

DIC▪

welcome to the future

ANNUAL REPORT 2021++  
dynamic performance

# DIG ASSET AG AT A GLANCE

Key financial figures in EUR million	2021	2020	Δ
Gross rental income	108.4	100.7	7.7
Net rental income	91.2	82.2	9.0
Real estate management fees	101.2	79.7	21.5
Proceeds from sales of property	139.3	116.3	23.0
Total income	376.0	321.1	54.9
Profits on property disposals	23.8	32.0	8.2
Share of the profit or loss of associates	6.5	11.4	4.9
Funds from Operations (FFO)	107.2	96.5	10.7
Funds from Operations II (including profit on disposals)	131.0	128.5	2.5
EBITDA	165.1	156.3	8.8
EBIT	122.1	117.6	4.5
Adjusted profit for the period	69.9	73.1	3.2
Profit for the period	58.4	73.1	14.7
Cash flow from operating activities	43.4	67.4	24.0
<b>Key financial figures per share in EUR*</b>			
FFO per share	1.32	1.22	0.10
FFO II per share	1.61	1.62	0.01
Adjusted earnings per share	0.85	0.88	0.03
Earnings per share	0.71	0.88	0.17

Balance sheet figures in EUR million	31.12.2021	31.12.2020	Δ
Investment property	1,756.7	1,600.0	156.7
Non-current assets held for sale (IFRS 5)	238.7	126.1	112.6
Equity	1,134.0	1,108.4	25.6
Financial liabilities (incl. IFRS 5)	2,207.4	1,474.4	733.0
Total assets	3,493.7	2,724.2	769.5
Loan-to value ratio (LTV) in %**	48.5%	44.5%	4.0
Adjusted LTV in % ** / ****	41.1%	39.2%	1.9
NAV per share (in Euro)	18.44	17.49	0.95
Adjusted NAV per share (in Euro)****	25.00	22.04	2.96
<b>Key operating figures</b>	<b>31.12.2021</b>	<b>31.12.2020</b>	
Number of properties	237	189	
Assets under Management in EUR billion	11.5	9.6	
Rental space in sqm	3,143,200	2,219,700	
Letting result in sqm	309,100	269,900	
<b>Key operating figures (Commercial Portfolio)***</b>			
Annualised rental income in EUR million	105.5	95.8	
EPRA vacancy rate in %	5.3	5.4	
WALT in years	5.9	6.5	
Avg. rent per sqm in EUR	11.39	10.81	
Gross rental yield in %	4.9	4.9	

\* all per share figures adjusted accordance with IFRSs (number of shares 12M 2021: 81,504,495; 12M 2020: 79,421,254)

\*\* adjusted for warehousing

\*\*\* Calculated for the Commercial Portfolio only, without repositioning and warehousing

\*\*\*\* incl. full value of Institutional Business



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

The purpose of annual reports is to focus on the year that has just ended. We are happy to take this look into the past, because it means we can once again update you on our growth and successes. I know you expect nothing less from us, and we are delighted to be able to surpass your expectations again and again. This year is no different. To take just one example, we generated triple-digit FFO earnings for the first time in DIC's history. And that is just one success story from this year's annual report. You will find many more inside.

As important as it is to look back, the key to any company's development is a clear vision for the future. Management and the entire DIC team can only address the challenges of our age by working strategically towards objectives that reach well beyond the scope of a single annual report.

Our unique business model combines agility with reliability, enabling us to grow with the challenges we face. **Dynamic performance – welcome to the future** encapsulates our determination to embrace change, drive it forward and create a platform for success.



Our unique business model provides the foundation for this success. The twin pillars of Commercial Portfolio and Institutional Business ensure particular stability for DIC Asset AG and create a cycle of synergies and added value for everyone involved.

In this annual report, you will once again learn about the success that comes from the interaction between these two pillars. I would like to pick out one success in particular – the acquisition of the Uptown Tower in Munich. After purchasing this landmark property in Munich for around EUR 560 million in mid-2021, we temporarily transferred it into our warehousing portfolio and set about structuring it as a top institutional investment. After six months, we had already agreed the placement of around 85% of shares in this investment.

Our business model creates unique opportunities, and the market appreciates this. This firm foundation allows us to determine areas of crucial importance for the future of our sector, making us a trendsetter in our field.

- **We stand for responsibility and values:** This is something that comes naturally to us, not just in the age of ESG but time and time again in the decisions we make every day. Anyone who works in real estate needs to think and act long-term. The ESG guidelines are an integral element of our growth agenda.
- **Our financing activities are far-sighted and increasingly “green”:** In 2021 we arranged more than EUR 1 billion in new financing and refinancing deals, including our first “green” finance initiatives such as the placement of a EUR 280 million ESG-linked promissory note or the issuance of a EUR 400 million Green Bond. We will use these funds to finance green projects and increase the share of “green” properties within our Commercial Portfolio from their current level of around 11% of market value to approximately 20% by the end of 2023. We also reduced our interest costs and optimised our financial structures for years to come by refinancing a large portion of our Commercial Portfolio ahead of schedule.
- **We are shaping the office of the future.** We firmly believe that companies and their teams still need offices. The challenge is ensuring that these offices can meet new requirements. After all, the office is and will remain a space in which employees can work towards their goals and successes in an agile and modern way. What’s more, our clients are proving that our confidence is well-founded. The volume of lease renewals and new leases in our portfolio under management exceeded 300,000 sqm in rental space for the first time this year, and we were able to announce another lease for around 40,000 sqm in office space at the start of 2022.
- **We lead the way when it comes to transactions:** We are one of the most active and efficient deal-makers in the investment market. The German commercial real estate transaction market achieved record sales of almost EUR 60 billion in 2021, and EUR 1.9 billion of this volume was generated on DIC’s real estate platform.

- **We are quick, creative and reliable:** We rapidly expanded our logistics investments in 2021 and successfully placed new products with our institutional investors. We are stepping up our commitment to the logistics asset class and focusing even more on “green” properties with significant potential and relevance to infrastructure.

In short, we delivered another impressive performance in 2021 and generated FFO earnings of EUR 107.2 million, the first time this key operating figure has reached triple digits. If we add our sales profits to this figure, we recorded an FFO II of EUR 131.0 million. We also increased our assets under management by EUR 1.9 billion to EUR 11.5 billion as of 31 December 2021.

## PROVEN CONTINUITY AND FOCUS ON GROWTH - DIVIDEND INCREASED TO EUR 0.75 PER SHARE

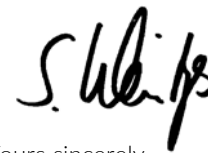
As usual, we want to enable our shareholders to participate in our strength and success in 2021, which is why we are increasing our dividend for the fourth year in a row. We are therefore proposing a dividend of EUR 0.75 per share at the upcoming virtual General Shareholders' Meeting – a dividend yield of 4.9% based on the year-end closing price.

## WELCOME TO THE FUTURE IN 2022: HIGHLY DYNAMIC ESG STRATEGY – FURTHER EXPANSION OF LOGISTICS INVESTMENTS

As you can see, we are taking responsibility and using it to create a successful long-term strategy for our company. We are backed by a team that plans, thinks and acts far beyond a particular set of annual figures, and that is precisely what makes us successful.

We are still on track to meet our medium-term target of EUR 15 billion in assets under management. We are also aiming to generate high transaction volumes of EUR 1.7 to 2.4 billion across all segments during the current year.

As you can see, we are taking on every challenge with a clear vision underpinned by a responsibility that reaches far beyond the present moment. That is how we create lasting value. We also expect our key performance indicators to rise further during the current financial year, and are aiming to increase FFO by 7-11% to EUR 115 million to EUR 119 million.



Yours sincerely,  
Sonja Wärtges  
Chief Executive Officer

# 2021++

dynamic performance

Welcome to the future

From hitting our annual targets and taking important steps forward for the years ahead, what we achieved in 2021 will echo far beyond our results for the year.

01	Allocation to logistics ++
02	Initiating top investments ++
03	New Work ++
04	Embracing ESG ++
05	Financial market standing ++
06	Boost from year-end spurt ++
07	Strong dividend ++

2021++

From 48 to 876\*  
in 12 months

efficient portfolio tuning

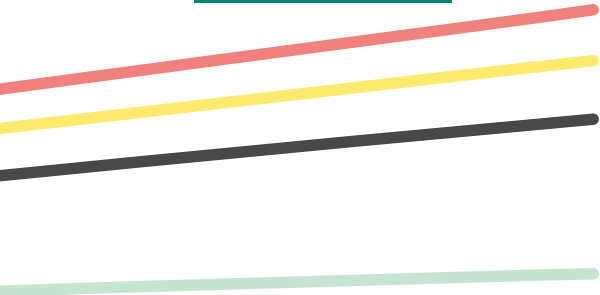
We turbocharged  
the logistics asset class



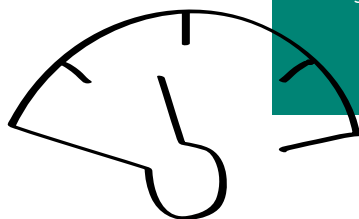
\* Market value in EUR million, logistics assets under management across the entire DIC platform



2021++



In a class of our own: increasing our allocation to logistics



**Logistics property fund III fully placed after four months**

We completed investor closing for this fund with a target volume of EUR 400 million in record time.



**R!I Investors integrated**

We took our sector expertise to a new level by acquiring logistics specialist R!I.



**Logistics share increased**

Within 12 months, we expanded the logistics share of our assets under management 18 times over.



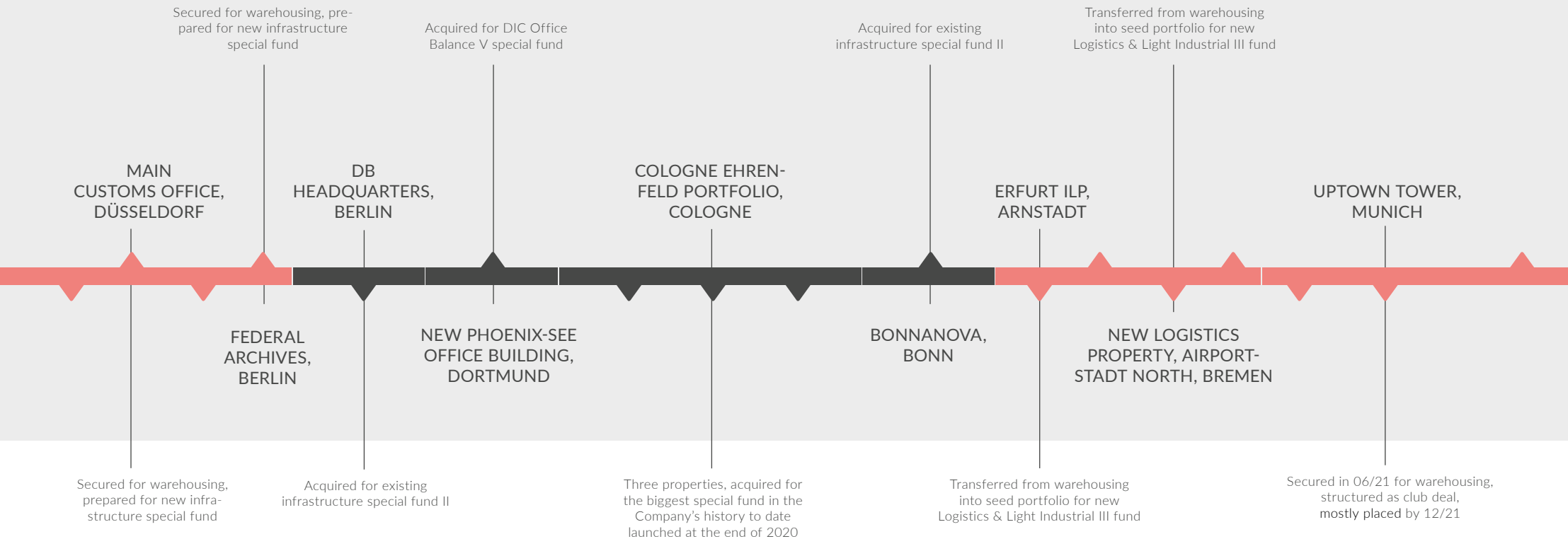
EUR 1,317 million in institutional investments  
initiated and implemented, including  
EUR 818 million via warehousing

**We  
deliver:**

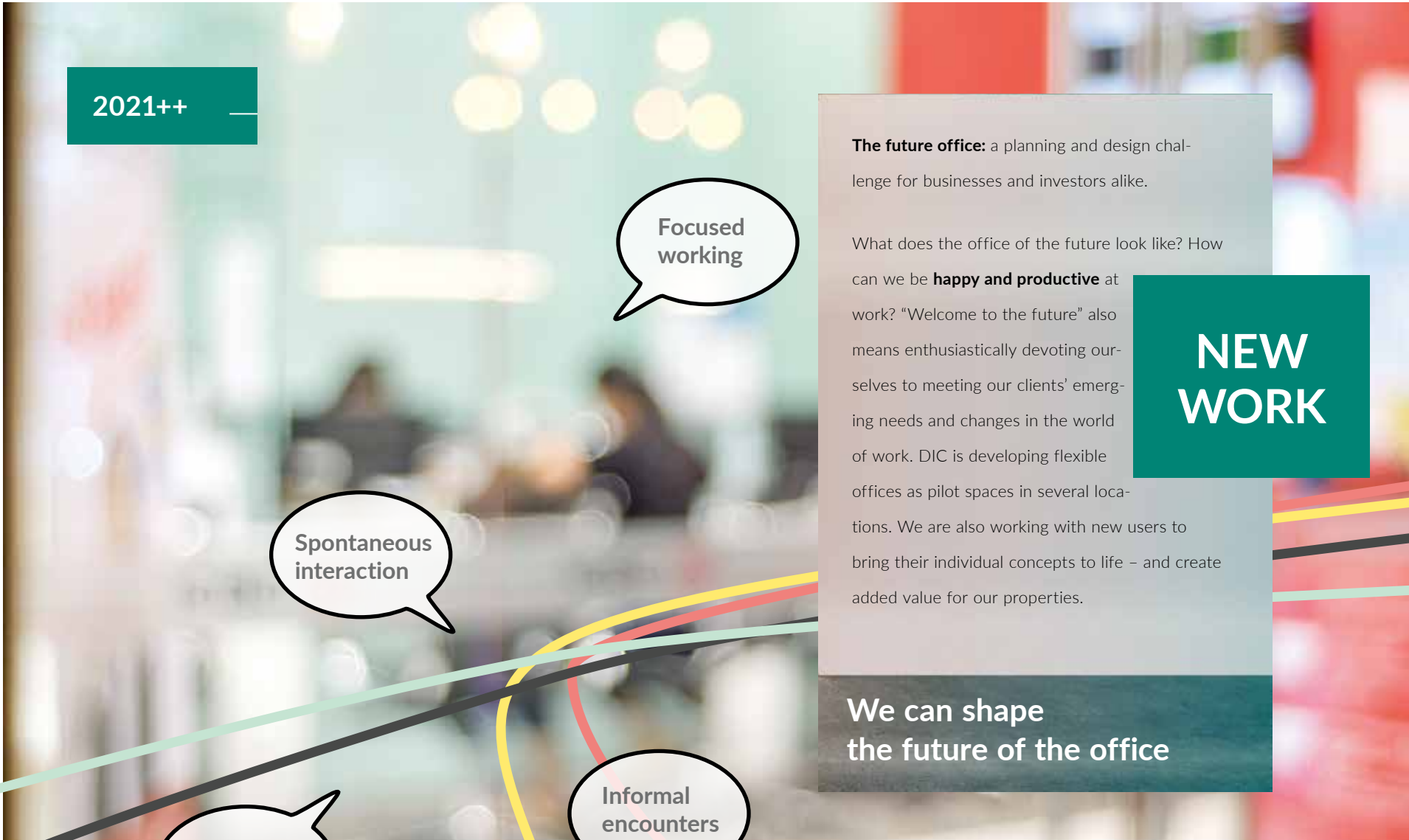
Top investments just in time

2021++

**We give our institutional clients a crucial edge when it comes to market access and flexibility.** Our network and financial strength means we can act fast and deliver results at any time when it comes to initiating and realising attractive investment opportunities. We can hold properties in warehousing temporarily until an investment is finalised and optimally structured. That's **quick ++ creative ++ reliable ++**



2021++



Focused working

Spontaneous interaction

Wellbeing

Informal encounters

**The future office:** a planning and design challenge for businesses and investors alike.

What does the office of the future look like? How can we be **happy and productive** at work? “Welcome to the future” also means enthusiastically devoting ourselves to meeting our clients’ emerging needs and changes in the world of work. DIC is developing flexible offices as pilot spaces in several locations. We are also working with new users to bring their individual concepts to life – and create added value for our properties.

**NEW  
WORK**

**We can shape  
the future of the office**

2021++

## The office of the future adds value – thanks to our innovative letting activities



👍 142,000 sqm of new leases for commercial space in total: up 84%

👍 Leases signed for more than EUR 17 million of annualised rent: up 96%

👍 Hybrid offices designed for flexible everyday working models

👍 Additional sustainability aspects integrated into leases

👍 Average rent per sqm of newly-let office space up 9%

👍 Free space in overall portfolio reduced to 4.6%

2021++

## Embracing ESG: Know how and know why

Ensuring the sustainability of success

DIC has developed guidelines to help it navigate the waters of business based on ESG coordinates and updates them as an integral part of its strategy and day-to-day work.

2021++

Moving targets are challenging. We are growing to meet our ESG objectives and responsibilities.



**We have created ESG safeguards within our company that will grow with our business** – and take us forward.

What we do today will set new standards for responsible management in our business. The same is true of our 2021 milestones.

01

**ESG Roadmap:**

We set out dynamic, cross-departmental plans and integrated them at every level of our organisation

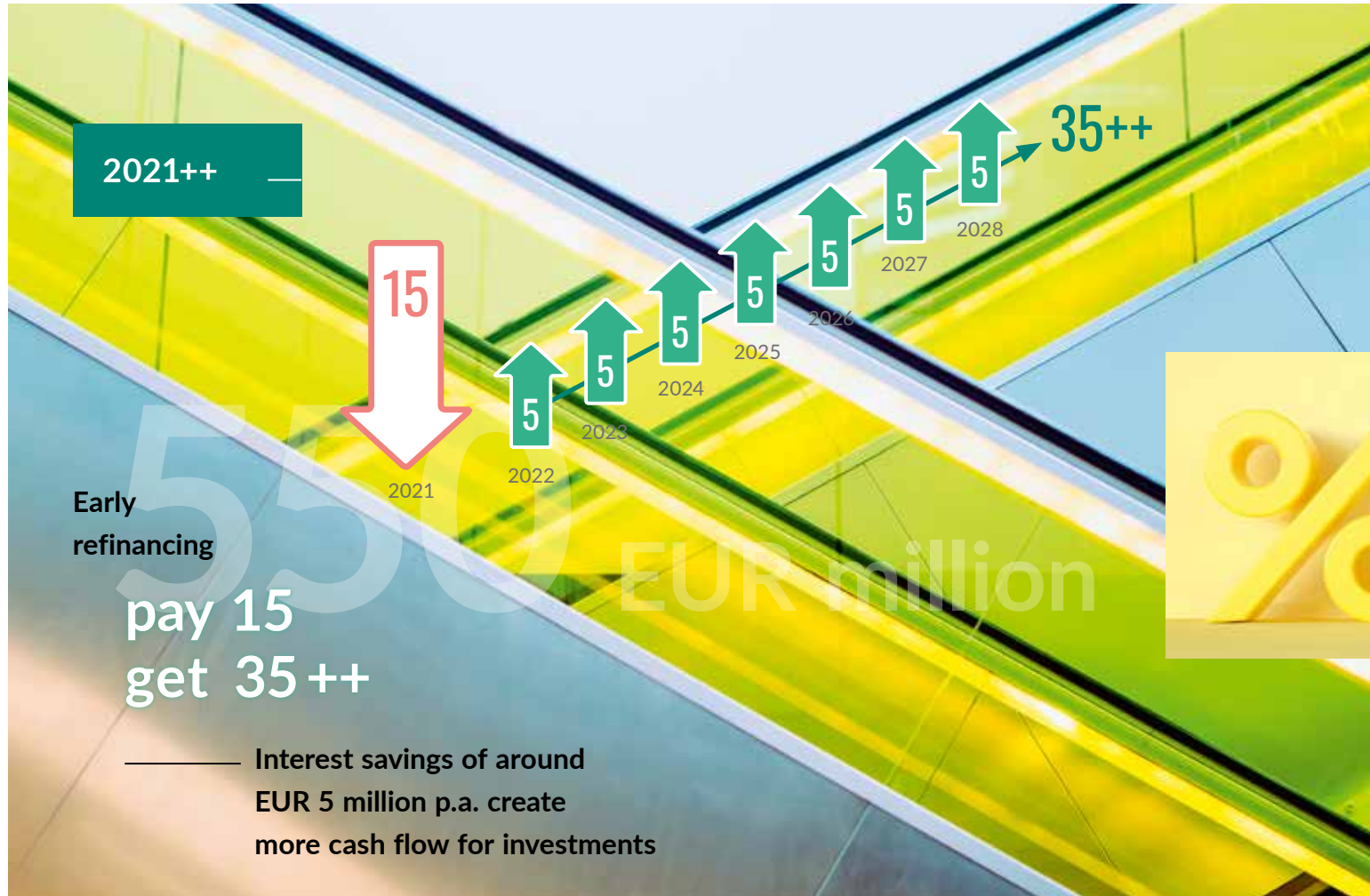
02

**Green Finance:** We issued a Green Bond and an ESG-linked promissory note totalling EUR 680 million to accelerate our ESG-focused portfolio growth

03

**Checking for potential:** We are constantly analysing our properties and expanding our ESG horizons via initiatives such as stakeholder surveys

We provide updates on our ESG journey, milestones and current ESG Roadmap on our website at <https://www.dic-asset.de/en/sustainability/> and in our sustainability report.



At the end of 2021, we completed the **early refinancing** of a large portion of our portfolio. The EUR 550 million loan with a term of seven years has significantly optimised DIC's financial structure.



The early repayment triggered one-off expenses, including prepayment penalties, totalling around EUR 15 million.

This will be offset by **around EUR 5 million in annual interest savings** from 2022 onwards.



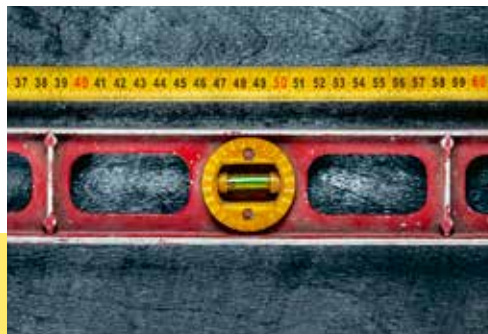
2021++

## Top standing in financial and capital markets



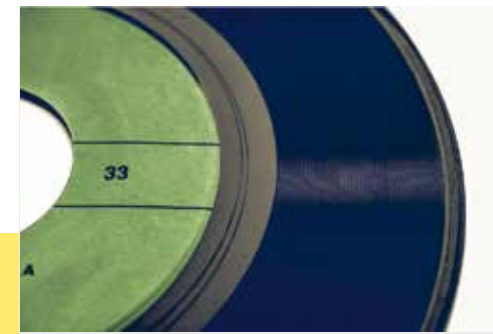
### Forward-looking financing mix

We successfully placed a wide range of financial instruments with a volume of more than EUR 1 billion on the financial markets in 2021



### “Outlook stable”

We received an issuer rating from S&P, increasing our visibility and transparency for investors



### ∅ term up, interest rate down

We extended the term of our financial debt from 3.6 to 4.4 years, and lowered the ∅ interest rate across all liabilities by 20 basis points to 1.8%



Q4:

+ around EUR 600 million  
transaction volume

We once again surged over the finish line with a burst of speed, increasing transaction volumes by around EUR 600 million to EUR 1.9 billion in the fourth quarter of 2021.

2021++

## Year-end spurt boosts operating success to new record high

dynamic  
performance ++

We successfully put DIC  
in pole position for 2022++

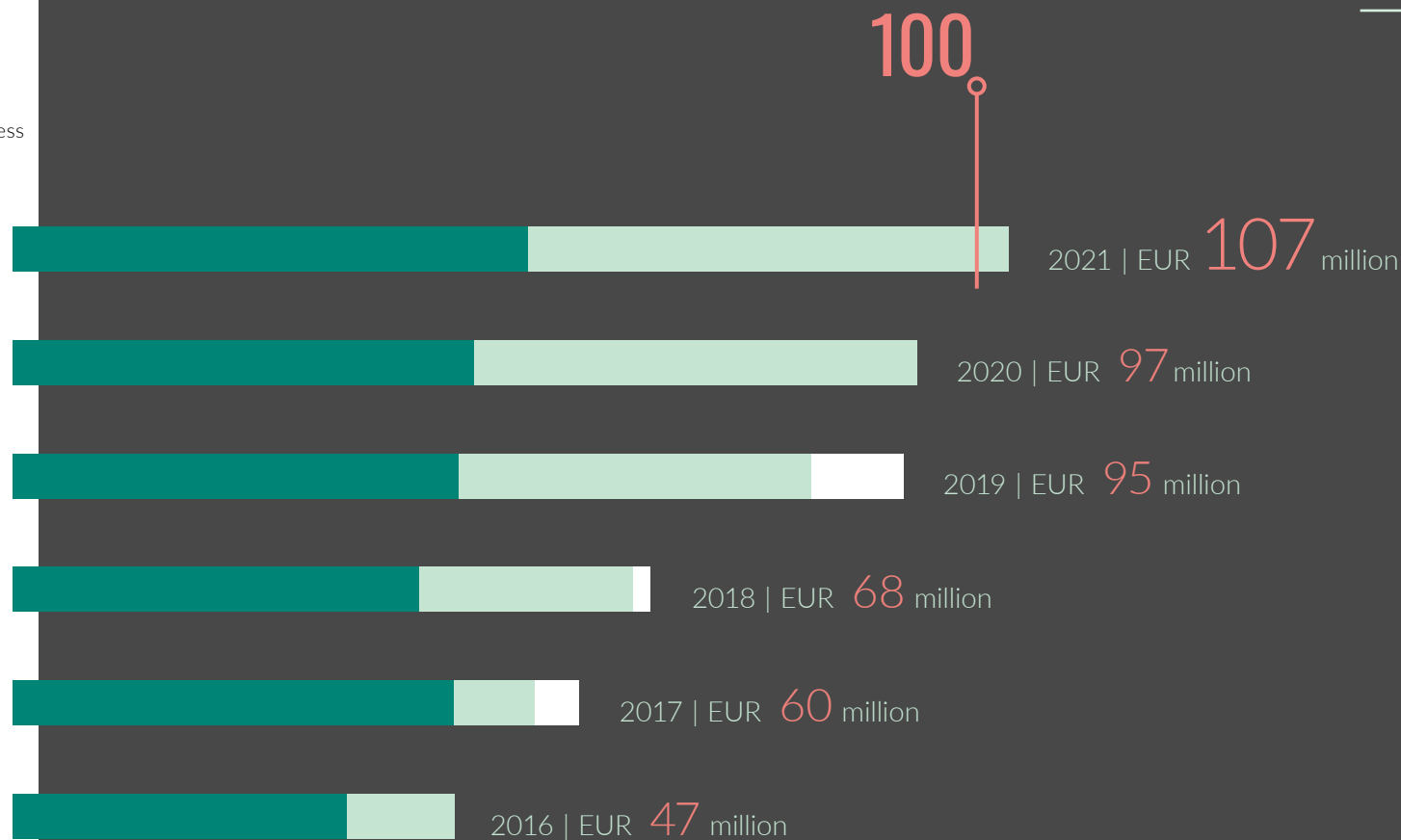
Welcome to the future!



### FFO tops the EUR 100 million mark

Our two segments complement each other perfectly for “dynamic performance”. Together they give us a steady push forward and reliably and significantly accelerate our income performance.

This combination of continuity and speed is what makes our business model unique.



# Dividend ++ 2021

dynamic performance

DIVIDEND PER SHARE IN EUROS



+ 7% year-on-year

We are continuing our track record as one of the most profitable companies in the SDAX and the German real estate sector with a consistently high payout ratio and a focus on dividend growth.

What's more, we are once again giving shareholders the option to receive a scrip dividend instead of a cash dividend.

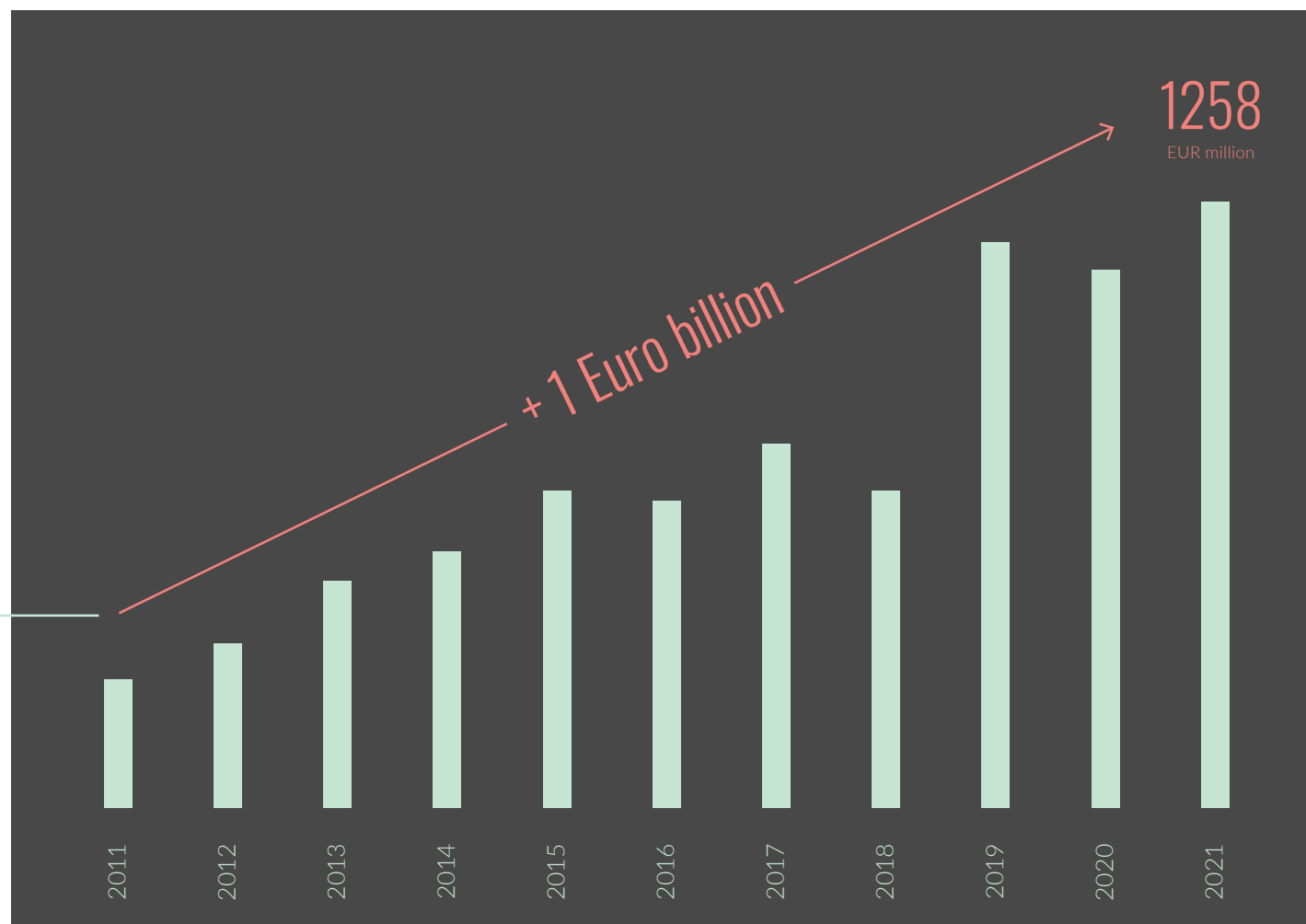
2021++

1+

DIC's successful performance is also evident in the capital markets.

#### DIC market capitalisation

DIC's share showed its strength again in 2021, outperforming relevant benchmarks to return to pre-coronavirus levels. The market capitalisation of EUR 1,258 billion recorded at the end of the year means the Company's value has increased by EUR 1 billion in ten years.



## INVESTOR RELATIONS AND CAPITAL MARKETS

### HIGHLIGHTS 2021:

**Increased dividend proposal** of EUR 0.75 per share, representing a dividend yield of 4.9%

**Median analyst price target up considerably** compared to previous year

2020 Annual Report receives another **EPRA Gold Award**

**Intensive capital markets communication** with around 120 investors during the year

### 2021 trading year on road to recovery but still impacted by Covid-19

In contrast to the highly volatile previous year, the 2021 trading year was on course for recovery overall. While the first half of the previous year was severely impacted by the spread of coronavirus from Asia to Europe and the United States as well as subsequent restrictions on public life, announcements confirming the efficacy of the first vaccines from November 2020 onwards triggered a marked recovery that continued in 2021.

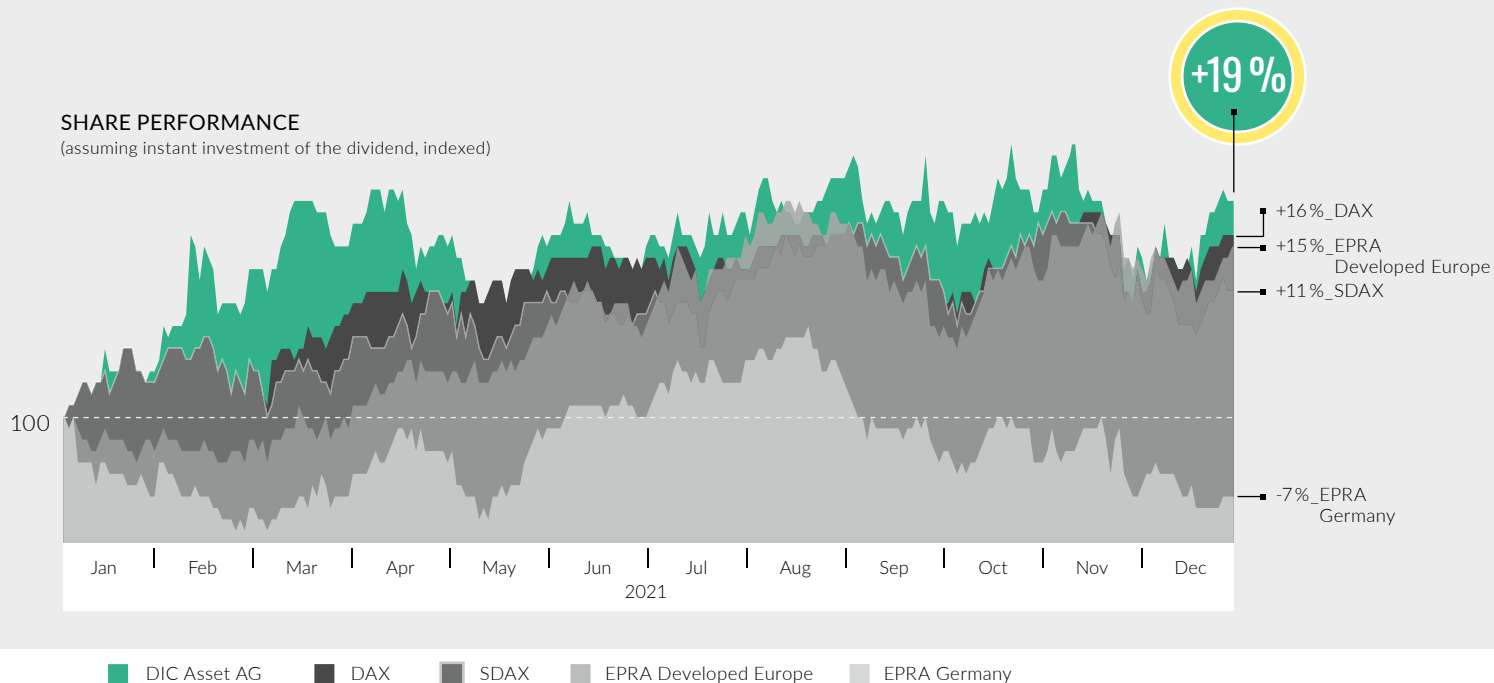
Benchmark indices trended upward during the past financial year. After starting the year at 13,719 points, the DAX reached a new high of 16,251 on 17 November 2021 before closing at 15,884 points (+16%) on the final trading day of the year. The SDAX also ended the year up 11% with a year-end value of 16,415 points. The EPRA Developed Europe and EPRA

Germany real estate sector indices presented a less consistent picture with performance of +15% and -7% respectively. While inflation in construction costs and global supply bottlenecks adversely impacted the entire European real estate sector, local factors such as the change in federal government and discussions about potential regulations played an even bigger role in the German index.

The sharp increase in cases and spread of the Omicron variant of the coronavirus dominated German stock markets in the fourth quarter of 2021. The topic of inflation will continue to play a key role as we look ahead to 2022. While the US Federal Reserve Bank (Fed) has already made its position clear and stated its intention to raise the Federal Funds Rate several times over the coming year, the position of the European Central Bank (ECB) remains ambivalent. In particular, the ECB as of the reporting date has not clarified whether the effects of inflation are transitory or more permanent. During the current trading year, increasing herd immunity could have a positive impact on the overall market.

### DIC share outperforms benchmark indices

DIC Asset AG's share also recovered strongly during the past trading year, moving back towards pre-coronavirus levels with an annual high of EUR 16.79 in mid-November. Based on the closing price at the end of the previous year (EUR 13.46), the share rose by a total of 14% in 2021, with a closing price in XETRA trading of EUR 15.37 on 30 December 2021. When excluding the distribution of a dividend of EUR 0.70 per share in the first quarter, the share gained 19%, thus outperforming the DAX and SDAX benchmark indices.



DIC Asset AG  
SHARE

**BASIC DATA (as at February 2022)**

Number of shares	81,861,163 (registered shares)
Share capital in EUR	81,861,163
WKN / ISIN	A1X3XX / DE000A1X3XX4
Symbol	DIC
Free float	45.3%
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 <sup>(1)</sup>**

		2021	2020
FFO per share	Euro	<b>1.32</b>	1.22
FFO yield <sup>(2)</sup>	%	<b>8.6</b>	9.1
Dividend per share	Euro	<b>0.75 <sup>(3)</sup></b>	0.70
Dividend yield <sup>(2)</sup>	%	<b>4.9</b>	5.2
Year-end closing price	Euro	<b>15.37</b>	13.46
52-week high	Euro	<b>16.09</b>	17.14
52-week low	Euro	<b>13.42</b>	7.00
Market capitalisation <sup>(2)</sup>	EUR million	<b>1,258</b>	1,085

(1) Xetra closing prices in each case

(2) based on the Xetra year-end closing price

(3) proposed

**First Green Bond as a further building block to finance growth**

On 22 September 2021, DIC Asset AG issued its first unsecured, fixed-rate green corporate bond ("Green Bond") for a total amount of EUR 400 million and with a term of five years. The bond's coupon rate is 2.25%. The bond was successfully marketed among institutional investors in Europe, having met with keen demand. The order book was significantly oversubscribed which lead to an upsizing of EUR 100 million compared to the initial target volume. The net proceeds from the offering are to be credited against the cost of Green Buildings in the balance sheet portfolio (Commercial Portfolio) of DIC or for the acquisition of new properties. The internationally renowned rating agency Standard & Poor's ("S&P") rated the bond in line with DIC's credit rating at corporate level (BB+). The detailed rating is available on the website of S&P as well as in the Investor Relations section of DIC's own website.

Moreover, the green bond was issued in line with DIC's Green Bond Framework ("GBF"), which sets out the parameters for issuing bonds with proceeds that are earmarked for green uses. Sustainalytics, an established provider of ESG ratings, confirmed in a second-party opinion that the GBF of DIC meets the Green Bond Principles of ICMA (International Capital Market Association), and that the intended use of the bond proceeds towards Green Buildings complies with Sustainable Development Goals 9 and 11 defined by the United Nations.



The definition of Green Buildings as properties meeting the highest energy efficiency standards follows established market definitions and references minimum certification levels like "LEED Gold," "BREEAM Very Good" or "DGNB Gold", among others. In conjunction with the bond issuance, DIC has pledged to report explicitly on the use of funds and the status of the green asset sub-portfolio in its financial reports ("impact & allocation reporting", see page 107 in this report).

### Performance of corporate bonds in 2021

To date, DIC Asset AG has placed three corporate bonds with a total volume of EUR 730 million. The 17/22 bond with a volume of EUR 180 million matures in July 2022 and the 18/23 bond with a volume of EUR 150 million in October 2023. During the 2021 financial year, DIC issued its first green corporate bond with a volume of EUR 400 million and a maturity date of September 2026.

As of the end of the 2021 financial year, the 17/22 bond remained above par at 100.3 but below the opening price for the year of 101.5. By contrast, the price of the 18/23 bond rose slightly from 102.4 to 103.0. With a closing price of 94.2, the newly issued green bond was below the issue price of 99.45.

## DIC Asset AG BONDS

### BASIC DATA

	DIC Asset AG 17/22 bond	DIC Asset AG 18/23 bond	DIC Asset AG 21/26 Green Bond <sup>(1)</sup>
Name	DIC Asset AG 17/22 bond	DIC Asset AG 18/23 bond	DIC Asset AG 21/26 Green Bond <sup>(1)</sup>
ISIN	DE000A2GSCV5	DE000A2NBZG9	XS2388910270
WKN	A2GSCV	A2NBZG	A3MP5C
Segment	Official List of the Luxembourg Stock Exchange, Luxembourg	Official List of the Luxembourg Stock Exchange, Luxembourg	Euro MTF market of the Luxembourg Stock Exchange
Minimum investment amount	EUR 1,000	EUR 1,000	EUR 100,000
Coupon	3.250%	3.500%	2.250%
Issuance volume	EUR 180 million	EUR 150 million	EUR 400 million
Maturity	11.07.2022	02.10.2023	22.09.2026

(1) Issued on 22 September 2021

### KEY FIGURES

	2021	2020
DIC Asset AG 17/22 bond		
Year-end closing price	100.3%	101.5%
Yield to maturity at year-end closing price	2.59%	2.24%
DIC Asset AG 18/23 bond		
Year-end closing price	103.0%	102.4%
Yield to maturity at year-end closing price	1.78%	2.59%
DIC Asset AG 21/26 Green Bond <sup>(1)</sup>		
Year-end closing price	94.2%	n.a.
Yield to maturity at year-end closing price	3.60%	n.a.

Source: vwd group / EQS Group AG

(1) Issued on 22 September 2021

### Virtual 2021 General Shareholders' Meeting

At the 2021 General Shareholders' Meeting, which due to the Covid-19 pandemic again was held as an online event on 24 March 2021 without shareholders, proxies and guests in physical attendance, all items on the agenda were adopted with large majorities. The dividend approved for the 2020 financial year amounts to EUR 0.70, representing a 6% year-on-year increase (previous year: EUR 0.66). The payout ratio increased to 57% of funds from operations (FFO) (previous year: 50%).

### Many shareholders again opt for scrip dividend

For the fourth time in a row, shareholders were given the option to receive their dividends either in cash or in the form of new shares (scrip dividend). At 47.27%, the acceptance rate for the scrip dividend exceeded the high level of the previous year. A total of 1,274,135 new no-par value shares with full dividend entitlement for financial year 2021 were issued at a subscription price of EUR 14.95, representing an increase of approx. 1.6% in the total number of dividends. The gross issue proceeds of around EUR 19.0 million further strengthened the Company's equity base.

The scrip dividend caused the total number of shares to increase to 81,861,163 as of 31 December 2021 (previous year: 80,587,028). At EUR 1,258 million, market capitalisation at the end of 2021 is significantly above the previous year's figure of EUR 1,085 million (+15.9%).

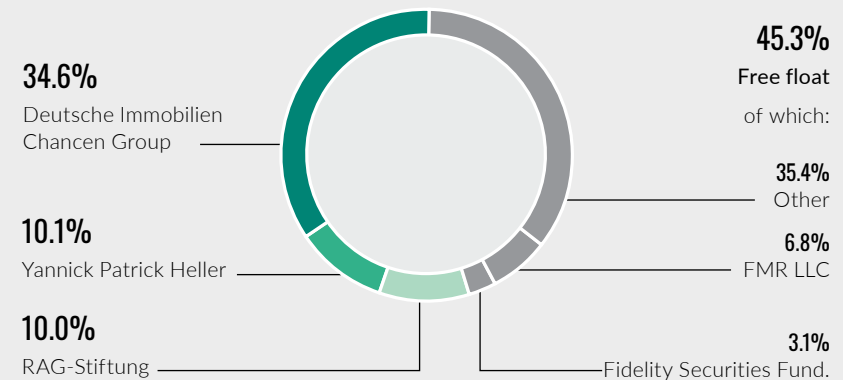
In other resolutions, the actions of Management Board and Supervisory Board during the 2020 financial year were formally approved, the auditor for the 2021 financial year elected, and the presented remuneration systems for Management Board and Supervisory Board approved. In her keynote address, CEO Sonja Wärntges emphasised the accomplishments achieved in the challenging 2020 financial year before providing an outlook on the Company's medium-term goals and the future topics of ESG and digital transformation.

### Stable shareholder structure

DIC Asset AG's shareholder group has a fundamentally stable structure with national and international institutional investors. The RAG Foundation has been a major shareholder in DIC Asset AG since 2014 and holds around 10.0% of the Company's shares. Anchor shareholder Deutsche Immobilien Chancen Group currently holds around 34.6% of the shares, of which 8.0% 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 45.3% of shares are currently in free float. The largest free-float shareholder is FMR LLC with a share of around 6.8% (which it increased in September 2021 after previously holding 5.3%). 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 228.

### SHAREHOLDER STRUCTURE



Last updated: February 2022

### 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 Asset AG was the first listed German real estate company to present its consolidated financial statements for 2020 using the “fast close” process and was able to provide an early outlook for the current financial year on 10 February 2021.

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##### LinkedIn



##### Xing



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

In total, we held talks with around 120 national and international investors in the 2021 financial year. These took place within during twelve conference days (incl. the Deutsches Eigenkapitalforum analyst event) and ten roadshow days (incl. the Green Bond Roadshow in September). Regular updates were also provided to potential and existing shareholders outside of the fixed dates in the financial calendar.

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



### DIC WINS PLATOW IMMOBILIEN AWARD 2021

Excellent performance and successes do not go unnoticed! We are delighted that our actions have been recognised and DIC has won the PLATOW Immobilien Award in the “Commercial Real Estate” category. Among the reasons mentioned by the jury of the Platow Immobilien Award 2021 was “that DIC Asset AG distinguished itself with its outstanding conduct over the past years, specifically amid the coronavirus pandemic.” The award is testament to our work and the successful implementation of our strategy.

Sonja Wärtges, CEO of DIC Asset AG, personally accepted the award – a copper time capsule – in November. This award also recognises the achievements of our teams, who consistently drive our day-to-day business and help to ensure that our unique business model stands the test of time, year after year.

We use these successes as motivation for the next tasks in what is a constantly changing world. We are perfectly equipped to handle this job!



### Median analyst target price increased further

In the 2021 financial year, Stifel Europe became the latest institution to initiate coverage of DIC Asset AG's shares (with a Buy recommendation). However, Commerzbank discontinued its coverage during the year, which means the number of analysts remains unchanged from 2020 at ten.

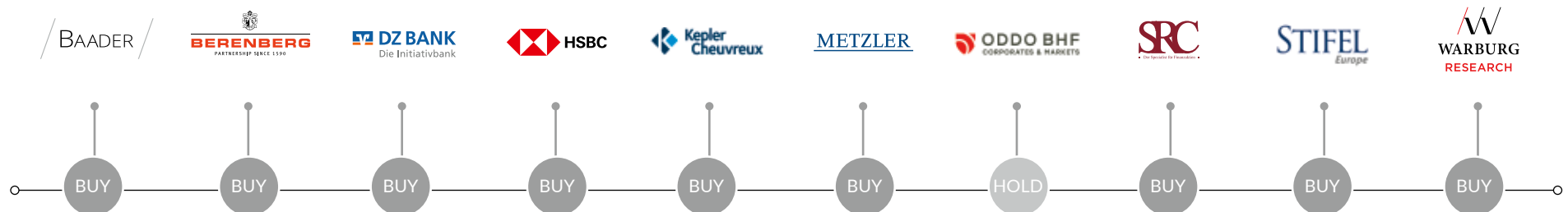
Almost every analyst revised their target price upwards during the year. This reflected DIC Asset AG's robust performance since the start of the Covid-19 pandemic as well as its increased earnings potential since the acquisition of RLI Investors and the continued growth of its platform. As a result, the median target price of EUR 16.65 in February 2021 rose to EUR 19.15 at the time this report was published.

With the exception of ODDO BHF (recommendation: Hold), all analysts recommend buying the Company's shares. As in the previous year, no institutions are issuing a Sell recommendation.

### ANALYST RECOMMENDATIONS

Bank/Financial institute	Analyst	Current recommendation	Current price target in euros
Baader Bank	Andre Remke	Buy	19.00
Berenberg Bank	Kai Klose	Buy	19.50
DZ Bank	Karsten Oblinger	Buy	19.00
HSBC	Thomas Martin	Buy	22.00
Kepler Cheuvreux	Ferran Tort Barniol	Buy	18.00
Metzler	Jochen Schmitt	Buy	19.30
ODDO BHF	Manuel Martin	Hold	14.00
SRC Research	Stefan Scharff, Christopher Mehl	Buy	24.00
Stifel Europe	Tom Carstairs	Buy	19.00
Warburg Research	Philipp Kaiser	Buy	24.00
<b>Price target (median)</b>			<b>19.15</b>

Last updated: February 2022



**Dividend proposal upped to EUR 0.75 - seventh consecutive increase**

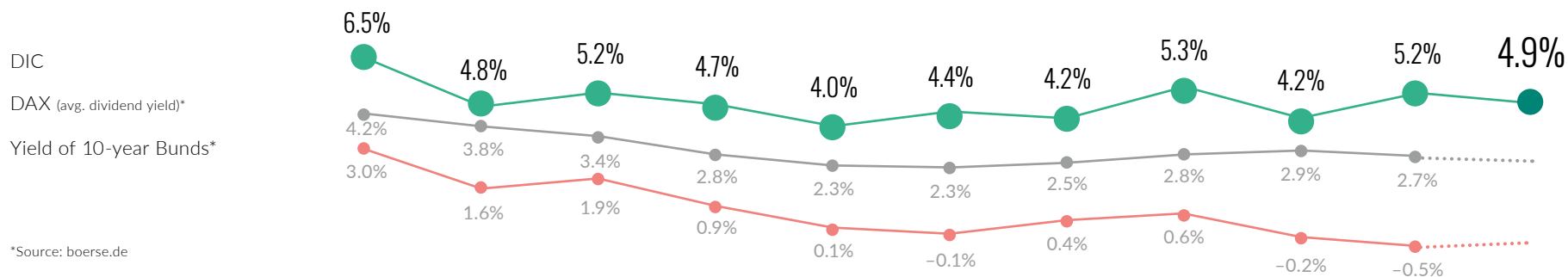
We pursue a reliable, growth-oriented dividend policy, based primarily on the operating profit achieved with our business model and largely derived from the FFO (funds from operations) key performance indicator, as a key instrument of our financial strategy. The Company's current financial shape plus 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 2021, 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 57% 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").

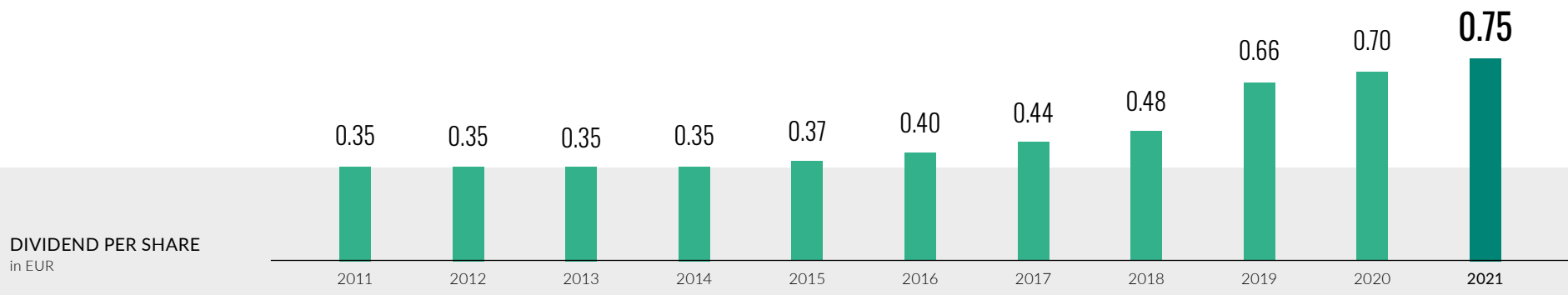
Based on the 2021 closing price, DIC Asset AG shareholders will benefit from an attractive dividend yield of around 4.9%. DIC Asset AG has a track record as one of the most profitable companies in the SDAX and the German real estate sector.

**DIVIDEND YIELD**

Over the past 10 years, the dividend yield of DIC Asset AG consistently outperformed other benchmarks.



\*Source: boerse.de



DIVIDEND PER SHARE  
in EUR

## IR ACTIVITIES IN 2021

### FIRST QUARTER

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

### SECOND QUARTER

06.05.	Publication of the Q1 2021 Statement*	
07.05.	Goldman Sachs 14th European Small & Mid Cap Symposium	virtual
11.05.	Stifel SME Conference 2021	virtual
15.06.	Roadshow (Germany, Italy, Switzerland, Spain)	virtual
24.06.	UniCredit Kepler Cheuvreux Austrian Property Days	virtual
30.06.	Publication of the 2020 Sustainability Report	

### THIRD QUARTER

11.08.	Publication of the 2021 Half-yearly Report*	
02.09.	Commerzbank Corporate Conference 2021	virtual
08.09.	SRC Forum Financials + Real Estate 2021	Frankfurt
13.09.	Green Bond Roadshow (Germany, France, UK)	virtual
14.09.	Green Bond Roadshow (Germany, France, UK, Benelux, USA)	virtual
20.09.	Berenberg GS German Corporate Conference 2021	virtual
21.09.	Baader Investment Conference 2021	Munich/virtual

### FOURTH QUARTER

20.10.	Roadshow (Germany)	virtual
21.10.	Roadshow (Benelux)	virtual
11.11.	Publication of the Q3 2021 Statement*	
23.11.	Deutsches Eigenkapitalforum 2021	virtual
01.12.	DZ Bank Equity Conference 2021	virtual

\*with conference call

## IR CALENDAR 2022

Last updated: February 2022

### FIRST QUARTER

19.01.	Kepler Cheuvreux German Corporate Conference 2022	virtual
09.02.	Publication of the 2021 Annual Report*	
24.03.	General Shareholders' Meeting	

### SECOND QUARTER

10.05.	Publication of the Q1 2022 Statement*	
June	Publication of the 2022 Sustainability Report	

### THIRD QUARTER

02.08.	Publication of the 2022 Half-yearly Report*	
September	SRC Forum Financials + Real Estate 2022	Frankfurt
September	Berenberg GS German Corporate Conference 2022	Munich
September	Baader Investment Conference 2022	Munich

### FOURTH QUARTER

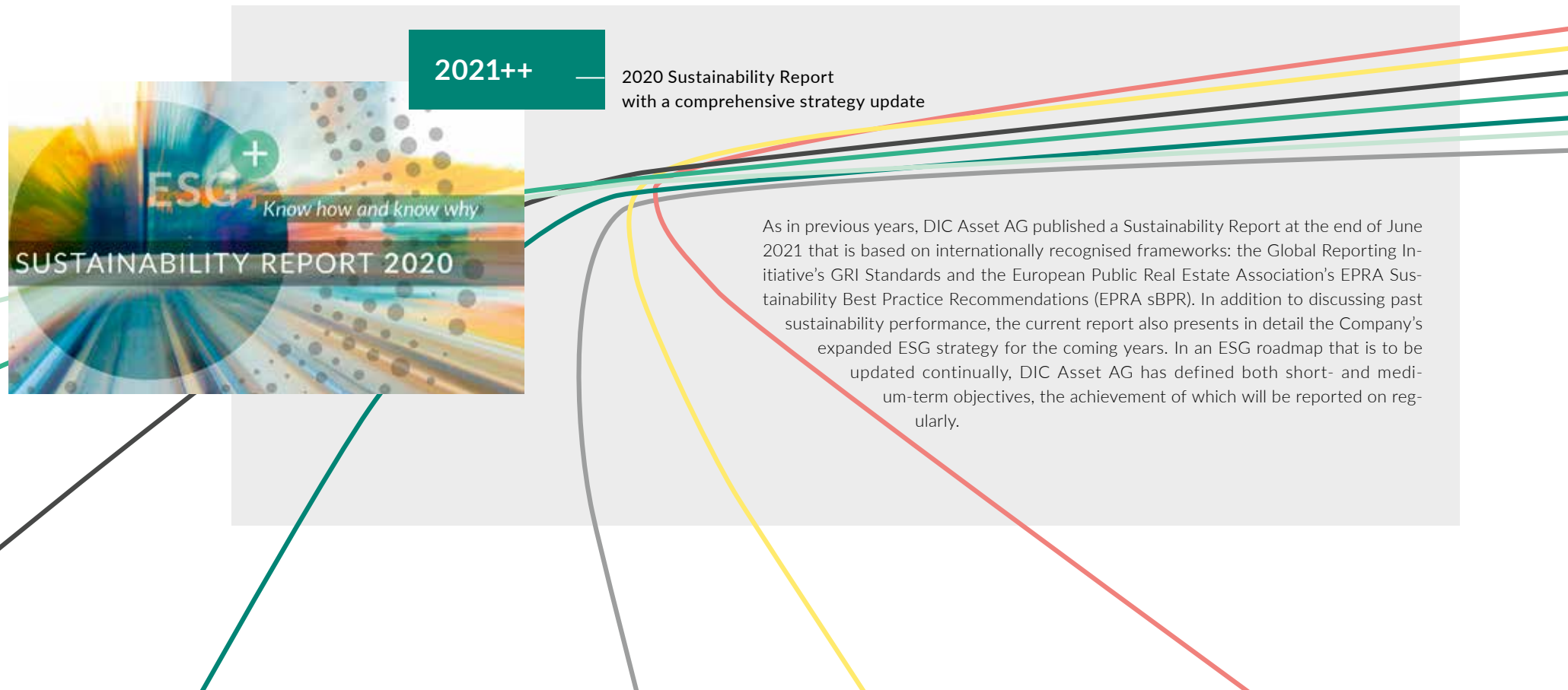
09.11.	Publication of the Q3 2022 Statement*	
November	Deutsches Eigenkapitalforum 2022	Frankfurt

**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 Wärtgtes 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.

**EPRA Gold for the 2020 Annual Report as well**

In the 2021 Annual Report Survey conducted by Deloitte and the European Public Real Estate Association (EPRA), the 2020 Annual Report was presented with the EPRA Best Practices Recommendation (BPR) Gold Award. This marks the second time in a row that the annual report of DIC Asset AG reached the highest category. At the annual LACP Vision Awards, the 2020 Annual Report was also awarded global Gold and recognised as one of the top 20 German reports.



2021++

2020 Sustainability Report with a comprehensive strategy update



As in previous years, DIC Asset AG published a Sustainability Report at the end of June 2021 that is based on internationally recognised frameworks: the Global Reporting Initiative's GRI Standards and the European Public Real Estate Association's EPRA Sustainability Best Practice Recommendations (EPRA sBPR). In addition to discussing past sustainability performance, the current report also presents in detail the Company's expanded ESG strategy for the coming years. In an ESG roadmap that is to be updated continually, DIC Asset AG has defined both short- and medium-term objectives, the achievement of which will be reported on regularly.

# REPORT OF THE SUPERVISORY BOARD

DIC Asset AG once again showed its impressive capabilities in the second year of the coronavirus pandemic. Quick, creative and reliable – and unfazed by the limitations and challenges – DIC continues to grow thanks to its sustainably 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.

In the 2021 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 and an additional six extraordinary meetings during the 2021 financial year. In addition, six resolutions were adopted by written circular. The extraordinary meetings were held as conference calls.

The average attendance rate at the Supervisory Board meetings in the reporting year was 97%, 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)	10	10	100%
Klaus-Jürgen Sontowski (Vice Chairman)	10	10	100%
Michael Zahn (Vice Chairman since May 2021)	10	9	90%
Prof. Dr. Ulrich Reuter	10	10	100%
Eberhard Vetter	10	10	100%
René Zahnd	10	9	90%
Average attendance rate			97%

Member of the Audit Committee	Audit Committee meetings	Meetings attended	Attendance rate
Prof. Dr. Ulrich Reuter (Chairman)	6	6	100%
Prof. Dr. Gerhard Schmidt	6	6	100%
René Zahnd	6	6	100%
Average attendance rate			100%

## KEY POINTS OF DELIBERATION AT THE SUPERVISORY BOARD MEETINGS

The meetings regularly covered the Company's operational performance – specifically lettings, acquisitions and sales – the trend in revenue and earnings as well as the financial position.

Individual meetings also focused on the following issues:

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The ordinary meeting centred on the outcome of the Audit Committee meeting, which was explained and discussed in detail. The annual financial statements for financial year 2020 were adopted and the consolidated financial statements were approved. The Supervisory Board examined the proposal on the appropriation of profit by the Management Board and endorsed the proposal. The dependent company report for financial year 2020 was also reviewed and approved.

The Supervisory Board then discussed and approved the agenda and adopted the proposed resolutions for the General Shareholders' Meeting. The Supervisory Board 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 approved the revised system for remunerating members of the Management Board, which was submitted to the General Shareholders' Meeting for approval in accordance with ARUG II. The written report of the Supervisory Board to the General Shareholders' Meeting was also adopted.

In the subsequent strategy discussion, the Management Board presented its operational and strategic planning aimed at raising the earnings profile of the Commercial Portfolio. In addition to consistently strong letting performance, repositioning activities and redevelopments also help to drive value within the portfolio. The strategy discussion addressed topics such as higher weighting of the logistics asset class and reinforcing the guiding principle of sustainability with the Green Building approach. In the Institutional Business segment, the Supervisory Board discussed the design and marketing of new fund products for institutional investors in areas such as logistics.

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Financing issues were another key topic. The Management Board outlined the status and schedule for the planned placement of an ESG-linked promissory note, whereas the Supervisory Board dealt with the drafting of the Green Bond Framework and preparations for the issuance of a Green Bond.

The Supervisory Board then reviewed the updated Rules of Procedure for the Management Board and approved the current version.

The main focus of the extraordinary meeting in March was the planned acquisition of the landmark Uptown Tower property in Munich with an acquisition volume of over half a billion euros. The Management Board outlined the structure of the acquisition and its impact on FFO. The financing options for temporarily warehousing the property were discussed, and plans for placing it with institutional investors at a later date were outlined.

The Management Board also presented the results of due diligence on two larger acquisition properties for the Commercial Portfolio – the Mercedes Benz Center in Cologne and Campus C in Munich. The Supervisory Board approved the acquisition of the property in Cologne after an extensive discussion.

The Management Board also updated the Supervisory Board on the advanced status of the planned issuance of the ESG-linked promissory note.

The Supervisory Board also determined the amount of variable remuneration for the Management Board for the 2020 financial year.

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The two planned acquisition properties in Munich – Campus C and Uptown Tower – were conclusively discussed in an extraordinary meeting. The Management Board specified the key financial data and acquisition structures and outlined the financing conditions. The schedule and scenarios for placing the Uptown Tower after the warehousing phase were discussed. The Supervisory Board approved the acquisition of both properties after extensive deliberation.

At an ordinary meeting, the Supervisory Board considered various options and specific initiatives concerning further growth in assets under management as part of a strategic discussion. The Management Board also provided an update on the status of the RLI integration and the placement of the new logistics property fund.

A significant part of the meeting was devoted to discussing various financing activities. In a follow-up report, the Management Board presented the key factors for successfully placing the promissory note and provided an update on the progress of plans to issue the Green Bond and refinance the Commercial Portfolio.

The Supervisory Board also dealt with the requirements arising from the German Financial Market Integrity Strengthening Act (Gesetz zur Stärkung der Finanzmarktintegrität – FISG) and their impact on DIC Asset AG. The Supervisory Board also decided to appoint Mr Michael Zahn as a second Vice Chairman of the Supervisory Board alongside Mr Klaus-Jürgen Sontowski.

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At the extraordinary meeting, the Management Board reported on the earnings forecast for the first half of 2021 as well as ongoing transaction activities and those planned for the second half of the year. The Supervisory Board subsequently approved by written circular the publication of the half-yearly financial report, which was reviewed and received an unqualified audit report.

The Supervisory Board's primary focus in this meeting was the ESG strategy of DIC Asset AG. The Management Board presented the top-down and bottom-up approach within the organisation and reported on the activities of the appointed ESG Committee and operational ESG team. The Supervisory Board discussed strategic ESG approaches and the ESG roadmap with the Management Board.

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At the ordinary meeting, the Management Board outlined the transaction activities carried out during the first half of the year, presented the acquisition and sales activities planned for the fourth quarter, and provided detailed information on the results of due diligence on various acquisition properties. After conducting extensive analysis, the Supervisory Board approved plans to pursue the acquisition of several office and logistics properties for both the Commercial Portfolio and Institutional Business.

The Supervisory Board discussed the status of the Global Tower project development and analysed the organisational structure of the Development team as well as ongoing and planned development activities within the portfolio.

Future financing activities were once again a key topic of discussion, particularly the structuring of the Green Bond issue. The Management Board updated the Supervisory Board on feedback from banks and investors, the rating it was aiming at and preparations for the Green Bond Framework. The Supervisory Board analysed the schedule, key data and term sheet for the issue and approved the issuance of the Green Bond after extensive deliberation.

The Supervisory Board also addressed DIC Asset AG's positioning on the capital markets and changes to Deutsche Börse's index regulations.

In a strategic discussion, the Supervisory Board considered ways to improve employee retention and identification as an important factor in the Company's success. In light of this, the Supervisory Board approved the introduction of an employee participation programme at DIC Asset AG.

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At an extraordinary meeting, the Supervisory Board discussed growth opportunities in the logistics asset class.

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The Management Board presented a preview of the results for the first nine months of the year at an extraordinary meeting.

The Supervisory Board also had a strategic discussion about the Company's organisational structure and enhancing the expertise of personnel in individual business units.

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At the ordinary meeting, the Management Board presented the earnings forecast for the full 2021 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 2022 financial year were also discussed with the Supervisory Board.

The Supervisory Board also addressed the refinancing of the 550 million euro loan in the Commercial Portfolio. The structure, main terms and schedule of this financing were discussed at length. After final deliberation, the Supervisory Board approved the conclusion of the refinancing loan agreement.

Based on the recommendation of the Audit Committee and in accordance with the requirements of the German Financial Market Integrity Strengthening Act (Gesetz zur Stärkung der Finanzmarktintegrität – FISG), the Supervisory Board decided to propose to the General Shareholders' Meeting on 24 March 2022 the appointment of BDO AG as auditor of the consolidated and annual financial statements for the 2022 financial year. Finally, the Supervisory Board concurred with the Management Board's decision to hold the General Shareholders' Meeting on 24 March 2022 as a virtual General Shareholders' Meeting.

At another extraordinary meeting, the Management Board presented the results of due diligence on additional acquisition properties for both the Commercial Portfolio and the Institutional Business. The Supervisory Board discussed the structuring of acquisitions for the Institutional Business; the aim is to warehouse the properties as a seed portfolio for a new fund. The Supervisory Board approved the acquisitions after detailed discussions.

## AUDIT COMMITTEE REPORT

The Supervisory Board established an Audit Committee to ensure that work is allocated and performed efficiently. This committee met twice in 2021. The meetings were attended by all members of the Audit Committee. A further four meetings, held on-site and partly by telephone in July, September, October and November, dealt with the process of putting the audit engagement out to tender and selecting the auditor.

The meeting held in February 2021 focused on the areas of emphasis of the audit and on financial reporting documents for financial year 2020. 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 2020 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 implementation of the uniform European reporting format (ESEF) and the review of the internal control system of DIC Asset AG, focusing on accounting, lease management, receivables management, deferral and invoicing of service charges, and IT systems.

Recommendations were approved for the Supervisory Board's resolutions concerning the financial reporting documents for the 2020 financial year. The Audit Committee recommended to the Supervisory Board to propose to the General Shareholders' Meeting the appointment of Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, as auditor of the annual and consolidated financial statements for the 2021 financial year and as auditor for reviewing the 2021 half-yearly report. The Audit Committee had previously satisfied itself of the independence and auditing quality of Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg. Based on this recommendation, the Supervisory Board adopted a corresponding nomination proposal at the General Shareholders' Meeting.

In August 2021, the results of the review of the half-yearly report were presented to the Chairman of the Audit Committee in a conference call also attended by the CEO of DIC Asset AG and representatives of the auditor.

At the ordinary meeting held in December 2021, the Audit Committee analysed the earnings forecast for the full 2021 financial year. Together with the auditor's representatives, the Audit Committee specified the areas of emphasis and the key audit matters for the 2021 financial year and examined the areas of emphasis identified by ESMA and BaFin for 2022.

The Audit Committee also addressed the optimisation of the risk management system and considered changes arising from ARUG II (particularly those relating to remuneration and changes to the remuneration report) and the im-

pact of the German Financial Market Integrity Strengthening Act (Gesetz zur Stärkung der Finanzmarktintegrität – FISG) that came into force in 2021, particularly with regard to corporate governance issues. Finally, the relevance of the Second Act on Equal Participation of Men and Women in Management Positions (Zweites Führungspositionengesetz – FÜPOG II), which also came into effect in 2021, for DIC Asset AG was analysed.

## 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. Internal information events are offered as necessary to provide continued professional development. New members of the Supervisory Board can meet members of the Management Board to discuss fundamental and current issues and thus gain an overview of topics that are relevant to the Company (known as “onboarding”).

The Supervisory Board dealt intensively with the issue of compliance during the reporting period. Based on discussions between the Management Board and Supervisory Board, the revised Compliance Policy was adopted and published on the Company's website in December 2021. Also in December, the Code of Conduct for the DIC Group of Companies was discussed and published as guidelines for all of the organisation's activities and decision-making.

The Supervisory Board, in conjunction with the Management Board, in December 2021 issued the annual Declaration of Compliance in accordance with section 161 of the AktG on the recommendations of the German Corporate Governance Code. It was published on the Company's website in the Corporate Governance section.

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.

The Supervisory Board carried out its regular self-assessment in December. The Supervisory Board reviewed the efficiency of its activities as part of this self-assessment; no specific action areas were identified.

## 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 2021.

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 2021 financial year with the approval of the Supervisory Board. Prof. Schmidt did not take part in the corresponding discussion and resolution of the Supervisory Board.

## ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS FOR 2021 AUDITED AND APPROVED

The Management Board prepared the annual financial statements for financial year 2021 in accordance with the German Commercial Code, the consolidated financial statements in accordance with IFRSs, as adopted by the EU, and with the commercial law regulations to be applied in addition pursuant to section 315e of the HGB, as well as the management report combined with the group management report. These items were audited by Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, appointed as auditors at the General Shareholders' Meeting on 24 March 2021, and an unqualified auditor's report was issued for each of them.

All of these documents including the Management Board's proposal on the appropriation of profit were discussed at the meetings of the Audit Committee and the Supervisory Board on 8 February 2022 attended by representatives of the auditor. The auditor of the annual financial statements reported on the areas of emphasis and material findings of their audit and focused in particular on key audit matters and audit activities carried out. Key audit matters for auditing the consolidated financial statements were the recoverability of the carrying amount of the properties and the impairment test of the goodwill arising from the acquisition of GEG and RLI. The recoverability of the carrying amount of the investments including investment income was defined as a key audit matter for auditing the annual financial statements of DIC Asset AG. No significant weaknesses in the internal control and risk management system relevant for the financial reporting process were reported. The auditors were available to the members of the Com-

mittee 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 2021, the management report combined with the group management report and the Management Board's proposal on the appropriation of profit, taking into account the Audit Committee's report. The Supervisory Board concurred with the findings of the auditor's audit. On the basis of its own review, the Supervisory Board established that it had no cause for objections against the annual financial statements and consolidated financial statements or against the combined management report and group management report. The Supervisory Board approved the annual and consolidated financial statements prepared by the Management Board in line with the recommendation of the Audit Committee. The annual financial statements of DIC Asset AG were thereby adopted.

## PROPOSAL ON THE APPROPRIATION OF RETAINED EARNINGS

In connection with the proposal on the appropriation of retained earnings by the Management Board, the Audit Committee and the Supervisory Board also discussed in detail accounting policies and financial planning. On the basis of its own review, the Supervisory Board concurred with the Management Board's recommendation to propose to the General Shareholders' Meeting that a dividend of EUR 0.75 per share carrying dividend rights be distributed to the shareholders from the retained earnings of financial year 2021 and that the remaining amount be carried forward to new account. The Supervisory Board also concurred with the recommendation of the Management Board to propose to the General Shareholders' Meeting to once again give the shareholders the option of receiving the dividend either in cash or in shares of DIC Asset AG ("scrip dividend").

## RELATIONS WITH AFFILIATES REVIEWED

The Management Board prepared a report on relations with affiliates for financial year 2021. 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 known 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.

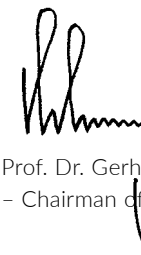
## COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

No changes occurred on Management Board during the reporting period.

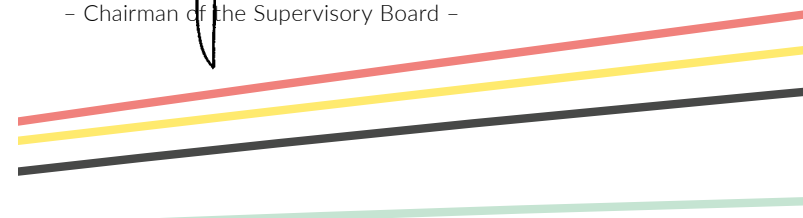
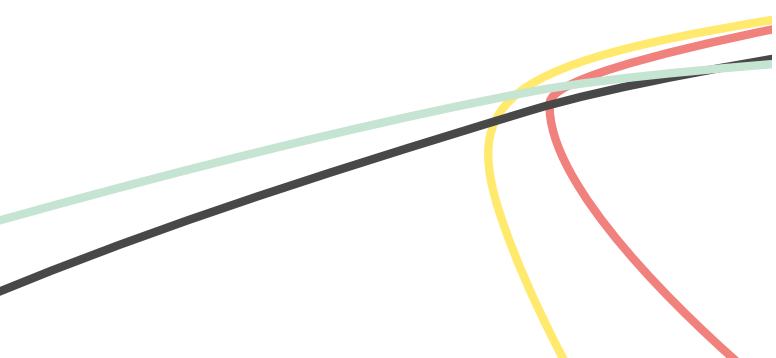
The following change occurred on the Supervisory Board during the reporting period: In May 2021, Mr Michael Zahn was elected by the Supervisory Board as Vice Chairman of the Supervisory Board alongside Mr Klaus-Jürgen Sontowski.

Frankfurt am Main, 8 February 2022

The Supervisory Board



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





## COMBINED MANAGEMENT REPORT

# FUNDAMENTAL INFORMATION ABOUT THE GROUP

BRIEF PROFILE

BUSINESS MODEL

SEGMENTS AND INCOME STRUCTURES

MARKET LANDSCAPE

REGIONAL STRUCTURE & LOCATIONS

CORPORATE MANAGEMENT

OBJECTIVES AND STRATEGIES



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## BRIEF PROFILE

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

With eight locations in all major German markets, our nationwide real estate platform is the cornerstone of our business. We provide on-site support for 237 properties with a combined market value of around EUR 11.5 billion – with a local presence that keeps us close to both our tenants and our properties.

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

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

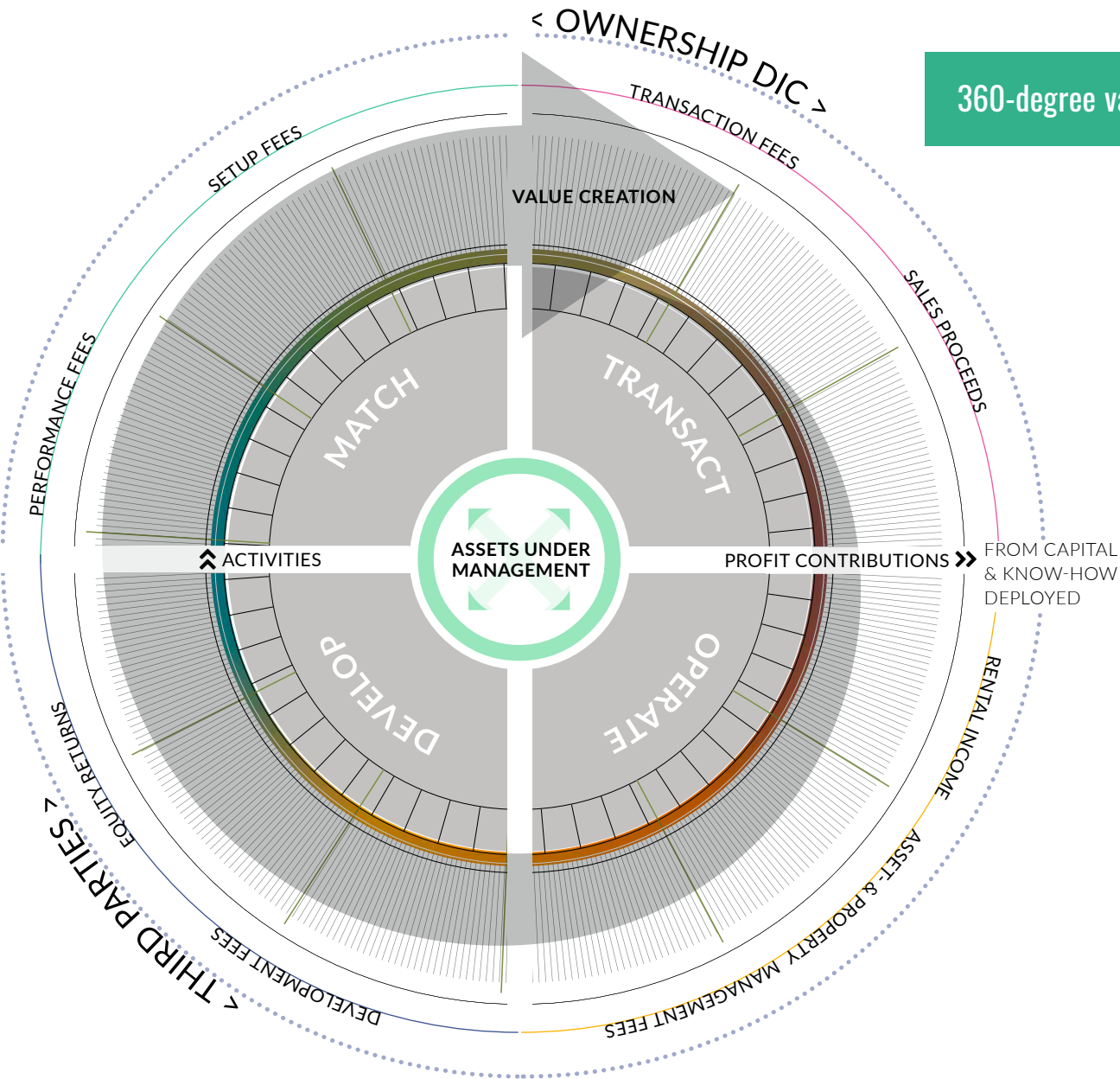
■■■ The **Commercial Portfolio** segment (EUR 2.2 billion in assets under management) includes portfolio properties owned by DIC Asset AG. We generate continuous cash flows from stable rental income in this segment, use active management to increase our properties' value and realise profits by selling them. We also generate income from equity investments.

■■■ In our **Institutional Business** segment (EUR 9.3 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 Asset AG has been SDAX-listed since June 2006.



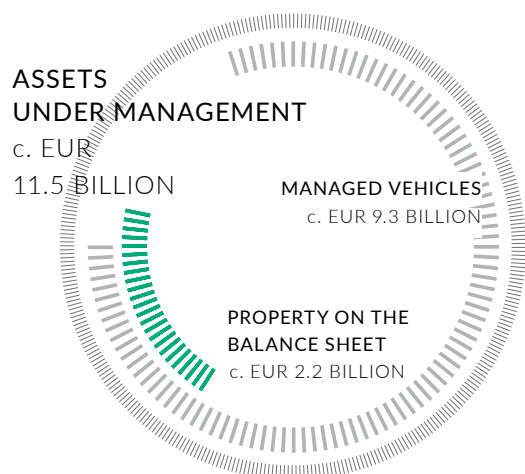
360-degree value creation



INTEGRATED PLATFORM BUSINESS MODEL

- DIC Asset AG primarily specialises in the active management of commercial real estate investments in Germany, 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 the platform.
- This results in disruption-free value creation across all market cycles.

- The steady growth of our platform’s range of deliverables and its profitability is driven by the know-how of our in-house management teams across the entire range of our business lines, on the one hand, and by the dynamics of our transaction activities, on the other hand.
- Our ability to manage both properties within our own portfolio as well as the real estate investments of institutional investors is an integral element of our dynamic platform. A part of the Company’s assets under management is carried as assets on the balance sheet, ensuring a high, stable cash flow while at the same time providing a high degree of flexibility when structuring the investment products we issue and manage for our institutional clients.
- As of the 31 December 2021 reporting date, real estate assets under management totalled around EUR 11.5 billion. Of this figure, we carry around EUR 2.2 billion as investment property on our balance sheet and around EUR 9.3 billion as managed vehicles.



## COMPLEMENTARY SEGMENTS AND INCOME STRUCTURES

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

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

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 and transfer properties to our own balance sheet, refurbish properties and thus create a reservoir of attractive investment components that are readily available to be transferred to managed vehicles.

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

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.

### Complementary segments



## Diversified sources of income



### STREAMS OF INCOME

in EUR million

**108.4**

**Gross rental income**  
from our own portfolio

**23.8**

**Profits from disposal of investment property**  
in the context of portfolio optimisation

**65.8**

**Performance fees | Transaction fees |  
Setup fees**  
from structuring and from enhancing the  
performance of investment products for  
institutional clients

**35.4**

**Asset and property management fees |  
Development fees**  
for ongoing management of institutional  
real estate assets

**6.5**

**Investment income**  
from minority holdings in funds and pro-  
jects

Our active management approach sets the strategic tempo and creates synergies across all segments. Each of our segments contributed around half of all FFO in the financial year ended (COP: EUR 54.4 million; IBU: EUR 52.8 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.

**THE MARKET LANDSCAPE IN GERMANY:  
DECENTRALISED AND MULTI-FACETED**

Compared to other European countries, the German commercial property market is less centralised. It is characterised by strong regional diversification and comprises many different-sized players. This is due to the federal economic structure in Germany, which benefits from a large number of strong economic centres in the regions. The so-called top seven cities (Berlin, Cologne, Düsseldorf, 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. The transaction market for German commercial properties is diversified, liquid in the long run and therefore has a strong appeal to international investors as well.

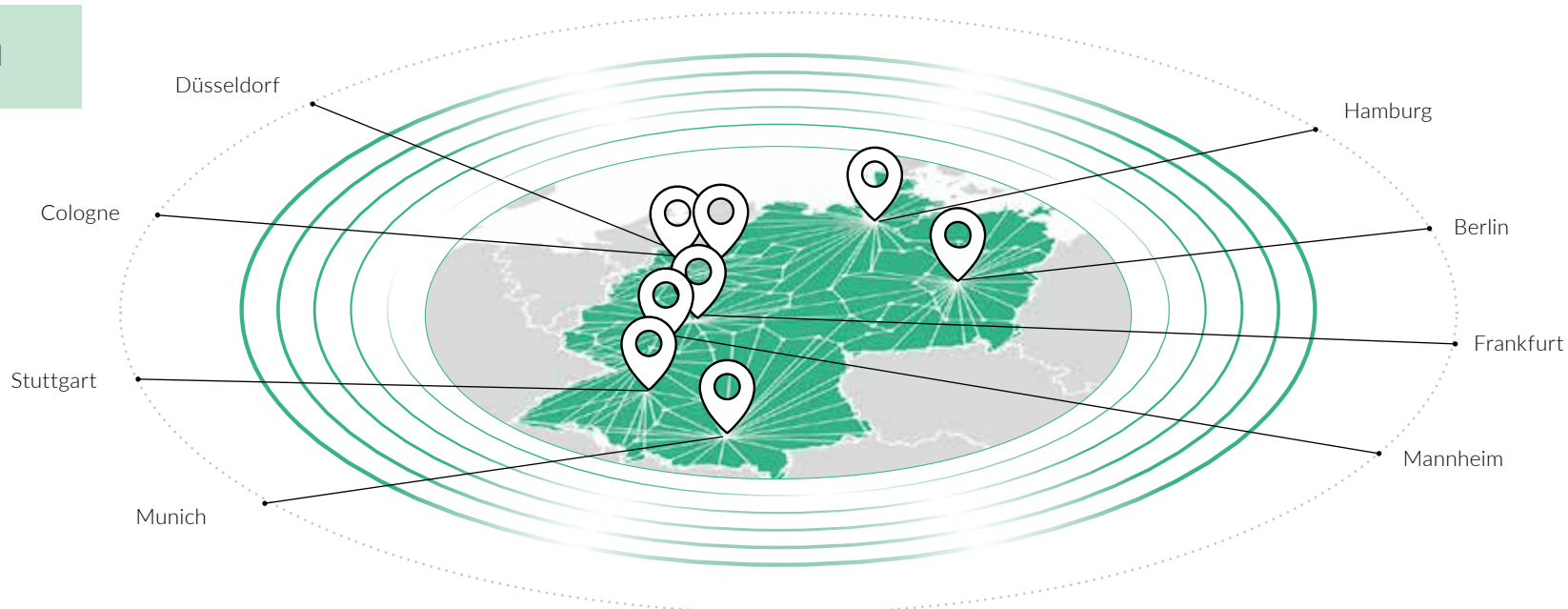
**REGIONAL STRUCTURE AND COMPANY LOCATIONS:  
ANCHORED CLOSE TO MARKET, PROPERTY AND TENANTS**

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

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

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

**Decentralised & diversified**



## CORPORATE MANAGEMENT

### Corporate structure

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

Four subsidiaries carry out important core operating tasks: GEG German Estate Group GmbH, DIC Fund Balance GmbH and RLI Investors 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 Asset AG's directly-held Commercial Portfolio as well as real estate in the Institutional Business throughout Germany.

In total, the Group comprises DIC Asset AG and 193 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.

### Corporate governance statement and additional disclosures

The corporate governance statement has been published on the Internet at [www.dic-asset.de/en/ir/corporate-governance/](http://www.dic-asset.de/en/ir/corporate-governance/).

It is also included in the "Corporate governance statement" section starting on page 142. Further disclosures on corporate governance, such as the composition and working practices of the Management Board and the Supervisory Board, can also be found there. We explain our control system in detail in the disclosures on the internal control system in the section entitled "Report on expected developments, risks and opportunities" starting on p. 112.

### 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.

Risk-aware & result-focused

Planning consists of:

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

#### Company-specific leading indicators

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

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

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

#### Management based on key figures

The internal control system, which forms part of the risk management process and is explained in detail in the section entitled "Report on expected developments, risks and opportunities" starting on page 112, 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) 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. Since the previous year's report, we have also been reporting FFO II 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

The three components E, S and G (Environmental, Social and Governance), together with digital transformation as a fourth item (3+1), are closely interconnected and are integral elements of our corporate strategy and business activities. Further implementation of ESG within our organisation and processes is a key focus area for DIC. Our aim is to strike the

perfect balance between our environmental and economic targets. ESG issues need to be clearly embedded within our organisation, and the interaction and contribution of the expertise of

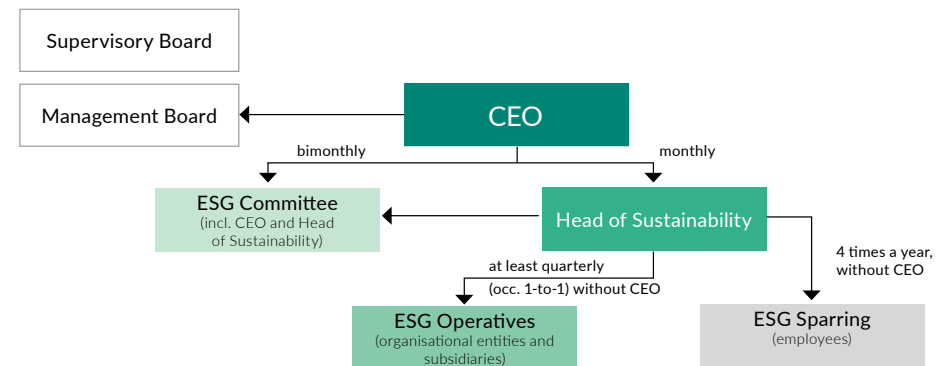
different organisational units in this context will be vital to DIC's sustainability success in the future.

Digital transformation is closely linked with ESG in our routines and operating processes. Dynamic data rooms containing relevant documents for our asset, property and transaction management, and cross-functional integration of interfaces in portfolio management enable us to access relevant information in the planning and control system sooner and in a more structured way. This means that we can present our results faster – such as being the first German real estate company in the Prime Standard segment to present its annual report – and create faster, more comprehensive decision-making scenarios for our agile day-to-day business when conducting acquisition and sale transactions, for example.

The Chairwoman of the Management Board of DIC Asset AG 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.

In 2021 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 was set up to make key decisions on the focus of ESG strategy and targets. The ESG Committee's role is to set ESG priorities and launch ESG initiatives.

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 and roadmap, turn to page 100.

## E, S, G: part of the strategy



## 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-speaking 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 the entire German-speaking area with a focus on the regions and locations 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 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.



## 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.

### ► Use 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, based on predictable long-term cash flows and proactive planning, safeguards our strong standing in the market. We aim to further optimise our financial foundation through our business activities and steady cash flow from rental income as well as by growing our management income. We have a good reputation with our banking and financial partners, as well as on the capital markets, which secures us access to various sources of finance. In addition to diversifying our sources of financing, we will also be relying on a "green" financial structure in future. In 2021, we successfully marketed the placement of an ESG-linked promissory note and the issuance of a Green Bond to institutional capital market investors.

### ► 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.

**Steady growth of our assets under management to EUR 11.5 billion**

Our agility, creativity and reliability enabled us to record exceptionally high transaction volumes for the third year in a row. In 2021, we generated transaction volumes of EUR 1.9 billion on the DIC real estate platform, including around EUR 1.6 billion for new acquisitions.

**Fit for a sustainable tomorrow: updated ESG strategy and roadmap published**

We published a comprehensive ESG strategy update as part of our last sustainability report. The ESG roadmap defines objectives along strategic guidelines.

**High level of stability with long-term cash flows in the Commercial Portfolio**

Low EPRA vacancy rate of 5.3% and long WALT (weighted average lease term) of 5.9 years. Like-for-like rent growth of 3.5% achieved in 2021.

DEGREE OF TARGET ACHIEVEMENT IN 2021

**Further growth in asset management services for third parties (Institutional Business)**

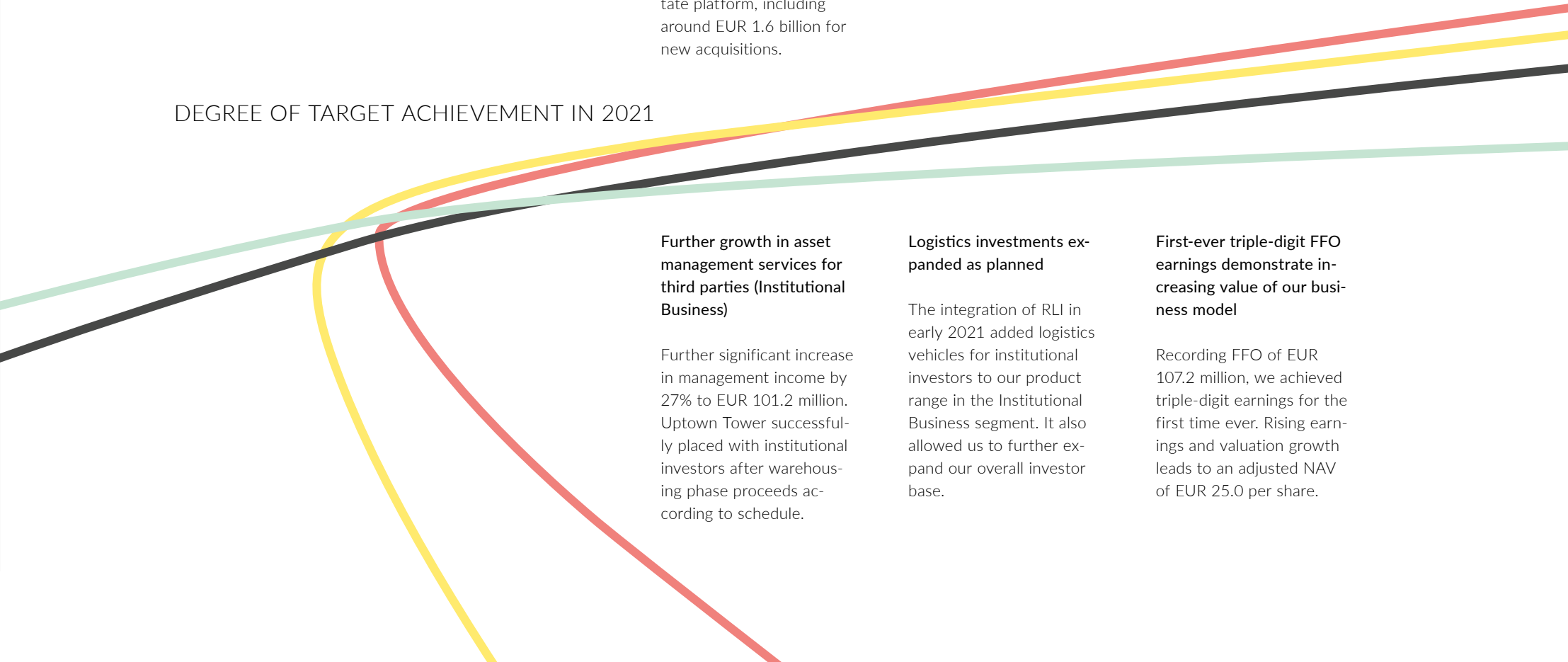
Further significant increase in management income by 27% to EUR 101.2 million. Uptown Tower successfully placed with institutional investors after warehousing phase proceeds according to schedule.

**Logistics investments expanded as planned**

The integration of RLI in early 2021 added logistics vehicles for institutional investors to our product range in the Institutional Business segment. It also allowed us to further expand our overall investor base.

**First-ever triple-digit FFO earnings demonstrate increasing value of our business model**

Recording FFO of EUR 107.2 million, we achieved triple-digit earnings for the first time ever. Rising earnings and valuation growth leads to an adjusted NAV of EUR 25.0 per share.





# REPORT ON ECONOMIC POSITION

## OVERALL ASSESSMENT

## MACROECONOMIC ENVIRONMENT

## COURSE OF BUSINESS

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

## FINANCIAL INFORMATION

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



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

In 2021, we met all of the most recently forecast targets for our key performance indicators at platform level. In the financial year ended, we were able to expand our diversified real estate platform further with numerous investments both for the Company's proprietary portfolio and as part of third-party mandates. To do this, we continued to draw on our local expertise and most recently strengthened our presence in Germany's key markets further by opening our eighth office in Stuttgart at the start of the year. Our major competitive advantage is our proximity to the tenants, investors and properties we support as effectively as possible with our active, 360-degree real estate management approach.

By successfully completing the integration of RLI Investors GmbH at the start of the year, we continued to pursue our strategy of expanding our real estate platform in the logistics asset class. Just a few weeks later, we successfully launched our third logistics property fund with a target volume of EUR 400 million. In addition to classic profitable logistics real estate, the "RLI-GEG Logistics & Light Industrial III" fund vehicle will invest in light industrial and urban logistics real estate. Germany as our core market will be supplemented by Benelux and Austria as established European markets next door. We successfully completed investor closing in next to no time, enabling us to collect EUR 210 million in funds from German institutional investors including banks, pension funds and insurance companies. The proportion of logistics properties across the entire real estate platform rose from less than 1% of assets under management at the start of the year to around 8% by the end of 2021. This means we are growing the logistics asset class as planned for both our proprietary portfolio as well as for institutional investors, thus further diversifying our rental cash flows and real estate management fees.

### Letting performance – rise in new leases

We successfully extended tenancy agreements and secured new leases once again during the year under review. The share of new leases again increased considerably year-on-year. Overall, our teams achieved a letting performance of around 309,100 sqm, including approximately 142,000 sqm of new leases. This is a clear increase from around 77,300 sqm in the previous year, which was initially dominated by a reluctance to make decisions about new leases due to the impact of the coronavirus pandemic. In 2021, we signed lease agreements with a total volume of EUR 33.0 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 was around 5.3% at the end of the year, with a weighted average lease term (WALT) of 5.9 years.

### Transactions – assets under management grow as planned

On the transaction side, we managed to meet our transaction targets as planned due to a very busy final quarter. Acquisition volumes across all segments reached approximately EUR 1,559 million, including approximately EUR 242 million in the Commercial Portfolio segment and approximately EUR 1,317 million in the Institutional Business, including properties acquired as part of our warehousing activities (approximately EUR 818 million). As a result, we fully achieved our acquisition targets of EUR 200 million to EUR 300 million for the Commercial Portfolio and EUR 1 billion to EUR 1.5 billion for the Institutional Business. On the sales side, we completed transactions with a total volume of approximately EUR 345 million. In the Commercial Portfolio, we completed three sales with a combined volume of approximately EUR 28 million, below our planned target of approximately EUR 100 million. Several sales in the Commercial Portfolio planned for the end of the year were not completed. The respective properties are therefore up for sale in the current financial year. In the Institutional Business, we achieved a sales volume of approximately EUR 317 million by selling a total of four properties, thus slightly exceeding our target of EUR 200 million to EUR 300 million. Overall, we achieved our transaction targets across all segments at platform level. In June, DIC completed the largest property acquisition in its history to date. We purchased the Uptown Tower in Munich as part of the warehousing of attractive properties temporarily held on DIC Asset AG's balance sheet with the aim of placing them with institutional investors at a later date. Total investment costs amounted to around EUR 556 million. We had already successfully marketed around 85% of shares to institutional investors by the end of the year, and expect to place almost all of the remaining shares in the first quarter of 2022.

Overall, assets under management at the end of 2021 rose to EUR 2.2 billion for our proprietary portfolio (Commercial Portfolio segment) and approximately EUR 9.3 billion under third-party mandates (Institutional Business segment), up from EUR 2.0 billion and EUR 7.6 billion, respectively, in the previous year. With assets under management totalling EUR 11.5 billion at the reporting date, we are on track to meet our medium-term target of EUR 15 billion.

### ESG: DIC Asset AG stands for responsibility and values

When we published our 2020 sustainability report at the start of July, we also unveiled our comprehensive ESG strategy and roadmap for the next few years. The strategy and roadmap focus on four main sustainability targets encompassing every aspect of sustainability: E, S and G (Environmental, Social and Governance). As the fourth component, digital transformation is a key factor for us that is also closely linked with our ESG strategy. We are committed to structuring properties and processes in efficient and sustainable ways with the help of digital services and tools.

The stakeholder survey conducted at the end of 2021 identified several major topics for which we will formulate objectives. We will report regularly on the progress made with these objectives via our redesigned ESG website, which in the future will also provide updates on the DIC Group's latest sustainability achievements outside of the reporting cycle. This will enable DIC to enhance its transparency in relation to sustainability issues. More information can also be found in the section entitled "Non-financial performance indicators" starting on page 94.

**“Green” financial structure diversified further and linked to ESG objectives**

On the financing side, we arranged around EUR 1.4 billion inflows from new financing and refinancing deals across all segments in 2021 (including property financing). For the first time, this also included “green” financing such as the issuance of our first ESG-linked promissory note for more than EUR 280 million (after being topped up at the end of the year) or the issuance of our first Green Bond totalling over EUR 400 million, which we successfully marketed with institutional capital market investors in Europe. We are using the funds from the promissory note and Green Bond to finance green projects. Most importantly, you are helping us to raise our share of Green Buildings from their current level of approximately 11% of the market value of the Commercial Portfolio to about 20% by year-end 2023. These “green” financing instruments are diversifying our financial structure further and giving us greater flexibility for the future. At the end of 2021, we also took advantage of the favourable environment in the financing market to agree the early refinancing of a secured loan of around EUR 550 million for a term of seven years covering around 57% of our Commercial Portfolio. This will enable us to reduce our average financing rate further from 2.0% to 1.8% and benefit from interest savings of around EUR 5 million each year from 2022 onwards that will increase FFO.

**Guidance for 2021 achieved**

We achieved the forecast for funds from operations (FFO) of EUR 106 million to EUR 110 million as planned with EUR 107.2 million, the first triple-digit FFO earnings in the Company’s history. In the case of gross rental income, we even slightly exceeded our most recent forecast of EUR 107 million to EUR 108 million with a total of EUR 108.4 million. At EUR 101.2 million, real estate management fees also reached a historic high within the expected range of EUR 94 million to EUR 104 million.



# MACROECONOMIC ENVIRONMENT

## MACROECONOMIC TRENDS



### Growth in almost every area of German economy – coronavirus pandemic and supply bottlenecks delay stronger momentum

While the German economy grew significantly in 2021, further expansion was hampered by the progress of the pandemic and supply bottlenecks. The first quarter was still dominated by lockdown and the second and third waves of coronavirus, which initially caused economic output to fall by 1.9%. However, the increasing availability of vaccines, easing of restrictions and the associated increase in domestic demand caused the economy to pick up as the year progressed, resulting in GDP growth of 2.0% in the second quarter. While consumer-related services also benefited from

consumer spending during the third quarter, increasing supply bottlenecks prevented stronger growth in the manufacturing and construction industries, which meant that the growth of 1.7% recorded at the end of the quarter was slightly weaker than in Q2. The fourth quarter was impacted by the rapid spread of the fourth wave of coronavirus. The pandemic situation dampened consumer spending and affected consumer-related service providers and retailers. GDP fell in the fourth quarter, delaying part of the recovery forecast for 2021 into 2022. With price-adjusted GDP growth of 2.7% recorded for the full year, this figure has not yet returned to pre-coronavirus levels. As in the previous year, government spending



– which increased in connection with pandemic-related activities in particular – was a pillar of economic growth, while consumer spending remained at the same level as in the previous year.

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 2021. The strongest growth was recorded by the business services sector and – despite supply bottlenecks – the manufacturing industry with its full order books.

#### **Business sentiment remains volatile**

Adverse economic effects caused by shortages in the supply of intermediate products and raw materials, sharp increases in energy and transport costs and growing uncertainty in light of the surge in Omicron infections led to increasing scepticism about expectations for the German economy in the second half of the year. After the strong economic recovery was accompanied by a sharp rise in the ifo business climate index until the middle of the year, businesses were once again more anxious about the future by year-end. The ifo index dropped from a high of 101.7 in June to 94.7 in December, with sentiment deteriorating in the services sector (including, less surprisingly, tourism and hospitality) and retail in particular. Sentiment remained stable in the manufacturing sector at the end of the year due to full order books.

#### **Demand for labour close to all-time high**

Although the coronavirus crisis has had a noticeable impact on the labour market, this impact decreased considerably over the course of the year. After lockdown caused it to rise at the start of the year, the unemployment rate fell sharply from 6.3% in January to 5.1% in December as a result of the economic recovery. The number of people in gainful employment rose by 403,000 year-on-year to 45.4 million people.

Demand for new employees also trended continuously upward during 2021. The official job index issued by the Federal Employment Agency (BA-X), a seasonally-adjusted indicator of labour demand in Germany, rose to 132 points in December (+33 points compared to December 2020), close to the all-time high of 134 points recorded in February 2019. Companies are looking for staff in all areas of the labour market. There was consistent double-digit percentage growth in demand compared to December 2020. There was also a clear increase in demand for labour across almost all sectors compared to the corresponding pre-coronavirus month in December 2019.

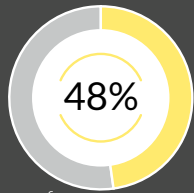
#### **Rising inflation heaps pressure on central banks**

With an average inflation rate of +3.1%, inflation in Germany in 2021 exceeded the European Central Bank (ECB)'s target rate of 2% for the first time in ten years. In particular, the sharp increase in energy prices and supply shortages – as well as one-off effects such as the end of the VAT reduction at the end of 2020 – caused the inflation rate to climb. The rise in inflation also prompted central banks to rethink their extremely relaxed monetary policy. In December, the Bank of England became the first among G7 nations to increase its key interest rate, lifting it to 0.25%. In December, after finding itself exposed to an even higher annual inflation rate of 4.7%, the US Federal Reserve decided to taper off the bond purchases it introduced to support the economy during the coronavirus crisis more quickly than planned and signalled that it will hike rates several times in the current year, with interest rates in the USA expected to rise considerably by the end of 2022. The ECB reduced the scope of its net bond purchases under the Pandemic Emergency Purchase Programme (PEPP) and Asset Purchase Programme (APP) in December and decided at its governing council meeting in the same month to end the coronavirus emergency programme by the end of March 2022 as planned. The ECB did not signal any change in its interest rate policy for 2022 at that point, leaving the key interest rate unchanged at 0.0% and the deposit rate for commercial banks at -0.5% due to significant uncertainty regarding the development of inflation.

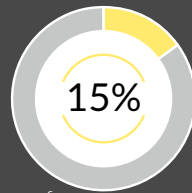
The yield on ten-year German government bonds increased from -0.57% in December 2020 to an average of -0.31% in December 2021 before moving in line with rising US government bond yields to enter positive territory in January 2022 for the first time since May 2019.

Transaction volume  
Commercial real estate **64.1** EUR billion

(previous year: **59.7** EUR billion)



Share of  
**Office properties**  
(previous year: **41%**)



Share of  
**Logistics properties**  
(previous year: **13%**)

PRIME YIELD

**Office 2.64%**

(previous year: **2.81%**)

**Logistics 3.03%**

(previous year: **3.38%**)

**Office space  
take-up**

**3.3**

million sqm

**+23%**

Office vacancies

Top 7

**4.5%** (previous year: **3.7%**)

**+ 1.6%**

Prime rents

Top 7

## SECTOR TRENDS

### Offices and logistics driving growth in the commercial real estate investment market

After a weaker start to the year caused by lockdown, the German commercial real estate investment market set its sights on growth and, according to BNPPRE, recorded its second-best performance of all time in 2021 with a transaction volume of EUR 64.1 billion (Colliers: EUR 60.1 billion; JLL: EUR 58.8 billion). More than a third of this volume (EUR 24.7 billion) was generated in a strong fourth quarter.

The office and logistics asset classes drove the 7% year-on-year improvement in these results.

Helped by strong growth in online retail, where the turnover of goods increased by 19% in 2021, revenues generated by logistics properties soared by 25% to EUR 9.9 billion (+ EUR 2 billion). Revenues generated by office properties climbed by 24% to around EUR 30.7 billion (+ EUR 6 billion).

Offices remained undoubtedly the strongest asset class, making up 48% of transactions, followed by logistics with 15%, while interest in retail properties dropped considerably by almost 30% (down EUR 3.6 billion to EUR 8.7 billion).

Increased risk aversion prompted investors to focus their attention even more on core properties in top locations. Transaction volumes in the top 7 cities increased by 15% or EUR 4.7 billion to EUR 37.1 billion, which means that these locations were responsible for 58% of the total volume. By contrast, transaction volumes outside the top 7 cities fell by EUR 0.3 billion to EUR 27.0 billion.

With their blue-chip tenants, long-term leases and exceptional locations, core and core-plus properties in the top 7 cities attracted a great deal of interest from investors with plenty of available capital despite the distinct lack of such products. Investors are also increasingly focusing on ESG criteria, as reflected by the additional yield compression for qualified properties.

Prime yields in the office segment fell once again in all of the top 7 cities, with average prime yields declining by 17 basis points year-on-year to 2.64%, according to JLL. Prime yields in the increasingly sought-after logistics segment fell even further, shrinking by 35 basis points from 3.38% a year ago to 3.03%.

**Office space take-up recovers from coronavirus-induced slump to rise by 23%**

After remaining hesitant in the first half of the year due to the economic uncertainty and restrictions prompted by the pandemic, the office rental market experienced a significant upturn in demand during the second half of the year. Estate agents reported a growing willingness on the part of companies to invest in office space again. According to these agents, new hybrid working models are increasingly being introduced, making it easier to justify a relocation to alternative office space. Strong demand from the public sector, which is not dependent on economic trends, also provided support.

Take-up in the top 7 office locations rose to 3.29 million sqm (BNPPRE: 3.4 million sqm), an increase of around 23% compared to the previous year’s figure. More than a third of take-up was generated in the strong fourth quarter.

While all of the top 7 cities recorded higher volumes, the trends at each location varied considerably. Although Berlin once again recorded the highest take-up at 870,800 sqm (+16.8%), the biggest increase was observed in Cologne, where take-up surged by 58.3% to 329,500 sqm. Stuttgart registered the lowest take-up and growth with an increase of 2.3% to 144,000 sqm, albeit from the lowest vacancy rate of any of the top 7 cities.

With letting volumes still below the highs reached prior to the outbreak of the pandemic, this, together with rising completions (around 1.6 million sqm, +10% compared to 2020) caused the vacancy rate calculated across all of the top 7 cities to increase by 80 basis points to 4.5% (previous year: 3.7%). Again, the picture here is mixed. Berlin – the location with the highest completion volumes – saw the steepest percentage increase, with the vacancy rate climbing from 2.8% to 4.1%, while Stuttgart was the only city to record a decline in the vacancy rate (-40 basis points to 1.7%). The highest vacancy rates were recorded in Frankfurt (+160 basis points to 7.7%) and Düsseldorf (+100 basis points to 7.8%).

However, estate agents observed stable to rising prime rents in all cities. The highest rents were in Frankfurt (+2.4% to EUR 42.50) and Munich (+2.4% to EUR 42.00), while Stuttgart recorded the lowest prime rents (EUR 25.50, +/-0.0%).

Savills attributes this development to four factors:

- a higher proportion of leases in inherently more costly project developments
- rising construction and fit-out costs
- a higher proportion of more flexible leases with shorter terms
- a preference among companies for high-quality space and central locations

This demonstrates that the market has regained momentum and highlights the increased marketing opportunities presented by companies’ willingness to relocate.



**RECORD TAKE-UP IN THE LOGISTICS RENTAL MARKET**

The rental markets offer further proof that the logistics asset class has been one of the big winners from the pandemic. The record take-up of 9.1 million sqm in this asset class was 34% higher than the previous year’s figure and exceeded the previous all-time high from 2018 by 24%.

## COURSE OF BUSINESS



### Growth in all segments – Real estate assets increase by 20% to EUR 11.5 billion

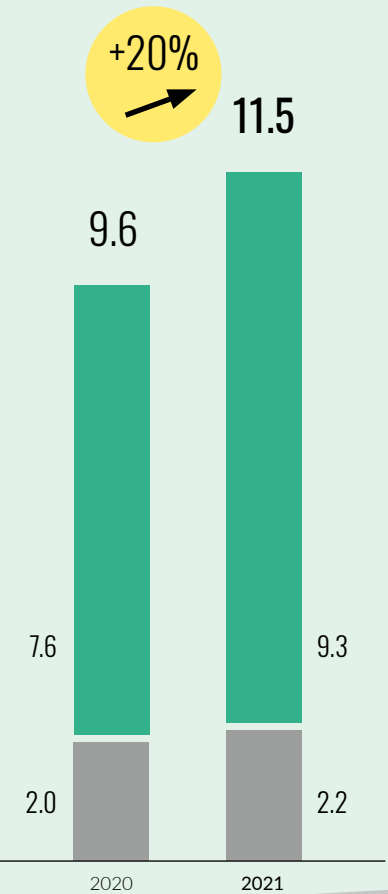
Real estate assets under management rose by almost EUR 2 billion (+20%) year-on-year to EUR 11.5 billion as at the 31 December 2021 reporting date.

Of this figure, around EUR 2.2 billion was attributable to the Commercial Portfolio and EUR 9.3 billion to the Institutional Business, which comprises funds, club deals and individual mandates of institutional investors.

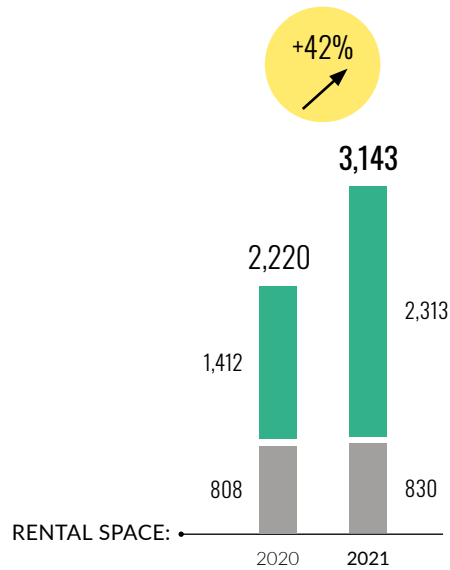
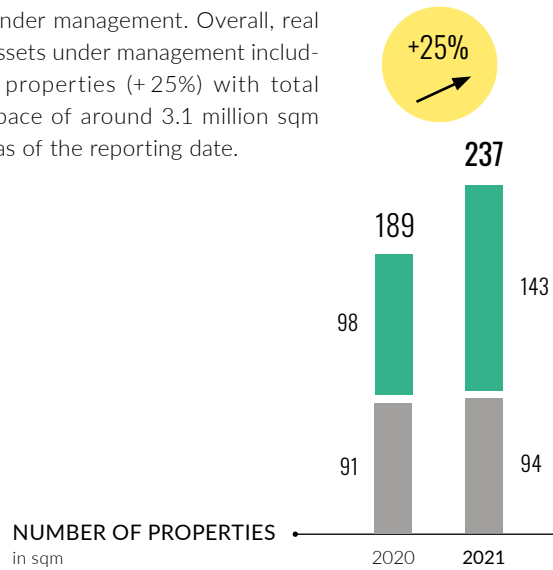
The acquisition of RLI Investors ("RLI") at the beginning of 2021, contributed more than EUR 700 million to the strong growth of the Institutional Business.

ASSETS UNDER MANAGEMENT  
in EUR billion

■ Commercial Portfolio  
■ Institutional Business



This expansion in the logistics asset class caused rental space to grow faster than assets under management. Overall, real estate assets under management included 237 properties (+25%) with total rental space of around 3.1 million sqm (+42%) as of the reporting date.



**Successful strategic expansion of the logistics asset class**

Following its acquisition in December 2020, RLI was fully integrated into the DIC Group within a very short period of time at the start of the year,

enabling us to significantly enhance our specialist expertise and secure a well-established network in the logistics sector.

The transfer of more than EUR 700 million in assets under management considerably increased the logistics asset class's share of the DIC Asset AG real estate portfolio, which rose further during the year as a result of additional acquisitions to around 8% of the Group's EUR 11.5 billion in assets under management.



**c. 8%**  
Share of asset class logistics  
in AuM of the entire platform

### Transaction volumes at very high level once again

For the third successive year, our transaction team managed to conclude around EUR 2 billion in transactions. We generated transaction volumes of approximately EUR 1.9 billion, comfortably within the target range of EUR 1.5 – 2.2 billion stated at the start of the year, despite the challenging conditions. More than 30% of this total – around EUR 600 million – was implemented in December alone as part of a final flurry of activity at the end of the year.

## Strong transaction business – dynamic warehousing

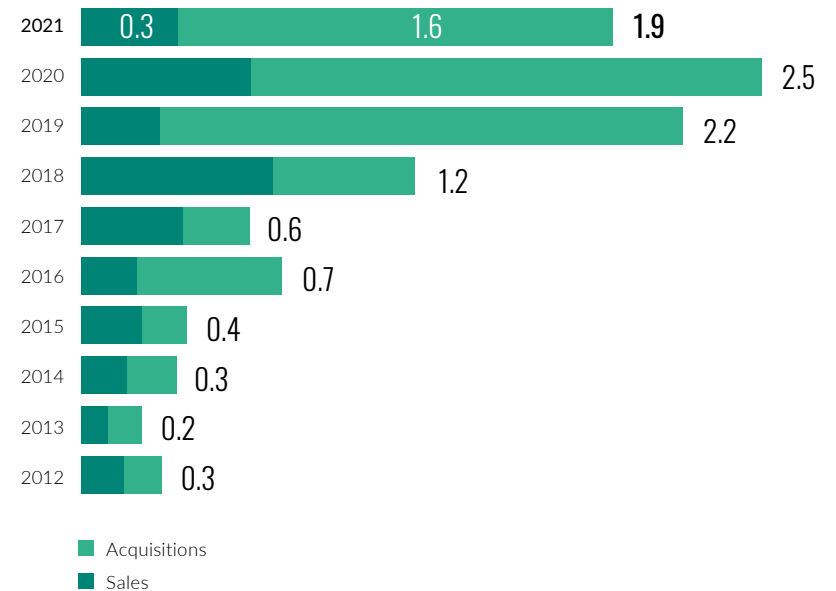
### Acquisitions total around EUR 1.6 billion – dynamic turnover in warehousing

A total of 17 properties with a volume of approximately EUR 1.6 billion were acquired during the financial year, of which nine (EUR 0.9 billion) have already been transferred.

We acquired seven properties with an investment volume of around EUR 242 million for the **Commercial Portfolio**. Five of these new acquisitions with a volume of approximately EUR 188 million were transferred into our portfolio in 2021 and are strengthening our cash flow in this area. We are expecting the transfer of possession, benefits and associated risks for one property to be completed during the first half of 2022, while the second property will be transferred into our Commercial Portfolio after project development work is completed, likely in mid-2023.

### TRANSACTION VOLUME

in EUR billion





We acquired ten properties with a volume of around EUR 1,317 million for our institutional investors. Of these properties, six (EUR 499 million) were added directly to investment products in the **Institutional Business**. Two properties with a volume of EUR 162 million have already been transferred, while the transfer of a further four properties is planned for the first half of 2022.

Four additional properties – including the landmark Uptown Tower property in Munich with a total investment volume of more than half a billion euros – were secured for institutional investors via our efficient **warehousing** efforts. Possession, benefits and associated risks for two of the four properties with a volume of EUR 587 million were transferred in 2021 by being placed in investment vehicles. One project development in Düsseldorf acquired as part of a forward deal will be transferred into a new special fund after completion, which is scheduled for 2023.

A total of seven properties whose acquisitions were notarised prior to 2021 were effectively transferred during the financial year under review, including five into the Institutional Business.



#### ACQUISITIONS

in EUR million (number of properties)	Notarisations 2021	thereof: notarisations 2021 with transfer until 31.12.2021	Notarisations 2019 - 2020 with transfer until 31.12.2021
Commercial Portfolio	242 (7)	188 (5)	85 (1)
Warehousing	818 (4)	587 (2)	23 (1)
Institutional Business	499 (6)	162 (2)	463 (5)
<b>Total</b>	<b>1,559 (17)</b>	<b>937 (9)</b>	<b>571 (7)</b>

#### SALES

in EUR million (number of properties)	Notarisations 2021	thereof: notarisations 2021 with transfer until 31.12.2021	Notarisations 2019 - 2020 with transfer until 31.12.2021
	28 (3)	25 (2)	113 (1)
	317 (4)	221 (3)	60 (1)
	<b>345 (7)</b>	<b>246 (5)</b>	<b>173 (2)</b>

#### Strategic sales for portfolio optimisation

Sales were notarised for seven properties totalling EUR 345 million: three of them representing a volume of around EUR 28 million for portfolio optimisation and income realisation from the Commercial Portfolio and four properties representing a volume of around EUR 317 million as part of our active management mandates. Two properties whose acquisitions were notarised prior to 2021 were transferred during the year under review.



Close to the market, close to our clients: at the start of 2022, our employees in Munich relocated to Campus C near the Uptown Tower in order to work with our team to manage increased portfolio volumes in this region.



➔ **Regional development: AuM up across all regions, yields once again well above market average**

The regional diversification of rental space shifted further toward the economically strong South region compared to the previous year due to the expansion of the logistics asset class and the acquisitions and sales completed during the year under review.

Having already opened our new branch office in Stuttgart at the start of 2021 in order to further reinforce and interconnect our activities in the Stuttgart metropolitan area, we now have a local presence in all top 7 cities across Germany.

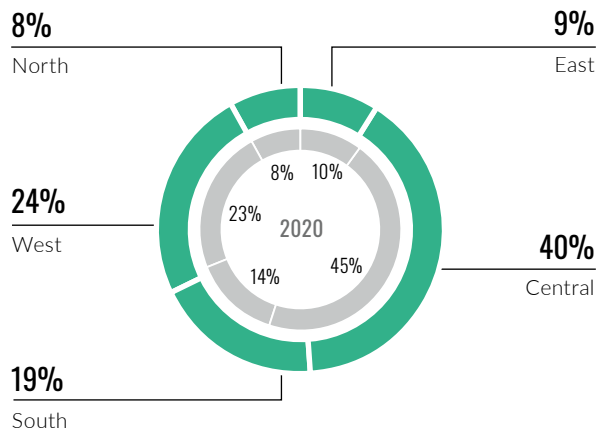
We made substantial investments in the highly attractive location of Munich during the year. After acquiring the Uptown Tower and Campus C properties, the share of managed properties in the top 7 city of Munich within the total portfolio rose from 7% to 11%.



Logistics properties were transferred during the year under review as part of the strategic expansion of the logistics asset class and the acquisition of RLI, particularly those in top logistics locations in the South and West regions.

**REGIONAL STRUCTURE OF OVERALL PORTFOLIO IN 2021**

Basis: Market value of assets under management



Overall, the share of real estate assets under management increased from 14% to 19% in the South region and from 23% to 24% in the West region.

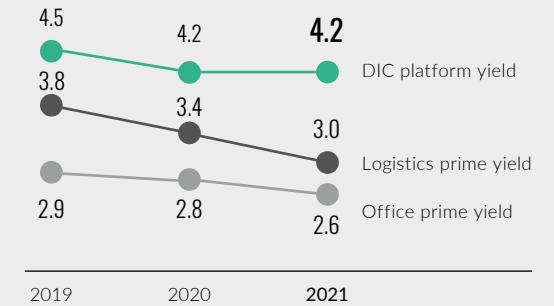
Although our significant presence in the Central region fell from 45% to 40% over the course of the year, the market value of our managed properties increased even in this region. This decline was partly due to relatively higher strategic investments in other regions.

Overall, we increased our assets under management across all regions in terms of both the number of properties and market values.

Our strategy of diversifying across Germany's different regions and placing greater weighting on regions and submarkets with higher yields continues to pay off.

**GROSS RENTAL YIELD**

in %



While prime yields in the top 7 cities according to JLL continued to fall in both the office sector (from 2.81% to 2.64%) and the logistics sector (from 3.38% to 3.03%) in 2021, **yields in our overall portfolio** remained stable at an attractive 4.2% (previous year: 4.2%)

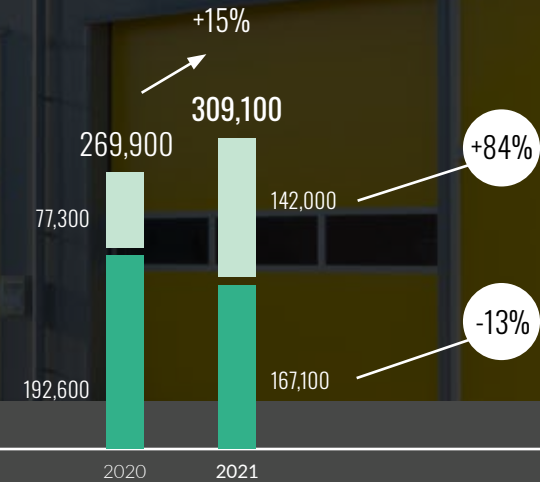
**Strong yields: our diversified investment strategy**

A detailed overview of key portfolio figures by region can be found in the Overview section on page 238.

## WINNERS IN THE PANDEMIC – strong demand for logistics space

### LETTING VOLUME BY TYPE OF LEASE in sqm

■ New Lettings  
■ Renewals



## REAL ESTATE MANAGEMENT

- ➔ Letting performance up 15% year-on-year, expertise in logistics sector pays off

In 2021, our lettings teams signed agreements for a total of 309,100 sqm of rental space (2020: 269,900 sqm), an increase of 15%, and agreed annualised rental income totalling EUR 33.0 million (2020: EUR 33.2 million).

Our strategic expansion in the logistics sector had a noticeable impact on letting activities. At the end of the 2021 financial year, the share of logistics space by market value was 7.6% (previous year: 0.5%), while the percentage share by square metre was 27.6% (previous year: 3.1%) – both in relation to the entire DIC platform. As a result, letting performance also increased considerably in the logistics asset class. Our lettings experts from the logistics sector were able to conclude several high-volume leases for space totalling around 152,500 sqm. As a result, the share of total letting performance attributable to leases concluded in the logistics sector rose from 9% to 49% by square metres and from 4% to 23% by annualised rental income. Office leases continue to make up the largest share of this extremely positive letting performance at 55%, equivalent to annualised rental income of EUR 18.0 million.

## LETTING PERFORMANCE BY TYPE OF USE

	in sqm		annualised in EUR million	
	2021	2020	2021	2020
Office	104,900	152,000	18.0	24.8
Retail	43,100	87,500	6.4	6.5
Warehouse / logistics	152,500	25,600	7.5	1.4
Further commercial	6,700	3,000	0.8	0.3
Residential	1,900	1,800	0.3	0.2
<b>Total</b>	<b>309,100</b>	<b>269,900</b>	<b>33.0</b>	<b>33.2</b>
Parking (units)	2,614	3,350	1.6	1.9

**TOP 5 NEW LETTINGS**

			sqm
EDEKA Handelsgesellschaft Nord mbH	Institutional Business	Hamburg	26,100
Butlers	Institutional Business	Dormagen	10,900
Agency of the City of Frankfurt	Institutional Business	Frankfurt	10,800
Krüger Lagerlogistik GmbH	Institutional Business	Kerpen	9,800
WELL PACK Deutschland GmbH	Institutional Business	Lehrte	9,700

**TOP 5 RENEWALS**

			sqm
C & A Mode GmbH & Co. KG	Institutional Business	Mönchengladbach	69,000
Innight Express Germany GmbH	Institutional Business	Ludwigsburg	9,100
Design Offices GmbH	Commercial Portfolio	Karlsruhe	5,300
Kurt Merk Blechwarenfabrik GmbH & Co. KG	Commercial Portfolio	Cologne	4,400
io-consultants GmbH & Co. KG	Institutional Business	Heidelberg	4,100

**LOCAL EXPERTISE PAYS OFF:  
TOP NEW LEASE IN FRANKFURT OFFICE MARKET**



After the increased desire for stability and decreased appetite for relocations among tenants as a result of the Covid-19 pandemic meant that the majority of letting activities involved lease renewals in 2020, letting activities normalised once again during the 2021 financial year. The share of total letting performance attributable to new leases increased by 84% year-on-year to 142,000 sqm or 46% (2020: 77,300 sqm, 29%). Lease renewals totalling 167,100 sqm (2020: 192,600 sqm) rounded out this strong performance.

**New leases: higher volumes, longer terms, higher rent levels**

As well as significantly increasing the volume of new leases, our lettings teams also concluded these agreements on better terms. As a result, the average term of new leases rose in both segments, increasing from 5.3 to 6.1 years in the Commercial Portfolio and from 7.4 to 8.5 years in the Institutional Business. The average rent for these agreements also rose by 7% to EUR 10.11/sqm.

The five biggest new leases – all in the region of 10,000 sqm or higher – totalled 67,300 sqm, accounting for almost half of all new leases. We agreed a long-term lease with Edeka Handelsgesellschaft Nord in Hamburg – the most significant new lease of the year at 26,100 sqm.



**LOGISTICS GO INTO EXTRA-TIME  
WITH HEALTHY LEASE RENEWALS**

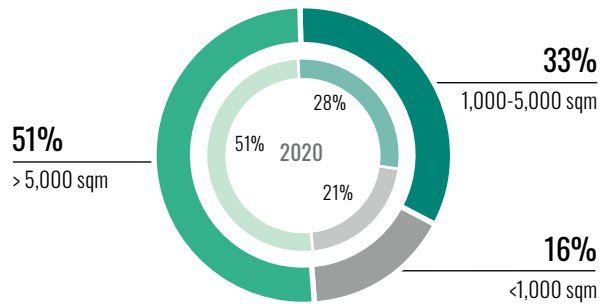
Another important new lease was the conclusion of a long-term agreement with an authority of the City of Frankfurt for 10,800 sqm of space at the Palazzo Fiorentino in Frankfurt am Main, with a term of 17 years that runs until 2039.

**Lease renewals dominated by the largest lease in recent years**

The standout lease renewal in 2021 was the conclusion of a lease with C&A in Mönchengladbach for around 69,000 sqm in logistics space. The property hosts the fashion retailer's largest and most important logistics centre in Europe. This distribution centre covers approximately one third of all cargo handling in Germany, serving 104 fashion stores from a single location. The extension of this lease agreement until 2025 means the logistics centre remains fully occupied and secures its cash flow for investors in the Institutional Business.

**LETTING PERFORMANCE STRUCTURE IN 2021**

Based on leased space in sqm



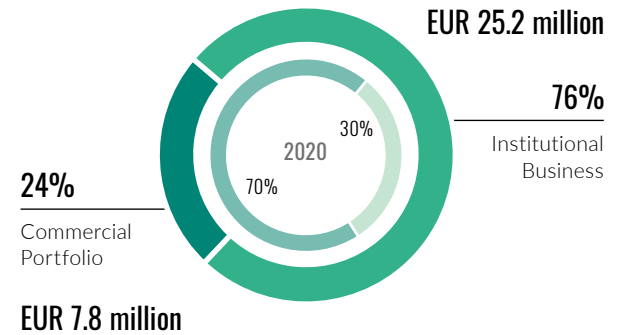
Overall, the number of leases concluded rose from 237 in 2020 to 249 in 2021.

As in the previous year, large-volume leases continued to drive letting performance with a share of 51%. The share of medium-sized lease agreements between 1,000 and 5,000 sqm also rose from 28% in the previous year to 33% in 2021.

Of EUR 33.0 million in contractually agreed annualised rent, 76% (EUR 25.2 million) was attributable to the Institutional Business and 24% (EUR 7.8 million) to the Commercial Portfolio.

**LETTING PERFORMANCE BY SEGMENT**

based on annualised rental income



**Lease renewed and expanded prematurely**

Consulting and planning company prematurely renewed the existing contract in Heidelberg for further approx.

**9 years**  
and added 500 sqm of office space.



**Lehrte/Hanover logistics region:**

**16,000 sqm fully let.**

Site expansion with option for long-term extension.

**RELIABLE CASH FLOW**

Authority of the City of Frankfurt signs lease

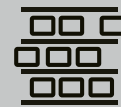
**for > 10 years.**

Redevelopment and modernisation add value.



**69,000 sqm**

Logistics area in Mönchengladbach – contract renewed with C&A



Lease renewal for **10,000 sqm** for logistics property at **top logistics location Kerpen.**



Lease renewal secured for **3,900 sqm** with long-standing tenant from the medical technology sector at Loftwerk in Eschborn.

**Project development in Dormagen:**

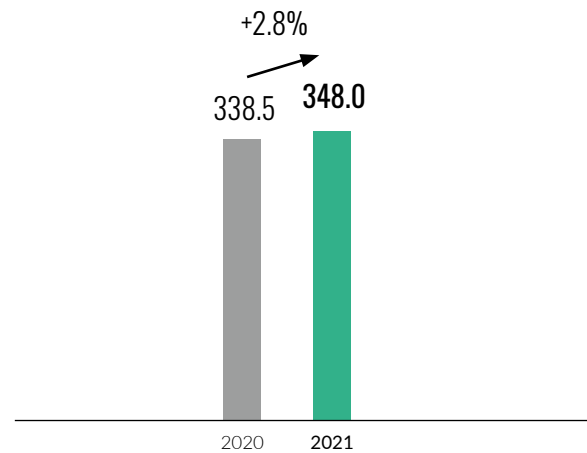
Lease for **5 years** signed with Butlers for logistics space prior to completion

➔ **Like-for-like rental income up 2.8%**

The impressive performance of our lettings teams and portfolio managers has already laid the foundations for success in 2022.

Like-for-like rental income increased in both segments, rising by 3.5% in the Commercial Portfolio and by 2.6% in the Institutional Business. All in all, like-for-like rental income in the overall portfolio increased by 2.8% to EUR 348.0 million (2020: EUR 338.5 million).

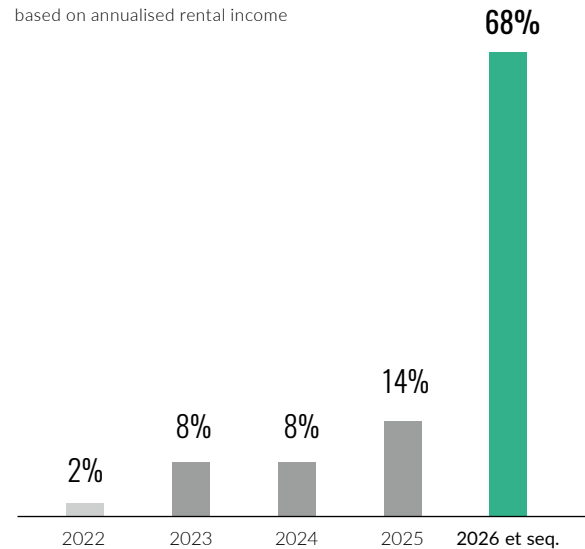
**LIKE-FOR-LIKE RENTAL INCOME**  
annualised rental income in EUR million\*



\*excluding project developments and repositioning properties

The short end of the remaining term yield curve was reduced to a minimum, with only 2% of all leases having a term of less than one year (previous year: 4%). By contrast, more than two thirds of our leases are longer than four years (previous year: 72%).

**LEASE TERMS**  
based on annualised rental income



**FORWARD-LOOKING AND CREATIVE –**  
only 2% of leases expire in 2022

Proprietary portfolio: growing and thriving

## COMMERCIAL PORTFOLIO

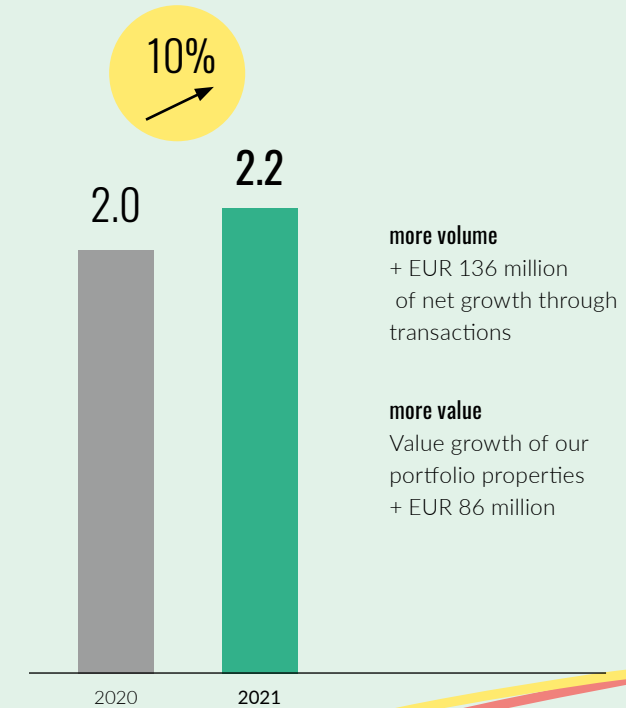
Our Commercial Portfolio segment comprises our direct real estate investments with which we generate stable long-term rental income.

We also use active lettings management to optimise and increase the value of our properties, and undertake portfolio development activities to leverage their potential. We take advantage of attractive acquisition opportunities in the market to diversify our portfolio and enhance its profitability, and we generate profits by selling properties at the right time.

Driven by both transactions and an increase in value, the market value of the Commercial Portfolio rose by 10% to EUR 2.2 billion in 2021 (EUR 2.0 billion). As at 31 December 2021, the Commercial Portfolio comprised 94 properties (previous year: 91) and rental space of 829,900 sqm (2020: 807,800 sqm).

### MARKET VALUE COMMERCIAL PORTFOLIO

in EUR billion



➔ **Acquisitions focused on core properties with strong cash flows and sustainable real estate investments**

We significantly enhanced the quality of our Commercial Portfolio by acquiring three attractive core properties with strong cash flows, placing even greater emphasis on our strategic focus on sustainable real estate investments.



In Cologne, we purchased the flagship **Mercedes-Benz Center** property in the Cologne-West Technology Park for around EUR 71 million; the property is fully occupied by blue-chip tenant Daimler AG. This mixed-use building complex with around 23,400 sqm in rental space in a location with significant development potential boasts a gross rental yield of more than 7%.



We also acquired the **Campus C** office property in the highly attractive location of Munich for around EUR 67 million. This prestigious property is scheduled to obtain **Green Building certification**. The fully-let multi-tenant property with rental space totalling 9,200 sqm is a value-add property with appreciation potential. The main tenants of the property are the US software company Adobe Systems and two public sector tenants. Since the fourth quarter of 2021, DIC Asset AG has been using additional space for its employees in Munich.



In Mettmann, we were able to acquire an office property for around EUR 22 million that is already **certified as a Green Building** and boasts highly stable cash flows from public-sector tenants. With around 6,300 sqm of lettable space, this property is fully let with a weighted average lease term (WALT) of nine years.

➔ **Acquisitions focused on expansion in logistics sector**

By acquiring four high-quality logistics properties, we were able to push ahead with our strategic expansion in the logistics asset class as planned.

In Halle (Saale), we purchased a multi-tenant logistics complex with two fully-let properties for around EUR 28 million (TIC); this property was transferred during the financial year under review and will generate approximately EUR 1.3 million in annualised rental income. These two properties with blue-chip main tenants have around 19,300 sqm in total rental space and an average lease term of around eight years. An **ESG due diligence** that was performed in the context of the acquisition confirmed the potential for a certification under the BREEAM standard on the "very good" level.



We were able to secure a new-build logistics property near Hanover Airport for around EUR 26 million as part of a **forward deal**. This property with around 15,400 sqm of lettable space and state-of-the-art facilities seeking **DGNB Gold certification** is scheduled for completion in mid-2023.



In Gottmadingen in the district of Konstanz, we acquired a high-quality light industrial logistics property with around 11,100 sqm of space. The total investment cost of this fully-let, new-build property was approximately EUR 28 million. The transfer of possession, benefits and associated risks will take place in the first quarter of 2022.



➔ **Sales aid portfolio optimisation efforts**

We pushed ahead with the optimisation of the Commercial Portfolio during the 2021 financial year by selling smaller properties and realising the additional value created.

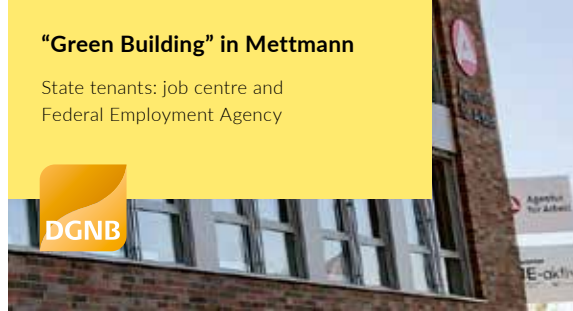
On average, the income generated from the sales of three non-strategic properties with a total volume of EUR 28 million was around 7% higher than the most recently determined market values.

## COMMERCIAL PORTFOLIO

When making acquisition decisions, we attach importance to location, tenant structure, development potential and sustainability

### "Green Building" in Mettmann

State tenants: job centre and Federal Employment Agency



### TRI-BORDER AREA LAKE CONSTANCE

Light industrial logistics property in the district of Konstanz



### Hanover logistics region



### New-build logistics property via forward deal

Light industrial/urban logistics use

DGNB Gold certification sought



Mercedes Benz Center, Cologne

Dynamic technology park with high development potential

“Whenever trophy properties come onto the market, we stand every chance of success, creating value for our investors and for ourselves.”

Sonja Wärntges, CEO of DIC Asset AG

The decisive factor: we are well connected in the market



Multi-tenant logistics property

ESG due diligence confirms certification potential

Halle/Leipzig logistics market: persistently strong demand for logistics properties

### Top 7 city Munich



„Campus C“  
Multi-tenant property with **value-add** potential










➔ **Diversified asset class mix with a focus on offices and logistics**

Our transaction activities during the year enabled us to implement our strategic investment decisions and further diversify our portfolio. Office properties remain the most important asset class with a share of 67% as of 31 December 2021. The acquisition of logistics properties, including two that have already been transferred, increased the share of the logistics asset class to 4%, and this figure continues to rise. By contrast, the share of the retail asset class fell slightly to 13%.

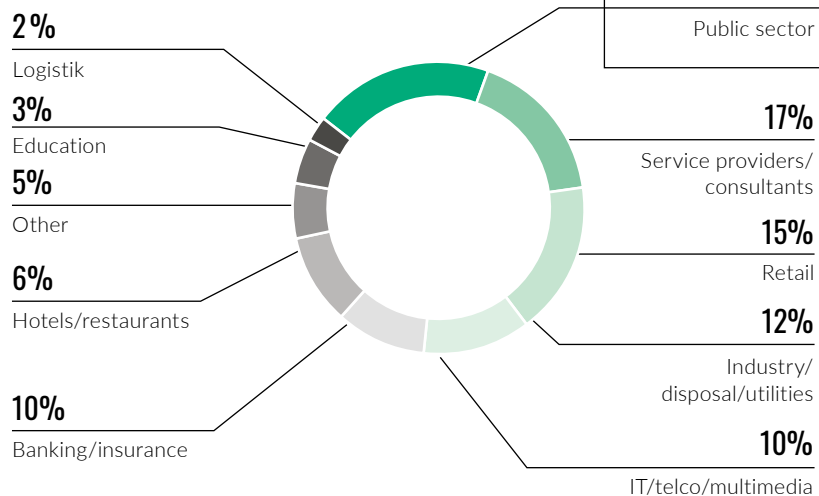
**TYPES OF USE COMMERCIAL PORTFOLIO\***

Type of use	No. of properties	Market value EUR m	% of total	Rental income EUR m	% of total	EPRA vacancy rate	WALT
 Office	55	1,491.2	67%	70.4	67%	5.1%	6.1
 Mixed-use	15	346.6	16%	18.4	17%	7.0%	4.9
 Retail	10	298.0	13%	12.3	12%	5.0%	6.6
 Logistics	10	77.9	4%	4.0	4%	1.4%	5.9
 Other	4	8.5	0%	0.4	0%	18.5%	2.6
<b>Total</b>	<b>94</b>	<b>2,222.2</b>	<b>100%</b>	<b>105.5</b>	<b>100%</b>	<b>5.3%</b>	<b>5.9</b>

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

**TENANT SECTORS COMMERCIAL PORTFOLIO**

Basis: annualised rental income



**20%**  
Public sector  
**Stability and sustainable cash flows:**  
Public sector tenants including job centre, public authority centre, municipal library

The significant diversification of our tenant structure and the acquisition of blue-chip tenants play a key role in our transaction and letting activities. Public-sector tenants are our largest tenant group, making up 20% (+1 percentage point) of annualised rental income and providing an extremely stable long-term foundation for our activities. The proportion of tenants from the retail sector fell year-on-year (-3 percentage points to 15%). By contrast, our properties attracted various blue-chip tenants from the services/consulting sectors (+2 percentage points to 17%) and the industrial/waste management and utilities sectors (+4 percentage points to 12%), further reinforcing the stability and sustainability of our cash flows.

➔ **Strong asset and portfolio management: Absolute and like-for-like increase in rental income**

Thanks to the focused efforts of our lettings teams, we were able to increase like-for-like rental income in the Commercial Portfolio by 3.5% from EUR 89.7 million to EUR 92.8 million. This, combined with the effects of acquiring properties with strong cash flows, caused annualised rental income to rise by around 10% from EUR 95.8 million to EUR 105.5 million.

We increased average rents further despite our expansion of the logistics asset class, where average rents per square metre tend to be lower. Higher rent levels for new leases of office properties and the acquisition of top-quality properties increased average rents from EUR 10.81/sqm to EUR 11.39/sqm.

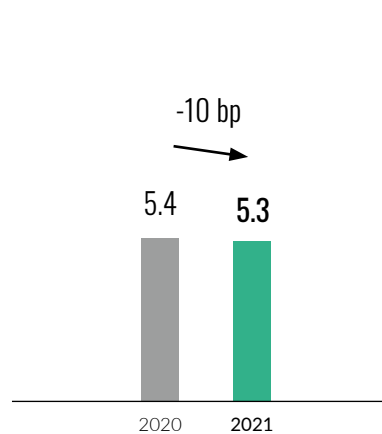
The gross rental yield bucked the market trend to remain stable at 4.9%, as in the previous year.

**COMMERCIAL PORTFOLIO DEVELOPMENT\***

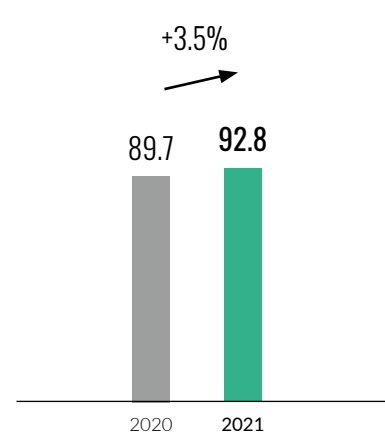
	2021	2020
Number of properties	94	91
Market value in EUR million	2,222.2	2,000.0
Rental space in sqm	829,900	807,800
Annualised rental income in EUR million	105.5	95.8
Average rent in EUR per sqm	11.39	10.81
WALT in years	5.9	6.5
EPRA vacancy rate in %	5.3	5.4
Gross rental yield in %	4.9	4.9

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

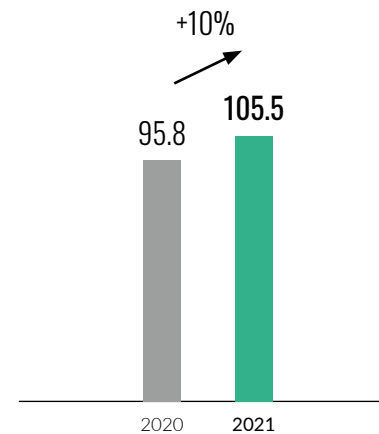
**EPRA VACANCY RATE**  
as at 31 December\*



**LIKE-FOR-LIKE RENTAL INCOME**  
in EUR million



**ANNUALISED RENTAL INCOME**  
in EUR million\*



\* excluding project developments and repositioning properties

➔ **Performance Improvement leads to measurement gain of around EUR 86 million (+4%)**

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.

The market valuation carried out by external experts as at 31 December 2021 revealed a substantial rise of EUR 85.7 million or 4.0% in measurement gains of the properties in the Commercial Portfolio.

Adjusted by acquisition and sales and including measurement gains, the market value of the Commercial Portfolio amounted to EUR 2,222.2 million, an increase of 11.1% compared with the previous year (EUR 2,000.0 million).

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 2.0% at the end of 2021.

**MEASUREMENT RECONCILIATION in EUR million**

	Commercial Portfolio	Total Portfolio
Market value as at 31 December 2020	2,000.0	9,594.5
Acquisitions	274.3	2,232.6
Sales	- 137.8	- 553.0
Measurement gains (4,0% / 2,0%)	85.7	228.9
<b>Market value as at 31 December 2021</b>	<b>2,222.2</b>	<b>11,503.0</b>

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 179.

**Warehousing – bridge and accelerator  
between balance sheet and Institutional Business**

With overall investment costs in excess of half a billion euros, Munich's Uptown Tower was by far our largest acquisition in the past year. This landmark office property was purchased in June and successfully sold to institutional investors in December in a club deal.

In December, we acquired two administration buildings in Berlin and Düsseldorf for the seed portfolio of a new special infrastructure fund. Possession, benefits and associated risks for the Berlin property are expected to be transferred to our new Institutional Business investment vehicle in the first half of 2022. The Düsseldorf property will be transferred following its completion in 2023 (forward deal).

## WAREHOUSING DRIVES DYNAMIC PERFORMANCE

Our strong financial and balance sheet structure as a property holder and our management expertise as a flexible asset manager mean that we are always well placed to exploit attractive investment opportunities.

As part of our warehousing activities, we temporarily transfer properties to our own balance sheet, refurbish these portfolio properties further and thus create a reservoir of attractive investments for institutional investors in our Institutional Business segment that are available at short notice. Moreover, during the warehousing holding phase these properties deliver an attractive cash flow contribution via the rental income which they generate.

In financial year 2021, we acquired four properties with a total volume of EUR 818 million within the scope of our warehousing activities.

In August, two logistics properties which we purchased in December 2021 and January 2022 were incorporated in our new logistics property fund RLI-GEG Logistics & Light Industrial III as part of this fund's seed portfolio.

EUR 818 million

### WAREHOUSING ACTIVITIES IN 2021

Property	Date of notarial contract	Notarial contract signed	Transferred to DIC balance sheet	Sold on to institutional investors
ILP, Erfurter Kreuz	01/2022	✓	✓	✓
Uptown Tower, Munich	06/2021	✓	✓	✓
Federal Archives, Berlin	12/2021	✓		
Main customs office, Düsseldorf	12/2021	✓		

Forward deal

## WAREHOUSING & INSTITUTIONAL BUSINESS

Our strength is our ability to structure the right investment product for every investor



Berlin Federal Archives

Seed portfolio for new **infrastructure special fund** secured via warehousing



New office building project for main customs office in Düsseldorf



**Logistics special fund** launched in record time

ILP Erfurter Kreuz



”

We have once again demonstrated that speed, creativity and reliability are qualities which our investors can count on.

“

Sonja Wärntges,  
CEO of DIC Asset AG

Rhine-Ruhr metropolitan region



Investment phase of the **DIC OB V office real estate fund** completed

Villa Kennedy



**Separate account**

Attractive sales opportunities realised



Uptown Tower, Munich

**Club deal** for institutional investors initiated

**Largest office real estate fund to date**

**Fund volume further increased**

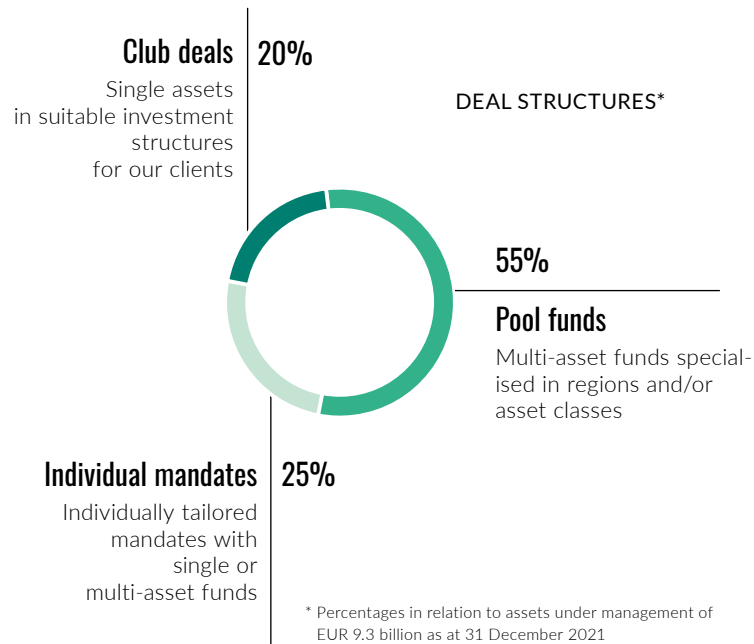


Office property portfolio in Cologne

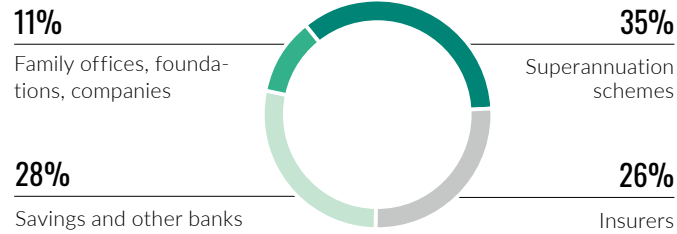


**INSTITUTIONAL BUSINESS**

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



**INVESTMENT PARTNERS\***



\* Percentages in relation to subscribed equity as at 31 December 2021

Demand for our management services among our investor base was very high throughout the year. We were able to further expand our investor base.

We completed the investor closing for our new logistics fund "RLI-GEG Logistics & Light Industrial III" in record time and raised funds of around EUR 210 million. The funds were committed by German institutional investors, including banks, pension funds and insurance companies.

The Uptown Tower in Munich, with a volume of more than EUR 500 million, likewise met with strong interest on the part of our investors and was placed as a club deal in December.

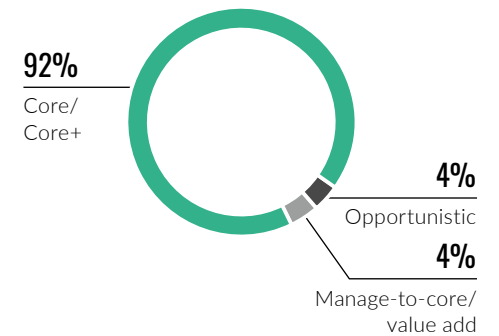
Due to the high level of demand, we initiated a new special infrastructure fund before the end of December.

**High proportion of profitable properties**

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

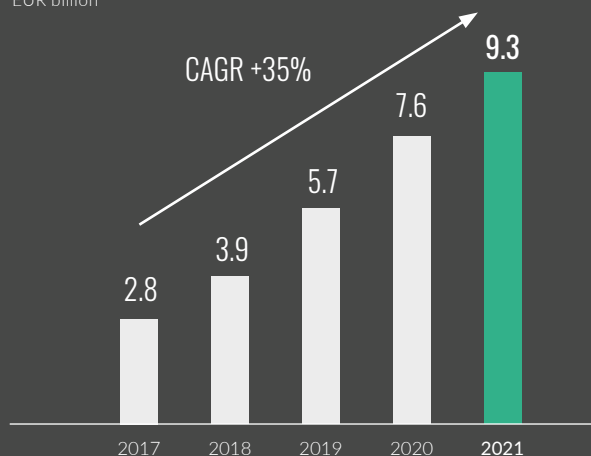
**RISK PROFILE**

Basis: assets under management in EUR million



As the basis for our management fees in the Institutional Business, real estate assets under management have more than tripled in the last four years.

ASSETS UNDER MANAGEMENT  
EUR billion



### Strong growth continues in Institutional Business

Our institutional business continues to be on a strong growth trajectory. Assets under management rose by 22% to EUR 9.3 billion in 2021 (2020: EUR 7.6 billion). This means that since 2017, the volume of real estate assets under our management has more than tripled.

In the first quarter of 2021, we completed the integration of RLI, which we had acquired at the end of 2020, and thus integrated in our real estate portfolio assets under management with a volume of around EUR 0.7 billion.

In addition, 10 properties with a total investment volume of around EUR 1.3 billion were acquired in order to expand our Institutional Business segment in 2021. Six of these were purchased directly for existing investment products, while a further four were acquired via our warehousing activities, by way of preparation for new investment products.

Four of the ten acquired properties with a volume of EUR 749 million were transferred before the reporting date and contributed to the strong growth in assets under management together with an additional six properties acquired in previous years with a volume of EUR 486 million that were transferred in 2021.

### Enterprise value of Institutional Business increases by 35%

The successful combination of the two segments and the (organic and inorganic) growth activities on the DIC platform enabled us to increase the enterprise value of the Institutional Business by 35% to around EUR 762 million or EUR 9.30 per share by the end of 2021.

### ➔ Like-for-like rent growth of 2.6%

Successful letting activities in the Institutional Business resulted in a like-for-like increase in rental income of 2.6% in this segment.

### ➔ Strategic expansion in the logistics sector

As a result of our acquisition of RLI, in early 2021 37 logistics properties with a market value of more than EUR 700 million were transferred to the pool of real estate assets under DIC's management. These properties are managed through the two logistics funds RLI Logistics Fund – Germany I and II for institutional investors.

In August, we transferred two properties from our warehousing segment as the seed portfolio for our newly launched fund "RLI-GEG Logistics & Light Industrial III":

the first of these is a high-quality new-build logistics property in Bremen, with around 8,000 sqm of rental space. It is situated in an attractive micro location in Bremen's Airport-Stadt North district. The second is our Erfurt ILP logistics property in Arnstadt, for which we have received DGNB (German Sustainable Building Council) Gold certification. It is fully let on a long-term basis to international logistics service provider DACHSER SE.

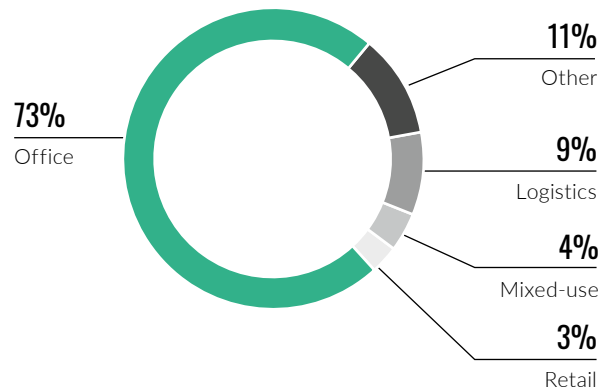
The integration of RLI's properties and the transfer of these two warehousing properties to our new logistics fund, lifted the share of the logistics asset class in the Institutional Business segment to 9% as planned.

### ➔ Acquisition of high-quality core office properties for existing investment products

We purchased a portfolio of three core office properties in Cologne for a total volume of around EUR 267 million for the largest special fund in our company's history.

#### TYPES OF USE

Basis: assets under management of EUR 9.3 billion as at 31 December 2021.



These properties are almost fully let to the German Institute for Federal Real Estate (BlmA). The portfolio's WALT is around 8 years. All of the properties are BREEAM certified as Green Buildings in use.

For our open-ended special fund GEG Public Infrastructure II, we purchased two properties with a volume of around EUR 212.5 million (TIC) in the past financial year:

we acquired the high-quality office property Bonnanova for around EUR 95 million. This has a guaranteed long-term cash flow from a public-sector tenant. This property is situated in an exceptional location in Bonn's Bundesviertel district and is highly suitable for third-party use. It has around 18,600 sqm of rental space and is fully let with a weighted average lease term (WALT) of around 9.5 years.

We also acquired a property in Berlin, in the district of Pankow, for around EUR 117 million. This is let on a long-term basis to a blue-chip tenant. This property consists of two different building sections and has around 23,100 sqm in rental space. It is used by Deutsche Bahn as an administrative headquarters and operations centre.

The transfer of possession, benefits and associated risks for both properties is scheduled to take place in the first quarter of 2022.



We also acquired a high-quality new-build office property in Dortmund for around EUR 19 million (TIC) for our "DIC Office Balance V" special fund. With this purchase, the fund is now fully invested. This core office property with around 3,500 sqm in rental space has been let to two blue-chip tenants in the IT consulting and building materials trade sectors, with a WALT of around 10 years.

➔ **Seed portfolio acquired for new infrastructure fund**

In December, via our warehousing activities we secured two properties in Düsseldorf and Berlin for a new special infrastructure fund.

In Berlin, we acquired the administration building "Am Borsigturm 130", which the German Institute for Federal Real Estate (BlmA) has rented for Germany's National Archives for a period of around 17 years. This property was modernised in 2021 and has around 18,500 sqm of lettable space, roughly half of which is used for offices and the other half for archive space. The transfer of possession, benefits and associated risks is expected to occur in Q1 2022.

In Düsseldorf, we acquired a new-build office project which is due to be completed in 2023. This property is appropriate for multiple tenants and has around 12,600 sqm in usable floor space. Following its completion, the Institute for Federal Real Estate will rent all of the space for Düsseldorf's main customs office for a period of around 10 years. Gold-level DGNB pre-certification has been obtained for this property.

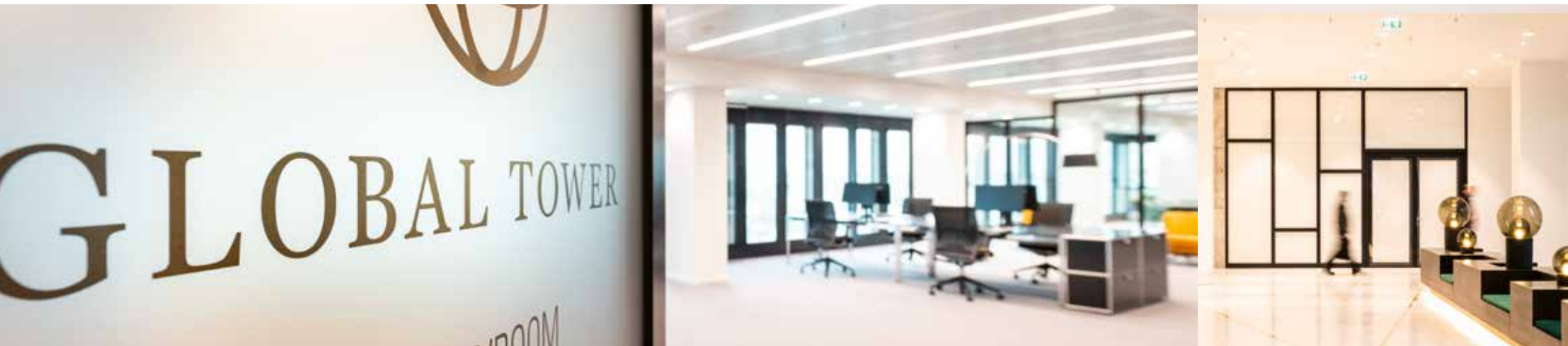
➔ **Club deal structured for the Uptown Tower**

In December, we structured a club deal for institutional investors for the acquisition of the Uptown Tower property out of our warehousing segment with an investment volume of around EUR 556 million.

The Uptown Tower is the largest high-rise office building in Bavaria and is a key feature of the Munich skyline at 146 metres tall. This property has around 52,300 sqm in rental space. With a WALT of around 10 years, it has been let on a long-term basis to a blue-chip listed telecommunications company.

Creating a top investment opportunity for institutional investors through highly effective warehousing





#### ➤ Strategic sales in order to focus on growth strategy

We sold four properties in 2021 as part of the continuous analysis of our portfolio and our ongoing focus on specific asset classes: on behalf of individual mandates, from DIC Office Balance III we sold the Frankfurt luxury hotel Villa Kennedy on Kennedyallee, the Riverpark project development, which is situated in close proximity to the river Main in Frankfurt's city centre, and the mixed-use property Bo-chumer Fenster, which has a high proportion of retail and restaurant businesses. Moreover, for DIC Office Balance V we sold an office property in Munich.

#### ➤ Project developments in the Institutional Business

##### **Global Tower**

The former Commerzbank high-rise building in Frankfurt's banking district with 33,000 sqm of rental space has been comprehensively revitalised since August 2018 and repositioned under the name Global Tower.

Space was handed over to the first tenants in the fourth quarter of 2021. Construction is scheduled for completion by the end of the first quarter of 2022.

##### **Pasing Central**

An extensive refurbishment and construction project will create a small, central quarter in Munich's Pasing district. The first sub-project, Pasing I, consisting of three buildings with a mixed use of rental apartments, commercial and retail space, was sold to an institutional investor in February

2020 as part of a forward deal. Leases for commercial and retail space were successfully signed in 2021. Completion and the transfer of possession, benefits and associated risks to the investor took place on 31 December 2021.

The Pasing II sub-project comprising 66 condominiums was fully let in 2019. The property is scheduled to be handed over to the acquirers by the end of the first quarter of 2022.

##### **MainTor**

The Maintor project development was successfully completed with the handover of the sixth and final WINX sub-project to the investor in the first half of 2021.



## FINANCIAL INFORMATION

### REVENUE AND RESULTS OF OPERATIONS

- Successful growth trajectory is reflected in significantly improved revenue and earnings
- FFO up 11% to a new record high of EUR 107.2 million
- Gross rental income increases by 8% to EUR 108.4 million.
- Real estate management fees up 27% to EUR 101.2 million due to successful transactions
- Profits on property disposals contribute EUR 23.8 million to strong profit the year
- Commercial portfolio successfully refinanced with one-off expenses of EUR 14.8 million
- Adjusted profit for the period reaches high level of EUR 69.9 million

The profitable business model of DIC Asset AG (“DIC”) enabled it to increase FFO again in 2021. The revenue and results of operations for the financial year were impacted by the recognition of income and expenses of RLI Investors GmbH (“RLI”) acquired in January; as a result, the two periods are not fully comparable. This has impacted real estate management fees and operating expenses in particular.

### ➔ OVERVIEW OF INCOME

At EUR 375.9 million, total income was EUR 54.8 million higher in the 2021 financial year than in the previous year (previous year: EUR 321.1 million). This is mainly due to increases in income from property management fees (+ EUR 21.5 million), gross rental income (+ EUR 7.7 million) and sales proceeds (+ EUR 23.0 million). Both our Commercial Portfolio and Institutional Business earnings pillars contributed to the high total income.

### ➔ At EUR 107.2 million, FFO at record level (+11% year-on-year)

In a financial year which continued to be impacted by the pandemic, we once again significantly increased our FFO. At EUR 107.2 million, this figure is 11% higher than in the previous year and has reached three digits for the first time in DIC's history (previous year: EUR 96.5 million). Besides the considerable 11% increase in net rental income, the 27% increase in real estate management fees also contributed to this rise. This clearly more than compensated for the growth-related increase in personnel and administrative expenses, the higher interest expense due to the launch of the Green Bond and the issue of our ESG-linked promissory note (adjusted for the one-off effect resulting from the refinancing of a large portion of our Commercial Portfolio) as well as the reduced investment income.

In 2021, FFO per share amounted to EUR 1.32 after EUR 1.22 in the previous year, with an increase of 2,083,241 in the average number of shares.

As our own properties are measured at amortised cost, we only realise added value when we sell these properties. To present this value contribution in a transparent way, we are augmenting FFO to include the effects of sales. The resulting FFO II totalled EUR 131.0 million in the financial year ended (previous year: EUR 128.5 million).

### ➔ Adjusted profit for the period at a high level

At EUR 69.9 million, profit for the period adjusted for the non-recurring effect from refinancing a large portion of the Commercial Portfolio was approximately EUR 3.2 million below the previous year's earnings (previous year: EUR 73.1 million), mainly as a result of the EUR 8.2 million drop in profits on property disposals. The non-recurring effect, which mainly consists of prepayment penalties, amounted to EUR 11.5 million after tax. In 2021, adjusted earnings per share amounted to EUR 0.86 (previous year: EUR 0.88), with an increase of 2,083,241 in the average number of shares.

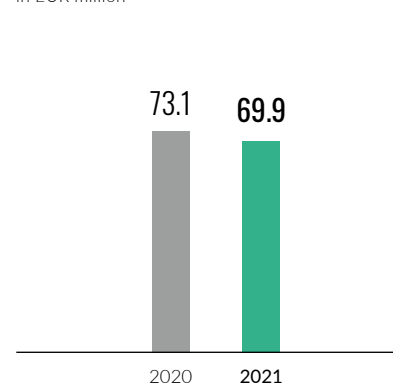
### OVERVIEW OF INCOME

in EUR million	2021	2020	Δ
Gross rental income	108.4	100.7	8%
Proceeds from sales of property	139.3	116.3	20%
Real estate management fees	101.2	79.7	27%
Other income	27.0	24.4	11%
<b>Total income</b>	<b>375.9</b>	<b>321.1</b>	<b>17%</b>

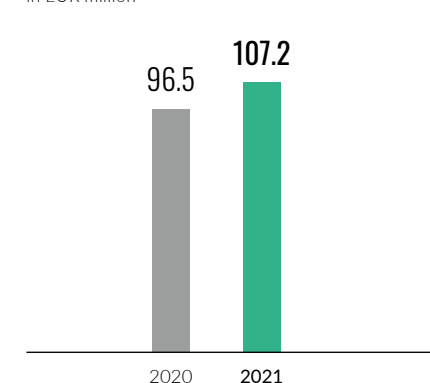
### NET INTEREST RESULT

in EUR million	2021	2020	Δ
Interest income	9.6	8.7	10%
Interest expenses	- 44.5	- 36.8	21%
Refinancing costs	- 14.8	0.0	>100%
<b>Net interest result</b>	<b>- 49.7</b>	<b>- 28.1</b>	<b>77%</b>

### ADJUSTED PROFIT FOR THE PERIOD in EUR million\*



### FFO in EUR million



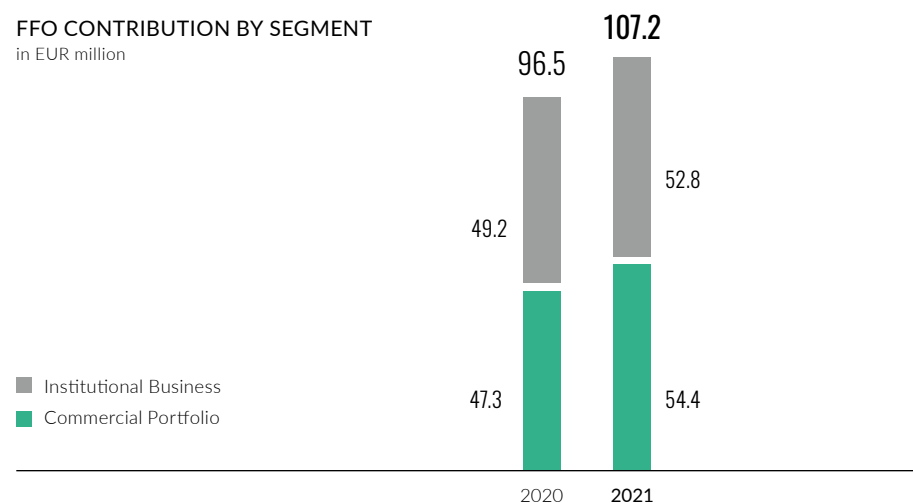
\* Adjusted non-recurring effect of EUR 11.5 million after taxes from refinancing

## CONTRIBUTIONS TO EARNINGS BY SEGMENT

DIC's business model, and thus its reporting and management, is based on two pillars – the Commercial Portfolio segment, which comprises our own real estate holdings, and the Institutional Business, which consists of our real estate management activities for institutional investors.

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

## FFO CONTRIBUTION BY SEGMENT in EUR million



## TRANSITION FFO

in EUR million	Total			Commercial Portfolio			Institutional Business		
	2021	2020	Δ	2021	2020	Δ	2021	2020	Δ
Net rental income	91.2	82.2	11%	91.2	82.2	11%			
Profit on disposals	23.8	32.0	-26%	23.8	32.0	-26%			
Administrative expenses	-21.5	-19.1	13%	-4.3	-4.4	-2%	-17.2	-14.7	17%
Personnel expenses	-38.1	-30.3	26%	-7.6	-7.0	9%	-30.5	-23.3	31%
Other operating income / expenses	2.0	0.4	>100%	3.2	0.8	>100%	-1.2	-0.4	>100%
Real estate management fees	101.2	79.7	27%				101.2	79.7	27%
Share of the profit or loss of associates without project developments and sales	6.5	11.4	-43%	1.6	0.0	>100%	4.9	11.4	-57%
Net interest income	-49.7	-28.1	77%	-45.0	-24.6	83%	-4.7	-3.5	34%
Other adjustments*	15.6	0.3	>100%	15.3	0.3	>100%	0.3	0.0	>100%
<b>Funds from Operations</b>	<b>107.2</b>	<b>96.5</b>	<b>11%</b>	<b>54.4</b>	<b>47.3</b>	<b>15%</b>	<b>52.8</b>	<b>49.2</b>	<b>7%</b>
<b>Funds from Operations II (including profit on disposals)</b>	<b>131.0</b>	<b>128.5</b>	<b>2%</b>	<b>78.2</b>	<b>79.3</b>	<b>-1%</b>	<b>52.8</b>	<b>49.2</b>	<b>7%</b>

\* The other adjustments include:

- Transaction, legal and consulting costs of EUR 754 thousand (previous year: EUR 285 thousand)
- One-off refinancing costs of EUR 14,815 thousand (previous year: EUR 0 thousand)

## COMMERCIAL PORTFOLIO

### ➤ Rental income up 8%

Driven by our warehousing activities, acquisitions and outstanding letting work, gross rental income increased by 8% in the year under review, despite the continuing challenges posed by the Covid-19 pandemic and sales in the current and previous year. Overall, we generated gross rental income of EUR 108.4 million (previous year: EUR 100.7 million). Rent increases due to new leases, acquisitions and warehousing more than compensated for the reduction triggered by sales, lease terminations and Covid-19-related rent adjustments. Due to the outstanding activities of our letting team, our annualised rental income from the Company's own portfolio had increased by 3.5% on a like-for-like basis as of the reporting date. Net rental income rose by 11% to EUR 91.2 million. This was attributable to factors including the EUR 2.9 million decrease in Covid-19-related loss allowances on outstanding rental payments (previous year: EUR 82.2 million).

### ➤ Proceeds and profits from sales at a very high level

The profit realised on property disposals in 2021 was mainly due to the sale of our repositioned Darmstadt Wilhelminenhaus property to a vehicle which had been newly established in the Institutional Business segment in late 2020. We also exploited market opportunities as part of the further strategic optimisation of our portfolio in 2020 and agreed several attractive sales. Net proceeds from sales totalled EUR 139.3 million (previous year: EUR 116.3 million).

Profit on sales amounted to EUR 23.8 million (previous year: EUR 32.0 million). Following an extremely high return on sales (sales profits in relation to net sales proceeds) in the previous year, this amounted to approx. 17% in 2021 (previous year: 28%).

### ➤ Operating cost ratio falls to 10.8%

While administrative expenses at EUR 4.3 million were more or less on a par with the previous year (previous year: EUR 4.4 million), personnel costs rose by EUR 0.6 million year-on-year to EUR 7.6 million (previous year: EUR 7.0 million) on account of the Company's growth. As a result, the operating cost ratio in the Commercial Portfolio (ratio of operating expenses to gross rental income and investment income) improved by 50 basis points to 10.8% year-on-year (previous year: 11.3%).

### ➤ Net interest result impacted by refinancing

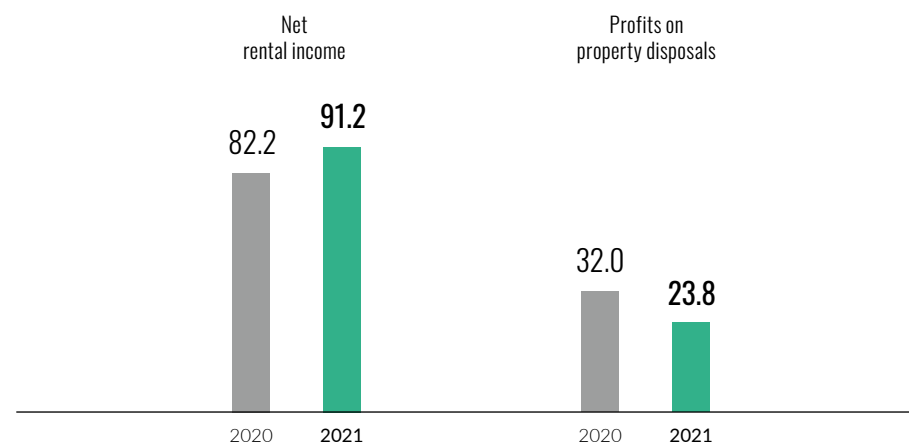
The refinancing of a large portion of our Commercial Portfolio in December of the financial year under review resulted in a non-recurring effect of EUR 14.8 million. Due to the launch of our EUR 400 million Green Bond in the second half of the year and the issue of our ESG-linked promissory note loan with a total volume of EUR 280 million, the net interest result adjusted for the non-recurring refinancing effect amounted to EUR -30.3 million (2020: EUR -24.6 million). The average interest rate decreased to 1.8% (previous year: 2.0%) due to the refinancing activities.

### ➤ Solid investment income

In the past financial year, we recorded investment income of EUR 1.6 million in our Commercial Portfolio segment. This includes income from investments not attributable to our Institutional Business segment, such as the 25% interest in Realogis Holding GmbH which was acquired at the start of the financial year.

## INCOME FROM THE COMMERCIAL PORTFOLIO

in EUR million



➔ **FFO contribution increased by 15%**

The segment's FFO contribution increased by 15% or EUR 7.1 million to EUR 54.4 million (previous year: EUR 47.3 million). The higher rental income more than compensated for the net interest result which increased on growth-related grounds. The segment's FFO margin (FFO in relation to gross rental income) improved by three percentage points year-on-year to 50%. FFO II, which also contains the effects of sales, totalled EUR 131.0 million overall in 2021 (previous year: EUR 128.5 million) and EUR 78.2 million for the Commercial Portfolio segment (previous year: EUR 79.3 million). In the past year, with an increased sales volume of EUR 139.3 million (previous year: EUR 116.3 million) we realised a sales margin of 17% (previous year: 28%). At EUR 23.8 million, sales profits were EUR 8.2 million lower year-on-year (previous year: EUR 32.0 million).

**FFO CONTRIBUTION OF THE COMMERCIAL PORTFOLIOS**

in EUR million	Total			Commercial Portfolio		
	2021	2020	Δ	2021	2020	Δ
Net rental income	91.2	82.2	11%	91.2	82.2	11%
Profit on disposals	23.8	32.0	-26%	23.8	32.0	-26%
Administrative expenses	-21.5	-19.1	13%	-4.3	-4.4	-2%
Personnel expenses	-38.1	-30.3	26%	-7.6	-7.0	9%
Other operating income / expenses	2.0	0.4	>100%	3.2	0.8	>100%
Real estate management fees	101.2	79.7	27%			
Share of the profit or loss of associates without project developments and sales	6.5	11.4	-43%	1.6	0	>100%
Net interest income	-49.7	-28.1	77%	-45	-24.6	83%
Other adjustments	15.6	0.3	>100%	15.3	0.3	>100%
Funds from operations	107.2	96.5	11%	54.4	47.3	15%
Funds from Operations II (including profit on disposals)	131.0	128.5	2%	78.2	79.3	-1%

**INSTITUTIONAL BUSINESS**

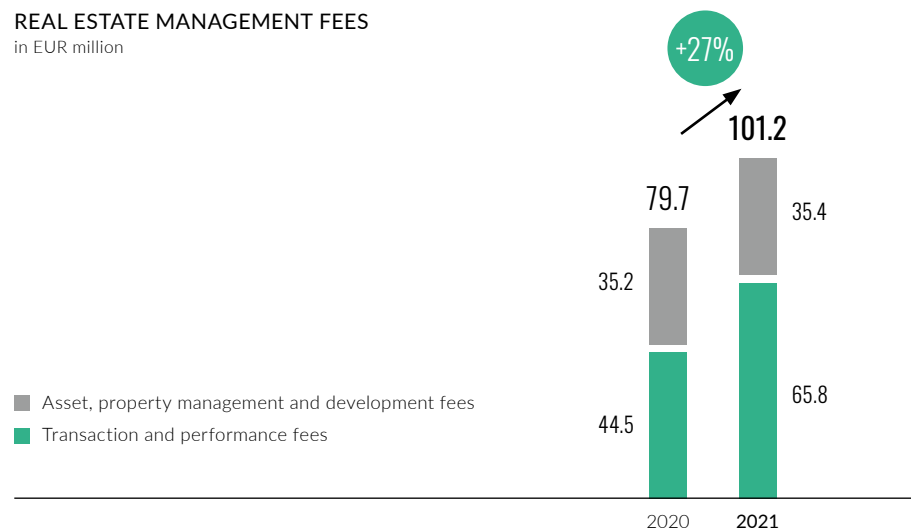
➔ **Real estate management fees up 27%**

Assets under management in the Institutional Business rose from EUR 7.6 billion to EUR 9.3 billion during the year under review, reflecting the growth trajectory of the segment. Real estate management fees consequently rose considerably by 27% to EUR 101.2 million (2020: EUR 79.7 million).

Our warehousing activities resulted in attractive transaction fees in the past financial year. Properties acquired for our newly launched third logistics property fund were initially transferred to our own balance sheet at the start of the financial year, before subsequently being placed on the market halfway through the year. In June 2021, we transferred the tallest high-rise building in Munich, the Uptown Tower, to our balance sheet as part of our warehousing activities, before transferring it to investors at the end of the year by way of a club deal. At the end of the year, we acquired two properties for the seed portfolio of a new special infrastructure fund which is to be placed on the market in the first half of 2022.

**REAL ESTATE MANAGEMENT FEES**

in EUR million



Including warehousing activities, in 2021 we achieved an overall acquisition volume of EUR 1.3 billion in our Institutional Business segment. In the first half of the past financial year, we sold one property each in Frankfurt for two individual mandates: the Villa Kennedy hotel property and the Riverpark project development. In the fourth quarter, we placed a Bochum property for DIC Office Balance III and a Munich property from DIC Office Balance V on the market at highly favourable conditions. Overall, transaction and performance fees (fees for acquisitions and sales, setup and the structuring of investment products as well as for exceeding defined target returns with successful real estate management) rose by 48% to EUR 65.8 million (2020: EUR 44.5 million), particularly as a result of our transaction and structuring expertise. At EUR 35.4 million, income from asset and property management and development remained stable by comparison with the previous year, despite lower development fees (previous year: EUR 35.2 million).

#### ➔ Investment income in the Institutional Business segment provides solid earnings contribution

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. It contributed EUR 4.9 million to this segment's earnings in 2021 (previous year: EUR 11.4 million). The figure for the previous year was mainly shaped by high transaction income.

#### ➔ Operating expenses reflect growth

In the high-growth Institutional Business segment, operating costs rose to EUR 47.7 million due to the acquisition of RLI at the start of the financial year and the higher volume of assets under management over the course of the year (previous year: EUR 38.0 million). Personnel costs increased to EUR 30.5 million (2020: EUR 23.3 million), reflecting both the full integration of the RLI teams and the expansion of our teams to implement our growth strategy. Administrative costs rose to EUR 17.2 million (previous year: EUR 14.7 million) in the wake of significant growth in assets under management.

#### ➔ Net interest result increases due to growth

The net interest result amounted to EUR -4.7 million and thus increased by EUR 1.2 million year-on-year (previous year: EUR -3.5 million).

#### ➔ FFO contribution exceeds previous year's high figure by 7%

Real estate management fees are predominantly responsible for the increase in the FFO contribution of this segment and also overcompensated for the rise in operating expenses and the slightly higher net interest result. 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 50%.

#### FFO CONTRIBUTION OF THE INSTITUTIONAL BUSINESS

in EUR million	Total			Institutional Business		
	2021	2020	Δ	2021	2020	Δ
Net rental income	91.2	82.2	11%			
Profit on disposals	23.8	32.0	-26%			
Administrative expenses	-21.5	-19.1	13%	-17.2	-14.7	17%
Personnel expenses	-38.1	-30.3	26%	-30.5	-23.3	31%
Other operating income / expenses	2.0	0.4	>100%	-1.2	-0.4	>100%
Real estate management fees	101.2	79.7	27%	101.2	79.7	27%
Share of the profit or loss of associates without project developments and sales	6.5	11.4	-43%	4.9	11.4	-57%
Net interest income	-49.7	-28.1	77%	-4.7	-3.5	34%
Other adjustments	15.6	0.3	>100%	0.3	0.0	>100%
Funds from operations	107.2	96.5	11%	52.8	49.2	7%
Funds from Operations II (including profit on disposals)	131.0	128.5	2%	52.8	49.2	7%



## FINANCIAL POSITION

- Financing structure expanded further
- EUR 400 million Green Bond with 2.25% p.a. coupon launched
- EUR 280 million ESG-linked promissory note issued, 1.77% p.a. on average
- Refinancing of loans with a volume of EUR 550 million in our Commercial Portfolio reduces average interest rate for all liabilities to banks to 1.2% p.a.
- LTV at 48.5%
- Average interest rate for all financial liabilities falls to 1.8%
- 87% of financing is at fixed interest rates or hedged against interest rate volatility

### ➔ Ongoing enhancement of financing spectrum

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

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



### ➔ Entry into the “green” capital market

By issuing of our first-ever Green Bond, we incorporated the “green” capital market in our financing spectrum for the first time in 2021. This unsecured and fixed-rate green corporate bond with a volume of EUR 400 million has a term of 5 years (until September 2026). The bond's coupon rate is 2.25%. The bond was successfully marketed among institutional investors in Europe, having met with keen demand. The bond was oversubscribed multiple times. We thus increased the originally envisaged EUR 100 million volume within the scope of this transaction.

In addition, in the past financial year we issued the first ESG-linked promissory note in the Company's history, with a total volume of EUR 280 million. The weighted average annual interest rate is 1.77%, and the average maturity 3.4 years. This promissory note's ESG link means that the interest rate for the various tranches may vary by 5 basis points. This is driven by the Green Building share in our Commercial Portfolio.

At the end of the financial year, we completed the early refinancing of loans with a volume of around EUR 550 million in our Commercial Portfolio with a term of seven years. We have a large number of business relationships with various partner banks and insurance companies. We arrange loans at customary market conditions and review them continuously to see whether there is scope for optimisation.

#### ➔ Long-term focus and security in our planning

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

In the Commercial Portfolio, we realised a financing volume (new borrowings and repayments) of approximately EUR 2,060 million in 2021, after arranging a financing volume of around EUR 528 million in the previous year.

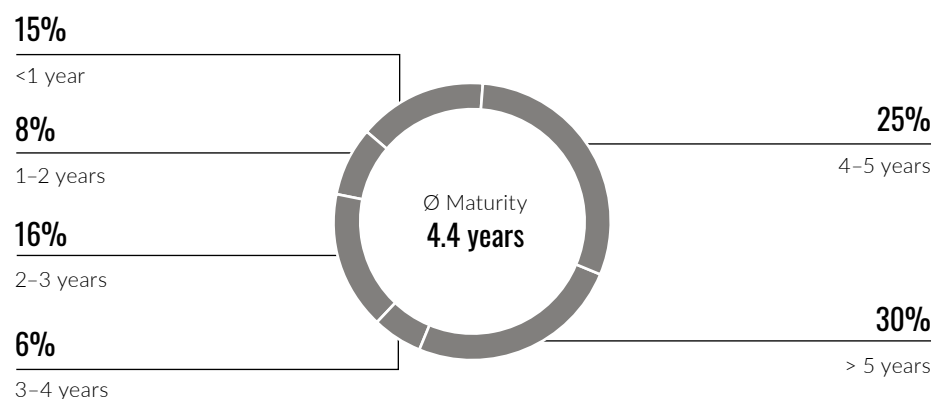
#### FINANCING ACTIVITIES IN THE COMMERCIAL PORTFOLIO IN 2021

in EUR million	
New loans	725
Repayment of loans and promissory note	655
Proceeds from bond / promissory note	680

At EUR 2,207.4 million, the financial debt shown on the balance sheet as at 31 December 2021 was up EUR 733,0 million year-on-year following refinancing and repayments. The large majority (46%) of the financial debt consists of bank loans, whereas the remaining portion is attributable to funds from our bonds (33%) and promissory note loans (21%). Across all segments, loan repayments made in 2021 totalled EUR 982.1 million, of which around EUR 79.5 million were unscheduled repayments following sales.

#### MATURITY OF LIABILITIES

as at 31.12.2021



#### ➔ Remaining maturities increase to 4.4 years

Overall, we extended the average maturity of our financial debt. The average remaining maturity of all financial liabilities (excluding warehousing) increased by 0.8 years compared with the previous year and was 4.4 years at the end of December 2021. About 85% of all financing has a maturity of more than one year.

To reflect our dynamic and agile business model, we set up a commercial paper programme in 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 1.2 million has currently been drawn down.

## LOAN TO VALUE (LTV)

in EUR thousand	31.12.2021	31.12.2020
<b>Asset values</b>		
Market value in EUR million	2,222,211	2,000,019
Market value of investments (indirect real estate)*	239,228	152,155
Goodwill	190,243	177,892
Service contracts	64,531	37,604
Carrying amount Loans / receivables related parties	119,388	145,434
<b>Market value Assets (Value)</b>	<b>2,835,601</b>	<b>2,513,104</b>
<b>Liabilities</b>		
Non-current interest-bearing Loans and borrowings**	1,030,575	1,114,476
Current interest-bearing Loans and borrowings	115,733	33,431
Liabilities for properties under IFRS 5	39,266	0
Related party liabilities	17,470	16,187
Corporate Bonds	719,080	326,494
less cash on hand / bank balances	- 546,911	- 371,404
<b>Net liabilities (loan)</b>	<b>1,375,213</b>	<b>1,119,184</b>
<b>LTV**</b>	<b>48.5%</b>	<b>44.5%</b>
<b>Adjusted LTV**</b>	<b>41.1%</b>	<b>39.2%</b>

\* includes shares in associated companies, participations and participation under IFRS 5

\*\* adjusted for warehousing

### ➤ Hedging against interest rate fluctuations

At around 87%, the vast majority of financial debt is at fixed interest rates or hedged against interest rate volatility – as a rule on a fixed-rate basis. This gives us long-term certainty in our planning and keeps interest rate risks low. Just under 13% of our financial liabilities – primarily short-term in nature – are agreed at variable rates and are not hedged against interest rate risks.

### ➤ Average interest rate across all financial liabilities falls to 1.8%

As at 31 December 2021, the average interest rate across all financial liabilities (excluding warehousing) decreased to 1.8% (previous year: 2.0%).

At 473%, the interest coverage ratio (ICR, i.e. the ratio of EBITDA to net interest result) was at a very high level in 2021 (previous year: 557%).

### ➤ LTV at a solid 48.5%

Due to our investments in the growth of our Commercial Portfolio in particular, LTV has increased to 48.5% (previous year: 44.5%). The adjusted LTV is 41.1%, which is 190 basis points higher than in the previous year (previous year: 39.2%).

### ➤ 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.
- 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 190.

### ➤ Comfortable liquidity situation

Liquidity forecast has the utmost priority for us as part of financial management, not least against the backdrop of conditions for the granting of loans which remain stringent. We therefore endeavour to be independent of additional financing for ongoing operations. For

this purpose, we carry out annual liquidity planning as part of our budgeting process, which is then continuously updated through daily liquidity status reports. The consistency of our cash flow enables us to make a detailed liquidity forecast against which we can align our cash deployment and requirements with great precision.

During 2021, DIC was at all times able to meet its payment obligations. As at 31 December 2021, available liquidity amounted to EUR 546.4 million. The Company also has unused bank credit lines and guarantee facilities in the amount of EUR 58.5 million at its disposal.

### ➔ Cash flow driven by investments and financing

The inflow of funds in the past financial year was mainly driven by the high volume of investments and financing activities relating to the assumption and repayment of liabilities. The positive cash flow from operating and financing activities easily made up for the cash outflow from investing activities and represents a solid basis for further growth in both segments. Overall, the inflow of funds amounted to EUR 172.3 million (previous year: EUR 20.2 million).

Cash generated from operations amounted to EUR 43.4 million in the past financial year (previous year: EUR 64.7 million). The decrease year-on-year is attributable to non-cash fees received at the end of the year and higher tax payments, in particular creditable capital gains tax.

Cash flow from investing activities impressively demonstrates our growth strategy. At EUR -296.9 million (previous year: EUR -168.9 million), payments for new properties almost doubled. We also invested EUR -16.9 million in our existing properties (previous year: EUR -17.7 million). An overall amount of EUR -391.3 million (previous year: EUR +1.9 million) was invested for further growth, via warehousing in particular, e.g. our acquisition of the Uptown Tower in Munich and the expansion of our business through our acquisition of RLI. The related payments were mainly offset by proceeds resulting from the sale of properties in the

amount of EUR 130.7 million (previous year: EUR 116.3 million). Overall, we recorded a cash flow from investing activities of EUR -567.1 million (2020: EUR -73.5 million).

In 2021, cash flow from financing activities was shaped by the issue of our Green Bond (EUR +400.0 million) and our ESG-linked promissory note (EUR +280.0 million). Proceeds from loans totalled EUR +725.4 million (previous year: EUR +188.1 million) whereas repayments came to EUR -649.8 million (previous year: EUR -230.1 million), mainly in connection with refinancing a large portion of the Commercial Portfolio. A total of EUR 37.4 million was distributed to the shareholders as a cash dividend in the financial year (previous year: EUR 36.0 million). Overall, cash flow from financing activities was positive at EUR 696.0 million (previous year: EUR +26.3 million), potentially enabling us to make further investments.

Cash and cash equivalents increased year-on-year by EUR 175.5 million to EUR 546.9 million.

### CASH FLOW

in EUR million	2021	2020
Profit for the year	58.4	73.1
Cash flow from operating activities	43.4	67.4
Cash flow from investing activities	-567.1	-73.5
Cash flow from financing activities	696.0	26.3
Net changes in cash and cash equivalents	172.3	20.2
Acquisition-related addition	3.2	0.0
Cash and cash equivalents as at 31 December	546.9	371.4

## NET ASSETS

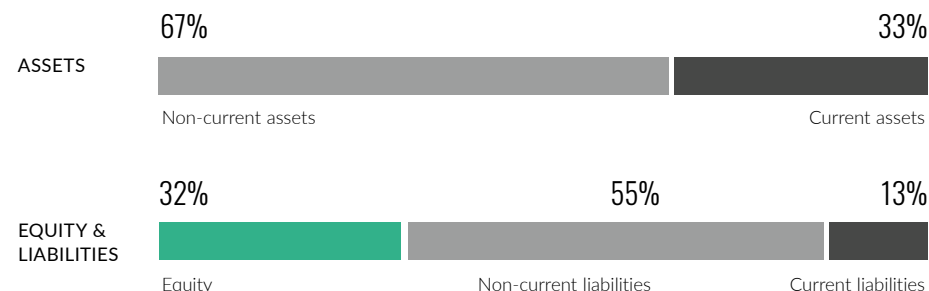
- 10% growth in investment properties to EUR 1,756.7 million
- At 4.0%, measurement gain for Commercial Portfolio reflects value creation resulting from our 360-degree business model
- NAV increases to EUR 1,509.8 million (+7%)
- Increased value of the Institutional Business segment drives growth in adjusted NAV per share to EUR 25.00 (+13%) with a number of shares outstanding up by 1.3 million
- High acceptance of scrip dividend demonstrates investor confidence (>40%)
- Reported equity increases by EUR 25.5 million (+2%)

During the 2021 financial year, net assets were primarily impacted by the acquisition of additional properties for the Commercial Portfolio and our warehousing activities. Due to our acquisitions, our Commercial Portfolio's real estate assets rose by 10% to EUR 1,756.7 million. Our warehousing activities – i.e. the acquisition of real estate for our own balance sheet, prior to its subsequent transfer to new Institutional Business vehicles – also contributed to the increase in current assets and thus also total assets. The acquisition of the Uptown Tower in Munich in June in the past financial year – which was then successfully placed with most of the final investors for this property at the end of the year – once again demonstrated the effectiveness of our 360-degree business model. It will have been almost fully placed with investors by the end of the first quarter of 2022. 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. Net asset value (NAV) once again rose by 7% year-on-year to EUR 1,509.8 million (previous year: EUR 1,409.9 million). The adjusted net asset value adjusted for the value of the Institutional Business segment (adjusted NAV) was EUR 2,046.5 million at the end of 2021 (EUR 25.00 per share with 81,861 thousand shares) (previous year: EUR 1,776.4 million or EUR 22.04 per share with 80,587 thousand shares).

### ➤ Measurement at cost

Our properties are carried at amortised cost. The carrying amounts are reviewed annually in the course of IFRS impairment testing to establish whether impairment losses must be recognised. These are compared against the higher of fair value and value in use, which reflects the value of a property under its intended use. In 2021, impairment testing did not result in any adjustments to real estate assets.

## BALANCE SHEET STRUCTURE



### ➤ Total assets up 28% due to growth

As at 31 December 2021, total assets were EUR 3,493.7 million, EUR 769.5 million (28%) above the previous year-end figure. Investment property (our existing properties in the Commercial Portfolio segment) was carried at EUR 1,756.7 million at the end of 2021 compared with EUR 1,600.0 million in the previous year. Additions through purchases more than made up for sales as well as depreciation and amortisation. This reflects our growth strategy.

Due to the purchase of RLI at the start of the financial year, goodwill has increased to EUR 190.2 million (previous year: EUR 177.9 million). As well as goodwill, intangible assets also rose by EUR 26.6 million year-on-year to EUR 44.4 million, driven by our acquisition of RLI.

At EUR 66.9 million, investments in associates were on a par with the prior-year figure of EUR 66.7 million. While the purchase of a 25% interest in Realogis Holding GmbH within the scope of our RLI transaction and the related apportionment of earnings increased investments in associates, this was offset by transaction-related distributions and capital repayments (in particular, from DIC Office Balance I). Loans to related parties included in non-current assets declined by EUR 27.3 million to EUR 99.5 million, in particular due to a restructuring and the related reclassification of loans as investments. As well as this reclassification, the acquisition of shares in VIB Vermögen AG with a volume of around EUR 45 million up to the reporting date was the main factor behind the EUR 88.1 million increase in the investments balance sheet item to EUR 141.4 million (previous year: EUR 53.3 million). Overall,

non-current assets rose by EUR 259.1 million or 12% to EUR 2,342.9 million year-on-year (31 December 2020: EUR 2,083.8 million).

Current assets increased by EUR 510.4 million or 80% to EUR 1,150.7 million. Due to our warehousing activities – in particular, in connection with the Uptown Tower in Munich – non-current assets held for sale increased by EUR 112.6 million and other receivables rose by EUR 211.4 million year-on-year. The purchase price was reported under other receivables as of the first closing for the placement of this property at the end of the year. The second closing – for almost the entire remainder of the shares in the Uptown Tower, which have been reported under non-current assets held for sale – is expected to occur during the first quarter of 2022, and the purchase price for the first closing is likewise expected to be received in this time frame. The EUR 175.5 million increase in cash and cash equivalents year-on-year is mainly attributable to the launch of our Green Bond and the issue of our ESG-linked promissory note, which contrast with cash outflows from investments in our assets under management.

#### ➔ Equity increases due to favourable profit for the period

Despite the EUR 14.8 million non-recurring effect resulting from the refinancing of a large portion of our Commercial Portfolio, equity rose by EUR 25.6 million, from EUR 1,108.4 million to EUR 1,134.0 million (+2%), as a result of the strong profit for the year of EUR 58.4 million. The dividend distributed in 2021 amounted to EUR 56.4 million, of which EUR 37.4 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 17.5 million after deducting the transaction costs incurred.

The reported equity ratio fell from 40.7% to 32.5% due to the growth-related significant increase in total equity and liabilities. The loan-to-value ratio (LTV) also increased on growth-related grounds, to 48.5% (previous year: 44.5%).

#### BALANCE SHEET OVERVIEW

in EUR million	31.12.2021	31.12.2020
Total assets	3,493.7	2,724.2
Total non-current assets	2,342.9	2,083.8
Total current assets	1,150.8	640.4
Equity	1,134.0	1,108.4
Total non-current financial liabilities	1,872.9	1,441.0
Total current financial liabilities	295.2	33.4
Other liabilities	191.6	141.4
Total liabilities	2,359.7	1,615.8
Equity ratio book value	32.5%	40.7%
Loan-to-value*	48.5%	44.5%
Adjusted Loan-to-value*	41.1%	39.2%
NAV	1,509.8	1,409.9
Adjusted NAV	2,046.5	1,776.4

\* 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 4.0% measurement gain

The measurement gain – adjusted for acquisitions and sales – is 4.0 % in our Commercial Portfolio (previous year: 3.4%). This once again underlines the value created by our real estate platform through our 360-degree business model.

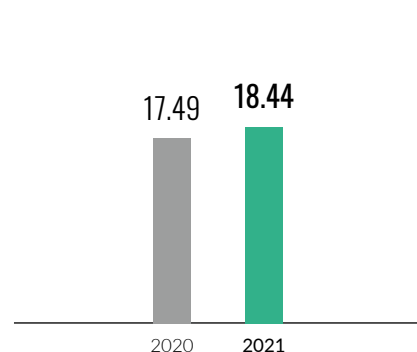
#### ➔ Adjusted net asset value rises to EUR 25.00 per share

The NAV key figure is equal to the value of all tangible and intangible assets less liabilities. NAV was EUR 1,509.8 million at the end of 2021. 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.

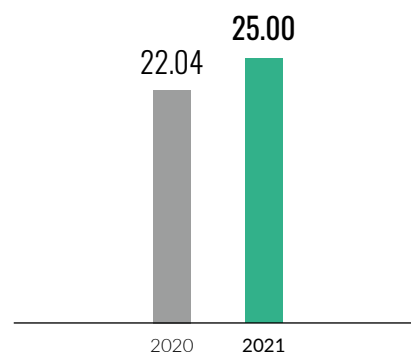
As at the reporting date, the total adjusted NAV was EUR 2,046.5 million (previous year: EUR 1,776.4 million). The successful growth of our integrated real estate platform, including our successful warehousing activities, and our strategic expansion of the logistics asset class, including the acquisition of RLI at the beginning of the financial year, also caused the value of the Institutional Business segment to increase by 35% from EUR 563.0 million to EUR 762.0 million.

As a result of the capital increases implemented in connection with the scrip-dividend in 2021, the number of shares increased by 1,274,135 shares to 81,861,163 shares. NAV per share amounted to EUR 18.44 compared with EUR 17.49 in the previous year. The adjusted NAV per share as of 31 December 2021 was EUR 25.00 (previous year: EUR 22.04).

NAV  
in EUR/share

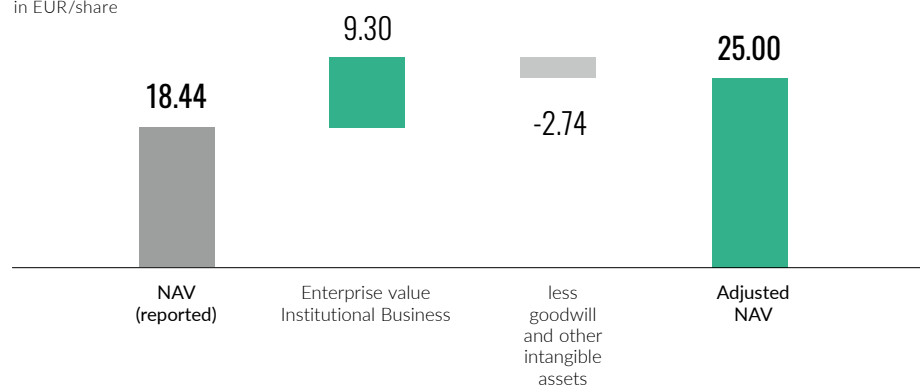


ADJUSTED NAV  
in EUR/share



ADJUSTED NAV RECONCILIATION (INCLUDING VALUE OF INSTITUTIONAL BUSINESS)

in EUR/share



NET ASSET VALUE

in EUR million	31.12.2021	31.12.2020
Carrying amount of investment properties	1,756.7	1,600.0
Fair value adjustment	375.1	306.0
Fair value of the Commercial Portfolio	2,131.8	1,906.1
Real estate assets acc. with IFRS 5	90.4	94.0
Fair value of properties	2,222.2	2,000.0
Carrying amount of equity investments	66.9	66.7
Fair value of equity investments	66.9	66.7
+/- Other assets/liabilities (excluding goodwill)	1,253.6	719.5
Restatement of Other assets/liabilities*	-37.0	-83.8
Net loan liabilities at carrying amount	-2,168.1	-1,474.4
Net loan liabilities in accordance with IFRS 5	-39.3	0.0
Non-controlling interests	-13.4	-14.8
Goodwill incl. other assets/liabilities	224.9	196.7
<b>Net Asset Value (NAV)</b>	<b>1,509.8</b>	<b>1,409.9</b>
Number of shares (thousand)	81,861	80,587
NAV per share in EUR	18.44	17.49

\* Restated for deferred taxes (EUR +12,281 thousand; previous year: EUR +5,009 thousand), financial instruments (EUR +1,849 thousand; previous year: EUR +5,129 thousand) and IFRS 5 assets and liabilities (EUR -51,102 thousand; previous year: EUR -93,965 thousand)

## OTHER DISCLOSURES

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

In 2021, no options were newly exercised, no grooming transactions were carried out and no changes were made to discretionary decisions which – if treated differently – would have had a material impact on the presentation of the net assets, financial position and results of operations in the financial year.

# NON-FINANCIAL KEY PERFORMANCE INDICATORS

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



These include amongst other things:

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

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.

## DYNAMIC PERFORMANCE IN HR

**Reliability, agility, creativity** – these are the values we live out 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.

During the 2021 financial year, the HR (Human Resources) department reorganised its processes to drive forward the change needed within the Company to meet the challenge of attracting the next generation of talent.

By creating the role of **Head of People and Culture**, we are placing an even greater focus on our employees. Instead of dealing exclusively with operational HR management, this role pays greater attention to strategic issues relating to employee retention and satisfaction and promoting a positive corporate culture. The Head of People and Culture gathers impressions from employees across the Company and uses these perspectives to introduce targeted new initiatives.

## Highlights 2021



DIC volunteers  
working in the  
flooded Ahr  
Valley region

### SOCIAL IMPACT DAY

On 19 November 2021, 22 employees headed to the Ahr Valley to spend the day helping those in need who were hit by the flooding disaster. The DIC team's task was to help clean out a former hotel that was badly affected by the catastrophic flooding in Germany. By clearing all remaining debris and furniture as well as plaster and tiles from the building, DIC employees made a direct and practical contribution to the hotel's reconstruction.

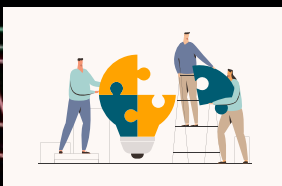


**VIRTUAL HEALTH DAY:**

At the end of 2021, DIC joined forces with a statutory health insurance fund to organise two virtual events dealing with mindfulness and stressful situations: a webinar on focus and wellbeing, and a digital session on recognising different types of stress, with tips for daily working life.

**VACCINATION OFFERED** to employees:

DIC employees at the Company's Frankfurt headquarters were given the opportunity to receive the Johnson & Johnson, Moderna and Biontech Covid-19 vaccines from the company doctor on three dates during the year. The offer comprising first, second and booster shots was in parts also extended to our employees' family members. DIC also supported the nationwide #ZusammenGegenCorona vaccination campaign on social media, joining many other well-known companies by making its own brand and claim available for the campaign.



As a result of changed requirements in HR work, the role of HR officer was reviewed, with staff now assigned either specialist or generalist roles. We have equipped ourselves for the future by creating two new expert roles in recruiting and HR controlling.

**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 dedicated recruiter to look after the entire DIC Group using their extensive knowledge of current vacancies, modern recruiting channels and university marketing events. In 2021, we took part in the Immobilienkongress at EBS Business School and were represented by colleagues from different areas of our business at the EXPO REAL Career Day, where we introduced ourselves and our range of internships, student trainee roles and entry-level positions to the latest generation of students. In addition to a collaboration with the Students Meet Real Estate initiative, we also awarded three grants to students at the Frankfurt University of Applied Sciences to provide them with not only funding but also professional support.

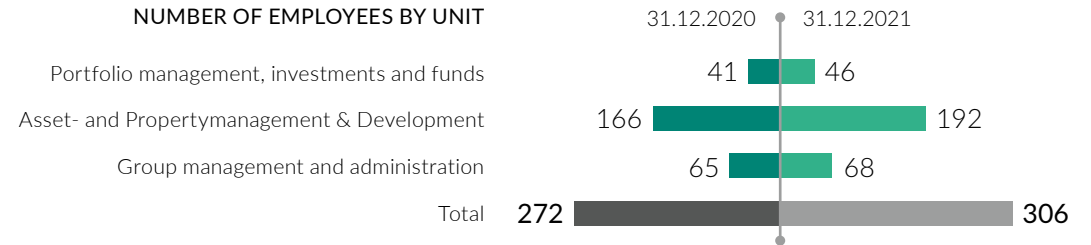
**Facts and figures**

To enable us to operate in a more purposeful and demand-driven way, we created the HR controlling function, which generates reports, ad-hoc analyses and statistics. We also used a comprehensive HR system to digitalise and thus accelerate our existing processes.

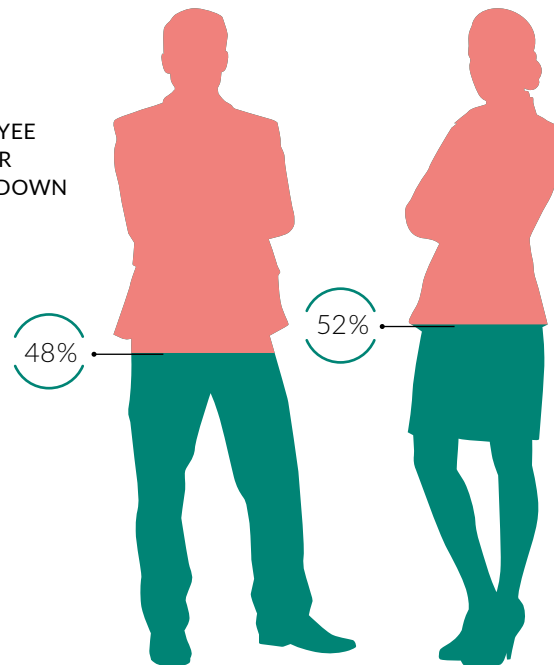
The creation of expert roles means our HR generalists can provide their specialist areas with more active support.

The number of employees rose to 306 as at the end of 2021 (31 December 2020: 272). As at year-end, 46 employees worked in portfolio management, 192 in asset and property management and 68 in administration. This increase is due to the acquisition of RLI at the start of the year as well as the steady growth of the asset and property management business. By hiring new employees, DIC has further strengthened its expertise in the fast-growing logistics market.

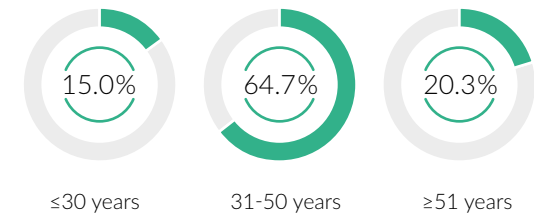
The staff turnover rate has risen across all industry sectors due to the coronavirus pandemic. In the DIC Group, this rate fell slightly year-on-year to 18.3% in 2021. HR work is focused on retaining staff in the long-term, which is why we are aiming for further improvement here as well.



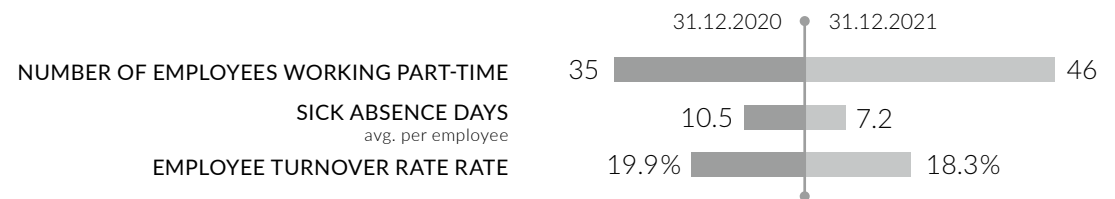
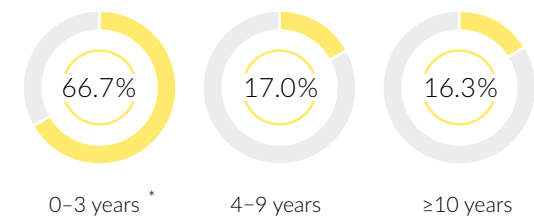
**EMPLOYEE GENDER BREAKDOWN**



**AGE STRUCTURE**



**LENGTH OF SERVICE**



\* GEG employees in the DIC Group since June 2019, RLI employees since January 2021

### 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. In 2021, a tax-free one-off Covid bonus was also paid to all employees. This means that a total of EUR 33.8 million was spent on employees in 2021. This figure includes performance-related remuneration of EUR 2.8 million, corresponding to a share of approximately 8.3%. Social security contributions, pension plans and other benefits added up to EUR 3.5 million.

The Management Board also launched a Group-wide employee participation programme, so that from January 2022, each employee will be offered an additional share-based salary component with a long-term incentive. For this purpose, DIC Asset AG buys own shares on the market every year for the employees and has them managed by a trustee. Payment is made after beneficiaries have completed four years of service with the Company and corresponds to the share price performance during this period.

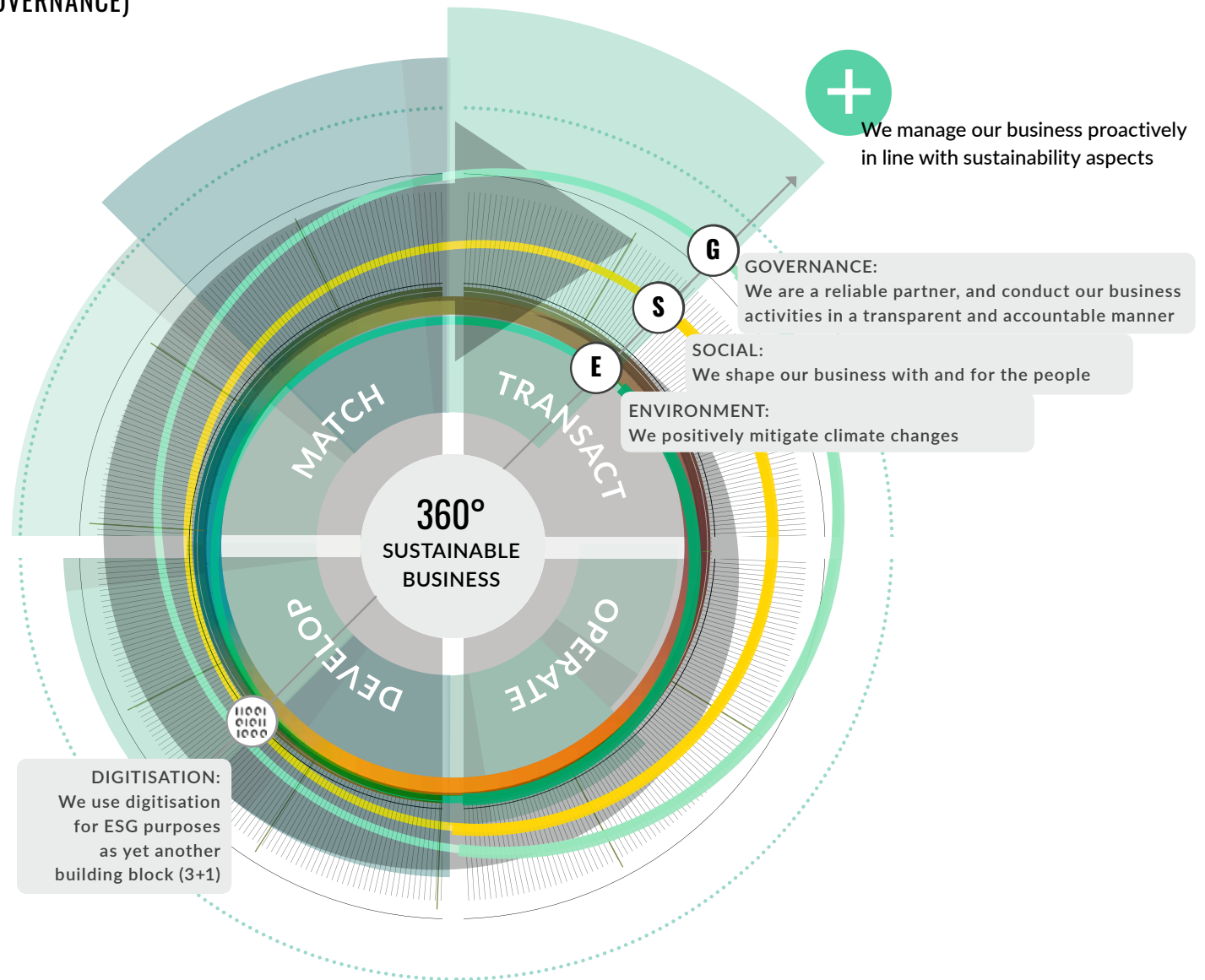
### Promoting and embracing diversity

DIC Asset AG and its subsidiaries promote diversity within the Group. As at 31 December 2021, 52% of all positions were staffed by women. We offer our employees part-time models to enable flexible working hours. In 2021, a total of 46 employees (15%) worked part-time, up from 35 employees (13%) in 2020. As at the end of 2021, the Group had employees from 11 countries.

We firmly believe that heterogeneous teams that differ in terms of their individual skills, expertise and approaches are better equipped to solve complex issues than homogeneous teams and have a higher potential for innovation as a result. With this in mind, we maintain a corporate culture that is committed to the principles of ethics and integrity and promotes mutual appreciation, responsibility and respect within the workforce. Our Compliance Guidelines, which we expanded and updated 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 AND GOVERNANCE) AND DIGITAL TRANSFORMATION

As one of Germany's leading listed real estate companies, DIC Asset AG is committed to sustainable development. ESG (Environmental, Social and Governance) is a fundamental and integral part of our corporate strategy and business activities. We revised our ESG strategy in 2021. Under the header "Know how and know why", we defined four clear convictions on E, S, G and the digital transformation that are closely linked to our 360-degree management approach. We proactively manage our business based on sustainability considerations that are closely intertwined with our digital and IT strategy.



ESG STRATEGY: „Know how and know why“



**We positively mitigate climate change.**

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.

**We shape our business with and for the people.**

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 as 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 are a reliable partner and conduct our business activities in a transparent and responsible manner.**

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 use digitisation for ESG purposes.**

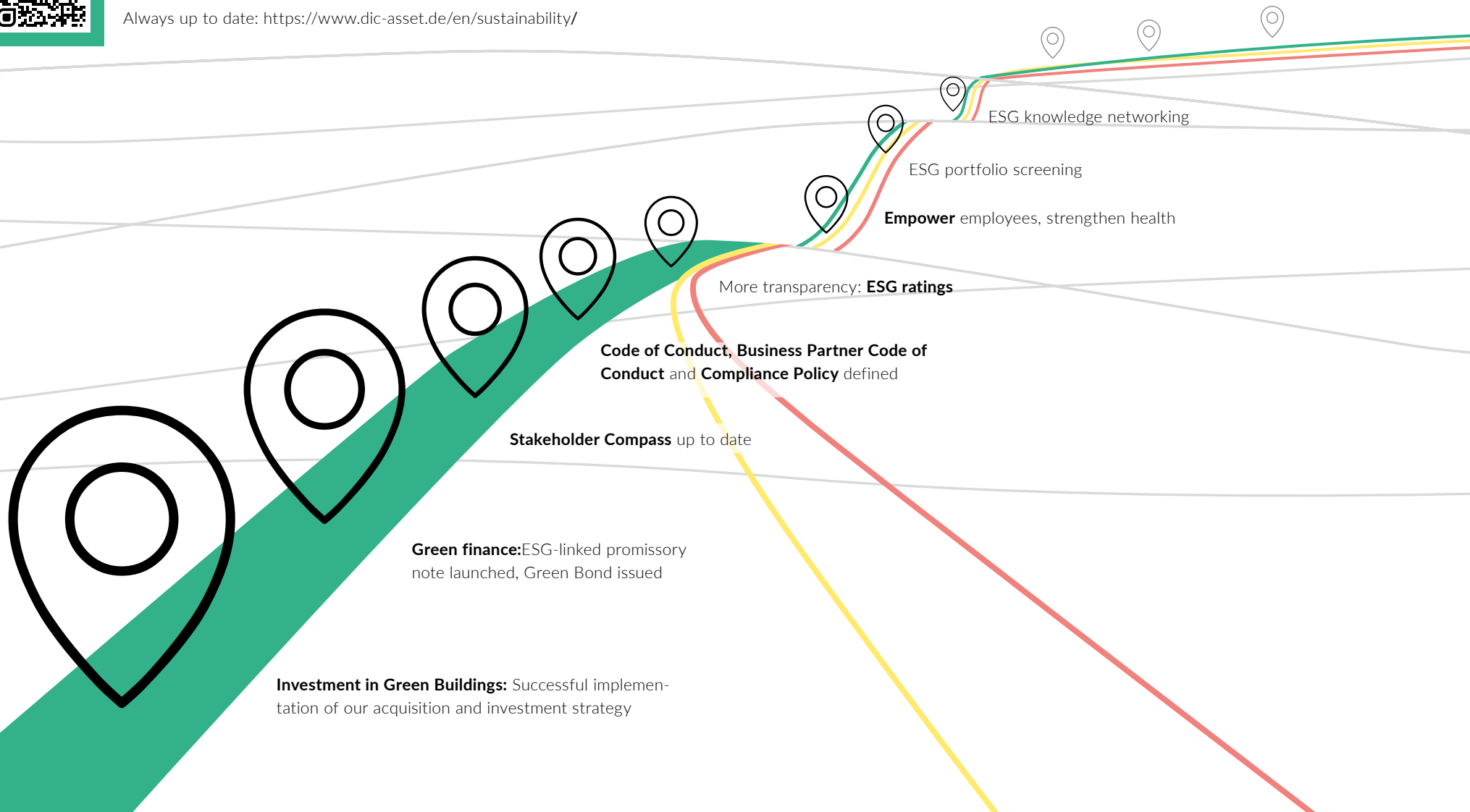
We want to utilise digital tools for our management processes and continue developing our business model, enabling us to offer new digital products and services and create added value for our investors, tenants and properties with initiatives such as using efficient data structures to manage and optimise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

## ESG – the journey continues



We are continually developing and expanding initiatives outside of our day-to-day business.

Always up to date: <https://www.dic-asset.de/en/sustainability/>





## Sustainability reporting and ESG communications using digital channels

The Sustainability Report is our long-standing tool for providing regular updates on our status quo and the progress being made on sustainability within the Company and in our business activities. The Sustainability Report published in June 2021 showcases what DIC has already done since the first report was published ten years ago and presents the Company's ESG strategy and dynamic ESG roadmap for the coming years.

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 Practice Recommendations). The Sustainability Report is an important source of information for participating in relevant ESG ratings and reporting to our investors.

Given the importance and dynamic nature of this issue, we believe it is essential to step up our ESG communications over the course of the year. As a result, we have been providing regular updates via our new sustainability website since mid-2021, enabling us to report the latest news on a day-to-day basis outside of the reporting cycle. The website presents the latest news on sustainability and ESG topics. 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 the DIC Group's Green Bond Framework.

For internal communication and knowledge management purposes, we launched the DIC Office Hub in 2021 – 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. In future, we want to use this portal not only for the professional development of our employees, but increasingly as a knowledge networking and transfer tool for ESG-related issues.

## DIC's dynamic ESG roadmap and highlights of financial year 2021

Dynamic ESG roadmap	Highlights of financial year 2021	Cross-references
<b>We positively mitigate climate change.</b>	<ul style="list-style-type: none"> <li>Sustainable development of our portfolio and investment in Green Buildings (ESG-linked promissory note)</li> <li>Green bond</li> </ul>	<ul style="list-style-type: none"> <li>Financial position (p. 87)</li> <li>Investor relations and capital markets (p. 20)</li> <li>p. 107</li> </ul>
<b>We shape our business with and for the people.</b>	<p>OUR EMPLOYEES</p> <ul style="list-style-type: none"> <li>Virtual Health Day</li> <li>Vaccines offered to employees</li> <li>Group-wide employee participation programme</li> </ul> <p>OUR COMMITMENT AS A CORPORATE CITIZEN AND IN THE INDUSTRY</p> <ul style="list-style-type: none"> <li>Social Impact Day</li> <li>Extended industry involvement – membership of ECORE – ESG Circle of Real Estate since 2021</li> </ul>	<ul style="list-style-type: none"> <li>Dynamic Performance in HR (p. 96)</li> </ul>
<b>We are a reliable partner and conduct our business activities in a transparent and responsible manner.</b>	<ul style="list-style-type: none"> <li>Sustainability reporting and ESG communications using digital channels (internal/external)</li> <li>New ESG organisation - creating the position of Head of Sustainability, ESG Committee and key interfaces</li> <li>Corporate governance: Values and compliance – Code of Conduct and guidelines for day-to-day activities</li> <li>ESG ratings</li> <li>Materiality analysis with stakeholder survey</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance statement (p. 142)</li> <li>p. 105</li> </ul>
<b>We use digitisation for ESG purposes.</b>	<ul style="list-style-type: none"> <li>Digitisation of internal processes (e.g. in purchasing)</li> <li>DIC Data Hub: Harmonisation and standardisation of data sources</li> </ul>	

## NEW ESG ORGANISATION //

### Head of Sustainability appointed, ESG Committee and new position of Head of People and Culture created

In early 2021, we filled the newly created **position of Head of Sustainability** for the purpose of stepping up our ESG activities and implement a more in-depth sustainability strategy for all of our group entities. In mid-2021, the **ESG Committee**, consisting of the CEO, Head of Sustainability and executives, was established to make key decisions on the focus of ESG strategy and targets and to launch ESG initiatives. By creating the position of **Head of People and Culture** in the second quarter of 2021, DIC continues to build a strong corporate culture and strategic HR issues in keeping with its goal of “shaping our business with and for the people” and with a clear focus on its own employees.

Further details can be found in the “Corporate management” section starting on page 104 of this report.

## MEMBERSHIPS, DONATIONS AND SPONSORSHIPS //

DIC Asset AG 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 119 thousand (previous year: around EUR 152 thousand).

Donations for charitable purposes, sponsorships and other expenses in the context of “corporate citizenship” amounted to around EUR 22 thousand in the financial year ended (previous year: around EUR 5 thousand).

A detailed list of memberships, donations and sponsorships can be found in the ESG download centre on the DIC website at: <https://www.dic-asset.de/en/sustainability/esg-resources/>

## CORPORATE GOVERNANCE //

### Values and compliance: Code of Conduct and guidelines for day-to-day activities

At the end of 2021, DIC Asset AG set out its code of values in additional policies that have been 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 our 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 that DIC enters into 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).



### Updated 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 guidelines, 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 among ourselves but also 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.

### 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.

The **IT Security Policy** was rolled out internally to employees during the year under review. This Policy defines the organisational and technical measures required to maintain IT security and the associated data protection for DIC and its affiliated companies.

### ESG ratings of DIC Asset AG

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 dates at the end of the last two financial years are summarised in the following table. It is encouraging to note that DIC was able to improve its ratings in the Carbon Disclosure Project (CDP) as well as those issued by MSCI and ISS ESG during the past financial year. At the end of 2021, DIC also participated in S&P Global's ESG rating process (Corporate Sustainability Assessment, CSA) for the first time; however, the results were not yet available at the time this report was published.

	31.12.2021	31.12.2020
Carbon Disclosure Project (CDP) – Climate change	C	D
MSCI – ESG research	A	BBB
ISS ESG	D+(1)	D

(1) The review process took place before the publication of the current 2020 Sustainability Report (June 2021).

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.





## Sustainable development of our portfolio and investment in Green Buildings

Details of our ESG management approach, ESG highlights from 2020 and 2021 and the environmental performance of DIC and its assets under management are provided in the Sustainability Report. ([https://www.dic-asset.de/download/publikationen/DIC\\_NB\\_2020\\_E.pdf](https://www.dic-asset.de/download/publikationen/DIC_NB_2020_E.pdf))

With regard to our portfolio properties (summarised under the terms “OPERATE” and “DEVELOP”), we focused on identifying properties with high carbon intensity in 2021. Carbon due diligence, including on-site visits and highlighting potential measures, was carried out for ten properties. Current measures for reducing carbon emissions are being initiated based on this due diligence. Ongoing repositioning projects (both in the Company’s own portfolio and for third parties) are also expected to contribute towards sustainable development in projects such as the Global Tower re-development project in Frankfurt.

When acquiring new assets and devising the investment strategy for new investment vehicles, ESG due diligence plays a key role in identifying ESG characteristics and incorporating ESG measures into the respective business plans (summarised under the terms “MATCH” and “TRANS-ACT”).

There was a clear focus on investments in “Green Buildings” and assets with certification potential (in accordance with DGNB, LEED and BREEAM) in 2021, supported by the issuance of the Company’s first ESG-linked promissory note and the Green Bond, to ensure our contribution to decarbonisation.

## 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 last quarter of 2021. This replaced the existing materiality matrix that has been in place since 2016 and took into account changes in the sector (e.g. the growing significance of climate protection and environmental issues in society, on the capital markets and in regulation) and the development of the Company (e.g. stronger focus on the Institutional Business segment since 2019, strengthening of the logistics business).

We were guided by the provisions of the GRI Standards when conducting the materiality 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 that redefines the sustainability issues that are most relevant to the Company. 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.

By conducting this materiality analysis, DIC has created a transparent foundation for further developing its ESG strategy and sustainability targets. We will continue to work intensively on these during the first quarter of 2022 and will provide a detailed report in the next Sustainability Report.

## Green Bond – impact reporting

As part of the issuance of the Company's first Green Bond and the publication of a Green Bond Framework (GBF), 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<sub>2</sub> within our real estate portfolio. One of DIC's key ESG criteria is the Green Building, defined as a building with high energy efficiency standards or a minimum certification level such as "LEED Gold", "BREAAM Very Good" or "DGNB Gold" (for details, see the Green Bond Framework at [www.dic-asset.de/download/publikationen/DIC-Green-Bond-Framework.pdf](http://www.dic-asset.de/download/publikationen/DIC-Green-Bond-Framework.pdf)). Our aim is to increase the share of Green Buildings in our real estate portfolio to at least 20% by the end of 2023.

## 2021/2026 GREEN BOND IMPACT REPORTING

	31.12.2021	in % of total			
Market value of Green Buildings in the Commercial Portfolio	<b>EUR 257.0 million</b>	<b>11.6%</b>			
		<b>DGNB Gold</b>	<b>LEED Gold</b>	<b>BREEAM "Very Good"</b>	<b>Total</b>
Number		3	1	1	5
in % of rental space		4.1%	1.2%	1.4%	6.7%
- of which new construction and major renovations		4.1%	1.2%	0.0%	5.3%
- of which existing building		0.0%	0.0%	1.4%	1.4%
in % of market value		6.2%	3.3%	2.0%	11.6%
- of which new construction and major renovations		6.2%	3.3%	0.0%	9.5%
- of which existing building		0.0%	0.0%	2.0%	2.0%

## 2021/2026 GREEN BOND ALLOCATION REPORTING

	as at 31.12. 2021	in %
<b>Gross proceeds from 2021/2026 Green Bond</b>	EUR 400.0 million	100%
<b>Funds used for eligible green projects/properties</b>	EUR 284.6 million	71%
<b>Funds not yet allocated for eligible green projects/properties</b>	EUR 115.4 million	29%
<b>Distribution of funds used by eligible category</b>		
Green Buildings	EUR 284.6 million	100%
<b>Distribution of funds used by project location</b>		
Germany	EUR 284.6 million	100%
<b>Distribution of funds used by type of financing</b>		
Refinanced green projects/properties	EUR 234.6 million	82%
Newly financed green projects/properties	EUR 50.0 million	18%

# REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

## // REPORT ON RISKS AND OPPORTUNITIES

- RISK MANAGEMENT SYSTEM
- INTERNAL CONTROL SYSTEM
- INDIVIDUAL RISKS AND OPPORTUNITIES
- OVERALL ASSESSMENT OF THE RISK AND OPPORTUNITY POSITION

## // REPORT ON EXPECTED DEVELOPMENTS

# REPORT ON RISKS AND OPPORTUNITIES

## THE RISK MANAGEMENT SYSTEM OF DIC ASSET AG

In a dynamic environment, it is a fundamental entrepreneurial duty to recognise and exploit opportunities early on. The risk management system (RMS) of DIC Asset AG ("DIC") 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. 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 and monitors processes, and it ensures compliance with laws and regulations including the appropriateness of financial reporting.

DIC optimised its RMS in 2021. The following statements are based on the adjusted objectives of the risk management system.

## 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, and both 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 1,000	1,001 to 5,000	5,001 to 10,000	10,001 or more

↑ probability of occurrence	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
		← potential damage →				

The risks are classified according to the following risk matrix as "high" (H), "medium" (M) and "low" (G), taking into account the expected probability of occurrence and the potential level of damage.

### > 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

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

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

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



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

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

The Management Board is aware of its special responsibility for dealing with risk distribution and control. Reporting and the close integration of individual business units enable the Management Board to combine the sub-risks to determine DIC's overall risk exposure and use its knowledge of risk dependencies and potential risk balancing to implement risk management activities. Material risks or those jeopardising the continued existence of the Group are differentiated from immaterial risks at this level.

Risk management software was successfully introduced in 2021 to support the risk management process.

### > Risk communication and reporting

Risk communication is an interactive process through which the findings of individual risk assessments and of any control measures implemented plus their effectiveness are made available to the Company's management as promptly and comprehensively as possible. Its core function is therefore to ensure the transparency of the risk situation, the operating business and the Company as a whole. Risk communication is an integral part of DIC'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 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. Additional parties such as external auditors are also involved in monitoring the RMS as part of the audit of the annual financial statements. As an independent entity, the auditor reviews the appropriateness, legality and expediency of the existing risk control and management system. Risk management processes are also reviewed on an ongo-

ing basis. 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 was also set up as a cross-functional advisory body in 2021. The role of the Committee is to ensure that DIC handles risk management issues consistently. It has an advisory role and does not have a decision-making function.

### > 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 within 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, and laws, directives and the relevant legal provisions are complied with. The internal control system consists of two areas: control and monitoring. In organisational terms, Corporate Finance, Controlling and Accounting are responsible for control.

The monitoring measures consist of elements incorporated into the process and 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. This is supplemented by a payment software package closely tied in with the ERP system that ensures that payment transactions are correct and are duly entered. The consolidated financial statements are prepared by creating standardised reporting packages comprising the respective single-entity financial statements and additional information and processing them with consolidation software.

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

The International Financial Reporting Standards (IFRSs) are supplemented by sector standards such as the European Public Real Estate Association (EPRA) recommendations and applied by DIC 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 auditors. The consolidation of all financial statements is conducted at the headquarters in Frankfurt am Main. Impairment tests carried out centrally, particularly the annual review of the market value of all properties carried out externally by independent surveyors, ensure that the measurement criteria are applied uniformly and on a standardised basis. The data required for disclosures in the management report and the notes are also aggregated and adapted at Group level.

### 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 Group's financial reporting cannot always be fully guaranteed. Non-recurring, non-routine transactions or those which are urgent may entail a certain potential for risk. Risks may also arise from the scope for discretion that employees have in recognising and measuring assets and liabilities. A certain control risk also arises from the use of service providers to process data. Financial reporting-related risks arising from financial instruments are explained in the notes.

## INDIVIDUAL RISKS AND OPPORTUNITIES

	Probability of occurrence	Potential level of damage	Risk classification
<b>Strategic risks</b>			
■ Negative macroeconomic development	occasionally	medium	M
■ Negative development of the real estate sector	occasionally	medium	M
■ Organisational risk	rarely	medium	G
<b>Compliance risks</b>			
■ Risks arising from breaches of compliance regulations	very rarely	low	G
■ Legal risks	occasionally	low	G
<b>Operational risks</b>			
■ 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	rarely	medium	G
■ Location and property risks	rarely	low	G
■ Technological risks (including IT)	occasionally	medium	M
■ Personnel risks	occasionally	very low	G
<b>Political, social, regulatory and environmental risks (ESG)</b>			
■ Regulatory risks	rarely	medium	G
■ Climate and environmental risks	occasionally	medium	M
<b>Financial risks</b>			
■ Financing risk	very rarely	low	G
■ Valuation risk	very rarely	medium	G

## Strategic risks

### > Negative macroeconomic development

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.

Germany's macroeconomic situation is still being impacted by the Covid-19 pandemic. During 2021, the economic recovery was slightly hampered by a third wave of coronavirus in the spring, and by the introduction of more stringent measures to tackle the pandemic at the end of the year. Thanks to the nationwide vaccine rollout over the summer, the restrictions imposed due to the pandemic were generally significant less severe than in the previous year. In 2021, the German economy recovered from the coronavirus-related slump in the previous year, albeit less markedly than originally expected. According to initial calculations by the Federal Statistical Office (Destatis), Germany's price-adjusted gross domestic product (GDP) in 2021 grew by 2.7% compared to 2020. Economists had originally anticipated growth of 3.5% to 4% for this period. GDP actually fell in the fourth quarter. This was due to the fourth wave of coronavirus, with the additional restrictions imposed to tackle the pandemic adversely affecting the retail, hotel and restaurant sectors.

The consequences of the sharp economic slump in 2020 were still being felt in certain areas during 2021.

The labour market continued its recovery in its second year of being impacted by coronavirus. While the pandemic and the measures introduced to tackle it were still noticeable at the start of the year, the labour market began to recover in the summer. At the same time, supply shortages became increasingly apparent, having a particularly adverse impact on the manufacturing sector. For example, the supply of raw materials and other materials remains limited in some areas due to disruption to logistical processes or reduced production capacity. Annual average unemployment and underemployment fell considerably in 2021, with the number of unemployed people in Germany declining by 82,000 to 2,613,000 compared to the previous year. The unemployment rate in Germany was 5.1% in December 2021.

In 2021, Germany's economic output was delivered by an average of 44.9 million people working in this country. According to preliminary calculations by the Federal Statistical Office (Destatis), the annual average number of people in gainful employment remained at the same level in 2021 as in the previous year.

Economic researchers expect the Federal Republic of Germany to return to pre-crisis levels in the 2022 financial year. According to estimates, the upturn will gain momentum from spring 2022 onwards, driven primarily by consumers' desire to buy. Experts now only expect a return to pre-crisis levels in the first quarter of 2022, six months later than originally forecast. According to these experts, the fight against the further spread of coronavirus and new restrictions on sectors such as retail are likely to weaken the economic boost provided by factors such as consumer spending. The Bundesbank, among others, expects people in Germany to spend more money than in pre-pandemic

times for some time yet. Many households have well-filled coffers because they have had to cancel trips or temporarily limit their leisure activities, for example.

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 in 2019 and RLI at the end of 2020. Based on assets under management in excess of EUR 11.5 billion achieved after the reporting date, we generate diversified, steady cash flows from ongoing rental income, transaction, structuring and management fees, and income from investments.

Overall, we classify the risk of a negative macroeconomic development as medium.

### > Negative development of the real estate sector

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

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

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

Due to the stable general environment, the German commercial real estate market remains an attractive investment market among foreign and domestic investors even in spite of the ongoing Covid-19 pandemic. According to JLL, this trend is set to continue over the coming years as the pandemic subsides and the persistent investment pressure on investors eases. In addition, almost one trillion euros of German government bonds are set to mature over the next four years. JLL estimates that part of this capital will be reinvested in real estate even if interest rates rise, while an increasing amount of international capital will also begin flowing back into the German investment market.

According to consultancy firm Colliers International, the commercial transaction volume in Germany totalled around EUR 60.1 billion in 2021. This volume is in line with the five-year average, which also includes the all-time record of EUR 71.6 billion in 2019, and is more than 25% higher than the ten-year average. At EUR 21.8 billion, the exceptionally strong fourth quarter made up 36% of the annual

total, and is the second-highest comparable figure of all time after 2019. According to JLL, the range of gross initial yields for top office properties in the top 7 cities continued to move downwards. At the end of 2021, these were 2.65% in Munich, above 2.5% in Berlin, 2.7% in Frankfurt and Düsseldorf, 2.75% in Stuttgart, 2.6% in Hamburg and up to 2.55% in Cologne. Overall, the top 7 cities were responsible for approximately EUR 34.2 billion, or 57%, of investment volume. This was slightly above the five-year average and a comfortable 12% higher than the previous year's figure. Transactions included several major deals that boosted transaction volumes in many places. With a transaction volume of EUR 14.2 billion and a market share of 24%, portfolios played a less important role than individual deals compared to previous years. With 115 block sales, the number of deals was around 14% lower than in the two previous years, both of which recorded more than 130 portfolios each.

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

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

from A-locations in A-cities. This means that they continue to offer attractive investment opportunities.

In view of the basic economic data and the expectation of a sustained recovery, liquidity in the transaction markets is expected to remain high in the 2022 financial year. Companies could then increasingly resume relocation and expansion plans, and in doing so halt the decline in the total amount of space let. By contrast, the situation for hotel and retail properties will remain challenging. This means that the negative trend for the properties affected will continue and lead to an increase in alternative uses or hybrid user models for properties. In 2022, investors will continue differentiating clearly between the asset classes and also within the asset classes when assessing the risks of an investment. On the transaction market, we see more opportunities than risks on the seller side in 2022, particularly due to continuing demand for core real estate in light of persistently low or moderately increasing interest rates. On the buyer side, we continue to see suitable opportunities due to our growing real estate platform, the expanding investor network, and a broader scope of investment thanks to our increasing investments in the logistics sector as well.

We expect rental markets (especially in the office sector) to continue their recovery during 2022. Tenants are still prepared to pay high rents for high-quality space in good locations. Since summer 2021, demand for office space has steadily grown once more and is now almost back at the normal levels observed prior to the outbreak of the coronavirus pandemic. With the economy continuing to grow and uncertainty abating further, a more rapid rate of growth is expected in 2022. Users are becoming more quality-conscious and are increasingly incorporating ESG criteria and New Work models into their list of requirements for office space.

Overall, we classify the risk of a negative development in the property sector 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.

### 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 guidelines, 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 among ourselves but also vis-à-vis our clients, contractual partners and the general public. The Compliance Policy, which was last updated in 2021, 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 Asset Group companies reject any kind of corruptive behaviour and the misuse of decision-making powers. The giving and accepting of gifts is regulated by binding provisions in the Compliance Guidelines and subject to the principle of maintaining transparent business activities. Employees must avoid giving the appearance of granting an advantage when dealing with government officials. Under no circumstances must benefits be granted to government officials in order to persuade them to act in contradiction to their duties. Private secondary employment and company investments must not influence the employee's actions as stipulated in their employment contract.
- Facilitation payments: DIC makes no distinction between bribery and so-called "facilitation payments". A facilitation payment is made with the intention of ensuring or expediting a normal business transaction to which one is entitled. DIC prohibits such payments from being made.
- 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, the Occupational Safety Policy was updated in 2021, while the Business Partner Code of Conduct and the Policy Statement on Respecting Human Rights were created.

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 given the compliance management system in place and the fact that no incidents occurred in the 2021 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 own portfolio and in the Institutional Business segment. We strive to do this by letting to tenants with good credit ratings and through intensive property management. When deciding on acquisitions, we carefully analyse in respect of properties, the market, locations and tenants. As a general principle, we aim to secure long-term tenancies and take measures in good time to extend tenancy agreements and find new tenants. We optimise our opportunities for letting by regularly monitoring and improving the structural quality of our properties.

Letting risks involve the non-payment of rent and profitability risks due to less profitable new leases or lease renewals. Counterparty credit risk resulting from outstanding rental payments is taken into account by way of bad debt allowances. In the second year of the coronavirus pandemic, these only had to be increased by EUR 0.3 million (after EUR 3.2 million in the previous year). In addition, we entered into agreements with tenants that safeguard short-term liquidity benefits for the tenants and long-term cash flows for us. In 2021, for example, we adjusted our gross rents by EUR 1.1 million based on existing rental agreements.

We generally try to avoid being dependent on major tenants. In 2021, around 37% of total rental income from the Commercial Portfolio was attributable to the ten largest tenants. These tenants are all renowned tenants with mostly excellent credit standing, primarily from the public sector, and from the telecommunications, insurance and IT industries. No tenant accounts for more than 6% of total letting volume.

In financial year 2022, tenancy agreements in the Commercial Portfolio with a volume of EUR 2.9 million may end, while leases generating income of EUR 4.7 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 2022 is not re-let, this would result in a maximum loss of income of approx. EUR 0.3 million when assuming an annualised rent total of approx. EUR 2.9 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. Demand for new leases increased again compared to a market environment that was severely impacted by the coronavirus pandemic in the previous year. As a result, we were able to improve our letting performance in relation to new leases in the overall portfolio by 84% year-on-year in 2021. Lease renewals were down 13% and thus unable to quite reach the high levels achieved in the previous year.

Due to the latest booster vaccination rollout and the associated reduction in the risk that lockdown measures will be

required, we currently expect the market environment to remain positive in 2022. There is also a growing shortage of skilled workers that, among other things, caused the unemployment rate to fall slightly to 5.1% in 2021. If this trend continues, it is likely to have a further positive impact on the German office market, where there is high demand for office space from the service sector in particular. Rising employee numbers are also expected to have an impact on companies' demand for additional workplaces. The discussion about future office space requirements unleashed in connection with the Covid-19 crisis as greater numbers of people work from home or remotely has become considerably less pronounced. Even with the increased use of working from home and the flexibility this provides, companies are still focusing on the office as a central hub and are relying on vaccination, testing and hygiene measures to facilitate office working during the current pandemic. The space reduction effects caused by the increased use of working from home are counteracted by improved distancing within the office and more space for comfort and collaborative working. On the corporate side, we are seeing increased interest in bringing employees together at the office and creating a place that identifies and represents their company.

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.

Due to our proximity to tenants and the market, we classify letting risks in our property portfolio as low overall.

We classify tenant credit risks as medium overall due to the continuing uncertainty about macroeconomic consequences.

Opportunities will arise as vacancy rates fall further – particularly if the rental market continues to stabilise in 2022 – and from a future change in the use of office space by existing and potential new tenants.

#### > Credit risk related to real estate management fees

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

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



After transactions almost came to a standstill immediately after the start of the coronavirus pandemic in 2020, they picked up speed again in 2021. The fourth quarter enabled us to achieve our cross-segment transaction targets for 2021.

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

Investors' lack of interest or waning interest in our investment products could pose another risk. We are continuously expanding our investor base and the range of products we offer.

As part of these efforts, we have strengthened our subsidiary GEG German Estate Group GmbH by adding four new members to its executive management in late 2020. These new managing directors are focusing 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.

After adding two logistics special funds from the acquisition of RLI Investors GmbH at the start of the year, launching further new investment vehicles such as the third logistics property fund and the Uptown club deal as well as carrying out numerous extensive transactions with a total volume of EUR 1.9 billion in 2021, DIC now manages 30 investment products, including 15 pool funds, eight club deals and seven separate accounts. This meant that the overall managed volume in the Institutional Business segment rose to EUR 9.3 billion. The Company plans to launch

more investment products operationally and drive forward its growth in 2022.

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

Given our expertise, our customer relationships and based on the current and planned activities in 2022, we classify the credit risk from real estate management fees as low overall.

#### > Risks 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. 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. The property, which was built at the end of the 1950s and last modernised in the 1990s, with a total rental space of around 10,300 sqm, is part of Company's Commercial Portfolio.

A variety of construction measures are planned for the interior, the car park and the exterior facade. At the time the repositioning project kicked off, a long-term lease was concluded at the beginning of December 2020 with a discount supermarket that will occupy an area of around 1,200 sqm on the ground floor as the largest single tenant. Most of the existing tenants will still be found there. Overall, the retail focus at Rheydt-Galerie in future will be on non-discretionary retail. The modernisation work is scheduled for completion in mid-2022.

The repositioning of the discontinued GALERIA Karstadt Kaufhof location in the centre of Bremen continues to make progress, with 75% of the 15,500 sqm of rental space already transferred to new anchor tenant and furniture retail chain Opti-Wohnwelt for further fit-out. The final handover is expected to take place in the first quarter of 2022. Another attractive tenant, a food store chain, has been acquired for the remaining space on the ground floor. Plans for the necessary fit-out are already underway. Completion is scheduled for the third quarter of 2022.

– Institutional Business:

In the Institutional Business segment, DIC manages the Global Tower project development in Frankfurt. The former Commerzbank high-rise building with 33,000 sqm of space in the heart of Frankfurt's banking district has been comprehensively revitalised since August 2018 and repositioned under the name Global Tower. Space was handed over to the first tenants in the fourth quarter of 2021. Construction is scheduled for completion by the end of the first quarter of 2022.

The Pasing Central project in Munich's Pasing district has been under construction since mid-2018. An extensive refurbishment and construction project on a site opposite the Pasing Arcaden shopping centre and Pasing's main railway station will create a small, central quarter. The first sub-project, Pasing I, consisting of three buildings with a mixed use of rental apartments, commercial and retail space, was sold to an institutional investor in February 2020 as part of a forward deal. Leases for commercial and retail space were successfully signed in 2021, and most of

them are already operational. Completion and handover of the building (transfer of possession, benefits and associated risks) took place on 31 December 2021.

All of the 66 condominiums from the second sub-project, Pasing II, had already been sold in 2019. The apartments are scheduled to be handed over to the acquirers by the end of the first quarter of 2022.

All six construction phases of the 40% MainTor investment property in Frankfurt – a project development with a total volume of around EUR 850 million – have been completed and handed over to the acquirers. The project's last construction phase, WINX, was handed over to the investor in March 2021.

The Riverpark project in Frankfurt am Main was successfully sold in the first half of 2021.

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.

## > 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.

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

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

We achieved our transaction targets in the 2021 financial year. The cross-segment acquisition volume stood at around EUR 1.6 billion, divided into around EUR 1.1 billion for the Commercial Portfolio including warehousing and around EUR 0.5 billion for the Institutional Business. Likewise, the cross-segment sales target of EUR 300 million to EUR 400 million was met with a volume of around EUR 345 million. A total volume of around EUR 1.9 billion was transacted in 2021. This raises assets under management to around EUR 11.5 billion as at 31 December 2021, of which around EUR 2.2 billion is attributable to the Company's Commercial Portfolio and approximately EUR 9.3 billion to the Institutional business. DIC is planning transactions with a volume of between EUR 1.7 billion and EUR 2.4 billion across all segments for 2022.

Our planning for 2022 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 2022. The opportunities for exceeding the minimum targets set pre-dominate here thanks to the Company's flexibility.

Based on current and planned transaction activities for the next twelve months, we classify the transaction risk as low overall.

### > 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.

### > Technological risks (including IT)

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

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

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

## > 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. We focus above all on systematic human resources marketing, the practical promotion of young talent, targeted professional training to develop skills, the analysis of performance and potential with the aim of opening up attractive prospects for personal development and supporting staff with particular potential. Key positions are regularly analysed with regard to anticipated succession planning and appropriate internal candidates are prepared for these roles. Further elements include target-group oriented support and advice and attractive incentive systems. Risks arise, most notably, from high-performers leaving the Company and from attracting suitable new employees.

By creating the role of Head of People and Culture in financial year 2021, DIC has strengthened its personnel activities. The appointment means that DIC is paying greater attention to strategic issues relating to employee retention and satisfaction in addition to purely operational HR management activities. We also enhanced our recruiting expertise as part of these efforts. The latest HR initiatives are outlined in the section entitled "Non-financial key performance indicators" starting on page 94.

In light of these measures, we classify personnel risks as low overall.

## Political, social, regulatory and environmental risks (ESG)

### > Regulatory risks

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

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

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

Amid the Covid-19 pandemic, the German Bundesrat on 27 March 2020 approved the Act to Mitigate the Effects of the Covid-19 Pandemic in Civil, Insolvency and Criminal Procedure Law, which the Bundestag had passed two days earlier. Overall, the Act provided for temporary changes to civil law regulations on general contract law, tenancy law (moratorium on termination) and loan law (deferral of consumer loan agreements) in the period from April until the end of June 2020, among other things. The regulations constituted a temporary exemption from the principle that the landlord can terminate a tenancy if the tenant is late in paying the rent. A moratorium on termination could apply if a tenant's failure to pay the rent was a consequence of the Covid-19 pandemic. However, the moratorium did not change the tenant's obligation to pay the rent or the due

date for the rent. The tenant has until 30 June 2022 to settle arrears from the period between 1 April 2020 and 30 June 2020.

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

In its latest ruling on 12 January 2022, the Federal Court of Justice (Bundesgerichtshof) decided that businesses are fundamentally entitled to a rent reduction if their premises are closed due to the pandemic. However, the discount amount must be reviewed on a case-by-case basis, taking all circumstances into account. The judges consider a fifty-fifty split of rent to be too general.

DIC maintains ongoing dialogue with its tenants. Arrangements have been made with affected tenants that will continue to provide a foundation on both sides for a long-term partnership based on trust. Thanks to active communication with tenants directly affected by the closures – primarily from the retail and hotel sectors in both business segments – the risks arising from rent losses were significantly reduced through economically viable individual solutions such as temporary rent waivers with simultaneous extension of the lease term. In specific cases, DIC also took the precautionary measure of starting to draw up post-uti-

lisation and repositioning plans for properties with retail spaces. Sufficient allowances have been recognised to account for the risk of potential rent defaults.

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

Overall, we classify the risks arising from the short-term change in the regulatory environment as low.

#### > Climate and environmental risks

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

DIC is exposed to the following climate and environmental risks:

#### **Portfolio risks and changing consumer behaviour (direct/indirect):**

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

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

Although renovating existing buildings to make them more energy-efficient entails a higher level of capital expenditure, it reduces operating expenses in the long term. We work closely with tenants to find the most efficient approach for meeting their energy needs. Construction measures that generate savings in energy consumption and carbon emissions are also to be preferred when repositioning properties from our Commercial Portfolio. Our energy procurement activities ensure that the electricity requirements of our properties' common areas have been met with renewable energy sources since 2010. We expect that implementing smart metering systems for the entire property portfolio will make it easier to analyse and manage consumption data going forward.

#### **Regulatory and legislative aspects**

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

The recent amendment of the Federal Climate Change Act (Klimaschutzgesetz) 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). The new federal government is also expected to step up climate protection efforts further.

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

changes to ensure compliance with all relevant regulations. At the beginning of 2021, DIC built up more internal expertise in the area of ESG and created the position of Head of Sustainability and set up an ESG Committee to ensure that changes in the general framework are continuously analysed and any necessary adjustments to operating processes are implemented.

The increasing requirements for ESG criteria within companies' own business activities are also creating opportunities for DIC. 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.

We published a comprehensive ESG strategy update as part of our last Sustainability Report. One important element of this is the dynamic ESG roadmap, which defines objectives along strategic guidelines. The current ESG roadmap is presented and outlined in the section entitled "ESG ('Environmental, Social and Governance') and digital transformation" on page 100.

Overall, we classify climate and environmental risks as medium.

## 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 2021, 87% (previous year: 96%) of our financing volume was hedged against interest rate changes. Due to the hedging, an increase in interest rates of 100 basis points would only reduce our cash flow by an additional EUR 2.8 million. As at 31 December 2021, the average interest rate across all liabilities to banks amounted to 1.2% (previous year: 1.7%). Further information about interest rate risks can be found in the notes.

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

We have further optimised our borrowing costs by agreeing attractive financing terms in connection with the acquisition of new properties and by 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 2021 totalled around EUR 1.4 billion with an average interest rate of 1.5% p.a., including the issuance of the Green Bond and the 2021 ESG-linked promissory note.

Due to the Covid-19 pandemic and the resulting macroeconomic challenges experienced in financial years 2020 and 2021, we expect interest rates to remain low but trend upward in 2022 due to rising inflation expectations and the reduction of the central banks' PEPP programmes. Overall, however, we continue to expect historically attractive interest rate levels and an inflation link that will continue to benefit real estate investment markets. Thanks to the substantial level of hedging and the long-term nature of our existing interest obligations, a stronger increase in interest rates would only have a slightly to moderately negative impact on our finances. DIC will once again make use of available sources of financing in 2022 to continue opportunistically optimising the liability side of the balance sheet.

#### Financing and liquidity

The close relationship between the financial sector and the real economy is particularly evident in the property industry. Among other things, this is attributable to the fact that

construction projects, repairs, modernisation and purchasing properties are usually very capital-intensive activities requiring borrowings to finance.

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

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.
- LTV (loan-to-value): is a ratio expressing the loan amount as a percentage of a property's market value.

No shares in DIC Asset AG serve as collateral or parameters for any of our loan agreements. Compliance with credit clauses is monitored continuously and proactively through risk management in the Corporate Finance division; all covenants were complied with throughout 2021. 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 58.5 million at its disposal.

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

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. Currently, there are no drawdowns under the commercial paper programme.

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

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

Overall, we classify the risks arising from financing as low.

## > Valuation risk

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

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

Sensitivity calculations were carried out as at the reporting date in order to quantify possible valuation risks. The sensitivity analysis shows, by way of example, how market values react to changes in the discount rate and capitalisation rate. If the discount rate increases by 25 basis points, for example, market values will drop by EUR 22.0 million. If the capitalisation rate increases at the same time by 25 basis points, the drop will increase to EUR 117.6 million. Since our financial statements are prepared using the cost model (IAS 40.56), variations in market value do not have a direct effect on the balance sheet or the income statement. Impairments are only recognised if the carrying amounts exceed the fair values and values in use of the properties.

We again succeeded in minimising the temporary effects of the Covid-19 pandemic on our property portfolio in the

2021 financial year through active management and by reaching individual agreements with directly affected tenants. In view of the anticipated, sustained economic recovery and the likelihood of an upswing in the commercial real estate sector in 2022, we believe that our active management approach with in-house asset and property management expertise puts us in an excellent position with regard to our Commercial Portfolio and in the third-party business, which is why we continue to consider the risk that market values will decline in 2022 to be low on the whole. As property is recognised at amortised cost, declining market values do not simultaneously trigger a need for write-downs at DIC.

Overall, we classify the valuation risk as low. Opportunities which may arise as a result of a property increasing in value because of measures we have undertaken are exploited and realised selectively through sales.

### Sensitivity analysis:

Change in the market value of properties in the Commercial Portfolio

		Scenarios for a change in the capitalisation rate		
		+0.25%	0%	-0.25%
Scenarios for a change in the discount rate	+0.25%	-117.6 EUR million	-22.0 EUR million	+87.3 EUR million
	0%	-73.4 EUR million	+/-0.0	+135.8 EUR million
	-0.25%	-29.4 EUR million	+71.2 EUR million	+185.1 EUR million



## OVERALL ASSESSMENT OF THE RISK AND OPPORTUNITY POSITION

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

After the coronavirus situation eased due to factors such as successful vaccination campaigns in the second half of 2021, tension returned towards the end of the year. However, there was no new lockdown. Further macroeconomic developments in the 2022 financial year will depend to a large extent on the impact of further mutations of the coronavirus and the effects of tightening of measures to tackle the pandemic. The extent to which any government support schemes required can still be guaranteed in 2022 will also be crucial.

Overall, the risk mechanisms put in place by DIC and the early action taken during the Covid-19 pandemic in the course of the 2020 and 2021 financial years helped to safeguard our income streams, with the direct effects on income being minimised through proactive interaction with our tenants, investors and other stakeholders, among other things.

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

The risk and opportunity situation is mainly characterised by:

– Earnings opportunities/risks from:

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

Sensible additions to the Commercial Portfolio by acquiring property occupied by tenants with good credit ratings also contributed to reducing the risk of rent losses. We are further expanding our earnings base and enhance the diversification of our portfolio and tenant base with the growth planned for the 2022 financial year.

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

– Strategic opportunities/risks: With the major new development WINX (MainTor) now being completed, the focus of the corporate strategy is continuing to shift to-

wards lower-risk business segments. Our powerful real estate management platform enables us to focus on active management of the directly held Commercial Portfolio as well as our growing Institutional Business.

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

– Financing opportunities/risks:

We 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 December 2021. As a result, we have reduced the financing risks further in the medium term.

In the 2021 financial year, the issuance of the Company's first Green Bond with a volume of EUR 400 million and a coupon of 2.25% also led to further diversification of our sources of outside capital.

We also issued new promissory note loans totalling EUR 280 million with maturities between three and ten years during the year under review. The promissory notes issued in 2021 are all ESG-linked. In 2021, we also successfully concluded attractive real estate financing deals as part of our acquisition activities.

As a result, DIC's overall risk profile remained stable in 2021 compared with the previous year. Having a business model comprising a comprehensive range of services with broad coverage of the real estate value chain in DIC's real estate platform enables us to generate diversified, steady cash flows from ongoing rental income, transaction, structuring and management fees, and attractive income from investments. Our excellent market penetration and extensive knowledge of the German commercial real estate market will support our planned growth. We will efficiently create economies of scale and investment opportunities from the symbiosis of our capital and financial structure as a traditional real estate property holder and the long-standing expertise of a real estate manager.

In a financial year still dominated by Covid-19, we succeeded in lifting our FFO earnings once again to EUR 107.2 million, and achieved our transaction targets as well. On the acquisition side, transactions worth around EUR 1.6 billion were notarised, while on the sales side this figure was approximately EUR 0.3 billion. Overall, our assets under management rose significantly to EUR 11.5 billion at the reporting date. This means we are once again successfully pursuing our growth strategy with a medium-term target of around EUR 15 billion in assets under management.

Overall economic development in the 2022 financial year will again be contingent on the evolution of the pandemic and, subsequently, on possible further restrictions and regulations introduced by the legislature. On a more positive note, there are hopes that vaccines will be extensively available, especially for booster shots, to further combat and contain the pandemic.

This would also have positive effects for the real estate sector as a whole. Demand for office space could rise further during the 2022 financial year. In 2020 and 2021, companies put off decisions about relocations and expansion, but leases with correspondingly shorter terms are expiring or coming up for renewal. As a result, additional demand pressure coupled with a shortage of space in Germany's top 7 cities and in metropolitan regions could give a further boost to the total amount of space let. Demand in the investment market also continues to be buoyant, particularly for core properties. If interest rates remain low, expectations are that this could heap additional pressure on institutional investors to invest. All things considered, we continue to expect the property sector to continue its recovery in 2022.

The resulting developments, both positive and negative, and their potential repercussions may have significant consequences for the German economy, its businesses and the real estate sector. However, due to their complexity, these effects cannot be predicted or calculated at present.



# REPORT ON EXPECTED DEVELOPMENTS

## Achievement of objectives for 2021

We met all of the most recently forecast targets for our key performance indicators at platform level. In the 2021 financial year, we were able to expand our diversified real estate platform further with numerous investments both for the Company's proprietary portfolio and as part of third-party mandates. To do this, we continued to draw on our local expertise and most recently strengthened our presence in Germany's key markets further by opening our eighth office in Stuttgart at the start of the year. Our major competitive advantage is our proximity to the tenants, investors and properties we support as effectively as possible with our active, 360-degree real estate management approach. The key performance indicators gross rental income and real estate management fees in the Commercial Portfolio and Institutional Business segments developed according to plan.

On the transaction side, we managed to meet our transaction targets as planned due to a very busy final quarter. Acquisition volumes across all segments reached approximately EUR 1,559 million, including approximately EUR 242 million in the Commercial Portfolio segment and approximately EUR 1,317 million in the Institutional Business, including properties acquired as part of our warehousing activities (approximately EUR 818 million). As a result, we fully achieved our acquisition targets of EUR 200 million to EUR 300 million for the Commercial Portfolio and EUR 1 billion to EUR 1.5 billion for the Institutional Business. On

the sales side, we completed transactions with a total volume of approximately EUR 345 million. In the Commercial Portfolio, we completed three sales with a combined volume of approximately EUR 28 million, below our planned target of approximately EUR 100 million. Several sales in the Commercial Portfolio planned for the end of the year were not completed. The respective properties are therefore up for sale in the current financial year. In the Institutional Business, we achieved a sales volume of approximately EUR 317 million by selling a total of four properties and projects, thus slightly exceeding our target of EUR 200 million to EUR 300 million. Overall, we achieved our transaction targets across all segments at platform level. In June, DIC completed the largest property acquisition in its history to date. We purchased the Uptown Tower in Munich as part of the warehousing of attractive properties temporarily held on DIC Asset AG's balance sheet with the aim of placing them with institutional investors at a later date. Total investment costs amounted to around EUR 556 million. We had already successfully marketed around 85% of shares to institutional investors by the end of the year,

## Development of the Commercial Portfolio

Driven by both transactions and an increase in value, the market value of the Commercial Portfolio rose by around 10% to EUR 2.2 billion in 2021 (EUR 2.0 billion). The market valuation carried out by external experts as at 31 December 2021 also revealed a substantial rise of EUR 85.7 million or 4.0%. Driven by our warehousing activities, acquisitions and outstanding letting work, gross rental income increased by 8% year-on-year in the financial year ended, despite the challenges posed by the Covid-19 pandemic and sales in the current and previous year. In the case of gross rental income, we slightly exceeded our most recent forecast of EUR 107 million to EUR 108 million with a total of EUR 108.4 million.

## Development of the Institutional Business

Our institutional business continues to be on a strong growth trajectory. Assets under management rose by 22% to EUR 9.3 billion in 2021 (2020: EUR 7.6 billion). This means that since 2017, the volume of real estate assets under our management has more than tripled. At EUR 101.2 million, real estate management fees also reached a historic high within the expected range of EUR 94 million to EUR 104 million, representing a year-on-year increase of 27%.

## FFO guidance for 2021 achieved

We achieved the forecast for funds from operations (FFO) of EUR 106 million to EUR 110 million as planned with EUR 107.2 million, the first triple-digit FFO earnings in the Company's history.

## Overall assessment for 2022

Overall, we expect the environment for DIC Asset AG to remain stable to positive in financial year 2022. Our business model and profitable real estate platform primarily in the German commercial real estate market enable us to react quickly and flexibly to changing business conditions.

Based on the diversified cash flows we generate via the two significant earnings pillars of our real estate platform, our local presence and the active management approach of our overall managed portfolio, we were again able to demonstrate the considerable crisis resilience and flexibility of our business model under the persistently challenging conditions caused by the Covid-19 pandemic during the past financial year. Our assets under management rose to around EUR 11.5 billion. We generated triple-digit FFO earnings for the first time in the Company's history with an FFO of EUR 107.2 million. In the logistics sector, we further expanded our logistics investments as planned after the integration of RLI Investors and increased this sector's share of our entire platform's market value further to around 8% (based on market value).

We also launched another logistics fund at the start of 2021 and collected around EUR 210 million in equity from institutional investors within four months. We are planning to make our first logistics investments outside Germany in neighbouring countries (Benelux, Austria) during the 2022 financial year and use our local presence and active 360-degree management approach to make an impact in these markets in the medium term.

We once again achieved a strong letting performance of around 309,100 sqm in 2021, including around 143,000 sqm in new leases alone. We generated high transaction volumes for the third successive year, recording volumes of approximately EUR 1.9 billion at the end of year, including around EUR 1.6 billion by making attractive acquisitions for both segments. By making acquisitions of around EUR 242 million in 2020 we once again improved the diversification, stability and profitability of the Commercial Portfolio, complementing it with stable long-term cash flows. In addition to further growth in assets under management through acquisitions, we continue to focus on refurbishment measures in 2022 to leverage additional potential and enhance the portfolio's quality in terms of sustainability.

In 2021, we used our profile as a property holder with a robust balance sheet and financial structure together with our skills as an experienced asset manager to secure attractive properties in the investment market at an early stage (warehousing). We can use these properties to form the start-up portfolios of new investment vehicles to be launched at a later date. In summer 2021, we took the Uptown Tower onto our own balance sheet with a volume of more than EUR 500 million, and had already successfully placed around 85% of shares with institutional investors by the end of the year. We want to continue using these strengths to acquire small and medium-sized properties for warehousing purposes in the 2022 financial year.

In the Institutional Business, our reputation in the German commercial real estate market as a provider of investment products with attractive returns has been further enhanced, enabling us to position us with institutional investors as an appealing partner with a successful track record. Our investor base grew to 165 investors by the end of 2021. With our enhanced focus on logistics including property outside Germany and our many years of office property expertise, we are seeing persistently high demand for investment products among our investors, not least in view of what is expected to remain a low interest rate environment for the foreseeable future. We therefore anticipate rising income from real estate management in 2022 as a result of having further expanded our assets under management.

We embedded ESG even more firmly into our organisation and corporate management in 2021 and created a comprehensive ESG roadmap in addition to updating our ESG strategy. During the 2022 financial year, we want to continue implementing the ESG measures we introduced in 2021 as well as further optimising the quantity and quality of our company ratings. We will also use the results of our latest stakeholder survey conducted in December 2021 to place an even greater emphasis on key information on focus topics in our next sustainability report. We are continuing to pursue our aim of increasing the share of Green Buildings to over 20% by the end of 2023, partly by acquiring certified properties and partly by investing in our Commercial Portfolio to help improve energy consumption and reduce carbon emissions.

## Macroeconomic environment in 2022

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

The industrial sector suffered supply bottlenecks over the past financial year and was therefore unable to make full use of its production capacity despite sustained demand. The economy was also subjected to restrictions triggered by the pandemic at the start and end of the year. The German economy is expected to grow sharply and dynamically during the course of 2022, even though this trend is initially likely to have been dampened by supply bottlenecks and the fourth wave of coronavirus at the start of the year. The disruption to supply chains was also reflected in the rising rate of inflation, with prices for goods and services increasing by an average of 5.3% year-on-year in December 2021 alone, and by an annual average of 3.1%. This trend was primarily driven by surging energy prices. According to the initial assessments of leading economists, a rise in consumer spending, the easing of supply bottlenecks and export catch-up effects mean GDP growth of around 4.0% is realistic for 2022.

## Assessment of sector trends

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

### Rental market in 2022

We expect rental markets, particularly office rental markets, to continue the recovery they began in 2021 during 2022. Although an increase in working from home and remote working is likely in the future, we do not expect any significant decline in demand for office space on the part of companies. Their overwhelming desire is to bring employees back together in person, allow greater distancing in the office, create more space for collaborative working, and offer a place where staff can identify with their company. The demand for space in 2021 resulted in an average vacancy rate of 4.5% across Germany's top 7 cities by the end of the year, up 80 basis points compared to the previous year. This trend is attributable to the increase in project development activities undertaken in response to the lack of office space prior to the outbreak of the coronavirus pandemic, which is now reaching the rental market after a time delay. We therefore anticipate a further slight increase in the vacancy rate for the top 7 cities to around 5% for 2022. This level is still extremely low by historical standards and will not have a significant negative impact on rents. If anything, demand for new space models that also satisfy ESG criteria more effectively is triggering a further increase in rents. Overall, office space take-up is expected to exceed 3 million sqm in 2022, a slight improvement on 2021. The amount of space let in the logistics rental market is once again likely to be high in 2022. Based on a 28%

year-on-year increase in take-up to 3.7 million sqm in Germany's top 8 logistics markets at the end of 2021, rental trends are expected to remain positive in 2022, driven by further growth in the areas of e-commerce and supply chain onshoring. We see additional opportunities in this market 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.

### Investment market in 2022

According to consultancy firm Colliers International, the commercial transaction volume in Germany totalled around EUR 60.1 billion in 2021. At EUR 21.8 billion, the fourth quarter in particular was the second-strongest final quarter in the past ten years. As in previous years, the dominant asset class was offices, which made up 51% of the market. Unsurprisingly, the highly popular industrial and logistics asset classes took second place, having only achieved transaction volumes of EUR 9.2 billion and a market share of 15% due to a surplus of demand. For 2022, it can be assumed that production in Germany will increase again as global supply chains are optimised, in addition to growing demand from the e-commerce and healthcare sectors. In light of the latest production losses, property services provider JLL expects industrial companies with global networks to build up more of a strategic buffer once again in order to better withstand temporary supply chain disruption. As a result, the logistics asset class is likely to offer additional growth potential.

Demand is therefore expected to remain high in 2022, partly because the economic recovery is delayed by shortages in the supply of raw materials and preliminary prod-

ucts, and partly due to the ECB's decision to persist with its low interest rate policy so as not to threaten the economic recovery in eurozone countries. While investors continue to focus on core properties in top locations, their investment strategies are increasingly being widened to include core-plus or value-add properties offering good opportunities to leverage rent potential. There is also demand for "green" properties (Green Buildings) or properties with "manage-to-green" potential. Despite persistent liquidity, high investment pressure and robust competition for top products, JLL sees no sign of a price bubble in the investment market. Demand currently outstrips supply in the office and logistics asset classes, causing rents to rise and leading to further yield compression. Property services provider Colliers anticipates transaction volumes of between EUR 55 and 60 billion, as in the previous two crisis years. However, this forecast could be significantly exceeded if economic growth is above-average in 2022 and there are no lengthy lockdowns.

On the buyer side, adequate opportunities to improve the profile and market share of DIC and its subsidiaries in the German-speaking real estate market and in neighbouring countries will arise due to steady growth in the investor network and real estate platform with an expanded range of logistics investments.

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

#### ➔ Growth in all segments - including internationally

Based on high transaction volumes in the past financial year and around EUR 11.5 billion in real estate assets under management on the real estate platform at the end of the year, we expect our real estate platform to grow further in the German commercial real estate market and for the first time in neighbouring countries as a result of our first logistics investments outside Germany in 2022.

Since successfully integrating specialist logistics property investment and asset management company RLI Investors GmbH in early 2021, we have been able to expand our logistics investments as planned to make up around 8% of the entire platform's market value by the end of 2021. We continue to focus on the share held by the office asset class, which accounts for 72% of the entire platform based on market value. In the 2022 financial year, we expect the Institutional Business segment to make an increasing contribution to earnings again as well as growth in assets under management in both segments. Overall, we are planning for **transactions with a total volume of between EUR 1.7 billion and EUR 2.4 billion** across all segments in 2022. In the medium term, we are aiming to increase assets under management to around EUR 15 billion across all segments.

Additional **acquisitions amounting to around EUR 1.4 billion to EUR 1.9 billion** are planned for 2022. Acquisitions within a range of EUR 200 million to EUR 300 million are attributable to the Commercial Portfolio and EUR 1.2 billion to EUR 1.6 billion to the Institutional Business (third-party business). These acquisitions are planned for both existing mandates and as part of new mandates and investment vehicles.

#### ➔ Generation of sales profits and investment income after successful value creation

We expect consistently high demand on the transaction markets, not least due to low interest rates and the continued economic recovery. The persistently low interest rate environment in 2022 and the continued, positive trend in rents in office and logistics markets are among the reasons why we believe that there is an excellent chance that we can continue to leverage the potential of the properties in the Commercial Portfolio and for our clients in the Institutional Business. We can do this by investing in selected properties and in some instances redeveloping and repositioning them, reducing vacancy rates, raising rental income on a like-for-like basis and thus creating additional value that is reflected by the rental income in the Commercial Portfolio as well as in management income from looking after properties in the Institutional Business. We will market selected properties across all segments when a suitable occasion arises in order to realise attractive sales profits, investment income and property management fees, and to further strategically optimise the portfolios managed by DIC. We can also develop additional suitable investment properties for our institutional investors from our proprietary portfolio and place them in appropriate investment vehicles.

As a result, we are targeting **sales across all segments with a volume of between EUR 300 million and EUR 500 million** for 2022. Of this figure, around EUR 100 million is attributable to the Commercial Portfolio and around EUR 200 million to EUR 400 million to the Institutional Business.

### ➔ Development of the Commercial Portfolio

We acquired attractive properties to enhance the quality of our portfolio during the past financial year. We sold successfully repositioned and non-strategic properties, mainly to realise added value and optimise our portfolio further. There were no or very few instances of non-payment of rent as a result of the pandemic during the 2021 financial year. Overall, we were able to increase expected rental cash flows further thanks to our active, tenant-focused management approach. We generated additional rental income by purchasing warehousing properties, including the acquisition of Uptown Tower in June 2021. We are planning to make further acquisitions for the Commercial Portfolio in the 2022 financial year and are therefore aiming to further expand our portfolio, which had a value of around EUR 2.2 billion as of the reporting date. Based on the current portfolio, planned letting performance and taking into account additional acquisitions and sales recognised on the balance sheet in the current financial year, we expect **gross rental income from the Commercial Portfolio to be stable or rise slightly and come in between EUR 106 million and EUR 109 million.**

### ➔ Development of the Institutional Business

Assets under management in the Institutional Business rose by around 22% from EUR 7.6 billion to EUR 9.3 billion in 2021. Additional properties totalling more than EUR 0.5 billion that were acquired for the Institutional Business or warehousing in 2021 will be transferred during the current financial year. With significant capital commitments already secured, we have also laid the foundations for making additional investments during the current financial year. We want to expand the DIC real estate platform further, particularly in the area of logistics, and are also aiming to make investments outside Germany. In light of this, we anticipate a further increase in real estate management fees resulting from ongoing management (asset and property management and development), transaction fees for acquisitions and sales and the structuring of investment products as well as performance fees for exceeding predefined target returns. We are planning to generate **real estate management fees of EUR 105 million to EUR 115 million in the 2022 financial year.**

### ➔ Expected revenue and results of operations in 2022

Our goal is to increase operating profit by 7% to 11% based on our activities planned in the current financial year, particularly based on planned growth in all segments as well as the ongoing active management of our Commercial Portfolio and the managed properties in the Institutional Business. We anticipate **FFO to amount to between EUR 115 million and EUR 119 million** in 2022. Subject to the condition that the planned acquisition of VIB Vermögen AG takes place as part of the announced tender offer, we expect a slightly increased FFO for 2022.

## Material assumptions for the business forecast

Our forecast is based on the following material assumptions:

- This forecast does not take into account inorganic growth from initiatives such as the acquisition or takeover of companies
- Vaccination rates against Covid-19 among the population in Germany, including against future variants of the virus, will remain high
- There will not be any outbreaks of previously unknown pandemics that could result in a further deterioration in and restrictions on public life
- Global trade conflicts do not expand significantly
- There will be no major escalations of geopolitical tensions
- There will be no sovereign debt crisis in the eurozone
- There will be no resurgence of the banking crisis in the eurozone
- The German economy will continue its recovery from the coronavirus pandemic and grow by 3.5-4%
- Other leading indicators or economic factors such as the unemployment rate will not deteriorate significantly
- The rental market and lease revenue will not deteriorate year-on-year during the 2022 financial year and will reach the normal level seen in previous years prior to the outbreak of the pandemic
- Inflation will not see an unexpectedly high increase
- The ECB will not abruptly end or only moderately adjust its policy of cheap money
- Banks will not tighten the requirements of their lending policies to such an extent that they restrict transaction activity
- No new, unforeseen permanent or temporary regulatory changes and regulations will come into effect 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 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 ("DIC") as positive. Our business model of serving the full real estate value chain for our own portfolio and institutional investors and dynamically creating value has again proven to be very robust in what has been another financial year that was impacted by the Covid-19 pandemic. The net assets, financial position and results of operations of DIC in 2021 were mainly determined by the acquisitions and sales in the Commercial Portfolio segment including warehousing activities, the issuance of our first Green Bond with a volume of EUR 400 million and the issuance of ESG-linked promissory notes totalling EUR 280 million,

and the continued, significant growth seen in the Institutional Business segment. While a significant portion of the investment income generated by the investees in the Commercial Portfolio results from 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 60.7 million (previous year: EUR 73.8 million) in the financial year ended.

At EUR 39.0 million, revenue was significantly higher than the prior-year figure of EUR 6.5 million. The increase is mainly attributable to 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 16.5 million, personnel expenses in the year under review were on a par with the prior-year figure of EUR 16.3 million. At EUR 27.3 million, other operating expenses were EUR 11.0 million higher than in the previous year (previous year: EUR 16.3 million), an increase that was mainly triggered by costs incurred in connection with the issuance of the Green Bond and the ESG-linked promissory notes in 2021. At EUR -1.2 million, earnings before interest, taxes and investment income were up EUR 23.5 million on the previous year, which was mainly due to the significant increase in revenue (previous year: EUR -24.7 million). Interest expenses resulting from our bonds and promissory notes amounted to EUR 19.7 million (previous year: EUR 14.0 million). Interest expenses increased by EUR 7.5 million, in particular due to the Green Bond issued in September for a total of EUR 400.0 million with a coupon of 2.25% p.a. and the issuance of an ESG-linked promissory note amounting to EUR 280 million and an average interest rate of 1.77%. This means that the scheduled repayments due in 2022 have already been secured.

The positive balance of interest due to subsidiaries and investees and income from long-term loans totalled EUR 21.0 million during the year under review, a year-on-year decrease of EUR 3.6 million (previous year: EUR 24.6 million).

Overall, DIC again achieved an increase in net income for the year of EUR 61.0 million (previous year: EUR 57.5 million). All of this means that we once again concluded a successful financial year, despite the persistent challenges posed by the Covid-19 pandemic.

Investments in affiliated companies, investees and loans totalled EUR 1,430.4 million as at the reporting date, an increase of EUR 442.7 million (+44.8%). This was primarily due to an increase in investments in affiliated companies resulting from acquisitions.

Receivables from affiliated companies and investees rose by EUR 127.9 million (+21.7%) to EUR 717.0 million. The corresponding liabilities increased by EUR 15.7 million to EUR 323.3 million. Overall, our commitment to related entities, consisting of financial assets as well as receivables from and liabilities to affiliated companies and investees as at the reporting date of 31 December 2021, rose by EUR 554.9 million, from EUR 1,269.2 million to EUR 1,824.1 million (+43.7%).

The Company's equity increased by EUR 23.7 million from EUR 1,035.7 million to EUR 1,059.4 million (+2.2%), mainly due to the excellent net income and another successful implementation of the scrip dividend. The cash dividend amounting to EUR 37.4 million paid in April 2021 had an offsetting effect. Borrowed capital rose from EUR 832.6 million to EUR 1,534.2 million, driven mainly by the issuance of the Green Bond and the new ESG-linked promissory note. The reported equity ratio was robust at 40.9%, down from the prior-year figure of 55.4%.

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 2021, we had forecast net income for the year on a par with the previous year of EUR 57.5 million. We slightly exceeded this target during the financial year with net income for the year of EUR 61.0 million, primarily as a result of exceptionally positive transaction results and transaction fees.

Subject to a stabilisation of economic trends in the course of 2022, the Group meeting its acquisition and sales targets and continual growth in the Institutional Business, we are forecasting net income for 2022 at the level of the previous year. We expect to continue our consistent dividend policy in the coming year. For further information, please refer to the Group's report on expected developments starting on page 129.

## 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.

## 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 81,861,163.00 consists of 81,861,163 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 Asset AG which exceed 10% of the voting rights.

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

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

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

### **Powers of the Management Board to issue and buy back shares**

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

#### **> Authorisation to purchase own shares**

By virtue of the resolution adopted by the ordinary General Shareholders' Meeting of 24 March 2021, the Management Board is authorised, with the prior approval of the Supervisory Board, to acquire own shares until 23 March 2026 representing up to 10% of the lower of the Company's share capital at the date of the resolution or at the date the authorisation is exercised. At no time may the acquired shares together with other treasury shares in the possession of the Company or allocated to it under sections 71a et seq. AktG represent more than 10% of the share capital. The authorisation may not be used for the purpose of trading treasury shares. The authorisation may be exercised in whole or in part, once or repeatedly, for one or more than one purpose, by the Company or by companies dependent on it or majority-owned by it, or by third parties acting on their behalf or on behalf of the Company.

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

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

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

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

- (ii) The shares may also be sold in a way other than through the stock exchange or based on an offering directed to all shareholders if the purchase price payable in cash is not significantly lower than the stock market price of equivalent shares already listed. The number of shares sold in this manner disapplying pre-emptive rights may not exceed 10% of the share capital, neither at the time this authorisation becomes effective nor at the time it is exercised. Other shares that are issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights or conversion obligations from bonds with warrants and/or convertible bonds and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG.
- (iii) The shares may be sold in return for contributions in kind, in particular in connection with business combinations, for the purpose of acquiring companies, parts of companies, equity interests in companies or other assets, or claims for acquiring other assets including receivables in respect of the Company.
- (iv) The shares may be used to implement a scrip dividend in which shares of the Company are used (including partially and alternatively) to fulfil shareholder dividend claims.

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

As at 31 December 2021, 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 2021 to increase the Company's share capital with the approval of the Supervisory Board by a total of up to EUR 16,117,405.00 until 23 March 2026 by issuing new no-par value registered shares once or repeatedly in return for cash contributions and/or contributions in kind (Authorised Capital 2021). 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% in-

terest 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 2021, 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 8 July 2020, the Management Board is authorised, with the approval of the Supervisory Board, to issue bearer convertible bonds or bonds with warrants (together, "bonds") with or without limitation of maturities on one or more occasions until 7 July 2025 in a total nominal amount of up to EUR 500,000,000.00, and to grant to holders and/or creditors of bonds conversion or option rights (which may include a conversion obligation) to no-par value registered shares in the Company representing a proportionate amount of the share capital of up to EUR 15,814,309.00 in total, subject to the terms of the convertible bonds and/or bonds with warrants (together also "bond terms"). The bonds may only be issued in return for cash payment. In principle, the shareholders are granted a pre-emptive right. The bonds may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right).

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

- for fractional amounts resulting from the subscription ratio;
- if upon due review the Management Board concludes that the issue price of the bonds is not substantially lower than the theoretical market value of the bonds determined in accordance with generally accepted methods of financial mathematics. This authorisation to disapply pre-emptive rights does not, however, apply to bonds with a conversion or option right (including those with a conversion obligation) to shares, the total amount of which does not exceed 10% of the lower of the share capital existing at the time this authorisation becomes effective or at the time it is exercised. Shares that were issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights or conversion obligations from convertible bonds and/or bonds with warrants and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued based on a different authorisation during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG;
- to the extent it is necessary to grant pre-emptive rights for bonds to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights and/or conversion obligations that were or will be issued by the Company or companies in which the Company holds a direct or indirect 100% interest in

the volume to which they would be entitled as shareholders after exercising the option rights and/or conversion rights or fulfilling the conversion obligations.

The bond issues may be divided into several notes.

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

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

The terms of the convertible bond may also provide for a conversion obligation on maturity (or at an earlier date). The terms of the convertible bonds and/or bonds with

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

To service conversion or option rights and/or conversion or option obligations under bonds that will be issued until 7 July 2025 based on an authorisation by the General Shareholders' Meeting on 8 July 2020, the Company's share capital was contingently increased, by virtue of the resolution adopted at the ordinary General Shareholders' Meeting on 8 July 2020, by up to EUR 15,814,309.00 by issuing up to 15,814,309 registered shares (contingent capital 2020).

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

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

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

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

The terms of issue of the 2017 corporate bond (ISIN DE000A2GSCV5) issued by the Company with a volume of EUR 180 million (matures July 2022) as well as the 2018 corporate bond (ISIN DE000A2NBZG9) issued by the Company with a volume of EUR 150 million (matures October 2023) provide for early redemption at the choice of the creditor in the event of a change of control. According to the terms, every creditor has the right, but not the obligation, to demand full or partial repayment from DIC Asset AG or, at the choice of DIC Asset AG, the purchase of its bonds by DIC Asset AG (or at its request by a third party). However, the exercise of the option by a creditor will only take effect for the respective corporate bond if in each case creditors of at least 20% of the total nominal amount have exercised the option in respect of the bonds

still outstanding at this time. A change of control pursuant to the terms of the issue occurs where it becomes known to DIC Asset AG that (i) a person or group of persons acting in concert pursuant to section 2 (5) of the Wertpapiererwerbs- und Übernahmegesetz (WpÜG – German Securities Acquisition and Takeover Act) has become the legal or economic owner of more than 50% of the voting rights in DIC Asset AG; or (ii) a person has achieved actual control over DIC Asset AG under the terms of a control agreement with DIC Asset AG pursuant to section 291 AktG.

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.

## Disclosures on corporate governance practices

DIC Asset AG attaches great value to corporate governance with the Company and the Group. The Management Board and Supervisory Board feel that they have an obligation to ensure the Company's continued existence and the generation of sustained value added through responsible corporate governance with a long term focus. For DIC Asset AG, good corporate governance also includes managing risks in a responsible manner. The Management Board therefore makes sure that risks are appropriately managed and controlled in the Company (see also the comments in the report on risks and opportunities) and ensures that the Company complies with the law by maintaining a compliance management system that reflects the Company's exposure to risk. The Company is in compliance with the recommendations of the German Corporate Governance Code as described in its annual Declaration of Compliance. The Management Board regularly informs the Supervisory Board of any existing risks and their develop-

ment. The Company's internal control, reporting and compliance structures are continuously reviewed, enhanced and adjusted to changes in the general environment.

A Compliance Policy is in place for the DIC Asset Group and a Compliance Officer supervises observance of material compliance requirements. In addition, a whistleblower system for reporting misconduct and violations has been set up. Based on the Compliance 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 guidelines 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 Group management report of DIC Asset AG.

In addition, the DIC Asset 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 Asset Group's mission statement and values are always reflected in our daily actions. The DIC Asset Group requires its business partners to meet the same high legal and ethical standards it has set for itself. A Business Partner Code of Conduct has been introduced for this purpose, which is the basis of any collaboration between the DIC Asset Group and its business partners and describes the legal and ethical requirements of such collaboration.

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

## 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 2021. The consultation process resulted in the adoption of an updated annual Declaration of Compliance dated 21 December 2021, 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 and will comply with the recommendations of the German Corporate Governance Code as amended on 16 December 2019. The following exceptions have applied or will apply in the future:

- › The Code recommends in clause C.10 sentence 1 that the Chairman of the Supervisory Board shall 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, 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 agreement 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 in-

creased 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, 21 December 2021

Management Board and Supervisory Board of DIC Asset AG

## WORKING PRACTICES AND COMPOSITION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

### Dual management structure

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

### Close cooperation between the Management Board and the Supervisory Board

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

The Management Board performs its management role as a collegial body. It determines corporate objectives, strategic orientation, corporate policy and Group organisation and coordinates these with the Supervisory Board and en-

asures that they are implemented. In this process, the Management Board is bound to the Company's Group-wide interests and committed to the sustained increase of enterprise value, and to the needs of shareholders, customers, employees and other groups associated with the Company. The members of the Management Board are jointly responsible for managing the entire business. Notwithstanding their overall responsibility, the individual Management Board members manage the departments assigned to them independently and within the parameters of the Management Board resolutions. The allocation of duties between the members of the Management Board is derived from the Schedule of Responsibilities. The Management Board has a quorum if at least the majority of its members participate in the resolution and adopts its resolutions by a simple majority. In the event that the Management Board consists of more than two members, the Chairwoman will have the casting vote in the event of a tie.

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

discussions with investors on Supervisory Board-specific topics as required.

An overview of the Supervisory Board's activities during the 2021 financial year is presented in the Supervisory Board report.

### Composition of the Boards

The Management Board of DIC Asset AG consists of four members: Sonja Wärntges as Chairwoman (Chief Executive Officer, CEO), also responsible for Asset, Property and Portfolio Management, Finance, Controlling, Marketing, PR, Sustainability and Administration; Christian Bock, responsible for Institutional Business (Chief Institutional Business Officer, CIBO); Johannes von Mutius, responsible for Transaction Business (Chief Investment Officer, CIO); and Patrick Weiden, responsible for Capital Market Activities and M&A (Chief Capital Markets Officer, CCMO). More information on the Management Board is provided in the notes to the consolidated financial statements under "Other disclosures".

The Supervisory Board of DIC Asset AG consists of six members, who are all elected by the General Shareholders' Meeting. The Supervisory Board has elected a Chairman and two Vice Chairmen. 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 2021 financial year and the disclosures pursuant to section 285 no. 10 HGB are listed in the notes to the consolidated financial statements under "Other disclosures".



## Succession planning for the Management Board, diversity policy

The Supervisory Board works with the Management Board on long-term succession planning. In addition to meeting the requirements of the German Stock Corporation Act (AktG), the German Corporate Governance Code (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 Asset AG.

With regard to the composition of the Management Board, the Supervisory Board follows a diversity policy that primarily includes the following aspects:

- Members of the Management Board should have the knowledge, skills and experience required to properly complete their tasks.
- Members of the Management Board must be familiar with the commercial real estate sector. At least some members of the Management Board should also have knowledge or experience of funds/asset and property management as well as capital markets and financing. As

a minimum, the member of the Management Board responsible for Finance must have accounting or auditing expertise and some members of the Management Board should contribute experience of leading a medium-sized company.

- Diversity should also be taken into account when searching for qualified individuals for the Management Board. There should also be an appreciation of how different complementary professional profiles, work and life experiences and balanced gender representation can benefit the work of the Management Board.
- As a rule, members of the Management Board should be under 65 years old. Age should therefore also be taken into account when appointing Management Board members.
- The Supervisory Board stipulated targets for the share of women on the Management Board and a deadline for their achievement in accordance with section 111 (5) AktG as outlined below.

The diversity policy should benefit the work of the Management Board overall. When deciding which individual should fill a specific Management Board position, the Supervisory Board acts in the best interests of the Company while taking into account all circumstances in each individual case.

The Management Board of DIC Asset AG currently consists of four members professionally and personally qualified in different areas, including a female member, Sonja Wärrntges, as CEO. The Supervisory Board believes that the diversity policy has been satisfied during the reporting period.

## Objectives of the Supervisory Board with regard to its composition, skills profile and diversity policy

The Supervisory Board defined targets for its composition, which take the recommendations of the German Corporate Governance Code into account in accordance with the Declaration of Compliance. These targets include the skills profile for the Supervisory Board as a whole as well as the diversity policy it pursues for its composition.

- As a group, the Supervisory Board should have the knowledge, skills and professional experience required to properly complete its tasks. Members of the Supervisory Board must generally be familiar with the sector in which the Company operates.
- It should be ensured that at least some individual members of the Supervisory Board have the following knowledge or experience: (i) familiarity with the commercial real estate sector, (ii) knowledge of funds/asset and property management, (iii) knowledge of capital markets and financing, (iv) accounting expertise for at least one Supervisory Board member and auditing expertise for at least one further Supervisory Board member, (v) experience of leading a medium-sized or larger company. The individual qualifications of individual members may complement each other in achieving this objective.
- Independence and avoiding conflicts of interest are also important objectives: The Supervisory Board members representing the shareholders should include an adequate number of independent members as defined in clause C.6 of the German Corporate Governance Code. More than half of the shareholder representatives shall be independent from the Company and the Management Board as defined in clause C.7 of the German Cor-

porate Governance Code. At least half of the shareholder representatives shall be independent from a controlling shareholder as defined in clause C.9 of the German Corporate Governance Code. The Supervisory Board also follows the recommendations of the German Corporate Governance Code with regard to conflicts of interest. The Supervisory Board should not include any members who perform an executive or advisory role with significant third-party competitors of the Company or Group. The Supervisory Board should not include more than two former Management Board members.

- Requirements for individual Supervisory Board members include: Only persons under 70 should be proposed for election to the Supervisory Board. Supervisory Board members should have business or operational experience. They should be able to assess the profitability, expediency and legality of the business decisions being evaluated as part of the Supervisory Board's work as well as key accounting documents, with the support of the auditor where appropriate. They should be willing to get involved in the substance of the business to a reasonable extent. Each Supervisory Board member ensures that they can dedicate the expected time to properly exercising their Supervisory Board mandate.
- The Supervisory Board may also include members who are particularly qualified for international requirements. However, in view of DIC Asset AG's 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.

The Supervisory Board of DIC Asset AG currently consists of six professionally and personally qualified members, including Prof. Dr. Ulrich Reuter as a financial expert in the areas of accounting and auditing and as the independent Chairman of the Audit Committee, and Prof. Dr. Gerhard Schmidt as a further financial expert in the area of accounting and member of the Audit Committee. Four members of the Supervisory Board – Prof. Dr. Ulrich Reuter, Eberhard Vetter, Michael Zahn and René Zahnd – are independent from the Company and the Management Board as defined in clause C.7 DCGK and are also independent from the controlling shareholder as defined in clause C.9 DCGK. With at least four members who are independent from both the Company and the Management Board on the one hand and the controlling shareholder on the other, the Supervisory Board is therefore of the opinion that it has an appropriate number of independent members to represent the shareholders. In the opinion of the Supervisory Board,

the targets are otherwise currently being met with one exception. Although the target for the share of women on the Supervisory Board is currently not being met, the Supervisory Board is also taking into account the deadline it has set itself to meet this target.

### **Stipulations of targets for the share of women on the Supervisory Board, on the Management Board and at the executive level below the Management Board**

As a listed company not subject to co-determination, DIC Asset AG is required by law to stipulated targets for the share of women on the Supervisory Board, on the Management Board and at the two executive levels below the Management Board, to the extent that these exist.

With effect from 1 July 2017, the Supervisory Board adopted targets of 1/6 (corresponding to around 16.66%) for the share of women on the Supervisory Board and 25% (1/4) for the share of women on the Management Board. A deadline of 30 June 2022 has been set for achieving these targets. With a ratio of 1/4 (25%), the target for the Management Board is currently met. The target for the share of women on the Supervisory Board is currently not achieved with a ratio of 0%. When proposing to the General Shareholders' Meeting to elect member of the Supervisory Board, the Supervisory Board takes into account the objectives set by the Supervisory Board for its composition and the skills profile for the Supervisory Board as a whole, while focusing on the professional and personal qualification of the candidate. At the end of the 2022 General Shareholders' Meeting on 24 March 2022, the term of office of a total of three Supervisory Board members expires. Among the Supervisory Board's proposals for the election of Supervisory Board members is one female candidate. If this individual is elected, the planned target for the share

of women on the Supervisory Board will be achieved on time.

With effect from 1 July 2017, the Management Board adopted a target of 15.38% (2/13) for the share of women at the executive level below the Management Board and a deadline for achieving this target of 30 June 2022. As of the reporting date, this target has been exceeded with a ratio of 15.79% (3/19).

### 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 2021. Any conflicts of interest on the Supervisory Board disclosed to the Supervisory Board in the 2021 financial year and their treatment are described in the Supervisory Board report.

### Establishment of the Audit Committee

The Supervisory Board established an Audit Committee, which supports the Board in the performance of its duties and regularly reports to it. The Audit Committee 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 has the following three members:

- Prof. Dr. Ulrich Reuter (Chairman of the Audit Committee)
- Prof. Dr. Gerhard Schmidt
- René Zahnd

The members of the Audit Committee have particular knowledge and experience in financial reporting and the auditing of financial statements. The Chairman of the Audit Committee is independent and has particular knowledge and experience in financial reporting and the auditing of financial statements. Prof. Dr. Gerhard Schmidt also has financial reporting expertise. All of the members of the Audit Committee are familiar with the property sector.

### Self-assessment of the work of the Supervisory Board and the Audit Committee

The Supervisory Board 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. The Supervisory Board most recently carried out a self-assessment in December 2021.

### D&O insurance

A Directors & Officers (D&O) insurance policy is in place for members of the Management Board and the Supervisory Board. It provides insurance for claims for damages by the Company, shareholders or third parties, which may be asserted due to Board members' failure to exercise due care. DIC Asset AG bears the costs of the insurance policy. The members of the Management Board have to pay a deductible in the event of a claim.

### Remuneration report and remuneration system

The remuneration report in accordance with section 162 AktG for financial year 2021, 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 Investor Relations/Corporate Governance section of DIC Asset AG's 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 Asset AG or to derivatives or other financial instruments of DIC Asset AG linked thereto (Directors' dealings). This obligation also applies to persons related to members of governing bodies. However, transactions only had to be disclosed if the total amount of all transactions made by a member of a governing body or a person related to a member of a governing body until the end of the 2021 calendar year was at least EUR 20,000.00.

The following securities transactions as defined by article 19 Market Abuse Regulation were reported in the 2021 financial year:

Date	Issuer (ISIN)	Person required to file the report	Type of transaction	Volume
17.11.2021	DIC Asset AG (Share) DE000A1X3XX4	Sonja Wärtges Management Board	Purchase	EUR 15,300.00
17.11.2021	DIC Asset AG (Debt instrument) XS2388910270	Sonja Wärtges Management Board	Purchase	EUR 97,098.00
24.09.2021	(Debt instrument) XS2388910270	Sonja Wärtges Management Board	Purchase	EUR 99,049.00
22.09.2021	DIC Asset AG DE000A1X3XX4	Sonja Wärtges Management Board	Purchase	EUR 15,000.00
14.06.2021	DIC Asset AG (Share) DE000A1X3XX4	Entity with close relations to Prof. Dr. Gerhard Schmidt Supervisory Board	Purchase	EUR 300,200.00
10.05.2021	DIC Asset AG (Share) DE000A1X3XX4	Sonja Wärtges Management Board	Purchase	EUR 14,270.00
20.04.2021	DIC Asset AG (Share) DE000A1X3XX4	Entity with close relations to Prof. Dr. Gerhard Schmidt Supervisory Board	Acquisition of 210,481 shares by exercising pre-emptive rights in connection with the scrip dividend for financial year 2020	EUR 3,146,690.95

## Shares held by Management Board members

As at the 31 December 2021 reporting date, Chief Executive Officer Sonja Wärtges held a total of 12,475 shares (previous year: 9,169 shares) and Chief Capital Markets Officer Patrick Weiden held a total of 6,200 shares (previous year: 6,000 shares). The Management Board members Christian Bock and Johannes von Mutius did not hold any shares in DIC Asset AG on either reporting date.

## OTHER DISCLOSURES

### Shareholders and General Shareholders' Meeting

The shareholders of DIC Asset AG exercise their rights at the General Shareholders' Meeting. The ordinary General Shareholders' Meeting takes place once a year. Every shareholder who is recorded in the share register and registers in good time is entitled to take part in the General Shareholders' Meeting, to vote with his shares recorded in the share register and registered and to pose questions to the Management Board. Each share grants one vote at the General Shareholders' Meeting.

Shareholders who cannot attend in person may arrange for their voting rights to be exercised in the General Shareholders' Meeting by an intermediary (e.g. a bank), an association of shareholders, the proxy or proxies of DIC Asset AG acting according to instructions or any other authorised individual. The Company makes it possible to follow all or part of the General Shareholders' Meeting online. The Management Board can enable shareholders to cast their votes in writing or by means of electronic communication (postal vote) and participate in the General Shareholders' Meeting without being present in person, and ensure that they can exercise all or some of their rights fully or partially by means of electronic communication. Due to the exceptional circumstances of the Covid-19 pandemic, the 2021 General Shareholders' Meeting was held virtually in accordance with what is known as the German Covid-19 Act.

### Transparent communication

We report each quarter on the course of business and the net assets, financial position and results of operations and inform our shareholders in an open, prompt and transparent manner about the DIC Asset AG business model as well as of any news or changes. We describe communications with our shareholders and business partners in detail in the chapter entitled "Investor relations and capital market".

### Financial reporting and auditing

DIC Asset AG prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), taking into account the recommendations of EPRA, while the single-entity financial statements are prepared in accordance with the HGB. The financial statements for the full year are prepared by the Management Board, audited by the auditor (currently: Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Nuremberg) and examined by the Supervisory Board. Prior to their publication, the quarterly financial information and the half-yearly report reviewed by the auditors are discussed with the Supervisory Board. Based on the recommendation of the Audit Committee, the Supervisory Board submits a proposal regarding the election of the auditors by the General Shareholders' Meeting. Prior to this, the auditors submit a statement of independence to the Supervisory Board. In addition, it has been agreed with the auditors that they would notify the Supervisory Board immediately of any possible grounds for exclusion or bias that may arise during the audit. The audi-

tor also carries out an audit of the remuneration report in accordance with section 162 (3) AktG.

Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft has been the auditor of the annual and consolidated financial statements since 2001 and was re-elected as the auditor following a call for tenders in the 2016 financial year. Mr Karsten Luce has been the auditor responsible for reviewing these statements since the audit of the 2015 annual and consolidated financial statements (1 January 2015 to 31 December 2015). In addition to Mr Karsten Luce, Mr Christian Landgraf is also authorised to sign the auditor's report relating to the annual financial report for the 2021 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 Asset AG has therefore established a systematic risk management process, which ensures that risks are recognised and assessed at an early stage and the existing risk exposure is optimised. Risk management and risk control processes are continually enhanced and adjusted to changes in the general environment. Key features of the control and risk management systems are presented in the report on risks and opportunities.



# CONSOLIDATED FINANCIAL STATEMENTS

**INCOME STATEMENT**

**STATEMENT OF COMPREHENSIVE INCOME**

**BALANCE SHEET**

**STATEMENT OF CASH FLOWS**

**STATEMENT OF CHANGES IN EQUITY**

**CONSOLIDATED INCOME STATEMENT****for the period from 1 January to 31 December**

in EUR thousand	Note	2021	2020
<b>Gross rental income</b>	1	<b>108,390</b>	<b>100,695</b>
Ground rents		- 523	- 510
Service charge income on principal basis	2	23,211	22,135
Service charge expenses on principal basis	2	- 26,415	- 24,029
Other property-related expenses	3	- 13,447	- 16,070
<b>Net rental income</b>		<b>91,216</b>	<b>82,221</b>
Administrative expenses	4	- 21,518	- 19,077
Personnel expenses	5	- 38,096	- 30,280
Depreciation and amortisation	6	- 42,986	- 38,774
Real estate management fees	7	101,225	79,722
Other operating income		3,815	2,222
Other operating expenses		- 1,802	- 1,852
<b>Net other income</b>		<b>2,013</b>	<b>370</b>
Net proceeds from disposal of investment property	8	139,337	116,324
Carrying amount of investment property disposed	8	- 115,572	- 84,324
<b>Profit on disposal of investment property</b>		<b>23,765</b>	<b>32,000</b>
<b>Net operating profit before financing activities</b>		<b>115,619</b>	<b>106,182</b>
Share of the profit of associates	9	6,524	11,370
Interest income	10	9,550	8,670
Interest expense	10	- 59,257	- 36,760
<b>Profit / loss before tax</b>		<b>72,436</b>	<b>89,462</b>
Current Income tax expense	11	- 19,447	- 14,128
Deferred tax expense	11	5,396	- 2,222
<b>Profit for the period</b>		<b>58,385</b>	<b>73,112</b>
Attributable to equity holders of the parent		57,795	70,013
Attributable to non-controlling interest		590	3,099
<b>Basic (=diluted) earnings per share (EUR) *</b>	12	<b>0.71</b>	<b>0.88</b>

\* 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	2021	2020
<b>Profit / loss for the period</b>	58,385	73,112
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss		
Fair value measurement of hedging instruments		
Cash flow hedges	403	- 1,442
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	7,169	- 3,093
<b>Other comprehensive income*</b>	7,572	- 4,535
<b>Comprehensive income</b>	<b>65,957</b>	<b>68,577</b>
Attributable to equity holders of the parent	65,367	65,478
Attributable to non-controlling interest	590	3,099

\* after tax

**CONSOLIDATED BALANCE SHEET as at 31 December****ASSETS**

in EUR thousand	Note	31.12.2021	31.12.2020
Goodwill	13	190,243	177,892
Investment property	14	1,756,660	1,599,987
Property, plant and equipment	15	12,520	14,575
Investments in associates	16	66,870	66,712
Loans to related parties	17	99,502	126,791
Other investments	18	141,417	53,348
Intangible assets	19	44,423	17,766
Deferred tax assets	11	31,308	26,700
<b>Total non-current assets</b>		<b>2,342,943</b>	<b>2,083,771</b>
Receivables from sale of investment property		0	1,283
Trade receivables	20	22,281	27,658
Receivables from related parties	21	19,886	18,643
Income tax receivable	22	33,612	18,212
Other receivables	23	265,860	54,464
Other current assets	24	23,504	22,674
Cash and cash equivalents	25	546,911	371,404
		<b>912,054</b>	<b>514,338</b>
Non-current assets held for sale	26	238,653	126,059
<b>Total current assets</b>		<b>1,150,707</b>	<b>640,397</b>
<b>Total assets</b>		<b>3,493,650</b>	<b>2,724,168</b>

**EQUITY AND LIABILITIES**

in EUR thousand	Note	31.12.2021	31.12.2020
<b>EQUITY</b>			
Issued capital	27	81,861	80,587
Share premium	27	896,290	878,789
Hedging reserve	27	-2,445	-2,848
Reserve for financial instruments classified as at fair value through other comprehensive income	27	8,851	1,682
Retained earnings	27	144,380	142,996
Total shareholders' equity		1,128,937	1,101,206
Non-controlling interest		5,032	7,215
<b>Total equity</b>		<b>1,133,969</b>	<b>1,108,421</b>
<b>LIABILITIES</b>			
Corporate bonds	28	539,586	326,494
Non-current interest-bearing loans and borrowings	28	1,333,313	1,114,476
Deferred tax liabilities	11	44,833	29,794
Derivatives	29	5	23
Other non-current liabilities	30	2,910	5,002
<b>Total non-current liabilities</b>		<b>1,920,647</b>	<b>1,475,789</b>
Corporate bonds	28	179,494	0
Current interest-bearing loans and borrowings	28	115,733	33,431
Trade payables	31	4,029	2,306
Liabilities to related parties	21	17,470	16,187
Derivatives	29	1,844	3,424
Income taxes payable	32	26,082	21,297
Other liabilities	33	55,116	63,313
		<b>399,768</b>	<b>139,958</b>
Liabilities related to non-current assets held for sale	26	39,266	0
<b>Total current liabilities</b>		<b>439,034</b>	<b>139,958</b>
<b>Total liabilities</b>		<b>2,359,681</b>	<b>1,615,747</b>
<b>Total equity and liabilities</b>		<b>3,493,650</b>	<b>2,724,168</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS****for the period from 1 January to 31 December**

in EUR thousand	2021	2020
<b>OPERATING ACTIVITIES</b>		
Net operating profit before interest and taxes paid	117,687	117,669
Realised gains / losses on disposals of investment property	- 23,765	- 32,000
Depreciation and amortisation	42,986	38,774
Changes in receivables and other assets	- 49,342	- 14,732
Other non-cash transactions	15,131	2,275
<b>Cash generated from operations</b>	<b>102,697</b>	<b>111,986</b>
Interest paid	- 32,325	- 30,586
Interest received	1,245	85
Income taxes received / paid	- 28,222	- 14,056
<b>Cash flows from operating activities</b>	<b>43,395</b>	<b>67,429</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of investment property	130,737	116,324
Acquisition of investment property	- 296,914	- 168,867
Capital expenditure on investment properties	- 16,872	- 17,710
Acquisition / disposal of other investments	- 355,091	1,899
Investment in business combination	- 36,194	0
Loans to other entities	7,700	473
Acquisition / disposal of office furniture and equipment, software	- 472	- 5,687
<b>Cash flows from investing activities</b>	<b>- 567,106</b>	<b>- 73,568</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from the issue of share capital	0	109,724
Proceeds from the issue of corporate bond / promissory notes	680,000	0
Repayment of minority interest	- 2,466	0
Proceeds from other non-current borrowings	725,375	188,140
Repayment of borrowings	- 649,832	- 230,074
Repayment of corporate bonds	- 5,000	0
Lease payments	- 2,839	- 2,826
Payment of transaction costs	- 11,869	- 2,701
Dividends paid	- 37,363	- 35,956
<b>Cash flows from financing activities</b>	<b>696,006</b>	<b>26,307</b>
Acquisition related increase in cash and cash equivalents	3,212	0
Net increase in cash and cash equivalents	172,295	20,168
Cash and cash equivalents as at 1 January	371,404	351,236
<b>Cash and cash equivalents as at 31 December</b>	<b>546,911</b>	<b>371,404</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period from 1 January to 31 December 2021

mn	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
<b>Profit / loss for the period</b>					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
<b>Comprehensive income</b>	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
<b>Balance at December 31, 2021</b>	<b>81,861</b>	<b>896,290</b>	<b>-2,445</b>	<b>8,851</b>	<b>144,380</b>	<b>1,128,937</b>	<b>5,032</b>	<b>1,133,969</b>

\* Net of deferred taxes

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period from 1 January to 31 December 2020**

in EUR thousand	Issued capital	Share premium	Hedging reserve	Reserve for financial instruments classified as at fair value through other comprehensive income	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
<b>Balance at December 31, 2019</b>	72,214	763,909	- 1,406	4,775	125,170	964,662	4,116	968,778
<b>Profit / loss for the period</b>					70,013	70,013	3,099	73,112
Other comprehensive income*								
Items that may be reclassified subsequently to profit or loss								
Gains / losses from cash flow hedges			- 1,442			- 1,442		- 1,442
Items that shall not be reclassified subsequently to profit or loss								
Gains / losses on financial instruments classified as measured at fair value through other comprehensive income				- 3,093		- 3,093		- 3,093
<b>Comprehensive income</b>	<b>0</b>	<b>0</b>	<b>- 1,442</b>	<b>- 3,093</b>	<b>70,013</b>	<b>65,478</b>	<b>3,099</b>	<b>68,577</b>
Changes in the basis of consolidation								
Dividend distribution for 2019					- 52,187	- 52,187		- 52,187
Issuance of shares through capital increase in kind	8,373	117,581				125,954		125,954
Transaction costs of equity transactions		- 2,701				- 2,701		- 2,701
<b>Balance at December 31, 2020</b>	<b>80,587</b>	<b>878,789</b>	<b>- 2,848</b>	<b>1,682</b>	<b>142,996</b>	<b>1,101,206</b>	<b>7,215</b>	<b>1,108,421</b>

\* Net of deferred taxes

For information on the consolidated statement of changes in equity see note 27

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## INFORMATION ON THE COMPANY

DIC Asset AG (the "Company") and its subsidiaries ("DIC" or the "Group") invest directly or indirectly in German commercial real estate and operate in the area of portfolio, asset and property management.

The Company's shares are listed in the Prime Standard segment of the Frankfurt Stock Exchange and the stock exchanges in Munich, Düsseldorf, Berlin, Bremen, Hamburg, Stuttgart and Hanover.

DIC Asset AG, which is entered in the commercial register of the Local Court of Frankfurt am Main (HRB 57679), has its registered office in Frankfurt am Main, Neue Mainzer Strasse 20 – MainTor, Germany.

These consolidated financial statements were released for publication by the Management Board on 8 February 2022 and approved by the Supervisory Board.

## SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The consolidated financial statements for the 2021 financial year were prepared in accordance with the International Financial Reporting Standards applicable as at 31 December 2021 (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 2021 are based in principle on the same accounting policies applied in the consolidated financial statements in financial year 2020. The effects of any changes made are described in the explanations of the standards to be applied for the first time.

The annual financial statements for the companies included in the consolidated financial statements were prepared using uniform accounting policies. As a rule, the same accounting policies are applied at the level of the associates of DIC Asset AG. The single-entity financial statements of the consolidated companies were prepared as at the reporting date of the consolidated financial statements (31 December 2021).

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.

### Presentation 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 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform (Phase 2)
Amendments to IFRS 4	Postponement of IFRS 9
Amendments to IFRS 16	Covid-19-related Rent Concessions beyond 30 June 2021

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 01 January 2022:

Standard	Title	Application mandatory for annual periods beginning on or after
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRSs: 2018-2020 Cycle	01.01.2022
Amendments to IFRS 3	Reference to the 2018 Conceptual Framework	01.01.2022
Amendments to IAS 16	Proceeds before Intended Use	01.01.2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	01.01.2022
IFRS 17	Insurance Contracts	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	Application mandatory for annual periods beginning on or after
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	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
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	Effective date postponed indefinitely

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 Asset AG 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 Asset AG to the customer, either over time or at a point in time, once the performance obligation is satisfied. The revenue from the operating and service charge accounting is reported gross according to IFRS 15, since DIC Asset AG has primary responsibility for the original performance obligation and thus acts as the principal.

Revenue from the sale of property is recognised as of the date when control transferred to the purchaser. Depending on the respective purchase agreement, revenue is commonly realised at the time of delivery or acceptance, which in turn corresponds to the time that possession, benefits and associated risks are transferred. This normally occurs upon payment of the purchase price. This is revenue which arises at a point in time.

DIC Asset AG also provides services within the scope of agency agreements which are reported under real estate management fees. These agreements provide the customer with multiple separately identifiable services. Some of the identified performance obligations are fulfilled over time according to IFRS 15.35(a) 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 Asset receives dividend income as of the date on which the right to receive the payment arises.

### Investment property

Properties which are held or developed to earn rentals and/or for capital appreciation, are classified as investment property. Investment property is measured at cost including service charges upon acquisition. The cost model in accordance with IAS 40.56 is applied for subsequent measurements. Investment property is measured in accordance with IAS 16 rules, i.e. at cost less depreciation and impairment losses as well as reversals of impairment losses.

Where they can be assigned directly to the construction or production of a qualifying asset, borrowing costs are capitalised over the period during which all work is substantially completed in order to prepare the qualifying asset for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Otherwise, borrowing costs are recognised as expenses when incurred.

Land is not depreciated. Buildings are depreciated on a straight-line basis over their economic lives and tested for impairment annually as well as at other times if there is an indication of possible impairment.

The following useful lives are assumed when depreciating buildings:

in years	Useful life
Residential buildings	60
Office and commercial buildings, hotels	50
Department and retail stores, shopping arcades and supermarkets	40
Car parks, underground parking facilities	40

The Company's real property is treated as a financial investment, since property trading itself is not considered to be part of its business activities. Due to the measurement at depreciated cost, the fair value of investment property is to be disclosed in the notes (see note 14). The valuation is carried out by independent experts and in accordance with international valuation standards (IVS). In particular, the fair value is established on the basis of discounted future surpluses in accordance with the discounted cash flow method or, if available, on the basis of proposed sales contracts, comparative or market prices. The fair value is a net value, i.e. transaction costs that could be incurred in an actual acquisition are deducted.

### Property, plant and equipment

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" (p. 181) and "Leases" (p. 201) for further details. Owner-occupied property and office furniture and equipment are carried at depreciated cost. Borrowing costs are not recognised as part of costs. As a rule, property, plant and equipment is depreciated on a straight-line basis over its economic life. The useful life of office furniture and equipment is normally between 3 and 13 years and 50 years for property.

### Intangible assets

Intangible assets with a finite useful life are carried at amortised cost and amortised on a straight-line basis over their economic lives. They are tested for impairment if events or changes in circumstances indicate that the carrying amount is no longer recoverable.

Business software is amortised over three to five years. The useful life of concessions and other rights is generally ten years. Service agreements and trademarks are amortised over a period of between 4 to 12 years. With the exception of goodwill, there are no intangible assets with indefinite useful lives.

### Investments in associates

An associate is an entity over which the Group can exercise significant influence, but not control, and in which it usually holds a share of the voting rights between 20% and 50%. Significant influence is the power to participate in the financial and operating policy decisions of the investee. At the same time, neither control nor joint control is exercised over decision-making processes. Investments in associates are accounted for using the equity method. They are initially recognised at cost in the consolidated balance sheet and adjusted in subsequent years to reflect changes in the Group's share of profit or loss of the associate and the associate's other comprehensive income after acquisition. An associate's losses which exceed the Group's share in this associate are not recognised. They are only recognised if the Group has entered into legal or de facto obligations to assume the loss or if the Group makes payments on behalf of the associate.

The profit/loss, assets and liabilities of associates are accounted for in these financial statements using the equity method unless the shares are classified as held for sale. In that case, they are accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

At each reporting date, the Group reviews whether there are indications that an impairment loss must be recognised for investments in associates. Here the difference between the carrying amount and the recoverable amount must be recognised as an impairment and allocated accordingly to share of the profit or loss of associates.

**Receivables and other assets**

Receivables and other financial assets are carried at amortised cost if the following two criteria are met:

- The business model for managing these financial instruments involves holding them to collect the underlying contractual cash flows (business model assessment) and
- the contractual cash flows generated consist solely of principal and interest (contractual cash flow test).

These financial assets are subsequently measured using the effective interest method subject to the impairment rules in IFRS 9.5.5 ff.

If the business model and/or contractual cash flow criteria are not fulfilled, measurement is at fair value in accordance with the classification guidelines in IFRS 9.4.1, either through profit or loss, or in other comprehensive income. Debt instruments measured at fair value through other comprehensive income are also subject to the impairment guidelines in IFRS 9.5.5 ff.

Financial assets, except financial assets measured at fair value through profit or loss, contract assets in accordance with IFRS 15, lease receivables, loan commitments and financial guarantees are subject to the impairment model within the meaning of IFRS 9.5.5. According to this approach, the Group must recognise a loss allowance on these assets based on the expected credit loss. The expected credit loss is the difference between the contractually agreed cash flows and the expected cash flows, measured at present value and applying the original effective interest rate. Expected cash flows also include proceeds from short hedges and other loan collateral that is an integral part of the relevant contract.

As a rule, expected credit losses are recognised in three levels. For financial assets which have not experienced a significant increase in credit risk since initial recognition, a loss allowance in the amount of the expected 12-month credit loss is recognised (Level 1). Where a significant increase in credit risk has occurred, the expected credit loss for the remaining lifetime of the asset is determined (Level 2). The Group generally assumes that a significant increase in credit risk has occurred if payments are 30 days in arrears. This principle can be refuted if reliable and justifiable information indicates in individual cases that credit risk has not increased. If there is objective indication of impairment, the underlying assets must be assigned to Level 3.

The Group applies the simplified method in accordance with IFRS 9.5.15 to trade receivables. In this approach, the loss allowance always equals the lifetime expected credit loss for the asset. For further details on calculating loss allowances, see the reporting on risk management.

For other assets subject to the amended impairment model in IFRS 9 and to which the general approach is applied, the expected credit loss is measured by grouping financial assets on the basis of common credit risk characteristics, and considering individual default information and existing collateral.

The Group generally assumes a default has occurred when contractual payments are more than 90 days in arrears. In addition, in individual cases, other internal and external information may be considered that indicates that contractual payments cannot be paid in full. Financial assets are derecognised when there is no reasonable expectation that future payments will be made.

Other assets are carried at amortised cost.

**Cash and cash equivalents**

The cash and cash equivalents item includes cash, cash in banks and term deposits available within three months.

**Non-current assets held for sale**

Non-current assets held for sale and the associated liabilities are measured in accordance with IFRS 5 and reported as current. Assets are considered "held for sale" if they are available for immediate sale in their current condition, if it is highly probable that their sale will take place within twelve months of the reporting date and if management has agreed to the sale. This item can comprise individual non-current assets or groups of assets held for sale (disposal groups). Liabilities sold along with the assets in a single transaction are reported as "liabilities associated with assets held for sale" separately from the other liabilities in the balance sheet in accordance with IFRS 5.38.

These are measured at the lower of the carrying amount or fair value less costs to sell. Following classification in this group, non-current assets held for sale are no longer depreciated. The interest and expenses associated with the liabilities of this group continue to be recognised in accordance with IFRS 5.25.

**Provisions**

Provisions take into account all obligations recognisable at the reporting date that are based on past events and for which the amount or maturity is uncertain. Provisions are recognised only on the basis of a legal or de facto obligation to a third party, the fulfilment of which makes an outflow of funds probable, to the extent that a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at the present value of the expected expense and are not offset against reimbursement rights.

**Share-based payment**

Share price-related remuneration paid in the Group is accounted for pursuant to IFRS 2 Share-based Payment. The phantom stock options comprise share-based payment transactions to be settled in cash which are measured at fair value at each reporting date. The remuneration expense, including the pro-rata service rendered during the lock-up period, is accrued ratably and recognised in profit or loss until vesting.

**Liabilities**

Financial liabilities predominantly comprise bonds and liabilities to credit institutions, trade payables and derivative financial instruments with negative fair values.

With the exception of derivative financial instruments, liabilities are recognised at amortised cost, applying the effective interest method. When determining the carrying amount, the Group only takes account of transaction costs directly attributable to the acquisition or issue of financial instruments if the financial instruments are not recognised at fair value through profit or loss.

Liabilities are classified as current if they are due within twelve months of the reporting date.

**Deferred tax income/expense**

Deferred taxes are recognised on temporary differences between carrying amounts in accordance with IFRSs and their tax base and on tax loss carryforwards. As a rule, the differences established are always recognised if they lead to deferred tax liabilities. Deferred tax assets are taken into account if it is probable that the corresponding tax benefits can also be realised in subsequent years. If, however, as part of a transaction that does not constitute a business combination, temporary differences arise from the initial recognition of an asset or liability that does not affect accounting or taxable profit or loss at the time of the transaction, no deferred tax is recognised either at the time the asset or liability is recognised initially or subsequently.

Deferred tax assets and deferred tax liabilities are offset if the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis.

Deferred taxes are calculated on the basis of the tax rates that are enacted or substantially enacted. As a rule, changes to deferred taxes in the balance sheet lead to deferred tax expense or income, unless they relate to items that are recognised directly in equity or in other comprehensive income, in which case the taxes are also recognised in equity or in other comprehensive income.

**Current income taxes**

Current tax assets and liabilities for the current period are measured in the amount expected to be refunded by the taxation authority or paid to the taxation authority. The tax rates and tax laws applicable on the reporting date are used to calculate the amount.

Insofar as is evident, sufficient tax provisions have been recognised for tax liabilities. This process was based on a number of factors such as interpretations, commentaries and legal precedent relating to the tax legislation in question as well as past experience.

**Derivative financial instruments**

DIC Asset AG uses derivative financial instruments in the form of interest rate swaps and caps as part of its hedging of interest rate risks.

Derivative financial instruments are shown as a financial asset or financial liability and measured at fair value through profit or loss. This is calculated by discounting expected future cash flows over the remaining term of the contract based on current yield curves. They are initially accounted for on their date of origin.

Provided that the requisite criteria are met, derivatives used for hedging interest rates are recognised as cash flow hedges if this concerns the hedging of cash flows. When the transaction is entered into, the Group documents the hedging relationship between the hedging instrument and the hedged item, the objective of risk management and the underlying strategy. In addition, an assessment of whether the derivatives used as hedges compensate for changes in the cash flows of the hedged items is documented at the beginning of the hedge and continuously thereafter.

The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognised through other comprehensive income in the reserve for cash flow hedges in equity. Gains or losses from the ineffective changes in value, on the other hand, are recognised directly through profit or loss. Amounts recognised in other comprehensive income are recognised as income or expense in the period in which the hedged item affects profit or loss.

When a hedging instrument expires, is sold or the hedge no longer fulfils the criteria for hedge accounting, the accumulated profit or loss remains in equity and is only reported in profit or loss when the underlying transaction occurs. If the future transaction is no longer expected to occur, the accumulated gains or losses recognised directly in equity are reclassified to profit or loss immediately.

Changes in the reserve for cash flow hedges in equity are presented in the statement of changes in equity and in the statement of comprehensive income.

In individual cases, DIC Asset uses derivatives as fair value hedges. When the transaction is entered into, the Group documents the hedging relationship between the hedging instrument and the hedged item, the objective of risk management and the underlying strategy. In addition, an assessment of whether the derivatives used as hedges compensate for changes in the cash flows of the hedged items is documented at the beginning of the hedge and continuously thereafter.

The gain or loss on derivatives designated as a hedging instrument in a fair value hedge is recognised through profit or loss. In the case of hedges of equity instruments measured through other comprehensive income, the changes in value are recognised in other comprehensive income. The hedging gain or loss on the hedged item results in an adjustment of the carrying amount of the hedged item and is generally recognised in profit or loss. In the case of equity instruments measured through other comprehensive income, the corresponding changes in value are recognised in other comprehensive income. Amounts recognised in other comprehensive income are never recognised in profit or loss.

Derivatives which do not meet the criteria for hedge accounting are classified as 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 other operating income.

If the Group operates as a lessor within the scope of a finance lease, a receivable will be recognised in the amount of the net investment under the lease.

> The Group as lessee

For all new agreements which come into effect on or after 1 January 2019, the Group will review whether this agreement is or contains a lease. However, while exercising the relevant option the IFRS 16 rules will not be applied to right-of-use assets for intangible assets.

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. In application of this definition, the Group assesses whether the contract meets the following three preconditions:

- The contract refers to an identified asset which is either expressly indicated in the contract or is implicitly specified and can thus be considered to have been identified.
- The Group has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, while taking into consideration its rights within the defined scope of the contract.
- The Group has the right to determine the use of the identified asset throughout the period of use.
- In case of multiple-component contracts, each separate leasing component is separately accounted for. In case of contracts which include lease components as well as non-lease components, the exemption for separation of these components is applied.

As of the date of provision of the leased asset, the Group recognises a right-of-use asset and a lease liability in the balance sheet. The costs of the right-of-use asset correspond to the amount of the lease liability at the time of acquisition, adjusted for the Group's initial direct costs, an estimate of the costs for disassembly and removal of the asset at the end of the lease as well as the lease payments made prior to the start of the lease, less any lease incentives. In subsequent periods, the right-of-use asset will be measured at depreciated cost.

The lease liability is measured according to the present value of the lease payments made during the term of the lease, on the basis of the underlying interest rate for the lease or, if this is not available, the incremental borrowing rate of interest. Within the scope of the subsequent measurement, interest will accrue to the carrying amount of the lease liability on the basis of the interest rate used for discounting, while the lease payments made will be deducted from this carrying amount.

The lease payments included in the measurement of the lease liability consist of fixed payments (including de facto fixed payments), variable payments which are tied to an index or (interest) rate, payments expected within the scope of residual value guarantees as well as payments which will arise through purchase options with a reasonable degree of certainty. In addition, penalties for a termination are taken into consideration where the term takes into consideration that the lessee will exercise a termination option and corresponding penalties have been agreed.

In principle, changes to leases and remeasurements of lease liabilities are recognised in other comprehensive income against the right-of-use asset. They will be recognised through profit or loss if the carrying amount of the right-of-use asset has already been reduced to zero or this results from a partial termination of the lease.

As a rule, the Group depreciates on a straight-line basis the right-of-use assets from the start of the lease up to the end of the period of use of the leased asset or the end of the contract term, whichever is earlier. A longer period of use for the leased asset will be applied for the depreciation period if a transfer of ownership (e.g. through exercise of a purchase option) is assumed at the end of the lease term. In addition, the Group tests for impairment in case of relevant indicators.

In case of short-term leases and low-value leases, the relevant payments are recognised as expense through profit or loss on a straight-line basis over the term of the lease.

The right-of-use assets and lease liabilities are reported in the balance sheet under property, plant and equipment or other non-current liabilities and other liabilities.

#### **Currency translation**

The functional currency of all consolidated subsidiaries and joint ventures is the euro. There are not balance sheet items in a foreign currency.

#### **Earnings per share**

The basic earnings per share are calculated by dividing the share of the profit for the period attributable to the shareholders of DIC Asset AG by the weighted average of the number of shares outstanding during the year. Shares newly issued or repurchased during a period are taken into consideration on a pro rata basis for the period in which they are outstanding. A dilutive effect may result in the future from existing authorised capital.

#### **Accounting estimates and assumptions**

To a certain degree, preparation of the consolidated financial statements requires discretionary decisions and estimates, which have an impact on the recognition, measurement and presentation of assets and liabilities, income and expenses, as well as the contingent assets and contingent liabilities.

The principal areas affected by assumptions and estimates are:

- the determination of the economic lives of fixed assets,
- the calculation of discounted cash flows as well as the discounting and capitalisation rates used in impairment tests,
- the determination of the fair value and present value of minimum lease payments, the applicable discount rate and the term of leases, taking into account existing termination and extension options.
- the determination of the point in time and amount of revenue recognition in accordance with the principles of IFRS 15,
- the recognition and measurement of provisions,
- the recoverability of receivables,
- the future usability of tax loss carryforwards.

All assumptions and the underlying estimates are constantly re-evaluated. They are based on past experiences and other factors including expectations with regard to future events.

In future periods, actual values may deviate from the assumptions and estimates made and lead to considerable adjustments to the carrying amounts of the respective assets and liabilities.

## Consolidation

### Subsidiaries

The consolidated financial statements include the financial statements of the parent company and the companies that it controls. The Company has control if it has power over an investee, is exposed to variable returns from its involvement with the investee and has the ability to affect the amount of the returns as a result of its power.

An investee is consolidated from the point in time when the Company obtains control over the subsidiary until the point in time that it ceases to have control. In this context, the profit or loss of subsidiaries acquired or sold during the year is recognised in the consolidated income statement and in other comprehensive income from the actual date of acquisition to the actual date of disposal.

The Group reassesses whether or not the Company controls an investee if facts and circumstances indicate that one or more of the aforementioned three control criteria have changed.

If the Company does not hold the majority of the voting rights, it still controls the investee if its voting rights give it the practical ability to direct the relevant activities of the investee unilaterally. When assessing whether its voting rights are sufficient to exercise control, the Company considers all facts and circumstances, including:

- the size of the Company's holding of voting rights relative to the size and distribution of holdings of the other vote holders,
- potential voting rights held by the Company, other vote holders or other parties,
- rights arising from other contractual agreements and any additional facts and circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The acquisition method is used to account for acquired subsidiaries as long as they constitute a business within the meaning of IFRS 3. The acquisition cost comprises the fair value of all assets transferred, of the equity instruments issued and of the liabilities that arose or were assumed at the time of the transaction. In accordance with IFRS 3 Business Combinations, the carrying amounts of the parent company's investments are offset against its shares in the remeasured equity of the subsidiaries at the time of acquisition. In this process, assets and liabilities are recognised at fair value. Acquisition-related costs are expensed as incurred. The amount recognised as goodwill – which is tested for impairment at least once a year – is calculated as the amount by which the acquisition cost, the amount of non-controlling interests in the acquiree and the fair value of all previously held equity interests at the acquisition date exceeds the Group's share of the acquiree's net assets, measured at fair value. If the cost of acquisition is lower than the fair value of the acquiree's net assets, following further testing the difference is recognised directly in the Group's profit or loss.

If the Group loses control over a subsidiary, the remaining share is remeasured at fair value and the resulting difference is recognised in profit or loss. Furthermore, all amounts relating to this company reported in other comprehensive income are reclassified to the income statement.

All intragroup assets, liabilities, equity, income, expenses and cash flows in connection with transactions between Group entities are eliminated in full as part of the consolidation. Where consolidation adjustments are recognised in profit or loss, the income tax effects are taken into account and deferred taxes are recognised.

No discretion is required to determine control because the Group holds a large majority of the voting rights in all instances (see Chapter Overview).

As at 31 December 2021, a total of 193 (previous year: 177) subsidiaries were included in the consolidated financial statements in addition to DIC Asset AG (see appendix 1 to the notes, p. 223 et seq.). There are no material non-controlling interests in the Group.

One company was merged in the course of optimising the Group's structure. Seventeen companies were acquired during the financial year and consolidated for the first time (previous year: seven companies acquired and three merged).

#### Acquisition of RLI in 2021

At the beginning of 2021, DIC Asset AG acquired the shares in RLI Investors GmbH ("RLI"). On the date of acquisition, the GEG Group consisted of a parent company and one subsidiary. Initial consolidation was carried out as at 1 January 2021.

Due to the acquisition of RLI in January 2021, a year-on-year comparison of the figures is possible only to a limited extent.

RLI's business complements the DIC Asset AG business model perfectly and accelerates its planned growth in the logistics property sector. At the time of the acquisition, RLI managed two property funds with assets under management amounting to around EUR 0.7 billion. Furthermore, the RLI's existing investors perfectly complement the Group's investor base. By adding the RLI teams, DIC Asset AG has successfully completed its strategic expansion of expertise and competence in the logistics sector.

A purchase price of EUR 36.2 million was paid in cash for the acquisition of 100% of the shares in RLI.

The fair values of the acquired assets and liabilities recognised at the acquisition date of 1 January 2021 mainly relate to assets of EUR 2.4 million, intangible assets of around EUR 33.8 million, and current and non-current liabilities of EUR 12.4 million. The net assets acquired thus amounted to EUR 23.8 million.

The comparison of the total of the consideration transferred and the non-controlling interests in the net assets with the acquired remeasured net assets of RLI resulted in goodwill of EUR 12,350 thousand. The goodwill reflects future synergies, in particular access to a broader investor base and the expanded product portfolio for the logistics property segment both in the Institutional Business and in the Commercial Portfolio.

The fair value of trade receivables within the item "Trade receivables" amounted to EUR 334 thousand. The gross amount of contractual receivables amounted to EUR 334 thousand.

The profit for financial year 2021 includes profits of EUR 1,814 thousand (before amortisation of newly identified intangible assets and related deferred taxes recognised through profit or loss) from the additional business generated by RLI. The attributable revenue (income from real estate management fees) for the 2021 financial year includes EUR 4,379 thousand from RLI.

Until 31 December 2021, transaction costs of EUR 1,290 thousand were recognised as administrative expenses as part of the transaction for the entire 2021 financial year.

#### Investments in associates

An investment in an associate is accounted for using the equity method from the time that the criteria for an associate are met. Any amount by which the cost of acquiring the share exceeds the share acquired in the fair values of the identifiable assets, liabilities and contingent liabilities is reported as goodwill. Goodwill is a component of the carrying amount of the investment and is not tested separately for impairment.

The Group discontinues the use of the equity method from the time at which its investment no longer constitutes an associate or the investment must be classified as held for sale in accordance with IFRS 5. When using the equity method is discontinued, profits or losses previously reported in other comprehensive income by the associate are reclassified to the income statement.

If a Group company enters into a business relationship with one of the Group's associates, profits and losses from this transaction are eliminated in proportion to the Group's interest in the associate.

For strategic reasons, DIC Asset AG holds shares in 15 (2020: 14) companies which are accounted for using the equity method in the consolidated financial statements as associates in accordance with IAS 28.05 (see appendix 2 of the notes on p. 227).

Please refer to note 16 "Investments in associates" regarding the discretion to be applied in determining companies to be included using the equity method.

### Other investments

As previously and similar to the provisions of IAS 39, investments that represent an equity instrument as defined by IAS 32 are measured at fair value through other comprehensive income and allocated to the category "At Fair Value through other Comprehensive Income". Any changes in the fair value are shown in other comprehensive income. In this case, if the instrument is derecognised, it is not subsequently reclassified to profit or loss but reclassified to retained earnings. Dividends from these instruments, on the other hand, are recognised as investment income in profit or loss. As a rule, assets available for sale are carried in the balance sheet at their fair value. Changes in the market value are recorded in other comprehensive income as long as there is no impairment.

Investments that do not represent an equity instrument as defined by IAS 32 are measured at fair value through profit or loss and allocated to the category "At Fair Value through Profit or Loss".

### Goodwill

Goodwill results from a business combination and corresponds to the amount by which the transferred consideration exceeds the fair value of the net assets (assets acquired less liabilities entered into or assumed). Goodwill is not subject to amortisation and is tested for impairment at the level of so-called cash-generating units (CGUs) once a year and in case of events or changes in circumstances which point to an impairment. It is measured at cost less accumulated impairment losses. Reversals of impairment losses are not permitted.

In the case of the sale of the subsidiary, the attributable goodwill amount resulting from this sale will be included in the profit or loss calculation.

With regard to the impairment test for goodwill, please see the information provided in Note 13 Goodwill.

### Impairment

For assets with a specific useful life, in accordance with IAS 36 on each reporting date indications of possible impairment will be checked for, e.g. particular events or market developments which point to a possible fall in value. There were no indications of an impairment of the intangible assets, property, plant and equipment or the investment property subject to depreciation and amortisation in either the reporting period or the comparative period.

Intangible assets with a indefinite useful life must also be tested for impairment on each reporting date. In the current reporting period, this relates to the goodwill resulting from the acquisition of the German Estate Group ("GEG") and RLI.

In case of indications or as of the mandatory annual impairment test for intangible assets with an indefinite useful life, the recoverable amount of the asset will be determined. The recoverable amount of an asset is the higher of the asset's fair value or a cash-generating unit (CGU) less costs to sell and the value in use. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In the latter case, the recoverable amount is to be determined on the basis of a CGU to which assets or groups of assets are allocated until they jointly generate largely independent cash inflows. For example, this is the case for goodwill. Where this results from a business combination, it will be allocated from the acquisition date to the CGU or the group of CGUs which may derive benefits from the synergies resulting from the combination and at whose level the goodwill is monitored for internal management purposes.

To determine the value in use, in principle the expected future cash flows are discounted to their present value on the basis of a pre-tax discount rate reflecting the current market assessments with respect to the interest effect and the specific risks of the asset. In determining the value in use, account is taken of the current and future expected income level as well as technological, economic and general development trends on the basis of approved financial budgets. To determine the fair value less costs to sell, account is taken of any recent market transactions. If the carrying amount exceeds the recoverable amount of the asset or the CGU, an impairment loss is recognised in profit or loss at the level that the carrying amount exceeds the recoverable amount.

For goodwill, if the impairment requirement is higher than the carrying amount of the goodwill of the CGU, then the goodwill is first fully amortised and the remaining impairment re-

quirement 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 2021 in the amount of EUR 190,243 thousand has resulted from the acquisition of the GEG Group 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 2021 and 2020 showed the following EPRA earnings:

in EUR thousand	2021	2020
IRFS profit	57,795	70,013
<b>EPRA adjustments</b>		
Market value change or depreciation of investment property	32,566	31,882
Profit / loss on disposal of investment property	-23,765	-32,000
Tax on disposal of investment property	3,761	5,064
Amortisation of intangible assets and depreciation of right-of-use assets in acc. with IFRS 16	10,419	6,891
Other non-recurring effects	15,570	285
Deferred taxes in connection with EPRA adjustments	-477	-521
Contributions from Co-Investments (project developments and sales)	0	0
Non-controlling interests	590	3,100
<b>EPRA earnings</b>	<b>96,459</b>	<b>84,714</b>
<b>EPRA earnings per share</b>	<b>1.18</b>	<b>1.07</b>

## INCOME STATEMENT DISCLOSURES

### 1. Gross rental income

Despite the ongoing Covid-19 pandemic, gross rental income of EUR 108,390 thousand was EUR 7,695 thousand higher than in the previous year (previous year: EUR 100,695 thousand) due to the very good letting performance, acquisitions and our warehousing activities. In 2021, we again entered into agreements with our tenant partners particularly affected by the Covid-19 pandemic. As a result, we adjusted our rents by EUR 1,087 thousand in the financial year. Additional rental income from property acquisitions, warehousing and new or extended leases more than compensated for lower rental income from expiring leases and property sales. Acquisitions made in 2021 and 2020 resulted in an increase in gross rental income of EUR 17,101 thousand and EUR 10,315 thousand, respectively. This includes EUR 6,110 thousand from warehousing properties that were transferred to investment vehicles in 2021.

### 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 3,204 thousand (previous year: EUR 1,894 thousand) is mainly the result of costs that cannot be passed on to tenants on account of the exemption clauses written into their leases.

Rental income was generated in the case of all investment property.

### 3. Other property-related expenses

Other property-related expenses include property management costs that cannot be passed on to tenants as operating expenses because they are already covered in the rent charged. These include costs to rectify structural defects caused by wear and tear to the buildings or

ageing, in particular the replacement of fire protection technology, as well as administrative and ancillary costs resulting from vacant space as well as bad debt allowances on rent receivables. In the financial year, we recognised additional pandemic-related allowances of approximately EUR 300 thousand (previous year: EUR 3,153 thousand).

### 4. Administrative expenses

in EUR thousand	2021	2020
Legal and consulting costs	5,737	6,059
Ancillary financing costs	2,700	1,951
IT costs	2,636	2,441
Recruitment and other personnel costs	2,081	1,486
Marketing / investor relations	1,779	2,019
External services	1,593	754
Insurance / contributions and levies	1,375	1,107
Rental and ancillary costs	1,006	673
Supervisory Board remuneration	821	786
Auditing costs	656	698
Vehicle costs	538	325
VAT	241	405
Other	355	373
<b>Total</b>	<b>21,518</b>	<b>19,077</b>

Administrative expenses increased overall compared with the previous year due to RLI's integration in the Group and the Group's growth trajectory in financial year 2021.

In the financial year the Company granted remuneration totalling EUR 821 thousand to members of the Supervisory Board.

The following fees were incurred for the services supplied by the auditors of the financial statements Rödl & Partner GmbH, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Nuremberg, in financial years 2021 and 2020:

in EUR thousand	2021	2020
Financial statements auditing services	486	492
Other assurance services	39	39
Other services	131	167
<b>Total</b>	<b>656</b>	<b>698</b>

The fees for audits of the financial statements relate to the audit of the consolidated financial statements and the financial statements of DIC Asset AG and its affiliates required by law.

The other assurance services include, in particular, the review of the half-yearly IFRS financial statements.

The other services mainly concern support services in connection with the issuance of the Green Bond, transactions and impairment tests.

#### 5. Personnel expenses

Personnel expenses include the wages and salaries of employees of DIC Asset AG and DIC Onsite GmbH, DIC Fund Balance GmbH, RLI Investors GmbH and the entities of the GEG Group as well as the related social security contributions in the total amount of EUR 33,866 thousand (previous year: EUR 26,356 thousand). The social security contributions totalling EUR 4,108 thousand (previous year: EUR 2,900 thousand) include EUR 1,808 thousand (previous year: EUR 1,507 thousand) in contributions to the statutory pension fund. At EUR 38,096 thousand, personnel expenses are higher than in the previous year (previous year: EUR 30,280 thousand), mainly because RLI was included in the Group and the workforce was expanded to strengthen our real estate platform.

The average number of employees rose from 244 in 2020 to 289 in 2021. Averaged over the year, DIC Asset AG had 99 employees, while DIC Onsite GmbH had 153 employees, DIC Fund Balance GmbH had 6 employees, RLI Investors GmbH had 4 and the GEG Group entities had 27 employees.

#### 6. Depreciation and amortisation

Depreciation and amortisation of EUR 42,986 thousand (previous year: EUR 38,774 thousand) primarily concerns the recognised properties. This also includes depreciation and amortisation of right-of-use assets for the offices which we use ourselves and, to a lesser extent, office furniture and equipment as well as intangible fixed assets. The depreciation and amortisation item was affected by acquisitions, sales in the previous and current year, the application of IFRS 16 and the service agreements recognised as intangible assets within the scope of the purchase price 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	2021	2020
DIC Office Balance I	1,715	16,780
DIC Office Balance II	2,501	2,307
DIC Office Balance III	2,958	3,592
DIC Office Balance IV	1,485	1,470
DIC Office Balance V	2,812	1,893
DIC Retail Balance I	1,392	1,384
Deutsche Immobilien Chancen AG & Co. KGaA and subsidiaries	0	33
MainTor GmbH	0	75
Pool Funds	60,926	27,077
Club Deals	12,883	16,593
Separate Accounts	14,553	8,518
<b>Total</b>	<b>101,225</b>	<b>79,722</b>

Of the real estate management fees realised, EUR 35.4 million (previous year: EUR 35.2 million) relates to asset and property management and development and EUR 65.8 million (previous year: EUR 44.5 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 23,765 thousand (previous year: EUR 32,000 thousand). This corresponds to a return on sales of 17% (previous year: 28%).

Costs to sell of EUR 6,983 thousand (previous year: EUR 12,294 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 146,320 thousand (previous year: EUR 128,618 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 6,524 thousand (previous year: EUR 11,370 thousand).

The share of the profit or loss of associates in the financial year ended 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 such as the 25% equity interest in Realogis Holding GmbH acquired at the beginning of the financial year. Investment income from minority interests is also shown here and amounted to EUR 2,036 thousand in the financial year (previous year: EUR 1,544 thousand). In the previous year, the share of the profit of associates had included high transaction-related investment income.

**10. Interest income and expense**

The expense arising from the repayment of processing fees incurred in connection with financial liabilities amounted to EUR 2,615 thousand in the financial year (previous year: EUR 1,082 thousand). The increase is mainly due to the repayment of the previous refinancing.

Effective interest expense of EUR 22,525 thousand (previous year: EUR 16,098 thousand) results from the corporate bonds. The increase is primarily attributable to the placement of the EUR 400 million Green Bond.

Finance costs include interest expenses for lease liabilities in the amount of EUR 168 thousand (previous year: EUR 222 thousand).

#### 11. Income tax

in EUR thousand	2021	2020
Current taxes	-19,447	-14,128
Deferred tax income / expense	5,396	-2,222
<b>Total</b>	<b>-14,051</b>	<b>-16,350</b>

Current income taxes relate exclusively to taxable profits of consolidated subsidiaries and DIC Asset AG. Current tax expense is composed primarily of corporation tax including solidarity surcharge amounting to EUR 12,128 thousand (previous year: EUR 8,830 thousand) and trade tax amounting to EUR 7,319 thousand (previous year: EUR 5,298 thousand).

The deferred taxes result from temporary differences between tax base and IFRS balance sheet values, and from existing tax loss carryforwards and the recognition of deferred taxes on outside basis differences.

Whether or not deferred tax assets are recoverable is determined based on management's assessment regarding the recoverability of deferred tax assets. This depends on the generation of future taxable profits during the periods in which temporary differences are reversed and tax loss carryforwards can be utilised. DIC Asset AG assumes that, based on the forecast for each portfolio and individual property, the future taxable income will be sufficient to be able in all likelihood to realise the recognised deferred tax assets. The current assessment with regard to the recoverability of deferred tax assets may change, making higher or lower allowances necessary.

No deferred tax assets were recognised on corporation tax loss carryforwards amounting to EUR 28.1 million (previous year: EUR 18.6 million) and on trade tax loss carryforwards amounting to EUR 66.6 million (previous year: EUR 90.2 million).

Deferred taxes are measured on the basis of the tax rates that apply or are likely to apply at the date they are realised. The calculation of domestic deferred taxes is based on the corporation tax rate of 15%, the solidarity surcharge of 5.5% and the Company-specific trade tax rates (usually 16.1%).

Deferred tax expense/income compares with the previous year as follows:

in EUR thousand	2021	2020
Tax loss carryforwards	3,218	-4,589
Investment properties	1,456	3,051
Service agreements	1,851	-894
Capital transactions	-1,460	-71
Other	331	281
<b>Total</b>	<b>5,396</b>	<b>-2,222</b>

Deferred tax assets and liabilities can be classified as follows:

in EUR thousand	31.12.2021		31.12.2020	
	Assets	Liabilities	Assets	Liabilities
Tax loss carryforwards	18,662	0	15,444	0
Investment properties	11,928	21,367	10,948	15,957
Service agreements	222	20,649	0	11,712
Derivatives	0	4	184	0
Capital transactions	0	2,294	124	1,826
Other	496	519	0	299
<b>Total</b>	<b>31,308</b>	<b>44,833</b>	<b>26,700</b>	<b>29,794</b>

Deferred taxes on the items included in other comprehensive income amount to EUR -1,304 thousand (previous year: EUR -241 thousand), of which EUR -188 thousand (previous year: EUR -265 thousand) is attributable to the movements in the Group's cash flow or fair value hedges and EUR -1,116 thousand (previous year: EUR 24 thousand) to the fair value changes of the financial instruments measured at fair value through other comprehensive income.

No deferred taxes were recognised on temporary differences in connection with shares in subsidiaries (outside basis differences) totalling EUR 55.5 million (previous year: EUR 25.4 million) and on temporary differences in connection with associated companies totalling EUR 0.7 million (previous year: EUR 0.9 million).

The difference between anticipated tax expense and actual tax expense can be reconciled as follows:

in EUR thousand	2021	2020
Profit for the period before tax	72,436	89,462
Applicable statutory tax rate (in %)	31.925	31.925
Anticipated tax expense	23,125	28,561
<b>Increase or decrease in the tax liability through:</b>		
Trade tax reduction and differing tax rates	-13,811	-10,575
Non-deductible expenses	9,816	3,592
Effects of investments in associates	-2,075	-3,630
Effects of unrecognised tax losses	-3,255	-831
Taxes for previous periods	920	-224
Other effects	-669	-543
<b>Effective total tax expense</b>	<b>14,051</b>	<b>16,350</b>

The anticipated tax rate was determined on the basis of the tax rates applicable in Germany in 2021 and 2020. 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 EUR	2021	2020
Profit for the period after non-controlling interests	<b>57,795,118.78</b>	70,012,571.24
Average number of shares issued	<b>81,504,495</b>	79,421,254
Basic earnings per share	<b>0.71</b>	0.88

For 2021, the Management Board will propose a dividend in the amount of EUR 61,396 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 16,193 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 2021 and 31 December 2020:

in EUR thousand	31.12.2021	31.12.2020
Carrying amount of investment properties	<b>1,756,660</b>	1,599,987
Fair value adjustment	<b>375,183</b>	306,068
Fair value of investment properties*	<b>2,131,843</b>	1,906,055
Properties in accordance with IFRS 5	<b>90,368</b>	93,965
Fair value of real estate properties incl. IFRS 5*	<b>2,222,211</b>	2,000,020
Fair value of investments in associates	<b>66,870</b>	66,712
+ / - other assets / liabilities	<b>1,478,567</b>	916,123
+ / - restatement of Other assets / liabilities*	<b>- 36,972</b>	- 83,827
Net loan liabilities at carrying amount	<b>- 2,168,126</b>	- 1,474,401
Net loan liabilities in accordance with IFRS 5	<b>- 39,266</b>	0
Non-controlling interests	<b>- 13,444</b>	- 14,769
<b>NAV</b>	<b>1,509,840</b>	1,409,858
NAV / share	<b>18.44</b>	17.49

\* incl. non-controlling interests

\*\* Restated for deferred taxes (EUR +12,281 thousand; previous year: EUR +5,009 thousand), financial instruments (EUR +1,849 thousand; previous year: EUR +5,129 thousand) and IFRS 5 assets and liabilities (EUR -51,102 thousand; previous year: EUR -93,965 thousand)

## BALANCE SHEET DISCLOSURES

### 13. Goodwill

The goodwill resulted from the consolidation of the GEG Group 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 6.2% which is determined on the basis of a capital asset pricing model (CAPM).

The corresponding average capital cost rate before tax was 8.7%. At the end of the detailed planning period, this is followed by a reconciled terminal value for the years from 2024 onwards which has been discounted by a capital cost rate of 5.2% (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 -35.0 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 -106.4 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	2021	2020
<b>Cost</b>		
As at 1 January	1,852,954	1,883,963
Additions resulting from acquisitions	296,914	168,867
Additions due to capital expenditures	16,872	17,710
Classification as "held for sale"	-105,564	-106,254
Disposals	-25,968	-111,332
<b>As at 31 December</b>	<b>2,035,208</b>	<b>1,852,954</b>
<b>Depreciation and amortisation</b>		
As at 1 January	252,967	260,933
Additions	31,836	31,331
Classification as "held for sale"	-1,432	-12,290
Disposals	-4,823	-27,007
<b>As at 31 December</b>	<b>278,548</b>	<b>252,967</b>
Carrying amount on 1 January	1,599,987	1,623,030
Carrying amount on 31 December	1,756,660	1,599,987
<b>Fair value *</b>	<b>2,222,211</b>	<b>2,000,019</b>

\* 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 2021 are presented in the following table:

in EUR thousand	Fair value 31.12.2021	Quoted prices in active markets for identical assets (Level 1)	Material other observable inputs (Level 2)	Material unobservable inputs (Level 3)
Commercial real estate in Germany	2,222,211			2,222,211

### Valuation techniques applied to level 3

The fair values calculated (net value after deducting transaction costs) are based entirely on the findings of the independent valuers contracted for this purpose, Cushman & Wakefield, Jones Lang LaSalle, Knight Frank and ENA Experts, who have undertaken a valuation in accordance with internationally recognised standards. Valuation parameters that are as close to the market as possible should be used as inputs. Despite taking account of some observable market inputs, which correspond to level 2, the fair values must ultimately be assigned to level 3.

The calculation of market values is based on a calculation of their present values (discounted cash flow method). This is generally based on a cash flow period of ten years, at the end of which the property is assumed to be sold. The discount rate recognised for the valuation comprises a risk-free rate, which can be derived from the average current yield on long-term, fixed-income federal bonds and a property-specific risk premium, which reflects the restricted fungibility of real estate investments in relation to more fungible forms of investment such as equities or bonds. The average current yield recognised was 0.50% (2020: 0.80%). The property-specific risk premium was between 2.25% and 6.00% (2020: between 2.05% and 6.20%). The average discount rate was 2.75% to 6.50% (2020: 2.85% to 7.00%).

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 2.65% and 6.75% (2020: 3.10% 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 108 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 capitalisation rate		
		+0.25%	0%	-0.25%
Scenarios: changes of discount rate	+0.25%	-200.3 EUR million	-63.3 EUR million	+88.5 EUR million
	0%	-147.1 EUR million	+/-0.0	+157.5 EUR million
	-0.25%	-93.7 EUR million	+50.5 EUR million	+219.2 EUR million

Were the capitalisation and discount rates to increase by 25 basis points due to the macro-economic or business situation, the value in use would fall by EUR 200.3 million. If the interest rates were to fall by the same amount, the value in use would rise by EUR 219.2 million.

As at 31 December 2021, acquisition costs included borrowing costs of EUR 0 thousand (2020: EUR 2,551 thousand). In financial year 2021, borrowing costs of EUR 0 thousand were capitalised (2020: EUR 868 thousand). The range of the recognised rate of borrowing costs in the previous year was 1.4% to 1.55%.

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 15.9 million for 2021 and 2022 (previous year: EUR 26.2 million). Obligations from purchase agreements amount to EUR 262.9 million (previous year: EUR 174.4 million).

### 15. Property, plant and equipment

in EUR thousand	Building	Office furniture and equipment	Right-of-use assets	2021 Total	2020 Total
<b>Cost</b>					
As at 1 January	5,947	3,950	11,988	21,885	14,952
Additions	0	541	854	1,395	7,780
Disposals	0	0	- 631	- 631	- 847
<b>As at 31 December</b>	5,947	4,491	12,211	22,649	21,885
<b>Depreciation and amortisation</b>					
As at 1 January	47	2,839	4,424	7,310	4,667
Additions	83	553	2,813	3,449	3,405
Disposals	0	0	- 630	- 630	- 762
<b>As at 31 December</b>	130	3,392	6,607	10,129	7,310
Carrying amount on 1 January	5,900	1,111	7,564	14,575	10,285
Carrying amount on 31 December	5,817	1,099	5,604	12,520	14,575

This includes the following right-of-use assets in accordance with IFRS 16:

	Buildings	Vehicles	IT equipment	2021 Total
<b>Cost</b>				
As at 1 January	10,391	1,251	347	<b>11,989</b>
Additions	407	276	171	<b>854</b>
Disposals	-198	-265	-169	<b>-632</b>
<b>As at 31 December</b>	<b>10,600</b>	<b>1,262</b>	<b>349</b>	<b>12,211</b>
<b>Depreciation and amortisation</b>				
As at 1 January	3,703	537	184	<b>4,424</b>
Additions	2,190	399	224	<b>2,813</b>
Disposals	-198	-265	-167	<b>-630</b>
<b>As at 31 December</b>	<b>5,695</b>	<b>671</b>	<b>241</b>	<b>6,607</b>
Carrying amount on 1 January	6,688	714	163	<b>7,565</b>
Carrying amount on 31 December	4,905	591	108	<b>5,604</b>
Number of right-of-use assets	11	42	49	
Range of remaining maturities (months)	3-30	4-35	3-53	

## 16. Investments in associates

The associates as at 31 December 2021 are listed in the following table. DIC Asset AG directly holds equity interests or voting rights in the entities listed below.

in EUR thousand	31.12.2021		31.12.2020	
	Share of voting rights	Carrying amount	Share of voting rights	Carrying amount
Interest in:				
DIC Office Balance I (fund)	12.5%	4,897	12.5%	12,982
DIC Office Balance II (fund)	0.0%	9,613	0.0%	9,661
DIC Office Balance III (fund)	5.9%	4,656	5.9%	4,734
DIC Office Balance IV (fund)	6.4%	3,115	6.4%	3,167
DIC Office Balance V (fund)	5.6%	4,005	5.6%	3,967
DIC Retail Balance I (fund)	8.1%	5,690	8.1%	5,804
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	40.0%	26,224	40.0%	26,224
Realogis Holding GmbH*	25.0%	8,497	0.0%	0
Other		173		173
<b>Total</b>		<b>66,870</b>		<b>66,712</b>

\* from 01.01.2021

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 and the 25% equity interest in Realogis Holding GmbH acquired at the beginning of the financial year.

The Group holds a 10.0% interest (DIC Office Balance I), a 4.6% interest (DIC Office Balance II), a 2.0% interest (DIC Office Balance III), a 1.6% interest (DIC Office Balance IV), a 3.5% interest (DIC Retail Balance I), a 0.9% 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.



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	2021 total	2020 total
Assets	314,460	179,119	410,700	204,986	204,788	141,462	278,442	10,036	<b>1,743,993</b>	2,139,977
Liabilities	231,604	85,950	106,955	1,948	42,723	16,565	68,601	4,853	<b>559,199</b>	945,478
<b>Net assets</b>	82,856	93,169	303,745	203,038	162,065	124,897	209,841	5,183	<b>1,184,794</b>	1,194,499
Income	35,978	7,725	5,230	10,308	9,011	7,090	5,805	2,942	<b>84,089</b>	161,644
Expenses	35,773	5,862	3,072	8,531	5,798	1,241	2,044	2,842	<b>65,163</b>	39,415
<b>Profit for the year</b>	205	1,863	2,158	1,777	3,213	5,849	3,761	100	<b>18,926</b>	122,229

The financial information concerning the Group's significant associates is summarised above. The summary financial information corresponds to the contributions in the Company's financial statements prepared in accordance with IFRSs (adjusted by the Group for the purpose of accounting using the equity method).

**17. Loans to related parties**

The loans to related parties concern the long-term loans to the related parties listed below. Please refer to the disclosures in the section entitled “Legal transactions with related parties” on p. 208 for a description of the terms.

in EUR thousand	IAS 24.9	2021	2020
DIC MainTor GmbH	b (ii)	53,855	48,726
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	b (ii)	28,567	26,636
Deutsche Immobilien Chancen AG & Co. KGaA	b (ii)	17,080	19,561
DIC Opportunistic GmbH	b (ii)	0	31,868
<b>Total</b>		<b>99,502</b>	<b>126,791</b>

The loan to DIC Opportunistic GmbH was restructured in the 2021 financial year. This led to a decrease in loans and an increase in the investment in DIC Opportunistic GmbH.

**18. Other investments**

In addition to the equity investment in DIC Opportunistic GmbH in the amount of EUR 63,194 thousand (previous year: EUR 24,613 thousand) and the equity investment in VIB Vermögen AG acquired in this year in the amount of EUR 48,466 thousand, the other investments also include minority interests in investment vehicles of the Institutional Business segment in the amount of EUR 29,757 thousand (previous year: EUR 28,735 thousand). All equity investments are carried at their fair values.

**19. Intangible assets**

Intangible assets mainly comprise the service agreements and trademark rights added through the acquisition of the GEG Group and RLI as well as software for accounting, consolidation and office applications.

in EUR thousand	IT software, licenses	Service agreements	Brands	2020 Total	2019 Total
<b>Cost</b>					
As at 1 January	3,694	22,279	1,087	27,060	26,742
Additions	566	33,792	0	34,358	318
Disposals	0	0	0	0	0
<b>As at 31 December</b>	<b>4,260</b>	<b>56,071</b>	<b>1,087</b>	<b>61,418</b>	<b>27,060</b>
<b>Amortisation</b>					
As at 1 January	3,222	5,826	246	9,294	5,256
Additions	337	7,209	155	7,701	4,038
Disposals	0			0	0
<b>As at 31 December</b>	<b>3,559</b>	<b>13,035</b>	<b>401</b>	<b>16,995</b>	<b>9,294</b>
Carrying amount on 1 January	472	16,453	841	17,766	21,486
Carrying amount on 31 December	701	43,036	686	44,423	17,766

**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. 208.

The value shown in the balance sheet relates to:

	IAS 24.09	31.12.2021		31.12.2020	
		Receiv- ables	Liabilities	Receiv- ables	Liabilities
MainTor GmbH	b (ii)	136	10,906	252	10,275
DIC Opportunistic GmbH	b (ii)	9,610		9,108	
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	b (ii)		4,594		4,341
Deutsche Immobilien Chancen Beteiligungs AG	b (ii)	1,252		1,339	
Deutsche Immobilien Chancen AG & Co. KGaA	b (ii)	1,193	759	1,252	675
DIC MainTor III GmbH	b (ii)		879		830
DIC Office Balance II (fund)	b (ii)	223		210	
DIC Office Balance III (fund)	b (ii)	1,119		3,264	
DIC Office Balance IV (fund)	b (ii)	82		379	
DIC Retail Balance I (fund)	b (ii)	1,521		1,872	
DIC Office Balance V (fund)	b (ii)	212		411	
GEG Objekt München SCS	b (ii)	4,200			
Other	b (ii)	338	332	556	66
<b>Total</b>		<b>19,886</b>	<b>17,470</b>	18,643	16,187

### 22. Income tax receivables

The figure reported relates to creditable taxes and recoverable corporation and trade tax.

### 23. Other receivables

in EUR thousand	2021	2020
Receivables Uptown Tower	182,089	0
Receivables from unbilled services	63,418	28,641
Deposits	5,030	5,009
"Rent-free period" receivables	4,174	4,178
Value added tax	3,996	3,121
Recovery of special repayments	3,655	7,482
Receivables from insurance compensations	811	340
Other	2,687	5,693
<b>Total</b>	<b>265,860</b>	54,464

As part of our warehousing activities, we acquired the Uptown Tower in Munich in June of the financial year. We placed a large part of the shares with investors as part of a first closing at the end of the year. The purchase price receivable in the amount of EUR 182,089 thousand is recognised under other receivables. This receivable is expected to be settled in the first quarter of 2022.

### 24. Other assets

This item mainly includes deferred income of EUR 20,809 thousand (previous year: EUR 20,478 thousand) from a refurbishment project in the Institutional Business segment.

### 25. Cash and cash equivalents

Of the existing cash and cash equivalents, EUR 1,550 thousand is subject to short-term restrictions on disposal beyond the end of the reporting period.

### 26. Non-current assets held for sale

The non-current assets held for sale item comprises real estate, equity interests in investment products and incidental acquisition costs for such products in the Institutional Business segment which will be sold or are to be transferred over the course of the next year.

Profits of EUR 12,026 thousand arose in 2021 in connection with the non-current assets held for sale item from the previous year (previous year: EUR 0 thousand).

## 27. Equity

### a. Issued capital

The subscribed capital in the amount of EUR 81,861,163.00 (previous year: EUR 80,587,028.00) consists of 81,861,163 registered no-par value ordinary shares (previous year: 80,587,028 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 2021 to increase the Company's share capital with the approval of the Supervisory Board by a total of up to EUR 16,117,405.00 until 23 March 2026 by issuing new no-par value registered shares once or repeatedly in return for cash contributions and/or contributions in kind (Authorised Capital 2021). 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 2021, 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 8 July 2020, the Management Board is authorised, with the approval of the Supervisory Board, to issue bearer convertible bonds or bonds with warrants (together, "bonds") with or without limitation of maturities on one or more occasions until 7 July 2025 in a total nominal amount of up to EUR 500,000,000.00, and to grant to holders and/or creditors of bonds conversion or option rights (which may include a conversion obligation) to no-par value registered shares in the Company representing a proportionate amount of the share capital of up to EUR 15,814,309.00 in total, subject to the terms of the convertible bonds and/or bonds with warrants (together also "bond terms"). The bonds may only be issued in return for cash payment. In principle, the shareholders are granted a pre-emptive right. The bonds may also be taken over within the meaning of section 186 (5) sentence 1 AktG by one or more credit institutes or companies determined by the Management Board with the obligation of offering them to the shareholders for purchase (indirect pre-emptive right).

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

- for fractional amounts resulting from the subscription ratio;
- if upon due review the Management Board concludes that the issue price of the bonds is not substantially lower than the theoretical market value of the bonds determined in accordance with generally accepted methods of financial mathematics. This authorisation to disapply pre-emptive rights does not, however, apply to bonds with a conversion or option right (including those with a conversion obligation) to shares, the total amount of which does not exceed 10% of the lower of the share capital existing at the time this authorisation becomes effective or at the time it is exercised. Shares that were issued or sold during the term of this authorisation while disapplying pre-emptive rights in direct or corresponding application of section 186 (3) sentence 4 AktG are to be counted toward this upper limit of 10% of the share capital. Shares that are issued to service option rights and/or conversion rights or conversion obligations from convertible bonds and/or bonds with warrants and/or profit participation rights are also to be counted towards this limit if such bonds or profit participation rights are issued based on a different authorisation during the term of this authorisation while disapplying pre-emptive rights in corresponding application of section 186 (3) sentence 4 AktG;
- to the extent it is necessary to grant pre-emptive rights for bonds to the holders or creditors of bonds with warrants and/or convertible bonds with option and/or conversion rights and/or conversion obligations that were or will be issued by the Company or companies in which the Company holds a direct or indirect 100% interest in the volume to which they would be entitled as shareholders after exercising the option rights and/or conversion rights or fulfilling the conversion obligations.

The bond issues may be divided into several notes.

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

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

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

To service conversion or option rights and/or conversion or option obligations under bonds that will be issued until 7 July 2025 based on an authorisation by the General Shareholders' Meeting on 8 July 2020, the Company's share capital was contingently increased, by virtue of the resolution adopted at the ordinary General Shareholders' Meeting on 8 July 2020, by up to EUR 15,814,309.00 by issuing up to 15,814,309 registered shares (contingent capital 2020).

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

**d. Powers of the Management Board to buy back shares**

By virtue of the resolution adopted by the ordinary General Shareholders' Meeting of 24 March 2021, the Management Board is authorised, with the prior approval of the Supervisory Board, to acquire own shares until 23 March 2026 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 2021, 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 896,290 thousand at the reporting date (previous year: EUR 878,789 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 2021.

#### 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	31.12.2021	31.12.2020
Retained earnings beginning of the period	142,996	125,170
Consolidated profit for the year	58,385	73,112
Dividend payment	- 56,411	- 52,187
Profit attributable to non-controlling interests	- 590	- 3,099
<b>Consolidated retained earnings</b>	<b>144,380</b>	<b>142,996</b>
of which profits from the income statement	93,907	92,523
of which profits from other comprehensive income	50,473	50,473

The dividend payment for 2020 and 2019 amounted to EUR 0.70 and EUR 0.66 per share, respectively.

**28. Interest-bearing loans and borrowings**

in EUR thousand	31.12.2021		31.12.2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Long-term (&gt; 1 year) interest-bearing loans and borrowings</b>				
Variable-rate loans and borrowings	221,543	224,775	58,211	58,443
Fixed-rate loans and borrowings	1,651,356	1,643,645	1,382,759	1,370,226
	<b>1,872,899</b>	<b>1,868,420</b>	<b>1,440,970</b>	<b>1,428,669</b>
<b>Short-term (&lt; 1 year) interest-bearing loans and borrowings</b>				
Variable-rate loans and borrowings	51,155	51,786	1,200	1,229
Fixed-rate loans and borrowings	283,338	286,456	32,231	32,967
	<b>334,493</b>	<b>338,242</b>	<b>33,431</b>	<b>34,196</b>
<b>Total</b>	<b>2,207,392</b>	<b>2,206,662</b>	<b>1,474,401</b>	<b>1,462,865</b>

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 2021. 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	31.12.2021			31.12.2020		
	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	51,155	283,338	2.52%	1,200	32,231	1.58%
1 – 5 years	209,918	993,498	1.89%	58,211	1,107,469	2.18%
> 5 years	11,625	657,858	1.09%	–	275,290	1.32%
<b>Total</b>	<b>272,698</b>	<b>1,934,694</b>		<b>59,411</b>	<b>1,414,990</b>	

Interest rates on the variable-rate loans and borrowings were adjusted regularly. Interest-rate adjustment dates are based on the 3- or 6-month Euribor rate plus an average margin. An average interest rate of 1.22% (previous year: 1.44%) is used for the variable-rate loans and borrowings, while an average interest rate of around 1.90% (previous year: 2.05%) is used for the fixed-rate loans and borrowings.

The price the bond issued in July 2017 with a nominal volume of EUR 180 million was 100.3% at the reporting date. The bond issued in October 2018 with a nominal volume of EUR 150 million was quoted at 103.0% at the reporting date and the bond issued in September 2021 with a nominal volume of EUR 400 million at 94.2%.

The interest-bearing loans and borrowings were secured by land charges – with two exceptions: EUR 719,080 thousand for our corporate bonds (previous year: EUR 326,494 thousand) and EUR 465,115 thousand in current liabilities and promissory note loans (previous year: EUR 186,467 thousand).



**29. Derivatives**

At the reporting date, three derivative financial instruments were held:

in EUR thousand	31.12.2021		31.12.2020	
	Notional amount	Fair value	Notional amount	Fair value
<b>Liabilities</b>				
Interest rate hedges (swaps)	51,350	-1,849	52,550	-3,447

As a matter of principle, contracts for derivative financial instruments are concluded only with major banks to keep credit risks as low as possible.

Negative fair values of EUR 1,500 thousand after deduction of deferred taxes were recorded in equity as at 31 December 2021. The interest-rate hedging agreements had remaining terms of between 6 and 18 months as at 31 December 2021 (previous year: between 6 and 30 months). In the current financial year, the hedging reserve also includes the effects of changes in value of a derivative expired during the year in the amount of EUR 945 thousand for hedging future cash flows.

in EUR thousand	31.12.2021		31.12.2020	
	Notional amount	Fair value	Notional amount	Fair value
Term ≤ 1 year	50,900	-1,844	50,400	-3,424
Term > 1 year	450	-5	2,150	-23

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)	51,350	-1,849	-1,598	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)	52,550	-3,447	-1,718	Derivatives

The effective changes in value from the hedges are recognised in the related items in other comprehensive income.

The following effects result from the hedged items:

in EUR thousand				
Type of hedged item	Carrying amount	Balance sheet item	Change in value in the current financial year	Cumulative change in value
Loans	949	Interest-bearing loans and borrowings	0	0

An interest rate hedge for a nominal volume of EUR 50,400 thousand was concluded for a loan of the same amount yet to be raised.

In the previous year, the hedged items had the following effects:

in EUR thousand				
Type of hedged item	Carrying amount	Balance sheet item	Change in value in the current financial year	Cumulative change in value
Loans	2,148	Interest-bearing loans and borrowings	0	0

No ineffectiveness from hedges is shown in the income statement in the current financial year.

### 30. Other non-current financial liabilities

The lease liabilities are composed of the following items:

in EUR thousand	31.12.2021	31.12.2020
Non-current lease liabilities	2,910	5,002
Current lease liabilities	2,764	2,651
<b>Total lease liabilities</b>	<b>5,674</b>	<b>7,653</b>

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 2021 amounted to EUR 3,008 thousand (previous year: EUR 3,268 thousand). This includes principal payments of EUR 2,840 thousand (previous year: EUR 3,046 thousand) and interest payments of EUR 168 thousand (previous year: EUR 222 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	2021	2020
< 1 year	2,822	2,751
1 – 5 years	3,251	5,463
> 5 years	0	0
<b>Total</b>	<b>6,073</b>	<b>8,214</b>

Possible future outflows of funds from extension and termination options not considered reasonably certain in the amount of EUR 10,460 thousand have not been included in the measurement of the lease liabilities.

At the reporting date, there were no leases which had been entered into but had not yet begun.

### 31. Trade payables

Of the trade payables amounting to EUR 4,029 thousand (previous year: EUR 2,306 thousand), EUR 397 thousand (previous year: EUR 377 thousand) results from deferred service charges and from the use of services. They are due within one year.

### 32. Income tax payable

in EUR thousand	31.12.2021	31.12.2020
Trade tax	18,033	14,172
Corporation tax	8,049	7,125
<b>Total</b>	<b>26,082</b>	<b>21,297</b>

**33 Other liabilities**

in EUR thousand	31.12.2021	31.12.2020
Invoices outstanding	22,957	34,543
Bonuses	6,592	5,056
Deposits	5,510	5,054
Advance rent payments received	4,551	2,354
Security deposits	4,419	1,150
Current lease liabilities	2,764	2,651
Holiday pay und other personnel-related expenses	2,207	1,506
Building cost subsidies received	1,631	2,436
Value added tax	1,139	3,407
Share-based payment	925	1,367
Supervisory Board remuneration	821	786
Tax consultancy fees	646	578
Auditing costs	610	542
Other	344	1,883
<b>Total</b>	<b>55,116</b>	<b>63,313</b>

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 2021, the current and former members of the Management Board held options on 400,000 (previous year: 520,000) phantom stocks of the Company. These options may not be exercised by members of the Management Board until they have been a member of the Board of DIC Asset AG for three to four years. The Company as at 31 December 2021 measured the fair value at EUR 3.57 for Ms Wärtges and Mr von Mutius, at EUR 3.31 for Mr Weiden and at EUR 3.94 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 15.37 (previous year: EUR 13.46); the exercise price of EUR 15.00 each for the options held by Ms Wärtges, Mr von Mutius and Mr Weiden, and EUR 14.00 for the options held by Mr Bock; the standard deviation from the expected share price return of 25.06% (previous year: 40.83%); the annual term-related risk-free interest rate of 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.

Ms Wärtges exercised her phantom stock options from 2017 when the prerequisites were achieved. The total of 75,000 phantom stocks were measured at the average price of EUR 15.13 (Xetra closing price) in the last ten trading days prior to the date of exercise. The total cash settlement volume amounted to EUR 698 thousand, of which EUR 560 thousand was recognised in other liabilities. The excess amount was recognised in personnel expenses in the financial year.

Mr von Mutius exercised his phantom stock options from 2017 when the prerequisites were achieved. The total of 45,000 phantom stocks were measured at the average price of EUR 15.13 (Xetra closing price) in the last ten trading days prior to the date of exercise. The total cash settlement volume amounted to EUR 419 thousand, of which EUR 336 thousand was recognised in other liabilities. The excess amount was recognised in personnel expenses in the financial year.

The fair value of all options granted to the current members of the Management Board amounted to EUR 711 thousand at the reporting date (previous year: EUR 1,366 thousand). As a result, a total of EUR 461 thousand (previous year: EUR 575 thousand) was recognised as an expense for stock options in the 2021 financial year.

The liabilities arising from Supervisory Board remuneration are liabilities to members of the Supervisory Board. They constitute liabilities to related parties as defined by IAS 24.9. The breakdown of the remuneration in accordance with the criteria set out in IAS 24.9 is provided in the section entitled "Legal transactions with related parties" on page 208 et seq. For information on individual members, see the details on Supervisory Board remuneration in the remuneration report.

#### **34. Supplementary disclosures on financial instruments**

Due to the short terms of cash and cash equivalents, trade receivables and payables and other current receivables and liabilities, it is assumed that the fair value corresponds to the carrying amount in each case.

The fair value of financial instruments traded on an active market is based on the quoted market price at the reporting date. The fair value of financial instruments not traded on an active market, such as over-the-counter derivatives, is determined using a valuation technique (discounted cash flow measurement or option pricing model) with the use of observable market data. The fair value of the financial liabilities is calculated as the present value of expected future cash flows. They are discounted on the basis of the interest rates applicable at the reporting date.

The following table presents the carrying amounts, measurement in accordance with IAS 39 and the fair values of the individual financial assets and financial liabilities for each class of financial instrument and reconciles them to the corresponding line items in the balance sheet. The IFRS 9 measurement categories relevant for the Group are: Financial assets at fair value through OCI (FVOCI), Financial assets at fair value through profit or loss (FVTPL), Financial assets measured at amortised cost (FAAC), and Financial liabilities measured at amortised cost (FLAC).

There are no prices quoted on an active market for the unlisted shares in DIC Opportunistic GmbH held by the Group and for the equity investments newly acquired in the course of the GEG acquisition. Their fair value is based on the indirectly held real estate and equity investments. Changes in fair value at the end of the reporting period amounted to EUR +3,486 thousand (2020: EUR -1,903 thousand). Please refer to page 179 et seq. for the valuation of real estate assets.

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	
<b>Assets</b>					
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
Trade receivables	FAAC	22,282	22,282		22,282
Receivables from related parties	FAAC	19,886	19,886		19,886
Other receivables	FAAC	265,860	265,860		265,860
Other assets	FAAC	23,504	23,504		23,504
Cash and cash equivalents	FAAC	546,911	546,911		546,911
<b>Total</b>	<b>FAAC</b>	<b>977,945</b>	<b>977,945</b>		<b>977,945</b>
<b>Liabilities</b>					
Derivatives	n/a	1,849		1,849	1,849
Corporate bond - non current	FLAC	539,586	539,586		531,305
Non-current interest-bearing loans and borrowings	FLAC	1,333,313	1,333,313		1,337,115
Corporate bond - current	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
<b>Total</b>	<b>FLAC</b>	<b>2,281,243</b>	<b>2,281,243</b>		<b>2,280,513</b>

\* without current lease liabilities

The figures for the previous year are as follows:

in EUR thousand	IFRS 9 measurement category	Carrying amount 31.12.2020	Measurement in acc. with IFRS 9			Fair Value 31.12.2020
			Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	
<b>Assets</b>						
Other investments	FVOCI	35,311			35,311	35,311
Other investments	FVTPL	18,037		18,037		18,037
Other loans	FAAC	126,791	126,791			126,791
Receivables from sale of investment property	FAAC	1,283	1,283			1,283
Trade receivables	FAAC	27,658	27,658			27,658
Receivables from related parties	FAAC	18,634	18,634			18,634
Other receivables	FAAC	54,464	54,464			54,464
Other assets	FAAC	22,674	22,674			22,674
Cash and cash equivalents	FAAC	371,404	371,404			371,404
<b>Total</b>	<b>FAAC</b>	<b>622,908</b>	<b>622,908</b>			<b>622,908</b>
<b>Liabilities</b>						
Derivatives	n/a	3,447			3,447	3,447
Corporate bond	FLAC	326,494	326,494			336,300
Non-current interest-bearing loans and borrowings	FLAC	1,114,476	1,114,476			1,092,369
Current loans and borrowings	FLAC	33,431	33,431			34,196
Trade payables	FLAC	2,306	2,306			2,306
Related party liabilities	FLAC	16,187	16,187			16,187
Other liabilities*	FLAC	60,662	60,662			60,662
<b>Total</b>	<b>FLAC</b>	<b>1,553,556</b>	<b>1,553,556</b>			<b>1,542,020</b>

\* without current lease liabilities

Interest income and interest expense for each category are as follows:

in EUR thousand	Interest income		Interest expense	
	2021	2020	2021	2020
Financial assets measured at amortised cost (FAAC)	9,550	8,670		
Financial liabilities measured at amortised cost (FLAC)			- 56,217	- 34,500

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 2021, the division into measurement levels is as follows:

in EUR thousand	Fair Value 31.12.2021	Level 1	Level 2	Level 3
<b>Assets at fair value – recognised in other comprehensive income</b>				
Equity investment	123,895	48,466		75,429
<b>Assets at fair value – recognised through profit or loss</b>				
Equity investment	17,522			17,522

The figures for the previous year are as follows:

in EUR thousand	Fair Value 31.12.2020	Level 1	Level 2	Level 3
<b>Assets at fair value – recognised in other comprehensive income</b>				
Equity investment	35,311			35,311
<b>Assets at fair value – recognised through profit or loss</b>				
Equity investment	18,037			18,037

Changes in Level 3 financial instruments are as follows:

in EUR thousand	2021	2020
01.01.	53,348	53,611
Addition	36,117	5,440
Measurement gains / losses	3,486	- 1,903
Disposals	0	- 3,800
31.12.	92,951	53,348

Net gains and losses on financial instruments are as follows:

in EUR thousand	2021	2020
Financial assets measured at fair value through other comprehensive income (FVOCI) – equity instruments	7,169	- 3,093
Financial assets measured at fair value through profit and loss (FVtPL) – debt instruments	- 395	1,190
Financial assets measured at amortised cost (FAAC)	871	3,858

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 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	01.01.2021	Cash		Non-cash		31.12.2021
			Reclassifications	Changes in the basis of consolidation	Interest / Other	
Corporate Bond	326,494	400,000			- 7,414	<b>719,080</b>
Long-term interest-bearing loans and borrowings	1,114,476	301,764	- 79,000		- 3,927	<b>1,333,313</b>
Current interest-bearing loans and borrowings	33,431	- 1,415	79,000		4,717	<b>115,733</b>
Liabilities in accordance with IFRS 5	0	38,000			1,266	<b>39,266</b>
<b>Total</b>	<b>1,474,401</b>	<b>738,349</b>	<b>0</b>	<b>0</b>	<b>- 5,358</b>	<b>2,207,392</b>

in EUR thousand	01.01.2020	Cash		Non-cash		31.12.2020
			Reclassifications	Changes in the basis of consolidation	Interest / Other	
Corporate Bond	324,896					1,598
Long-term interest-bearing loans and borrowings	967,374	154,607	- 9,466			1,961
Current interest-bearing loans and borrowings	219,856	- 196,541	9,466			650
Liabilities in accordance with IFRS 5	35,031				- 35,031	0
<b>Total</b>	<b>1,547,157</b>	<b>- 41,934</b>	<b>0</b>	<b>- 35,031</b>	<b>4,209</b>	<b>1,474,401</b>





## 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.

Our growth trajectory and warehousing activities are reflected in a 15% increase in the Commercial Portfolio segment's FFO contribution in what was a challenging financial year due to the ongoing Covid pandemic. The FFO contribution of the Commercial Portfolio segment rose to EUR 54.4 million (previous year: EUR 47.3 million). The significant increase in net rental income and the share of the profit of associates more than compensated for the growth-related increase in interest expenses. Assets under management grew by 11% to EUR 2,222.2 million (previous year: EUR 2,000.0 million).

Real estate management fees, which rose significantly in the financial year ended, are responsible especially for the increase in the FFO contribution of the Institutional Business segment, more than compensating for the growth-related rise in operating expenses. The FFO contribution of the Institutional Business segment rose to EUR 52.8 million in the financial year ended (previous year: EUR 49.2 million). Assets under management grew by 22% to EUR 9,280.8 million at the reporting date (previous year: EUR 7,595.5 million).

## SEGMENT REPORTING

in EUR million	2021			2020		
	Commercial Portfolio	Institutional Business	Total	Commercial Portfolio	Institutional Business	Total
<b>Key earnings figures</b>						
Gross rental income (GRI)	108.4		108.4	100.7		100.7
Net rental income (NRI)	91.2		91.2	82.2		82.2
Profits on property disposals*	23.8		23.8	32		32.0
Real estate management fees		101.2	101.2		79.7	79.7
Share of the profit or loss of associates	1.6	4.9	6.5		11.4	11.4
Net other income	3.2	-1.2	2.0	0.8	-0.4	0.4
Net interest result	-45.0	-4.7	-49.7	-24.6	-3.5	-28.1
Operational expenditure (OPEX)	-11.9	-47.7	-59.6	-11.4	-38.0	-49.4
of which admin costs	-4.3	-17.2	-21.5	-4.4	-14.7	-19.1
of which personnel costs	-7.6	-30.5	-38.1	-7.0	-23.3	-30.3
Other adjustments	15.3	0.3	15.6	0.3	0	0.3
<b>Funds from Operations (FFO)</b>	<b>54.4</b>	<b>52.8</b>	<b>107.2</b>	<b>47.3</b>	<b>49.2</b>	<b>96.5</b>
Funds from Operations II (FFO II)	78.2	52.8	131.0	79.3	49.2	128.5
EBITDA	107.9	57.2	165.1	103.6	52.7	156.3
EBIT	74.4	47.7	122.1	70.9	46.7	117.6
<b>Segment assets*</b>						
Number of properties	94	143	237	91	98	189
Assets under Management (AuM) in EUR million	2,222.2	9,280.8	11,503.0	2,000.0	7,595.5	9,595.5
Rental space in sqm	829,900	2,313,300	3,143,200	807,800	1,411,900	2,219,700

\* 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	2021	2020
Market value, AuM, total	<b>11,503</b>	9,594
less Institutional Business	<b>9,281</b>	7,594
Market value Commercial Portfolio	<b>2,222</b>	2,000
less fair value adjustment	<b>375</b>	306
less IFRS 5 properties	<b>90</b>	94
<b>Total</b>	<b>1,757</b>	1,600

**LEASES**

The Group is the lessor in a large number of operating leases (tenancy agreements) of different types for investment property owned by the Group. Most of the leases have a term of between five and ten years. They contain a market rent review clause in case the lessee exercises its option to extend the lease. The lessee is not granted the option to acquire the property at the end of the lease term.

At the reporting date, investment properties with a carrying amount of EUR 1,756,660 thousand (previous year: EUR 1,599,987 thousand) were let under operating leases. With regard to the required disclosures on accumulated depreciation and depreciation costs for the period, please see the information in note 14 "Investment property".

DIC Asset AG will receive the following future minimum lease payments from existing leases with third parties:

in EUR thousand	2021	2020
< 1 year	<b>101,205</b>	93,288
1 – 5 years	<b>336,652</b>	312,950
5 years	<b>175,993</b>	223,683
<b>Total</b>	<b>613,850</b>	629,921

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 2021, the Group had leases primarily for retail and gastronomy space involving a revenue-dependent, in some cases index-linked rent agreement. The Group generated rent of EUR 4,291 thousand (previous year: EUR 5,225 thousand) from these leases. Furthermore, there were no contingent rents.

With regard to the gross rental income recognised by the Group from investment property in 2021, please refer to note 1. Maintenance expenses included in other property-related expenses were as follows:

in EUR thousand	2021	2020
Properties with which rental income is generated	1,320	1,106
Properties which are vacant	0	0

The Group has entered into several lease agreements as lessee. The lease agreements primarily concern leased vehicles and the rental of office premises. The lease for the offices began on 1 April 2014 and ends on 31 March 2024. Contracts for leased vehicles have a standard term of three years. For leases there exist extension options with a term of 5 to 10 years.

## REPORTING ON RISK MANAGEMENT

The Group is exposed to various financial risks, such as credit risk, liquidity risk and market risk, in connection with its operating activities, and managing these financial risks is integral to the Group's business strategy. The associated corporate policies are stipulated by the Management Board.

Details concerning the risk management system and business risks are presented in the Company's management report in the section entitled "Risk management" on page 108 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 2021, there were guarantees amounting to EUR 72,072 thousand (previous year: EUR 115,266 thousand). The share attributable to DIC Asset AG as at the reporting date amounts to EUR 38,442 thousand (previous year: EUR 80,148 thousand) (see disclosures on contingent liabilities).

Based on the risk classifications, the carrying amounts per risk level are as follows:

in EUR thousand	2021			
	Trade receivables	Loans to related parties	Receivables from related parties	Cash and cash equivalents
Risk level I	20,120	99,502	19,886	546,911
Risk level II	2,161	—	—	—
Risk level III	—	—	—	—
<b>Total</b>	<b>22,281</b>	<b>99,502</b>	<b>19,886</b>	<b>546,911</b>

Impairment losses on trade receivables changed as follows:

in EUR thousand	2021	2020
As at 1 January	5,764	2,095
Additions	1,109	4,172
Use	-815	-189
Reversal	-238	-314
<b>As at 31 December</b>	<b>5,820</b>	<b>5,764</b>

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 37% of total annual rental income. These tenants are all renowned tenants with mostly excellent credit standing, primarily from the public sector, insurance companies, banks and retail.

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its contractual financial obligations. The Group manages liquidity risk by holding reserves, by maintaining credit lines at banks and by continually monitoring forecast and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. The aim of this liquidity planning is to ensure that unforeseeable needs can be met alongside planned financing requirements.

Among other factors, demands are placed on the Group's liquidity by obligations from contractually agreed interest and principal payments for non-derivative financial liabilities. Liquidity risk may arise, for example, if loans which have been earmarked for renewal cannot be extended, if delays arise in sales activities or if capital requirements for new financing are larger than expected.

An additional fundamental risk arises from loan agreements in which covenants are agreed, e.g. debt-service coverage ratio (DSCR), interest coverage ratio (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 2021 financial year. We expect no covenant violations in 2022.

Cash and cash equivalents totalling EUR 546,911 thousand (previous year: EUR 371,404 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 82,339 thousand (previous year: EUR 80,209 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 201 million (previous year: EUR 152 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	2022	2023 to 2026	2027 and after
<b>Non-derivative financial liabilities</b>			
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		
<b>Derivative financial liabilities</b>	1,844	5	
<b>Total</b>	<b>448,537</b>	<b>1,340,563</b>	<b>702,860</b>

\* incl. liabilities – properties held for sale

The figures for the previous year are as follows:

in EUR thousand	2021	2022 to 2025	2026 and after
<b>Non-derivative financial liabilities</b>			
Non-current interest-bearing loans and borrowings	30,181	1,229,821	282,740
Current loans and borrowings	34,752		
Trade payables	2,306		
Related party liabilities	17,412		
Other liabilities	62,088		
<b>Derivative financial liabilities</b>	3,424	23	
<b>Total</b>	<b>150,163</b>	<b>1,229,844</b>	<b>282,740</b>

### 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 2021 reporting date, the Group had three interest rate derivatives (previous year: four).

The following table shows the notional amounts and remaining terms of derivatives at the end of the reporting period.

in EUR thousand	2021		2020	
	Notional amount	Fair value	Notional amount	Fair value
Term ≤ 1 year	50,900	-1,844	50,400	-3,424
Term 1-5 years	450	-5	2,150	-23
Term > 5 year	0	0	0	0

As at 31 December 2021, 87% (previous year: 96%) 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 13% (previous year: 4%) of financial debt at variable interest rates in financial year 2021.

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	2021		2020	
	+100 Bp	-100 Bp	+100 Bp	-100 Bp
Effect on earnings from variable-rate loans and borrowings	2,756	-1,507	299	0
Hedge effect on equity	-3,311	+2,577	-2,755	+2,823

The interest rate risk of the Group's financial assets and financial liabilities is described in the section entitled "Liquidity risk".

## CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

### Contingent liabilities

The DIC Asset Group has provided the following sureties and guarantees:

Type of collateral	Beneficiary	Purpose	Amount in EUR thousand	DIC Asset Group share in EUR thousand
Directly enforceable 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
Payment bond	Köster GmbH	Leverkusen construction project	350	350
Directly enforceable guarantee	Union Investment Real Estate GmbH	Fulfilment of all payment obligations and obligations to pay damages by the seller in accordance with the MT Porta purchase agreement	5,000	2,000
Warranty bond	PATRIZIA WohnInvest Kapitalverwaltungsgesellschaft mbH	Acceptance of MT Patio construction project	1,000	400
Directly enforceable guarantee	WinX Verwaltungs GmbH	Obligation to fulfil contractually secured claims in the WINX construction project	16,000	6,400
Directly enforceable guarantee	Grundbesitzgesellschaft Große Theaterstraße mbH & Co. KG	Opera Offices NEO construction project	1,800	360
Directly enforceable guarantee	Grundbesitzgesellschaft Große Theaterstraße mbH & Co. KG	Opera Offices NEO construction project	140	28
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



Currently, there is no discernible risk of DIC Asset AG being held liable for the contingent liabilities it has assumed, because the financial situation of the relevant companies indicates that they will settle the underlying liabilities.

#### Financial obligations

With regard to existing investment obligations for measures on portfolio properties, please refer to our explanations in the section entitled "Investment property" on page 179 et seq.

## CAPITAL MANAGEMENT

The paramount objective of capital management is to ensure that the Group retains its ability to repay its debts and the financial stability to support its business activities in the future.

The capital structure is managed in accordance with economic and regulatory provisions. In this process, we aim to achieve a balanced maturity structure for outstanding liabilities.

DIC Asset AG is able to manage its capital structure through dividends and/or capital increases or by changes to its financing. DIC Asset AG strives to maintain a capital structure that is in line with the business risk. DIC Asset AG is subject to the minimum capital requirements for stock corporations. Compliance with these requirements is monitored.

The equity ratio is used as an important parameter vis-à-vis investors, analysts and banks.

in EUR thousand	2021	2020
Equity	1,133,969	1,108,421
Total assets	3,493,650	2,724,168
Reported equity ratio	32.5%	40.7%

The reported equity ratio decreased by 8.1 percentage points year-on-year, driven by the growth-related significant increase in total equity and liabilities.

## RELATED PARTY DISCLOSURES

### Entities and individuals classified as related parties

Related parties include the 15 (previous year: 14) associated companies accounted for using the equity method (see the section entitled "Consolidation").

Due to their significant influence, the following entities and individuals are classified as related parties:

- Deutsche Immobilien Chancen AG & Co. KGaA
- Group companies of Deutsche Immobilien Chancen AG & Co. KGaA
- Deutsche Immobilien Chancen Beteiligungs AG
- DIC Grund- und Beteiligungs GmbH
- DIC Capital Partners (Europe) GmbH
- GCS Verwaltungs GmbH
- Forum European Realty Income II L.P. (hereinafter "Forum")
- DICP Capital SE
- Prof. Dr. Gerhard Schmidt

Additional related parties are the Supervisory Board, the Management Board and close relatives of these individuals.

The 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 and Mr Klaus-Jürgen Sontowski are also indirectly significant limited shareholders in DIC AG & Co. KGaA. In addition, Prof. Dr. Gerhard Schmidt is also the indirect majority shareholder of its sole general partner, DIC Beteiligungs AG.

The Company currently provides services related to general property and building management (including re-letting services), technical building management as well as accounting, finance and management control for a total of 15 properties in which DIC AG & Co. KGaA has a direct or indirect equity interest. Remuneration of EUR 447 thousand (previous year: EUR 532 thousand) was paid by the fully consolidated companies of the DIC AG & Co. KGaA Group for the provision of these described general services in 2021.

DIC Asset AG has granted a loan to DIC AG & Co. KGaA with an indefinite term and a notice period of 12 months effective at the end of a quarter. An interest rate of 3% above the 3-month Euribor to be paid in arrears, has been agreed. As collateral for taking out the loan, DIC AG & Co. KGaA in accordance with an addendum dated 21 December 2015 had granted a lien on ordinary shares of TTL Real Estate GmbH in the amount of EUR 222 thousand (22% of the ordinary shares). As at 31 December 2021, EUR 17,080 thousand of this credit line had been utilised (previous year: EUR 19,562 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 587 thousand in the reporting year (previous year: EUR 570 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 2021, rent paid to DIC AG & Co. KGaA amounted to EUR 1,488 thousand (previous year: EUR 1,485 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 2021, this loan amounted to EUR 0 thousand (previous year: EUR 31,868 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 943 thousand in the financial year ended (previous year: EUR 919 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 December 2021, it has a term ending 31 December 2022. 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 53,855 thousand including accrued interest (previous year: EUR 48,726 thousand). Total interest income of EUR 4,267 thousand (previous year: EUR 3,975 thousand) was recognised in the 2021 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 11 extended the term of the loan, most recently to 31 December 2022 by way of Addendum 11. As at 31 December 2021, the loan balance was EUR 28,567 thousand (previous year: EUR 26,636 thousand). For the money made available, DIC Asset AG received interest income in the amount of EUR 1,931 thousand in the reporting period (previous year: EUR 1,801 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 1,715 thousand (2020: EUR 16,780 thousand) for services provided to the DIC Office Balance I fund, of EUR 2,501 thousand (2020: EUR 2,307 thousand) for services provided to the DIC Office Balance II fund, of EUR 2,958 thousand (2020: 3,592 thousand) for services provided to DIC Office Balance III, of EUR 1,485 thousand (2020: EUR 1,470 thousand) for services provided to DIC Office Balance IV, of EUR 2,812 thousand (2020: EUR 1,893 thousand) for services provided to DIC Office Balance V, of EUR 897 thousand (2020: EUR 4,282 thousand) for services provided to DIC Office Balance VI and of EUR 1,392 thousand (2020: EUR 1,384 thousand) for services provided to DIC Retail Balance I.

#### Deutsche Immobilien Chancen Beteiligungs AG

Under the “German Investment Program Agreements” dated 29 July 2004 and the “Investment And Shareholder Agreements” dated 7 June 2005, the following DIC Asset AG investees and their respective wholly-owned subsidiaries made use of various services provided by DIC Beteiligungs AG.

#### SERVICE AGREEMENTS

##### Companies

DIC MSREF HMDD Portfolio GmbH\*

DIC MSREF Hochtief Portfolio GmbH\*

DIC MSREF FF Südwest Portfolio GmbH\*

##### Agreements in place

Provision of management services

Commission on letting or sale of properties

Accounting fee

Remuneration for subleases (tenant improvement fee)

Development fees

Arrangement fee

\* Related party until 31 October 2020

Under the current asset management agreements and the addenda thereto, MSREF investees are required to pay the following compensation to DIC Beteiligungs AG, as in the previous year:

- Base management fee: 1.3% of net annual rent
- Disposition fee (corresponds to a sales commission): 1% to 3% of the sales price after transaction costs if no outside broker is involved, and 0.4% to 1.5% of the sales price after transaction costs if an outside broker is involved
- Development fee (for project development services up to initial leasing): dependent on expenses or market-rate compensation.
- Accounting fee: for accounting, finance and control services, EUR 10.8 thousand per company p.a. and EUR 28 thousand for a company that was still operational

A fee for services in connection with new financing or the renewal of existing financing (arrangement fee) was also added to the asset management agreement of DIC FF Südwest Portfolio GmbH & Co. KG with the addendum dated 20 March 2013.

The addendum dated 15 December 2015 fixed the amount of the arrangement fee at 0.15% (plus value added tax) of the loan amount.

In 2021 and 2020, the following compensation was paid to DIC Beteiligungs AG, in which MSREF holds 25.1% of the share capital (excluding applicable value added tax):

Recipient of service (amounts in EUR thousand)		Base management fee	Disposition fee	Accounting fee	Arrangement fee	Development fee	Total
DIC MSREF HM Portfolio GmbH	2021	0	0	0	0	0	0
	2020	0	0	11	0	0	11
DIC MSREF HT Portfolio GmbH	2021	0	0	0	0	0	0
	2020	0	0	11	0	0	11
DIC FF Südwest Portfolio GmbH & Co. KG	2021	0	0	0	0	0	0
	2020	0	534	22	0	0	556
Total amounts	2021	0	0	0	0	0	0
	2020	0	534	44	0	0	578

In addition to the Management Board members, DIC Beteiligungs AG employs one more person; and for the purpose of providing the services assigned to it under the asset management agreement, it made use of services rendered by DIC Onsite GmbH in the reporting year. Based on a service agreement dated 31 July 2012, DIC Onsite GmbH (a wholly-owned subsidiary of DIC Asset AG) charges fees to DIC Beteiligungs AG for this, the amount of which also depends on whether the MSREF investee has contracted third parties to provide these services with the approval of the Company.

Specifically, the agreement provides for compensation for services related to portfolio and asset management in the amount of 0.8% of net annual rent. The compensation paid for sales assistance is 0.13% to 0.38% of the proceeds realised, or 0.05% to 0.19% of the proceeds realised if an external broker was used. Individual properties and project developments may be subject to case-by-case arrangements.

#### DIC Capital Partners (Europe) GmbH

Under the existing service agreements ("Asset Management Agreements") the DICP investees are to pay the following compensation to DIC Beteiligungs AG, as in the previous year:

- Disposition fee (corresponds to a sales commission): 1.5% of the sales price after transaction costs if no outside broker is involved, and 0.5% of the sales price after transaction costs if an outside broker is involved
- Development fee (for project development services up to initial leasing): dependent on expenses or market-rate compensation.
- Accounting fee: for accounting, finance and control services, between EUR 20 thousand and EUR 35 thousand per company p.a.
- Arrangement fee: for services in connection with new financing or renewals of existing financing.

In 2021 and 2020, 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 / Develop- ment fee	Accounting Fee	Arrangement fee	Total
MainTor GmbH	2021	0	0	0	60	0	60
	2020	0	0	0	85	0	85

#### 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	2021	2020
Short-term benefits	3,788	3,349
Share-based payment	461	575
<b>Total</b>	<b>4,249</b>	<b>3,924</b>

The members of the Supervisory Board received remuneration as follows:

in EUR thousand	2021	2020
Short-term benefits	821	786
<b>Total</b>	<b>821</b>	<b>786</b>

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 149 thousand for financial year 2021.

### Shareholder structure

Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main, holds a direct and indirect equity interest of 34.6% in the capital of DIC Asset AG, subject to a pooling agreement. The Company has received the voting rights announcements pursuant to section 20 AktG.

## OTHER DISCLOSURES

### Announcements pursuant to section 160 AktG

The existing announcements pursuant to section 21 (1) WpHG concerning direct and indirect equity investments in the issued capital of DIC Asset AG are listed in appendix 3 to the notes.

### Events after the reporting period

At the end of January 2022, the acquisition of a property for the Commercial Portfolio was notarised. Completion and the transfer of possession, benefits and associated risks are scheduled to take place in 2023.

On 31 January 2022, DIC decided to offer the shareholders of VIB Vermögen AG ("VIB" or the "offeree") the acquisition of a yet to be determined number of no-par value shares of VIB by way of a voluntary public partial offer in return for a cash consideration in the amount of EUR 51.00 per share. The offer document, which contains the further terms and conditions of the offer, is expected to be published on 9 February 2022. DIC will make a final decision regarding the offer and its further terms and conditions depending on how market will develop up until that time. Following the successful completion of the partial offer, DIC plans to hold around 51% of the VIB shares and to fully consolidate VIB in DIC's consolidated financial statements. At present, DIC already holds around 11.5% of VIB shares, making it the largest known individual shareholder.

No other material transactions were resolved, initiated or carried out in the period between the reporting date and the release for publication of the consolidated financial statements by the Management Board.

### Corporate Governance 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 members of the Supervisory Board are:

- Prof. Dr. Gerhard Schmidt (Chairman), Attorney, Glattbach
- Mr Klaus-Jürgen Sontowski (Vice Chairman), Entrepreneur, Nuremberg
- Mr Michael Zahn (Vice Chairman since May 2021), Chief Executive Officer of Deutsche Wohnen SE (until 31 December 2021), Potsdam
- Prof. Dr. Ulrich Reuter, President of the Association of Bavarian Savings Banks, Kleinosheim
- Mr Eberhard Vetter, Head of Capital Investments at RAG-Stiftung, Nauheim
- Mr René Zahnd, Chief Executive Officer of Swiss Prime Site AG, Bern

The members of the Supervisory Board also serve on the following supervisory boards and control bodies:

**Membership in additional supervisory boards and control bodies:**

<b>Prof. Dr. Gerhard Schmidt</b> (first elected to the Supervisory Board: 2002)	Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: Chairman of the Supervisory Board*	<b>Prof. Dr. Ulrich Reuter</b> (first elected to the Supervisory Board: 2015)	Bayerische Landesbausparkasse, institution incorporated under public law, Munich: Chairman of the Board of Directors
	Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main: Chairman of the Supervisory Board*		Deka Bank Deutsche Girozentrale, institution incorporated under public law, Frankfurt: Member of the Board of Directors
	DICP Erste Family Office Beteiligungsgesellschaft mbH & Co. KGaA, Munich: Chairman of the Supervisory Board*		Finanzinformatik GmbH & Co. KG, Frankfurt: Member of the Supervisory Board
	DICP Asset Management Beteiligungsgesellschaft mbH & Co. KGaA, Munich: Chairman of the Supervisory Board*		Landesbank Berlin AG, Berlin: Member of the Supervisory Board
	DICP Capital SE, Munich: Chairman of the Board of Directors/ Managing Director**		Landesbank Berlin Holding AG, Berlin: Member of the Supervisory Board
TTL Beteiligungs-und Grundbesitz AG, Munich Chairman of the Supervisory Board*	Versicherungskammer Bayern, insurance institution incorporated under public law, Munich: Chairman of the Board of Directors	<b>Eberhard Vetter</b> (first elected to the Supervisory Board: 2018)	HQ Capital (Deutschland) GmbH, Bad Homburg: Member of the Advisory Board
<b>Klaus-Jürgen Sontowski</b> (first elected to the Supervisory Board: 2002)	Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main: Vice Chairman of the Supervisory Board		KINEO Finance AG, Basel, Switzerland: Member of the Board of Directors
	Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: Vice Chairman of the Supervisory Board		Scope SE & Co. KGaA, Berlin: Member of the Supervisory Board
	S&P Commercial Development GmbH, Erlangen: Chairman of the Advisory Board		Vertical Topco S.à.r.l., Luxembourg: Member of the Supervisory Board
<b>Michael Zahn</b> (first elected to the Supervisory Board: 2020)	IOLITE IQ GmbH, Berlin: Member of the Supervisory Board	<b>René Zahnd</b> (first elected to the Supervisory Board: 2020)	Jelmoli AG, Zurich; President of the Board of Directors
	QUARTERBACK Immobilien AG, Leipzig: Vice Chairman of the Supervisory Board		Swiss Prime Site Dreispitz AG, Olten, Switzerland: President of the Board of Directors
	PFLEGEN & WOHNEN HAMBURG GmbH, Hamburg: Chairman of the Supervisory Board		Swiss Prime Site Immobilien AG, Olten, Switzerland: President of the Board of Directors
	G+D Gesellschaft für Energiemanagement GmbH, Magdeburg: Chairman of the Advisory Board		Swiss Prime Site Finance AG, Olten, Switzerland: President of the Board of Directors
	Funk Schadensmanagement GmbH, Berlin: Chairman of the Advisory Board		Swiss Prime Site Management AG, Olten, Switzerland: President of the Board of Directors
	Füchse Berlin Handball GmbH, Berlin: Member of the Advisory Board		Swiss Prime Site Solutions AG, Zurich, Switzerland: President of the Board of Directors
	GETEC Wärme & Effizienz GmbH, Magdeburg: Member of Real Estate Advisory Board		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

\*\* Supervisory Board not required by law



## Management Board

The members of the Management Board are:

- Ms Sonja Wärrtges (Chairwoman), Chief Executive Officer (CEO), Economics Graduate, Frankfurt am Main

Ms Sonja Wärrtges 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

- Mr Christian Bock, Chief Institutional Business Officer (CIBO), Holder of a degree in Economic Geography & an MSc in Real Estate Finance & Investment, Frankfurt am Main

- Mr Johannes von Mutius, Chief Investment Officer (CIO), Business Administration Graduate, Königstein im Taunus

Mr Johannes von Mutius is a member of the corporate/supervisory bodies of the following companies:

- DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main: Member of the Supervisory Board

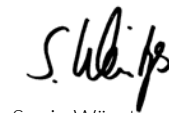
- Mr Patrick Weiden, Chief Capital Markets Officer (CCMO), Business Management Graduate & CIIA (Certified International Investment Analyst), Oberursel (Taunus)

## RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the group management report, which is combined with the management report of DIC Asset AG, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Frankfurt am Main, 8 February 2022

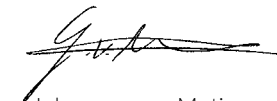
The Management Board



Sonja Wärrtges



Christian Bock



Johannes von Mutius



Patrick Weiden

## INDEPENDENT AUDITOR'S REPORT

To the DIC Asset AG, Frankfurt am Main, Germany

### Report on the audit of the consolidated financial statements and of the combined management report

#### Audit Opinions

We have audited the consolidated financial statements of DIC Asset AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1., 2021 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of DIC Asset AG for the financial year from January 1., 2021 to December 31, 2021. In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report listed in the appendix to the Independent Auditor's Report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2021, and of its financial performance for the financial year January 1., 2021 to December 31, 2021, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the parts of the combined management report listed in the appendix to the Independent Auditor's Report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

#### Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

#### Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1., 2021 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

In our view, the matters described below were the most significant matters in the course of our audit:

### Impairment of Investment Properties

#### ■ Reasons for designation as a key audit matter

The consolidated financial statements as at December 31, 2021 present investment properties amounting to EUR 1,757 million. DIC Asset AG measures investment properties using the cost model in accordance with IAS 40 in conjunction with IAS 16. The carrying amounts of investment properties are tested for impairment according to IAS 36 annually. For this purpose, specialized and acknowledged expert evaluators (Cushman & Wakefield, Jones Lang LaSalle, Knight Frank und ENA Experts) are commissioned with the preparation of expert assessments in order to determine market values and values in use. The evaluation is carried out for all residential and commercial properties using the discounted cash flow ("DCF") method. The valuation of investment properties includes numerous valuation-relevant parameters which are associated with considerable estimation uncertainty and discretionary leeway. Even minor changes in the valuation-relevant parameters can lead to significant changes in the resulting fair values. Due to the existing estimation uncertainty and discretionary leeway, there is a risk for the consolidated financial statements that the carrying amounts of the investment properties are not covered by the fair values less costs of disposal or values in use according to IAS 36.6 and an impairment requirement exists. In addition, IAS 40 and IAS 36 require a large number of disclosures in the notes, the completeness and adequacy of which is to be ensured.

#### ■ Our audit approach

Our audit activities included in particular the assessment of the valuation procedures applied by DIC Asset AG for compliance with IAS 36 for the correctness and completeness of the data used for the real estate and for the reasonableness of the valuation parameters used. For a partly random-based and partly for risk aspects deliberately selected sample of properties, we have conducted on-site visits and, in addition, mathematically reviewed the valuations determined by the commissioned external experts. We have assured ourselves of the qualification and objectivity of the external experts commissioned by DIC Asset AG and the applied valuation methodology for conformity with IAS 36. In addition, we examined the completeness and appropriateness of the disclo-

tures required under IAS 40 and IAS 36 in the notes to the consolidated financial statements.

#### ■ Reference to related disclosures in the notes

With regard to the accounting policies applied regarding the impairment of investment property, the related disclosures on accounting estimates and assumptions and the disclosures on the impairment of investment property, we refer to the disclosures in the notes to the consolidated financial statements in the sections "Accounting policies" under "Significant accounting policies" and "Investment property" under "Balance sheet disclosures".

### Impairment of Goodwills

#### ■ Reasons for designation as a key audit matter

DIC Asset AG carried out an impairment test on the goodwills recorded in the balance sheet for the financial year 2021. The impairment test for the related identified cash-generating unit according to IAS 36 is highly dependent on assessments and assumptions and is therefore discretionary as well as associated with estimation uncertainties. In view of the materiality for the DIC Group's financial position and the scope for discretion in carrying out the impairment test, we consider the impairment of the goodwills to be a key audit matter.

#### ■ Our audit approach

In order to assess the recoverability of goodwill, we have followed the methodical procedure for carrying out the impairment test with regard to the requirements of IAS 36. With regard to the determination of the recoverable amount on the basis of a discounted cash flow procedure, we compared the expected cash flows with the underlying planning and critically assessed these planning data. With regard to the capitalization interest rate applied, we analyzed the individual parameters to determine whether they reflect industry-specific market expectations. We also assessed the completeness and appropriateness of the disclosures required by IAS 36 in the notes to the consolidated financial statements.

- Reference to related disclosures in the notes

With regard to the accounting policies applied for the impairment of goodwill, the related disclosures on accounting estimates and assumptions, we refer to the disclosures in the notes to the consolidated financial statements in the sections "Impairment" under "Significant accounting policies" and "Goodwill" under "Balance sheet disclosures".

### Other Information

The executive directors and the supervisory board are responsible for the other information. The other information comprises:

- Unaudited content of those parts of the combined management report listed in the appendix to the Independent Auditor's Report,
- The remaining parts of the annual report, with the exception of the audited consolidated financial statements and combined management report and our auditor's report, and
- The confirmation pursuant to § 297 Abs. 2 Satz 4 HGB regarding the consolidated financial statements and the confirmation pursuant to § 315 Abs. 1 Satz 5 HGB regarding the combined management report.

The supervisory board is responsible for the Report of the Advisory Board. For the declaration according to § 161 AktG in regards to the German Corporate Governance Kodex and the corporate governance statement the executive directors and the supervisory board are responsible for. In all other respects, the executive directors is responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of such other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e (1) HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Other legal and regulatory requirements

**Report on the audit of the electronic reproductions of the consolidated financial statements and the combined management report prepared for the purposes of disclosure pursuant to § 317 (3a) HGB**

### Audit Opinion

We have performed an audit in accordance with § 317 (3a) HGB to obtaining reasonable assurance that the information contained in the presented file dic-asset-2021-12-31\_4.zip, 5ead22735fbae4570229e6680d7bdf1a981b84508914af80fccef64de8bc7453, SHA256, assembled for the purpose of disclosure of the reproduction of the consolidated financial statements and the combined management report (hereinafter also referred to as "ESEF-documentation") comply with the requirements for the electronic reporting format ("ESEF format) pursuant to § 328 (1) HGB in all material respects. In accordance with German legal requirements, this audit only covers the transfer of the information of the consolidated financial statements and the combined management report into the ESEF format and therefore does not include the information contained in these reproductions nor any other information contained in the above-mentioned file.

In our opinion, the reproductions of the consolidated financial statements and the combined management report contained in the presented file referred to above and prepared for the purpose of disclosure comply, in all material respects, with the requirements for the for the electronic reporting format pursuant to § 328 (1) HGB. Beyond this audit opinion and the audit opinions on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from January 1, 2021 to December 31, 2021, contained in the aforementioned "Report on the audit of the consolidated financial statements and the combined management report", we do not express an opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file.

### Basis for the Audit Opinion

We have conducted our audit of the reproductions of the consolidated financial statements and the combined management report contained in the above-mentioned attached file in accordance with § 317 (3a) HGB in compliance with the IDW audit standard: Report on the audit of the electronic reproductions of the consolidated financial statements and the combined management report prepared for the purposes of disclosure pursuant to § 317 (3a) HGB (IDW PS 410 (10.2021)). Our responsibility resulting thereafter is further described in the section "Auditor's Responsibility for the Audit of the ESEF documentation". Our audit firm has applied the requirements for the quality assurance system as specified by the IDW: Requirements for Quality Assurance for Audit Firms (IDW QS 1).

### Responsibility of the Executive Directors and the Supervisory Board for the ESEF Documentation

The legal representatives are responsible for the preparation of the ESEF documents containing the electronic reproductions of the consolidated financial statements and the combined management report in accordance with § 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 (1) sentence 4 no. 2 HGB. Furthermore, the legal representatives are responsible for the internal controls they consider necessary to enable the preparation of the ESEF documents, which are free from material violations - intended or unintended - of the electronic reporting format requirements of § 328 (1) HGB.

The legal representatives are also responsible for submitting the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited combined management report as well as other documents to be disclosed to the operator of the Federal Gazette [Bundesanzeiger]

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

### Auditor's Responsibility for the Audit of the ESEF Documentation

Our objective is to obtain reasonable assurance as to whether the ESEF documents are free from material violations - intended or unintended - of the electronic reporting format requirements of § 328 (1) HGB. During the audit, we exercise professional judgement and maintain a critical attitude. In addition

- we identify and assess the risks of material violations - intended or unintended - of the requirements of § 328 (1) HGB, we plan and perform audit procedures in response to these risks and we obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion
- we gain an understanding of the internal controls relevant to the audit of the ESEF documents in order to plan audit procedures that are appropriate in the given circumstances, yet do not aim to express an audit opinion on the effectiveness of these controls
- we assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents complies with the technical specifications in accordance with of the Delegated Regulation (EU) 2019/815 in the version applicable on the reporting date.
- We assess whether the ESEF documentation provides a consistent XHTML representation of the audited consolidated financial statements and the audited combined management report.
- we assess whether the tagging of the ESEF documents with inline XBRL technology (iXBRL) provides an adequate and complete machine-readable XBRL copy of the XHTML rendering

### Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on March 24, 2021. We were engaged by the supervisory board on November 12, 2021. We have been the group auditor of the DIC Asset AG without interruption since the financial year 2006.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

### Other Matter – Use of the Auditor's Report

Our auditor's report should always be read in conjunction with the audited consolidated financial statements and the audited group management report as well as the audited ESEF documents. The consolidated financial statements and group management report in XHTML format are merely electronic reproductions of the audited consolidated financial statements and audited group management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein are only to be used in conjunction with the ESEF documents attached electronically on a data carrier or in a file or with the indication of a storage address from which the ESEF documents can be retrieved electronically.

### German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Karsten Luce.

Nuremberg, February 8, 2022

Rödl & Partner GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

gez. Landgraf	gez. Luce
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

### Appendix to the auditor's report: Parts of the combined management report, whose contents is unaudited

We have not audited the content of the following parts of the combined management report:

- the corporate governance statement included in the combined management report
- the report on ESG („Environmental, Social, Governance“) except for the section “Green Bond Impact Reporting” and digitalization.



# 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 BVO GmbH, Frankfurt am Main	100.0
BCP Düsseldorf Holding GmbH & Co. KG, Frankfurt am Main	100.0
BCP Verwaltungs GmbH, Frankfurt am Main	100.0
Diamond BVO GmbH, Frankfurt am Main	100.0
Diamond Holding 1 GmbH & Co. KG, Frankfurt am Main	100.0
Diamond Verwaltungs GmbH, Frankfurt am Main	100.0
DIC 25 Betriebsvorrichtung 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 5 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 6 GmbH, Frankfurt am Main	100.0
DIC AP Objekt 7 GmbH, Frankfurt am Main	100.0
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

\* Interest equals the share of voting rights

Name and registered office of company	Interest (%)*
DIC AP Objekt Königsberger Str. 29 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Konstanz GmbH, Frankfurt am Main	100.0
DIC AP Portfolio GmbH, Frankfurt am Main	100.0
DIC Asset AP GmbH, Frankfurt am Main	100.0
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 Development Services GmbH, Frankfurt am Main	100.0
DIC DP Langenselbold Am Weiher GmbH, Frankfurt am Main	100.0
DIC DP Mönchengladbach Stresemannstraße GmbH, Frankfurt am Main	100.0
DIC DP Objekt 1 GmbH & Co. KG, Frankfurt am Main	100.0
DIC DP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 6 GmbH, Frankfurt am Main	100.0
DIC DP Portfolio GmbH, Frankfurt am Main	100.0
DIC DP Wiesbaden Frankfurter Straße 46-48 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 Consulting I GmbH, Frankfurt am Main	100.0
DIC Fund Balance Consulting II GmbH, 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 Heilbronner Straße GmbH & Co. KG, Frankfurt am Main	100.0

Name and registered office of company	Interest (%)*
DIC Objekt Berlin Heilbronner Straße 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 Halle Weststraße GmbH, 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
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 Mörfelden 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 Nürnberg 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 Rodgau 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 Stuttgart I GmbH, Frankfurt am Main	100.0
DIC Objekt Velbert GmbH, Frankfurt am Main	100.0

\* Interest equals the share of voting rights

Name and registered office of company	Interest (%)*
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 Objekt München-Grünwald 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
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

Name and registered office of company	Interest (%)*
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 Betriebsvorrichtung GmbH, Frankfurt am Main	100.0
GEG Development 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 Equity Participation Fund I	100.0
GEG Erste München GmbH & Co. geschl. Inv. KG, 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, Frankfurt 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
GEG Triforum Holding GmbH & Co. KG, Frankfurt am Main	100.0
GEG Triforum Verwaltungs GmbH, Frankfurt am Main	100.0

\* Interest equals the share of voting rights

Name and registered office of company	Interest (%)*
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
Public Infrastructure IV, Frankfurt am Main	100.0
RLI Investors GmbH, Munich	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 EB Portfolio GmbH & Co. KG, Frankfurt am Main	99.4
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 Objekt Frankfurt 1 GmbH & Co. KG, Frankfurt am Main	94.0
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

Name and registered office of company	Interest (%)*
DIC HI Landsberger Straße GmbH & Co. KG, Frankfurt am Main	92.5
DIC HI Objekt 1 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 10 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 11 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 12 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 13 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 14 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 15 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 2 GmbH & Co. KG, Frankfurt am Main	92.5
DIC HI Objekt 4 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 5 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 6 GmbH & Co. KG, Frankfurt am Main	92.5
DIC HI Objekt 7 GmbH, Frankfurt am Main	92.5
DIC HI Objekt 9 GmbH, Frankfurt am Main	92.5
DIC HI Objekt Frankfurt Theodor-Heuss-Allee GmbH, Frankfurt am Main	92.5
DIC HI Objekt Hamburg Kurt-Schumacher-Allee GmbH, Frankfurt am Main	92.5
DIC HI Objekt Köln GmbH, Frankfurt am Main	92.5
DIC HI Objekt Neu-Isenburg GmbH, Frankfurt am Main	92.5
DIC HI Objekt Ratingen GmbH, Frankfurt am Main	92.5
DIC HI Portfolio GmbH & Co. KG, Frankfurt am Main	92.5
Deutsche Immobilien Chancen Objekt Ulm 1 Erweiterung GmbH, Frankfurt am Main	90.0
Deutsche Immobilien Chancen Objektbeteiligungs GmbH, Frankfurt am Main	90.0

\* Interest equals the share of voting rights

Appendix 2 to the notes to the consolidated financial statements **Indirect and direct holdings of up to 40%**

Name and registered office of company	Interest (%)*	Name and registered office of company	Interest (%)*
DIC MainTor III GmbH, Frankfurt am Main	40.0	OB III Berlin 2 GmbH & Co. KG, Frankfurt am Main	5.1
DIC MainTor Palazzi GmbH, Frankfurt am Main	40.0	OB III Berlin 3 GmbH & Co. KG, Frankfurt am Main	5.1
DIC MainTor Panorama GmbH, Frankfurt am Main	40.0	OB III Bochum GmbH & Co. KG, Frankfurt am Main	5.1
DIC MainTor Patio GmbH, Frankfurt am Main	40.0	OB III Bonn GmbH & Co. KG, Frankfurt am Main	5.1
DIC MainTor Porta GmbH, Frankfurt am Main	40.0	OB III Frankfurt GmbH & Co. KG, Frankfurt am Main	5.1
DIC MainTor Primus GmbH, Frankfurt am Main	40.0	OB III Hannover GmbH & Co. KG, Frankfurt am Main	5.1
DIC MainTor Verwaltungs GmbH, Frankfurt am Main	40.0	OB III Koblenz GmbH & Co. KG, Frankfurt am Main	5.1
DIC MainTor Zweite Beteiligungs GmbH & Co. KG, Frankfurt am Main	40.0	OB III Köln GmbH & Co. KG, Frankfurt am Main	5.1
MainTor GmbH, Frankfurt am Main	40.0	OB III München GmbH & Co. KG, Frankfurt am Main	5.1
GEG Objekt München SCS, Luxembourg	35.0	OB III Nürnberg GmbH & Co. KG, Frankfurt am Main	5.1
Realogis Holding GmbH, Munich	25.0	OB IV Düsseldorf GmbH & Co. KG, Frankfurt am Main	5.1
DIC Office Balance VI, Frankfurt am Main**	21.6	OB IV München GmbH & Co. KG, Frankfurt am Main	5.1
DIC BW Portfolio GmbH, Frankfurt am Main	20.0	OB V Hamburg GmbH & Co. KG, Frankfurt am Main	5.1
DIC Development GmbH, Frankfurt am Main	20.0	OB V München GmbH & Co. KG, Frankfurt am Main	5.1
DIC GMG GmbH, Frankfurt am Main	20.0	Passing Holdco S. à. R. I, Luxembourg	5.1
DIC Hamburg Objekt Dammtorstraße GmbH & Co. KG, Frankfurt am Main	20.0	RB I Objekt Berlin GmbH & Co. KG, Frankfurt am Main	5.1
DIC Opportunistic GmbH, Frankfurt am Main****	20.0	RB I Objekt Hamburg Bergedorf GmbH & Co. KG, Frankfurt am Main	5.1
WACO Beteiligungs GmbH, Frankfurt am Main	20.0	RB I Objekt Hamburg Harburg GmbH & Co. KG, Frankfurt am Main	5.1
Riverpark Frankfurt GmbH & Co. KG, Frankfurt am Main	10.0	Vierte DV I GmbH & Co. KG, Frankfurt am Main	5.1
Riverpark Frankfurt Verwaltungs GmbH, Frankfurt am Main	10.0	Zweite Düsseldorf GmbH & Co. KG, Frankfurt am Main	5.1
DIC Office Balance I, Frankfurt am Main***	9.8	Zweite DV I GmbH & Co. KG, Frankfurt am Main	5.1
GEG Sapporobogen geschlossene Investment KG, Frankfurt am Main	5.2	Zweite Erfurt GmbH & Co. KG, Frankfurt am Main	5.1
Dritte DV I GmbH & Co. KG, Frankfurt am Main	5.1	DIC Office Balance II, Frankfurt am Main****	4.6
Dritte Kassel GmbH & Co. KG, Frankfurt am Main	5.1	DIC Retail Balance I, Frankfurt am Main*****	3.5
Erste Bremen GmbH & Co. KG, Frankfurt am Main	5.1	DIC Office Balance III, Frankfurt am Main*****	2.0
Erste Stuttgart GmbH & Co. KG, Frankfurt am Main	5.1	DIC Office Balance IV, Frankfurt am Main*****	1.6
Fünfte DV I GmbH & Co. KG, Frankfurt am Main	5.1	DIC Office Balance V, Frankfurt am Main*****	0.9
GEG HCC Dortmund GmbH & Co. KG, Frankfurt am Main	5.1		
Gemini I Boersencenter GmbH, Frankfurt am Main	5.1		
Gemini II Bronze 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		

\* 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 16 April 2021.

- a. 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 23 December 2021 his share of voting rights in DIC Asset AG, Frankfurt am Main, amounted to 34.77% (28,459,856 voting rights). 34.77% of these (28,459,856 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, DIC Services Beteiligungs GmbH and TTL Real Estate GmbH.
- b. 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 2 September 2021 its share of voting rights in

DIC Asset AG, Frankfurt am Main, amounted to 6.84% (5,601,348 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 Securities Fund.

- 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. Mr Norbert Ketterer informed us pursuant to section 33 WpHG that on 15 January 2021 his share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the thresholds of 5% and 3% and amounted to 0.0% (0 voting rights) as of this date.
- f. 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.
- g. DWS Investment S.A., Luxembourg, Luxembourg, informed us pursuant to section 33 (1) WpHG that on 18 October 2019 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.97% (2,142,314 voting rights) as of this date. 2.97% of these (2,142,314 voting rights) are at-

tributable to DWS Investment S.A. pursuant to section 34 WpHG.

- h. BlackRock, Inc., Wilmington, Delaware, United States of America, informed us pursuant to section 33 (1) WpHG that on 16 August 2019 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.99% (2,160,321 voting rights) as of this date. 2.99% of these (2,160,321 voting rights) are attributable to BlackRock, Inc. pursuant to section 34 WpHG.
- i. Makuria Fund Ltd, Grand Cayman, Cayman Islands, informed us pursuant to section 33 (1) WpHG that on 29 January 2019 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.96% (2,084,321 voting rights) as of this date. 2.96% of these (2,084,321 voting rights) are attributable to Makuria Fund Ltd pursuant to section 34 WpHG.
- j. Makuria Investment Management (UK) LLP, London, United Kingdom, informed us pursuant to section 33 (1) WpHG that on 29 January 2019 its share of voting rights in DIC Asset AG, Frankfurt am Main, fell below the threshold of 3% and amounted to 2.96% (2,084,321 voting rights) as 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.
- k. 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.

- l. 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.
- m. 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.
- n. 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.
- o. 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.
- p. 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.
- q. 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.
- r. 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.
- s. 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% of these (corresponding to 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.
- t. 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.
- u. 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.
- v. 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.

- w. Massachusetts Mutual Life Insurance Company, USA, informed us pursuant to sections 21 (1), 24 WpHG:

Correction to the voting rights notification pursuant to sections 21 (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 sections 21 (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.

- x. 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.



## 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.

The EPRA guidelines of October 2019 recommend that association members use these indicators for reporting periods starting on or after 1 January 2020.

### Overview of EPRA key figures

in EUR million	31.12.2021	31.12.2020
EPRA Net Reinstatement Value (EPRA-NRV)	1,623.9	1,519.5
EPRA Net Tangible Assets (EPRA-NTA)	1,233.2	1,185.0
EPRA Net Disposal Value (EPRA-NDV)	1,246.9	1,185.0
EPRA net initial yield (in %)*	3.6	3.8
EPRA "topped up" net initial yield (in %)*	3.9	3.9
EPRA vacancy rate (in %)**	5.3	5.4

in EUR million	2021	2020
EPRA earnings	96.5	84.7
EPRA cost ratio incl. direct vacancy costs (in %)*	21.8	26.3
EPRA cost ratio excl. direct vacancy costs (in %)*	19.9	24.4

\* 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 2020, EPRA NRV rose by around 7% to EUR 1,623.9 million (previous year: EUR 1,519.5 million). This increase was primarily attributable to higher hidden reserves on investment properties as at 31 December 2021.

in EUR million	31.12.2021	31.12.2020
Equity attributable to Group shareholders	1,128.9	1,101.2
plus hidden reserves on investment properties*	366.8	298.5
plus hidden reserves on equity investments	0.0	0.0
plus/less fair value of financial instruments	1.8	5.1
plus real estate transfer tax	126.3	114.7
<b>EPRA Net Reinstatement Value (EPRA-NRV)</b>	<b>1,623.9</b>	<b>1,519.5</b>
Number of shares (thousand)	81,861	80,587
EPRA-NRV per share in EUR**	19.84	18.86

\* Excl. non-controlling interests

\*\* Based on 81,861,163 shares (previous year: 80,587,028 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 2021, EPRA NDV rose by around 5% to EUR 1,246.9 million (previous year: EUR 1,185.0 million). This increase was primarily attributable to higher hidden reserves on investment properties as at 31 December 2021.

in EUR million	31.12.2021	31.12.2020
Equity attributable to Group shareholders	1,128.9	1,101.2
plus hidden reserves on investment properties*	366.8	298.5
plus hidden reserves on equity investments	0.0	0.0
less 100% deferred tax on fair value adjustments on investment properties	-59.4	-48.4
less recognised goodwill	-190.2	-177.9
plus fair value adjustment of fixed-rate liabilities	0.7	11.5
<b>EPRA Net Disposal Value (EPRA-NDV)</b>	<b>1,246.9</b>	<b>1,185.0</b>
Number of shares (thousand)	81,861	80,587
EPRA-NDV per share in EUR**	15.23	14.70

\* Excl. non-controlling interests

\*\* Based on 81,861,163 shares (previous year: 80,587,028 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 2021, EPRA NTA rose by around 4% to EUR 1,233.2 million (previous year: EUR 1,185.0 million). This increase was primarily attributable to higher hidden reserves on investment properties as at 31 December 2021.

in EUR million	31.12.2021	31.12.2020
Equity attributable to Group shareholders	1,128.9	1,101.2
plus hidden reserves on investment properties*	366.8	298.5
plus hidden reserves on equity investments	0.0	0.0
less 50% deferred tax on fair value adjustments on investment properties	-29.7	-24.2
plus / less fair value of financial instruments	1.8	5.1
less recognised goodwill	-190.2	-177.9
less intangible assets	-44.4	-17.8
<b>EPRA Net Tangible Assets (EPRA-NTA)</b>	<b>1,233.2</b>	<b>1,185.0</b>
Number of shares (thousand)	81,861	80,587
EPRA-NTA per share in EUR**	15.06	15.00

\* Excl. non-controlling interests

\*\* Based on 81,861,163 shares (previous year: 80,587,028 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	31.12.2021	31.12.2020
Annualised gross rental income at the reporting date*	98.4	93.9
less non-allocable operating expenses	-13.5	-13.6
<b>Annualised net rental income at the reporting date (A)</b>	<b>84.9</b>	<b>80.3</b>
plus estimated rent for current rent-free periods	7.1	1.9
<b>Topped up annualised net rental income at the reporting date (B)</b>	<b>92.0</b>	<b>82.2</b>
Investment property in the Commercial Portfolio segment	2,222.2	2,000.0
Estimated incidental acquisition costs on real estate portfolio	111.1	100.0
<b>Commercial Portfolio (gross) (C)</b>	<b>2,333.3</b>	<b>2,100.0</b>
<b>EPRA net initial yield (in %) (A / C)</b>	<b>3.6%</b>	<b>3.8%</b>
<b>EPRA topped-up net initial yield (in %) (B / C)</b>	<b>3.9%</b>	<b>3.9%</b>

\* 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	31.12.2021	31.12.2020
Estimated rent for vacant space (A)	5.2	5.2
Estimated rent for the entire portfolio (B)	98.6	96.2
<b>EPRA vacancy rate* (in %) (A / B)</b>	<b>5.3%</b>	<b>5.4%</b>

\* reported for the Commercial Portfolio only, without project developments and repositioning

**EPRA earnings**

in EUR thousand	2021	2020
IFRS profit	57,795	70,013
<b>EPRA adjustments</b>		
Market value change or depreciation of investment property	32,566	31,882
Profit / loss on disposal of investment property	-23,765	-32,000
Tax on disposal of investment property	3,761	5,064
Amortisation of intangible assets and depreciation of right-of-use assets in acc. with IFRS 16	10,419	6,891
Other non-recurring effects	15,570	285
Deferred taxes in connection with EPRA adjustments	-477	-521
Contributions from Co-Investments (project developments and sales)	0	0
Non-controlling interests	590	3,100
<b>EPRA earnings</b>	<b>96,459</b>	<b>84,714</b>
<b>EPRA earnings per share</b>	<b>1.18</b>	<b>1.07</b>

**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	2021	2020
Operating expenses	25.9	27.9
less ground rents	-0.5	-0.5
less exceptionals	-2.4	-1.5
<b>EPRA costs incl. direct vacancy costs (A)</b>	<b>23.0</b>	<b>25.9</b>
less direct vacancy costs	-2.0	-1.8
<b>EPRA costs excl. direct vacancy costs (B)</b>	<b>21.0</b>	<b>24.1</b>
Gross rental income less ground rents	107.9	100.2
exceptionals relating object management	-2.4	-1.5
<b>Gross rental income (C)</b>	<b>105.5</b>	<b>98.7</b>
<b>EPRA cost ratio incl. direct vacancy costs (in %) (A / C)</b>	<b>21.8%</b>	<b>26.3%</b>
<b>EPRA cost ratio excl. direct vacancy costs (in %) (B / C)</b>	<b>19.9%</b>	<b>24.4%</b>

## QUARTERLY OVERVIEW 2021

Key financial figures in EUR million	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Gross rental income	23.4	24.9	29.6	30.5
Net rental income	19.6	20.6	25.2	25.8
Real estate management fees	24.0	26.5	24.1	26.6
Proceeds from sales of property	106.5	4.3	1.2	27.3
Total income	160.6	62.1	62.1	91.2
Profits from sales of property	12.0	4.3	1.2	6.3
Share of the profit or loss of associates	2.5	1.3	1.2	1.5
Funds from Operations (FFO)	26.5	26.5	26.6	27.6
EBITDA	45.3	38.2	36.8	44.8
EBIT	34.6	27.3	26.1	34.1
EPRA earnings	22.6	23.1	23.2	27.6
Profit/ loss of the period	22.2	15.5	13.5	7.2
Cash flow from operating activities	16.5	24.0	7.1	-4.2
<b>Balance sheet figures in EUR million</b>	<b>31.03.2021</b>	<b>30.06.2021</b>	<b>30.09.2021</b>	<b>31.12.2021</b>
Loan-to Value (LTV) in %*	44.8%	48.1%	48.0%	48.5%
Investment property	1,669.1	1,799.6	1,742.6	1,756.7
Total assets	2,884.6	3,385.2	3,781.9	3,493.7
<b>Key figures per sheed in EUR</b>	<b>Q1 2021</b>	<b>Q2 2021</b>	<b>Q3 2021</b>	<b>Q4 2021</b>
FFO	0.33	0.32	0.32	0.35
EPRA-Ergebnis	0.28	0.28	0.29	0.33
Earnings	0.27	0.19	0.16	0.09

\* adjusted for warehousing

## 5-YEAR OVERVIEW

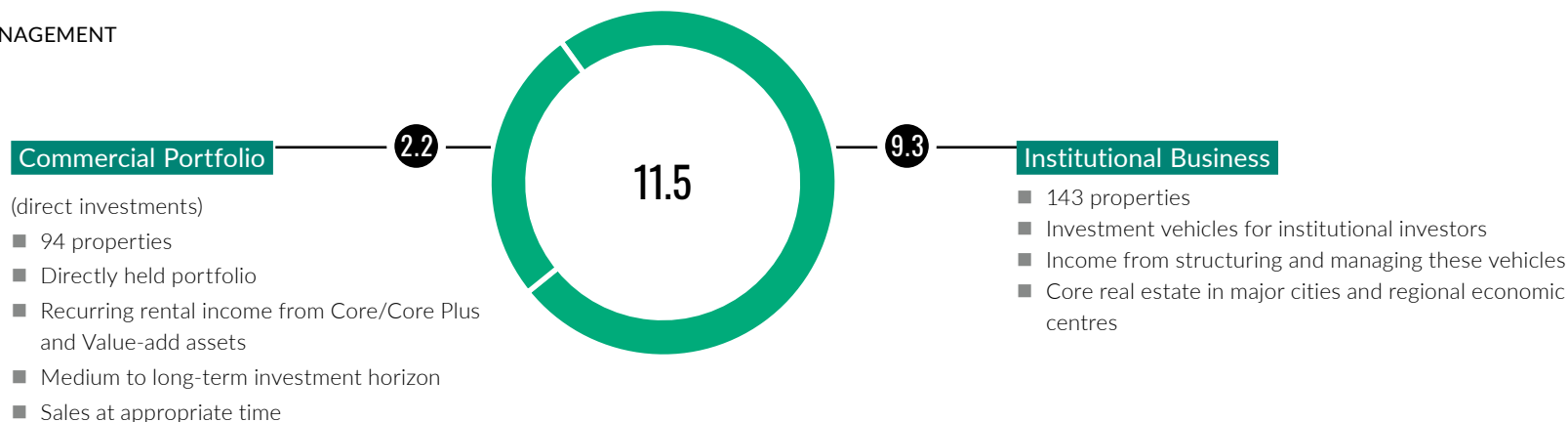
Key financial figures in EUR million	2017	2018	2019	2020	2021
Gross rental income	109.7	100.2	101.9	100.7	108.4
Net rental income	93.1	84.7	87.9	82.2	91.2
Real estate management fees	20.8	33.6	62.9	79.7	101.2
Proceeds from sales of property	229.5	86.8	176.0	116.3	139.3
Total income	381.9	241.6	364.3	321.1	376.0
Profits from sales of property	25.5	18.6	40.5	32.0	23.8
Share of the profit or loss of associates	29.0	15.8	18.3	11.4	6.5
Funds from Operations (FFO)	60.2	68.0	95.0	96.5	107.2
EBITDA	136.6	122.3	164.5	156.3	165.1
EBIT	105.6	92.8	130.2	117.6	122.1
Adjusted profit / loss	64.4	47.6	80.7	73.1	69.9
Profit / loss	64.4	47.6	80.7	73.1	58.4
Cash flow from operating activities	56.5	61.9	64.8	67.4	43.4
<b>Balance sheet figures in EUR million</b>					
	<b>31.12.2017</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2021</b>
Investment property	1,437.2	1,459.0	1,623.0	1,600.0	1,756.7
Net Asset Value	900.0	1,085.8	1,244.2	1,409.9	1,509.8
Total assets	2,341.3	2,490.1	2,657.4	2,724.2	3,493.7
Equity	828.9	895.9	968.8	1,108.4	1,134.0
Liabilities	1,512.4	1,594.1	1,688.7	1,615.7	2,359.7
<b>Key figures per sheed in EUR</b>					
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
FFO	0.88	0.97	1.32	1.22	1.32
EPRA earnings	0.83	0.89	1.17	1.07	1.18
Net Asset Value	13.12	15.40	17.23	17.49	18.44
Dividend	0,64**	0.48	0.66	0.70	0,75*

\* proposed dividend

\*\* incl. extraordinary dividend of EUR 0.20

## PORTFOLIO OVERVIEW

### ASSETS UNDER MANAGEMENT in EUR billion



### PORTFOLIO BY SEGMENTS

		Commercial Portfolio	Institutional Business	Total
Number of properties	2021	94	143	237
	2020	91	98	189
Market value in EUR million	2021	2,222.2	9,280.8	11,503.0
	2020	2,000.0	7,594.5	9,594.5
Rental space in sqm	2021	829,900	2,313,300	3,143,200
	2020	807,800	1,411,900	2,219,700

### PORTFOLIO BY REGIONS\*

		North	East	Central	West	South	Total
Number of properties	2021	35	25	56	69	52	237
	2020	28	17	48	53	43	189
Market value in EUR million	2021	948.1	995.4	4,624.2	2,735.2	2,200.1	11,503.0
	2020	775.6	930.7	4,344.3	2,179.8	1,364.1	9,594.5
Portfolio proportion in % by market value	2021	8%	9%	40%	24%	19%	100%
	2020	8%	10%	45%	23%	14%	100%
Annualised rental income in EUR million	2021	41.8	36.7	148.6	127.5	89.4	444.0
	2020	33.6	32.0	134.4	100.2	57.5	357.7
Average rent in EUR per sqm	2021	9.21	9.79	16.30	10.22	12.40	11.97
	2020	11.90	12.47	18.20	12.34	11.67	13.86
Weighted average lease term in years	2021	6.9	6.0	6.7	6.1	7.1	6.6
	2020	8.2	5.5	6.5	6.6	6.9	6.7
Gross rental yield	2021	4.7%	3.7%	4.1%	4.7%	4.1%	4.2%
	2020	4.6%	3.4%	3.9%	4.6%	4.2%	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	Berlin	Taubenstr. 7-9	10.1	0.0%	4.6	122.0	3.1
2	Düsseldorf	Werdener Str. 4	29.5	9.4%	5.9	108.1	5.0
3	Frankfurt	Insterburger Str. 7	14.3	6.2%	5.9	74.5	2.1
4	Munich	Georg-Brauchle-Ring 56, 58	9.2	11.4%	2.2	74.0	2.0
5	Eschborn	Frankfurter Str. 1	9.3	0.0%	2.7	73.9	6.6
6	Cologne	Mercedes-Allee 1	23.4	0.0%	**	70.8	**
7	Halle	Neustädter Passage 17 a-d	30.7	1.1%	4.2	69.4	4.2
8	Hamburg	Marckmannstr. 129a-e	23.4	0.0%	2.4	65.4	10.0
9	Frankfurt	Kaiserstr. 62-64	9.3	0.0%	2.2	58.9	10.8
10	Duisburg	Steinsche Gasse 26	12.6	0.0%	2.3	58.4	15.2
11	Leverkusen	Horst-Henning-Platz 1	13.4	0.0%	2.4	57.1	13.2
12	Chemnitz	Am Rathaus 1	26.9	0.0%	2.2	52.0	13.5
13	Frankfurt	Königsberger Str. 29	12.7	15.4%	2.0	51.4	8.4
14	Wiesbaden	Gustav-Stresemann-Ring 12-16	26.1	38.6%	2.5	48.3	3.1
15	Hannover	Podbielskistr. 343	9.3	0.0%	2.0	47.7	7.9
16	Karlsruhe	Bahnhofplatz 12	11.0	0.0%	1.9	45.2	9.3
17	Cologne	Mathias-Brüggen-Str. 124-170	28.2	5.2%	2.2	42.9	3.6
18	Hamburg	Kurt-Schumacher-Allee 2-6	13.1	0.0%	1.6	42.4	5.8
19	Mannheim	Coblitzallee 1-7	17.9	0.0%	2.4	38.3	6.6
20	Offenbach	Berliner Str. 60	12.8	0.0%	1.6	37.8	15.0
<b>Top 20 properties</b>			<b>343.2</b>	<b>5.5%</b>	<b>58.2</b>	<b>1,238.5</b>	<b>6.4</b>
<b>Other properties</b>			<b>486.7</b>	<b>5.1%</b>	<b>47.3</b>	<b>983.7</b>	<b>5.2</b>
<b>Total</b>			<b>829.9</b>	<b>5.3%</b>	<b>105.5</b>	<b>2,222.2</b>	<b>5.9</b>

\* 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.

### 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<sub>2</sub>

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.

### Disposal volume

The total of the sales prices for the sold real estate (with notarisation) within a reporting period.

### EBIT

Earnings before interest and taxes, including the share of the profit or loss from associates

### EBITDA

Earnings before interest and other financing activities, excluding depreciation and amortisation, including the share of the profit or loss from associates

### EPRA earnings

EPRA earnings are a measure for the sustained and continuous performance by a real estate portfolio and are comparable with the calculation of funds from operations (FFO), although they differ in the way deferred taxes are considered, among other things. When calculating EPRA earnings, all non-recurring or non-cash income components are eliminated. These include valuation effects/depreciation and amortisation and the result of the sale of properties and project developments.

### EPRA 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. The share of the profit or loss of associates includes income from the management of real estate and profits on sales among other sources, calculated proportionately in each case, as well as dividends.

**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.

**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.

**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.

**Hedge (cash flow hedge, fair value hedge)**

Agreement of a contract to safeguard and compensate for the exposure to financial risk.

**Interest coverage ratio (ICR)**

Ratio of EBITDA to net interest result; 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.

**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 all 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 Accounting Standards (IAS 40). DIC Asset AG measures investment properties at depreciated cost in accordance with IAS 40.56.

**Letting performance/volume**

Rental space for which rental agreements for new tenancies or renewals have been concluded for a given period. The letting performance is reported as of a specific date.

**Like-for-like rental income**

Like-for-like rental income is rental income from properties in a portfolio that were continuously in the portfolio 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.

**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.

**Market capitalisation**

Total market value of a company listed on the stock exchange, resulting from the share price multiplied by the number of shares issued at a specific date.

**Measurement at cost**

When measuring an asset at cost, measurement includes recognising the historical cost incurred for producing or acquiring the asset. The carrying amount of depreciable assets is reduced by depreciation and, if required, by impairment charges. Also referred to as "at cost accounting".

**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

**Peak rent**

The peak rent is the highest possible rent that could be expected in the market for a prime quality, suitably equipped office unit in the best location.

**Prime Standard**

Segment of the Frankfurt Stock Exchange with the greatest relevance and degree of regulation, as well as the highest level of transparency.

**Proceeds from sales of property**

Pro-rata income from sales of investment property after transfer of ownership.

**Property management**

Complete property servicing by own efforts or by management of commercial, infrastructure and technical service providers.

**Promissory note with ESG-link**

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.

**Redevelopment**

Redevelopment is any type of measure to develop property that is already in use. The development activities of DIC Asset AG relate exclusively to such portfolio developments.

**Refurbishment**

Generally, structural changes to a building aimed at improving a building's quality and/or fixtures and fittings.

**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.

**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 property was accounted for as "Non-current assets held for sale".

# MANAGEMENT BOARD



**\_Patrick Weiden**  
Chief Capital Markets  
Officer



**\_Christian Bock**  
Chief Institutional Business Officer



**\_Sonja Wärtges**  
Chief Executive Officer



**\_Johannes von Mutius**  
Chief Investment Officer

## LEGAL NOTES

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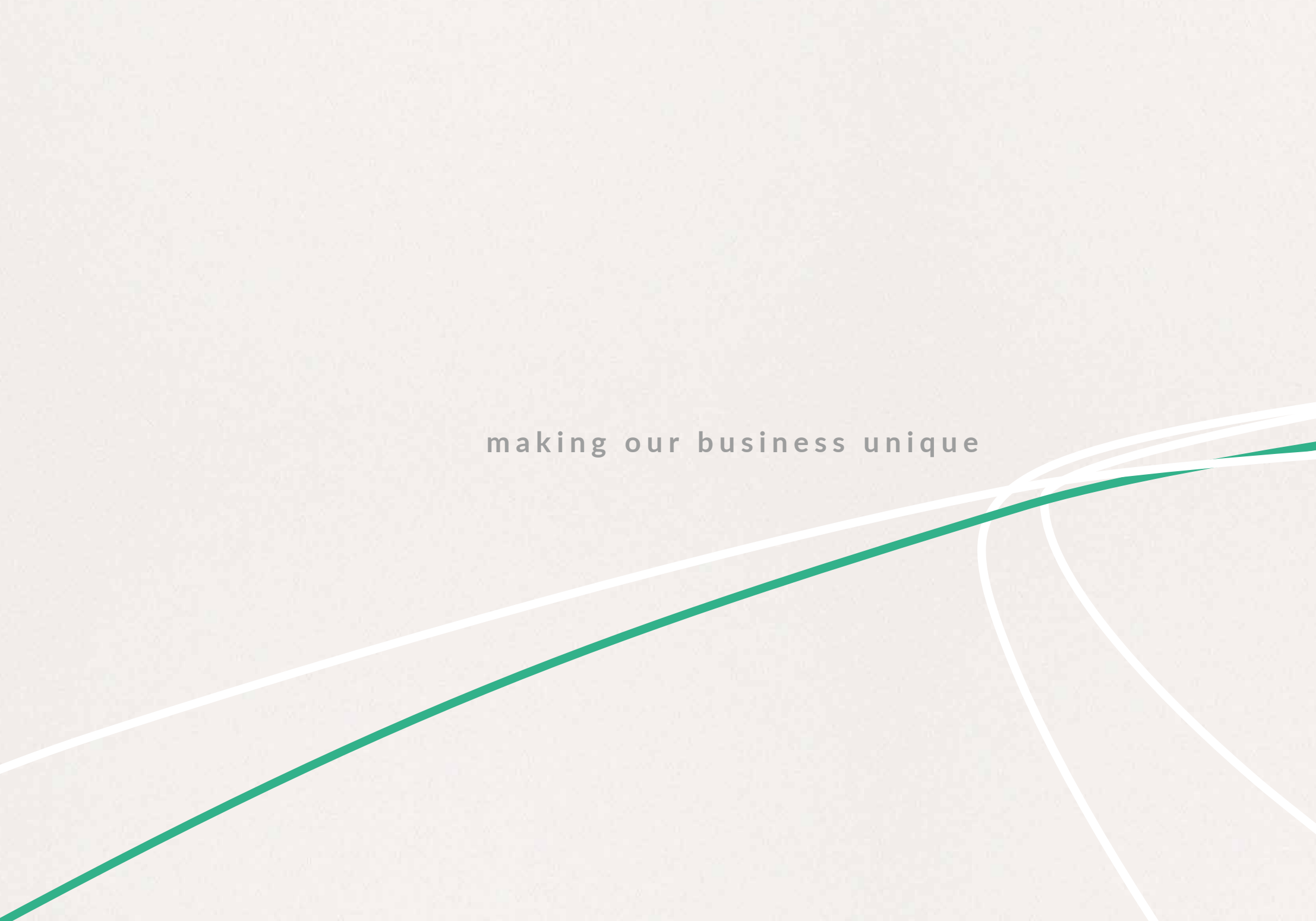
### Forward-looking statements

This annual report contains statements that refer to future developments. Such statements constitute assessments that have been taken in the light of the information available. Should the assumptions on which they are based not prove accurate, or should – as specified in the section entitled Risk Report – risks occur, the actual results may differ from those anticipated.

### Note:

This report is published in German (original version) and English (non-binding translation).

For computational reasons, rounding differences from the exact mathematical values calculated (in EUR thousand, %, etc.) may occur in tables and cross-references.

The image features a minimalist design on a light gray background. A prominent, solid green line starts from the bottom left and curves upwards towards the right. Several white, thin, curved lines are layered over the green line, creating a sense of depth and movement. The text 'making our business unique' is centered horizontally in a dark gray, lowercase, sans-serif font.

making our business unique