxes (EUR +67,250 thousand; previous year: EUR +12,281 thousand), financial instruments (EUR -2,909 thousand; previous year: EUR +1,849 thousand) and IFRS 5 assets and liabilities (EUR -397,074 thousand; previous year: EUR -51,102 thousand)

** Incl. Institutional Business

Other disclosures

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

In 2022, no options were newly exercised, no grooming transactions were carried out and no changes were made to discretionary decisions which – if treated differently – would have had a material impact on the presentation of the net assets, financial position and results of operations in the financial year.

Non-financial key performance indicators

With the exception of the section entitled "Green Bond impact reporting", the contents relating to the non-financial performance indicators in the combined management report were not audited.

Non-financial key performance indicators play a major role in the long-term success of DIC. These assets are difficult to quantify and therefore cannot be reported in the balance sheet. These are assets which constitute clear competitive advantages and are due to the long-standing nature of the company's operations, the expertise developed as well as an extensive network within the market.

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

These include amongst other things:

- Long-term relationships with highly satisfied tenants and investors
- Trust-based partnerships with strategic financial and capital partners
- Motivated and dedicated employees and managers
- Competitive and organisational advantages from our real estate management platform throughout Germany
- Established, trusting cooperation with service providers and business partners
- Cooperation and continual exchange with all relevant stakeholders
- Financial and non-financial key performance indicators related to the focus topics of ESG and digital transformation

“dynamic performance” in Human Resources

Reliability, agility, creativity – these are the values we practise within our company under the principle of dynamic performance to reach new levels of performance and motivate each other each day. We can only do this with employees who embrace these values and demonstrate them by the way they work together every day.

After having reorganised its processes in the previous year, the Human Resources (HR) department further drove the change needed within the company to meet the challenge of attracting the next generation of talent in the 2022 financial year.

The reorganisation of the HR department carried out in 2021 with the creation of two expert roles in recruiting and HR controlling was continued and practised in 2022. The employees know whom to contact to receive professional advice.

Recruiting: focus on tomorrow’s talent

Recruitment has become increasingly important in recent years. The megatrend of demographic change has created a candidate market that forces every company to compete for the best talent. With this in mind, we have appointed a recruiter to look after the entire DIC group using their extensive knowledge of current vacancies, modern recruiting channels and university marketing events.

As part of our strategy for assuring the availability of well-qualified junior staff for our company, we hired five new trainees in 2022. Four trainees are completing a three-year programme in real estate while one trainee has started our programme for IT specialists with a focus on system integration. During the last financial year, DIC also launched a trainee programme for two candidates looking to pursue careers in software development and fund/product management as well as sales.

We made the acquaintance of both trainees through HR marketing at the IZ Careers Forum held by Goethe University Frankfurt. This year, DIC again set out its booth at the EXPO REAL Career Day, which is held as part of the annual EXPO REAL property trade fair in Munich. During the event, DIC welcomed 20 students from the "Students Meet Real Estate e.V." club, who were able to gain impressions of day-to-day life at DIC provided by various members of our departmental teams.

The three scholarships also bore fruit last year, with two of the beneficiaries ultimately joining DIC as a work placement student or intern. The group will continue to award scholarships in cooperation with the Frankfurt School of Applied Sciences during 2023.

Highlights 2022

Social Impact Days

We work with people for the people – and this is not merely a worthy philosophy but also something we put into practice, as was again shown by the two Social Impact Days we organised in 2022.

In March 2022, an ambitious team of volunteers from DIC headed by Chairwoman Sonja Wärntges lent a hand to fitting out two vacant apartments in Mönchengladbach for use by refugees from Ukraine. As the apartments had been left unfurnished, the day was used for purchasing and putting together the necessary furniture. Within the space of a single day, our team of helpers had worked hard to equip the flats, and two refugee families from Ukraine were able to move in just one day later.

The second Social Impact Day took place in November. On this occasion, employees from several company departments and sites helped DIC to fit out two facilities run by Praunheim Workshops in Frankfurt, which provide advice, vocational training courses and accommodation to people with disabilities. In two of these residential facilities, our employees made sure that the apartments and common rooms received a new coat of paint.

Virtual Health Days

In 2022, DIC once again teamed up with a public health insurer to organise two virtual Health Days for all of the group's employees. The Health Day held early in the year addressed the topic of nutrition, while the winter event focused on optimising personal energy levels, with employees being introduced to relaxation exercises and possible measures on improving the quality of their sleep. Two online seminars and personal check-ups were also offered for anyone wanting to find out more.

Energy challenge

All of us are affected by the energy crisis. Responding to ideas expressed by its own employees, DIC decided to launch a company-internal Energy Challenge, whereby employees could share their tips on saving energy as part of day-to-day life in the office. More than 300 ideas were submitted, most of which we were able to put directly into practice. The challenge also produced a regular internal briefing discussing the energy tips, which has generated quite a following to date.

Support in all situations of life

DIC also makes it a point of emphasis to support the families of its employees by collaborating with "pme Familienservice". pme Familienservice provides support in various situations of life and offers a range of information, services, webinars and coaches on topics such as children and family time, home and eldercare. DIC bears the costs of the consultation.

Keeping everyone informed

With its Head Office in Frankfurt, DIC also maintains offices at eight other sites in Germany. To promote communication between its employees and ensure that everyone has access to the latest information, HR and Marketing have worked together to launch the #oneteam employee magazine. The magazine is published internally every eight weeks. It features the most interesting news from DIC, presents the faces behind the projects and business units and tells stories from the (working) lives of DIC employees.

External communications were also stepped up during 2022 by way of the employer branding campaign using the slogan "dynamic performance". Videos starring our own employees were shot, which feature short interviews with staff talking about their personal impressions of "dynamic performance" at the DIC group. These videos were posted with specific job descriptions on our social media channels and our own careers web page, which was also modernised as part of the campaign and made more appealing with the rollout of a new visual language.

Facts and figures

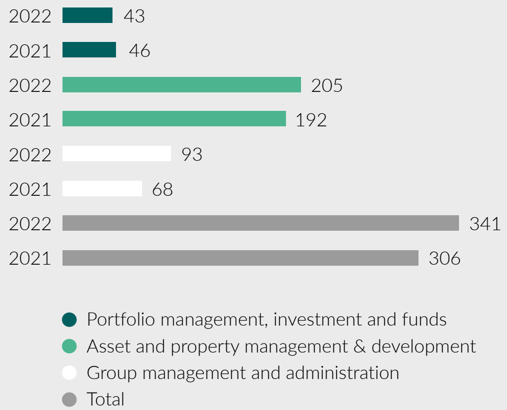
HR controlling creates reports and ad-hoc evaluations and statistics to be able to act in a purposeful and demand-driven way. We also used a comprehensive HR system to digitalise and accelerate our existing processes.

The creation of expert roles means our HR generalists can provide their specialist areas with more active support.

The number of employees rose to 341 as at the end of 2022 (31 December 2021: 306). The increase in financial year 2022 is mainly attributable to the inclusion of 34 VIB employees after initial consolidation. The VIB employees bolster the existing teams, especially in terms of asset, property and development management as well as corporate management and administration. As at year-end, 43 employees worked in portfolio management, 205 in asset and property management and 93 in administration.

The employee turnover rate at DIC was 20% in 2022. The slight increase year-on-year (18%) can be explained by what is a generally very strong labour market and in part by the fact that people are taking a closer look at their personal and professional situations, and switching jobs more frequently overall.

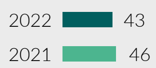
Number of employees by group area



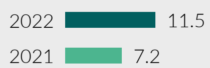
341

highly qualified employees were employed by DIC Asset AG as at 31 December 2022

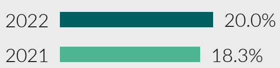
Number of part-time employees



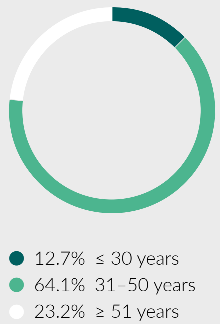
Sick days (avg. per employee)



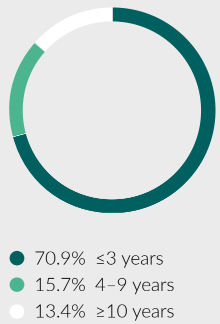
Staff turnover rate



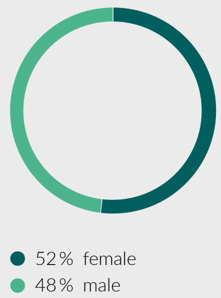
Age structure



Length of service



Employees by gender



Dynamic remuneration system

Our salaries consist of a basic income, supplementary benefits and performance-related components. We base our salaries on industry standards and those of our competitors. The performance-related component is based on achieving individual goals as well as strategic and operating targets, which are set annually together with supervisors. This means that a total of EUR 39.5 million was spent on employees in 2022. This figure includes performance-related remuneration of EUR 4.4 million, corresponding to a share of approximately 11.1 %. Social security contributions, pension plans and other benefits added up to EUR 4.3 million.

To arrive at pay packages that reflect market conditions, DIC took part in the Real Estate Compensation Club Benchmark (Heuer, Kienbaum and ZIA) for the first time in 2022. The benchmark analyses the level and structure of remuneration that is paid for approximately 90 skilled and management positions in the property industry. The results of the study help our HR team to make sure that the salaries and bonuses they decide on are in line with market needs.

The DIC Management Board has also launched an employee share scheme, with which DIC aims to offer employees a long-term remuneration component in addition to their standard pay package. For this purpose, DIC buys own shares on the market for the employees every year in December and holds them in a securities account. Payouts under the scheme can be made after four years at the company. The amount paid reflects the share price performance during this period.

Promoting and embracing diversity

DIC promotes diversity within the entire group. As at 31 December 2022, 52% of all positions were staffed by women. We offer our employees part-time models to enable flexible working hours. In 2022, a total of 43 employees (13%) worked part-time, compared with 46 employees (15%) in 2021. As at the end of 2022, the group had employees from 14 countries.

We firmly believe that heterogeneous teams that differ in terms of their individual skills, expertise and approaches are better equipped to solve complex issues than homogeneous teams and offer a higher potential for innovation as a result. With this in mind, we maintain a corporate culture that is committed to the principles of ethics and integrity and promotes mutual appreciation, responsibility and respect within the workforce. Our Compliance Guidelines, which we updated and expanded this year, outline our comprehensive approach to protection against discrimination, particularly with regard to ethnic identity, gender, religion or belief, disability, age and sexual identity. As a result, our aim is to actively counteract discrimination, disadvantage or undesirable behaviour.

ESG ("Environmental, Social, Governance") and digital transformation

As one of Germany's leading listed real estate companies, DIC is committed to sustainable development. ESG (Environmental, Social and Governance) is a fundamental and integral part of our corporate strategy and business activities. We presented in detail the company's expanded ESG strategy for the coming years in 2022. DIC has defined both short- and medium-term objectives, the achievement of which is reported on regularly. These objectives are defined along the following four guidelines:

- We positively mitigate climate change
- We shape our business with and for the people
- We are a reliable partner and conduct our business activities in a transparent and accountable manner
- We use digitisation for ESG purposes as yet another building block

We intend to contribute actively to the decarbonisation of the European buildings sector. Reducing carbon emissions and lowering the environmental impact and resource depletion are priorities for DIC – both for our own business activities, our own property portfolio and the properties we manage for third parties.

As an employer, we embrace the responsibility to provide a positive corporate culture and to promote a safe, socially fair and healthy work environment. Collaboration should be defined by motivation and diversity as well an entrepreneurial mindset and behaviour, accountability, flexibility and expertise. As a real estate management company and commercial real estate specialist, we focus on the current and future interests of our stakeholders, and social challenges in a forward-looking way. As a member of society (a corporate citizen), we are actively involved in our industry for the public good.

We attach great importance to corporate governance along the lines of our sustainability approach. We are committed to upholding the principles of ethics and integrity within the company as well as complying with legal provisions and self-imposed internal company values. To fulfil this commitment, we want to create greater transparency and consistently integrate ESG into all levels of our organisation in an interconnected way.

We want to utilise digital tools for our management processes and continue developing our business model, enabling us to offer new digital products and services and create added value for our investors, tenants and properties with initiatives such as using efficient data structures to manage and optimise energy consumption, emissions and resources.

Sustainability reporting and ESG communications using digital channels

The most recent Sustainability Report published in May 2022 showcases what DIC has already done since the first report was published ten years ago and presents the company's specific objectives and actions for the coming years by which we want to be measured. The upcoming Sustainability Report for the 2023 financial year will be published on 17 May 2023.

Our sustainability reporting is prepared in line with the highest international reporting standards issued by the Global Reporting Initiative (GRI Standards) and the ESG reporting standards for real estate companies issued by the European Public Real Estate Association (EPRA sBPR; European Public Real Estate Association Sustainability Best Practices Recommendations). The Sustainability Report is an important source of information for participating in relevant ESG ratings and reporting to our investors. The current sustainability report for the 2021 financial year received a Gold Award by EPRA for the first time, the highest category for best practices in reporting on sustainability indicators and ESG strategy.

The website presents the latest news on sustainability and ESG topics even between reporting dates. It is designed to be the first port of call for frequently asked questions about areas such as the regulatory framework and offers many other resources for download, including the DIC policies and DIC's Green Bond Framework.

For internal communication and knowledge management purposes, the DIC Office Hub was launched in the previous year. It is a shared space where all employees can quickly and easily access the latest and most important information as well as presentations, process descriptions and policies. This portal is being used not only for the professional development of our employees, but increasingly as a knowledge networking and transfer tool for ESG-related issues.

ESG targets and KPIs at DIC

To make our approach to sustainability more accessible, our Sustainability Report for the 2021 financial year defines quantifiable targets for all ESG aspects. Our climate target – which marks our continued, positive contribution to action on climate – is a key priority here. Achieving this will be a challenge and incentive in equal measure over the next few years.

DIC has declared its commitment to climate change mitigation and set itself the target of reducing greenhouse gas emissions (GHG) by an average of 40% per sqm in its Commercial Portfolio by 2030, compared with the 2018 baseline year. We have defined a transparent and measurable climate target modelled on the current state of knowledge in relation to globally available environmental parameters, scientific analysis and our own knowledge of the market. We are committed to this target as a top priority for our organisation.

To achieve the target, we are working in close collaboration with external sustainability experts on the creation of a climate pathway for our Commercial Portfolio. This climate pathway will establish a framework for upcoming actions while also providing guidance for prioritising the various activities. As part of this planning, work is now proceeding on a series of organisational and technical measures, including staff training, tenant participation, saving energy by the more efficient deployment of existing systems, increasing the proportion of green power used and procuring green gas to further reduce carbon emissions, the use of metering equipment with remote polling functionality, and the targeted use of district heating, CHP pumps and PV systems. Strategic initiatives are also being pursued, such as a targeted portfolio strategy that leverages carefully tailored purchase and sale policies. Thanks to our climate pathway, we can determine which of these measures goes the furthest to achieving our climate target and at which point in time.

A summary of all of our ESG targets and KPIs is provided on pages 19–21 of our 2021 Sustainability Report.

ESG organisation

Details regarding the ESG organisation within DIC can be found in the “Corporate management” section starting on page 36 of this group managementreport.

Memberships, donations and sponsorships

DIC pays ongoing membership fees to a number of industry and professional associations. Expenses for association memberships in the financial year ended came to around EUR 131 thousand (previous year: around EUR 119 thousand).

Donations for charitable purposes, sponsorships and other expenses in the context of “corporate citizenship” amounted to around EUR 7 thousand in the financial year ended (previous year: around EUR 22 thousand).

A detailed list of memberships, donations and sponsorships can be found in the ESG download centre on the DIC website at:

www.dic-asset.de/nachhaltigkeit/esg-ressourcen

Corporate governance – code of values and policies

DIC maintains a corporate culture that is committed to the principles of ethics and integrity and promotes mutual appreciation, responsibility and respect within the workforce. The company is in compliance with the recommendations of the German Corporate Governance Code as described in its annual Declaration of Compliance (see p. 119 in this annual report).

DIC set out its code of values in several policies that are made permanently and publicly available on our website. These policies set the parameters for our day-to-day activities and must be observed in their entirety by all DIC employees.

Code of Conduct

The Code of Conduct is the guideline for every action that we engage in as an organisation and for every decision we make as such. It serves as a foundation for our in-house policies, and is binding for all employees. Our Code of Conduct illustrates what we as the DIC group stand for, and which values we uphold.

Business Partner Code of Conduct
We can only live up to our maxim of "We shape our business with and for the people" if our business partners abide by the same high legal and ethical standards, and if these are embedded in our entire supply chain. The Business Partner Code of Conduct contains the regulations underpinning every collaboration with third parties.

Policy Statement on Respecting Human Rights
We respect human rights within our company and at every stage of our value chain. To fulfil this commitment, our business activities are particularly aligned with the conventions of the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the eight core labour standards of the International Labour Organization (ILO). We consider the values and standards contained therein to be the main foundation of our corporate culture. These include, in particular, the principles of freedom of assembly and freedom of association enshrined in fundamental law.

Compliance Policy
All employees of DIC are obliged to uphold the principles of ethical conduct and integrity within the group. This includes specifically compliance with the applicable legal rules and regulations, the internal company policies, and the adopted values. The Compliance Policy, which applies group-wide, constitutes a guidance framework for the company's employees. On the one hand, it outlines the standard that we set for ourselves while, on the other hand, it represents a pledge vis-à-vis our clients, contractual partners and the general public.

The Compliance Policy regulates protection against discrimination, avoidance of conflicts of interest and corruption, data protection and privacy, capital market requirements and insider trading bans, money laundering prevention, fair competition and prohibition of agreements, lobbying, and donations and sponsoring. The Policy also provide information on reporting misconduct and violations as well as related consequences and points of contact.

In 2022, the lobbying and anti-corruption rules were transferred to separate policies.

Lobbying Policy
The DIC Management Board has adopted its Lobbying Policy as the basis for a responsible-minded and lawful approach to doing business for all staff working at DIC. This Policy establishes the values of transparency, fairness, integrity and factual information as the foundation for all lobbying activities conducted by DIC group. The Policy also defines a set of principles that our staff and all consultants acting on behalf of DIC are obliged to follow and observe.

Anti-Corruption Policy
In accordance with our Anti-corruption Policy, our staff are obliged to make all business decisions exclusively in the best interests of the DIC group and without any intention of furthering personal interests. The group has a zero-tolerance policy to corrupt behaviour and the abuse of decision-making powers as granted to individuals.

Environmental Protection Policy
Our Environmental Protection Policy sets out general principles for climate change mitigation and environmental protection. Reducing carbon emissions, and lowering both our environmental impact and resource depletion are priorities for DIC – not only in our own business activities and our own property portfolio but also in the properties we manage for third parties. Wherever possible, we also seek to avoid waste and reduce water consumption while acting to conserve and improve biodiversity.

Occupational Safety Policy
The protection of its employees plays an essential role for the DIC group of companies. Particularly important in this context are efficient occupational safety and effective accident prevention strategies, especially when considering the challenges posed by an increasingly demanding work environment that is evolving ever more rapidly as a result of the digital transformation. We have defined our general principles in this area in our Occupational Safety Policy.

IT Security Policy
The IT Security Policy was rolled out in the previous year. This Policy defines the organisational and technical measures required to maintain IT security and the associated data protection for DIC.

ESG ratings of DIC

Our progress in the area of ESG is progressively finding its way into the decision-making of capital market participants who, in addition to carrying out their own analysis, are increasingly relying on the sustainability ratings and benchmarks issued by established providers. DIC critically and proactively supports this external analysis in order to contribute to improved transparency and comparability of competition in this context. The most important ratings as of the reporting date of the last two financial years are summarised in the following table.

In 2022, we recorded a series of successes in relation to our ESG ratings.

- First of all, DIC achieved excellent results as it successfully completed an initial ESG rating at internationally renowned provider Sustainalytics. With an overall result of 9.2 (ESG Risk Rating), DIC ranked in the top 3% of the real estate industry (25th out of 1,046) and the top 4% (6th of 160) of real estate management companies.

- In the S&P CSA ratings, DIC also improved its score considerably (+8 points) to 26 for 2021, placing it among the best 39% of companies in the international real estate sector.

- In addition, our 2021 Sustainability Report received a Gold Award – the highest possible accolade – from European industry association EPRA on the occasion of its annual assessments of ESG reporting for listed property management companies while taking into account EPRA's Sustainability Best Practices Recommendations.

	31.12.2022	31.12.2021
Carbon Disclosure Project (CDP) – Climate Change	C	C
MSCI – ESG Research	A	A
ISS ESG	D+	D+
S&P CSA	26	18
EPRA sBPR	Gold	Bronze
Sustainalytics	9.2	26.8

The ratings largely relate to information that has already been published. As a result, they are retrospective in nature and only reflect certain changes within analysed companies after a time delay.

The MSCI - ESG Research rating improved even further after 31 December 2022, from A to AA (rating update of 26 January 2023). This places DIC among the best 20% of companies among its peer group of "Real Estate Development & Diversified Activities".

Materiality analysis with stakeholder survey

Sustainability is a key part of our corporate strategy, and DIC considers itself to be a highly dynamic company that is constantly evolving. For DIC, this evolution also involves continually dealing with social and industry-specific changes and their effects on DIC's business model (outside-in perspective, company relevance), analysing the impacts of our business model on the environment, society and the economy (inside-out perspective, sustainability relevance), and understanding the perspectives and expectations of our stakeholders regarding the materiality of sustainability issues (stakeholder relevance).

DIC conducted a comprehensive materiality analysis in the previous year. We were guided by the provisions of the GRI Standards when conducting the analysis. Internal and external stakeholders were asked to rate 20 sustainability issues according to their company, sustainability and stakeholder relevance. They did this as part of a Management Board workshop and in 20 face-to-face interviews with DIC management and selected representatives from the stakeholder groups of shareholders, the Supervisory Board, institutional investors, banks and tenants. In addition, around 80 stakeholders and DIC employees were invited to complete an online survey.

The results of the stakeholder survey were transferred into a materiality matrix. The sustainability issues identified as key strategic action areas were emissions and decarbonisation, energy and energy efficiency, sustainable products and portfolio development, and innovative modernisation models. Generally speaking, the social and governance issues mentioned in the survey were rated as being relevant to the company.

DIC Asset AG Materiality matrix

Strategic action areas

A Emissions and decarbonisation
B Energy and energy efficiency
C Sustainable products and portfolio performance
D Innovative modernisation concepts
E Economic/financial performance
F Compliance
G Attractive employer
H Diversity and equal opportunities

Governance

16 Risk management
17 Data protection and IT security
18 Client satisfaction
19 Supply chain
20 Attractiveness in the capital markets

Environment

3 Biodiversity
4 Water and waste
6 Operational protection of the environment

Social

10 Real estate quality to suit the local market
11 Training and skill building
12 Urban development and local communities
13 Occupational health and safety

Sustainable development of our portfolio and investment in Green Buildings

Our property portfolio already boasts a number of buildings with sustainability certification. DIC defines Green Buildings as buildings with a sustainability certificate that meet high energy efficiency standards (e.g. ENEV 2009) or a minimum certification level such as “LEED Gold”, “BREAAM Very Good” or “DGNB Gold”. The aim of our Green Bond Framework (GBF) is to increase the share of Green Buildings in our real estate portfolio to at least 20% by the end of 2023.

The consolidation of VIB added another 25 Green Buildings in 2022, and the Unite (Offenbach) and Campus C (Munich) properties were certified. In financial year 2022, Green Buildings as a proportion of the Commercial Portfolio market value rose from 11.6% to 31.0%. This lifts the number of Green Buildings to 32, which means that our targeted, long-term growth strategy ensured that our goal of achieving a Green Building proportion of at least 20% in the Commercial Portfolio by the end of 2023 was achieved ahead of time.

Green Bond – impact reporting

As part of the issuance of the company’s first Green Bond and the publication of a GBF in 2021, DIC committed to reporting on the development and use of the funds used to finance green projects and properties on an annual basis. With this in mind, the GBF sets the parameters within which DIC can issue its Green Bonds. After being subjected to an independent external review (second party opinion), the Framework was found to be in accordance with the ICMA Green Bond Principles (GBP) for 2021 as well as Sustainable Development Goals (SDGs) 9 and 11 set by the United Nations. SDG 9 “Industry, Innovation and Infrastructure” seeks to promote high-quality, sustainable and resilient infrastructure, while SDG 11 “Sustainable Cities and Communities” promotes inclusive and sustainable urban planning.

By investing in energy-efficient and sustainable buildings when making new acquisitions, we are contributing to sustainable development and the reduction of CO_2 within our real estate portfolio. (For details, see GBF at www.dic-asset.de/download/publikationen/DIC-Green-Bond-Framework.pdf).

2021/2026 Green Bond impact reporting

	31.12.2022		31.12.2021	
	In EUR million	In % of total market value	In EUR million	In % of total market value
Market value of Green Buildings in the Commercial Portfolio	1,310.6	31.0	257.0	11.6

Green Buildings

	31.12.2022*					31.12.2021				
	DGNB Gold	LEED Gold	BREEAM Very Good	ENEV 2009	**Total**	DGNB Gold	LEED Gold	BREEAM Very Good	ENEV 2009	**Total**
Number	6	1	3	22	**32**	3	1	1	0	**5**
In % of rental space	3.0%	0.4%	3.6%	19.9%	**27.0%**	4.1%	1.2%	1.4%	0%	**6.7%**
– of which new construction and major renovations	3.0%	0.4%	0.0%	0%	**3.5%**	4.1%	1.2%	0%	0%	**5.3%**
– of which existing building	0%	0%	3.6%	19.9%	**23.5%**	0%	0%	1.4%	0%	**1.4%**
In % of market value	5.8%	1.7%	5.0%	18.4%	**31.0%**	6.2%	3.3%	2.0%	0%	**11.6%**
– of which new construction and major renovations	5.8%	1.7%	0%	0%	**7.6%**	6.2%	3.3%	0%	0%	**9.5%**
– of which existing building	0%	0%	5.0%	18.4%	**23.4%**	0%	0%	2.0%	0%	**2.0%**

* All values calculated excl. project developments and repositioning properties / excl. pre-certificates

2021/2026 Green Bond allocation reporting

	31.12.2022		31.12.2021	
	in EUR million	**in %**	in EUR million	**in %**
Gross proceeds from 2021/2026 Green Bond	400.0	**100**	400.0	**100**
Funds used for eligible green projects/properties	400.0	**100**	284.6	**71**
Funds not yet allocated for eligible green projects/properties	0	**0**	115.4	**29**
Distribution of funds used by eligible category				
Green Buildings	400.0	**100**	284.6	**71**
Distribution of funds used by project location				
Germany	400.0	**100**	284.6	**71**
Distribution of funds used by type of financing				
Refinanced green projects/properties	234.6	**59**	234.6	**59**
Newly financed green projects/properties	165.4	**41**	50.0	**12**

Report on expected developments, risks and opportunities

Report on risks and opportunities

DIC's risk management system

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

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

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

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

Structure of the risk management system

Risk early warning system

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

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

Risk identification

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

This includes carrying out a full risk inventory (risk identification) at least once a year across all risk types, which are then assessed. Risks are identified by the risk owners, who report risks as part of a standardised process. The individual risk approach, in which each risk is presented, assessed and actively monitored, applies when identifying and ultimately managing risks.

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

Risk assessment

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

Any identified risk is always analysed and assessed by the risk owner with regard to its probability of occurrence and its potential damage. Unquantifiable risks are allocated using qualitative attributes based on a matrix of five loss categories and five probability of occurrence categories. The assessments are documented by the risk owners in the risk management software.

Risks are analysed and then aggregated according to their potential cumulative effects. This allows us to determine the overall exposure for the DIC group.

Risks are assessed for their probability of occurrence and their impact in terms of potential loss amount.

The risks' probability of occurrence is classified as follows:

Determining probability of occurrence: How often does the risk scenario occur?					
Probability of occurrence (qualitative aspect)	Very rarely	Rarely	Occasionally	High	Very high
Probability of occurrence (quantitative aspect)	Less often than every 5 years	Every 5-2 years	Every 2 years to annually	Annually to semi-annually	More than semi-annually

The risks' level of impact is classified as follows:

Determining the potential damage: What level of damage is associated with a risk scenario?					
Potential level of damage (qualitative aspect)	Very low	Low	Medium	High	Very high
Potential damage in EUR thousand (monetary aspect)	Up to 500	501 to 3,000	3,001 to 7,000	7,001 to 10,000	10,001 or more

Eintrittswahrscheinlichkeit

very high	G	M	H	H	H
high	G	M	H	H	H
occasionally	G	G	M	M	H
rarely	G	G	G	M	M
very rarely	G	G	G	M	M
	very low	low	medium	high	very high

Potenzielle Schadenshöhe

The risks are classified as "High" (H), "Medium" (M) and "Low" (L) according to the risk matrix shown here, taking into account the expected probability of occurrence and the potential level of damage. For the "Low" and "Medium" classes, the limits of the potential level of damage were adjusted compared to the previous year to adapt risk assessment to the further growth of the group. For the "Low" class, the limit was raised from EUR 1,000 thousand to EUR 3,000 thousand, and for the "Medium" class from EUR 5,000 thousand to EUR 7,000 thousand.

Opportunity management

The systematic identification and communication of opportunities is also an integral component of the RMS. Opportunities are events or developments which may have a positive effect on the course of business. As a rule, we aim for more opportunities than risks.

Risk management and reporting

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

In order to provide information regarding identified risks and key events within the market environment, risk management is incorporated as an integral part into our regular planning, reporting and management routines.

Ad-hoc reporting ensures that acute risks can be reported directly to the Management Board at any time so that it can begin implementing any necessary countermeasures immediately. Any employee can submit ad-hoc risk reports.

The Management Board regularly reports to the Supervisory Board on the latest developments in material group risks.

Monitoring and optimising the risk management system

The RMS is monitored systematically using process-dependent, ongoing measures integrated into normal operating processes as well as process-independent monitoring measures.

The functionality of the RMS is monitored and checked across the group by the Audit Committee at least once a year. The Management Board decides what measures are required to change and adapt the risk management system depending on the results of this analysis.

Monitoring activities focus on reporting to the Management Board, the underlying processing of individual risks by the risk owners, and compliance with integrated process controls. Furthermore, the appropriateness, legality and expediency of the existing risk control and management system is reviewed during the audit of the consolidated financial statements. Risk management processes are also reviewed annually in accordance with legal requirements. If the need for changes or adjustments is identified, changes to processes or the organisational structure can be proposed to the Management Board and implemented outside of the annual review.

A Risk Committee has also been set up as a cross-functional advisory body. The Committee has an advisory role and ensures that DIC handles risk management issues consistently.

Risk management documentation

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

All important information for recording, managing and controlling all risks is documented with the help of the risk management software.

Internal control system

General

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

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

Use of IT

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

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

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

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

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

Ensuring that the financial reporting is appropriate and reliable

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

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

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

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

VIB's risk management system

Basic principles of risk management

The VIB risk management policy supports the corporate goal of safeguarding the company's future as a going concern and of increasing the company's value by means of sustainable growth. In this regard, we define risks both as the danger of possible losses and the danger of potential profits not being realised or only being realised to an insufficient extent.

The VIB risk management policy forms an integral component of the company's business strategy and is set by the Management Board. In order to identify, manage and counteract potential risks at an early stage, a risk management system has been implemented at all VIB group subsidiaries. This RMS is closely integrated into VIB's operating procedures and processes – especially property-related operations, controlling and planning processes, the accounting process, and reporting to the Management Board and Supervisory Board.

Risk reporting occurs on a regular basis – at least, however, twice a year. The Management Board is also informed immediately in the form of unscheduled reports about all new risks categorised as material.

The VIB group classifies potential risks into four categories that are also applied at all subsidiaries. Environmental and sector risks, business risks, financial risks and other risks.

Once specific risks have been identified and recorded, they are analysed and classified according to their potential level of damage and probability of occurrence. This is intended to enable conclusions to be drawn about the specific risk potential for VIB:

1. The probability of occurrence is divided into the classes of “very improbable”, “improbable”, “probable” and “very probable”. These classes reflect the percentage probability with which a harmful event is expected to occur within a twelve-month period.

2. The potential effect (level of damage) states the potential maximum extent of a loss given the occurrence of the harmful event. Here, differentiation is made between “low”, ”moderate”, “significant” and “critical” level of damage.

3. Multiplication of the maximum level of damage by the event probability generates the risk potential or weighted potential loss amount of the corresponding risk. Risk potential is classified into the three categories of “low”, “moderate” and “high”.

The risks identified and quantified at VIB level using this system are then transposed to the DIC group's risk assessment.

Accounting-related internal control and risk management system

The objective of the accounting-related internal control and risk management system is to ensure that accounts are prepared consistently and in accordance with statutory requirements, the German generally accepted accounting principles pursuant to the German Commercial Code (HGB), the International Financial Reporting Standards (IFRSs), company law and internal company policies and processes.

It is the responsibility of the Management Board to prepare the annual and consolidated financial statements and the management report and group management report. This includes the setting up and maintenance of the accounting-related internal control and risk management system.

The accounting-related internal control and risk management system forms part of risk management at the VIB group. All accounting-related risks are monitored by the Risk Officer of the VIB group and are included in the regular risk reports submitted to the Management Board and Supervisory Board.

The financial statements are prepared centrally by the Finance and Accounts department under the auspices of the Management Board. This ensures a uniform and consistent approach when preparing the financial statements. The accounting data is processed using an accounting software program in accordance with a uniform chart of accounts and consistent accounting policies, as well as predefined processes and process checks.

Automated plausibility checks are performed with the help of the software used. Accounting-related information is shared on an ongoing basis between the Head of Accounts and the Management Board. In order to identify and avert possible errors and deviations during preparation of the financial statements, the dual-control principle is applied to all key procedures and processes. This principle states that no single individual can be solely responsible for an important procedure or process. The use of IT systems with automated access control mechanisms and integrated plausibility checks establishes an automated control structure that is designed to ensure maximum data security at all times. All internal processes and policies connected with the preparation of financial statements are regularly reviewed in terms of their effectiveness and, where necessary, adapted to reflect new requirements.

Caveats

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

Individual risks and opportunities

	Probability of occurrence	Potential level of damage	Risk classification
Strategic risks			
Market environment risk	Occasionally	Medium	M
Organisational risk	Rarely	Medium	G
Compliance risks			
Risks arising from breaches of compliance regulations	Very rarely	Medium	G
Legal risks	Occasionally	Low	G
Operational risks			
Tenant credit risk	Occasionally	Medium	M
Letting risk	Rarely	Medium	G
Credit risk related to real estate management fees	Very rarely	Medium	G
Risk arising from refurbishments /project developments	Occasionally	Medium	M
Transaction risk	Occasionally	Medium	M
Location and property risks	Rarely	Medium	G
Technological risks (including IT)	Occasionally	Medium	M
Personnel risks	Occasionally	Very low	G
Political, social, regulatory and environmental risks			
Regulatory risks	Rarely	Medium	G
Climate and environmental risks	Rarely	Medium	G
Financial risks			
Financing risk	Occasionally	Medium	M
Valuation risk	Occasionally	Medium	M

Macroeconomic trends and development of the real estate industry

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

The German economy grew by 1.9% year-on-year on a price-adjusted basis in 2022. According to data published by the Federal Statistical Office (Destatis), German GDP growth held up well despite falling well short of the previous year's figure (2.6%). Overall, the positive growth factors that prevailed at the start of the year in particular were not enough to generate higher economic growth amid a mix of negative factors including inflation, supply bottlenecks, war and labour shortages. As a result, 2022 was ultimately a weak year for the German economy. Household purchasing power suffered due to high energy prices, which also dampened consumer spending.

The labour market proved robust in 2022 despite lower economic growth and continuing uncertainty. According to data from the Federal Employment Agency, the Russian war of aggression had only a moderate impact on the labour market, with the number of unemployed people in Germany even declining by 195,000 to 2,418,000 compared to the previous year. According to the Federal Employment Agency, this fall in unemployment was due to favourable developments in the previous year as well as in the first half of 2022. From mid-2022 onwards, the inclusion of Ukrainian refugees in labour figures in particular caused unemployment and underemployment to increase slightly.

The global environment also looks weak and is not generating any positive economic momentum. Despite this, the economic outlook brightened a little towards the end of the year. In particular, wholesale electricity and gas prices fell once more, although they are still at a high level. Inflation is expected to remain high in 2023. According to forecasts from ifw Kiel, while real disposable income and consumer spending will shrink further, the scope and extent of this downturn is difficult to predict. As a result, ifw Kiel's 2022 Winter Report only anticipates low economic growth of 0.3% for 2023.

Both the US Federal Reserve and European Central Bank (ECB) responded to historic inflation levels by drastically hiking interest rates. Meanwhile in Europe, the key interest rate had been kept at 0% since March 2016. The ECB was initially slow to respond to the turnaround in rates, Eventually raising rates by 0.5 percentage points at the end of July. The next step came in September, as the ECB lifted the key rate by 0.75 percentage points to 1.25%. The main refinancing operations rate rose by a further 0.75 percentage points to 2.0% on 2 November. At the end of 2022, the ECB once again made it clear that it would consider further interest rate hikes and accompanying measures in 2023 to lower inflation. According to the central bank's forecasts, inflation is likely to weaken further during 2023 before levelling off at 6.3%.

Our business model and our investments in the individual business segments are highly diversified. To minimise risks, we focus on long-term leases to top-quality tenants, on spreading rental income across a large number of different tenants and on investing in economically strong regions. Our investments include a high proportion of agreements with public sector tenants and a large number of tenancy agreements with SMEs in particular. We broadened our investor base and investment portfolio by acquiring GEG German Estate Group in 2019 and RLI Investors at the end of 2020. We also further expanded the important logistics asset class by acquiring a majority interest in VIB in the 2022 financial year, boosting our current income for the long term while reducing our cash flow's dependence on transactions. Based on assets under management of around EUR 14.7 billion achieved after the reporting date (31 December 2021: EUR 11.5 billion), we generate diversified, steady cash flows from ongoing rental income, transaction, structuring and management fees, and income from investments.

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

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

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

According to data from BNP Paribas Real Estate (BNPPRE), the German real estate investment market achieved volumes of EUR 54.1 billion in 2022 despite the challenging economic environment. This would correspond to a decline of around 16% compared to the previous year. However, this means that the downturn was less marked than was feared as recently as the middle of the year. What's more, 2022 volumes were only 2% below the ten-year average.

Strategic risks

Market environment risk

The gloomy economic outlook, significantly higher interest rates and historic levels of inflation created considerable uncertainty among all market players about the short to medium-term development of the market. As a result, many sales already being marketed were not completed.

Based on total revenues in the German real estate investment market (EUR 54.1 billion), offices took first place with EUR 22.25 billion (41%) of the market, A decline of 7 percentage points compared to the previous year. Logistics properties followed in second place with just under EUR 10.14 billion (19%) of the market (+4 percentage points year-on-year). This asset class posted record revenues in 2022 after a strong first half of the year. The strongest growth came in the size category between EUR 50 and 100 million (+5.9% year-on-year). However, even the logistics investment market was impacted by geopolitical developments and the turnaround in interest rates.

Some letting markets are seeing an increase in vacancies, while others experience a continued increase in prime rents. According to CBRE, the existing structural lack of space in prominent locations within the top cities is becoming apparent.

This is a new risk in the current year. Overall, we classify the market environment risk as medium.

Organisational risk

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

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

Overall, we classify the organisational risk as low, which means that there has been no change in our risk assessment compared to the previous year.

Compliance risks

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

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

All employees of DIC are obliged to uphold the principles of ethical conduct and integrity within the group. This includes specifically compliance with the applicable legal rules and regulations, the internal company policies, and the adopted values. The Compliance Policy, which applies group-wide, constitutes a guidance framework for the company's employees. On the one hand, it outlines the standard that we set for ourselves while, on the other hand, it represents a pledge vis-à-vis our clients, contractual partners and the general public. The Compliance Policy, which was last updated in 2022, includes the following items:

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

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

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

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

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

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

- Donations and sponsoring: DIC supports groups or organisations to sponsor interesting projects in various social and environmental contexts. DIC makes no donations to political parties. Neither does it sponsor individuals in the body politic or in industry associations.

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

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

Supplementing the Compliance Policy, DIC's Code of Conduct provides guidance for all of the actions taken and decisions made within the organisation. It defines DIC's mission statement and values as well as the Code of Practice to be followed within our organisation.

In addition to the Compliance Policy, DIC also applies the Occupational Safety Policy, the Business Partner Code of Conduct, and the Policy Statement on Respecting Human Rights.

All employees are required to apply and comply with all of these policies.

Overall, the risk arising from breaches of compliance regulations is considered low, as in the previous year, given the compliance management system in place and the fact that no incidents occurred in the 2022 financial year.

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

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

There are currently no material pending or foreseeable legal disputes which could constitute a considerable risk. In our view, current litigation will result in more opportunities than risks. Sufficient provisions have been recognised for any risks.

Overall, we classify the legal risks as low.

Operational risks

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

Letting risks involve the non-payment of rent and profitability risks due to less profitable new leases or lease renewals. Counterparty credit risk resulting from outstanding rental payments is taken into account in financial year 2022 by way of bad debt allowances amounting to EUR 1.8 million.

We generally try to avoid being dependent on major tenants. In 2022, around 27% of total rental income from the Commercial Portfolio was attributable to the ten largest tenants. These tenants are all renowned tenants with mostly excellent credit standing, primarily from the public sector, and from the telecommunications, automotive and retail industries. No tenant accounts for more than 4% of total letting volume.

In financial year 2023, tenancy agreements in the Commercial Portfolio with a volume of EUR 14.5 million may end, while leases generating income of EUR 6.0 million will be extended periodically without a fixed end date. We assume that, as previously, the overwhelming majority of expiring agreements can be extended, or the space becoming vacant can be let to new tenants. If, for example, 10% of the rental space to become vacant in 2023 is not re-let, this would result in a loss of income of approx. EUR 0.8 million when assuming an annualised rent total of approx. EUR 200.5 million.

Thanks to our effective real estate management platform, we maintain a regional focus on our tenants and seek to achieve long-term tenant loyalty. At 374,900 sqm, letting performance was once again higher in the 2022 financial year than in the previous year and at a record high based on the last five financial years. This letting performance was driven by higher portfolio volumes on the one hand and a large proportion of renewals (some of them early) on the other. Due to increasing levels of uncertainty in planning, many office tenants decided (much as they did during the peaks of the coronavirus pandemic) to retain and expand their existing rental properties. As one of the largest office landlords in Germany, DIC can also increasingly act in an advisory capacity in a changing labour market (with employees enjoying greater bargaining power due to labour shortages and demographic shifts) when it comes to adjusting office space to the world of New Work and ensuring that offices remain attractive and serve the employer's brand in an age of hybrid working models. Even in the current challenging economic situation, the rental market in the logistics sector continues to be characterised by excess demand. This, combined with the high proportion of index-based rents (linked to the consumer price index) in DIC's portfolio, was also a stabilising factor for the Commercial Portfolio.

Our subsidiary DIC Onsite GmbH's eight locations in Germany's top regions allow us to manage letting and tenant credit risks effectively and efficiently. Our local presence and proven expertise in the German real estate market is a central pillar of our portfolio of services – also for our institutional investors. The same applies to the team of VIB, which maintains a very intensive relationship with our tenants.

We classify tenant credit risks as medium overall due to the continuing uncertainty about macroeconomic consequences. Overall, we classify the letting risk as low. There are no changes compared to the classification in the previous year.

Opportunities will arise as vacancy rates fall further and from a future change in the use of office space by existing and potential new tenants. Additional opportunities include rising rental income from indexations due to projected inflation rates.

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

In addition to managing portfolio properties, the subsidiary GEG German Estate Group GmbH focuses on raising additional funds from domestic and international institutional investors, opening up new opportunities in the asset management market, developing and structuring new products, and closely integrating the segment into the overall group.

Opportunities and risks arise in the Institutional Business segment with regard to the expected income, which primarily depends on the volume of assets under management, rental income and transaction activities.

The risks of real estate management fees from transactions are examined in more detail within the “Transaction risk” section. The volume of assets under management can be impacted in particular if transaction activities deviate from those forecast. Lower rental income as well as a negative trend in market values can also weigh on income. Successful transactions can have a positive effect on our earnings, as it might be possible to generate performance-based fees including exit fees.

In light of significant changes in the interest rate environment, surging inflation and ambiguity regarding the effect of the economic weakening on demand for real estate in Germany, planned acquisitions and sales have been subject to delays and rescheduling since mid-2022, a trend that is set to continue from the company’s perspective in 2023 (particularly in the first half of the year).

Another risk could be that we lose our reputation as a provider of institutional investment products, which may jeopardise the launch of new investment products. In order to boost investor confidence, in some instances we hold our own equity stake in each investment product to ensure we share a common interest with our investors. At the same time, our professional asset and property management team manages our individual investment products to ensure that they consistently generate the expected returns.

Investors’ lack of interest or waning interest in our investment products could pose another risk. We are continuously expanding our investor base and the range of products we offer. No committed investor funds were withdrawn during the 2022 financial year. In addition, DIC’s institutional clients remain fundamentally interested in commercial real estate investment products, even in a changed market environment.

DIC now manages 31 investment products, including 16 pool funds, eight club deals and seven separate accounts. Acquisitions totalling around EUR 600 million increased the managed volume in the Institutional Business segment to EUR 10.2 billion during the year under review. The company plans to launch more investment products operationally in 2023, focusing on areas such as logistics, manage-to-ESG and value-add. By doing this, DIC is taking account of shifts in investor demand towards fundamentally robust asset classes and highly profitable investment products.

Opportunities and risks relating to investment income arise especially in connection with rental income from the properties, which may be negatively impacted by bankruptcies and significant rental defaults. Rent increases through indexation, however, can have a positive effect. We minimise these risks with our own effective property management, which manages the properties in our investment products (see “Tenant credit and letting risks”).

Given our expertise, our customer relationships and based on the current and planned activities in 2023, we classify the credit risk from real estate management fees as low overall, as in the previous year.

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

In order to maximise the potential from opportunities and minimise risks, we engaged in pre-marketing the properties before starting project developments and repositioning activities within our proprietary portfolio. We entered into long-term financing arrangements at an early stage and implemented a tight system of project and cost controls. By involving partners in the projects and through contractual agreements, we achieved an appropriate sharing of risk in project developments.

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

Overview of ongoing and completed project developments:

Commercial Portfolio

- **Mönchengladbach-Rheydt – TO HUUS:** Formerly known as Rheydt-Galerie, this property in DIC's proprietary portfolio has around 10,300 sqm of space and was renamed as "TO HUUS" (which means "at home") as part of a local competition. The property was also repositioned using a cross-media marketing campaign with promotions on site, on social media and in local radio advertisements. Overall, an amount in the mid double-digit million euro range was invested in the modernisation phase since 2020. This modernisation included both the business centre and the associated multi-storey car park with 187 parking spaces. Various construction measures within the interior, car park and exterior façade were supplemented by building technology improvements including a new lighting concept, a clear wayfinding system and energy efficiency enhancements. This phase was successfully completed in August 2022 with the installation of façade advertising.

  Following its completion and opening with food retail anchor tenant Netto in the summer of 2022, the building exceeded revenue expectations in the first few months. DIC expects the building to be fully completed in the first quarter of 2023 and is currently in discussions with other renowned retailers. The aim is to fully let the building during the course of 2023.

- **Erding – NEXT HORIZON:** DIC's subsidiary VIB is developing a new business park in Erding, close to Munich Airport. VIB is developing around 73,000 sqm of total rental space on the site in six construction phases. Overall, the site will feature three office buildings, three commercial units for production, logistics and light industry, and a multi-storey car park.

  The properties will be constructed according to the specifications required to obtain DGNB Gold certification. The company will meet electromobility needs by building a multi-storey car park that will install electric charging points as part of a phased approach.

  Preparation of the site is almost complete, and the multi-storey car park is already under construction. The various construction phases will begin once sufficient pre-marketing has taken place. Completion of the various construction phases is scheduled for 2024 and 2025.

Institutional Business

- **Frankfurt am Main – Global Tower:** In the Institutional Business segment, DIC manages the Global Tower project development in Frankfurt am Main. The former Commerzbank high-rise building with 33,000 sqm of space in the heart of Frankfurt's banking district has been comprehensively revitalised since August 2018 and repositioned under the name Global Tower. This 110-metre-tall landmark building supports the digital work models of the future by being flexibly designed and equipped to a high standard. Additional lease agreements were concluded in the fourth quarter of 2022, which meant the building reached a pre-letting rate of around 76% at the reporting date.

Based on current and planned project development and repositioning work for the next twelve months, we classify the risks from property and project development as medium overall. Risk assessment has not changed compared to the previous year.

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

We continuously examine and develop options for expanding our real estate portfolio. If we succeed in leveraging growth opportunities, this could allow us to increase revenues and income. We use real estate sales from the portfolio to lessen cluster risks in the sectoral and regional portfolio structure, realise profits and reduce financing liabilities, thereby also lowering the financial risks (especially by reducing the loan-to-value ratio measured by the LTV and Adjusted LTV key figures).

In the case of purchases, opportunities and risks arise mainly from income and costs deviating from budget, a fact which generally only becomes apparent in the medium to long term. In the case of property sales, the seller usually provides certain guarantees, for example with regard to legal and technical issues. As a result, there is a risk that claims may be asserted against the seller after the sale for breach of warranty obligations. There is also the risk in transactions that the planned figures may not be achieved due to sudden changes in the macroeconomic environment or property-specific issues. In the second half of 2022 in particular, players on the transaction market adopted a wait-and-see approach.

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

The cross-segment acquisition volume in 2022 stood at around EUR 2.9 billion, divided into around EUR 2.3 billion for the Commercial Portfolio and around EUR 640 million for the Institutional Business. On the sales side, the adjusted sales target for the Commercial Portfolio of EUR 400 to EUR 500 million was met with a volume of EUR 393 million. A total volume of around EUR 3.3 billion was transacted in 2022. This raises assets under management to around EUR 14.7 billion as at 31 December 2022, of which around EUR 4.5 billion is attributable to the company’s Commercial Portfolio and approximately EUR 10.2 billion to the third-party business.

There is a risk that the difficult market environment will continue to prevail in the next twelve months. Accordingly, we see a risk here in connection with the generation of income from the transaction business.

Our planning for 2023 also contains income and profits resulting from acquisitions and sales. Should we exceed or fail to meet the projected transaction volumes, this could change our earnings forecast positively or negatively. Aside from the risks and opportunities that may arise outside the company on the transaction market (cf. Risks in the external environment, “Real estate sector”) or from the requirements to obtain consent from investors in the Institutional Business segment, we consider it unlikely that we will have to deviate substantially from our planning for 2023.

Based on current and planned transaction activities for the next twelve months and factoring in the current market situation, we classify the transaction risk as medium overall. This means that the risk in the current year is regarded as higher than in the previous year.

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

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

Overall, we classify the location and property risks as low. No change was made compared to the previous year's assessment.

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

Since the 2016 financial year, the internal data centre has been connected to an external provider, further reducing the risk of IT failure. In late 2018, we began to move our physical server and e-storage infrastructure to a private cloud architecture and have continued this process since then. This step, which has already been completed to a very large extent, accelerated our process speed, thereby further enhancing fail safety.

As a result of the precautions and security measures taken, we classify the technological risks as medium overall, as in the previous year.

Personnel risks
Competent, committed and motivated employees are a great opportunity for DIC's successful development. This is why we are endeavouring to be perceived as an attractive employer. To develop skills, we focus above all on systematic human resources marketing, the practical promotion of young talent and targeted professional training. Our goal is to open up attractive prospects for personal development and support staff with particular potential. Key positions are regularly analysed with regard to anticipated succession planning and appropriate internal candidates are prepared for these roles. Further elements include target-group oriented support and advice and attractive incentive systems, such as the employee participation programme that has been in place since 2022.

Personnel risks arise, most notably, from high-performers leaving the company and from attracting suitable new employees amid the current shortage of skilled workers.

In light of these measures, as in the previous year we classify personnel risks as low overall.

Political, social, regulatory and environmental risks

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

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

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

The classification of risks arising from the short-term change in the regulatory environment as low remains unchanged compared to the previous year.

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

- **Physical climate risks**
  For DIC, physical risks include acute weather events and natural hazards such as storms, heavy rain, earthquakes, floods and forest fires.

  Our portfolio is concentrated on the commercial and logistics real estate markets in Germany. Significant and lasting climate change increases the direct and indirect risks to the real estate portfolio's building stock. Despite Germany's fundamentally moderate climate, it can be assumed that the country will experience more extreme weather events such as storms, hail, flooding and heavy rain in the future. These events could cause physical damage to a building's structure or envelope, for example. In such cases, the risk to DIC mainly consists of the financial cost of any necessary repairs as well as rent defaults that may arise from limited use of a building due to damage. Such events may also result in cost increases or exclusions of liability within building insurance policies.

The indirect consequences of extreme weather events could also lead to financial risks for DIC. For example, such weather events could interrupt transport chains or cause financial losses for our tenants that may mean they are no longer able to meet their financial obligations or reduce their space requirements.

Potential physical risks to properties within the Commercial Portfolio were assessed in 2022 as part of a physical risk assessment that took into account databases of climate threats and natural hazards such as NATHAN. This assessment provides the basis for carrying out further analysis and developing any mitigation measures for identified risks that may be required.

All properties already have appropriate insurance cover that encompasses the identified risks.

We tackle physical risks by continually updating our physical risk assessment, ensuring that our properties have sufficient insurance cover against climate threats and natural hazards and, where required, implementing suitable construction and organisational measures within the buildings.

- **Transitional climate risks**
  Transitional risks for DIC result from the transition to a decarbonised economy arising from changes in policy, regulation, technology and consumer preferences.

  The amendment of the Federal Climate Change Act (Klimaschutzgesetz) in 2021 tightened national climate targets further. The act now aims to reduce greenhouse gas emissions by 65% (previously 55%) by 2030 compared to 1990 levels and for Germany to achieve greenhouse gas neutrality by as early as 2045 (previously 2050).

  New regulations and stricter laws on energy efficiency and emissions requirements may necessitate increased spending on modernisation or directly result in additional costs for tenants and landlords (e.g. carbon cost allocation resulting from the Federal Fuel Emissions Trading Act (BEHG) or the EU Emissions Trading System (EU-ETS)). The German Renewable Energy Sources Act (EEG) sets out among other things that from 2025 more than 40% of energy consumed in Germany must be generated from renewable sources. Future amendments by the legislature, e.g. in the Building Energy Act (GEG) could require significant changes in the construction or conversion of real estate and lead to stricter energy efficiency requirements in the areas of asset and property management.

Global warming and climate change may cause user behaviour to change in the medium to long term. Tenants' consumption of energy and water, and thus their operating costs, could increase. Tenants will place greater emphasis on sustainability-certified or energy-efficient space and buildings in the future due not only to the current energy crisis but also to a general increase in awareness of sustainability issues. Properties that do not meet these more stringent requirements may experience falling demand from tenants and investors and may also suffer losses in value along the entire real estate value chain. There is expected to be increased demand for energy-efficient properties from tenants and investors.

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

DIC has the expertise required to manage the risks and opportunities that arise from the transition to a decarbonised economy. DIC has strengthened its ESG team further since the previous year, while its ESG Committee ensures that shifting parameters are constantly reviewed and any necessary adjustments are embedded within operating processes.

In addition to the Chairwoman of the Management Board, who is ultimately responsible for sustainability, and the Head of Sustainability, DIC's ESG Committee also includes executives from every business unit. The Committee's task is to make important cross-department decisions on the ESG strategy's focus and to manage RSG risks. This ensures that ESG strategy, targets and risk management are integrated and implemented across all business units.

DIC's approach is to develop its proprietary portfolio based on DIC-specific environmental and governance criteria, acquire suitable properties and sell unsuitable ones, let and manage properties sustainably, and use construction, technical and innovative techniques to develop the managed real estate portfolio. DIC has set itself the goal of reducing greenhouse gas (GHG) emissions per square metre in its Commercial Portfolio by an average of 40% by 2030, compared to the 2018 baseline year.

To achieve this target, we are working in close collaboration with external sustainability experts on the creation of a climate pathway for our Commercial Portfolio. This climate pathway will establish a framework for upcoming actions while also providing guidance for prioritising the various activities. As part of this planning, work is now proceeding on a series of organisational and technical measures, some of which have already been implemented. These include saving energy by a more efficient deployment of existing systems, staff training, tenant participation, increasing the proportion of green power used and procuring green gas to further reduce carbon emissions, the use of metering equipment with remote polling functionality, and the targeted use of district heating, CHP pumps and PV systems.

Strategic initiatives are also being pursued, such as a targeted portfolio strategy that leverages carefully tailored purchase and sale policies. Thanks to our climate pathway, we can determine which of these measures goes the furthest to achieving our climate target and at which point in time.

Our Sustainability Reports provide a transparent and comprehensible account of our sustainability strategy and targets as well as their implementation. A summary of this reporting can be found in the section entitled "Environmental, Social, Governance" starting on page 78.

Overall, we classify climate and environmental risks as low and thus lower than in the previous year.

Financial risks

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

At present, our financing is primarily based on fixed-interest loans, although derivative financial instruments can also be used selectively for interest rate hedging. As at 31 December 2022, 88% (previous year: 87%) of our financing volume (not including the VIB Bridge) was hedged against interest rate change. An increase in interest rates of 100 basis points would reduce our cash flow by an additional EUR 7.1 million (of which EUR 4.0 million would relate to the VIB Bridge). As at 31 December 2022, the average interest rate across all financial liabilities (not including the VIB Bridge) amounted to 1.9% (previous year: 1.8%). Further information about interest rate risks can be found in the consolidated notes.

We further optimised our borrowing costs in the previous year by agreeing attractive financing terms in connection with refinancing a large part of DIC's existing portfolio ahead of schedule. All financing was agreed on a non-recourse basis with domestic credit institutions. The company selected its banking partners in competitive processes that weighed up conditions, structure, transaction security and timing. The overall new financing volume for loans secured by real estate for DIC in 2022 totalled around EUR 19.2 million, with an average interest rate of 2.0% p.a.

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

To ensure a viable and sustainably stable financing structure, we only agree loans and derivative financial instruments with banks with which we can build on a reliable and long-term partnership and which have excellent credit ratings or are members of a guarantee fund. DIC's real estate portfolio is financed on a property or portfolio basis. Financial risks do not therefore have a direct or unlimited impact on the group as a whole (non-recourse financing). DIC has agreed a customary level of credit with financial covenants (loan agreement clauses imposing financial ratios). If the company fails to comply with these clauses, capital providers could modify their credit terms or demand the repayment of some loans at short notice, which would have negative financial implications. Essentially, the following covenants apply:

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

No shares in DIC serve as collateral or parameters for any of our loan agreements. Compliance with credit clauses is monitored continuously and proactively through risk management in the Corporate Finance division; all covenants were complied with throughout 2022. Deviations from defined threshold values are identified through ongoing sensitivity analyses and presented to the Management Board without delay, and the type and scope of the countermeasures to be taken are determined. The conclusion of affordable long-term financing has been a material condition for the investment decision for all new acquisitions.

The liquidity risk consists of the risk that, due to insufficient availability of funds, the company is unable to meet existing or future payment obligations or has to accept unfavourable financing terms in order to meet cash shortfalls. In the group, this risk is managed centrally on the basis of multi-year financial plans and monthly rolling liquidity planning of long-term credit lines and liquid funds to ensure the solvency and financial flexibility of the group at all times. Cash is passed on to group companies as required under cash pooling arrangements. DIC's financing and liquidity requirements for its operations are secured for the long term and are based on the cash flow from our properties and investments, which can be planned long-term. Liquidity is mainly held in the form of call and term deposits. The company also has free guarantee facilities in the amount of approx. EUR 73,8 million at its disposal.

In addition to existing bank credit lines and guarantee facilities, a working capital facility of EUR 25.0 million with a major German bank is in place. This unsecured financing is available without payment requirements and increases financial flexibility at group level. As of the reporting date, an amount of EUR 8.5 million has been drawn down.

DIC also launched a commercial paper programme at the end of 2019. The commercial paper market has changed a great deal in recent years and perfectly complements DIC's mostly long-term financing structure. The programme's volume is limited to EUR 300 million. DIC will use the commercial paper product selectively and only as long as repayment is guaranteed. We have not exercised this option as at the reporting date.

In 2022, DIC completed the placement of additional promissory note tranches with a volume of EUR 100.0 million. The new issue was again ESG-linked, which ties interest rates to reliably measurable sustainability metrics.

Further information about financing and liquidity risks can be found in the consolidated notes.

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

Overall, we classify the risks arising from financing as medium, an increase compared to the previous year.

Valuation risk

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

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

Sensitivity calculations were carried out as at the reporting date in order to quantify possible valuation risks. The sensitivity analysis shows, by way of example, how market values react to changes in the discount rate and capitalisation rate. If the discount rate increases by 25 basis points, for example, market values will drop by EUR 85.1 million. If the capitalisation rate increases at the same time by 25 basis points, the drop will increase to EUR 251.0 million. Since our financial statements are prepared using the cost model (IAS 40.56), variations in market value do not have a direct effect on the balance sheet or the income statement. Impairments are only recognised if the carrying amounts exceed the fair values and values in use of the properties.

As property is recognised at amortised cost, declining market values do not simultaneously trigger a need for write-downs at DIC.

Overall, we classify the valuation risk as medium, an increase compared to the previous year. Opportunities which may arise as a result of a property increasing in value because of measures we have undertaken are exploited and realised selectively through sales.

Sensitivity analysis

Change in the market value of properties in the Commercial Portfolio

Scenarios for a change in the discount rate	Scenarios for a change in the capitalisation rate: +0.25%	0%	-0.25%
+0.25%	-251.0 EUR million	-85.1 EUR million	+101.8 EUR million
0%	-170.3 EUR million	+/-0.0	+193.1 EUR million
-0.25%	-86.3 EUR million	+87.4 EUR million	+285.9 EUR million

Overall assessment of the risk and opportunity position

The German Corporate Governance Code calls for disclosures on the ICS and the RMS that go beyond the legal requirements for the management report and are thus exempt from the auditor's review of the contents of the management report. These disclosures can be found in the section entitled “Corporate governance statement”.

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

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

The risk and opportunity situation is mainly characterised by:

Earnings opportunities/risks from...

...Rental income

Numerous extensions of existing leases helped secure and stabilise our tenant base. The linking of rent levels to the consumer price index, which is typical in the commercial property sector, has also had a stabilising effect in an environment of increased inflation. Sensible additions to the Commercial Portfolio by acquiring VIB property occupied by tenants with good credit ratings also contributed to reducing the risk of rent losses.

...Real estate management fees

The continued growth in the base of assets under management in the Institutional Business segment in the 2022 financial year and the expansion of VIB’s two-pillar business model further added to the opportunities of DIC’s third-party business to raise additional funds and launch further investment products.

Strategic opportunities/risks

Our powerful real estate management platform enables us to focus on active management of the directly held Commercial Portfolio as well as our growing Institutional Business segment. In 2023, DIC will specifically focus on operational excellence and generating an increasing share of predictable long-term cash flows based on a sound balance sheet and financial structure. By focusing on operational excellence, pooling all financing and capital markets work within the CEO’s scope of responsibilities, and bringing together the logistics business under the umbrella of VIB as already announced in the fourth quarter of 2022, DIC is enhancing its positioning and strength for the next phase of the market.

Financing opportunities/risks

We were able to significantly reduce our financing costs and increase the maturity of our loans and borrowings by repaying our existing syndicated loan and refinancing a secured loan of around EUR 550 million in the previous year. As a result, we have reduced the financing risks further in the medium term. In 2023, DIC’s financing activities will focus, among other things, on repaying the Bridge associated with the acquisition of a controlling majority in VIB. The aim is to reduce this loan in several increments until it matures.

As a result, DIC’s overall risk profile remained stable in 2022 compared with the previous year. Having a business model comprising a comprehensive range of services with broad coverage of the real estate value chain in DIC’s real estate platform enables us to generate diversified, steady cash flows from ongoing rental income, transaction, structuring and management fees, and attractive income from investments. We will efficiently create economies of scale and investment opportunities from the symbiosis of our capital and financial structure as a traditional real estate property holder and the long-standing expertise of a real estate manager.

Report on expected developments

Achievement of objectives for 2022

We achieved the targets and associated key performance indicators most recently forecast in November 2022 and set out several important strategic milestones for the further development and reliable continuity of DIC:

- We were able to expand our diversified real estate platform significantly during the past financial year. In particular, the acquisition of VIB in the first half of 2022 significantly expanded investments in the proprietary portfolio, sharply increasing recurring cash flows from rental income. The acquisition considerably increased the share of logistics properties in the company's proprietary portfolio in particular, making it the largest asset class in the Commercial Portfolio at the end of the year.

- We also succeeded in achieving our latest third-party investment targets by the end of 2022 as planned despite a challenging transaction market: For the company's third logistics fund, we began internationalising our management platform by making our first investments outside Germany in the Netherlands. VIB also launched a new investment product focusing on retail properties at the end of the year.

- Thanks in no small part to the acquisition of VIB, we were able to achieve a key ESG target ahead of schedule, with Green Buildings representing 31% of our holdings at the end of 2022 (our original target was to increase this figure to more than 20% by the end of 2023). We also achieved marked improvements in our ESG ratings.

In light of significant changes in the interest rate environment, surging inflation caused by factors including the war in Ukraine, and ambiguity regarding the effect of the anticipated economic weakening on demand for real estate in Germany, planned acquisitions and sales were subject to delays and rescheduling, particularly from the second half of the year. DIC's Institutional Business was particularly affected by this during the past financial year, as its revenues and income from management fees are more dependent on the transaction market than those of the Commercial Portfolio segment, which primarily generates its income from rents. As a result, the forecast for the 2022 financial year initially updated after the completion of the VIB acquisition was adjusted again for several key figures in November 2022:

- The updated target for FFO was EUR 114 to 117 million (previously: EUR 130 to 136 million) and EUR 90 to 95 million for real estate management fees (previously: EUR 105 to 115 million). With EUR 114.2 million of FFO, we achieved our most recent target. FFO grew by around 7% year-on-year. Real estate management fees were only slightly below their guidance corridor at EUR 88.4 million amid a challenging market environment.

- Significant demand for contract extensions in 2022 and considerably higher gross rental income from the majority interest in VIB as expected played a key role in this context. At EUR 176.0 million, this figure reached the target corridor of EUR 170 to 180 million for gross rental income.

- We largely achieved our transaction targets with acquisition volume of EUR 640 million in the Institutional Business (target: EUR 650 to 700 million) and a sales volume of EUR 393 million in the Commercial Portfolio (target: EUR 400 to 500 million). Apart from one acquisition at the start of the year, the acquisition side of the proprietary portfolio was dominated by the EUR 2.3 billion takeover of VIB. As planned in November, the company has stopped carrying out sales from the third-party business until the end of 2022 (previously: EUR 400 to 600 million).

Overall assessment for 2023

We anticipate a persistently cautious market environment and low levels of activity on the transaction market in the 2023 financial year, particularly in the first half of the year. Overall, we expect the environment in the rental market to be stable to positive for DIC.

Due to the sustained high rates of inflation, there is still potential for rental growth in 2023 thanks to the indexation of lease agreements, with around 91% of the annualised rental income in the Commercial Portfolio tied to the consumer price index at the end of 2022.

We aim to further reduce our loan-to-value ratio (LTV) gradually to less than 50%. We aim to do this by using funds from the sale of properties from our proprietary portfolio. These properties consist of non-strategic properties as part of portfolio optimisation on the one hand, and properties and portfolios for future investment strategies in the Institutional Business on the other.

The VIB acquisition expanded the logistics asset class's share of the total market value of the proprietary portfolio to 39% during the past financial year. We want to keep this share at this level while simultaneously maintaining our focus on the office asset class. We are aiming to continue pushing ahead proportionately with the internationalisation we have already begun in the logistics sector.

Our assets under management across all segments rose to around EUR 14.7 billion at the end of 2022. We are planning to reduce the size of the Commercial Portfolio by selling property to optimise our balance sheet and financial structure and make additional investments for the Institutional Business as part of new and existing mandates. As we are planning to do the latter from the second half of the year in particular, we anticipate stable to slightly rising assets under management by the end of 2023.

We continue to focus on implementing our targets and refining our everyday operating processes as part of our ESG strategy. Our ESG activities in 2023 will focus on implementing initiatives to further reduce our CO_2 consumption per sqm by 40% by 2030.

Macroeconomic environment in 2023

Our report on expected developments concerning the macroeconomic environment is based on the analysis of primary data from early indicators. We have also analysed a series of publications by relevant economic research institutes and organisations. To assess the situation in the sector, we draw on analyses published by highly regarded estate agents in addition to the indicators from our own business. The following statements reflect the mid-range of our expectations.

The economic outlook brightened a little towards the end of 2022. In particular, wholesale electricity and gas prices fell once more, although they are still at a high level. Inflation is expected to remain high in 2023. According to forecasts from ifw Kiel, while real disposable income and consumer spending will shrink further, the scope and extent of this downturn is difficult to predict. As a result, ifw Kiel's 2022 Winter Report only anticipates low economic growth of 0.3% for 2023.

Due to the ongoing phase of economic weakness from a full-year perspective, JLL expects demand to fall by around 10%. Office leases are traditionally dominated by the service sector. According to JLL, business service providers have accounted for 17% of rental income on average over the last ten years. In addition, industrial companies are often looking for office space on a larger scale and are in second place over the long term with an average share of rental income of almost 13%. However, this percentage fell to 8% in 2022 due to the current supply chain, inflation and energy crises. With this in mind, JLL expects the market to split into energy-intensive sectors such as the chemicals industry and steel production on the one hand and less energy-dependent segments such as the pharmaceutical sector on the other. JLL predicts that vacancy rates in the top office locations will rise by 60 basis points to 5.5% for the full year. This trend is being driven by new ways of working in particular, with more space being vacated overall than that being added as part of new leases. A considerable increase in prime rents was observed most recently, with demand for top properties in the best locations likely to remain strong and consistently high in 2023. Given the current employee environment, companies – particularly business service providers – are prepared to invest more in their own office space. At the same time, there are signs that the ancillary cost pressures (particularly those for electricity and gas) are easing slightly. Against this backdrop, JLL expects prime rents to continue rising overall.

In the logistics rental market, experts from Colliers are anticipating a decline in take-up across all top 8 markets in 2023, primarily as a result of ongoing supply shortages. Generally speaking, demand will remain high. New patterns of consumption and the increasing prevalence of e-commerce have already been shaping demand for space in the logistics sector for several years. The fact that the flow of goods is still being impacted by the pandemic and the war in Ukraine are causing tenants to rely increasingly on locations within Europe. This means there is higher demand for buffer stores to maintain uninterrupted delivery capabilities.

We see additional opportunities in the office and logistics rental markets for DIC to achieve high take-up in our managed property portfolio and further optimise key performance indicators such as occupancy rate and rent growth at property and portfolio level.

In the transaction market, there are still significant differences in price expectations between buyers and sellers. These differing expectations are another important reason why many buyers and sellers alike are being so cautious. However, the reticence seen among many investors also opens up opportunities for those investors less severely affected by the turnaround in interest rates, particularly buyers with plenty of equity. The market environment is also becoming increasingly attractive to investors with an appetite for risk, particularly in the value-add segment. The fall in new build volumes over the coming years caused by rising interest rates and construction costs will also benefit value-add investors. In addition to focusing on value-add investments, new ESG requirements also offer further potential for investors, property owners and tenants and will shape demand to an even greater extent in 2023. DIC sees opportunities to implement “manage-to-green” investment strategies here, among others.

In addition, several investors may still need to recalibrate in 2023 after both equities and bonds recorded losses in 2022, which may lead to an increase in sellers in the real estate market in relative terms. At the same time, however, experts at Colliers anticipate a rise in buyer demand, albeit not at the same level as in the years prior to the turnaround in interest rates. As a result, commercial property is expected to generate less than EUR 50 billion in revenue for the full year. While we expect investor reticence to initially persist in the first half of 2023, it is likely to steadily abate thereafter. With many investors still under significant pressure to invest, an uptick in market activity is plausible provided that the gap in price expectations between buyers and sellers shrinks accordingly. Investors are keen to see an end to interest rate rises before making any investment decisions.

According to the European Central Bank’s forecasts, inflation is likely to weaken further during 2023 before levelling off at 6.3%. According to Colliers, insurance companies, pension funds and private investors will have to deal with declining purchasing power and assets as long as the inflationary environment persists. Commercial properties in particular provide opportunities for the frequent use of index-linked lease agreements here. We are not expecting any significant reduction in the share of properties by investors on the DIC platform in 2023.

In addition to the office asset class, there was also a marked surge in demand for logistics properties, which have established themselves as the second-strongest asset class in the investment market. Due to high demand combined with low supply and rising rents in the industrial and logistics real estate market, the prospects for further growth in purchase prices from the second half of 2023 onwards are looking good. A shortage of properties and rising construction costs have been shaping the competitive landscape for years. As a result, demand for logistics space in locations with good transport links will cause competition in the logistics market to intensify even further in 2023. Low levels of new construction activity have previously caused the gap between rents for existing properties and new builds in locations with particularly low vacancy rates to steadily shrink in the past. In addition, all top 8 logistics regions are experiencing accelerated growth in rents due to a combination of low supply and high demand. As a result, we believe our strategic decisions and the acquisition of VIB put us in an excellent position in the logistics asset class to leverage further opportunities and potential value within the DIC group. VIB also has an attractive development pipeline totalling around 156,000 sqm that we will market over the coming months and years.

Expected trends in key performance indicators

Generating profits on sales and management fees from transactions
With market activity set to rise in the second half of 2023, we see opportunities to continue to leverage the potential of the properties in both segments.

Based on real estate assets under management of around EUR 14.7 billion at the year-end, we expect the performance of our real estate platform to remain stable or improve slightly for 2023. Overall, we are planning transactions across all segments with a volume of between EUR 0.7 and 1.5 billion for 2023.

Further acquisitions amounting to around EUR 0.3 to 0.8 billion are only planned for the Institutional Business in 2023, both for existing mandates and as part of new mandates and investment vehicles. No acquisitions are planned for the proprietary portfolio (Commercial Portfolio).

As a result, we are targeting sales across all segments with a volume of between EUR 400 and 700 million for 2023. Of this figure, around EUR 300 to 500 million is attributable to the Commercial Portfolio and around EUR 100 to 200 millionto the Institutional Business.

Development of the Commercial Portfolio
By carrying out targeted sales of properties from our Commercial Portfolio representing a total value of around EUR 4.5 billion at the reporting date, we are aiming to realise value and use the resulting funds for refinancing purposes and to optimise our balance sheet and financial structure, among other things. Based on the current portfolio, planned letting performance, further sales recognised on the balance sheet in the current financial year and the consolidation of VIB for a full year, we expect gross rental income from the Commercial Portfolio to increase and come in between EUR 185 and 195 million.

Development of the Institutional Business
Real estate management fees in the Institutional Business consist of (1) fees for ongoing management (asset and property management and developments), (2) transaction fees for acquisitions, sales and the structuring of investment products, and (3) performance fees for exceeding predefined target returns. Given the persistently challenging market environment, we are anticipating significantly lower transaction-based management fees compared to previous years. Overall, we are planning to generate real estate management fees of EUR 70 to 80 million in 2023.

Increasing the proportion of recurring cash flows from both business segments
As we will continue to focus on the further optimisation of our portfolios and cash flows in the 2023 financial year, we expect FFO (after minority interests, before tax) of between EUR 90 and 97 million. The main reason why FFO is expected to be lower than in the previous year is due to the persistently challenging environment in the real estate investment market. In light of changes in the interest rate environment since 2022 and the ongoing lack of clarity about what impact a weaker economy is likely to have on demand for real estate in Germany, we expect delays to acquisitions and sales in the first half of 2023 in particular that will affect the anticipated FFO in the 2023 financial year, with lower transaction-based management fees expected in the Institutional Business in particular.

Our goal is also to increase recurring cash flows from both business segments. During the past financial year, the sum of net rental income and recurring management fees was around 78% of the sum of net rental income and all fees. For 2023, we are aiming for a comparable or higher percentage.

Material assumptions for the business forecast

- This forecast does not take into account inorganic growth from initiatives such as the acquisition or takeover of companies.
- There will not be any outbreaks of previously unknown pandemics (comparable to Covid-19) that could result in a further deterioration in and restrictions on public life.
- Global trade conflicts will not expand significantly.
- There will be no major escalations of geopolitical tensions.
- There will be no new sovereign debt crisis in the eurozone.
- There will be no resurgence of the banking crisis in the eurozone.
- The German economy will grow slightly by 0.3% and will not fall into a deep and lasting recession.
- The energy crisis will ease instead of escalating further.
- Other leading indicators or economic factors such as the unemployment rate will not deteriorate significantly
- The rental market and lease revenue will not deteriorate significantly year-on-year during the 2023 financial year.
- Inflation will not see a further unexpectedly high increase.
- The control measures introduced by the European Central Bank (ECB) will begin to take effect during the current financial year, with no further unexpected rises in key interest rates required.
- Banks will not tighten the requirements of their lending policies further to such an extent that they restrict transaction activity.
- No new, unforeseen permanent or temporary regulatory changes and regulations will come into effect and have massive monetary consequences.

Other disclosures

Annual financial statements of DIC Asset AG

Net assets, financial position and results of operations

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

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

Overall, we view the business situation of DIC Asset AG as positive. Our business model of serving the full real estate value chain for our own portfolio and the portfolios of institutional investors managed by DIC, and dynamically creating value has again proven to be very robust in what has been another financial year that was impacted by the Covid-19 pandemic and additional negative geopolitical factors. The net assets, financial position and results of operations of DIC Asset AG in 2022 were mainly determined by the acquisition of a 68% interest in VIB Vermögen AG via a DIC subsidiary, acquisitions and sales in the Commercial Portfolio segment, and the continued growth seen in the Institutional Business segment. While a significant portion of the investment income generated by the investees in the Commercial Portfolio, and for the first time also by VIB, resulted from transaction income, the investment income of the investees in the Institutional Business consists mainly of transaction-related real estate management income. Overall, we generated investment income of EUR 115.5 million (previous year: EUR 60.7 million) in the financial year ended.

At EUR 25.3 million, revenue was lower than the prior-year figure of EUR 39.0 million. As in the previous year, this figure mainly includes revenue from the structuring of transactions for the Institutional Business segment, for which DIC provided the service directly. Revenue also includes proceeds from consulting and other services provided to subsidiaries. At EUR 16.1 million, personnel expenses in the year under review were similar to the prior-year figure of EUR 16.5 million. At EUR 32.1 million, other operating expenses were EUR 4.8 million higher than in the previous year (previous year: EUR 27.3 million), an increase that was mainly triggered by costs incurred in connection with the VIB transaction. At EUR –17.0 million, earnings before interest, taxes and the share of the profit of associates were down EUR 15.8million on the previous year (previous year: EUR –1.2 million), which was mainly due to the higher revenue and lower other operating expenses seen in the previous year. Interest expenses resulting from our bonds and promissory notes and from the bridging loan for the acquisition of the interest in VIB amounted to EUR 38.0 million (previous year: EUR 19.7 million). The increase in interest expenses by a total of EUR 16.5 million is attributable to the Green Bond issued in September 2021 for a total of EUR 400 million, the ESG-linked promissory note loan with a volume of EUR 280 million issued in 2021, the ESG-linked promissory note loans with a volume of EUR 100 million issued in this financial year, and the bridging loan for the VIB transaction with a volume of EUR 400 million, which was still in place on the reporting date.

The positive balance of interest due to subsidiaries and investees and income from long-term loans totalled EUR 8.9 million during the year under review, a year-on-year decrease of EUR 12.1 million (previous year: EUR 21.0 million). Loans of DIC Asset AG with subsidiaries have been transferred to a separate subsidiary as part of intra-group restructuring of loan relationships. This explains the reduction in the positive interest balance.

Overall, DIC Asset AG again achieved an increase in net income for the year of EUR 62.6 million (previous year: EUR 61.0 million). All of this means that we once again concluded a successful financial year despite persistent challenges.

Long-term financial assets totalled EUR 2,006.7 million as at the reporting date, an increase of EUR 576.3 million (previous year: EUR 1,430.4 million). This was primarily due to an increase in investments in affiliated companies resulting from the restructuring of intra-group loan relationships.

Receivables from affiliated companies and investees decreased by EUR 357.6 million (–50.0%) to EUR 359.4 million. At the same time, the corresponding liabilities decreased by EUR 288.4 million to EUR 34.9 million. Overall, our commitment to related entities, consisting of financial assets as well as receivables from and liabilities to affiliated companies and investees as of 31 December 2022, rose by EUR 506.3 million, from EUR 1,824.1 million to EUR 2,330.4 million (+27.7%), which is mainly attributable to the indirect acquisition of the 68% interest in VIB.

The company's equity increased by EUR 19.1 million from EUR 1,059.4 million to EUR 1,078.5 million (+1.8%), mainly due to the excellent net income and another successful implementation of a non-cash capital increase for the scrip dividend. The cash dividend amounting to EUR 43.5 million had an offsetting effect. Borrowed capital decreased by EUR 39.9 million, from EUR 1,534.2 million to EUR 1,494.3 million. The reported equity ratio was robust at 41.9%, similar to the prior-year figure of 40.9%.

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

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

For 2022, we had forecast net income for the year on a par with the previous year of EUR 61.0 million. We marginally exceeded this target, generating net income for the financial year of EUR 62.6 million.

For 2023, we expect net income for the year to be below the level of the previous year based on a continuation of the difficult economic conditions and restrained transaction activity, especially in the first half of 2023 and a reduced contribution to earnings due to lower transaction activity in the Institutional Business. We expect to continue our consistent dividend policy in the coming year. For further information, please refer to the group’s report on expected developments starting on page 105.

Related parties

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

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

Related party disclosures in accordance with IAS 24 can be found in the notes to the consolidated financial statements. Information on the remuneration of Supervisory Board and Management Board members is provided in the remuneration report, which is available on the corporate website in the Corporate Governance section.

Disclosures and explanations required under takeover law

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

Composition of subscribed capital

The subscribed capital in the amount of EUR 83,152,366.00 consists of 83,152,366 registered no-par value ordinary shares. There are no other classes of shares. Pursuant to section 67 (2) AktG, rights and obligations arising from shares exist in relation to the company only for and against the person entered in the share register. All shares convey the same rights and obligations. Each no-par value share grants the holder one vote at the General Shareholders' Meeting. This excludes any treasury shares held by the company itself. The company will have no rights based on these shares. The voting right begins when the statutory minimum deposit has been made on the shares. The individual rights and obligations tied to the shares arise from the provisions of the AktG, in particular sections 12, 53a et seq., 118 et seq. and 186.

Direct and indirect shareholdings exceeding 10% of voting rights

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

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

The appointment and dismissal of members of the Management Board is based on sections 84, 85 AktG and article 7 of the Articles of Association. Pursuant to article 7 (1) of the Articles of Association, the Management Board consists of at least one person. The Articles of Association do not contain any special arrangements for the appointment or dismissal of individual members or all members of the Management Board. The Supervisory Board has the power to appoint and dismiss Management Board members. It appoints members of the Management Board for a maximum term of office of five years. Members may be reappointed or their term may be extended for a maximum of five years in each case subject to section 84 (1) sentence 3 AktG. Amendments to the Articles of Association are made in accordance with sections 119 (1) no. 5, 179, 133 AktG as well as articles 9 (6) and 14 of the Articles of Association. The Articles of Association do not specify any further requirements for amendments to the Articles of Association. Unless required otherwise by law, the resolutions of the General Shareholders' Meeting shall be passed with a simple majority of the votes cast. In the event that the law stipulates a capital majority in addition to the majority vote, resolutions shall be passed with a simple majority of the share capital represented at the time the resolution is passed. The Supervisory Board is authorised to make amendments to the Articles of Association that concern only their wording.

Powers of the Management Board to issue and buy back shares

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

Authorisation to purchase own shares

By virtue of the resolution adopted by the ordinary General Shareholders' Meeting of 24 March 2022, the Management Board is authorised, with the prior approval of the Supervisory Board, to acquire own shares until 23 March 2027 representing up to 10% of the lower of the company's share capital at the date of the resolution or at the date the authorisation is exercised. At no time may the acquired shares together with other treasury shares in the possession of the company or allocated to it under sections 71a et seq. AktG represent more than 10% of the share capital. The authorisation may not be used for the purpose of trading treasury shares. The authorisation may be exercised in whole or in part, once or repeatedly, for one or more than one purpose, by the company or by companies dependent on it or majority-owned by it, or by third parties acting on their behalf or on behalf of the company. At the Management Board's discretion, and with the prior approval of the Supervisory Board, shares may be purchased through the stock exchange or based on a public offering directed to all shareholders or a public invitation to all shareholders to submit offers to sell. The volume of the public offering directed to all shareholders or the public invitation to all shareholders to submit offers to sell may be restricted. Insofar as the volume of the offered shares exceeds the planned repurchase volume in the case of a public offering or a public invitation to submit offers to sell, the acquisition can take place proportionate to the shares subscribed to or offered in each case; to this extent, the shareholders' right to offer their shares proportionate to the percentage of shares that they hold is disapplied. A preferential acceptance of smaller numbers up to 100 offered shares per shareholder can be stipulated, as can commercial rounding to avoid arithmetic fractions of shares. To this extent, any further right of the shareholders to tender shares is disapplied. The public offering directed to all shareholders or the public invitation to all shareholders to submit offers to sell may stipulate further conditions.

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

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

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

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

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

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

As at 31 December 2022, the company held no treasury shares. It has not made use of the authorisation described above.

Authorised capital

The Management Board has been authorised by a resolution adopted at the ordinary General Shareholders' Meeting on 24 March 2022 to increase the company's share capital with the approval of the Supervisory Board by a total of up to EUR 16,372,232.00 until 23 March 2027 by issuing new no-par value registered shares once or repeatedly in return for cash contributions and/or contributions in kind (Authorised Capital 2022). As a rule, the shareholders are to be granted a pre-emptive right when authorised capital is utilised. The shares may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right). However, the Management Board is authorised with the approval of the Supervisory Board to disapply the pre-emptive rights of shareholders

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

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

- if the capital increase is carried out in return for a contribution in kind, in particular for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets associated with an intended acquisition, or in connection with business combinations;

- to the extent it is necessary to grant pre-emptive rights for new shares to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights and/or conversion obligations that were or will be issued by the company or companies in which the company holds a direct or indirect 100% interest in the volume to which they would be entitled as shareholders after exercising the option rights and/or conversion rights or fulfilling the conversion obligations.

As of 31 December 2022, the Management Board has not made use of the authorisation described above.

Contingent capital

By virtue of the resolution adopted at the ordinary General Shareholders' Meeting of 24 March 2022, the Management Board is authorised, with the approval of the Supervisory Board, to issue registered or bearer convertible bonds or bonds with warrants (together, "bonds") with or without limitation of maturities on one or more occasions until 23 March 2027 in a total nominal amount of up to EUR 600,000,000.00, and to grant to holders and/or creditors of bonds conversion or option rights (which may include a conversion and/or option obligation) to no-par value registered shares in the company representing a proportionate amount of the share capital of up to EUR 16,372,232.00 in total, subject to the terms of the convertible bonds and/or bonds with warrants (together also "bond terms"). The bonds may only be issued in return for cash payment. In principle, the shareholders are granted a pre-emptive right. The bonds may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right).

However, the Management Board is authorised with the approval of the Supervisory Board to disapply the shareholders' pre-emptive rights to bonds

- for fractional amounts resulting from the subscription ratio;

- if upon due review the Management Board concludes that the issue price of the bonds is not substantially lower than the theoretical market value of the bonds determined in accordance with generally accepted methods of financial mathematics. This authorisation to disapply pre-emptive rights does not, however, apply to bonds with a conversion or option right (including those with a conversion obligation) to shares, the total amount of which does not exceed 10% of the lower of the share capital existing at the time this authorisation becomes effective or at the time it is exercised. Shares that were issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights and/or option and/or conversion obligations from convertible bonds and/or bonds with warrants and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued based on a different authorisation during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG;

- to the extent it is necessary to grant pre-emptive rights for bonds to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights or options and/or conversion obligations that were or will be issued by the company or companies in which the company holds a direct or indirect 100% interest in the volume to which they would be entitled as shareholders after exercising the option rights and/or conversion rights or fulfilling the conversion obligations.

The bond issues may be divided into several notes.

If convertible bonds are issued, the holders and/or creditors are granted the right to convert their notes into no-par value registered shares of the company in accordance with the detailed convertible bond terms to be determined by the Management Board. The conversion ratio is determined by dividing a bond note's nominal amount or price that is below its nominal amount by the conversion price specified for a no-par value registered share of the company. The terms may provide for a variable conversion ratio. The conversion ratio may be rounded up or down to the nearest whole number; furthermore, an additional payment in cash may be determined. There may also be a provision that fractions can be combined and/or settled in cash.

If bonds with warrants are issued, one or more warrants entitling the holder and/or creditor to purchase no-par value registered shares in the company in accordance with the option terms to be specified by the Management Board shall be attached to each bond note. The option terms may provide for satisfying the exercise price either in part or as a whole by transferring bond notes and making an additional cash payment if required. There may also be a provision that fractions can be combined and/or settled in cash.

The terms of the convertible bonds and/or bonds with warrants may also provide for a conversion and/or option obligation on maturity (or at an earlier date). The terms of the convertible bonds and/or bonds with warrants may provide for the company's right and/or that of the group company issuing the bond to grant new shares or treasury shares of the company or the shares of another listed company to the holders and/or creditors of the bonds instead of paying all or a portion of the cash amount due. The terms of the convertible bonds and/or bonds with warrants may also stipulate that the company or the group company issuing the bond may choose to grant treasury shares of the company or shares of another listed company when options are converted or exercised. Furthermore, it may be stipulated that the company and/or the group company issuing the bond may settle its obligation by making a cash payment and/or granting shares of the company.

To service conversion or option rights and/or conversion or option obligations under bonds that will be issued until 23 March 2027 based on an authorisation by the General Shareholders' Meeting on 24 March 2022, the company's share capital was contingently increased, by virtue of the resolution adopted at the ordinary General Shareholders' Meeting on 24 March 2022, by up to EUR 16,372,232.00 by issuing up to 16,372,232 registered shares (Contingent Capital 2022).

The Management Board has not made use of the authorisation described above to issue convertible bonds and/or bonds with warrants.

Material agreements subject to a change of control upon a takeover bid

DIC has entered into the following material agreements that contain change of control clauses.

DIC is a partner to several joint ventures with Morgan Stanley Real Estate Funds (MSREF). The respective joint venture partner is granted the right in the case of a change of control to acquire the interests of DIC Asset AG in the respective real estate investment at the current market value. In particular, there is change of control if Deutsche Immobilien Chancen AG & Co. KGaA no longer directly or indirectly holds at least 30% of the shares and voting rights in DIC Asset AG.

The terms of issue of the 2018 corporate bond (ISIN DE000A2NBZG9) issued by the company with a volume of EUR 150 million (matures October 2023) provide for early redemption at the choice of the creditor if a change of control occurs. According to the terms, every creditor has the right, but not the obligation, to demand full or partial repayment from DIC Asset AG or, at the choice of DIC Asset AG, the purchase of its bonds by DIC Asset AG (or at its request by a third party). However, the exercise of the option by a creditor will only take effect for the respective corporate bond if in each case creditors of at least 20% of the total nominal amount have exercised the option in respect of the bonds still outstanding at this time. A change of control pursuant to the terms of the issue occurs where it becomes known to DIC Asset AG that (i) a person or group of persons acting in concert pursuant to section 2 (5) of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act) has become the legal or economic owner of more than 50% of the voting rights in DIC Asset AG; or (ii) a person has achieved actual control over DIC Asset AG under the terms of a control agreement with DIC Asset AG pursuant to section 291 AktG.

The terms of issue of the 2021 corporate Green Bond (ISIN XS2388910270) issued by the company with a volume of EUR 400 million (matures September 2026) provide for early redemption at the choice of the creditor if a put event occurs. According to the terms, every creditor is entitled but not obligated to demand full or partial repayment from DIC Asset AG or, at the choice of DIC Asset AG, the purchase (or initiation of a purchase) of its bonds by DIC Asset AG. A put event is deemed to occur each time a change of control has occurred in respect of which a rating downgrade has occurred as well. A change of control is deemed to have occurred each time (whether or not approved by the issuer's executive management) any person or persons acting in concert ("relevant person(s)") or any person or persons acting on behalf of any such relevant person(s), at any time directly or indirectly acquire(s) or come(s) to own (i) 50% or more of the issuer's share capital or (ii) such number of the shares in the issuer's capital carrying 50% or more of the voting rights.

Other disclosures

The other disclosures required under sections 289a, 315a HGB refer to circumstances that do not apply to DIC Asset AG. There are no shareholders with special rights conferring control rights nor are there any controls of the voting right of employees holding shares in the company's capital or compensation agreements entered into with Management Board members or employees in case of a takeover offer. Nor is the Management Board aware of any restrictions affecting voting rights or the transfer of shares.

Corporate governance statement

The corporate governance statement for the company and the group pursuant to sections 289f, 315d of the HGB is a component of the combined management report. In this statement, the Supervisory Board and the Management Board also report on the corporate governance of the company in accordance with Principle 22 of the German Corporate Governance Code ("DCKG").

Disclosures on corporate governance practices

DIC Asset AG ("DIC") attaches great value to corporate governance with the company and the group. The Management Board and Supervisory Board feel that they have an obligation to ensure the company's continued existence and the generation of sustained value added through responsible corporate governance with a long term focus. For DIC, good corporate governance also includes managing risks in a responsible manner. The Management Board therefore makes sure that risks are managed and controlled appropriately and effectively within an internal control system in the company (see also the "The DIC risk management and internal control system" section above) and ensures that the company complies with the law by maintaining a compliance management system that reflects the company's exposure to risk. The company is in compliance with the recommendations of the German Corporate Governance Code as described in its annual Declaration of Compliance. The Management Board regularly informs the Supervisory Board of any existing risks and their development. The company's internal control, reporting and compliance structures are continuously reviewed, enhanced and adjusted to changes in the general environment.

Sustainability is a key element of corporate governance. To ensure that the company can remain commercially successful in the long term, DIC attaches considerable significance to both economic issues and ESG aspects. Sustainability affects the entire organisation and includes a wide range of issues. Further information about the quantifiable ESG targets defined by DIC Asset AG in particular can be found at https://www.dic-asset.de/en/sustainability/ and in the Sustainability Report published there.

Reliability and credibility are the core values of our corporate culture. They are based not only on strict compliance with statutory and contractual regulations but also on a fundamental understanding of what constitutes ethical business practices. This includes openness, fairness and tolerance, conserving resources, gender equality and promoting diversity as well as clear guidelines and support in dealing with risks and potential conflicts.

A Compliance Policy is in place for the DIC group and a Compliance Officer supervises observance of material compliance requirements. In addition, a whistleblower system for reporting misconduct and violations has been set up. Based on the Compliance Policy, the employees of DIC Asset AG and its subsidiaries are obliged to act in a responsible and legal manner. This includes the principles of ethics and integrity within the company, in particular compliance with legal requirements, internal company policies and self-imposed values. The cornerstones of the Compliance Policy are described in the current report on risks and opportunities, which is part of the combined management report of DIC.

In addition, the DIC group has a Code of Conduct, which serves as a guideline according to which the employees of DIC Asset AG and its subsidiaries conduct their actions and make their decisions. This ensures that the DIC group's mission statement and values are always reflected in our daily actions. The DIC group requires its business partners to meet the same high legal and ethical standards it has set for itself. A Code of Conduct for Business Partners has been introduced for this purpose, which is the basis of any collaboration between the DIC group and its business partners and describes the legal and ethical requirements of such collaboration.

A Lobbying Policy and an Anti-corruption Policy have also been introduced within the DIC group to provide an additional basis for acting responsibly and lawfully. The DIC group's responsibility for its employees is enshrined in its Occupational Safety Policy, which helps the group to implement efficient occupational safety and effective accident prevention. The DIC group has also issued a Policy Statement on Respecting Human Rights both within the company and along every step of the value chain.

The documents referred to here are available for download on the DIC website at https://www.dic-asset.de/en/company/#Values.

Any additional corporate governance instruments that may be required will be urgently addressed and implemented by the Management Board and Supervisory Board.

Current Declaration of Compliance

The Management Board and Supervisory Board again focused on meeting the recommendations of the German Corporate Governance Code in financial year 2022. The consultation process resulted in the adoption of an updated annual Declaration of Compliance dated 14 December 2022, which has been made permanently accessible to the public on the company's website.

Declaration of Compliance pursuant to section 161 German Stock Corporation Act (AktG)

The Management Board and the Supervisory Board declare that DIC Asset AG from the date of submission of its previous Declaration of Compliance has complied with the recommendations of the German Corporate Governance Code in the version dated 16 December 2019 and, since their validity, in the version dated 28 April 2022 and will comply with them in the version dated 28 April 2022. The following exceptions have applied or will apply in the future:

- Since the new version of the Code came into force, the Code recommends in clause C.1, sentence 3 that the Supervisory Board's skills and expertise profile shall also comprise expertise regarding sustainability issues relevant to the enterprise. The Supervisory Board took the new version of the Code as an opportunity to review the objectives regarding its composition as well as the profile of skills and expertise for the entire board and added the relevant expertise to the profile of skills and expertise on 14 December 2022. Since that date, the recommendation has been complied with.

- The Code recommends in clause C.10 sentence 1 that the Chairman of the Supervisory Board should be independent of the company and its Management Board. According to clause C.7 of the Code, when assessing the independence from the company and its Management Board it shall be taken into account, among other things, whether the Supervisory Board member (i) currently is maintaining (or has maintained) a material business relationship with the company or one of the entities dependent upon the company in the year prior to his appointment, directly or as a shareholder, or in a leading position of a non-group entity, and/or (ii) has been a member of the Supervisory Board for more than 12 years. The Supervisory Board has decided to use the formal indicators referred to in the Code as relevant for its assessment and not to apply a different classification, as would be permitted under clause C.8 of the Code. Notwithstanding the fact that the Chairman of the Supervisory Board based on the aforementioned formal indicators would not be regarded as independent of the company and its Management Board, the Supervisory Board has no doubt that the Chairman can fully meet his advisory and supervisory duties. In addition, the Supervisory Board has what it considers to be an appropriate number of independent members as more than half of the shareholder representatives, including the Chairman of the Audit Committee, are independent of the company and its Management Board.

- In deviation from clause D.5 of the Code (old version) or D.4 of the Code (new version), no nomination committee will be formed. As the six members of the

Supervisory Board are all representatives of the shareholders and the current practice of voting proposals being prepared by the full Supervisory Board has proved to be efficient, the Supervisory Board sees no need to form a nomination committee.

- In deviation from the first and second indents of clause G.1 of the Code, the remuneration system for the members of the Management Board does not stipulate the determination of a “target total remuneration”, which corresponds to the total remuneration in the event that 100 percent of targets are achieved (in relation to variable remuneration components), and does not determine the relative proportions of individual remuneration components in relation to such “target total remuneration”. Under the remuneration system for Management Board members approved by the General Shareholders’ Meeting on 24 March 2021, their variable remuneration comprises a performance-related annual bonus (STI) and options on phantom stocks in the company as a share-based payment element with a long-term incentive effect (LTI). With regard to the STI, the Supervisory Board sets company-related and personal annual targets when preparing the annual budget. The specific amount of STI payments upon achievement of the annual targets is at the discretion of the Supervisory Board and is determined ex-post in connection with the Supervisory Board’s determination of target achievement. LTI payments depend solely on the share price; an ex-ante agreed “target amount” is therefore not provided for the LTI either. The Supervisory Board is of the opinion that the variable remuneration structure for the Management Board members is clearly geared to linking the performance of the Management Board members to the amount of remuneration (pay for performance) and that the design of the share-based remuneration element contributes to an increased alignment of the interests of the members of the Management Board and shareholders. The strategic goal of increasing the value of the company in the long term is promoted by this structure.

- According to the recommendation in clause G.2 of the Code, the specific “target total remuneration” of each member of the Management Board shall be determined annually. This remuneration shall be appropriate to the Management Board member’s own tasks and performance as well as to the enterprises’ overall situation and performance, and it shall not exceed the usual level of remuneration without specific reasons. In accordance with the requirements of stock corporation law, the appropriateness of the total remuneration of Management Board members is reviewed regularly and, if necessary, on an ad hoc basis (e. g. when a decision is made to extend a service agreement). As explained, the remuneration system does not provide for “target total remuneration” as defined by the Code, so there is also no need for this to be determined specifically on an annual basis. In the opinion of the Supervisory Board, the definition of the remuneration conditions in the Management Board service agreements and the subsequent determination of the amount of STI payment provide sufficient leeway to ensure the appropriateness of the Management Board remuneration on a consistent basis.

- According to the recommendation in clause G.6 of the Code, the long-term variable remuneration (LTI) shall exceed the share of remuneration from short-term targets (STI), whereby the Code uses 100 percent target achievement as a basis for comparison. The options granted on phantom stocks in the company (LTI) provide for a long-term remuneration component which – provided that the share price develops accordingly – can account for the majority of the total variable remuneration granted, without it being required for this component to outweigh the short-term variable remuneration. As neither the STI nor the LTI provide for “target remunerations”, a deviation from the recommendation in clause G.6 of the Code is declared as a precaution. Taking into account the proportions of the STI (up to 35%) or the LTI (up to 55%) in the total remuneration specified by the remuneration system as the expected annual expense amount, the Supervisory Board considers the long-term oriented part of the variable remuneration to be predominant as a rule and sufficiently weighted in any case.

- The recommendation in clause G.7 sentence 1 of the Code, according to which the Supervisory Board, referring to the forthcoming financial year, shall establish performance criteria for each Management Board member covering all variable remuneration components, which, besides operating targets, shall be geared mainly to strategic goals, is not followed insofar as no further performance criteria are determined in the context of the long-term share price-oriented remuneration component (LTI) in addition to the dependency of the payment amount on the stock market price. The link to the stock market price contributes to an increased alignment of the interests of the members of the Management Board and shareholders and the strategic goal of increasing the value of the company in the long term is thereby promoted.

- According to the recommendation in clause G.10 sentence 1 of the Code, the variable remuneration granted shall be predominantly share-based or invested in company shares. With the options granted on phantom stocks in the company (LTI), a share-based remuneration component is provided for. However, as already explained, it is not mandatory that the share-based remuneration component accounts for the majority of the variable remuneration. Therefore, as a precautionary measure, a deviation from the recommendation in clause G.10 sentence 1 of the Code is declared. Taking into account the proportions of STI (up to 35%) and LTI (up to 55%) in the total remuneration specified by the remuneration system, the Supervisory Board considers that the share price orientation of the variable remuneration is sufficiently ensured.

- Clause G.10 sentence 2 of the Code recommends that the long-term variable remuneration shall be accessible to Management Board members only after a period of four years. The options on phantom stocks in the company granted as LTIs provide for a vesting period oriented to the term of the respective Management Board service agreement, which as a rule covers three to five years and after the expiry of which an option may be exercised at the earliest. Taking into account the term of the respective Management Board service agreement, the four-year period recommended by the Code may therefore also be shorter. In the opinion of the Supervisory Board, the general orientation of the vesting period to the respective term of appointment contributes sufficiently to the incentive effect of the share-based remuneration.

- In deviation from clause G.11 of the Code, the remuneration system and the existing service agreements of the Management Board members do not provide for any possibility agreed in advance to take account of extraordinary developments and to retain or reclaim variable remuneration, if justified (so-called malus and clawback provisions). Among other things, the ex-post determination of the amount of the performance-related annual bonus (STI), which is at the discretion of the Supervisory Board, and the limitation by the maximum remuneration provided for in the remuneration system are, in the opinion of the Supervisory Board, sufficiently effective means of taking into account any extraordinary developments that may have occurred. The Supervisory Board does not consider contractual malus and clawback provisions to be necessary in view of the existing statutory claims in the event of a breach of duty.

According to the Articles of Association, members of the Supervisory Board are granted a performance-related remuneration that is based on the annual dividend payment and may thus deviate from clause G.18 of the Code, which recommends that remuneration be linked to the long-term performance of the company. The dividend payment is a key measure of success for the shareholders. We consider it appropriate that members of the Supervisory Board be remunerated in accordance with criteria that are also of significance for the shareholders.

Frankfurt am Main, 14 December 2022

Management Board and Supervisory Board of
DIC Asset AG

Working practices and composition of the Management Board and Supervisory Board

Dual management structure

As a listed corporation, DIC has a dual management structure comprising a Management Board and a Supervisory Board. The two Boards are clearly separated from each other – both in terms of personnel and function – allowing each of them to perform their different duties independently. While the duty of the Management Board is to manage the company independently, the Supervisory Board's duty is to monitor this management.

Close cooperation between the Management Board and the Supervisory Board

The Management Board and the Supervisory Board work closely together in the interests of the company and the group. This ensures that optimal use is made of the professional expertise of the Board members and speeds up decision-making processes. The Management Board keeps the Supervisory Board regularly, promptly and comprehensively informed of strategy, planning, risk position and risk management, the internal control system, compliance, as well as current business developments. The Chairman of the Supervisory Board is also notified of material developments and decisions by the Management Board between meetings.

The Management Board performs its management role as a collegial body. It determines corporate objectives, strategic orientation, corporate policy and group organisation and coordinates these with the Supervisory Board and ensures that they are implemented. In doing so, the Management Board takes into account environmental and social goals in addition to long-term economic goals. In this process, the Management Board is bound to the company's group-wide interests and committed to the sustained increase of enterprise value, and to the needs of shareholders, customers, employees and other groups associated with the company. The members of the Management Board are jointly responsible for managing the entire business. Notwithstanding their overall responsibility, the individual Management Board members manage the departments assigned to them independently and within the parameters of the Management Board resolutions. The allocation of duties between the members of the Management Board is derived from the Schedule of Responsibilities. The Management Board did not have a committee in the year under review. The Management Board has a quorum if at least the majority of its members participate in the resolution and adopts its resolutions by a simple majority. In the event that the Management Board consists of more than two members, the Chairwoman will have the casting vote in the event of a tie.

The Supervisory Board appoints and dismisses members of the Management Board. The Supervisory Board monitors and advises the Management Board in its leadership and management of the company. Monitoring and advising the Management Board also includes sustainability issues. In the case of specifically defined actions of material significance – such as major capital expenditures – the Rules of Procedure for the Management Board issued by the Supervisory Board require the approval of the Supervisory Board. The Supervisory Board has also adopted Rules of Procedure. The Rules of Procedure for the Supervisory Board are available on our website under Company/Corporate Governance. Supervisory Board resolutions are generally passed at meetings by a simple majority of the votes cast. At the instruction of the Chairman of the Supervisory Board, resolutions can also be passed outside meetings if no member objects to this process. The Chairman of the Supervisory Board coordinates work within the Supervisory Board, chairs its meetings and attends to the affairs of the Supervisory Board externally. He holds discussions with investors on Supervisory Board-specific topics as required.

An overview of the Supervisory Board's activities during the 2022 financial year is presented in the Supervisory Board report.

Composition of the Boards

As of 31 December 2022, the Management Board of DIC consisted and continues to consist of four members. The composition of the Management Board in the 2022 financial year and additional disclosures about the members of the Management Board are listed in the notes to the annual and consolidated financial statements under "Other disclosures". The Management Board currently consists of Sonja Wärntges as Chairwoman (Chief Executive Officer, CEO), also responsible for Asset, Property and Portfolio Management, Finance, Controlling, Marketing, IR, Sustainability and Administration; Johannes von Mutius, responsible for Transaction Business (Chief Investment Officer, CIO); and since 1 January 2023 Torsten Doyen, Chief Institutional Business Officer (CIBO) and Christian Fritzsche, Chief Operating Officer (COO).

The Supervisory Board consists of six members, who are all elected by the General Shareholders' Meeting. The Supervisory Board has elected a Chairman and a Vice Chairman. Members of the Supervisory Board are elected for a term of office ending at the conclusion of the General Shareholders' Meeting that formally approves their actions during the fourth financial year following the start of their term of office. The financial year in which the term of office begins is not included in this calculation. The current terms in office end at different times due to different appointment dates. The specific composition of the Supervisory Board in the 2022 financial year and additional disclosures about the members of the Supervisory Board are listed in the notes to the annual and consolidated financial statements under "Other disclosures".

Succession planning for the Management Board, diversity policy

The Supervisory Board works with the Management Board on long-term succession planning. In addition to meeting the requirements of the German Stock Corporation Act (AktG), the German Corporate Governance Code (GCGC) and the Rules of Procedure, the target for the share of women on the Management Board as well as the diversity policy for the Management Board and a requirements profile must also be taken into account when carrying out long-term succession planning. The specific qualification requirements and stated specification are taken into consideration to create an ideal profile that is used by the Supervisory Board to select a shortlist of available candidates with whom to conduct structured discussions. External consultants help the Supervisory Board to develop the requirements profiles and/or select candidates as required. When making decisions on filling Management Board positions, the key suitability criteria are professional qualifications for the division being run, leadership qualities, past performance and acquired skills as well as knowledge of DIC.

With regard to the composition of the Management Board, the Supervisory Board follows a diversity policy that primarily includes the following aspects:

- Members of the Management Board should have the knowledge, skills and experience required to properly complete their tasks.

- Members of the Management Board must be familiar with the commercial real estate sector. At least some members of the Management Board should also have knowledge or experience of funds/asset and property management as well as capital markets and financing. As a minimum, the member of the Management Board responsible for Finance must have accounting or auditing expertise and some members of the Management Board should contribute experience of leading a medium-sized company.

- Diversity should also be taken into account when searching for qualified individuals for the Management Board. There should also be an appreciation of how different complementary professional profiles, work and life experiences and balanced gender representation can benefit the work of the Management Board.

- As a rule, members of the Management Board should be under 65 years old. Age should therefore also be taken into account when appointing Management Board members.

- The Supervisory Board stipulated targets for the share of women on the Management Board and a deadline for their achievement in accordance with section 111 (5) AktG as outlined below.

The diversity policy should benefit the work of the Management Board overall. When deciding which individual should fill a specific Management Board position, the Supervisory Board acts in the best interests of the company while taking into account all circumstances in each individual case.

The Management Board of DIC currently consists of four members professionally and personally qualified in different areas, including a female member, Sonja Wärntges, as CEO. The Supervisory Board believes that the diversity policy was complied with during the reporting period and is being complied with currently.

Targets of the Supervisory Board with regard to its composition, skills profile and diversity policy

The Supervisory Board again addressed the targets regarding its composition and their implementation on 14 December 2022. The targets, which take the recommendations of the German Corporate Governance Code into account in accordance with the Declaration of Compliance (especially as regards sustainability expertise), also include the skills profile for the Supervisory Board as a whole as well as the diversity policy it pursues for its composition.

- As a group, the Supervisory Board should have the knowledge, skills and professional experience required to properly complete its tasks. Members of the Supervisory Board must generally be familiar with the sector in which the company operates.

- It should be ensured that at least some individual members of the Supervisory Board have the following knowledge or experience: (i) familiarity with the commercial real estate sector, (ii) knowledge of funds/asset and property management, (iii) knowledge of capital markets and financing, (iv) accounting expertise for at least one Supervisory Board member and auditing expertise for at least one Supervisory Board member, (v) expertise regarding sustainability issues relevant to the company, (vi) experience of leading a medium-sized or larger company. The individual qualifications of individual members may complement each other in achieving these objectives. The accounting expertise shall consist of specific knowledge and experience in the application of accounting policies and internal control and risk management systems, and the auditing expertise shall consist of specific knowledge and experience in auditing financial statements.

- Independence and avoiding conflicts of interest are also important objectives: The Supervisory Board members representing the shareholders should include an adequate number of independent members as defined in clause C.6 of the German Corporate Governance Code. More than half of the shareholder representatives shall be independent from the company and the Management Board as defined in clause C.7 of the German Corporate Governance Code. At least half of the shareholder representatives shall be independent from a controlling shareholder as defined in clause C.9 of the German Corporate Governance Code. The Supervisory Board also follows the recommendations of the German Corporate Governance Code with regard to conflicts of interest. The Supervisory Board should not include any members who perform an executive or advisory role with significant third-party competitors of the company or group. The Supervisory Board should not include more than two former Management Board members.

- Requirements for individual Supervisory Board members include: Only persons under 70 should be proposed for election to the Supervisory Board. Supervisory Board members should have business or operational experience. They should be able to assess the profitability, expediency and legality of the business decisions being evaluated as part of the Supervisory Board's work as well as key accounting documents, with the support of the auditor where appropriate. They should be willing to get involved in the substance of the business to a reasonable extent. Each Supervisory Board member ensures that they can dedicate the expected time to properly exercising their Supervisory Board mandate.

- The Supervisory Board may also include members who are particularly qualified for international requirements. However, in view of DIC's primary focus on the German property market, the decision was made not to stipulate the aspect of internationality as an objective.

- Diversity should also be taken into account when searching for qualified individuals for the Supervisory Board. There should also be an appreciation of how different complementary professional profiles, work and life experiences and balanced gender representation can benefit the work of the Supervisory Board. The Supervisory Board stipulated targets for the share of women on the Supervisory Board and a deadline for their achievement in accordance with section 111 (5) AktG as outlined below.

The aforementioned targets should benefit the work of the Supervisory Board overall. The targets for the composition of the Supervisory Board are taken into account in the Supervisory Board's proposals for the election of Supervisory Board members submitted to the General Shareholders' Meeting. When preparing and approving candidate proposals to the General Shareholders' Meeting for the appointment of Supervisory Board members, the Supervisory Board should be guided by the best interests of the company in each case, observe legal requirements and focus on the professional and personal qualifications of the candidate.

Qualification matrix for the DIC Supervisory Board

The DIC Supervisory Board provided the following overview of the qualifications of its members (“Qualification matrix”) based on the targets for its composition and the skills profile:

		Prof. Dr. Gerhard Schmidt Chairman	**Michael Zahn** Vice Chairman	**Dr. Angela Geerling**	**Prof. Dr. Ulrich Reuter**	**Eberhard Vetter**	**René Zahnd**
Term of office	Member since	2002	2020	2022	2015	2018	2020
Personal criteria	Independence						
	from the company and the Management Board *		×	×	×	×	×
	from the controlling shareholder **		×	×	×	×	×
	No overboarding ***	×	×	×	×	×	×
Diversity	Gender	Male	Male	Female	Male	Male	Male
	Year of birth	1957	1963	1970	1962	1962	1966
	Nationality	German	German	German	German	German	Swiss
	Educational background	Lawyer, tax consultant	Economist	Legal expert	Legal expert and business economist	Theologian/Germanist/ Controller	Lawyer
	Occupation	Lawyer/partner Weil, Gotshal & Manges LLP	Former CEO Deutsche Wohnen SE	Portfolio Manager Schroders Real Estate Asset Management GmbH	President of the Bavarian Savings Banks Association	Head of Capital Investments at RAG-Stiftung	CEO Swiss Prime Site AG
Knowledge	Business areas						
	Commercial real estate	×	×	×		×	×
	Funds/asset and property management	×		×			×
	Capital market and financing	×	×			×	
	Accounting expertise	×			×	×	×
	Auditing expertise				×		
	Sustainability			×			×
	Management of a medium-sized or larger company		×				×

* Within the meaning of C.7 DCGK
** Within the meaning of C.9 DCGK
*** Within the meaning of C.4 and C.5 DCGK

According to the Supervisory Board, the current composition of the Supervisory Board fully meets the targets for the composition of the Supervisory Board as well as the skills profile.

Stipulations of targets for the share of women on the Supervisory Board, on the Management Board and at the executive level below the Management Board

As a listed company not subject to co-determination, DIC is required by law to stipulated targets for the share of women on the Supervisory Board, on the Management Board and at the two executive levels below the Management Board, to the extent that these exist.

With effect from 1 July 2017, the Supervisory Board had adopted targets of 1/6 (corresponding to around 16.66%) for the share of women on the Supervisory Board and 25% (1/4) for the share of women on the Management Board. A deadline of 30 June 2022 has been set for achieving these targets. As of the deadline, the target for the Management Board of 1/4 (25%) was met. The target for the share of women on the Supervisory Board was also met as of the deadline with a ratio of 16.66% (1/6).

With effect from 1 July 2022, the Supervisory Board maintained its target of 25% for the share of women on the Management Board and 1/6 for the share of women on the Supervisory Board. A deadline of 30 June 2027 has been set for achieving each of these targets. As of the reporting date, both of these targets have been met with a share of women of 1/6 on the Supervisory Board and 25% on the Management Board.

With effect from 1 July 2017, the Management Board had adopted a target of 15.38% (2/13) for the share of women at the executive level below the Management Board and a deadline for achieving this target of 30 June 2022. As of the deadline, this target has been met with a share of 15.38% (2/13).

With effect from 1 July 2022, the Management Board adopted a target of 28.125% (9/32) for the share of women at the executive level below the Management Board (according to the newly-defined broader management group including regional managers). A deadline of 30 June 2027 has been set for achieving this target. As of the reporting date, this target has been met with a ratio of 28.125% (9/32).

Disclosure of conflicts of interest

Each member of the Management Board and Supervisory Board discloses potential conflicts of interest in compliance with the German Corporate Governance Code. No conflicts of interest arose on the Management Board in financial year 2022. Any conflicts of interest on the Supervisory Board disclosed to the Supervisory Board in the 2022 financial year and their treatment are described in the Supervisory Board report.

Establishment of the Audit Committee

The Supervisory Board established an Audit Committee, which supports the Supervisory Board in the performance of its duties and regularly reports to it. The Audit Committee is concerned with the tasks set out in section 107 (3) sentence 2 AktG, which means it primarily monitors the accounting, the financial reporting process, the effectiveness of the internal control system, the risk management system and internal audit system, group-wide compliance and, finally, the audit of financial statements. It evaluates and monitors the independence of the auditors (also taking into account the additional services provided by the auditors), regularly assesses the quality of the audit, and determines the areas of emphasis of the audit in consultation with the auditors. The Audit Committee mainly meets as needed. The Audit Committee discusses the assessment of audit risk, audit strategy and planning, and audit findings with the auditor. The Chairman of the Audit Committee regularly communicates with the auditor about the progress of the audit and reports these updates to the Committee. The Audit Committee regularly consults with the auditor, even without involving the Management Board.

The Audit Committee has the following three members:

- Prof. Dr. Ulrich Reuter (Chairman of the Audit Committee)
- Prof. Dr. Gerhard Schmidt
- René Zahnd

As a result of his extensive experience as a member and Chairman of the Audit Committee of DIC as well as many years serving on the supervisory bodies and audit committees of various banks, Prof. Dr. Ulrich Reuter has particular expertise in accounting and the auditing of financial statements. This expertise also includes the preparation and auditing of sustainability reports.

As a qualified tax consultant and due to many years of service as Chairman of the Supervisory Board and a member of the Audit Committee of DIC, as well as with numerous other listed and unlisted companies such as his previous role with Grohe AG and his current activities with TTL Beteiligungs- und Grundbesitz-AG, Prof. Dr. Gerhard Schmidt has particular expertise in accounting.

Having spent many years as Chief Executive Officer at Swiss Prime Site AG (listed) and as a long-standing member of the Audit Committee of DIC, René Zahnd also has particular expertise in accounting, including sustainability reporting and the material sustainability targets for DIC as well as their implementation.

The Supervisory Board annually assesses how effectively the Supervisory Board as a whole and the Audit Committee fulfil their tasks. Externally created, structured questionnaires are used in which Supervisory Board and committee members are asked to answer a series of questions. These questionnaires include issues concerning the organisational, human resources-related and substantive performance of the Supervisory Board and its committee as well as the collaborative structure and procedures within the Supervisory Board and the provision of information, particularly by the Management Board. The results are then jointly discussed by the Supervisory Board.

D&O insurance

A Directors & Officers (D&O) insurance policy is in place for members of the Management Board and the Supervisory Board. It provides insurance for claims for damages by the company, shareholders or third parties, which may be asserted due to Board members' failure to exercise due care. DIC bears the costs of the insurance policy. The members of the Management Board have to pay a deductible in the event of a claim.

Remuneration report and remuneration system

The remuneration report in accordance with section 162 AktG for financial year 2022, the auditor's report on the audit of the remuneration report, the applicable remuneration system for the members of the Management Board and the Supervisory Board and the most recent resolutions of the General Shareholders' Meeting on the remuneration systems of the Management Board and the Supervisory Board and the remuneration of the Supervisory Board are available in the Corporate Governance section of the DIC website.

Directors' dealings

Article 19 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council on market abuse (Market Abuse Regulation) requires members of the Management Board and Supervisory Board to report any transactions conducted on their own account relating to the shares or debt instruments of DIC or to derivatives or other financial instruments of DIC linked thereto (Directors' dealings). This obligation also applies to persons related to members of governing bodies. However, transactions only had to be disclosed if the total amount of all transactions made by a member of a governing body or a person related to a member of a governing body until the end of the 2022 calendar year was at least EUR 20,000.00.

Shares held by Management Board members

As at the 31 December 2022 reporting date, Chief Executive Officer Sonja Wärntges held a total of 22,255 shares (previous year: 12,475 shares), the former Chief Capital Markets Officer Patrick Weiden held a total of 6,441 shares (previous year: 6,200 shares), and the Chief Investment Officer Johannes von Mutius held 7,888 shares (previous year: 0 shares). The former Management Board member Christian Bock did not hold any shares in DIC on either reporting date.

The following securities transactions as defined by article 19 Market Abuse Regulation were reported in the 2022 financial year:

Date	Issuer (ISIN)	Person required to file the report	Type of transaction	Volume
19.12.2022	DIC Asset AG (Share) DE000A1X3XX4	Johannes von Mutius Management Board member	Purchase	EUR 15,130.29
19.12.2022	DIC Asset AG (Share) DE000A1X3XX4	Johannes von Mutius Management Board member	Purchase	EUR 15,151.64
30.11.2022	DIC Asset AG (Share) DE000A1X3XX4	Sonja Wärntges Management Board member	Purchase	EUR 30,200.00
30.11.2022	DIC Asset AG (Share) DE000A1X3XX4	Johannes von Mutius Management Board member	Purchase	EUR 10,098.67
15.11.2022	DIC Asset AG (Share) DE000A1X3XX4	Johannes von Mutius Management Board member	Purchase	EUR 20,073.39
11.08.2022	DIC Asset AG (Debt instrument) XS2388910270	Sonja Wärntges Management Board member	Purchase	EUR 79,179.00
07.06.2022	DIC Asset AG (Share) DE000A1X3XX4	Sonja Wärntges Management Board member	Purchase	EUR 35,112.00
07.06.2022	DIC Asset AG (Share) DE000A1X3XX4	Sonja Wärntges Management Board member	Purchase	EUR 2,488.00
13.05.2022	DIC Asset AG (Share) DE000A1X3XX4	René Zahnd Supervisory Board member	Purchase	EUR 47,964.00
27.04.2022	DIC Asset AG (Share) DE000A1X3XX4	Sonja Wärntges Management Board member	Acquisition of 570 shares by exercising pre-emptive rights in connection with the scrip dividend for financial year 2021	EUR 7,910.46
26.04.2022	DIC Asset AG (Share) DE000A1X3XX4	Entity with close relations to Prof. Dr. Gerhard Schmidt Supervisory Board member	Acquisition of 214,936 shares by exercising pre-emptive rights in connection with the scrip dividend for financial year 2021	EUR 2,982,881.808
31.03.2022	DIC Asset AG (Share) DE000A1X3XX4	Michael Zahn Supervisory Board member	Granting of 19,825 pre-emptive rights in connection with the scrip dividend for financial year 2021	EUR 0
30.03.2022	DIC Asset AG (Share) DE000A1X3XX4	Entity with close relations to Prof. Dr. Gerhard Schmidt Supervisory Board member	Granting of 6,623,889 pre-emptive rights in connection with the scrip dividend for financial year 2021	EUR 0
30.03.2022	DIC Asset AG (Share) DE000A1X3XX4	Sonja Wärntges Management Board member	Granting of 14,685 pre-emptive rights in connection with the scrip dividend for financial year 2021	EUR 0
08.03.2022	DIC Asset AG (Share) DE000A1X3XX4	Sonja Wärntges Management Board member	Purchase	EUR 28,000.00
08.03.2022	DIC Asset AG (Share) DE000A1X3XX4	Entity with close relations to Prof. Dr. Gerhard Schmidt Supervisory Board member	Purchase	EUR 132,000.00
08.03.2022	DIC Asset AG (Share) DE000A1X3XX4	Entity with close relations to Prof. Dr. Gerhard Schmidt Supervisory Board member	Purchase	EUR 1,407,082.95
07.03.2022	DIC Asset AG (Share) DE000A1X3XX4	Michael Zahn Supervisory Board member	Purchase	EUR 200,687.64
28.02.2022	DIC Asset AG (Share) DE000A1X3XX4	Entity with close relations to Prof. Dr. Gerhard Schmidt Supervisory Board member	Purchase	EUR 141,976.68

Other disclosures

Shareholders and General Shareholders’ Meeting

The shareholders of DIC exercise their rights at the General Shareholders’ Meeting. The ordinary General Shareholders’ Meeting takes place once a year. Every shareholder who is recorded in the share register and registers in good time is entitled to take part in the General Shareholders’ Meeting, to vote with his shares recorded in the share register and registered and to pose questions to the Management Board. Each share grants one vote at the General Shareholders’ Meeting.

Shareholders who cannot attend in person may arrange for their voting rights to be exercised in the General Shareholders’ Meeting by an intermediary (e.g. a bank), an association of shareholders, the proxy or proxies of DIC acting according to instructions or any other authorised individual. The company makes it possible to follow all or part of the General Shareholders’ Meeting online. The Management Board can enable shareholders to cast their votes in writing or by means of electronic communication (postal vote) and participate in the General Shareholders’ Meeting without being present in person, and ensure that they can exercise all or some of their rights fully or partially by means of electronic communication. Due to the exceptional circumstances of the Covid-19 pandemic, the 2022 General Shareholders’ Meeting was the third one to be held virtually in accordance with what is known as the German Covid-19 Act, which expired at the end of August 2022.

Transparent communication

We report each quarter on the course of business and the net assets, financial position and results of operations and inform our shareholders in an open, prompt and transparent manner about DIC’s business model as well as of any news or changes. We describe communications with our shareholders and business partners in detail in the chapter entitled “Investor relations and capital market”.

Financial reporting and auditing

DIC prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional German legal provisions pursuant to the HGB, taking into account the recommendations of EPRA, while the single-entity financial statements are prepared in accordance with the HGB. The financial statements for the full year are prepared by the Management Board, audited by the auditor (currently: BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg) and examined by the Supervisory Board. The auditor also evaluates those parts of the combined management that are relevant for the audit. Prior to their publication, the quarterly financial information and the half-yearly report reviewed by the auditors are discussed with the Supervisory Board. Based on the recommendation of the Audit Committee, the Supervisory Board submits a proposal regarding the election of the auditors by the General Shareholders’ Meeting. Prior to this, the auditors submit a statement of independence to the Supervisory Board. In addition, it has been agreed with the auditors that they would notify the Supervisory Board immediately of any possible grounds for exclusion or bias that may arise during the audit. The auditor also carries out an audit of the remuneration report in accordance with section 162 (3) AktG. BDO AG Wirtschaftsprüfungsgesellschaft has been engaged as the new auditor of the 2022 annual and consolidated financial statements of DIC. The auditor responsible for the engagement is Mr Christoph Hyckel. In addition to Mr Hykel, Mr Tobias Haerle is also authorised to sign the auditor's report relating to the annual financial statements and the management report for the 2022 financial year. The legal requirements and rotation obligations are met.

Risk management

Good corporate governance also includes managing risks in a responsible manner. The Management Board ensures that risks are adequately managed and controlled in the company. DIC has therefore established a systematic risk management process, which ensures that risks are recognised and assessed at an early stage and the existing risk exposure is optimised. The internal control system and risk management system, which includes a compliance management system that reflects the company’s exposure to risk, also covers sustainability-related targets that include processes and systems for recording and processing sustainability-related data. Risk management and risk control processes are continually monitored, enhanced and adjusted to changes in the general environment (DIC control framework). Key features of the overall internal control and risk management systems are presented in the report on risks and opportunities. The DIC Management Board and Supervisory Board reviewed the risk management system and the internal control system for appropriateness and effectiveness in financial year 2022. The systems are also independently monitored and tested in the context of the DIC control framework and the legal parameters. No circumstances are known that would contradict the systems’ adequacy and effectiveness.

Consolidated financial statements

Consolidated income statement

for the period from 1 January to 31 December

in EUR thousand	Note	2022	2021
Gross rental income	1	**175,956**	**108,390**
Ground rents		– 339	– 523
Service charge income on principal basis	2	31,269	23,211
Service charge expenses on principal basis	2	– 36,572	– 26,415
Other property-related expenses	3	– 17,774	– 13,447
Net rental income		**152,540**	**91,216**
Administrative expenses	4	– 37,863	– 21,518
Personnel expenses	5	– 42,581	– 38,096
Depreciation and amortisation	6	– 73,883	– 42,986
Real estate management fees	7	88,375	101,225
Other operating income		5,699	3,815
Other operating expenses		– 3,409	– 1,802
Net other income		**2,290**	**2,013**
Net proceeds from disposal of investment property	8	51,494	139,337
Carrying amount of investment property disposed	8	– 38,797	– 115,572
Profit on disposal of investment property		**12,697**	**23,765**
Net operating profit before financing activities		**101,575**	**115,619**
Share of the profit of associates	9	18,918	6,524
Interest income	10	10,635	9,550
Interest expense	10	– 71,217	– 59,257
Profit / loss before tax		**59,911**	**72,436**
Current Income tax expense	11	– 29,842	– 19,447
Deferred tax expense	11	12,789	5,396
Profit for the period		**42,858**	**58,385**
Attributable to equity holders of the parent		31,024	57,795
Attributable to non-controlling interest		11,834	590
Basic (=diluted) earnings per share (EUR) *	12	**0.38**	**0.71**

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

Consolidated statement of comprehensive income

for the period from 1 January to 31 December

in EUR thousand	2022	2021
Profit / loss for the period	42,858	58,385
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Fair value measurement of hedging instruments		
Cash flow hedges	1,655	403
Items that shall not be reclassified subsequently to profit or loss		
Gain / losses on financial instruments classified as measured at fair value through other comprehensive income	– 15,137	7,169
Actuarial gains / losses pensions	740	
Other comprehensive income*	– 12,742	7,572
Comprehensive income	**30,116**	**65,957**
Attributable to equity holders of the parent	18,282	65,367
Attributable to non-controlling interest	11,834	590

* After tax

Consolidated balance sheet as at 31 December

Assets in EUR thousand	Note	31.12.2022	31.12.2021
Goodwill	13	190,243	190,243
Investment property	14	3,673,250	1,756,660
Property, plant and equipment	15	20,644	12,520
Investments in associates	16	81,642	66,870
Loans to related parties	17	106,872	99,502
Other investments	18	102,549	141,417
Intangible assets	19	39,781	44,423
Deferred tax assets	11	32,562	31,308
Total non-current assets		4,247,543	2,342,943
Receivables from sale of investment property		100	0
Trade receivables	20	28,831	22,281
Receivables from related parties	21	16,210	19,886
Income taxe receivable	22	39,151	33,612
Derivatives	29	13,510	0
Other receivables	23	87,037	265,860
Other current assets	24	18,701	23,504
Cash and cash equivalents	25	188,404	546,911
		391,944	912,054
Non-current assets held for sale	26	540,783	238,653
Total current assets		932,727	1,150,707
Total assets		**5,180,270**	**3,493,650**

Equity and liabilities in EUR thousand	Note	31.12.2022	31.12.2021
Equity			
Issued capital	27	83,152	81,861
Share premium	27	912,716	896,290
Hedging reserve	27	– 790	– 2,445
Reserve for financial instruments classified as at fair value through other comprehensive income	27	– 6,286	8,851
Actuarial gains / losses pensions	27	740	0
Retained earnings	27	114,008	144,380
Total shareholders' equity		1,103,540	1,128,937
Non-controlling interest		560,561	5,032
Total equity		1,664,101	1,133,969
Liabilities			
Corporate bonds	28	392,790	539,586
Non-current interest-bearing loans and borrowings	28	2,304,803	1,333,313
Deferred tax liabilities	11	242,368	44,833
Derivatives	29	0	5
Pension provisions	30	3,192	0
Other non-current liabilities	31	1,033	2,910
Total non-current liabilities		2,944,186	1,920,647
Corporate bonds	28	149,409	179,494
Current interest-bearing loans and borrowings	28	252,759	115,733
Trade payables	32	4,870	4,029
Liabilities to related parties	21	19,160	17,470
Derivatives	29	0	1,844
Income taxes payable	33	33,538	26,082
Other liabilities	34	73,571	55,116
		533,307	399,768
Liabilities related to non-current assets held for sale	26	38,676	39,266
Total current liabilities		571,983	439,034
Total liabilities		3,516,169	2,359,681
Total equity and liabilities		**5,180,270**	**3,493,650**

Consolidated statement of cash flows

for the period from 1 January to 31 December

in EUR thousand	2022	2021
Operating Activities		
Net operating profit before interest and taxes paid	120,708	117,687
Realised gains / losses on disposals of investment property	– 12,697	– 23,765
Depreciation and amortisation	73,883	42,986
Changes in receivables and other assets	66,588	– 49,342
Other non-cash transactions	– 11,774	15,131
Cash generated from operations	**236,708**	**102,697**
Interest paid	– 61,490	– 32,325
Interest received	113	1,245
Income taxes received / paid	– 16,474	– 28,222
Cash flows from operating activities	**158,857**	**43,395**
Investing activities		
Proceeds from disposal of investment property	51,494	130,737
Acquisition of investment property	– 37,393	– 296,914
Capital expenditure on investment properties	– 52,003	– 16,872
Acquisition of other investments	– 99,212	– 359,994
Disposal of other investments	312,905	4,903
Investment in business combination	– 875,365	– 36,194
Loans to other entities	0	7,700
Acquisition / disposal of office furniture and equipment, software	– 749	– 472
Cash flows from investing activities	**– 700,323**	**– 567,106**
Financing activities		
Proceeds from the issue of corporate bond / promissory notes	100,000	680,000
Repayment of minority interest	– 10,346	– 2,466
Proceeds from other non-current borrowings	527,778	725,375
Repayment of borrowings	– 156,384	– 649,832
Repayment of corporate bonds / promissory notes	– 320,500	– 5,000
Lease payments	– 2,782	– 2,839
Payment of transaction costs	– 7,345	– 11,869
Dividends paid	– 43,477	– 37,363
Cash flows from financing activities	**86,944**	**696,006**
Acquisition related increase in cash and cash equivalents	96,015	3,212
Net increase in cash and cash equivalents	– 454,522	172,295
Cash and cash equivalents as at 1 January	546,911	371,404
Cash and cash equivalents as at 31 December	**188,404**	**546,911**

Consolidated statement of changes in equity

for the period from 1 January to 31 December 2022

in EUR thousand	Issued capital	Share premium	Hedging reserve	Reserve for financial instruments classified as at fair value through other comprehensive income	Actuarial gains / losses pensions	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
Balance at December 31, 2021	81,861	896,290	– 2,445	8,851	0	144,380	1,128,937	5,032	1,133,969
Profit / loss for the period						31,024	31,024	11,834	42,858
Other comprehensive income*									
Items that may be reclassified subsequently to profit or loss									
Gains / losses from cash flow hedges			1,655				1,655		1,655
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				– 15,137			– 15,137		– 15,137
Actuarial gains / losses pensions					740		740		740
Comprehensive income	0	0	1,655	– 15,137	740	31,024	18,282	11,834	30,116
Changes in the basis of consolidation								566,195	566,195
Dividend distribution for 2021						– 61,396	– 61,396		– 61,396
Issuance of shares through capital increase in kind	1,291	16,628					17,919		17,919
Transaction costs of equity transactions		– 202					– 202		– 202
Change of non-controlling interest								– 22,500	– 22,500
Balance at December 31, 2022	**83,152**	**912,716**	**– 790**	**– 6,286**	**740**	**114,008**	**1,103,540**	**560,561**	**1,664,101**

* Net of deferred taxes

Consolidated statement of changes in equity

for the period from 1 January to 31 December 2021

in EUR thousand	Issued capital	Share premium	Hedging reserve	Reserve for financial instruments classified as at fair value through other comprehensive income	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
Balance at December 31, 2020	80,587	878,789	– 2,848	1,682	142,996	1,101,206	7,215	1,108,421
Profit / loss for the period					57,795	57,795	590	58,385
Other comprehensive income*								
Items that may be reclassified subsequently to profit or loss								
Gains / losses from cash flow hedges			403			403		403
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				7,169		7,169		7,169
Comprehensive income	0	0	403	7,169	57,795	65,367	590	65,957
Dividend distribution for 2020					– 56,411	– 56,411		– 56,411
Issuance of shares through capital increase in kind	1,274	17,774				19,048		19,048
Transaction costs of equity transactions		– 273				– 273		– 273
Change of non-controlling interest							– 2,773	– 2,773
Balance at December 31, 2021	**81,861**	**896,290**	**– 2,445**	**8,851**	**144,380**	**1,128,937**	**5,032**	**1,133,969**

* Net of deferred taxes

For information on the consolidated statement of changes in equity see note 27

Notes to the consolidated financial statements

Information on the company

DIC Asset AG (the “company”) and its subsidiaries (“DIC”, the “group” or “we”) invest directly or indirectly in German commercial real estate and operate in the area of portfolio, asset and property management.

The company’s shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange and the stock exchanges in Munich, Dusseldorf, Berlin, Bremen, Hamburg, Stuttgart and Hanover.

DIC Asset AG, which is entered in the commercial register of the Local Court of Frankfurt am Main (HRB 57679), has its registered office in Frankfurt am Main, Neue Mainzer Strasse 20 – MainTor, Germany.

These consolidated financial statements were released for publication by the Management Board on 14 February 2023 and approved by the Supervisory Board.

Significant accounting policies

Basis of preparation

The consolidated financial statements for the 2022 financial year were prepared in accordance with the International Financial Reporting Standards applicable as at 31 December 2022 (including the interpretations of the IFRS IC), as adopted by the EU, and in accordance with the regulations to be applied under section 315e (1) HGB.

The consolidated financial statements were prepared on the basis of historical costs. This does not apply to certain items, such as derivative financial instruments, which were recognised at fair value on the balance sheet date.

The accounting policies applied and the disclosures in the notes to the consolidated financial statements for financial year 2022 are based in principle on the same accounting policies applied in the consolidated financial statements in financial year 2021. The effects of any changes made are described in the explanations of the standards to be applied for the first time.

The annual financial statements for the companies included in the consolidated financial statements were prepared using uniform accounting policies. As a rule, the same accounting policies are applied at the level of the associates of DIC. The single-entity financial statements of the consolidated companies were prepared as at the reporting date of the consolidated financial statements (31 December 2022).

The consolidated financial statements are prepared in euros, the parent company's functional currency. All amounts are shown in thousands of euros (EUR thousand) unless otherwise stated. For computational reasons, rounding differences from the exact mathematical values calculated (in EUR thousand, % etc.) may occur in tables and cross-references.

Structure of the balance sheet and the income statement

The consolidated balance sheet is prepared in accordance with IAS 1 (Presentation of Financial Statements) using a current/non-current classification. Under this method, assets to be realised within twelve months of the reporting date and liabilities due within one year of the reporting date are generally reported as current assets/liabilities.

The income statement was prepared following the best practices recommendations of the European Public Real Estate Association (EPRA).

New standards and interpretations

a) New and revised standards and interpretations applied for the first time in the reporting period

The following standards, amendments to standards and interpretations were applied for the first time in the reporting period:

Standard	Title
Amendments to IFRS 16	Covid-19-related rent concessions beyond 30 June 2021
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRSs: 2018–2020 Cycle
Amendments to IAS 16	Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRS 3	Reference to the 2018 Conceptual Framework

These new and revised standards and interpretations do not materially affect the consolidated financial statements.

b) New and revised standards and interpretations issued but not yet applied

New and revised standards and interpretations already adopted into EU law
New and amended standards and interpretations already adopted by the EU that are effective for financial years beginning on or after 1 January 2023:

Standard	Title	Application mandatory for annual periods beginning on or after
IFRS 17	Insurance Contracts	01.01.2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	01.01.2023
Amendments to IAS 8	Definition of Accounting Estimates	01.01.2023
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	01.01.2023
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	01.01.2023

The company will only apply all of the standards listed from the date of mandatory first-time adoption. According to the analyses carried out, there will be no material effects on accounting and measurement for future financial years.

New and amended standards and interpretations not yet adopted into EU law

The following new and revised standards and interpretations, which will become effective in the coming years, have not yet been adopted into applicable EU law:

Standard	Title	Date of adoption into EU law
Amendments to IAS 1	– Classification of Liabilities as Current or Non-current – Classification of Liabilities as Current or Non-current – Deferral of Effective Date – Non-current Liabilities with Covenants	open
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	open

The company will only apply all of the standards listed from the date of mandatory first-time adoption.

The effects of the amendments or new provisions not yet adopted into EU law on the consolidated financial statements of DIC are currently still being reviewed.

Accounting policies

Revenue recognition

The group generates a significant portion of its revenue from the long-term letting of investment property in the form of gross rental income. This revenue is accounted for in accordance with IFRS 16 Leases and is not subject to the rules in IFRS 15 "Revenue from Contracts with Customers".

The rental income from operating leases for investment property is recognised on a straight-line basis over the lease term in the income statement and reported as revenue on the basis of the group's business model. This is thus revenue realised over time. The non-leasing components must be separated from the leasing component in the form of the net base rent. In particular, the former comprise the services which are billed as service charges. These services are reported under income from service charges.

The operating expense components are accounted for according to IFRS 15 and on the basis of the 5-step model, according to which revenue is recognised in the amount to which the group expects to be entitled as control passes from DIC to the customer, either over time or at a point in time, once the performance obligation is satisfied. The revenue from the operating and service charge accounting is reported gross according to IFRS 15, since DIC has primary responsibility for the original performance obligation and thus acts as the principal.

Revenue from the sale of property is recognised as of the date when control transferred to the purchaser. Depending on the respective purchase agreement, revenue is commonly realised at the time of delivery or acceptance, which in turn corresponds to the time that possession, benefits and associated risks are transferred. This normally occurs upon payment of the purchase price. This is revenue which arises at a point in time.

DIC also provides services within the scope of agency agreements which are reported under real estate management fees. These agreements provide the customer with multiple separately identifiable services. Some of the identified performance obligations are fulfilled over time according to IFRS 15.35(a) while some are fulfilled at a point in time.

Revenue from project-related services within the scope of refurbishments will be recognised over time in the event that the customer realises the benefit from the service during its provision. The services mainly comprise commercial management and commercial supervision of construction projects, in particular the planning, development and letting of project land. This revenue is likewise reported under real estate management fees.

The company realises interest income on a time proportion basis, while taking into consideration the residual debt and the effective interest rate for the remaining term. DIC receives dividend income as of the date on which the right to receive the payment arises.

Investment property

Properties which are held or developed to earn rentals and/or for capital appreciation, are classified as investment property. Investment property is measured at cost including service charges upon acquisition. The cost model in accordance with IAS 40.56 is applied for subsequent measurements. Investment property is measured in accordance with IAS 16 rules, i. e. at cost less depreciation and impairment losses as well as reversals of impairment losses.

Where they can be assigned directly to the construction or production of a qualifying asset, borrowing costs are capitalised over the period during which all work is substantially completed in order to prepare the qualifying asset for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Otherwise, borrowing costs are recognised as expenses when incurred.

Land is not depreciated. Buildings are depreciated on a straight-line basis over their economic lives and tested for impairment annually as well as at other times if there is an indication of possible impairment.

The following useful lives are assumed when depreciating buildings:

in years	Useful life
Residential buildings	60
Office and commercial buildings, hotels	50
Department and retail stores, shopping arcades and supermarkets	40
Car parks, underground parking facilities	40

The company's real property is treated as a financial investment, since property trading itself is not considered to be part of its business activities. Due to the measurement at depreciated cost, the fair value of investment property is to be disclosed in the notes (see note 14). The valuation is carried out by independent experts and in accordance with international valuation standards (IVS). In particular, the fair value is established on the basis of discounted future surpluses in accordance with the discounted cash flow method or, if available, on the basis of proposed sales contracts, comparative or market prices. The fair value is a net value, i.e. transaction costs that could be incurred in an actual acquisition are deducted.

Property, plant and equipment

In addition to office furniture and equipment and owner-occupied property, the right-of-use assets for our leases, accounted for according to IFRS 16, in which we are the lessee are also recognised under property, plant and equipment. The right-of-use assets are depreciated over the term of the underlying contracts. Please refer to the sections entitled "Property, plant and equipment" (page 163) and "Leases" (page 185) for further details. Owner-occupied property and office furniture and equipment are carried at depreciated cost. Borrowing costs are not recognised as part of costs. As a rule, property, plant and equipment is depreciated on a straight-line basis over its economic life. The useful life of office furniture and equipment is normally between 3 and 13 years and 50 years for property.

Intangible assets

Intangible assets with a finite useful life are carried at amortised cost and amortised on a straight-line basis over their economic lives. They are tested for impairment if events or changes in circumstances indicate that the carrying amount is no longer recoverable.

Business software is amortised over three to five years. The useful life of concessions and other rights is generally ten years. Service agreements and trademarks are amortised over a period of between 4 to 14 years. With the exception of goodwill, there are no intangible assets with indefinite useful lives.

Investments in associates

An associate is an entity over which the group can exercise significant influence, but not control, and in which it usually holds a share of the voting rights between 20% and 50%. Significant influence is the power to participate in the financial and operating policy decisions of the investee. At the same time, neither control nor joint control is exercised over decision-making processes. Investments in associates are accounted for using the equity method. They are initially recognised at cost in the consolidated balance sheet and adjusted in subsequent years to reflect changes in the group's share of profit or loss of the associate and the associate's other comprehensive income after acquisition. An associate's losses which exceed the group’s share in this associate are not recognised. They are only recognised if the group has entered into legal or de facto obligations to assume the loss or if the group makes payments on behalf of the associate.

The profit/loss, assets and liabilities of associates are accounted for in these financial statements using the equity method unless the shares are classified as held for sale. In that case, they are accounted for in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”.

At each reporting date, the group reviews whether there are indications that an impairment loss must be recognised for investments in associates. Here the difference between the carrying amount and the recoverable amount must be recognised as an impairment and allocated accordingly to share of the profit or loss of associates.

Receivables and other assets

Receivables and other financial assets are carried at amortised cost if the following two criteria are met:

- The business model for managing these financial instruments involves holding them to collect the underlying contractual cash flows (business model assessment) and

- the contractual cash flows generated consist solely of principal and interest (contractual cash flow test).

These financial assets are subsequently measured using the effective interest method subject to the impairment rules in IFRS 9.5.5 ff.

If the business model and/or contractual cash flow criteria are not fulfilled, measurement is at fair value In accordance with the classification guidelines in IFRS 9.4.1, either through profit or loss, or in other comprehensive income. Debt instruments measured at fair value through other comprehensive income are also subject to the impairment guidelines in IFRS 9.5.5 ff.

Financial assets, except financial assets measured at fair value through profit or loss, contract assets in accordance with IFRS 15, lease receivables, loan commitments and financial guarantees are subject to the impairment model within the meaning of IFRS 9.5.5. According to this approach, the group must recognise a loss allowance on these assets based on the expected credit loss. The expected credit loss is the difference between the contractually agreed cash flows and the expected cash flows, measured at present value and applying the original effective interest rate. Expected cash flows also include proceeds from short hedges and other loan collateral that is an integral part of the relevant contract.

As a rule, expected credit losses are recognised in three levels. For financial assets which have not experienced a significant increase in credit risk since initial recognition, a loss allowance in the amount of the expected 12-month credit loss is recognised (Level 1). Where a significant increase in credit risk has occurred, the expected credit loss for the remaining lifetime of the asset is determined (Level 2). The group generally assumes that a significant increase in credit risk has occurred if payments are 30 days in arrears. This principle can be refuted if reliable and justifiable information indicates in individual cases that credit risk has not increased. If there is objective indication of impairment, the underlying assets must be assigned to Level 3.

The group applies the simplified method in accordance with IFRS 9.5.15 to trade receivables. In this approach, the loss allowance always equals the lifetime expected credit loss for the asset. For further details on calculating loss allowances, see the reporting on risk management.

For other assets subject to the impairment model in IFRS 9 and to which the general approach is applied, the expected credit loss is measured by grouping financial assets on the basis of common credit risk characteristics, and considering individual default information and existing collateral.

The group generally assumes a default has occurred when contractual payments are more than 90 days in arrears. In addition, in individual cases, other internal and external information may be considered that indicates that contractual payments cannot be paid in full. Financial assets are derecognised when there is no reasonable expectation that future payments will be made.

Other assets are carried at amortised cost.

Cash and cash equivalents

The cash and cash equivalents item includes cash, cash in banks and term deposits available within three months.

Non-current assets held for sale

Non-current assets held for sale and the associated liabilities are measured in accordance with IFRS 5 and reported as current. Assets are considered "held for sale" if they are available for immediate sale in their current condition, if it is highly probable that their sale will take place within twelve months of the reporting date and if management has agreed to the sale. This item can comprise individual non-current assets or groups of assets held for sale (disposal groups). Liabilities sold along with the assets in a single transaction are reported as "liabilities associated with assets held for sale" separately from the other liabilities in the balance sheet in accordance with IFRS 5.38.

These are measured at the lower of the carrying amount or fair value less costs to sell. Following classification in this group, non-current assets held for sale are no longer depreciated. The interest and expenses associated with the liabilities of this group continue to be recognised in accordance with IFRS 5.25.

Pension provisions

The actuarial valuation of pension provisions for post-retirement employee benefits under a company pension scheme is based on the provisions of IAS 19. The provision is recognised in accordance with the projected unit credit method for defined benefit plans. Differences arising on the reporting date (so-called actuarial gains or losses) between the scheduled pension obligations and the actual projected benefit obligation are shown in comprehensive income and cumulatively in equity, taking deferred taxes into account. The service cost included in the pension expense is shown in the income statement under personnel expenses and the interest portion is shown in the income statement under interest expense.

Provisions

Provisions take into account all obligations recognisable at the reporting date that are based on past events and for which the amount or maturity is uncertain. Provisions are recognised only on the basis of a legal or de facto obligation to a third party, the fulfilment of which makes an outflow of funds probable, to the extent that a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at the present value of the expected expense and are not offset against reimbursement rights.

Share-based payment

Share price-related remuneration paid in the group is accounted for pursuant to IFRS 2 Share-based Payment. The phantom stock options comprise share-based payment transactions to be settled in cash which are measured at fair value at each reporting date. The remuneration expense, including the pro-rata service rendered during the lock-up period, is accrued ratably and recognised in profit or loss until vesting.

Liabilities

Financial liabilities predominantly comprise corporate bonds and loans and borrowings, trade payables and derivative financial instruments with negative fair values.

With the exception of derivative financial instruments, liabilities are recognised at amortised cost, applying the effective interest method. When determining the carrying amount, the group only takes account of transaction costs directly attributable to the acquisition or issue of financial instruments if the financial instruments are not recognised at fair value through profit or loss.

Liabilities are classified as current if they are due within twelve months of the reporting date.

Deferred tax income/expense

Deferred taxes are recognised on temporary differences between carrying amounts in accordance with IFRSs and their tax base and on tax loss carryforwards. As a rule, the differences established are always recognised if they lead to deferred tax liabilities. Deferred tax assets are taken into account if it is probable that the corresponding tax benefits can also be realised in subsequent years. If, however, as part of a transaction that does not constitute a business combination, temporary differences arise from the initial recognition of an asset or liability that does not affect accounting or taxable profit or loss at the time of the transaction, no deferred tax is recognised either at the time the asset or liability is recognised initially or subsequently.

Deferred tax assets and deferred tax liabilities are offset if the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis.

Deferred taxes are calculated on the basis of the tax rates that are enacted or substantially enacted. As a rule, changes to deferred taxes in the balance sheet lead to deferred tax expense or income, unless they relate to items that are recognised directly in equity or in other comprehensive income, in which case the taxes are also recognised in equity or in other comprehensive income.

Current income taxes

Current tax assets and liabilities for the current period are measured in the amount expected to be refunded by the taxation authority or paid to the taxation authority. The tax rates and tax laws applicable on the reporting date are used to calculate the amount.

Insofar as is evident, sufficient tax provisions have been recognised for tax liabilities. This process was based on a number of factors such as interpretations, commentaries and legal precedent relating to the tax legislation in question as well as past experience.

Derivative financial instruments

DIC uses derivative financial instruments in the form of interest rate swaps and caps as part of its hedging of interest rate risks.

Derivative financial instruments are shown as a financial asset or financial liability and measured at fair value through profit or loss. This is calculated by discounting expected future cash flows over the remaining term of the contract based on current yield curves. They are initially accounted for on their date of origin.

Provided that the requisite criteria are met, derivatives used for hedging interest rates are recognised as cash flow hedges if this concerns the hedging of cash flows. When the transaction is entered into, the group documents the hedging relationship between the hedging instrument and the hedged item, the objective of risk management and the underlying strategy. In addition, an assessment of whether the derivatives used as hedges compensate for changes in the cash flows of the hedged items is documented at the beginning of the hedge and continuously thereafter.

The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognised through other comprehensive income in the reserve for cash flow hedges in equity. Gains or losses from the ineffective changes in value, on the other hand, are recognised directly through profit or loss. Amounts recognised in other comprehensive income are recognised as income or expense in the period in which the hedged item affects profit or loss.

When a hedging instrument expires, is sold or the hedge no longer fulfils the criteria for hedge accounting, the accumulated profit or loss remains in equity and is only reported in profit or loss when the underlying transaction occurs. If the future transaction is no longer expected to occur, the accumulated gains or losses recognised directly in equity are reclassified to profit or loss immediately.

Changes in the reserve for cash flow hedges in equity are presented in the statement of changes in equity and in the statement of comprehensive income.

In individual cases, DIC uses derivatives as fair value hedges. When the transaction is entered into, the group documents the hedging relationship between the hedging instrument and the hedged item, the objective of risk management and the underlying strategy. In addition, an assessment of whether the derivatives used as hedges compensate for changes in the cash flows of the hedged items is documented at the beginning of the hedge and continuously thereafter.

The gain or loss on derivatives designated as a hedging instrument in a fair value hedge is recognised through profit or loss. In the case of hedges of equity instruments measured through other comprehensive income, the changes in value are recognised in other comprehensive income and cumulatively in equity. The hedging gain or loss on the hedged item results in an adjustment of the carrying amount of the hedged item and is generally recognised in profit or loss. In the case of equity instruments measured through other comprehensive income, the corresponding changes in value are recognised in other comprehensive income and cumulatively in equity. Amounts recognised in other comprehensive income are never recognised in profit or loss.

Derivatives which do not meet the criteria for hedge accounting are classified as financial assets measured at fair value through profit or loss or as financial liabilities measured at fair value through profit or loss (FLFVtPL) in accordance with the IFRS 9 measurement categories. Changes to fair values are recognised in profit or loss.

Leases

Leases are accounted for in accordance with the requirements of IFRS 16.

The group as lessor

As a lessor, the group classifies its leases as operating leases or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, the lease will be classified as an operating lease.

In case of an operating lease, unless this falls under the scope of IAS 40, the group will report the leased asset under property, plant and equipment. It is measured at depreciated cost. The rental income is recognised on a straight-line basis over the lease term in profit or loss and reported under revenue.

If the group operates as a lessor within the scope of a finance lease, a receivable will be recognised in the amount of the net investment under the lease.

The group as lessee

For all new agreements which come into effect on or after 1 January 2019, the group will review whether this agreement is or contains a lease. However, while exercising the relevant option the IFRS 16 rules will not be applied to right-of-use assets for intangible assets.

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. In application of this definition, the group assesses whether the contract meets the following three preconditions:

- The contract refers to an identified asset which is either expressly indicated in the contract or is implicitly specified and can thus be considered to have been identified.
- The group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, while taking into consideration its rights within the defined scope of the contract.
- The group has the right to determine the use of the identified asset throughout the period of use.
- In case of multiple-component contracts, each separate leasing component is separately accounted for. In case of contracts which include lease components as well as non-lease components, the exemption for separation of these components is applied.

As of the date of provision of the leased asset, the group recognises a right-of-use asset and a lease liability in the balance sheet. The costs of the right-of-use asset correspond to the amount of the lease liability at the time of acquisition, adjusted for the group's initial direct costs, an estimate of the costs for disassembly and removal of the asset at the end of the lease as well as the lease payments made prior to the start of the lease, less any lease incentives. In subsequent periods, the right-of-use asset will be measured at depreciated cost.

The lease liability is measured according to the present value of the lease payments made during the term of the lease, on the basis of the underlying interest rate for the lease or, if this is not available, the incremental borrowing rate of interest. Within the scope of the subsequent measurement, interest will accrue to the carrying amount of the lease liability on the basis of the interest rate used for discounting, while the lease payments made will be deducted from this carrying amount.

The lease payments included in the measurement of the lease liability consist of fixed payments (including de facto fixed payments), variable payments which are tied to an index or (interest) rate, payments expected within the scope of residual value guarantees as well as payments which will arise through purchase options with a reasonable degree of certainty. In addition, penalties for a termination are taken into consideration where the term takes into consideration that the lessee will exercise a termination option and corresponding penalties have been agreed.

In principle, changes to leases and remeasurements of lease liabilities are recognised in other comprehensive income against the right-of-use asset. They will be recognised through profit or loss if the carrying amount of the right-of-use asset has already been reduced to zero or this results from a partial termination of the lease.

As a rule, the group depreciates on a straight-line basis the right-of-use assets from the start of the lease up to the end of the period of use of the leased asset or the end of the contract term, whichever is earlier. A longer period of use for the leased asset will be applied for the depreciation period if a transfer of ownership (e.g. through exercise of a purchase option) is assumed at the end of the lease term. In addition, the group tests for impairment in case of relevant indicators.

In case of short-term leases and low-value leases, the relevant payments are recognised as expense through profit or loss on a straight-line basis over the term of the lease.

The right-of-use assets and lease liabilities are reported in the balance sheet under property, plant and equipment or other non-current liabilities and other liabilities.

Currency translation

The functional currency of all consolidated subsidiaries and joint ventures is the euro. There are not balance sheet items in a foreign currency.

Earnings per share

The basic earnings per share are calculated by dividing the share of the profit for the period attributable to the shareholders of DIC by the weighted average of the number of shares outstanding during the year. Shares newly issued or repurchased during a period are taken into consideration on a pro rata basis for the period in which they are outstanding. A dilutive effect may result in the future from existing authorised capital.

Accounting estimates and assumptions

To a certain degree, preparation of the consolidated financial statements requires discretionary decisions and estimates, which have an impact on the recognition, measurement and presentation of assets and liabilities, income and expenses, as well as the contingent assets and contingent liabilities.

The principal areas affected by assumptions and estimates are

- the determination of the economic lives of fixed assets,
- the calculation of discounted cash flows as well as the discounting and capitalisation rates used in impairment tests,
- the determination of the fair value and present value of minimum lease payments, the applicable discount rate and the term of leases, taking into account existing termination and extension options.
- the determination of the point in time and amount of revenue recognition in accordance with the principles of IFRS 15,
- the recognition and measurement of provisions,
- the recoverability of receivables,
- the future usability of tax loss carryforwards.

All assumptions and the underlying estimates are constantly re-evaluated. They are based on past experiences and other factors including expectations with regard to future events.

In future periods, actual values may deviate from the assumptions and estimates made and lead to considerable adjustments to the carrying amounts of the respective assets and liabilities.

Consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the parent company and the companies that it controls. The company has control if it has power over an investee, is exposed to variable returns from its involvement with the investee and has the ability to affect the amount of the returns as a result of its power.

An investee is consolidated from the point in time when the company obtains control over the subsidiary until the point in time that it ceases to have control. In this context, the profit or loss of subsidiaries acquired or sold during the year is recognised in the consolidated income statement and in other comprehensive income from the actual date of acquisition to the actual date of disposal.

The group reassesses whether or not the company controls an investee if facts and circumstances indicate that one or more of the aforementioned three control criteria have changed.

If the company does not hold the majority of the voting rights, it still controls the investee if its voting rights give it the practical ability to direct the relevant activities of the investee unilaterally. When assessing whether its voting rights are sufficient to exercise control, the company considers all facts and circumstances, including:

- the size of the company’s holding of voting rights relative to the size and distribution of holdings of the other vote holders,
- potential voting rights held by the company, other vote holders or other parties,
- rights arising from other contractual agreements and any additional facts and circumstances that indicate the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

The acquisition method is used to account for acquired subsidiaries as long as they constitute a business within the meaning of IFRS 3. The acquisition cost comprises the fair value of all assets transferred, of the equity instruments issued and of the liabilities that arose or were assumed at the time of the transaction. In accordance with IFRS 3 Business Combinations, the carrying amounts of the parent company's investments are offset against its shares in the remeasured equity of the subsidiaries at the time of acquisition. In this process, assets and liabilities are recognised at fair value. Acquisition-related costs are expensed as incurred. The amount recognised as goodwill – which is tested for impairment at least once a year – is calculated as the amount by which the acquisition cost, the amount of non-controlling interests in the acquiree and the fair value of all previously held equity interests at the acquisition date exceeds the group’s share of the acquiree’s net assets, measured at fair value. If the cost of acquisition is lower than the fair value of the acquiree’s net assets, following further testing the difference is recognised directly in the group’s profit or loss.

If the group loses control over a subsidiary, the remaining share is remeasured at fair value and the resulting difference is recognised in profit or loss. Furthermore, all amounts relating to this company reported in other comprehensive income are reclassified to the income statement.

All intragroup assets, liabilities, equity, income, expenses and cash flows in connection with transactions between group entities are eliminated in full as part of the consolidation. Where consolidation adjustments are recognised in profit or loss, the income tax effects are taken into account and deferred taxes are recognised.

No discretion is required to determine control because the group holds a large majority of the voting rights in all instances (see Chapter Overview).

As at 31 December 2022, a total of 189 (previous year: 193) subsidiaries were included in the consolidated financial statements in addition to DIC (see appendix 1 to the notes, page 200 et seq.).

Fourteen companies were merged in the course of optimising the group's structure. Fifteen companies were acquired during the financial year and consolidated for the first time. In addition, four companies were sold and left the scope of consolidation (previous year: 17 companies acquired and one merged).

Acquisition of VIB Vermögen AG

DIC acquired 60.0% of VIB Vermögens AG (“VIB”) by 1 April 2022. Initial consolidation was carried out as at 1 April 2022. The equity interest was increased to 68.1% during the year.

By acquiring a controlling majority in VIB, DIC is consistently expanding both its portfolio, particularly in the high-potential logistics asset class, and its presence in southern Germany. The combined real estate assets of DIC and VIB amount to over EUR 14 billion. As a result, DIC is consolidating its position as a leading office and logistics player in the German commercial real estate market and strengthening the basis for further successful growth.

A purchase price of EUR 849.3 million was paid for the acquisition of 60.0% of the shares in VIB.

The following table shows the fair values of the acquired assets and liabilities recognised at the acquisition date of 1 April 2022:

in EUR thousand	Fair value
Corporate brand (intangible assets)	1,405
Investment properties	2,257,546
Property, plant and equipment	9,480
Investments in associates	27,651
Cash and cash equivalents	96,015
Other current assets	17,879
Total assets	**2,409,976**
Non-current liabilities	921,240
Current liabilities	73,249
Total liabilities	**994,489**
Net assets acquired	**1,415,487**
Non-controlling interests (40.0%)	566,195
Net assets acquired, DIC Asset AG	849,292

The purchase price allocation (PPA) is provisional as at 31 December 2022, as the valuations required for the PPA were not yet completed. The provisional nature mainly relates to the investment properties, the corporate brand and the investments in associates.

The non-controlling interests of 40.0% were recognised at the acquisition date and measured at their share of the identifiable net assets acquired in the amount of EUR 566,195 thousand.

The fair value of trade receivables within the item “Other current assets" amounts to EUR 1,030 thousand. The gross amount of contractual receivables amounts to EUR 1,030 thousand.

The consolidated profit for financial year 2022 includes profits of EUR 36,195 thousand from the additional business generated by VIB. The attributable revenue (gross rental income) for the 2022 financial year includes EUR 70,647 thousand from VIB.

If the first-time consolidation had taken place on 1 January 2022, the group's revenue (gross rental income) for financial year 2022 would have been EUR 93,784 thousand and the profit for financial year 2022 would have been EUR 41,269 thousand. The pro forma disclosure is based on the assumption that the carrying amounts applicable at the time of acquisition would also have been applicable at the beginning of the period.

Until 31 December 2022, transaction costs of EUR 10,621 thousand were recognised as administrative expenses as part of the transaction.

Associates

An investment in an associate is accounted for using the equity method from the time that the criteria for an associate are met. Any amount by which the cost of acquiring the share exceeds the share acquired in the fair values of the identifiable assets, liabilities and contingent liabilities is reported as goodwill. Goodwill is a component of the carrying amount of the investment and is not tested separately for impairment.

The group discontinues the use of the equity method from the time at which its investment no longer constitutes an associate or the investment must be classified as held for sale in accordance with IFRS 5. When using the equity method is discontinued, profits or losses previously reported in other comprehensive income by the associate are reclassified to the income statement.

If a group company enters into a business relationship with one of the group’s associates, profits and losses from this transaction are eliminated in proportion to the group’s interest in the associate.

For strategic reasons, DIC holds shares in 19 (previous year: 15) companies which are accounted for using the equity method in the consolidated financial statements as associates in accordance with IAS 28.05.

Please refer to note 16 “Investments in associates” regarding the discretion to be applied in determining companies to be included using the equity method.

Other investments

As previously and similar to the provisions of IAS 39, investments that represent an equity instrument as defined by IAS 32 are measured at fair value through other comprehensive income and allocated to the category "At Fair Value through other Comprehensive Income". Any changes in the fair value are shown in other comprehensive income and cumulatively in equity. In this case, if the instrument is derecognised, it is not subsequently reclassified to profit or loss but reclassified to retained earnings. Dividends from these instruments, on the other hand, are recognised as investment income in profit or loss. As a rule, assets available for sale are carried in the balance sheet at their fair value. Changes in the market value are recorded in other comprehensive income as long as there is no impairment.

Investments that do not represent an equity instrument as defined by IAS 32 are measured at fair value through profit or loss and allocated to the category "At Fair Value through Profit or Loss".

At the balance sheet date, DIC reported a total of 39 investments (previous year: 39).

Goodwill

Goodwill results from a business combination and corresponds to the amount by which the transferred consideration exceeds the fair value of the net assets (assets acquired less liabilities entered into or assumed). Goodwill is not subject to amortisation and is tested for impairment at the level of so-called cash-generating units (CGUs) once a year and in case of events or changes in circumstances which point to an impairment. It is measured at cost less accumulated impairment losses. Reversals of impairment losses are not permitted.

In the case of the sale of the subsidiary, the attributable goodwill amount resulting from this sale will be included in the profit or loss calculation.

With regard to the impairment test for goodwill, please see the information provided in note 13 “Goodwill”.

Impairment

For assets with a specific useful life, in accordance with IAS 36 on each reporting date indications of possible impairment will be checked for, e.g. particular events or market developments which point to a possible fall in value. There were no indications of an impairment of the intangible assets, property, plant and equipment or the investment property subject to depreciation and amortisation in either the reporting period or the comparative period.

Intangible assets with a indefinite useful life must also be tested for impairment on each reporting date. In the current reporting period, this relates to the goodwill resulting from the acquisition of the German Estate Group (“GEG”) and RLI Investors GmbH (“RLI”).

In case of indications or as of the mandatory annual impairment test for intangible assets with an indefinite useful life and goodwill, the recoverable amount of the asset will be determined. The recoverable amount of an asset is the higher of the asset’s fair value or a cash-generating unit (CGU) less costs to sell and the value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In the latter case, the recoverable amount is to be determined on the basis of a CGU to which assets or groups of assets are allocated until they jointly generate largely independent cash inflows. For example, this is the case for goodwill. Where this results from a business combination, it will be allocated from the acquisition date to the CGU or the group of CGUs which may derive benefits from the synergies resulting from the combination and at whose level the goodwill is monitored for internal management purposes.

To determine the value in use, in principle the expected future cash flows are discounted to their present value on the basis of a pre-tax discount rate reflecting the current market assessments with respect to the interest effect and the specific risks of the asset. In determining the value in use, account is taken of the current and future expected income level as well as technological, economic and general development trends on the basis of approved financial budgets. To determine the fair value less costs to sell, account is taken of any recent market transactions. If the carrying amount exceeds the recoverable amount of the asset or the CGU, an impairment loss is recognised in profit or loss at the level that the carrying amount exceeds the recoverable amount.

For goodwill, if the impairment requirement is higher than the carrying amount of the goodwill of the CGU, then the goodwill is first fully amortised and the remaining impairment requirement distributed to the other assets of the CGU. Account is taken of the necessary impairment on individual assets of this CGU in advance of goodwill impairment testing.

Reversals on the new recoverable amount are made, except for goodwill, when the reasons for impairment in previous years no longer apply. The upper limits for reversals are the depreciated historical costs which would have resulted if no impairments had been recognised in previous years. No reversals were recognised on intangible assets or property, plant and equipment in the reporting period or the comparative period.

The goodwill reported at 31 December 2022 in the amount of EUR 190,243 thousand has resulted from the acquisition of the GEG in 2019 and RLI at the beginning of 2021. This goodwill has been allocated to the Institutional Business segment and will be monitored at this level. See note 13 “Goodwill” for further information.

EPRA earnings

EPRA stands for European Public Real Estate Association, the association of listed real estate companies in Europe. EPRA has issued recommendations on how real estate companies should calculate and adjust their earnings to ensure they are comparable and exclude exceptional factors and non-recurring effects.

"EPRA earnings" measures the sustainable and continuing performance of the real estate portfolio. Financial years 2022 and 2021 showed the following EPRA earnings:

in EUR thousand	2022	2021
IRFS profit	31,024	57,795
EPRA adjustments		
Market value change or depreciation of investment property	63,129	32,566
Profit / loss on disposal of investment property	– 12,697	– 23,765
Tax on disposal of investment property	2,010	3,761
Amortisation of intangible assets and depreciation of right-of-use assets in acc. with IFRS 16	10,753	10,419
Other non-recurring effects	13,235	15,570
Deferred taxes in connection with EPRA adjustments	– 484	– 477
Contributions from Co-Investments (project developments and sales)	0	0
Non-controlling interests	11,834	590
EPRA earnings	118,804	96,459
EPRA earnings per share	1.44	1.18

Income statement disclosures

1. Gross rental income

Gross rental income rose to EUR 175,956 thousand (previous year: EUR 108,390 thousand) largely due to the first-time consolidation of VIB and excellent letting activities. The rent increases resulting from the inclusion of VIB rents, new leases and acquisitions significantly overcompensated for the reduction due to sales and lease terminations.

2. Service charge income and expenses on principal basis

The costs recognised include apportionable current expenses incurred by the group under section 1 of the Betriebskostenverordnung (German Regulation on Operating Costs) based on its ownership of the land or its use of the building, annexes, facilities, etc. in accordance with their intended purpose as well as ancillary leasing costs to be borne by the tenants under the terms of their contract. These are typically understood to mean costs for water, power, heating and property tax, for example, as well as the necessary maintenance and inspection costs. The shortfall between income and expenses from service charges amounting to EUR 5,303 thousand (previous year: EUR 3,204 thousand) is mainly the result of costs that cannot be passed on to tenants on account of the exemption clauses written into their leases. With the exception of one property, rental income was generated in the case of all items of investment property.

3. Other property-related expenses

Other property-related expenses include property management costs that cannot be passed on to tenants as operating expenses because they are already covered in the rent charged. These include costs to rectify structural defects caused by wear and tear to the buildings or ageing, in particular the replacement of fire protection technology, as well as administrative and ancillary costs resulting from vacant space as well as bad debt allowances on rent receivables. In the previous year, the company recognised additional pandemic-related allowances of approximately EUR 300 thousand.

4. Administrative expenses

in EUR thousand	2022	2021
Legal and consulting costs	19,909	5,737
IT costs	3,802	2,636
Marketing / investor relations	2,827	1,779
Ancillary financing costs	2,211	2,700
Recruitment and other personnel costs	2,081	2,081
External services	2,026	1,593
Insurance / contributions and levies	1,803	1,375
Rental and ancillary costs	1,033	1,006
Supervisory Board remuneration	803	821
Auditing costs	670	656
Vehicle costs	577	538
VAT	0	241
Other	121	355
Total	37,863	21,518

The increase in administrative expenses by comparison with the previous year is attributable to the combination with VIB in particular. This mainly includes the current administrative expenses of VIB such as current legal and consulting costs and IT costs as well as transaction costs associated with the acquisition of VIB.

In the financial year the company had expenses totalling EUR 803 thousand in remuneration for members of the Supervisory Board. Supervisory Board members were also reimbursed travel expenses totalling EUR 2 thousand.

The following fees were incurred for the services supplied by the auditors of the financial statements BDO AG, Wirtschaftsprüfungsgesellschaft, Hamburg, in financial year 2022 (previous year: Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg):

in EUR thousand	2022	2021
Financial statements auditing services	635	486
Other assurance services	0	39
Other services	35	131
Total	670	656

The fees for audits of the financial statements relate to the audit of the consolidated financial statements of DIC and the annual financial statements of DIC and its affiliates required by law.

The other benefits relate to a valuation certificate for the contribution in kind to a subsidiary.

5. Personnel expenses

Personnel expenses include the wages and salaries of employees of DIC Asset AG and DIC Onsite GmbH, DIC Fund Balance GmbH, VIB Vermögen AG and the entities of the GEG Group as well as the related social security contributions in the total amount of EUR 35,093 thousand (previous year: EUR 33,866 thousand). The social security contributions totalling EUR 4,329 thousand (previous year: EUR 4,108 thousand) include EUR 2,070 thousand (previous year: EUR 1,808 thousand) in contributions to the statutory pension fund. At EUR 42,581 thousand, personnel expenses are higher than in the previous year (previous year: EUR 38,096 thousand), mainly due to the first-time inclusion of VIB.

The average number of employees rose by 8 to 297 in 2022. Averaged over the year, DIC Asset AG had 82 employees, while DIC Onsite GmbH had 155 employees, DIC Fund Balance GmbH had 3 employees, VIB Vermögen AG had 32 and the GEG Group entities had 25 employees.

6. Depreciation and amortisation

Depreciation and amortisation of EUR 73,883 thousand (previous year: EUR 42,986 thousand) primarily concerns the recognised properties. The increase in depreciation on properties is primarily attributable to the acquisition of VIB. This also includes depreciation and amortisation of right-of-use assets for the offices which we use ourselves and, to a lesser extent, office furniture and equipment as well as intangible fixed assets. The depreciation and amortisation item was affected by acquisitions, sales in the previous and current year, the application of IFRS 16 and the service agreements recognised as intangible assets within the scope of the purchase price allocations in connection with the acquired GEG Group and RLI, as well as the investments made in real estate assets.

7. Real estate management fees

The income relates to asset and property management, leasing, project management and disposition fees generated by DIC Asset AG and its subsidiaries, particularly by DIC Onsite GmbH and GEG Real Estate Management GmbH: In addition to the material related parties listed in the following table, income from real estate management fees was generated in particular from the investment vehicles (three categories) of the Institutional Business segment as shown.

in EUR thousand	2022	2021
DIC Office Balance I	**1,400**	1,715
DIC Office Balance II	**2,437**	2,501
DIC Office Balance III	**1,783**	2,958
DIC Office Balance IV	**1,529**	1,485
DIC Office Balance V	**4,740**	2,812
DIC Retail Balance I	**1,389**	1,392
Pool Funds	**63,076**	60,926
Club Deals	**6,653**	12,883
Separate Accounts	**5,368**	14,553
Total	**88,375**	101,225

Of the real estate management fees realised, EUR 36.4 million (previous year: EUR 35.4 million) relates to asset and property management and development and EUR 52.0 million (previous year: EUR 65.8 million) to transaction- and performance-related fees.

8. Profit on disposal of investment property

Thanks to strategic sales in connection with the portfolio streamlining and the exploitation of market opportunities, the group generated profits from the disposal of investment property in the amount of EUR 12,697 thousand (previous year: EUR 23,765 thousand). This corresponds to a return on sales of 25% (previous year: 17%).

Costs to sell of EUR 656 thousand (previous year: EUR 6,983 thousand) mainly related to legal, consultancy and estate agent costs as well as any construction costs yet to be incurred were deducted from the sales proceeds of EUR 52,150 thousand (previous year: EUR 146,320 thousand).

9. Share of the profit or loss of associates

This item relates to the investor's share of the investee's profit or loss to be recognised in the investor's profit or loss using the equity method of accounting as well as investment income and amounts to EUR 18,918 thousand (previous year: EUR 6,524 thousand).

The share of the profit or loss of associates in the year under review mainly includes contributions from the existing DIC Office Balance I, DIC Office Balance II, DIC Office Balance III, DIC Office Balance IV, DIC Office Balance V and DIC Retail Balance I funds, and from other investments. In other investments, the sale of a joint venture investment in particular contributed to the year-on-year increase in the share of the profit or loss of associates. Investment income from minority interests is also shown here and amounted to EUR 1,758 thousand in the financial year (previous year: EUR 2,036 thousand).

10. Interest income and expense

The expense arising from the repayment of processing fees incurred in connection with financial liabilities amounted to EUR 5,374 thousand in the financial year (previous year: EUR 2,615 thousand). The increase is mainly due to the bridging loan taken out in connection with the VIB transaction.

Effective interest expense of EUR 30,411 thousand (previous year: EUR 22,525 thousand) results from the corporate bonds. The increase is primarily attributable to the placement of the EUR 400 million Green Bond in the third quarter of 2021. Finance costs include interest expenses for lease liabilities in the amount of EUR 116 thousand (previous year: EUR 168 thousand).

11. Income taxes

in EUR thousand	2022	2021
Current taxes	– 29,842	– 19,447
Deferred tax income / expense	12,789	5,396
Total	– 17,053	– 14,051

Income taxes relate exclusively to taxable profits of consolidated subsidiaries and DIC Asset AG. Current tax expense is composed primarily of corporation tax including solidarity surcharge amounting to EUR 16,489 thousand (previous year: EUR 12,128 thousand) and trade tax amounting to EUR 13,353 thousand (previous year: EUR 7,319 thousand).

The deferred taxes result from temporary differences between tax base and IFRS balance sheet values, and from existing tax loss carryforwards and the recognition of deferred taxes on outside basis differences.

Whether or not deferred tax assets are recoverable is determined based on management's assessment regarding the recoverability of deferred tax assets. This depends on the generation of future taxable profits during the periods in which temporary differences are reversed and tax loss carryforwards can be utilised. DIC assumes that, based on the forecast for each portfolio and individual property, the future taxable income will be sufficient to be able in all likelihood to realise the recognised deferred tax assets. The current assessment with regard to the recoverability of deferred tax assets may change, making higher or lower allowances necessary.

No deferred tax assets were recognised on corporation tax loss carryforwards amounting to EUR 17.5 million (previous year: EUR 28.1 million) and on trade tax loss carryforwards amounting to EUR 88.6 million (previous year: EUR 66.6 million).

Deferred taxes are measured on the basis of the tax rates that apply or are likely to apply at the date they are realised. As in the previous year, the calculation of domestic deferred taxes is based on the corporation tax rate of 15%, the solidarity surcharge of 5.5% on the corporation tax rate, and the company-specific trade tax rates (usually 16.1%). Deferred tax expense/income compares with the previous year as follows:

in EUR thousand	2022	2021
Tax loss carryforwards	737	3,218
Investment properties	1,427	1,456
Service agreements	10,448	1,851
Capital transactions	–634	–1,460
Other	811	331
Total	12,789	5,396

Deferred tax assets and liabilities can be classified as follows:

in EUR thousand	31.12.2022		31.12.2021	
	Assets	Liabilities	Assets	Liabilities
Tax loss carryforwards	19,399	0	18,662	0
Investment properties	12,398	228,724	11,928	21,367
Service agreements	0	10,201	222	20,649
Derivatives	0	930	0	4
Capital transactions	0	1,612	0	2,294
Other	765	901	496	519
Total	32,562	242,368	31,308	44,833

Deferred taxes on the items included in other comprehensive income amount to EUR –803 thousand (previous year: EUR –1,304 thousand), of which EUR –781 thousand (previous year: EUR –188 thousand) is attributable to the movements in the group's cash flow or fair value hedges, EUR 121 thousand (previous year: EUR –1,116 thousand) to the fair value changes of the financial instruments measured at fair value through other comprehensive income, and EUR –143 thousand (previous year: EUR 0 thousand) to actuarial gains/losses from pensions.

No deferred taxes were recognised on temporary differences in connection with shares in subsidiaries (outside basis differences) totalling EUR 33.3 million (previous year: EUR 55.5 million) and on temporary differences in connection with associated companies totalling EUR 0.7 million (previous year: EUR 0.7 million).

The difference between anticipated tax expense and actual tax expense can be reconciled as follows:

in EUR thousand	2022	2021
Profit for the period before tax	59,911	72,436
Applicable statutory tax rate (in %)	31.925	31.925
Anticipated tax expense	19,127	23,125
Increase or decrease in the tax liability through:		
Trade tax reduction and differing tax rates	–5,503	–13,811
Non-deductible expenses	5,940	9,816
Effects of investments in associates	–6,034	–2,075
Effects of unrecognised tax losses	1,354	–3,255
Taxes for previous periods	1,532	920
Other effects	637	–669
Effective total tax expense	17,053	14,051

The anticipated tax rate was determined on the basis of the tax rates applicable in Germany in 2022 and 2021. A tax rate of 31.925% was used for the calculation. This is composed of a nominal corporation tax rate incl. solidarity surcharge of 15.825% plus a nominal trade tax rate of 16.10%. The trade tax rate is based on the assessment rate for Frankfurt am Main of 460%.

12. Earnings per share, net asset value (NAV) and NAV per share

In accordance with IAS 33.12, earnings per share are calculated from profit/loss for the period excluding non-controlling interests and the number of the shares outstanding on an annual average.

in Euro	2022	2021
Profit for the period after non-controlling interests	31,023,704.34	57,795,118.78
Average number of shares issued	82,689,478	81,504,495
Basic earnings per share	0.38	0.71

For 2022, the Management Board will propose a dividend in the amount of EUR 62,364 thousand (EUR 0.75 per share). In addition, the Management Board will propose paying the dividend according to shareholder choice either (i) entirely in cash or (ii) partly in cash and partly in shares of DIC Asset AG (scrip dividend). The dividend will be fully subject to capital gains tax. Which is estimated to be EUR 16,449 thousand. In accordance with IAS 10, the dividend is not recognised as a liability in these consolidated financial statements.

Based on our accounting for investment properties pursuant to IAS 40 at amortized cost, we present the net asset value (NAV), which is the fair value of equity, as at 31 December 2022 and 31 December 2021:

in EUR thousand	31.12.2022	31.12.2021
Carrying amount of investment properties	3,673,250	1,756,660
Fair value adjustment	342,901	375,183
Fair value of investment properties*	4,016,151	2,131,843
Properties in accordance with IFRS 5	435,750	90,368
Fair value of real estate properties incl. IFRS 5*	4,451,901	2,222,211
Fair value of investments in associates	81,642	66,870
+ / - other assets / liabilities	1,008,970	1,478,567
+ / - restatement of Other assets / liabilities*	– 332,733	– 36,972
Net loan liabilities at carrying amount	– 3,099,762	– 2,168,126
Net loan liabilities in accordance with IFRS 5	– 38,676	– 39,266
Non-controlling interests	– 550,405	– 13,444
NAV	1,520,937	1,509,840
NAV / share	18.29	18.44

* Incl. non-controlling interests

** Restated for deferred taxes (EUR +67,250 thousand; previous year: EUR +12,281 thousand), financial instruments (EUR -2,909 thousand; previous year: EUR +1,849 thousand) and IFRS 5 assets and liabilities (EUR -397,074 thousand; previous year: EUR -51,102 thousand)

Balance sheet disclosures

13. Goodwill

The goodwill resulted from the consolidation of GEG and RLI. In the financial year, goodwill was tested for impairment on the basis of estimated future cash flows derived from planning (value in use) for the cash-generating unit to which the goodwill is allocated. This planning is based on a planning horizon of three years derived from management's current budget. The planning is based on existing contractual agreements or experience from transactions already concluded for comparable future situations. For discounting of cash flows in the detailed planning period, we apply a consistent capital cost rate after tax of 7.0% which is determined on the basis of a capital asset pricing model (CAPM).

The corresponding average capital cost rate before tax was 9.5%. At the end of the detailed planning period, this is followed by a reconciled terminal value for the years from 2026 onwards which has been discounted by a capital cost rate of 6.0% (after tax, after growth rate) on the basis of the CAPM. For the terminal value, the calculation is based on a perpetual average growth rate of 1.0%. For the purpose of discounting, we consider the growth rate as a discount on the capital cost rate.

We continuously observe and update the key technical, market-related, economic and statutory parameters and outline conditions for the purpose of the impairment test. No indication of impairment arose in the financial year. The goodwill impairment test implemented at the reporting date did not trigger an impairment loss, either. This test compares the higher of the fair value less costs to sell and the value in use with the carrying amount of the cash-generating unit (CGU) to which the goodwill is allocated.

For goodwill in the financial year, a 5% decrease in the cash flows serving as the basis for the calculation would have reduced the value in use by around EUR −26.1 million and would not have resulted in any impairment. A +1% increase in the discount rate would have reduced the value in use by around EUR −76.1 million and would likewise not have given rise to any impairment since the value in use is significantly higher than the CGU's carrying amount.

14. Investment property

in EUR thousand	2022	2021
Cost		
As at 1 January	**2,035,208**	1,852,954
Additions resulting from acquisitions	**2,425,514**	296,914
Additions due to capital expenditures	**52,004**	16,872
Classification as "held for sale"	**– 371,578**	– 105,564
Disposals	**– 158,415**	– 25,968
As at 31 December	**3,982,733**	2,035,208
Depreciation and amortisation		
As at 1 January	**278,548**	252,967
Additions	**59,970**	31,836
Classification as "held for sale"	**– 23,322**	– 1,432
Disposals	**– 5,713**	– 4,823
As at 31 December	**309,483**	278,548
Carrying amount on 1 January	**1,756,660**	1,599,987
Carrying amount on 31 December	**3,673,250**	1,756,660
Fair value *	**4,451,901**	2,222,211

* Incl. non-controlling interests and IFRS 5 property

Details of and information about the levels of the fair value hierarchy in accordance with IAS 40.79 in conjunction with IFRS 13.93 (a), (b) and 13.97 of the group's investment property as at 31 December 2022 are presented in the following table:

in EUR thousand	Fair value 31.12.2022	Quoted prices in active markets for identical assets (Level 1)	Material other observable inputs (Level 2)	Material unobservable inputs (Level 3)
Commercial real estate in Germany	**4,451,901**			4,451,901

Valuation techniques applied to level 3

The fair values calculated (net value after deducting transaction costs) are based entirely on the findings of the independent valuers contracted for this purpose, Cushman & Wakefield, CBRE, Knight Frank and ENA Experts, who have undertaken a valuation in accordance with internationally recognised standards. Valuation parameters that are as close to the market as possible should be used as inputs. Despite taking account of some observable market inputs, which correspond to level 2, the fair values must ultimately be assigned to level 3.

The calculation of market values is based on a calculation of their present values (discounted cash flow method). This is generally based on a cash flow period of ten years, at the end of which the property is assumed to be sold. The discount rate recognised for the valuation comprises a risk-free rate, which can be derived from the average current yield on long-term, fixed-income federal bonds and a property-specific risk premium, which reflects the restricted fungibility of real estate investments in relation to more fungible forms of investment such as equities or bonds. The average current yield recognised was 0.60% (2021: 0.50%). The property-specific risk premium was between 2.60% and 6.40% (2021: between 2.25% and 6.00%). The average discount rate was 2.90% to 8.35% (2021: 2.75% to 6.50%).

The interest rate recognised for the capitalisation of the terminal value corresponds to the observable interest rate in the current real estate capital market plus a property-specific risk premium. The capitalisation rates recognised vary between 2.90% and 7.85% (2021: 2.65% and 6.75%) depending on the quality, location and structure of the properties.

When investment property is tested for impairment in accordance with IAS 36, the carrying amounts of the properties – with the exception of properties classified as non-current assets held for sale – are compared with the higher of fair value and the properties' values in use deduced from market values. The comparison uses gross market values, i.e. not including the transaction costs that may arise if the properties are actually sold. In addition, parameters specific to the company were used to calculate the reference values. These parameters take account of the value in use of the properties in the context of their use for business purposes. In this respect, the important factors are, in particular, the retention of the property in the group, the forecast cash flows arising as a result and the reduction in management costs compared with the standard valuation due to the assets being managed in-house. An appropriate asset-specific capitalisation rate is also calculated in accordance with the criteria of IAS 36 A17.

In addition to the sensitivity analysis for the fair values already presented in the report on opportunities and risks page 85 in the management report, we performed a sensitivity calculation for the properties' values in use so as to be able to assess effects of potential interest rate volatilities more accurately. This produced the following result:

Change in the value in use of properties

Scenarios: changes of discount rate / Scenarios: changes of capitalisation rate	+0.25%	0%	–0.25%
+0.25%	EUR –381.6 million	EUR –110.6 million	EUR +204.6 million
0%	EUR –275.5 million	+/–0.0	EUR +323.6 million
–0.25%	EUR –168.5 million	EUR +155.2 million	EUR +447.3 million

Were the capitalisation and discount rates to increase by 25 basis points due to the macroeconomic or business situation, the value in use would fall by EUR 381.6 million. If the interest rates were to fall by the same amount, the value in use would rise by EUR 447.3 million.

As at 31 December 2022, acquisition costs do not include any borrowing costs, as in the previous year. In the 2022 financial year, no borrowing costs were recognised, as in the previous year.

There are no restrictions on the disposal of investment property in the group and no contractual obligations to purchase, construct or develop investment property.

Current contractual arrangements result in financial obligations vis-à-vis our tenants of EUR 8.8 million for 2022 and 2023 (previous year: EUR 15.9 million). Obligations from purchase agreements amount to EUR 69.1 million (previous year: EUR 262.9 million).

15. Property, plant and equipment

in EUR thousand	Building	Office furniture and equipment	Right-of-use assets	2022 Total	2021 Total
Cost					
As at 1 January	5,947	4,491	12,211	**22,649**	21,885
Additions	5,400	5,602	794	**11,796**	1,395
Disposals	0	– 88	– 969	**– 1,057**	– 631
As at 31 December	11,347	10,005	12,036	**33,388**	22,649
Depreciation and amortisation					
As at 1 January	130	3,392	6,607	**10,129**	7,310
Additions	164	745	2,709	**3,618**	3,449
Disposals	0	– 52	– 951	**– 1,003**	– 630
As at 31 December	294	4,085	8,365	**12,744**	10,129
Carrying amount on 1 January	5,817	1,099	5,604	**12,520**	14,575
Carrying amount on 31 December	11,053	5,920	3,671	**20,644**	12,520

This includes the following right-of-use assets in accordance with IFRS 16:

	Buildings	Vehicles	IT equipment	2022 Total
Cost				
As at 1 January	10,600	1,262	349	**12,211**
Additions	51	142	601	**794**
Disposals	– 170	– 473	– 326	**– 969**
As at 31 December	10,481	931	624	**12,036**
Depreciation and amortisation				
As at 1 January	5,695	671	241	**6,607**
Additions	2,148	357	204	**2,709**
Disposals	– 154	– 470	– 327	**– 951**
As at 31 December	7,689	558	118	**8,365**
Carrying amount on 1 January	4,905	591	108	**5,604**
Carrying amount on 31 December	2,792	373	506	**3,671**
Number of right-of-use assets	11	37	13	
Range of remaining maturities (months)	3-18	1-32	3-42	

16. Investments in associates

The associates as at 31 December 2022 are listed in the following table. DIC directly holds equity interests or voting rights in the entities listed below.

in EUR thousand	31.12.2022		31.12.2021	
Interest in:	Share of voting rights	Carrying amount	Share of voting rights	Carrying amount
DIC Office Balance I (fund)	12.5%	4,615	12.5%	4,897
DIC Office Balance II (fund)	0.0%	9,614	0.0%	9,613
DIC Office Balance III (fund)	5.9%	2,825	5.9%	4,656
DIC Office Balance IV (fund)	6.3%	3,130	6.4%	3,115
DIC Office Balance V (fund)	5.6%	2,892	5.6%	4,005
DIC Retail Balance I (fund)	11.9%	5,483	8.1%	5,690
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	40.0%	26,391	40.0%	26,224
Realogis Holding GmbH	25.0%	8,710	25.0%	8,497
BHB Brauholding AG*	34.2%	2,817	0.0%	0
KHI Immoblien GmbH*	41.7%	15,164	0.0%	0
Other		1		173
Total		81,642		66,870

*From 01.04.2022

Significant associates as defined in IFRS 12.2 are DIC MainTor Zweite Beteiligungs GmbH & Co.KG, DIC Office Balance I, DIC Office Balance II, DIC Office Balance III, DIC Office Balance IV, DIC Office Balance V, DIC Retail Balance I, Realogis Holding GmbH, BHB Brauholding AG and KHI Immobilien GmbH.

The group holds a 8.1% interest (DIC Office Balance I), a 3.4% interest (DIC Office Balance II), a 1.6% interest (DIC Office Balance III), a 1.5% interest (DIC Office Balance IV), a 3.9% interest (DIC Retail Balance I), a 0.5% interest (DIC Office Balance V) in the capital of funds and/or in the capital of various fund property entities and thus directly or indirectly holds an interest in the respective fund. It exerts a significant influence on the companies due to the chairmanship and the regulations regarding voting rights in the Investment Committee and through the contractual right to conduct the funds' asset and property management and to manage a fund property entity's business.

The financial information concerning the group's significant associates is summarised above. The summary financial information corresponds to the contributions in the company's financial statements prepared in accordance with IFRSs (adjusted by the group for the purpose of accounting using the equity method).

in EUR thousand	DIC MainTor Zweite Beteiligungs GmbH & Co. KG	DIC Office Balance I	DIC Office Balance II	DIC Office Balance III	DIC Office Balance IV	DIC Retail Balance I	DIC Office Balance V	Other associates	**2022 total**	2021 total
Assets	320,701	176,944	412,221	187,743	207,720	126,318	248,848	5,441	**1,685,936**	1,743,993
Liabilities	242,303	87,272	114,209	6,448	45,278	16,269	79,177	741	**591,697**	559,199
Net assets	78,398	89,672	298,012	181,295	162,442	110,049	169,671	4,700	**1,094,239**	1,184,794
Income	20,724	15,055	4,377	10,638	8,785	7,058	5,211	5,664	**77,512**	84,089
Expenses	16,801	11,870	2,481	1,425	3,438	1,239	2,481	2,416	**42,151**	65,163
Profit for the year	3,923	3,185	1,896	9,213	5,347	5,819	2,730	3,248	**35,361**	18,926

17. Loans to related parties

The loans to related parties concern the long-term loans to the related parties listed below. Please refer to the disclosures in the section entitled "Legal transactions with related parties" on p. 192 et seq. for a description of the terms.

in EUR thousand	IAS 24.9	2022	2021
DIC MainTor GmbH	b (ii)	**58,641**	53,855
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	b (ii)	**30,638**	28,567
Deutsche Immobilien Chancen AG & Co. KGaA	b (ii)	**17,593**	17,080
Total		**106,872**	99,502

18. Other investments

In addition to the equity investment in DIC Opportunistic GmbH in the amount of EUR 72,163 thousand (previous year: EUR 63,194 thousand), the other investments also include minority interests in investment vehicles of the Institutional Business segment in the amount of EUR 31,355 thousand (previous year: EUR 29,757 thousand). All equity investments are carried at their fair values.

19. Intangible assets

Intangible assets mainly comprise the service agreements and trademark rights added through the acquisition of GEG and RLI as well as software for accounting, consolidation and office applications.

in EUR thousand	IT software, licenses	Service agreements	Brands	2020 Total	2020 Total
Cost					
As at 1 January	4,260	56,071	1,087	**61,418**	27,060
Additions	876	0	1,405	**2,281**	34,358
Disposals	0	0	0	**0**	0
As at 31 December	**5,136**	**56,071**	**2,492**	**63,699**	**61,418**
Amortisation					
As at 1 January	3,559	13,035	401	**16,995**	9,294
Additions	293	6,406	224	**6,923**	7,701
Disposals	0	0	0	**0**	0
As at 31 December	**3,852**	**19,441**	**625**	**23,918**	**16,995**
Carrying amount on 1 January	701	43,036	686	**44,423**	17,766
Carrying amount on 31 December	1,284	36,630	1,867	**39,781**	44,423

20. Trade receivables

These are primarily receivables from rents, service charges and real estate management fees. All receivables are due within one year. For an explanation of expected credit losses or impairments, please refer to the explanatory notes on credit risk in our risk management reporting.

21. Receivables from and liabilities to related parties

The receivables result predominantly from the granting of loans. An interest rate of 6.0% to 7.25% p.a. applies to the loans. Receivables from services rendered to related parties are also reported under this item. Detailed disclosures on relations with entities and individuals classified as related parties are shown in the corresponding section entitled “Related party disclosures” on p. 192 et seg.

The value shown in the balance sheet relates to:

		31.12.2022		31.12.2021	
	IAS 24.09	Receiv-ables	Liabilities	Receiv-ables	Liabilities
MainTor GmbH	b (ii)		**12,477**	136	10,906
DIC Opportunistic GmbH	b (ii)	**11,666**		9,610	
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	b (ii)		**4,855**		4,594
Deutsche Immobilien Chancen Beteiligungs AG	b (ii)	**1,353**		1,252	
Deutsche Immobilien Chancen AG & Co. KGaA	b (ii)	**1,319**	**1,476**	1,193	759
DIC MainTor III GmbH	b (ii)				879
DIC Office Balance II (fund)	b (ii)	**61**		223	
DIC Office Balance III (fund)	b (ii)	**269**		1,119	
DIC Office Balance IV (fund)	b (ii)	**197**		82	
DIC Retail Balance I (fund)	b (ii)	**466**		1,521	
DIC Office Balance V (fund)	b (ii)	**218**		212	
GEG Objekt München SCS	b (ii)			4,200	
DIC MainTor Porta GmbH	b (ii)	**217**			
Other	b (ii)	**444**	**352**	338	332
Total		**16,210**	**19,160**	19,886	17,470

22. Income tax receivables

The figure reported relates to creditable taxes and recoverable corporation and trade tax.

23. Other receivables

in EUR thousand	2022	2021
Receivables from unbilled services	**55,890**	63,418
Value added tax	**12,934**	3,996
Deposits	**5,122**	5,030
”Rent-free period“ receivables	**4,033**	4,174
Receivables from insurance compensations	**2,615**	811
Recovery of special repayments	**1,081**	3,655
Receivables Uptown Tower	**0**	182,089
Other	**5,362**	2,687
Total	**87,037**	265,860

24. Other assets

This item mainly includes deferred income of EUR 14,846 thousand (previous year: EUR 20,809 thousand) from a refurbishment project in the Institutional Business segment.

25. Cash and cash equivalents

Of the existing cash and cash equivalents, EUR 7,921 thousand is subject to short-term restrictions on disposal beyond the end of the reporting period.

26. Non-current assets held for sale

The non-current assets held for sale item comprises real estate, equity interests in investment products and incidental acquisition costs for such products in the Institutional Business segment which will be sold or are to be transferred over the course of the next year.

This includes 77% of the shares in GEG Public Infrastructure IV with a carrying amount of EUR 68.0 million, which the company does not control due to contractual regulations, however. There are no material risks of loss due to the property held and its long-term lease to the public sector.

No significant profits arose in 2022 in connection with the previous year's non-current assets held for sale item (previous year: EUR 12,026 thousand).

27. Equity

a. Issued capital

The subscribed capital in the amount of EUR 83,152,366.00 (previous year: EUR 81,861,163.00) consists of 83,152,366 registered no-par value ordinary shares (previous year: 81,861,163 shares). There are no other classes of shares. Pursuant to section 67 (2) AktG, only those shareholders who are registered as such in the share register are deemed to be shareholders. All shares convey the same rights and obligations. Each no-par value share grants the holder one vote at the General Shareholders' Meeting. This excludes any treasury shares held by the company itself. The company will have no rights based on these shares. The voting right begins when the statutory minimum deposit has been made on the shares. The individual rights and obligations tied to the shares arise from the provisions of the AktG, in particular sections 12, 53a et seq., 118 et seq. and 186.

b. Authorised capital

The Management Board has been authorised by a resolution adopted at the ordinary General Shareholders' Meeting on 24 March 2022 to increase the company's share capital with the approval of the Supervisory Board by a total of up to EUR 16,372,232.00 until 23 March 2027 by issuing new no-par value registered shares once or repeatedly in return for cash contributions and/or contributions in kind (Authorised Capital 2022). As a rule, the shareholders are to be granted a pre-emptive right when authorised capital is utilised. The shares may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right).

However, the Management Board is authorised with the approval of the Supervisory Board to disapply the pre-emptive rights of shareholders

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

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

- if the capital increase is carried out in return for a contribution in kind, in particular for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets associated with an intended acquisition, or in connection with business combinations;

- to the extent it is necessary to grant pre-emptive rights for new shares to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights and/or conversion obligations that were or will be issued by the company or companies in which the company holds a direct or indirect 100% interest in the volume to which they would be entitled as shareholders after exercising the option rights and/or conversion rights or fulfilling the conversion obligations.

As of 31 December 2022, the Management Board has not made use of the authorisation described above.

c. Contingent capital

By virtue of the resolution adopted at the ordinary General Shareholders' Meeting of 24 March 2022, the Management Board is authorised, with the approval of the Supervisory Board, to issue bearer convertible bonds or bonds with warrants (together, "bonds") with or without limitation of maturities on one or more occasions until 23 March 2027 in a total nominal amount of up to EUR 600,000,000.00, and to grant to holders and/or creditors of bonds conversion or option rights (which may include a conversion obligation) to no-par value registered shares in the company representing a proportionate amount of the share capital of up to EUR 16,372,232.00 in total, subject to the terms of the convertible bonds and/or bonds with warrants (together also "bond terms"). The bonds may only be issued in return for cash payment. In principle, the shareholders are granted a pre-emptive right. The bonds may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right).

However, the Management Board is authorised with the approval of the Supervisory Board to disapply the shareholders' pre-emptive rights to bonds,

- for fractional amounts resulting from the subscription ratio,

- if upon due review the Management Board concludes that the issue price of the bonds is not substantially lower than the theoretical market value of the bonds determined in accordance with generally accepted methods of financial mathematics. This authorisation to disapply pre-emptive rights does not, however, apply to bonds with a conversion or option right (including those with a conversion obligation) to shares, the total amount of which does not exceed 10% of the lower of the share capital existing at the time this authorisation becomes effective or at the time it is exercised. Shares that were issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights or conversion obligations from convertible bonds and/or bonds with warrants and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued based on a different authorisation during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG;

- to the extent it is necessary to grant pre-emptive rights for bonds to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights and/or conversion obligations that were or will be issued by the company or companies in which the company holds a direct or indirect 100% interest in the volume to which they would be entitled as shareholders after exercising the option rights and/or conversion rights or fulfilling the conversion obligations.

The bond issues may be divided into several notes.

If convertible bonds are issued, the holders and/or creditors are granted the right to convert their notes into no-par value registered shares of the company in accordance with the detailed convertible bond terms to be determined by the Management Board. The conversion ratio is determined by dividing a bond note's nominal amount or price that is below its nominal amount by the conversion price specified for a no-par value registered share of the company. The terms may provide for a variable conversion ratio. The conversion ratio may be rounded up or down to the nearest whole number; furthermore, an additional payment in cash may be determined. There may also be a provision that fractions can be combined and/or settled in cash.

If bonds with warrants are issued, one or more warrants entitling the holder and/or creditor to purchase no-par value registered shares in the company in accordance with the option terms to be specified by the Management Board shall be attached to each bond note. The option terms may provide for satisfying the exercise price either in part or as a whole by transferring bond notes and making an additional cash payment if required. There may also be a provision that fractions can be combined and/or settled in cash.

The terms of the convertible bond may also provide for a conversion obligation on maturity (or at an earlier date). The terms of the convertible bonds and/or bonds with warrants may provide for the company's right and/or that of the group company issuing the bond to grant new shares or treasury shares of the company or the shares of another listed company to the holders and/or creditors of the bonds instead of paying all or a portion of the cash amount due. The terms of the convertible bonds and/or bonds with warrants may also stipulate that the company or the group company issuing the bond may choose to grant treasury shares of the company or shares of another listed company when options are converted or exercised. Furthermore, it may be stipulated that the company and/or the group company issuing the bond may settle its obligation by making a cash payment and/or granting shares of the company.

To service conversion or option rights and/or conversion or option obligations under bonds that will be issued until 23 March 2027 based on an authorisation by the General Shareholders' Meeting on 24 March 2022, the company's share capital was contingently increased, by virtue of the resolution adopted at the ordinary General Shareholders' Meeting on 24 March 2022, by up to EUR 16,372,232.00 by issuing up to 16,372,232 registered shares (Contingent Capital 2022).

The Management Board has not made use of the authorisation described above to issue convertible bonds and/or bonds with warrants.

d. Powers of the Management Board to buy back shares

By virtue of the resolution adopted by the ordinary General Shareholders' Meeting of 24 March 2022, the Management Board is authorised, with the prior approval of the Supervisory Board, to acquire own shares until 23 March 2027 representing up to 10% of the lower of the company's share capital at the date of the resolution or at the date the authorisation is exercised. At no time may the acquired shares together with other treasury shares in the possession of the company or allocated to it under sections 71a et seq. AktG represent more than 10% of the share capital. The authorisation may not be used for the purpose of trading treasury shares. The authorisation may be exercised in whole or in part, once or repeatedly, for one or more than one purpose, by the company or by companies dependent on it or majority-owned by it, or by third parties acting on their behalf or on behalf of the company.

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

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

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

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

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

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

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

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

As at 31 December 2022, the company held no treasury shares. It has not made use of the authorisation described above.

e. Capital reserves

The capital reserves amounted to EUR 912,716 thousand at the reporting date (previous year: EUR 896,290 thousand). It contains the premium from the issuance of shares. The year-on-year rise results from the capital increase carried out in connection with the scrip dividend in April 2022.

f. Hedging reserve

The reserve contained the effects of hedge accounting recognised directly in equity.

g. Reserve for financial instruments classified as at fair value through other comprehensive income

The reserve contains the measurement effect from the investments accounted for at fair value, which are reported as financial instruments classified at fair value through other comprehensive income.

h. Retained earnings

The reconciliation of the profit for the year and other comprehensive income with consolidated retained earnings is shown in the following table:

in EUR thousand	31.12.2022	31.12.2021
Retained earnings beginning of the period	**144,380**	142,996
Consolidated profit for the year	**42,858**	58,385
Dividend payment	**– 61,396**	– 56,411
Profit attributable to non-controlling interests	**– 11,834**	– 590
Consolidated retained earnings	**114,008**	**144,380**
of which profits from the income statement	**63,535**	93,907
of which profits from other comprehensive income	**50,473**	50,473

The dividend payment for 2021 and 2020 amounted to EUR 0.75 and EUR 0.70 per share, respectively.

28. Interest-bearing loans and borrowings

in EUR thousand	31.12.2022		31.12.2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term (> 1 year) interest-bearing loans and borrowings				
Variable-rate loans and borrowings	666,308	667,883	221,543	224,775
Fixed-rate loans and borrowings	2,031,285	2,063,235	1,651,356	1,643,645
	2,697,593	2,731,118	1,872,899	1,868,420
Short-term (< 1 year) interest-bearing loans and borrowings				
Variable-rate loans and borrowings	81,648	82,464	51,155	51,786
Fixed-rate loans and borrowings	359,196	366,937	283,338	286,456
	440,844	449,401	334,493	338,242
Total	3,138,437	3,180,519	2,207,392	2,206,662

The fair values of the fixed-rate loans and borrowings are based on discounted cash flows calculated using interest rates taken from the yield curve as at 31 December 2022. The fair values of the financial instruments were determined applying risk premiums on a case-by-case basis.

The maturities of the variable-rate and fixed-rate loans and borrowings are structured as follows:

in EUR thousand	31.12.2022			31.12.2021		
	Total variable-rate loans and borrowings	Total fixed-rate loans and borrowings	Weighted interest rate (fixed-rate loans and borrowings)	Total variable-rate loans and borrowings	Total fixed-rate loans and borrowings	Weighted interest rate (fixed-rate loans and borrowings)
< 1 year	81,648	359,196	3.02 %	51,155	283,338	2.52 %
1 – 5 years	655,880	1,191,437	1.82 %	209,918	993,498	1.89 %
> 5 years	10,428	839,948	1.39 %	11,625	657,858	1.09 %
Total	747,956	2,390,581		272,698	1,934,694	

Interest rates on the variable-rate loans and borrowings were adjusted regularly. Interest-rate adjustment dates are based on the 1-, 3- or 6-month Euribor rate plus an average margin. An average interest rate of 4.45% (previous year: 1.22%) is used for the variable-rate loans and borrowings, while an average interest rate of around 1.74% (previous year: 1.90%) is used for the fixed-rate loans and borrowings.

The bond issued in October 2018 with a nominal volume of EUR 150 million was quoted at 99.1% at the year-end 2022 and the bond issued in September 2021 with a nominal volume of EUR 400 million at 57.5%. The bond issued in July 2017 with a nominal volume of EUR 180 million was repaid on schedule on 11 July 2022.

The interest-bearing loans and borrowings were secured by land charges – with two exceptions: EUR 542,199 thousand for our corporate bonds (previous year: EUR 719,080 thousand) and EUR 1,011,565 thousand in current liabilities and promissory note loans (previous year: EUR 465,115 thousand).

29. Derivatives

At the reporting date, three (previous year: two) derivative financial instruments were held:

in EUR thousand	31.12.2022		31.12.2021	
	Notional amount	Fair value	Notional amount	Fair value
Liabilities				
Interest rate hedges (swaps)	75	1	51,350	– 1,849
Interest rate hedges (swaption)	380,000	13,509	0	0

As a matter of principle, contracts for derivative financial instruments are concluded only with major banks to keep credit risks as low as possible.

Positive fair values of EUR 20 thousand after deduction of deferred taxes were recognised in equity as at 31 December 2022. The interest-rate hedging agreements had remaining terms of between two and six months as at 31 December 2022 (previous year: between six and 18 months). The hedging reserve also includes the effects of changes in value of a derivative for future cash flows that expired during the previous year in the amount of EUR 810 thousand (previous year: EUR 945 thousand).

in EUR thousand	31.12.2022		31.12.2021	
	Notional amount	Fair value	Notional amount	Fair value
Term ≤ 1 year	380,075	13,510	50,900	– 1,844
Term > 1 year	0	0	450	– 5

This had the following effects in the financial year:

in EUR thousand				
Type of hedge	Notional amount	Carrying amount	Change in value	Balance sheet item
Interest rate hedges (Swaps)	75	1	4	Derivatives
Interest rate hedges (Swaption)	380,000	13,509	2,909	Derivatives

In the previous year, the hedge had the following effects:

in EUR thousand				
Type of hedge	Notional amount	Carrying amount	Change in value	Balance sheet item
Interest rate hedges (Swaps)	51,350	– 1,849	– 1,598	Derivatives

The effective changes in value from the hedges are recognised in the related items in other comprehensive income and cumulatively in equity. The swaption is not in a hedging relationship at the reporting date. Changes in value are therefore recognised directly through profit or loss (EUR 2,909 thousand).

The following effects result from the hedged items:

in EUR thousand				
Type of hedged item	Carrying amount	Balance sheet item	Change in value in the current financial year	Cumulative change in value
Loans	75	Interest-bearing loans and borrowings	0	0

An interest rate hedge for a nominal volume of EUR 380,000 thousand was concluded for a loan of the same amount yet to be raised.

In the previous year, the hedged items had the following effects:

in EUR thousand				
Type of hedged item	Carrying amount	Balance sheet item	Change in value in the current financial year	Cumulative change in value
Loans	949	Interest-bearing loans and borrowings	0	0

No ineffectiveness from hedges was shown in the income statement in the 2022 financial year.

30. Pension provisions

The provisions for pensions include the commitments for defined benefit post-retirement benefits under a company pension scheme for eligible persons and their surviving dependants. The pension obligations are based on individual contractual pension commitments. The beneficiaries are generally entitled to a fixed retirement and disability pension depending on their length of service upon reaching the retirement age of 63. No other benefits are provided for after the end of their employment relationship. Pensions are tied to an inflation index. There are no plan assets as defined in IAS 19.

The total amount shown in the balance sheet from the group's obligation under retirement benefit plans of EUR 3,192 thousand (previous year: EUR 0 thousand) corresponds to the projected benefit obligation.

The actuarial target value of the pension obligation to be determined using the projected unit credit method is the present value of the defined benefit obligation (DBO), which corresponds to the present value of the benefit entitlements that have accrued on the measurement date and are therefore attributable to prior reporting periods.

The present value of the defined benefit obligation changed as follows:

in EUR thousand	2022
As at 01 April	3,496
Newly earned benefit entitlements	649
Interest expense	45
Pensions paid	–115
Actuarial gains/losses	
– due to changes in demographic assumptions	0
– due to changes in financial assumptions	–1,149
– due to experience adjustments	266
As at 31 December	3,192

Calculated actuarial assumptions:

	2022
Discount rate	3.42%–3.57%
Pension trend	1.75%–2.00%

The revised 2018 G reference tables by Klaus Heubeck were used as mortality tables.

The salary trend was set at 0.0%, as was staff turnover probability.

A quantitative sensitivity analysis of the key assumptions as at 31 December 2022 shows the following results:

- A one percentage point increase in the discount rate results in a EUR 396 thousand decrease of the DBO and a EUR 79 thousand increase in interest expense. A one percentage point decrease in the discount rate results in a EUR 638 thousand increase of the DBO and a EUR 47 thousand decrease in interest expense.

- A one percentage point increase in pension growth results in a EUR 352 thousand increase of the DBO and a EUR 78 thousand increase in interest expense. A one percentage point decrease in pension growth results in a EUR 293 thousand decrease of the DBO and a EUR 55 thousand increase in interest expense.

The above sensitivity analysis was performed using a method that extrapolates the effect of realistic changes in key assumptions on the defined benefit obligation as of the end of the reporting period.

The following amounts are expected to be paid out in the next few years under the defined benefit obligation:

in EUR thousand	
Within the next 12 months	118
Between 2 and 5 years	510
Between 5 and 10 years	986
More than 10 years	1,578
Anticipated payouts	3,192

The average term of the defined benefit obligation at the end of the reporting period is 7 years (previous year: 0).

31. Other non-current financial liabilities

The lease liabilities are composed of the following items:

in EUR thousand	31.12.2022	31.12.2021
Non-current lease liabilities	1,033	2,910
Current lease liabilities	2,635	2,764
Total lease liabilities	3,668	5,674

There were no significant lease liabilities for short-term leases or low-value leases which have not been included.

The short-term lease liabilities are reported under the “Other liabilities” item.

The total outflow of funds from leases for financial year 2022 amounted to EUR 2,900 thousand (previous year: EUR 3,008 thousand). This includes principal payments of EUR 2,786 thousand (previous year: EUR 2,840 thousand) and interest payments of EUR 116 thousand (previous year: EUR 168 thousand).

The following table shows the maturity analysis for the lease liabilities. The amounts shown are the undiscounted lease payments rather than the present values of the lease liabilities carried in the balance sheet.

in EUR thousand	2022	2021
< 1 year	2,686	2,822
1 – 5 years	1,074	3,251
> 5 years	0	0
Total	3,760	6,073

At the reporting date, there were two leases for EUR 10,459 thousand relating to office space which had been entered into but had not yet begun.

32. Trade payables

Of the trade payables amounting to EUR 4,870 thousand (previous year: EUR 4,029 thousand), EUR 648 thousand (previous year: EUR 397 thousand) results from deferred service charges and from the use of services. They are due within one year.

33. Income tax payable

in EUR thousand	31.12.2022	31.12.2021
Trade tax	24,361	18,033
Corporation tax	9,177	8,049
Total	33,538	26,082

34. Other liabilities

in EUR thousand	31.12.2022	31.12.2021
Invoices outstanding	25,162	22,957
Value added tax	11,727	1,139
Bonuses	6,774	6,592
Deposits	5,066	5,510
Building cost subsidies received	4,286	1,631
Security deposits	4,007	4,419
Advance rent payments received	4,000	4,551
Current lease liabilities	2,635	2,764
Holiday pay und other personnel-related expenses	2,467	2,207
Share-based payment	74	925
Supervisory Board remuneration	902	821
Auditing costs	630	610
Tax consultancy fees	469	646
Other	5,372	344
Total	73,571	55,116

The invoices outstanding include the expert fees for the annual property valuations, consultancy costs, other services and service charges, among others.

The group has agreed performance-related remuneration agreements with the members of the Management Board in the form of a share-based payment model. At the end of 2022, the current and former members of the Management Board held options on 700,000 (previous year: 400,000) phantom stocks of the company. These options may not be exercised by members of the Management Board until they have been a member of the Board of DIC for three to five years. The company as at 31 December 2022 measured the fair value at EUR 0.19 and EUR 1.18 for Ms Wärntges, at EUR 0.19 and EUR 0.88 for Mr von Mutius, at EUR 0.04 for Mr Weiden and at EUR 0.05 for Mr Bock. The Black-Scholes option pricing model is used for the measurement.

The material parameters for the valuation model are: the share price at the reporting date of EUR 7.62 (previous year: EUR 15.37); the exercise price of EUR 15.00 each for the options held by Mr Weiden, and EUR 14.00 each for the options held by Ms Wärntges, Mr von Mutius and Mr Bock; the standard deviation from the expected share price return of 39.18% (previous year: 25.06%); the annual term-related risk-free interest rate of 2.87% (previous year: 0.00%); and an additional value-enhancing factor of between 1 and 3 depending on the share price. Volatility as measured by the standard deviation from the expected share price returns is based on statistical analyses of the daily share prices over the last year.

The fair value of all options granted to the current members of the Management Board amounted to EUR 74 thousand at the reporting date (previous year: EUR 711 thousand). The corresponding liability for the stock option was reversed in the amount of EUR 637 thousand in the 2022 financial year (previous year: expenses of EUR 461 thousand recognised).

The liabilities arising from Supervisory Board remuneration are liabilities to members of the Supervisory Board. They constitute liabilities to related parties as defined by IAS 24.9. The breakdown of the remuneration in accordance with the criteria set out in IAS 24.9 is provided in the section entitled "Legal transactions with related parties" on page 192 et seq. For information on individual members, see the details on Supervisory Board remuneration in the remuneration report.

35. Supplementary disclosures on financial instruments

Due to the short terms of cash and cash equivalents, trade receivables and payables and other current receivables and liabilities, it is assumed that the fair value corresponds to the carrying amount in each case.

The fair value of financial instruments traded on an active market is based on the quoted market price at the reporting date. The fair value of financial instruments not traded on an active market, such as over-the-counter derivatives, is determined using a valuation technique (discounted cash flow measurement or option pricing model) with the use of observable market data. The fair value of the financial liabilities is calculated as the present value of expected future cash flows. They are discounted on the basis of the interest rates applicable at the reporting date.

The following table presents the carrying amounts, measurement in accordance with IAS 39 and the fair values of the individual financial assets and financial liabilities for each class of financial instrument and reconciles them to the corresponding line items in the balance sheet. The IFRS 9 measurement categories relevant for the group are: Financial assets at fair value through OCI (FVOCI), Financial assets at fair value through profit or loss (FVTPL), Financial assets measured at amortised cost (FAAC), and Financial liabilities measured at amortised cost (FLAC).

There are no prices quoted on an active market for the unlisted shares in DIC Opportunistic GmbH held by the group and for the equity investments newly acquired in the course of the GEG acquisition. Their fair value is based on the indirectly held real estate and equity investments. Changes in fair value at the end of the reporting period amounted to EUR –12,339 thousand (previous year: +3,486 thousand). Please refer to page 161 et seq. for the valuation of real estate assets.

in EUR thousand	IFRS 9 measurement category	Carrying amount 31.12.2022	Measurement in acc. with IFRS 9			Fair Value 31.12.2022
			Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	
Assets						
Other investments	FVOCI	**72,163**			72,163	**72,163**
Other investments	FVTPL	**30,386**		30,386		**30,386**
Derivatives	FVTPL	**13,509**		13,509		**13,509**
Total	FVTPL	**43,895**		43,895		**43,895**
Derivatives	n/a	**1**			1	**1**
Other loans	FAAC	**106,872**	106,872			**106,872**
Receivables from sale of investment property	FAAC	**100**	100			**100**
Trade receivables	FAAC	**28,831**	28,831			**28,831**
Receivables from related parties	FAAC	**16,210**	16,210			**16,210**
Other receivables	FAAC	**87,037**	87,037			**87,037**
Other assets	FAAC	**18,701**	18,701			**18,701**
Cash and cash equivalents	FAAC	**188,404**	188,404			**188,404**
Total	FAAC	**446,155**	446,155			**446,155**
Liabilities						
Corporate bond - non current	FLAC	**392,790**	392,790			**230,000**
Non-current interest-bearing loans and borrowings	FLAC	**2,304,803**	2,304,803			**2,501,118**
Corporate bond - current	FLAC	**149,409**	149,409			**148,575**
Current loans and borrowings	FLAC	**252,759**	252,759			**254,593**
Trade payables	FLAC	**4,870**	4,870			**4,870**
Related party liabilities	FLAC	**19,160**	19,160			**19,160**
Other liabilities*	FLAC	**70,936**	70,936			**70,936**
Liabilities related to financial investments held for sale	FLAC	**38,676**	38,676			**46,233**
Total	FLAC	**3,233,403**	3,233,403			**3,275,485**

* Without current lease liabilities

The figures for the previous year are as follows:

in EUR thousand	IFRS 9 measurement category	Carrying amount 31.12.2021	Measurement in acc. with IFRS 9			Fair Value 31.12.2021
			Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	
Assets						
Other investments	FVOCI	**123,895**			123,895	**123,895**
Other investments	FVTPL	**17,522**		17,522		**17,522**
Other loans	FAAC	**99,502**	99,502			**99,502**
Receivables from sale of investment property	FAAC	**22,282**	22,282			**22,282**
Trade receivables	FAAC	**19,886**	19,886			**19,886**
Receivables from related parties	FAAC	**265,860**	265,860			**265,860**
Other receivables	FAAC	**23,504**	23,504			**23,504**
Other assets	FAAC	**546,911**	546,911			**546,911**
Cash and cash equivalents						
	FAAC	**977,945**	977,945			**977,945**
Total						
Liabilities						
Derivatives	n / a	**1,849**			1,849	**1,849**
	FLAC	**539,586**	539,586			**531,305**
Corporate bond	FLAC	**1,333,313**	1,333,313			**1,337,115**
Non-current interest-bearing loans and borrowings	FLAC	**179,494**	179,494			**180,612**
Current loans and borrowings	FLAC	**115,733**	115,733			**116,754**
Trade payables	FLAC	**4,029**	4,029			**4,029**
Related party liabilities	FLAC	**17,470**	17,470			**17,470**
Other liabilities*	FLAC	**52,352**	52,352			**52,352**
Liabilities related to financial investments held for sale	FLAC	**39,266**	39,266			**40,876**
Total	FLAC	**2,281,243**	2,281,243			**2,280,513**

* Without current lease liabilities

Interest income and interest expense for each category are as follows:

in EUR thousand	Interest income		Interest expense	
	2022	2021	2022	2021
Financial assets measured at amortised cost (FAAC)	10,522	9,550		
Financial liabilities measured at amortised cost (FLAC)			– 68,763	– 56,217

Financial instruments recognised at fair value are divided into several measurement levels in accordance with IFRS 7/9. These are financial instruments that

- Level 1: are measured at current market prices in an active market for identical financial instruments,
- Level 2: are measured at current market prices in an active market for comparable financial instruments or with valuation models whose significant inputs are based on observable market data or
- Level 3: are measured using inputs not based on observable market prices.

As at 31 December 2022, the division into measurement levels is as follows:

in EUR thousand	Fair Value 31.12.2022	Level 1	Level 2	Level 3
Assets at fair value – recognised in other comprehensive income				
Equity investment	72,163			72,163
Assets at fair value – recognised through profit or loss				
Equity investment	30,386			30,386

The figures for the previous year are as follows:

in EUR thousand	Fair Value 31.12.2021	Level 1	Level 2	Level 3
Assets at fair value – recognised in other comprehensive income				
Equity investment	123,895	48,466		75,429
Assets at fair value – recognised through profit or loss				
Equity investment	17,522			17,522

Changes in Level 3 financial instruments are as follows:

in EUR thousand	2022	2021
01.01.	92,951	53,348
Addition	1,299	36,117
Measurement gains / losses	8,478	3,486
Disposals	– 179	0
31.12.	102,549	92,951

Net gains and losses on financial instruments are as follows:

in EUR thousand	2022	2021
Financial assets measured at fair value through other comprehensive income (FVOCI) – equity instruments	– 15,137	7,169
Financial assets measured at fair value through profit and loss (FVtPL) – debt instruments	– 491	– 395
Financial assets measured at amortised cost (FAAC)	1,144	871

The net gains and losses consist of the changes in the fair value of financial assets recognised through other comprehensive income (equity instruments, FVOCI), as well as expenses and income for expected credit losses (previous year: impairments) from the financial assets measured at amortised cost (FAAC).

Statement of cash flows disclosures

The cash and cash equivalents shown in the statement of cash flows correspond to the cash and cash equivalents shown on the balance sheet, i.e. cash at hand and bank balances that can be made available within three months.

The non-cash changes in financial liabilities in the statement of cash flows are largely attributable to unpaid interest and amortisation.

in EUR thousand	01.01.2022	Cash	Non-cash			31.12.2022
			Reclassifications	Changes in the basis of consolidation	Interest / Other	
Corporate Bond	719,080	– 180,000			3,119	**542,199**
Long-term interest-bearing loans and borrowings	1,333,313	439,601	– 175,888	707,235	542	**2,304,803**
Current interest-bearing loans and borrowings	115,733	– 98,108	175,888	59,861	– 615	**252,759**
Liabilities in accordance with IFRS 5	39,266				– 590	**38,676**
Total	2,207,392	161,493	0	767,096	2,456	**3,138,437**

in EUR thousand	01.01.2021	Cash	Non-cash			31.12.2021
			Reclassifications	Changes in the basis of consolidation	Interest / Other	
Corporate Bond	326,494	400,000			– 7,414	**719,080**
Long-term interest-bearing loans and borrowings	1,114,476	301,764	– 79,000		– 3,927	**1,333,313**
Current interest-bearing loans and borrowings	33,431	– 1,415	79,000		4,717	**115,733**
Liabilities in accordance with IFRS 5	0	38,000			1,266	**39,266**
Total	1,474,401	738,349	0	0	– 5,358	**2,207,392**

Segment reporting

The segment report is structured in line with IFRS 8 Operating Segments, following the management approach. Since the 2019 financial year, our reporting has been focused on two pillars: the Commercial Portfolio segment, which comprises our own property portfolio, and the Institutional Business segment, in which we are consolidating our property management services for institutional investors.

Decisions by the Management Board on the allocation of resources to the segments and their earnings capacity are based primarily on the operational and financial key performance indicators presented.

The FFO contribution of the Commercial Portfolio segment rose by 39% to EUR 75.4 million (previous year: EUR 54.4 million). This substantial increase is primarily attributable to the acquisition of VIB. The significant increase in net rental income, which is mainly driven by the VIB acquisition, more than compensated for the increase in interest expense triggered by this transaction. Assets under management grew to EUR 4,451.9 million (previous year: EUR 2,222,2 million).

The lower transaction volume compared to the previous year and the associated lower transaction-related real estate management fees are the main reasons for the segment's reduced FFO contribution. The segment's FFO margin (FFO in relation to real estate management fees and the share of the profit or loss of associates) was approximately 42%. Assets under management grew by more than 10% to EUR 10,254.4 million at the reporting date (previous year: EUR 9,280.8 million).

Segment Reporting

in EUR million	2022			2021		
	Commercial Portfolio	Institutional Business	Total	Commercial Portfolio	Institutional Business	Total
Key earnings figures						
Gross rental income (GRI)	176.0		176.00	108.4		108.4
Net rental income (NRI)	152.5		152.5	91.2		91.2
Profits on property disposals*	12.7		12.7	23.8		23.8
Real estate management fees		88.4	88.4		101.2	101.2
Share of the profit or loss of associates	12.6	6.3	18.9	1.6	4.9	6.5
Net other income	2.7	– 0.4	2.3	3.2	– 1.2	2.0
Net interest result	– 57.0	– 3.6	– 60.6	– 45.0	– 4.7	– 49.7
Operational expenditure (OPEX)	– 29.3	– 51.2	– 80.5	– 11.9	– 47.7	– 59.6
of which admin costs	– 18.7	– 19.2	– 37.9	– 4.3	– 17.2	– 21.5
of which personnel costs	– 10.6	– 32.0	– 42.6	– 7.6	– 30.5	– 38.1
Other adjustments	13.0	0.3	13.3	15.3	0.3	15.6
Funds from Operations (FFO)	94.5	39.8	134.3	54.4	52.8	107.2
Non-controlling interest	– 19.1	– 1.0	– 20.1			
Funds from Operations (excluding non-controlling interest)	75.4	38.8	114.2			
Funds from Operations II (FFO II)	107.2	39.8	147.0	78.2	52.8	131.0
Funds from Operations II (including profit on disposals, excluding non-controlling)	88.1	38.8	126.9			
EBITDA	151.3	43.1	194.4	107.9	57.2	165.1
EBIT	88.9	31.6	120.5	74.4	47.7	122.1
Segment assets*						
Number of properties	207	153	360	94	143	237
Assets under Management (AuM) in EUR million	4,451.9	10,254.2	14,706.1	2,222.2	9,280.8	11,503.0
Rental space in sqm	2,103,500	2,691,100	4,794,600	829,900	2,313,300	3,143,200

* Not proportionate / based on 100%, incl. project developments and repositioning properties

Reconciliation between the market value in 2021 and the carrying amount of investment properties

in EUR million	2022	2021
Market value, AuM, total	14,706	11,503
less Institutional Business	10,254	9,281
Market value Commercial Portfolio	4,452	2,222
less fair value adjustment	343	375
less IFRS 5 properties	436	90
Total	3,673	1,757

Leases

The group is the lessor in a large number of operating leases (tenancy agreements) of different types for investment property owned by the group. Most of the leases have a term of between five and ten years. They contain a market rent review clause in case the lessee exercises its option to extend the lease. The lessee is not granted the option to acquire the property at the end of the lease term.

At the reporting date, investment properties with a carrying amount of EUR 3,673,250 thousand (previous year: EUR 1,756,660 thousand) were let under operating leases. With regard to the required disclosures on accumulated depreciation and depreciation costs for the period, please see the information in note 14 “Investment property”.

DIC will receive the following future minimum lease payments from existing leases with third parties:

in EUR thousand	2022	2021
< 1 year	**194,174**	101,205
1 – 5 years	**591,716**	336,652
5 years	**285,478**	175,993
Total	**1,071,368**	613,850

The minimum lease payments include net rental income to be collected up until the agreed lease expiry date or the earliest possible date of termination by the lessee (tenant), regardless of whether notice of termination or non-renewal of a lease is actually expected.

In 2022, the group recognised contingent rents of EUR 6,797 thousand (previous year: EUR 4,291 thousand).

With regard to the gross rental income recognised by the group from investment property in 2022, please refer to note 1. Maintenance expenses included in other property-related expenses were as follows:

in EUR thousand	2022	2021
Properties with which rental income is generated	**1,589**	1,320
Properties which are vacant	**3**	0

The group has entered into several lease agreements as lessee. The lease agreements primarily concern leased vehicles and the rental of office premises. The lease for the offices began on 1 April 2014 and ends on 31 March 2024. Contracts for leased vehicles have a standard term of three years. Extension options with a term of 5 years are in place for leases.

Reporting on risk management

The group is exposed to various financial risks, such as credit risk, liquidity risk and market risk, in connection with its operating activities, and managing these financial risks is integral to the group's business strategy. The associated corporate policies are stipulated by the Management Board.

Details concerning the risk management system and business risks are presented in the company's combined management report in the section entitled "Risk management" on page 85 et seq. The following supplementary disclosures on individual risks are made in accordance with IFRS 7:

Credit risk

Credit risk is defined as the risk that a business partner may not be able to meet obligations on time, resulting in a financial loss or a decline in the value of the assets serving as collateral. To reduce the risk of a loss from non-performance, the group aims to only enter into business relationships with creditworthy counterparties or, if appropriate, request that collateral be furnished. The group is exposed to credit risk as part of its operating activities (in particular from trade receivables and receivables from related parties) as well as risks as part of its financing activities, including its deposits with banks and financial institutions.

Receivables from tenants are due from a large number of tenants spread across various industries. Credit risk is assessed and controlled by regularly conducting credit rating analyses when new leases or extensions are signed as well as proactively managing accounts receivable. Leases are only signed with counterparties with excellent credit standing. Credit ratings are analysed and updated on each reporting date. To this end, the available credit information is reviewed for significant deterioration. Contractual partners without any record of late payments are assigned to Risk Level I. Delayed payments or non-payment of outstanding receivables are generally considered to increase credit risk significantly and in some cases are already subject to litigation (Risk Level II).

Receivables that appear uncollectible, e.g. because insolvency proceedings have been opened, are classified in the highest risk level (Risk Level III). This principle can be refuted if reliable and justifiable information indicates in individual cases that credit risk has not increased. Based on the relevant risk level assignment, loss allowances are recognised in the amount of the expected credit loss.

Receivables from related parties exist mainly in the form of loans granted. The creditworthiness of these contractual partners is monitored continuously. Due to the existing collateral and the assets of the contractual partners, the expected credit losses in this context are regarded as insignificant. In the case of financing activities, the group is exposed to credit risk arising from the non-performance of contractual agreements on the part of its contractual partners. This applies in particular to bank balances. The credit risk of these contractual partners is subject to regular monitoring. To minimise risk, the group enters into transactions only with counterparties that have a high credit rating or are members of a deposit protection fund.

In addition, the group is exposed to credit risk resulting from financial guarantees furnished by the group to banks or other contractual partners. The group's maximum risk corresponds to the amount the group would have to pay if the guarantee was called in. As at 31 December 2022, there were guarantees amounting to EUR 69,782 thousand (previous year: EUR 72,072 thousand). The share attributable to DIC as at the reporting date amounts to EUR 37,704 thousand (previous year: EUR 38,442 thousand) (see disclosures on contingent liabilities).

Based on the risk classifications, the carrying amounts per risk level are as follows:

in EUR thousand	2022			
	Trade receivables	Loans to related parties	Receivables from related parties	Cash and cash equivalents
Risk level I	26,999	106,872	16,210	188,404
Risk level II	1,832	–	–	–
Risk level III	–	–	–	–
Total	28,831	106,872	16,210	188,404

Impairment losses on trade receivables changed as follows:

in EUR thousand	2022	2021
As at 1 January	5,820	5,764
Additions	1,947	1,109
Use	– 1,593	– 815
Reversal	– 803	– 238
As at 31 December	5,371	5,820

The change in impairment losses is attributable to the ongoing measurement of receivables. Additions relate mainly to additions to Level 2.

For all other assets subject to the impairment model according to IFRS 9.5.5, there were no material expected credit losses.

The maximum credit risk is equal to the carrying amounts of the financial assets recognised in the balance sheet.

A concentration risk could arise in cases where individual tenants generate more than 10% of the group's rental income. Since no tenant has a share exceeding 10% of total volume, the group is not exposed to significant credit risk. The top ten tenants generate some 27% of total annual rental income. These tenants are all renowned tenants with mostly excellent credit standing, primarily from the automotive industry, from the public sector, wholesalers and retailers, and banks.

Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting its contractual financial obligations. The group manages liquidity risk by holding reserves, by maintaining credit lines at banks and by continually monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. The aim of this liquidity planning is to ensure that unforeseeable needs can be met alongside planned financing requirements.

Among other factors, demands are placed on the group's liquidity by obligations from contractually agreed interest and principal payments for non-derivative financial liabilities. Liquidity risk may arise, for example, if loans which have been earmarked for renewal cannot be extended, if delays arise in sales activities or if capital requirements for new financing are larger than expected.

An additional fundamental risk arises from loan agreements in which covenants are agreed, e.g. debt-service coverage ratio (DSCR), interest coverage ratio (ISCR), WALT or LTV. Covenant violations, which occur when defined thresholds are exceeded, can, for example, necessitate unscheduled repayments or the furnishing of collateral for the amount required to comply with the covenant.

Compliance with covenants is monitored on an ongoing basis and included in the group's quarterly reporting to management. All covenants were met in the 2022 financial year. We expect no covenant violations in 2023.

Cash and cash equivalents totalling EUR 188,404 thousand (previous year: EUR 546,911 thousand) are available to cover liquidity requirements. Furthermore, the group has credit lines and guarantee facilities unutilised to date in the total amount of EUR 73,769 thousand (previous year: EUR 82,339 thousand). The group expects to be able to fulfil its other obligations from operating cash flows.

In the interest of minimising risk concentration, new financing and refinancing deals for real estate portfolios are spread across several banks in some cases, thus reducing the respective exposure per bank. At the reporting date, the maximum counterparty risk with a single counterparty stands at EUR 190 million (previous year: EUR 201 million).

The financial liabilities arising over the next few years from the liabilities existing at the reporting date including estimated interest payments are shown below. These are undiscounted gross amounts including estimated interest payments.

in EUR thousand	2023	2024 to 2027	2028 and after
Non-derivative financial liabilities			
Non-current interest-bearing loans and borrowings	42,218	1,952,109	886,048
Current loans and borrowings*	455,734		
Trade payables	4,870		
Related party liabilities	19,160		
Other liabilities	64,118		
Derivative financial liabilities	0		
Total	586,100	1,952,109	886,048

* Incl. liabilities – properties held for sale

The figures for the previous year are as follows:

in EUR thousand	2022	2023 to 2026	2027 and after
Non-derivative financial liabilities			
Non-current interest-bearing loans and borrowings	27,136	1,340,558	702,860
Current loans and borrowings	346,689		
Trade payables	4,029		
Related party liabilities	17,994		
Other liabilities	50,845		
Derivative financial liabilities	1,844	5	
Total	448,537	1,340,563	702,860

Market risk

Market risk is the risk that market prices, such as interest rates, may change and thus affect the group's income or the value of the financial instruments it holds. The aim of market risk management is to manage and control the risk within acceptable bandwidths, and to optimise returns as much as possible.

Interest rate risk arises as a result of market-driven fluctuations in interest rates or margins on new borrowings and renewals of loans. The group is exposed to interest rate risk because group companies raise funds at fixed and variable interest rates. This risk is managed by the group through a balanced portfolio of fixed-rate and variable-rate loans. Interest rate swaps, mainly payer swaps, are also arranged additionally for this purpose if appropriate. As at the 31 December 2022 reporting date, the group had two interest rate derivatives (previous year: three).

The following table shows the notional amounts and remaining terms of derivatives at the end of the reporting period.

in EUR thousand	2022		2021	
	Notional amount	Fair value	Notional amount	Fair value
Term ≤ 1 year	380,075	13,510	50,900	– 1,844
Term 1-5 years	0	0	450	– 5
Term > 5 year	0	0	0	0

As at 31 December 2022, 76% (previous year: 87%) of the group's loans and borrowings carried a fixed interest rate or were hedged against interest rate fluctuations and thus matched the cash flows from rents. This means that the impact of fluctuations in market interest rates is foreseeable in the medium term.

For the purpose of optimising its net interest result, the group maintained 24% (previous year: 13%) of financial debt at variable interest rates in financial year 2022.

In accordance with IFRS 7, interest rate risk is presented using sensitivity analyses. These show the effects of changes in market interest rates on interest payments, interest income and expense, other earnings items and, in the case of derivatives in a hedging relationship, the effects on the hedging reserve in equity and the fair value of these derivatives. The sensitivity analyses are based on the assumption that changes in market interest rates of non-derivative financial instruments carrying fixed interest rates only affect earnings if these are measured at fair value. As a result, fixed-rate financial instruments carried at amortised cost are not subject to interest rate risk as defined in IFRS 7. Sensitivity analyses are therefore only conducted for variable-rate financial liabilities. For variable-rate financial debt, it is assumed that the amount of the outstanding liability at the end of the reporting period was outstanding for the full year. An increase or decrease of the market interest rate by 100 basis points would have had the following effect on earnings income and equity at the reporting date after taking deferred taxes into consideration:

in EUR thousand	2022		2021	
	+100 Bp	-100 Bp	+100 Bp	-100 Bp
Effect on earnings from variable-rate loans and borrowings	7,094	– 6,831	2,756	– 1,507
Effect on earnings from swaption	21,365	– 12,601	0	0
Hedge effect on equity	0	0	– 3,311	+2.577

The interest rate risk of the group's financial assets and financial liabilities is described in the section entitled “Liquidity risk”.

Contingent liabilities and other financial obligations

Contingent liabilities

The DIC group has provided the following sureties and guarantees:

Type of collateral	Beneficiary	Purpose	Amount in EUR thousand	DIC Asset Group share in EUR thousand
Directly enforceable guarantee	Thoma Aufzüge GmbH	Claims from the MT Porta construction project	30	12
Directly enforceable guarantee	Union Investment Real Estate GmbH	Warranty bond for MT Porta	2,750	1,100
Payment bond	BAM Deutschland AG	MT WINX construction project	7,088	2,835
Payment bond	ED.Züblin AG	MT Panorama construction project	595	238
Payment bond	BAM Deutschland AG	MT WINX construction project	14,000	5,600
Payment bond	BAM Deutschland AG	MT WINX construction project	7,000	2,800
Rent guarantee	Ideal Lebensversicherung	Rent guarantee for a subsidiary's commercial property	34	34
Directly enforceable guarantee	Union Investment Real Estate GmbH	Fulfilment of all payment obligations and obligations to pay damages by the seller in accordance with the MT Porta purchase agreement	5,000	2,000
Warranty bond	PATRIZIA WohnInvest Kapitalverwaltungsgesellschaft mbH	Acceptance of MT Patio construction project	1,000	400
Directly enforceable guarantee	WinX Verwaltungs GmbH	Obligation to fulfil contractually secured claims in the WINX construction project	16,000	6,400
Guarantee	BNP Paribas + Hansainvest Hanseatische Investment GmbH	Disposal of shares in connection with a club deal	16,000	16,000
Rent guarantee	Triuva Kapitalverwaltungsgesellschaft mbH	Rent guarantee for a subsidiary's rental property	285	285

In connection with the launch of an open-ended real estate special fund with a volume of EUR 350 million, VIB Vermögen AG has undertaken to subscribe to around 49% of the fund's equity, amounting to EUR 99.12 million. This subscription expected to be made in the first quarter of 2023. In this context, VIB Vermögen AG has also undertaken, by way of a surety bond, to compensate the financing bank of the real estate special fund for any losses of up to EUR 18 million which may result from the non-acceptance of the loan. The company does expect this guarantee to be utilised. In addition,

VIB Vermögen AG has committed an amount of up to EUR 82 million to an interested investor for the interim financing of participating in the special AIF.

Financial obligations

With regard to existing investment obligations for measures on portfolio properties, please refer to our explanations in the section entitled "Investment property" on page 161 et seq.

Capital management

The paramount objective of capital management is to ensure that the group retains its ability to repay its debts and the financial stability to support its business activities in the future.

The capital structure is managed in accordance with economic and regulatory provisions. In this process, we aim to achieve a balanced maturity structure for outstanding liabilities.

DIC is able to manage its capital structure through dividends and/or capital increases or by changes to its financing. DIC strives to maintain a capital structure that is in line with the business risk. DIC is subject to the minimum capital requirements for stock corporations. Compliance with these requirements is monitored.

The equity ratio is used as an important parameter vis-à-vis investors, analysts and banks.

in EUR thousand	2022	2021
Equity	1,664,101	1,133,969
Total assets	5,180,270	3,493,650
Reported equity ratio	32.1 %	32.5 %

The reported equity ratio decreased by just 0.4 percentage points year-on-year, despite the growth-related significant increase in total equity and liabilities.

Related party disclosures

Entities and individuals classified as related parties

Related parties include the 19 (previous year: 15) associated companies accounted for using the equity method (see the section entitled "Consolidation").

Due to their significant influence, the following entities and individuals are classified as related parties:

- Deutsche Immobilien Chancen AG & Co. KGaA
- Group companies of Deutsche Immobilien Chancen AG & Co. KGaA
- Deutsche Immobilien Chancen Beteiligungs AG
- DIC Grund- und Beteiligungs GmbH
- DIC Capital Partners (Europe) GmbH
- GCS Verwaltungs GmbH
- Forum European Realty Income II L.P. (hereinafter "Forum")
- DICP Capital SE
- Prof. Dr. Gerhard Schmidt

Additional related parties are the Supervisory Board, the Management Board and close relatives of these individuals.

The company has prepared a dependent company report outlining its relations with affiliated companies. This report lists all legal transactions conducted by the company or its subsidiaries with affiliates, or at the request of or in the interest of one of these companies, over the past financial year, as well as all other measures the company took or failed to take at the request of or in the interest of these companies over the past financial year.

The report concludes with the following statement:

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

An overview of legal transactions and relations with related parties is shown as follows.

Legal transactions with related parties

Deutsche Immobilien Chancen AG & Co. KGaA and its group entities
There is an overlap of personnel in the Supervisory Boards of DIC Asset AG, Deutsche Immobilien Chancen AG & Co. KGaA ("DIC AG & Co. KGaA") and DIC Beteiligungs AG in that Prof. Dr. Gerhard Schmidt is also indirectly a significant limited shareholder in DIC AG & Co. KGaA. In addition, Prof. Dr. Gerhard Schmidt is also the indirect majority shareholder of its sole general partner, DIC Beteiligungs AG.

The company currently provides services related to general property and building management (including re-letting services), technical building management as well as accounting, finance and management control for a total of 15 properties in which DIC AG & Co. KGaA has a direct or indirect equity interest. Remuneration of EUR 225 thousand (previous year: EUR 447 thousand) was paid by the fully consolidated companies of the DIC AG & Co. KGaA Group for the provision of these described general services in 2022.

DIC Asset AG has provided a loan to DIC AG & Co. KGaA with an indefinite term and a notice period of 12 months effective at the end of a quarter. This loan agreement was contributed to DIC Finance Verwaltungs GmbH & Co. KG as of 1 April 2022, making it the new provider of that loan. An interest rate of 3% above the 3-month Euribor to be paid in arrears, has been agreed. As collateral for taking out the loan, DIC AG & Co. KGaA in accordance with an addendum dated 21 December 2015 had granted a lien on ordinary shares of TTL Real Estate GmbH in the amount of EUR 222 thousand (22% of the ordinary shares). As at 31 December 2022, EUR 17,593 thousand of this credit line had been utilised (previous year: EUR 17,080 thousand). Under an agreement dated 23 December 2021, a portion of the loan receivable in the amount of EUR 3,068 thousand was assigned and transferred to a subsidiary, which then contributed it to the capital reserve of DIC Opportunistic GmbH. For the money made available, DIC Asset AG received interest income in the amount of EUR 782 thousand in the reporting year (previous year: EUR 587 thousand). The loan is shown under non-current loan and borrowings in the balance sheet.

In addition, a sublease relationship is in place between DIC AG & Co. KGaA and DIC Asset AG with regard to office space used by DIC Asset AG at the Frankfurt site since DIC AG & Co. KGaA acts as the general tenant in the group headquarters in Frankfurt. The amount of the rent is based on the space actually occupied by DIC Asset AG and is charged on at the same price per square metre that is a component of the general rental agreement of DIC AG & Co. KGaA. For 2022, rent paid to DIC AG & Co. KGaA amounted to EUR 1,552 thousand (previous year: EUR 1,488 thousand).

DIC Opportunistic GmbH

In accordance with a loan agreement dated 17 December 2008 and the addenda thereto, DIC Asset AG has granted a loan to DIC Opportunistic GmbH. As at 31 December 2022, this loan amounted to EUR 0 thousand (previous year: EUR 0 thousand). The term of the loan was extended from 31 December 2016 to 31 December 2017 with respect to a partial amount of EUR 35 million and to 31 December 2018 with respect to the remaining amount of EUR 9.8 million in accordance with an addendum dated 14 December 2015. The term was extended from 31 December 2017 to 31 December 2018 with respect to a partial amount of EUR 15 million and to 31 December 2019 with respect to the remaining amount of EUR 19.8 million in accordance with an addendum dated 20 December 2017. Based on an addendum dated 18 October 2018, the term was extended to 31 December 2019 with respect to a partial amount of EUR 15 million, and to 31 December 2020 with respect to the remaining amount. Based on an addendum dated 23 December 2019, a partial repayment of EUR 8 million was agreed, the interest rate was adjusted to 3.0% p.a. and the term for the remaining amount was extended to 31 December 2021. Under an agreement dated 23 December 2021, the loan receivable was assigned and transferred to a subsidiary, which then contributed it to the capital reserve of DIC Opportunistic GmbH. For the money made available, DIC Asset AG received interest income in the amount of EUR 0 thousand in the reporting period (previous year: EUR 943 thousand).

DIC Opportunistic GmbH holds a 7.5% interest in DIC Hamburg Portfolio GmbH and in DIC HI Portfolio GmbH; DIC Asset AG holds the remaining 92.5% of the shares. DIC Opportunistic GmbH would generally be willing to sell this interest. However, since DIC Asset AG is interested in maintaining this structure to avoid any influence by a third party or triggering property transfer tax, it pays an annual financial compensation of 5% of the purchase cost for the shares (EUR 285 thousand).

MainTor GmbH

In an agreement dated 12 December 2011, DIC OF REIT 1 GmbH (a wholly-owned subsidiary of DIC Asset AG) granted DIC MainTor Porta GmbH a loan with a payout volume of up to nominally EUR 30 million to finance the corresponding construction stage of our project development. The loan has an interest rate of 7.25% p.a. In accordance with the addendum dated 12 October 2022, it has a term ending 31 December 2023. In accordance with the addendum to the loan agreement dated 18 December 2014, a special repayment of EUR 20 million was agreed. As at the reporting date, this loan amounted to EUR 58,641 thousand including accrued interest (previous year: EUR 53,855 thousand). Total interest income of EUR 3,999 thousand (previous year: EUR 4,267 thousand) was recognised in the 2022 financial year. In addition, a collateral promise agreement was concluded on 19 December 2014. The collateral promise turned this liability into a joint and several obligation of DIC MainTor Porta GmbH and MainTor GmbH. The existing receivable from the sale of the shares in DIC MainTor WinX GmbH by MainTor GmbH was pledged as collateral in an addendum to the loan agreement dated 30 August 2021.

DIC MainTor Zweite Beteiligungs GmbH & Co. KG

DIC Asset AG entered into a loan agreement with DIC MainTor Zweite Beteiligungs GmbH & Co. KG with a nominal payout volume of EUR 8,000 thousand with effect from 4 July 2008 for the purpose of financing the working capital of the borrower. The loan carries annual interest of 7.25%. The claims arising from the loan were secured by providing the lender with a first-priority pledge over the rights and claims from the shares in the capital of DIC MainTor Erste Beteiligungs GmbH. Addendum 1 dated 10 October 2008 to the loan agreement dated 4 July 2008 increased the loan amount by EUR 4,000 thousand to EUR 12,000 thousand. Addenda 1 through 12 extended the term of the loan, most recently to 31 December 2023 by way of Addendum 12. On 1 April 2022, DIC Asset AG contributed this loan to DIC Finance Verwaltungs GmbH & Co. KG. As at 31 December 2022, the loan balance was EUR 30,638 thousand (previous year: EUR 28,567 thousand). For the money made available, DIC Asset AG and DIC Finance Verwaltung GmbH & Co. KG, respectively, received interest income in the amount of EUR 2,071 thousand in the reporting period (previous year: EUR 1,931 thousand).

DIC Office Balance I, DIC Office Balance II, DIC Office Balance III, DIC Office Balance IV, DIC Office Balance V, DIC Office Balance VI and DIC Retail Balance I

As a result of an agency agreement regarding asset and property management, the group generated income from real estate management fees of EUR 1,400 thousand (2021: EUR 1,715 thousand) for services provided to the DIC Office Balance I fund, of EUR 2,437 thousand (2021: EUR 2,501 thousand) for services provided to the DIC Office Balance II fund, of EUR 1,783 thousand (2021: EUR 2,958 thousand) for services provided to DIC Office Balance III, of EUR 1,529 thousand (2021: EUR 1,485 thousand) for services provided to DIC Office Balance IV, of EUR 4,740 thousand (2021: EUR 2,812 thousand) for services provided to DIC Office Balance V, of EUR 895 thousand (2021: EUR 897 thousand) for services provided to DIC Office Balance VI and of EUR 1,389 thousand (2021: EUR 1,392 thousand) for services provided to DIC Retail Balance I.

DIC Capital Partners (Europe) GmbH

Under the existing service agreements ("Asset Management Agreements") the DICP investees are to pay the following compensation to DIC Beteiligungs AG, as in the previous year:

- Disposition fee (corresponds to a sales commission): 1.5% of the sales price after transaction costs if no outside broker is involved, and 0.5% of the sales price after transaction costs if an outside broker is involved
- Development fee: for project development services up to initial leasing: dependent on expenses or market-rate compensation.
- Accounting fee: for accounting, finance and financial control services, between EUR 20 thousand and EUR 35 thousand per company p.a.
- Arrangement fee: for services in connection with new financing or renewals of existing financing.

In 2022 and 2021, the following compensation was paid to DIC Beteiligungs AG, in which DICP directly holds 7.5% of the share capital (excluding applicable value added tax):

Recipient of service (amounts in EUR thousand)		Base Management fee	Disposition fee	IT / Development fee	Accounting Fee	Arrangement fee	Total
MainTor GmbH	**2022**	**0**	**0**	**0**	**60**	**0**	**60**
	2021	0	0	0	60	0	60

Transactions with executives

There extent of transactions with executives and their close relatives was insignificant.

Management remuneration

The remuneration of key management personnel in the group, which is subject to disclosure requirements under IAS 24.17, encompasses the remuneration paid to the current Management Board and the Supervisory Board.

The members of the Management Board received remuneration as follows:

in EUR thousand	2022	2021
Short-term benefits	**3,751**	3,788
Share-based payment	**–637**	461
Total	**3,114**	4,249

The members of the Supervisory Board received remuneration as follows:

in EUR thousand	2022	2021
Short-term benefits	803	821
Total	803	821

The Chairman of the company's Supervisory Board, Prof. Dr. Gerhard Schmidt, is a partner in the law firm of Weil, Gotshal & Manges LLP. This law firm received fees for legal consultancy services in the amount of EUR 1,750 thousand for financial year 2022.

Shareholder structure
Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main, holds a direct and indirect equity interest of 34.5% in the capital of DIC Asset AG, subject to a pooling agreement. The company has received the voting rights announcements pursuant to section 20 AktG.

Other disclosures

Announcements pursuant to section 160 AktG

The existing announcements pursuant to section 21 (1) WpHG concerning direct and indirect equity investments in the issued capital of DIC are listed in appendix 3 to the notes.

Events after the reporting period

In January 2023, the transfer of possession, benefits and associated risks for one property sold in 2022 for the Commercial Portfolio segment with a volume of around EUR 51 million took place.

German Corporate Governance Code

The declaration regarding the German Corporate Governance Code pursuant to section 161 AktG has been submitted and has been made permanently available to shareholders on the website "https://www.dic-asset.de/en/ir/corporate-governance/declaration-of-conformity/".

Supervisory Board

The Supervisory Board comprised the following persons as of the reporting date of 31 December 2022 and at the time of the report's publication in February 2023:

- Prof. Dr. Gerhard Schmidt (Chairman), Attorney, Glattbach
- Mr Michael Zahn (Vice Chairman), former Chief Executive Officer of Deutsche Wohnen SE, Potsdam
- Dr. Angela Geerling (since 24 March 2022, Portfolio Manager at Schroders Real Estate Asset Management GmbH, Munich
- Prof. Dr. Ulrich Reuter, President of the Association of Bavarian Savings Banks, Kleinostheim
- Mr Eberhard Vetter, Head of Capital Investments at RAG-Stiftung, Nauheim
- Mr René Zahnd, Chief Executive Officer of Swiss Prime Site AG, Bern

The term of office of the former member Klaus-Jürgen Sontowski, ended at the close of the General Shareholders' Meeting on 24 March 2022.

The members of the Supervisory Board also serve on the following supervisory boards and control bodies:

Membership in additional supervisory boards and control bodies:

Prof. Dr. Gerhard Schmidt (first elected to the Supervisory Board: 2002; elected until: 2027)	Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: Chairman of the Supervisory Board *
	Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main: Chairman of the Supervisory Board *
	DICP Erste Family Office Beteiligungsgesellschaft mbH & Co. KGaA, Munich: Chairman of the Supervisory Board *
	DICP Asset Management Beteiligungsgesellschaft mbH & Co. KGaA, Munich: Chairman of the Supervisory Board [1]
	TTL Beteiligungs-und Grundbesitz AG, Munich Chairman of the Supervisory Board *, **
	VIB Vermögen AG, Neuburg a. d. Donau: Chairman of the Supervisory Board **
	DICP Capital SE, Munich: Chairman of the Board of Directors/Managing Director

Michael Zahn (first elected to the Supervisory Board: 2020; elected until: 2025)	Cofinimmo S.A., Brussels, Belgium: Independent Director on the Board of Directors **
	WBV Weisenburger Bau + Verwaltung GmbH, Karlsruhe: Chairman of the Advisory Board
	Füchse Berlin Handball GmbH, Berlin: Member of the Advisory Board
	GETEC Wärme & Effizienz GmbH, Magdeburg: Member of Real Estate Advisory Board

Dr. Angela Geerling (first elected to the Supervisory Board: 2022; elected until: 2027)	EKF Finanz Frankfurt GmbH, Hofheim Wallau: Member of the Supervisory Board

Prof. Dr. Ulrich Reuter (first elected to the Supervisory Board: 2015; elected until: 2025)	Landesbank Berlin AG, Berlin: Member of the Supervisory Board
	Landesbank Berlin Holding AG, Berlin: Member of the Supervisory Board
	Versicherungskammer Bayern, insurance institution incorporated under public law, Munich: Chairman of the Board of Directors
	Bayerische Landesbausparkasse, institution incorporated under public law, Munich: Chairman of the Board of Directors and Chairman of the Audit Committee
	Deka Bank Deutsche Girozentrale, institution incorporated under public law, Frankfurt am Main: Member of the Board of Directors and member of the Audit Committee
	FinanzInformatik GmbH & Co. KG, Frankfurt am Main: Member of the Supervisory Board

Eberhard Vetter (first elected to the Supervisory Board: 2018; elected until: 2027)	Scope SE & Co. KGaA, Berlin: Member of the Supervisory Board
	RSGB SE, Essen: Member of the Board of Directors
	KINEO Finance AG, Basel, Switzerland: Member of the Board of Directors
	Vertical Topco S.à r.l., Luxembourg, Luxembourg: Member of the Supervisory Board
	HQ Capital (Deutschland) GmbH, Bad Homburg: Member of the Advisory Board

René Zahnd (first elected to the Supervisory Board: 2020; elected until: 2025)	Jelmoli AG, Zürich, Switzerland: President of the Board of Directors***
	Swiss Prime Site Finance AG, Zug, Switzerland: President of the Board of Directors***
	Swiss Prime Site Immobilien AG, Zürich, Switzerland: President of the Board of Directors***
	Swiss Prime Site Management AG, Zug, Switzerland: President of the Board of Directors***
	Wincasa AG, Winterthur, Switzerland: President of the Board of Directors***
	Zimmermann Vins SA, Carouge, Switzerland: President of the Board of Directors***

* Membership as defined in section 100 (2) sentence 2 AktG
** Listed
*** Group companies of Swiss Prime Site

Management Board

The Management Board comprises the following persons at the time of the report's publication in February 2023:

- Ms Sonja Wärntges (Chairwoman),
  Chief Executive Officer (CEO), graduate economist, Frankfurt am Main
  Ms Sonja Wärntges is a member of the corporate/supervisory bodies of the following companies:
  - DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main: Chairwoman of the Supervisory Board
  - Fraport AG, Frankfurt am Main: Member of the Supervisory Board
  - VIB Vermögen AG, Neuburg an der Donau: Member of the Supervisory Board
  - BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt: Member of the Supervisory Board

- Mr Torsten Doyen,
  Chief Institutional Business Officer (CIBO), graduate real estate economist and banking economist, Frankfurt am Main

- Mr Christian Fritzsche,
  Chief Operating Officer (COO), business graduate, Dreieich

- Mr Johannes von Mutius,
  Chief Investment Officer (CIO), business graduate, Königstein im Taunus
  Mr Johannes von Mutius is a member of the corporate/supervisory bodies of the following companies:
  - DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main: Member of the Supervisory Board
  - VIB Vermögen AG, Neuburg an der Donau: Member of the Supervisory Board (since 6 February 2023)

The former Management Board members Christian Bock (CIBO) and Patrick Weiden (CCMO) left the Management Board of DIC by mutual agreement at the end of 31 December 2022.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report, which is combined with the management report of DIC Asset AG, includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group.

Frankfurt am Main, 14 February 2023

The Management Board

Sonja Wärntges Torsten Doyen Christian Fritzsche Johannes von Mutius

Appendices to the notes

Appendix 1 to the notes to the consolidated financial statements

List of consolidated subsidiaries

Name and registered office of company	Interest (%)*
BCP Düsseldorf Holding GmbH & Co. KG, Frankfurt am Main	100.0
BCP Verwaltungs GmbH, Frankfurt am Main	100.0
Diamond BVO GmbH, Frankfurt am Main	100.0
Diamond Holding 1 GmbH & Co. KG, Frankfurt am Main	100.0
Diamond Verwaltungs GmbH, Frankfurt am Main	100.0
DIC 25 Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
DIC 25 Objekt Bremen GmbH, Frankfurt am Main	100.0
DIC 25 Objekt Chemnitz GmbH, Frankfurt am Main	100.0
DIC 25 Portfolio GmbH, Frankfurt am Main	100.0
DIC 26 Erfurt GmbH, Frankfurt am Main	100.0
DIC 26 Frankfurt Taunusstraße GmbH, Frankfurt am Main	100.0
DIC 26 Portfolio GmbH, Frankfurt am Main	100.0
DIC 26 Wiesbaden GmbH, Frankfurt am Main	100.0
DIC 27 Portfolio GmbH, Frankfurt am Main	100.0
DIC AP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 3 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 6 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 7 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 8 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 9 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Augustaanlage GmbH, Frankfurt am Main	100.0
DIC AP Objekt Coblitzweg GmbH, Frankfurt am Main	100.0
DIC AP Objekt Düsseldorf GmbH, Frankfurt am Main	100.0
DIC AP Objekt Insterburger Str. 5 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Insterburger Str. 7 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Königsberger Str. 29 GmbH, Frankfurt am Main	100.0
DIC AP Portfolio GmbH, Frankfurt am Main	100.0
DIC Asset AP GmbH, Frankfurt am Main	100.0

* Interest equals the share of voting rights

Name and registered office of company	Interest (%)*
DIC Asset Beteiligungs GmbH, Frankfurt am Main	100.0
DIC Asset DP GmbH, Frankfurt am Main	100.0
DIC Asset OP GmbH, Frankfurt am Main	100.0
DIC Asset Portfolio GmbH & Co. KG, Frankfurt am Main	100.0
DIC Berlin Portfolio Objekt Bundesallee GmbH, Frankfurt am Main	100.0
DIC DP Mönchengladbach Stresemannstraße GmbH, Frankfurt am Main	100.0
DIC DP Objekt 1 GmbH & Co. KG, Frankfurt am Main	100.0
DIC DP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC DP Portfolio GmbH, Frankfurt am Main	100.0
DIC FB Property Management GmbH, Frankfurt am Main	100.0
DIC Finance Management GmbH & Co. KG, Frankfurt am Main	100.0
DIC Fund Balance 1. Beteiligungs GbR, Frankfurt am Main	100.0
DIC Fund Balance 2. Beteiligungs GbR, Frankfurt am Main	100.0
DIC Fund Balance GmbH, Frankfurt am Main	100.0
DIC High Street Balance GmbH, Frankfurt am Main	100.0
DIC Main Palais GmbH, Frankfurt am Main	100.0
DIC MainTor Real Estate 1 GmbH, Frankfurt am Main	100.0
DIC Metropolregion Rhein-Main, Frankfurt am Main	100.0
DIC Objekt Alsbach GmbH, Frankfurt am Main	100.0
DIC Objekt Berlin Taubenstraße GmbH & Co. KG, Frankfurt am Main	100.0
DIC Objekt Bremen GmbH, Frankfurt am Main	100.0
DIC Objekt Bremen Grazer Straße GmbH, Frankfurt am Main	100.0
DIC Objekt Duisburg Stadtfenster GmbH, Frankfurt am Main	100.0
DIC Objekt Düsseldorf Schwannstraße GmbH, Frankfurt am Main	100.0
DIC Objekt Eschborn Frankfurter Straße GmbH, Frankfurt am Main	100.0
DIC Objekt Halle BV GmbH, Frankfurt am Main	100.0
DIC Objekt Halle GmbH & Co. KG, Frankfurt am Main	100.0
DIC Objekt Hannover Podbie GmbH, Frankfurt am Main	100.0
DIC Objekt Hemsbach GmbH, Frankfurt am Main	100.0
DIC Objekt Karlsruhe Bahnhofsplatz GmbH, Frankfurt am Main	100.0
DIC Objekt Köln Butzweilerhof GmbH, Frankfurt am Main	100.0

Name and registered office of company	Interest (%)*
DIC Objekt Köln MBC GmbH, Frankfurt am Main	100.0
DIC Objekt Kronberg GmbH, Frankfurt am Main	100.0
DIC Objekt Langenhagen GmbH	100.0
DIC Objekt Leinfelden-Echterdingen GmbH, Frankfurt am Main	100.0
DIC Objekt Mettmann GmbH, Frankfurt am Main	100.0
DIC Objekt München Beteiligungs GmbH, Frankfurt am Main	100.0
DIC Objekt München Campus GmbH, Frankfurt am Main	100.0
DIC Objekt Offenbach Kaiserleistraße GmbH, Frankfurt am Main	100.0
DIC Objekt Offenbach Unite GmbH, Frankfurt am Main	100.0
DIC Objekt Stadthaus Offenbach GmbH, Frankfurt am Main	100.0
DIC Objekt Stockstadt GmbH, Frankfurt am Main	100.0
DIC Objekt Velbert GmbH, Frankfurt am Main	100.0
DIC Objekt Zeppelinheim GmbH, Frankfurt am Main	100.0
DIC OF REIT 1 GmbH, Frankfurt am Main	100.0
DIC Office Balance I GmbH, Frankfurt am Main	100.0
DIC Office Balance II GmbH, Frankfurt am Main	100.0
DIC Office Balance III GmbH, Frankfurt am Main	100.0
DIC Office Balance IV GmbH, Frankfurt am Main	100.0
DIC Onsite GmbH, Frankfurt am Main	100.0
DIC OP Objekt 1 GmbH, Frankfurt am Main	100.0
DIC OP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC OP Objekt 3 GmbH, Frankfurt am Main	100.0
DIC OP Objekt 4 GmbH, Frankfurt am Main	100.0
DIC OP Objekt Düsseldorf GmbH, Frankfurt am Main	100.0
DIC OP Objekt Leverkusen GmbH, Frankfurt am Main	100.0
DIC OP Objekt Marl GmbH, Frankfurt am Main	100.0
DIC OP Portfolio GmbH, Frankfurt am Main	100.0
DIC Projekt Berlin Taubenstraße GmbH, Frankfurt am Main	100.0
DIC Real Estate Investments Beteiligungs GmbH, Frankfurt am Main	100.0
DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main	100.0
DIC Retail Balance I Beteiligungs GmbH, Frankfurt am Main	100.0

* Interest equals the share of voting rights

Name and registered office of company	Interest (%)*
DIC Retail Balance I Funding GmbH, Frankfurt am Main	100.0
DIC Retail Balance I GmbH, Frankfurt am Main	100.0
DIC RMN-Portfolio GmbH, Frankfurt am Main	100.0
DIC RP Objekt 1 GmbH, Frankfurt am Main	100.0
DIC RP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC RP Objekt Bochum GmbH, Frankfurt am Main	100.0
DIC RP Objekt Essen GmbH, Frankfurt am Main	100.0
DIC Ruhr Portfolio GmbH, Frankfurt am Main	100.0
DIC VP Objekt Köln ECR GmbH, Frankfurt am Main	100.0
DIC VP Objekt Köln SILO GmbH, Frankfurt am Main	100.0
DIC VP Objekt Moers GmbH, Frankfurt am Main	100.0
DIC VP Objekt Neubrandenburg GmbH, Frankfurt am Main	100.0
DIC VP Objekt Saalfeld GmbH, Frankfurt am Main	100.0
DIC VP Portfolio GmbH, Frankfurt am Main	100.0
GEG Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
GEG Emittent GmbH & Co. KG, Frankfurt am Main	100.0
GEG Emittent Verwaltungs GmbH, Frankfurt am Main	100.0
GEG German Estate Group GmbH, Frankfurt am Main	100.0
GEG HA Holding GmbH & Co. KG, Frankfurt am Main	100.0
GEG HA Verwaltungs GmbH, Frankfurt am Main	100.0
GEG Investment Advisory GmbH, Frankfurt am Main	100.0
GEG Infinity Verwaltungs GmbH, Frankurt am Main	100.0
GEG Merlion FF & E GmbH, Frankfurt am Main	100.0
GEG Merlion GmbH, Frankfurt am Main	100.0
GEG Portfolio Advisory GmbH, Frankfurt am Main	100.0
GEG Real Estate Beteiligungs - und Verwaltungs GmbH, Frankfurt am Main	100.0
GEG Real Estate Fund Management GmbH, Frankfurt am Main	100.0
GEG Real Estate Fund Management VK GmbH, Frankfurt am Main	100.0
GEG Real Estate Management GmbH, Frankfurt am Main	100.0
GEG Triforum BVO GmbH, Frankfurt am Main	100.0
GEG Triforum FinCo. GmbH & Co. KG, Frankfurt am Main	100.0

Name and registered office of company	Interest (%)*
GEG Triforum Holding GmbH & Co. KG, Frankfurt am Main	100.0
GEG Triforum Verwaltungs GmbH, Frankfurt am Main	100.0
GEG UT Fondsverwaltung GmbH, Frankfurt am Main	100.0
GEG Verwaltungs GmbH, Frankfurt am Main	100.0
Global Tower GmbH & Co. KG, Frankfurt am Main	100.0
Global Tower Verwaltungs GmbH, Frankfurt am Main	100.0
OB III Verwaltungs GmbH, Frankfurt am Main	100.0
Erste Düsseldorf GmbH & Co. KG, Frankfurt am Main	100.0
Zweite Berlin GmbH & Co. KG, Frankfurt am Main	100.0
DIC Fund Advisory GmbH & Co. KG, Frankfurt am Main	100.0
DIC Finance Verwaltungs GmbH & Co. KG, Frankfurt am Main	100.0
DIC Frankfurt Objekt 3 GmbH, Frankfurt am Main	99.4
DIC Zeil Portfolio GmbH, Frankfurt am Main	99.4
Gewerbepark Langenfeld West 3 GmbH & Co. KG, Frankfurt am Main	99.2
DIC Management Holding GmbH, Frankfurt am Main	94.9
DIC Objekt Leverkusen GmbH, Frankfurt am Main	94.9
GEG Riverpark GmbH & Co. KG, Frankfurt am Main	94.9
GEG Sapporobogen Holding GmbH & Co. KG, Frankfurt am Main	94.9
German Estate Group GmbH, Frankfurt am Main	94.9
HCC Dortmund Holding GmbH & Co. KG, Frankfurt am Main	94.9
DIC Objektsteuerung GmbH, Frankfurt am Main	94.8
DIC Hamburg Objekt 1 GmbH, Frankfurt am Main	92.5
DIC Hamburg Objekt 5 GmbH, Frankfurt am Main	92.5
DIC Hamburg Objekt Großmannstrasse GmbH, Frankfurt am Main	92.5
DIC Hamburg Objekt Marckmannstraße GmbH, Frankfurt am Main	92.5
DIC Hamburg Portfolio GmbH, Frankfurt am Main	92.5
DIC HI Beteiligungs GmbH, Frankfurt am Main	92.5
DIC HI Objekt 10 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 11 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 12 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 13 GmbH, Frankfurt am Main	92.5

* Interest equals the share of voting rights

Name and registered office of company	Interest (%)*
DIC HI Objekt 14 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 15 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 2 GmbH & Co. KG, Frankfurt am Main	92.5
DIC HI Objekt 4 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 5 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 6 GmbH & Co. KG, Frankfurt am Main	92.5
DIC HI Objekt 7 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 9 GmbH, Frankfurt am Main	92.5
DIC HI Objekt Frankfurt Theodor-Heuss-Allee GmbH, Frankfurt am Main	92.5
DIC HI Objekt Hamburg Kurt-Schumacher-Allee GmbH, Frankfurt am Main	92.5
DIC HI Objekt Köln GmbH, Frankfurt am Main	92.5
DIC HI Objekt Neu-Isenburg GmbH, Frankfurt am Main	92.5
DIC HI Portfolio GmbH & Co. KG, Frankfurt am Main	92.5
Deutsche Immobilien Chancen Objektbeteiligungs GmbH, Frankfurt am Main	90.0
DIC AP Objekt 5 GmbH, Frankfurt am Main	78.2
DIC DP Langenselbold Am Weiher GmbH, Frankfurt am Main	78.2
DIC Objekt Halle Weststraße GmbH, Frankfurt am Main	78.2
DIC Objekt Nürnberg GmbH, Frankfurt am Main	78.2
DIC HI Objekt 1 GmbH, Frankfurt am Main	78.2
DIC HI Objekt Ratingen GmbH, Frankfurt am Main	78.2
DIC Objekt Mörfelden GmbH, Frankfurt am Main	68.1
DIC Objekt Rodgau GmbH, Frankfurt am Main	68.1
VIB Vermögen AG, Neuburg an der Donau	68.1
Merkur GmbH, Neuburg an der Donau	68.1
VIMA Grundverkehr GmbH, Neuburg an der Donau	68.1
KIP Verwaltung GmbH, Neuburg an der Donau	68.1
UFH Verwaltung GmbH, Neuburg an der Donau	68.1
BK Immobilien Verwaltung GmbH, Neuburg an der Donau	68.1
IPF 1 GmbH, Neuburg an der Donau	68.1
IPF 2 GmbH, Neuburg an der Donau	68.1
BBI Bürgerliches Brauhaus Immobilien AG, Ingolstadt	68.1

Name and registered office of company	Interest (%)*
VST Immobilien GmbH, Neuburg an der Donau	68.1
ISG Infrastrukturelle Gewerbeimmobilien GmbH, Ingolstadt	68.1
Interpark Immobilien GmbH, Neuburg an der Donau	68.1
VIPA Immobilien GmbH, Neuburg an der Donau	68.1
VSI GmbH, Neuburg an der Donau	68.1
IVM Verwaltung GmbH, Neuburg an der Donau	68.1

* Interest equals the share of voting rights

Appendix 2 to the notes to the consolidated financial statements

Indirect and direct holdings of up to 50%

Name and registered office of company	Interest (%)*
KHI Immobilien GmbH, Neuburg an der Donau	41.7
DIC MainTor Palazzi GmbH, Frankfurt am Main	40.0
DIC MainTor Panorama GmbH, Frankfurt am Main	40.0
DIC MainTor Patio GmbH, Frankfurt am Main	40.0
DIC MainTor Porta GmbH, Frankfurt am Main	40.0
DIC MainTor Verwaltungs GmbH, Frankfurt am Main	40.0
DIC MainTor Zweite Beteiligungs GmbH & Co. KG, Frankfurt am Main	40.0
MainTor GmbH, Frankfurt am Main	40.0
BHB Brauholding Bayern-Mitte AG	34.2
GEG Equity Participation Fund I	34.0
Realogis Holding GmbH, Munich	25.0
DIC Office Balance VI, Frankfurt am Main**	21.6
DIC BW Portfolio GmbH, Frankfurt am Main	20.0
DIC Development GmbH, Frankfurt am Main	20.0
DIC GMG GmbH, Frankfurt am Main	20.0
DIC Opportunistic GmbH, Frankfurt am Main****	20.0
WACO Beteiligungs GmbH, Frankfurt am Main	20.0
Riverpark Frankfurt GmbH & Co. KG, Frankfurt am Main	10.0
Riverpark Frankfurt Verwaltungs GmbH, Frankfurt am Main	10.0
DIC Office Balance I, Frankfurt am Main***	8.1
GEG Objekt München SCS, Luxembourg	5.1

* Interest equals the share of voting rights
** 27.8% share of voting rights
*** 12.5% share of voting rights
**** 0.0% share of voting rights
***** 8.1% share of voting rights
****** 5.9% share of voting rights
******* 6.5% share of voting rights
******** 5.6% share of voting rights

Name and registered office of company	Interest (%)*
GEG Sapporobogen geschlossene Investment KG, Frankfurt am Main	5.2
Dritte DV I GmbH & Co. KG, Frankfurt am Main	5.1
Dritte Kassel GmbH & Co. KG, Frankfurt am Main	5.1
Erste Bremen GmbH & Co. KG, Frankfurt am Main	5.1
Erste Stuttgart GmbH & Co. KG, Frankfurt am Main	5.1
Fünfte DV I GmbH & Co. KG, Frankfurt am Main	5.1
GEG HCC Dortmund GmbH & Co. KG, Frankfurt am Main	5.1
Gemini I Boersencenter GmbH, Frankfurt am Main	5.1
Gemini II Bronce GmbH, Frankfurt am Main	5.1
Gemini III Titan GmbH, Frankfurt am Main	5.1
MRM Eschborn GmbH & Co. KG, Frankfurt am Main	5.1
OB III Berlin 1 GmbH & Co. KG, Frankfurt am Main	5.1
OB III Berlin 2 GmbH & Co. KG, Frankfurt am Main	5.1
OB III Berlin 3 GmbH & Co. KG, Frankfurt am Main	5.1
OB III Bochum GmbH & Co. KG, Frankfurt am Main	5.1
OB III Bonn GmbH & Co. KG, Frankfurt am Main	5.1
OB III Frankfurt GmbH & Co. KG, Frankfurt am Main	5.1
OB III Hannover GmbH & Co. KG, Frankfurt am Main	5.1
OB III Koblenz GmbH & Co. KG, Frankfurt am Main	5.1
OB III Köln GmbH & Co. KG, Frankfurt am Main	5.1
OB III München GmbH & Co. KG, Frankfurt am Main	5.1
OB III Nürnberg GmbH & Co. KG, Frankfurt am Main	5.1
OB IV Düsseldorf GmbH & Co. KG, Frankfurt am Main	5.1
OB IV München GmbH & Co. KG, Frankfurt am Main	5.1
OB V Hamburg GmbH & Co. KG, Frankfurt am Main	5.1
OB V München GmbH & Co. KG, Frankfurt am Main	5.1
Passing Holdco S. à. R. l, Luxembourg	5.1
RB I Objekt Berlin GmbH & Co. KG, Frankfurt am Main	5.1
RB I Objekt Hamburg Bergedorf GmbH & Co. KG, Frankfurt am Main	5.1
RB I Objekt Hamburg Harburg GmbH & Co. KG, Frankfurt am Main	5.1
Vierte DV I GmbH & Co. KG, Frankfurt am Main	5.1
Zweite Düsseldorf GmbH & Co. KG, Frankfurt am Main	5.1
Zweite DV I GmbH & Co. KG, Frankfurt am Main	5.1
Zweite Erfurt GmbH & Co. KG, Frankfurt am Main	5.1

Name and registered office of company	Interest (%)*
DIC Office Balance II, Frankfurt am Main****	3.4
DIC Retail Balance I, Frankfurt am Main*****	3.9
DIC Office Balance III, Frankfurt am Main******	1.6
DIC Office Balance IV, Frankfurt am Main*******	1.5
DIC Office Balance V, Frankfurt am Main********	0.5

* Interest equals the share of voting rights
** 27.8% share of voting rights
*** 12.5% share of voting rights
**** 0.0% share of voting rights
***** 8.1% share of voting rights
****** 5.9% share of voting rights
******* 6.5% share of voting rights
******** 5.6% share of voting rights

Appendix 3 to the notes to the consolidated financial statements

Announcements on voting rights

Disclosures pursuant to section 160 (1) no. 8 AktG

Section 160 (1) no. 8 AktG requires disclosures to be made regarding equity investments of which the company was informed pursuant to section 21 (1) or (1a) WpHG (as amended until 2 January 2018) or pursuant to section 33 (1) or (2) WpHG (as amended from 3 January 2018). The following disclosures were taken from the most recent notification received from a person or entity required to make an announcement of their voting rights. The most recent change in the total number of voting rights has been effective since 26 April 2022.

a. FMR LLC, Wilmington, Delaware, United States of America, informed us by way of a voluntary group voting rights notification where the threshold is met at subsidiary level pursuant to section 33 (1) WpHG that on 12 October 2022 its share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 7.37% (6,124,598 voting rights). All of these voting rights are attributable to FMR LLC pursuant to section 34 WpHG. The name of the shareholder holding at least 3% of the voting rights is: Fidelity Management & Research company LLC.

b. Prof. Dr. Gerhard Schmidt informed us pursuant to section 33 (1) WpHG by way of a voluntary group voting rights notification where the threshold is met only at subsidiary level that on 15 March 2022 his share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 34.70% (28,408,909 voting rights). 34.70% of these (28,408,909 voting rights) are attributable to Prof. Dr. Gerhard Schmidt pursuant to section 34 WpHG. The names of the shareholders holding at least 3% of the voting rights are: Deutsche Immobilien Chancen AG & Co. Kommanditgesellschaft auf Aktien, DIC Opportunistic GmbH und TTL Real Estate GmbH.

c. Mr Yannick Patrick Heller informed us pursuant to section 33 WpHG that on 17 February 2021 his share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the threshold of 10% and amounted to 10.10% (8,140,000 voting rights) as of this date.

d. Fidelity Securities Fund, Boston, Massachusetts, United States of America, informed us pursuant to section 33 WpHG that on 26 January 2021 its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the threshold of 3% and amounted to 3.14% (2,532,064 voting rights) as of this date.

e. Fidelity Investment Trust, Boston, Massachusetts, United States of America, informed us pursuant to section 33 (1) WpHG that on 7 April 2020 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.87% (2,266,955 voting rights) as of this date. 2.87% of these (2,266,955 voting rights) are attributable to Fidelity Investment Trust pursuant to section 34 WpHG.

f. DWS Investment S.A., Luxembourg, Luxembourg, informed us pursuant to section 33 (1) WpHG that on 18 October 2019 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.97% (2,142,314 voting rights) as of this date. 2.97% of these (2,142,314 voting rights) are attributable to DWS Investment S.A. pursuant to section 34 WpHG.

g. BlackRock, Inc., Wilmington, Delaware, United States of America, informed us pursuant to section 33 (1) WpHG that on 16 August 2019 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.99% (2,160,321 voting rights) as of this date. 2.99% of these (2,160,321 voting rights) are attributable to BlackRock, Inc. pursuant to section 34 WpHG.

h. Makuria Fund Ltd, Grand Cayman, Cayman Islands, informed us pursuant to section 33 (1) WpHG that on 29 January 2019 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.96% (2,084,321 voting rights) as of this date. 2.96% of these (2,084,321 voting rights) are attributable to Makuria Fund Ltd pursuant to section 34 WpHG.

i. Makuria Investment Management (UK) LLP, London, United Kingdom, informed us pursuant to section 33 (1) WpHG that on 29 January 2019 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.96% (2,084,321 voting rights) as of this date. 2.96% of these (2,084,321 voting rights) are attributable to Makuria Investment Management (UK) LLP pursuant to section 34 WpHG.

j. Deka Investment GmbH, Frankfurt am Main, Germany, informed us pursuant to section 21 (1) WpHG that on 6 July 2017 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the thresholds of 5% and 3% and amounted to 0.31% (213,000 voting rights) as of this date. 0.31% of these (213,000 voting rights) are attributable to Deka Investment GmbH pursuant to section 22 WpHG.

k. RAG-Stiftung, Essen, Germany, informed us pursuant to section 21 (1) WpHG that on 6 July 2017 its share of voting rights in DIC Asset AG, Frankfurt am Main, exceeded the threshold of 10% and amounted to 10.01% (6,867,520 voting rights) as of this date.

l. ASSET VALUE INVESTORS LIMITED, London, United Kingdom, informed us pursuant to section 21 (1) WpHG that on 19 May 2017 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the thresholds of 5% and 3% and amounted to 2.98% (2,044,526 voting rights) as of this date. 2.98% of these (2,044,526 voting rights) are attributable to ASSET VALUE INVESTORS LIMITED pursuant to section 22 WpHG.

m. BRITISH EMPIRE TRUST PLC, Exeter, United Kingdom, informed us pursuant to section 21 (1) WpHG that on 18 May 2017 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.98% (2,042,218 voting rights) as of this date. 2.98% of these (2,042,218 voting rights) are attributable to BRITISH EMPIRE TRUST PLC pursuant to section 22 WpHG.

n. GMO Credit Opportunities Fund, L.P., Boston, MA, United States of America, informed us pursuant to section 21 (1) WpHG that on 4 August 2016 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.99498% (2,053,891 voting rights) as of this date.

o. Grantham, Mayo, Van Otterloo & Co. LLC, Boston, MA, United States of America, as the manager/investment advisor of GMO Credit Opportunities Fund, L.P. having discretion regarding investments and re-investments of the fund assets informed us pursuant to section 21 (1) WpHG that on 4 August 2016 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.99498% (2,053,891 voting rights) as of this date. 2.99498% of these (2,053,891 voting rights) are attributable to Grantham, Mayo, Van Otterloo & Co. LLC pursuant to section 22 WpHG. The name of the shareholder holding at least 3% of the voting rights is GMO Credit Opportunities Fund, L.P.

p. APG Asset Management N.V., Amsterdam, The Netherlands, informed us pursuant to section 21 (1) WpHG that on 2 March 2015 its share of voting rights in DIC Asset AG, Frankfurt am Main, Germany, fell below the threshold of 3% and amounted to 2.68% (1,838,377 voting rights) as of this date.

APG Groep NV, Amsterdam, The Netherlands, informed us pursuant to section 21 (1) WpHG that on 2 March 2015 its share of voting rights in DIC Asset AG, Frankfurt am Main, Germany, fell below the threshold of 3% and amounted to 2.68% (1,838,377 voting rights) as of this date. 2.68% of these (1,838,377 voting rights) are attributable to APG Groep NV pursuant to section 22 (1) sentence 1 no. 1 WpHG.

q. Stichting Pensioenfonds ABP, Heerlen, The Netherlands, informed us pursuant to section 21 (1) WpHG that on 2 March 2015 its share of voting rights in DIC Asset AG, Frankfurt am Main, Germany, fell below the threshold of 3% and amounted to 2.68% (1,838,377 voting rights) as of this date. 2.68% of these (1,838,377 voting rights) are attributable to Stichting Pensioenfonds ABP pursuant to section 22 (1) sentence 1 no. 1 WpHG.

r. EII Capital Management, Inc., New York City, United States of America, informed us pursuant to section 21 (1) WpHG that on 1 August 2014 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.79% as of this date (1,914,860 votes). 2.79% of these (corresponding to 1,914,860 votes) are attributable to EII Capital Management, Inc. pursuant to section 22 (1) sentence 1 no. 6 WpHG.

EII Capital Holding, Inc., New York City, United States of America, informed us pursuant to section 21 (1) WpHG that on 1 August 2014 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.79% as of this date (1,914,860 votes). 2.79% of these (corresponding to 1,914,860 votes) are attributable to EII Capital Holding, Inc. pursuant to section 22 (1) sentence 1 no. 6 in conjunction with section 22 (1) sentence 2 WpHG.

s. Morgan Stanley, Wilmington, Delaware, United States of America, informed us pursuant to section 21 (1) WpHG that on 9 June 2014 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 0.01% as of this date (8,000 votes). 0.01% of these (corresponding to 8,000 votes) are attributable to Morgan Stanley pursuant to section 22 (1) sentence 1 no. 1 WpHG.

t. Commerzbank Aktiengesellschaft, Frankfurt am Main, Germany, informed us pursuant to section 21 (1) WpHG that on 29 November 2013 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the thresholds of 10%, 5% and 3% and amounted to 0.02% as of this date (corresponding to 15,000 votes). 0.02% of these (corresponding to 15,000 votes) are attributable to Commerzbank Aktiengesellschaft pursuant to section 22 (1) sentence 1 no. 6 WpHG.

u. BNP Paribas Investment Partners S.A., Paris, France, informed us pursuant to section 21 (1) WpHG that on 24 January 2012 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.93% as of this date (corresponding to 1,338,422 votes). 2.41% of these (corresponding to 1,099,682 votes) are attributable it pursuant to section 22 (1) sentence 1 no. 6 WpHG.

v. Massachusetts Mutual Life Insurance company, USA, informed us pursuant to sections 21 (1), 24 WpHG:

Correction to the voting rights notification pursuant to § 21 Para. 1, 24 WpHG:

OppenheimerFunds Inc., Centennial, Colorado, USA, fell below the 3% threshold of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91% (911,303 voting rights), which are attributable to OppenheimerFunds Inc. pursuant to section 22 (1) sentence 1 no. 6 WpHG.

Voting rights notification pursuant to sections 21 (1), 24 WpHG: Oppenheimer Acquisition Corp., Centennial, Colorado, USA, fell below the 3% threshold of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91% (911,303 voting rights), which are attributable to Oppenheimer Acquisition Corp. pursuant to section 22 (1) sentence 1 no. 6 sentence 2 WpHG.

Voting rights notification pursuant to sections 21 (1), 24 WpHG:

MassMutual Holding LLC, Springfield, Massachusetts, USA, fell below the 3% threshold of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91% (911,303 voting rights), which are attributable to MassMutual Holding LLC pursuant to section 22 (1) sentence 1 no. 6 sentence 2 WpHG.

Correction to the voting rights notification pursuant to § 21 Para. 1, 24 WpHG:

Massachusetts Mutual Life Insurance company, Springfield, Massachusetts, USA, fell below the 3% threshold of voting rights in DIC Asset AG, Frankfurt am Main (ISIN: DE0005098404, WKN: 509840) on 9 January 2008. The share of the voting rights on this date amounted to 2.91% (911,303 voting rights), which are attributable to Massachusetts Mutual Life Insurance company pursuant to section 22 (1) sentence 1 no. 6 sentence 2 WpHG.

w. FMR Corp., Boston, Massachusetts, USA, informed us pursuant to section 21 (1) WpHG that on 1 February 2007 its share of voting rights in DIC Asset AG fell below the threshold of 3% and amounted to 1.71% as of this date. The voting rights are attributable to FMR Corp. pursuant to section 22 (1) sentence 2 WpHG in conjunction with section 22 (1) sentence 1 no. 6 WpHG.

Independent auditor's report

To DIC Asset AG, Frankfurt am Main

Report on the audit of the consolidated financial statements and the groupmanagement report

Audit opinions

We have audited the consolidated financial statements of DIC Asset AG, Frankfurt am Main and its subsidiaries (the group), which comprise the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 January 2022 to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the combined management report (report on the position of the company and of the group) of DIC Asset AG for the financial year from 1 January 2022 to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report listed in the section "Other information".

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the group as at 31 December 2022 and of its financial performance for the financial year from 1 January 2022 to 31 December 2022 and
- the accompanying combined management report as a whole provides an appropriate view of the group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those parts of the combined management report listed in section "Other information".

Pursuant to § 322 (3), sentence 1 HGB (German Commercial Code), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) letter f) of the EU Audit Regulation, we declare that we have not provided any non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2022 to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

We have identified the following matters as key audit matters to be disclosed in our auditor's report:
1. Measurement of investment properties
2. Impairment of goodwill
3. Acquisition of 68% of the shares in VIB Vermögen AG, Neuburg an der Donau

1. Measurement of investment properties

Matter
DIC Asset AG disclosed investment properties amounting to EUR 3,673.3 in the consolidated financial statements as at 31 December 2022. Investment property is initially recognised at cost, including incidental costs, in accordance with IAS 40 in conjunction with IAS 16. Subsequently, investment property is measured at cost less accumulated depreciation, impairment losses and reversals of impairment losses. If there are specific external or internal indications of impairment, an impairment test must be carried out on the balance sheet date. New real estate appraisals prepared annually by appropriate appraisers specialising in the real estate sector are used for the impairment test.

An impairment loss is recognised if the recoverable amount falls below the carrying amount. The carrying amounts of investment properties are reviewed annually for impairment in accordance with IAS 36. According to IAS 36.18, the recoverable amount is the higher of the fair value less costs to sell and the value in use. Due to estimation uncertainties and existing scope for discretion, there is a risk for the consolidated financial statements that the carrying amounts of investment property are not covered by the respective recoverable amounts in accordance with IAS 36.6.

The determination of the respective fair values of the investment properties in accordance with IFRS 13 is carried out on the basis of the discounted cash flow method by the external appraisers commissioned by DIC Asset AG. These are Level 3 valuations within the meaning of IFRS 13, which are based on significant input factors that are not observable on the market. The forecast of future cash surpluses from rental income and operating, maintenance and administrative costs, as well as the derivation of the capitalisation rate, involves significant discretionary decisions and estimates.

A particularly important audit matter exists on the basis of the significance of the investment properties for the consolidated financial statements of DIC Asset AG in terms of their value and the considerable uncertainties associated with their measurement.

DIC Asset AG's disclosures on the measurement of investment properties are included in the "Investment property" section of the notes to the consolidated financial statements.

Auditor's response
During our audit, we obtained evidence of the professional and technical qualifications of the external appraisers commissioned by DIC Asset AG as well as of their independence.

We obtained an understanding of the selection and application of the methods, significant assumptions and data on which the valuation by the external appraisers commissioned by DIC Asset AG was based and examined these appraisals on a test basis with regard to the appropriateness, consistency and correct implementation of the valuation method as well as the accuracy of the input factors (leased space and rental income). In addition, we traced the forecast values and parameters incorporated in the valuation (rental income, future vacancy rates, management, maintenance and administration costs and interest rates used) and satisfied ourselves of the appropriateness of the discretionary decisions and estimates.

We had the management board and the external appraisers commissioned by DIC Asset AG explain the assumptions contained in the forecasts regarding the future development of the properties, compared these with published industry expectations and analyses and verified that they were taken into account in the valuation.

We performed the audit of the aforementioned points on the basis of a selection of properties made from a risk perspective.

In carrying out the audit, we consulted internal specialists in the field of property valuation.

2. Impairment of goodwill

Matter
As at 31 December 2022, the company reports goodwill of EUR 190.2 million in the consolidated financial statements.

Goodwill is subjected to an impairment test by the company at least once a year as at 31 December, irrespective of the occasion, and additionally if there are indications of impairment, in order to determine a possible need recognising an impairment loss. The company performed the annual impairment test in the financial year 2022.

The impairment test is performed at the level of the Institutional Business cash-generating unit to which the goodwill is fully allocated. In the impairment test, the carrying amount of the respective cash-generating unit is compared to the corresponding recoverable amount. The recoverable amount is the higher of the value in use and the fair value less costs to sell. The value in use is determined using the discounted cash flow method. The group's approved budget is the basis for determining future cash flows. Future cash flows beyond the detailed budget period are extrapolated using the long-term growth rate. Expectations about future market developments and assumptions about the development of macroeconomic factors are also taken into account. Discounting is carried out using the weighted average cost of capital of the cash-generating unit.

The determination of the value in use depends to a large extent on the management board's assessment of the future cash inflows of the cash-generating unit, the discount rate used, the growth rate and other assumptions, and is therefore subject to considerable uncertainty. Against this background, as well as the uncertainty of the forecast of business and earnings development triggered in particular by the Ukraine war, the recoverability of goodwill was of particular importance in the context of our audit.

DIC Asset AG's disclosures on goodwill are included in the Subsidiaries, Associates, Goodwill and Impairment sections under Significant accounting policies and Goodwill in the notes to the consolidated balance sheet.

Auditor's response
During our audit, we obtained an understanding of the company's budgeting process and assessed its appropriateness. We performed an analysis of the planning in the past, comparing the planning of the last years with the actual results and analysing deviations. In doing so, with the involvement of our valuation specialists, we traced the methodical procedure for carrying out the impairment tests as well as the calculation and examined the mathematical correctness of the calculation and the model used.

We discussed the approved budgeting of the group and the current forecast for the financial years 2023 to 2025 inclusive as well as the assumed long-term growth rate with the managing board. In particular, we assessed the appropriate consideration of the effects of the energy crisis triggered by the Ukraine war in the planning calculations. We verified the assumptions underlying the budgeting and the assumed growth rates by comparing them with past developments and current industry-specific market expectations. Furthermore, we critically examined the discount rate used on the basis of the average cost of capital of a peer group.

3. Acquisition of 68% of the shares in VIB Vermögen AG, Neuburg an der Donau

Matter
DIC Asset AG acquired a majority interest of 60% of the shares in VIB Vermögen AG (VIB) with effect from 1 April 2022. During the financial year, the shareholding in VIB was increased by a further 8% to 68%. VIB is the owner of a logistics-focused portfolio of 115 properties with its focus on Southern Germany and annual rental income of around EUR 92.0 m. The acquisition was recognised as a business combination within the meaning of IFRS 3. A purchase price allocation was carried out at the time of acquisition, in which the properties were valued at a net asset value of EUR 849.3 million excluding incidental costs. This value also represents the purchase price of the acquired shares.

The transaction represents the group's most significant business transaction in financial year 2022. Its presentation in the consolidated financial statements of DIC Asset AG involves discretionary decisions, such as those relating to future rental income, maintenance expenses and vacancy costs, whose effects on the consolidated financial statements are material.

DIC Asset AG's disclosures on the transaction are included in the "Acquisition of VIB Vermögen AG" section of the notes to the consolidated financial statements and the net assets, financial position and results of operations of the combined management report.

Auditor's response
As part of our audit, we have satisfied ourselves that the assets and liabilities acquired constitute a business and that the transaction is a business combination in accordance with IFRS 3. In reviewing the purchase price allocation, we inspected the acquisition agreements and other relevant documentation and verified the identification of the individual assets and liabilities. We have reconstructed the fair values of the properties as material assets on the basis of the fair value report prepared by the external appraiser commissioned by DIC Asset AG. For a selection of properties made from a risk perspective, we examined the appraisals as at the acquisition date of 1 April 2022 with regard to the appropriateness and correct implementation of the valuation method and satisfied ourselves of the accuracy of the input factors used (leased space and rental income). We traced the forecast values and parameters used in the valuation (rental income, future vacancy rates, management, maintenance and administration costs and interest rates used) and satisfied ourselves of the appropriateness of the discretionary decisions and estimates by comparing them with values observable on the market. Furthermore, we reconciled the total purchase price with the underlying share acquisitions and proof of payment. In addition, we obtained an understanding of the condition and occupancy status of the properties through a walk-through of selected properties and discussions with the asset managers. In performing the audit, we consulted internal specialists in the field of real estate valuation. We have assessed the adequacy and completeness of the business combination disclosures in the notes to the consolidated financial statements.

Other information

The executive directors or the supervisory board are responsible for the other information. The other information comprises:

- the corporate governance statement referred to in the section "Corporate governance statement" of the combined management report
- the information contained in the section "Non-financial Performance Indicators" of the combined management report with the exception of the section "Green Bond Impact Reporting"
- the other parts of the annual report except for the audited consolidated financial statements and combined management report as well as our auditor's report.

Our audit opinions on the consolidated financial statements and combined management report do not cover the other information and, accordingly, we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, evaluate whether the other information

- is materially inconsistent with the consolidated financial statements, the combined management report or with our knowledge obtained in the audit or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there has been a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the supervisory board for the consolidated financial statements and the combined management report

The executive directors are responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the group's position and is, in all material respects, consistent with the consolidated financial statements in all material respects, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for the overseeing the group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group in order to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the audit of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the assurance on the electronic rendering of the consolidated financial statements and the combined management report in accordance with § 317 (3a) HGB

Assurance opinion

We have performed assurance work in accordance with § 317 (3a) HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file DIC_Asset_AG_KA_2022_12_31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above. Our audit firm has applied the requirements of the IDW Quality Management Standards which implement the IAASB's International Standards on Quality Management.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January 2022 to 31 December 2022 contained in the " Report on Consolidated financial statements of the consolidated financial statements and of the combined management report " above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file identified above in accordance with § 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described in the "Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards, which implement the IAASB's International Standards on Quality Management.

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the company are responsible for the preparation of the ESEF documents with the electronic renderings of the consolidated financial statements and the combined management report in accordance with § 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 (1) sentence 4 No. 2 HGB.

In addition, the executive directors of the company are responsible for such internal controls that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB for the electronic reporting format.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibilities for the Assurance Work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of § 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this electronic file.
- evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further information pursuant to article 10 of the EU Audit Regulation

We were elected as group auditor by the general shareholders' meeting on 24 March 2022. We were engaged by the Chairman of the supervisory board on 24 November 2022. We have been the group auditor DIC Asset AG without interruption since the financial year 2022.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other matter — use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the assured ESEF documents. The consolidated financial statements and the combined management report converted to the ESEF format — including the versions to be published in the Federal Gazette — are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents provided in electronic form.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Christoph Hyckel.

Hamburg, 14 February 2023

BDO AG
Wirtschaftsprüfungsgesellschaft

sgd. Härle Wirtschaftsprüfer (German Public Auditor)	sgd. Hyckel Wirtschaftsprüfer (German Public Auditor)

Overview

Key figures in accordance with EPRA

DIC Asset AG periodically supplements its reporting in accordance with International Financial Reporting Standards (IFRSs) with the best practice recommendations of the European Public Real Estate Association (EPRA).

As in the previous years, we are reporting EPRA net tangible assets (EPRA NTA), EPRA net reinstatement value (EPRA NRV), EPRA net disposal value (EPRA NDV) and EPRA earnings for our group. We are also reporting EPRA net initial yield (normal and 'topped up'), the EPRA vacancy rate and EPRA cost ratio (including and excluding direct vacancy costs) for our Commercial Portfolio. In this report we are also showing for the first time the EPRA LTV key figure.

The EPRA guidelines of February 2022 recommend that association members use these indicators for reporting periods starting on or after 1 January 2020 (1 January 2022 for EPRA LTV).

Overview of EPRA key figures

in EUR million	31.12.2022	31.12.2021
EPRA Net Reinstatement Value (EPRA-NRV)	1,669.5	1,623.9
EPRA Net Tangible Assets (EPRA-NTA)	1,196.6	1,233.2
EPRA Net Disposal Value (EPRA-NDV)	1,254.2	1,246.9
EPRA net initial yield (in %)*	3.9	3.6
EPRA "topped up" net initial yield (in %)*	4.0	3.9
EPRA vacancy rate (in %)**	4.3	5.3

in EUR million	2022	2021
EPRA earnings	118.8	96.5
EPRA cost ratio incl. direct vacancy costs (in %)*	19.3	21.8
EPRA cost ratio excl. direct vacancy costs (in %)*	17.7	19.9

* Calculated for the Commercial Portfolio only
** Calculated for the Commercial Portfolio only, without project developments and repositioning

EPRA net reinstatement value

The EPRA net reinstatement value (EPRA NRV) key performance indicator represents the intrinsic value of a company after adjusting for fair value adjustments and the fair value of financial instruments. As at 31 December 2022, EPRA NRV rose by around 3% to EUR 1,669.5 million (previous year: EUR 1,623.9 million). This increase was primarily attributable to higher property transfer tax payable on the overall portfolio as at 31 December 2022.

in EUR million	31.12.2022	31.12.2021
Equity attributable to group shareholders	1,103.5	1,128.9
plus hidden reserves on investment properties*	353.1	366.8
plus / less fair value of financial instruments	– 2.9	1.8
plus real estate transfer tax	215.8	126.3
EPRA Net Reinstatement Value (EPRA-NRV)	1,669.5	1,623.9
Number of shares (thousand)	83,152	81,861
EPRA-NRV per share in EUR**	20.08	19.84

* Excl. non-controlling interests
** Based on 83,152,366 shares (previous year: 81,861,163 shares)

EPRA net disposal value

The EPRA Net Disposal Value (EPRA NDV) key performance indicator represents the intrinsic value of a company after adjusting for total deferred taxes on fair value adjustments to investment properties, the goodwill recognised in the balance sheet and the fair value adjustment for fixed-rate liabilities. As at 31 December 2022, EPRA NDV rose by around 1% to EUR 1,254.2 million (previous year: EUR 1,246.9 million). This increase was primarily attributable to the higher fair value adjustment of fixed-rate liabilities as at 31 December 2022.

in EUR million	31.12.2022	31.12.2021
Equity attributable to group shareholders	1,103.5	1,128.9
plus hidden reserves on investment properties*	353.1	366.8
less 100% deferred tax on fair value adjustments on investment properties	– 54.3	– 59.4
less recognised goodwill	– 190.2	– 190.2
plus fair value adjustment of fixed-rate liabilities	42.1	0.7
EPRA Net Disposal Value (EPRA-NDV)	**1,254.2**	1,246.9
Number of shares (thousand)	83,152	81,861
EPRA-NDV per share in EUR**	15.08	15.23

* Excl. non-controlling interests
** Based on 83,152,366 shares (previous year: 81,861,163 shares)

EPRA net tangible assets

The EPRA net tangible assets (EPRA NTA) key performance indicator represents the intrinsic value of a company after adjusting proportionally for deferred taxes on fair value adjustments to investment properties, the fair value of financial instruments and all intangible assets. As at 31 December 2022, EPRA NTA contracted by around 3% to EUR 1,196.6 million (previous year: EUR 1,233.2 million). The decrease reflects the approximately 3% lower equity attributable to group shareholders compared to the previous year's reporting date.

in EUR million	31.12.2022	31.12.2021
Equity attributable to group shareholders	1,103.5	1,128.9
plus hidden reserves on investment properties*	353.1	366.8
less 50% deferred tax on fair value adjustments on investment properties	– 27.1	– 29.7
plus / less fair value of financial instruments	– 2.9	1.8
less recognised goodwill	– 190.2	– 190.2
less intangible assets	– 39.8	– 44.4
EPRA Net Tangible Assets (EPRA-NTA)	**1,196.6**	1,233.2
Number of shares (thousand)	83,152	81,861
EPRA-NTA per share in EUR**	14.39	15.06

* Excl. non-controlling interests
** Based on 83,152,366 shares (previous year: 81,861,163 shares)

EPRA net initial yield

The EPRA net initial yield compares annualised rental income (excluding non-allocable property expenses) with the market value of the real estate portfolio at the reporting date; the 'topped up' calculation includes notional rents in respect of unexpired rent-free periods.

in EUR million	31.12.2022	31.12.2021
Annualised gross rental income at the reporting date*	201.6	98.4
less non-allocable operating expenses	–18.3	–13.5
Annualised net rental income at the reporting date (A)	183.3	84.9
plus estimated rent for current rent-free periods	2.1	7.1
Topped up annualised net rental income at the reporting date (B)	185.4	92.0
Investment property in the Commercial Portfolio segment	4,451.9	2,222.2
Estimated incidental acquisition costs on real estate portfolio	222.6	111.1
Commercial Portfolio (gross) (C)	4,674.5	2,333.3
EPRA net initial yield (in %) (A / C)	3.9%	3.6%
EPRA topped-up net initial yield (in %) (B / C)	4.0%	3.9%

* Without warehousing, without rent-free periods

EPRA vacancy rate

The EPRA vacancy rate compares market rents for vacant spaces with the market rent for the total portfolio space (at the respective reporting date).

in EUR million	31.12.2022	31.12.2021
Estimated rent for vacant space (A)	8.2	5.2
Estimated rent for the entire portfolio (B)	192.2	98.6
EPRA vacancy rate* (in %) (A / B)	4.3%	5.3%

* Reported for the Commercial Portfolio only, without project developments and repositioning

EPRA earnings

in EUR thousand	2022	2021
IFRS profit	31,024	57,795
EPRA adjustments		
Market value change or depreciation of investment property	63,129	32,566
Profit / loss on disposal of investment property	– 12,697	– 23,765
Tax on disposal of investment property	2,010	3,761
Amortisation of intangible assets and depreciation of right-of-use assets in acc. with IFRS 16	10,753	10,419
Other non-recurring effects	13,235	15,570
Deferred taxes in connection with EPRA adjustments	– 484	– 477
Contributions from Co-Investments (project developments and sales)	0	0
Non-controlling interests	11,834	590
EPRA earnings	118,804	96,459
EPRA earnings per share	1.44	1.18

EPRA cost ratios

The EPRA cost ratio compares the sum of the proportional operating and administrative expenses of the Commercial Portfolio with gross rental income during the reporting period – both including and excluding direct vacancy costs.

in EUR million	2022	2021
Operating expenses	36.8	25.9
less ground rents	– 0.3	– 0.5
less exceptionals	– 3.1	– 2.4
EPRA costs incl. direct vacancy costs (A)	33.4	23.0
less direct vacancy costs	– 2.8	– 2.0
EPRA costs excl. direct vacancy costs (B)	30.6	21.0
Gross rental income less ground rents	176.0	107.9
exceptionals relating object management	– 3.1	– 2.4
Gross rental income (C)	172.9	105.5
EPRA cost ratio incl. direct vacancy costs (in %) (A / C)	19.3 %	21.8 %
EPRA cost ratio excl. direct vacancy costs (in %) (B / C)	17.7 %	19.9 %

EPRA LTV

The new EPRA LTV key fire serves to improve the comparability of leverage ratio data in the real estate sector. In deviation from DIC's presentation, EPRA LTV also includes a disclosure after deducting minority interests.

In EUR million	Consolidated	Less minority interests	After minority interests
Include:			
Long-term interest-bearing loans and borrowings	2,236.8	–197.3	2,039.5
Short-term interest-bearing loans and borrowings	252.8	–132.5	120.3
Liabilities related to non-current assets held for sale	38.7		38.7
Liabilities to related parties	19.2		19.2
Net payables	0	5.1	5.1
Corporate bonds	542.2		542.2
Exclude:			
Cash and cash equivalents	-188.4	21.8	-166.6
Net debt (a)	**2,901.3**		**2,598.4**
Include:			
Investment properties at fair value	4,016.2	–626.6	3,389.6
Non-current assets held for sale	435.8	–98.1	337.7
Goodwill	190.2		190.2
Service agreements	52.2		52.2
Net receivables	4.1	–4.1	0
Carrying amount of loans/receivables due to related parties	123.1		123.1
Fair value of investments (indirect property)	205.3		205.3
Total property value (b)	**5,026.9**		**4,298.1**
EPRA LTV (a/b)	**57.7%**		**60.5%**

Quarterly overview

Key financial figures in EUR million	Q1 2022	Q2 2022	Q3 2022	Q4 2022
Gross rental income	25.0	50.2	49.7	**51.1**
Net rental income	21.1	44.2	43.5	**43.7**
Real estate management fees	25.4	14.1	17.4	**31.5**
Proceeds from sales of property	2.8	44.7	0.0	**4.0**
Profits from sales of property	0.0	12.4	0.0	**0.3**
Share of the profit or loss of associates	4.5	12.4	1.1	**0.9**
Funds from Operations excluding non-controlling interest (FFO)	26.7	26.3	23.1	**38.1**
EBITDA	30.5	60.7	44.0	**59.2**
EBIT	19.7	39.7	23.0	**38.1**
EPRA earnings	25.3	35.4	27.9	**30.2**
Profit / loss of the period	9.5	21.3	4.6	**7.5**
Cash flow from operating activities	39.0	71.3	25.5	**23.1**

Balance sheet figures in EUR million	31.03.2022	30.06.2022	30.09.2022	31.12.2022
Loan To Value (LTV) in %*	55.1 %	56.9 %	56.9 %	**57.8 %**
Investment property	1,751.4	4,023.7	4,026.4	**3,673.3**
Total assets	3,840.5	5,456.6	5,164.3	**5,180.3**

Key figures per sheed in EUR	Q1 2022	Q2 2022	Q3 2022	Q4 2022
FFO (excluding non-controlling interest)	0.33	0.32	0.28	**0.45**
EPRA earnings	0.31	0.43	0.30	**0.40**
Adjusted profit / loss	0.12	0.35	0.07	**0.09**
Earnings	0.11	0.18	0.03	**0.06**

* adjusted for warehousing

Five-year overview

Key financial figures in EUR million	2018	2019	2020	2021	2022
Gross rental income	100.2	101.9	100.7	108.4	**176.0**
Net rental income	84.7	87.9	82.2	91.2	**152.5**
Real estate management fees	33.6	62.9	79.7	101.2	**88.4**
Proceeds from sales of property	86.8	176.0	116.3	139.3	**51.5**
Profits from sales of property	18.6	40.5	32.0	23.8	**12.7**
Share of the profit or loss of associates	15.8	18.3	11.4	6.5	**18.9**
Funds from Operations excluding non-controlling interest (FFO)	68.0	95.0	96.5	107.2	**114.2**
EBITDA	122.3	164.5	156.3	165.1	**194.4**
EBIT	92.8	130.2	117.6	122.1	**120.5**
Adjusted profit / loss	47.6	80.7	73.1	69.9	**52.2**
Profit / loss	47.6	80.7	73.1	58.4	**42.9**
Cash flow from operating activities	61.9	64.8	67.4	43.4	**158.9**

Balance sheet figures in EUR million	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022
Investment property	1,459.0	1,623.0	1,600.0	1,756.7	**3,673.3**
Net Asset Value	1,085.8	1,244.2	1,409.9	1,509.8	**1,520.9**
Total assets	2,490.1	2,657.4	2,724.2	3,493.7	**5,180.3**
Equity	895.9	968.8	1,108.4	1,134.0	**1,664.1**
Liabilities	1,594.1	1,688.7	1,615.7	2,359.7	**3,516.2**

Key figures per sheed in EUR	2018	2019	2020	2021	2022
FFO (excluding non-controlling interest)	0.97	1.32	1.22	1.32	**1.38**
EPRA earnings	0.89	1.17	1.07	1.18	**1.44**
Net Asset Value	15.40	17.23	17.49	18.44	**18.29**
Dividend	0.48	0.66	0.70	0.75	**0,75***

* Proposed dividend

Portfolio overview

Assets under management
in EUR billion

- **4.5** Commercial Portfolio (proprietary portfolio)
  - 207 properties
  - Directly held portfolio
  - Recurring rental income from Core/Core Plus and Value-add assets
  - Medium to long-term investment horizon
  - Sales at appropriate time

- **10.2** Institutional Business (third-party business)
  - 153 properties
  - Investment vehicles for institutional investors
  - Income from structuring and managing these vehicles
  - Core real estate in major cities and economically strong regions

Portfolio by segments

		Commercial Portfolio	Institutional Business	Total
Number of properties	2022	207	153	360
	2021	94	143	237
Market value in EUR million	2022	4,451.9	10,254.2	14,706.1
	2021	2,222.2	9,280.8	11,503.0
Rental space in sqm	2022	2,103,500	2,691,100	4,794,600
	2021	829,900	2,313,300	3,143,200

Portfolio by regions*

		North	East	Central	West	South	Total
Number of properties	2022	37	36	64	80	143	360
	2021	35	25	56	69	52	237
Market value in EUR million	2022	960.5	1,674.1	4,735.8	3,214.8	4,120.9	14,706.1
	2021	948.1	995.4	4,624.2	2,735.2	2,200.1	11,503.0
Portfolio proportion in % by market value	2022	7 %	11 %	32 %	22 %	28 %	100 %
	2021	8 %	9 %	40 %	24 %	19 %	100 %
Annualised rental income in EUR million	2022	47.4	63.6	179.5	151.4	173.5	615.4
	2021	41.8	36.7	148.6	127.5	89.4	444.0
Average rent in EUR per sqm	2022	9.49	11.78	16.93	10.20	8.38	10.86
	2021	9.21	9.79	16.30	10.22	12.40	11.97
Weighted average lease term in years	2022	6.0	8.1	7.8	5.9	6.0	6.7
	2021	6.9	6.0	6.7	6.1	7.1	6.6
Gross rental yield	2022	4.9 %	3.8 %	3.8 %	4.7 %	4.4 %	4.2 %
	2021	4.7 %	3.7 %	4.1 %	4.7 %	4.1 %	4.2 %

* figures excluding developments and warehousing, except for number of properties and market value;
figures including third-party properties, except for average rent, weighted average lease term and gross rental yield

Top 20 assets in the Commercial Portfolio*

	Location	Address	Rental space (thsd. sqm)	EPRA vacancy rate	Annualised rental income (EUR million)	Market value (EUR million)	WALT (years)
1	Kösching	Zeppelinstraße 33	115.2	0.0%	8.9	253.6	7.7
2	Berlin	Taubenstr. 7-9	10.1	0.0%	5.0	115.0	4.0
3	Düsseldorf	Werdener Str. 4	29.5	13.6%	5.9	112.4	4.3
4	Nürnberg	Beuthener Straße 43 ff	98.8	5.5%	4.9	97.1	3.6
5	Kösching	Einsteinstraße 6	54.7	0.0%	3.8	91.0	2.8
6	Regensburg	Osterhofener Straße 8-19	38.6	13.1%	4.2	74.9	2.9
7	Frankfurt	Insterburger Str. 7	14.3	6.2%	6.3	74.2	2.1
8	Munich	Georg-Brauchle-Ring 56, 58	9.2	1.5%	2.6	74.0	2.3
9	Halle	Neustädter Passage 17 a-d	30.7	1.6%	4.3	73.2	6.7
10	Eschborn	Frankfurter Str. 1	9.3	0.0%	3.0	73.1	5.6
11	Cologne	Mercedes-Allee 1	23.4	0.0%	**	71.3	2.9
12	Hamburg	Marckmannstr. 129a-e	23.4	0.0%	2.4	65.7	9.0
13	Neufahrn	Lilienthalstraße 6 Ludwig-Erhard-Straße	34.5	0.0%	2.8	63.6	2.0
14	Erlangen	Kraftwerkstraße 25	32.0	0.0%	2.3	63.4	3.0
15	Erlangen	Kraftwerkstraße 21-23	30.1	0.0%	2.1	60.2	5.8
16	Frankfurt	Kaiserstr. 62-64	9.3	5.0%	2.2	57.9	10.1
17	Leverkusen	Horst-Henning-Platz 1	13.4	0.0%	2.4	57.2	12.2
18	Duisburg	Steinsche Gasse 26	12.6	0.0%	2.3	56.9	14.0
19	Frankfurt	Königsberger Str. 29	12.7	15.4%	2.1	52.0	8.3
20	Chemnitz	Am Rathaus 1	26.9	0.0%	2.2	50.7	13.2
Top 20 properties			628.7	3.5%	75.0	1,637.4	5.5
Other properties			1,474.8	4.8%	128.8	2,814.5	5.4
Total			2,103.5	4.3%	203.8	4,451.9	5.5

* Top 20 list without non-strategic properties and properties earmarked for future development activities
** Undisclosed information for reasons of competition

Glossary

Adjusted NAV (adjusted net asset value)
Adjusted NAV is calculated as NAV plus the economic value of the Institutional Business division that was determined in an external valuation at year-end and is not included in full in the consolidated balance sheet. Adjusted NAV therefore serves as an indicator of the value of the entire group including all income pillars.

Acquisition volume
The total of the purchase prices for acquired real estate (with notarisation) within a reporting period.

Annualised rent
Rental income of a property at a specific date based on current rent, extrapolated to the full year.

Asset management
Value-orientated operation and/or optimisation of properties through letting management, repositioning or modernisation.

Asset management/property management/development fees
The fees for asset management and property management services as well as services for development activities are closely correlated with the amount of assets under management and as a general rule are largely derived from this.

Assets under management
At DIC Asset AG, the term assets under management refers to all managed real estate assets from the Commercial Portfolio and Institutional Business divisions that are included here at the most recently determined market value in each case.

Measurement at cost
When measuring an asset at cost, measurement includes recognising the historical cost incurred for producing or acquiring the asset. The carrying amount of depreciable assets is reduced by depreciation and, if required, by impairment charges. Also referred to as "at cost accounting".

Gross rental income
Corresponds to the contractually agreed rent, plus/minus the rental incentives to be distributed over the lease agreement in accordance with IFRSs from investment rent and rent-free periods.

Gross rental yield
Ratio of contractually agreed gross rent to the most recently determined market value of the real estate.

Cash flow
Figure that shows the flow of cash during a given period, making a distinction between cash flow from operating, investing and financing activities.

CO_2
Carbon dioxide is a chemical compound of carbon and oxygen and is one of the main and best-known greenhouse gases. It is produced in particular during the combustion of fuels containing carbon, such as fossil energy carriers like coal, natural gas or crude oil.

Commercial Portfolio
The Commercial Portfolio represents the existing portfolio of DIC Asset AG including the direct real estate investments ("investment properties"). Properties in this portfolio are reported under "Investment property". Income from managing its own real estate portfolio and optimising its value are combined in the “Commercial Portfolio” division.

Core real estate
Properties let on long-term leases to tenants with outstanding credit ratings in the best locations are described as "core real estate".

Corporate governance
Rules for sound, responsible business management aimed at running a company in line with values and standards in the interest of its investors and other stakeholders. The annual Declaration of Compliance to the German Corporate Governance Code provides a tool to assess corporate governance.

Derivative financial instruments
Derivative financial instruments, or derivatives, are reciprocal contracts, whose price determination is generally based on the trend of a market-dependent underlying security (e.g. shares or interest rates). At DIC Asset AG, these are used exclusively to hedge interest rate risks.

Designated sponsor
The term "designated sponsor" is used for stock brokers who are active in Deutsche Börse's Xetra trading system, and who in their role as special market players ensure that the shares of a given issuer retain the necessary liquidity.

EBIT
At DIC Asset AG, earnings before interest and taxes, including the share of the profit or loss from associates.

EBITDA
At DIC Asset AG, earnings before interest and other financing activities, excluding depreciation and amortisation, including the share of the profit or loss from associates.

EPRA earnings
EPRA earnings are a measure for the sustained and continuous performance by a real estate portfolio and are comparable with the calculation of funds from operations (FFO), although they differ in the way deferred taxes are considered, among other things. When calculating EPRA earnings, all non-recurring or non-cash income components are eliminated. These include valuation effects/depreciation and amortisation and the result of the sale of properties and project developments.

EPRA NDV (net disposal value)
EPRA NDV represents the intrinsic value of a company after adjusting for goodwill recognised in the balance sheet and the fair value adjustment for fixed-rate liabilities.

EPRA NRV (net reinstatement value)
EPRA NRV represents the intrinsic value of a company after adjusting for deferred taxes on fair value adjustments to investment properties and the fair value of financial instruments.

EPRA NTA (net tangible assets)
EPRA NTA represents the intrinsic value of a company after adjusting for deferred taxes on fair value adjustments to investment properties, the fair value of financial instruments and all intangible assets.

Equity method
Consolidation and measurement method in the consolidated financial statements based on the share of updated equity and earnings. DIC Asset AG reports its shares in associates using this method.

Share of the profit or loss of associates
Covers the earnings of DIC Asset AG's equity investments calculated in accordance with the equity method. These investments are essentially co-investments by DIC Asset AG in the investment vehicles of the Institutional Business division, and other investments. The share of the profit or loss of associates includes, among others, income from the management of real estate as well as profits on sales and dividends, calculated proportionately in each case.

ESG
ESG stands for Environmental, Social and Governance, i.e. environmental and social issues in a company's area of responsibility as well as sustainability-related corporate governance.

Fair value
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Fee
Payment for services to third parties or payment obligation as a result of using third-party services. In the Institutional Business division DIC Asset AG makes a distinction between fees for asset management, property management and development activities, as well as transaction and performance fees.

FFO (funds from operations)
Operating income from property management, before depreciation, tax, profits from sales and project developments as well as other non-recurring or non-cash income components. At DIC Asset AG, this key figure is calculated before taxes and after deducting minorities.

Financial covenants
Financial covenants are conditions stipulated by financial institutions when granting loans. They are linked to the achievement of financial key figures (e.g. interest coverage ratio [ICR], and debt service coverage ratio [DSCR]) during the term.

Goodwill
Goodwill arises from the recognition of acquisitions in the acquiror's balance sheet as a residual figure when the purchase price used to acquire the acquiree cannot be fully divided among the sum of the fair values of all of the acquiree's assets. Unrecognised intangible assets of the acquiree are reflected in goodwill. In accordance with IFRSs, the goodwill recognised must be tested for impairment on an annual basis.

Green bond
A “green bond” is a fixed-rate security where the use of funds is exclusively earmarked for activities that contribute to the reduction or avoidance of climate risks.

Green Bond Framework
DIC Asset AG's Green Bond Framework complies with the globally established Green Bond Principles and enables bond issues with funds used for green purposes that are also in line with the United Nations Sustainable Development Goals 9 and 11. To assess the framework, a second-party opinion was obtained, which is publicly available.

Green Bond Principles
The Green Bond Principles (GBP) of the International Capital Market Association (ICMA) are a globally established standard for assessing green bond issues. They provide recommendations and categories for the use of funds raised and for subsequent reporting.

Green building
DIC Asset AG's Green Bond Framework defines buildings meeting the highest energy efficiency standards as “green buildings”. In doing so, DIC follows established market definitions and references minimum certification levels like "LEED Gold", "BREEAM Very Good" or "DGNB Gold", among others.

Hedge (cash flow hedge, fair value hedge)
Agreement of a contract to safeguard and compensate for the exposure to financial risk.

IFRSs (International Financial Reporting Standards)
IFRSs have been applicable to listed companies in the EU since 1 January 2005. They are intended to facilitate worldwide comparability of publicly traded companies. The focus is on providing information that is easy to understand and fair, not on the protection of creditors and risk-related matters.

Impairment test
Obligatory periodic comparison under IFRSs of fair values and carrying amounts and the assessment of potential signs of a sustained impairment in the value of assets.

Institutional Business
The Institutional Business reporting segment combines all income from real estate management services and income from associated companies (particularly in connection with co-investments).

Investment properties
Investment properties are investments in land and/or buildings that are held for the purposes of earning income from rents and leases, and/or for capital appreciation. They are reported as "Investment property" in accordance with the International Financial Reporting Standards (IAS 40). DIC Asset AG measures investment properties at depreciated cost in accordance with IAS 40.56.

Like-for-like rental income
Like-for-like rental income is rental income from properties in a portfolio that were continuously in the portfolio between two reporting dates. Changes due to portfolio additions and disposals are therefore not included here. When comparing periods, this figure shows the organic component of the change in rental income from letting activity, among other aspects (mainly due to the reduction of vacancies, higher rents for new leases and indexations).

Market capitalisation
Total market value of a company listed on the stock exchange, resulting from the share price multiplied by the number of shares issued at a specific date.

NAV (net asset value)
Represents the intrinsic value of a company. The net assets are calculated as the fair value of the assets less liabilities.

Non-recourse financing
Financing at property or portfolio level, whereby recourse to other assets within the scope of the group is excluded. In the case of non-recourse financing, lenders tailor their lending to the property or the portfolio, as well as the cash flow from the rental income.

Operating leases
Term used in the context of International Financial Reporting Standards. It refers to a periodic lease without transfer of title to the leased asset for the agreed period of use. The recognised right-of-use asset (e.g. for operating and office equipment) is offset by a corresponding liability on the liabilities side.

Operating expenses
Combined personnel and administrative expenses

Prime Standard
Segment of the Frankfurt Stock Exchange with the greatest relevance and degree of regulation, as well as the highest level of transparency.

Property management
Complete property servicing by own efforts or by management of commercial, infrastructure and technical service providers.

Redevelopment
Redevelopment is any type of measure to develop property that is already in use. The development activities of DIC Asset AG relate exclusively to such portfolio developments. In the case of logistics properties, there is also project development for newly constructed properties via the subsidiary VIB Vermögen AG.

Refurbishment
Generally, structural changes to a building aimed at improving a building's quality and/or fixtures and fittings.

ESG-linked promissory note
Promissory note loan placed with capital market investors where the funds raised can be used for general corporate purposes. However, linking the financing conditions to ESG criteria (in the case of DIC with the percentage of green buildings in its proprietary portfolio on certain key dates) creates an additional incentive for issuers to push ahead with green projects.

Peak rent
The peak rent is the highest possible rent that could be expected in the market for a prime quality, suitably equipped office unit in the best location.

Stakeholder
Stakeholder is the term generally used for people or groups having different requirements or interests in a corporate process or result, business sector or project. A distinction can also be made between internal stakeholders (employees, owners) and external stakeholders (business partners, tenants, service providers, the general public).

Transaction and performance fees.
Transaction and performance fees include fees for acquisitions and sales, for the set-up of investment products and for the exceeding of defined profitability hurdles through successful real estate management.

Value in use
Present value of future cash flows to be earned through the use of an asset. In contrast to the fair value, which is based on sales and markets, the value in use reflects the specific value of the continued use of an asset from the point of view of the company.

Proceeds from sales of property
Pro-rata income from sales of investment property after transfer of ownership.

Disposal volume
The total of the sales prices for the sold real estate (with notarisation) within a reporting period.

Letting performance/volume
Rental space for which rental agreements for new tenancies or renewals have been concluded for a given period. The letting performance is reported as of a specific date.

Loan to value (LTV)
Ratio of total net financial debt (including liabilities to related parties) to the sum of the market value of the Commercial Portfolio, the market value of other investments, goodwill and other intangible assets in connection with the acquisition of companies, loans to associates and receivables from related parties. DIC Asset AG also reports loan to value without the short-term effects of bridge financing in connection with warehousing.

VIB Vermögen AG
DIC Asset AG acquired a controlling majority interest in the real estate property holder and project developer VIB Vermögen AG ("VIB") in 2022. Within the DIC group, VIB specialises in the high-potential business of logistics properties.

Warehousing
Securing real estate to form the start-up portfolios for new vehicles to be launched, or to contribute the properties to existing investment products at a later time by acquiring them and adding them to the Commercial Portfolio. Warehousing properties are accounted for as "non-current assets held for sale".

Interest coverage ratio (ICR)
Ratio of EBITDA to net interest result during a specific period; also called interest cover ratio.

Interest rate swap
In the case of interest rate swaps, cash flows from fixed and variable interest-bearing loans are swapped between counterparties. This can be used, for example, to ensure a certain interest rate and thereby minimise risks from interest rate rises.

Legal notes

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Forward-looking statements
This annual report contains statements that refer to future developments. Such statements constitute assessments that have been taken in the light of the information available. Should the assumptions on which they are based not prove accurate, or should – as specified in the section entitled Risk Report – risks occur, the actual results may differ from those anticipated.

Note:
This report is published in German (original version) and English (non-binding translation).

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

DIC