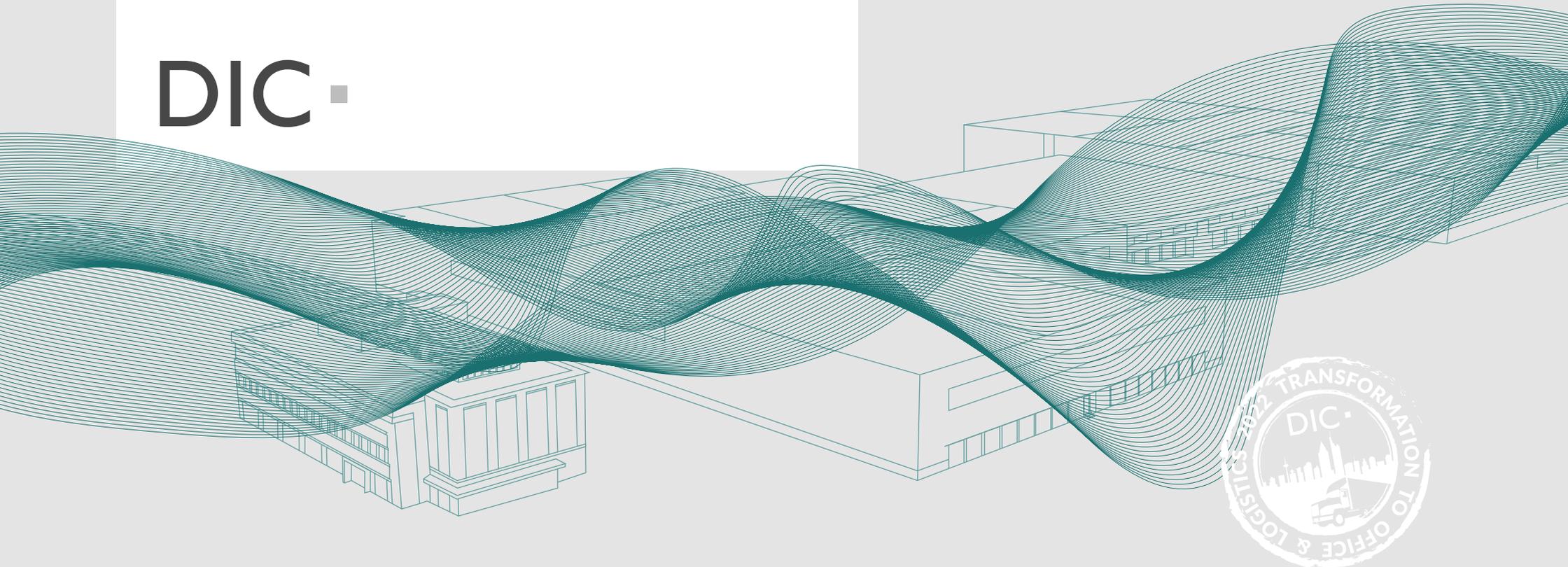


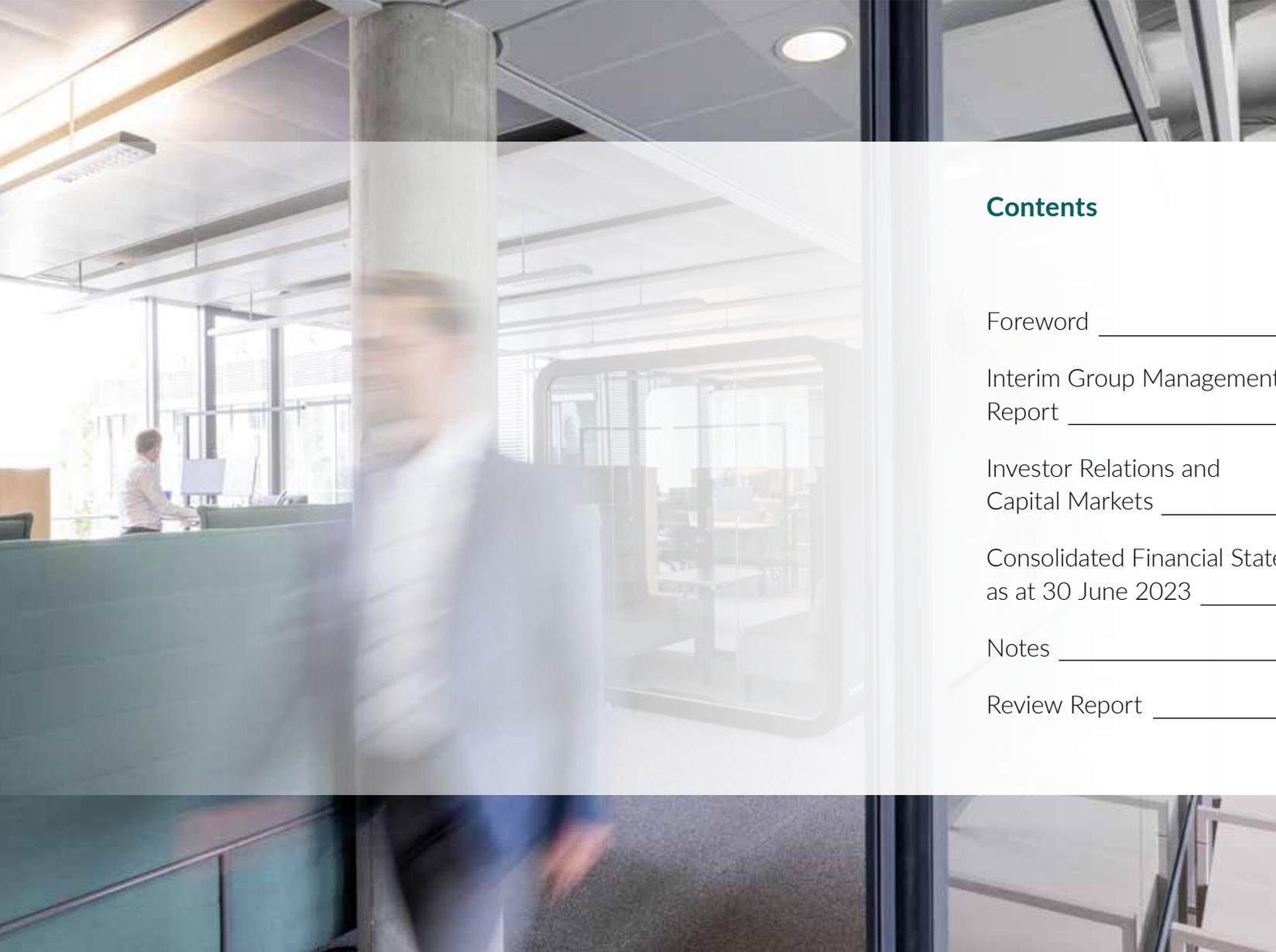
H1 2023

Half-year Report 2023

DIC▪

H1





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About DIC Asset AG

DIC Asset AG is Germany's leading listed specialist for office and logistics real estate with 25 years of experience on the real estate market and access to a broad-based network of investors. Our business is based on a regional and inter-regional real estate platform with nine offices on the ground in all major German markets (incl. VIB Vermögen AG). We manage 358 assets with a combined market value of EUR 14.2 billion on site, always close to our properties and their tenants.

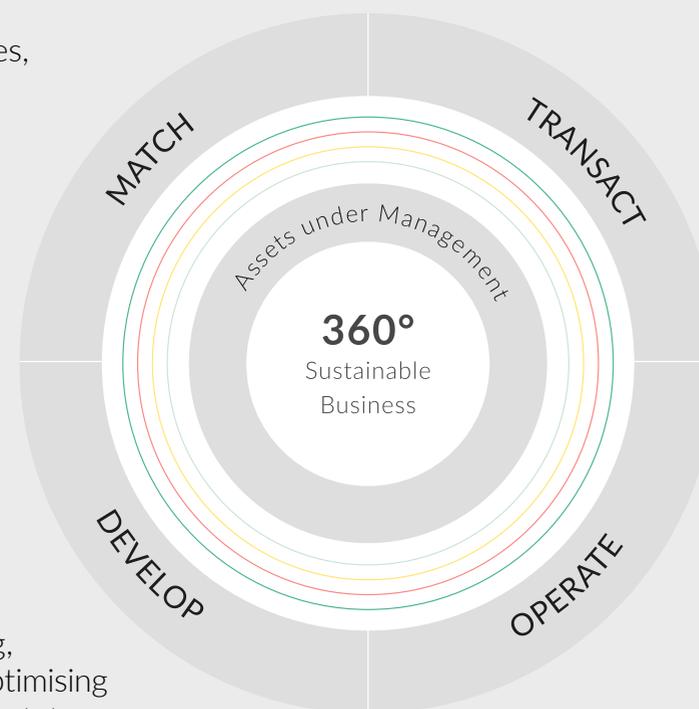
The Commercial Portfolio segment represents the proprietary real estate portfolio of DIC Asset AG. Here, we generate steady cash flows from stable rental income on longterm leases while also optimising the value of our portfolio assets through active management, and realising gains from sales.

In the Institutional Business segment, we earn recurrent fees from real estate services we provide to national and international institutional investors by structuring and managing investment products that return attractive dividend yields.

Our business model

MATCH:
Matching properties, users, investors

DEVELOP:
Further developing, maintaining and optimising our managed real estate portfolio



TRANSACT:
Initiating and structuring transactions to achieve growth and realise the added value created

OPERATE:
Managing real estate comprehensively, actively and sustainably

Key figures

Key financial figures in EUR million	H1 2023	H1 2022	Δ	Q2 2023	Q1 2023	Δ
Gross rental income	96.9	75.2	21.7	46.4	50.4	4.0
Net rental income	85.0	65.3	19.7	41.0	44.0	3.0
Real estate management fees	21.8	39.5	17.7	11.3	10.5	0.8
Proceeds from sales of property	356.4	47.5	308.9	0.0	356.4	356.4
Profits on property disposals	8.2	12.4	4.2	0.0	8.2	8.2
Share of the profit or loss of associates	2.8	16.9	14.1	1.9	0.9	1.0
Funds from Operations excluding non-controlling interest (FFO)	22.4	53.0	30.6	9.5	12.9	3.4
Funds from Operations II (excluding non-controlling interest, including profit on disposals)	29.9	65.4	35.5	9.5	20.4	10.9
EBITDA	84.7	91.2	6.5	37.7	47.0	9.2
EBIT	24.4	59.4	35.0	-4.2	28.6	32.8
Profit for the period	-16.6	30.8	47.4	-18.8	2.2	21.0
Cash flow from operating activities	64.0	110.3	46.3	57.9	6.1	51.8
Key financial figures per share in EUR*						
FFO per share (excluding non-controlling interest)	0.27	0.64	0.37	0.11	0.16	0.05
FFO II per share (excluding non-controlling interest)	0.36	0.80	0.44	0.11	0.25	0.14
Earnings per share (excluding non-controlling interest)	-0.18	0.29	0.47	-0.18	0.00	0.18

* All per share figures adjusted accordance with IFRSs (number of shares 6M 2023: 83,286,766; 6M 2022: 82,218,917)

Balance sheet figures in EUR million	30.06.2023	31.12.2022
Investment property	3,529.8	3,673.3
Non-current assets held for sale (IFRS 5)	412.1	540.8
Equity	1,586.4	1,664.1
Financial liabilities (incl. IFRS 5)	3,300.3	3,138.4
Total assets	5,222.0	5,180.3
Loan-to-Value ratio (LTV)**	57.6%	57.8%
Adjusted LTV** / ****	54.3%	54.7%
NAV per share (in Euro)*	17.66	18.29
Adjusted NAV per share (in Euro)* / ****	21.19	21.84
Key operating figures	30.06.2023	30.06.2022
Number of properties	358	357
Assets under Management in EUR billion	14.2	14.2
Rental space in sqm	4,769,200	4,593,800
Letting result in sqm	257,900	172,400
Key operating figures (Commercial Portfolio)***	30.06.2023	30.06.2022
Annualised rental income in EUR million	186.5	199.0
EPRA vacancy rate in %	4.9	4.2
WALT in years	5.0	5.7
Avg. rent per sqm in EUR	8.41	8.01
Gross rental yield in %	4.9	4.7

* All per share figures adjusted accordance with IFRSs (number of shares 30.06.2023: 83,565,510; 31.12.2022: 83,152,366)

** Adjusted for warehousing

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

**** Incl. full value of Institutional Business

Dear shareholders,

You will no doubt be aware of the challenges currently facing the economy: global uncertainty, interest rates, inflation. Of course, they are also affecting us. The transaction market in particular is currently experiencing a period of restraint unlike anything we have experienced before.

We are confident that we have built ourselves a strong foundation and set the right course for the future. We are coming off the back of several highly successful years, including the most successful year in the company's history in 2022. There is one crucial reason for this that will continue to provide us with security and stability over the next few months: our commitment to quality.

Our portfolio focuses on logistics and office, and our properties are excellently positioned when it comes to location as well as climate and digital readiness. In our letting business, we see time and time again how much our clients appreciate this quality, innovation and reliability as well as the future viability of our properties. This success is reflected not least in the robustness of our letting activities, which continue to deliver reliable income.

We are always hearing that offices no longer have a future. What I can tell you is that we are experiencing the exact opposite. This is undoubtedly due in part to our strong, trust-based client relationships. At the end of the day, having someone to rely on is what makes the difference. With that in mind, I would like to thank all of our employees for their hard work and commitment. Our success is also attributable to the fact that we offer more than just real estate. We provide consulting and design services and implement New Work models that set us apart and give us a competitive edge in the market.

Another successful element of our strategy is expanding logistics to become the largest asset class in our portfolio – a positive and forward-thinking step. By acquiring VIB last year, we also ensured that our FFO includes a significantly higher proportion of revenue from predictable long-term sources than before.

As you can see, our own “dynamic performance” means we are well positioned and doing excellent work to ensure that our core business delivers stable income. The biggest challenge right now is restraint in the transaction market, something that is affecting not just us but the entire industry. In business terms, this is currently impacting our third-party business and transaction-related income in particular. At the same time, we need to reduce our debt and adjust our operating expenses to reflect the situation in the market.

As I outlined to you in a letter at the start of July, we have stepped up to meet these challenges by drawing up a “Performance 2024” action plan consisting of five points:

1. Reducing liabilities and boosting liquidity:

We have reduced the bridge loan we used to acquire VIB from EUR 500 million to EUR 200 million in two stages and restructured it. We also extended the maturity date for the remaining amount by a further six months to 31 July 2024. In addition, we will repay the entire EUR 150 million volume of the 2018/2023 corporate bond in full in early October as planned.

2. Transactions and valuation:

Despite a challenging market environment, we continue to execute disposals and use the liquidity generated by the proceeds to steadily reduce our loan-to-value ratio (LTV). We recently notarised four disposals for a total of EUR 132 million, including EUR 119 million from our own portfolio, and currently have an additional volume of more than EUR 200 million in our disposal pipeline.

3. Focus on the operational portfolio business:

Our letting business remains on a high level. We achieved like-for-like rental income growth of 7.3% on our platform in the first half of the year. There is still significant interest in both our office and logistics properties. One example of this is the fact that we have now fully let the “Global Tower” in Frankfurt’s banking district.

4. Attractive investment ideas:

We continue to expand our range of real estate services for German and international investors in the Institutional Business and launched another new investment vehicle as part of these efforts. We transferred the “Offenbach Unite” property from the Commercial Portfolio as an individual investment and have already placed around EUR 10 million in share certificates.

5. Reduction of our operating costs:

As part of our aim to become more agile, efficient and focused, we are optimising our operating processes and are planning to save 5 – 10% of our annual operating expenses in addition to making the structure of our real estate platform more flexible.

Looking beyond the current financial year, one thing is certain: the transaction market will pick up again. Right now, however, we expect this to happen later than we and many others originally anticipated – and certainly not before next year.

In light of this, we have adjusted our forecast for the full 2023 financial year in July and are now intently focused on achieving the aims of our “Performance 2024” programme. Specifically, that means bolstering liquidity and reducing debt, executing our transaction pipeline, strengthening our portfolio business, placing attractive investment ideas and optimising our cost position.

By doing this, we can tackle the challenges of our time and ensure that DIC remains strong and stable.

Many thanks for your support and confidence in us.

Frankfurt am Main, August 2023



Sonja Wärntges
Chief Executive Officer

Interim Group Management Report

Macroeconomic environment



German economy in the first half of 2023

The German economy was not immune to the effects of a challenging global environment dominated by the impact of the war in Ukraine, high inflation and rising interest rates worldwide, and made a weak start to 2023. With gross domestic product (GDP) having already fallen at the end of 2022, economic output contracted by a further 0.1% quarter-on-quarter in the first quarter of 2023, according to data published by the German Federal Statistical Office. These two successive negative quarters meant that the German economy slipped into a technical recession. According to initial calculations by the German Federal Statistical Office, the German economy stagnated in the second quarter, meaning that the hoped-for rapid recovery failed to materialise.

The biggest economic stress factor in the first quarter of 2023 was the slump in private consumer spending caused by high inflation. The inflation rate in Germany was still 6.4% in June 2023, compared to 8.7% at the start of the year. With price rises remaining well above the EU's 2% target, the European Central Bank ("ECB") continued to pursue its restrictive interest rate policy in the first half of 2023. By the end of June 2023, the ECB raised its main refinancing rate to the level of 4.00%. At its meeting in July 2023 the ECB decided, as expected, to raise interest rates again by 25 basis points but did not explicitly commit to further rate hikes in the second half of the year.

Consumer spending stabilised once more in the second quarter as a result of slightly weaker price rises and a sharp increase in wages. This trend was also supported by relatively robust developments in the labour market so far this year. Although the number of unemployed people grew by 192,000 year-on-year in June 2023, this rise was exaggerated by the inclusion of Ukrainian refugees in labour figures. The number of reported vacancies was 108,000 lower than the previous year's figure in June 2023; according to German Federal Employment Agency estimates, however, this figure remains relatively high. According to the most recent data available from the German Federal Statistical Office, the number of employed people increased by around 360,000 year-on-year in May 2023.

Business was very subdued in the industrial and construction sectors due to rising financing costs and weaker external demand in particular. As a result, the ifo Business Climate Index did not show any positive momentum in the first half of the year. After recording a figure of 88.6 points in December 2022, the index remained virtually unchanged at 88.5 points in June 2023.

Rental market in the first half of 2023

Sharp decline in office space take-up, prime rents rise further

According to estimates from real estate consultancy Jones Lang LaSalle (“JLL”), the challenging macroeconomic environment and, in particular, the ECB’s continuing key rate hikes had a noticeable impact on Germany’s office rental market in the first half of 2023. The market was also affected by uncertainty in the banking sector that has increasingly spilled over into the real economy as bank lending policy became more restrictive. This resulted in greater differentiation in the market, with competition for high-quality A-locations remaining strong as demand for B-locations faltered.

According to JLL estimates, take-up in Germany’s top 7 office locations totalled 1.16 million sqm in the first half of the year, a slump of 40% compared to the same period last year (1.93 million sqm). The most significant declines were recorded in Stuttgart (-70%) and Cologne (-63%), while Frankfurt (-15%) and Hamburg (-27%) fared best in relative terms.

Despite the drop in revenues, vacancy rates in the top 7 locations only rose slightly in the first half of the year, according to JLL. Vacancies totalled 5.17 million sqm at the end of the first six months of 2023, a year-on-year increase of 15%, while the vacancy rate stood at 5.3%. According to JLL estimates, well over half of this volume is attributable to offices that no longer meet current standards or those with only average furnishings.

Declining completion figures for office space – combined with largely stable vacancy rates – triggered a further rise in prime rents. At the same time, however, JLL is also seeing a slight increase in rent subsidies offered by landlords that must be incorporated into any analysis.

By contrast, JLL notes that sentiment within the construction industry and among project developers has deteriorated considerably. The key stress factors here are surging construction costs, a decline in new orders and increasingly challenging project financing. This environment is causing completion dates to be pushed back and projects to be delayed altogether, forcing forecasts to be successively revised downwards. According to JLL, almost 660,000 sqm of office space was completed in the first half of 2023, a drop of 31% compared to the same period in 2022.

Slowdown also reaches industrial and logistics segment, upward pressure on rents

After strong growth in previous years, letting volume in the industrial and logistics segment dropped considerably in the first half of 2023. According to data from Colliers, take-up in the top 8 industrial and logistics markets totalled approximately 907,000 sqm during this period, a decline of 46% compared to the previous year. As a result, take-up was roughly 34% below the five-year average. Experts from BNP Real Estate (“BNPRE”) consider these low letting volumes in the first half of the year to be symptomatic of a shortage of supply. Rising rent prices are forcing a growing number of users to review their options and extend expiring leases, resulting in less overall movement in the market.

A shortage of properties coupled with high construction and financing costs are ramping up the pressure on prime rents for new building projects. With the exception of Leipzig, prime rents across all top logistics regions exceeded EUR 7 per sqm in the first half of the year, and even reached EUR 8.50 per sqm in Munich. The trend of rising basic rents also remains intact due to the shrinking new-build pipeline, competitive markets and low vacancy rates. As a result, some basic rents have recorded higher growth than prime rents so far this year. As tenants have ever more stringent property requirements when it comes to ESG criteria, Colliers expects rents to rise further in the future.

Investment market in the first half of 2023

Transaction activity becomes selective

According to BNPRE, the German commercial real estate investment market contracted considerably in the first half of 2023. After a weak first quarter with the lowest investment volume since 2010, transaction activity remained subdued by changes to financing conditions and challenging macroeconomic environment in the second quarter. Investments in properties used for commercial purposes and development properties reached a volume of just under EUR 9.8 billion in the first half of 2023, a decline of around 68% year-on-year. According to BNPRE, while this comparison is only of limited use due to the exceptionally strong prior-year period, current market volumes are also 57% lower than the 10-year average, which means they are at roughly the same level as in the years leading up to the financial crisis.

The 69% decline in investment volumes at A-locations in the first half of 2023 was similar to that seen in the wider market, with all top 7 cities recording significantly lower transaction volumes. According to BNPRE, the ongoing pricing phase is hampering market activity in the major investment locations in particular. One important indication of this is the fact that there have been only very few large-volume deals in the core segment so far this year, as hardly any buyers are bringing such properties onto the market in the current situation.

There were significant shifts between different property types in the first six months of 2023. Although offices remained the largest asset class with a share of 34%, they made up 43% of the market as recently as the previous year. Retail properties followed in a close second place, making up 27% of commercial real estate investments (previous year: 14%). Next up in third place were logistics properties, which contributed 16% of total volumes (previous year: 22%).

According to CBRE, foreign investors comprised around 60% of transaction volumes in the commercial investment market over the past six months, with the majority of international capital originating from the United Kingdom, France and the USA.

Prime yields continue to rise

The trend of rising prime yields across almost all locations and asset classes continued in the first half of 2023. According to BNPRE, prime yields in the office segment increased by an average of around 60 basis points to 3.90% in A-locations. Munich remains the most expensive location at 3.70%, while Düsseldorf and Frankfurt achieved yields of 4.00%.

According to BNPRE, prime yields for logistics properties grew by a comparatively low 15 basis points to their current level of 4.00% in the first half of the year. CBRE's estimates also assume that repricing will happen more quickly in the logistics real estate market than in other asset classes and should be largely completed. Overall yields are highest for retail properties. BNPRE estimates a yield of 5.10% for shopping centres (+20 basis points), and an increase of 40 basis points for both retail warehouse parks (4.60%) and the discounter/supermarket segment (4.70%).

Business development

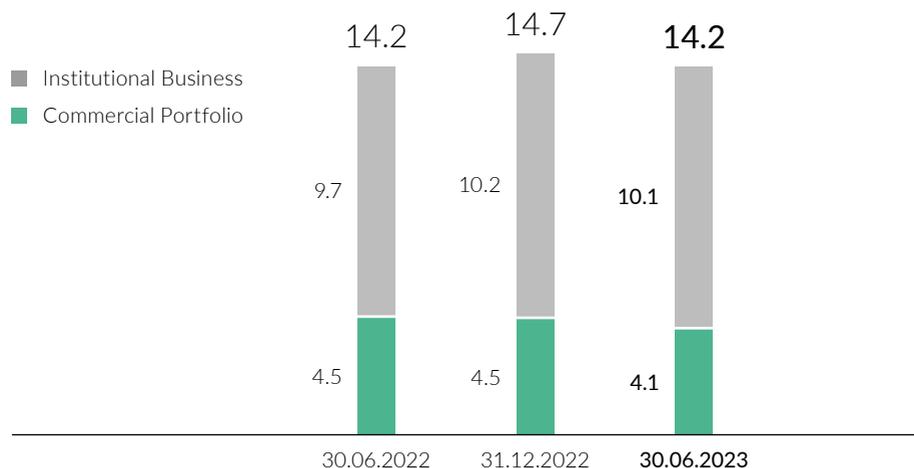
Platform

➔ Assets under management

At the end of June 2023, DIC Asset AG's ("DIC") assets under management were unchanged from the previous year at EUR 14.2 billion (30 June 2022: EUR 14.2 billion). Of this total, EUR 4.1 billion was attributable to the proprietary portfolio (Commercial Portfolio) and EUR 10.1 billion to the third-party business for institutional investors (Institutional Business). On 30 June of the previous year, EUR 4.5 billion was in the Commercial Portfolio and EUR 9.7 billion in the Institutional Business. This shift between segments is primarily due to the ongoing optimisation of the Commercial Portfolio and the launch of the new "VIB Retail Balance I" investment product at the end of 2022.

Assets under Management

in EUR billion



Assets under management on the platform declined slightly compared to the start of the year (31 December 2022: EUR 14.7 billion, with EUR 4.5 billion in the proprietary portfolio and EUR 10.2 billion in the third-party business). In addition to disposals, this development is mainly attributable to the termination of a larger property management mandate (with annual fees of around EUR 0.4 million).

The regional portfolio structure at the end of the period under review was very similar to that reported in the first half of 2022, with 7% of assets under management in the North region, 11% in the East region, 30% in the Central region, 23% in the West region and 29% in the South region (30 June 2022: 7%, 9%, 33%, 22% and 29% respectively).

Portfolio by segment

30.06.2023	Commercial Portfolio	Institutional Business	Total
Number of properties	174	184	358
Market value in EUR million*	4,096.3	10,064.0	14,160.3
Rental space in sqm	1,880,000	2,889,200	4,769,200
30.06.2022	Commercial Portfolio	Institutional Business	Total
Number of properties	208	149	357
Market value in EUR million*	4,494.4	9,754.3	14,248.7
Rental space in sqm	2,112,500	2,481,300	4,593,800

* Market value as at 31.12. of the previous year, later acquisition generally considered at cost

🔗 Transactions

A total of three disposals were notarised by the end of the second quarter of 2023. These consisted of three logistics properties from the Commercial Portfolio in Upper Bavaria and Franconia with a combined volume of around EUR 119 million. An additional property from the “RLI Logistics Fund – Germany II” special fund with a volume of approximately EUR 13 million was notarised at the beginning of July.

The three properties from the Commercial Portfolio generate a combined annualised rental income of around EUR 7 million. The transfer of possession, benefits and associated risks is expected to be completed during the third quarter. Overall, the three properties were sold at a discount to the most recent market value determined at the end of 2022.

Transactions 2023

in EUR million (number of properties)	Notarisations 2023 YTD	thereof: Notarisations 2023 YTD with Trans- fer until 30.06.2023	Prior-year Notarisations with Transfer until 30.06.2023
Acquisitions			
Balance Sheet Portfolio	0 (0)	0 (0)	0 (0)
Institutional Business	0 (0)	0 (0)	432 (32)
Total	0 (0)	0 (0)	432 (32)
Sales			
Commercial Portfolio	119 (3)	0 (0)	359 (32)
Institutional Business	13 (1)	0 (0)	0 (0)
Total	132 (4)	0 (0)	359 (32)

Letting business

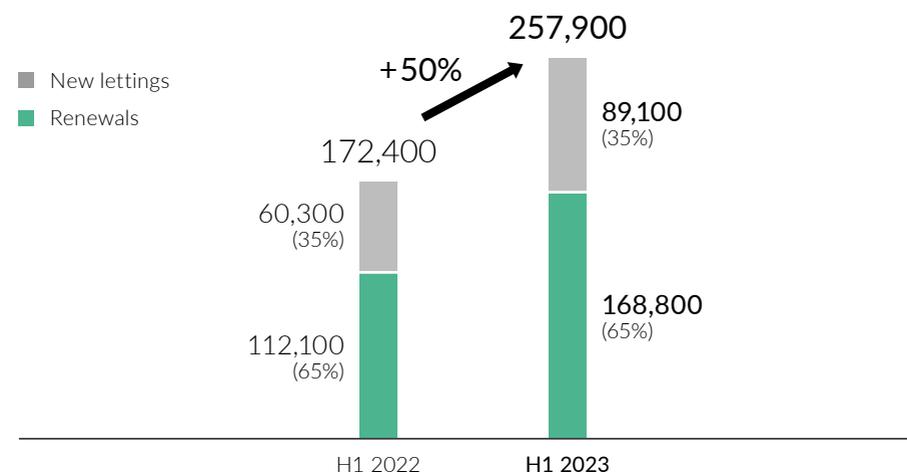
In the first half of 2023, letting performance by area was around 257,900 sqm, an increase of 50% compared to the previous year (H1 2022: approximately 172,400 sqm). The higher proportion of logistics lettings was the main contributor to this performance, with leased space in this segment tripling from around 53,300 sqm to approximately 168,300 sqm. This was driven by large leases such as 35,700 sqm with tenant DACHSER in Biebesheim or 15,600 sqm with a logistics provider at the “innovation parc” property in Langenhagen that was completed in the summer. The amount of retail space leased also doubled from around 15,200 sqm to approximately 31,500 sqm, with the reletting of around 20,400 sqm at a former Kaufhof location in Leverkusen to Modehaus Aachener playing a significant role in this performance. In the “Other Commercial” category, DIC signed a major lease for a hotel property in Hamburg managed for a third party.

Letting performance by type of use

	in sqm		annualised in EUR million	
	H1 2023	H1 2022	H1 2023	H1 2022
Office	44,700	98,600	8.5	21.8
Retail	31,500	15,200	2.9	1.6
Logistics	168,300	53,300	10.3	3.4
Further commercial	13,100	4,800	2.9	0.6
Residential	300	500	0.0	0.0
Total	257,900	172,400	24.6	27.4
Parking (units)	677	955	0.5	0.8

Letting performance structure

in sqm

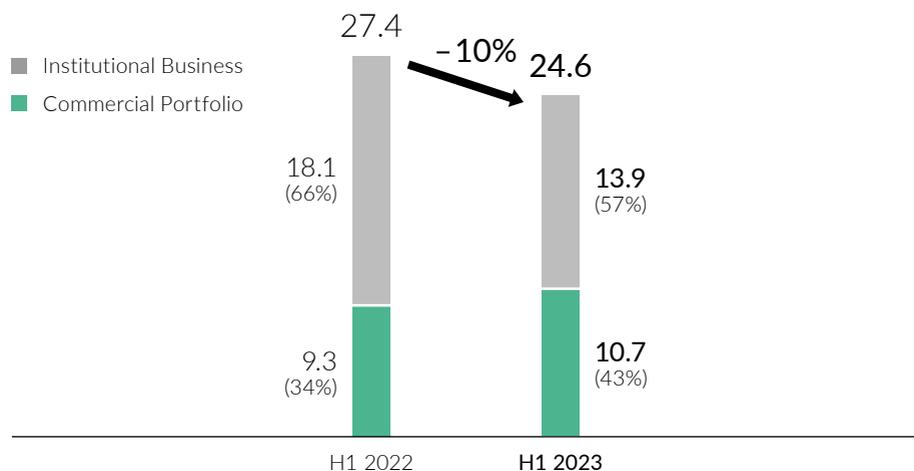


At around EUR 24.6 million, annualised rental income was down slightly compared to the previous year (approximately EUR 27.4 million), primarily as a result of the decline in office leases. The prior-year period was dominated by a large-volume lease of around 38,000 sqm at the “IBC Campus” in Frankfurt to Deutsche Bank.

Of the rent contractually agreed on in the first half of 2023, around EUR 10.7 million was attributable to the Commercial Portfolio (43%) and approximately EUR 13.9 million to the Institutional Business (57%). In the previous year, these figures were around EUR 9.3 million in the Commercial Portfolio (34%) and EUR 18.1 million in the third-party business (66%). During the period under review, EUR 9.7 million (39%) of the contract volume was attributable to new leases and EUR 14.9 million (61%) to lease renewals – in the first half of 2022, these figures were EUR 7.5 million for new leases (27%) and EUR 19.9 million for lease renewals (73%).

Letting performance by segment

in EUR million



Top 3 leases

Commercial Portfolio

Logistics company	Logistics	Renewal	Neufahm	28,100 sqm
Modehaus Achener	Retail	New letting	Leverkusen	20,400 sqm
Automotive company	Logistics	Renewal	Wackersdorf	15,700 sqm

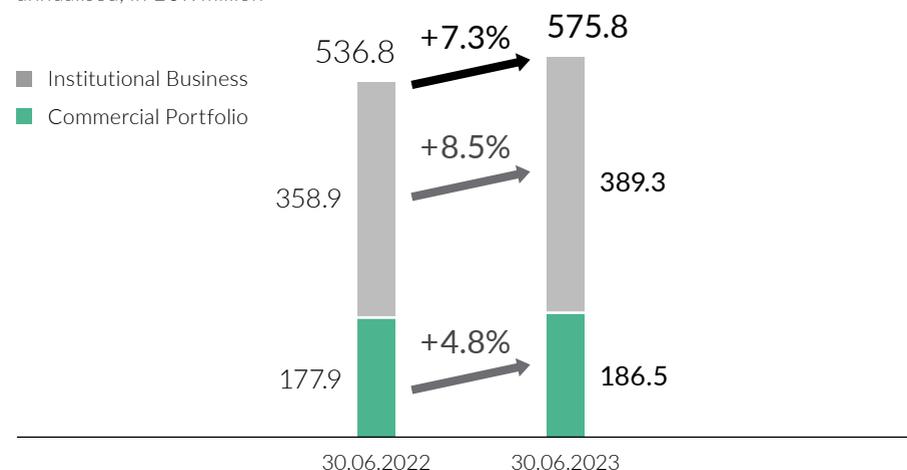
Institutional Business

DACHSER Biebesheim	Logistics	Renewal	Biebesheim	35,700 sqm
Logistics company	Logistics	Renewal	Wolfsburg	29,500 sqm
Food company	Logistics	Renewal	Achim	10,900 sqm

On a like-for-like basis – that is, not including portfolio additions and disposals in the last 12 months up to the 30 June 2023 reporting date – annualised rental income performed very well, rising by 7.3%. While like-for-like growth in the Commercial Portfolio was around 4.8% and primarily benefited from the persistently high indexation of the majority of leases, growth in the Institutional Business was even higher at 8.5%. The fact that the landmark “Global Tower” property in Frankfurt has now been fully let also played a role here. With the pre-letting rate still hovering around 76% in February 2023, DIC managed to fully let the property by early June by letting approximately 4,700 sqm of remaining space to three additional tenants (a private bank, a data centre operator and a market research and consulting firm).

Like-for-like rental income

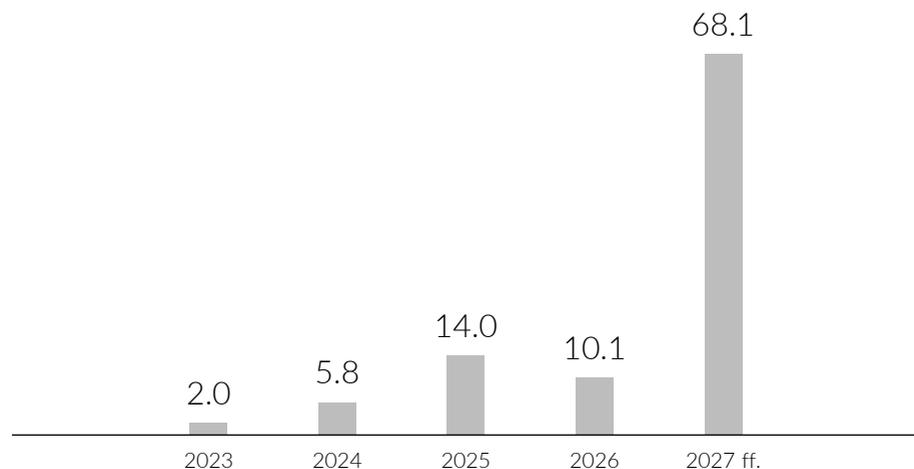
annualised, in EUR million



Around 68.1% of leases on the DIC platform are only due to end in 2027 or later. Approximately 2.0% of the total volume is due to expire in 2023.

Lease expiry volume, total platform

in % of annualised rental income



Commercial Portfolio

The Commercial Portfolio segment represents the proprietary real estate portfolio of DIC. Here, DIC generates steady cash flows from rental income, optimises the value of its portfolio assets, and realises gains from well-timed sales. DIC also generates income from equity investments.

As of 30 June 2023, the directly held portfolio consisted of 174 properties (30 June 2022: 208). The market value of the portfolio was EUR 4,096.3 million (30 June 2022: 4,494.4 million) and the rental space totalled 1,880,000 sqm (30 June 2022: 2,112,500 sqm).

Based on annualised rental income of EUR 186.5 million (excluding project developments and repositioning properties), this corresponds to a gross rental yield of 4.9% (30 June 2022: EUR 199.0 million euros and 4.7%). The EPRA vacancy rate was 4.9% (30 June 2022: 4.2%) and the weighted average lease term (WALT) was 5.0 years (30 June 2022: 5.7 years). The decline in the WALT and the rise in vacancy rate compared to the previous year was primarily caused by disposals in the second half of 2022.

As part of the ongoing optimisation of its portfolio, DIC is increasingly focusing on the two strategic asset classes of logistics and office properties, which collectively accounted for 78% of the market value of the Commercial Portfolio as of the 30 June 2023 reporting date (30 June 2022: 73%).

Logistics properties are the largest asset class at 41% of market value. At EUR 77.9 million, they account for around 42% of annualised rents. The office asset class follows in second place, representing a share of 37% of the portfolio's market value or 39% of rents. After some properties (former Kaufhof building in Chemnitz and the 31 property seed portfolio for the "VIB Retail Balance I" special fund) were sold, commercial properties now account for only 8% of the market value and 8% of rents.

The proportion of Green Buildings within the Commercial Portfolio's market value (Green Building ratio) also continued to rise slightly, from 31.0% at the end of December 2022 to 31.6% at the end of June 2023.

As of 30 June 2023, the ten largest tenants in the Commercial Portfolio collectively accounted for 28.0% of annualised rent. The focus on office and logistics properties is also reflected in these top tenants.

Commercial Portfolio asset classes

based on: market value

	Type of use	No. of properties	Market value EUR m	% of total	Rental income EUR m	% of total	EPRA vacancy rate	WALT
	Logistics	64	1,680.9	41%	77.9	42%	1.6%	4.8
	Office	59	1,516.3	37%	73.4	39%	8.4%	5.4
	Retail	12	310.8	8%	15.4	8%	3.0%	5.5
	Mixed-Use	16	314.9	8%	17.5	10%	8.7%	4.1
	Other	18	50.9	1%	2.3	1%	3.8%	1.7
	Project Developments	5	222.5	5%	n.a.	n.a.	n.a.	n.a.
	Balance Sheet Portfolio	174	4,096.3	100%	186.5	100%	4.9%	5.0

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

Top 10 tenants in the Commercial Portfolio

	Tenant	Share of rental income	Asset class
	Volkswagen AG	3.8%	Logistics
	Deutsche Börse AG	3.3%	Office
	AUDI AG	3.2%	Logistics
	Geis Industrie-Service GmbH	3.1%	Logistics
	Mercedes-Benz Mercedes Benz AG	2.9%	Mixed Use
	DKB Service GmbH	2.7%	Office
	FHH	2.7%	Office
	NH Hotels Deutschland GmbH	2.4%	Mixed Use
	Staatl. Vermögens- und Hochbauamt	2.2%	Office
	Imperial Logistics International	1.7%	Logistics
	Top 10 tenants, total	28.0%	

Institutional Business

All of the services provided by DIC for institutional investors are combined within the Institutional Business segment. The division generates income by acting as issuer and manager of special real estate funds, separate accounts and club deals. DIC also acts to a lesser extent as a co-investor and generates investment income from minority interests.

As of 30 June 2023, assets under management totalled EUR 10,064.0 million for 184 properties (previous year: EUR 9,754.3 million for 149 properties). The increase in the number of properties is mainly due to the launch of the new “VIB Retail Balance I” fund. In addition to the transfer of properties to the newly launched fund, the year-on-year change in the market value of real estate assets managed for third parties is primarily attributable to the termination of a larger property management mandate and, to a lesser extent, ongoing valuation effects.

DIC currently manages 32 vehicles (17 pool funds totalling EUR 6.3 billion, eight club deals totalling EUR 1.8 billion and seven separate accounts totalling EUR 2.0 billion) for a total of 171 institutional investors.

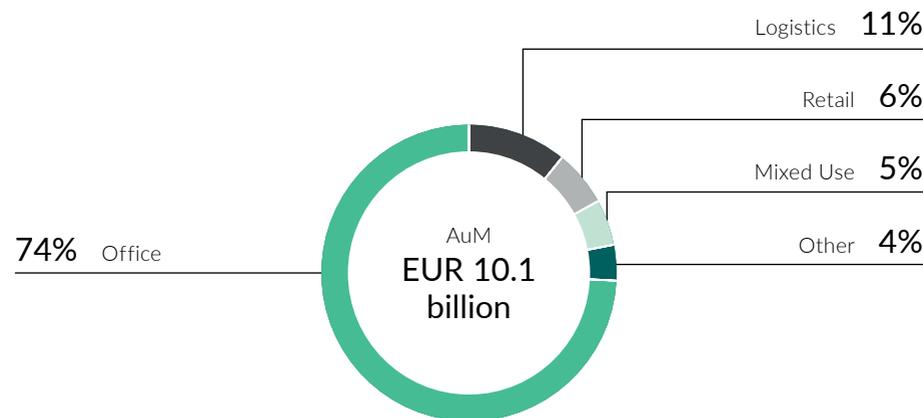
Around 58% of equity comes from investors who have invested in more than one DIC investment product.

At present, around EUR 180 million in committed equity is still available for further acquisitions or forward deals that have already been notarised.

Fundraising for as-yet-unplaced shares in the “VIB Retail Balance I” fund and the single investment in the “Offenbach Unit” property continues on an ongoing basis. These shares are recognised in the consolidated balance sheet as “non-current assets held for sale” as at 30 June 2023.

Institutional Business asset classes

based on: AuM in EUR billion as at 30.06.2023



Investment partners

based on: committed equity as at 30.06.2023



Workforce changes

As of the reporting date 30 June 2023, the DIC group had a total 334 employees, compared to 341 at the year-end 2022. The slight decline in the first half of 2023 is due in particular to the reduced number of employees in group management and administration.

Number of employees

	30.06.2023	31.12.2022	30.06.2022
Portfolio management, investment and funds	42	43	49
Asset, property and development management	212	205	216
Group management and administration	80	93	90
DIC total	334	341	355

Revenue and results of operations

For DIC Asset AG (“DIC”), the first half of 2023 was characterised by stable income in the letting business on the one hand and a challenging transaction environment on the other. The first-time recognition of VIB Vermögen AG (“VIB”) in DIC’s consolidated financial statements as of 1 April 2022 means the previous year’s figures are only comparable to a limited extent. In a market situation dominated by challenging geopolitical conditions, further interest rate rises and persistently high inflation, DIC generated lower funds from operations before tax and after minority interest (“FFO”) totalling EUR 22.4 million (previous year: EUR 53.0 million). At EUR – 16.6 million, profit for the period was also down year-on-year (previous year: EUR 30.8 million), due in particular to higher interest expenses of EUR 53.2 million (previous year: EUR 30.9 million) and write-downs of property totalling EUR 23.9 million.

➤ FFO after minority interests reaches EUR 22.4 million thanks to stable letting business

DIC’s stable letting business and 360-degree approach was not enough to fully offset the effect of a challenging wider transaction environment during the first half of 2023. The increase in net rental income to EUR 85.0 million (previous year: EUR 65.3 million) shows that strategically expanding into the logistics asset class by acquiring the majority of VIB shares and the contribution to earnings associated with this transaction have significantly improved the long-term stability of the company’s income stream. FFO fell short of the previous year’s level at EUR 22.4 million in the first half of 2023 due to lower transaction volumes (previous year: EUR 53.0 million).

With the average number of shares increasing by 1.3% after the capital increase resulting from the scrip dividend for 2022, FFO per share (after minorities) at EUR 0.27 also came in lower year-on-year (previous year: EUR 0.64).

➤ Profit for the period impacted by lower transaction income and write-downs

While net rental income rose to EUR 85.0 million due to the acquisition of VIB during the 2022 financial year (previous year: EUR 65.3 million), the company only generated low levels of transaction-related income during the half-year under review. A decline in administrative expenses to EUR 11.3 million (previous year: EUR 22.7 million incl. EUR 10.6 million of VIB transaction costs) was offset by higher interest expenses of EUR 53.2 million (previous year: EUR 30.9 million). Approximately EUR 14.5 million of this figure was attributable to the VIB bridging loan (previous year: EUR 4.0 million). DIC also recorded write-downs of EUR 23.9 million.

Overall, profit for the period in the first half of 2023 was negative at EUR – 16.6 million (previous year: EUR 30.9 million). Group shareholders’ share in profits in the first half of 2023 was EUR – 15.1 million (previous year: EUR 23.9 million). Earnings per share amounted to EUR – 0.18 (previous year: EUR 0.29), with an increase of 1,067,849 in the average number of shares.

Segment reporting

DIC's segment reporting is broken down into two segments: the Commercial Portfolio, which comprises our own proprietary portfolio, and the Institutional Business, which consists of properties managed for institutional investors. In the following sections, we

present the revenue and results of operations of each individual segment. As VIB was included only from 1 April 2022 and allocated to the Commercial Portfolio segment, comparability with the prior-year figures of that segment is limited.

FFO calculation

in EUR million	Total			Commercial Portfolio			Institutional Business		
	H1 2023	H1 2022	\Delta	H1 2023	H1 2022	\Delta	H1 2023	H1 2022	\Delta
Net rental income	85.0	65.3	30%	85.0	65.3	30%			
Profit on disposals	8.2	12.4	34%	8.2	12.4	34%			
Administrative expenses	-11.3	-22.7	50%	-3.7	-13.4	72%	-7.6	-9.3	18%
Personnel expenses	-22.1	-21.4	3%	-7.7	-5.0	54%	-14.4	-16.4	12%
Other operating income / expenses	0.3	1.1	73%	0.3	1.1	73%	0	0	
Real estate management fees	21.8	39.5	45%				21.8	39.5	45%
Share of the profit or loss of associates	2.8	16.9	83%	1.4	12.1	88%	1.4	4.8	71%
Net interest income	-45.1	-24.5	84%	-45.1	-23.0	96%	0	-1.5	>100%
Other adjustments*	2.6	8.7	70%	2.4	8.7	72%	0.2	0.0	>100%
Funds from Operations	34.0	62.9	46%	32.6	45.8	29%	1.4	17.1	92%
Non-controlling interest	-11.6	-9.9	17%	-10.6	-9.9	7%	-1.0	0.0	>100%
Funds from Operations (excluding non-controlling interest)	22.4	53.0	58%	22.0	35.9	39%	0.4	17.1	98%
Funds from Operations II (including profit on disposals)	42.2	75.3	44%	40.8	58.2	30%	1.4	17.1	92%
Funds from Operations II (including profit on disposals / excluding non-controlled interest)	29.9	65.4	54%	29.5	48.3	39%	0.4	17.1	98%

* The other adjustments include:

- Transaction, legal and consulting costs of EUR 2,601 thousand (previous year: EUR 8,731 thousand)

Commercial Portfolio

➤ Gross and net rental income shaped by VIB acquisition and strong letting performance with like-for-like growth of 4.8%

Gross rental income rose significantly year-on-year to EUR 96.9 million due to strong letting performance in the first half of 2023 with like-for-like growth in directly-held rental income of 4.8% as well as the first-time recognition of VIB during the first half of 2022. At the same time, net rental income rose to EUR 85.0 million (previous year: EUR 65.3 million).

➤ Sales profit despite difficult market conditions

DIC generated sales profits of EUR 8.2 million in the first half of 2023 (previous year: EUR 12.4 million).

➤ Operating expenses impacted by integration of VIB

Operating expenses rose to EUR 11.4 million in the first half of 2023 (previous year: EUR 7.8 million, adjusted for EUR 10.6 million in one-off effects from the VIB transaction in 2022). This was primarily because VIB was integrated for the entire six months of the current financial year, whereas its initial consolidation on 1 April 2022 meant it was only integrated for three months in the previous year.

➤ Write-downs weigh on earnings

DIC recognised write-downs totalling EUR 23.9 as part of the notarised disposals. The transactions were signed at the end of June 2023, with the transfer of possession, benefits and associated risks expected to be completed during the third quarter of 2023. Overall, therefore, depreciation, amortisation and write-downs totalling EUR 58.2 million were recognised during the half-year under review (previous year: EUR 27.4 million).

➤ Share of the profit or loss of associates down after prior-year non-recurring effect

The share of the profit or loss of associates, which shows the profit or loss from investments that are not allocated to the Institutional Business segment, mainly consists of deferred income from fund shares in the amount of EUR 1.4 million.

The prior-year figure of EUR 12.1 million was mainly due to the sale of a joint venture investment and the associated realisation of the increase in value of two logistics properties in North Rhine-Westphalia.

➤ Net interest result shaped by refinancing

The net interest result of EUR –45.1 million (previous year: EUR –23.0 million) was primarily reduced by interest charges relating to the bridging loan concluded in the previous year as well as one-off financing costs totalling EUR 1.1 million. In February, a new syndicated loan of EUR 505 million with a term of seven years was concluded. Approximately EUR 245 million were used to replace existing financings for 45 commercial properties. The refinancing extended the remaining term of the liability until 2030 and created additional liquidity.

➤ FFO contribution at EUR 22.0 million after deducting minority interests

The segment's FFO contribution dropped to EUR 22.0 million after deducting minority interests (previous year: EUR 35.9 million). This is primarily due to significantly higher interest expenses compared to the previous year. The sharp rise in both gross and net rental income was not enough to offset this increase in interest charges.

Institutional Business

➔ Real estate management fees shaped by stable recurring fees and low transaction activity

DIC generated real estate management fees of EUR 21.8 million (previous year: EUR 39.5 million). These consist solely of recurring asset and property management and development fees totalling EUR 21.8 million (previous year: EUR 17.4 million). The company did not generate any transaction and performance fees during the past half-year (previous year: EUR 22.1 million). Transaction fees from the initial sale of the “RLI Logistics Fund – Germany II” fund at the end of the first half of the year will be charged in the second half of 2023. DIC expects a gradual recovery in transaction and performance fees in the second half of 2023 by building on further transactions.

➔ Investment income at EUR 1.4 million

Investment income from the Institutional Business fell to EUR 1.4 million (previous year: EUR 4.8 million) due to lower transaction-related investment income compared to the same period last year.

➔ Operating expenses reduced due to low transaction activity

At EUR 22.0 million, operating expenses were around 14% lower than the previous year (previous year: EUR 25.7 million). This was mainly the result of lower transaction activity compared to prior year, with the biggest proportion of cost savings coming from personnel costs, which fell by EUR 2.0 million to EUR 14.4 million (previous year: EUR 16.4 million). Administrative expenses also declined to EUR 7.6 million (previous year: EUR 9.3 million).

➔ Positive FFO contribution after minority interests

The segment’s FFO contribution was EUR 0.4 million, primarily due to lower transaction fees in the first half of 2023 (previous year: EUR 17.1 million).

Financial position

The first half of 2023 was dominated by a continued upward trend in interest rates driven in particular by the ECB’s rate hikes. While the high proportion of long-term fixed-income loans largely kept the impact on interest expenses to a minimum, the variable-rate part of the bridging loan agreed during the previous year incurred higher interest costs during the half year under review.

The successful refinancing of VIB, which included a volume of EUR 505 million and extending the term to seven years until 2030, gave the company planning certainty with regard to interest expenses and liquidity and allowed it to keep interest costs at a relatively modest level over the term of the financing.

Financial debt maturities

Financial debt as at 30 June 2023



The average maturity of all financial debt was 3.6 years as of 30 June 2023 (31 December 2022: 3.5 years). The proportion of financing with a term exceeding five years was 34% as of 30 June 2023 (31 December 2022: 30%). Excl. the VIB bridge loan, the average maturity was at 4.1 years (31 December 2022: 3.8 years).

At around 53%, more than half of the company's financial debt consists of mortgage loans agreed with a wide range of German banks. The remaining portion of the debt primarily comprises corporate bonds, promissory notes and financing of the VIB acquisition.

The average interest rate on all bank liabilities was approximately 2.7%, an increase compared with the end of the previous year as a result of the most recent financing activities (31 December 2022: 1.9%). Taking the VIB bridge, corporate bonds and promissory notes also into account, the average interest rate as of 30 June 2023 also rose to 2.9% (31 December 2022: 2.4%). The average interest rate of all financial debt excl. the VIB bridge was at 2.7% (31 December 2022: 1.9%).

As of 30 June 2023, around 86% of financial debt (excl. the VIB bridge) was fixed-rate or hedged against fluctuations in interest rates (31 December 2022: 88%).

➔ LTV falls slightly as expected

LTV adjusted for temporary warehousing effects declined slightly compared to the end of the year to 57.6% (31 December 2022: 57.8%), mainly due to disposals transferred from the previous year (the Kaufhof Chemnitz property and a retail portfolio). The adjusted LTV, which factors in the value of the Institutional Business, decreased accordingly to 54.3% (31 December 2022: 54.7%).

Loan To Value (LTV)

in EUR thousand	30.06.2023	31.12.2022
Asset values		
Carrying amount of Properties	3,529,791	3,673,250
Carrying amount of properties under IFRS 5*	202,618	435,750
Fair value adjustment	363,892	342,901
Fair value of investment properties, total	4,096,301	4,451,901
Fair value of investments (indirect property)**	308,945	205,337
Goodwill	190,243	190,243
Service agreements	46,166	52,175
Carrying amount of loans / receivables due to related parties	127,173	123,082
Fair value of assets (value)	A 4,768,828	5,022,738
Less goodwill	- 190,243	- 190,243
less service agreements	- 46,166	- 52,175
Add fair value of Institutional Business	522,276	522,276
Adjusted fair value of assets (value)	B 5,054,695	5,302,596
Liabilities		
Non-current interest-bearing loans and borrowings*	2,212,993	2,236,839
Liabilities related to non-current assets held for sale	38,896	252,759
Current interest-bearing loans and borrowings	416,901	38,676
Related party liabilities	19,544	19,160
Corporate Bonds	543,524	542,199
Less cash and cash equivalents	- 485,081	- 188,404
Net liabilities (loan)	C 2,746,777	2,901,229
LTV* (= C / A)	57.6%	57.8%
Adjusted LTV* (= C / B)	54.3%	54.7%

* adjusted for warehousing

** includes shares in associated companies and participation

➤ Cash flows shaped by inflows from investing and financing activities

Cash flows in the first half of 2023 were dominated by positive cash flow from investing activities totalling EUR 147.6 million. This is primarily attributable to proceeds from the sale of the property in Chemnitz in the first quarter of 2023 amounting to EUR 50.3 million.

Cash flow from financing activities totalled EUR 85.1 million (previous year: EUR 383.3 million) and mainly resulted from the taking out of loans amounting to EUR 505.0 million as part of the VIB refinancing, which was offset by loan repayments of EUR 349.9 million. Outflows of EUR 59.6 million resulted from the distribution of a cash dividend (previous year: EUR 43.5 million).

At EUR 64.0 million, cash flow from operating activities was EUR 46.3 million below the previous year's figure in the first half of 2023 (previous year: EUR 110.3 million). This was due to higher interest payments (EUR 36.5 million; previous year: EUR 16.4 million) on the one hand and lower operating inflows from transaction income than in the previous year on the other.

Cash and cash equivalents rose by EUR 8.6 million overall when taking cash changes into account. The previous year's figures are only comparable to a limited extent due to the acquisition of VIB in the first half of 2022.

Cash flow

in EUR thousand	H1 2023	H1 2022
Profit for the period	- 16,551	30,837
Cash flow from operating activities	64,020	110,273
Cash flow from investing activities	147,564	- 660,027
Cash flow from financing activities	85,093	383,267
Net changes in cash and cash equivalents	296,677	- 166,487
Acquisition-related addition	0	96,015
Cash and cash equivalents as at 30 June	485,081	476,439

Net assets

As at 30 June 2023, total assets rose slightly compared to the end of 2022, increasing by EUR 41.7 million to EUR 5,222.0 million. This means that the company's net assets are stable.

The EUR 149.3 million decline in non-current assets to EUR 4,098.3 million (previous year: EUR 4,247.6 million) is primarily attributable to the reclassification of three logistics properties (EUR 115.2 million) to current assets as "non-current assets held for sale". The sale of these properties was notarised at the end of June 2023, with the transfer of possession, benefits and associated risks planned for the third quarter of 2023.

The increase in current assets is mainly due to the EUR 296.7 million rise in cash and cash equivalents to EUR 485.1 million (previous year: EUR 188.4 million). This increase primarily resulted from net cash inflows from VIB financing totalling EUR 181.1 million.

Non-current loans and borrowings fell by just EUR 2.9 million, while the increase in current loans and borrowing mainly reflects the partial repayment of the bridging loan in July 2023 amounting to EUR 200.8 million (the outflow of funds took place after the reporting date).

➤ Equity down due to cash payment of the 2022 dividend

Equity as of 30 June 2023 fell by EUR 77.7 million to EUR 1,586.4 million compared to 31 December 2022 (31 December 2022: EUR 1,664.1 million). This is mainly due to the payment of the cash dividend of around EUR 59.6 million and the negative profit for the period of EUR - 16.6 million for the first half of 2023. As of the reporting date, the reported equity ratio was 30.4% (31 December 2022: 32.1%).

Balance sheet overview

in EUR million	30.06.2023	31.12.2022
Total assets	5,222.0	5,180.3
Total non-current assets	4,098.3	4,247.6
Total current assets	1,123.7	932.7
Equity	1,586.4	1,664.1
Total non-current financial liabilities	2,694.7	2,697.6
Total current financial liabilities	566.7	402.2
Other liabilities	374.2	416.4
Total liabilities	3,635.6	3,516.2
Balance sheet equity ratio	30.4%	32.1%
Loan-To-Value*	57.6%	57.8%
Adjusted Loan-To-Value*	54.3%	54.7%
NAV	1,475.7	1,520.9
Adjusted NAV	1,770.7	1,815.9

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

Adjusted net asset value reflects full value of Institutional Business

The net asset value (NAV) is equal to the value of all tangible and intangible assets less liabilities. The NAV was EUR 1,473.5 million as of 30 June 2023 (31 December 2022: EUR 1,520.9 million). Only a portion of the value of real estate management services provided by the Institutional Business is reflected in NAV via the goodwill recognised in the balance sheet as well as intangible assets and other assets and liabilities. Adding this value contribution delivers a total adjusted NAV as of the reporting date of EUR 1,770.7 million (31 December 2022: EUR 1,815.9 million).

The NAV per share was EUR 17.66, compared to EUR 18.29 as of 31 December 2022, with the number of shares outstanding increasing by 413,144 compared to the end of 2022. The Adjusted NAV per share as of 30 June 2023 was EUR 21.19 (31 December 2022: EUR 21.84).

Adjusted NAV reconciliation incl. value of Institutional Business

in EUR/share



Net Asset Value

Net Asset Value		
in EUR million	30.06.2023	31.12.2022
Carrying amount of investment properties	3,529.8	3,673.3
Fair value adjustment	363.9	342.9
Fair value of the Commercial Portfolio	3,893.7	4,016.2
Real estate assets acc. with IFRS 5	202.6	435.7
Fair value of properties	4,096.3	4,451.9
Carrying amount of equity investments	85.9	81.6
Fair value of equity investments	85.9	81.6
+ / - Other assets / liabilities (excluding goodwill)	1,004.7	781.6
Restatement of Other assets / liabilities*	- 83.6	- 332.7
Net loan liabilities at carrying amount	- 3,261.4	- 3,099.8
Net loan liabilities in accordance with IFRS 5	- 38.9	- 38.7
Non-controlling interests	- 554.7	- 550.4
Goodwill incl. other assets / liabilities	227.4	227.4
Net Asset Value (NAV)	1,475.7	1,520.9
Number of shares (thousand)	83,566	83,152
NAV per share in EUR	17.66	18.29
Adjusted NAV per share in EUR**	21.19	21.84

* Restated for deferred taxes (EUR +80,120 thousand; previous year: EUR +67,250 thousand), financial instruments (EUR 0 thousand; previous year: EUR - 2,909 thousand) and IFRS 5 assets and liabilities (EUR - 163,722 thousand; previous year: EUR - 397,074 thousand)

** Incl. Institutional Business

Report on expected developments, risks and opportunities

Opportunities and risks

The consolidated financial statements and the group management report for financial year 2022, which were published in February 2023, describe in detail the opportunities and risks associated with DIC's business activities, and provide information on the risk management system and the internal control system. The opportunities and risks of the acquired business of VIB are almost identical with those reported for the Commercial Portfolio in the 2022 consolidated financial statements. Further opportunities arise from the expansion of the product and service portfolio in the logistics asset class.

Given the significant decrease in transaction volumes since 31 December 2022 and the further rise in interest rates as a result of the ECB's interest rate increases in the first half of 2023, and further interest rate steps expected in the second half of 2023, DIC has updated its risk assessment and made the following changes since 31 December 2022:

- Transaction risk:

This risk assesses the possibility that real estate transactions will have to be concluded on unfavourable economic terms or not at all. A lack of transactions, or transactions concluded on less favourable terms than planned, may have a negative impact on the income statement, both in profits on disposals and within transaction-related real estate management fees. Given the significant restraint currently being observed among participants in the transaction market, we have reassessed our transaction risk:

Probability of occurrence High, potential level of damage High, risk classification H

– Financing risk:

This risk assesses the possibility that fluctuations in the capital markets (including those in market interest rates), a generally high level of interest rates (including payments), or the timing of renewals will have a negative impact on DIC's financial planning and lead to financial losses (such as financing at higher interest rates than planned or no financing at all). In light of increased reluctance among banks to issue new or renewed financing and rising interest rate levels, we have reassessed our financing risk:

Probability of occurrence High, potential level of damage Medium, risk classification H

– Valuation risk:

This risk assesses the possibility that the market value of individual properties will fall compared to the past due to unfavourable changes in valuation parameters (such as market rent, location assessment, ESG parameters, interest rate level). While fluctuations in valuations do not have a direct impact on the balance sheet and income statement due to the fact that we recognise them at amortised cost, they can affect financing conditions. Given the current situation in the real estate market and based on preliminary internal analysis, we see a risk that market values could fall by the end of the year. With this in mind, we have reassessed our valuation risk:

Probability of occurrence High, potential level of damage High, risk classification H

The updated risk assessment is summed up as follows:

Individual risks and opportunities

	Probability of occurrence	Potential level of damage	Risk classification
Strategic risks			
Market environment risk	Occasionally	Medium	M
Organisational risk	Rarely	Medium	G

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

Guidance for the 2023 financial year

Expected environment in the second half of 2023

According to estimates from leading economic research institutes, the German economy's prospects will remain muted for the rest of the year. In their joint forecast in spring 2023, these institutes raised their growth prediction for the current year from -0.4% in autumn 2022 to +0.3%. The autumn 2022 forecast was based on the expectation that the situation in the gas markets would come to a critical head, something which did not materialise. At the same time, the growth forecast for 2024 was lowered from 1.9% to just 1.5%. Researchers consider persistently high inflation to be one of the main reasons for this restrained growth, particularly core inflation (excluding highly volatile food and energy prices). According to its macroeconomic projections published in June 2023, the ECB expects overall inflation in the eurozone of 5.4% on an annual average basis in 2023, falling to 3.0% in 2024. In light of this, market researchers from BNPRE predict that the real estate investment market will remain subdued in the second half of the year. Experts believe it is vital for prices to stabilise in order to improve security and trust on the investor side and thus trigger a significant upturn in the investment markets. If the ECB stops raising interest rates in the second half of the year, BNPRE believes there is a realistic chance that the repricing phase could be completed by the end of the year at the latest.

Update of 2023 guidance

DIC substantially updated its original February 2023 guidance at the start of the second half of 2023 due to changing business conditions. In particular, continuing geopolitical uncertainty, high inflation and further associated interest rate hikes are the key factors currently adversely impacting DIC's business prospects. Significantly higher interest costs and the fact that transaction activity in the real estate investment market has not yet normalised are having a negative effect on funds from operations before tax and after minority interests ("FFO") in the current year. As a result, DIC only expects this figure to reach EUR 50 to 55 million (previously: EUR 90 to 97 million).

As before, no acquisitions are planned for the proprietary portfolio (Commercial Portfolio). DIC continues to expect disposals from the proprietary portfolio in the amount of EUR 300 to 500 million. By selling further properties from the Commercial Portfolio, DIC is aiming to the funds that become available to optimise its balance sheet and financial structure. Based on the current portfolio, planned letting performance, further sales recognised on the balance sheet in the current financial year and the consolidation of VIB for a full year, DIC continues to expect gross rental income from the Commercial Portfolio to increase and come in between EUR 185 and 195 million.

For the Institutional Business segment, DIC now anticipates transaction volumes to amount to EUR 100 to 200 million, of which around EUR 100 million are attributable to acquisitions and EUR 0 to 100 million to disposals (previously: EUR 0.3 billion to EUR 0.8 billion for acquisitions and around EUR 100 to 200 million for disposals). Given the persistently challenging market environment, DIC is anticipating significantly lower transaction-based management fees compared to previous years. This means that overall DIC expects to generate real estate management fees of EUR 50 to 55 million in 2023 (previously: EUR 70 to 80 million).

The goal of maintaining or increasing the proportion of recurring cash flows from both business segments year-on-year remains in place.

“Performance 2024” action plan

DIC drafted the “Performance 2024” action plan in response to the changing conditions and in conjunction with the updated guidance. The Company is aiming to become more agile and further enhance the resilience of its business model on the basis of this plan. The “Performance 2024” action plan focuses on five priorities over the next 12 to 18 months:

1. Reducing liabilities and boosting liquidity:

In early July 2023, DIC agreed to adjustments for the bridge loan it concluded with a banking consortium in spring 2022 to acquire shares in VIB totalling around EUR 500 million, of which EUR 100 million has already been repaid. The agreement reached in July 2023 involves making a further repayment of EUR 201 million and extending the maturity date of the remaining EUR 200 million for an additional six months from the end of January 2024 to 31 July 2024. DIC used the group’s available cash to make this partial repayment. The adjusted conditions and longer term of the bridge loan set out in the agreement, combined with later repayment compared to previous planning, result in a higher interest expense for the group, which will have a EUR 15 million impact on FFO in 2023. Furthermore, the entire EUR 150 million volume of the 2018/2023 corporate bond will be repaid in full in early October 2023 as planned.

2. Transactions:

DIC notarised four sales totalling EUR 132 million by the end of June 2023, with further sales planned for the second half of 2023. The further disposal pipeline currently has a volume of more than EUR 200 million.

3. Focus on the operational portfolio business:

The letting business remains on a high level. DIC points to the letting performance in the first half of 2023 as proof that there is still significant interest in both its office and logistics properties.

4. Attractive investment ideas:

The company plans to steadily expand its range of real estate services for German and international investors in the Institutional Business. DIC launched a new investment vehicle at the end of the first half of the year as part of these efforts. The “Offenbach Unite” property was transferred from the Commercial Portfolio as an individual investment, with shares worth around EUR 10 million already placed. DIC will continue to hold a 10% stake in the property.

5. Reduction of our operating costs:

As part of its aim to become more agile, efficient and focused, DIC plans to save costs by optimising its operating processes and making the structure of its real estate platform more flexible. These are expected in an area of 5–10% of the annual operating costs.

Expectation on valuation

Across the entire portfolio under management, DIC assumes market values at year-end 2023 to decline between 4% and 7%, based on its internal assessments.

Investor relations and capital markets

➔ Stock market

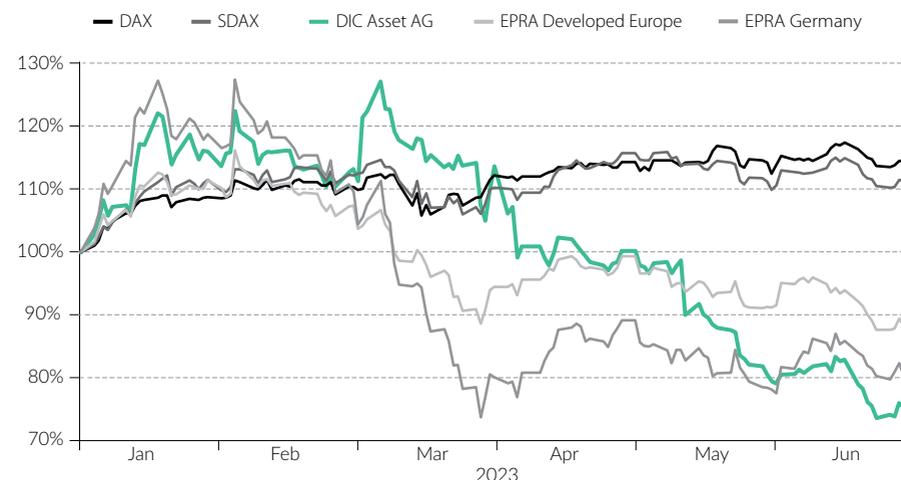
As in the previous year, the first half of 2023 on the German stock exchange was dominated by the war in Ukraine, persistently high inflation and the economic downturn in the Eurozone. Despite these challenges, stock market volatility (based on VIX) fell compared to the previous year, enabling benchmark indices to improve once again since the start of the year. Participants in the capital markets believe that central bank initiatives to tackle inflation and the effectiveness of these initiatives will determine how stock valuations continue to develop in 2023, and consider the number and extent of any further interest rate rises from the European Central Bank to be particularly relevant.

➔ DIC shares

Valuations differed between sectors in the first half of 2023. While the DAX and SDAX benchmark indices performed very well to gain 16% and 12% respectively in the first six months of the year and were able to recover some of their losses from the previous year, real estate stocks continued to perform poorly, with the EPRA Europe and EPRA Germany sector indices falling by 10% and 17% respectively since the start of the year. Despite a strong performance in the first quarter (which was also impacted by the stock's readmission to the European EPRA index), the price of the shares of DIC Asset AG ("DIC") declined by a total of 33% in the first half of the year (from EUR 7.62 to EUR 5.09), with this drop also including the dividend payout of EUR 0.75 per share for the previous year. If this dividend payment is excluded from share price performance in the first six months of the year, the stock declined by 23% on a pro forma basis.

Share performance

indexed (XETRA closing price on 31 Dec. 2022 = 100%),
DIC Asset AG excluding dividend distribution



Basic data on the DIC share

Number of shares	83,565,510 (registered shares)
Share capital in EUR	83,565,510
WKN/ISIN	A1X3XX/DE000A1X3XX4
Symbol	DIC
Free float	45.6%
Exchanges	Xetra, all exchanges in Germany
German stock exchange segment	Prime Standard
Designated sponsors	ODDO BHF Corporates & Markets AG, Baader Bank AG, Stifel Europe Bank AG
Paying agent	Joh. Berenberg, Gossler & Co. KG

Key figures on the DIC share*

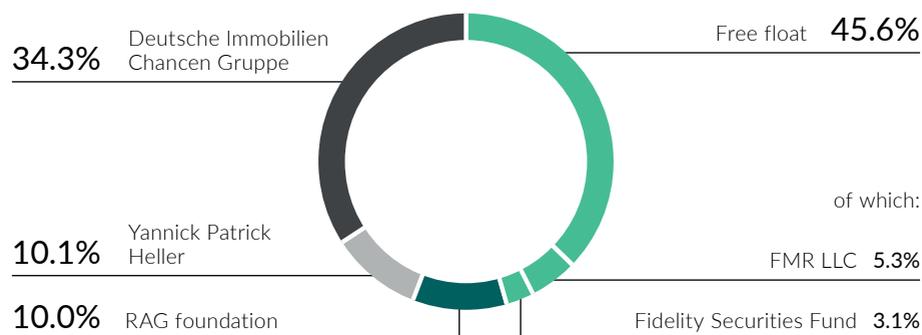
		H1 2023	H1 2022
FFO per share (excl. minorities)	EUR	0.27	0.64
Half-year closing price	EUR	5.09	10.54
52-week high	EUR	11.62	16.19
52-week low	EUR	4.87	10.42
Market capitalisation at end of period**	EUR million	425	876

* XETRA closing prices used in each case

** Number of shares as of 30 June 2023: 83,565,510; as of 30 June 2022: 83,152,366

Shareholder structure

as at June 2023*



*Based on WpHG reports and company information

DIC bonds

Like the share price, the performance of both DIC corporate bonds was also impacted by changes to the financing environment and lower economic expectations in Germany during the first half of 2023. While the 18/23 bond (3.500% coupon) with a volume of EUR 150 million closed at a similar level to the prior-year at 98.0 on 30 June 2023 (30 June 2022: 98.0), the price of the longer-term 21/26 Green Bond (2.250% coupon) with a volume of EUR 400 million saw a sharper decline to end the first half of the year 2023 at 57.6 (30 June 2022: 65.5). From DIC's point of view, this also reflects the company's relatively high (acquisition-related) level of debt since 2022, which is why its strategic focus will be on continuing to reduce this debt during the current year.

Basic data on the DIC bonds

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

Key figures on the DIC bonds

	30.06.2023	30.06.2022
DIC Asset AG-bond 18 / 23		
Closing price	98.0	98.0
Yield to maturity at closing price	11.84%	5.18%
DIC Asset AG Green Bond 21 / 26		
Closing price	57.6	65.5
Yield to maturity at closing price	21.87%	13.46%

Source: vwd group / EQS Group AG

IR activities

DIC's investor relations activities focus on providing ongoing, timely information about the latest developments and course of business to its shareholders, investors and analysts. As in previous years, DIC was the first listed German real estate company to present its consolidated financial statements for 2022 using the "fast close" process and was able to provide an early outlook for the current financial year on 15 February 2023.

In the first half of 2023, the IR team and Management Board held meetings with 47 investors from seven countries at three investor conference days and one roadshow day and across 45 video conferences and telephone calls (an average of 1.4 meetings per investor). DIC also hosted webcasts for the wider capital markets as part of the regular reporting cycle, each of which involved a presentation from the Management Board followed by an open Q&A session.

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

Follow us on:



IR calendar 2023

Third quarter

12.09.	SRC Forum Financials + Real Estate 2023	Frankfurt
20.09.	Baader Investment Conference 2023	Munich
27.09.	Petercam Real Estate Conference	Brussels

Fourth quarter

08.11.	Publication of the Q3 2023 Statement*	
16.11.	Kepler Cheuvreux/UniCredit Pan-European Real Estate Conference	London
28.11.	Deutsches Eigenkapitalforum 2023 (Analyst event)	Frankfurt

*with conference call

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

➤ Coverage

DIC was covered by a total of nine analysts at the time this report was published. This decrease compared to the end of 2022 (when ten analysts covered the stock) is due to the active discontinuation of the Stifel Europe coverage of DIC. There are currently two Buy recommendations, four Hold recommendations and two Sell recommendations, as HSBC's research is currently "restricted" as a result of the bank's other business relationships. The median price target is currently EUR 6.15 per share (within a range of EUR 4.00 to EUR 11.00). Detailed estimates from these research firms are regularly updated and published on DIC's IR website. DIC's IR team maintains a regular exchange with the analysts on issues relating to modelling and company valuation. A total of 32 talks were held with analysts in the first half of 2023.

➤ General Shareholders' Meeting

All agenda items were adopted with large majorities at the General Shareholders' Meeting held on 30 March 2023. The dividend approved for the 2023 financial year is unchanged from the previous year at EUR 0.75. At 54% of funds from operations (after minority interests), the payout ratio was at a similar level to the previous year (57%). The General Shareholders' Meeting also appointed BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg as the auditor for the 2023 financial year and discussed the remuneration report for the Management Board and Supervisory Board. In addition, the General Shareholders' Meeting concurred with the Management Board and Supervisory Board's recommendation to rename the company as Branicks Group AG and amend the Articles of Association accordingly. The aim is to rename the company with effect from October 2023.

➤ Dividend

Shareholders were again given the option to receive their dividends for the 2022 financial year either in cash or in the form of new shares (scrip dividend). The acceptance rate for the scrip dividend after closing of the offer was 6.06% in 2023 (previous year: 40.54%). On 4 May 2023, a total of 413,144 new shares were credited to the securities accounts of the participating shareholders and admitted to trading on the Regulated Market of the Frankfurt Stock Exchange. Since the capital increase was entered in the Commercial Register on 26 April 2023, the number of outstanding DIC shares has amounted to 83,565,510 (an increase of around 0.5%). The gross proceeds from the issuance of new shares added up to around EUR 2.7 million.



Consolidated financial statements

as at 30 June 2023

Consolidated income statement for the period from 1 January to 30 June

in EUR thousand	H1 2023	H1 2022	Q2 2023	Q2 2022
Gross rental income	96,891	75,215	46,448	50,206
Ground rents	-87	-277	-38	-137
Service charge income on principal basis	16,541	13,967	7,067	8,825
Service charge expenses on principal basis	-19,345	-15,916	-8,043	-9,962
Other property-related expenses	-9,022	-7,697	-4,469	-4,746
Net rental income	84,978	65,292	40,965	44,186
Administrative expenses	-11,283	-22,654	-5,643	-12,067
Personnel expenses	-22,066	-21,432	-11,023	-11,304
Depreciation and amortisation	-60,243	-31,721	-41,900	-20,973
Real estate management fees	21,781	39,539	11,329	14,162
Other operating income	880	1,526	259	1,248
Other operating expenses	-626	-430	-42	-368
Net other income	254	1,096	217	880
Net proceeds from disposal of investment property	356,355	47,494	0	44,652
Carrying amount of investment property disposed	-348,170	-35,069	0	-32,230
Profit on disposal of investment property	8,185	12,425	0	12,422
Net operating profit before financing activities	21,606	42,545	-6,055	27,306
Share of the profit of associates	2,833	16,884	1,887	12,397
Interest income	8,146	6,379	5,854	2,610
Interest expense	-53,200	-30,944	-24,927	-18,207
Profit/loss before tax	-20,615	34,864	-23,241	24,106
Current Income tax expense	-4,796	-4,732	-2,805	-2,850
Deferred tax expense	8,860	705	7,255	119
Profit for the period	-16,551	30,837	-18,791	21,375
Attributable to equity holders of the parent	-15,109	23,849	-15,205	14,458
Attributable to non-controlling interest	-1,442	6,988	-3,586	6,917
Basic (=diluted) earnings per share (EUR) *	-0.18	0.29	-0.18	0.18

* calculated with the new average number of shares in accordance with IFRS

Consolidated statement of comprehensive income

for the period from 1 January to 30 June

in EUR thousand	H1 2023	H1 2022	Q2 2023	Q2 2022
Profit/loss for the period	- 16,551	30,837	- 18,791	21,375
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Fair value measurement of hedging instruments				
Cash flow hedges	1,158	4,209	1,125	1,886
Items that shall not be reclassified subsequently to profit or loss				
Gain/losses on financial instruments classified as measured at fair value through other comprehensive income	- 1,775	- 11,209	- 12,344	- 6,478
Actuarial gains/losses pensions	0	681	0	681
Deferred taxes on changes in value offset directly against equity	0	- 108	0	- 108
Other comprehensive income*	- 617	- 6,427	- 11,219	- 4,019
Comprehensive income	- 17,168	24,410	- 30,010	17,356
Attributable to equity holders of the parent	- 16,074	17,422	- 26,772	10,439
Attributable to non-controlling interest	- 1,094	6,988	- 3,238	6,917

* after tax

Consolidated statement of cash flows

for the period from 1 January to 30 June

in EUR thousand	H1 2023	H1 2022
OPERATING ACTIVITIES		
Net operating profit before interest and taxes paid	28,132	46,259
Realised gains / losses on disposals of investment property	- 8,185	- 12,425
Depreciation and amortisation	60,243	31,721
Changes in receivables, payables and provisions	37,366	54,341
Other non-cash transactions	- 8,854	5,800
Cash generated from operations	108,702	125,696
Interest paid	- 36,461	- 16,440
Interest received	3,792	0
Income taxes received / paid	- 12,013	1,017
Cash flows from operating activities	64,020	110,273
INVESTING ACTIVITIES		
Proceeds from disposal of investment property	356,355	47,494
Dividends received	53	0
Acquisition of investment property	0	- 36,864
Capital expenditure on investment properties	- 27,047	- 16,148
Acquisition of other investments	- 191,751	- 935,300
Disposal of other investments	10,000	281,287
Acquisition of office furniture and equipment, software	- 46	- 497
Cash flows from investing activities	147,564	- 660,027
FINANCING ACTIVITIES		
Repayment of minority interest	- 10,642	0
Proceeds from other non-current borrowings	525,949	516,280
Repayment of borrowings	- 368,946	- 25,250
Repayment of corporate bonds / promissory notes	0	- 58,000
Lease payments	- 1,401	- 1,397
Payment of transaction costs	- 225	- 4,889
Dividends paid	- 59,642	- 43,477
Cash flows from financing activities	85,093	383,267
Acquisition related increase in cash and cash equivalents	0	96,015
Net increase in cash and cash equivalents	296,677	- 166,487
Cash and cash equivalents as at 1 January	188,404	546,911
Cash and cash equivalents as at 30 June	485,081	476,439

Consolidated balance sheet**Assets**

in EUR thousand	30.06.2023	31.12.2022
Goodwill	190,243	190,243
Investment property	3,529,791	3,673,250
Property, plant and equipment	19,300	20,644
Investments in associates	85,907	81,642
Loans to related parties	110,384	106,872
Other investments	102,729	102,549
Intangible assets	36,621	39,781
Deferred tax assets	23,356	32,562
Total non-current assets	4,098,331	4,247,543
Receivables from sale of investment property	3,777	100
Trade receivables	24,840	28,831
Receivables from related parties	16,789	16,210
Income tax receivable	39,706	39,151
Derivatives	0	13,510
Other receivables	125,036	87,037
Other current assets	16,336	18,701
Cash and cash equivalents	485,081	188,404
	711,565	391,944
Non-current assets held for sale	412,125	540,783
Total current assets	1,123,690	932,727
Total assets	5,222,021	5,180,270

Liabilities

in EUR thousand	30.06.2023	31.12.2022
EQUITY		
Issued capital	83,566	83,152
Share premium	914,800	912,716
Hedging reserve	368	-790
Reserve for financial instruments classified as at fair value through other comprehensive income	-8,061	-6,286
Actuarial gains / losses pensions	740	740
Retained earnings	36,535	114,008
Total shareholders' equity	1,027,948	1,103,540
Non-controlling interest	558,479	560,561
Total equity	1,586,427	1,664,101
Liabilities		
Corporate bonds	393,715	392,790
Non-current interest-bearing loans and borrowings	2,300,945	2,304,803
Deferred tax liabilities	224,313	242,368
Pension provisions	3,194	3,192
Other non-current liabilities	461	1,033
Total non-current liabilities	2,922,628	2,944,186
Corporate bonds	149,809	149,409
Current interest-bearing loans and borrowings	416,901	252,759
Trade payables	5,101	4,870
Liabilities to related parties	19,544	19,160
Income taxes payable	27,180	33,538
Other liabilities	55,535	73,571
	674,070	533,307
Liabilities related to non-current assets held for sale	38,896	38,676
Total current liabilities	712,966	571,983
Total liabilities	3,635,594	3,516,169
Total equity and liabilities	5,222,021	5,180,270

Consolidated statement of changes in equity for the period from 1 January to 30 June 2023

in EUR thousand	Issued capital	Share premium	Hedging reserve	Reserve for financial instruments classified as at fair value through other comprehensive income	Actuarial gains / losses pensions	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
Balance at December 31, 2022	83,152	912,716	- 790	- 6,286	740	114,008	1,103,540	560,561	1,664,101
Profit / loss for the period						- 15,109	- 15,109	- 1,441	- 16,550
Other comprehensive income*									
Items that may be reclassified subsequently to profit or loss									
Gains / losses from cash flow hedges			1,158				1,158		1,158
Items that shall not be reclassified subsequently to profit or loss									
Gains / losses on financial instruments classified as measured at fair value through other comprehensive income				- 1,775			- 1,775		- 1,775
Actuarial gains / losses pensions					0		0		0
Comprehensive income	0	0	1,158	- 1,775	0	- 15,109	- 15,726	- 1,441	- 17,167
Dividend distribution for 2022						- 62,364	- 62,364		- 62,364
Issuance of shares through capital increase in kind	414	2,309					2,723		2,723
Transaction costs of equity transactions		- 225					- 225		- 225
Change of non-controlling interest								- 641	- 641
Balance at June 30, 2023	83,566	914,800	368	- 8,061	740	36,535	1,027,948	558,479	1,586,427

* Net of deferred taxes

Consolidated statement of changes in equity for the period from 1 January to 30 June 2022

in EUR thousand	Issued capital	Share premium	Hedging reserve	Reserve for financial instruments classified as at fair value through other comprehensive income	Actuarial gains / losses pensions	Retained earnings	Total shareholders' equity	Non-controlling interest	Total
Balance at December 31, 2021	81,861	896,290	-2,445	8,851	0	144,380	1,128,937	5,032	1,133,969
Profit/loss for the period						23,849	23,849	6,988	30,837
Other comprehensive income*									
Items that may be reclassified subsequently to profit or loss									
Gains/losses from cash flow hedges			4,209				4,209		4,209
Items that shall not be reclassified subsequently to profit or loss									
Gains/losses on financial instruments classified as measured at fair value through other comprehensive income				-11,209			-11,209		-11,209
Actuarial gains / losses pensions					573		573		573
Comprehensive income	0	0	4,209	-11,209	573	23,849	17,422	6,988	24,410
Changes in the basis of consolidation								566,195	566,195
Dividend distribution for 2021						-61,396	-61,396		-61,396
Issuance of shares through capital increase in kind	1,291	16,628					17,919		17,919
Transaction costs of equity transactions		-202					-202		-202
Change of non-controlling interest								242	242
Balance at June 30, 2022	83,152	912,716	1,764	-2,358	573	106,833	1,102,680	578,457	1,681,137
Profit/loss for the period						7,175	7,175	4,846	12,021
Other comprehensive income*									
Items that may be reclassified subsequently to profit or loss									
Gains/losses from cash flow hedges			-2,554				-2,554		-2,554
Items that shall not be reclassified subsequently to profit or loss									
Gains/losses on financial instruments classified as measured at fair value through other comprehensive income				-3,928			-3,928		-3,928
Actuarial gains / losses pensions					167		167		167
Comprehensive income			-2,554	-3,928	167	7,175	860	4,846	5,706
Change of non-controlling interest								-22,742	-22,742
Balance at December 31, 2022	83,152	912,716	-790	-6,286	740	114,008	1,103,540	560,561	1,664,101

* Net of deferred taxes

Notes

General information on reporting

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

The interim consolidated financial statements were prepared using the same consolidation principles, currency translation policies and accounting policies as applied in the consolidated financial statements for financial year 2022, with the exception of the changes presented in the following. Income taxes were deferred on the basis of the tax rate expected for the full year.

These condensed interim consolidated financial statements do not contain all the information and disclosures required by IFRSs for full-year consolidated financial statements, and should therefore be read in conjunction with the consolidated financial statements for the year ended on 31 December 2022, which form the basis for the accompanying interim financial statements. For information on material changes and transactions in the period up to 30 June 2023, DIC Asset AG (“DIC”) refers to the interim group management report in this document.

Preparation of the financial statements requires management to make estimates and assumptions affecting both the measurement of assets, liabilities and contingent liabilities at the end of the reporting period and the measurement and presentation of income and expenses for the period. Actual amounts may differ from these estimates. There were no adjustments due to changes in estimates or assumptions in the period up to the end of June 2023.

New standards and interpretations

a) Standards, interpretations and amendments to standards applicable for the first time in the financial year

The following standards, amendments to standards and interpretations were applied for the first time in the current financial year.

First-time application in the current financial year

Standard	Title
IFRS 17	<ul style="list-style-type: none"> • Recognition, measurement, presentation and disclosure of insurance contracts • Initial Application of IFRS 17 and IFRS 9 – Comparative Information
Amendments to IAS 8	Changes in Accounting Estimates
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

These standards and amendments to standards do not materially affect the consolidated financial statements of DIC.

b) Standards and amendments to standards that have been issued but not yet applied

The following standards, which will become effective in the coming years, have been adopted into applicable EU law:

Standard	Title	Application mandatory for annual periods beginning on or after
None		

The following standards, which will become effective in the coming years, have not yet been adopted into applicable EU law:

Standards that have not yet been adopted into applicable EU law

Standard	Title	Application mandatory for annual periods beginning on or after
Amendments to IAS 1	<ul style="list-style-type: none"> Classification of Liabilities as Current or Non-current Classification of Liabilities as Current or Non-current – Deferral of Effective Date Non-current Liabilities with Covenants 	01.01.2024
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	01.01.2024
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules	open
Amendments to IAS 7 and IFRS 7	Notes – Supplier Finance Arrangements	open

DIC will only apply all of the standards listed from the date of mandatory first-time adoption. The effects of the amendments or new provisions not yet adopted into EU law on the consolidated financial statements of DIC are currently still being reviewed.

Pension provisions

The actuarial valuation of pension provisions for post-retirement employee benefits under a company pension scheme is based on the provisions of IAS 19. The provision is recognised in accordance with the projected unit credit method for defined benefit plans. Differences arising on the reporting date (so-called actuarial gains or losses) between the scheduled pension obligations and the actual projected benefit obligation are shown in other comprehensive income and recognised directly in equity, taking deferred taxes into account. The service cost included in the pension expense is shown in the income statement under personnel expenses and the interest portion is shown in the income statement under interest and similar expenses.

Financial instruments disclosures

No quoted prices in an active market are available for the unlisted shares of DIC Opportunistic GmbH held by the Group and for shares held in limited partnerships (Level 3 of the IFRS 13 fair value hierarchy). Their fair value is based on the indirectly held real estate and equity investments. Changes in fair value between 31 December 2022 and the end of the reporting period amounted to EUR 180 thousand. Please refer to consolidated financial statements for the year ended 31 December 2022 for information on the valuation of the real estate assets.

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

in EUR thousand	IFRS 9 measurement category	Carrying amount 30.06.2023	Fair Value 30.06.2023	Carrying amount 31.12.2022	Fair Value 31.12.2022
Assets					
Other investments	FVOCI	70,388	70,388	72,163	72,163
Other investments	FVTPL	32,341	32,341	30,386	30,386
Derivatives	FVTPL	0	0	13,509	13,509
Total	FVTPL	32,341	32,341	43,895	43,895
Derivatives	n/a	0	0	1	1
Other loans	FAAC	110,384	110,384	106,872	106,872
Receivables from sale of investment property	FAAC	3,777	3,777	100	100
Trade receivables	FAAC	24,840	24,840	28,831	28,831
Receivables from related parties	FAAC	16,789	16,789	16,210	16,210
Other receivables	FAAC	125,036	125,036	87,037	87,037
Other assets	FAAC	16,336	16,336	18,701	18,701
Cash and cash equivalents	FAAC	485,081	485,081	188,404	188,404
Total	FAAC	782,243	782,243	446,155	446,155
Liabilities					
Corporate bond - non current	FLAC	393,715	230,480	392,790	230,000
Non-current interest-bearing loans and borrowings**	FLAC	2,300,945	2,147,299	2,304,803	2,095,782
Corporate bond - current	FLAC	149,809	147,000	149,409	148,575
Current loans and borrowings**	FLAC	416,901	414,616	252,759	252,880
Trade payables	FLAC	5,101	5,101	4,870	4,870
Related party liabilities	FLAC	19,544	19,544	19,160	19,160
Other liabilities*	FLAC	53,418	53,418	70,936	70,936
Liabilities related to financial investments held for sale**	FLAC	38,896	30,326	38,676	29,767
Total	FLAC	3,378,329	3,047,784	3,233,403	2,851,970

* without current lease liabilities

** previous year as of December 31, 2022 fair value amount adjusted

Changes in Level 3 financial instruments are as follows:

in EUR thousand	2023	2022
01.01.	102,549	92,951
Addition	0	1,299
Measurement gains/losses	180	8,478
Disposals	0	-179
30.06./31.12.	102,729	102,549

Measurement gains/losses of EUR -1,775 thousand are recognised in other comprehensive income and EUR 1,955 thousand are recognised directly in the income statement.

Supplementary information

The company uses the cost model in accordance with IAS 40.56 to measure its properties. Please refer to the disclosures in the consolidated financial statements for the year ended on 31 December 2022 for information on the fair value measurement of investment property in accordance with IFRS 13.

Acquisition of VIB Vermögen AG ("VIB")

DIC acquired 60.0% of VIB by 1 April 2022. Initial consolidation was carried out as at 1 April 2022.

By acquiring a controlling majority in VIB, DIC is consistently expanding both its portfolio, particularly in the high-potential logistics asset class, and its presence in southern Germany. The combined real estate assets of DIC and VIB amount to over EUR 14 billion. As a result, DIC is consolidating its position as a leading office and logistics player in the German commercial real estate market and strengthening the basis for further successful growth.

A purchase price of EUR 849.3 million was paid for the acquisition of 60.0% of the shares in VIB.

The following table shows the fair values of the acquired assets and liabilities recognised at the acquisition date of 1 April 2022:

in EUR thousand	Fair value
Corporate brand (intangible assets)	1,405
Investment properties	2,257,546
Property, plant and equipment	9,480
Investments in associates	27,651
Cash and cash equivalents	96,015
Other current assets	17,879
Total assets	2,409,976
Non-current liabilities	921,240
Current liabilities	73,249
Total liabilities	994,489
Net assets acquired	1,415,487
Non-controlling interests (40.0%)	566,195
Net assets acquired, DIC	849,292

The non-controlling interests of 40.0% were recognised at the acquisition date and measured at their share of the identifiable net assets acquired in the amount of EUR 566,195 thousand.

The fair value of trade receivables within the item “Other current assets” amounts to EUR 1,030 thousand. The gross amount of contractual receivables amounts to EUR 1,030 thousand.

The consolidated profit for financial year 2022 included profits of EUR 36,195 thousand from the additional business generated by VIB. The attributable revenue (gross rental income) for the 2022 financial year included EUR 70,647 thousand from VIB. If the first-time consolidation had taken place on 1 January 2022, the Group’s revenue (gross rental income) for financial year 2022 would have been EUR 93,784 thousand and the profit for financial year 2022 would have been EUR 41,269 thousand. The pro forma disclosure is based on the assumption that the carrying amounts applicable at the time of acquisition would also have been applicable at the beginning of the period.

Until 31 December 2022, transaction costs of EUR 10,621 thousand were recognised as administrative expenses as part of the transaction.

Segment reporting

The segment report of DIC is structured in line with IFRS 8 Operating Segments following the management approach. Reporting is focused on two pillars: the Commercial Portfolio segment, which includes the Company’s proprietary portfolio, and the Institutional Business segment, which comprises the management services provided for institutional investors. As VIB was included in DIC’s 2022 half-yearly financial statements for the first time and allocated to the Commercial Portfolio segment, comparability with the prior-year figures of that segment is limited.

in EUR million	H1 2023			H1 2022		
	Commercial Portfolio	Institutional Business	Total	Commercial Portfolio	Institutional Business	Total
Key earnings figures						
Gross rental income (GRI)	96.9		96.9	75.2		75.2
Net rental income (NRI)	85.0		85.0	65.3		65.3
Profits on property disposals	8.2		8.2	12.4		12.4
Real estate management fees		21.8	21.8		39.5	39.5
Share of the profit or loss of associates	1.4	1.4	2.8	12.1	4.8	16.9
Depreciation and amortisation	-58.2	-2.0	-60.2	-27.4	-4.3	-31.7
Net other income	0.3		0.3	1.1		1.1
Net interest result	-45.1	0.0	-45.1	-23.0	-1.5	-24.5
Operational expenditure (OPEX)	-11.4	-22.0	-33.4	-18.4	-25.7	-44.1
of which admin costs	-3.7	-7.6	-11.3	-13.4	-9.3	-22.7
of which personnel costs	-7.7	-14.4	-22.1	-5.0	-16.4	-21.4
Other adjustments	2.4	0.2	2.6	8.7	0.0	8.7
Funds from Operations (FFO)	32.6	1.4	34.0	45.8	17.1	62.9
Funds from Operations (excluding non-controlling interest)	22.0	0.4	22.4	35.9	17.1	53.0
Funds from Operations II (FFO II)	40.8	1.4	42.2	58.2	17.1	75.3
Funds from Operations II (excluding non-controlling interest, including profit on disposals)	29.5	0.4	29.9	48.3	17.1	65.4
EBITDA	83.5	1.2	84.7	72.6	18.6	91.2
EBIT	25.2	-0.8	24.4	45.1	14.3	59.4
Segment assets						
Number of properties	174	184	358	208	149	357
Assets under Management (AuM)	4,096.3	10,064.0	14,160.3	4,494.4	9,754.3	14,248.7
Rental space in sqm	1,880,000	2,889,200	4,769,200	2,112,500	2,481,300	4,593,800

Income statement disclosures

The increase in net rents to EUR 84,978 thousand (previous year: EUR 65,292 thousand) is due to the integration of VIB for six months of the 2023 financial year, compared to just three months in the prior-year period as a result of the initial consolidation of the business on 1 April 2022. The EUR 11,371 thousand decline in administrative expenses to EUR 11,283 thousand is mainly attributable to one-off transaction costs in the previous year associated with the acquisition of VIB. Depreciation, amortisation and write-downs increased from EUR 31,721 thousand to EUR 60,243 thousand due to write-downs on property during the 2023 half-year under review. The decline in income from real estate management fees to EUR 21,781 thousand (previous year: EUR 39,539 thousand) is attributable to lower transaction-related income.

Dividend

To enable the shareholders to participate appropriately in the successful value growth of DIC, the Management Board at the virtual General Shareholders' Meeting on 30 March 2023 proposed a dividend of EUR 0.75 per share for financial year 2022. The dividend of EUR 62.4 million was distributed on 2 May 2023 following the adoption of the corresponding resolution. Of this amount, EUR 59.6 million was paid out to shareholders in cash and EUR 2.8 million was recognised as part of the scrip dividend.

Contingent liabilities and other financial obligations

In connection with the launch of an open-ended real estate special fund with a volume of EUR 350 million, VIB has undertaken to subscribe to around 49% of the fund's equity, amounting to EUR 99.1 million. This subscription was made in the first quarter of 2023. In this context, VIB also undertook, by way of a surety bond, to compensate the financing bank of the real estate special fund for any losses of up to EUR 18 million which may result from the non-acceptance of the loan. This surety bond no longer exists.

Events after the reporting period

Between the end of the reporting period and today, the bridge financing was renegotiated and a first tranche of EUR 200.8 million was repaid. The remaining EUR 200.0 million has been extended with a new maturity date of 31 July 2024.

Furthermore, the transfer of possession, benefits and associated risks from the acquisition of one Commercial Portfolio segment property with a transaction volume of approx. EUR 26.0 million took place between the reporting date and today.

The sale of one property from the Institutional Business segment with a transaction volume of approx. EUR 13.5 million was also notarised between the reporting date and today. The transfer of possession, benefits and associated risks is expected at the end of the third quarter.

Responsibility statement

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

Frankfurt am Main, August 3, 2023



Sonja Wärntges



Torsten Doyen



Johannes von Mutius



Christian Fritzsche

Report on audit review

To DIC Asset AG,

We have performed an audit review of the condensed interim consolidated financial statements – comprising the consolidated balance sheet, income statement, consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity and selected explanatory notes – and the interim group management report of DIC Asset AG, Frankfurt am Main, which are part of the half-year financial report pursuant to § 115 WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act), for the period from January 1 to June 30, 2023. The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the parent Company’s management. Our responsibility is to issue a report based on our review of the condensed interim consolidated financial statements and on the interim group management report.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and in supplementary compliance with the International Standard on Review Engagements “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude with certain assurance, through critical appraisal, that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of parent company personnel and analytical procedures and therefore does not provide the assurance attainable from a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an audit report.

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

Hamburg, August 3, 2023

BDO AG
Wirtschaftsprüfungsgesellschaft

sgd. Härle
Wirtschaftsprüfer
(German Public Auditor)

sgd. Hyckel
Wirtschaftsprüfer
(German Public Auditor)

Appendix: EPRA key figures

EPRA financial figures in EUR million	30.06.2023	31.12.2022	\Δ
EPRA Net Reinstatement Value (EPRA-NRV)	1,598.0	1,669.5	4%
EPRA Net Disposal Value (EPRA-NDV)	1,478.3	1,593.5	7%
EPRA Net Tangible Assets (EPRA-NTA)	1,139.9	1,196.6	5%
EPRA net initial yield (in %)**	3.9	3.9	0%
EPRA "topped up" net initial yield (in %)**	3.9	4.0	3%
EPRA vacancy rate (in %)**	4.9	4.3	14%
EPRA-LTV (%)	61.2	60.5	1%
	Q2 2023	Q2 2022	 \Δ
EPRA earnings	39.0	60.7	36%
EPRA cost ratio incl. direct vacancy costs (in %)**	20.1	19.2	5%
EPRA cost ratio incl. direct vacancy costs (in %)**	15.2	18.6	18%
	Q2 2023	Q2 2022	 \Δ
EPRA earnings per share	0.47	0.74	36%
	30.06.2023	31.12.2022	
NAV per share	17.66	18.29	3%
Adjusted NAV per share****	21.19	21.84	3%

* all per share figures adjusted accordance with IFRSs (number of shares 6M 2023: 83,286,766; 6M 2022: 82,218,917)

** Calculated for the Commercial Portfolio only

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

**** incl. Full value of Institutional Business

Legal notes

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© August 2023 • Publisher: DIC Asset AG

Disclaimer

This report contains forward-looking statements including associated risks and uncertainties. These statements are based on the Management Board's current experience, assumptions and forecasts and the information currently available to it. The forward-looking statements are not to be interpreted as guarantees of the future developments and results mentioned therein. The actual business performance and results of DIC Asset AG and of the Group are dependent on a multitude of factors that contain various risks and uncertainties. In the future, these might deviate significantly from the underlying assumptions made in this report. Said risks and uncertainties are discussed in detail in the risk report as part of financial reporting. This report does not constitute an offer to sell or an invitation to make an offer to buy shares of DIC Asset AG. DIC Asset AG is under no obligation to adjust or update the forward-looking statements contained in this report.

For computational reasons, rounding differences from the exact mathematical values calculated (in EUR thousand, %, etc.) may occur in tables and cross-references.

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