DIC ASSET

AKTIENGESELLSCHAFT

ANNUAL REPORT 2008

Neu-Isenburg, Martin-Behaim-Straße


12

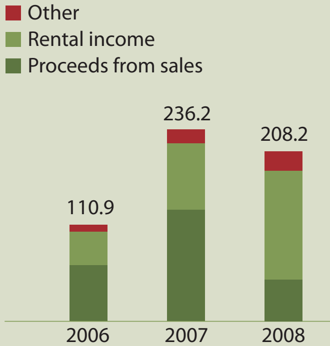
DIC Asset AG at a glance

Key operating figures in EUR million	2008	2007	Change
Gross rental income	134.5	93.6	+44%
Proceeds from the sale of real estate	49.9	122.9	-59%
Revenue from the sale of real estate	9.8	17.7	-45%
EBITDA	124.0	99.8	+24%
EBIT	96.0	80.0	+20%
EBDA	53.2	55.9	-5%
Funds from operations (FFO)	48.0	44.6	+8%
Profit for the period	25.2	36.1	-30%
Investment	267.3	902.0	-70%
Cash flow from operating activities	37.2	28.7	+30%

Balance sheet data in EUR million	31.12.2008	31.12.2007	Change
Equity ratio in %	24.1	28.9	-4.8
Debt	1,681.0	1,508.8	+11%
Investment property	2,022.9	1,851.3	+9%
Total assets	2,214.8	2.121,5	+4%

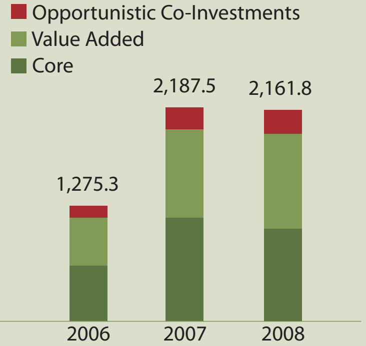
Per share in EUR	2008	2007	Change
FFO	1.54	1.55	-1%
EBDA	1.71	1.94	-12%
Basic/diluted earnings	0.80	1.25	-36%
Net asset value	16.23	23.04	-30%

Total revenues
EUR million



Earnings
EUR million

Market value of investment property
Market value in EUR million



Letter to our Shareholders

Prof. Dr. Gerhard Schmidt, Chairman of the Supervisory Board and Ulrich Höller, Chief Executive Officer

Dear Shareholders and Business Partners, Employees and Friends of our Company,

The sustainability of a business model is proven above all in a difficult environment. In this respect we are pleased that DIC Asset AG was able to once again record a good result in 2008.

In financial year 2008 it became apparent to us by mid-year that the market strength of the previous years or the capacity of key market players to act in the investment market were unlikely in the long term. We therefore had to adjust our result forecast in August to take account of these external components which are beyond our control. Nevertheless, in the end we realised our clear objective of generating a good operating result through our own strengths and activities in an increasingly adverse environment.

The profit for the period of EUR 25.2 million indicates a strong foundation: based on the high quality of our portfolio we have achieved a good letting volume and tapped into further sustainable cash inflows. We have expanded our property management organisation extensively; we manage our tenants and properties locally from six branches stretching from Hamburg to Munich. We have returned an operating result before depreciation in line with that of the previous year, thus maintaining a high level.

DIC Asset AG's business model, based on several sources of income, has proved itself despite crisis-ridden markets and the withdrawal of potential transaction partners.

We consider it extremely important, even in the current environment, to retain our capacity to take action and keep the company on a calculable course. With its clear focus and balanced business model DIC Asset AG has a stable foundation which translates entrepreneurial impetus into action. The fundamental elements are as follows:

- DIC Asset AG invests exclusively in German commercial real estate. Because of its wide spectrum of economic regions with different profiles, the German market is a diversified and, following a brief upturn phase, relatively stable market compared with other countries, and it has limited potential to experience a downturn. We exploit the diversity and independence of the regions and create additional qualities by balancing investments in top real estate strongholds with those in economically flourishing middle-order centres. With this mix we are even able to benefit from cycles.
- We are disciplined in maintaining our focus with the result that, without disregarding attractive opportunities, we have built up very homogenous real estate assets that we manage effectively and consistently ourselves. The benefits of homogeneity and consistency at the strategic level are that we are regarded as a stable partner and accordingly have good access to the German sub-markets that are both important and of interest to us. At the operational level, homogeneity gives us a very favourable ratio of personnel and administration costs to rental income.
- The business model is based on solid financing. All of our investments are financed conservatively through long-term agreements tailored to the respective business plans, which is why only just under EUR 20 million is due for refinancing in 2009. We do not let financing opportunities pass us by. If interest rate conditions offer opportunities for optimisation then we make use of them, such as recently in February 2009 when we re-agreed and extended the financing of the Odin Portfolio. As a result, our long-term cash flow strength benefited once again.

There is no doubt that we too have been affected by the change in the economic environment, especially in the transactions market, as for every transaction there are at least two partners who are able to act. We rapidly adapted our sales strategy, though, to the greatly altered conditions, and did so with visible success. In 2008, after the international financial crisis brought the transaction market in large extent to a standstill, we specifically marketed smaller and medium-sized properties primarily through selective individual transactions. In so doing, we have approached existing as well as new clients, in particular private investors. With 21 properties, which we sold in 17 transactions, we achieved a transaction volume of almost EUR 95 million and thus realised a significant return on sales.

The return on sales achieved in a difficult market environment is also further evidence of the high quality of our portfolio and our asset management. We know that it pays for us to calculate carefully and not make allowances for any unrealistic or unrealised added value. As successes, we only show results which have actually been achieved. The annual external valuation of our real estate resulted in a fall in the market values of 8.5% against a background of a far-reaching sense of crisis. This adjustment does not impact on the financing structure or the result for the year. It reflects the current upheavals on the investment markets which will make marketing via sales more difficult to a large degree. The fact that the adjustment of the market values is not more dramatic given the present gloomy economic outlook for further market development is due to the quality of our real estate portfolio which is let realistically and provides long-term stable income.

We feel vindicated in having taken on fundamental value creation ourselves completely within our company. In 2008 we expanded our own property management that we operate in the form of DIC ONSITE and strengthened the organisation. With the establishment of the Munich branch, our presence throughout Germany close to our tenants and properties, and consequently regional market penetration, has again grown. We are also involved in striking project developments that create forward-looking improvements in their urban context, i.e. in the public arena and pave the way for future successes: not only with a view to the return on the individual project but also to our demonstrable expertise as a developer and reliable partner in highly demanding ventures. Even where we are involved as opportunistic investors, we have an eye on continuity and long-term opportunities.

For this reason, DIC Asset AG is robust and well placed for the imminent challenges facing us. There are certainly some difficult years ahead for the real estate industry. We shall emerge from them stronger, enjoying substantial cash flow and continuing success in portfolio management. We intend to actively exploit the forthcoming consolidation of the market and continue to develop the company further. We have shown in the past, with acquisitions such as the property portfolio of Frankfurter Sparkasse or the Degussa site, the current MainTor project, that we are adept at taking calculated decisions and seizing opportunities responsibly to buck cyclical trends.

The management, our employees and all of our organisational structures are prepared for a period of weaker general economic momentum. Our own activities in property management are becoming all the more important. Our operational strength is due largely to the extremely effective renewed commitment and determined drive of our employees. In shaping and developing DIC Asset AG further we are, therefore, building on our own solid foundations. We should like to thank the employees of the whole DIC Group for their commitment and the contributions they have made to the company's success.

Prof. Dr. Gerhard Schmidt
Chairman of the Supervisory Board

Ulrich Höller
Chief Executive Officer

Challenging environment

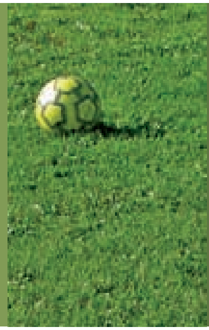
Amid the rapid change brought about by global market influences, DIC Asset has successfully held its ground. The business model, rooted in solid earnings, has proved itself and shown itself to be robust.

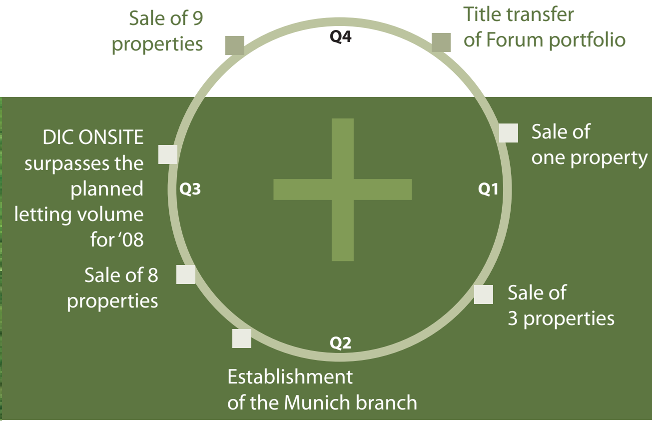
Rough terrain for transactions

The international financial crisis has put well-known market players in a precarious situation, practically bringing **transactions** to a standstill.

The real estate year of DIC Asset AG in 2008

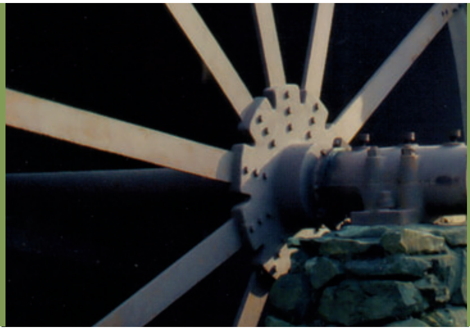
Prominent institutional partners were absent from the real estate market in 2008.





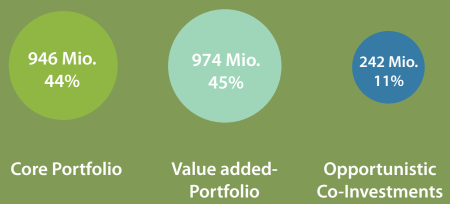
Sustainable earnings power

DIC Asset's **well-balanced** business plan ensures that steady and strong cash flows are generated.

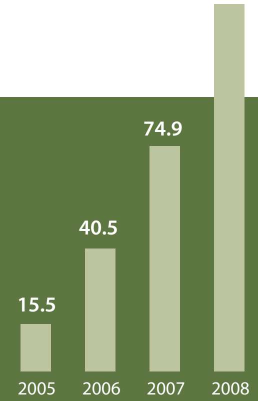


Behind the well-balanced business model is effective control of business processes in three segments.

Market value of properties by segments
in EUR million



Cash flow from operations
in EUR million



Cash flow from operational management grew by 60.7%.

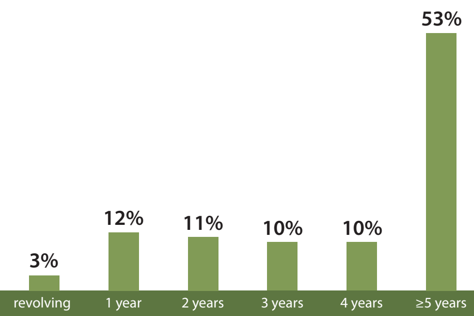
Thanks to the sophisticated risk/return calculation, the company is making headway even in demanding terrain.

Long-term fund provision

Over 90% of financing is fixed over the **long term**; in this way DIC Asset is only marginally affected by a continuously tough financial climate.

Long tenancy periods are a characteristic feature of the portfolio and form a **robust** cash flow base.

Rental income volume
average remaining tenancy period: 5.4 years

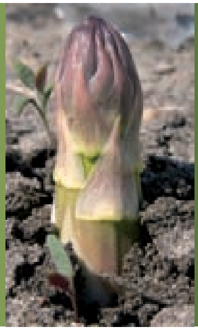


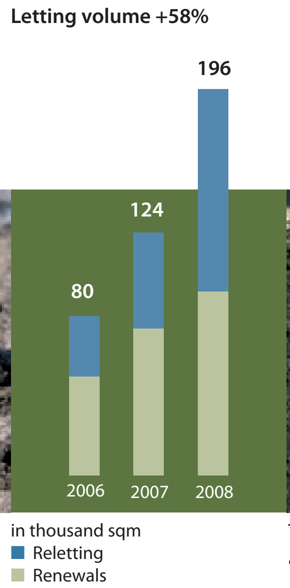
The financial and investment structures of DIC Asset are relatively immune to a temporary drying-up of the markets, thanks to long-term agreements.

"Non-recourse" financing at portfolio level means: independent credit structures with a definite scope and suitable terms.

Substantial internal expertise

Thanks to property management that is carried out completely **in-house**, DIC Asset is able to successfully manage its portfolio itself.



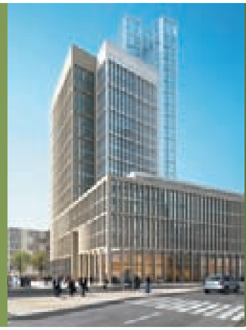


The letting volume of 196,000 sqm corresponds to an annual rental income of EUR 20 million.

Landmark redevelopments

DIC Asset is involved in **striking** project developments in prominent locations and benefits from the DIC Group's strong redevelopment skills.

The MainTor project as an example: development into a modern city district in the centre of Frankfurt, on the bank of the river Main.



"Landmark redevelopments": DIC Asset invests in distinctive developments of considerable importance to their location.

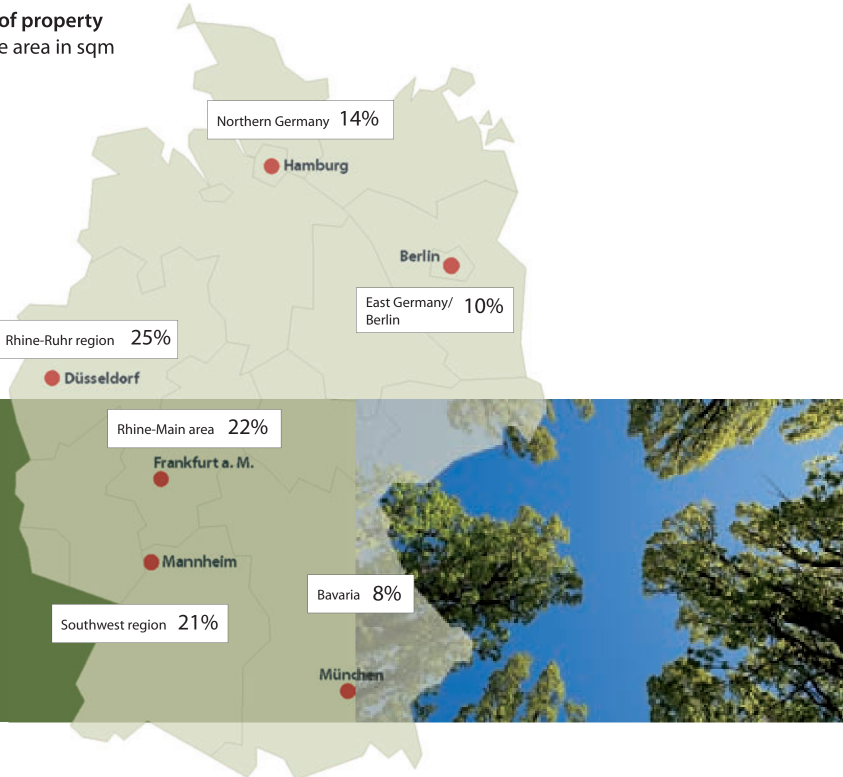
Total investment volume in excess of EUR 500 million; growth in lettable area from 64,000 sqm to over 105,000 sqm.

Green light from the City of Frankfurt to draw up the development scheme in April 2008.

Firmly rooted in local markets

With some 80 local employees and 6 branches where its portfolio is concentrated DIC Asset has established a **stable and effective** organisation.

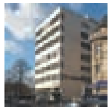
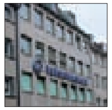
Location of property
by lettable area in sqm

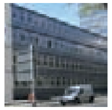
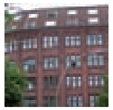


A regional market presence ensures that DIC Asset has an overview of market events and is able to make decisions and take action immediately.

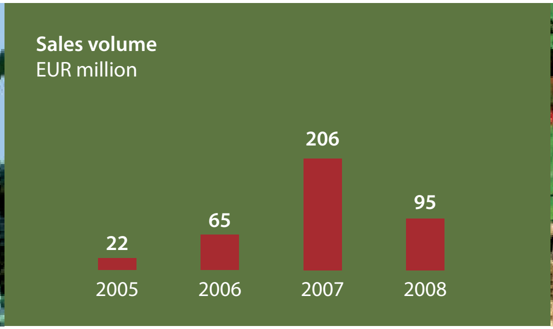
Making progress through suitably sized transactions

With many interested parties having to contend with the difficulties of obtaining loans, DIC Asset successfully focussed on **selective** sales of small and medium-sized properties.


A severe credit crunch for buyers: in 2008 arranging funding proved to be difficult for large institutional investors.

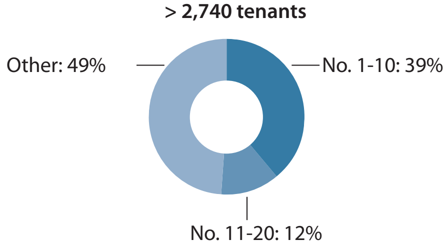


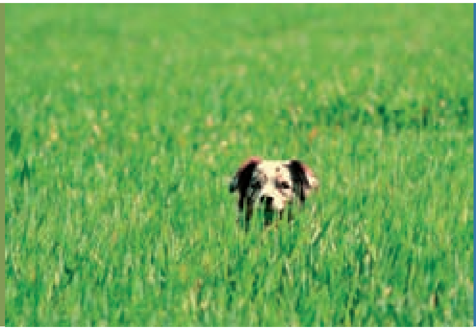
DIC Asset tapped into new sale channels in 2008, successfully disposing of 21 properties through individual transactions, most notably to private investors.

Safeguarding a healthy revenue basis

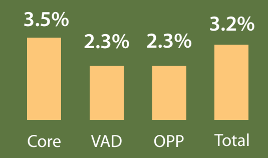
DIC ONSITE's active asset and property management ensures **yielding** tenant structures.

Tenants: broad diversification
Structure per rents paid





Average rental growth per sqm
31.12.08 vs. 31.12.07



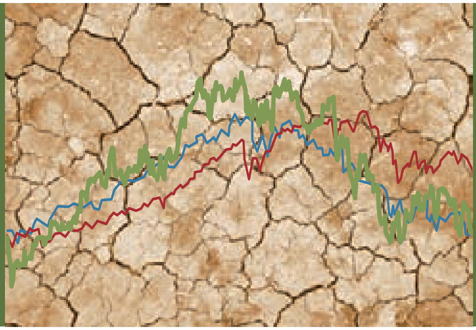
The route to continually strong earnings is through intensive, tenant-focussed property management.

The letting rate – after the sale of fully let properties – remains stable at 88%.

Following new agreements and optimised use of space the average rental per sqm over all segments increased by 3.2%.

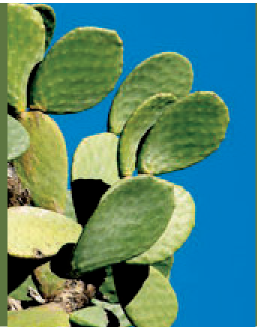
Strong results in challenging conditions

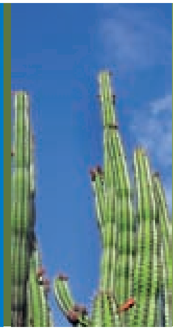
In financial year 2008, DIC Asset generated **robust operating** earnings of EUR 53.2 million (EBDA) thereby maintaining the previous year's level in an adverse environment.



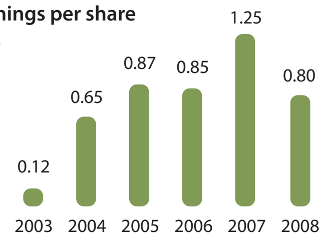
In 2008 a profit of EUR 25.2 million was generated, about a third less than in the previous year. This is due to the reduced sales volume in particular.

In the same period, funds from operations rose by 8%.

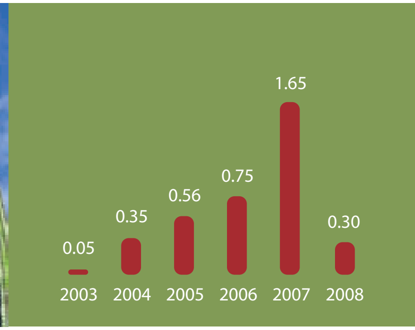




Earnings per share
EUR



Dividend per share
EUR



DIC Asset's dividend policy is based on the operating results and takes into consideration the sustainability of such results.

A payment of EUR 0.30 per share is being made for 2008.

The Share

Financial crisis dominates stock markets during the year
2008 provided a surfeit of stress factors. The collapse in the credit system, which was initially limited to American mortgage loans, evolved into a global economic crisis over the course of the year. Factors such as the high oil price and increasing nervousness also depressed the market. Market trends in 2008 were dominated by two periods of heavy selling.

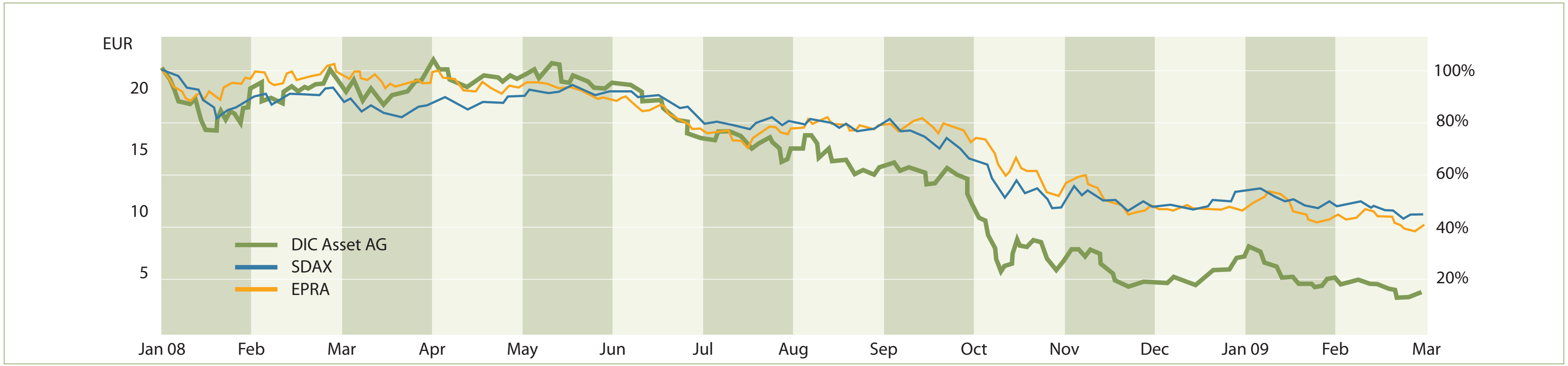
In mid-January 2008, prices fell sharply across a broad front worldwide, as a consequence of the bad news from the credit market, which had been in depressing sentiment for months. The DAX fell to a level of around 6,600 points. The situation stabilised following frantic reactions such as the two cuts in key interest rates by the Federal Reserve in January.

In September 2008, the financial crisis again impacted severely on equities markets. Within a few days, the investment bank Lehman Brothers declared itself insolvent, the two largest mortgage finance companies Fannie Mae and Freddie Mac were nationalised, and the insurance company AIG had to receive massive support from the American government. The interbank market briefly ground to a halt entirely. The German government announced that it would guarantee savers' deposits and had to provide massive aid for the stricken Hypo Real Estate. This intensification of the financial crisis triggered a second wave of heavy selling: the DAX, which had previously been stable at around 6,000 points collapsed to a 52-week low of 4,014 points.

Year end and outlook characterised by uncertainty
Since autumn 2008, the financial market has been characterised by sustained uncertainty, which makes forecasting difficult and inhibits transactions. At a global level governments are working to counteract severe economic slumps. The DAX suffered a loss of -40% and closed the year on 4,810 points. The final SDAX listing at the year end amounted to 2,801 points, which equates to a loss of -46%.

Correction and revaluation hits German real estate stocks hard
Financial and real estate stocks were under particular pressure worldwide in 2008. The EPRA/NAREIT Europe Index, which includes all important European stocks, illustrates this at a European level. It lost some 51% of its value in 2008. Perspectives changed with regard to valuing risk factors in the course of the year. German real estate stocks are currently suffering from a blanket negative valuation of the traditionally high proportion of outside finance – irrespective of financing terms and the lack of volatility in the German market. German stocks have therefore been punished severely in comparison with other stocks: the EPRA/NAREIT Germany sub-index fell by minus 62% over the year.

Share starts well but suffers a correction in the second half
The DIC Asset share's performance was split. In the first months, our stock outperformed the DAX and SDAX indices. Following the correction in January, these only trended sideways until the middle of the year, while the DIC Asset AG share recovered more rapidly and more strongly. Our stock was far more seriously affected by the second wave of selling, in particular, than the DAX and SDAX and fell to a 52-week low of EUR 3.89 on 20 November 2008. At the year end, the share had climbed back to EUR 6.22, which nevertheless equates to a fall of 71% in the year. Despite its good results, the DIC Asset share continued to lose ground in 2009 and fell to a price of EUR 2.98 by the end of February 2009.



Shareholder structure

31.35 million shares are traded on all German stock exchanges and on XETRA. The shares are held predominantly by institutional investors. The free float currently stands at around 50%. The largest shareholders in February 2009 are Deutsche Immobilien Chancen AG & Co. KGaA (around 40%) and MSREF (around 10%). In 2008, Deutsche Immobilien Chancen AG & Co. KGaA increased its stake and, in doing so, acquired a parcel of shares of around 5% from Forum Partners. As a quid pro quo Forum Partners restructured an existing convertible bond. From 2011, Forum Partners will have the option of converting around 10% of the share capital into shares. This will not result in any change to the share capital, the shares will be provided by Deutsche Immobilien Chancen AG & Co. KGaA if Forum exercises its option.

Share buyback programme

Up until 31 December 2008, 982,599 shares were acquired via the share buyback programme started in October 2008. The programme ended on 10 February 2009 with the acquisition of 4.7% of the share capital. 1,474,022 treasury shares were acquired worth EUR 7.2 million in total, at an average price of EUR 4.91. The buyback is our reaction to the marked change in the relationship between the share price and the intrinsic value of the share. We are of the opinion that the current price does not depict the company's positive performance and its potential in the future.

Communication with the capital market intensified

Our company has attached great importance to intensive financial communication since flotation in May 2006. The Investor Relations team reports directly to the Board of Directors. We would like to convey a realistic picture of the company through our day-to-day work so that investors can assess the value of our company correctly. In the past year, the Investor Relations team and the Board of Directors attended a large number of sector events and analysts conferences in Europe and the USA, where they explained the business model, current figures and expectations to analysts and investors.

Additional information for shareholders

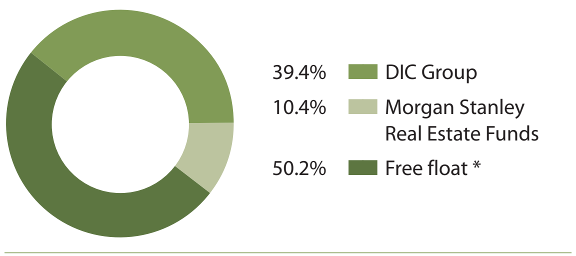
- You can contact the Investor Relations team on: phone +49 69 – 94 54 85 80 or by e-mail at ir@dic-asset.de
- You would like to be informed of current announcements: www.dic-asset.de/engl/news
- You can find quarterly and annual reports here : www.dic-asset.de/engl/ir

In the course of 2008, we provided information on current figures and strategic developments in four telephone conferences and regular discussions. We were able to meet more than 200 shareholders, investors and analysts personally and present our company to them. We provide information on current transactions on our website and offer additional information on the share such as an overview of financial dates or interviews.

More reporting, positive assessment by analysts
At the moment, the DIC Asset AG share is regularly monitored and assessed by 14 analysts. The intensification in our communication with the capital market was also apparent in the fact that we were included for the first time in reporting by six new institutions. Overall, ten analysts rate our share positively and four institutions advise selling it.

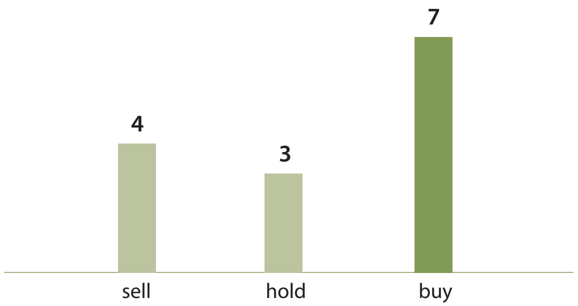
Consistent dividend policy
We pursue a consistent dividend policy, which is based on the figure funds from operations. In addition we take into consideration the current situation and the assessment of our company's development. The Board of Directors will propose payment of a dividend of EUR 0.30 per eligible share to the general shareholders' meeting. This equates to a total payout of EUR 9.0 million. We should like to continue our dividend policy in future too, to allow our shareholders to participate commensurately in the increase in the company's value. The dividend yield in relation to the closing price at the end of February 2009 amounts to 10.1% (previous year 8.3%).

Shareholder structure
as at February 2009

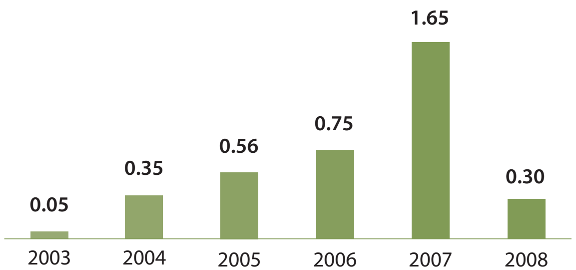


* including treasury shares

Reporting on DIC Asset AG
as at February 2009



Dividend per share
EUR



Financial calendar

05.-06.03.2009	Kempen Property Seminar	New York
10.03.2009	Publication of Annual Report 2008	
10.-13.03.2009	MIPIM	Cannes
27.-28.04.2009	Deutsche GRI	Frankfurt
05.-06.05.2009	Handelsblatt Annual Meeting Real Estate Sector	Berlin
May 2009	Publication of Interim Report Q1	
27.-28.05.2009	Kempen European Property Seminar	Amsterdam
23.-24.06.2009	Deutsche Bank German Corporate Conference	Frankfurt
07.07.2009	General Shareholders' Meeting	Frankfurt
August 2009	Publication of Interim Report Q2	
03.-04.09.2009	EPRA Annual Conference	Brussels
22.-24.09.2009	UniCredit German Investment Conference	Munich
05.-07.10.2009	EXPO REAL	Munich
20.-21.10.2009	Real Estate Shares Initiative	Frankfurt
November 2009	Publication of Interim Report Q3	

The share

Number of shares	31,349,999
Issued capital in EUR	31,349,999
WKN / ISIN	509840 / DE0005098404
Symbol	DAZ
Free float	50%
Major indices	EPRA, GPR 250, SDAX, DIMAX
Market segment	Prime Standard, FWB, XETRA
OTC markets	Berlin-Bremen, Düsseldorf, Hamburg, Hannover, Frankfurt, Munich, Stuttgart

Key figures		**2008**	**2007**
Earnings per share	EUR	0.80	1.25
NAV per share	EUR	16.23	23.04
Dividend per share	EUR	0.30	1.65
Dividend yield (End of February)		10.1%	8.3%
P/E ratio at the year end		7.78	17.40
Average number of shares (excluding treasury shares)		31,192,545	28,737,500
52-week high	EUR	22.68	33.88
52-week low	EUR	3.89	17.70
Annual closing price	EUR	6.22	21.75
Market capitalisation (at the year end)	EUR mill.	195	682
Price at the end of February	EUR	2.98	20.51

Management Report

GOOD FINANCIAL YEAR IN 2008

- Profit for the period of 25.2 EUR million
- Rental income increased by 44% to 134.5 EUR million
- Cash flow increased by 30%
- Dividend of EUR 0.30 per share

In 2008 DIC Asset AG again achieved good results. Despite increasingly difficult general conditions a profit of 25.2 EUR million was achieved for the period. Rental income improved through intensive property management and targeted portfolio growth by +44% to 134.5 EUR million. An amended sales strategy focussing on the marketing of smaller units led to a drop in sales volume with a significantly increased return. The operating result (EBIT) has climbed by +20% to 96.0 EUR million. The market value of real estate assets (including investments in opportunistic co-investments) at the year-end is 2.2 EUR billion. As a result the net asset value per share is 16.23 EUR. Shareholders are to participate in the result for 2008 through the payment of a dividend of 0.30 EUR.

Düsseldorf, Central Park Offices

Hallbergmoos, Lilienthalstraße

Wiesbaden, Gustav-Stresemann-Ring

THE COMPANY

Operations: commercial real estate in Germany
DIC Asset AG is a real estate company that focuses exclusively on investing in German commercial real estate. It specialises in office property. DIC Asset AG invests in real estate, manages and optimises its portfolio through its own asset management team and sells properties once it has increased their value. It has a presence throughout Germany through its branches. With 338 properties and a portfolio showing a market value of around EUR 2.2 billion, it ranks as one of the largest listed real estate companies in Germany.

Products and business processes

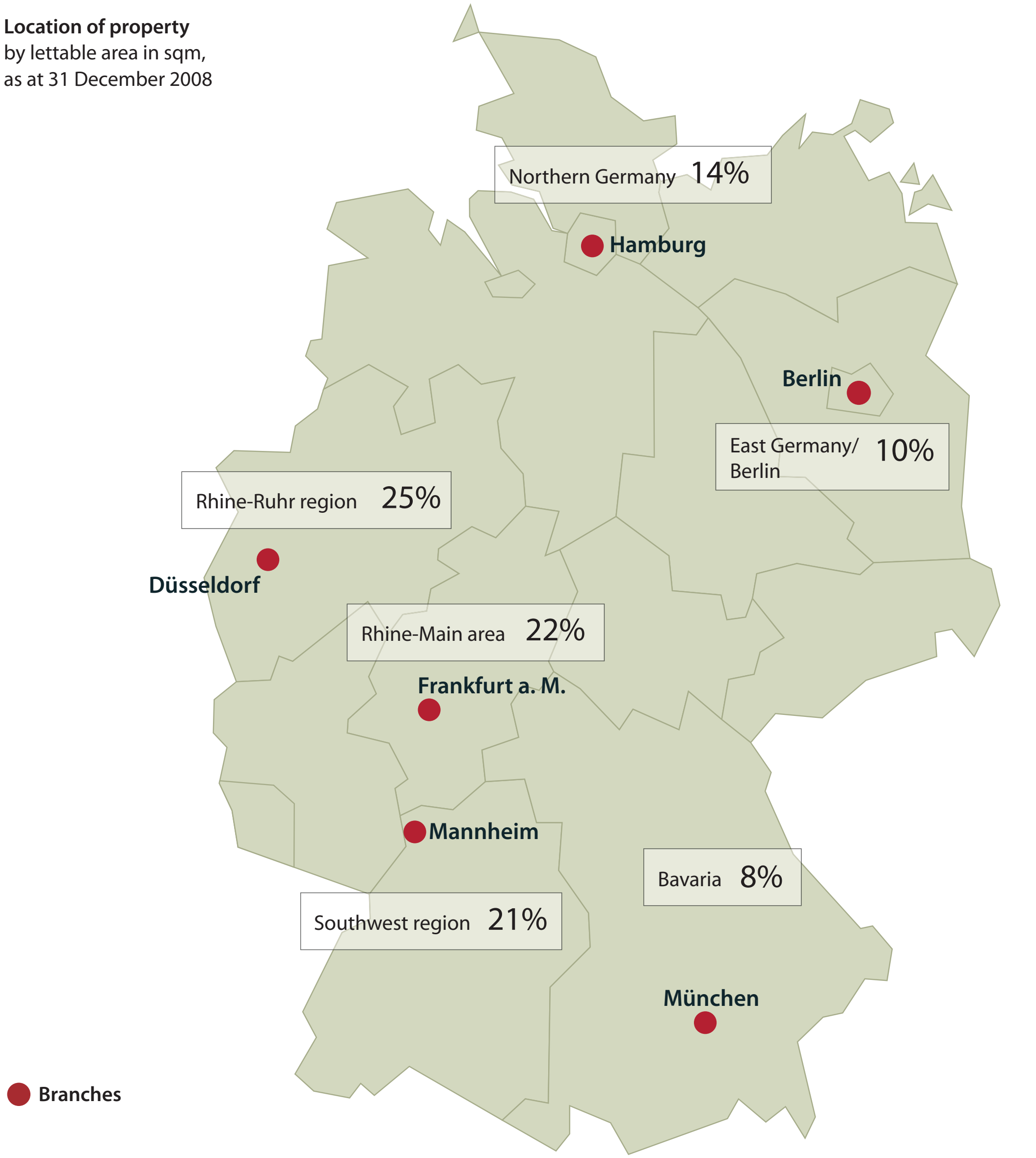
▷ Properties purchased to be held long-term or for their increase in value
We acquire first-class, high yield properties with long leases to be held long-term (Segment Core). We also invest – directly or indirectly as co-investors – in properties whose value can be increased (Value Added and Opportunistic Co-Investments segments). Our purchases are concentrated on more complex portfolio acquisitions and transactions that do not involve auctions.

▷ Management and optimisation
With our subsidiary DIC ONSITE we have an experienced and efficient property and asset management team with 84 employees. In addition to rental and property-related management, the value of properties located in the areas where the real estate portfolio is concentrated is rapidly increased through raising the occupancy rate, repositioning or modernisation.

▷ Sustainable portfolio management
Our aims are, in addition to optimising the long-term yield on our properties, to work closely with satisfied tenants and to improve customer loyalty. In the case of more extensive development services, we make use of the expertise within the DIC Group. In this way we are continually optimising cash flow, based on long-term business plans and corresponding financing structures.

▷ Disposal to optimise portfolio
As an active asset manager, we also realise gains and sell properties once their value has been increased in periods of favourable market conditions. The main priority here is to optimise the long-term portfolio to maximise earnings. In turn, we invest the funds that are released in new properties or use them to optimise our financing.

Location of property
by lettable area in sqm,
as at 31 December 2008



Locations

With the establishment of the new branch in Munich in financial year 2008, DIC Asset AG is now operating in six locations, namely Frankfurt, Mannheim, Berlin, Hamburg, Düsseldorf and Munich. The branches for the on-site management of tenants and properties are based in the locations where our investments are concentrated. The Board of Directors and Head Office are located in Frankfurt am Main, from where the tasks of running the business, managing the Group and central administrative functions are carried out.

Management and Supervision

As a listed company, DIC Asset AG is managed by the Board of Directors as the managing body. Its most important tasks are establishing corporate strategy, managing the company, corporate planning and the operation of adequate risk management. The Board of Directors of DIC Asset AG consists of three members. Each member is responsible for an area within DIC Asset AG laid down in the rules of procedure.

The Board of Directors maintains a close working relationship with the Supervisory Board in all material commercial decisions and advises on business developments and strategic issues in a determined regular exchange of information and in addition when the need arises. The Supervisory Board, as the statutory control and supervisory body, advises the Board of Directors in relation to commercial decisions, scrutinises the work of the Board of Directors, assisted by the Audit Committee, and is authorised to make decisions in specific cases. The Supervisory Board of DIC Asset AG consists of six members. In 2008, the Supervisory Board met the Board of Directors in a total of four meetings and four telephone conferences.

Remuneration Report

The remuneration report containing individual information on compensation of the Board of Directors and the Supervisory Board is contained in the report on corporate governance.

Competitive position and sales market

We concentrate our commercial activities on the market for German commercial real estate. When acquiring properties, we compete with national and international companies. As a result of the financial crisis and the economic developments resulting therefrom, international competition, in particular, decreased in 2008. This has been offset by a reduction in the supply of properties caused by considerable restraint on the part of vendors. In terms of investments, we have obvious advantages, most notably over international competitors, because of our longstanding knowledge of the German market and the networking and local presence of our branches.

In searching for suitable tenants, DIC Asset AG competes with providers of comparable properties in similar positions, of similar quality and in similar price categories. A buoyant leasing market characterised by strong demand supported our leasing activities during the financial year that has closed. With DIC ONSITE as an in-house asset and property management platform and 78 staff employed in leasing and in the management of our portfolio tenants, we are very well positioned.

Having increased their value, we sell portfolio properties and are pitted against market players offering properties with a similar income stream, of similar quality and offering a similar return. Demand, most notably from international market players, fell considerably in 2008, because sources of finance ran dry as a result of the banking and financial crisis. A local presence and our sales team's excellent networking skills give us a significant degree of flexibility and the ability to react rapidly. We have therefore been able to adjust our sales strategy rapidly in reaction to the fall in demand including the placement of smaller and medium-sized properties and have succeeded in opening up additional customer bases.

Strategy and Management

GROUP STRATEGY

Focussed business model
DIC Asset AG deals exclusively with commercial real estate in Germany, where we have the 'edge' in terms of location and expertise, most notably compared with international investors.

Earnings-oriented portfolio strategy
We occupy three segments of the market, which offer attractive yields. Our investment strategy accordingly follows defined earnings and risk categories. Properties generating substantial cash flow in the Core segment are destined to be held long-term, the Value Added segment encompasses properties with short to medium-term optimisation potential and the Opportunistic Co-Investments segment contains properties with a substantial potential return. Thanks to this strategy, DIC Asset AG is well placed in all phases of the cyclical real estate sector.

Healthy diversification
We strive to achieve a sensibly balanced diversification across the Group. This reduces risk but also allows for opportunities. As a result, we make our company flexible overall and less susceptible to changes in the market. For example, in addition to properties in top locations, half our portfolio consists of properties in so-called "B locations". Rental income comes from over 2,700 tenants. Around 23% of rental income comes from tenancy agreements with large national and international groups, we realise around 20% of rental income by renting to public sector companies as well as municipalities and länder. Companies from the consumer goods industry and retail trade account for around 19%.

Sound financial base
DIC Asset AG pursues a long-term financing strategy. Existing funding is secured for the long-term with an attractive interest rate level and is optimised at the business plan level. From this reliable base, we benefit with the current profit from our high earning portfolio properties and can carry out lasting measures to add value and project developments over a longer term.

Segment overview and portfolio strategy

Core Portfolio	Value Added Portfolio	Opportunistic Co-Investments
■ Long-term leases, high quality assets and tenants ■ Long-term investment horizon	■ Properties with value potential that can be realized in the short or mid term ■ Properties that have been acquired as part of portfolios and have medium risk/return profile	■ Minority interests in opportunistic investments of Deutsche Immobilien Chancen AG & Co. KGaA as passive investor ■ High potential for value creation
946 EUR mill. 44%	974 EUR mill. 45%	242 EUR mill. 11%

Adding value through our own efforts

DIC Asset AG exploits properties' potential through its in-house property and asset management team. We make profits along the value added chain and can manage the deployment of our resources directly. Through our branches, we have a presence in the areas where our investment is concentrated, which ensures that we are close to tenants. In this way we develop regional expertise, learn about opportunities directly and are able to counter local undesirable developments speedily.

Expertise and networking

Marketing abilities, outstanding expertise and knowledge of the real estate sector gained over many years are the basic characteristics of our management. DIC Asset AG's success is based on using skilled employees widely. Their intensive networking in the regional and national real estate industry helps us to secure advantages for ourselves in letting and placing our properties. To do this we employ staff with leadership qualities and provide our employees with training appropriate to their skills.

COMPANY MANAGEMENT

Management via key figures

In essence the Company is managed on the basis of aggregated earnings from the individual investments and portfolios. Earnings are composed of individual factors for success, which are pursued via property management up to the individual property.

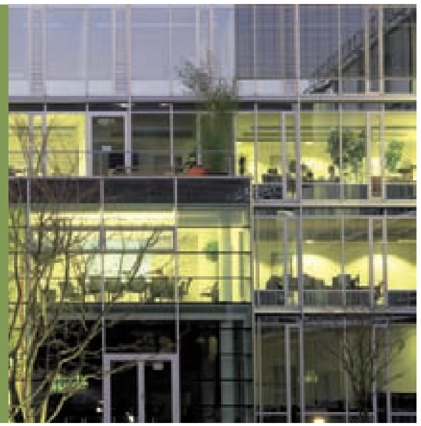
In this regard, the operating profit from real estate management (funds from operations, FFO), the increase in value from letting properties (including the change in vacancies or increase in rental income) and funds from operations after deducting taxes related to capital employed (return on equity, ROE) are of central importance. In the case of properties in the Opportunistic Co-Investments segment, which are to be sold on in the short to medium term, the internal rate of return (IRR) is also used as a key figure.

Integration in risk management

Planned developments and actual earnings are compared and monitored continuously as a component of risk management. This is firstly carried out at property and portfolio level and then aggregated over the segments to group level.

Investments

DIC Asset AG has direct and indirect investments in 239 companies. In virtually all cases these are property holding companies that are combined through intermediate holding companies and through which the operational business is presented. DIC Asset AG's central investment is DIC ONSITE GmbH, which manages and optimises all properties as the company's own property and asset manager. Its share in the company amounts to 75%. A minority share of 25% continues to be held by FAY Asset Management Holding GmbH.



Bonn, Rheinwerk

General Economic Conditions

In 2008, DIC Asset AG was able to benefit from the general economic conditions from the strong demand in the leasing market in particular thanks to its good positioning and countrywide presence. Our company's increase in rental income exceeded both the momentum of the industry and the growth of the whole economy.

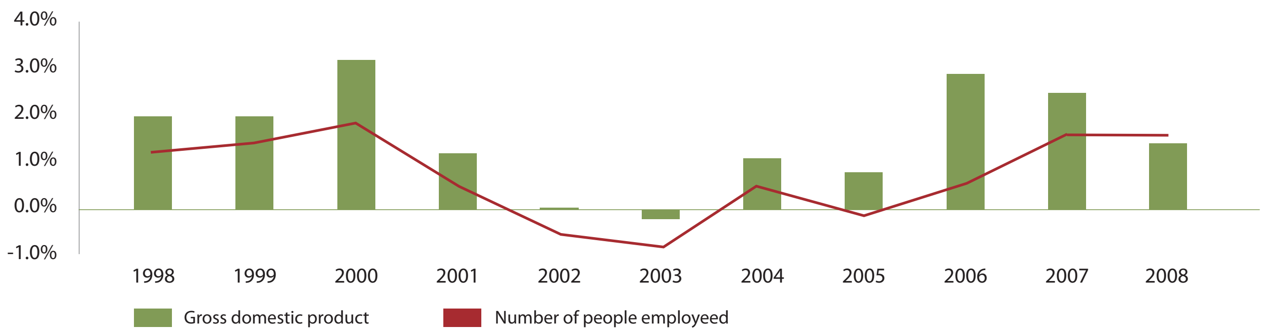
MACROECONOMIC TRENDS

Subprime crisis as the starting point for the downturn
From the second half of 2008, the impact of the global economic crisis became more and more apparent. It started in early summer 2007 with the US real estate crisis in the subprime sector. In essence, the development was triggered by decreasing real estate prices in the USA, which fell sharply for the first time after decades of following an upwards trend. At the same time, a rising number of mortgage debtors were no longer able to service their loans, in some cases because of rising interest rates, in some cases because their incomes were insufficient. A noticeable gap had arisen in the fundamental framework conditions for decades of American boom.

Global impact via the interlinking of credit products
The negative development triggered global consequences because financial institutions divided up the underlying loans, put them back together and sold them globally via complex and distinctly opaque products. Highly respected rating agencies gave purchasers of these financial products a feeling of security with good ratings. Since the products were mostly off-balance sheet – for both issuers and purchasers – any negative developments were not generally cushioned with equity.

Intensification in September 2008
Initially, mortgage banks and funds were mainly affected by the subprime crisis. However, the global dependence triggered a global momentum, which put banks and other financial institutions in serious difficulties. In September 2008, the Federal Reserve saw itself forced to take over the USA's two largest mortgage banks, Fannie Mae and Freddie Mac. The situation grew more acute throughout the world, when Lehman Brothers, one of the largest investment banks, had to declare itself insolvent a few days later.

General conditions: gross domestic product and number of people employed (respective change in %)



By this point, at the latest, market players' confidence had broken down for the long term and interbank trading came to a complete standstill at times. Equities trading on the major exchanges was hard hit . Since then, in a globally concerted approach, financial institutions have been supported with government funds and in some cases taken over completely. Since September 2008, central banks have cut their key interest rates sharply. In March 2009, interest rates stand at 0.00% to 0.25% in America and 1.5% in Europe.

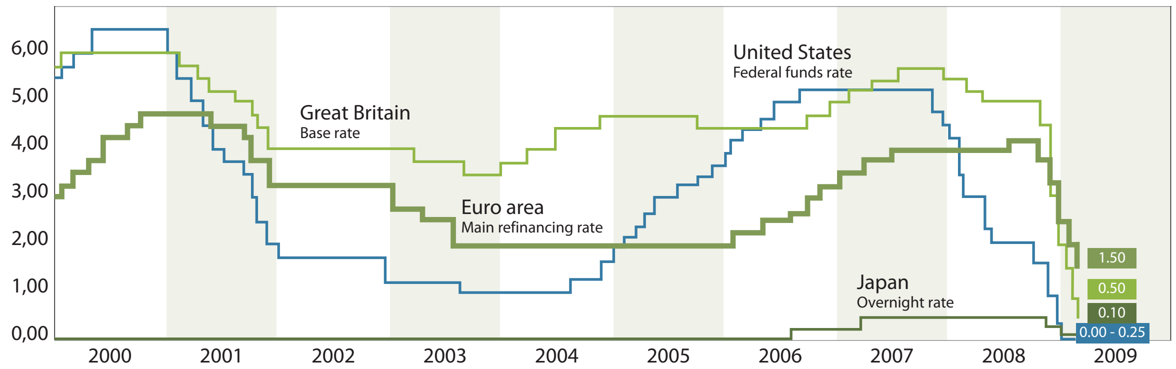
A strong start to the year for the German economy
Initially, the German economy seemed to be hardly affected by the financial crisis. The first quarter of 2008 started with growth in gross domestic product of 1.5%. However, economic growth slowed markedly in the second half once the global crisis had impacted upon German banks and companies from the middle of the year. The last quarter of 2008 closed with a fall of 2.1% compared with the previous quarter. Growth in gross domestic product of 1.3% remained below the line.

Sentiment in German business has changed within the year. The ifo index, as an indicator of industry's expectations regarding the future, fell to 82.7 points in December 2008. German companies viewed the next six months with scepticism. In February 2009, the ifo index was once again at 82.7 points following a minimal upwards movement the previous month.

Delayed impact on the employment market
In the past financial year, the employment market was a source of support for the German economy and reacted very calmly to the torrent of bad news. During the year, the number of unemployed fell below the three million mark for the first time for a long time. On average, some 508,000 fewer people were unemployed in 2008 than in the previous year. According to the employment market statistics, unemployment increased for the first time in months in December 2008. At the year-end, the number of unemployed stood at 3.1 million. In February 2009, the number of unemployed rose to 3.6 million or 8.5%. In addition the industry reacted quickly with an increase in short-time work and a reduction in temporary work contracts.

Forecasts for 2009 currently negative
In its forecast for 2009, the federal government expects gross domestic product to shrink by 2.25%. It is assuming a short, but severe recession. Economic growth should be positive again from the end of the year.

Movements in key interest rates



SECTOR TRENDS

A robust leasing market

2008 was a year of good deals on the leasing market. Up to the third quarter, the office segment benefited particularly from the relatively stable economic situation and the positive trend on the employment market. According to the analysts at Jones Lang LaSalle, some 2.9 million sqm of office space was let in Germany's major cities (Munich, Hamburg, Berlin, Frankfurt, Düsseldorf, Stuttgart) in 2008. This merely signifies a reduction of just under 8% compared with 2007, a record year. The trend in the 15 largest cities is comparable. The final quarter depressed the figures for the year as a whole significantly. Despite the reduction, the result for the year is historically one of the best results in the last 15 years.

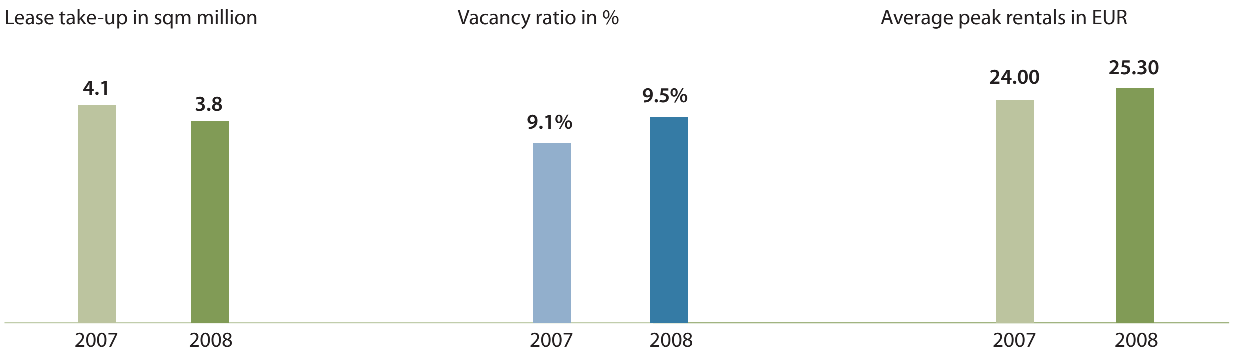
Positive space absorption plus more completions

Our success in letting properties in the major office locations had a positive effect on the vacancy rate. The amount of vacant space fell slightly to around 7 million sqm. Space amounting to some 900,000 sqm was completed and put on the market in 2008. This means that the amount of new space was well up on the figure for the previous year. The number of developments currently under construction means that a similar or even slightly larger amount of space will come on the market in 2009. However, unlike in previous cycles, an oversupply cannot be expected. This, combined with the forecast fall in demand, certainly means that vacancy rates are expected to rise. Given the bleak economic climate, we expect new project developments to be postponed or even cancelled in 2009.

Rentals remaining constant or increasing slightly

Thanks to strong demand, the trend in rentals was positive in 2008. Peak rentals remained stable in the major locations and even rose slightly compared with the previous year in Munich, Stuttgart, Berlin and Hamburg. The upward trend was more pronounced in smaller cities: according to Bulwien Gesa, rentals in the office sector even increased by 2.1% here on average. Slightly falling rentals are expected in 2009 on account of the likely reduction in demand and an increase in the number of completions.

Trend in rentals – 15 locations (major and mid-size cities)



Investment activities affected by the financial crisis
In 2008, some EUR 20 billion was invested in commercial real estate across Germany. The decline on the previous year amounts to a substantial 64%, with sales in the second half being particularly badly affected. In the final quarter, traditionally the period with the highest number of transactions, restraint among investors was particularly marked. The lowest number of transactions – worth only EUR 3.2 billion in total – took place from October to December 2008. This is hardly surprising given the macroeconomic trends.

Offices remain largest investment segment
A comparison of the segments with the boom in the previous year shows that demand for office space among investors has fallen most sharply. In 2008, it stood at only a quarter of the figure for the previous year, at some EUR 7 billion. Nevertheless, office property remained the largest segment with a share of 36%. It was followed by retail property, with a share of 31%, of which the Arcandor transaction (EUR 2.2 billion) accounted for a disproportionate share as a major portfolio sale. Some EUR 1.8 billion was invested in storage and logistics property, which equates to a share of 9%.

Stable investments preferred
There was a clear preference for low risk real estate in 2008. Accordingly, popular criteria among investors included long running tenancy agreements, solvent tenants with good credit ratings and outstanding quality in terms of both construction and fixtures and fittings. Some 63% of invested capital was accounted for by such Core properties with only 10% going to opportunistic investments. Clear evidence of the change in the investment market is also provided by the proportion of portfolio transactions: in 2008 it shrank from EUR 34 billion to EUR 8 billion (-76%).

Net rental yields rising
Net initial yields for office space have risen within the last twelve months. The reasons for this are, most notably, a levelling in demand and the current outlook. Purchasers, who invested in 2007 when prices peaked, may have difficulty refinancing, if they borrowed too heavily. This may increasingly result in attractive investment opportunities for well-capitalised investors in particular.

2009: reluctance to invest expected
The market is still dominated by a reluctance to invest. Since prices are falling, potential vendors are adopting a 'wait and see' approach when the business model permits. Purchasers, on the other hand, are speculating that conditions will become even more attractive for them. It was difficult for investors to raise finance throughout the year. However, this situation became far worse in the final months, meaning that loans for commercial real estate could often only be obtained with margins imposed by banks that made them economically unattractive. Investors are expected to remain reluctant in 2009. The situation could ease if the substantial cuts in interest rates, economic stimulus and support programmes take effect. The blockade could also be resolved if banks return to their main business, namely granting credit.

Business development

REAL ESTATE ASSETS EXPANDED

Market value of EUR 2.2 billion

In 2008, we invested some EUR 226 million in expanding our portfolio. The portfolio grew by 17 properties and 97,150 sqm total area. At the year end, our portfolio encompassed 338 properties with a total area of 1,275,000 sqm. Our properties generate a pro rata annualised annual rental of EUR 146.2 million. The valuation of the properties was updated as of 31 December 2008: they represent a market value of EUR 2,161.8 million. Compared with 2007, DIC Asset AG's real estate assets therefore remained stable overall.

Portfolio valued at market prices

All DIC Asset AG's real estate was valued as at 31 December 2008 by neutral surveyors and the market value of each property determined. As a result of the change in conditions generally the market valuation of the whole portfolio was reduced by 8.5%. With a stable occupancy rate and higher rental income the reduction in market value was a result of the assessment being adjusted by the surveyors regarding general disposal opportunities and the impact of overall economic problems in the transaction market.

Changes in real estate assets
EUR million

Market value of portfolio as at 31.12.2007	2,187.5
+ Acquisitions	226.0
- Sales	-50.4
+/- impact of valuation	-201.3
Market value of portfolio as at 31.12.2008	2,161.8

After acquisitions, disposals and the value adjustment, the value of the portfolio including properties from opportunistic investments amounts to EUR 2,161.8 million as at 31 December 2008. In the previous year the market value of our real estate stood at EUR 2,187.5 million.

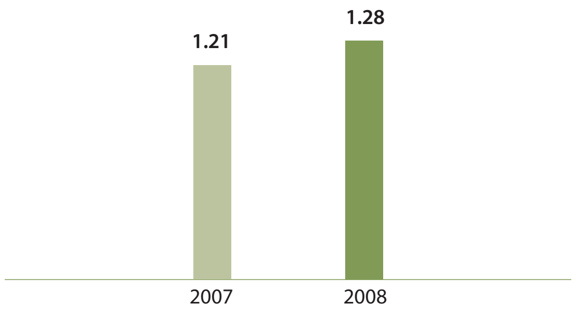
Development in the portfolio segments

The market value of real estate in the Core segment fell by EUR 112 million to EUR 946 million after sales and revaluation. The values in the Value Added segment, on the other hand, rose by EUR 110 million to EUR 974 million, in particular following the acquisition of the Forum portfolio less revaluations. Market values in the Opportunistic Co-Investments segment fell by EUR 24 million to EUR 242 million.

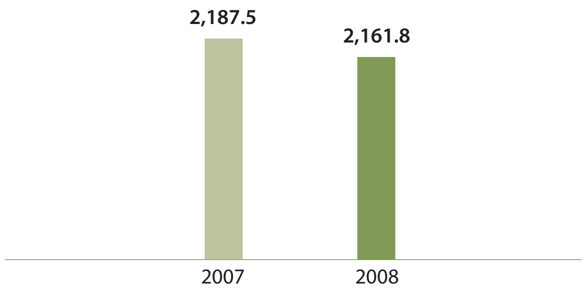
Portfolio overview

as at 31.12.2008	Core	VAD	OPP
Lettable area in sqm	445,000	667,000	163,000
Real estate assets in EUR million	946	974	242
EBT in EUR million	10.5	8.5	9.0
Annualised rental income in EUR million	65.6	66.7	13.9

Lettable area in sqm million



Market value in EUR million



Net asset value of EUR 493 million

The net asset value fell by EUR 229.4 million (-32%) to EUR 492.8 million. The key figure that shows the net asset value of DIC Asset AG comes from the consolidated balance sheet, supplemented by the current market value of real estate as determined by surveyors. The reduction results from the adjustment of the market valuation of real estate in the amount of EUR 201.3 million as well as the dividend payment in the middle of 2008. Per share (adjusted by the shares owned by the company) the net asset value amounts to 16.23 (previous year 23.04).

Explanation of changes in net asset value

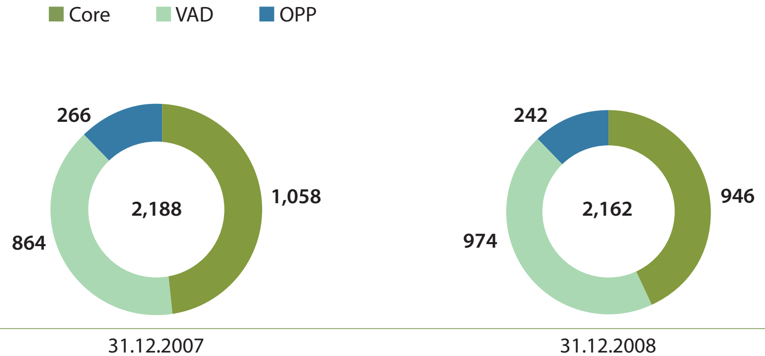
EUR million	31.12.2008	31.12.2007
Market value of real estate	1,927.8	1,933.0
Market value of investments	32.7	54.5
+/- Other assets/liabilities incl. minority interests	106.8	192.1
Net loan commitments at carrying amount	-1,574.5	-1,457.4
Net asset value (NAV)	**492.8**	**722.2**
Number of shares (Thsd.)	30,367	31,350
NAV/share in EUR	16.23	23.04

ACQUISITIONS

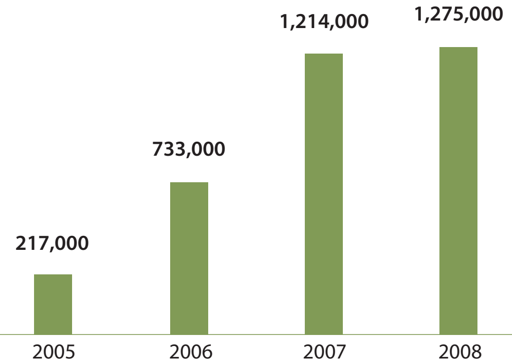
Portfolio increased by 17 properties

The acquisition of the Forum portfolio was initiated in financial year 2007. DIC Asset AG acquired 13 properties in December 2007 from iii-Investment GmbH. Title to the properties was transferred in February 2008. The portfolio consists predominantly of retail properties in the best locations in Germany's larger cities. EUR 173 million was invested in real estate totalling over 77,000 sqm in area. The initial rental yield amounts to 6.5%. In addition, the acquisition of four properties, which were still in the project development stage at the time of the purchase agreement, resulted from other acquisitions.

Development of investment property
EUR million



Growth in lettable area
in sqm



Growth opportunities examined in depth

DIC Asset AG made no acquisitions in 2008 beyond these. We adopted a very selective approach in the selection of suitable properties and attractive portfolios. Above all, we aimed to identify top quality properties generating substantial income with long-term tenancy agreements, which were available at a more attractive price level than in the previous year.

We scrutinised many offers in 2008 and entered into negotiations in promising cases. The market offered attractive properties in a few cases. However, for various reasons, the best endeavours of our acquisition team failed to lead to completed purchases. Supply fell sharply overall because the market was characterised by restraint on the part of the vendor. In some cases, the prices demanded were not appropriate to market conditions so that investments could not be presented on attractive terms. Finally, in many cases it was revealed in the in-depth examination that the properties offered did not meet our requirements in terms of income and quality.

SALES

Sales strategy adapted

We have changed our sales strategy since major and international institutional investors have increasingly withdrawn from the investment market for commercial properties. We reacted to the altered situation regarding demand by offering more smaller and medium-sized properties from our portfolio. This, together with the expansion of our customer base, has proved successful, increasingly so in the second half. In 2008, we generated more than half our sales volume in transactions with private investors.

Gains on property disposals of EUR 9.8 million achieved

In a difficult market, DIC Asset AG achieved satisfactory gains on its disposals. We succeeded in selling eight properties from the core and value added segments for pro rata proceeds of EUR 49.9 million. The pro rata gain amounts to EUR 9.8 million. The return on sales was increased from 14% to 20% compared with the previous year. In 2007 the total sales volume amounted to EUR 206 million compared with EUR 94.5 million in 2008.

Neumarkt, Pfleiderer AG headquarters

Smaller and medium-sized properties sold in particular

Whereas in 2007 the emphasis was placed on major portfolio transactions, in 2008 DIC Asset AG was able to sell smaller and medium-sized properties attractively. In 2008 the average sales price per real estate was EUR 4.5 million. In the previous year EUR 6.6 million was realised on average per property. With one portfolio alone, EUR 86 million (42% of the total volume) was realised.

In December 2008 we sold a small portfolio from our value added segment consisting of five Berlin office properties to a private investor for EUR 9.0 million. Besides this the largest of the properties sold was the headquarters of Pfleiderer AG in Neumarkt, Bavaria, which DIC Asset AG had acquired in 2005. The transaction took place in December 2008. We sold the striking administrative building designed by the architect Hadi Teherani, comprising 9,500 sqm office space, to a private investor. In addition a large supermarket near Paderborn was sold to an institutional investor for EUR 8.0 million.

Shares in sales from opportunistic co-investments

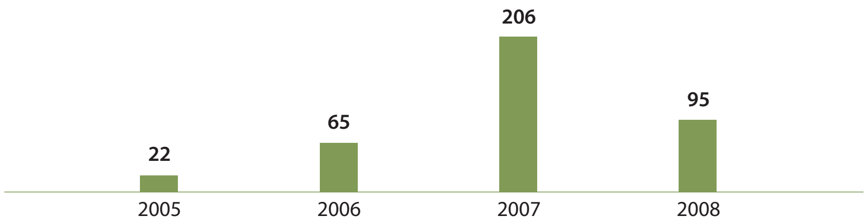
In addition to the sales from the direct portfolio (Core and Value Added segments), DIC Asset AG had a share in sales from opportunistic co-investments, in which it holds a 20% stake. In 2008 a sales volume of EUR 28.6 million was realised from eight properties. In total the Opportunistic Co-investments segment contributed EUR 8.8 million to the profit.

Sales initiated by quarter *

in EUR million	Transaction volume	Core and VAD segments	OPP segment	Number of properties
Sales Q1	8.3	---	8.3	1
Sales Q2	9.5	3.7	5.8	3
Sales Q3	38.1	26.2	11.9	8
Sales Q4	38.6	36.0	2.6	9
Total	**94.5**	**65.9**	**28.6**	**21**

* not taking account of the company's interests

Sales overview
Transaction volumes *



REAL ESTATE MANAGEMENT

Presence in the market expanded
As a subsidiary of DIC Asset AG, DIC ONSITE manages and optimises the company's real estate portfolio. The sixth branch was established in Munich in mid-2008 to look after the portfolio properties in southern Germany. 84 employees based in the areas where investment is concentrated operate across Germany to increase the value of the company's real estate assets through property and asset management measures. These include, for example, intensive support for tenants for the purposes of improving customer satisfaction, increasing the occupancy rate or repositioning properties.

Maintenance of value and appreciation
Unlike completed sales , the success of property and asset management is reflected in the medium and long-term through increasing rental income and falling vacancy rates. Day-to-day support for our portfolio tenants for the purposes of improving customer satisfaction and increasing customer loyalty will also strengthen the quality and profitability of the portfolio in the long-term.

When setting targets for planning and monitoring the increase in value, DIC Asset AG is guided by a number of parameters. At the highest level, the parameters for increasing value in the portfolio are:

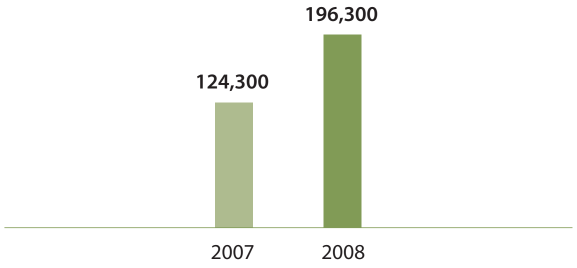
- Space let
- Remaining terms of tenancy agreements
- Rental per sqm
- Rent increase in the property
- Cost structure

Letting volume significantly increased: 196,300 sqm let
In 2008, we let 196,300 sqm in the properties in which DIC Asset AG has a share. The total letting volume for 2008 corresponds to annual rental income of some EUR 19.5 million. New tenants were found or tenancy agreements extended for some 10% of the total area of our portfolio. More than 500 tenancy agreements were concluded or extended in total. Newly let space accounts for 105,800 sqm, while 90,500 sqm is attributable to tenancy agreements being extended. This equates to an increase of 58% on 2007. In the previous year, some 124,300 sqm were let in the portfolio.

Letting volume

in sqm	2008	2007
Office	114,600	82,300
Retail	17,700	15,000
Other commercial	59,500	21,400
Residential	4,500	5,600
Total	**196,300**	**124,300**
Parking (units)	1,070	1,200

Letting volume + 58%
Lettable area in sqm



Letting ratio constant, long remaining terms

The average pro rata letting ratio of the portfolio was kept more or less stable at 88% (previous year: 89%) through our success in leasing. The majority of properties sold during the year were largely fully let, which increased the average vacancy rate slightly. In the portfolio as a whole, the average remaining term amounts to 5.4 years. At 8.0 years the Core segment has the longest remaining term of the portfolio segments. It is 2.8 years in the Value Added segment and 5.6 years in the Opportunistic Co-Investments segment.

Rental income increased

Based on utilisation at the year end, our portfolio has an annual income from tenancy agreements (including Opportunistic Co-Investments) of EUR 146.2 million. As a result of our success in letting properties, rental income across the portfolio as a whole was improved by 2.4% compared with 31 December 2007 like-for-like (excluding property acquisitions and sales and project developments). In the Core segment (with its long-term focus), annualised revenues rose by 5.8%. By contrast, income in the Value Added and Opportunistic Co-Investments segments fell slightly by 0.4% and 1.2% respectively. In the fourth quarter in particular a significant increase was achieved through new tenancy agreements or extending existing ones.

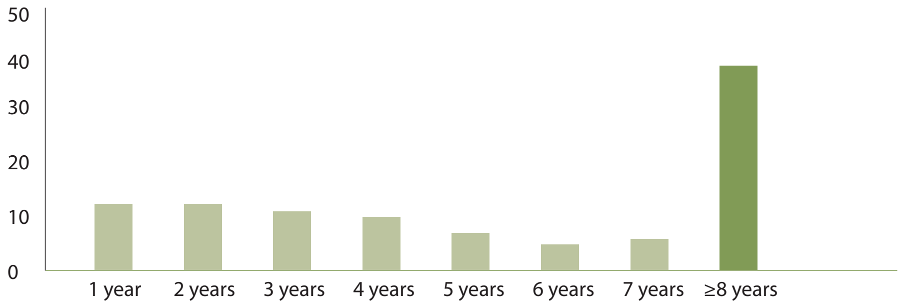
We have slightly increased the average rental in all segments of the portfolio. It rose by some 3% to EUR 10.27 per square metre (like-for-like).

The five largest leasing deals in 2008

	Area in sqm	Location
WAW Mailkontor GmbH	5,600	Hamburg
Ernst Dello GmbH & Co. KG	5,500	Hamburg
Sykes Enterprises	5,300	Bochum
Thales Immobilien	4,800	Korntal-Münchingen
Agentur für Arbeit	4,500	Hamburg
Total	**25,700**	

Lease expiry

Rental income in % *



* excluding revolving contracts

Earnings power up in Q4

Rental income changes in %, like-for-like

in %	Core	VAD	OPP	**Total**
31.12.2008 vs. 31.12.2007	+5.8%	-0.4%	-1.2%	**+2.4%**
30.09.2008 vs. 31.12.2007	+5.6%	-2.3%	-1.1%	**+1.5%**

Value enhancement through asset management

Krefeld

- Building in good location in need of renovation
- Total area 4,400 sqm with vacancy ratio of 75%

▷ Asset management service

- Development of leasing concept
- Targeted discussions with interested parties
- Work out an individual tenant solution in close cooperation with prospective tenant and architects

▷ Success

- A long-term deal with Barmer Ersatzkasse
- Complete revitalisation, tenant receives renovated and tailor-made areas
- Increase in rental price of the newly let areas by 30%

Friedensplatz, Bonn

- 21% vacant when property transferred in March 2008

▷ Asset management service

- Preparation of a leasing concept
- Positioning of the building as a medical centre
- Targeted discussions with tenant

▷ Success

- Expansion of the area
- Lease with portfolio tenant and letting of vacant area
- Full letting on the basis of long-term tenancy agreements (10 years) at attractive terms

PROJECT DEVELOPMENTS

An increase in value has been achieved in all our projects

▷ **MainTor:** **progress in the approvals process, syndication**

▷ **Bienenkorbhaus:** **completion, handing over to tenants and 80% let**

▷ **Opera Offices:** **positive provisional decision on construction, preparation for implementation**

Where it has suitable properties in its portfolio, DIC Asset AG carries out development work to achieve a significant increase in their value by, for example, repositioning the properties, or increasing the lettable area. At the year end, the long-term project volume in which DIC Asset AG was directly or indirectly involved were worth some EUR 700 million.

Because the timescales involved are frequently lengthy, we are guided by material milestones in setting our objectives, planning and monitoring our success. In 2008, we made significant progress in all our projects.

MainTor: attractive project opens paths

The MainTor project is being constructed on the former Degussa administration site in the heart of Frankfurt. The development is characterised by two smaller towers of around 60 metres in height and the striking WinX tower, which is some 100 metres in height. The three towers will be predominantly used as office space, while the lower floors will provide restaurant and retail space. In addition, some 250 detached homes with views over the Main river will be constructed on the site. The previously inaccessible office complex will opened up and a lively urban area offering a range of uses for the public will be developed.

▷ Progress in the approval process

Work started on compiling the development plan in collaboration with the City of Frankfurt in 2008 and is expected to be completed in autumn 2009. Preparation of the construction application for the first phase of construction has also started. In January 2009, DIC Asset AG presented the project to the City of Frankfurt's Planning and Construction Committee. Preliminary construction is planned to start in the northern part of the site in autumn 2009. An architectural competition for the detailed design of the WinX tower is to take place at the end of 2009.

▷ Simpler and faster completion thanks to the tenant's departure

In July 2008, some early gains resulting from the project development were realised on the basis of progress in the project. DIC Asset AG syndicated shares in the MainTor project development and together with the co-investor Deutsche Immobilien Chancen has admitted additional financial partners to the project to create a more broadly based financing structure. DIC Asset AG, which has a 20% stake in the project, received a profit contribution of EUR 5.3 million from it. It has also reached an agreement with the principal tenant Evonik to leave its rented offices early. DIC Asset AG will benefit from payment of adequate compensation, which will further increase the equity component of the project financing. At the same time, the premature vacation of the entire site means that the extensive construction work can be carried out far more efficiently and quickly.

Frankfurt, MainTor project

A refurbished Bienenkorbhaus for Frankfurt

DIC Asset AG has redeveloped the well-known building on Frankfurt's Zeil. Following redevelopment, the office building, which dates from the 1950s, offers tenants, such as the Frankfurter Sparkasse, doctors and lawyers, modern space and an attractive location in a highly frequented position in one of Germany's most popular retail areas. The improvements, including the creation of restaurant space on the ground floor, will enhance the ambience considerably. The complex has been extended and the new section will be occupied by the anchor tenant, Görtz, which will open a large flagship store for shoes and accessories. The investment volume totals around EUR 75 million. DIC Asset AG acquired the Bienenkorbhaus at the end of 2004 together with Morgan Stanley Real Estate Funds (MSREF) as part of the Frankfurter Sparkasse's real estate portfolio.

▷ Construction completed and financing extended

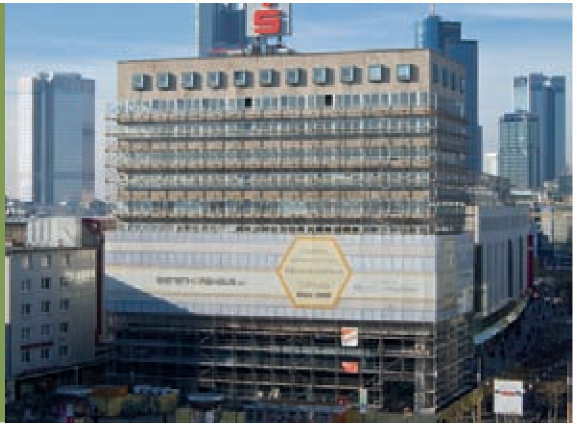
The foundation stone for the new extension was laid in April 2008. The construction work was largely completed at the year end. The official opening of the Bienenkorbhaus will take place in April 2009.

The external finance for the project is supplied from the loan, which DIC Asset AG raised in 2004 for the entire portfolio transaction. The term for the EUR 62 million still outstanding originally ended as of 31 December 2008. Thanks to the construction being virtually complete and the company's success in letting the premises, DIC Asset was able to extend the banks' financing until 2010. This provides a solid basis for the scheduled completion and further marketing. In addition, DIC Asset AG has again reduced the already very small number of loans due to be refinanced in the short term.

▷ More than 80% let

The increase in space resulting from the development amounts to 14%. Marketing started at the beginning of financial year 2008. Some 1,600 sqm of the space in the Bienenkorbhaus was let within the year. In February 2009, utilisation stood at 80% in relation to rental income.

We envisage letting being concluded by the end of 2009. In line with our business strategy, DIC Asset AG will realise the increase in value it has achieved by selling the property at an appropriate moment.



Frankfurt, Revitalisation and extension Bienenkorbhaus

Opera Offices: two projects in the Hamburg Colonnades

In Hamburg, the DIC Group is developing two properties in the Colonnades, close to the Binnenalster and the Gänsemarkt. The Opera Offices, a new building of 8,500 sqm is being constructed directly opposite the Hamburg State Opera in Große Theaterstraße on the site of three existing buildings. The architecture of the building will be dominated by a curved rotunda, which allows an efficient use of land over seven floors. An atrium ensures that the office space in the centre of the building provides a light, pleasant working environment.

The DIC Group is redeveloping a listed building on the adjoining plot in Dammtorstraße. The exterior of the Opern-Palais will be restored with great sensitivity and, having been completely refurbished, this property will offer attractive office space that meets modern standards but retains the style of a historic building. Additional upgrading work will open up the front of the building at street level to liven up the ground floors along the future Opera Boulevard with shops and restaurants.

▷ Plans well advanced and financing agreed

In 2008, the DIC Group pressed ahead with the project in close collaboration with the City of Hamburg. Planning for both projects was continued in the reporting period on the basis of the positive decision on construction, meaning that the first contracts were awarded to the companies tasked with construction in the middle of the year. Marketing for both projects started at the same time. The main construction work is to start at the end of 2009. Financing for the project was agreed with the Hamburger Sparkasse which covers the borrowing requirement to an amount of EUR 35 million at attractive terms.

▷ Positive provisional decision on construction is an important milestone

Through our intensive discussions with the City of Hamburg during the financial year, we have created the major preconditions for the completion of the project. Exchanges with the entities involved led to a positive preliminary decision on construction. The developments will extend the space for letting by 60% from around 8,000 sqm to 12,800 sqm and consequently increase our sales.

DIC Asset AG has a stake of 20% in the Hamburg developments via its Opportunistic Co-Investments segment.

Hamburg, Opera Offices project

OUR EMPLOYEES: THE BASIS OF DIC ASSET AG'S SUCCESS

DIC Asset AG's commercial success is fundamentally based on the performance of our employees. We shall only achieve our strategy and the commercial targets set, if we have competent, effective and motivated employees, who represent our company with commitment and enthusiasm.

Support for training and education

We work in a targeted fashion to create a sense of loyalty to the company among our employees and invest in additional qualifications to create attractive career opportunities and provide active support for our employees in their professional development. We have continued and expanded the collaboration with the International Real Estate Business School (IREBS) in Regensburg, which started in 2007 and offers junior management a certified training programme. 16 employees took advantage of this opportunity in 2008.

An attractive employer

For a rapidly expanding company with ambitious goals, such as DIC Asset AG, attracting highly qualified and talented employees constitutes one factor for success. This is one of the most important tasks of our personnel management team. As an excellent and attractive employer, our company aims to attract motivated staff from outside the sector as well. To this end, we work closely with national and international universities, technical colleges and recruitment fairs. We aim to expand these relationships further in future.

DIC Asset AG encourages performance

We would like to support focus on performance with our salary structure and encourage a fundamental awareness of entrepreneurial issues. Our salaries therefore consist of a basic income, performance-related components and supplementary benefits and are geared towards achieving our strategic and operational targets.

More employees involved directly in adding value

On 31 December 2008, 99 employees worked for DIC Asset AG throughout Germany. Through the development of our property management team, the number of employees has increased by 17 compared with 31 December 2007. The majority of our staff are directly involved in adding value through property and asset management and work in the six local branches. The Board of Directors, company management and central administration are based at the headquarters in Frankfurt am Main.

Number of employees

	31.12.2008	31.12.2007
Portfolio management and investment	8	5
Property and asset management	78	68
Administration	13	9
Total	**99**	**82**

In 2008, DIC Asset AG paid approximately EUR 5.5 million to its employees. Direct performance-related payments totalled EUR 0.9 million. EUR 0.8 million was spent on social security taxes, pension contributions and other additional benefits. In addition the provision for share options was reduced by EUR 0.4 million.

SHARE PRICE

Our share's performance, like that of many German real estate companies, has been significantly influenced by the dislocations and uncertainty in the financial market. DIC Asset AG's consistently good results are currently not being rewarded by the market. Reflecting the general fall in the financial and real estate sector, our share closed 71% down on the year. We shall provide detailed information on our share and the financial markets in the section on the share.

RESEARCH AND DEVELOPMENT

DIC Asset AG dispensed with a report on research and development (R&D) in the management report, since although it supports research and training, it does not need or carry out its own research and development for its business activity.

Sales and Earnings Situation

Rental income: up 44% to EUR 135 million

Rental income rose by EUR 40.9 million (+44%) to EUR 134.5 million. The main reason for this rise was that newly-acquired properties were included in the figures for the full year for the first time and rental income was also optimised by new letting and tenant services. The Core segment contributed EUR 68.7 million (previous year: EUR 48.7 million) and the Value Added segment EUR 65.8 million (previous year: EUR 44.8 million).

In line with its strategic direction, DIC Asset AG generates its income mainly from letting office space, at around 64%. This is supplemented by income from logistics space (15%), retail space (13%) and other commercial spaces, including parking and gastronomy facilities (2%). At 3%, the residential proportion is of lesser relevance.

Sales: volume halved, return increased

The adjustment of the sales strategy over to placing smaller to medium-sized properties in individual transactions resulted in a fall in proceeds from sales. Proceeds fell by 59% from the previous year to EUR 49.9 million. The return from sales was increased in 2008 by six percentage points to 20%. The profit made on the disposal of properties was EUR 9.8 million, down around EUR 7.9 million compared with the previous year (-45%).

Income from property management stable

Ongoing income from property management remains stable at the same level as that in the previous year, at around EUR 3.1 million. This income is generated by DIC Asset AG and DIC ONSITE from the management of properties in the Opportunistic Co-Investments segment.

Total revenues EUR 208 million

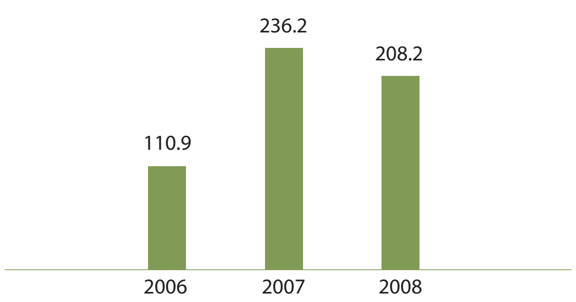
Overall, 2008 saw us generating total revenues of EUR 208.2 million. The fall in this figure was primarily due to a smaller volume of disposals than in the comparative period.

Administration and personnel costs increased disproportionately

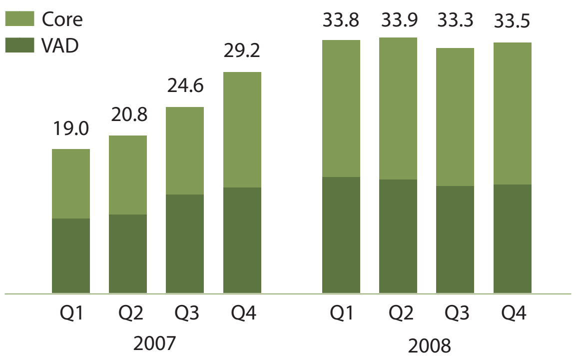
The main factors affecting our operating expenses were the higher real estate portfolio volume throughout the year and the expansion of our property management team in terms of both personnel and regions. Administrative expenses rose to EUR 8.6 million (+25%) and personnel costs were up to EUR 6.8 million (+62%). We managed to reduce the operating expenses ratio for personnel and administrative expenses in relation to rental income from 11.9% to 11.4%.

As a result of the higher real estate assets, depreciation rose by EUR 8.3 million (+42%) to EUR 28.1 million.

Total revenues
EUR million



Quarterly rental income
EUR million



Funds from operations increased

Income figures from operations showed a positive development as a result of the extension of our business coupled with efficiency-enhancing measures. EBITDA rose by EUR 24.2 million (+24%) to EUR 124.0 million. EBIT (earnings before interest and income taxes) rose by EUR 16.0 million (+20%) to 96.0 EUR million. FFO (Funds from Operations) rose by EUR 3.4 million (+8%) to EUR 48.0 million. EBDA fell slightly by EUR 2.7 million (-5%) to EUR 53.2 million.

Attractive contribution from Opportunistic Co-Investments

The profits from associated companies increased by EUR 0.5 million (+6%) to EUR 8.8 million. Apart from income from real estate management, EUR 1.1 million relate to proportional profits from property disposals and EUR 5.3 million to the syndication of interests in the MainTor Project.

Overall financing costs +68%

Negative net financing costs in 2008 stood at EUR 75.0 million, corresponding to a rise of EUR 30.3 million (+68%). The main factors driving up these costs were the increase in funds borrowed and a rise of interest rates. At the year-end, however, average interest rates were able to be reduced considerably. Interest income in 2008 was slightly less than in the previous year, particularly as a proportion of liquid funds was used for the purposes of acquisitions.

Consolidated profit exceeds EUR 25 million

In a difficult environment, we still managed to achieve a consolidated profit of EUR 25.2 million Euro. This profit is EUR 10.9 million (-30%) down on the figure of EUR 36.1 million for the previous year, with this primarily due to the fall in profits from sales transactions and higher borrowing costs. In 2008, earnings per share of EUR 0.80 was achieved (previous year: EUR 1.25).

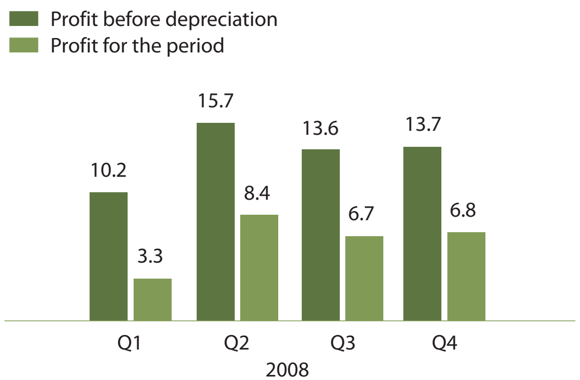
Earnings situation by segments

In 2008 earnings before tax in the Core segment stood at EUR 7.5 million (previous year: EUR 17.4 million), in the Value Added segment EUR 8.5 million (previous year: EUR 11.6 million) was realised. With higher operating results in both segments the decline in earnings is a result of the lower contributions from profits on property disposal and increased financing costs. Earnings before tax in the Opportunistic Co-Investment segment (which is incorporated through "profits from associates") was slightly above the previous year's level at EUR 9.0 million (previous year: EUR 8.3 million). The impact of the syndication of the MainTor project and disposable gains boosted earnings.

Earnings overview

EUR million	2008	2007	delta
FFO	48.0	44.6	+8%
EBITDA	124.0	99.8	+24%
EBIT	96.0	80.0	+20%
EBDA	53.2	55.9	-5%
Consolidated profit	25.2	36.1	-30%
Consolidated profit per share (EUR)	0.80	1.25	-36%
FFO per share (EUR)	1.54	1.55	-1%

Quarterly earnings overview in EUR million



Earnings development in EUR milion

Financial Position

Financing policy of DIC Asset AG

Financing within DIC Asset AG is organised centrally, with the individual loans being taken out at property and portfolio level. The main principle guiding our financial policy is the establishment of stable, long-term structures to support the development of our business and to provide the required degree of freedom. This combined management of financing for the consolidated companies allows us to undertake co-ordinated measures for procuring capital, contributes to improvements in earnings and controls interest and liquidity risks. We have recruited strategic finance partners as shareholders in the Company and in this way are also able to minimise the financing risk in respect of procuring external capital. Our financial liabilities are designed for the long-term and associated with normal market conditions which are reviewed regularly. We maintain good business relationships with various partner banks and as a result avoid being heavily dependent on individual financial institutions.

Financing concept with a long-term horizon

'Debts' covers all interest-bearing obligations. Investment financing is always undertaken in line with the basic business plan and therefore pursues the strategic objective set in each case. The vast majority of our debt is agreed long-term, with almost 60% with a term of over five years. In 2008, debts amounting to EUR 41.3 million were renewed and EUR 23.6 million repaid in the main from disposals. In the next three years, only a sum of EUR 107 million is to be refinanced, corresponding to 7% of total financing. Only EUR 19.8 million, 1% of debts, is due to be repaid in financial year 2009.

Average interest rate down

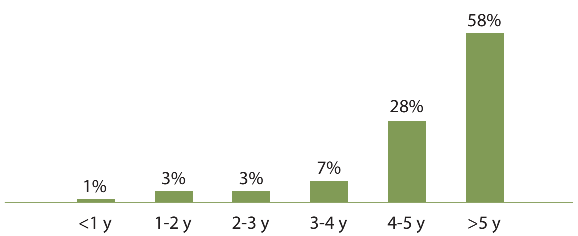
We exploited the recent favourable trend in rates and achieved a clear reduction in the rate of interest from 5.31% (as at 30 September 2008) to 4.97% on 31 December 2008, this also by restructuring interest-rate hedging arrangements. At the end of 2007 the average rate was 5.22%. The proportion of fixed-interest debts on 31 December 2008 was 91%, with variable-rate debts at 9%. This provides the basis for stable planning security in the long term. We use derivative financial instruments to hedge the risk for variable components from rising interest rates. The effects of this hedging are not seen in the financial position but only show up in the consolidated balance sheet and in group equity.

Financing for portfolio purchases extended

The growth of DIC Asset AG is mainly financed from equity and borrowing, principally in the form borrowing from banks. From its partnership with the Deutsche Immobilien Chancen Group, DIC Asset AG also has alternative sources of financing available to it. The main use made of this at present is in the form of a loan from Provinzial Rheinland to the amount of EUR 10.0 million (previous year: 11.3 million).

In connection with the acquisition of the Forum Portfolio and other acquistions, in 2008 additional borrowing amounting to EUR 144.3 million was undertaken. As at 31 December 2008, debts stood at EUR 1,574.5 million. The debt ratio appears in the balance sheet as 75.9%.

Financial debt fixed on a long-term basis
Financial debt by maturities



Debts overview
EUR million

	2008	2007
Liabilities to banks	1,564.5	1,446.1
Other debts	10.0	11.3
Total debts	1,574.5	1,457.4
Debt ratio (in balance sheet)	75.9%	71.1%
Equity	533.8	612.7
Equity ratio	24.1%	28.9%

Net liquidity of EUR 46 million

At the end of the year, net liquidity stood at EUR 46.4 million. It had been reduced primarily by the payment of purchase prices in connection with portfolio acquisitions (EUR 75.1 million), the distribution of dividends (EUR 51.7 million), the scheduled repayment of loans (EUR 4.0 million), the granting of loans to other companies and miscellaneous investment activities (EUR 28.4 million) as well as the acquisition of treasury shares (EUR 5.0 million). The primary sources of cash inflows were from disposals (EUR 8.1 million) and real estate management (EUR 37.2 million). Overall, net liquidity was reduced by EUR 118.9 million.

Robust financing models fulfil all obligations

The financing of DIC Asset AG is arranged on a long-term basis and is subject to constant review as part of ongoing planning. The steadiness and computability of cash flow from rental income allows liquidity to be forecast in a detailed fashion over a longer period and enables funds to be deployed in a targeted manner. With acquisitions, long-term finance is agreed before purchase contracts are concluded. All contractually-agreed financing commitments - and therefore parameters agreed in advance as well - are fulfilled by the set date. The property values calculated by independent valuers confirm this estimation in respect of market-related covenants as well.

There are no forms of off-balance sheet financing. The Financial Statements display all of the types of financing used by the Company. Other detailed information on financing such as loan terms or the details of derivative financing instruments are described in the Notes.

Under current conditions, DIC Asset AG is able at any time to fulfil its payment obligations in full and on schedule.

Investments

The figure for investments in the financial year stood at EUR 235.6 million. This resulted principally from the acquisition of the Forum Portfolio amounting to EUR 175 million, initiated in 2007. Over and above this, there was a sum of EUR 4.3 million invested in the portfolio in connection with lettings. Some EUR 53.8 million relate to the Core segment, with EUR 185.8 million being accounted for by the Value Added segment.

In the previous year there were investments initiated representing a total amount of EUR 1,201 million, including major portfolio transactions such as the acquisition of the Odin Portfolio for EUR 460 million or the Dolphin Portfolio amounting to EUR 320 million Euro. In 2007, this affected the balance sheet to the amount of EUR 888 million.

As at 31 December 2008, there are investment commitments relating to future reporting periods to the amount of EUR 37.8 million. Of these over 75% are covered by contractually agreed funding. DIC Asset AG has sufficient resources in equity and secured outside capital for its obligations arising from investments in the financial year.

Cash flow increased by 30%

Cash flow from operations in the 2008 financial year amounted to EUR 120.4 million and was mainly used for servicing interest on the existing debts. After consideration of interest income and back tax, a cash flow from operating activities of EUR 37.2 million (+30%) remains. Resources for investing activities amounting to EUR 220.1 million flowed out for investing activities; primarily in connection with payment of the purchase price for the Forum Portfolio and due to expenditure incurred in the course of ongoing project development. The inflow of capital from financing activity amounted to EUR 64.0 million and was made up of both inflows from new loans taken out and also from the outflow of resources as dividend payments. Overall the liquid resources of the Group at 31 December 2008 were reduced by EUR 118.9 million. At the end of the year cash and cash equivalents stood at EUR 46.4 million.

Overview of cash flow
EUR million

	2008	2007
Profit for the period	25.2	36.1
Cash flow from operating activities	37.2	28.7
Cash flow from investing activities	-220.1	-779.9
Cash flow from financing activities	64.0	736.7
Increase in cash and cash equivalents	-118.9	-14.5
Cash and cash equivalents as at 31 Dec.	46.4	165.3

Asset Position

Slight increase of 4% in balance sheet total
The balance sheet total of DIC Asset AG rose by EUR 93.3 million (+4%) to EUR 2,214.8 million. This is mainly due to the acquisition of the Forum Portfolio.

Growth of 9% in real estate assets
Investment properties grew by EUR 171.6 million (+9%) to EUR 2,022.9 million, mainly due to the acquisition of the Forum Portfolio. Within the scope of the impairment tests to be carried out under IFRS no extraordinary depreciation had to be made on real estate assets. When making judgements the so-called value-in-use is decisive. Individual company parameters and the intention of use are incorporated into the valuation. The item investments in associates represents the investments held in the Opportunistic Investments segment. These fell by EUR 10.7 million (-36%) to EUR 18.7 million, in return the loans to these companies were increased by EUR 37.7 million.

Non-current assets as at 31 December 2008 were up by EUR 151.5 million (+8%) to EUR 2,055.8 million. Assets in the Core segment amounted to EUR 1,059.7 million, in the Value Added segment they stood at EUR 1,014.1 million. EUR 15.2 million were held in the Opportunistic Co-Investments segment.

Current assets shrink
The increase in receivables from the sale of properties is connected with transfers of title for which the purchase price payments were made at the start of 2009. Receivables due from related parties increased by EUR 38.7 million (+103%) to EUR 76.4 million. Cash in banks fell by EUR 118.9 million (-72%) to EUR 46.4 million, primarily due to the payment of acquisition prices.

Current assets at the end of 2008 fell by EUR 58.3 million (-27%) to EUR 158.9 million.

Köln, Agrippinawerft

Bonn, Rheinwerk

Equity capital down

The deployment of financial instruments used by DIC Asset AG to hedge against rises in interest rates resulted in a negative hedging reserve of EUR -39.5 million, which came about through the fall in interest rates as at 31 December 2008. A negative reserve of EUR 5.0 million has been formed in proportion to the treasury shares acquired as part of the share buy-back programme. Retained earnings fell by EUR 51.7 million due to the dividend payment. In contrast is the profit for the financial year to the amount of EUR 25.2 million.

On the reporting date, equity was down by EUR 78.9 million (-13%) to EUR 533.8 million. This saw the equity ratio stand at 24.1% (previous year: 28.9%).

Higher debts due to growth

Non-current interest-bearing debts increased, mainly due to the procurement of outside funds for financing the Forum Portfolio transaction, up EUR 113.2 million (+8%) to EUR 1,554.8 million. Conversely, disposals in the course of the year reduced interest-bearing loans and borrowings by EUR 23.6 million. Derivatives debt rose by EUR 36.2 million to 41.5 million, as there was an increase recorded at 31 December 2008 in financial liabilities due to interest-rate hedging transactions in response to the fall in interest rates.

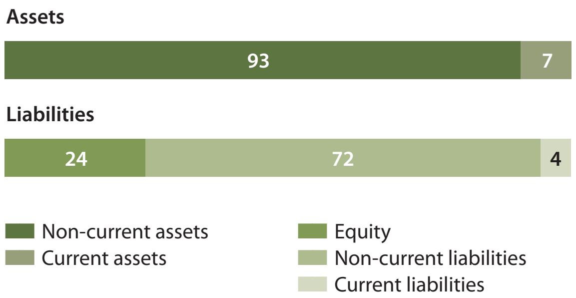
Non-current liabilities increased by EUR 146.7 million (+7%) to EUR 1,603.7 million. The segment liabilities were allocated as follows: EUR 832.2 million to the Core segment, EUR 810.6 million to the Value Added segment and EUR 14.3 million to the Opportunistic Co-Investments segment.

Current liabilities rise

Trade payables rose by EUR 32.8 million to EUR 34.4 due to the payment of a purchase price instalment from the Forum Portfolio acquisition due in the middle of 2009. Other liabilities were reduced by EUR 8.1 million to EUR 11.3 million, mainly due to the payment of realty transfer tax.

Current liabilities rose by EUR 25.5 million (+49%) to EUR 77.3 million.

Balance sheet structure
in %



Overview of the balance sheet
EUR million

	31.12.2008	31.12.2007
Total assets	2,214.8	2.121.5
Non-current assets	2,055.8	1,904.3
Current assets	158.9	217.2
Equity	533.8	612.7
Non-current liabilities	1,603.7	1,457.0
Current liabilities	77.3	51.8

Results of Operations, Financial and Asset Position of DIC Asset AG

DIC Asset AG is the management company of the DIC Asset Group. In essence, its real estate activities are organised in property companies. The Group's earnings situation is therefore influenced primarily by the results from its investments. DIC Asset AG prepares its separate financial statements in accordance with the HGB.

In financial year 2008, profits were reduced by EUR 25.6 million to EUR 24.1 million. This is essentially due to lower earnings from investments (EUR -10.9 million) and to reduced miscellaneous operational income from the sale of investments (EUR -7.2 million) compared with the previous year. Interest income also decreased by EUR 4.7 million following a reduction in liquid funds during the financial year.

The Company's equity amounted to EUR 594.9 million as at 31.12.08, some EUR 27.6 million less than in the previous year. The dividend payment in the middle of 2008 primarily led to the reduction, while the company's profit for the year counteracted it. The equity ratio stands at 82% (previous year: 93%).

Frankfurt, Project MainTor

Material Events after the Balance Sheet Date

The share buy-back programme started in October 2008 was completed on 10 February 2009 with the acquisition of 4.7% of the capital stock. The maximum buy-back volume was almost reached as a result. In total 10,474,022 shares were acquired at an average price of EUR 4.91 and a total value of EUR 7.2 million.

In February 2009 one property was disposed of from the Opportunistic Co-Investments segment with a total value of some EUR 11 million. This was a mixed use property consisting of some 5,000 sqm of office and retail space in the Rathausplatz in Eschborn that was sold to the City of Eschborn. The portfolio was expanded by a property from the V6A portfolio which passed into DIC Asset AG's possession following completion.

Other Information

INFORMATION IN ACCORDANCE WITH §§ 289 PARA. 4, 315 PARA. 4 HGB AND EXPLANATORY REPORT

The following information in accordance with §§ 289 Para. 4, 315 Para. 4 HGB reflect the circumstances as of the balance sheet date. This information together with the notes meet the requirements for an explanatory report under the § 120 Para. 3 Sentence 2 AktG.

Composition of the subscribed capital
The subscribed capital in the amount of EUR 31,349,999.00 consists of 31,349,999 bearer shares in the form of no-par shares. There are no other classes of shares. All shares have the same rights and obligations. Each share gives entitlement to one vote at the general shareholders' meeting. This excludes 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 rights and obligations tied to the shares are shown in detail in the terms of the Stock Corporation Act [AktG], in particular §§ 12, 53a ff., 118 ff. and 186.

Direct and indirect capital shareholdings
With regard to direct and indirect holdings in the capital of DIC Asset AG, the company has the notifications listed below pursuant to §§ 21 Para. 1 WpHG. With the exception of the notifications reproduced under items 1., 2., 9., 10., 22. and 23., these are shareholders that hold more than 10% of the capital and voting rights of DIC Asset AG directly or indirectly. The share of the voting rights indicated corresponds to the share of the capital.

1. DIC ML GmbH, Frankfurt am Main, Germany, informed us pursuant to § 21 Para. 1 German Securities Trading Act (WpHG) that its voting share in DIC Asset AG, Frankfurt am Main, fell below the level of 10% on 9 July 2008. The share of voting rights in DIC ML GmbH now totals 9.19% (corresponding to 2,881,668 votes).

2. DIC Opportunity Fund GmbH, Frankfurt am Main, Germany, informed us pursuant to § 21 Para. 1 WpHG that its voting rights in DIC Asset AG, Frankfurt am Main, Germany increased above the 3% level on 14 July 2008. DIC Opportunity Fund GmbH's share of voting rights now totals 4.85% (corresponding to 1,519,000 votes).

3. Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main, Germany voluntarily informed us pursuant to § 21 Para. 1 WpHG that its voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% on 14 July 2008 (corresponding to 12,342,634 votes). Of these, 14.04% are classified as voting rights (corresponding to 4,400,668 votes) pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. An attribution is conducted via the companies that it controls, DIC ML GmbH and DIC Opportunity Fund GmbH, whose share of voting rights in DIC Asset AG, Frankfurt am Main, totals 3% or more.

4. Deutsche Immobilien Chancen Beteiligunugs AG voluntarily informed us pursuant to § 21 Para. 1 WpHG that its voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% on July 14, 2008 (corresponding to 12,342,634 votes). Of these, 39.37% are classified as voting rights (corresponding to 12,342,634 votes) pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. An attribution is conducted via the companies that it controls, DIC ML GmbH, DIC Opportunity Fund GmbH and Deutsche Immobilien Chancen AG & Co. KGaA whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

5. DIC Grund- und Beteiligungs GmbH, Erlangen, Germany, informed us voluntarily pursuant to § 21 Para. 1 WpHG that its voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% on 14 July 14 2008 (corresponding to 12,342,634 votes). Of these, 39.37% are classified as voting rights (corresponding to 12,342,634 votes) pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. An attribution is conducted via the companies that it controls, DIC ML GmbH, DIC Opportunity Fund GmbH, Deutsche Immobilien Chancen AG & Co. KGaA and Deutsche Immobilien Chancen Beteiligungs AG, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

6. DIC Capital Partners (Europe) GmbH, Munich voluntarily informed us pursuant to § 21 Para. 1 WpHG that its voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% on 14 July 2008 (corresponding to 12,342,634 votes). Of these, 39.37% are classified as voting rights (corresponding to 12,342,634 votes) pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. An attribution is conducted via the companies that it controls, DIC ML GmbH, DIC Opportunity Fund GmbH, Deutsche Immobilien Chancen AG & Co. KGaA, Deutsche Immobilien Chancen Beteiligungs AG and DIC Grund- und Beteiligungs GmbH, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

7. GCS Verwaltungs GmbH, Glattbach, voluntarily informed us pursuant to § 21 Para. 1 WpHG that its voting rights in DIC Asset AG, Frankfurt am Main, amounted to 39.37% on 14 July 2008 (corresponding to 12,342,634 votes). Of these, 39.37% are classified as voting rights (corresponding to 12,342,634 votes) pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. An attribution is conducted via the companies that it controls, DIC ML GmbH, DIC Opportunity Fund GmbH, Deutsche Immobilien Chancen AG & Co. KGaA, Deutsche Immobilien Chancen Beteiligungs AG, DIC Grund- und Beteiligungs GmbH and DIC Partners (Europe) GmbH, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

8. Prof. Dr. Gerhard Schmidt, Germany, voluntarily informed us pursuant to § 21 Para. 1 WpHG that his voting rights in DIC Asset AG, Frankfurt am Main amounted to 39.37% on 14 July 2008 (corresponding to 12,342,634 votes). Of these, 39.37% are classified as voting rights (corresponding to 12,342,634 votes) pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG. An attribution is conducted via the companies that he controls, DIC ML GmbH, DIC Opportunity Fund GmbH, Deutsche Immobilien Chancen AG & Co. KGaA, Deutsche Immobilien Chancen Beteiligungs AG, DIC Grund- und Beteiligungs GmbH, DIC Partners (Europe) GmbH, and GCS Verwaltungs GmbH, whose share of voting rights in DIC Asset AG, Frankfurt am Main, each totals 3% or more.

9. European Investors Inc., New York, USA, also informed us pursuant to § 21 Para. 1 WpHG that its voting rights in DIC Asset AG, Frankfurt am Main exceeded the level of 5% on 17 January 2008 and now amounts to 5.04% (1,581,134 voting rights). Of these, 5.04% are classified as voting rights (1,581,134 voting rights) pursuant to § 22 Para. 1 Sentence 1 No.1 WpHG.

10. Massachusetts Mutual Life Insurance Company, Springfield, Massachusetts, USA, informed us pursuant to §§ 21 Para. 1 24 WpHG, that Oppenheimer Funds, Centennial, Colorado, USA fell below the 3% level of the voting rights in DIC Asset AG, Frankfurt am Main on 9 January 2008 and the share of the voting rights on 9 January 2008 amounted to 911,303.

    Massachusetts Mutual Life Insurance Company, Springfield, Massachusetts, USA also informed us pursuant to § 21 Para. 1 WpHG, that it fell below the 3% level of the voting rights in DIC Asset AG, Frankfurt am Main, on 9 January 2008 and the share of the voting rights now amounts to 911,303 shares, or 2.91%, which are to be assigned to Massachusetts Mutual Life Insurance Company pursuant to § 22 Para. 1, Sentence 1, No. 1 WpHG via Oppenheimer Funds.

11. MSREF V Marble B.V., Amsterdam, the Netherlands, informed us pursuant to §§ 21 ff. WpHG that its share of the voting rights of DIC Asset AG, Frankfurt am Main, exceeded the level of 10% on 7 December 2007 and now stands at 10.41% (corresponding to 3,262,022 voting rights). All voting rights are held directly by MSREF V Marble B.V.

12. MSREF V Cosmos B.V., Amsterdam, the Netherlands, informed us pursuant to §§ 21 ff. WpHG, that its share of the voting rights of DIC Asset AG exceeded the 10% level on 7 December 2007 and since then has stood at 10.41% (corresponding to 3,262,022 voting rights). Pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG, all voting rights are assigned to MSREF V Cosmos B.V. Assignment is via MSREF V Marble B.V., whose assigned share of the voting rights is 3% or more.

13. International Holdings Coöperativ, U.A., Amsterdam, the Netherlands, informed us pursuant to §§ 21 ff. WpHG that its share of the voting rights of DIC Asset AG, Frankfurt am Main, exceeded the 10% level on 7 December 2007 and since then has stood at 10.41% (corresponding to 3,262,022 voting rights). Pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG, all voting rights are assigned to MSREF V International Holdings Coöperativ. Assignment is via MSREF V Marble B.V. und MSREF V Cosmos B.V., whose respective assigned share of the voting rights is 3% or more.

14. Morgan Stanley Real Estate Fund V International-TE, L.P., New York, USA, informed us pursuant to §§ 21 ff. WpHG, that its share of the voting rights of DIC Asset AG, Frankfurt am Main, exceeded the 10% level on 7 December 2007 and now stands at 10.41% (corresponding to 3,262,022 voting rights). Pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG , all voting rights are assigned to Morgan Stanley Real Estate Fund V International-TE, L.P. Assignment is via MSREF V Marble B.V., MSREF V Cosmos B.V. and MSREF V International Holdings Coöperativ, U.A., whose respective assigned share of the voting rights is 3% or more.

15. Morgan Stanley Real Estate Fund V International-T, L.P., New York, USA, informed us pursuant to §§ 21 ff. German WpHG, that its share of the voting rights of DIC Asset AG, Frankfurt am Main, exceeded the 10% level on 7 December 2007 and now stands at 10.41% (corresponding to 3,262,022 voting rights). Pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG, all voting rights are assigned to Morgan Stanley Real Estate Fund V International-T, L.P. Assignment is via MSREF V Marble B.V., MSREF V Cosmos B.V. and MSREF V International Holdings Coöperativ, U.A., whose respective assigned share of the voting rights is 3% or more.

16. Morgan Stanley Real Estate Investors V International-T, L.P., New York, USA, informed us pursuant to §§ 21 ff. WpHG, that its share of the voting rights of DIC Asset AG, Frankfurt am Main, exceeded the 10% level on 7 December 2007 and now stands at 10.41% (corresponding to 3,262,022 voting rights). Pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG, all voting rights are assigned to Morgan Stanley Real Estate Investors V International-T, L.P. Assignment is via MSREF V Marble B.V., MSREF V Cosmos B.V. and MSREF V International Holdings Coöperativ, U.A., whose respective assigned share of the voting rights is 3% or more.

17. Morgan Stanley Real Estate Fund V Special International-T, L.P., New York, USA, informed us pursuant to §§ 21 ff. WpHG, that its share of the voting rights of DIC Asset AG, Frankfurt am Main, exceeded the 10% level on 7 December 2007 and now stands at 10.41% (corresponding to 3,262,022 voting rights). Pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG, all voting rights are assigned to Morgan Stanley Real Estate Fund V Special International, L.P. Assignment is via MSREF V Marble B.V., MSREF V Cosmos B.V. and MSREF V International Holdings Coöperativ, U.A., whose respective assigned share of the voting rights is 3% or more.

18. MSREF V International-GP, L.L.C., New York, USA, informed us pursuant to §§ 21 ff WpHG that its share of the voting rights of DIC Asset AG, Frankfurt am Main, exceeded the 10% level on 7 December 2007 and now stands at 10.41% (corresponding to 3,262,022 voting rights). Pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG, all voting rights are assigned to MSREF V International-GP, L.L.C. Assignment is via MSREF V Marble B.V., MSREF V Cosmos B.V. and MSREF V International Holdings Coöperativ, U.A., Morgan Stanley Real Estate Fund V International-TE, L.P., Morgan Stanley Real Estate Fund V International-T, L.P., Morgan Stanley Real Estate Investors V International, L.P. and Morgan Stanley Real Estate Fund V Special International, L.P. whose respective assigned share of the voting rights is 3% or more.

19. MSREF V, L.L.C., New York, USA, informed us pursuant to §§ 21 ff. WpHG, that its share of the voting rights of DIC Asset AG, Frankfurt am Main, exceeded the 10% level on 7 December 2007 and now stands at 10.41% (corresponding to 3,262,022 voting rights). Pursuant to § 22 Para. 1 Sentence 1 No. 1, WpHG, all voting rights are assigned to MSREF V, L.L.C. Assignment is via MSREF V Marble B.V., MSREF V Cosmos B.V., MSREF V International Holdings Coöperativ, U.A)., Morgan Stanley Real Estate Fund V International-TE, L.P., Morgan Stanley Real Estate Fund V International-T, L.P., Morgan Stanley Real Estate Investors V International, L.P., Morgan Stanley Real Estate Fund V Special International, L.P. and MSREF V International-GP, L.L.C., whose respective assigned share of the voting rights is 3% or more.

20. MSREF V, Inc., New York, USA, informed us pursuant to §§ 21 ff. WpHG, that its share of the voting rights of DIC Asset AG, Frankfurt am Main, exceeded the 10% level on 7 December 2007 and now stands at 10.41% (corresponding to 3,262,022 voting rights). Pursuant to § 22 Para. 1 Sentence 1 No. 1, WpHG, all voting rights are assigned to MSREF V Inc. Assignment is via MSREF V Marble B.V., MSREF V Cosmos B.V., MSREF V International Holdings Coöperativ, U.A., Morgan Stanley Real Estate Fund V International-TE, L.P., Morgan Stanley Real Estate Fund V International-T, L.P., Morgan Stanley Real Estate Investors V International, L.P., Morgan Stanley Real Estate Fund V Special International, L.P. MSREF V International-GP, L.L.C. and MSREF V, L.L.C., whose respective assigned share of the voting rights is 3% or more.

21. Morgan Stanley, New York, USA, informed us pursuant to §§ 21 ff. WpHG, that its share of the voting rights of DIC Asset AG, Frankfurt am Main, exceeded the 10.87% level on 7 December 2007 and now stands at 10.87% (corresponding to 3,409,081 voting rights). Pursuant to § 22 Para. 1 Sentence 1 No. 1 WpHG, all voting rights are assigned to Morgan Stanley. Assignment is via, among others, MSREF V Marble B.V., MSREF V Cosmos B.V., MSREF V International Holdings Coöperativ, Morgan Stanley Real Estate Fund V International-TE, L.P., Morgan Stanley Real Estate Fund V International-T, L.P., Morgan Stanley Real Estate Investors V International, L.P., Morgan Stanley Real Estate Fund V Special International, L.P., MSREF V International-GP, L.L.C., MSREF V, L.L.C. and MSREF V, Inc., whose respective assigned share of the voting rights is 3% or more.

22. Stichting Pensioenfonds ABP, Heerlen, Netherlands, informed us pursuant to § 21 Para. 1 Sentence 1 WpHG, that its share of the voting rights of DIC Asset AG, Frankfurt am Main, exceeded the 3% level on 4 October 2007 and amounts to 3.23% (corresponding to 921,580 voting rights) on this date.

23. FMR Corp., Boston, Massachusetts, USA informed us pursuant to § 21 Para. 1 WpHG, that its share of the voting rights of DIC Asset AG fell below the 3% level on 1 February 2007 and now stands at 1.71%. The voting rights are assigned to FMR Corp. pursuant to § 22 (1) 2 WpHG in conjunction with § 22 (1) 1 No. 6 WpHG.

Statutory provisions and the requirements of the Articles of Incorporation on the appointment and dismissal of members of the Board of Directors and the amendment of the Articles of Incorporation

The appointment and dismissal of members of the Board of Directors is based on §§ 84, 85 AktG and § 7 of the Articles of Incorporation (version of May 14, 2008). Pursuant to § 7 Para. 1 of the Articles of Incorporation, the Board of Directors is composed of at least one person. The Articles do not contain any special arrangements for the appointment or dismissal of individual members or all members of the Board of Directors. The Supervisory Board has the power of appointment and dismissal. It appoints members of the Board of Directors 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 § 84 Para. 1 Sentence 3 AktG.

Amendments to the Articles of Incorporation are made pursuant to §§ 179, 133 AktG and § 5 Para. 2, § 9 Para. 6 and § 14 of the Articles of Incorporation (version of 14 May 2008). The Articles of Incorporation have not exercised the option to impose further requirements for amendments of the Articles. Unless prevented by statute, the general shareholders' meeting adopts resolutions by a simple majority of votes cast and, if the law prescribes a majority of shares besides a majority of votes, by a simple majority of the share capital in place when the resolution is made. The Supervisory Board has the right to make changes to the Articles of Association if only the wording is affected.

The Board of Directors' powers to issue and redeem shares
The powers of the company's Board of Directors to issue and redeem shares are all based on resolutions to that effect by the general shareholders' meeting, the content of which is shown below.

▷ Authority to acquire treasury shares
By resolution of the ordinary general shareholders' meeting of 14 May, 2008 the Board of Directors is authorised until 13 November, 2009 to acquire treasury shares of up to 10% of the company's share capital existing when the resolution is made. At no time may the acquired shares together with other treasury shares in the possession of the Company or allocated to it under §§ 71a ff. AktG represent more than 10% of the share capital. The authorisation may not be used for the purpose of trading in treasury shares. The authorisation may be exercised as a whole or in instalments, once or more than once, for one or more purposes, by the Company or by companies dependent on or majority-owned by it, or by third parties acting on their behalf or on behalf of the Company.

At the Board of Directors' option, and with the prior consent of the Supervisory Board, shares may be acquired through the stock exchange or through a public offering directed to all shareholders or a public invitation to all shareholders to submit offers for sale. If the shares are acquired on the stock exchange, the purchase price per share paid by the Company (excluding transaction ancillary costs) may not be more than 10% over or under the price determined on the trading day by the opening auction in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange. If they are acquired by a public bid directed at all shareholders or a public invitation to submit such a bid directed at all shareholders, the purchase price offered (excluding transaction ancillary costs) or, in the event of a public invitation to submit such a bid directed at all shareholders, the margins of the purchase price spread per share may not be more than 10% over or under the average closing prices of the company's shares in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange over the last five trading days before the day of the public announcement of the bid or the public invitation to submit a bid.

If there are significant differences from the relevant price after the publication of a public offering directed to all shareholders or a public invitation to all shareholders to submit offers to sell, the offering or the invitation to submit offers to sell may be adjusted. In this case the average of the closing price of the Company's shares in the Xetra trading system (or a comparable successor system) on the Frankfurt Stock Exchange over the last five trading days before the public announcement of any adjustment will be used as a basis.

Where a public offering directed to all shareholders is over-subscribed, it can only be accepted on a quota basis. In the case of a public invitation to all shareholders to submit offers for sale, where not all equal offers are accepted, the offers can only be accepted on a quota basis. Preferential treatment of smaller numbers up to 100 shares per shareholder can be provided for. The public offering directed to all shareholders or the public invitation to all shareholders to submit offers for sale may stipulate further conditions.

The Board of Directors is authorised, with the prior consent of the Supervisory Board, to use treasury shares acquired on the basis of this authorisation for any legal purpose, in particular the following: (i) The shares may be withdrawn without a further resolution of the Shareholders' Meeting being required for the withdrawal or its execution. They may also be withdrawn by the simplified procedure without capital reduction by adjusting the pro rata mathematical amount of the remaining shares in the company's share capital. If they are withdrawn by the simplified procedure, the Board of Directors is authorised to amend the number of shares in the Articles of Association. (ii) The shares may also be disposed of in a way other than through the stock exchange or by an offer directed to all shareholders if the purchase price payable in cash is not significantly lower than the market price of essentially equivalent shares already quoted. The number of shares sold in this way together with the number of new shares that were issued during the life of this authorisation from authorised capital to the exclusion of subscription rights in accordance with § 186 Para. 3 Sentence 4 AktG, and the number of shares that can be created through the exercise of option and/or conversion rights or the fulfilment of conversion obligations arising from warrant bonds or convertible bonds issued during the life of this authorisation under the exclusion of subscription rights in accordance with 186 Para. 3 Sentence 4 AktG, does not exceed 10% of the share capital. (iii) The shares may be sold for a contribution in kind, in particular in connection with the acquisition of businesses, parts of businesses or corporate interests and in connection with mergers of businesses. (iv) The shares may be used to fulfil the conversion and/or subscription and/or option rights or conversion obligations as part of convertible bonds or bonds with warrants or dividend rights issued by the company or its group subsidiaries in which DIC holds a 100% interest.

As of 31 December 2008, the Company has over 982,599 of its own shares, which have been bought back on the basis of the authorisation described above.

▷ Authorised Capital
With the resolution of the general shareholders' meeting of 6 June 2007, the Board of Directors was authorised to increase the share capital of the Company by a maximum of TEUR 14,250 with the approval of the Supervisory Board by 5 June 2012 through one or more issues of new bearer shares against cash consideration and/or contribution in kind (authorised capital).

A subscription right is to be granted to the shareholders in this respect. The new shares may also be assumed by one or more banks appointed by the Board of Directors to offer the shares (indirect subscription rights). The Board of Directors is, however, authorised to exclude shareholders subscription rights with the approval of the Supervisory Board,

(i) to compensate for fractional amounts;
(ii) if it is necessary to grant holders or creditors of the convertible and/or option bonds and/or participation rights issued by the Company or its direct or indirect majority-interest companies subscription rights to new shares in the amount that they would be entitled to after exercise of their conversion or option rights or after fulfilment of the conversion obligation;
(iii) if shares are issued against contributions in kind, particularly as part of the acquisition of or merger with companies or parts of companies or the acquisition of interests in companies;
(iv) if the shares of the Company are issued against cash contributions and the issue price per share is not significantly lower than the stock exchange price of shares with the same terms, previously issued shares at the time of the issue of the shares. In these cases, however, the exclusion of subscription rights can only take place if the number of the shares issued in this way together with the number of own shares that were sold during the life of this authorisation under the exclusion of subscription rights in accordance with § 186 Para. 3 Sentence 4 AktG [Aktiengesetz - German Stock Corporation Act], and the number of shares that can be created through the exercise of option or conversion bonds and/or participation rights that were issued during the life of this authorisation under the exclusion of subscription rights in accordance with § 186 Para. 3 Sentence 4 AktG, does not exceed 10% of the share capital at the time the authorisation becomes effective or at the time of the issue of the new shares.

The Board of Directors is authorised, with the approval of the Supervisory Board, to determine the content of the share rights, the details of the capital increase as well as the conditions of the share issue, in particular the amount of the issue.

Through the resolution of the Supervisory Board and the Board of Directors of 19 November 2007, the authorised capital stood at EUR 11,400,001.00 as at 31 December 2008, after partial drawdown.

▷ Contingent capital

The Board of Directors is authorised by two resolutions of the Shareholders' Meeting dated 14 May 2008 during the period up to 13 May, 2013 to issue with the consent of the Supervisory Board at one time or several times bearer bonds with options or convertible bonds or a combination of these instruments (together, the "bonds") in a total nominal amount of up to EUR 250,000,000.00 and to grant option rights to the holders of bonds with warrants and to grant conversion rights to the holders of convertible bonds for bearer shares in the Company representing a proportionate amount of the share capital in a total of up to EUR 7,837,499.00 as further specified in the terms and conditions of the bonds with warrants or the convertible bonds ("Authorisation I" and "Authorisation II"). Bonds with options rights and/or conversion rights or conversion obligations are to be credited against the shares in the above-stated total nominal amount of up to EUR 250,000,000.00 which are issued on the basis of the other authorisation of the annual shareholders' meeting dated 14 May 2008 so that this total nominal amount of up to EUR 250,000,000.00 can only be used once in total by using Authorisation I and Authorisation II. The bonds can also be issued in the legal currency of an OECD country other than euro, subject to the limit of the corresponding value in euros. They may also be issued by a corporate group company of DIC Asset AG within the meaning of § 18 AktG in which DIC Asset AG directly or indirectly holds 100% of the share capital. In this event, the Board of Directors is authorised with the consent of the Supervisory Board to assume the guarantee on behalf of the Company for the Bonds and to grant options rights or conversion rights to or impose obligations to exercise the options or to convert for bearer shares in DIC Asset AG upon the holders of bonds with warrants and/or convertible bonds.

The statutory subscription right is granted to the shareholders in such a manner that the bonds are assumed by one or more credit institutions specified by the Board of Directors or a syndicate of credit institutions under the obligation to offer the bonds to the shareholders. If the bonds are issued by a group company of DIC Asset AG within the meaning of § 18 AktG in which DIC Asset AG directly or indirectly holds 100% of the share capital, the company must ensure the grant of the statutory subscription right for the shareholders of DIC Asset AG in accordance with the preceding sentence. The Board of Directors is authorised, however, with the consent of the Supervisory Board, to exclude fraction amounts for the shareholders resulting from the proportionate subscription right and also to exclude the subscription right to the extent that this is necessary in order for holders of previously issued bonds with option rights or conversion rights or obligations to exercise options or to convert to be granted a subscription right in the scope in which they would have such a right as a shareholder after exercising the option rights or the conversion rights or fulfilling the option obligations or the conversion obligations. The Board of Directors is also authorised, with the consent of the Supervisory Board, to completely exclude the subscription right of shareholders for bonds which are issued with option rights and/or conversion rights and/or option obligations and/or conversion obligations which are issued in exchange for payment of cash to the extent that the Board of Directors comes to the conclusion after a proper examination that the issuing price of the bonds is not materially lower than their hypothetical market value calculated on the basis of recognised, in particular financial mathematical methods. This authorisation to exclude the subscription right applies to bonds which are issued with option rights and/or conversion rights or option obligations and/or conversion obligations which include an option and/or conversion right or an option obligation and/or conversion obligation for shares representing a proportionate amount of the share capital which in total cannot exceed 10% of the share capital either at the time the issue takes effect or at the time of exercise of the above authorisation, whichever value is lower. The following will be credited against the 10% limit:

(i) new shares which are issued from this authorised capital subject to exclusion of the subscription right under § 186 Para. 3 Sentence 4 AktG during the term of this authorisation up to the issuance of the bonds with option rights and/or conversion rights and/or option obligations and/or conversion obligations subject to exclusion of the subscription right,
(ii) as well as those shares which are acquired on the basis of an authorisation of the general shareholders' meeting and are sold in accordance with § 71 Para. 1 No. 8, Sentence 5 in connection with § 186 Para. 3 sentence 4 AktG up to the issuance under § 186 Para. 3 sentence 4 G of bonds with option rights and/or conversion rights and/or option obligations and/or conversion obligations subject to exclusion of the subscription right,
(iii) and those shares issued upon the exercise of option rights and/or conversion rights or option obligations and/or conversion obligations on the basis of the authorisation of the general shareholders' meeting dated 14 May 2008 pursuant to § 186 Para 3 Sentence 4 AktG without subscription rights to the extent that these bonds have been issued up to the issuance under exclusion of subscription rights pursuant to § 186 Para. 3, Sentence 4 AktG of bonds with option rights and/or conversion rights and/or option obligations and/or conversion obligations under the authorisation of the general shareholders' meeting dated 14 May 2008.

In the case of the issuance of bonds with warrants, each individual bond will have one or more option certificates which entitle the holder to obtain bearer shares of DIC Asset AG in accordance with the terms and conditions of the option to be determined by the Board of Directors. In the case of bonds with warrants denominated in euros which are issued by DIC Asset AG, the terms and conditions for the options can provide that the option price can also be paid by transferring individual bonds and, if appropriate, an additional cash premium. The proportionate amount of the share capital allocated to the shares to be drawn for each individual bond cannot exceed the nominal amount of the individual bonds. To the extent that fractions of shares result, there can be a provision that these fractions can be combined in accordance with the terms and conditions of the option or the bond in order to subscribe to complete shares, if appropriate, upon making an additional payment. In the case of issuing convertible bonds, the holder will receive the irrevocable right to convert the holders' bonds to bearer shares in DIC Asset AG in accordance with the terms and conditions established by the Board of Directors for the convertible bond. The ratio for the conversion results from dividing the nominal amount or the issuing price of an individual bond which is less than the nominal amount by the determined conversion price for one share in the Company and can be rounded up or rounded down to a full integer; furthermore, any additional payment to be rendered in cash and the combination or compensation for any fraction of amounts which are not capable of being converted can be determined.

In the case of issuing bonds which provide for option rights or conversion rights or establish a mandatory option or conversion, the option price or the conversion price is calculated on the following basis:

(i) When issuing bonds granting an option right but which do not establish a duty to exercise the option, the option price corresponds to 125% (Authorisation I) or 130% (Authorisation II) of the volume weighted average stock exchange price for the shares of the Company in Xetra trading (or a corresponding successor system) at the Frankfurt Stock Exchange during the period between adopting the resolution on the use of the Authorisation by the Board of Directors and the allocation of the bonds by the banks accompanying the issue or, in the case of granting a subscription right, 125% (Authorisation I) or 130% (Authorisation II) of the volume weighted average exchange price of the shares of the Company in Xetra trading (or a corresponding successor system) on the Frankfurt Stock Exchange during the days on which the subscription rights for the Bonds are traded on the Frankfurt Stock Exchange, except for the last two trading days of the trading in subscription rights (the referenced average price is referred to hereinafter also as the “Reference Price”).
(ii) In the case of issuing bonds granting a conversion right, but which do not establish a duty to convert, the conversion price corresponds to 125% (Authorisation I) or 130% (Authorisation II) of the reference price.

(iii) In the event that bonds are issued which establish a duty to convert or to exercise an option, the corresponding conversion or option price is the following amount when the bonds become due or in the event of a takeover offer:

- if the volume weighted average price of the shares of the Company in Xetra trading (or in a corresponding successor system) at the Frankfurt Stock Exchange on the 20 trading days ending on the third trading day either before the bonds become due or, in the case of a takeover offer, on the third trading day prior to the conversion date or the option exercise date ("Average Price"),
  - is smaller or equal to the Reference Price,
  - is greater than the reference price and less than 118% (Authorisation I) or 120% (Authorisation II) of the reference price, the average price
  - is greater or equal to 118% (Authorisation I) or 120% (Authorisation II) of the reference price, 118% (Authorisation I) or 120% (Authorisation II) of the reference price.

- Notwithstanding the above provisions, the price is 118% (Authorisation I) or 120% (Authorisation II) of the Reference Price if the holders or creditors of the Bonds exercise an existing conversion right or option right prior to the occurrence of the duty to convert or exercise the option.

- Notwithstanding the above provisions, the price is the Reference Price if the Board of Directors, with the consent of the Supervisory Board and in accordance with the terms and conditions of the Bonds, calls for an early conversion to prevent immediate, significant damage to the Company.

In the case of bonds with option rights or conversion rights or option obligations or conversion obligations, the option price or the conversion price can be adjusted to preserve the value in the event of economic dilution of the option rights or conversion rights or option obligations or conversion obligations in accordance with the detailed provisions of the bond, notwithstanding § 9 Para. 1 AktG, to the extent that the adjustment is not already regulated under the law. The terms and conditions of the bonds can also provide for an adjustment of the option rights or conversion rights or option obligations or conversion obligations in the event of a reduction of capital or other extraordinary measures or events (for example, unusually high dividends, control being obtained by a third party). In the case of a third party obtaining control, an adjustment of the option or conversion price which is standard for the market is provided for.

The terms and conditions of the bonds can provide for the right of the Company, in the event of exercise of the conversion right or the option, not to grant new shares and instead pay money which corresponds to the number of shares which would otherwise have to be delivered at the volume weighted average exchange price for shares in DIC Asset AG in Xetra trading at the Frankfurt Securities Exchange or in a corresponding successor system during the ten trading days after declaration of the exercise of the conversion or the option. In the event that the Company announces the exercise of the right to pay a monetary amount after exercise of a conversion right or option, the ten trading days begin only on the third trading day after the announcement by the Company about the payment of a monetary amount. The terms and conditions of the bonds can also provide that the bond with warrants or the convertible bond can be converted using existing shares of the Company instead of using new shares from conditional capital or that option rights or the option obligation can be satisfied by delivering such shares. The terms and conditions of the bonds can also provide for an obligation to convert or an obligation to exercise an option at the end of the term (or at any other time) or can provide for the right of the Company to issue the creditors of the bonds completely or in part shares in the Company instead of paying the amount due upon final maturity of the bonds linked to a conversion right or an option right (this also includes maturity upon notice of termination). The proportionate amount of the share capital of the shares to be issued upon the exercise of the conversion right or option cannot exceed the nominal amount of the bonds. § 9 Para. 1 in conjunction with § 199 Para. 2 AktG must be complied with.

The Board of Directors is authorised with the consent of the Supervisory Board to establish the further details on issuing and structuring the bonds, especially the interest rate, the issuing price, the term and the denominations, provisions on protection against dilution, as well as the option period or conversion period, or the Board of Directors can do so in agreement with the management bodies of the group company of DIC Asset AG issuing the bond with warrants or the convertible bond.

To service conversion or option rights or conversion or option obligations as part of bonds issued by authorisation of the general shareholders' meeting of 14 July 2008 until 13 May 2013, the company's share capital was conditionally increased by up to EUR 7,837,499.00 by the issue of up to 7,837,499 individual bearer shares (contingent capital I/2008).

To service conversion or option rights or conversion or option obligations as part of bonds issued by authorisation of the general shareholders' meeting of 14 July 2008 until 13 May, 2013, the company's share capital was conditionally increased by up to EUR 7,837,499.00 by the issue of up to 7,837,499 individual bearer shares (contingent capital I/2008).

The Board of Directors did not make use of the authorisations described above with regard to the issuing of options or convertible bonds or a combination of these instruments.

Major agreements on condition of a change of control as a result of a takeover bid

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

This includes a loan agreement with Provinzial Rheinland Lebensversicherung AG that provides for a cancellation right for the lender if Deutsche Immobilien Chancen AG & Co. KGaA ceases to hold at least a 30% interest in the equity of the Company.

In addition, DIC Asset AG is a partner to several joint ventures with Morgan Stanley Real Estate Funds (MSREF). MSREF will be 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 value1. 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.

Indemnity agreements entered into with members of the Board of Directors or employees in the case of a takeover bid

In case of a change of control, a member of the Board of Directors will be entitled to extraordinary termination of the employment contract. A case of change of control will be in place if a shareholder holds at least the majority of the voting rights represented in the general shareholders' meeting and at the time of the conclusion of the employment contract, that shareholder did not hold more than 20% of the share capital of the Company, or the Company concludes an affiliation agreement or is integrated into or merged with another company. A Board member exercising his right to terminate is entitled to receive a payment of twice his total annual earnings in the financial year prior to the "change of control". If the remaining period of his contract of employment is less than two complete years, the equivalent of two years' total annual earnings is replaced by a proportion of two years' total annual earnings calculated pro rata over the shorter period remaining.

Further information

The other information required under §§ 289 Para. 4, 315 Para. 4 HGB refers to circumstances that do not exist at DIC Asset AG. There are no restrictions affecting voting rights or the transfer of shares, nor are there any shareholders with special rights conferring supervisory powers nor are there any voting right controls by employees with shares in the company's capital.

Risk Report

DIC Asset AG's risk management is an integral component of the principles of management and supervision in the Group and supports our company in achieving its goals. It secures its continued existence in the long term in the interests of its management, employees and investors and protects it from critical situations. The fact that it is integrated within our organisation and mandatory for all parts of the business and all employees should ensure that risks are recognised promptly and can be countered in an appropriate and prompt manner.

We enhanced the risk management system in financial year 2008, particularly for monitoring financing risks and with regard to asset loss risk. The monitoring systems here were refined with the aim of identifying risks earlier and being able to initiate countermeasures in good time. In addition, the management of operational risks was refined organisationally and optimised for incoming invoices and authorising payments.

Early risk recognition system

The risk management system aims to recognise all relevant risks with regard to potential losses or disruptions and their causes at an early stage, to record them and to quantify them. This allows us to take optimal countermeasures to eliminate or manage risk. Responsibility for identifying, reporting, assessing and managing occurring and potential risks has been decentralised and lies with the specialist level. Risk review processes, summary reporting and risk control processes are carried out centrally. The company receives information without delay from the property and asset management teams.

Risk identification

To identify risks as early as possible, DIC Asset AG monitors the macroeconomic environment, in particular in the real estate and the financial sectors in addition to developments within the company. Material business risks have been defined for all levels of responsibility to ensure a standardised and comprehensive approach. The compilation allows employees to recognise risks in their field of work in a structured manner.

Risk analysis and reporting

Risks identified with the help of the risk catalogue are assessed with regard to the probability of their occurring and the potential loss established. Newly recognised risks entailing a substantial financial impact are notified immediately. The Board of Directors and Supervisory Board as well as decision-making bodies are kept regularly informed via established reporting channels and, as a result,

Koblenz, Frankenstraße

are able to recognise the accumulation of individual risks, act promptly and take appropriate risk management action. Longer-term risks are integrated in the strategic planning process.

Risk management and control
If necessary, the respective specialist managers together with the Board of Directors decide on an appropriate strategy for managing the risks. The control team monitors the operational success in managing risks and reports any deviations from the plan in good time.

Risk management documentation
The existing guidelines, procedures, instruments, areas of risk and responsibilities are documented in writing and continually expanded. A document summarises the basic elements of the normal cycle implemented of the risk management system. On this basis authoritative instructions on the standard conduct to be adopted across the Group in dealing with risks is further developed.

External risks

- Macroeconomic risks
- Sector specific risks
- Regulatory and political risks
- Legal risks
- Natural hazards

Financial risks

- Interest rate risks
- Financing and liquidity risks
- Valuation risks

Strategic risks

- Transaction risks
- Development risks

Operational risks

- Letting risks
- Asset loss risk
- IT risks

External risks

▷ Macroeconomic risks
A slack period of economic activity constitutes a short- to medium-term risk for growth in sales, most notably with regard to letting activities. This risk affects a limited proportion of sales, since DIC Asset AG's properties are let on long-term leases and few properties are vacant. To minimise this risk, DIC Asset AG concentrates particularly on long-term leases to top quality tenants, on spreading sales across a large number of different tenants and investing in rapidly growing regions. A recession can also have a negative impact on the buying and selling activities as well as on its growth targets and the realisation of capital growth. A period of recession is expected in Germany in 2009. We consider the risk of a further significant worsening of the current financial crisis to be small. The development in 2009 may entail a slightly to moderately serious negative financial impact on the current financial year overall.

▷ Sector-specific risks
The real estate sector is exposed to risks from various trends. In the letting market, an oversupply of space can lead to price pressures, a loss of margin and vacancies. DIC Asset AG minimises this risk on the one hand by an intensive examination of investments; on the other hand, in its subsidiary DIC ONSITE, it has a property and asset management organisation operating across Germany, which is able to implement appropriate actions rapidly.

The current uncertainty prevailing in the financial markets is causing certain additional risks for the sector. Financing conditions are difficult at the end of 2008, the transactions market is blocked, which may be detrimental to sales targets. While this risk would affect earnings in the short-term, it would not signify any serious harm in the medium-term. DIC Asset AG's business plans are always long-term in their focus at property and portfolio level, so that planned sales can be postponed to a future date in order to achieve an attractive result.

For 2009, we are currently assuming that the probability of the sector suffering negative growth is average. This would have a slightly to moderately serious financial impact.

▷ Regulatory and political risks

DIC Asset AG may be affected by risks resulting from changes in statutory or quasi-statutory provisions. Since the company's operations are confined to Germany and changes of this kind have a lead time, there is an opportunity to react to changes. For financial year 2008, we consider this risk to be improbable and we assess the possible financial impact as minimal.

▷ Legal risks

DIC Asset AG is exposed to the risk that third parties will assert claims or file actions for a possible breach of their rights within the framework of normal business operations. Therefore, all material corporate actions are carefully checked by our legal department – in consultation with external legal experts – to identify and avoid conflicts. There are no material legal disputes, which could constitute a considerable risk for the Company's future development, either pending or foreseeable.

The Company has withdrawn its request to the Federal Supreme Court of Germany (Bundesgerichtshof) to review the lawsuit filed by two shareholders in 2003 challenging the resolutions passed by the general shareholders' meeting of the Company on 27 August 2003 to approve the actions of the Board of Directors and the Supervisory Board for financial year 2002 and the use of the balance sheet profit. As a result, the rulings by the lower courts, which allowed the action, are binding in law. There are no significant effects on the Company arising from this situation.

In the lawsuit by a shareholder dating from 2004 aimed at having the consolidated financial statements from financial years 2002 and 2003 declared null and void, the shareholder's appeal against the ruling of inadmissibility was rejected by the Federal Supreme Court. As a result, the rulings by the lower courts, which had rejected the action, are also binding in law.

A motion for special court appraisal proceedings against the Company by several shareholders, with the petition for a determination of an appropriate additional cash payment for shareholders of the former DIC Beteiligungs- und Immobilien AG is pending. The petitions were rejected by the District Court in January 2005. The petitioners immediately filed an appeal which has not yet been decided. Because of the small number of shares concerned, the outcome of the appraisal proceedings will have no significant effect on the Company. It could result in a minor financial impact.

In addition various out of court claims to the remedying of defects and to repairs are being made by tenants against companies of the DIC Group. Due to the significance of individual cases, as well as cumulatively, we consider the possible financial impact from these as minor.
Furthermore there are a large number of summary proceedings and lawsuits that are aimed on our part at the enforcement in particular of rental payments due.

Overall, we consider the risk from current legal disputes to be small and the financial impact to be low.

▷ Natural hazards
As is the case for any company, DIC Asset AG is exposed to losses resulting from natural hazards such as fire or accidents. This may lead to a loss of assets or jeopardise regular rental income. In essence, DIC Asset AG counters these risks with comprehensive insurance cover. We consider the probability of this risk to be low. Given adequate compensation from the insurance companies, a minimal financial loss is to be assumed.

Financial risks

▷ Interest rate risks
Significant changes in interest rates can impair the Group's profitability, liquidity and financial position as well as its opportunities for expansion. The risk of rising interest rates is minimised in particular by entering into long-term fixed interest agreements and variable rate agreements are hedged. As at 31 December 2008, the average interest rate amounts to 4.97%. Within the next three years some 7% of the financing volume is due to be repaid. We are using the current falling interest rates for restructuring or extending interest-rate swaps. We assess the probability of interest rate risks to be low in 2009. Any possible negative financial impact would be minor.

▷ Financing and liquidity risks
Satisfaction of the Company's ongoing financing requirements entails the risk of having to accept disadvantageous financing conditions in the event of any liquidity crunch. DIC's liquidity planning process monitors, manages and avoids crunch situations. In an extraordinary environment such as the financial crisis at the end of 2008, a minor liquidity crunch can also jeopardise the company's continued existence. DIC Asset AG is not affected by this since it has secured its financing requirements for its operations long-term. Its investments also benefit from substantial, long-term cash flows. The conclusion of affordable long-term financing was also a material condition in past decisions on new acquisitions. This will continue to be the case.

When granting credit, particularly when financing real estate portfolios, financial covenants (credit clauses) are often agreed by financial institutions. A breach of these key financial figures will lead to contractually agreed legal consequences, which may have negative financial consequences. Adherence during the term is continuously monitored through risk management in the Treasury Division. A comparison of actual and target figures is used to detect whether fixed threshold values are being missed and initiate a risk analysis. The financing affected is presented to the Board of Directors, and the type and scope of the countermeasures to be taken are determined. There is a risk of breaching covenant agreements in individual cases. We estimate the probability of risk and any potential financial impact as moderate.

Overall we rate the probability and impact of financing risks as moderate.

It is currently impossible to draw any conclusions about the overall impact of the financial crisis; however, the existence of DIC Asset AG is not in jeopardy because of its long-term financing and sound position.

▷ Valuation risks
The market value of the real estate assets held by DIC Asset AG's subsidiaries is established annually by neutral valuers in accordance with international guidelines. The market value is subject to fluctuations and can be influenced by external factors. A reduction in the wake of a deterioration in the economic framework conditions may affect the fixed assets and balance sheet structure as well as the conditions of financing (see Financial Covenants) of DIC Asset AG. We assume that the probability of this risk is average. The financial consequences to be expected would be high.

Strategic risks

▷ Transaction risks
Due to the financial crisis and the dramatic downturn in conditions of financing for acquisitions the transaction market has all but come to a standstill. If, however, there are opportunities for DIC Asset AG to make acquisitions in 2009 , there will be risks, particularly in the case of large-scale portfolios, such as overvaluing potential income and synergies as well as undervaluing future cost increases and rental risks. The Company counters this risk in the case of acquisition opportunities in general before purchase with a detailed due diligence process and the preparation of risk-oriented business plans, which are continuously adjusted to changes in costs and income. Particularly against the background of the low transaction volume expected, we estimate this risk to be improbable and its possible financial impact as minor.

▷ Development risks
The majority of our property development work is long-term in nature, which is why risks lie in the change in market circumstances and delays, which may impact upon the projects' profitability and liquidity in equal measure. To reduce this risk, we only implement projects where a long-term anchor tenant has been found. In addition, financing is secured at an early stage and a stringent system of project and cost controls is implemented. We endeavour to spread risks by involving partners in the projects. Construction risks are covered by contracts and insurance policies. We endeavour to preclude any cost risk, for example, by involving general contractors and through all-inclusive fixed price contracts. On the basis of current project developments, we estimate this risk as moderate and its potential financial impact as high.

Operational risks

▷ Letting risks
DIC Asset AG minimises the risk of non-payment of rent by letting and leasing its properties to companies with good credit ratings as well as a consistent and low risk business model. DIC Asset AG tries to avoid being dependent on a few major tenants. In addition, when deciding on acquisitions, the risk of non-payment of rent is minimised through an intensive analysis of properties, the market, locations and tenants.. Generally, long-term tenancy agreements are desirable and measures are also taken promptly to extend tenancy agreements. In financial year 2009, tenancy agreements with a pro rata volume of some EUR 17.1 million (including special rights of termination) may end. There are also rental agreements amounting to EUR 4.7 million which are periodically extended for various terms and thus with no fixed date for termination. We assume that the majority of these can be

Ludwigshafen, Ludwigsplatz

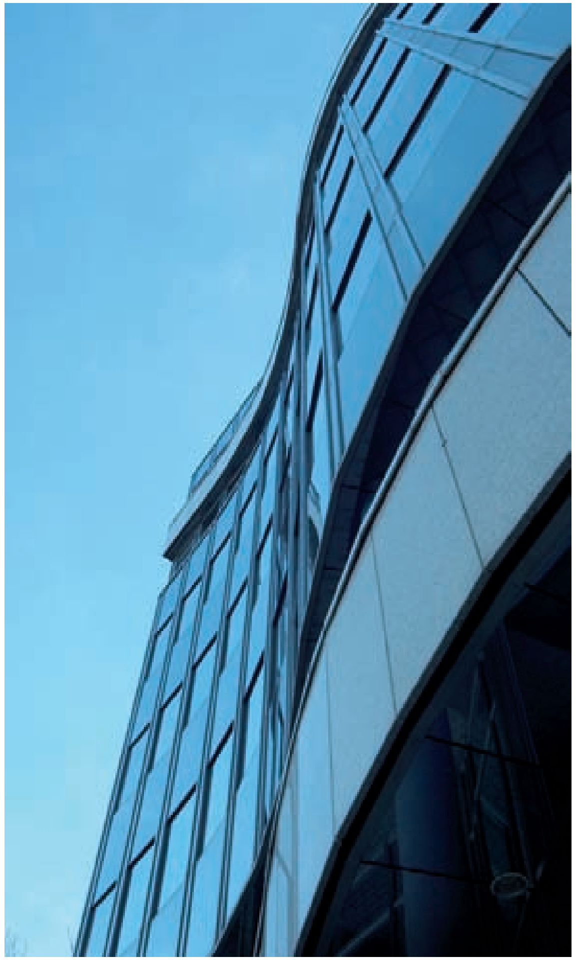
Mannheim, Dynamostraße

let or compensated in the short or medium term by extending agreements or by subsequent lettings and new lettings. There is a risk of non-payment of rent in individual cases but we consider it minor and moderately probable when viewed collectively.

▷ Risk of asset losses
Asset losses can arise from wrong payments, including incorrect or overpayments. DIC Asset AG endeavours to preclude the risk of wrong payments with a control system consisting of the following components: incoming invoices and their entering, audit of invoices, preparation of payment and release of payments. This system is documented in working instructions and signatory rules. We estimate the probability and financial impact of the risk of asset losses due to wrong payments as low.

▷ IT risks
A loss of the database or a longer failure in the systems used could lead to our operations being disrupted. The Company has therefore protected itself against IT risks through an independent network and safeguards against external attacks. All relevant data are backed up daily. We therefore consider this risk and its possible consequences to be low.

Assessment of the overall risk
With regard to the risks explained in this report and the current prospects for business, we do not anticipate any risks whose effect could jeopardise the existence of DIC Asset AG, despite the overall current difficult economic conditions.


Offenbach, Berliner Straße

Relationships to Affiliates

The Board of Directors has prepared a separate report on relationships to affiliates in accordance with § 312 AktG. The report ends with the following declaration:

"We hereby declare that according to the facts known to us at the time at which the legal transactions were conducted, our Company received or paid a commensurate consideration in each transaction. We took no actions at the behest of or on behalf of the controlling company."

Information on related parties in accordance with the provisions of IAS 24 can be found in the Notes to the consolidated financial statements.

Forecast

ECONOMIC TRENDS

The crisis on financial markets intensified significantly in the final months of 2008. Despite global measures to help the financial sector and economic incentives, confidence among market players has not returned. The starting position for global economic growth seems negative. The fourth quarter of 2008 ended with a fall of -3.8% in gross domestic product in the USA. In view of this, the Federal Reserve left its key interest rate at its historic low ranging between zero and 0.25% for the time being in January 2009. In the euro zone, the key interest rate stands at 1.5% at the beginning of March 2009.

In 2008, growth in the German economy slowed as the financial crisis gathered momentum. Gross domestic product rose by only 1.3% compared with growth of 2.5% in 2007. Growth is attributable, most notably, to the buoyant start to the year; by contrast the negative trend accelerated at the year end. Accordingly, gross domestic product fell by 2.1% in the fourth quarter. Sharp falls were recorded in German companies' order books in the final months.

The federal government is expecting a perceptible fall in economic output of 2.25%. This will also impact noticeably on the employment market in the course of the year. The impact was, in fact, apparent in February 2009: the number of unemployed has risen to 3.6 million.

We are expecting conditions in 2009 that will make our business more difficult. The challenges facing us will increase. Our business model is robust and we are well positioned to cope with these mounting challenges. We are confident of achieving our targets in 2009, even given the current state of the economy.

CORPORATE TARGETS

Stable occupancy rate

We are expecting mounting challenges on the leasing market in the current financial year. Support from external economic stimuli and a buoyant employment market will be less marked in 2009 than in previous years. Companies will rent less space, they will take more time to reach decisions or moves will be postponed. A consistent and efficient local property and asset management service will become even more important in view of reletting and new letting. With DIC ONSITE as its in-house property manager, DIC Asset AG is well placed to compete for tenants. To this end, the Company has expanded and intensified its activities to retain and acquire tenants, among other things by establishing the new branch in Munich, in recent months.

In 2009, we aim to achieve an increase in the total letting volume in the portfolio compared with the previous year. Average utilisation in the portfolio is to be kept stable at around 88%. Through our leases, we expect rental income for the financial year (discounting sales) to be around the previous year's level.

Sales strategy to be continued

In recent months, we have been successful in implementing our selective sales strategy with the placement of small volume properties, which has allowed us to develop new customer bases. We shall continue this strategy, which has proved its worth in periods of falling demand. The market will not change significantly over the next few months in our opinion. Substantial investment volumes or large-scale portfolio transactions will continue to be traded only in exceptional cases. This will contrast with continuing constant demand for small to medium-sized properties with a low risk profile. Heavily capitalised investors, in particular, will be active in the market.

The stability of our portfolio and financing structure guarantees us the necessary flexibility in terms of time to achieve the sales targets that will maximise our earnings. In particular, we shall defer the sale of larger properties, which cannot be marketed optimally with the market in its current state, to subsequent years, if necessary.

We are planning a sales volume of some EUR 100 million for 2009, conditional upon a stabilisation of the economic development in the transactions markets relevant to us.

Restraint towards acquisitions
In our opinion, the investment market for commercial property will continue to be dominated by restraint on the part of investors over the next few months. For the moment, the various barriers preventing an active transaction landscape are too strong. We shall make acquisitions in 2009 if favourable opportunities arise. To this end, we shall continue to examine offers that arise and will invest in attractive cases that meet our stringent selection criteria. However, our plans do not include any acquisitions this year because of the continuing uncertainty in the market.

Fundamental assumptions underlying the forecast for 2009
The planning for the 2009 results is based on fundamental assumptions. Achievement of the planned result is materially dependent on these conditions applying:

- The financial crisis does not spread further, there are no more seriously negative events. German banks remain predominantly independent private institutions. The uncertainty within the market does not get any worse and the granting of credit, which is fundamental to the economy, restarts in the course of the year. Unemployment remains low.

- We assume that the disposals of property that we have planned can be realised at the target prices. Among other things, this presupposes demand from well-capitalised investors stabilises.

- Our organic growth is a component of the planned result. We assume that we can maintain the value of our leasing portfolio. We expect the average occupancy rate in the portfolio as a whole to be 88% in 2009 also.

Result forecast
We are expecting a positive operating result in 2009, as long as there no further serious negative surprises. Our business model has proved to be robust in recent months. Our plans are conservative and, in view of the economic situation and the lack of certainty in our forecasts, include additional risk assumptions for this year. Depending on the assumptions mentioned, we are aiming for an operating profit prior to sales, depreciation and taxes (FFO) of EUR 34-36 million for 2009.

We expect the financial crisis to have been overcome in financial year 2010. On this assumption we are aiming to continue to achieve stable results.

Dividend policy

The good result in 2008 allows us to continue our consistent and attractive dividend policy. We shall propose payment of a dividend of EUR 0.30 per share for the past financial year to the Supervisory Board. We shall be guided by the figure for funds from operations taking the share price into consideration as well as the prevailing market conditions and our shareholders shall participate commensurately in the success of DIC Asset AG.

For 2009, we shall continue to be guided by the growth in funds from operations in setting the dividend and the relevant general conditions prevailing at the time.

OPPORTUNITIES

Our business provides opportunities, which may have a positive impact on corporate growth. Some are general in nature, such as stabilising economic growth or increasing demand for real estate among investors. These also apply to our market players.

We see concrete opportunities in the factors that pertain to our business model and which result from our positioning in the market. We pursue these opportunities actively. If we can exploit them, then they will boost our growth and may also improve our results. These opportunities were not included in our business planning, since they cannot be clearly forecast and quantified.

Falling interest rates and refinancing

In some cases, interest rates are currently below the interest rates that DIC Asset AG has agreed for its liabilities. However, at the beginning of 2009, banks are very restrictive in granting new loans. If these conditions change, there will be potential opportunities for us to obtain refinancing on more favourable terms. We were able to make use of these in part at the beginning of 2009 to improve our terms in the case of renewals and interest rate hedging deals.

Favourable purchase opportunities

If the current difficult financing conditions continue and prices fall on the German investment market, this could cause severe financial difficulties for heavily leveraged investors looking for a quick profit. This may offer favourable purchase opportunities for our company.

Activating the investment market

The granting of normalising loans combined with cost-effective conditions could get the transaction landscape moving. When the effect of the government economic stimulus and support programmes becomes clear and banks start lending to each other again, this will also stimulate commercial property investments. DIC Asset AG could continue to expand through investments that will maximise its earnings and increase its profits by increasing its sales volume.

Consolidated Financial Statements

Consolidated Profit and Loss Account for the Period from 1 January to 31 December 2008

TEUR	Notes	2008	2007
Total revenues		**208,187**	**236,247**
Total expenses		**-112,220**	**-156,206**
Gross rental income	1	134,520	93,564
Ground rents	2	-374	-362
Service charge income on principal basis	3	19,661	14,696
Service charge expenses on principal basis	3	-22,635	-15,284
Other real estate related operating expenses	4	-4,939	-4,253
Net rental income		**126,233**	**88,361**
Administrative expenses	5	-8,609	-6,850
Personnel expenses	6	-6,793	-4,157
Depreciation and amortisation	7	-28,075	-19,777
Management fee income	8	3,134	3,295
Other income	9	941	614
Other expenses	10	-654	-341
Net other income		**287**	**273**
Gain on development projects	11	0	1,165
Investment property disposal proceeds	12	49,931	122,913
Carrying value of investment property disposal	12	-40,141	-105,182
Profit on disposal of investment property		**9,790**	**17,731**
Net operating profit before financing activities		**95,967**	**80,041**
Share of the profit of associates	13	8,760	8,342
Net financing costs	14	-75,004	-44,667
Profit before tax		**29,723**	**43,716**
Income tax expense	15	-5,232	-6,220
Deferred income tax expense	15	683	-1,386
Profit for the period		**25,174**	**36,110**
Attributable to equity holders of the parent	16	25,078	36,061
Attributable to minority interest	16	96	49
Basic (=diluted) earnings per share (EUR)	17	0.80	1.25

Consolidated Balance Sheet as at 31 December 2008

ASSETS

TEUR	Notes	31.12.2008	31.12.2007
Investment property	18	2,022,920	1,851,253
Office furniture and equipment	19	641	480
Investments in associates	20	18,708	29,442
Other investments	21	241	241
Derivatives	22	0	15,080
Intangible assets	23	196	229
Deferred tax assets	15	13,100	5,115
Other non-current assets	24	0	2,500
Total non-current assets		**2,055,806**	**1,904,340**
Receivables from the sale of property	25	19,639	1,153
Trade receivables	26	8,972	6,874
Receivables due from related parties	27	76,377	37,721
Income taxes receivable	28	2,621	1,878
Other receivables	29	2,671	2,475
Other current assets	30	2,247	1,783
Cash and cash equivalents	31	46,417	165,281
Total current assets		**158,944**	**217,165**
Total assets		**2,214,750**	**2,121,505**

EQUITY AND LIABILITIES

TEUR	Notes	31.12.2008	31.12.2007
Equity			
Issued capital	32	31,350	31,350
Share premium	32	528,450	528,450
Hedging and translation reserve	32	-39,521	7,769
Reserve from treasury shares	32	-4,977	0
Reserve from first-time application of IFRS	32	-2,373	-2,373
Other reserves	32	1,136	1,136
Retained earnings	32	18,193	44,842
Total shareholders' equity		**532,258**	**611,174**
Minority interest	16	1,537	1,574
Total equity		**533,795**	**612,748**
Liabilities			
Interest-bearing loans and borrowings	33	1,554,752	1,441,555
Deferred tax liabilities	15	7,431	9,648
Derivatives	22	41,462	5,310
Other non-current liabilities	34	13	438
Total non-current liabilities		**1,603,658**	**1,456,951**
Interest-bearing loans and borrowings	33	19,783	15,887
Trade payables	35	34,368	1,610
Liabilities to related parties	37	6,501	10,483
Provisions	36	34	26
Income taxes payable	37	5,299	4,373
Other liabilities	38	11,312	19,427
Total current liabilities		**77,297**	**51,806**
Total liabilities		**1,680,955**	**1,508,757**
Total equity and liabilities		**2,214,750**	**2,121,505**

Consolidated Statement of Cash Flow for the Period ended 31 December 2008

TEUR	2008	2007
Operating activities		
Net operating profit before interest and taxes paid	108,390	82,290
Realised gains on development projects	0	-1,165
Realised gains on disposals	-9,790	-17,731
Depreciation and amortisation	28,075	19,777
Movements in receivables, payables and provisions	3,085	-169
Other non-cash transactions	-9,356	-8,098
Cash generated from operations	**120,404**	**74,904**
Interest paid	-85,347	-51,424
Interest received	7,180	8,610
Income taxes paid	-5,049	-3,366
Cash flow from operating activities	**37,188**	**28,724**
Investing activities		
Proceeds from sale of investment property	26,381	57,905
Proceeds from sale of development property	0	12,350
Acquisition/disposal of subsidiaries	-4,245	60,351
Dividends received	248	0
Acquisition of investment property	-210,133	-894,573
Capital expenditure on investment property	-3,706	-1,722
Acquisition/disposal of other investments	-3,865	-12,612
Loans/collection of principal on loans	-24,492	1,841
Development expenditure	0	-3,101
Acquisition of office furniture and equipment	-273	-318
Cash flow from investing activities	**-220,085**	**-779,879**
Financing activities		
Proceeds from the issue of share capital	0	62,415
Proceeds from other non-current borrowings	144,316	791,547
Repurchase of own shares	-4,977	0
Repayment of borrowings	-23,579	-94,872
Payment of transaction costs	0	-1,007
Dividends paid	-51,727	-21,375
Cash flow from financing activities	**64,033**	**736,708**
Net increase in cash and cash equivalents	**-118,864**	**-14,447**
Cash and cash equivalents at 1 January	165,281	179,728
Cash and cash equivalents at 31 December	**46,417**	**165,281**

Consolidated Statement of Changes in Equity for the Financial Year 2008

TEUR	Issued capital	Share premium	Reserve for treasury shares	Reserve for cash flow hedges	Reserve from first-time application of IFRS	Other reserves	Retained earnings	Minority interest	Total
Status as of 31 December 2006	**28,500**	**469,732**	**0**	**4,128**	**-2,373**	**1,136**	**30,595**	**2,296**	**534,014**
Capital increase	2,850	59,565							62,415
Dividends 2006							-21,375		-21,375
Profit for the period							36,061	49	36,110
Equity capital transaction costs net of tax		-847							-847
Gains from cash flow hedges				3,497					3,497
Gains from cash flow hedges from associates				144					144
Distribution from current period profits							-439		-439
Repayment of minority interest								-796	-796
Change of consolidation group								25	25
Status as of 31 December 2007	**31,350**	**528,450**	**0**	**7,769**	**-2,373**	**1,136**	**44,842**	**1,574**	**612,748**
Dividends 2007							-51,727		-51,727
Profit for the period							25,078	96	25,174
Losses from cash flow hedges*				-41,258					-41,258
Losses from cash flow hedges of associates*				-6,032					-6,032
Repurchase of own shares			-4,977						-4,977
Repayment of minority interest								-133	-133
Status as of 31 December 2008	**31,350**	**528,450**	**-4,977**	**-39,521**	**-2,373**	**1,136**	**18,193**	**1,537**	**533,795**

* deferred taxes deducted

Notes to the Consolidated Financial Statements

INFORMATION ON THE COMPANY

DIC Asset AG (the "Company" or "DIC"), its subsidiaries and its proportionately consolidated joint ventures ("DIC Asset"), are active in the area of asset and portfolio management.

Shares in the Company are listed in the Prime Standard segment of the Frankfurt Stock Exchange and the stock exchanges in Munich, Düsseldorf, Berlin-Bremen, Hamburg, Stuttgart and Hannover.

DIC Asset AG, which is entered in the Commercial Register of the District Court of Frankfurt am Main (HRB 57679), has its registered office in Frankfurt am Main, Eschersheimer Landstr. 223.

The Supervisory Board is expected to approve the publication of the consolidated financial statements on 3 March 2009.

ACCOUNTING POLICIES AND PROCEDURES

Application of International Financial Reporting Standards

Under European Parliament and European Council Directive (EC) 1606/2002 on the application of international accounting standards (EU Directive) of 19 July 2002, all capital-market oriented companies with registered offices in the European Union are required to prepare their consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) for financial years beginning on or after 1 January 2005.

DIC Asset AG has prepared its consolidated financial statements in accordance with IFRS and the supplementary regulations under § 315a Para. 1 HGB (Handelsgesetzbuch - German Commercial Code) to be applied in accordance with German commercial law.

The accounting and valuation methods applied in the disclosures and the Notes to the consolidated financial statements in financial year 2008 are based on the same accounting and valuation methods applied in the consolidated financial statements in fiscal year 2007. The annual financial statements for the companies included in the consolidated financial statements are based on uniform accounting and measurement principles. Valuations based on tax regulations are not incorporated into the consolidated financial statements. The separate financial statements of the consolidated companies were prepared as at the reporting date of the consolidated financial statements.

The consolidated accounts were prepared in Euro. Unless noted otherwise, all amounts are expressed in thousands of Euro (TEUR). Figures may be rounded to the nearest EUR 1,000.

The profit and loss account was prepared using the cost-of-sales method, following the plan suggested by the European Public Real Estate Association (EPRA).

For purposes of clarity, individual items have been summarised in the income statement and on the balance sheet. An explanation is provided in the notes. In accordance with IAS 1 (Presentation of Financial Statements), balance sheet reporting distinguishes between non-current and current liabilities. Liabilities and provisions are considered to be current if they mature within one year.

The consolidated financial statements for financial year 2008 have been prepared in accordance with the IFRS as implemented by the European Community. DIC takes into account all of the International Accounting Standards Board (IASB) standards and interpretations in force as at 31 December 2008.

Effects of new accounting standards

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have adopted additional standards and interpretations whose application is not yet required for financial year 2008. Some of these IFRS will not be applicable until they have been recognised by the EU.

Based on the current business model, it is to be assumed that the first-time application of these provisions is unlikely to have any material effects on the consolidated financial statements of DIC Asset AG. The first-time adoption of IFRS 23 Borrowing costs (revised 2007) will only have minor effects.

Standard or Interpretation		Obligatory application for financial years beginning on or after
IFRIC 13	Customer Loyalty Programmes	01.07.2008
IAS 1	Presentation of Financial Statements: A Revised Presentation (revised 2007)	01.01.2009
IAS 23	Borrowing Costs (revised 2007)	01.01.2009
Amendments to IFRS 2	Share-based Payment – Vesting Conditions and Cancellations	01.01.2009
IFRS 8	Operating Segments	01.01.2009
Amendments to IAS 27	Consolidated and Separate Financial Statements Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	01.01.2009
Amendments to IFRS 1	First-time Adoption of International Financial Reporting Standards Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	01.01.2009
Amendments to IAS 32	Financial Instruments: Presentation – Puttable Financial Instruments and Obligations Arising on Liquidation	01.01.2009
Amendments to IAS 1	Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	01.01.2009
Annual Improvements Project 2008	Improvements for International Financial Reporting Standards	01.01.2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	01.10.2008
Amendments to IAS 39	Financial Instruments: Recognition and Measurement Reclassification of Financial Assets: Effective Date and Transition	01.07.2008
IFRIC 15	Agreements for the Construction of Real Estate	01.01.2009
IFRS 1	First-time Adoption of International Financial Reporting Standards (revised 2008)	01.07.2009
IFRIC 17	Distributions of Non-Cash Assets to Owners	01.07.2009
Amendments to IAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items	01.07.2009
IAS 27	Consolidated and Separate Financial Statements (revised 2008)	01.07.2009
IFRS 3	Business Combinations (revised 2008)	01.07.2009

PRINCIPLES UNDERLYING THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidation principles

Capital is consolidated in accordance with IFRS 3, "Business Combinations", by offsetting the book values of holdings against the proportional revalued equity of subsidiaries on the date of their acquisition. Assets and liabilities are recognised at their fair values. In accordance with IFRS 3, goodwill arising from business combinations is no longer amortised, but is subject to an annual review for impairment.

Negative goodwill resulting from the review is recognised immediately on the income statement. Undisclosed accruals and provisions and undisclosed liabilities are carried forward during subsequent consolidation in accordance with the corresponding assets and liabilities.

Intragroup profits and losses, sales, expenses and revenue and intragroup receivables and payables are eliminated. In the DIC Asset AG Group, trade payables and accruals are recorded at customary market conditions. The effects on income tax of consolidation processes affecting income are accounted for and deferred taxes are recognised. Joint ventures are consolidated on a proportional basis using the same principles.

The consolidated financial statements include the transactions of subsidiaries of which DIC Asset AG holds a controlling interest, either directly or indirectly, or if because of its economic control it benefits from the activities of the companies in question, normally through a 50% or greater interest. Subsidiaries are consolidated from the date on which the possibility of control exists, and ends if there is no more possibility of control.

Joint ventures in accordance with IAS 31 (Interests in Joint Ventures) are proportionately consolidated in accordance with the interest held in the joint ventures.

In contrast, participations in which DIC Asset AG exercises significant influence but not joint management (usually through an interest of between 20% and 50%) are valued using the equity method. For holdings valued under the equity method, costs are increased or reduced annually in the amount of the corresponding change in shareholder's equity of the equity holding of DIC Asset AG.

During initial consolidation of holdings under the equity method, negative goodwill arising from the initial consolidation is treated in accordance with the principles of full consolidation. Profits and losses resulting from transactions between Group companies and associates are eliminated in accordance with the Group holdings in the associate.

Scope of consolidation

As at 31 December 2008, in addition to DIC Asset AG, a total of 135 (previous year: 136) subsidiaries in which DIC Asset AG holds a controlling interest, either directly or indirectly.

22 (previous year: 17) joint ventures were proportionately consolidated in accordance with IAS 31. The joint ventures had the following effect on the assets and liabilities and the income and expenses of the Group:

TEUR	**2008**	**2007**
Current assets	4,087	6,530
Non-current assets	116,356	113,920
Current liabilities	5,699	10,789
Long-term liabilities	94,618	89,021
Net assets	**20,126**	**20,640**
Income	10,350	12,857
Expenses	8,469	12,952
Annual profit	**1,881**	**-96**

The joint ventures apply the same accounting and measurement principles as DIC Asset AG.

Eleven (previous year: nine) companies were valued using the equity method. The associates reported the following assets and liabilities and income and expenses:

TEUR	**2008**	**2007**
Assets	1,252,623	1,213,889
Liabilities	1,197,884	1,069,934
Net assets	**54,739**	**143,955**
Income	108,232	86,039
Expenses	113,875	70,940
Annual profit	**-5,643**	**15,099**

The consolidated subsidiaries are listed in the appendix 1 to the notes to the consolidated financial statements. In addition, 22 (previous year 22) joint ventures are proportionally consolidated. These are listed in appendix 2 to the notes.

There are indirect and direct holdings of 20% and 40% respectively in 82 companies. These companies are accounted for as associates pursuant to IAS 28.13, using the at equity method and are listed in appendix 3 to the notes. The holding in DIC HI Portfolio GmbH and DIC Hamburg Portfolio GmbH with their respective subsidiary companies is the result of a 1.2% direct holding of DIC Asset AG and an 18.8% indirect holding via DIC Opportunistic GmbH.

Currency conversion

The functional currency of all consolidated subsidiaries and joint ventures is the Euro. Foreign-currency transactions are converted at the exchange rate on the day of the transaction. Profits and losses from the settlement of such transactions and from the conversion of monetary assets and liabilities as at the balance sheet date are included in the profit and loss account.

Balance sheet items expressed in foreign currencies are valued at the exchange rate on the balance sheet date. Foreign-currency losses of TEUR 464 (previous year: foreign-currency gain of TEUR 191) are recorded in the results.

ACCOUNTING AND MEASUREMENT PRINCIPLES

Sales and other operating income

Sales and proceeds from the sale of property are recognised at the time of transfer of risk, that is, at the time of the transfer of possession, rights and obligations, rather than at the time of entry into the property register, or when the service is provided, less discounts and rebates. This does not apply to contract revenue resulting from the application of the percentage-of-completion method when certain development projects are sold.

Investment property

Investment property is accounted for at cost less depreciation. Debt costs are not recognised as part of costs in equity. Land is not depreciated. Buildings are depreciated on a straight-line basis over their useful lives as follows:

	Useful life in years
Residential buildings	60
Office and commercial buildings, hotels	50
Department and retail stores, shopping arcades and centres	40
Parking facilities, underground parking facilities	40

Berlin, Rosenthaler Straße

Berlin, Badensche Straße

The property of the Company is as a rule treated as an investment property, since property trading itself is not considered to be part of regular business activity. The fair value of these properties is indicated in the notes to the balance sheet. It is determined in accordance with internationally recognised evaluation methods, e.g. the discounted cash-flow method, or derived from available sales contract offers and/or from the current market price of comparable properties.

Office furniture and equipment

Office furniture and equipment are recorded at cost less depreciation. Debt costs are not recognised as part of costs in equity. Office furniture and equipment are depreciated on a straight-line basis. The useful life of property, plant and equipment is normally between three and 13 years.

Investments

Holdings measured under the equity method are recognised at their proportional equity using the amortised cost method.

“Available-for-sale” interests are included, and measured at fair value, provided this value can be determined reliably. If no such value is available, they are recognised at cost.

Intangible assets

Intangible assets are recorded at cost less depreciation. All intangible assets have a specific useful life and are thus amortised. Business software is amortised over three years; the useful life of concessions and other rights is normally 10 years.

Receivables and other assets

Receivables and other assets, except for derivative financial instruments, are measured at cost less depreciation. Any impairment charges required are based on the actual risks of default.

Cash and cash equivalents

Cash and cash equivalents includes cash and cash at banks that is available within three months.

Provisions

Provisions take into account all recognisable obligations as at the balance sheet date that are based on past events and for which the amount or final maturity is uncertain. Provisions are recognised only on the basis of a legal or constructive obligation to a third party, the fulfilment of which makes an outflow of resources probable, to the extent that a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at the amounts required to clear the obligations and are not offset against reimbursement rights.

For claims on future equity-price oriented cash flows, provisions accrue in instalments and are expensed on the basis of fair value, taking into account the pro-rated services provided during the waiting period.

Liabilities

With the exception of derivative financial instruments, liabilities are recognised at their repayment or fulfilment amounts or, applying the effective interest rate method, at cost less depreciation.

Deferred taxes

Deferred taxes arising from temporary differences between IFRS accounts and the tax balance sheets of the separate companies and from consolidation are recognised separately. Deferred tax assets also include tax reduction claims resulting from the anticipated use of existing tax loss carryforwards in subsequent years. They are capitalised if the realisation of these loss carryforwards is reasonably certain.

Deferred taxes are calculated on the basis of tax rates which apply or will apply at the time of realisation.

In financial 2008, the corporate tax rate totalled 15% plus the solidarity surcharge of 5.5% of the corporate tax charge. This resulted in an actual corporate tax rate of 15.8%. Including trade tax of 16.1%, the total tax rate equalled 31.9%.

Derivative financial instruments

Derivative financial instruments are recognised as assets or liabilities. Irrespective of their purpose, all derivative financial instruments are measured at fair value. They are initially accounted for on their date of origin. The expenses and income arising from the hedging of future cash flows, provided the conditions of IAS 39.88 are met, are recorded under equity with no effect on income, otherwise they are recorded in the profit and loss account.

The results of accounting for the revenues accrued or deferred under equity are not included in the profit and loss account until the underlying transaction affects earnings.

Foreign currency items

In the individual accounts of the group companies, all receivables and liabilities expressed in foreign currencies are valued at the exchange rate in effect as at the balance sheet date.

Assumptions underlying accounting estimates

A limited number of assumptions and estimates must be made in the consolidated financial statements, which may affect the amount and presentation of the reported assets and liabilities, the income and expenses, as well as the contingent liabilities. The principal areas of application for assumptions and estimates are the determination of the useful life of fixed assets, the calculation of discounted cash flows when testing for impairment, determinations of fair value and determinations of cash value of minimum lease payments and the establishment of provisions. Actual values may deviate from estimates.

Wiesbaden, Frankfurter Straße

Wiesbaden, Gustav-Stresemann-Ring

NOTES TO THE INCOME STATEMENT

1. Rental income

Consolidated rental income rose by TEUR 40,956 (44%) from TEUR 93,564 to TEUR 134,520 in the financial year. This increase is due to, among other factors, the rental income in 2008 from the properties acquired in 2007, such as the Dolphin Portfolio with TEUR 22,660 (2007: TEUR 3,714), the Odin Portfolio with TEUR 26,781 (2007: TEUR 15,792), the V6A Portfolio with TEUR 5,938 (2007: TEUR 898) and the RMN Portfolio with TEUR 5,160 (2007: TEUR 4,296). In addition, the acquisition of the Forum Portfolio in 2008 produced rental income of TEUR 9,255 (2007: TEUR 0). Sales at the end of 2007 and in the course of 2008 resulted in a reduction in income totalling TEUR 4,662; of this total, TEUR 586 is attributable to the Fraspa Portfolio, TEUR 465 to the Augusta Portfolio, TEUR 440 to the Ruhr Portfolio and TEUR 431 to the Berlin Portfolio, among others.

2. Ground rents

These are ground rents for the properties of the Odin Portfolio in Munich Grünwald (TEUR 207), Duisburg (TEUR 50), Hamburg (TEUR 40) and the Lippstadt property (TEUR 36), the Hemsbach property in the RMN Portfolio (TEUR 33) and the Stadtbadgalerie property of the Ruhr Portfolio in Bochum (TEUR 9).

3. Service charge income and expenses on principal basis

Recognised costs include current expenses in connection with the properties or services rendered for the properties and buildings, including property tax. For the most part, these expenses may be assigned to the tenants as ancillary leasing costs (operating expenses, heat, etc.).

The service charge income on principal basis assigned to tenants rose by TEUR 4,965 (34%), and service charge expenses rose by TEUR 7,351 (48%). The increase in expenses is due predominantly to the growth of the portfolio and also to higher operating costs which cannot be assigned to tenants and energy costs which rose significantly in 2008 (power, water, heating). With the exception of one property in the Augusta Portfolio, rental income was realised in the case of all investment property. Service charge expenses directly attributable to the one property were not significant in the financial year.

4. Other real-estate related operating expenses

The increase in other real estate-related expenses in financial year 2008 by TEUR 686 (16%) from TEUR 4,253 to TEUR 4,939 is the result of, among other factors, the expansion of the portfolio and the administration costs (TEUR 1,284) arising in connection with the conclusion of new lease agreements, and the apportionment of operating costs for 2007, which have risen by TEUR 520. This is countered by a reduction in costs of TEUR 590 for maintenance and repairs as well as a reduction of TEUR 100 for property management costs and insurance payments of TEUR 227.

5. Administrative expenses

Administrative expenses compare with the prior year as follows:

TEUR	2008	2007
Ancillary financing costs	1,601	1,324
Legal and consulting fees	1,541	1,385
Rental and ancillary costs	765	505
External services	645	430
Auditing costs	579	518
Advertising	610	532
Accounting und Administration Fee	491	372
Automobile costs	447	330
Recruitment	372	232
Remuneration of Supervisory Board	204	204
EDP costs	91	228
Other	1,263	790
Total	**8,609**	**6,850**

The increase in legal and consulting fees is the result of portfolio acquisitions and sales in the course of the year. The increase in financing costs is chiefly connected with the liquidation of processing fees which were offset against financial liabilities on the balance sheet. Because of loan repayments during the course of the sale of properties and the expansion of the portfolio, the amount showed an increase over the previous year. Advertising costs primarily include costs for the preparation of reports and presentations and the preparation and publication of the financial report.

The legal and consulting costs and the auditing costs includes the auditor's fees for the audit of the financial statements (TEUR 579), tax consulting (TEUR 218), and for other services in the amount of TEUR 63.

The item "Other" includes, among other factors, travel costs, communication costs and contributions and taxes.

In the financial year the company granted compensation of a total of EUR 230,210.05 to members of the Supervisory Board. Additional details, in particular information in accordance with § 314 Para. 1 No. 6. Letter a) HGB, are provided in the management report.

6. Personnel expenses

Personnel expenses are composed of the wages and salaries of the staff of DIC Asset AG and DIC ONSITE GmbH, as well as the related social security taxes.

The increase in personnel expenditure by TEUR 2,636 from TEUR 4,157 to TEUR 6,793 is due in particular to the increase in the staffing level in financial year 2008. The number of employees at Asset AG increased on average from 9 in 2007 to 14 employees in 2008. The average staff level of the group increased overall by 15 employees, to stand at 84 at the end of the year.

In financial year 2008, the Board was granted compensation (before offsetting liabilities) totalling TEUR 1,161 (previous year: TEUR 870), TEUR 21 (previous year: TEUR 226) of which is attributable to options held by current members of the Board of Directors. On the other hand, the provision for options was released in the amount of TEUR 388 due to the fall in value. For additional details, in particular disclosures pursuant to § 314 Para. 1 No. 6 Letter a sentences 5 to 9 HGB (German Commercial Code), please see the management report.

7. Depreciation and amortisation of intangible assets and fixed assets

Depreciation and amortisation primarily affect recognised real estate and, to a lesser extent, office furniture and equipment and intangible fixed assets. Depreciation and amortisation rose noticeably by TEUR 8,298 from TEUR 19,777 to TEUR 28,075 over the prior year. The increase is primarily due to the inclusion of real estate for the entire year that was acquired during 2007 or initially consolidated in 2008.

8. Management fee income

The income relates to property and asset management, leasing and disposition fees charged by DIC Asset AG and DIC ONSITE GmbH to the following consolidated companies:

TEUR	2008	2007
Deutsche Immobilien Chancen Beteiligungs AG	992	1,942
DIC Hamburg Portfolio GmbH	429	349
DIC HI Portfolio GmbH	549	199
DIC MSREF FF Südwest Portfolio GmbH	225	168
DIC MSREF Weißfrauenstraße GmbH	147	110
DIC MSREF HT Portfolio GmbH	44	47
DIC MSREF HMDD Portfolio GmbH	47	28
DIC MSREF Berlin Portfolio GmbH	174	0
DIC MSREF Berlin GmbH (eBay)	6	0
DIC MSREF Fraspa Portfolio GmbH	33	0
ARCA 7. Vermögens- und Verwaltungs GmbH	132	0
Hauptpost Erfurt GmbH & Co. KG	28	18
Deutsche Immobilien Chancen Objekt Coburg GmbH	15	9
DIC ONSITE GmbH’s external customers	313	425
Total	**3,134**	**3,295**

With the exception of DIC ONSITE GmbH's external customers, transactions with related parties within the meaning of IAS 24.9 are involved.

9. Other income

TEUR	2008	2007
Foreign currency gains	0	191
Reversal of provisions	237	179
Insurance compensation	89	81
Income from non-monetary benefits	173	80
Other	442	83
Total	**941**	**614**

Other income consists in particular of income from the collection of value-adjusted receivables and further charges for renovation costs. The reversal of provisions item relates exclusively to outstanding invoices for 2007.

10. Other expenses

This item consists chiefly of expenses for training, courier and translation services and other general organisational expenses, as well as the foreign currency losses of TEUR -464 arising in this year from the valuation on the reporting date of two loans in Swiss francs (nominal amount as at 31 December 2008 CHF 9,614,954.35), taken out in 2003 by the companies Gewerbepark Langenfeld West 3 GmbH & Co. KG and DIC Objekt Frankfurt 1 GmbH & Co. KG.

11. Gain on development projects

In the previous year, this item included the pro-rated gain on the development project at Hasengasse (city library), Frankfurt am Main. The property was sold under a contract dated 19 December 2005. The transfer of possession, rights and obligations took place on 1 July 2007.

12. Profit on disposal of investment property

The profit on disposal of investment property fell from the figure for the previous year, down by TEUR 7,941 from TEUR 17,731 to TEUR 9,790. The decrease is chiefly due to the sluggishness of the market for property investments in conjunction with the peripheral national economic conditions.

In 2008, the Company sold a total of 9 individual properties. These included one individual property and one property from the Odin Portfolio with a total volume of TEUR 5,602, two properties from the Augusta Portfolio at a profit of TEUR 2,911, and two properties from the Berlin Portfolio were sold at a profit of TEUR 1,437.

In financial year 2007 the Company achieved its profits primarily from the sale of larger property units (10 properties in one portfolio) as well as sales of interests.

Selling costs of TEUR 517 (previous year TEUR 1,049) were offset against the proceeds of sales.

13. Share of the profit of associates

This item refers to the interest of DIC Asset AG in the following associates accounted for under the equity method of the profits and losses assumed for the financial year:

TEUR	2008	2007
DIC Opportunistic GmbH	330	4,935
DIC MSREF HT Portfolio GmbH	547	1,170
DIC MSREF HMDD Portfolio GmbH	313	899
DIC MSREF Weißfrauenstraße GmbH	1,567	789
DIC MSREF FF Südwest Portfolio GmbH	646	550
DIC Development GmbH	-2	-1
DIC MainTor Beteiligungs GmbH	-3	0
DIC MainTor Zweite Beteiligungs GmbH & Co. KG	5,362	0
Profit from associates	**8,760**	**8,342**

Two properties from the DIC MSREF Hamburg Portfolio were sold by means of a notarised agreement dated 22 December 2008. Economic ownership of these properties will not be transferred to the purchaser until 31 March 2009 and during 2009 respectively.

14. Net financing costs

This item is broken down as follows:

TEUR	2008	2007
Interest income	7,003	8,756
Interest expense	-82,007	-53,423
	-75,004	**-44,667**

In total, the negative financial results increased over the prior year by TEUR 30,337 from TEUR -44,667 to TEUR -75,004.

The increase of TEUR 28,584 in interest expenses is predominantly due to the financing operations carried out at the end of 2007 for the acquisition of the Dolphin and V6A Portfolios, and the acquisition of the Forum Portfolio at the start of 2008.

The financial results presented include expenses of TEUR 334 (income for the previous year of TEUR 436) from the valuation of derivative financial instruments (interest-rate swaps) at fair value.

15. Income taxes

TEUR	2008	2007
Current tax expense	-5,232	-6,220
Deferred tax expense	683	-1,386
Total income tax expense	**-4,549**	**-7,606**

Current income taxes affect profits subject to taxation of consolidated subsidiaries and DIC Asset AG. The current tax expense is composed primarily of corporate taxes including solidarity surcharge (TEUR 4,187) and trade taxes on earnings (TEUR 1,045). The corporate tax-loss carryforwards of DIC Asset AG have been completely used up in the reporting period, thus the corporate tax expense increased accordingly in the financial year. On 31 December 2008, DIC Asset AG again reported a tax-loss carryforward for purposes of trade taxes of TEUR 2,354. On the basis of the use of these latter tax loss carryforwards, current trade tax expenses only accrued to the Group's parent company to a limited extent (TEUR 246).

The decrease in deferred tax expense is due primarily to the taxation of the group's parent company DIC Asset AG. The deferred taxes result from timing differences between tax balance sheet values and IFRS balance sheet values and from existing income tax loss carryforwards and interest carryforwards under thin cap rules. The deferred taxes are calculated on the basis of the tax rates which apply, or will apply, at the time of realisation. The corporate tax rate of 15%, the solidarity surcharge (Solidaritätszuschlag) of 5.5% and the company-specific trade income tax rates are taken into account in calculating domestic deferred taxes.

Deferred tax income (previous year tax expenses) compare with the prior year as follows:

TEUR	2008	2007
Deferred taxes on tax loss carryforwards	+2,577	-2,327
Deferred taxes on carrying values of investment property	-2,460	+1,107
Deferred taxes on derivatives	+107	-196
Deferred taxes from percentage-of-completion valuation	0	+306
Deferred taxes on equity transaction costs	0	-159
Deferred taxes on other adjustments	+459	-117
Total	**+683**	**-1,386**

Deferred tax year (previous year tax expense) compare with the prior year as follows:

TEUR	31.12.2008 Assets	31.12.2008 Liabilities	31.12.2007 Assets	31.12.2007 Liabilities
Loss carryforwards	5,824	0	3,247	0
Investment properties	238	7,060	191	4,432
Derivative financial instruments	6,663	0	1,677	4,761
Long-term interest-bearing debt	0	18	0	236
Other	375	353	0	219
Total	**13,100**	**7,431**	**5,115**	**9,648**

The difference between the expected tax expense and the actual tax expense is as follows:

TEUR	2008	2007
Pre-tax Group results	**29,722**	**43,716**
Legal tax rate applies	31.93%	40.14%
Expected tax expense	9,489	17,548
Deviations from tax rate		
Effects from differences in levy rates, staggered tariffs*, tax-free amounts (trade tax)	-276	-13
Difference in deferred tax rate/income tax rate*	-1,326	-1,349
* accounts for 2007		
Tax effects from deviations in the tax measurement basis		
Effects of non-taxable consolidated losses	550	2,463
Effects of added depreciation on real estate for tax purposes	-1,004	-414
Effects of expanded reductions in taxable earnings from real estate management	-2,131	-2,000
Effects of tax results from partnership subsidiaries	43	229
Effects from tax-free financial investment sales (95% tax free)	-2,771	-8,297
Effects from non-deductible interest expenses	163	0
Consolidation activities without deferred taxes	-15	726
Effects from tax loss carryforwards	43	-198
Permanent differences	611	546
Other deviations	-451	-54
Recognition of deferred taxes	**1,245**	**-1,475**
Aperiodic effects	**379**	**-106**
Actual total tax expense	**4,549**	**7,606**

The target tax rate to be applied was determined on the basis of the tax rates that applied in Germany in 2008 and 2007. In this case, the basis was a tax rate of 31.925%. This is calculated from a nominal corporate tax rate including solidarity surcharge of 15.825% and a nominal trade tax rate of 16.10%. The trade tax rate is based on a levy rate of the City of Frankfurt of 460%. From 2008, the trade tax is no longer deductible from the tax measurement basis. Nominal tax rates thus correspond to the actual tax rates. To the extent the expanded reduction of trade taxes can be claimed, the resulting increased corporate tax rate was taken into account for the effects of the expanded reduction.

16. Profit allocated to other shareholders

Profits allocated to minority shareholders of TEUR 96 (previous year TEUR 49) were credited to minority interests in equity from the results of the financial year. The complete performance of the profits/losses allocated to minority interest can be found in the consolidated statement of changes in equity.

For reasons of materiality, the minority share in partnerships is not shown as debt capital.

17. Earnings per share, Net Asset Value (NAV) and NAV per share

In accordance with IAS 33.12, earnings per share are calculated from the Group profit after minority interests and the number of the shares in circulation on an annual average.

	2008	2007
Group profits after minority interests (EUR)	25,078,333	36,060,714
Weighted average number of shares in issue	31,192,545	28,737,500
Basic (= diluted) earnings per share (EUR)	0.80	1.25

The dividends paid in 2008 and 2007 for the respective previous financial year totalled TEUR 51,727 (EUR 1.65 per share) and TEUR 21.375 (EUR 0.75 per share).

For 2008, the Board of Directors will propose a dividend in the amount of EUR 0.30 per share (TEUR 8,963). The entire dividend will be subject to capital gains tax. This is likely to amount to TEUR 1,891. These dividends are not recorded as a liability in accordance with IAS 10 in these consolidated financial statements.

The dividend payout takes into consideration the treasury shares held by the Company that are not entitled to a dividend in accordance with § 71b AktG. The number of eligible shares may decrease or increase up until the general shareholders' meeting through the further acquisition of treasury shares or the disposal or withdrawal of treasury shares. In this case a suitably amended resolution will be put to the general shareholders' meeting in the event of an unchanged dividend payment of EUR 0.30 per eligible share.

In accordance with the recommendation of the European Public Real Estate Association (EPRA), the net asset value (NAV) is calculated as at 31 December 2008 and 31 December 2007 as follows:

TEUR	31.12.2008	31.12.2007
Carrying amount of investment property	2,022,920	1,851,253
Difference between carrying amount and fair value	-95,125	81,734
Fair value of investments in associates	32,739	54,507
+/- Other assets/liabilities	108,340	193,736
Net loan commitments at carrying amount	-1,574,534	-1,457,442
Minority interests	-1,537	-1,574
Net asset value (NAV)	**492,803**	**722,214**
Deferred taxes	6,011	-21,142
NNAV	**498,814**	**701,072**
Difference between carrying amount and fair value of net loan commitments	-27,089	18,381
NNNAV	**471,725**	**719,453**
Number of shares in millions	30.37	31.35
NAV/share	**16.23**	**23.04**
NNAV/share	**16.43**	**22.36**
NNNAV/share	**15.53**	**22.95**

Based on DIC Asset AG's own holdings of 982,599 shares, a total of 30,367,400 ordinary shares carried dividend rights as at the balance sheet date. Pursuant to IAS 32 AG 36, these treasury shares are not reported as assets but deducted directly from equity.

NOTES TO THE BALANCE SHEET

18. Investment property

TEUR	2008	2007
Costs		
As at 1 Jan.	1,879,945	1,101,579
Additions resulting from acquisitions	235,592	887,867
Additions resulting from subsequent expenditures	4,290	1,733
Disposals	41,857	111,234
As at 31 Dec.	**2,077,970**	**1,879,945**
Depreciation and amortisation		
As at 1 Jan.	28,692	15,097
Additions	27,940	19,646
Disposals	1,582	6,051
As at 31 Dec.	**55,050**	**28,692**
Book value 31 Dec.	**2,022,920**	**1,851,253**
Book value 1 Jan.	**1,851,482**	**1,086,482**
Market value	**1,926,621**	**1,932,987**

Investment property is valued at cost when acquired. Transaction costs are included in the initial valuation. The cost model in accordance with IAS 40.56 is used for subsequent valuations.

In this case, the investment properties are valued in accordance with the provisions of IAS 16, that is at cost less depreciation, write-downs and appreciation.

The additionally calculated market values (fair values) of the investment property are completely based on the results of the independent valuer contracted for this purpose, Cushman & Wakefield, which has undertaken a valuation in accordance with internationally recognised standards, based on the discounted cash flow method (DCF).

To carry out impairment tests in accordance with IAS 36, the summarised book values for land and buildings are compared to the calculated market values of the properties. The comparison is made on the basis of the gross market values, that is not including transaction costs which could be incurred were the properties actually to be sold. In addition, parameters specific to the company were used when calculating comparative values. These parameters take account the efficiency of the real estate within corporate use.

As at the year-end, investment properties still included five properties with a total volume of EUR 8.5 million. These had already been sold under a notarised agreement of December 2008 but the economic transfer to the purchaser did not take place until January 2009. Owing to the minor nature of this item in respect of the real estate portfolio, a reclassification pursuant to IFRS 5 was not carried out.

19. Office furniture and equipment

TEUR	2008	2007
Costs		
As at 1 Jan.	526	238
Additions	273	337
Disposals	51	49
As at 31 Dec.	**748**	**526**
Depreciation and amortisation		
As at 1 Jan.	46	33
Additions	112	62
Disposals	51	49
As at 31 Dec.	**107**	**46**
Book value 31 Dec.	**641**	**480**
Book value 1 Jan.	**480**	**205**

20. Investments in associates

TEUR	2008		2007	
	Equity interest	Book value	Equity interest	Book value
Interest in:				
DIC MSREF Weißfrauenstraße GmbH *	20.0%	0	20.0%	2,961
MainTor Zweite GmbH & Co. KG	40.0%	9,862	–	–
DIC MSREF HMDD Portfolio GmbH	20.0%	2,657	20.0%	2,344
DIC MSREF FF Südwest Portfolio GmbH	20.0%	3,134	20.0%	2,267
DIC MSREF HT Portfolio GmbH	20.0%	2,102	20.0%	2,254
MainTor Verwaltungs GmbH	40.0%	8	–	–
DIC Development GmbH	20.0%	7	20.0%	9
DIC Opportunistic GmbH	20.0%	638	20.0%	18,605
DIC Hamburg Portfolio GmbH	1.2%	104	1.2%	331
DIC HI Portfolio GmbH	1.2%	124	1.2%	657
DIC BW Portfolio GmbH	1.2%	72	1.2%	14
		18,708		**29,442**

* indirect

21. Other investments

As in the previous year, the recorded amount of EUR 241,000 refers to a 5.4% interest in ING LPFE Bodenfeld GmbH & Co. KG. The fair value of the available-for-sale investment could not be reliably determined due to a lack of available stock exchange or market prices. A valuation by means of discounting the anticipated cash flows was not carried out due to the fact that cash flows cannot be reliably determined. Accounting was therefore carried out at cost.

22. Derivate financial instruments

The Company enters exclusively into interest rate swap agreements. In accordance with the contracts, the Group counts variable interest on a specific nominal sum and in return receives fixed interest on the same nominal sum. These interest rate swaps offset the effects of future changes of interest rates of the cash flows of the variable interest-bearing investments.

As at the balance sheet date, the following derivative financial investments were held:

TEUR	31.12.2008		31.12.2007	
	Nominal volume	Fair value	Nominal volume	Fair value
Assets				
Interest-rate hedge agreements (swaps)	0	0	449,238	15,080
Liabilities				
Interest-rate hedge-agreements (swaps)	982,035	41,462	540,495	5,310

The book value of derivatives corresponds to their market value. There are currently no significant credit risks, as contracts for derivative financial instruments are entered into only with major banks.

The nominal and fair values of the interest-rate hedge agreements are as follows:

TEUR	31.12.2008		31.12.2007	
	Nominal volume	Fair value	Nominal volume	Fair value
Assets				
DIC AP Portfolio GmbH	0	0	395,500	14,352
DIC Objekt Braunschweig GmbH	0	0	12,788	449
DIC Objekt Nürnberg GmbH	0	0	22,024	150
DIC Objekt Hannover GmbH	0	0	18,926	129
	0	**0**	**449,238**	**15,080**
Liabilities				
DIC AP Portfolio GmbH	373,500	11,869	0	0
DIC Objekt Braunschweig GmbH	12,610	149	0	0
DIC Objekt Nürnberg GmbH	22,024	891	0	0
DIC Objekt Hannover GmbH	18,926	765	0	0
DIC OP Portfolio GmbH	225,000	12,025	230,000	2,793
DIC VP Portfolio GmbH	86,500	5,688	86,500	1,289
DIC 26 Portfolio GmbH	98,000	5,208	95,000	507
DIC RMN Portfolio GmbH	37,350	1,631	22,370	301
DIC MSREF Berlin Portfolio GmbH (pro-rata)	51,500	495	50,000	260
DIC DP Portfolio GmbH	48,000	2,497	48,000	149
DIC Objekt Köln 1 GmbH	8,625	244	8,625	11
	982,035	**41,462**	**540,495**	**5,310**

As at 31 December 2008, negative market values of TEUR 39,521 (previous year TEUR 3,497) after the deduction of deferred taxes were recorded in equity. The interest-rate hedge agreements run for between one and seven years.

The derivative financial instruments presented under liabilities for RMN-Portfolio GmbH are composed of two (previous year: three) interest-rate hedge agreements entered into in 2002, some of which mature by the end of 2011. The rules of hedge accounting are not applied to these agreements. Accordingly, the expenses and revenues arising from the changes in the fair value of the interest-rate agreements are reported on the income statement (cf. notes under 15. Net financing costs).

In financial year 2008, holding companies in which DIC Asset AG has an indirect and direct 20% interest had hedge agreements with a total nominal value of TEUR 780,575 (previous year TEUR 954,812) for the purposes of hedging future variable cash flows. The property companies pay fixed-interest rates of between 3.175% and 4.70% and receive interest payments at the 3-month Euribor rate. The expenses and revenues arising from the hedging of future cashflows are recorded by the property companies under equity with no effect on income. DIC Asset AG records its share of the changes recorded directly in the equity of the associates of TEUR -6,032 (previous year TEUR 144) after deducting deferred taxes in group equity in accordance with IAS 28.39.

23. Intangible assets

TEUR	**2008**	**2007**
Costs		
As at 1 Jan.	384	696
Additions	0	91
Disposals	0	403
As at 31 Dec.	**384**	**384**
Amortisation		
As at 1 Jan.	155	379
Additions	33	69
Disposals	0	293
As at 31 Dec.	**188**	**155**
Book value 31 Dec.	**196**	**229**
Book value 1 Jan.	**229**	**317**

This item refers to the rights of use of a cafeteria in the business park in Ulm as well as software.

24. Other fixed assets

This item from the previous year referred to the non-prorated consolidated long-term portion of a loan granted to DIC MSREF Frankfurt Portfolio GmbH by DIC Asset AG. The loan matures on 31 December 2009. In the year under review, the loan was reported under "Receivables from related parties".

25. Receivables from the sale of property

This item includes mainly purchase-price claims arising from the sale at the end of 2008 of the Neumarkt property (TEUR 18,965).

The receivables from the sale of real estate reported for the previous year referred to the sale of 31 Fraspa properties (TEUR 197), the sale of the ten properties from the Mustang Portfolios (TEUR 535) and other sales from the DIC MSREF Berlin Portfolio (TEUR 421 pro-rata).

26. Trade receivables
This item consists primarily of receivables from operating costs and ancillary costs.

In the financial year 2008, impairment charges on trade receivables of TEUR 401 (2007: TEUR 91) were set aside. As at the balance sheet date, there were no further overdue claims that were not value-adjusted.

27. Receivables due from related parties
Relations with related parties are described in detail under “Notes on related parties“ This balance sheet item refers to:

		31.12.2008		31.12.2007	
		Receiv-ables	Liabilities	Receiv-ables	Liabilities
Deutsche Immobilien Chancen AG & Co. KGaA	a)	19,163	0	18,840	0
DIC Opportunistic GmbH	b)	21,672	0	0	0
DIC MSREF Berlin Portfolio GmbH	c)	2,352	1,750	3,932	0
MSREF Sparks B.V.	a)	1,937	0	2,054	0
DIC MSREF HMDD Portfolio GmbH	b)	1,665	0	1,868	0
DIC MSREF FF Südwest GmbH	b)	1,185	0	1,698	0
DIC Hamburg Portfolio GmbH	b)	8,342	81	1,674	61
DIC MSREF Frankfurt Portfolio GmbH	c)	4,081	0	1,568	195
DIC MSREF Weißfrauenstraße GmbH	c)	104	0	1,471	0
DIC MSREF HT Portfolio GmbH	b)	1,629	0	1,284	0
MSREF V Lupine B.V.	a)	0	0	1,132	4,471
Deutsche Immobilien Chancen Beteiligungs AG	a)	421	400	950	0
DIC MSREF Berlin GmbH	c)	766	300	630	0
DIC Capital Partners (Europe) GmbH	a)	0	0	403	10
DIC HI Portfolio GmbH	b)	616	0	187	377
DIC Projekt Frankfurt 1 GmbH & Co. KG	a)	9	114	8	114
MSREF V Daffodil Holding B.V.	a)	2	792	2	630
MSREF Quick GmbH & Co. Verwaltungs KG	a)	0	2,315	0	4,110
DIC Projektentwicklung GmbH & Co. KG	a)	39	172	0	277
MainTor zweite Beteiligungs KG	b)	12,248	0	0	0
FAY Asset Management Holding GmbH	b)	0	150	0	225
Other		146	427	20	13
Total		**76,377**	**6,501**	**37,721**	**10,483**

a) Related party under IAS 24.9a (ii)
b) Related party under IAS 24.9b
c) Related party under IAS 24.9c

In 2007 DIC Asset AG acquired 74.9% of DIC ONSITE GmbH from FAY Asset Management Holding GmbH. As part of the acquisition a guarantee dividend was agreed with the seller which is to be entered as a liability discounted in accordance with IAS. At the same time this obligation represents an increase in the purchase price. Discounting was waived due to the small amount.

28. Income taxes receivable

The recorded amount refers to tax credits and corporation tax refunds.

29. Other receivables

TEUR	2008	2007
Interest apportionment	492	1.055
Deposits	762	432
Value-added tax	575	405
"Rent-free period" asset	350	0
Creditors with debit balances	70	198
Other	422	385
	2,671	**2,475**

30. Other assets

This item includes prepaid ground rents (TEUR 1,676, previous year: TEUR 1,360) and other costs paid in advance.

31. Cash at banks, cash at hand

Cash is available for use by the Company and is subject to no restrictions.

32. Equity ratio

a. Subscribed capital

The subscribed capital of the parent company DIC Asset AG was TEUR 31,350 as at the balance sheet date. It is divided into 31,349,999 bearer shares in the form of no-par shares, each of which represents an interest in the capital stock of EUR 1.00.

b. Authorised capital

With the resolution of the general shareholders' meeting of 6 June 2007, the Board of Directors was authorised to increase the share capital of the Company by a maximum of TEUR 14,250 with the approval of the Supervisory Board by 5 June 2012 through one or more issues of new bearer shares against cash consideration and/or contribution in kind (authorised capital). Shareholders must be granted subscription rights. The new shares may also be assumed by one or more banks appointed by the Board of Directors to offer the shares (indirect subscription rights). The Board of Directors is, however, authorised to exclude shareholders' subscription rights with the approval of the Supervisory Board:

– to compensate for fractional amounts;

– if it is necessary to grant holders or creditors of the convertible and/or option bonds and/or participation rights issued by the Company or its direct or indirect majority-interest companies subscription rights to new shares in the amount that they would be entitled to after exercise of their conversion or option rights or after fulfilment of the conversion obligation;

– if shares are issued against contributions in kind, particularly as part of the acquisition of or merger with companies or parts of companies or the acquisition of interests in companies;

– if the shares of the Company are issued against cash contributions and the issue price per share is not significantly lower than the stock exchange price of shares with the same terms, previously issued shares at the time of the issue of the shares. In these cases, however, the exclusion of subscription rights can only take place if the number of the shares issued in this way together with the number of own shares that were sold during the life of this authorisation under the exclusion of subscription rights in accordance with § 186 Para 3 Sentence 4 AktG (Aktiengesetz – German Stock Corporation Act), and the number of shares that can be created through the exercise of option and/or conversion rights or the fulfilment of conversion obligations from option and/or conversion bonds and/or participation rights that were issued during the life of this authorisation under the exclusion of subscription rights in accordance with § 186

Para. 3 Sentence 4 AktG, does not exceed 10% of the share capital at the time the authorisation becomes effective or at the time of the issue of the shares.

The Board of Directors is authorised, with the approval of the Supervisory Board, to determine the content of the share rights, the details of the capital increase as well as the conditions of the share issue, in particular the amount of the issue.

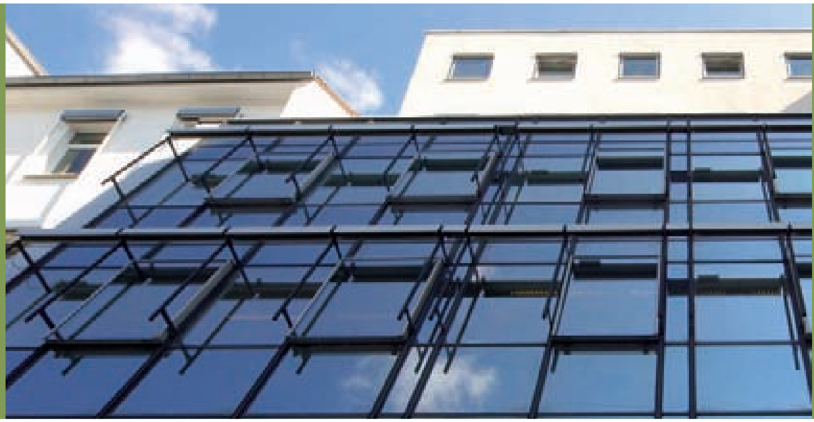
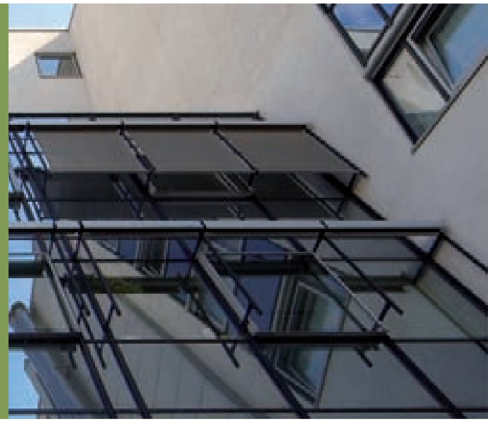
Through the resolution of the Supervisory Board and the Board of Directors of 19 November 2007, the authorised capital stood at EUR 11,400,001.00 on 31 December 2008 after partial drawdown.

c. Contingent capital (I)

In accordance with the resolution adopted by the general shareholders' meeting of 14 May 2008, the share capital was conditionally increased (contingent capital I/2008) by up to EUR 7,837,499.00.

The conditional capital increase will only be carried out to the extent to which the holders of options or conversion rights or parties required to exercise option rights or required to convert on the basis of bonds with warrants or convertible bonds, profit sharing rights or profit participation bonds which are issued or guaranteed on the basis of Authorisation I resolved in the Shareholders' Meeting of 14 May 2008 under agenda item 8 by DIC Asset AG or a group company of DIC Asset AG within the meaning of § 18 AktG in which DIC Asset AG directly or indirectly has a participation of 100%, and where such persons exercise their option rights or conversion rights or to the extent that they are obligated to exercise options or to convert and satisfy their obligations to convert or exercise options to the extent that no cash compensation is granted and no treasury shares and shares of another company listed on the stock exchange are used to service the options or conversions. The issuance of the new shares will take place in accordance with the requirements of this Authorisation and in accordance with the option price or conversion price:

– When issuing bonds granting an option right but which do not establish a duty to exercise the option, the option price corresponds to 125% of the volume weighted average stock exchange price for the shares of the Company in xetra trading (or a corresponding successor system) at the Frankfurt Stock Exchange during the period between adopting the resolution on the use of Authorisation I by the Board of Management and the allocation of the bonds by the banks accompanying the issue or, in the case of granting a subscription right, 125% of the volume weighted average exchange price of the shares of the Company in xetra trading (or a corresponding successor system) on the Frankfurt Stock Exchange during the days on which the subscription rights for the bonds are traded on the Frankfurt Stock Exchange,

Ludwigshafen, Ludwigsplatz

except for the last two trading days of the trading in subscription rights (the referenced average price is referred to hereinafter also as the "Reference Price").

– In the case of issuing bonds granting a conversion right, but which do not establish a duty to convert, the conversion price corresponds to 125% of the reference price.

– In the case of issuing bonds which establish a duty to convert or to exercise an option, the corresponding conversion price or option price is the following amount when the bonds become due or in the case of a takeover offer:

• if the volume weighted average price of the shares of the Company in xetra trading (or in a corresponding successor system) at the Frankfurt Stock Exchange on the twenty trading days ending on the third trading day either before the bonds become due or, in the case of a takeover offer, on the third trading day prior to the conversion date or the option exercise date ("Average Price"):
  – is smaller or equal to the Reference Price, the Reference Price applies,
  – is greater than the Reference Price and less than 118% of the Reference Price, the Average Price applies,
  – is greater or equal to 118% of the Reference Price, 118% of the Reference Price applies.

• Notwithstanding the above provisions, the price is 118% of the Reference Price if the holders or creditors of the bonds exercise an existing conversion right or option right prior to the occurrence of the duty to convert or exercise the option.

• Notwithstanding the above provisions, the price is the Reference Price if the Board of Management, with the consent of the Supervisory Board and in accordance with the terms and conditions of the bonds, calls for an early conversion to prevent immediate, significant damage to the Company.

The new shares participate in the profits from the beginning of the fiscal year in which they are created on the basis of the exercise of option rights or conversion rights or as a result of fulfilling obligations to exercise options or conversion obligations. The Board of Management is authorised with the consent of the Supervisory Board to determine the further details on carrying out the conditional capital increase.

d. Contingent capital II/2008

In accordance with the resolution adopted by the general shareholders' meeting of 14 May 2008, the share capital was conditionally increased (contingent capital II/2008) by up to EUR 7,837,499.00.

The conditional capital increase will only be carried out to the extent to which the holders of options or conversion rights or parties required to exercise option rights or required to convert on the basis of bonds with warrants or convertibles bonds, which are issued or guaranteed on the basis of the authorisation resolved by the Annual Shareholders' Meeting on 14 May 2008 under agenda item 9 by DIC Asset AG or a group company of DIC Asset AG within the meaning of § 18 AktG in which DIC Asset AG directly or indirectly has a participation of 100% exercise their option rights or conversion rights or to the extent that they are obligated to exercise options or to convert and satisfy their obligations to convert or exercise options to the extent that no cash compensation is granted and no treasury shares used to service the option or conversions. The issuance of the new shares will take place in accordance with the requirements of this Authorisation II and in accordance with the option price or conversion price:

– When issuing bonds granting an option right but which do not establish a duty to exercise the option, the option price corresponds to 130% of the volume weighted average stock exchange price for the shares of the Company in xetra trading (or a corresponding successor system) at the Frankfurt Stock Exchange during the period between adopting the resolution on the use of Authorisation II by the Board of Management and the allocation of the bonds by the banks accompanying the issue or, in the case of granting a subscription right, 130% of the volume weighted average exchange price of the shares of the Company in xetra trading (or a corresponding successor system) on the Frankfurt Stock Exchange during the days on which the subscription rights for the bonds are traded on the Frankfurt Stock Exchange, except for the last two trading days of the trading in subscription rights (the referenced average price is referred to hereinafter also as the "Reference Price").

- In the case of issuing bonds granting a conversion right, but which do not establish a duty to convert, the conversion price corresponds to 130% of the reference price.

- In the case of issuing bonds which establish a duty to convert or to exercise an option, the corresponding conversion price or option price is the following amount when the bonds become due or in the case of a takeover offer:

  • if the volume weighted average price of the shares of the Company in xetra trading (or in a corresponding successor system) at the Frankfurt Stock Exchange on the twenty trading days ending on the third trading day either before the bonds become due or, in the case of a takeover offer, on the third trading day prior to the conversion date or the option exercise date ("Average Price")
    - smaller or equal to the Reference Price, the Reference Price applies,
    - is greater than the Reference Price and less than 120% of the Reference Price, the Average Price applies,
    - is greater or equal to 120% of the Reference Price, 120% of the Reference Price applies.

  • Notwithstanding the above provisions, the price is 120% of the Reference Price if the holders or creditors of the bonds exercise an existing conversion right or option right prior to the occurrence of the duty to convert or exercise the option.

  • Notwithstanding the above provisions, the price is the Reference Price if the Board of Management, with the consent of the Supervisory Board and in accordance with the terms and conditions of the bonds, calls for an early conversion to prevent immediate, significant damage to the Company.

The new shares participate in the profits from the beginning of the fiscal year in which they are created on the basis of the exercise of option rights or conversion rights or as a result of fulfilling obligations to exercise options or conversion obligations. The Board of Management is authorised with the consent of the Supervisory Board to determine the further details on carrying out the conditional capital increase.

e. Share premium

As in the previous year, the share premium stands at TEUR 528,450.

f. Hedging reserve

This reserve includes losses in the amount of TEUR 34,366 (previous year profit: TEUR 3,497) from the cash flow hedge agreements of subsidiaries after deducting deferred taxes of TEUR 6,561 (previous year: TEUR 902), as well as losses in the amount of TEUR 5,155 (previous year: TEUR 144) from cash flow hedges of associates after the deduction of pro-rated deferred taxes of TEUR 84 (previous year: TEUR 21) (cf. 22. Derivative financial instruments).

g. Reserve for treasury shares

Pursuant to IAS 32 AG 36, the treasury shares acquired under the share buyback programme (982,599 shares) result in a reserve for treasury shares of TEUR -4.977, which is deducted from equity.

33. Long-term interest-bearing debt

The fair value of fixed-rate debt is based on discounted cash flows calculated on the basis of interest rates from the yield curve of 31 December 2008. Pursuant to IAS 39 AG 78, when calculating the fair value, the current market development (the margin increased from 0.88% to 1.25% for the financial instruments) was taken into account.

The maturities of variable-rate and fixed-rate debt are shown in the table below.

Interest rates on the variable-rate debt were adjusted regularly. Interest-rate adjustment dates are based on the 1-month or 3-month Euribor plus an average margin of 0.88% (previous year: 0.83 %). Fixed-rate debt carries an average interest rate of about 5.08% (previous year: 5.19%)

As in the previous year, with the exception of a liability vis-à-vis Provinzial Rheinland Lebensversicherung AG of TEUR 10,000 (previous year TEUR 11,250), the interest-bearing debt was secured entirely through underlying debt in the year under review. The loan from Provinzial Rheinland Lebensversicherung AG was primarily secured through rights and claims from holdings in the share capital and common stock of the property companies of the Fraspa portfolio.

TEUR	31.12.2008		31.12.2007	
	Book value	Fair value	Book value	Fair value
Long-term (> 1 year) interest-bearing debt				
Variable-rate debt	145,848	145,848	173,937	173,937
Fixed-rate debt	1,408,904	1,431,788	1,267,618	1,252,030
	1,554,752	**1,577,636**	**1,441,555**	**1,425,967**
Short-term (< 1 year) interest-bearing debt				
Variable-rate debt	2,753	2,753	6,232	6,232
Fixed-rate debt	17,030	21,236	9,655	6,862
	19,783	**23,989**	**15,887**	**13,094**
Total	**1,574,535**	**1,601,625**	**1,457,442**	**1,439,061**

TEUR	31.12.2008			31.12.2007		
	Total variable-rate debt	Total fixed-rate debt	Total fixed-rate debt Weighted interest	Total variable-rate debt	Total fixed-rate debt	Total fixed-rate debt Weighted interest
< 1 year	2,753	17,030	5.03%	6,232	9,655	5.57%
1 - 5 years	58,423	601,108	5.11%	49,889	444,143	5.37%
> 5 years	87,425	807,796	4.96%	124,048	823,475	5.08%
	148,601	**1,425,934**		**180,169**	**1,277,273**	

34. Other non-current liabilities

In 2003 the property companies Gewerbepark Langenfeld West 3 GmbH & Co. KG and DIC Objekt Frankfurt 1 GmbH & Co. KG assumed loans to Hessische Landesbank from Deutsche Immobilien Chancen AG & Co. KGaA in the amount of TEUR 14,500 and TEUR 17,500 respectively. The loans bear an interest rate of 4.5% and have a remaining term through 30 December 2009. At the time the loans were assumed, the market interest rate for a similar loan with a similar term was 2.5%. As consideration for the assumption of the residual loan, Deutsche Immobilien Chancen AG & Co. KGaA made one-time interest-equalisation payments of TEUR 1,190 each to Gewerbepark Langenfeld West 3 GmbH & Co. KG and DIC Objekt Frankfurt 1 GmbH & Co. KG. These payments are reported on the profit and loss account over the remaining term. The terms recognised as at the balance sheet date:

TEUR	31.12.2008	31.12.2007
Other non-current liabilities	13	692
Current share of other non-current liabilities *	339	339
	352	**777**

* see 38. Other liabilities

35. Trade payables

These liabilities include:

TEUR	31.12.2008	31.12.2007
Purchase price liability Forum Portfolio	30,000	0
Other trade payables	4,368	1,610
	34,368	**1,610**

36. Provisions

These provisions include:

TEUR	01.01.	Use	Release	Allocation	31.12.
Project development costs	9	0	0	0	9
Litigation costs	17	17	0	25	25
	26	**17**	**0**	**25**	**34**

The item "Project development costs" refers to payments for project development for the WACO Projektmanagement AG property such as broker commissions, possible charges for the correction of defects and other services to be rendered for the benefit of the tenants.

The Company has individual legal disputes with former and current shareholders of DIC Asset AG that are connected with actions for rescission and other actions of individual minority shareholders. A provision in the amount of TEUR 25 has been made for the cost of legal disputes.

37. Income taxes payable

in TEUR	31.12.2008	31.12.2007
Trade tax	2,172	2,456
Corporate tax	3,127	1,917
	5,299	**4,373**

38. Other liabilities

TEUR	31.12.2008	31.12.2007
Value-added tax	1,757	1,978
Tenant allowances DP Berlin	1,622	1,700
Advance rent payments received	1,347	272
Deposits	1,144	560
Profit-sharing	688	466
Auditing costs	743	540
Shared based payments	371	739
Property transfer tax	362	6,817
Interest adjustment *	339	339
Costs for valuation reports	300	558
Outstanding invoices	472	1,704
Supervisory Board compensation	237	260
Holidays	236	135
DP ancillary operating costs	93	866
OP development costs	0	1,474
Costs of disposal	0	52
Other	1,601	967
	11,312	**19,427**

*cf. 34. Other non-current liabilities

Liabilities arising from Supervisory Board compensation are liabilities to members of the Supervisory Board and are consequently recognised as liabilities to related parties within the meaning of IAS 24.9d. For information on the individual members, see "Related party disclosures" and the details on Supervisory Board compensation in the management report.

The performance-related compensation agreement with the members of the Board of Directors is treated by the Company as a share-price oriented compensation model. The three members of the Board of Directors hold options on 225,000 so-called "virtual shares" of the Company. These options may not be exercised by members of the Board of Directors until they have been on the board of DIC Asset AG for three years. As at 31 December 2008, the Company estimates the fair value per option at EUR 4.73 for Mr Höller and Mr Koch on the previous commitments and EUR 4.21 and EUR 2.52 respectively for the new commitments for the year 2008, as well as EUR 2.63 per option for Dr. Schäfer. This estimate is based on the Black-Scholes option pricing model.

The critical parameters for this valuation model are the share price on the balance sheet date of EUR 6.22, the exercise price of EUR 2.90 for Mr Höller and Mr Koch and EUR 20 for Dr. Schäfer and Mr Koch, the standard deviation of the expected share price return of 96% and the annual risk-free interest rate of 1.59% for the previous commitments and 1.89% for the new remuneration agreements for Mr Höller and Mr Koch from 2008. Volatility as measured by the standard deviation of the expected share price return on the statistical analyses of the daily share price over the last two years. During the financial year, no stock appreciation rights were exercised or expired.

The share-based compensation recognised as an expense of TEUR -367 in the reporting year should be considered a transaction with a related party within the meaning of IAS 24.9d. For additional details, in particular information in accordance with § 314 Para. 1 No. 6 Letter a sentences 5 to 9 HGB (German Commercial Code), please see the management report.

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39. Additional notes on financial instruments

The table below shows the book values, valuations and fair values of all categories of financial assets and liabilities as recorded by IFRS 7. The main valuation categories for DIC in accordance with IAS 39 are Available-for-Sale Financial Assets (AfS), Loans and Receivables (LaR) and Financial Liabilities Measured at Amortised Cost (FLAC):

TEUR	Valuation category in acc. with IAS 39	Book value 31.12.2008	Valuation in accordance with IAS 39			Fair value 31.12.2008
			Cost (less depreciation)	Fair value recognised directly	Fair value recognised to profit or loss	
ASSETS						
Other investments	AfS	241	241			241
Derivate financial instruments with hedge relationship	n.a.*	0				0
Other fixed assets	LaR	0				0
Claims from the sale of real estate	LaR	19,639	19,639			19,639
Trade receivables	LaR	8,972	8,972			8,972
Receivables from related parties	LaR	76,377	76,377			76,377
Other receivables	LaR	2,671	2,671			2,671
Other assets	LaR	2,247	2,247			2,247
Liquid funds	LaR	46,417	46,417			46,417
LIABILITIES						
Long-term interest-bearing debt	FLAC	1,554,752	1,554,752			1,577,636
Derivate financial instruments with hedge relationship	n.a.	41,462		40,828	634	41,462
Other non-current debt	FLAC	13	13			13
Current debt	FLAC	19,783	19,783			23,989
Trade payables	FLAC	34,368	34,368			34,368
Liabilities to related parties	FLAC	6,501	6,501			6,501
Other liabilities	FLAC	11,312	11,312			11,312

* cf. in detail number 22

The corresponding values for the previous year are as follows:

TEUR	Valuation category in acc. with IAS 39	Book value 31.12.2007	Valuation in accordance with IAS 39			Fair value 31.12.2007
			Cost (less depreciation)	Fair value recognised directly	Fair value recognised to profit or loss	
ASSETS						
Other investments	AfS	241	241			n.a.
Derivative financial instruments with hedge relationship	n.a.	15,080		15,080		15,080
Other fixed assets	LaR	2,500	2,500			2,500
Claims from the sale of real estate	LaR	1,153	1,153			1,153
Trade receivables	LaR	6,874	6,874			6,874
Receivables from related parties	LaR	37,721	37,721			37,721
Other receivable	LaR	2,475	2,475			2,475
Other assets	LaR	1,783	1,783			1,783
Liquid funds	LaR	165,281	165,281			165,281
LIABILITIES						
Long-term interest-bearing debt	FLAC	1,441,555	1,441,555			1,425,967
Derivative financial instruments with hedge relationship	n.a.	5,310		5,009	301	5,310
Other non-current debts	FLAC	438	438			438
Current debt	FLAC	15,887	15,887			13,094
Trade payables	FLAC	1,610	1,610			1,610
Liabilities to related parties	FLAC	10,483	10,483			10,483
Other liabilities	FLAC	19,427	19,427			19,427

Net gains and losses from financial instruments are as follows:

in TEUR	**2008**	**2007**
Loans and Receivables (LaR)	0	-104
Financial Liabilities at Cost less Depreciation (FLAC)	634	301

Net gains and losses from loans and receivables contain changes in impairments, gains or losses from elimination as well as incoming payments and the reversal of impairment losses on amortised loans and receivables. Net gains and losses from financial liabilities at cost less depreciation are made up of gains or losses from elimination and the ineffective portion from fair value hedges.

Notes to the cash flow statement

The cash flow statement shows the origin and use of cash flows for financial years 2008 and 2007. Pursuant to IAS 7 “Cash Flow Statements”, cash flows are separated into those derived from operations and those derived from investment and financing activities.

The funds in the cash flow statement includes all liquid funds shown on the balance sheet, i.e. cash on hand and credit balances with banks that can be made available within three months. As at 31 December 2008, the use of these funds was not subject to any restrictions.

Cash flows from investment and financing activities are calculated on the basis of payments, while the cash flow from operations is indirectly derived from the profit for the period before interest and income tax. The paid and collected interest and income tax paid are presented separately in "Cash flows from operations".

Cash flow from financing activities is characterised by the borrowing of non-current loans, in particular for financing the acquisition of the Forum portfolio (EUR 102 million), cash outflows for the repayment of loans (EUR 23.6 million), dividend payments for financial year 2007 (EUR 51.7 million) and the purchase of treasury shares (EUR 5 million).

In addition to cash flows from inflows and outflows related to investment properties, investing activities include cash flows from inflows and outflows from plant and equipment, interests in associates, other investments as well as intangible assets. Also reported here are cash flows from the granting and repayment of short-term basis.

Investing and financing activities that did not result in changes in cash or cash equivalents are not included in the cash flow statement.

In financial year 2008, the following fully consolidated DIC Objekt Bensheim GmbH was sold:

In these transactions, the following assets and liabilities were assumed by the purchaser:

TEUR	
Investment property	4,447
Liquid funds	0
Other current assets	64
Non-current liabilities	-3,638
Current liabilities	-47
Book profits	516
Total purchase price	**1,342**
less: disposed of cash	0
Cash flows from the sale of companies	**1,342**

For more information on the impact of the acquisition and sale of subsidiaries, please see details under "Scope of consolidation".

The property Tectum 27 GmbH was acquired by group companies on 25 February 2008.

The following were assumed with this transaction:

TEUR	
Acquired assets	5,601
Liquid funds	0
Current debt	-14
Total purchase price	5,587
less: liquid funds acquired	0
Capital inflows for company acquisitions	**5,587**

SEGMENT REPORTING

The real estate portfolio of DIC Asset AG is composed of the segments "Core portfolio" (Core), "Value-Added portfolio" (VAD) and "Opportunistic Co-Investments" (OPP). The "Other" segment primarily includes the group's parent company. For more details, see the description in the management report.

Core portfolio

The Core portfolio includes high-yield real estate which is to be held as inventory and managed in the long term. Real estate within the Core segment is leased on a long-term basis to tenants of good creditworthiness and has a high occupancy rate.

Value-added portfolio

The Value-Added portfolio is characterised by real estate, which, for example, may have been purchased as part of bulk purchases and/or for which we have identified the potential for added value, which we estimate can be raised in the short to medium term by means of appropriate measures (e.g. optimisation of the usage concept, refurbishment, optimisation of the occupancy rate) and then realised through sale.

Opportunistic Co-Investments

We participate in certain opportunistic co-investments of DIC Deutsche Immobilien Chancen AG & Co. KGaA as a passive investor with minority interests. The investments are in real estate which is then re-positioned on the market via project developments, new leases and reletting along with other measures.

Segment reporting 2008

TEUR	Core	VAD	OPP	Other	Group
Rental income	68,706	65,814	0	0	134,520
Proceeds from sales	18,612	31,319	0	0	49,932
Profits from sales	2,966	6,824	0	0	9,790
EBITDA	65,521	60,996	-18	-2,457	124,043
EBIT	50,805	47,853	-18	-2,673	95,966
Profit from associates	0	0	8,760	0	8,760
EBT	10,509	8,458	8,953	1,803	29,723
Taxes					-4,549
Profit for the period					**25,174**
Segment assets	1,059,709	1,014,064	15,185	91,364	2,180,321
Investments in associates	0	0	18,707	0	18,707
Income tax claims					15,721
Consolidated total assets					**2,214,750**
Segment liabilities	832,178	810,620	14,346	11,081	1,668,226
Tax liabilities					12,730
Consolidated liabilities					1,680,955
Segment investments	53,838	185,748	27,435	297	267,318
Depreciation and amortisation	14,716	13,144	0	215	28,075

Depreciation and amortisation is broken down in accordance with the real estate-specific allocation of the properties to the individual segments.

The following interest income and expense was incurred by each segment during the 2008 financial year:

TEUR	Core	VAD	OPP	Other	Group
Interest income	310	369	832	5,492	7,003
Interest expense	-40,606	-39,763	-621	-1,017	82,007

Segment reporting of the previous year

TEUR	Core	VAD	OPP	Other	Group
Rental income	48,726	44,838	0	0	93,564
Proceeds from sales	46,772	76,141	0	0	122,913
Profits from sales	8,966	8,765	0	0	17,731
EBITDA	52,227	47,884	-11	-282	99,818
EBIT	41,608	38,917	-11	-473	80,041
Profit from associates	0	0	8,342	0	8,342
EBT	17,401	11,642	8,331	6,342	43,716
Taxes					-7,606
Profit for the period					**36,110**
Segment assets	1,040,603	911,898	8,208	126,239	2,086,948
Investments in associates	0	0	29,442	0	29,442
Income tax claims					5,115
Consolidated total assets					**2,121,505**
Segment liabilities	765,115	707,191	8	22,422	1,494,736
Tax liabilities					14,021
Consolidated liabilities					**1,508,757**
Segment investments	496,351	391,515	14,182	0	902,048
Depreciation and amortisation	10,619	8,967	0	191	19,777

In the 2007 financial year, interest income and expense was broken down between the segments as follows:

TEUR	Core	VAD	OPP	Other	Group
Interest income	900	-245	1,141	8,100	8,756
Interest expense	-25,109	-37,029	0	-1,285	53,423

Because the Company is active in a single geographic segment (Germany), the Company does not report on its business activities by geographic location.

Leasing

The group has no financial leasing arrangements. All lease agreements that DIC Asset AG has concluded with its tenants are classified as operating leases in accordance with IFRS. Accordingly, the group is the lessor in a number of operating leasing arrangements (rental agreements) of various types through the investment properties from which it derives the majority of its income and earnings.

As of the balance sheet date, investment properties with a book value of TEUR 2,022,920 (previous year: TEUR 1,851,253) within the operating leases. DIC Asset AG will receive the following minimum lease payments, which are calculated as cash values, from existing leases:

TEUR	2009	2010-2013	from 2014
Future minimum lease payments	127,458	326,319	208,974

The minimum lease payments include net rental income to be collected up to the agreed lease expiration date or by the earliest possible date of termination on the part of the lessee, regardless of whether notice of termination or non-renewal of a lease is actually expected.

The total expenses for operating leasing in which the Company is the lessee totalled TEUR 122 (previous year: TEUR 105). The operating lease agreements primarily involve leased vehicles. DIC Asset AG will make minimum lease payments of TEUR 55 in 2009 and TEUR 29 in 2010 to 2012 for existing operating leases not subject to termination.

REPORTING ON RISK MANAGEMENT

Explanations of the risk management system and the business risks are given in the company's management report under "Risk management". We are making the following supplementary notes on individual risks within the scope of IFRS 7:

Credit risk

A credit risk is the unexpected loss of income. This is especially the case if the debtor is not fully able to meet his obligations by the due date or if the assets serving as collateral lose value. The maximum default risk is represented by the book value of the financial assets recognised in the balance sheet (including derivative financial instruments with a positive market value). See paragraph 26 for value adjustments on customer receivables.

Liquidity risk

The following table shows the contractually agreed (undiscounted) interest payments and repayments of the original financial liabilities and derivative instruments at fair value as at 31 December 2008:

TEUR	2009	2010 to 2013	2014 and after
Non-derivative financial liabilities			
Non-current interest-bearing debt	69,877	959,062	886,117
Other non-current liabilities	0	13	0
Current debt	20,663	0	0
Trade payables	34,368	0	0
Amounts owed to related parties	6,501	0	0
Other liabilities	11,312	0	0
Derivative financial liabilities	12,079	39,164	7,951
	154,800	**998,239**	**894,068**

The values for the previous year are as follows:

TEUR	2008	2009 to 2012	2013 and after
Non-derivative financial liabilities			
Non-current interest-bearing debt	81,529	714,200	1,050,206
Other non-current liabilities	0	438	0
Current debt	32,703	0	0
Trade payables	1,610	0	0
Amounts owed to related parties	10,483	0	0
Other liabilities	19,427	0	0
Derivative financial liabilities	-3,884	-15,023	-6,378
	141,868	**699,615**	**1,043,828**

Interest rate risk:
The Group's interest rate risk is mainly the result of debt, loans and interest-bearing investments. This risk is mitigated by using derivative instruments, in where variable interest payments are exchanged into fixed interest rate payments and hedged in this way against changes in interest rates; cf. number 22.

In accordance with IFRS 7, interest rate risks are presented by way of sensitivity analyses. These show the effects of changes in market interest rates on interest payments, interest income and expense, other income components and, if appropriate, on equity. The interest rate sensitivity analyses are based on the assumption that changes in market interest rates of primary financial instruments with fixed interest rates only affect income if these are measured at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7. Sensitivity analyses were therefore carried out only for financial derivatives (swaps) and variable interest-bearing financial liabilities for which there are no attributable interest-rate hedges. The effects of a market interest rate increased or decreased by 100 basis points on each balance sheet date would have the following implications for income and equity after taking deferred taxes into consideration:

TEUR	**2008**		**2007**	
	+100 bp	-100 bp	+100 bp	-100 bp
Effect on income from variable interest-bearing financial debts	+2,474	-2,474	-842	+842
Effect on equity financial derivatives	+31,108	-31,108	+34,003	-34,003

CONTINGENCIES AND OTHER FINANCIAL COMMITMENTS

DIC Asset AG made a guarantee bond vis-à-vis Hypo Real Estate Bank AG (HRE) to the amount of its 20% holding in DIC HI Portfolio GmbH in which it undertook a maximum guarantee of a total of TEUR 2,000 pro rata on the basis of a loan agreement between DIC HI Portfolio GmbH and HRE.

In addition, a letter of comfort was issued for the subsidiaries of the associate incorporated "at equity", DIC MSREF HMDD Portfolio GmbH, regarding the 20% holdings of outstanding liabilities on the borrowers' part.

A sublease agreement is in effect between DIC Asset AG and Deutsche Immobilien Chancen AG & Co. KGaA, which has provided for a payment obligation of TEUR 19 monthly since 1 August 2007. The agreement remains in effect until 31 October 2014. If the lease agreement is not terminated in writing at least 12 months prior to expiration, it is automatically extended by an additional 12 months.

Additional financial obligations arise from operating lease agreements for vehicles in which the Company is the lessee; see "Leasing".

RELATED PARTY DISCLOSURES

Related parties include the 22 proportionately consolidated companies as well as the nine companies incorporated at equity (see "Scope of consolidation").

Due to their significant influence, the following companies and persons are related parties:

– Deutsche Immobilien Chancen AG & Co. KGaA
– Konzerngesellschaften der Deutsche Immobilien Chancen AG & Co. KGaA
– Deutsche Immobilien Chancen Beteiligungs AG
– DIC Grund- und Beteiligungs GmbH
– DIC Capital Partners (Europe) GmbH
– GCS Verwaltungs GmbH
– MSREF Funding Inc. together with the companies of the MSREF Group
– Forum European Realty Income II L.P. (hereinafter "Forum")
– Prof. Dr. Gerhard Schmidt

Additional related parties are the Supervisory Board, the Board of Directors, executives and close relatives of these individuals.

The Company has filed a dependent company report on its relationship to these related parties. This report lists all legal transactions conducted by the Company or its subsidiaries with, at the behest or in the interest of affiliated enterprises over the past financial year, as well as all other measures taken or omitted by the Company at the behest or in the interest of these companies over the past financial year. The report concludes with the following statement:

"We hereby declare that according to the facts known to us at the time in which the legal transactions were conducted, our Company received or paid a commensurate consideration in each transaction. We took no actions at the behest of or on behalf of the controlling company."

An overview of legal transactions and relations with related parties is shown below:

LEGAL TRANSACTIONS WITH COMPANIES WITH SIGNIFICANT INFLUENCE:

Deutsche Immobilien Chancen AG & Co. KGaA

There are connections between the personnel ("double mandate") of Deutsche Immobilien Chancen AG & Co. KGaA and its sole general partner, Deutsche Immobilien Chancen Beteiligungs AG, at the level of the Board of Directors and Supervisory Board. One of the three members of the Board of Directors of the Company, Mr Ulrich Höller, is also a member of the Board of Directors of Deutsche Immobilien Chancen Beteiligungs AG, whose board also consists of two additional members. Since March 2006, the member of the Board of Directors Ulrich Höller has had employment contracts with both Deutsche Immobilien Chancen Beteiligungs AG and the Company. Each of these companies pays 50% of Mr Höller's fixed compensation. In addition, there is variable compensation related to the performance of the companies of the Deutsche Immobilien Chancen AG & Co. KGaA group and the DIC Asset group, as well as options for shares of Deutsche Immobilien Chancen AG & Co. KGaA and compensation based on the share price of DIC Asset AG. There is also overlap of personnel in the Supervisory Board of DIC Asset AG, Deutsche Immobilien Chancen AG & Co. KGaA and Deutsche Immobilien Chancen Beteiligungs AG in the person of Prof. Dr. Gerhard Schmidt and Klaus-Jürgen Sontowski who are also indirectly significant limited shareholders in Deutsche Immobilien Chancen AG & Co. KGaA.

In addition, Prof. Dr. Gerhard Schmidt is also the indirect majority shareholder of its sole general partner, Deutsche Immobilien Chancen Beteiligungs AG.

The company currently provides general property and building management services (including re-leasing services) as well as services related to technical building management for at total of 87 properties, including some in which Deutsche Immobilien Chancen AG & Co. KGaA has a controlling interest. In 2008, the total amount of compensation collected by the company for these services was TEUR 3,134 (excluding VAT). Of this, a total of TEUR 7 (excluding VAT) was compensation paid by the companies of Deutsche Immobilien Chancen AG & Co. KGaA group.

The Company has placed itself at the disposal of Deutsche Immobilien Chancen AG & Co. KGaA with an overdraft facility, the interest on which has been set at 6% p.a., to be payable in arrears. As security for any part of the loan used, Deutsche Immobilien Chancen AG & Co. KGaA has pledged to the Company its 10% interests in Deutsche Immobilien Chancen Objekt Ulm 1 GmbH & Co. KG, Deutsche Immobilien Chancen Objekt Ulm 2 GmbH & Co. KG, Deutsche Immobilien Chancen Objekt Ulm 1 Erweiterung GmbH & Co. KG and Deutsche Immobilien Chancen Objekt Regensburg GmbH & Co. KG as well as 0.6% interest in the capital stock of ING LPFE Bodenfeld GmbH & Co. KG. As at 31 December 2008, the portion of this overdraft facility that had been used equalled TEUR 15,089 (previous year: TEUR 15,089). DIC Asset AG received interest credits in the amount of TEUR 932 (previous year TEUR 854) in the reporting period for the day-to-day money made available.

Deutsche Immobilien Chancen AG & Co. KGaA has an open account relationship with some of the DIC Asset AG subsidiaries, which is offset with reference to the reporting date. The Deutsche Immobilien Chancen AG & Co. KGaA companies shown in the table received interest credits for the loans made available in the following amounts:

TEUR	2008	2007
Deutsche Immobilien Chancen Objekt Regensburg GmbH & Co. KG	-11	11
Deutsche Immobilien Chancen Objekt Ulm 1 GmbH & Co. KG	33	32
Deutsche Immobilien Chancen Objekt Ulm 1 Erweiterung GmbH & Co. KG	64	61
DIC Objekt Frankfurt 1 GmbH & Co. KG	69	68
Gewerbepark Langenfeld West 3 GmbH & Co. KG	111	104

DIC Projektentwicklung GmbH & Co KG
DIC Projektentwicklung GmbH & Co. KG, in which Deutsche Immobilien Chancen AG & Co. KGaA has 100% interest, provides various services for DIC Asset AG. Included here are all services related to technical building management (e.g. defect removal, rebuilding management, maintenance) to be provided by the Company itself or on the basis of active service agreements with the Company to various property companies. In addition, DIC Projektentwicklung GmbH & Co. KG has assumed all accounting and other administrative functions, including IT services, of the Company and its subsidiaries.

Compensation for services related to accounting, finance, controlling and administration were calculated on the basis of expenditures and compensated in the amount of TEUR 18 in 2008 (previous year TEUR 26) for services rendered for the benefit of DIC Asset AG and TEUR 727 (previous year TEUR 531) for services for the benefit of the companies of the DIC Asset group.

DIC Opportunity Fund GmbH
DIC Asset AG provides services in the property administration sector for DIC Opportunity Fund GmbH, in which Deutsche Immobilien Chancen AG & Co. KGaA has a 100% interest, for the administration of properties held directly or indirectly through holdings by DIC Opportunity Fund GmbH on the basis of an agreement dated 29 May 2004, revised on 6 January 2005. Beginning after 31 December 2005, the agreement is extended for an additional year if notice of termination is not given at least two months before the end of the year. The agreement may also be terminated at the end of the month with four weeks' notice if the shareholder structure of DIC Opportunity Fund GmbH undergoes fundamental changes. The amount of the fee is 1% of the annual net rent of the properties involved. The fee totalled TEUR 33 in 2008 (previous year TEUR 28).

Furthermore, on the basis of an agreement dated 22 October 2004, for itself and its associated companies DIC Opportunity Fund GmbH enlists the services of DIC Asset AG for its ongoing support and advice in the purchase and sale of portfolios and individual properties in the "opportunistic co-investments" sector as well as making its expertise available in this area. The amount of the fee is based on the personnel and material expenses incurred in the carrying out of project-related work on the basis of the financial and personnel accounting records of the contractual parties. The resulting compensation claims, plus VAT, are paid quarterly. In addition, DIC Asset AG is to be compensated for expenses in connection with activity for DIC Opportunity Fund GmbH. No payments were made in financial years 2005 to 2008.

Deutsche Immobilien Chancen Beteiligungs AG
For the years 2003, 2004 and 2005, DIC Asset AG has pledged to reimburse Deutsche Immobilien Chancen Beteiligungs AG, the sole general partner of Deutsche Immobilien Chancen AG & Co. KGaA, 50% of the costs that are incurred by Deutsche Immobilien Chancen Beteiligungs AG in connection with the employment of members of the Board of Directors who work for the Company, exclusively or not. With the exception of fringe benefits, since the beginning of 2006, all members of the Board of Directors of DIC Asset AG have been compensated for their activities for Deutsche Immobilien Chancen Beteiligungs AG exclusively through it. The amount of reimbursement for the fringe benefits granted to Mr. Ulrich Höller was TEUR 22 (previous year TEUR 30) for the financial year 2008 For additional details, please see the management report.

Under the "German Investment Program Agreement" dated 29 July 2004 and the "Investment and Shareholder Agreement" dated 7 June 2005, certain joint ventures of DIC Asset AG (namely, DIC MSREF Frankfurt Portfolio GmbH, DIC MSREF Objekt Hamburg GmbH, DIC MSREF Berlin GmbH, DIC MSREF Berlin Portfolio GmbH, DIC MSREF Weißfrauenstrasse GmbH, DIC MSREF HMDD Portfolio GmbH, DIC MSREF HT Portfolio GmbH and DIC MSREF FF Südwest Portfolio GmbH) and their respective wholly owned property companies receive various services from Deutsche Immobilien Chancen Beteiligungs AG. Accordingly, the above-named companies and Deutsche Immobilien Chancen Beteiligungs AG have entered into agreements for the provision of various management services as well as commissions on the leasing and divestiture of real property, in each case at the time of establishment of these MSREF joint ventures. Moreover, special compensation arrangements have been established with DIC MSREF Frankfurt Portfolio GmbH, DIC MSREF HMDD Portfolio GmbH, DIC MSREF HT Portfolio GmbH and DIC MSREF FF Südwest Portfolio GmbH for re-leasing services. In addition, an agreement regarding development fees for DIC MSREF Weißfrauenstraße GmbH, DIC MSREF HMDD Portfolio GmbH, DIC MSREF HT Portfolio GmbH and DIC MSREF FF Südwest Portfolio GmbH was also concluded.

Under the current asset management agreements, MSREF joint ventures are to provide the following compensation to Deutsche Immobilien Chancen Beteiligungs AG:

– Base management fee: 0.5% to 3% of annual net rent;

– Leasing fee (equates to a leasing commission): 2.5 net monthly rental or a net monthly rent, if an outside broker is involved;

– Disposition fee (equates to a sales commission): 1% to 3% of the sales price after transaction costs if no outside broker is involved, and 0.4% to 0.5% of the sales price after transaction costs if an outside broker is involved;

– Tenant improvement fee (equates to a fee for re-leasing services): 3.5% to 5% of the internal and external costs that arise from renovation for a new tenant (particularly for planning and renovation) or negotiable on the basis of this expense;

– Development Fee for project development services through to initial leasing: dependent on expenses or market-rate compensation.

In 2007 and 2008, the following compensation was paid to Deutsche Immobilien Chancen Beteiligungs AG, in which MSREF holds 25.1% of the share capital, in each case excluding sales tax:

MSREF joint ventures (EUR)		**Base Mgm. Fees**	**Leasing Fees**	**Dispos. Fees**	**TI/Devel. Fees**	**Total**
DIC MSREF Frankfurt (Fraspa) Portfolio GmbH	2008	8,742	0	18,250	300,000	326,992
	2007	24,118	192,893	402,000	600,000	1,219,011
DIC MSREF Berlin (eBay) GmbH	2008	92,771	0	0	0	92,771
	2007	90,756	0	0	0	90,756
DIC MSREF Objekt Hamburg GmbH	2008	0	0	0	0	0
	2007	36,766	0	0	0	36,766
DIC MSREF Weißfrauenstraße (MainTor) GmbH	2008	294,000	0	0	650,000	944,000
	2007	294,000	0	0	500,000	794,000
DIC MSREF HMDD (MEAG) Portfolio GmbH	2008	68,907	0	207,750	0	276,657
	2007	86,939	267,002	807,475	0	1,161,416
DIC MSREF HT (Hochtief) Portfolio GmbH	2008	73,416	0	0	0	73,416
	2007	75,958	0	475,000	0	550,958
DIC MSREF FF Südwest (Falk) Portfolio GmbH	2008	122,730	0	0	0	122,730
	2007	122,174	0	0	0	122,174
DIC MSREF Berlin Portfolio GmbH	2008	91,174	123,990	120,550	0	335,714
	2007	100,606	16,192	70,500	0	187,298
Overall totals	**2008**	**751,740**	**123,990**	**346,550**	**950,000**	**2,172,280**
	2007	831,317	476,087	1,754,975	1,100,000	4,162,380

Aside from its Board of Directors, Deutsche Immobilien Chancen Beteiligungs AG has no employees of its own. For the purpose of providing the services assigned to it hereunder, it, for its part, makes use of services rendered by DIC Asset AG. Under an agreement of 16 November 2005 (supplemented by four addenda as a result of newly acquired portfolios), DIC Asset AG charges fees to Deutsche Immobilien Chancen Beteiligungs AG, the amount of which depends on whether, with the approval of the Company, the MSREF joint venture has contracted third-party service providers.

In particular, the agreement provides for compensation for services related to portfolio and asset management in the amount of 2% of the net annual rent or 0.5% of the net annual rent if an external management company is involved. Assistance with leasing is compensated in the amount of 1.5 times the agreed net monthly rent – or 0.75 times the agreed net monthly rent if an external broker was involved. The compensation paid for sales assistance equals 1% of the realised proceeds – or 0.25% of the realised proceeds if an external broker was involved. Individual properties and project developments may be subject to case-by-case arrangements.

On the basis of this agreement, the DIC Asset AG charged Deutsche Immobilien Chancen Beteiligungs AG the following amounts for services related to MSREF joint ventures for 2007 and 2008, in each case excluding sales tax:

Recipient of service (EUR)		**Asset Mgm. Fees**	**Leasing Fees**	**Dispos. Fees**	**Total**
DIC MSREF Frankfurt (Fraspa) Portfolio GmbH	2008	6,242	0	9,152	15,367
	2007	12,059	115,736	262,750	390,545
DIC MSREF Berlin (eBay) GmbH	2008	15,462	0	0	15,462
	2007	15,126	0	0	15,126
DIC MSREF Objekt Hamburg GmbH	2008	0	0	0	0
	2007	8,667	0	0	8,667
DIC MSREF Weißfrauenstraße (MainTor) GmbH	2008	196,000	0	0	196,000
	2007	43,469	0	0	43,469
DIC MSREF HMDD (MEAG) Portfolio GmbH	2008	34,454	0		34,454
	2007	12,250	171,155	538,317	752,942
DIC MSREF HT (Hochtief) Portfolio GmbH	2008	35,771	0	0	35,771
	2007	37,979	0	118,750	156,729
DIC MSREF FF Südwest (Falk) Portfolio GmbH	2008	61,365	0	0	61,365
	2007	61,087	0	0	61,087
DIC MSREF Berlin Portfolio GmbH	2008	45,587	75,178	40,825	161,590
	2007	50,303	10,098	17,625	78,026
Overall totals	**2008**	**394,880**	**75,178**	**133,050**	**603,108**
	2007	240,940	296,989	937,442	1,475,370

The amount charged under this agreement by the Company to Deutsche Immobilien Chancen Beteiligungs AG totalled TEUR 1,603 in the financial year 2008 (previous year TEUR 1,475).

DIC Capital Partners (Europe) GmbH

The Company has granted to DIC Capital Partners (Europe) GmbH) (formerly DIC Beteiligungs GmbH), which indirectly controls Deutsche Immobilien Chancen Beteiligungs AG as the general partner of Deutsche Immobilien Chancen AG & Co. KGaA, a loan in the amount of TEUR 700 at an interest rate of 4.5% p.a. (payable annually in arrears). The loan is unlimited and was valued at TEUR 421 as at 31 December 2008. To secure the Company's loan repayment and interest claims against DIC Capital Partners (Europe) GmbH, DIC Capital Partners (Europe) GmbH has assigned to the Company its claims against Deutsche Immobilien Chancen Objekt Mozartstraße 33a GmbH for dividends and the repayment of a loan.

Under the "Shareholder Agreements" dated 27 November 2006 and 9 May 2007, two other joint ventures of DIC Asset AG, namely, DIC Hamburg Portfolio GmbH and DIC HI Portfolio GmbH, and their respective wholly owned property companies receive various services from Deutsche Immobilien Chancen Beteiligungs AG. DIC Hamburg Portfolio GmbH and DIC HI Portfolio GmbH are opportunistic co-investments in which DIC Asset AG has a 20% interest (1.2% directly and 18.8% indirectly through DIC Opportunistic GmbH). Other investors are Deutsche Immobilien Chancen AG & CO. KGaA with a 30% interest which is held by its wholly owned subsidiary DIC Opportunity Fund GmbH (1.8% directly and 28.2% indirectly through DIC Opportunistic GmbH) and DIC Capital Partners (Germany) with a 50% interest (3% directly and 47% indirectly through DIC Opportunistic GmbH).

Accordingly, the above-named joint ventures and Deutsche Immobilien Chancen Beteiligungs AG have entered into "Asset Management Agreements" for the provision of various management services as well as commissions on the leasing and divestiture of real property, in each case at the time of establishment of these joint ventures. Moreover, special compensation arrangements have been established with DIC Hamburg Portfolio GmbH for re-leasing services and an agreement regarding development fees has been concluded.

Under the existing service agreements ("Asset Management Agreements") these DICP joint ventures are to provide the following compensation to Deutsche Immobilien Chancen Beteiligungs AG:

- Base management fee: 1% of annual net rent;

- Leasing fee (equates to a leasing commission): 2.5 net monthly rental or a net monthly rent, if an outside broker is involved;

- Disposition fee (equates to a sales commission): 0.75% to 3% of the sales price after transaction costs if no outside broker is involved, and 0.5% to 1.5% of the sales price after transaction costs if an outside broker is involved;

- Tenant improvement fee (equates to a fee for re-leasing services): 3.5% to 4% of the internal and external costs that arise from renovation for a new tenant (particularly for planning and renovation) or negotiable on the basis of this expense;

- Development fee for project development services through to initial leasing: dependent on expenses or market-rate compensation.

In 2008, the following compensation, was paid to Deutsche Immobilien Chancen Beteiligungs AG, in which DCIP holds 7.5% of the share capital, in each case excluding sales tax:

DICP joint ventures (EUR)		**Base Mgm. Fees**	**Leasing Fees**	**Dispos. Fees**	**TI/Devel. Fees**	**Total**
DIC Hamburg (Primo) Portfolio GmbH	2008	108,019	0	278,500	0	386,519
	2007	106,110	0	65,836	0	171,946
DIC HI (Helena) Portfolio GmbH	2008	237,160	0	0	0	237,160
	2007	115,955	76,196	0	0	192,151
Overall totals	**2008**	**345,179**	**0**	**278,500**	**0**	**623,679**
	2007	222,065	76,196	65,836	0	364,097

As, aside from its Board of Directors, Deutsche Immobilien Chancen Beteiligungs AG has no employees of its own in the property management sector, for the purpose of providing the services assigned to it hereunder, it makes use of DIC Asset AG materials and personnel.

DIC Asset AG charges fees to Deutsche Immobilien Chancen Beteiligungs AG, the amount of which depends on whether, with the approval of the Company, the DICP joint venture has contracted third-party service providers.

In particular, the amount of the fee for services related to portfolio and asset management is 2% of the net annual rent or 0.5% of the net annual rent if an external management company is involved. Assistance with leasing is compensated in the amount of 1.5 times the agreed net monthly rent – or 0.75 times the agreed net monthly rent if an external broker was involved. The compensation paid for sales assistance equals 1% of the realised proceeds – or 0.25% of the realised proceeds if an external broker was involved. Individual properties and project developments may be subject to case-by-case arrangements. On the basis of this agreement, the DIC Asset AG charged Deutsche Immobilien Chancen Beteiligungs AG the following amounts for services related to DICP joint ventures for 2008, in each case excluding sales tax:

Recipient of service (EUR)		**Asset Mgm. Fees**	**Leasing Fees**	**Dispos. Fees**	**Total**
DIC Hamburg (Primo) Portfolio GmbH	2008	54,009	0	138,875	192,884
	2007	53,055	0	11,931	64,986
DIC HI (Helena) Portfolio GmbH	2008	117,330	0	0	117,330
	2007	57,978	45,717	0	103,695
Overall totals	**2008**	**171,340**	**0**	**138,875**	**310,215**
	2007	111,033	45,717	11,931	168,681

Morgan Stanley Real Estate Funds (MSREF)
Together with the companies of the MSREF Group, DIC Asset AG has acquired interests in investment properties, including:

- a portfolio acquired from the Frankfurter Sparkasse, which is held via DIC MSREF Frankfurt Portfolio GmbH and its four wholly owned subsidiary property companies, under agreements dated 22 December 2004;

- the so-called eBay-Campus, which is held by DIC MSREF Berlin GmbH and its three wholly owned subsidiary property companies, under agreements dated 23 August 2005;

- the Degussa property in Frankfurt am Main, which is held by DIC MSREF Weißfrauenstraße GmbH and its three wholly owned subsidiary companies, under agreements dated 14 October 2005;

- properties transferred from MEAG, which are held by DIC MSREF HMDD Portfolio GmbH and its eight wholly owned subsidiary property companies, under agreements dated 14 December 2005;

- properties acquired from Hochtief, which are held by DIC MSREF HT Portfolio GmbH and its ten wholly owned subsidiary property companies, under agreements dated 24 May 2006;

- properties transferred from the Falk group, which are held by DIC MSREF FF Südwest Portfolio GmbH and its six wholly owned subsidiary property companies, under agreements dated 16 August 2006; and

– a portfolio acquired from the Landesbank Berlin, which is held via DIC MSREF Berlin Portfolio GmbH and its twelve wholly owned subsidiary property companies, under agreements dated 16 December 2006

(hereinafter referred to collectively as "joint ventures").

The Company holds an interest in the property companies of the FF Südwest portfolio, the HT portfolio and the properties transferred from MEAG at 20% each indirectly through the portfolio companies. In addition, aside from the 50% stake in each of the divisions of the MSREF group, the Company holds a 30% indirect interest in DIC Opportunity Fund GmbH. The Company holds an indirect interest in the property companies for the Degussa property of 20%; the remaining 80% is held by the MSREF group (50%), DIC Opportunity Fund (15%) and DIC Capital Partners (Germany) GmbH & Co. KGaA (15%). In the remaining property companies, the Company and the respective MSREF companies are invested at 50% each indirectly through the portfolio companies.

With respect to the distribution of profits, the DIC companies are entitled to equity return-based profits paid in advance that, in the case of an equity return in the amount of 17.5%, equal to 10% of profits and reach their maximum amount of 30% of profits at equity returns of over 27.5%.

The Company continues to be bound by credit agreements with the joint ventures, under which the Company acts both as lender and borrower. The underlying credit comes in the form of overdraft facilities with an agreed interest rate of 6% p.a. in each case. Interest is payable in arrears at the end of the year or quarter or is added to the principal. The agreements call for neither fixed terms nor collateral security. With regard to the balances existing as of the balance sheet dates, see 25. "Receivables from related parties".

Forum European Realty Income II L.P. (Forum)
On 11 July 2008, Deutsche Immobilien Chancen AG & Co. KGaA, Forum European Realty Income S.a.r.l. and Forum European Realty Income II L. P. (hereinafter referred to as "Forum") entered into two agreements on the issue of convertible bonds.

Forum is therefore extending its existing convertible bond by a further three years while at the same time taking up an additional convertible bond also with a term of three years and the option to convert 1.52 million DIC Asset AG shares, which have to be delivered from Deutsche Immobilien Chancen AG & Co. KGaA. In return, Forum has transferred its holding of 4.9% to the DIC Group.

As a result of its accession to an agreement between Deutsche Immobilien Chancen AG & Co. KGaA and Forum of 18 September 2005, the Company is also entitled and obligated vis-à-vis Deutsche Immobilien Chancen AG & Co. KGaA, to acquire a 40% share in the so-called "opportunistic investments" of Deutsche Immobilien Chancen AG & Co. KGaA.

Due to the interest of 50% from other financial investors (such as MSREF) in opportunistic investments, the Company's equity share amounts to 20% in total.

Transactions with executives
Legal transactions with executives and their close relatives were entered into only to an insignificant extent.

Shareholder structure
Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main, directly and indirectly, holds a minority stake of 39.4% (previous year: 34.53%) in DIC Asset AG. The corresponding announcement pursuant to § 20 AktG has been submitted to the Company.

Announcements pursuant to § 160 AktG
With regard to the present announcements pursuant to § 21 Para. 1 WpHG ("Wertpapierhandelsgesetz" - German Securities Trading Act) relating to direct and indirect capital shareholdings of DIC Asset AG please refer to the information given in the section: "Direct and indirect interests in capital" in the group annual report.

Events after the Balance Sheet Date
On 30 January 2009, the transfer of possession, rights and obligations took place for the Düsseldorf Nordstraße property (V6A portfolio) with an investment volume of TEUR 10,279, acquired under the purchase agreement of 17 July 2007.

The economic ownership of 5 properties from the Berlin portfolio were transferred to a new investor on 31 January 2009. Sales proceeds of TEUR 9,000 were generated for the part portfolio.

The opportunistic Eschborn property, Rathausplatz from the Hochtief was disposed of, raising sales proceeds of TEUR 10,500. DIC Asset AG's participation in the proceeds of this sale is 20%.

The share buyback programme of DIC Asset AG was completed on 10 February 2009. The Company acquired a further 491,423 shares between the reporting date and this date.

Employees
In 2008 the Group had an average of 89 employees.

Corporate Governance
The declaration regarding the German Corporate Governance Codex pursuant to §161 AktG has been submitted and is available to shareholders at any time.

Supervisory Board
The members of the Supervisory Board are:

Prof. Dr. Gerhard Schmidt (Chairman),
Attorney, Glattbach

Mr Klaus-Jürgen Sontowski (Deputy Chairman), Businessman, Nürnberg

Mr Michael Bock, Member of the Board of Management of Provinzial Versicherungsanstalten der Rheinprovinz AG, Düsseldorf

Mr Hellmar Hedder, Head of Real Estate Portfolio Management, VersAM Versicherungs-Assetmanagement GmbH, Münster

Mr Russell C. Platt, Chief Executive Officer Forum Partners, Santa Fé/USA

Mr Bernd Wegener MRICS, Principal Head of the Real Estate Management Division at the Versicherungskammer Bayern (Bavarian Insurance Chamber), Munich

At the same time, the members of the Supervisory Board served on the following additional supervisory boards and supervisory bodies:

Prof. Dr. Gerhard Schmidt	– Grohe AG, Hemer: Chairman of the Supervisory Board – Grohe Beteiligungs GmbH, Hemer: Chairman of the Supervisory Board – TDF Media Broadcast GmbH, Bonn: Member of the Supervisory Board – TTL Information Technology AG, Munich: Member of the Supervisory Board – Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: Chairman of the Supervisory Board * – Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main: Chairman of the Supervisory Board * – DIC Capital Partners (Germany) GmbH & Co. Kommanditgesellschaft auf Aktien, Munich Chairman of the Supervisory Board * – DIC Capital Partners Beteiligungs GmbH, Munich: Chairman of the Supervisory Board ** – DIC Capital Partners (Germany) Verwaltungs GmbH, Munich: Chairman of the Supervisory Board ** – DIC Capital Partners OpCo (Germany) Verwaltungs GmbH, Munich: Chairman of the Supervisory Board ** – DIC Capital Partners OpCo (Germany) GmbH & Co. KGaA, Munich: Chairman of the Supervisory Board * – DIC Capital Partners (Germany) III Verwaltungs GmbH, Munich: Chairman of the Supervisory Board ** – DIC Opportunistic GmbH, Frankfurt am Main: Chairman of the Supervisory Board * – DIC Development GmbH, Frankfurt am Main: Chairman of the Supervisory Board *
Klaus-Jürgen Sontowski	– GRR AG, Erlangen: Chairman of the Supervisory Board – Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main: Deputy Chairman of the Supervisory Board – Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: Deputy Chairman of the Supervisory Board – DIC Opportunistic GmbH, Frankfurt am Main: Deputy Chairman of the Supervisory Board * – DIC Development GmbH, Frankfurt am Main: Deputy Chairman of the Supervisory Board
Michael Bock	– Avenue des Arts, 35 S.A., Brussels, Belgium: Chairman of the Supervisory Board – KDV Kapitalbeteiligungsgesellschaft der Deutschen Versicherungswirtschaft AG, Düsseldorf: Deputy Chairman of the Supervisory Board – Mediclin AG, Frankfurt am Main: Member of the Supervisory Board – DIC Capital Partners Beteiligungs GmbH, Munich: Member of the Supervisory Board ** – DIC Capital Partners (Germany) Verwaltungs GmbH, Munich: Member of the Supervisory Board ** – MUK Kapitalbeteiligungsgesellschaft mbH, Cologne: Member of the Supervisory Board ** – GRR AG, Erlangen: Member of the Supervisory Board – Litos Immobilien AG, Munich: Member of the Supervisory Board
Russell C. Platt	– DIC Capital Partners Beteiligungs GmbH, Munich: Member of the Supervisory Board ** – DIC Capital Partners (Germany) Verwaltungs GmbH, Munich: Member of the Supervisory Board ** – South Asian Real Estate Ltd, India: non-executive Chairman of the Management Board – Duet India Hotels Asset Management Limited, Mauritius: Member of the Supervisory Board

* Membership as defined in § 100 Para. 2 Sentence 2 AktG
** Supervisory Board not formed on the basis of legal requirements

In the financial year the company granted compensation of a total of TEUR 204 to members of the Supervisory Board. Further details, in particular information in accordance with § 285 Sentence 1 No. 9 Letter a Sentences 5 to 9 HGB, are given in the annual report.

The Chairman of the Supervisory Board of the Company, Prof. Dr. Gerhard Schmidt, is a partner in the firm of lawyers Weil, Gotshal & Manges LLP. This firm received compensation for legal advisory services, which was reported under expenses, in the amount of TEUR 36 for the financial year 2008 and TEUR 113 for the financial year 2007.

Board of Directors

The members of the Board of Directors are:

Mr Ulrich Höller (Chairman),
Master of Economics, Real Estate economist (ebs),
Chartered Surveyor FRICS, Dreieich-Buchschlag;

Mr Markus Koch, (Deputy Chairman),
Master of Business Administration, Elz;

Dr. Jürgen Schäfer,
Lawyer, Real Estate economist (ebs), MRICS,
Bad Homburg

RESPONSIBILITY STATEMENT

To the best of our knowledge and belief we warrant that, in accordance with the accounting principles to be applied, the consolidated financial statements convey a picture of the Group's assets, liabilities, financial position and earnings that reflects actual circumstances and that business development including results and the position of the Group are presented in such a way in the Group report as to give a picture that corresponds to actual circumstances and describes the material opportunities and risks of the Company's and the Group's anticipated development over the rest of the financial year.

Frankfurt am Main, 3 March 2009

The Management Board

Ulrich Höller   Markus Koch   Dr. Jürgen Schäfer

Heusenstamm, Borsigstraße

Neubrandenburg, Alfred-Lythall-Straße

Auditors' Report

We have audited the consolidated financial statements prepared by the DIC Asset AG, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report, which was combined with the management report of the parent company, for the business year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the combined group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB and supplementary provisions of the articles of incorporation are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a (1) HGB and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Nürnberg, 3 March 2009

Rödl & Partner GmbH

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Rödl	Danesitz
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

MANAGEMENT AND SUPERVISION

Dual management structure
As a listed company, DIC Asset AG has a dual management structure, as required under German company law, consisting of a Board of Directors and a Supervisory Board. There is rigid separation of the two boards, allowing each of them to perform its different duties independently. The duty of the Board of Directors is to manage the company, that of the Supervisory Board to monitor this. Details of the boards are given in the management report.

A committee for more effective working
The Supervisory Board has set up an audit committee, made up of three professionally qualified members, which reports regularly to the overall Supervisory Board. The audit committee deals in particular with issues relating to accounting, risk management and compliance. It assesses and monitors the independence of the auditors, and specifies the focus of the audit. It also examines the annual and consolidated financial statements, including the management report, and deals with quarterly and half-yearly financial statements.

Disclosure of conflict of interest
Each member of the Board of Directors and the Supervisory Board discloses any possible conflicts of interest to the Supervisory Board. When the Supervisory Board makes decisions regarding contracts with Supervisory Board members pursuant to § 114 AktG, the member concerned does not participate in the decision.

Close cooperation between Board of Directors and Supervisory Board
The Board of Directors and the Supervisory Board work closely together in the interests of the company. This ensures that DIC Asset AG benefits from the professional expertise of the Supervisory Board members, and speeds up the decision-making process. The Board of Directors provides the Supervisory Board regularly and promptly with information on strategy, planning and risk management, and on current business developments. The Board of Directors puts forward strategic proposals, discusses these with the Supervisory Board, and then ensures their implementation within the company. In the case of certain defined measures – such as major capital investments – the approval of the Supervisory Board is necessary.

A summary of the Supervisory Board's activities during the 2008 financial year is given in the Board's report.

Supervisory Board examines its own effectiveness
The Supervisory Board regularly examines its own effectiveness. This examination takes the form of a company-specific questionnaire, which is evaluated without delay and the results discussed in detail. The findings are then incorporated into the Board's future operations.

COMPENSATION

Compensation of members of the Board
The remuneration of the Board of Directors is decided by the Supervisory Board and is subject to regular review. In addition to fixed remuneration, Board compensation includes a variable, performance-based component and a long-term incentive component. The relationship between total remuneration and the individual compensation components is appropriate to the tasks of each member of the Board, their personal achievements, the performance of the Board as a whole and the economic situation of DIC Asset AG.

▷ Variable, performance-related compensation
The variable, performance-related Board compensation is based on the operating results, and must be at least 50% (Mr Höller and Mr Koch) or a maximum of 50% (Dr. Schäfer) of the fixed compensation. The level of payments is laid down annually by the Supervisory Board.

▷ Stock-based compensation as long-term incentive
In addition, members of the Board of Directors have options on „virtual shares" of DIC Asset AG. The options are fictitious and do not give any right to purchase shares, but only grant the right to a cash payment. When exercising the options, Board members receive payments to the amount of the share price less EUR 2.90 (Mr Höller and Mr Koch) or EUR 20.00 (Mr Koch and Dr. Schäfer) for each virtual share. The exercise of the options is linked to a specific number of years' service as a Board member.

The share price is calculated on the average of the closing prices in a reference period of ten trading days. The total value of the share options at 31 December 2008 was TEUR +371 according to IFRS.

▷ Early termination of Board membership

With the exception of a Board contract covering the eventuality of a change of control, the Board contracts do not contain an express undertaking to provide a severance payment. Contrary to the recommendation given in section 4.2.3 of the German Corporate Governance Code, no agreement has been made that payments, including fringe benefits, to Board members who leave the Board early without good cause should not exceed the value of two years' remuneration (settlement cap) and should not reimburse more than the remaining period of the contract of employment.

In the event of a change of control, the chairman of the Board Mr Höller has the right to prematurely terminate his contract of employment. In exercising his right to terminate Mr Höller is entitled to receive a payment of twice his total annual earnings in the financial year prior to the change of control. If the remaining period of his contract of employment is less than two complete years, the equivalent of two years' total annual earnings is replaced by a proportion of two years' total annual earnings calculated pro rata over the shorter period remaining.

▷ Compensation in financial year 2008

In addition to their activities on behalf of DIC Asset AG, two members of the Board of Directors carried out the same function for Deutsche Immobilien Chancen Beteiligungs AG, in the case of one of these Board members for the period between 1 January and 6 June 2008. Total compensation paid to Board members by DIC Asset AG in the 2008 financial year was TEUR 666.

Compensation of the Directors in 2008

EUR	Fixed compensation	Profit sharing	Stock-based compensation	Other ***	Total 2008	Total 2007	Number of options issued	Earliest possible exercise date
Ulrich Höller	239,062.37	115,000.00	-196,900.00	3,004.26	160,166.63	331,400.12	40,000/85,000	16.08.2008/31.12.2011
Markus Koch	196,875.04	90,000.00	-191,400.00	24,683.34	120,158.38	242,180.56	35,000/35,000	30.08.2009/31.07.2011
Dr. Jürgen Schäfer *	250,000.08	87,500.00	21,200.00	26,956.92	385,657.00	103,496.45	30,000	01.10.2010
Jürgen Overath **	---	---	---	---	---	-285,428.95	---	---
Total	**685,937.49**	**292,500.00**	**-367,100.00**	**54,644.52**	**665,982.01**	**391,648.18**	**225,000**	

* from 1 October 2007
** until 31 July 2007
*** Other compensation includes non-monetary benefits from personal use of a company car and insurance subsidies

Compensation of members of the Supervisory Board

Supervisory Board compensation is based on § 10 of the Articles of Incorporation of DIC Asset AG. Each member receives performance-related compensation appropriate to his activity.

Supervisory Board members receive a fixed remuneration of EUR 15,000 for each full financial year of membership. As a variable, performance-dependent fee, each member receives EUR 2,556.46 for each percentage point of dividend over the rate of seven percent, calculated on the amount of equity, that is distributed, but no more than EUR 12,782.30. The Chairman receives double the fixed and variable compensation. In addition to the remuneration, each member of the Supervisory Board receives reimbursement of expenses, including Value Added Tax.

For membership of a committee of the Supervisory Board which has met at least once during the financial year, the members of the Supervisory Board also receive compensation of EUR 2,500 per committee for each full financial year of their membership of this committee, but not exceeding EUR 5,000 in total. The chairman of a Supervisory Board committee receives twice this additional compensation.

During the 2008 financial year, total remuneration of the members of the Supervisory Board amounted to TEUR 204. In addition, payments of TEUR 36 were made during 2008 (2007: TEUR 113) to the law firm of Weil, Gotschal & Manges LLP, in which Prof. Dr Gerhard Schmidt, the chairman of the Supervisory Board, is a partner. In addition TEUR 28 was paid in Supervisory Board tax for a foreign member.

Directors' transactions in the 2008 financial year

Under § 15a of the German Securities Trading Act (WpHG), persons holding management positions must disclose the acquisition or disposal of shares in DIC Asset AG and any related financial instruments where these exceed EUR 5,000 in a calendar year. During the 2008 financial year, DIC Asset AG received and published the relevant notifications from the Board members Ulrich Höller (10,345 shares), Markus Koch (3,500 shares) and Dr. Jürgen Schäfer (2,200 shares) in October 2008.

Shares held by members of the Board of Directors and Supervisory Board

The number of shares in the company or related financial instruments held directly or indirectly (under the terms of § 15a WpHG) by members of the Board of Directors and the Supervisory Board is less than one per cent of the shares issued.

Compensation of the Supervisory Board members 2008

EUR	Fixed compensation	Variable compensation	Committee membership compensation	Total
Prof. Dr. Gerhard Schmidt (Chairman)	30,000	25,565	2,500	58,065
Klaus-Jürgen Sontowski (Deputy chairman)	15,000	12,782	---	27,782
Michael Bock	15,000	12,782	5,000	32,782
Hellmar Hedder	15,000	12,782	2,500	30,282
Russell C. Platt	15,000	12,782	---	27,782
Bernd Wegener	15,000	12,782	---	27,782
Total	**105,000**	**89,475**	**10,000**	**204,475**

VARIED COMMUNICATION WITH SHAREHOLDERS

In the general shareholders' meeting, shareholders of DIC Asset AG make use of their rights. The general shareholders' meeting elects the members of the Supervisory Board and makes decisions on changes to the Supervisory Board and the Board of Directors as well as on Supervisory Board compensation. It also makes decisions on the use of profits, on amendments to the Articles of Incorporation and on important structural measures that have an impact on the policies of the company. Every shareholder is entitled to take part in the general shareholders' meeting, to vote with his registered shares and to pose questions to the Board of Directors.

DIC Asset AG issues a report each quarter on business developments and the position of its earnings, finances and assets. In addition, the public is kept informed of developments in the Company through the use of a variety of media. Insider information that could have a significant influence on the share price is published immediately in the form of ad-hoc announcements.

DIC Asset AG's website is an important tool for supplying information to shareholders, investors and the general public. On its website, DIC Asset AG provides financial reports as well as ad-hoc and other announcements in both German and English. A newsletter keeps interested investors up to date and the financial calendar provides information on important dates.

FINANCIAL REPORTING AND AUDITING

DIC Asset AG publishes its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), while separate financial statements are published in accordance with HGB. The financial statement for the whole year is drawn up by the Board of Directors and verified by the Supervisory Board, as are the quarterly and half-yearly reports. The Supervisory Board recommends an auditor, who is then chosen by the general shareholders' meeting. The auditor makes a statement of independence to the Supervisory Board.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE RECOMMENDATIONS

During the year under review, the Board of Directors and the Supervisory Board have regularly dealt with good management practice issues. In particular they have familiarised themselves with the innovations in the

German Corporate Governance Code, and have dealt with the question of compliance with the recommendations. The consultation process resulted in the adoption of an updated annual Statement of Compliance dated 3 December 2008.

The content of the updated Statement of Compliance is summarised below. The full text of the statements has been published on our website.

All the recommendations of the German Corporate Governance Code (14 June 2007 edition) were complied with up to 8 August 2008. All recommendations of the code edition dated 6 June 2008 have been, and will continue to be, complied with since 9 August 2008. The following exceptions previously applied or still apply:

– Stock-based payments to members of the Board of Directors are dependent exclusively on the share price. We are of the opinion that incorporating additional parameters will not bring about any greater incentive or responsibility. No possibility of limitation (cap) for extraordinary, unforeseen developments has been agreed.

– No cap is agreed when directors' contracts are decided upon. In our view, any such agreement is contrary to the underlying concept of the directors' contract, which is normally signed for the duration of the appointment and which cannot normally be terminated. In the event of a Board of Management contract being terminated prematurely by mutual agreement, we shall endeavour to take account of the recommended course of action.

– The Supervisory Board does not have a nomination committee. Its view is that proposals for election should continue, in the case of proposed elections to the Supervisory Board, to be made to the shareholders' meeting by the full Supervisory Board.

Report of the Supervisory Board

Advisory, monitoring and reviewing role of the Supervisory Board

Through the year, the Board of Directors provided the Supervisory Board with regular, timely and comprehensive information on all material issues involved in corporate planning, on the Company's and Group's position and progress including risks, risk management and compliance as well as significant business events through written and oral reports. Using these reports and through discussions with the Board of Directors, the Supervisory Board has gained an insight into the economic position of the Company and the Group, has advised the Board of Directors and continuously monitored management in accordance with the duties provided for by law, the Articles of Association and rules of procedure. The Supervisory Board was involved in all decisions of material importance for the Company. The Supervisory Board has made decisions on questions that require its approval after undertaking its own review.

Report by the Audit Committee

The work of the Supervisory Board is supported by the audit committee, which it established. The audit committee is involved, in particular, with the financial statements, risk management, compliance and the preparation of the issue of the mandate to the auditors and the setting of priorities for the audit. The members of the audit committee are Mr Hellmar Hedder, the chairman of the Supervisory Board Prof. Dr. Gerhard Schmidt and Mr Michael Bock, who was elected chairman of the audit committee at its constituent meeting in 2007.

The audit committee met twice in 2008. The annual and consolidated financial statements for the financial year 2007 as well as the associated audit reports were discussed on 3 March 2008 in detail, in the presence of the auditor.

After the findings of the interim report were debated by the Supervisory Board together with the Board of Directors prior to its publication on 10 November 2008, the Board of Directors explained the result as at 30 September 2008 and the projection for 2008 as a whole to the audit committee once more in the meeting on 26 November 2008. Subsequently, the current status of the share buyback programme was discussed. The effects of the credit crisis on the reporting of risk were looked at. Finally, the priorities for the audit of the annual financial statements as at 31 December 2008 were set in consultation with the auditor.

The chairman of the audit committee provided regular, detailed reports on the work of the audit committee to the plenary meetings of the Supervisory Board.

Report of the Meetings

In financial year 2008, the Supervisory Board met for four regular meetings and a further four extraordinary meetings. All members were represented in more than half of the meetings. The members of the Board of Directors participated in all of the meetings. In addition to current business development, the Supervisory Board's meetings focused on the situation on the transaction market and letting activities. Further current topics, such as the buyback of own shares and the material figures and factors influencing quarterly results, were also dealt with in the extraordinary meetings. The chairman of the Supervisory Board was also notified of material developments and decisions by the Board of Directors between the meetings.

At the meeting on 11 March 2008, the Supervisory Board debated and discussed the results of the meeting of the audit committee on 3 March 2008 in detail. DIC Asset AG's annual financial statements for financial year 2007 were approved and the consolidated financial statements accepted. The agenda for the general shareholders' meeting on 14 May 2008 was adopted. Letting activities in financial year 2007 and planning for financial year 2008 were also the subject of debate. The Board of Directors reported on the effects of the financial market crisis on the situation regarding the purchase and sale market and the status of planned sales activities. In the absence of the Board of Directors, the Supervisory Board set the variable remuneration for the members of the Board of Directors, as listed in the Annual Report 2007.

At the meeting on 13 May 2008, the Board of Directors presented the results for the first quarter in detail. Moreover, the current status of purchase/selling and letting activities in the portfolios was presented and discussed jointly in a meeting of the full Supervisory Board. The Board of Directors also reported on current developments regarding the MainTor project development.

At the meeting on 23 September 2008, the Board of Directors explained the profit forecast for the first nine months of the financial year 2008. Furthermore, the current status of the Group's letting activities, transactions and project developments was presented and discussed.

The Supervisory Board met for its last regular meeting in the last financial year on 3 December 2008. The Board of Directors provided it with information on the status of sales activities, in particular, and gave a presentation of the profit forecast for financial year 2008. Letting activities were considered and the planning for financial year 2009, which the Supervisory Board agreed to in principle, was explained. The recommendations of the German Corporate Governance Code and the audit of the Supervisory Board's efficiency were also the subject of discussion. The updated annual declaration of conformity was adopted.

Where the Board of Directors asked the Supervisory Board to pass a resolution in these or other cases, the Supervisory Board was always provided with the requisite written draft of the resolution in sufficient time for them to prepare it. The Supervisory Board was also kept informed in detail and without delay of particularly important transactions by the Board of Directors between meetings through oral and written reports. If necessary, decisions were made using the written resolution procedure, which does not require the physical presence of the members.

Current status of Corporate Governance

The issue of corporate governance is of great importance to the Supervisory Board. The Supervisory Board issued the current declaration of conformity to the recommendations of the government commission on the German Corporate Governance Code pursuant to § 161 AktG together with the Board of Directors and made it available to shareholders on the Company's website. The Supervisory Board also discussed the system of remuneration for the Board of Directors in this connection.

The Board of Directors and the Supervisory Board report on corporate governance in a separate section of the annual report (see “Corporate Governance Report”).

Efficiency audited

The Supervisory Board scrutinises the efficiency of its work on a regular basis. To do so, it questions its members using questionnaires focused on company-specific issues. The results are discussed and incorporated in the work of the Supervisory Board.

Conflicts of interest avoided

Each member of the Supervisory Board discloses any possible conflicts of interest to the Supervisory Board. When the Supervisory Board makes decisions regarding contracts with Supervisory Board members pursuant to § 114 AktG, the member concerned does not participate in the decision. No other conflicts of interest were reported in the financial year just ended.

Annual and consolidated financial statements 2008 audited

The annual and consolidated financial statements prepared by the Board of Directors as at 31 December 2008, including the Group management report have been audited by Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, the auditors selected by the general shareholders' meeting of 14 May 2008, and have been provided with unqualified certification. The corresponding financial statements and the reports of the auditor were presented to the individual members of the Supervisory Board in a timely manner. The audit committee undertook a preliminary audit of the financial statements and prepared the discussion of the Supervisory Board as regards these documents. The auditor participated in the discussions of the audit committee at its meeting of 3 March 2009 and reported on the significant results of its audit. The auditor was also available to answer any additional questions by the members of the audit committee. The chairman of the audit committee reported on the significant content and result of the audit committee's preliminary audit to the entire Supervisory Board at its meeting on 3 March 2009.

Annual financial statements approved

The Supervisory Board also reviewed the annual and consolidated financial statements, the management report summarised with the Group management report, taking due account of the reports of the auditor and the chairman of the audit committee, and the dividend proposals of the Board of Directors and discussed them in detail in its meeting on 3 March 2009. The auditor also reported on the material findings of its audit and answered questions from the members of the Supervisory Board in this meeting. The Supervisory Board is in agreement with the results of the auditor's audit. The result of the Supervisory Board's audit showed no cause for objections. Accordingly the Supervisory Board approves the annual and consolidated financial statements prepared by the Board of Directors in line with the recommendation of the audit committee. The annual financial statements of DIC Asset AG are hereby approved.

Proposed distribution of profits

In connection with the proposal on the distribution of profits, which was also submitted in a timely manner by the Board of Directors, the Supervisory Board also discussed the Board of Directors' balance sheet policy and financial planning in the audit committee and the entire Supervisory Board. In accordance with the results of its own audit, the Supervisory Board supports the proposal on the distribution of profits by the Board of Directors.

Proposed choice of auditor

The audit committee has recommended to the general shareholders' meeting that the Supervisory Board again propose commissioning Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg to audit the annual financial statements and consolidated financial statements for financial year 2009 and to review the interim report. On the basis of this recommendation the Supervisory Board adopted a proposal to this effect for submission to the general shareholders' meeting.

Relationships to affiliates reviewed

The Board of Directors' report on relationships to affiliates was also reviewed by the audit committee and the Supervisory Board. The auditor issued the following unqualified certification on that report:

"According to our properly considered audit and evaluation, we confirm that

1. the actual information in the report is correct,
2. in the legal transactions mentioned in the report, under the circumstances known at the time they were undertaken, the consideration paid by the Company was not disproportionately high."

The Board of Directors' report and the auditor's report were also presented to the individual members of the Supervisory Board in a timely manner. The auditor participated in the Supervisory Board's discussion of the Board of Directors' report and reported on the most significant results of the audit. The Supervisory Board also audited and approved the Board of Directors' report on relations with affiliates. It also approved the results of the audit of the auditor's report. The result of its own audit gave the Supervisory Board no reason to object to the declaration made by the Board of Directors on the relations with affiliated companies, presented at the end of the report.

Personalities

In the financial year, the Supervisory Board extended the appointment of Mr Ulrich Höller as a member and Chairman of the Board of Directors until 31 December 2012.

The Supervisory Board resolved to introduce the position of Deputy Chairman of the Board of Directors and appointed Mr Markus Koch as Deputy Chairman of the Board of Directors. The revised version of the Board of Directors' rules of procedure was adopted.

On 14 May 2008, the general shareholders' meeting re-elected Mr Hellmar Hedder to the Supervisory Board.

The Supervisory Board would like to thank the Board of Directors and the employees for their dedication and hard work during the past financial year.

Frankfurt am Main, 3 March 2009

The Supervisory Board
Prof. Dr. Gerhard Schmidt
- Chairman -

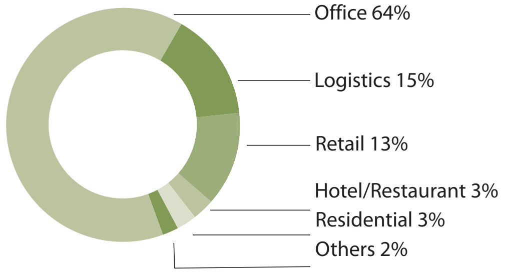
Portfolio

	Core	Value Added	Opportunistic Co-Investments	Total
Number of properties	45	150	143	338
Portfolio volume in EUR million	946	974	242	2,162
Portfolio proportion	44%	45%	11%	100%
Net annual rent in EUR million	66	66	14	146
Lettable area in sqm	445,000	667,000	163,000	1,275,000
Rental income per sqm in EUR	12.10	9.70	8.30	10.50
Vacancy quote	2%	17%	18%	12%

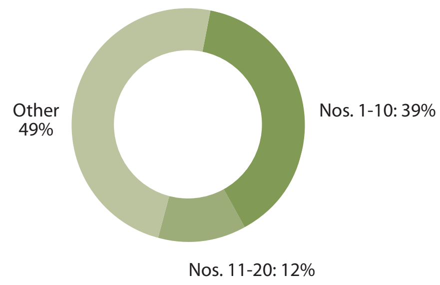
Hallbergmoos, Lilienthalstraße

Growth of portfolio volume
EUR million

Forms of use
by lettable area



Main tenants
per rents paid




Frankfurt, Insterburgerstraße


Heusenstamm, Borsigstraße


Mannheim, Dynamostraße

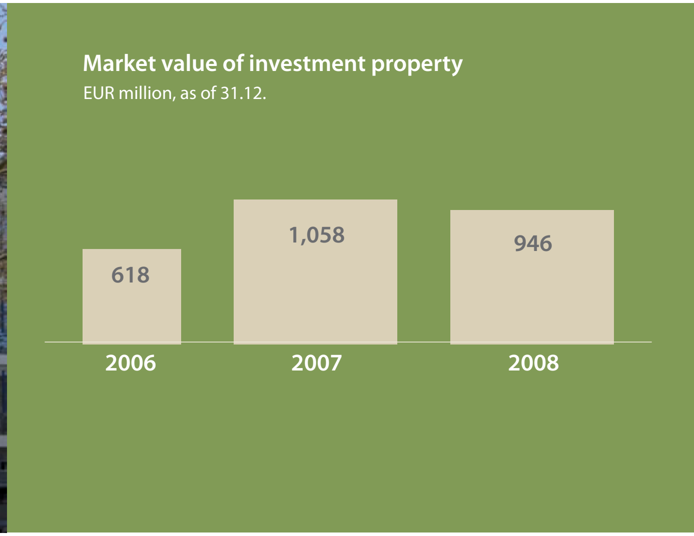
Core Segment

- Long-term rentals, first-class properties and tenants
- Long-term investment horizon
- Regular and high cash flows

Main key figures

EUR million	2008	2007	Δ
Rental income	68.7	48.7	+20.0
EBT	10.5	17.4	-6.9
Market value of investment property	946	1,058	-112

Ludwigshafen, Ludwigsplatz



Hannover, Vahrenwalderstraße

Value Added Segment

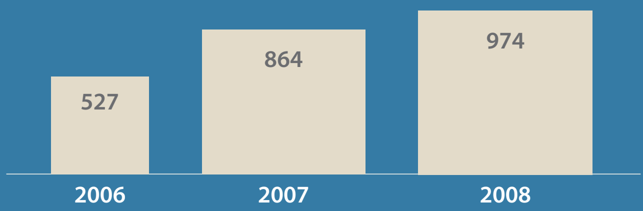
- Properties with value creation potential that can be quickly realised
- Properties with a medium risk/return profile

Main key figures

EUR million	2008	2007	Δ
Rental income	65.8	44.8	+21.0
EBT	8.5	11.6	-3.1
Market value of investment property	974	864	+110

Berlin, Prinzenallee

Market value of investment property
EUR million, as of 31.12.



Essen, Alfredstraße

Segment Opportunistic Co-Investments

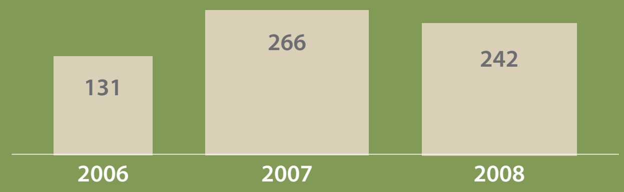
- Minority interests in opportunistic investments of Deutsche Immobilien Chancen AG & Co. KGaA

- High potential for value creation

Main key figures

EUR million	2008	2007	Δ
EBT	9.0	8.3	+0.7
Market value of investment property	242	266	-24

Market value of investment property
EUR million, as of 31.12.



Mannheim, Dynamostraße

Quarterly Financial Data

EUR million	Q1 2008	Q2 2008	Q3 2008	Q4 2008
Rental income	33.8	33.9	33.3	33.5
Investment property disposal proceeds	0.0	2.0	20.8	27.1
Total revenues	39.1	41.5	60.1	67.5
EBITDA	28.8	29.8	33.4	32.0
EBIT	21.9	22.5	26.5	25.1
FFO	11.0	17.5	10.5	9.0
Profit before depreciation	10.2	15.7	13.6	13.7
Profit for the period	3.3	8.4	6.7	6.8
Earnings per share (in EUR)	0.11	0.27	0.21	0.21
Cash generated from operating activities	10.4	12.9	6.0	7.9
Market value of investment property *	2,385.6	2,382.6	2,358.1	2,161.8
Total assets	2,251.4	2,229.9	2,211.1	2,214.8
Equity	604.2	593.0	582.9	533.8
Equity ratio in %	26.8	26.6	26.4	24.1
Total liabilities	1,647.2	1,636.9	1,628.2	1,681.0
Debt ratio in %	73.2	73.4	73.6	75.9

* acquisitions during the year considered at purchase costs

Multi-Year Overview

EUR million	2004	2007	2006	2007	2008
Rental income	11.3	18.1	38.4	93.6	134.5
Investment property disposal proceeds	19.8	21.7	64.5	122.9	49.9
Total revenues	32.9	43.1	110.9	236.2	208.2
EBITDA	11.6	18.7	37.0	99.8	124.0
EBIT	8.9	14.7	28.5	80.0	96.0
FFO	3.5	7.4	21.8	44.6	48.0
Profit before depreciation	6.0	10.4	23.5	55.9	53.2
Profit for the period	3.3	6.4	15.0	36.1	25.2
Earnings per share (in EUR)	0.65	0.87	0.85	1.25	0.80
Cash generated from operating activities	5.6	7.8	23.9	28.7	37.2
Market value of investment property	231.7	337.5	1,275.3	2,187.5	2,161.8
Total assets	272.9	369.8	1,343.7	2,121.5	2,214.8
Equity	78.9	115.3	534.0	612.7	533.8
Equity ratio in %	28.9	31.2	39.7	28.9	24.1
Total liabilities	194.1	254.4	809.7	1,508.8	1,681.0
Debt ratio in %	71.1	68.8	60.3	71.1	75.9
Net asset value	91.3	142.2	608.2	722.2	492.8
Net asset value per share in EUR	13.47	13.98	21.34	23.04	16.23
Dividend per share in EUR	0.35	0.56	0.75	1.65	0.30

List of subsidiaries
Appendix 1 of the notes to the consolidated financial statements

Consolidated subsidiaries

Name and registered office of company	Interest (%)
Deutsche Immobilien Chancen Objekt Herne GmbH & Co. KG, Erlangen	100.0
Deutsche Immobilien Chancen Objekt Elmshorn GmbH & Co. KG, Erlangen	100.0
Deutsche Immobilien Chancen Objekt Euskirchen GmbH & Co. KG, Erlangen	100.0
Deutsche Immobilien Chancen Objekt Moers GmbH & Co. KG, Erlangen	100.0
Deutsche Immobilien Chancen Objekt Neuss GmbH & Co. KG, Erlangen	100.0
Deutsche Immobilien Chancen Objekt Offenbach GmbH & Co. KG, Erlangen	100.0
Deutsche Immobilien Chancen Objekt Ludwigshafen GmbH & Co. KG, Erlangen	100.0
Deutsche Immobilien Chancen Objekt Neunkirchen GmbH & Co. KG, Erlangen	100.0
Deutsche Immobilien Chancen Objekt Schweinfurt GmbH & Co. KG, Erlangen	100.0
Deutsche Immobilien Chancen Objekt Karlsruhe GmbH, Erlangen	100.0
DIC Objekt Neumarkt GmbH, Frankfurt am Main	100.0
DIC RMN-Portfolio GmbH, Frankfurt am Main	100.0
DIC Objekt Stadthaus Offenbach GmbH, Frankfurt am Main	100.0
DIC Objekt Dreieich GmbH, Frankfurt am Main	100.0
DIC Objekt Darmstadt GmbH, Frankfurt am Main	100.0
DIC Objekt Velbert GmbH, Frankfurt am Main	100.0
DIC Objekt Alsbach GmbH, Frankfurt am Main	100.0
DIC Objekt Alsbach 2 GmbH, Frankfurt am Main	100.0
DIC Objekt Hemsbach GmbH, Frankfurt am Main	100.0
DIC RMN Objekt 1 GmbH, Frankfurt am Main	100.0
DIC Objekt Köln 1 GmbH, Frankfurt am Main	100.0
DIC Objekt Nürnberg GmbH, Frankfurt am Main	100.0
DIC Objekt Hannover GmbH, Frankfurt am Main	100.0
DIC RP Portfolio 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 RP Objekt Merseburg GmbH, Frankfurt am Main	100.0
DIC RP Objekt Stadtbadgalerie Bochum 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 AP Portfolio 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

Name and registered office of company	Interest (%)
DIC AP Objekt Insterburger Str. 5 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Insterburger Str. 7 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Königsberger Str. 1 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Königsberger Str. 29 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Mainz GmbH, Frankfurt am Main	100.0
DIC AP Objekt P6 GmbH, Frankfurt am Main	100.0
DIC AP Objekt Stuttgarter Str. GmbH, Frankfurt am Main	100.0
DIC AP Objekt 1 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 4 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 Konstanz GmbH, Frankfurt am Main	100.0
DIC AP Objekt Wiesbaden GmbH, Frankfurt am Main	100.0
DIC AP Objekt Oberursel GmbH, Frankfurt am Main	100.0
DIC AP Objekt Sinzheim GmbH, Frankfurt am Main	100.0
DIC AP Objekt 9 GmbH, Frankfurt am Main	100.0
DIC Asset Portfolio GmbH, Frankfurt am Main	100.0
WACO Projektmanagement AG, Luxemburg	100.0
DIC Asset AP GmbH, Frankfurt am Main	100.0
DIC Asset OP GmbH, Frankfurt am Main	100.0
DIC Asset DP GmbH, Frankfurt am Main	100.0
DIC OF Reit 1 GmbH, Frankfurt am Main	100.0
DIC OF Reit 2 GmbH, Frankfurt am Main	100.0
DIC OP Portfolio GmbH, Frankfurt am Main	100.0
DIC OP Objekt Darmstadt GmbH, Frankfurt am Main	100.0
DIC OP Objekt Duisburg GmbH, Frankfurt am Main	100.0
DIC OP Objekt Düsseldorf GmbH, Frankfurt am Main	100.0
DIC OP Objekt Hamburg GmbH, Frankfurt am Main	100.0
DIC OP Objekt Hannover GmbH, Frankfurt am Main	100.0
DIC OP Objekt Leverkusen GmbH, Frankfurt am Main	100.0

Name and registered office of company	Interest (%)
DIC OP Objekt Mannheim 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 Objekt Objekt 1 GmbH, Frankfurt am Main	100.0
DIC OP Objekt Objekt 2 GmbH, Frankfurt am Main	100.0
DIC OP Objekt Objekt 3 GmbH, Frankfurt am Main	100.0
DIC OP Objekt Objekt 4 GmbH, Frankfurt am Main	100.0
DIC VP Portfolio GmbH, Frankfurt am Main	100.0
DIC VP Objekt Bonn GmbH, Frankfurt am Main	100.0
DIC VP Objekt Köln ECR GmbH, Frankfurt am Main	100.0
DIC VP Objekt Köln Silo GmbH, Frankfurt am Main	100.0
DIC VP Objekt Düsseldorf Nordstraße GmbH, Frankfurt am Main	100.0
DIC VP Objekt Düsseldorf Nürnberger Straße 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 Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
DIC DP Portfolio GmbH, Frankfurt am Main	100.0
DIC DP Wiesbaden Frankfurter Straße 50 GmbH, Frankfurt am Main	100.0
DIC DP Wiesbaden Frankfurter Straße 46-48 GmbH, Frankfurt am Main	100.0
DIC DP Hamburg Halenreie GmbH, Frankfurt am Main	100.0
DIC DP Düsseldorf Erkrather Straße GmbH, Frankfurt am Main	100.0
DIC DP Mönchengladbach Stresemannstraße GmbH, Frankfurt am Main	100.0
DIC DP Berlin Rosenthalerstraße GmbH, Frankfurt am Main	100.0
DIC DP Langenselbold Am Weiher GmbH, Frankfurt am Main	100.0
DIC DP München Hanauer Straße GmbH, Frankfurt am Main	100.0
DIC DP Hallbergmoos Lilienthalstraße GmbH, Frankfurt am Main	100.0
DIC DP Objekt 1 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 2 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 3 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 4 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 5 GmbH, Frankfurt am Main	100.0
DIC DP Objekt 6 GmbH, Frankfurt am Main	100.0
DIC DP Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0

Name and registered office of company	Interest (%)
DIC 25 Portfolio GmbH, Frankfurt am Main	100.0
DIC 25 Ingolstadt GmbH, Frankfurt am Main	100.0
DIC 25 Trier GmbH, Frankfurt am Main	100.0
DIC 25 Weilburg GmbH, Frankfurt am Main	100.0
DIC 25 Herbron-Selbach GmbH, Frankfurt am Main	100.0
DIC 25 Unkel GmbH, Frankfurt am Main	100.0
DIC 25 Emmelshausen GmbH, Frankfurt am Main	100.0
DIC 25 Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
DIC 26 Portfolio GmbH, Frankfurt am Main	100.0
DIC 26 Leipzig GmbH, Frankfurt am Main	100.0
DIC 26 Regensburg GmbH, Frankfurt am Main	100.0
DIC 26 Flensburg GmbH, Frankfurt am Main	100.0
DIC 26 Frankfurt-Taunusstraße GmbH, Frankfurt am Main	100.0
DIC 26 Frankfurt-Kaiserstraße GmbH, Frankfurt am Main	100.0
DIC 26 München GmbH, Frankfurt am Main	100.0
DIC 26 Langenhagen GmbH, Frankfurt am Main	100.0
DIC 26 Erfurt GmbH, Frankfurt am Main	100.0
DIC 26 Bonn GmbH, Frankfurt am Main	100.0
DIC 26 Schwaben GmbH, Frankfurt am Main	100.0
DIC 26 Wiesbaden GmbH, Frankfurt am Main	100.0
DIC 26 Köln GmbH, Frankfurt am Main	100.0
DIC 26 Betriebsvorrichtungs GmbH, Frankfurt am Main	100.0
DIC Objekt Braunschweig GmbH, Frankfurt am Main	94.8
DIC Objektsteuerung GmbH, Frankfurt am Main	94.8
Deutsche Immobilien Chancen Objekt Mozartstr. 33a GmbH, Erlangen	94.0
DIC Objekt Frankfurt 1 GmbH & Co. KG, Frankfurt am Main	94.0
Gewerbepark Langenfeld West 3 GmbH & Co. KG, Bielefeld	93.2
Deutsche Immobilien Chancen Objekt Ulm 1 GmbH & Co. KG, Erlangen	90.0
Deutsche Immobilien Chancen Objekt Ulm 2 GmbH & Co. KG, Erlangen	90.0
Deutsche Immobilien Chancen Objekt Ulm 1 Erweiterung GmbH, Erlangen	90.0
Deutsche Immobilien Chancen Objektbeteiligungs GmbH, Erlangen	90.0
Deutsche Immobilien Chancen Objekt Regensburg GmbH & Co. KG, Erlangen	90.0
DIC ONSITE GmbH, Mannheim	74.9

List of joint ventures
Appendix 2 of the notes to the consolidated financial statements

Joint ventures with proportionate consolidation

Name and registered office of company	Interest (%)
DIC MSREF Berlin GmbH, Frankfurt am Main	50.0
DIC Objekt Berlin 1 GmbH, Frankfurt am Main	50.0
DIC Objekt Berlin 2 GmbH, Frankfurt am Main	50.0
DIC Objekt Berlin 3 GmbH, Frankfurt am Main	50.0
DIC MSREF Frankfurt Portfolio GmbH, Frankfurt am Main	50.0
DIC MSREF Frankfurt Objekt Zeil GmbH, Frankfurt am Main	50.0
DIC MSREF Frankfurt Objekt Hasengasse GmbH, Frankfurt am Main	50.0
DIC MSREF Frankfurt Objekt Börsenplatz GmbH, Frankfurt am Main	50.0
DIC MSREF Frankfurt Objekt 3 GmbH, Frankfurt am Main	50.0
DIC MSREF Berlin Portfolio GmbH, Frankfurt am Main	50.0
DIC Berlin Portfolio Objekt Bundesallee GmbH, Frankfurt am Main	50.0
DIC Berlin Portfolio Objekt Hardenbergstraße GmbH, Frankfurt am Main	50.0
DIC Berlin Portfolio Objekt Berliner Straße GmbH, Frankfurt am Main	50.0
DIC Berlin Portfolio Objekt Frankfurt GmbH & Co.KG, Frankfurt am Main	50.0
DIC Berlin Portfolio Objekt Arnulfstraße GmbH, Frankfurt am Main	50.0
DIC Berlin Portfolio Objekt Badensche Straße GmbH, Frankfurt am Main	50.0
DIC Berlin Portfolio Objekt Cottbus GmbH, Frankfurt am Main	50.0
DIC Berlin Portfolio Objekt 1 GmbH, Frankfurt am Main	50.0
DIC Berlin Portfolio Objekt 2 GmbH, Frankfurt am Main	50.0
DIC Berlin Portfolio Objekt 3 GmbH, Frankfurt am Main	50.0
DIC Berlin Portfolio Objekt 4 GmbH, Frankfurt am Main	50.0
DIC Berlin Portfolio Objekt 5 GmbH, Frankfurt am Main	50.0

List of joint ventures
Appendix 3 of the notes to the consolidated financial statements

Indirekt and direkt holdings of 20% and 40% respectively

Name and registered office of company	Interest (%)
DIC MSREF Weißfrauenstraße GmbH, Frankfurt am Main	20.0
DIC MSREF Weißfrauenstraße 1 GmbH, Frankfurt am Main	20.0
DIC MSREF Weißfrauenstraße 2 GmbH, Frankfurt am Main	20.0
DIC MSREF Weißfrauenstraße 3 GmbH, Frankfurt am Main	20.0
DIC MainTor Zweite Beteiligungs GmbH & Co.KG, Frankfurt am Main	40.0
DIC MainTor Verwaltungs GmbH, Frankfurt am Main	40.0
DIC MSREF HMDD Portfolio GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Düsseldorf GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Essen GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Frankfurt GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt Radolfzell GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt 1 GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt 2 GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt 3 GmbH, Frankfurt am Main	20.0
DIC MSREF HMDD Objekt 4 GmbH, Frankfurt am Main	20.0
DIC MSREF HT Portfolio GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Düsseldorf GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Erfurt GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Eschborn GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Hamburg GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Krefeld GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Mannheim GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Mörfelden-Walldorf GmbH, Frankfurt am Main	20,0
DIC MSREF HT Objekt Neu-Ulm GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Saarbrücken GmbH, Frankfurt am Main	20.0
DIC MSREF HT Objekt Weimar GmbH, Frankfurt am Main	20.0
DIC MSREF Falk Portfolio GmbH, Frankfurt am Main	20.0
DIC MSREF Falk München 1 GmbH, Frankfurt am Main	20.0

Name and registered office of company	Interest (%)
DIC MSREF Falk München 2 GmbH, Frankfurt am Main	20.0
DIC MSREF Falk Nürnberg GmbH, Frankfurt am Main	20.0
DIC MSREF Falk Würzburg GmbH, Frankfurt am Main	20.0
DIC MSREF Falk Heilbronn GmbH, Frankfurt am Main	20.0
DIC MSREF Falk Mainz GmbH, Frankfurt am Main	20.0
DIC BW Portfolio GmbH, Frankfurt am Main	20.0
DIC Development GmbH, Frankfurt am Main	20.0
DIC Opportunistic GmbH, Frankfurt am Main	20.0
DIC HI Portfolio GmbH, Frankfurt am Main	20.0
DIC HI Objekt Berlin Landsbergerstraße GmbH, Frankfurt am Main	20.0
DIC HI Objekt Frankfurt Theodor-Heuss Allee GmbH, Frankfurt am Main	20.0
DIC HI Objekt Hamburg Kurt-Schumacher Allee GmbH, Frankfurt am Main	20.0
DIC HI Objekt Hamburg Steindamm GmbH, Frankfurt am Main	20.0
DIC HI Objekt Koblenz Frankenstraße GmbH, Frankfurt am Main	20.0
DIC HI Objekt Koblenz Rizzastraße GmbH, Frankfurt am Main	20.0
DIC HI Objekt Köln GmbH, Frankfurt am Main	20.0
DIC HI Objekt Neu-Isenburg GmbH, Frankfurt am Main	20.0
DIC HI Objekt Ratingen GmbH, Frankfurt am Main	20.0
DIC HI Objekt Schaumainkai GmbH, Frankfurt am Main	20.0
DIC HI Objekt 1 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 2 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 3 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 4 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 5 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 6 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 7 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 8 GmbH, Frankfurt am Main	20.0

Name and registered office of company	Interest (%)
DIC HI Objekt 9 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 10 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 11 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 12 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 13 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 14 GmbH, Frankfurt am Main	20.0
DIC HI Objekt 15 GmbH, Frankfurt am Main	20.0
DIC HI Betriebsvorrichtungs GmbH, Frankfurt am Main	20.0
DIC Hamburg Portfolio GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Dammtorstraße GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Ernst-Mantius-Straße GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Großmannstraße GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Harburger Ring GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Marckmannstraße GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Schädlerstraße GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Schlossstraße GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt Schwenkestraße GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 1 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 2 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 3 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 4 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 5 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 6 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 7 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 8 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 9 GmbH, Frankfurt am Main	20.0
DIC Hamburg Objekt 10 GmbH, Frankfurt am Main	20.0

Frankfurt, Grünhof (Registered office of DIC Asset AG)

GLOSSARY

Asset management
Value-orientated running and/or optimisation of properties through leasing management, repositioning or modernisation

Cash flow
Measure that shows the net inflow of cash from sales activities and other current activities during a given period

Change of control clause
Contractual provision in the event of a takeover by another company

Corporate Governance
Rules for sound, responsible business management. The aim is for management in line with values and standards in accordance with shareholders and other interested groups. The annual declaration of conformity to the German Corporate Governance Code provides a tool to assess the corporate governance

Debt ratio
Ratio of external capital to total capital as shown on the balance sheet

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). They are used for various reasons, including hedging financial risks

Drag-along right
A right to demand the joint sale of shares

EBIT
Earnings before Interest and Taxes

EBITDA
Earnings before Interest, Taxes, Depreciation and Amortisation

EPRA index
EPRA (European Public Real Estate Association) index family, used internationally, that details the performance of the world's largest listed real estate companies

Equity method
Method of determining the (company's) value based on discounted future cash flows

Fee
Payment for services to third parties or payment obligation as a result of using third-party services

FFO (Funds from operations)
Operating result from real estate management before depreciation and amortisation, taxes and profit from sales and development projects and dividend income

Financial covenants
Financial covenants (credit clauses) are conditions set up by financial institutions when financing real estate portfolios and are are tied to achieving of key financial figures (such as debt ratio, interest service cover ratio or debt service cover ratio – ISCR, DSCR) during the term.

GPR-250
GPR (Global Property Research) index that groups together the world's 250 largest listed real estate stocks

Hedge (Cash flow hedge, Fair value hedge)
Agreement of a contract to safeguard and compensate for financial risk positions

IFRS (International Financial Reporting Standards)
IFRS have applied to listed companies since 1.1.2005. This should facilitate worldwide comparability of capital market-orientated companies. The focus is on information that is easy to understand and fair is paramount, ahead of protection of creditors and risk-related matters

Impairment test
Obligatory periodic comparison under IFRS of market and book values and the assessment of potential signs of a sustained impairment in the value of assets

Interest swap
With interest swaps, counterparties exchange cash flows from fixed and variable loans. This enables interest rate risks within corporate financing to be hedged

Joint venture
Legally independent joint-venture company, in which two or more companies are involved

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

NAV (Net asset value)
Represents the intrinsic value of a company. This is calculated from the value of assets minus liabilities

Operating leasing
Term connected with international valuation rules. It describes a periodic lease agreement that is not fully amortised by the lessor's financing costs

Percentage of completion method
The percentage of completion method is used in long-term project developments to assess the profit based on the degree of completion (performance progress)

Prime Standard
Segment of the Frankfurt Stock Exchange with the greatest relevance and degree of regulation

Property management
Complete property servicing by own efforts or by management of commercial, infrastructure and technical service providers

Tag-along right
Right to join a share sale transaction

Boards of Directors

From left to right:

Dr. Jürgen Schäfer, 47
Board Member, COO

Ulrich Höller, 43
Chairman of the Board, CEO

Markus Koch, 46
Board Member, CFO

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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

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