



**DIC Asset AG**

(a stock corporation incorporated under the laws of the Federal Republic of Germany)

July 5, 2017

**Euro [●] [●] per cent. Notes due July 11, 2022 (the "Notes")**

Issue price: 100 per cent.

ISIN: DE000A2GSCV5

This prospectus (the "**Prospectus**") constitutes a prospectus within the meaning of Article 5.3 of the Directive 2003/71/EC of the European Parliament and of the Council of November 4, 2003 (as amended, *inter alia*, by Directive 2010/73/EU of the European Parliament and of the Council of November 24, 2010, the "**Prospectus Directive**"). This Prospectus together with all documents incorporated by reference will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") of the Grand Duchy of Luxembourg ("**Luxembourg**") in its capacity as competent authority under the Luxembourg law relating to prospectuses for securities (*Loi relative aux prospectus pour valeurs mobilières*; the "**Luxembourg Prospectus Act**") transforming the Prospectus Directive into law in Luxembourg. According to Article 7 (7) of the Luxembourg Prospectus Act, by approving this Prospectus the CSSF gives no undertaking as to the economic and financial soundness of the transaction and the quality or solvency of the Issuer. The Issuer has requested the CSSF to provide the competent authority in the Federal Republic of Germany ("**Germany**") with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Luxembourg Prospectus Act (the "**Notification**"). The Issuer may request the CSSF to provide the competent authorities in additional host member states within the European Economic Area ("**EEA**") with similar certificates of approval.

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and admit the Notes to trading on the regulated market "*Bourse de Luxembourg*" operated by the Luxembourg Stock Exchange which is a regulated market appearing on the list of regulated markets issued by the European Securities and Markets Authority (ESMA) pursuant to Directive 2004/39/EC of April 21, 2004 on markets in financial instruments, as amended.

The Notes will initially be represented by a temporary global note in bearer form without interest coupons, which will be exchangeable for a permanent global note in bearer form without interest coupons, not earlier than 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. The Notes are issued in bearer form with a denomination of EUR 1,000 each.

The aggregate principal amount and interest rate of the Notes, the issue proceeds and the issue yield will be included in the Pricing Notice (as defined in the section entitled "*Subscription, Sale and Offer of the Notes*" and set out herein) which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

The offer, sale and delivery of the Notes and the distribution of this Prospectus in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain limited exceptions, the Notes may not be offered, sold or delivered within the United States of America (the "**United States**") or to U.S. persons.

Joint Lead Managers und Joint Bookrunners

Bankhaus Lampe

Citigroup

## CONTENT

<b>I.</b>	<b>SUMMARY</b> .....	1
<b>II.</b>	<b>ZUSAMMENFASSUNG</b> .....	18
<b>III.</b>	<b>RISK FACTORS</b> .....	36
1.	RISKS RELATING TO THE ISSUER AND DIC ASSET .....	36
1.1	Market- and industry-specific risks .....	36
1.2	Issuer-related risks .....	39
1.3	Risks arising from the group structure .....	48
2.	RISKS RELATING TO THE NOTES .....	49
<b>IV.</b>	<b>IMPORTANT INFORMATION</b> .....	54
1.	RESPONSIBILITY STATEMENT .....	54
2.	NOTICE.....	54
<b>V.</b>	<b>GENERAL INFORMATION ABOUT THE ISSUER</b> .....	56
1.	FORMATION, COMPANY NAME AND HISTORY OF THE ISSUER.....	56
2.	REGISTERED OFFICE, FISCAL YEAR AND TERM OF THE ISSUER.....	56
3.	ISSUER OBJECT .....	56
4.	STRUCTURE (SCOPE OF CONSOLIDATION) AND EQUITY INTERESTS OF DIC ASSET .....	57
4.1	Structure (scope of consolidation) .....	57
4.2	Selected equity interest .....	59
5.	AUDITOR .....	60
6.	MARKETS .....	60
6.1	Macroeconomic development and development in the German commercial real estate market .....	60
6.2	Competitors .....	60
7.	BUSINESS .....	61
7.1	Overview .....	61
7.2	Business segments.....	62
8.	OPERATING AREAS.....	65
8.1	Overview .....	65
8.2	Real Estate Management division .....	65
8.3	Investment division .....	66
8.4	Portfolio Management.....	66
8.5	Fund Management.....	66
8.6	Group Management division .....	66
9.	REAL ESTATE PORTFOLIO OF DIC ASSET AS OF MARCH 31, 2017 .....	67
9.1	Overview of the Real Estate Portfolio .....	67
9.2	Regional breakdown of the portfolio.....	68
9.3	Types of use and tenant structure .....	69
9.4	Vacancy rate .....	69
9.5	Significant changes in the Real Estate Portfolio of DIC Asset after March 31, 2017 .....	70
9.6	Upcoming changes in the segment reporting .....	70
10.	INVESTMENTS .....	70
10.1	Recent Investments.....	70
10.2	Future investments .....	70
10.3	Other material property, plant and equipment .....	70
11.	EMPLOYEES .....	70
12.	INSURANCE.....	71
13.	MATERIAL AGREEMENTS .....	71
14.	LITIGATION.....	71
15.	FINANCING STRUCTURE OF DIC ASSET .....	72
16.	GOVERNING BODIES OF THE ISSUER .....	73
16.1	Overview .....	73
16.2	Management Board .....	73
16.3	Supervisory Board.....	74
16.4	Corporate governance .....	77
17.	SIGNIFICANT SHAREHOLDERS .....	79

18.	TREND INFORMATION.....	80
19.	SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION .....	80
20.	SHARE CAPITAL .....	80
21.	SELECTED FINANCIAL INFORMATION .....	80
<b>VI.</b>	<b>OFFER, SUBSCRIPTION AND SALE OF THE NOTES .....</b>	<b>85</b>
1.	OFFER OF THE NOTES .....	85
1.1	Private placement .....	85
1.2	Public offer .....	85
1.3	Determination of offer volume and pricing details.....	85
1.4	Conditions of the offer .....	86
1.5	Confirmation of offers placed by, and allotments to, investors .....	86
1.6	Delivery of the Notes to investors.....	86
1.7	Costs and expenses relating to the offer .....	86
2.	REASON FOR THE OFFER AND USE OF PROCEEDS.....	86
3.	SUBSCRIPTION OF THE NOTES .....	86
4.	LISTING AND ADMISSION TO TRADING .....	87
<b>VII.</b>	<b>SELLING RESTRICTIONS .....</b>	<b>88</b>
<b>VIII.</b>	<b>GENERAL INFORMATION/DOCUMENTS INCORPORATED BY REFERENCE .....</b>	<b>91</b>
1.	AUTHORIZATION .....	91
2.	CLEARING AND SETTLEMENT.....	91
3.	SECURITIES IDENTIFICATION NUMBERS.....	91
4.	YIELD .....	91
5.	INCORPORATION BY REFERENCE .....	91
6.	DOCUMENTS ON DISPLAY .....	92
<b>IX.</b>	<b>TERMS AND CONDITIONS OF THE NOTES .....</b>	<b>93</b>
<b>X.</b>	<b>TAXATION .....</b>	<b>112</b>
1.	RESPONSIBILITY OF THE ISSUER FOR THE WITHHOLDING OF TAXES AT SOURCE .....	112
2.	FEDERAL REPUBLIC OF GERMANY .....	112
2.1	Income Taxation of German Tax Residents.....	112
2.2	Income Taxation of non-German tax residents.....	115
3.	LUXEMBOURG.....	116
3.1	Non-resident holders of Notes.....	116
3.2	Resident holders of Notes.....	116
4.	FOREIGN ACCOUNT TAX COMPLIANCE ACT .....	117
5.	FINANCIAL TRANSACTION TAX .....	117
<b>XI.</b>	<b>NAMES AND ADDRESSES .....</b>	<b>118</b>

## I. SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

### Section A – Introduction and warnings

<b>Element</b>	<b>Description of Element</b>	Disclosure requirement
<b>A.1</b>	<b>Warning</b>	<p>This summary should be read as an introduction to this Prospectus.</p> <p>Any decision to invest in the Notes should be based on consideration of this Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of its member state, have to bear the costs of translating this Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary including translations thereof (if any), but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Notes.</p>
<b>A.2</b>	<b>Consent to the use of the prospectus</b>	Not applicable. The Notes are only offered to the public by the Issuer and not by the Joint Lead Managers or any other financial intermediary.

## Section B – Issuer

Element	Description	Disclosure requirement
<b>B.1</b>	<b>Legal and commercial name</b>	DIC Asset AG
<b>B.2</b>	<b>Domicile, legal form, legislation, country of incorporation</b>	The Issuer is a stock corporation ( <i>Aktiengesellschaft</i> ) incorporated and governed under the laws of the Federal Republic of Germany with its domicile in Frankfurt am Main.
<b>B.4b</b>	<b>Trends</b>	Not applicable. The Issuer is not aware of any trends affecting the Issuer and the industries in which it operates.
<b>B.5</b>	<b>Description of the group and the Issuer's position within the group</b>	The Issuer's group consists of the Issuer as a holding company and its fully consolidated direct and indirect subsidiaries as well as its unconsolidated participations (" <b>DIC Asset</b> ").
<b>B.9</b>	<b>Profit forecast or estimate</b>	Not applicable. No profit forecasts or estimates are made.
<b>B.10</b>	<b>Qualifications in the audit report</b>	Not applicable. The auditors have issued unqualified audit reports for the consolidated financial statements for the fiscal years 2015 and 2016.

**B.12**

**Selected historical key financial information**

The following tables contain selected financial information relating to the Issuer. The information has been extracted from the Issuer's audited consolidated financial statements as of December 31, 2016 (including the comparable information as of December 31, 2015 contained therein) as well as the Issuer's unaudited quarterly statement as of March 31, 2017 (including the comparable information as of March 31, 2016 contained therein in relation to the consolidated profit and loss account and the consolidated statement of cash flow) all of which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union.

**Consolidated income statement**

in C '000	Fiscal year		3-month period ended March 31,	
	2015 (audited)	2016 (audited)	2016 (unaudited)	2017 (unaudited)
Total income.....	372,387	473,794	278,255	106,864
Total expenses.....	-296,116	-396,464	-252,613	-90,663
Net rental income.....	120,450	94,544	23,478	25,670
Profit on disposal of investment property.....	14,917	23,188	9,873	2,198
<b>Net operating profit before financing activities (EBIT).....</b>	<b>76,270</b>	<b>77,330</b>	<b>25,642</b>	<b>16,201</b>
Profit/loss before tax.....	24,148	-23,395	15,368	9,300
Profit/loss for the period*.....	20,716	-29,386	11,801	7,648

\* The effect from refinancing existing loans in the Commercial Portfolio in December 2016 has a non-recurring effect of EUR -56.3 million on profit/loss. Without the non-recurring effects of the early refinancing, adjusted profit/loss are EUR 26.9 million for the fiscal year 2016.

**Consolidated balance sheet:**

in C '000	December 31, 2015 (audited)	December 31, 2016 (audited)	March 31, 2017 (unaudited)
	<b>Assets</b>		
Total non-current assets.....	1,961,544	1,908,632	1,764,877
Total current assets.....	494,525	486,916	618,426
Total assets.....	2,456,069	2,395,548	2,383,303

in C '000	December 31, 2015 (audited)	December 31, 2016 (audited)	March 31, 2017 (unaudited)
	<b>Equity and liabilities</b>		
<b>Equity</b>			
Total shareholders' equity.....	787,073	753,455	760,952
Total equity.....	792,083	756,973	764,251
<b>Liabilities</b>			
Total non-current liabilities.....	1,342,177	1,197,215	1,142,627
Total current liabilities.....	321,809	441,360	476,425
Total liabilities.....	1,663,986	1,638,575	1,619,052
Total equity and liabilities.....	2,456,069	2,395,548	2,383,303

## Consolidated statements of cash flow

in € '000	Fiscal year		3-month period ended March 31,	
	2015 (audited)	2016	2016 (unaudited)	2017
Cash flow from operating activities.....	53,015	33,948	6,605	10,136
Cash flow from investing activities .....	169,310	-239,052	-73,513	5,161
Cash flow from financing activities.....	-115,156	152,928	-14,094	-23,623
Cash and cash equivalents as at 1 January.....	97,421	204,590	204,590	152,414
Cash and cash equivalents at the end of the period.....	204,590	152,414	123,588	144,088

### Additional Key Figur

In the Issuer's view, the key performance indicator described in this section constitute a further important indicator for measuring the operating and financial performance of DIC's business.

DIC Asset believes that the additional performance measure Funds from operations (FFO) ("**Performance Measure**") is of use for potential investors.

Funds from operations are operating income from property management, before depreciation, tax and profits from sales and project developments ("**FFO**").

DIC Asset believes that this Performance Measure is useful in evaluating DIC Asset's operating performance, the net value of DIC Asset's property portfolio, the level of DIC Asset's indebtedness and of cash flows generated by DIC's business. However, the Performance Measure is not recognized as a measure under IFRS and should not be considered as a substitute for figures on result before taxes, net earnings, cash flow from/used in operating activities or other income statement or cash flow data, as determined in accordance with IFRS, or as a measure of profitability or liquidity.

The Performance Measure does not necessarily indicate whether cash flow will be sufficient or available for DIC Asset's cash requirements, nor whether any such measure is indicative of DIC Asset's historical operating results. The Performance Measure is not meant to be indicative of future results. Because not all companies calculate these measures and figures in the same way, DIC Asset's presentation of the Performance Measure is not necessarily comparable with similarly titled measures used by other companies.

### **Funds from Operations, FFO**

Funds from operations is a measure of liquidity for real estate companies. The following table shows the calculation of FFO for the period shown:

		In EUR million	Fiscal year		3-month period ended March 31,	
			2015	2016	2016	2017
			(audited, unless specified otherwise)		(unaudited)	
		Net rental income	120.5	94.6	23.5	25.7
		Administrative expenses	-8.8	-10.7	-2.2	-3.1
		Personnel expenses	-14.9	-16.1	-3.9	-4.4
		Other operating income/expenses	0.1	0.2	0.2	0.0
		Real estate management fees	7.3	21.5	7.4	3.9
		Share of the profit or loss of associates without project developments and sales	3.9	5.4	0.9	1.6
		Net interest income (unaudited)*	-59.0	-47.9	-11.4	-7.9
		Funds from operations (unaudited)	49.0	47.0	14.5	15.8
			*The net interest income is for the fiscal year 2016 calculated by adjusting the interest income and interest expenses for non-recurring refinancing expenses.			
	<b>No material adverse change statement</b>	There has been no material adverse change in the prospects of the Issuer since December 31, 2016.				
	<b>Significant changes in the financial or trading position</b>	Not applicable. There have been no significant changes in the financial or trading position of the Issuer since March 31, 2017.				
<b>B.13</b>	<b>Recent events</b>	Not applicable. There have not been any recent events in the Issuer's business which are materially relevant for the evaluation of the Issuer's solvency.				
<b>B.14</b>	<b>Dependence upon other entities within the Group</b>	See B. 5  The Issuer is a holding company. Therefore, its earnings situation is materially influenced by the interest and participation income of affiliated companies.				
<b>B.15</b>	<b>Principal activities</b>	The Issuer is a real estate holding company with an exclusive investment focus on German commercial real estate and mainly in the area of office and retail real estate. In its commercial portfolio the Issuer invests directly in real estate and manages and optimizes its portfolio through its in-house asset and property management (the " <b>Commercial Portfolio</b> ") and in its co-investments segment, the Issuer plans and structures in particular funds and investment structures for institutional investors (the " <b>Co-Investments</b> "). The Issuer is a holding company which does not directly hold its real estate but exclu-				



		sively holds it via affiliated and property companies. The Issuer centralizes all management functions for DIC Asset, in particular, determination of the company's strategy, communication with investors and reporting, the financing of the company and real estate, risk management as well as controlling the real estate management.																
<b>B.16</b>	<b>Major shareholders</b>	<p>The following table shows the major shareholders of the Issuer which are direct holders of its capital:</p> <table> <thead> <tr> <th><b>Name of the shareholder</b></th> <th>in %<sup>1)</sup></th> </tr> </thead> <tbody> <tr> <td>Deutsche Immobilien Chancen Group</td> <td>32.2</td> </tr> <tr> <td>Free Float</td> <td>67.8</td> </tr> <tr> <td>thereof:</td> <td></td> </tr> <tr> <td>    solvia</td> <td>5.1</td> </tr> <tr> <td>    RAG Foundation</td> <td>4.8</td> </tr> <tr> <td>    Old Mutual plc</td> <td>3.0</td> </tr> <tr> <td>total:</td> <td>100.0</td> </tr> </tbody> </table> <p><sup>1)</sup> with rounding differences.</p>	<b>Name of the shareholder</b>	in % <sup>1)</sup>	Deutsche Immobilien Chancen Group	32.2	Free Float	67.8	thereof:		solvia	5.1	RAG Foundation	4.8	Old Mutual plc	3.0	total:	100.0
<b>Name of the shareholder</b>	in % <sup>1)</sup>																	
Deutsche Immobilien Chancen Group	32.2																	
Free Float	67.8																	
thereof:																		
solvia	5.1																	
RAG Foundation	4.8																	
Old Mutual plc	3.0																	
total:	100.0																	
<b>B.17</b>	<b>Credit ratings assigned to the Issuer or its debt securities</b>	Not applicable. The Issuer and its debt securities are not rated.																

## Section C – Securities

Element	Description	Disclosure requirement
C.1	<b>Type and class of securities being offered/security identification numbers</b>	The notes (the " <b>Notes</b> ") bear a fixed rate of interest.  ISIN: DE000A2GSCV5; German Securities Code (WKN): A2GSCV.
C.2	<b>Currency</b>	Euro.
C.5	<b>Restrictions on free transferability</b>	The Notes are freely transferable.
C.8	<b>Rights attached to securities/ranking of the securities/limitations to the rights attached to the securities</b>	<p><i>Rights attached to the Notes:</i></p> <p>The holders of the Notes ("<b>Holders</b>") have the right to receive annual fixed-rate interest payments and the payment of the principal amount on the final maturity date.</p> <p><i>Status of the Notes:</i></p> <p>The Notes constitute direct, unconditional, unsecured and un-subordinated obligations of the Issuer ranking pari passu among themselves and pari passu with all other unsecured and un-subordinated present and future obligations of the Issuer, unless such other obligations are accorded priority by mandatory provisions of law.</p> <p><i>Negative Pledge:</i></p> <p>The Issuer undertakes, so long as the Notes are outstanding, not to create any mortgage, pledge, or other security interest (each such right a "<b>Security</b>") over the whole or any part of its undertakings, assets or revenues, present or future, to secure any capital market indebtedness or to secure any guarantee or indemnity given by the Issuer or any of its subsidiaries in respect of any capital market indebtedness of another person, without, at the same time securing all amounts payable under the Notes either with identical Security or providing all amounts payable under the Notes such other Security as shall be approved by an independent accounting firm of internationally recognized standing as being equivalent security. This applies subject to specific exceptions.</p> <p><i>Taxes:</i></p> <p>All amounts payable under the Notes shall be made by withholding or deducting, if applicable, at source for or on account of any present or future taxes, other duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by way of withholding or deduction at source in, by or within the Federal Republic of Germany or any political subdivision or any tax authority thereof or therein in-</p>

	<p>cluding bodies incorporated under public law (<i>öffentlich-rechtliche Körperschaften</i>) (e.g. certain churches or religious communities). The Issuer shall not be required to make any additional payments to the Holders as compensation for the amounts deducted or withheld in this manner.</p> <p><u><i>Early Redemption at the Option of the Issuer (Call):</i></u></p> <p>The Issuer may, upon prior notice of redemption given to the paying agent and to the Holders, redeem, at its option, the Notes in whole or in part within the period from and including July 11, 2020 to but excluding July 11, 2021 at 102 per cent of their principal amount and within the period from and including July 11, 2021 to but excluding the Maturity Date at 101 per cent of their principal amount together with any unpaid interest to (but excluding) the date fixed for redemption.</p> <p><u><i>Event of Default:</i></u></p> <p>In an event of default, e.g. in case of a cross default relating to a capital market indebtedness, each Holder is entitled to demand redemption of the Notes at their principal amount together with accrued interest.</p> <p><u><i>Change of Control:</i></u></p> <p>If a change of control occurs, each Holder shall have the right, but not the obligation, to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase by a third party of) his Notes in whole or in part; such request must be declared within 30 days following a notice of the change of control towards the specified office of the paying agent and the Issuer.</p> <p>An exercise of the option by a Holder shall only become valid, if Holders of at least 20 % of the aggregate principal amount of the Notes then outstanding have exercised the option.</p> <p>The Issuer must redeem or purchase a Note in case of an exercise of the option on the 60th day (subject to an adjustment, pursuant to the terms and conditions of the Notes (the "<b>Terms and Conditions</b>")) following notification of a change of control at the principal amount plus possible interest accrued by the redemption date (exclusive).</p> <p>A "<b>Change of Control</b>" occurs, if the Issuer becomes aware that</p> <ul style="list-style-type: none"> <li>(i) a person or a group of persons acting in concert within the meaning of § 2 (5) of the German Securities and Takeover Act (<i>Wertpapiererwerbs- und Übernahmegesetz, WpÜG</i>) (each an "<b>Acquirer</b>") has become the legal or beneficial owner of more than 50% of the voting rights of the Issuer; or</li> <li>(ii) a person has acquired actual control over the Issuer due to a domination agreement with the Issuer, pursuant to § 291 of the German Stock Corporation Act (<i>Aktiengesetz,</i></li> </ul>
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		<p>AktG).</p> <p><u>Early Redemption at the Option of the Issuer in case of minimal outstanding total principal amount (Clean-up Call):</u></p> <p>If 80 % or more in principal amount of the Notes then outstanding have been redeemed or purchased, the Issuer may, on not less than 30 or more than 60 days' notice to the Holders, redeem, at its option, the remaining Notes as a whole at a redemption price of the principal amount thereof plus interest accrued to but excluding the date of such redemption.</p>
<b>C.9</b>	<b>Interest/ Maturity Date/ Yield/ Name of holders' representative</b>	<p>See C.8</p> <p><u>Interest:</u></p> <p>The Notes will bear interest from (and including) July 11, 2017 to (but excluding) July 11, 2022 at a rate of [●] per cent. per annum. The interest is payable annually in arrears on July 11, in each year, commencing on July 11, 2018.</p> <p><u>Maturity Date:</u></p> <p>Unless previously redeemed in whole or in part or repurchased and cancelled, the Notes shall be redeemed at their principal amount on July 11, 2022.</p> <p><u>Indication of yield:</u></p> <p>At the issue date, July 11, 2017, the yield of the Notes amounts to [●] per cent. of the principal amount minus the individual transaction costs.</p> <p>The issue yield will be included in the Pricing Notice (see E 3).</p> <p><u>Name of Holders' representative:</u></p> <p>Not applicable. A representative of the Holders is not initially appointed. The Terms and Conditions provide that Holders may agree by majority resolution to amendments of the Terms and Conditions and appoint a common representative (<i>gemeinsamer Vertreter</i>) to exercise the Holders' rights on behalf of each Holder. Except as provided in section 18 para. 4 sentence 2 of the German Act on Debt Securities from Entire Issues (<i>Gesetz über Schuldverschreibungen aus Gesamtemissionen, SchVG</i>) all votes will be taken exclusively by voting without a meeting.</p>

<b>C.10</b>	<b>Derivative component in interest payment</b>	See C.9  Not applicable. The Notes have no derivative component when paying interest, which could influence the value of the Notes in case of a change of the value of an underlying instrument or several underlying instruments.
<b>C.11</b>	<b>Admission to trading of securities on a regulated market</b>	Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and admit the Notes to trading on the regulated market " <i>Bourse de Luxembourg</i> " operated by the Luxembourg Stock Exchange which is a regulated market appearing on the list of regulated markets issued by the European Securities and Markets Authority (ESMA) pursuant to Directive 2004/39/EC of April 21, 2004 on markets in financial instruments, as amended. The first day of trading of the Notes on the Luxembourg Stock Exchange is expected to be on July 11, 2017.

#### Section D – Risks

<b>Element</b>	<b>Description</b>	<b>Disclosure requirement</b>
<b>D.2</b>	<b>Information on the key risks of the Issuer</b>	<p><b>Risks relating to the Issuer and DIC Asset</b></p> <p><b>Market- and industry-specific risks</b></p> <ul style="list-style-type: none"> <li>• DIC Asset operates in the commercial real estate market in Germany and is therefore materially dependent on the performance of this market and on macroeconomic developments;</li> <li>• the locations of DIC Asset's real estate in Germany are dependent on regional developments and could become less attractive;</li> <li>• DIC Asset faces intense competition. There is a risk that it may not be able to withstand the competition or distinguish itself sufficiently from its competitors;</li> <li>• DIC Asset depends on the demand for real estate funds and the funds market in general, there is a risk that a decrease in the demand for real estate funds would have a material adverse effect on the business performance of DIC Asset;</li> <li>• DIC Asset is subject to the risk of deteriorating general conditions for financing real estate acquisitions and refinancing existing real estate holdings;</li> <li>• unfavorable developments in the general tax environment in Germany could adversely affect the business performance of DIC Asset; and</li> <li>• DIC Asset is dependent on the general legal framework for real estate companies with a focus on investments in commercial real estate in Germany, which can have a</li> </ul>

		<p>substantial impact on the profitability of DIC Asset.</p> <p><b>Issuer-related risks</b></p> <ul style="list-style-type: none"> <li>• DIC Asset AG is a holding company and therefore is dependent on the income of its investment and management subsidiaries;</li> <li>• DIC Asset could fail to succeed in conducting real estate transactions at suitable terms and conditions and could fail to assert itself sufficiently against the competition in purchasing, managing, and selling its properties;</li> <li>• in the Commercial Portfolio and the Co-Investments segment, DIC Asset is exposed to the risk of delayed completion, higher costs or failure of refurbishing projects or project developments;</li> <li>• DIC Asset is exposed to the risk of misjudging appraisal criteria while making decisions concerning the purchase of real estate;</li> <li>• the external property appraisals on which the market value of the real estate portfolio is based could incorrectly report the value of DIC Asset's real estate holdings. The assumptions underlying the current carrying amounts could also prove to be incorrect. The resulting write-downs of the properties carried as assets in the consolidated financial statements could adversely affect the results of DIC Asset;</li> <li>• in the event of an unscheduled sale of properties, DIC Asset could be subject to cost risks associated with the premature termination of loan agreements and interest rate hedging instruments, or due to changes in interest rates;</li> <li>• a rise in market interest rates could increase DIC Asset's borrowing costs with respect to borrowings not hedged with interest rate hedging instruments. Existing interest rate hedging instruments could have negative effects on the DIC Asset's equity if market interest rates decline;</li> <li>• DIC Asset could violate the reporting, performance, and information obligations agreed in loan agreements;</li> <li>• the extensive use of borrowed capital and increasing debt service could lead to the risk of a forced sale of individual properties as well as put the relevant property company at risk and adversely impact DIC Asset as a whole;</li> <li>• in case that "warehoused" properties (properties acquired as part of start-up portfolios of new funds) cannot be placed into new funds as planned DIC Asset will need to raise additional equity to reduce the short-term high leverage of such properties or may be forced to sell these properties at potentially depressed prices;</li> </ul>
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		<ul style="list-style-type: none"> <li>• in case of a termination of agreements with third party asset management companies (<i>Kapitalverwaltungsgesellschaften</i>) DIC Asset could no longer generate property management fees in relation to the properties held by the funds affected and managed by DIC Asset;</li> <li>• the reduction or loss of rental income would result in a deterioration of the results of operations of DIC Asset;</li> <li>• DIC Asset tenants could attempt to terminate their leases early on the basis of the strict formal requirements of German tenancy law for long-term leases;</li> <li>• some standard leases used could fail to pass review by a court;</li> <li>• the general statutory and economic conditions affecting the leasing market could result in the inability to increase rents;</li> <li>• DIC Asset is exposed to the risk of warranty claims being asserted against it both in the leasing and sale of real estate as well as in the development of properties;</li> <li>• DIC Asset is exposed to the risk of having acquired properties encumbered with legacy pollution or other environmental contamination and therefore the risk of having claims asserted against it by government agencies, buyers, users, or third parties;</li> <li>• DIC Asset could be liable for taxes not paid by the seller of a property acquired by DIC Asset or another legal predecessor;</li> <li>• DIC Asset is subject to the risk of having claims asserted against it arising from co-liability for the liabilities of its investment subsidiaries and a credit default risk arising from loans to investment subsidiaries and certain other related parties;</li> <li>• DIC Asset is exposed to the risk of the loss of key executives and being unable to retain or hire enough sufficiently qualified staff;</li> <li>• damages not covered by insurance or exceeding insurance coverage limits could cause DIC Asset to incur substantial losses;</li> <li>• a differing assessment of the tax situation of DIC Asset by the tax authorities could adversely affect the results of DIC Asset;</li> <li>• due to its dependency on complex information technology, DIC Asset is subject to a number of IT risks, such as the loss or theft of data, stoppages and interruptions to the business or system failures;</li> <li>• the internal organizational structures of the Issuer,</li> </ul>
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		<p>particularly the risk management system, may not be able to timely identify the infringement of rights or pending financial losses; and</p> <ul style="list-style-type: none"> <li>• DIC Asset is subject to certain risks arising from current or possible future legal disputes.</li> </ul> <p><b>Risks arising from the group structure</b></p> <ul style="list-style-type: none"> <li>• Deutsche Immobilien Chancen AG &amp; Co. KGaA along with its related companies can exercise material influence over the Issuer as a major shareholder of DIC Asset AG;</li> <li>• Deutsche Immobilien Chancen KGaA and DIC Asset both operate in the commercial real estate market. Conflicts of interest could arise for this reason and due to the close business relationships between these companies;</li> <li>• overlaps in personnel between Deutsche Immobilien Chancen KGaA and DIC Asset AG could ultimately be to the detriment of the Issuer; and</li> <li>• due to its relationships with Deutsche Immobilien Chancen KGaA, DIC Asset could be prevented from working or competing with partners or competitors of Deutsche Immobilien Chancen KGaA.</li> </ul>
<p><b>D.3</b></p>	<p><b>Information on the key risks of the securities</b></p>	<p>An investment in the Notes involves certain risks associated with the characteristics of the Notes which could lead to substantial losses that Holders would have to bear in the case of selling their Notes or with regard to receiving interest payments and repayment of principal. Those risks include that:</p> <ul style="list-style-type: none"> <li>• the Notes may not be a suitable investment for all investors;</li> <li>• in the event of the Issuer becoming insolvent, the total investment may be lost due to the Notes not having deposit protection;</li> <li>• prior-ranking collateralization of other liabilities of DIC Asset, in particular, on the level of subsidiaries (structural subordination), may, in the case of the Issuer becoming insolvent, result in the total loss of the investment;</li> <li>• there can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue; in an illiquid market, an investor might not be able to sell his Notes at any time at fair market prices;</li> <li>• the Notes may be subject to early redemption at the relevant redemption amount, if the Issuer becomes obligated to pay additional amounts of principal or interest in respect of the Notes pursuant to the Terms and Conditions;</li> <li>• the price of the Notes may fall or rise as a result of changes in market interest rates;</li> </ul>



		<ul style="list-style-type: none"> <li>• the market value of the Notes could decrease if the creditworthiness of DIC Asset worsens or the shareholder structure of the Issuer changes;</li> <li>• the Notes are denominated in Euro. If such currency represents a foreign currency to a Holder, such Holder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes;</li> <li>• the Notes bear a fixed rate of interest. A holder of fixed rate notes is particularly exposed to the risk that the price of such notes falls as a result of changes in market interest rates;</li> <li>• no initial representative for the Holders ("<b> Holders' Representative </b>") will be appointed under the Terms and Conditions and as a consequence it will become more difficult for Holders to take collective action with respect to the Notes;</li> <li>• a Holder is subject to the risk to be outvoted and to lose rights towards the Issuer against his will in the case that Holders agree pursuant to the Terms and Conditions to amendments of the Terms and Conditions by majority vote according to the German Act on Issues of Debt Securities (<i>Gesetz über Schuldverschreibungen aus Gesamtemissionen, SchVG</i>). In the case of an appointment of a joint representative (gemeinsamer Vertreter) for all Holders a particular Holder may lose, in whole or in part, the possibility to enforce and claim his rights against the Issuer regardless of other Holders;</li> <li>• there is no restriction on the amount of debt which the Issuer may issue ranking equal to the obligations under or in connection with the Notes;</li> <li>• any borrowings that do not meet the definition of capital market indebtedness (including but not limited to bank loans) are excluded from the negative pledge contained in Clause 2(2) of the Terms and Conditions. Therefore, in any of these cases, the Issuer is under no obligation to grant the Holders an equal and ratable security. Such transactions may reduce the amount recoverable by the Holders upon winding-up or insolvency of the Issuer;</li> <li>• the cross default provision contained in Clause 9(1)g) of the Terms and Conditions relates only to defaults on borrowings that fall within the definition of capital market indebtedness. Borrowings that fall outside that definition (including but not limited to bank loans) are excluded from the cross default provision. Therefore, creditors of other borrowings may be able to demand immediate repayment of their indebtedness if the Issuer is in default with regard to those other borrowings, whereas such right may not be available to the Holders. This may reduce the amount recoverable by the Holders upon winding-up or insolvency of the Issuer;</li> </ul>
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		<ul style="list-style-type: none"> <li>• the Notes are not rated. Moreover, the Issuer is currently not rated. Ratings, which have not been commissioned by the Issuer, may be published;</li> <li>• because the global notes are held by Clearstream Banking AG, investors will have to rely on their procedures for transfer, payment and communication with the Issuer;</li> <li>• the Notes are non-voting Notes with respect to general shareholders' meetings of the Issuer. Consequently, the Holders cannot influence any decisions by the Issuer to defer interest payments or to optionally settle such arrears of interest or any other decisions by the Issuer's shareholders meeting concerning the capital structure or any other matters relating to the Issuer;</li> <li>• potential investors should be aware that they may be required to pay taxes or other charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions; and</li> <li>• on 14 February 2013, the European Commission published a proposal for a directive for a common financial transactions tax ("<b>FTT</b>") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia. However, Estonia stated since that it will not participate. The FTT proposed by the European Commission could, if introduced, apply to certain dealings in the Notes in certain circumstances. As a result, Holders may be burdened with additional costs for the execution of transactions with the Notes.</li> </ul> <p>The realization of any of the risks described above may affect the Issuer's ability to fulfil its payment obligations under the Notes and/or lead to a decline in the market price of the Notes.</p>
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## Section E – Offer

Element	Description	Disclosure requirement
E.2b	<b>Reasons for the offer and use of proceeds</b>	The Issuer intends to use the net proceeds for the repayment of existing debt and its outstanding EUR 100,000,000 5.750 per cent bond (ISIN: DE000A1TNJ22) in particular, which is repayable on July 9, 2018 and for general corporate purposes.
E.3	<b>Terms and conditions of the offer</b>	<p><b>Private placement</b></p> <p>The Notes will be offered by Bankhaus Lampe KG and Citigroup Global Markets Limited (together, the "<b>Joint Lead Managers</b>") to German and international qualified investors and less than 150 non-qualified investors per EEA member state and to investors with a minimum subscription amount and allotment amount of EUR 100,000 per investor (the "<b>Private Placement</b>") during an offer period from, and including, July 5, 2017 to, and including, July 6, 2017 (the "<b>Private Placement Offer Period</b>") subject to a shortening or extension of the offer period agreed by the Issuer and the Joint Lead Managers. Neither the Joint Lead Managers nor the Issuer is under any obligation to allot and deliver any Notes to investors within the Private Placement. Partial allotments are possible as well.</p> <p><b>Public offer</b></p> <p>The Notes will be offered by the Issuer in the Federal Republic of Germany to retail and institutional investors (the "<b>Public Offer</b>") during July 6, 2017 (9 am CET until 2 pm CET) (the "<b>Offer Period</b>") subject to a shortening or extension of the offer period as determined by the Issuer. In case the Private Placement Offer Period is shortened to end on July 5, 2017 no Public Offer will be made on July 6, 2017.</p> <p>The Notes will be offered to the public in Germany following the effectiveness of the approval by the CSSF and notification by the CSSF according to Article 18 of the Prospectus Directive of this Prospectus.</p> <p>Neither the Joint Lead Managers nor the Issuer is under any obligation to allot and deliver any Notes to investors if the offer volume is not sufficient to cover all subscriptions. Partial allotments are possible as well. The minimum subscription amount and allotment amount within the Public Offer is EUR 1,000.</p> <p>The Joint Lead Managers do not participate in the Public Offer.</p> <p><b>Determination of offer volume and pricing details</b></p> <p>The aggregate principal amount of Notes to be issued and the interest rate will be determined on the basis of the number and volume of orders primarily expected to be received in the Private Placement which offer an interest rate (yield) acceptable to the Issuer on the pricing date which is expected to be on or about July 5/6, 2017 (the "<b>Pricing Date</b>"). Such information as well as the aggregate principal amount, the issue proceeds and the yield will be communicated to investors and set out in a notice (the</p>

		<p><b>"Pricing Notice"</b>) which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange (<a href="http://www.bourse.lu">www.bourse.lu</a>) and on the website of the Issuer (<a href="http://www.dic-asset.de">www.dic-asset.de</a>) on or after the Pricing Date and prior to the Issue Date.</p> <p><b>Delivery and settlement of the Notes</b></p> <p>Delivery of the Notes will be made with value date as of the Issue Date of the Notes. Delivery of the Notes will be made by booking via Clearstream in its capacity as the clearing system and the depositary institutions or via a correspondence bank with direct access to Clearstream instructed by the depositary institution.</p> <p><b>Subscription of the Notes</b></p> <p>The Joint Lead Managers have agreed, pursuant to a subscription agreement signed on July 5, 2017 (the "<b>Subscription Agreement</b>"), to subscribe or procure subscribers for the Notes to be issued by the Issuer. The Joint Lead Managers have agreed to underwrite in total EUR 100,000,000 Notes by way of a firm commitment. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.</p>
<b>E.4</b>	<b>Material interests in the offer</b>	There are no interests of natural and legal persons other than the Issuer and the Joint Lead Managers involved in the issue, including conflicting ones that are material to the issue.
<b>E.7</b>	<b>Estimated expenses charged to the investor by the issuer or the offeror</b>	Not applicable. The Issuer will not charge any costs, expenses or taxes directly to any investor.

## II. ZUSAMMENFASSUNG

Zusammenfassungen bestehen aus Informationsblöcken, die als "Angaben" bezeichnet werden. Diese Angaben sind in Abschnitten A-E (A.1 – E.7) nummeriert.

Diese Zusammenfassung enthält alle Angaben, die für eine Zusammenfassung für diese Art von Wertpapier und diese Emittentin erforderlich sind. Da einige Angaben nicht aufgenommen werden müssen, kann die Nummerierung Lücken enthalten.

Auch wenn eine Angabe für diese Art von Wertpapier und diese Emittentin in diese Zusammenfassung aufgenommen werden muss, kann es sein, dass keine relevanten Informationen zur Verfügung stehen. In diesem Fall wird eine kurze Beschreibung der geforderten Angabe mit dem Hinweis "entfällt" in die Zusammenfassung aufgenommen.

### Abschnitt A – Einleitung und Warnhinweise

Punkt	Beschreibung	Geforderte Angaben
<b>A.1</b>	<b>Warnhinweise</b>	<p>Die Zusammenfassung sollte als Einleitung zu diesem Prospekt verstanden werden.</p> <p>Ein Anleger sollte sich bei jeder Entscheidung, in die Schuldverschreibungen zu investieren, auf den Prospekt als Ganzes stützen.</p> <p>Ein Anleger, der wegen der in dem Prospekt enthaltenen Angaben Klage einreichen will, muss möglicherweise nach den nationalen Rechtsvorschriften seines Mitgliedstaats für die Übersetzung des Prospekts aufkommen, bevor das Verfahren eröffnet werden kann.</p> <p>Anleger sollten beachten, dass zivilrechtlich nur diejenigen Personen haften, die die Zusammenfassung nebst etwaigen Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder, wenn sie zusammen mit den übrigen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt, die in Bezug auf Anlagen in die Schuldverschreibungen für die Anleger eine Entscheidungshilfe darstellen.</p>
<b>A.2</b>	<b>Zustimmung zur Verwendung des Prospekts</b>	Entfällt. Die Schuldverschreibungen werden im Rahmen eines öffentlichen Angebots von der Emittentin und nicht von den Joint Lead Managern oder einem anderen Finanzintermediär angeboten.

## Abschnitt B – Emittentin

Punkt	Beschreibung	Geforderte Angaben																																												
B.1	<b>Gesetzliche und kommerzielle Bezeichnung</b>	DIC Asset AG																																												
B.2	<b>Sitz, Rechtsform, geltendes Recht und Land der Gründung</b>	Die Emittentin ist eine Aktiengesellschaft deutschen Rechts. Sie hat ihren Sitz in Frankfurt am Main.																																												
B.4b	<b>Trends</b>	Entfällt. Der Emittentin sind derzeit keine Trends bekannt, die sich auf die Emittentin und die Branchen, in denen sie tätig ist, auswirken.																																												
B.5	<b>Beschreibung der Gruppe und der Stellung der Emittentin innerhalb dieser Gruppe</b>	Die Gruppe der Emittentin besteht aus der Emittentin als Holdinggesellschaft und ihren voll konsolidierten unmittelbaren und mittelbaren Tochtergesellschaften sowie ihren nicht konsolidierten Beteiligungen (" <b>DIC Asset</b> ").																																												
B.9	<b>Gewinnprognosen oder -schätzungen</b>	Entfällt. Es wird keine Gewinnprognose oder -schätzung abgegeben.																																												
B.10	<b>Beschränkungen im Bestätigungsvermerk</b>	Entfällt. Die Abschlussprüfer haben jeweils einen uneingeschränkten Bestätigungsvermerk zu den Konzernabschlüssen der Emittentin für die Geschäftsjahre 2015 und 2016 erteilt.																																												
B.12	<b>Ausgewählte wesentliche historische Finanzinformationen</b>	<p>Die folgenden Tabellen enthalten ausgewählte Finanzinformationen der Emittentin. Die Informationen entstammen dem geprüften Konzernabschluss der Emittentin zum 31. Dezember 2016 (mit Vorjahresvergleichszahlen zum 31. Dezember 2015) bzw. dem ungeprüften Quartalsmitteilung der Emittentin zum 31. März 2017 (mit Vorjahresvergleichszahlen in Bezug auf die Konzerngewinn- und Verlustrechnung und die Konzern-Kapitalflussrechnung zum 31. März 2016), die gemäß den in der Europäischen Union anzuwendenden International Financial Reporting Standards (IFRS) aufgestellt wurden.</p> <p><b>Konzern-Gewinn- und Verlustrechnung</b></p> <table border="1"> <thead> <tr> <th rowspan="2">in tsd. €</th> <th colspan="2">Geschäftsjahr</th> <th colspan="2">3-Monats-Zeitraum zum 31. März</th> </tr> <tr> <th>2015 (geprüft)</th> <th>2016 (geprüft)</th> <th>2016 (ungeprüft)</th> <th>2017 (ungeprüft)</th> </tr> </thead> <tbody> <tr> <td>Gesamterträge.....</td> <td>372.387</td> <td>473.794</td> <td>278.255</td> <td>106.864</td> </tr> <tr> <td>Gesamtaufwendungen.....</td> <td>-296.116</td> <td>-396.464</td> <td>-252.613</td> <td>-90.663</td> </tr> <tr> <td>Nettomieteinnahmen.....</td> <td>120.450</td> <td>94.544</td> <td>23.478</td> <td>25.670</td> </tr> <tr> <td>Gewinn aus dem Verkauf von Immobilien.....</td> <td>14.917</td> <td>23.188</td> <td>9.873</td> <td>2.198</td> </tr> <tr> <td><b>Ergebnis vor Zinsen und sonstigen Finanzierungstätigkeiten (EBIT).....</b></td> <td><b>76.270</b></td> <td><b>77.330</b></td> <td><b>25.642</b></td> <td><b>16.201</b></td> </tr> <tr> <td>Ergebnis der gewöhnlichen Geschäftstätigkeit.....</td> <td>24.148</td> <td>-23.395</td> <td>15.368</td> <td>9.300</td> </tr> <tr> <td><b>Konzernüberschuss*.....</b></td> <td><b>20.716</b></td> <td><b>-29.386</b></td> <td><b>11.801</b></td> <td><b>7.648</b></td> </tr> </tbody> </table> <p>* Unter Berücksichtigung des Effekts aus der Refinanzierung bestehender Darlehen in dem Commercial Portfolio im Dezember 2016 wurde das Konzernergebnis zum Jahresende einmalig mit EUR -56,3 Millionen belastet. Ohne die Einmaleffekte der Refinanzierung beträgt das bereinigte Konzernergebnis EUR 26,9 Millionen für das</p>	in tsd. €	Geschäftsjahr		3-Monats-Zeitraum zum 31. März		2015 (geprüft)	2016 (geprüft)	2016 (ungeprüft)	2017 (ungeprüft)	Gesamterträge.....	372.387	473.794	278.255	106.864	Gesamtaufwendungen.....	-296.116	-396.464	-252.613	-90.663	Nettomieteinnahmen.....	120.450	94.544	23.478	25.670	Gewinn aus dem Verkauf von Immobilien.....	14.917	23.188	9.873	2.198	<b>Ergebnis vor Zinsen und sonstigen Finanzierungstätigkeiten (EBIT).....</b>	<b>76.270</b>	<b>77.330</b>	<b>25.642</b>	<b>16.201</b>	Ergebnis der gewöhnlichen Geschäftstätigkeit.....	24.148	-23.395	15.368	9.300	<b>Konzernüberschuss*.....</b>	<b>20.716</b>	<b>-29.386</b>	<b>11.801</b>	<b>7.648</b>
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Geschäftsjahr 2016.

## Konzernbilanz

in tsd. €	31. Dezember 2015 (geprüft)	31. Dezember 2016 (geprüft)	31. März 2017 (ungeprüft)
<b>Aktiva</b>			
Langfristiges Vermögen.....	1.961.544	1.908.632	1.764.877
Kurzfristiges Vermögen.....	494.525	486.916	618.426
<b>Summe Aktiva.....</b>	<b>2.456.069</b>	<b>2.395.548</b>	<b>2.383.303</b>

in tsd. €	31. Dezember 2015 (geprüft)	31. Dezember 2016 (geprüft)	31. März 2017 (ungeprüft)
<b>Passiva</b>			
Konzernaktionären zustehendes Eigenkapital	787.073	753.455	760.952
<b>Summe Eigenkapital.....</b>	<b>792.083</b>	<b>756.973</b>	<b>764.251</b>
<b>Schulden</b>			
Summe langfristiger Schulden.....	1.342.177	1.197.215	1.142.627
Summe kurzfristiger Schulden.....	321.809	441.360	476.425
<b>Summe Schulden.....</b>	<b>1.663.986</b>	<b>1.638.575</b>	<b>1.619.052</b>
<b>Summe Passiva.....</b>	<b>2.456.069</b>	<b>2.395.548</b>	<b>2.383.303</b>

## Konzern-Kapitalflussrechnungen

in tsd. €	Finanzjahr		Für die drei Monate en- dend zum 31. März	
	2015 (geprüft)	2016 (geprüft)	2016 (ungeprüft)	2017 (ungeprüft)
Kapitalfluss aus laufender Ge- schäftstätigkeit.....	53.015	33.948	6.605	10.136
Kapitalfluss aus Investitionstätigkeit.....	169.310	-239.052	-73.513	5.161
Kapitalfluss aus Finanzierungstätigkeit...	-115.156	152.928	-14.094	-23.623
Finanzmittelfonds zum 1. Januar.....	97.421	204.590	204.590	152.414
Finanzmittelfonds zum Periodenende.....	204.590	152.414	123.588	144.088

## Weitere Kennzahl

Nach Ansicht der Emittentin stellt die, in diesem Abschnitt beschriebene Kennzahl eine weitere wichtige Kennziffer zur Bewertung des operativen Geschäfts und der Finanzkennzahlen der DIC Asset dar.

Die DIC Asset denkt, dass die Leistungskennzahl Funds from Operations (FFO) (die "**Leistungskennzahl**") für potentielle Anleger von Nutzen ist.

Fund from Operations (FFO) ist das operative Ergebnis aus der Immobilienbewirtschaftung, vor Abschreibungen, Steuern sowie vor Gewinnen aus Verkäufen und Entwicklungsprojekten ("**FFO**").

DIC Asset denkt, dass diese Leistungskennzahl hilfreich ist, um das operative Geschäft, den Ertragswert der Immobilien aus dem DIC Asset Portfolio, den Verschuldensgrad der DIC Asset sowie die Zahlungsströme aus dem Geschäft der DIC Asset zu bewerten. Allerdings ist die Leistungskennzahl nicht als Kennzahl unter den IFRS Standards anerkannt und sollte daher nicht als Messgröße für die Rentabilität oder Liquidität oder als Ersatz für die Ergebnisse vor Steuern, Nettoerträge, Zahlungsströme aus

den operativen Tätigkeiten oder andere Gewinn- und Verlustrechnungen oder Ertragsgrößen, die in Übereinstimmung mit den IFRS Standards bestimmt werden, angesehen werden.

Die Leistungskennzahl zeigt weder notwendigerweise an, ob Zahlungsströme ausreichen oder für den Liquiditätsbedarf der DIC Asset verfügbar sind noch lässt diese Messgröße Rückschlüsse in Bezug auf die zurückliegenden operativen Geschäftsergebnisse der DIC Asset zu. Die Leistungskennzahl lässt zudem keine Rückschlüsse auf zukünftige Ergebnisse zu. Da nicht alle Unternehmen diese Messgrößen und Zahlen auf die gleich Art und Weise berechnen ist die Darstellung der Leistungskennzahl durch die DIC Asset nicht mit ähnlich bezeichneten Messgrößen, die von anderen Unternehmen verwendet werden, vergleichbar.

**Funds from Operations, FFO**

Funds from Operations (FFO) ist eine Kennzahl für die Liquidität von Immobiliengesellschaften. Die folgende Tabelle zeigt die Berechnung des FFO für den jeweils dargestellten Zeitraum:

In Millionen EUR	Geschäftsjahr		Für die drei Monate endend zum 31. März	
	2015	2016	2016	2017
	(geprüft, sofern nicht anders angegeben)		(ungeprüft)	
Nettomieteinnahmen	120,5	94,6	23,5	25,7
Verwaltungsaufwand	-8,8	-10,7	-2,2	-3,1
Personalaufwand	-14,9	-16,1	-3,9	-4,4
Sonstige betriebliche Erträge/Aufwendungen	0,1	0,2	0,2	0,0
Erträge aus Immobilienmanagement	7,3	21,5	7,4	3,9
Ergebnis aus assoziierten Unternehmen ohne Projektentwicklung und Verkäufe	3,9	5,4	0,9	1,6
Zinsergebnis (ungeprüft)*	-59,0	-47,9	-11,4	-7,9
Funds from operations (ungeprüft)	49,0	47,0	14,5	15,8

\*Das Zinsergebnis errechnet sich für das Geschäftsjahr 2016 aus den Zinserträgen und Zinsaufwendungen bereinigt um die Einmalaufwendungen für die Refinanzierung.

**Erklärung, dass keine wesentliche negative Veränderung bei der Emittentin eingetreten ist.**

Es gab seit dem 31. Dezember 2016 keine wesentliche negative Veränderung in den Aussichten der Emittentin.



	<b>treten ist</b>	
	<b>Wesentliche Veränderungen bei Finanzlage oder Handelsposition</b>	Entfällt. Es gab seit dem 31. März 2017 keine wesentlichen nachteiligen Veränderungen in der Finanzlage oder der Handelsposition der Emittentin.
<b>B.13</b>	<b>Letzte Entwicklungen</b>	Entfällt. Es gab keine Ereignisse aus der jüngsten Zeit der Geschäftstätigkeit der Emittentin, die für die Bewertung ihrer Zahlungsfähigkeit in hohem Maße relevant sind.
<b>B.14</b>	<b>Abhängigkeit von anderen Unternehmen der Gruppe</b>	Siehe B.5 Die Emittentin ist eine Holdinggesellschaft. Ihre Ertragslage wird daher maßgeblich durch Zins- und Beteiligungserträge der Beteiligungsgesellschaften geprägt.
<b>B.15</b>	<b>Haupttätigkeiten</b>	Die Emittentin ist ein Immobilienholdingunternehmen mit ausschließlichem Anlagefokus auf Gewerbe- und Einzelhandelsimmobilien in Deutschland und mit Schwerpunkt im Bereich Büroimmobilien. In ihrem Commercial Portfolio investiert die Emittentin direkt in Immobilien und verwaltet und optimiert ihr Portfolio durch ihr eigens Asset- und Immobilienmanagement (das " <b>Commercial Portfolio</b> ") und in ihrem Co-Investment Segment plant und strukturiert die Emittentin insbesondere Fonds und Investitionsstrukturen für institutionelle Anleger (die " <b>Co-Investments</b> "). Die Emittentin ist eine Holdinggesellschaft, die ihre Immobilien nicht direkt, sondern ausschließlich über Beteiligungs- und Objektgesellschaften hält. Die Emittentin bündelt zentral alle Leitungsfunktionen für die DIC Asset, insbesondere gehört hierzu die Festlegung der Unternehmensstrategie, die Kommunikation mit Investoren und das Reporting, die Unternehmens- und Immobilienfinanzierung, das Risikomanagement sowie die Steuerung des Immobilienmanagements.
<b>B.16</b>	<b>Hauptanteils-eigner</b>	Die folgende Tabelle zeigt die Hauptaktionäre der Emittentin, die am Grundkapital der Gesellschaft unmittelbar beteiligt sind:  <b>Name des Aktionärs</b>  in % <sup>1)</sup> Deutsche Immobilien Chancen Gruppe 32,2 Free Float 67,8 davon: solvia 5,1 RAG Stiftung 4,8 Old Mutual PLC 3,0  Gesamt: 100,0 <sup>1)</sup> Mit Rundungsdifferenzen
<b>B.17</b>	<b>Kreditratings der Emittentin oder ihrer Schuldtitel</b>	Entfällt. Für die Emittentin und ihre Schuldverschreibungen wurde kein Rating erstellt.

## Abschnitt C - Wertpapiere

Punkt	Beschreibung	Geforderte Angaben
C.1	<b>Art und Gattung der angebotenen Wertpapiere/ Wertpapierkennziffern</b>	Die Schuldverschreibungen (die <b>Schuldverschreibungen</b> ) sind festverzinslich.  ISIN: DE000A2GSCV5; Wertpapierkennnummer (WKN): A2GSCV.
C.2	<b>Währung</b>	Euro.
C.5	<b>Beschränkungen der Übertragbarkeit</b>	Die Schuldverschreibungen sind frei übertragbar.
C.8	<b>Mit Wertpapieren verbundene Rechte/Rangordnung/Beschränkungen der Rechte</b>	<p><u>Mit den Schuldverschreibungen verbundene Rechte:</u></p> <p>Den Gläubigern der Schuldverschreibungen steht das Recht zu jährlich feste Zinszahlungen zu erhalten, sowie die Zahlung des Nennbetrags am Endfälligkeitstag.</p> <p><u>Status der Schuldverschreibungen:</u></p> <p>Die Schuldverschreibungen begründen direkte, unbedingte, nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen gegenwärtigen und zukünftigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.</p> <p><u>Negativverpflichtung:</u></p> <p>Die Emittentin verpflichtet sich, solange Schuldverschreibungen ausstehen, keine Grundpfandrechte, Pfandrechte oder sonstige dingliche Sicherungsrechte (jedes solches Sicherungsrecht ein "<b>Sicherungsrecht</b>") in Bezug auf ihren gesamten Geschäftsbetrieb oder ihr gesamtes Vermögen oder ihre Einkünfte, jeweils gegenwärtig oder zukünftig, oder Teile davon zur Sicherung von anderen Kapitalmarktverbindlichkeiten oder zur Sicherung einer von der Emittentin oder einer ihrer Tochterunternehmen gewährten Garantie oder Freistellung bezüglich einer Kapitalmarktverbindlichkeit einer anderen Person zu bestellen, ohne gleichzeitig für alle unter den Schuldverschreibungen zahlbaren Beträge dasselbe Sicherungsrecht zu bestellen oder für alle unter den Schuldverschreibungen zahlbaren Beträge solch ein anderes Sicherungsrecht zu bestellen, das von einer unabhängigen, international anerkannten Wirtschaftsprüfungsgesellschaft als gleichwertig anerkannt wird. Dies gilt vorbehaltlich bestimmter Ausnahmen.</p>

		<p><u>Steuern:</u></p> <p>Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge erfolgen gegebenenfalls unter Einbehalt oder Abzug an der Quelle von oder aufgrund von irgendwelchen gegenwärtigen oder zukünftigen Steuern, sonstigen Abgaben, Veranlagungen oder staatlichen Gebühren gleich welcher Art, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde einschließlich Körperschaften des öffentlichen Rechts (wie z.B. bestimmte Kirchen oder Religionsgemeinschaften) derselben an der Quelle auferlegt, erhoben, eingezogen, einbehalten oder veranlagt werden. Die Emittentin ist nicht verpflichtet, den Gläubigern zusätzliche Beträge als Ausgleich für auf diese Weise abgezogene oder einbehaltene Beträge zu zahlen.</p> <p><u>Vorzeitige Rückzahlung nach Wahl der Emittentin (Call):</u></p> <p>Die Emittentin kann die Schuldverschreibungen insgesamt oder teilweise, nach ihrer Wahl durch Erklärung gegenüber der Zahlstelle und den Gläubigern kündigen und innerhalb des Zeitraums vom 11. Juli 2020 (einschließlich) bis zum 11. Juli 2021 (ausschließlich) zu 102 % ihres Nennbetrags und innerhalb des Zeitraums vom 11. Juli 2021 (einschließlich) bis zum Endfälligkeitstag (ausschließlich) zu 101 % ihres Nennbetrags jeweils zusammen mit allen nicht gezahlten Zinsen, die bis zum für die Rückzahlung festgesetzten Tag (ausschließlich) aufgelaufen sind, zurückzahlen.</p> <p><u>Kündigungsgrund:</u></p> <p>Bei Vorliegen eines Kündigungsgrundes, wie z.B. bei einem Drittverzug in Bezug auf eine Kapitalmarktverbindlichkeit, ist jeder Gläubiger berechtigt, die Rückzahlung der Schuldverschreibungen zum Nennbetrag zuzüglich aufgelaufener Zinsen zu verlangen.</p> <p><u>Kontrollwechsel:</u></p> <p>Wenn ein Kontrollwechsel eintritt, hat jeder Gläubiger das Recht, aber nicht die Verpflichtung, von der Emittentin die Rückzahlung oder, nach Wahl der Emittentin, den Ankauf seiner Schuldverschreibungen durch die Emittentin (oder auf ihre Veranlassung durch einen Dritten) insgesamt oder teilweise innerhalb von 30 Tagen nach Mitteilung des Kontrollwechsels schriftlich gegenüber der bezeichneten Geschäftsstelle der Zahlstelle und der Emittentin zu verlangen.</p> <p>Eine Ausübung des Wahlrechts durch einen Gläubiger wird jedoch nur dann wirksam, wenn Gläubiger von mindestens 20% des Gesamtnennbetrags der zu diesem Zeitpunkt noch ausstehenden Schuldverschreibungen die Ausübung des Wahlrechts erklärt haben.</p> <p>Die Emittentin hat eine Schuldverschreibung im Falle der Ausübung des Wahlrechts am 60. Tag (vorbehaltlich einer Anpassung gemäß den Emissionsbedingungen (die "<b>Emissionsbedingungen</b>") nach der Mitteilung des Kontrollwechsels zum Nenn-</p>
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		<p>betrag nebst etwaigen bis zum Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurückzuzahlen bzw. anzukaufen.</p> <p>Ein "<b>Kontrollwechsel</b>" tritt ein, wenn die Emittentin davon Kenntnis erlangt, dass</p> <p>(i) eine Person oder gemeinsam handelnde Gruppe von Personen im Sinne von § 2 Abs. 5 Wertpapiererwerbs- und Übernahmegesetz (jeweils ein "<b>Erwerber</b>") der rechtliche oder wirtschaftliche Eigentümer von mehr als 50% der Stimmrechte der Emittentin geworden ist; oder</p> <p>(ii) eine Person die tatsächliche Kontrolle über die Emittentin aufgrund eines Beherrschungsvertrags mit der Emittentin gemäß § 291 Aktiengesetz erworben hat.</p> <p><u>Vorzeitige Rückzahlung nach Wahl der Emittentin auf Grund Geringfügigkeit des ausstehenden Nennbetrags (Clean-up Call):</u></p> <p>Wenn 80% oder mehr des Nennbetrags der dann ausstehenden Schuldverschreibungen zurückgezahlt oder zurückerworben, wurde, ist die Emittentin berechtigt, nach vorheriger Bekanntmachung gegenüber den Gläubigern mit einer Frist von mindestens 30 und höchstens 60 Tagen nach ihrer Wahl alle ausstehenden Schuldverschreibungen zum Nennbetrag zuzüglich bis zum Rückzahlungstag (ausschließlich) aufgelaufener Zinsen zurückzuzahlen.</p>
C.9	<b>Zinssatz/ Endfälligkeit/ Rendite/ Name des Gläubigerver- treters</b>	<p>Siehe C.8</p> <p><u>Zinssatz:</u></p> <p>Die Schuldverschreibungen werden vom 11. Juli 2017 (einschließlich) bis zum 11. Juli 2022 (ausschließlich), mit einem jährlichen Zinssatz von <b>[•]</b> Prozent verzinst. Die Zinsen sind nachträglich am 11. Juli eines jeden Jahres, erstmals am 11. Juli 2018 zahlbar.</p> <p><u>Endfälligkeit:</u></p> <p>Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Nennbetrag am 11. Juli 2022 zurückgezahlt.</p> <p><u>Rendite:</u></p> <p>Die jährliche Emissionsrendite der Schuldverschreibungen beträgt zum Zeitpunkt der Emission am 11. Juli 2017 <b>[•]</b> Prozent des Nennbetrags abzüglich der individuellen Transaktionskosten.</p> <p>Die Emissionsrendite wird in der Preisfestsetzungsmitteilung ausgewiesen (siehe E 3).</p> <p><u>Name des Gläubigervertreters:</u></p> <p>Entfällt. Ein Gläubigervertreter wird nicht bestellt. Die Emissionsbedingungen sehen vor, dass Gläubiger durch Mehrheitsbeschluss Änderungen der Emissionsbedingungen zustimmen und zur Wahrnehmung ihrer Rechte einen gemeinsamen Vertreter für alle Gläubiger bestellen können. Mit Ausnahme des in § 18 Ab-</p>

		satz 4 Satz 2 des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz) geregelten Falles werden alle Abstimmungen ausschließlich im Wege der Abstimmung ohne Versammlung durchgeführt.
<b>C.10</b>	<b>Derivative Komponente bei der Zinszahlung</b>	Siehe C.9  Entfällt. Die Schuldverschreibungen haben keine derivative Komponente bei der Zinszahlung, die im Falle einer Veränderung des Werts eines Basisinstruments oder verschiedener Basisinstrumente den Wert der Schuldverschreibungen beeinflussen könnte.
<b>C.11</b>	<b>Handel der Wertpapiere an einem geregelten Markt</b>	Die Notierung der Schuldverschreibungen an der Official List der Luxemburgischen Börse und die Zulassung der Schuldverschreibungen zum Handel im regulierten Markt "Bourse de Luxembourg" wurde beantragt. Dieser Markt wird von der Börse Luxemburg betrieben und stellt einen regulierten Markt dar, der auf der Liste der regulierten Märkte der Europäische Wertpapier- und Marktaufsichtsbehörde (ESMA) gem. Richtlinie 2004/39/EG des Europäischen Parlamentes und des Rates vom 21. April 2004 über Märkte für Finanzinstrumente, wie zuletzt geändert, geführt wird. Der erste Handelstag der Schuldverschreibungen an der Luxemburgischen Börse wird voraussichtlich der 11. Juli 2017 sein.

## Abschnitt D – Risiken

Punkt	Beschreibung	Geforderte Angaben
D.2	Angaben zu den zentralen Risiken der Emittentin	<p><b>Risikofaktoren in Bezug auf die Emittentin und DIC Asset</b></p> <p><b>Markt- und branchenbezogene Risikofaktoren</b></p> <ul style="list-style-type: none"> <li>• Die DIC Asset ist auf dem deutschen Gewerbeimmobilienmarkt tätig und damit maßgeblich von der Entwicklung dieses Marktes und der gesamtwirtschaftlichen Entwicklung abhängig.</li> <li>• Die Immobilienstandorte der DIC Asset in Deutschland sind von regionalen Entwicklungen abhängig und könnten an Attraktivität verlieren.</li> <li>• Die DIC Asset ist einem intensiven Wettbewerb ausgesetzt. Es besteht das Risiko, dass sie sich im Wettbewerb nicht behaupten oder nicht hinreichend gegenüber ihren Wettbewerbern absetzen kann.</li> <li>• DIC Asset ist von der Nachfrage nach Immobilienfonds und dem Fondsmarkt generell abhängig. Es besteht das Risiko, dass eine sinkende Nachfrage nach Immobilienfonds sich negativ auf die Profitabilität der DIC Asset auswirkt.</li> <li>• Die DIC Asset ist dem Risiko sich verschlechternder Rahmenbedingungen für die Finanzierung des Immobilienerwerbs und für die Refinanzierung des Immobilienbestandes ausgesetzt.</li> <li>• Nachteilige Entwicklungen der steuerlichen Rahmenbedingungen in Deutschland könnten sich negativ auf die Geschäftsentwicklung der DIC Asset auswirken.</li> </ul> <p>Die DIC Asset ist von den allgemeinen rechtlichen Rahmenbedingungen für Immobiliengesellschaften mit Anlagefokus auf Gewerbeimmobilien in Deutschland abhängig, die erheblichen Einfluss auf die Profitabilität der DIC Asset haben können.</p> <p><b>Emittentenbezogene Risiken</b></p> <ul style="list-style-type: none"> <li>• Die DIC Asset AG ist eine Holdinggesellschaft und daher auf die Erträge ihrer Beteiligungs- und Managementgesellschaften angewiesen.</li> <li>• Der DIC Asset könnten Immobilientransaktionen nicht zu angemessenen Konditionen gelingen und sie könnte sich bei Ankauf, Verwaltung und Verkauf ihrer Objekte nicht ausreichend gegen Wettbewerber durchsetzen.</li> <li>• Im Bereich des Commercial Portfolios und im Co-Investment Segment ist die DIC Asset den Risiken verzögerter Fertigstellungen, höherer Kosten oder Fehlern</li> </ul>

		<p>bei Renovierungsprojekten bzw. Projektentwicklungen ausgesetzt.</p> <ul style="list-style-type: none"> <li>• Die DIC Asset ist dem Risiko der Fehleinschätzung von Bewertungsmerkmalen bei Ankaufsentscheidungen von Immobilienobjekten ausgesetzt.</li> <li>• Die externen Immobilienbewertungen, auf denen der Marktwert des Immobilienportfolios beruht, könnten den Wert der Immobilienbestände der DIC Asset unrichtig wiedergeben. Darüber hinaus könnten sich die den aktuellen Wertansätzen zugrunde liegenden Annahmen als fehlerhaft erweisen. Hieraus resultierende Abschreibungen auf die im Konzernabschluss aktivierten Immobilien könnten negative Auswirkungen auf das Ergebnis der DIC Asset haben.</li> <li>• Die DIC Asset ist bei einem nicht plangemäßen Verkauf von Immobilien Kostenrisiken im Zusammenhang mit der vorfälligen Beendigung von Darlehensverträgen und Zinssicherungsinstrumenten oder aufgrund von Zinsänderungen ausgesetzt.</li> <li>• Ein Anstieg der Zinssätze könnte bei den nicht zinsgesicherten Finanzierungsanteilen die Fremdkapitalfinanzierungskosten der DIC Asset erhöhen. Aus einem Rückgang des Marktzinsniveaus können sich aus den bestehenden Zinssicherungsinstrumenten negative Auswirkungen auf das Konzerneigenkapital ergeben.</li> <li>• Die DIC Asset könnte die im Rahmen von Kreditvereinbarungen vereinbarten Berichts-, Verhaltens- und Informationspflichten verletzen.</li> <li>• Hoher Einsatz von Fremdkapital und steigender Kapitaldienst können zu dem Risiko der Verwertung einzelner Objekte führen und die betreffende Objektgesellschaft gefährden sowie die DIC Asset insgesamt beeinträchtigen.</li> <li>• In dem Fall, dass "warehoused" Liegenschaften (Liegenschaften, die als Teil eines Start-up Portfolios für neue Fonds erworben werden) nicht wie geplant in neuen Fonds platziert werden können, wird die DIC Asset Eigenkapital in zusätzlicher Höhe aufbringen müssen, um den kurzfristig hohen Fremdkapitalanteil (<i>Leverage</i>) solcher Liegenschaften zu reduzieren oder wird gezwungen sein diese Liegenschaften zu potentiell niedrigeren Preisen zu veräußern.</li> <li>• In dem Fall, dass Geschäftsbesorgungsverträge mit Dritt-Kapitalverwaltungsgesellschaften gekündigt werden, wird DIC Asset keine Managementvergütung mehr in Bezug auf die Liegenschaften erhalten, die von DIC Asset gemanagt und von einer Kündigung betroffenen Fonds</li> </ul>
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		<p>gehalten werden;.</p> <ul style="list-style-type: none"> <li>• Die Minderung oder der Ausfall von Mieteinnahmen würde die Ertragslage der DIC Asset verschlechtern.</li> <li>• Mieter der DIC Asset könnten versuchen, ihre Mietverträge unter Berufung auf die strengen Formvorschriften des deutschen Mietrechts für langfristige Mietverträge vorzeitig zu beenden.</li> <li>• Die teilweise verwendeten Mustermietverträge könnten einer gerichtlichen Überprüfung nicht standhalten.</li> <li>• Die gesetzlichen und wirtschaftlichen Rahmenbedingungen des Mietmarktes könnten zur Nichtdurchsetzbarkeit von Mieterhöhungen führen.</li> <li>• Die DIC Asset ist dem Risiko der Inanspruchnahme aus Gewährleistungen sowohl bei der Vermietung und dem Verkauf von Immobilien als auch bei der Weiterentwicklung von Objekten ausgesetzt.</li> <li>• Die DIC Asset ist dem Risiko ausgesetzt, mit Altlasten oder anderen Umweltverunreinigungen belastete Immobilien erworben zu haben und deswegen von Behörden, Erwerbern, Nutzern oder Dritten in Anspruch genommen zu werden.</li> <li>• Die DIC Asset könnte für nicht bezahlte Steuern des Veräußerers einer von ihr erworbenen Immobilie oder eines anderen Rechtsvorgängers haften.</li> <li>• Die DIC Asset ist dem Risiko der Inanspruchnahme aus der Mithaftung für Verbindlichkeiten ihrer Beteiligungsgesellschaften sowie einem Kreditausfallrisiko aus Darlehen an nahestehende Unternehmen, insbesondere ihre Beteiligungsgesellschaften, ausgesetzt.</li> <li>• DIC Asset ist dem Risiko ausgesetzt, wichtige Führungspersonen zu verlieren und nicht genügend ausreichend qualifiziertes Personal halten oder gewinnen zu können.</li> <li>• Durch Schäden, die nicht von einer Versicherung gedeckt sind bzw. den Versicherungsumfang übersteigen, könnten der DIC Asset erhebliche Verluste entstehen.</li> <li>• Eine abweichende Einschätzung der steuerlichen Verhältnisse der DIC Asset durch die Finanzverwaltung könnte die Ergebnisse der DIC Asset negativ beeinflussen.</li> <li>• Aufgrund ihrer Abhängigkeit von komplexen Informationstechnologien unterliegt die DIC Asset einigen IT Risiken, wie dem Verlust oder Diebstahl von Daten, Geschäftsausfällen und Unterbrechungen oder Systemausfällen.</li> </ul>
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		<ul style="list-style-type: none"> <li>• Die internen Organisationsstrukturen der Emittentin, insbesondere das Risikomanagementsystem, könnten Rechtsverletzungen oder drohende wirtschaftliche Schäden nicht rechtzeitig identifizieren.</li> <li>• Die DIC Asset ist bestimmten Risiken aufgrund von aktuellen oder möglichen künftigen Rechtsstreitigkeiten ausgesetzt.</li> </ul> <p><b>Risiken aus dem Konzernverbund</b></p> <ul style="list-style-type: none"> <li>• Die Deutsche Immobilien Chancen AG &amp; Co. KGaA kann als Großaktionärin der DIC Asset AG gemeinsam mit ihr nahestehenden Unternehmen maßgeblichen Einfluss auf die Emittentin ausüben.</li> <li>• Die Deutsche Immobilien Chancen KGaA sowie die DIC Asset sind beide auf dem Markt für Gewerbeimmobilien tätig. Deshalb und aufgrund der engen Geschäftsbeziehungen zwischen diesen Gesellschaften könnten Interessenkollisionen bestehen.</li> <li>• Personelle Verflechtungen zwischen der Deutsche Immobilien Chancen KGaA und der DIC Asset AG könnten sich zu Lasten der Emittentin auswirken.</li> <li>• Wegen der Beziehungen zur Deutsche Immobilien Chancen KGaA könnte die DIC Asset daran gehindert werden, mit Wettbewerbern oder Partnern der Deutsche Immobilien Chancen KGaA zusammenzuarbeiten oder in Wettbewerb zu treten.</li> </ul>
<b>D.3</b>	<b>Angaben zu den zentralen Risiken der Wertpapiere</b>	<p>Eine Anlage in die Schuldverschreibungen ist mit bestimmten Risiken im Zusammenhang mit den Merkmalen der Schuldverschreibungen verbunden. Diese Risiken könnten zu erheblichen Verlusten führen, welche die Gläubiger zu tragen hätten, wenn sie ihre Schuldverschreibungen verkaufen oder wenn Verluste im Zusammenhang mit der Zahlung von Zinsen oder der Rückzahlung entstehen. Zu diesen Risiken gehört:</p> <ul style="list-style-type: none"> <li>• Die Schuldverschreibungen sind nicht für jeden Anleger geeignet.</li> <li>• Im Falle einer Insolvenz der Emittentin könnte es mangels bestehender Einlagensicherung für die Schuldverschreibungen zu einem Totalverlust kommen.</li> <li>• Die vorrangige dingliche Besicherung anderer Verbindlichkeiten der DIC Asset, insbesondere auf der Ebene von Tochtergesellschaften (struktureller Nachrang), könnte im Fall der Insolvenz der Emittentin zu einem Totalverlust führen.</li> <li>• Es gibt keine Gewissheit, dass sich ein liquider Sekundärmarkt für die Schuldverschreibungen entwickeln wird, oder dass ein solcher Markt, sofern er entsteht, fortbestehen wird; in einem illiquiden Markt könnte es</li> </ul>

		<p>sein, dass ein Anleger seine Schuldverschreibungen nicht jederzeit zu angemessenen Marktpreisen veräußern kann.</p> <ul style="list-style-type: none"> <li>• Die Schuldverschreibungen können vorzeitig zum maßgeblichen Rückzahlungsbetrag zurückgezahlt werden, falls die Emittentin nach Maßgabe der Emissionsbedingungen zur Zahlung von zusätzlichen Kapital- oder Zinsbeträgen auf die Schuldverschreibungen verpflichtet ist.</li> <li>• Der Marktpreis für die Schuldverschreibungen könnte infolge von Änderungen des Marktzinses fallen oder steigen.</li> <li>• Der Marktpreis für die Schuldverschreibungen könnte fallen, wenn sich die Kreditwürdigkeit der DIC Asset verschlechtert oder sich die Aktionärsstruktur der Emittentin ändert.</li> <li>• Die Schuldverschreibungen lauten auf Euro. Wenn diese Währung für einen Gläubiger eine Fremdwährung darstellt, ist der Gläubiger vor allem einem Währungsrisiko ausgesetzt, das den Ertrag der Schuldverschreibungen schmälern könnte.</li> <li>• Die Schuldverschreibungen sind festverzinslich. Ein Gläubiger festverzinslicher Schuldverschreibungen ist insbesondere dem Risiko ausgesetzt, dass der Marktpreis der Schuldverschreibungen infolge von Veränderungen des Marktzinssatzes fällt.</li> <li>• Es wird gem. den Emissionsbedingungen kein anfänglicher gemeinsamer Vertreter ("<b>Gemeinsamer Vertreter</b>") für die Anleger bestimmt und folglich wird es für die Anleger schwieriger gemeinsame Handlungen vorzunehmen.</li> <li>• Ein Gläubiger ist dem Risiko ausgesetzt, überstimmt zu werden und gegen seinen Willen Rechte gegenüber der Emittentin zu verlieren, falls die Gläubiger nach den Emissionsbedingungen durch Mehrheitsbeschluss nach Maßgabe des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (SchVG) Änderungen der Emissionsbedingungen zustimmen. Im Falle der Bestellung eines gemeinsamen Vertreters aller Gläubiger kann ein einzelner Gläubiger ganz oder teilweise die Möglichkeit verlieren, seine Rechte gegenüber der Emittentin unabhängig von anderen Gläubigern geltend zu machen und durchzusetzen.</li> <li>• Die Höhe der Schuldinstrumente, welche die Emittentin in Zukunft begeben kann und die mit den Verpflichtungen aus oder im Zusammenhang mit den Schuldverschreibungen im gleichen Rang stehen, ist nicht begrenzt.</li> <li>• Finanzverbindlichkeiten, die nicht unter die Definition der</li> </ul>
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		<p>Kapitalmarktverbindlichkeit fallen (unter anderem Bankdarlehen), sind von der Negativverpflichtung des § 2 Abs. 2 der Emissionsbedingungen nicht umfasst. Daher ist die Emittentin in diesen Fällen nicht dazu verpflichtet, den Gläubigern eine gleichartige und bewertbare Besicherung zu gewähren. Derartige Geschäfte könnten den von den Gläubigern erzielbaren Betrag im Falle einer Liquidation oder Insolvenz der Emittentin mindern.</p> <ul style="list-style-type: none"> <li>• Die in § 9 Abs. 1 lit. g der Emissionsbedingungen enthaltene Drittkündigungsregelung bezieht sich nur auf Ausfälle bei Finanzverbindlichkeiten, die unter die Definition der Kapitalmarktverbindlichkeiten fallen. Finanzverbindlichkeiten, die nicht unter die Definition der Kapitalmarktverbindlichkeiten fallen (unter anderem Bankdarlehen), sind von der Drittkündigungsregelung nicht umfasst. Daher könnten Gläubiger von Finanzverbindlichkeiten im Falle eines Ausfalls der Emittentin in Bezug auf andere Finanzverbindlichkeiten die sofortige Rückzahlung ihrer Finanzverbindlichkeiten verlangen, wobei dieses Recht den Gläubigern der Schuldverschreibungen möglicherweise nicht zusteht. Dies könnte den von den Gläubigern erzielbaren Betrag im Falle einer Liquidation oder Insolvenz der Emittentin mindern.</li> <li>• Die Schuldverschreibungen verfügen über kein eigenes Rating. Die Emittentin verfügt zudem derzeit über kein Unternehmensrating. Es könnten Ratings, die nicht von der Emittentin in Auftrag gegeben wurden, veröffentlicht werden.</li> <li>• Da die Globalurkunden von der Clearstream Banking AG verwahrt werden, sind die Anleger in Bezug auf Übertragungen, Zahlungen und die Kommunikation mit der Emittentin auf die Prozesse und Abläufe von Clearstream Banking AG angewiesen.</li> <li>• Die Schuldverschreibungen sind nicht-stimmberechtigte Schuldverschreibungen in Bezug auf Aktionärsversammlungen der Emittentin. Demzufolge haben die Anleger keinen Einfluss auf Entscheidungen der Emittentin Zinszahlungen zu verschieben oder ausstehende Zinszahlungen wahlweise zu begleichen oder auf irgendwelche anderen Entscheidungen der Aktionärsversammlungen der Emittentin, über die Kapitalstruktur oder andere die Emittentin betreffende Angelegenheiten.</li> <li>• Potentielle Anleger sollten sich darüber im Klaren sein, dass sie möglicherweise in Übereinstimmung mit den Gesetzen und Praktiken des Landes in welches die Schuldverschreibungen transferiert werden oder in Übereinstimmung mit anderen Jurisdiktionen Steuern, andere Gebühren oder Zölle zahlen müssen.</li> <li>• Am 14. Februar 2013 hat die Europäische Kommission</li> </ul>
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		<p>einen Vorschlag für eine Richtlinie für eine allgemeine Finanztransaktionssteuer in Belgien, Deutschland, Estland, Griechenland, Spanien, Frankreich, Italien, Österreich, Portugal, Slowenien und der Slowakei gemacht. Estland hat jedoch verkündet, nicht teilnehmen zu wollen. Die von der Europäischen Kommission vorgeschlagene Finanztransaktionssteuer könnte nach ihrer Einführung den Handel von bestimmten Wertpapieren unter bestimmten Bedingungen betreffen. Die von der Europäischen Kommission vorgeschlagene Finanztransaktionssteuer kann zusätzliche Transaktionskosten bezüglich der Wertpapiere für die Gläubiger hervorrufen.</p> <p>Der Eintritt eines der vorgenannten Risiken kann die Fähigkeit der Emittentin, ihren aus den Schuldverschreibungen resultierenden Zahlungsverpflichtungen nachzukommen, beeinträchtigen und/oder zu einem Wertverlust der Schuldverschreibungen führen.</p>
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## Abschnitt E – Angebot

Punkt	Beschreibung	Geforderte Angaben
E.2b	<b>Gründe für das Angebot und Zweckbestimmung der Erlöse</b>	Die Emittentin beabsichtigt, den ihr zufließenden Nettoemissionserlös zur Rückzahlung bestehender Schulden und insbesondere ihrer ausstehenden EUR 100.000.000 5,750 % Schuldverschreibung (ISIN: DE000A1TNJ22) und für ihre allgemeine Geschäftstätigkeiten zu verwenden.
E.3	<b>Angebotskonditionen</b>	<p><b>Privatplatzierung</b></p> <p>Die Schuldverschreibungen werden deutschen und internationalen qualifizierten Anlegern und weniger als 150 nicht qualifizierten Anlegern pro Mitgliedstaat des Europäischen Wirtschaftsraums sowie an Anleger mit einem Mindestzeichnungs- und Zuteilungsbetrag von EUR 100.000 pro Anleger (die "<b>Privatplatzierung</b>") vom Bankhaus Lampe KG und von Citigroup Global Markets Limited (zusammen die "<b>Joint Lead Manager</b>") während des Angebotszeitraums ab 5. Juli 2017 (einschließlich) bis 6. Juli 2017 (einschließlich) (der "<b>Angebotszeitraum der Privatplatzierung</b>") angeboten, vorbehaltlich einer zwischen der Emittentin und den Joint Lead Managern vereinbarten Verkürzung oder Verlängerung des Angebotszeitraums. Weder die Joint Lead Manager noch die Emittentin sind verpflichtet, im Rahmen der Privatplatzierung Anlegern Schuldverschreibungen zuzuteilen oder zu liefern. Teilweise Zuteilungen sind ebenfalls möglich.</p> <p><b>Öffentliches Angebot</b></p> <p>Die Schuldverschreibungen werden von der Emittentin privaten und institutionellen Anlegern in der Bundesrepublik Deutschland während des 6. Juli 2017 (9 Uhr MEZ bis 14 Uhr MEZ) (der "<b>Angebotszeitraum</b>") angeboten (das "<b>Öffentliche Angebot</b>"), vorbehaltlich einer von der Emittentin festgesetzten Verkürzung oder Verlängerung des Angebots. Falls der Angebotszeitraum der Privatplatzierung verkürzt wird und am 5. Juli 2017 endet, findet am 6. Juli 2017 kein Öffentliches Angebot statt.</p> <p>Die Schuldverschreibungen werden nach Wirksamwerden der Genehmigung der CSSF und Notifizierung dieses Prospekts durch die CSSF gemäß Artikel 18 der Prospektrichtlinie in Deutschland öffentlich angeboten werden.</p> <p>Weder die Joint Lead Manager noch die Emittentin sind verpflichtet Anlegern Schuldverschreibungen zuzuteilen oder zu liefern. Teilweise Zuteilungen sind ebenfalls möglich. Der Mindestzeichnungs- und Zuteilungsbetrag im Rahmen des Öffentlichen Angebots beträgt EUR 1.000.</p> <p>Die Joint Lead Manager nehmen nicht an dem Öffentlichen Angebot teil.</p> <p><b>Festsetzung des Angebotsvolumens und der Preisdetails</b></p> <p>Der Gesamtnennbetrag der zu begebenden Schuldverschreibungen und der Zinssatz werden am Preisfestsetzungstag, d.h., voraussichtlich am oder um den 5./6. Juli 2017 (der "<b>Preisfest-</b></p>

		<p><b>setzungstag</b>"), auf Grundlage der vor allem im Rahmen der Privatplatzierung zu erwartenden Anzahl und des Volumens der Zeichnungsaufträge festgesetzt, die zu einer akzeptablen Zinsbelastung (Rendite) für die Emittentin führen. Diese Informationen sowie der Gesamtnennbetrag, der Emissionserlös und die Rendite werden den Anlegern in einer Preisfestsetzungsmitteilung mitgeteilt und dargelegt (die "<b>Preisfestsetzungsmitteilung</b>"), die bei der CSSF hinterlegt wird und am oder nach dem Preisfestsetzungstag und vor dem Ausgabetag auf der Internetseite der Luxemburger Börse (<a href="http://www.bourse.lu">www.bourse.lu</a>) und der Internetseite der Emittentin (<a href="http://www.dic-asset.de">www.dic-asset.de</a>) veröffentlicht wird.</p> <p><b>Lieferung und Abrechnung der Schuldverschreibungen</b></p> <p>Die Lieferung der Schuldverschreibungen wird mit Wertstellung zum Emissionstag vorgenommen. Die Lieferung der Schuldverschreibungen wird durch eine Buchung über Clearstream in ihrer Funktion als Clearingstelle und die depotführende Stelle oder eine durch die depotführende Stelle beauftragte Korrespondenzbank, welche direkten Zugang zu Clearstream hat, vorgenommen.</p> <p><b>Zeichnung der Schuldverschreibungen</b></p> <p>Die Joint Lead Manager haben sich nach Maßgabe eines Übernahme- und Zeichnungsvertrags, der am 5. Juli 2017 unterzeichnet wurde (der "<b>Übernahmevertrag</b>"), verpflichtet, die Schuldverschreibungen zu zeichnen oder Zeichner für die Schuldverschreibungen zu finden. Die Joint Lead Manager haben sich im Wege einer verbindliche Zusage verpflichtet, Schuldverschreibungen über insgesamt EUR 100.000.000 zu zeichnen. Die Emittentin hat sich verpflichtet, die Joint Lead Manager von bestimmten Haftungsverbindlichkeiten im Zusammenhang mit dem Angebot und Verkauf der Schuldverschreibungen freizustellen.</p>
<b>E.4</b>	<b>Für die Emission wesentliche Beteiligungen</b>	Außer den Interessen der Emittentin und der Joint Lead Manager bestehen keinerlei Interessen natürlicher oder juristischer Personen an der Begebung, auch keine widerstreitenden Interessen, die für die Begebung wesentlich wären.
<b>E.7</b>	<b>Schätzung der Ausgaben, die dem Anleger durch die Emittentin oder einen Anbieter in Rechnung gestellt werden</b>	Entfällt. Die Emittentin wird den Gläubigern in Verbindung mit den Schuldverschreibungen keine Kosten, Ausgaben oder Steuern direkt in Rechnung stellen.

### III. RISK FACTORS

*Before deciding to purchase the Notes, investors should carefully review and consider the following risk factors and the other information contained in this Prospectus. Should one or more of the risks described below materialize, this may have a material adverse effect on the cash flows, results of operations and financial condition of the Issuer and/or DIC Asset. Moreover, if certain of these risks occur, the market value of the Notes and the likelihood that the Issuer will be in a position to fulfill its payment obligations under the Notes may decrease, in which case the Holders could lose all or part of their investments. Investors should note that the risks discussed below may not be the only risks to which the Issuer and DIC Asset are exposed. Additional risks and uncertainties, which are not currently known to the Issuer or which the Issuer currently believes are immaterial, could likewise impair the business operations of the Issuer or DIC Asset and have a material adverse effect on their cash flows, results of operations and their financial condition. The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the cash flows, results of operations and financial condition of the Issuer and/or DIC Asset.*

Words and expressions defined in other parts of this Prospectus and not otherwise defined in this part of the Prospectus shall have the same meanings in this part of the Prospectus.

#### 1. RISKS RELATING TO THE ISSUER AND DIC ASSET

The risks that might have a material impact on the business operations of the Issuer and DIC Asset include the following:

##### 1.1 Market- and industry-specific risks

**DIC Asset operates in the commercial real estate market in Germany and is therefore materially dependent on the performance of this market and on macroeconomic developments.**

DIC Asset is a real estate company focusing on commercial real estate investments in Germany, particularly office and retail properties. The German commercial real estate market, which can experience high vacancy rates cyclically, is influenced by the macroeconomic environment and the associated demand for commercial space as well as the valuation and performance of real estate in Germany. These parameters depend on numerous factors that affect one another and are thus subject to various fluctuations.

Key macroeconomic factors in Germany include in particular the state of the global economy, commodity and energy price developments, currency fluctuations, the inflation rate, and interest rate levels as well as extraordinary factors in the euro area such as sovereign debt and banking crises in various European Union Member States ("**EU Member States**").

Specific factors additionally affecting German real estate market demand are demographic developments, labor market development, the debt levels of potential buyers, tenant creditworthiness, and changes in the real incomes of individuals, the attractiveness of Germany as a business location in comparison with other countries and global markets as well as the risk of political changes. Demand for commercial real estate is also shaped by such factors as corporate investment activity, foreign investor activity, and decisions by major tenants regarding the locations of their businesses. The statutory and tax environment and cyclical volatility of the real estate market itself are crucial factors as well. Parliamentary elections to the Bundestag will take place in Germany in September 2017. A possible shift in the balance of political power combined with increasing social polarization and the global fear of a potential trend towards greater protectionism could have a negative impact on the German economy in general and could lead to a less favorable tax and legal environment for real estate companies. Also the global political landscape has changed as a result of the Brexit referendum, the failed constitutional reform in Italy and the new US administration and may lead to increased political and economic instability and the disintegration across Europe.

DIC Asset's success depends on these continually changing factors and the resulting fluctuations and developments, none of which DIC Asset can influence. Due to DIC Asset's concentration on commercial real estate in Germany with a focus on office and retail properties, DIC Asset diversifies risk to a limited degree by operating in other real estate segments. A negative macroeconomic development, a negative development of the real estate market, an incorrect assessment of market requirements by DIC Asset or an unfavorable political change could have material adverse effects on the business activities and the net assets, financial condition and results of operations of DIC Asset.

**The locations of DIC Asset's real estate in Germany are dependent on regional developments and could become less attractive.**

Each real estate location is affected on the one hand by macroeconomic developments in Germany and on the other hand also by the unique circumstances of the relevant regional market. For example, compared with other major real estate locations, Frankfurt am Main has an above-average vacancy rate. The economic development of some locations in which DIC Asset has invested, especially smaller towns and cities outside of German urban centers and metropolitan areas, could depend heavily on a few companies or industries. As a result, if large companies, or companies vital to certain regions, or companies in one or several industries were to become insolvent, close, or move, this could have a material adverse effect on the economic development of the relevant location and therefore on DIC Asset's portfolio. DIC Asset has no power to influence the aforementioned factors.

Negative economic developments in one or several regional markets could result in lower rental income or a loss of rental income, and have a material adverse effect on the business activities and the net assets, financial condition and results of operations of DIC Asset.

**DIC Asset faces intense competition. There is a risk that it may not be able to withstand the competition or distinguish itself sufficiently from its competitors.**

In all segments of its business, DIC Asset faces various competitors. Owing to the large number of market participants, and the size and fragmentation of the German real estate market, DIC Asset is subject to intense competition that could intensify further in the future in the course of possible industry consolidation. Some of DIC Asset's competitors have substantially greater financial resources or better financing opportunities, have larger or more diversified real estate holdings, or, conversely, have more target-group-specific real estate holdings due to their greater specialization, or hold other competitive advantages over DIC Asset. The intense competition to which DIC Asset is subject could result in a drop in rental income or sale proceeds in the future, among other things. In acquiring additional real estate portfolios, this competitive pressure could lead to sharp increases in purchase prices, which in turn could endanger DIC Asset's business strategy.

If DIC Asset were unable to withstand the competition or sufficiently distinguish itself from its competitors, this could have a material adverse effect on the business activities and the net assets, financial condition and results of operations of DIC Asset.

**DIC Asset depends on the demand for real estate funds and the funds market in general.**

One of DIC Asset's business activities is the structuring and set up of real estate funds as well as property management services for those funds. Consequently DIC Asset is in this growing part of its business dependent on demand of investors for real estate funds or comparable investment structures.

In case of a general significant decrease in the demand for real estate funds, the business strategy of DIC Asset which has been shifted towards the fund business can only be adapted at short notice to a certain degree. Therefore decreasing demands for real estate funds would have a material adverse effect on the business activities and net assets, financial condition and results of operations of DIC Asset.



**DIC Asset is subject to the risk of deteriorating general conditions for financing real estate acquisitions and refinancing existing real estate holdings.**

DIC Asset finances the acquisition of real estate or developments indirectly via property companies, mostly with bank loans, and therefore relies on the willingness of credit institutions to service investments under suitable terms and conditions, including the furnishing of collateral. This applies likewise in the case of pending loan extensions.

The general conditions for financing real estate acquisitions and refinancing existing real estate holdings are continuously changing. The attractiveness of financing options depends on a wide variety of constantly shifting factors over which DIC Asset has no influence. These include e.g. the interest rates on the financing, the amount financed, the general tax environment as well as the assessment by credit institutions of the value of the properties and their ability to retain value as collateral for loans, or their assessment of the macroeconomic environment. Even though the Issuer has secured long-term financing by signing a EUR 960 million loan agreement in December 2016 with Deutsche Hypothekenbank as lead manager in relation to its refinancing of its commercial real estate portfolio (the "**Syndicated Loan**"), the occurrence or worsening of crises in international financial markets resulting, e.g., from threats to the continued existence or insolvency of banks vital to the banking system in the euro zone, or stepped-up regulatory requirements for the capital adequacy of banks, or specific requirements regarding a company rating, which the Issuer does not have to date, could also force credit institutions to reduce their risk and therefore their lending commitments. Deterioration in financing offers could considerably limit DIC Asset's opportunities to acquire and market real estate.

If the German real estate market in general, or DIC Asset or a potential buyer in particular, were to fail to have sufficient funds available for debt financing, this could prevent real estate investments, real estate purchases and sales, financing arrangements, or loan extensions from taking place.

The occurrence of one or more of the aforementioned risks associated with DIC Asset's debt financing could have material adverse effects on the business activities and the net assets, financial condition and results of operations of DIC Asset.

**Unfavorable developments in the general tax environment in Germany could adversely affect the business performance of DIC Asset.**

Since DIC Asset mainly operates in the German real estate market, the general tax environment in Germany is of vital importance to DIC Asset's success. The tax climate for investments in the German real estate market has become steadily less favorable in recent years. Significant changes have already occurred or are planned both regarding depreciation periods for real estate as well as the conditions for commercial real estate trading as the basis for the trade tax obligation, and deadlines for sales transactions. Most German states have already raised real estate transfer tax (RETT) rates in the past few years and changes to regulations concerning what are known as RETT-blocker structures have become effective. These changes limit the opportunities for real estate transfer tax-neutral transactions significantly. Such changes in taxation or comparable ones, e.g., a change in the taxes levied on real property, can adversely affect the demand for real estate or the market environment for investments.

An adverse development in the general tax environment in Germany could have a material adverse effect on the business activities and the net assets, financial condition and results of operations of DIC Asset.

**DIC Asset is dependent on the general legal framework for real estate companies with a focus on investments in commercial real estate in Germany, which can have a substantial impact on the profitability of DIC Asset.**

DIC Asset's business activities are dependent to a large degree on the applicable legal framework for real estate stock corporations with a focus on investments in commercial real estate in Germa-

ny. In addition to tax and tenancy law, this includes, but is not limited to, construction regulations, including fire safety regulations, social legislation, and environmental, energy, and land law. Some properties also fall under regulations governing the preservation of buildings of historical importance, which can lead to limitations on their use or development, and to additional preservation measures.

In recent years the legislative framework has undergone some major changes, such as in the area of environmental and energy law, for example. This relates, for instance, to the energy performance certificate (*Energieausweis*), the Federal Government's energy concept regarding the energy upgrades for buildings in Germany, as well as other environmental provisions.

Changes in the legal framework may occur in the future, as well. An increase in the stringency of the legal framework, for instance in terms of tenant protection (e.g., curtailment of the notice periods for tenants), fire safety, environmental protection (e.g., energy conservation as part of the amendment of the German Energy Conservation Regulation (*Energieeinsparverordnung*), laws pertaining to pollution and the resulting remediation obligations, and with regard to the aforementioned additional conditions for real estate investments, could have a material adverse effect on the profitability of investments and the results of operations of DIC Asset. In addition, changes to the legal framework could trigger a considerable need for action on the part of DIC Asset and, as a result, cause it to incur sizeable additional expenses, which for legal or factual reasons could only be passed on to tenants to a limited extent, or not at all.

Because DIC Asset is only in the position to adapt its business model accordingly to a certain degree, it sees risks in adverse changes or increased stringency in the legal framework. Any deterioration of the general legal environment could have a material adverse effect on the business activities and the net assets, financial condition and results of operations of DIC Asset.

## 1.2 Issuer-related risks

### **DIC Asset AG is a holding company and therefore is dependent on the income of its investment and management subsidiaries.**

DIC Asset AG is a holding company, particularly of numerous consolidated property companies (Commercial Portfolio) and minority investments (Co-Investments), which hold the individual properties. Real estate management is handled by an investment company (the subsidiary DIC Onsite GmbH) as well. As a result, distributable income is generated from the sale of properties, leasing, property management services and real estate management services only by these companies or through the sale of an investment company itself and not by the Issuer itself. The operating and other expenses and financing costs of DIC Asset AG must be covered by this income for the most part. After deducting its expenses, DIC Asset AG can therefore only distribute funds to the extent it receives income from its investment and management subsidiaries and sufficient retained earnings are recognized in the Issuer's annual financial statements. In the case of the equity investments of DIC Asset AG of 50 percent or less in the Co-Investments segment, the Issuer also cannot decide independently on the appropriation of net income, but instead depends on the participation of third parties.

If the investment and management subsidiaries were to fail to distribute sufficient income to the Issuer, this would have a material adverse effect on the net assets, financial condition and results of operations of the Issuer.

### **DIC Asset could fail to succeed in conducting real estate transactions at suitable terms and conditions and could fail to assert itself sufficiently against the competition in purchasing, managing, and selling its properties.**

DIC Asset is subject to the risk that it may not succeed in making purchases and sales at the correct time and at suitable terms and conditions. In order to obtain a satisfactory return on equity, DIC Asset therefore relies on being able to invest in real estate holdings or portfolios at suitable terms and conditions and leverage their potential for generating value in the future as well. DIC

Asset's success is therefore dependent on various factors, e.g., the availability of suitable properties, favorable purchasing terms and conditions, suitable financing opportunities, demand for leasing commercial space, competition, and governmental influences, such as the granting of required construction permits.

The competition to which DIC Asset is subject in buying and selling real estate occurs both regionally at the site of the individual investments, and nationally, particularly in the case of portfolio transactions. The barriers to entry are generally low for competitors in real estate markets, therefore DIC Asset is subject to intense competition at all locations; this situation could intensify even more in the course of further consolidation of the real estate industry. Operating in these markets are regional investors highly familiar with regional markets along with other real estate portfolio companies, national and international investment funds, private investors (e.g., high net-worth individuals), institutional investors, and domestic and foreign real estate investors. Institutional investors and international investors in particular sometimes have considerable resources at their disposal for financing their acquisitions and sometimes pay strategically motivated prices, i.e., prices that exceed the market value.

If going forward DIC Asset were unable to acquire additional real estate holdings or real estate companies at attractive terms and conditions, or purposefully manage, lease, or sell the existing real estate holdings and improve their earning potential, this could have a material adverse effect on the business activities and the net assets, financial condition and results of operations of DIC Asset.

**In the Commercial Portfolio and the Co-Investments segment, DIC Asset is exposed to the risk of delayed completion, higher costs or failure of refurbishing projects and project developments.**

DIC Asset has invested in project developments in the past as a co-investor and possesses properties in its Commercial Portfolio with potential for development. Currently, this is mainly the project development of the MainTor project in Frankfurt and Junges Quartier in Munich Obersendling in the Co-Investment segment and the refurbishing of the existing property project Kaiserpassage in Frankfurt am Main in the Commercial Portfolio. In the case of the development of new properties or further development of existing ones, DIC Asset must finance or co-finance the costs of construction arising in the initial development phase as part of its investment. Some of the risks associated with the development or refurbishment of projects arise from possible disputes with building authorities and delayed and defective execution by the general and sub-contractors commissioned, or their insolvency, as well as from unplanned increases in construction/refurbishment costs, or a resulting delay in initial leasing. This can lead to delays in the realization of projects or to their complete failure.

The delayed completion, higher than anticipated costs, or the complete failure of project developments in the Co-Investments segment or refurbishing projects in relation to existing properties in the Commercial Portfolio will therefore result in the risk that the expected target return will not be achieved or even that a loss will be incurred. This could have a material adverse effect on the net assets, financial condition and results of operations of DIC Asset.

**DIC Asset is exposed to the risk of misjudging appraisal criteria while making decisions concerning the purchase of real estate.**

A number of factors must be considered when appraising properties, consideration of which also includes subjective assessments. It cannot be ruled out that DIC Asset may incorrectly assess individual appraisal criteria when making a decision to buy, or that appraisals on which DIC Asset bases its decision may be incorrect. Such misjudgments could lead to an incorrect overall analysis by DIC Asset regarding an investment decision that could have a material adverse effect on the net assets, financial condition and results of operations of DIC Asset.

In addition, even if they are carefully selected, properties could have hidden defects, e.g., structural defects or defects resulting from residual pollution of land, of which DIC Asset is unaware at

the time of acquisition. If the defects become known of subsequently, this can lead to delays in development or leasing, and to incalculable additional costs for eliminating these defects. Moreover, a risk generally exists that remediation to be performed or the planned development of properties could be associated for other reasons with substantial additional, unpredictable costs for DIC Asset.

Any misjudgment in the valuation of individual properties, real estate portfolios, or equity investments in real estate companies, hidden defects and additional remediation costs, or a larger number of discontinued transactions and the resulting greater amount of fruitless expenses paid could have material adverse effects on the net assets, financial condition and results of operations of DIC Asset.

**The external property appraisals on which the market values in this Prospectus of the real estate portfolio are based could incorrectly report the value of DIC Asset's real estate holdings. The assumptions underlying the current carrying amounts could also prove to be incorrect. The resulting write-downs of the properties carried as assets in the consolidated financial statements could adversely affect the results of DIC Asset.**

To the extent that market values are reported for the DIC Asset real estate portfolio in this Prospectus, the external appraisals underlying the information presented are based on standardized valuation principles as at December 31, 2016 with later acquisitions considered at cost. The valuation also includes objective factors, such as the general market environment, interest rate levels, site development, vacancies, and tenant creditworthiness as well as subjective assessments by the appraiser conducting the valuation. In view of this wide variety of factors, the appraiser's subjective assessment inherent in the valuation and the need to make blanket assessments, there is a risk that the values of DIC Asset's properties presented in the underlying expert opinions are not realistic or do not reflect the proceeds that could be obtained from sales currently or in the future. Additionally, the generally accepted valuation principles used in the valuation could subsequently prove to be unsuitable. Therefore, it cannot be ruled out that the appraisals underlying the information presented could value the properties imprecisely or incorrectly measure the value of the properties.

In the consolidated financial statements of DIC Asset, DIC Asset's real estate holdings are carried at cost less depreciation, and the investments in associated companies are carried at cost and adjusted for pro rata profit/loss. If the assumptions and expectations underlying the carrying amounts were to fail to materialize, or if facts were to become known that would provide grounds for a different assessment of the carrying amounts for the properties or equity investments, write-downs or write-offs of items of property, plant and equipment or equity investments carried as assets could become necessary.

Depending on their scope, the write-downs of property assets or equity investments could have material adverse effects on the net assets, financial condition and results of operations of DIC Asset.

**In the event of an unscheduled sale of properties, DIC Asset could be subject to cost risks associated with the premature termination of loan agreements and interest rate hedging instruments, or due to changes in interest rates.**

The terms and conditions of DIC Asset's financing agreements are aligned, among other things, with the relevant planned sale scenario. DIC Asset has concluded loan agreements with fixed interest rates for specific terms as well as loan agreements with variable interest rates. In the latter case, DIC Asset has entered into interest rate hedging transactions, the purpose of which is to hedge the interest expense against the risk of interest rate changes congruently with the terms of the loans. In both cases, if a property is sold early and the loan repaid on a pro rata basis, DIC Asset is subject to the risk of payment of an early repayment penalty for loans obtained and the risk of furnishing replacement collateral. In case of variable interest loans, costs related to the unwinding of interest rate hedging transactions could additionally arise in this case, particularly if these had a negative market value at the moment of sale. Moreover, in the case of interest rate

changes, a particular risk arises if the sale of the relevant property does not succeed as planned, and the interest rates have to be adjusted for the higher volume. Interest rate risks are generally hedged at matching maturities taking into account the sale plan and relevant principal and interest payments on the loans. If the sales do not occur as planned, this can lead to excess or less than sufficient coverage by interest rate hedges. In turn, this can result in required adjustments in interest rate hedging.

All of these factors could have material adverse effects on the net assets, financial condition and results of operations of DIC Asset.

**A rise in market interest rates could increase DIC Asset's borrowing costs with respect to borrowings not hedged with interest rate hedging instruments. Existing interest rate hedging instruments could have negative effects on the DIC Asset's equity if market interest rates decline.**

The business activities of DIC Asset require the extensive use of borrowed capital; see also the risk factor entitled "*The extensive use of borrowed capital and increasing debt service could lead to the risk of a forced sale of individual properties and put the relevant property company at risk as well as adversely impact DIC Asset as a whole*". The derivative financial instruments entered into by DIC Asset to manage existing interest rate risks do not hedge the risk of interest rate changes fully for all loan agreements with variable interest rates. In some cases, complete hedging is not arranged for strategic reasons (e.g., for planned sales) and for the purpose of preserving flexibility. Rising interest rates could therefore affect financing costs on borrowed capital insofar as the variable interest borrowings are not proportionately hedged with interest rate hedging instruments and consequently could cause an increase in financing costs. Future declines in the level of market interest rates could conversely cause the derivative interest rate hedging instruments to negatively affect the DIC Asset's equity because when interest rates drop, the interest rate hedging instruments could have a negative fair value, which must be offset against equity on balance sheet during the term of the interest rate hedging instrument.

Changes in interest rates could thus have a material adverse effect on the net assets, financial condition and results of operations of DIC Asset.

**DIC Asset could violate the reporting, performance, and information obligations agreed in loan agreements.**

As part of existing financing agreements with lending banks and in particular in relation to the Syndicated Loan, DIC Asset is subject to various reporting, performance, and information obligations that must be met during the term of the agreements. For example, DIC Asset is subject in some cases to financial covenants (obligations to comply with defined financial ratios) in the loan agreements it has signed. In the event of a violation of the obligations stipulated by lending banks in the existing financing agreements, e.g., as a result of financial covenants being at risk, this could lead to obligations arising under the loan agreements, such as depositing income surpluses or early repayment obligations in the amount of the entire respective loan. In such cases, if deposit or repayment is not possible from existing liquidity, DIC Asset would be forced under certain circumstances to obtain other loans with less favorable terms or obtain liquidity by quickly selling properties (forced sales).

The occurrence of one or more of the aforementioned risks could have material adverse consequences for the business activities and the net assets, financial condition and results of operations of DIC Asset.

**The extensive use of borrowed capital and increasing debt service could lead to the risk of a forced sale of individual properties as well as put the relevant property company at risk and adversely impact DIC Asset as a whole.**

Borrowed capital is used as leverage to obtain a better return on the equity employed by DIC Asset. The leverage is greater the higher the debt ratio. This effect can reverse if the economic cir-

cumstances deteriorate and, for example, the rental income from a property is no longer sufficient for debt service payments. If debt service payments are discontinued, the financing bank could sell the property due to the collateral furnished. This in turn could put the overall financing capability of DIC Asset at risk. In individual cases, the Issuer has also assumed co-liability (for a limited amount in most cases) or has issued a letter of comfort or has assumed the obligation to furnish a letter of comfort in favor of investment and management subsidiaries and could be subject to claims in this context.

If expiring financing agreements cannot be refinanced or can be refinanced only at unfavorable terms and conditions, DIC Asset could be forced to sell properties or would be exposed to the risk of having to accept significantly higher financing costs.

If rental income were insufficient for interest payment and amortization or if refinancing efforts were to fail, this could have a material adverse effect on the net assets, financial condition and results of operations of DIC Asset.

**In case that "warehoused" properties cannot be placed into new funds as planned DIC Asset will need to raise additional equity to reduce the short-term high leverage of such properties or may be forced to sale these properties at potentially depressed prices.**

DIC Asset aims for the loan-to-value ratio of its real estate properties to be below 60 % with the loan-to-value-ratio being the ratio of total financial liabilities and liabilities to related parties as well as corporate bonds, less cash and cash equivalents, to the market value of investment property, investments as well as receivables due from related parties ("LTV"). However, in the context of its funds business DIC Asset acquires properties which form part of start-up portfolios of new funds at an early stage and are subsequently sold to the relevant fund ("warehousing"). The LTV in relation to these properties is generally very high and can be up to 95%. In case no or not sufficient investors invest in the relevant new fund DIC Asset has to permanently place these properties into its commercial portfolio and has to bridge the gap by way of additional equity to bring down the LTV of up to 95% of these properties to the target LTV of around 60%. In case DIC Asset does not or cannot raise sufficient equity DIC Asset may need to sell these properties at potentially depressed prices.

**In case of a termination of existing property management agreements with third party asset management companies (*Kapitalverwaltungsgesellschaften*) of real estate funds, DIC Asset could no longer generate property management fees in relation to the properties held by the funds affected and managed by DIC Asset.**

DIC Asset manages real estate funds which are managed by third party asset management companies (*Kapitalverwaltungsgesellschaften*) such as IntReal International Real Estate Kapitalverwaltungsgesellschaft mbH ("**IntReal**"). Third party asset management companies focus on the issuance and administration of property funds for third parties. DIC Asset enters into agreements for the management of the affairs of others (*Geschäftsbesorgungsvertrag*) with such third party asset management companies and according to such agreements carries out the purchase process, arranges the financial and legal structure, and performs the property management and the sale process of the properties held by the relevant fund. Currently the agreements entered into with IntReal can be terminated by IntReal with a 12 month period of notice. In case any of these agreements are terminated DIC Asset could no longer generate property management fees in relation to the properties held by the funds affected and managed by DIC Asset. The reduction or cancellation of management fees could have material adverse effects on the financial condition and results of operations of DIC Asset, in particular as DIC Asset will have to manage its fund related workforce.

**The reduction or loss of rental income would result in a deterioration of the results of operations of DIC Asset.**

DIC Asset is subject to the risk of the loss or reduction of rental income and the risk of vacancies in its properties. As of March 31, 2017, the vacancy rate was 12.4 %. In 2016, around 42% of the annualized rental income was attributable to the ten largest tenants, with Hudson Bay, the Free

and Hanseatic City of Hamburg, the State Government of Hesse and Deutsche Bahn AG each accounting for more than 5% of the total leasing volume based on a large number of leases at various locations. In the financial year 2017, leasing arrangements with annualized rental income of EUR 6.7 million could end according to schedule. In addition, numerous leases which generate annualized rental income of EUR 4.2 million annually without a fixed end date extend periodically (Commercial Portfolio as of March 31, 2017). The failure of expected extensions of long-term leases to materialize, termination without notice of leases, the lack of regular subsequent leasing, or the insolvency of one or more major tenants could cause a considerable burden on DIC Asset's cash flow.

If a lease is not extended, a consequential effect on other commercial tenants in the same property cannot be ruled out. In particular, the failure to extend a lease or insolvency of the (major) tenant to date could result in the failure to subsequently lease the space or to lease the space to tenants with a similar credit rating, particularly in locations outside of German urban centers and metropolitan areas, but also in peripheral areas. This risk would also arise if key DIC Asset tenants were to decide to consolidate or move their sites and therefore leave DIC Asset's portfolio.

In addition to the resulting lack of income, this could also lead to unforeseen or additional expenses, because operating and ancillary costs would have to continue to be paid for vacant space, but would not be reimbursed by tenants. The same is true for maintenance, repair, or modernization measures in vacant spaces; these costs cannot be charged to tenants. If DIC Asset did not prevent deterioration of its leased properties either in whole or in part with appropriate maintenance and modernization measures, this could increase vacancies and therefore have material adverse effects on the income from existing or future leases, and on the associated costs.

There is also a possibility that due to external circumstances – such as changes in infrastructure or population structures – the environment, and therefore the attractiveness of properties, could decline. If the leases signed for these properties were to be terminated or expire, there is a resulting risk that the calculated rental income from newly signed leases would have to be lowered or would be lost entirely if subsequent leasing were not possible, which in turn would increase the vacancy rate.

The loss of tenants, the loss of rental income, and the failure to obtain expected extensions of leases could have material adverse effects on the net assets, financial condition and results of operations of DIC Asset.

**DIC Asset tenants could attempt to terminate their leases early on the basis of the strict formal requirements of German tenancy law for long-term leases.**

Most of DIC Asset's leases are long-term commercial leases which it entered into itself or entered into by law when acquiring properties. According to German law, long-term leases may not be terminated early without good cause if they comply with the written form requirement, i.e., if a document is available that contains all of the key terms and conditions of the leasing arrangement, including all appendices, particularly specification of the spaces leased and the signatures of both parties on the same document. The details pertaining to these and other requirements for complying with the statutory written form requirement for long-term leases are handled differently, but strictly in principle, by German courts. The extensive case law on this topic varies and does not express a uniform opinion. Individual DIC Asset leases may not meet all of these requirements. Tenants could use this circumstance to terminate long-term leases early without good cause or push through contract changes to the detriment of DIC Asset.

The termination or amendment of existing leases and the associated loss of rental income could have material adverse effects on the net assets, financial condition and results of operations of DIC Asset.

**Some standard leases used could fail to pass review by a court.**

DIC Asset uses standard leases for some of its leases. The possibility that standard leases may not pass review by a court due to changes in the applicable legislation or case law, or for other reasons cannot be ruled out. Any errors or lack of clarity in standard contracts affect many of DIC Asset's leasing arrangements.

This could have material adverse effects on the business activities and the net assets, financial condition and results of operations of DIC Asset.

**The general statutory and economic conditions affecting the leasing market could result in the inability to increase rents.**

Some commercial real estate leases contain what are known as escalator clauses, which could result in a reduction in rental income for reasons including a negative development of the reference index. On the other hand, it may not be possible to increase rents in the case of a positive development of the reference index. Therefore, the escalator clauses used by DIC Asset could lead to the rents accruing to DIC Asset in the future no longer being aligned with market conditions.

If the aforementioned risk should materialize, this could have a material adverse effect on the net assets, financial condition and results of operations of DIC Asset.

**DIC Asset is exposed to the risk of warranty claims being asserted against it both in the leasing and sale of real estate as well as in the development of properties.**

In leasing and selling properties, particularly from portfolio holdings, DIC Asset could have claims for defects in quality or defects in title asserted against it. This is particularly true for property defects of which DIC Asset has no knowledge, but that it could have or should have been able to identify. Possible recourse claims could fail due to expiration of the statute of limitations, lack of proof of knowledge or constructive knowledge of the defects by the previous seller, its insolvency, or for other reasons. DIC Asset therefore carries the risk of the burden of proof, the expiration of the claims, and the insolvency of its contractual partners when acquiring properties.

According to § 566 (2) of the German Civil Code (*Bürgerliches Gesetzbuch, BGB*), when a property is sold, the seller is liable as a guarantor in respect of the tenant for fulfillment of the obligations of the buyer of the property arising from the lease, which passes to the buyer. DIC Asset can only contract out of this liability to a limited degree. If a buyer does not fulfill its obligations arising from the transferred leases, the selling property company in each case may be liable. This can lead to unexpected liabilities.

In the context of the development of properties, DIC Asset AG or its investment and management subsidiaries could have claims of performance delays and/or construction defects asserted against them by tenants or buyers of properties. DIC Asset does not perform construction work itself, but instead uses the services of planning and construction companies as a (coordinating) general contractor. The assertion of possible recourse claims against them could fail due to the time-barring of the underlying claims, the inability to enforce the existing claim, or for other reasons. To this extent, DIC Asset carries the risk of substantiation or the time-barring of the recourse claim, and the risk of insolvency of the commissioned building contractor or subcontractor.

The warranty and other risks arising from leasing or sales could have a material adverse effect on the net assets, financial condition and results of operations of DIC Asset.

**DIC Asset is exposed to the risk of having acquired properties encumbered with legacy pollution or other environmental contamination and therefore the risk of having claims asserted against it by government agencies, buyers, users, or third parties.**

DIC Asset or its consultants or appraisers could incorrectly assess or have incorrectly assessed environmental risks during the acquisition of properties. If such environmental risks are discovered, DIC Asset could be threatened with costly claims for removal of soil contamination or con-



tamination of parts of buildings, remediation of contaminated water or soil even outside of the affected parcels of land, or the reimbursement of third-party losses and costs necessitated by such measures.

In the event a claim is asserted against DIC Asset, even if it were to have recourse claims against the relevant seller of the property in question, or the company commissioned to investigate environmental risks, it carries the risk of being unable to enforce such recourse claims, for instance due to the insolvency of the opposing party, the time-barring of the recourse claim, or for other reasons. The risk of being held liable also exists with regard to properties that DIC Asset has already sold. According to the German Federal Soil Protection Act (*Bundesbodenschutzgesetz, BBodSchG*), the responsible government authority can also require the former owner of a property to remediate the property at its expense under certain circumstances.

If environmental risks are incorrectly estimated or if unexpected environmental pollution should arise or should any claims be asserted by government agencies, buyers, users, or third parties, this could have material adverse consequences for the net assets, financial condition and results of operations of DIC Asset.

**DIC Asset could be liable for taxes not paid by the seller of a property acquired by DIC Asset or another legal predecessor.**

To the extent that the transfer of ownership of properties to DIC Asset in individual cases constitutes a transfer of a company or a business, DIC Asset can be liable for damages under certain circumstances for such things as taxes and withholding tax amounts in connection with the operation of the transferred company. This assumes that the taxes arose since the beginning of the last calendar year prior to the transfer of ownership and were assessed or reported within one year after registration of the business by DIC Asset. This liability also extends to claims by the government for repayment of tax refunds. Any liability is limited to the assets transferred. In addition to liability for business taxes, there may be liability by the buyer for outstanding property taxes owed by the seller: firstly, because the buyer is generally liable for these taxes, and secondly, because property taxes are a public encumbrance on the property. To the extent that real estate is acquired by way of a share deal, the tax risks of the company acquired can adversely affect the investment in question.

Liability for taxes not paid by the seller could have a material adverse effect on the net assets, financial condition and results of operations of DIC Asset.

**DIC Asset is subject to the risk of having claims asserted against it arising from co-liability for the liabilities of its investment subsidiaries and a credit default risk arising from loans to investment subsidiaries and certain other related parties.**

The Issuer has assumed guarantees, co-liability, or the obligation to furnish letters of comfort for some of its minority interests and in particular in relation to the MainTor project development. In addition to individual financing cases, this liability also relates to a surety in respect of a property company for the purpose of providing construction and project planning services and as of March 31, 2017 amounted to EUR 36 million. The Issuer is therefore subject to the risk of having claims asserted against it arising from the guarantees and co-liability declarations and letters of comfort it has issued.

The Issuer also extends loans to its investment subsidiaries and certain other related companies. As of March 31, 2017, loans to related companies amounted to EUR 101 million. All of the total receivables from related companies is attributable to five companies. Operating losses or other adverse developments experienced by the investment subsidiaries or project development companies could lead to delays in or even a loss of interest payments, or the failure to repay principal. This applies in particular to the loan relationship with its investment DIC Opportunistic GmbH which amounted to EUR 34.9 million as of March 31, 2017. In some cases, the investment subsidiaries are also under the material control of the Issuer's Principal Shareholder, Deutsche Immo-

bilien Chancen AG & Co. KGaA; see also the risk factors set out below under "*Risks arising from the group structure*".

Claims asserted against the Issuer arising from these liability arrangements or from outstanding interest payments or repayments of the investment subsidiaries as borrowers could have a material adverse effect on the net assets, financial condition and results of operations of DIC Asset.

**DIC Asset is exposed to the risk of the loss of key executives and being unable to retain or hire enough sufficiently qualified staff.**

The members of the Management Board and various employees of DIC Asset possess extensive experience and contacts in the real estate industry and market in Germany and its various regions and special, in-depth expertise in their respective areas of responsibility. The success of DIC Asset could be adversely affected by the loss of one or more Management Board members or key employees. If the Issuer were to lose Management Board members or other key management personnel, and if it were unsuccessful in replacing them by hiring executives with sufficient experience, qualifications, and contacts in the real estate market, this could have a material adverse effect on the business performance and the net assets, financial condition and results of operations of DIC Asset.

In order to maintain ongoing business operations, DIC Asset requires an adequate number of sufficiently qualified professional staff. If DIC Asset were unable to retain existing personnel or hire additional qualified staff, this could have a material adverse effect on the business performance of DIC Asset.

**Damages not covered by insurance or exceeding insurance coverage limits could cause DIC Asset to incur substantial losses.**

To protect against losses possibly arising for DIC Asset or third parties from its business operations, DIC Asset has obtained insurance including, but not limited to, building insurance, third-party liability insurance, insurance against environmental and water damage, as well as construction site, business liability, and electronics insurance. In addition, DIC Asset AG has arranged a financial loss liability insurance policy for its Management Board, Supervisory Board, and executives (D&O insurance).

The insurance coverage is not generally unlimited, but instead is subject to limitations of liability and exclusions of liability. For this reason, it cannot be ruled out that DIC Asset could incur losses that are not covered by insurance or exceed coverage limits. Moreover, DIC Asset could be unsuccessful in the future in obtaining appropriate insurance coverage, or the existing insurance policies could be terminated or may no longer be affordable for DIC Asset due to a rise in costs.

The occurrence of one of these circumstances could have material adverse effects on the net assets, financial condition and results of operations of DIC Asset.

**A differing assessment of the tax situation of DIC Asset by the tax authorities could adversely affect the results of DIC Asset.**

To date, the Issuer's tax assessments for all fiscal years up to 2009 are final. An external tax audit is currently being conducted (by the tax authorities) regarding trade tax, corporate income tax, and value-added tax for the years from 2010 to 2012. In this or future external tax audits, the tax treatment applied by DIC Asset to business transactions and intra-group transactions may not be approved and may be reassessed. This could result in DIC Asset being required to pay additional tax subsequently. Depending on the scope, this could have material adverse effects on the net assets, financial condition and results of operations of DIC Asset.

**IT risks**

Due to its national wide operations, DIC Asset depends on an IT environment, including standardized information technology systems and networks to support business processes. As a result of

the increasing complexity of electronic information and communication technology, DIC Asset is exposed to various risks in this context such as a loss of the database or an extended failure of the systems used in the regions or at head office.

Although DIC Asset has taken precautions to manage its risks related to system and network disruptions, an extended outage in a data center utilized by DIC Asset's systems could lead to DIC Asset's operations being considerably disrupted.

**The internal organizational structures of the Issuer, particularly the risk management system, may not be able to timely identify the infringement of rights or pending financial losses.**

DIC Asset AG has a risk management system that aims to document, quantify and communicate relevant risks and their causes. This is to ensure that necessary countermeasures can be initiated in good time. Even though DIC Asset has a risk management system, the possibility that DIC Asset's management may not identify risks and undesirable developments in a timely manner or at all cannot be ruled out, however. This could result in seriously flawed business decisions, which in turn could have material adverse effects on the net assets, financial condition and results of operations of DIC Asset.

**DIC Asset is subject to certain risks arising from current or possible future legal disputes.**

DIC Asset is involved in various legal disputes relating to its business operations, in particular with tenants for the payment of outstanding rent. It is generally impossible to determine or predict the outcome of pending or threatened proceedings. If DIC Asset were to fail to prevail either wholly or partly in a material legal dispute currently pending or possible in the future, this could have material adverse effects on the net assets, financial condition and results of operations of DIC Asset.

### 1.3 Risks arising from the group structure

**Deutsche Immobilien Chancen AG & Co. KGaA along with its related companies can exercise material influence over the Issuer as a major shareholder of DIC Asset AG.**

Deutsche Immobilien Chancen AG & Co. KGaA, DIC Opportunity Fund GmbH, DIC Opportunistic GmbH and DIC Beteiligungsgesellschaft bürgerlichen Rechts (together the "**Deutsche Immobilien Chancen Group**") hold approximately 32.2% of the share capital of the Issuer. Depending on attendance at the Annual General Meeting, Deutsche Immobilien Chancen Group could therefore be in the position in the future, as well, to approve with its votes alone the Annual General Meeting resolutions of DIC Asset AG whose passing requires a simple majority of the votes cast. There is a risk that Deutsche Immobilien Chancen Group may assert its interests in opposition to the interests of other shareholders. Deutsche Immobilien Chancen Group also operates in the commercial real estate market and engages in a reciprocal exchange of services with DIC Asset. Therefore, the possibility that other shareholders may not be able to assert their interests despite their minority shareholder rights cannot be ruled out. In addition, due to the proportional composition of the voting rights of the Issuer's shareholders, the Issuer can only strengthen its equity base with the cooperation of Deutsche Immobilien Chancen Group.

**Deutsche Immobilien Chancen KGaA and DIC Asset both operate in the commercial real estate market. Conflicts of interest could arise for this reason and due to the close business relationships between these companies.**

In line with its business strategy, DIC Asset concentrates on investing in commercial real estate in Germany with a focus on office and retail real estate leased for the long term with a low vacancy rate and attractive tenants broadly diversified among various industries as well as leveraging large-block discounts in acquiring real estate portfolios in Germany it considers to be marketable. In contrast, Deutsche Immobilien Chancen KGaA manages investments via its subsidiaries with a heightened risk/reward profile and project developments. DIC Asset also invests in projects oper-

ated by Deutsche Immobilien Chancen KGaA through the co-investments. In determining the allocation of a planned investment to a company, difficulty in drawing boundaries may arise. Deutsche Immobilien Chancen KGaA could thus be in competition with DIC Asset when such an allocation is made.

**Overlaps in personnel between Deutsche Immobilien Chancen KGaA and DIC Asset AG could ultimately be to the detriment of the Issuer.**

The Chairman of the Issuer's Supervisory Board, Prof. Dr. Gerhard Schmidt, and the Deputy Chairman of the Issuer's Supervisory Board, Klaus-Jürgen Sontowski, also exercise these functions at Deutsche Immobilien Chancen KGaA and Deutsche Immobilien Chancen Beteiligungs AG. Prof. Dr. Gerhard Schmidt and Klaus-Jürgen Sontowski are also indirectly significant limited shareholders of Deutsche Immobilien Chancen KGaA. In addition, Prof. Dr. Gerhard Schmidt is the indirect majority shareholder of its sole general partner, DIC Beteiligungs AG. Mr. Ulrich Höller is a member of the Supervisory Board of the Issuer and of DIC Beteiligungs AG. Due to the various service relationships between the Issuer and companies of the Deutsche Immobilien Chancen Group, duplicate functions in the investment subsidiaries are also exercised by other employees of the Issuer who additionally work in the interest of the companies of Deutsche Immobilien Chancen KGaA based on these service contracts. These duplicate functions do not always allow work activities to be delineated clearly.

In individual cases, it cannot be ruled out that conflicts of interest could therefore occur when contracts and business relationships are entered into and formulated between the Issuer and Deutsche Immobilien Chancen KGaA and its subsidiaries, and could have adverse effects on the Issuer.

**Due to its relationships with Deutsche Immobilien Chancen KGaA, DIC Asset could be prevented from working or competing with partners or competitors of Deutsche Immobilien Chancen KGaA.**

DIC Asset could be prevented from entering into business relationships with competitors or partners of Deutsche Immobilien Chancen KGaA for strategic reasons. It is also possible that such competitors may decide a priori not to enter into business relationships with DIC Asset. Contractual obligations by Deutsche Immobilien Chancen KGaA could limit DIC Asset's opportunities to work or compete with partners or competitors of Deutsche Immobilien Chancen KGaA. This in turn could limit DIC Asset's business opportunities and therefore adversely affect the net assets, financial condition and results of operations of the Issuer. A negative public perception of Deutsche Immobilien Chancen KGaA that DIC Asset can only influence to a limited degree or not at all, or problems in connection with other companies of the Deutsche Immobilien Chancen Group, could have an adverse effect on the public perception of DIC Asset and therefore adversely affect the business activities of the Issuer.

## **2. RISKS RELATING TO THE NOTES**

An investment in the Notes involves certain risks associated with the characteristics, specification and type of the Notes which could lead to substantial losses that Holders would have to bear in the case of selling their Notes or with regard to receiving interest payments and repayment of principal. Risks regarding the Notes comprise, *inter alia*, the following risks:

**Notes may not be a suitable investment for all investors**

Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus;

- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

**In the event of the Issuer becoming insolvent, the total investment may be lost due to the Notes not having deposit protection.**

Repayment of the Notes is dependent on whether the Issuer is successful in generating sufficient liquidity (see also: *DIC Asset AG is a holding company and therefore is dependent on the income of its investment subsidiaries.*). There can be no guarantee for the economic aims and expectations of the Issuer being achieved. Corporate bonds, such as the Notes, are not subject to any legally stipulated deposit protection. Therefore, there is the risk of a partial or indeed total loss of the invested capital and interest. In the event of the Issuer becoming insolvent, the investors according to the applicable Insolvency Code, are equal to other senior creditors of the Issuer. Investors are not in a privileged position.

**Prior-ranking collateralization of other liabilities of DIC Asset, in particular, on the level of subsidiaries (structural subordination), may, in the case of the Issuer becoming insolvent, result in the total loss of the investment.**

The financing of the property portfolio of DIC Asset generally takes place on the property company level via bank loans. These borrowed funds are, in particular, secured by land charges in favor of the financing creditors (usually banks). Consequently, the property portfolio is only available to the owners of the Notes to a limited degree in particular, in the case of the Issuer becoming insolvent. In the case of the Issuer becoming insolvent, the creditors of the Issuer do not have direct access to the assets of the property companies. These assets are as a matter of priority available to the secured creditors for satisfaction and the creditors would be primarily limited to the assets held by the Issuer itself which could lead to a total loss of the invested capital.

**Liquidity Risk**

Application has been made for the Notes to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. However, there is a risk that no liquid secondary market for the Notes will develop or, if it does develop, that it will not continue. The fact that the Notes may be listed does not necessarily lead to greater liquidity as compared to unlisted notes. In an illiquid market, an investor is subject to the risk that he will not be able to sell his Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons.

**Risk of Early Redemption**

The Notes may be redeemed at the option of the Issuer (in whole, but not in part) at the principal amount of the Notes plus accrued interest to the date fixed for redemption, for reasons of taxation, as more fully described in the Terms and Conditions. The Notes may further be redeemed at the option of the Issuer (in whole or in part) within the period from and including July 11, 2020 until but excluding July 11, 2021 at 102 per cent of their principal amount and from and including July 11, 2021 to but excluding the maturity of the Notes at 101 per cent of their principal amount, as more fully described in the Terms and Conditions. In the event that the Issuer exercises one of

the options to redeem the Notes, the Holders might suffer a lower than expected yield and might not be able to reinvest the funds on the same terms.

### **Market Price Risk**

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates or the lack of or excess demand for the Notes. The Holders are therefore exposed to the risk of an unfavorable development of market prices of their Notes which materializes if the Holders sell the Notes prior to the final maturity. If a Holder decides to hold the Notes until final maturity, the Notes will be (subject to the risks set out in "*Risks relating to the Issuer*" above) redeemed at the amount set out in the Terms and Conditions.

### **The market value of the Notes could decrease if the creditworthiness of DIC Asset worsens**

If, for example, because of the materialization of any of the risks regarding the Issuer, the Issuer is less likely to be in a position to fully perform all obligations under the Notes when they fall due, the market value of the Notes will suffer. In addition, even if the Issuer is not actually less likely to be in a position to fully perform all obligations under the Notes when they fall due, market participants could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as DIC Asset could adversely change.

If any of these risks occurs, third parties would only be willing to purchase Notes for a lower price than before the materialization of the relevant risk. Under these circumstances, the market value of the Notes will decrease.

### **Currency Risk**

The Notes are denominated in Euro. If such currency represents a foreign currency to a Holder, such Holder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes. Changes in currency exchange rates result from various factors such as macro-economic factors, speculative transactions and interventions by central banks and governments.

In addition, government and monetary authorities may impose (as some have done in the past) currency exchange controls that could adversely affect an applicable currency exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

### **Fixed Rate Notes**

The Notes bear a fixed interest rate. A holder of fixed rate notes is particularly exposed to the risk that the price of such notes falls as a result of changes in market interest rates. While the nominal interest rate of a fixed rate note as specified in the Terms and Conditions is fixed during the term of the notes, the current interest rate on the capital market typically changes on a daily basis. As the market interest rate changes, the price of fixed rate notes also changes, but in the opposite direction. If the market interest rate increases, the price of fixed rate notes typically falls, until the yield of such notes is approximately equal to the market interest rate of comparable issues. If the market interest rate falls, the price of fixed rate notes typically increases, until the yield of such notes is approximately equal to the market interest rate of comparable issues. If a Holder of the Notes holds his Notes until maturity, changes in the market interest rate are without relevance to such Holder as the Notes will, according to the Terms and Conditions, be redeemed at their principal amount.

**Since no Holders' Representative will be appointed initially, it may be difficult for Holders to take collective action with respect to the Notes.**

No initial representative for the Holders ("**Holders' Representative**") will be appointed under the Terms and Conditions and as a consequence it will become more difficult for Holders to take collective action with respect to the Notes. Any appointment of a Holders' Representative of the Notes post-issuance of the Notes will, therefore, require a majority resolution of the Holders. If a Holders' Representative has been appointed by majority resolution of the Holders, it is possible that a Holder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions against the Issuer, if such right was passed to the Holders' Representative by a majority vote. In such case, the Holders' Representative becomes exclusively responsible to claim and enforce the rights of all of the Holders.

**Risks in connection with the application of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen, SchVG*)**

A Holder is subject to the risk to be outvoted and to lose rights towards the Issuer against his will in the case that Holders agree pursuant to the Terms and Conditions to amendments of the Terms and Conditions by majority vote according to the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen, SchVG*). In the case of an appointment of a joint representative (*gemeinsamer Vertreter*) for all Holders a particular Holder may lose, in whole or in part, the possibility to enforce and claim his rights against the Issuer regardless of other Holders.

**No restriction on the amount of debt which the Issuer may incur in the future**

There is no restriction on the amount of debt which the Issuer may issue which ranks equal to the obligations under or in connection with the Notes. Such issuance of further debt may reduce the amount recoverable by the Holders upon winding-up or insolvency of the Issuer or may increase the likelihood that the Issuer may defer payments of interest under the Notes.

**Negative pledge and borrowings not classified as capital market indebtedness**

Any borrowings that do not meet the definition of capital market indebtedness (including but not limited to bank loans) are excluded from the negative pledge contained in Clause 2(2) of the Terms and Conditions. Therefore, in any of these cases the Issuer is under no obligation to grant the Holders an equal and ratable security. Such transactions may reduce the amount recoverable by the Holders upon winding-up or insolvency of the Issuer.

**Cross default limited to capital market indebtedness**

The cross default provision contained in Clause 9(1)g) of the Terms and Conditions relates only to defaults on borrowings that fall within the definition of capital market indebtedness. Borrowings that fall outside that definition (including but not limited to bank loans) are excluded from the cross default provision. Therefore, creditors of other borrowings may be able to demand immediate repayment of their indebtedness if the Issuer is in default with regard to those other borrowings, whereas such right may not be available to the Holders. This may reduce the amount recoverable by the Holders upon winding-up or insolvency of the Issuer.

**The Notes are not rated. Moreover, the Issuer is currently not rated. Ratings, which have not been commissioned by the Issuer, may be published.**

Neither the Notes nor the Issuer are rated. There is nonetheless the risk that a rating agency which has not been commissioned with a rating by the Issuer produces a rating of the Notes or the Issuer and publishes this without the consent of the company or the Issuer itself initiating such a rating. This rating would however not explicitly address the capacity of the Issuer to comply with the obligations of the terms and conditions as well as the credit risks when determining the probability of the payments on the Notes being made when due. This rating may also not take into ac-

count all potential effects of all risks in relation to the structure, market, additional risk factors described above or other factors which could have an influence on the value of the Notes.

A credit rating is not a recommendation to buy, sell or hold Notes and may be reviewed, suspended or withdrawn by the respective rating agency at any time. There is no guarantee that a rating by a rating agency remains the same that it does not deteriorate or is completely withdrawn for a certain period of time, should this be necessary according to the rating agency. Suspension, deterioration or withdrawal of a rating of the Notes by a rating agency could have a considerably disadvantageous effect on the price and trading of the Notes as well as the costs and conditions for financing DIC Asset.

**Because the Global Notes are held by Clearstream Banking AG ("Clearstream"), investors will have to rely on their procedures for transfer, payment and communication with the Issuer**

The Notes will be represented by one or more global notes (the "**Global Note**"). Such Global Notes will be deposited with Clearstream. Investors will not be entitled to receive definitive Notes. Clearstream will maintain records of the co-ownership interests in the Global Notes. Investors will be able to transfer the interests only through Clearstream and the Issuer will discharge its payment obligations under the Notes by making payments to Clearstream or to its order for distribution to their account holders. A holder of an interest in a Global Note must rely on the procedures of Clearstream and its depositary bank to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of interests in the Global Notes.

**The Financial Transactions Tax could apply the certain dealings in the Notes.**

On 14 February 2013, the European Commission published a proposal for a directive for a common financial transactions tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). The FTT as proposed by the European Commission could, if introduced, apply to certain dealings in the Notes in certain circumstances, in particular where at least one party is a financial institution. The FTT, if introduced, could apply to persons both within and outside of the participating Member States. Estonia stated that it will not participate. As a result, Holders may be burdened with additional costs for the execution of transactions with the Notes. Prospective investors should refer with respect to the FTT to the section "*Taxation - The proposed financial transactions tax (FTT)*".

**The Holders have no voting rights in shareholders' meetings.**

The Notes are non-voting Notes with respect to general shareholders' meetings of the Issuer. Consequently, the Holders cannot influence any decisions by the Issuer to defer interest payments or to optionally settle such arrears of interest or any other decisions by the Issuer's shareholders meeting concerning the capital structure or any other matters relating to the Issuer.

**The income from the Notes may be reduced by taxes.**

Potential investors should be aware that they may be required to pay taxes or other charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors should not rely on the tax discussions contained in this Prospectus, but ask for their own tax advisor's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the relevant investor. In addition, potential investors should be aware that tax laws and regulations as well as the interpretation and application thereof by the fiscal courts and the fiscal authorities may change, possibly with retroactive effect, which may result in a higher tax or administrative burden in connection with the taxation and withholding of income from the Notes.



#### **IV. Important Information**

##### **1. RESPONSIBILITY STATEMENT**

DIC Asset AG, Frankfurt am Main ("**DIC Asset AG**" or the "**Issuer**" and together with its consolidated subsidiaries and associated companies accounted for using the equity method, "**DIC Asset**") accepts sole responsibility for the information contained in this Prospectus and hereby declares, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect its import.

##### **2. NOTICE**

No person is or has been authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by or on behalf of the Issuer or the Joint Lead Managers (as defined in "*Subscription, Sale and Offer of the Notes*"). Neither the delivery of this Prospectus nor any offering, sale or delivery of any Notes made hereunder shall, under any circumstances, create any implication that (i) the information in this Prospectus is correct as of any time subsequent to the date hereof or, as the case may be, subsequent to the date on which this Prospectus has been most recently amended, or supplemented, or (ii) there has been no adverse change in the financial situation of the Issuer which is material in the context of the issue and sale of the Notes since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently supplemented, or the balance sheet date of the most recent financial statements which are incorporated by reference into this Prospectus or (iii) any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus contains certain forward-looking statements, including statements using the words "believes", "anticipates" "intends", "expects" or other similar terms. This applies in particular to statements in the section entitled "General Information about the Issuer" and statements elsewhere in this Prospectus relating to, among other things, the future financial performance, plans and expectations regarding developments in the business of the Issuer. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause the actual results, including the financial position and profitability of the Issuer, to be materially different from or worse than those expressed or implied by these forward-looking statements. The Issuer does not assume any obligation, except as required by law, to update any forward-looking statements or to adapt them to future events or developments.

In this Prospectus, unless otherwise specified, all references to the "market value" of a portfolio or of properties held by DIC Asset are to the market value as at December 31, 2016 with later acquisitions considered at cost.

This Prospectus should be read in connection with any supplement hereto and with any documents incorporated by reference herein.

Neither the Joint Lead Managers nor any other person mentioned in this Prospectus, except for the Issuer, is responsible for the information contained in this Prospectus or any other document incorporated by reference herein, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

Each investor contemplating purchasing the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer.

This Prospectus does not constitute an offer of the Notes or an invitation by or on behalf of the Issuer or the Joint Lead Managers to any person to subscribe for or to purchase the Notes. Neither

this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer or the Joint Lead Managers to a recipient hereof or thereof that such recipient should subscribe for or purchase any Notes.

This Prospectus does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation.

For a further description of certain restrictions on offerings and sales of the Notes and distribution of this Prospectus (or of any part thereof) see the section entitled "*Subscription, Sale and Offer of the Notes – Selling Restrictions*".

The legally binding language of this Prospectus is English. Any part of this Prospectus written in the German language constitutes a translation, except for the terms and conditions of the Notes in respect of which German is the legally binding language.

In this Prospectus, unless otherwise specified, all references to "**€**", "**EUR**" or "**Euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of May 3, 1998 on the introduction of the Euro, as amended.

IN CONNECTION WITH THE ISSUE OF THE NOTES, CITIGROUP GLOBAL MARKETS LIMITED (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILIZATION MAY NOT NECESSARILY OCCUR. THERE IS NO ASSURANCE THAT CITIGROUP GLOBAL MARKETS LIMITED (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN AT ANY TIME AFTER THE ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES AND, IF BEGUN, MAY CEASE AT ANYTIME AND MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE OF THE RECEIPT OF THE PROCEEDS OF THE ISSUE BY THE ISSUER AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. SUCH STABILIZING SHALL BE IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

## **V. GENERAL INFORMATION ABOUT THE ISSUER**

### **1. FORMATION, COMPANY NAME AND HISTORY OF THE ISSUER**

The Issuer was incorporated in Germany in the legal form of a German stock corporation (*Aktiengesellschaft*) as a so-called "shelf company" on September 29, 1998 upon adoption of its Articles of Association and operates under German law. The Issuer was founded by BBMS Beteiligungs- und Verwaltungs GmbH, Munich, whose company object was the holding, management and sale of interests in companies, provided no official permission or admission is required to this end. The Issuer initially had its registered office in Munich, and was registered in the commercial register of the Local Court (*Amtsgericht*) of Munich on October 13, 1998 under HRB 122409 and the name "AB 9894 Vermögensverwaltungs-Aktiengesellschaft". The Issuer's Annual General Meeting on June 29, 2001 resolved, *inter alia*, to relocate the Issuer's registered office from Munich to Erlangen. This resolution was recorded in the commercial register of the Local Court of Fürth (Bavaria) on September 28, 2001, where it was subsequently listed under HRB 8614.

Deutsche Immobilien Chancen KGaA purchased all the shares in the shelf company at the beginning of 2002. In March 2002, Deutsche Immobilien Chancen KGaA transferred operational investment subsidiaries to the Issuer for the first time. Since this time, the Issuer has been investing in commercial real estate via property companies acquired or formed for this purpose.

Effective January 1, 2002, the Issuer acquired, pursuant to a merger by absorption, DIC Beteiligungs- und Immobilien AG (formerly DBI Dortmunder Beteiligungs- und Immobilien Aktiengesellschaft) Frankfurt am Main, which had previously been traded in the Open Market (*Freiverkehr*) on the Munich and Stuttgart Stock Exchanges. At the time of the merger, DIC Beteiligungs- und Immobilien AG no longer had any business operations of its own, but did have large cash holdings. After the entry into effect of the merger with DIC Beteiligungs- und Immobilien AG in March 2003, the Issuer's shares were also in free float along with the majority holding at the time of Deutsche Immobilien Chancen KGaA, and were traded in the Open Market (*Freiverkehr*) in Munich and Stuttgart.

The Issuer's name was changed to the current "DIC Asset AG" by way of resolution by the Annual General Meeting on February 18, 2002, which was recorded in the Issuer's commercial register on March 26, 2002. Since then, the Issuer has been doing business under its commercial name, "DIC Asset".

### **2. REGISTERED OFFICE, FISCAL YEAR AND TERM OF THE ISSUER**

The Issuer's registered office is Frankfurt am Main. The Issuer's business address is Neue Mainzer Straße 20 • Maintor, 60311 Frankfurt am Main. The Issuer's telephone number is + 49 69 9 45 48 58-1240; the fax number is +49 69 9 45 48 58-93 99. The Issuer is registered at the commercial register of the local court of Frankfurt under HRB 57679.

As a stock corporation incorporated in accordance with German law, DIC Asset AG is subject to the laws of the Federal Republic of Germany.

The fiscal year of DIC Asset AG is the calendar year. The Issuer has been incorporated for an indefinite term. The Issuer may be dissolved by way of resolution adopted at the annual general meeting.

### **3. ISSUER OBJECT**

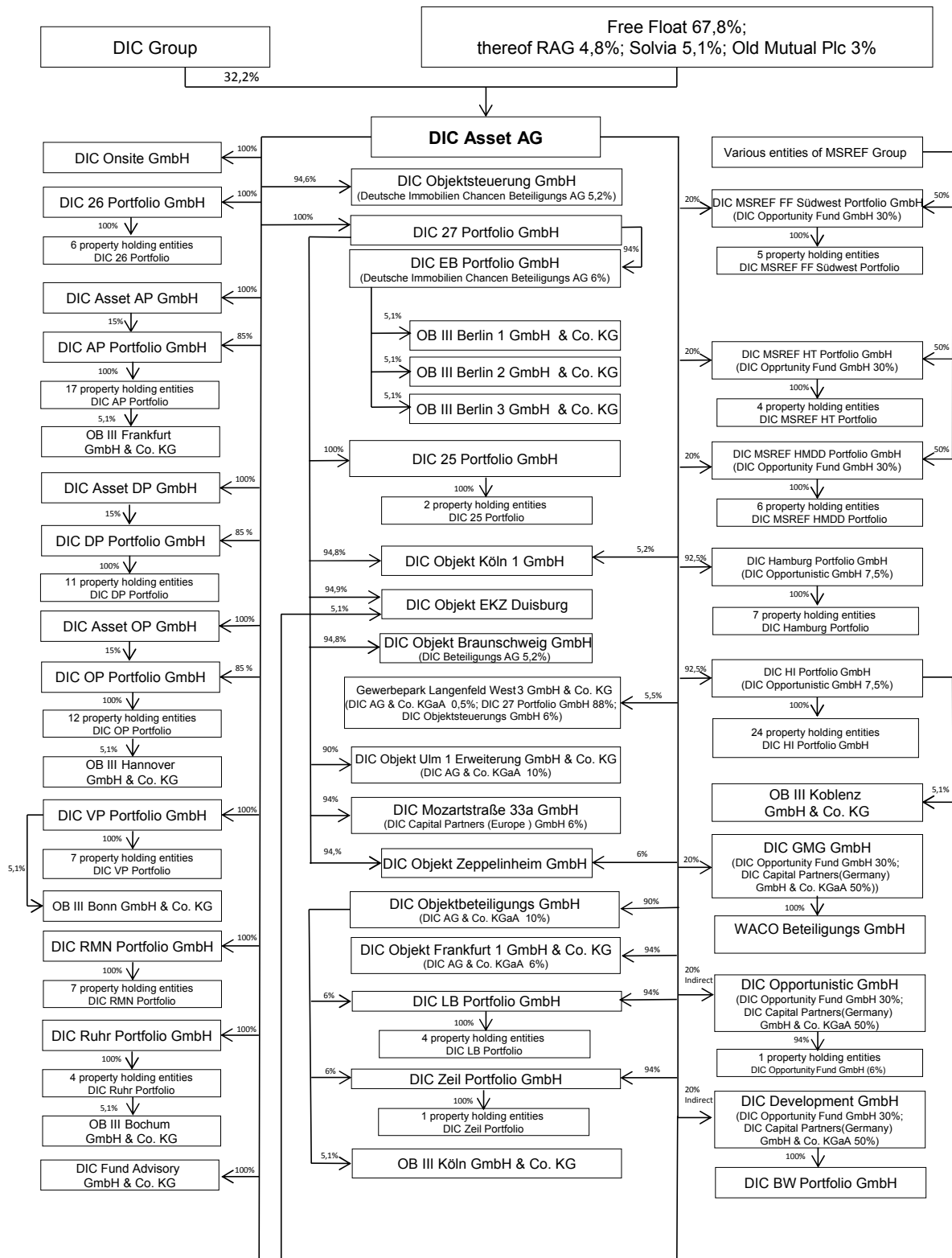
Pursuant to § 2 of the Issuer's Articles of Association, the company object is the construction, project development, acquisition, management and sale of real estate and lease thereof. The Issuer may form or take over companies of the same or a different kind or hold interests therein, and assume the management and hence personal liability for other enterprises. The Issuer may establish branch offices and permanent establishments, domestically and abroad. The Issuer may perform any and all transactions and take any and all measures associated with the company object and that are directly or indirectly suitable for promoting the company object.

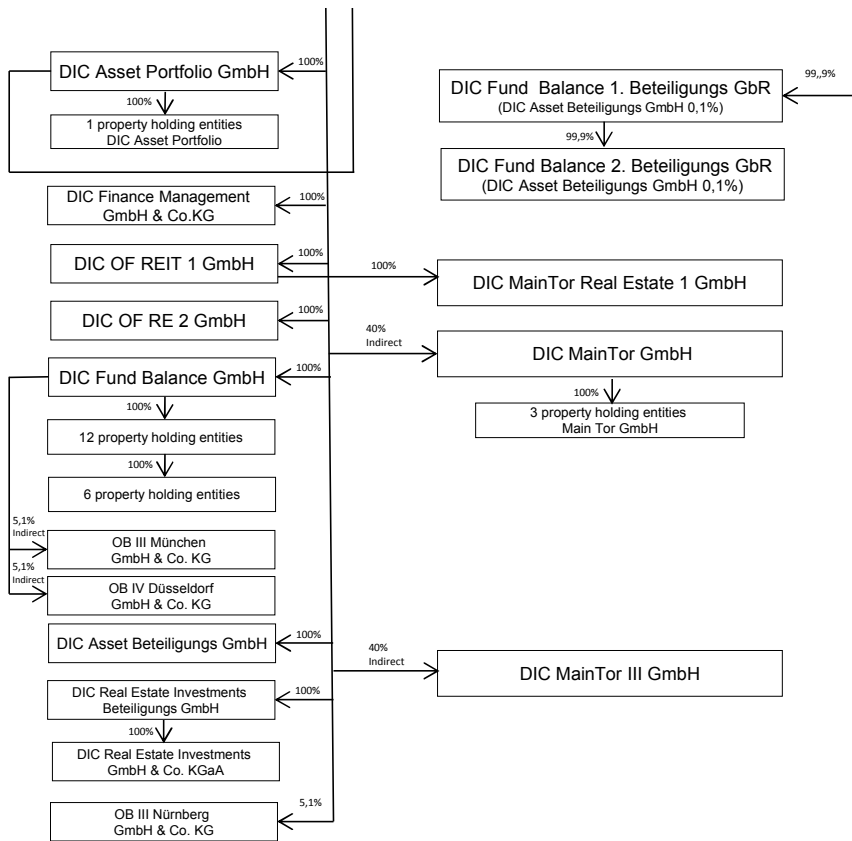
#### **4. STRUCTURE (SCOPE OF CONSOLIDATION) AND EQUITY INTERESTS OF DIC ASSET**

##### 4.1 Structure (scope of consolidation)

The Issuer is a holding company and manages as the parent company, DIC Asset AG the DIC Asset group. Therefore, its earnings situation is materially influenced by the interest and participation income of its subsidiaries. Apart from the Issuer, two subsidiaries – DIC Onsite GmbH and DIC Fund Balance GmbH – perform operating tasks: DIC Onsite GmbH organizes real estate management with six regional branch offices, and DIC Fund Balance GmbH is responsible for the funds segment. In close coordination with the Issuer's Management Board, the respective persons responsible in the group companies and subsidiaries ensure that the group's objectives are implemented in their relevant market environment and adapted to any specific features of the submarkets for which they are responsible. In total, the Issuer holds indirect and direct equity interests in 160 fully consolidated entities as well as in 42 companies of 5% to 40% as of March, 31 2017. In most cases, these are companies that hold property. These property companies are largely consolidated and managed via intermediate holding companies.

The following diagram provides a general overview of DIC Asset's group structure as of March 31, 2017.





#### 4.2 Selected equity interest

DIC Asset AG currently holds a 25.95 per cent equity interest in WCM Beteiligungs- und Grundbesitz-AG ("**WCM**") which has been acquired by DIC Asset in several transactions. DIC Asset AG has announced on May 10, 2017 that it supports the public takeover offer submitted by TLG Immobilien AG ("**TLG**") by way of an exchange for the shares of WCM. On the basis of a tender agreement with TLG, the Management Board of DIC Asset AG has resolved, with the consent of its Supervisory Board, to irrevocably tender the WCM shares held by DIC Asset AG in the takeover offer to WCM shareholders.

## 5. AUDITOR

The Issuer's auditor is Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Äußere Sulzbacher Straße 100, 90491 Nuremberg. The auditor audited the consolidated financial statements of DIC Asset AG as of December 31, 2015, and December 31, 2016, which were prepared in accordance with IFRS as applicable in the EU and the additional commercial law provisions applicable pursuant to § 315a (1) German Commercial Code (*Handelsgesetzbuch, HGB*). The financial statements were issued with the unqualified auditor's reports. Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), a corporation under public law, Berlin.

## 6. MARKETS

The Issuer has operations in the German market for commercial real estate, which is driven by the macroeconomic development as well as market-specific parameters.

### 6.1 Macroeconomic development and development in the German commercial real estate market

Factoring in calendar and seasonal adjustment, Germany's gross domestic product grew by 0.6% on the first quarter of 2017 (source: German Federal Statistical Office, Press Release Dated May 23, 2017) with the unemployment rate declining to 5.8% as of April 30, 2017 (source: German Federal Employment Agency, Press Release Dated May 3, 2017).

According to the Issuer, when compared to other European countries, the German market for commercial real estate is highly varied and regionally diversified and has many market participants of different sizes. The major economic centers of Berlin, Cologne, Düsseldorf, Frankfurt am Main, Hamburg, Munich and Stuttgart have large amounts of office space, busy transaction activities and liquid trading, more intense competition, and therefore greater movement in prices and rentals, but they frequently also experience higher vacancy rates. In addition, there is a large number of medium-sized towns and cities that act as the centers of economically important regions. There is less competition in these regions, and transaction activities are less extensive. At the same time, prices and rentals for office and commercial real estate are more stable in these regions than in the major economic centers, and vacancy rates are usually lower.

As of the end of the first quarter of 2017, the cumulative vacancy level in the seven German urban centers fell to 5.3% (source: Jones LangLaSalle, Office Market Overview Q1 2017). At the same time the transaction volume (lease and sale) for commercial real estate increased by 7% from the first quarter of 2016 to 1 million m<sup>2</sup> in the first quarter of 2017 (source: Jones LangLaSalle, Office Market Overview Q1 2017).

### 6.2 Competitors

The intensity of competition for leases varies according to the location of the property; it is especially fierce in the major economic centers. In the Issuer's opinion, the factors critical to the tenant are the rent level and the overall package on offer. The Issuer believes that the local presence of DIC Asset gives it an advantage in terms of customer loyalty, response times, and proximity to the market, especially when compared to investors located farther away.

For real estate transactions, DIC Asset's competitors include local, national, and international companies. The intensity of the competition depends, among other things, on economic factors, the situation in the sector, and the availability of equity and borrowed capital. In the Issuer's opinion, the regional presence and detailed market knowledge are an advantage, especially in comparison to international competitors. Prospective buyers interested in individual properties and portfolios with a medium investment volume are mainly private investors, locally operating real estate companies, other real estate investors with a regional focus, and international financial investors in real estate. Competitors for large portfolios include primarily international financial investors, listed real estate companies, and other German institutional investors. The intensity and professionalism

of the competition are often greater for large portfolio transactions, which are usually carried out by auction, than for individual properties and smaller portfolios.

When selling real estate, DIC Asset competes with market participants that offer real estate properties in a similar income and risk category, of similar quality, and with comparable yields. Because of regional market knowledge and an established network in the investment market, the Issuer believes that it can identify and target suitable buyers, allowing it to place selected properties favorably.

DIC Asset's funds for institutional investors compete with the funds of other providers offering similar long-term investment options, particularly when it comes to funds governed by German law.

## **7. BUSINESS**

### 7.1 Overview

DIC Asset manages a real estate portfolio with a market value of around EUR 3.6 billion as of March 31, 2017, of which DIC Asset holds around EUR 2.1 billion pro rata. DIC Asset is a large German listed holder of commercial real estate with a focus on office and retail real estate. DIC Asset holds all its properties through portfolio and property companies. It invests in real estate and manages and optimizes its portfolio through its in-house asset and property management (operated by its subsidiary DIC Onsite GmbH ("**DIC Onsite**")). Further, DIC Asset selectively sells properties in order to optimize and diversify its portfolio or to realize successfully enhanced property values. Through DIC Fund Balance GmbH, DIC Asset plans and structures funds and investment structures for institutional investors (primarily foundations, pension funds, insurance companies, and private asset managers).

DIC Asset's real estate portfolio ("**Real Estate Portfolio**") is divided into two business segments, the Commercial Portfolio and the Co-Investments segment, which differ particularly with regard to the level of interest held by DIC Asset. The Commercial Portfolio comprises of directly held portfolio properties, generally with long-term leases and attractive rental yields, which are majority-owned by DIC Asset. The Co-Investments segment comprises significant interests, up to 40%, in complementary real estate segments (funds, project developments and additional joint venture portfolios). The corporate strategy of DIC Asset is continuing to shift towards an active management of the directly held Commercial Portfolio as well as the rapidly growing fund business.

DIC Asset's Real Estate Portfolio benefits from its regional diversification and diverse tenant structure. It mainly includes real estate both in major German office locations and centers (Berlin, Cologne, Düsseldorf, Frankfurt am Main, Hamburg, and Munich) and in economically powerful medium-sized regional centers such as Braunschweig or Mannheim. DIC Asset manages its activities through its network of six own regional branches located in the portfolio hubs of Hamburg, Berlin, Düsseldorf, Mannheim, Munich, and Frankfurt am Main. DIC Asset believes that the resulting proximity to tenants and regional markets gives DIC Asset a significant advantage in terms of location and know-how over national and international competitors located elsewhere.

The market value of DIC Asset's Real Estate Portfolio, including all properties held pro rata through fully consolidated or non-consolidated investment and property companies, amounted to EUR 2.1 billion as of March 31, 2017 with rental space of approximately 1.1 million m<sup>2</sup> distributed among 198 properties. As of March 31, 2017, the average lease term of the Real Estate Portfolio was 4.3 years and the gross rental yield stood at 6.5%.

DIC Asset generated gross rental income of EUR 111.2 million in fiscal year 2016 and EUR 30.5 million in the three-month period ended March 31, 2017. In fiscal year 2016, DIC Asset's operating income before depreciation, tax and profits from sales and development projects (*funds from operations* – "**FFO**") amounted to EUR 47 million and its consolidated unadjusted net profit was EUR -29.4 million; the figures for the three-month period ended March 31, 2017 were EUR 15.8 million and EUR 7.6 million, respectively. The effect from refinancing existing loans in



the Commercial Portfolio in December 2016 had a non-recurring effect of EUR -56.3 million on the profit of DIC Asset. Without the non-recurring effects of the early refinancing, adjusted profits are EUR 26.9 million for the fiscal year 2016. The FFO for the three-month period ended March 31, 2016 has been higher primarily due to income from setup fees for the start of operation of the special fund "DIC Office Balance III.

Since May 2006, the Issuer's shares have been admitted to the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange and the regulated market sub-segment with additional post-admission listing obligations (Prime Standard) of the Frankfurt Stock Exchange; the shares are included in the SDAX, EPRA, and DIMAX stock indices.

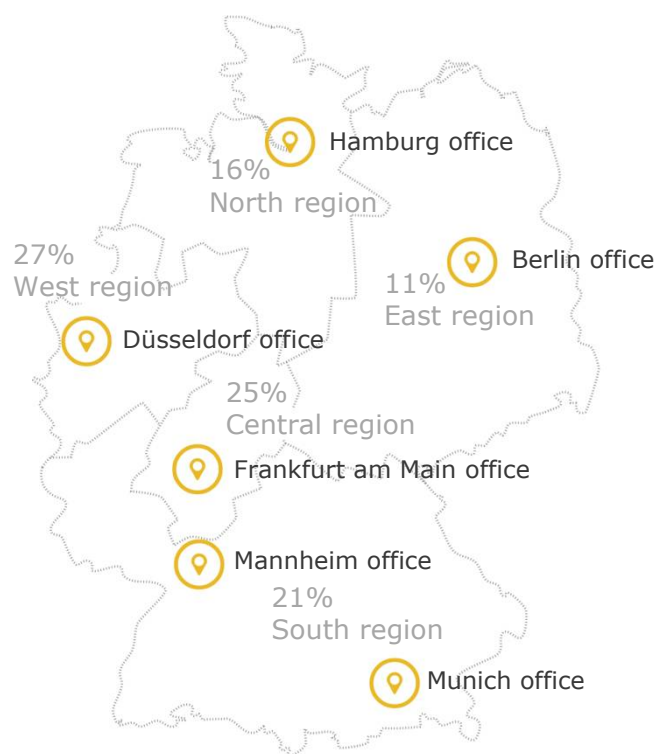
## 7.2 Business segments

### **Commercial Portfolio**

The Commercial Portfolio comprises portfolio properties, generally with long-term leases and attractive rental yields, which are owned by DIC Asset and regarded as high-yielding rental assets. They are generally intended to be held and managed in the Commercial Portfolio of DIC Asset for the longer term. With regard to systematic portfolio optimization, sales at the right time may in some cases be in line with the strategic objective. The properties are leased under long-term leases and primarily to attractive tenants from broadly diverse sectors. DIC Asset generates continuous rental income from the Commercial Portfolio. As of March 31, 2017, the Commercial Portfolio consisted of 141 real estate properties with a market value of around EUR 1.9 billion and rental space of 1,019,000 m<sup>2</sup>. The pro rata rental space in the Commercial Portfolio accounted for 95% of the rental space in the total portfolio of DIC Asset as of March 31, 2017. In fiscal year 2016, the properties in the Commercial Portfolio generated annualized rental income of EUR 104.5 million and a gross rental yield of 6.5%. In the three-month period ended March 31, 2017, annualized rental income amounted to EUR 104.1 million in the Commercial Portfolio, corresponding to a gross rental yield of 6.5%.

In the light of the low-interest environment the Issuer substantially strengthened the financial position of its Commercial Portfolio by refinancing the portfolio ahead of schedule in December 2016. The Issuer entered into a loan agreement in the amount of EUR 960 million, underwritten by Deutsche Hypothekbank as lead manager as well as Berlin Hyp AG, HSH Nordbank, Helaba and pbb Deutsche Pfandbriefbank in December 2016 ("**Syndicated Loan**"). The Syndicated Loan places the previous financing arrangements for the Commercial Portfolio with favorable terms, such as a decrease in interest rates for bank loans in the Commercial Portfolio by 170 basis points to around 1.7 % compared to the previous terms and a duration of seven years. The refinancing will - despite of a non-recurring expenses for prepayment penalties - lead to long-term savings on interests and unlock a high degree of flexibility for the future optimization of the portfolio. Interest expenses decreased as of March 31, 2017 by EUR 4.3 million to EUR -10.2 million (EUR -14.5 million as of March 31, 2016). The annual amortization rate falls from 3% to approximately 1%.

The diagram below shows the Commercial Portfolio by regions by market value assets under management as of March 31, 2017:



## Co-Investments

The Co-Investments segment is comprised of significant interests of up to 40% in the areas of (i) special funds, (ii) project development and (iii) other joint venture portfolios. With completion of the major project developments in sight and joint ventures being gradually reduced through sales, the focus of DIC Asset in the Co-Investment segment lies in the rapidly growing fund business.

As of March 31, 2017, the Co-Investments segment comprised 57 real estate properties (largely held in funds) and the market value attributable to DIC Asset was around EUR 208.9 million. The rental space of Co-Investments accounted for 53,900 m<sup>2</sup> space as of March 31, 2017. In the first three months 2017, the real estate properties (excluding project developments) generated annualized rental income of EUR 7.7 million and a gross rental yield of 6.5% and a vacancy rate of 3.5%.

## Funds

Since 2010, DIC Asset has been involved in the area of funds in the Co-Investments segment by applying its real estate and investment expertise as a co-investor and service provider. Through DIC Fund Balance GmbH, DIC Asset plans and structures funds and investment structures for institutional investors (primarily foundations, pension funds, insurance companies, and private asset managers). DIC Asset is focusing on expanding its fund business in order to enhance and diversify its sources of income by generating recurring and increasing asset and property management and investment income from the fund business. Due to acquisition activities the total volume of the funds has steadily increased since 2010 and rose from EUR 200 million in 2010 to around EUR 1.2 billion at the end of the fiscal year 2016 and 1.3 billion as of March, 31 2017.

As of December 31, 2016, DIC Asset participates in the funds as co-investor with a 4.6 to 10% interest. The funds are offered under the German Investment Code (*Kapitalanlagegesetzbuch – KAGB*) and managed by IntReal International Real Estate Kapitalverwaltungsgesellschaft mbH as asset management company (*Kapitalverwaltungsgesellschaft*), a service asset management company focusing on the issuance and administration of property funds for third parties. DIC Asset has

entered into agreements for the management of the affairs of others (*Geschäftsbesorgungsvertrag*) with IntReal and according to such agreements carries out the purchase process, arranges the financial and legal structure, and performs the property management and the sale process of the properties held by the relevant funds.

The special funds (*Spezialfonds*) invest in top-quality real estate in metropolitan regions and in medium-sized and large regional centers in Germany. The FFO contribution (contribution to the funds from operations, i.e., the contribution to the operating profit before depreciation, tax and profits from sales and development projects) from the fund business amounted to around EUR 21.2 million in fiscal year 2016, almost tripling the amount in the financial year 2015 (EUR 8.3 million) due to income from setup fees for the start of operation of the special fund "DIC Office Balance III" in the first three months of 2016. In the three-month period ended March 31, 2017, the FFO contribution from the funds business amounted to around EUR 3.9 million of which around EUR 0.5 million was attributable to income from its investments and around EUR 3.4 million to management fees.

The five existing special funds (*Spezialfonds*) DIC Asset AG participates in, "DIC Office Balance I", "DIC Office Balance II", "DIC Office Balance III", "DIC Office Balance IV" and "DIC HighStreet Balance," held assets under management worth around EUR 1.3 billion in the Co-Investments portfolio as of March 31, 2017. The latest special fund for office properties, "DIC Office Balance IV", has been launched by DIC Asset end of March 2017 with further acquisition's in the planning stage. Additional funds are in preparation.

The investment focus of "DIC Office Balance I", "DIC Office Balance II" and "DIC Office Balance III" is on office properties in German cities and regional economic centers. With "DIC Office Balance III" being fully placed as of March, 31 2017 with an acquisition of a last office property in Frankfurt for around EUR 19 million, "DIC Office Balance I" and "DIC Office Balance III" have been fully placed. The target volume of "DIC Office Balance IV" is EUR 300 - 350 million with DIC Asset participating as a co-investor with a target interest of around 5%.

The "DIC HighStreet Balance" retail fund invests in retail properties in prime inner city locations and pedestrian zones of medium-sized and large regional centers with high purchasing power in Germany.

Start-up portfolios have been created for additional new special funds by purchasing suitable properties at an early stage. DIC Asset temporarily account the acquired properties on its balance sheet by way of "warehousing".

Since the launch of the "DIC Balance IV" two office assets with a value of approximately EUR 100 million have been transferred (as of end of May 2017).

### ***Project Developments***

DIC Asset AG has invested in project developments in the past as a co-investor. Due to a strategy shift towards the Commercial Portfolio and funds business, the only currently ongoing project development, in which DIC Asset has an interest of 40% is the "MainTor" development in Frankfurt am Main involving six separate sub-projects with planned rental space of around 90,000 m<sup>2</sup> and a planned project volume of around EUR 800 million. All six construction phases of the "MainTor" project have been sold and marketed to investors prior to completion. Five of the six construction phases have been completed as of December 31, 2016 and transferred to their final investors. The shell construction of the final WINX Tower construction phase was completed at the turn of the year 2016 to 2017, with the entire MainTor district expected to become operational by 2018.

To further reduce project development risks, DIC Asset AG will finalize outstanding project developments and focus more intensively on repositioning within its Commercial Portfolio.

## Other Joint Venture Portfolios

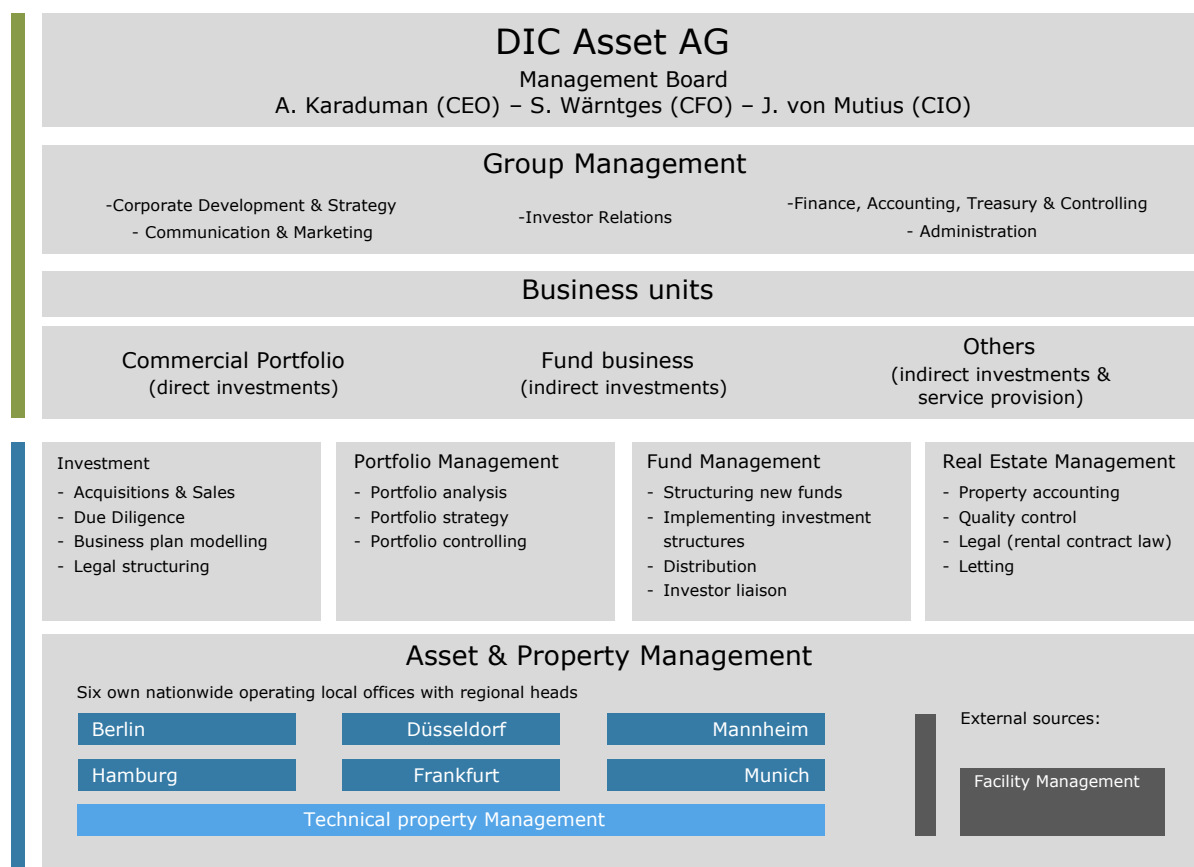
DIC Asset is involved in certain real estate portfolios and properties as part of joint ventures with Morgan Stanley Real Estate Funds as a financing partner. DIC Asset has sold nine properties from its Co-Investment segment with a combined volume of EUR 93 million in 2016 and continuous to significantly reduce the scope of its joint venture investments with an envisaged withdrawal of all joint venture activities in 2018.

## 8. OPERATING AREAS

### 8.1 Overview

The Issuer centrally pools all management functions for DIC Asset, including in particular the definition of the corporate strategy, communication with investors and reporting, corporate and real estate financing, risk management, and real estate management. All key decision, control, and core competencies for the entire value chain process are available within DIC Asset. DIC Asset has five divisions: Group Management, Investment, Portfolio Management, Fund Management and Real Estate Management.

The diagram below shows the organizational structure:



### 8.2 Real Estate Management division

DIC Onsite has operational responsibility for the Real Estate Management division. In this division, the Real Estate Portfolio of DIC Asset is managed and optimized by DIC Onsite, which has approximately 110 employees in six branches at the main locations of the Real Estate Portfolio (Frankfurt am Main, Mannheim, Düsseldorf, Hamburg, Berlin, and Munich) and manages a portfolio of 198 properties throughout Germany with around 1.1 million m<sup>2</sup> of rental space for DIC Asset. The focus is on intensive, proactive tenant support, maintenance, and tasks relating to the property man-

agement of the Real Estate Portfolio. In addition, DIC Onsite carries out minor repairs and refurbishments of properties. The Issuer believes that DIC Onsite's proactive real estate management contributes to enhancing the rental income quality and to stabilizing the cash flows of DIC Asset.

### 8.3 Investment division

In consultation with Group Management, the Investment division is responsible for identifying and assessing investment and divestment opportunities for all business units (Commercial Portfolio, Funds and Others as part of the Co-Investment segment) and for preparing the corresponding transactions.

Decisions on investment projects that exceed the relevant thresholds are taken jointly by the Management Board, an investment committee, and the Issuer's Supervisory Board. For the preparation of the respective decision, the Investment division has the following areas of operation: acquisitions and sales, due diligence (location and property checks), development of business plans, and legal structuring.

### 8.4 Portfolio Management

The Portfolio Management division performs in-house active portfolio management as a key component of DIC Asset's corporate development strategy. The division constantly monitors and analyses the risks associated with the sale or purchase of real estate and, where required, recognizes provisions. This includes the constant examination and development of options for expanding DIC Asset's real estate portfolio as well as extensive due diligence in conjunction with external experts prior to the acquisitions of new properties. The division prepares risk-oriented business plans, which are continually adjusted to cost and income trends.

### 8.5 Fund Management

In the light of the expansion of the fund business, capacities have been increased in the Fund Management division. The division designs funds and investment structures for institutional investors. This includes asset sourcing and financial structuring of the funds. Subsequent to the constructing of a new fund the Fund Management division is involved in the successful launch and distribution of the new fund.

### 8.6 Group Management division

The Group Management division has overall responsibility for key management functions at DIC Asset. These include corporate strategy, communication with investors and reporting, corporate and real estate financing, and central administrative tasks. The division bases the development of the corporate strategy firstly on the analyses of investment and divestment opportunities prepared by the Investment division, and secondly on strategies relating to the existing portfolio developed by the Real Estate Management division.

## 9. REAL ESTATE PORTFOLIO OF DIC ASSET AS OF MARCH 31, 2017

As of March 31, 2017, DIC Asset's Real Estate Portfolio comprised a total of 198 properties.

### 9.1 Overview of the Real Estate Portfolio

The table below gives an overview of the Real Estate Portfolio of DIC Asset in relation to the two segments, Commercial Portfolio and Co-Investments, as of March 31, 2017:

<b>Portfolio overview <sup>(1)</sup></b>	<b>Total as of March 31, 2017</b>	<b>Commercial Portfolio as of March 31, 2017</b>	<b>Co-Investments as of March 31, 2017 (pro rata)</b>
Number of properties	198	141	57
Market value in EUR million <sup>(2)</sup>	2,114.2	1,905.3	208.9
Rental space in m <sup>2</sup>	1,072,900	1,019,000	53,900
Annualized rental income in EUR million <sup>(3)</sup>	111.8	104.1	7.7
Rental income in EUR per m <sup>2</sup>	9.6	9.5	11.8
Lease term in years	4.3	4.3	3.4
Vacancy rate in % <sup>(4)</sup>	12.4	12.9	3.5
Gross rental yield in % <sup>(5)</sup>	6.5	6.5	6.5

(1) All figures unaudited. All values pro rate, except for number of properties; all figures excluding developments and warehousing, except for number of properties and market value.

(2) Market value as at December 31, 2016, later acquisitions considered at cost.

(3) Annual rental income of a property based on current leases.

(4) The vacancy rate is calculated as the ratio of the vacant space to the leasable space.


(5) The gross rental yield, expressed as a percentage, is calculated by dividing the pro rata annualized rental income by the pro rata market value of the properties, excluding project developments.

## 9.2 Regional breakdown of the portfolio

The Issuer pursues a strategy focused on yields, giving priority to high-quality real estate, mostly leased under long-term leases, in attractive locations in Germany. The Issuer chooses investment locations in excellent areas in regional centers as well as marginal core locations in cities and metropolitan areas with an established or expanding economic structure. As a result of the Issuer's previous acquisitions, there are local concentrations in large and medium-sized towns and cities in the former West Germany in particular in the metropolitan areas of the Rhine-Main, Rhine-Ruhr, and Rhine-Neckar regions and in southern Germany.

The table below gives an overview of the regional breakdown of the Real Estate Portfolio of DIC Asset (Commercial Portfolio and Co-Investments on a pro rata basis) as of March 31, 2017:

**Portfolio by region <sup>(1)</sup>**



	North	East	Central	West	South	Total
Number of properties	30	23	37	53	55	198
Portfolio proportion by rental space in %	18	11	21	30	20	100
Annualized rental income in EUR million <sup>(2)</sup>	18.4	11.9	28.5	32.7	20.2	111.8
Rental income in EUR per m <sup>2</sup> <sup>(3)</sup>	8.40	9.10	12.40	9.70	8.30	9.60
Weighted average lease term in years	6.4	3.3	4.3	3.9	3.4	4.3
Gross rental yield in % <sup>(4)</sup>	6.7	6.9	6.1	6.2	6.9	6.5
Vacancy rate in % <sup>(5)</sup>	6.8	8.1	16.8	14.6	12.2	12.4

(1) All figures unaudited. All values pro rata, except for number of properties; all figures excluding developments and warehousing, except for number of properties and market value.

(2) Annual rental income of a property based on current leases.

(3) Rental income as at March 31, 2017.

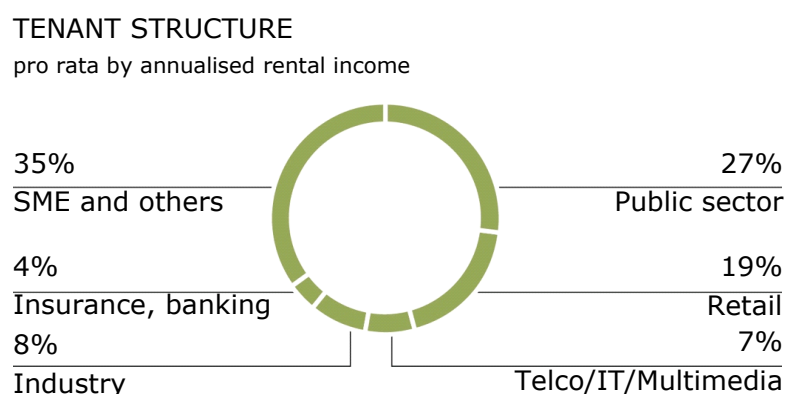
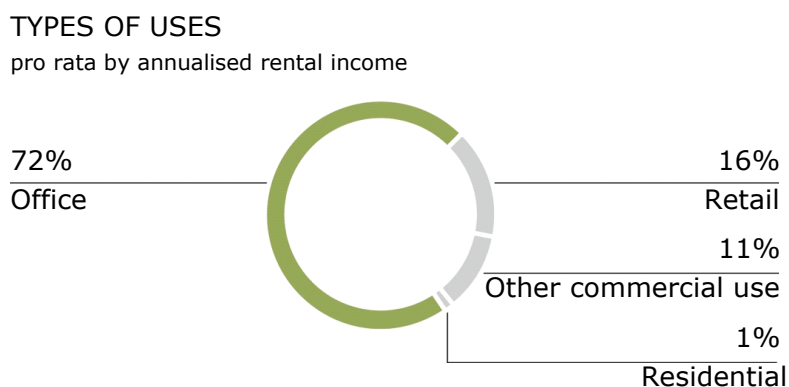
(4) The vacancy rate is calculated as the ratio of the vacant space to the leasable space.

(5) The gross rental yield, expressed as a percentage, is calculated by dividing the pro rata annualized rental income by the pro rata market value of the properties, excluding project developments.

### 9.3 Types of use and tenant structure

In fiscal years 2015 and 2016, 36% and 42%, respectively, of rental income was attributable to the ten largest tenants. These tenants are prominent tenants, primarily from the public sector, telecommunications, and the retail sector. With the exception of the tenants Hudson Bay, the Free and Hanseatic City of Hamburg, the State Government of Hesse and Deutsche Bahn AG no tenant accounted for more than 5 % of total letting volume in the period under review.

The diagrams below give an overview of the types of use and tenant structure of the properties held in or attributable to the Real Estate Portfolio of DIC Asset (each as of March 31, 2017):



The tenant structure consists of around 1,200 commercial leases. In 2016, around 35% of these were allocated to small and medium-sized enterprises and others, while more than a quarter were contributed from the public sector. With major tenants, several leases are normally entered into, often allocated to various properties in different towns and cities.

Despite the general trend toward shorter leases, especially in office leasing, the weighted average lease term was around 4.3 years as of March 31, 2017, i.e., the terms of leases accounting for 51% of the rental income of DIC Asset end in 2021 or later.

### 9.4 Vacancy rate

As of March 31, 2017, the vacancy rate was 12.4%, representing a total reduction of 0.7 percentage points in the period from March 31, 2016 to the end of the three-month period ended March 31, 2017.



## 9.5 Significant changes in the Real Estate Portfolio of DIC Asset after March 31, 2017

At the end of May 2017 the transfer of possession, rights and obligations of a portfolio including ten properties with a volume of approx. EUR 143 million was executed. The disposal was already notarized in the first quarter 2017. Additionally one property located in Munich which has been in the warehousing phase since end of January was transferred to the "DIC Office Balance IV" Fund (approximately EUR 50.8 million) end of May.

## 9.6 Upcoming changes in the segment reporting

The segment reporting of DIC Asset is currently divided into the two segments (i) business unit, containing the Commercial Portfolio and the Co-Investments and (ii) region, containing the regions North, East, Central, West and South. Due to a shift in DIC Asset's strategy with a focus on the Commercial Portfolio and the funds business, as of the June 30, 2017 DIC Asset's reportable segments will be (i) the Commercial Portfolio, (ii) Funds and (iii) Others.

# 10. INVESTMENTS

## 10.1 Recent Investments

During the period starting from December 31, 2016 until March 31, 2017 DIC Asset completed the following principal investments:

In the area of funds in the Co-Investments segment the "DIC Office Balance II" fund acquired one property with volume of approximately EUR 57.3 million and the "DIC Office Balance IV" fund acquired one property with a volume of approximately EUR 50.8 million.

Since March 31, 2017 DIC Asset completed the following principal investments:

In the area of funds in the Co-Investments segment the "DIC Office Balance III" Fund acquired one property with volume of approximately EUR 19.3 million.

Additional properties with a volume of approximately EUR 32.7 million haven been acquired and accounted on the balance sheet in the Commercial Portfolio as part of start-up portfolios for new special funds by way of "warehousing".

## 10.2 Future investments

DIC Asset is planning investments of about approximately EUR 500 million in total in the Commercial Portfolio and in particular in the area of the Funds in 2017.

## 10.3 Other material property, plant and equipment

In addition to the Real Estate Portfolio which is held in the form of shares in property companies and investment subsidiaries, DIC Asset does not have any material property, plant and equipment. The Issuer's business premises in Frankfurt am Main are lease.

# 11. EMPLOYEES

As of March 31, 2017, DIC Asset employed 186 full-time equivalents, excluding the Management Board. Because of the size of the workforce, DIC Asset is not subject to co-determination law in accordance with the German One-Third Participation Act (*Drittelbeteiligungsgesetz, DrittelbG*), which only applies to companies with more than 500 employees. As a result, the Issuer's Supervisory Board does not have any employee representatives.

## **12. INSURANCE**

To limit risk exposure, DIC Asset has taken out building and property owner's liability insurance for protection against personal injury and loss or damage to property and assets as well as building insurance for protection against damage caused by fire, mains water, storms, and natural forces. Individual policies additionally cover losses in rental value and hail damage. The policies include limitations of liability typical of the industry.

It is in accordance with DIC Asset's established business practice to take out building and property owner's liability insurance as well as commercial insurance against fire, electronics, and other liability risks and to review the insurance coverage on an ongoing basis. In the Issuer's opinion, there is sufficient insurance coverage for DIC Asset AG and its investment subsidiaries. However, there is no guarantee that the Issuer will not suffer any loss or damage for which there is no insurance coverage or that exceeds the coverage under the insurance policies.

## **13. MATERIAL AGREEMENTS**

As part of its ordinary activities, DIC Asset has entered into a large number of lease and joint venture agreements, loan agreements, and shareholder loan agreements.

In addition, on 14 December 2016 DIC Asset announced the signing of a loan agreement in the amount of EUR 960 million which replaces the previous financing arrangements for the Commercial Portfolio ahead of schedule. The term of the new EUR 960 million financing agreement is seven years. The interest rate for bank loans in the Commercial Portfolio falls by 170 basis points to around 1.7 % compared to the previous terms. The scheduled repayment rate decreases significantly from around 3 % to 1 % per annum.

DIC Asset participates in the funds as co-investor. The funds are managed by IntReal as asset management company (*Kapitalverwaltungsgesellschaft, KVG*). DIC Asset has entered into agreements for the management of the affairs of others (*Geschäftsbesorgungsvertrag*) with IntReal and according to such agreements carries out the purchase process, arranges the financial and legal structure, and performs the property management and the sale process of the properties held by the relevant fund. These agreements can be terminated by IntReal with a 12 month period of notice.

## **14. LITIGATION**

DIC Asset AG or its affiliates are plaintiffs in legal proceedings in the course of their operating business. These legal proceedings relate primarily to lease or construction contract matters with claims mostly between EUR 1,000 and EUR 10,000. The legal proceedings concerning lease contract matters involve in particular the collection of outstanding rentals, additional service charges, and other receivables. The legal proceedings in connection with construction contracts relate in particular to enforcing warranty claims and claims for damages.

DIC Asset AG or its affiliates are defendants in individual cases relating to the operating business, particularly with regard to contractual matters related to leases and transactions.

In relation to a minority interest held by the Issuer, action has been filed in connection with a retrospective purchase price increase for a land purchase. If the opposing party prevails in full, the Issuer's future share of profits from this interest could decline significantly.

With the exception of the proceedings described above, DIC Asset is not involved in any governmental, legal or arbitration proceedings (including any pending or threatened proceedings of which the Issuer is aware) that could have a material effect on the net assets, financial condition and results of operation of DIC Asset or that had such an effect in recent times, nor has it been involved in any such proceedings over the past 12 months.

## 15. FINANCING STRUCTURE OF DIC ASSET

DIC Asset finances itself in particular via bank loans as well as via corporate bonds with an aggregate nominal amount of EUR 275 million being outstanding as at the date of this Prospectus. In December 2016 DIC Asset AG entered into a loan agreement in the amount of EUR 960 million (the "**Syndicated Loan**") provided by Deutsche Hypothekbank as lead manager as well as Berlin Hyp AG, HSH Nordbank, Helaba and pbb Deutsche Pfandbriefbank. The Syndicated Loan has replaced the previous financing arrangements for the Commercial Portfolio ahead of schedule. As a result, the existing financing was almost completely repaid in January 2017, and existing loan conditions and interest rate hedging agreements relating to the refinanced old loans were dissolved. DIC Asset AG recorded a non-recurring effect e.g. due to prepayment penalties and early termination of swap agreements recognized through profit or loss of EUR -56.3 million at the end of the financial year as a result of this transaction.

The overall volume of the bank liabilities to be applied to DIC Asset was EUR 1.29 billion as at March 31, 2017. Through taking up the loans at property company level and a security limited mostly to the respective real estate portfolio, unlimited recourse on the group of companies or on other portfolios or properties is hindered (*non-recourse*). The average interest rate of the bank liabilities was 3.4% as at December 31, 2016. The refinancing of the Commercial Portfolio lowered the average interest rate across all liabilities in relation to the Commercial Portfolio to banks to 1.7% as of March 31, 2017. The bank loans of the property companies and the Syndicated Loan contain market financial covenants, such as for example minimum requirements to the interest service coverage ratio or the debt service coverage ratio. DIC Asset constantly monitors the observance of these financial covenants. Except for the corporate bonds issued by the Issuer all interest bearing debt of DIC Asset is secured with charges over properties.

DIC Asset aims for the loan-to-value ratio (LTV) of its real estate properties to be below 60 %. As of December 31, 2016 and March 31, 2017 DIC Asset has reached this target (excluding leverage from warehousing properties which are intended to be transferred to funds).

The refinancing of the Commercial Portfolio by way of the Syndicated Loan has considerably extended the average maturity of financial debt of DIC Asset. The average remaining maturity of liabilities including the bonds – adjusted for warehousing – was 5.6 years at March 31, 2017, with the following debt maturities profile:

FINANCIAL DEBT MATURITIES\*  
as at 31.03.2017



\*incl. Bonds/IFRS 5

## 16. GOVERNING BODIES OF THE ISSUER

### 16.1 Overview

DIC Asset AG is a stock corporation (*Aktiengesellschaft*) organized under German law. The governing bodies of the Issuer are the Management Board (*Vorstand*), the Supervisory Board (*Aufsichtsrat*) and the Annual General Meeting. The powers of these governing bodies are defined in the German Stock Corporation Act (*Aktiengesetz, AktG*), the Articles of Association and the internal rules of procedure for the Management Board and the Supervisory Board.

### 16.2 Management Board

#### Members of the Management Board

The following provides an overview of the current members of the Issuer's Management Board and their respective areas of responsibility.

Name	Area of responsibility	Member since	Appointed until
Aydin Karaduman	Chairman of the Management Board (CEO)	January 1, 2016	December 31, 2018
Sonja Wärntges	Chief Financial Officer (CFO)	June 1, 2013	December 31, 2018
Johannes von Mutius	Chief Investment Officer (CIO)	April 1, 2015	December 31, 2018

**Aydin Karaduman** is a member of the following administrative, management or supervisory bodies or a member in comparable German or foreign supervisory bodies or a partner in the following companies:

DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main: member of the supervisory board

DIC Onsite GmbH, Frankfurt am Main: member of the supervisory board

**Sonja Wärntges** is a member of the following administrative, management or supervisory bodies or a member in comparable German or foreign supervisory bodies or a partner in the following companies:

DIC Real Estate Investments GmbH & Co. KGaA, Frankfurt am Main: chairman of the supervisory board

Leifheit AG, Nassau an der Lahn: member of the supervisory board

**Johannes von Mutius** is not a member of an administrative, management or supervisory body or a member in comparable German or foreign supervisory body or a partner in another company.

Each member of the Management Board can be reached at the Issuer's business address (Neue Mainzer Straße 20 • Maintor, 60311 Frankfurt am Main).

#### Conflicts of interest of members of the Management Board

With the exception of the corporate governance roles exercised and the positions held with other companies as described in the foregoing, the members of the Issuer's Management Board do not have any other potential conflicts of interest with regard to their obligations to the Issuer on the one hand and their private interests or other obligations on the other. There are no family ties between members of the governing bodies of the Issuer.

The members of the Management Board each hold less than one percent of the issued shares.

### 16.3 Supervisory Board

#### **Members of the Supervisory Board**

The Supervisory Board of the Issuer consists of the following members:

<b>Name</b>	<b>Member since</b>
Prof. Dr. Gerhard Schmidt (Chairman of the Supervisory Board)	June 20, 2002
Klaus-Jürgen Sontowski (Deputy Chairman of the Supervisory Board)	February 18, 2002
Michael Bock	June 20, 2002
Ulrich Höller	January 11, 2016
Prof. Dr. Ulrich Reuter	July 2, 2015
Dr. Anton Wieggers	July 2, 2015

All members of the Supervisory Board may be reached at the Issuer's business address (Neue Mainzer Straße 20 • Maintor, 60311 Frankfurt am Main).

**Prof. Dr. Gerhard Schmidt** is a member of the following administrative, management or supervisory bodies or a member in comparable German or foreign supervisory bodies or a partner in the following companies other than DIC Asset:

Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: chairman of the supervisory Board

Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main: chairman of the supervisory board

GEG German Estate Group AG, Frankfurt am Main: chairman of the supervisory board

DICP Erste Family Office Beteiligungsgesellschaft mbH & Co. KGaA, Munich: chairman of the supervisory Board

DIC Capital Partners (Germany) GmbH & Co. Kommanditgesellschaft auf Aktien, Munich: chairman of the supervisory board

DICP Asset Management Beteiligungsgesellschaft mbH & Co. KGaA, Munich: chairman of the supervisory board

DICP Capital SE, Munich: chairman of the board of Directors/Managing Director

DIC Capital Partners Beteiligungs GmbH, Munich: chairman of the supervisory board

DIC Capital Partners (Germany) Verwaltungs GmbH, Munich: chairman of the supervisory board

DIC Capital Partners OpCo (Germany) Verwaltungs GmbH, Munich: chairman of the supervisory Board

DIC Capital Partners (Germany) III Verwaltungs GmbH, Munich: chairman of the supervisory board

DIC Capital Partners OpCo (Germany) Verwaltungs GmbH, München,: chairman of the supervisory board

**Klaus-Jürgen Sontowski** is a member of the following administrative, management or supervisory bodies or a member in comparable German or foreign supervisory bodies or a partner in the following companies other than DIC Asset:

Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: vice chairman of the supervisory board

Deutsche Immobilien Chancen AG & Co. KGaA, Frankfurt am Main: vice chairman of the supervisory board

GEG German Estate Group AG, Frankfurt am Main: member of the supervisory board

Pegasus CP Holding GmbH, Erlangen: chairman of the advisory board

Zapf Kalksandstein Werke, Nürnberg: member of the advisory board

**Michael Bock** is a member of the following administrative, management or supervisory bodies or a member in comparable German or foreign supervisory bodies or a partner in the following companies other than DIC Asset:

MediClin Aktiengesellschaft, Offenburg: member of the supervisory board

**Ulrich Höller** is a member of the following administrative, management or supervisory bodies or a member in comparable German or foreign supervisory bodies or a partner in the following companies other than DIC Asset:

DIC Onsite GmbH, Frankfurt am Main: chairman of the supervisory board

Deutsche Immobilien Chancen Beteiligungs AG, Frankfurt am Main: member of the supervisory board

ZIA-Zentraler Immobilien Ausschuss, Berlin: vice president and member of the management board

Commerzbank AG, Frankfurt am Main: member of the advisory board

**Prof. Dr Ulrich Reuter** is a member of the following administrative, management or supervisory bodies or a member in comparable German or foreign supervisory bodies or a partner in the following companies other than DIC Asset:

Bayerischer Versicherungsverband Versicherungsaktiengesellschaft, Munich: member of the supervisory board

Bayerische Landesbrandversicherung Aktiengesellschaft, Munich: member of the supervisory board

Bayern-Versicherung Lebensversicherung Aktiengesellschaft, Munich: member of the supervisory board

Sparkasse Aschaffenburg-Alzenau, Aschaffenburg: chairman of the board of directors

Sparkassenverband Bayern (Bavarian Savings Banks Association), Munich: member of the board of directors

Sparkassenverband Bayern (Bavarian Savings Banks Association), Munich: association chairman

Versicherungskammer Bayern (Bavarian Insurance Chamber), Munich: member of the board of directors

**Dr. Anton Wiegers** is a member of the following administrative, management or supervisory bodies or a member in comparable German or foreign supervisory bodies or a partner in the following companies other than DIC Asset:

GRR AG, Erlangen: chairman of the supervisory board

Tresides Asset Management GmbH, Stuttgart: member of the supervisory board

Savills Fund Management Holding AG, Frankfurt am Main: vice chairman of the supervisory board

Savills Investment Management KVG GmbH, Düsseldorf: vice chairman of the supervisory board

Savills Fund Management GmbH, Frankfurt am Main: vice chairman of the supervisory board

Lippische Landes-Brandversicherungsanstalt, Detmold: vice chairman of the Gewährträgerversammlung (guarantors' meeting)

## **Committees**

The Supervisory Board may form committees from among its ranks to which the Supervisory Board may, to the extent permitted by law, assign its decision-making powers. The Supervisory Board stipulates the work to be performed by the committees, their powers of authority and the procedures they follow. To the extent permitted by law, key powers of the Supervisory Board may be assigned to the committees.

DIC Asset AG formed an Audit Committee consisting of Supervisory Board members whose responsibilities include assisting the Supervisory Board in performing its work and regularly reporting to the full Supervisory Board. In particular, the Audit Committee addresses issues relating to the monitoring of the financial reporting process, the effectiveness of the internal control and risk management systems, of compliance, and of auditing. It assesses and monitors the independence of the auditor and sets the focal points of the audit in consultation with the auditor. The Audit Committee meets primarily on an ad-hoc basis. The Audit Committee is comprised of the following three Supervisory Board members: Michael Bock (Chairman of the Audit Committee), Prof. Dr. Gerhard Schmidt and Prof. Dr. Ulrich Reuter.

## **Conflicts of interest of the members of the Supervisory Board**

Other than the exceptions described below, there are no potential conflicts of interest between the Supervisory Board members' obligations to the Issuer and their private interests or other obligations.

The members of the Supervisory Board each hold less than one percent of the issued shares. However, 32.2 % of the voting rights in DIC Asset AG, which are held by the Deutsche Immobilien Chancen Group, are attributed to the Chairman of the Supervisory Board, Prof. Dr. Gerhard Schmidt, in accordance with section 22 WpHG.

The Deputy Chairman of the Supervisory Board, Klaus-Jürgen Sontowski holds an indirect equity interest of approximately 13.2% in Deutsche Immobilien Chancen Beteiligungs AG as well as an

indirect and direct equity interest of 6.4 in Deutsche Immobilien Chancen KGaA. Moreover, Klaus-Jürgen Sontowski serves as the deputy chairman of each of the companies' respective supervisory board.

#### 16.4 Corporate governance

Pursuant to § 161 German Stock Corporation Act (AktG), the Management Board and the Supervisory Board must declare annually that the recommendations of the "Government Commission of the German Corporate Governance Code" (*Regierungskommission Deutscher Corporate Governance Kodex*) (the "**Code**") adopted by the German Federal Ministry of Justice (*Bundesministerium der Justiz*, BMJ) have been and will be complied with, or state which recommendations have not been or will not be applied and why. There is no obligation to comply with the recommendations or suggestions in the Code. The declaration must be made permanently available to the public on the Issuer's website.

On February 13, 2017, the Management Board and the Supervisory Board of DIC Asset AG issued the following Declaration of Conformity:

"The Management Board and the Supervisory Board declare that DIC Asset AG complied and will continue to comply with the recommendations of the German Corporate Governance Code as published on 5 May 2015 from the date of submission of its previous Declaration of Conformity. The following exceptions applied or apply :

- If a D&O (directors' and officers' liability insurance) policy is taken out for Supervisory Board members, the Code in clause 3.8 paragraph 3 recommends agreeing a deductible of at least 10 % of the loss up to at least the amount of one and a half times the fixed annual compensation. DIC Asset AG has taken out a D&O policy for the members of its Supervisory Board which does not provide for a deductible for the Supervisory Board members. We believe that a deductible in the D&O policy would not enhance the motivation and sense of responsibility shown by the members of the Supervisory Board in performing their duties.
- The Code in clause 4.1.5, in particular, recommends aiming for an appropriate consideration of women when filling managerial positions. In filling senior management positions, the Management Board has focused and will in the future continue to focus on the interests of the company and the statutory provisions and in doing so will most of all give priority to the professional and personal qualifications of candidates - irrespective of gender. We have met the applicable statutory provisions with regard to the determination of targets for the share of women at the executive level below the Management Board and on the Supervisory Board.
- The members of the Management Board have been promised performance-related payments (profit-sharing bonuses) and options on so-called virtual shares as variable remuneration components. In accordance with clause 4.2.3 paragraph 2 sentence 4 of the Code, both positive and negative developments within the agreed assessment period are taken into consideration when determining the variable remuneration components, insofar as the payments may turn out to be proportionately higher or lower, or may not be made at all. When they exercise the options, the members of the Management Board receive share-price-dependent payments which are based solely on the company's share price within a reference period. In deviation from clause 4.2.3 paragraph 2 sentence 7 of the Code, these options on virtual shares were not and are not based on "demanding, relevant comparison parameters" within the meaning of the Code. We are of the opinion that incorporating additional comparison parameters would not inspire greater motivation or a keener sense of responsibility.
- The Code recommends in clause 4.2.3 paragraph 2 sentence 6 that the amount of the remuneration of the members of the Management Board should be capped both overall and for its variable components. The amount of the variable performance-related payments (profit-sharing bonus) of Management Board members has not been capped in the direc-



tor's contracts of the three current Management Board members. We do not consider a cap on the profit-sharing bonus necessary since the Supervisory Board determines the amount of the bonus annually. The options on so-called virtual shares granted to the members of the Management Board as long-term variable remuneration components have been and continue to be limited in number. When exercised, the options entitle the bearer to a cash payment in an amount defined by the positive difference between the average closing price of the DIC Asset AG share during a reference period preceding the exercise of the option, on the one hand, and the contractually agreed exercise price, on the other hand. The members of the Management Board may therefore benefit from the upside price potential of the shares during the reference period. There was and still is no cap on the amount of participation in the upside price potential at the time the option is exercised. We believe that an additional cap on this share-based remuneration component would run counter to its major incentive, which is working toward increasing the company value. Given the absence of caps on the variable remuneration components and on some of the ancillary benefits, there were and are also no caps on the total amount of remuneration for the members of the Management Board.

- When concluding Management Board employment contracts, it should be ensured that payments to members of the Management Board upon the prior termination of their work for the Management Board do not exceed two annual remunerations, including ancillary benefits (severance cap), and that only the residual employment term be remunerated. In deviation from clause 4.2.3 paragraph 4 of the Code, Management Board employment contracts do not and will not include a severance cap. Any agreement of this kind would run counter to the basic understanding of a Management Board employment contract that is routinely concluded for the duration of the period of appointment, and that principally does not permit a regular termination. In addition, the company cannot enforce a cap to the severance payment unilaterally in the event that a member's work for the Management Board is terminated by mutual agreement, as is frequently the case in practice. In the event of a Management Board employment contract being terminated prematurely, we will try to take account of the underlying principle of the recommendation.
- The Code recommends in clause 4.2.5 paragraph 3 and paragraph 4, to present the board remuneration for each Member of the Management Board by using model tables that include specific details prescribed by the Code. To the extent that the company deviates as elaborated above from the recommendation of clause 4.2.3 paragraph 2, sentence 6, for defining caps for the board remuneration, it obviously fails to act on the corresponding disclosure recommendation. Moreover, certain other disclosures required in the model tables that concern the remuneration structure are not relevant for the Management Board of DIC Asset AG. In the opinion of the Management Board and the Supervisory Board the new method would provide no added information value to shareholders. Against this background, the company continues to present the board remuneration in compliance with the statutory requirements. Accordingly, the company has deviated and will deviate from clause 4.2.5 paragraph 3 and paragraph 4 of the code.
- The Supervisory Board is required to propose suitable candidates for new appointments or reappointments to positions on the Supervisory Board by the General Shareholder Meeting. In deviation from clause 5.3.3 of the Code, no nomination committee was or will be formed for this purpose. As the six members of the Supervisory Board are only representatives of the shareholders, and the current practice of voting proposals being prepared by the full Supervisory Board has proved to be efficient, the Supervisory Board sees no need to form a nomination committee.
- In deviation from clause 5.4.1 paragraph (2) of the Code, the Supervisory Board has specified no concrete objective regarding the number of independent members of the Supervisory Board as defined in clause 5.4.2 of the Code and no age-independent regular limit of length of membership, nor will it specify such an objective or regular limit. The Supervisory Board believes that it at present includes what it considers an adequate number of independent members. However, the Code ultimately does not define the term inde-

pendence in connection with members of the Supervisory Board but provides negative examples for cases in which a member "in particular" is not considered independent. In addition, it is assumed that a member is no longer independent if substantial and not merely temporary conflicts of interest may arise, regardless of whether or not they actually arise. The question of when independence in accordance with clause 5.4.2 of the Code is to be assumed in an individual case is thus fraught with too much legal uncertainty for the Supervisory Board as to make it seem advisable to set a specific number of independent members. Regarding the regular limit of length of membership on the Supervisory Board, the Supervisory Board is of the opinion that it is more beneficial for the Company to have access to many years of expertise of individual Supervisory Board members and to make a decision in favor of continuity or replacement on a case-by case basis. For these reasons, the Supervisory Board has chosen not to make any determinations in this respect. In the absence of a corresponding target and a corresponding regular limit, in deviation from clause 5.4.1 paragraph 3 of the Code, this aspect is also not taken into account in the Supervisory Board's nominations for elections to the General Shareholders' Meeting, nor is information on the status of its implementation published.

- According to the current Articles of Association, members of the Supervisory Board have been and are granted performance- related remuneration that is based on the annual dividend payment and may thus deviate from clause 5.4.6 paragraph 2 of the Code, which recommends that remuneration be linked to long-term business performance. The dividend payment is a key measure of success for the shareholders. We consider it appropriate that members of the Supervisory Board be remunerated in accordance with criteria that are also of significance for the shareholders.

Frankfurt am Main, February 13, 2017

Management Board and Supervisory Board of DIC Asset AG".

As of the date of this Prospectus, the Issuer complies with the recommendations of the Government Commission of the German Corporate Governance Code as amended on April 24, 2017 in accordance with the declaration by the Management Board and Supervisory Board of the Issuer, which is dated February 13, 2017 and quoted above, albeit that, as of the date of this Prospectus, the Deputy Chairman of the Supervisory Board is now included in the remuneration of the Supervisory Board through an appropriate increment in compliance with clause 5.4.6 paragraph 1 of the Code.

## 17. SIGNIFICANT SHAREHOLDERS

The table below contains the names of the natural and legal persons that hold, either directly or indirectly, voting rights in the Issuer. Unless noted otherwise, the information is based on the voting rights notifications received by the Issuer pursuant to §§ 21 *et seq.* of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*). According to the voting rights notifications received as of the date of this Prospectus, the following shareholders hold more than or equal to 3% of the Issuer's shares:

<b>Name of the shareholder</b>	in % <sup>1)</sup>
Deutsche Immobilien Chancen Group	32.2
Free Float	67.8
thereof:	
solvia	5.1
RAG Foundation	4.8
Old Mutual plc	3.0
total:	100.0

1) Percentages have been rounded.

## **18. TREND INFORMATION**

There has been no material adverse change in the prospects of the Issuer since December 31, 2016.

## **19. SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION**

There has been no significant change in the financial or trading position of DIC Asset since the date of the last published interim financial report (March 31, 2017).

## **20. SHARE CAPITAL**

The share capital of the Issuer registered in the commercial register is EUR 68,577,747 and is divided into 68,577,747 no-par value ordinary registered shares with a pro-rata amount in the share capital of EUR 1.00 per share. The capital is paid in, in full. The entire share capital of the company is admitted for stock exchange trading on the Regulated Market of the Frankfurt Stock Exchange (FWB) with trading in the segment of the regulated market with special post-admission obligations (Prime Standard).

## **21. SELECTED FINANCIAL INFORMATION**

*Except where indicated otherwise, the financial information of DIC Asset for fiscal years 2015 and 2016 summarized below has been extracted and/or derived from the audited consolidated financial statements of DIC Asset AG as of December 31, 2016 (including prior-year comparative figures as of December 31, 2015), which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU") (referred to for the purposes of this Prospectus as "IFRS") and the supplementary provisions of commercial law required to be applied pursuant to § 315a (1) of the German Commercial Code (Handelsgesetzbuch, HGB).*

*Except where indicated otherwise, the financial information of DIC Asset for the three-month periods ended March 31, 2017 and March 31, 2016 summarized below has been extracted and/or derived from the unaudited condensed interim consolidated financial statements of DIC Asset AG as of March 31, 2017 with comparative figures as of March 31, 2016, which were prepared in accordance with the requirements of IFRS for interim financial reporting (IAS 34).*

*Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, audited the consolidated financial statements of DIC Asset AG for each of the fiscal years ended December 31, 2015 and December 31, 2016 and issued an unqualified auditors' report.*

*The condensed interim consolidated financial statements as of March 31, 2017 are unaudited.*

*If the financial information in the tables below is described as "audited", this means that it was extracted from the audited consolidated financial statements of DIC Asset AG for the fiscal years ended December 31, 2016 (with prior-year comparative figures as of December 31, 2015). If the financial information in the tables below is described as "unaudited", then it was extracted or derived from the unaudited condensed interim consolidated financial statements of DIC Asset AG for the three-month period ended March 31, 2017 (with comparative figures for the three-month period ended March 31, 2016) and the Issuer's accounting records or internal management reporting systems. All the financial information and percentage changes presented in the text and the tables of the Prospectus are commercially rounded. As a result of rounding effects and the selection of financial information, the aggregate figures in the tables may differ from the totals shown.*

## Selected information from the consolidated income statement

The table below shows the items in the consolidated income statements of DIC Asset in the respective periods indicated as extracted from the audited consolidated financial statements as of December 31, 2016 (with prior-year comparative figures as of December 31, 2015) and the unaudited condensed interim consolidated financial statements as of March 31, 2017 (with prior-year comparative figures as of March 31, 2016).

<i>in € '000</i>	Fiscal year		3-month period ended March 31,	
	2015	2016	2016	2017
	(audited)		(unaudited)	
<b>Total income</b> .....	<b>372,387</b>	<b>473,794</b>	<b>278,255</b>	<b>106,864</b>
<b>Total expenses</b> .....	<b>-296,116</b>	<b>-396,464</b>	<b>-252,613</b>	<b>-90,663</b>
Gross rental income.....	136,678	111,168	27,552	30,524
Ground rents .....	-1,250	-1,240	-306	-316
Service charge income on principal basis .....	26,459	22,479	5,563	5,972
Service charge expenses on principal basis .....	-27,749	-23,704	-6,013	-6,549
Other property-related expenses.....	-13,688	-14,159	-3,318	-3,961
<b>Net rental income</b> .....	<b>120,450</b>	<b>94,544</b>	<b>23,478</b>	<b>25,670</b>
Administrative expenses .....	-8,848	-10,760	-2,225	-3,132
Personnel expenses .....	-14,893	-16,056	-3,858	-4,432
Depreciation and amortization .....	-42,686	-35,233	-9,107	-7,995
Real estate management fees .....	7,257	21,540	7,384	3,878
Other operating income .....	741	467	123	248
Other operating expenses .....	-668	-360	-26	-234
<b>Net other income</b> .....	<b>73</b>	<b>107</b>	<b>97</b>	<b>14</b>
Net proceeds from disposal of investment property .....	201,252	318,140	237,632	66,243
Carrying amount of investment property disposals .....	-186,335	-294,952	-227,759	-64,045
<b>Profit on disposal of investment property</b> .....	<b>14,917</b>	<b>23,188</b>	<b>9,873</b>	<b>2,198</b>
<b>Net operating profit before financing activities (EBIT)</b> .....	<b>76,270</b>	<b>77,330</b>	<b>25,642</b>	<b>16,201</b>
Share of the profit of associates.....	7,675	2,314	1,326	1,043
Interest income.....	10,468	9,352	2,869	2,247
Interest expense.....	-70,265	-112,391	-14,469	-10,191
<b>Profit/loss before tax</b> .....	<b>24,148</b>	<b>-23,395</b>	<b>15,368</b>	<b>9,300</b>
Current income tax expense .....	-9,786	-2,321	-201	-1,026
Deferred income tax expense .....	6,354	-3,670	-3,366	-626
<b>Profit/loss for the period*</b> .....	<b>20,716</b>	<b>-29,386</b>	<b>11,801</b>	<b>7,648</b>
Attributable to equity holders of the parent .....	20,414	-28,214	11,950	7,769
Attributable to non-controlling interests .....	302	-1,172	-149	-121
Basic (=diluted) earnings per share (in EUR)** .....	0.30	-0.41	0.17	0.11

\* The effect from refinancing existing loans in the Commercial Portfolio in December 2016 had a non-recurring effect of EUR -56.3 million on profit/loss. Without the non-recurring effects of the early refinancing, adjusted profit/loss are EUR 26.9 million for the fiscal year 2016.

\*\* Without the non-recurring effects of the early refinancing, adjusted earnings per share are EUR 0.39.

## Selected information from the consolidated balance sheet

The overview below shows the consolidated balance sheets of DIC Asset from the audited consolidated financial statements as December 31, 2016 (with prior-year comparative figures as of December 31, 2015) and the unaudited condensed interim consolidated financial statements as of March 31, 2017.

<i>in € '000</i>	December 31, 2015 (audited)	December 31, 2016 (audited)	March 31, 2017 (unaudited)
<b>Assets</b>			
Investment property* .....	1,700,151	1,583,432	1,430,703
<b>Total non-current assets</b> .....	<b>1,961,544</b>	<b>1,908,632</b>	<b>1,764,877</b>
Cash and cash equivalents .....	204,590	152,414	144,088
<b>Total current assets</b> .....	<b>494,525</b>	<b>486,916</b>	<b>618,426</b>
<b>Total assets</b> .....	<b>2,456,069</b>	<b>2,395,548</b>	<b>2,383,303</b>

\* Measured at depreciated cost.

<i>in € '000</i>	December 31, 2015 (audited)	December 31, 2016 (audited)	March 31, 2017 (unaudited)
<b>Equity and liabilities</b>			
<b>Equity</b>			
<b>Total shareholders' equity</b> .....	<b>787,073</b>	<b>753,455</b>	<b>760,952</b>
<b>Total equity</b> .....	<b>792,083</b>	<b>756,973</b>	<b>764,251</b>
<b>Liabilities</b>			
Corporate bonds .....	270,871	272,121	272,121
Non-current interest-bearing loans and borrowings .....	1,029,606	909,328	855,256
<b>Total non-current liabilities</b> .....	<b>1,342,177</b>	<b>1,197,215</b>	<b>1,142,627</b>
Current interest-bearing loans and borrowings .....	35,521	268,916	257,162
<b>Total current liabilities</b> .....	<b>321,809</b>	<b>441,360</b>	<b>476,425</b>
<b>Total liabilities</b> .....	<b>1,663,986</b>	<b>1,638,575</b>	<b>1,619,052</b>
<b>Total equity and liabilities</b> .....	<b>2,456,069</b>	<b>2,395,548</b>	<b>2,383,303</b>

## Selected information from the consolidated statement of cash flows

The table below shows the consolidated statements of cash flows of DIC Asset for the periods indicated, based on the information from the audited consolidated financial statements as of December 31, 2016 (with prior-year comparative figures as of December 31, 2015) and the unaudited condensed interim consolidated financial statements as of March 31, 2017 (with prior-year comparative figures as of March 31, 2016).

<i>in € '000</i>	Fiscal year		3-month period ended March 31,	
	2015	2016	2016	2017
	<b>(audited)</b>		<b>(unaudited)</b>	
Cash flow from operating activities .....	53,015	33,948	6,605	10,136
Cash flow from investing activities .....	169,310	-239,052	-73,513	5,161
Cash flow from financing activities .....	-115,156	152,928	-14,094	-23,623
Cash and cash equivalents as at 1 January	97,421	204,590	204,590	152,414
Cash and cash equivalents at the end of the period.....	204,590	152,414	123,588	144,088

### Additional Key Figure

In the Issuer's view, the key performance indicator described in this section constitute a further important indicator for measuring the operating and financial performance of DIC's business.

DIC believes that the additional performance measure Funds from operations (FFO) is of use for potential investors ("**Performance Measures**").

Funds from operations are operating income from property management, before depreciation, tax and profits from sales and project developments ("**FFO**").

DIC Asset believes that the Performance Measure is useful in evaluating DIC Asset's operating performance, the net value of DIC Asset's property portfolio, the level of DIC Asset's indebtedness and of cash flows generated by DIC's business. However, the Performance Measure is not recognized as a measure under IFRS and should not be considered as a substitute for figures on result before taxes, net earnings, cash flow from/used in operating activities or other income statement or cash flow data, as determined in accordance with IFRS, or as a measure of profitability or liquidity.

The Performance Measure does not necessarily indicate whether cash flow will be sufficient or available for DIC Asset's cash requirements, nor whether any such measure is indicative of DIC Asset's historical operating results. The Performance Measure is not meant to be indicative of future results. Because not all companies calculate these measures and figures in the same way, DIC Asset's presentation of the Performance Measure is not necessarily comparable with similarly titled measures used by other companies.

**Funds from Operations, FFO**

Funds from operations is a measure of liquidity for real estate companies. The following table shows the calculation of FFO for the period shown:

<b>In EUR million</b>	<b>Fiscal year</b>		<b>3-month period ended March 31,</b>	
	<b>2015</b>	<b>2016</b>	<b>2016</b>	<b>2017</b>
	<b>(audited, unless specified otherwise)</b>		<b>(unaudited)</b>	
Net rental income	120.5	94.6	23.5	25.7
Administrative expenses	-8.8	-10.7	-2.2	-3.1
Personnel expenses	-14.9	-16.1	-3.9	-4.4
Other operating income/expenses	0.1	0.2	0.2	0.0
Real estate management fees	7.3	21.5	7.4	3.9
Share of the profit or loss of associates without project developments and sales	3.9	5.4	0.9	1.6
Net interest income (unaudited)*	-59.0	-47.9	-11.4	-7.9
Funds from operations (unaudited)	49.0	47.0	14.5	15.8

\* The net interest income is calculated by adjusting the interest income and interest expenses for non-recurring refinancing expenses.

## **VI. OFFER, SUBSCRIPTION AND SALE OF THE NOTES**

### **1. OFFER OF THE NOTES**

#### 1.1 Private placement

The Notes will be offered by Bankhaus Lampe KG and Citigroup Global Markets Limited (together, the "**Joint Lead Managers**") to German and international qualified investors and less than 150 non-qualified investors per EEA member state and to investors with a minimum subscription amount and allotment amount of EUR 100,000 per investor (the "**Private Placement**") in compliance with the restrictions set out in the subsection entitled "*Offer, Subscription and Sale of the Notes – Selling Restrictions*" during an offer period from, and including, July 5, 2017 to, and including, July 6, 2017 (the "**Private Placement Offer Period**") subject to a shortening or extension of the offer period agreed by the Issuer and the Joint Lead Managers. Should the Issuer and the Joint Lead Managers determine any shortening or extension of the Private Placement Offer Period (e.g. due to changing market conditions), such changes will be communicated to investors by electronic mail, fax or through commonly used information systems. Neither the Joint Lead Managers nor the Issuer is under any obligation to allot and deliver any Notes to investors within the Private Placement in particular if the offer volume is not sufficient to cover all subscriptions. Partial allotments are possible as well. The minimum subscription amount and allotment amount within the Private Placement is EUR 100,000.

#### 1.2 Public offer

The Notes will be offered by the Issuer in the Federal Republic of Germany to retail and institutional investors (the "**Public Offer**") in compliance with the restrictions set out in the subsection entitled "*Offer, Subscription, and Sale of the Notes – Selling Restrictions*" applicable to an offer to the public during July 6, 2017 (9 am CET until 2 pm CET) (the "**Offer Period**") subject to a shortening or extension of the offer period as determined by the Issuer. In case the Private Placement Offer Period is shortened to end on July 5, 2017 no Public Offer will be made on July 6, 2017. Should the Issuer determine that there will be no Public Offer or in case of any shortening or extension of the Offer Period (e.g. due to changing market conditions), such changes will be published on the website of the Issuer ([www.dic-asset.de](http://www.dic-asset.de)). In case of an extension of the Offer Period the Issuer will also obtain CSSF's approval of a supplement to this Prospectus and publish it in the same manner as this Prospectus.

The Notes will be offered to the public in the Federal Republic of Germany following the effectiveness of the approval by the CSSF and notification by the CSSF according to Article 18 of the Prospectus Directive of this Prospectus, respectively.

Neither the Joint Lead Managers nor the Issuer is under any obligation to allot and deliver any Notes to investors within the Public Offer in particular if the offer volume is not sufficient to cover all subscriptions. Partial allotments are possible as well. The minimum subscription amount and allotment amount within the Public Offer is EUR 1,000.

The Joint Lead Managers do not participate in the Public Offer.

#### 1.3 Determination of offer volume and pricing details

The Notes will be offered at an offer price of EUR 1,000 per Note, i.e. at 100% of their nominal amount. The aggregate principal amount of Notes to be issued and the interest rate will be determined on the basis of the number and volume of orders primarily expected to be received in the Private Placement which offer a yield acceptable to the Issuer on the pricing date which is expected to be on or about July 5/6, 2017 (the "**Pricing Date**"). Such information as well as the aggregate principal amount, the issue proceeds and the yield will be communicated to investors and set out in a notice (the "**Pricing Notice**") which will be filed with the CSSF and published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of the Issuer ([www.dic-asset.de](http://www.dic-asset.de)) on or after the Pricing Date and prior to the Issue Date.



#### 1.4 Conditions of the offer

There are no conditions to which the offer is subject.

Subscription rights for the Notes will not be issued. Therefore, there are no procedures in place for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.

#### 1.5 Confirmation of offers placed by, and allotments to, investors

Each investor who has submitted an order in relation to the Notes and whose order is accepted by the Joint Lead Managers will receive a confirmation by electronic mail, fax or through commonly used information systems setting out its respective allotment of Notes or in case of investors having subscribed for the Notes within the Public Offer if the Notes are booked into their security account. Neither the Joint Lead Managers nor the Issuer is under any obligation to allot and deliver any Notes to investors within the Private Placement or the Public Offer.

#### 1.6 Delivery of the Notes to investors

Following the determination of the pricing details and confirmation which orders have been accepted and which amounts have been allotted to particular investors, delivery and payment of the Notes will be made on July 11, 2017. Delivery of the Notes will be made with value date as of the Issue Date of the Notes. Delivery of the Notes will be made by booking via Clearstream (see the subsection entitled "*General Information – Clearing and Settlement*") in its capacity as the clearing system and the depository institutions or via a correspondence bank with direct access to Clearstream instructed by the depository institution.

#### 1.7 Costs and expenses relating to the offer

The Issuer will not charge any costs, expenses or taxes directly to any investor. Investors must, however, inform themselves about any costs, expenses or taxes in connection with the Notes which are generally applicable in their respective country of residence, including any charges their own depository banks charge them for purchasing or holding securities.

### 2. REASON FOR THE OFFER AND USE OF PROCEEDS

In connection with offering of the Notes, the Issuer will receive net proceeds of approximately EUR [•], after deducting expenses and fees which are expected to amount to EUR [•]. The Issuer intends to use the net proceeds for the repayment of existing debt and its outstanding EUR 100,000,000 5.750 per cent bond (ISIN: DE000A1TNJ22) in particular, which is repayable on July 9, 2018 and for general corporate purposes.

### 3. SUBSCRIPTION OF THE NOTES

The Joint Lead Managers have agreed, pursuant to a subscription agreement signed on July 5, 2017 (the "**Subscription Agreement**"), to subscribe or procure subscribers for the Notes to be issued by the Issuer. The Joint Lead Managers have agreed to underwrite in total EUR 100,000,000 Notes by way of a firm commitment. The Joint Lead Managers will be entitled, under certain circumstances, to terminate the Subscription Agreement with the Issuer. In such event, no Notes will be delivered to investors. Furthermore, the Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

The fees payable to the Joint Lead Managers in connection with the offering, placement and subscription of the Notes will be up to 1.95 per cent. of the aggregate principal amount of the Notes. In addition, the Issuer may, in its discretion, pay to the Joint Lead Managers a success fee of up to 0.75 per cent.

The Joint Lead Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and its affiliates, for which the Joint Lead Managers or their affiliates have received or will receive customary fees and commissions.

There are no interests of natural and legal persons other than the Issuer and the Joint Lead Managers involved in the issue, including conflicting ones that are material to the issue.

#### **4. LISTING AND ADMISSION TO TRADING**

Application has been made for the Notes to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange (*Bourse de Luxembourg*) and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's Regulated Market is a regulated market appearing on the list of regulated markets issued by the European Securities and Markets Authority (ESMA) pursuant to Directive 2004/39/EC of April 21, 2004 on markets in financial instruments, as amended.

The first day of trading of the Notes on the Luxembourg Stock Exchange (*Bourse de Luxembourg*) is expected to be on July 11, 2017.

## **VII. Selling Restrictions**

### **1. GENERAL**

Each Joint Lead Manager has represented and agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in or from which it purchases, offers, sells or delivers the Notes or possesses or distributes this Prospectus and that it will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor the other Joint Lead Manager shall have any responsibility therefor.

Neither the Issuer nor any of the Joint Lead Managers has represented that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to the Notes, the Joint Lead Managers will be required to comply with such other additional restrictions as the Issuer and the Joint Lead Managers shall agree.

### **2. EUROPEAN ECONOMIC AREA**

In relation to each member state of the EEA that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Joint Bookrunner has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Joint Bookrunners; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, in particular if the minimum subscription amount and allotment amount is EUR 100,000;

provided that no such offer of the Notes shall require the Issuer or any Joint Bookrunner to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for Notes.

### **3. United States of America and its Territories**

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain limited exceptions, the Notes may not be offered, sold or delivered within the United States of America (the "**United States**") to or for the account or benefit of, U.S. persons. Each Joint Lead Manager has represented and agreed that neither it nor any persons acting on its behalf has offered, sold or delivered or will offer, sell or deliver, any Notes within the United States or to U.S. persons. The Notes will be sold outside the United States in accordance with Rule 903 of Regulation S under the Securities Act and as permitted by the Terms and Conditions of the Notes. Accordingly, each Joint Lead Manager has represented and agreed that neither its affiliates nor any

persons acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this subparagraph have the meaning given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) could violate the registration requirements of the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered or sold in the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations.

The Notes will be issued in accordance with the provisions of United States Treasury Regulation section 1.163-5(c)(2)(i)(D) or any successor regulation in substantially similar form (the "**TEFRA D Rules**" or "**TEFRA D**"). Each Joint Lead Manager has represented and agreed that:

- (a) except to the extent permitted under TEFRA D, (i) it has not offered or sold, and agrees that during the restricted period it will not offer or sell, such Notes to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and agrees that it will not deliver within the United States or its possessions such Notes that are sold during the restricted period;
- (b) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling such Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;
- (c) if it is a United States person, each Joint Lead Manager is acquiring such Notes for purposes of resale in connection with their original issuance and if it retains such Notes for its own account, it will only do so in accordance with the TEFRA D Rules;
- (d) it acknowledges that an offer or sale will be considered to be made in the United States or its possessions if it has an address within the United States or its possessions for the offeree or purchaser of a Note with respect to such offer or sale; and
- (e) with respect to each affiliate that acquires such Notes from a Joint Lead Manager for the purpose of offering or selling such Notes during the restricted period, such Joint Lead Manager has repeated and confirmed the representations and agreements contained in paragraphs (a), (b), (c) and (d) above on such affiliate's behalf.

In addition, each Note will bear the following legend:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE."

Terms used in this subparagraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA D Rules.

#### **4. Selling restrictions Addressing Additional United Kingdom Securities Laws**

Each Joint Lead Manager has represented and agreed that,

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **VIII. GENERAL INFORMATION/DOCUMENTS INCORPORATED BY REFERENCE**

### **1. AUTHORIZATION**

The creation and issue of the Notes has been authorized by resolutions of the Executive Board of the Issuer dated July 5, 2017 and the Supervisory Board of the Issuer dated July 2, 2017.

### **2. CLEARING AND SETTLEMENT**

The Notes will be cleared by Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn, Germany.

### **3. SECURITIES IDENTIFICATION NUMBERS**

The Notes have been assigned the following security codes: ISIN: DE000A2GSCV5, German Securities Code (WKN): A2GSCV.

### **4. YIELD**

The yield of the Notes will be determined on the pricing date which is expected to be on or prior to the issue date of the Notes and will be set out in the Pricing Notice. The yield will be calculated in accordance with the ICMA (International Capital Markets Association) method.

### **5. INCORPORATION BY REFERENCE**

The following information of the documents is incorporated by reference and forms part of this Prospectus:

- (1) Annual Report 2015 (containing the audited consolidated financial statements of DIC Asset as of and for the fiscal year ended December 31, 2015 prepared in accordance with International Financial Reporting Standard ("**IFRS**") as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) of the German Commercial Code (*Handelsgesetzbuch, HGB*)), including
  - Consolidated Income Statement (page 78 of the Annual Report 2015),
  - Consolidated Statement of Comprehensive Income (page 79 of the Annual Report 2015),
  - Consolidated Balance Sheet (pages 80 to 81 of the Annual Report 2015),
  - Consolidated Statement of Cash Flow (page 82 of the Annual Report 2015),
  - Consolidated Statement of Changes in Equity (page 83 of the Annual Report 2015),
  - Notes to the 2015 Consolidated Financial Statements (pages 84 to 129 of the Annual Report 2015),
  - Auditor's report (page 130 of the Annual Report 2015).
- (2) Annual Report 2016 (containing the audited consolidated financial statements of DIC Asset as of and for the fiscal year ended December 31, 2016 prepared in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) of the German Commercial Code (*Handelsgesetzbuch, HGB*)), including
  - Consolidated Income Statement (page 82 of the Annual Report 2016),

- Consolidated Statement of Comprehensive Income (page 83 of the Annual Report 2016),
  - Consolidated Balance Sheet (pages 84 to 85 of the Annual Report 2016),
  - Consolidated Statement of Cash Flow (page 86 of the Annual Report 2016),
  - Consolidated Statement of Changes in Equity (page 87 of the Annual Report 2016),
  - Notes to the 2016 Consolidated Financial Statements (pages 88 to 134 of the Annual Report 2016),
  - Auditor's Report (page 135 of the Annual Report 2016).
- (3) Interim Report on the First Three Months of 2017 (containing the unaudited condensed interim consolidated financial statements of DIC Asset as of and for the first three months ended March 31, 2017 (abridged) prepared in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315a (1) of the German Commercial Code (*Handelsgesetzbuch, HGB*)), including
- Consolidated Income Statement (pages 12 of the Interim Report on the First Three Months of 2017),
  - Consolidated Statement of Comprehensive Income (page 13 of the Interim Report on the First Three Months of 2017),
  - Consolidated Statement of Cash Flow (page 13 of the Interim Report on the First Three Months of 2017),
  - Consolidated Balance Sheet (pages 14 of the Interim Report on the First Three Months of 2017) and
  - Consolidated Statement of Changes in Equity (pages 15 of the Interim Report on the First Three Months of 2017).

The documents set out in (1) to (3) above and the information contained in such documents and incorporated by reference into this Prospectus are English language translations of their respective binding German language counterparts.

Any information not specifically set out in (1) to (3) above but included in the documents incorporated by reference is either not relevant for any investor or are covered by another part of this Prospectus.

As long as any Notes are outstanding, copies of the documents set out in (1) to (3) above are available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## **6. DOCUMENTS ON DISPLAY**

As long as any Notes are outstanding, copies of the following documents may be inspected (free of charge) during normal business hours at the specified office of the Paying Agent:

- this Prospectus and any supplement hereto;
- the articles of association of DIC Asset AG; and
- the documents incorporated by reference set out above.

## IX. TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the notes (the "**Terms and Conditions of the Notes**") applicable to the Notes.

These Terms and Conditions of the Notes are written in the German language. The German text shall be the legally binding version. The English language translation is provided for convenience purposes only.

Im Folgenden ist der Text der Emissionsbedingungen (die "**Emissionsbedingungen**") für die Schuldverschreibungen abgedruckt.

Die Emissionsbedingungen sind in deutscher und englischer Sprache abgefasst. Der deutsche Wortlaut ist rechtsverbindlich. Die englische Übersetzung dient nur zur Information.

### EMISSIONSBEDINGUNGEN

#### § 1 WÄHRUNG, STÜCKELUNG, FORM, DEFINITIONEN

(1) *Währung, Stückelung.* Diese Inhaberschuldverschreibungen (die "**Schuldverschreibungen**") werden von der DIC Asset AG (der "**Emittentin**") in Euro (EUR) (die "**Festgelegte Währung**") im Gesamtnennbetrag von EUR [●] (in Worten: Euro [●]) in einer Stückelung von EUR 1.000 (die "**Festgelegte Stückelung**" oder der "**Nennbetrag**") begeben.

(2) *Form.* Die Schuldverschreibungen lauten auf den Inhaber.

(3) *Vorläufige Globalurkunde – Austausch gegen Dauerglobalurkunde*

(a) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "**vorläufige Globalurkunde**") ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde kann gegen Schuldverschreibungen in der festgelegten Stückelung, die durch eine Dauerglobalurkunde (die "**Dauerglobalurkunde**" und, zusammen mit der vorläufigen Globalurkunde, die "**Globalurkunden**") ohne Zinsscheine verbrieft ist, ausgetauscht werden. Der Zinszahlungsanspruch im Zusammenhang mit den Schuldverschreibungen ist durch die relevante Globalurkunde mitverbrieft. Die vorläufige Globalurkunde und die Dauerglobalurkunde werden jeweils von ordnungsgemäß bevollmächtigten Vertretern der Emittentin unterschrieben und werden jeweils von der Zahlstelle oder in deren Namen mit einer Kontrollunterschrift versehen.

### TERMS AND CONDITIONS OF THE NOTES

#### § 1 CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency, Denomination.* These bearer notes (the "**Notes**") are issued by DIC Asset AG (the "**Issuer**") in Euro (EUR) (the "**Specified Currency**") in the aggregate principal amount of EUR [●] (in words: Euro [●]) in a denomination of EUR 1,000 (the "**Specified Denomination**" or the "**Principal Amount**").

(2) *Form.* The Notes are being issued in bearer form.

(3) *Temporary Global Note – Exchange for Permanent Global Note*

(a) The Notes are initially represented by a temporary global note (the "**Temporary Global Note**") without interest coupons. The Temporary Global Note can be exchanged for Notes in the Specified Denomination represented by a permanent global note (the "**Permanent Global Note**" and, together with the Temporary Global Note, the "**Global Notes**") without interest coupons. The claim for interest payments in connection with the Notes is represented by the relevant Global Note. The Temporary Global Note and the Permanent Global Note shall each be signed by authorized representatives of the Issuer and shall each be authenticated by or on behalf of the Paying Agent. Definitive notes and interest coupons will not be issued.



Einzelurkunden und Zinsscheine werden nicht ausgegeben.

(b) Die vorläufige Globalurkunde wird an einem Tag (der "**Austauschtag**") gegen die Dauerglobalurkunde in der in dem vorstehenden Unterabsatz (a) vorgesehenen Form und unter den unten aufgestellten Voraussetzungen ausgetauscht, der nicht mehr als 180 Tage nach dem Tag der Begebung der vorläufigen Globalurkunde liegt. Der Austausch tag darf nicht weniger als 40 Tage nach dem Tag der Begebung der vorläufigen Globalurkunde liegen. Ein solcher Austausch darf nur in dem Umfang erfolgen, in dem Bescheinigungen vorgelegt werden, denen zufolge der oder die wirtschaftliche(n) Eigentümer der durch die vorläufige Globalurkunde verbrieften Schuldverschreibungen keine U.S.-Person(en) ist (sind) (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Zinszahlungen auf durch eine vorläufige Globalurkunde verbrieft Schuldverschreibungen erfolgen erst nach Vorlage solcher Bescheinigungen. Eine gesonderte Bescheinigung ist hinsichtlich einer jeden solchen Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Begebung der vorläufigen Globalurkunde eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß Unterabsatz (b) dieses § 1 (3) auszutauschen. Schuldverschreibungen, die im Austausch für die vorläufige Globalurkunde geliefert werden, sind nur außerhalb der Vereinigten Staaten (wie in § 4 (3) definiert) zu liefern.

(4) *Clearingsystem.* Die Globalurkunden werden von Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn (das "**Clearingsystem**"), verwahrt.

(5) *Gläubiger von Schuldverschreibungen.* "**Gläubiger**" bezeichnet jeden Inhaber von Miteigentumsanteilen oder anderen Rechten an der Globalurkunde, die in Übereinstimmung mit den Bestimmungen des Clearingsystems auf einen neuen Gläubiger übertragen werden können.

(b) The Temporary Global Note shall be exchanged for the Permanent Global Note in the form and subject to the conditions provided in sub-paragraph (a) above on a date (the "**Exchange Date**") not later than 180 days after the issue date of the Temporary Global Note. The Exchange Date shall not be earlier than 40 days after the issue date of the Temporary Global Note. Such exchange shall only be made to the extent that certifications have been delivered to the effect that the beneficial owner or owners of the Notes represented by the Temporary Global Note is (are) not (a) U.S. person(s) (other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by a Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40th day after the date of issue of the Temporary Global Note will be treated as a request to exchange such Temporary Global Note pursuant to sub-paragraph (b) of this § 1 (3). Notes delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 4 (3)).

(4) *Clearing System.* The Global Notes will be held by Clearstream Banking AG, Mergenthalerallee 61, 65760 Eschborn (the "**Clearing System**").

(5) *Holder of Notes.* "**Holder**" means any holder of co-ownership participations or other rights in the Global Note which are transferable to a new Holder in accordance with the provisions of the Clearing System.

## §2 STATUS, NEGATIVVERPFLICHTUNG

(1) *Status.* Die Schuldverschreibungen begründen direkte, unbedingte, nicht besicherte und nicht nachrangige Verbindlichkeiten der Emittentin, die untereinander und mit allen anderen nicht besicherten und nicht nachrangigen gegenwärtigen und zukünftigen Verbindlichkeiten der Emittentin gleichrangig sind, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

(2) *Negativverpflichtung.* Die Emittentin verpflichtet sich, solange Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle Beträge an Kapital und Zinsen der Zahlstelle zur Verfügung gestellt worden sind, keine Grundpfandrechte, Pfandrechte oder sonstige dingliche Sicherungsrechte (jedes solches Sicherungsrecht ein "**Sicherungsrecht**") in Bezug auf ihren gesamten Geschäftsbetrieb oder ihr gesamtes Vermögen oder ihre Einkünfte, jeweils gegenwärtig oder zukünftig, oder Teile davon zur Sicherung von anderen Kapitalmarktverbindlichkeiten oder zur Sicherung einer von der Emittentin oder einer ihrer Tochterunternehmen gewährten Garantie oder Freistellung bezüglich einer Kapitalmarktverbindlichkeit einer anderen Person zu bestellen, ohne gleichzeitig für alle unter den Schuldverschreibungen zahlbaren Beträge dasselbe Sicherungsrecht zu bestellen oder für alle unter den Schuldverschreibungen zahlbaren Beträge solch ein anderes Sicherungsrecht zu bestellen, das von einer unabhängigen, international anerkannten Wirtschaftsprüfungsgesellschaft als gleichwertig anerkannt wird.

Die Verpflichtung nach diesem Absatz (2) besteht jedoch nicht für solche Sicherungsrechte, (i) die gesetzlich vorgeschrieben sind, (ii) die als Voraussetzung für staatliche Genehmigungen verlangt werden, (iii) die im Rahmen einer Verbriefungstransaktion vereinbart werden, (iv) die Tochtergesellschaften zur Besicherung von Kapitalmarktverbindlichkeiten begründen, die der Finanzierung der Akquisition einzelner Immobilien bzw. Immobilienportfolien durch die jeweilige Tochtergesellschaft dienen oder (v) die eine Kapitalmarktverbindlichkeit besichern, die eine Verpflichtung der Emittentin oder der Gruppe infolge einer zukünftigen Akquisition wird, sofern diese Kapitalmarktverbindlichkeit nicht im Hinblick auf diese zukünftige

## §2 STATUS, NEGATIVE PLEDGE

(1) *Status.* The Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking pari passu among themselves and pari passu with all other unsecured and unsubordinated present and future obligations of the Issuer, unless such other obligations are accorded priority by mandatory provisions of law.

(2) *Negative Pledge.* The Issuer undertakes, so long as the Notes are outstanding, but only up to the time all amounts of principal and interest have been placed at the disposal of the Paying Agent, not to create any mortgage, pledge, or other security interest (each such right a "**Security**") over the whole or any part of its undertakings, assets or revenues, present or future, to secure any Capital Market Indebtedness or to secure any guarantee or indemnity given by the Issuer or any of its subsidiaries in respect of any Capital Market Indebtedness of another person, without, at the same time securing all amounts payable under the Notes either with identical Security or providing all amounts payable under the Notes such other Security as shall be approved by an independent accounting firm of internationally recognized standing as being equivalent security.

This undertaking according to this paragraph (2) shall not apply to such security interests, (i) which are provided for by law, (ii) which are required as a condition precedent for public permissions, (iii) which are agreed within the framework of a securitization transaction, (iv) which are provided by subsidiaries for securing obligations under Capital Market Indebtedness which serve to finance the acquisition of individual real estate or real estate portfolios by the respective subsidiary or (v) which secure Capital Market Indebtedness which becomes an obligation of the Issuer or the group as a result of a future acquisition, provided this Capital Market Indebtedness has not been established in re-

Akquisition begründet wurde.

Ein nach diesem Absatz (2) zu leistendes Sicherungsrecht kann auch zu Gunsten der Person eines Treuhänders der Gläubiger bestellt werden.

**"Kapitalmarktverbindlichkeit"** bezeichnet jede Verbindlichkeit hinsichtlich der Rückzahlung geliehener Geldbeträge, die entweder durch (i) einem deutschem Recht unterliegenden Schuldscheindarlehen oder durch (ii) Schuldverschreibungen oder ähnliche Wertpapiere, die an einer Börse oder an einem anderen anerkannten Wertpapiermarkt notiert oder gehandelt werden oder werden können, verbrieft, verkörpert oder dokumentiert sind.

**"Tochterunternehmen"** bezeichnet jedes voll konsolidierte Tochterunternehmen der Emittentin.

### § 3 ZINSEN

(1) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden auf der Grundlage ihres Nennbetrags verzinst, und zwar vom 11. Juli 2017 (der **"Verzinsungsbeginn"**) (einschließlich) bis zum Endfälligkeitstag (wie in § 5 (1) definiert) (ausschließlich) mit [●]% per annum (der **"Zinssatz"**). Die Zinsen sind nachträglich am 11. Juli eines jeden Jahres (vorbehaltlich einer Anpassung gemäß § 4 (5)) (jeweils ein **"Zinszahlungstag"**) zahlbar. Die erste Zinszahlung erfolgt am 11. Juli 2018 (vorbehaltlich einer Anpassung gemäß § 4 (5)).

(2) *Zinslauf.* Der Zinslauf der Schuldverschreibungen endet mit Ablauf des Tages, der dem Tag vorangeht, an dem die Schuldverschreibungen zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlöst, wird der ausstehende Nennbetrag der Schuldverschreibungen vom Tag der Fälligkeit (einschließlich) bis zum Tag der tatsächlichen Rückzahlung der Schuldverschreibungen (ausschließlich) (die **"Verzugszinsperiode"**) in Höhe des gesetzlich festgelegten Satzes für Verzugszinsen<sup>1)</sup> (der **"Verzugszinssatz"**)

spect of this future acquisition.

A Security to be provided in accordance with this paragraph (2) may also be created for the benefit of a trustee of the Holders.

**"Capital Market Indebtedness"** means each obligation in respect of the repayment of borrowed monies which is either represented, evidenced or documented in the form of a (i) promissory note loan (*Schuldscheindarlehen*) governed by German law or (ii) Note or similar security which are, or are capable of being listed or traded on a stock exchange or other recognized securities market.

**"Subsidiary"** means any fully consolidated subsidiary of the Issuer.

### § 3 INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Notes will bear interest on their Principal Amount at a rate of [●]% per annum (the **"Rate of Interest"**) from July, 11 2017 (the **"Interest Commencement Date"**) (inclusive) to the maturity date (as defined in § 5 (1)) (exclusive). Interest is payable annually in arrears on July 11, of each year (subject to an adjustment, pursuant to § 4 (5)) (each an **"Interest Payment Date"**). The first interest payment shall be made on July, 11 2018 (subject to an adjustment, pursuant to § 4 (5)).

(2) *Accrual of Interest.* The Notes shall cease to bear interest from the expiry of the day preceding the due date for redemption of the Notes. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue on the outstanding Principal Amount of the Notes from the due date for redemption (inclusive) to the date of actual redemption of the Notes (exclusive) (the **"Default Rate of Interest Period"**) at the default rate of interest established by law<sup>2)</sup> (the **"Default Rate of Interest"**), unless the Rate of Interest is higher than the Default Rate of

<sup>1)</sup> Der gesetzliche Verzugszinssatz beträgt für das Jahr fünf Prozentpunkte über dem von der Deutschen Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz, §§ 288 Absatz 1, 247 Absatz 1 BGB.

<sup>2)</sup> The statutory Default Rate of Interest per annum is five percentage points above the basic rate of interest published by

verzinst, es sei denn, der Zinssatz ist höher als der Verzugszinssatz; in letzterem Fall bleibt der Zinssatz während der Verzugszinsperiode anwendbar. Weitergehende Ansprüche der Gläubiger bleiben unberührt.

(3) *Berechnung des Zinsbetrags.* Falls der auf die Schuldverschreibungen zu zahlende Zinsbetrag für einen Zeitraum von weniger oder mehr als einem Jahr zu berechnen ist, erfolgt die Berechnung des Zinsbetrags, indem der Zinssatz auf die festgelegte Stückelung angewendet wird, diese Summe mit dem Zinstagequotienten (wie nachstehend definiert) multipliziert und das hieraus resultierende Ergebnis auf die nächste Untereinheit der festgelegten Währung gerundet wird, wobei eine halbe Untereinheit aufgerundet wird oder die Rundung ansonsten gemäß der anwendbaren Marktconvention erfolgt.

(4) *Zinstagequotient.* "**Zinstagequotient**" bezeichnet im Hinblick auf die Berechnung eines Zinsbetrags auf eine Schuldverschreibung für einen beliebigen Zeitraum (der "**Zinsberechnungszeitraum**") die Anzahl von Tagen im Zinsberechnungszeitraum geteilt durch das Produkt (i) der Anzahl der Tage in der Zinsperiode und (ii) der Anzahl der Zinszahlungstage, die in ein Kalenderjahr fallen oder fallen würden, falls Zinsen für das gesamte betreffende Jahr zu zahlen wären. "**Zinsperiode**" ist dabei die Periode ab einem Zinszahlungstag (einschließlich) bis zum nächsten Zinszahlungstag (ausschließlich).

#### § 4 ZAHLUNGEN

(1)(a) *Zahlungen von Kapital.* Zahlungen von Kapital in Bezug auf die Schuldverschreibungen erfolgen nach Maßgabe des nachstehenden Absatzes (2) über die Zahlstelle an das Clearingsystem oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems gegen Vorlage und (außer im Fall von Teilzahlungen) Einreichung der die Schuldverschreibungen zum Zeitpunkt der Zahlung verbriefenden Globalurkunde bei der bezeichneten Geschäftsstelle der Zahlstelle außerhalb der Vereinigten Staaten.

Interest, in which event the Rate of Interest shall continue to apply during the Default Rate of Interest Period. This does not affect any additional rights that might be available to the Holders.

(3) *Calculation of Amount of Interest.* If the amount of interest payable under the Notes is required to be calculated for any period of time of less or more than a full year, such amount of interest shall be calculated by applying the Rate of Interest to the Specified Denomination, multiplying such sum by the applicable Day Count Fraction (as defined below), and rounding the resultant figure to the nearest sub-unit of the Specified Currency, half of such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention.

(4) *Day Count Fraction.* "**Day Count Fraction**" means, with respect to the calculation of an amount of interest on any Note for any period of time (the "**Calculation Period**"), the number of days in the Calculation Period divided by the product of (i) the number of days in the Interest Period and (ii) the number of Interest Payment Dates which fall or would fall in a calendar year, if interest were payable for the entire respective year. "**Interest Period**" is in this respect the period from an Interest Payment Date (inclusive) up to the next Interest Payment Date (exclusive).

#### § 4 PAYMENTS

(1) (a) *Payments of Principal.* Payment of principal in respect of the Notes shall be made subject to paragraph (2) below via the Paying Agent to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System upon presentation and (except in the case of partial payments) surrender of the Global Note representing the Notes at the time of payment at the specified office of the Paying Agent outside the United States.

(b) *Zahlungen von Zinsen.* Die Zahlung von Zinsen auf die Schuldverschreibungen erfolgt nach Maßgabe von Absatz (2) über die Zahlstelle an das Clearingsystem oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems. Die Zahlung von Zinsen auf Schuldverschreibungen, die durch eine vorläufige Globalurkunde verbrieft sind, erfolgt nach Maßgabe von Absatz (2) über die Zahlstelle an das Clearingsystem oder dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems, und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1 (3) (b).

(2) *Zahlungsweise.* Vorbehaltlich (i) geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften und (ii) eines Einbehalts oder Abzugs aufgrund eines Vertrags wie in Section 1471(b) des U.S. Internal Revenue Code von 1986 (der "**Code**") beschrieben bzw. anderweitig gemäß Section 1471 bis Section 1474 des Code auferlegt, etwaigen aufgrund dessen getroffener Regelungen oder geschlossener Abkommen, etwaiger offizieller Auslegungen davon, oder von Gesetzen zur Umsetzung einer Regierungszusammenarbeit dazu erfolgende Zahlungen auf die Schuldverschreibungen in Euro.

(3) *Vereinigte Staaten.* Für die Zwecke des § 1 (3) und des Absatzes (1) dieses § 4 bezeichnet **Vereinigte Staaten** die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

(4) *Erfüllung.* Die Emittentin wird durch Leistung der Zahlung an das Clearingsystem oder dessen Order von ihrer Zahlungspflicht befreit.

(5) *Zahltag.* Sofern der Fälligkeitstag für eine Zahlung in Bezug auf die Schuldverschreibungen ansonsten auf einen Tag fielen, der kein Zahltag (wie nachstehend definiert) ist, so wird der Fälligkeitstag für die Zahlung auf den nächstfolgenden Zahltag verschoben.

"**Zahltag**" bezeichnet einen Tag (außer einem Samstag oder Sonntag), (i) an dem Ge-

(b) *Payment of Interest.* Payment of interest on the Notes shall be made, subject to paragraph (2), via the Paying Agent to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System. Payment of interest on Notes represented by a Temporary Global Note shall be made, subject to paragraph (2), via the Paying Agent to the Clearing System or to its order for credit to the accounts of the relevant account holders of the Clearing System, upon due certification as provided for in § 1 (3) (b).

(2) *Manner of Payment.* Subject to (i) applicable fiscal and other laws and regulations and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto, payments of amounts due in respect of the Notes shall be made in Euro..

(3) *United States.* For the purposes of § 1 (3) and paragraph (1) of this § 4, **United States** means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

(4) *Discharge.* The Issuer shall be discharged by payment to, or to the order of, the Clearing System.

(5) *Payment Business Day.* If the due date for any payment in respect of the Notes would otherwise fall on a day which is not a Payment Business Day (as defined below), the due date for such payment shall be moved to the following Payment Business Day.

"**Payment Business Day**" means a day (other than a Saturday or a Sunday) (i) on

schäftsbanken und Devisenmärkte Zahlungen am jeweiligen Ort der Vorlage (sofern es einen solchen gibt) und in Frankfurt am Main abwickeln und für den allgemeinen Geschäftsverkehr (einschließlich des Handels in Devisen und Fremdwährungseinlagen) geöffnet sind, (ii) an dem das Clearingsystem geöffnet ist und (iii) das Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 (TARGET 2) ("**TARGET**") geöffnet ist.

Falls der Fälligkeitstag einer Zahlung von Zinsen (wie oben beschrieben) sich nach hinten verschiebt, wird der Zinsbetrag nicht entsprechend angepasst.

Falls der Fälligkeitstag der Rückzahlung des Nennbetrags der Schuldverschreibungen sich nach hinten verschiebt, ist der Gläubiger nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verschiebung zu verlangen.

(6) *Hinterlegung von Kapital und Zinsen.* Die Emittentin ist berechtigt, beim Amtsgericht Frankfurt am Main Zins- oder Kapitalbeträge zu hinterlegen, die von den Gläubigern nicht innerhalb von zwölf Monaten nach dem relevanten Fälligkeitstag beansprucht worden sind, auch wenn die Gläubiger sich nicht im Annahmeverzug befinden. Soweit eine solche Hinterlegung erfolgt und auf das Recht der Rücknahme verzichtet wird, erlöschen die Ansprüche der Gläubiger gegen die Emittentin.

## § 5 RÜCKZAHLUNG

(1) *Rückzahlung bei Endfälligkeit.* Soweit nicht zuvor bereits ganz oder teilweise zurückgezahlt oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am 11. Juli 2022 (vorbehaltlich einer Anpassung gemäß § 4 (5)) (der "**Endfälligkeitstag**") zurückgezahlt. Der "**Rückzahlungsbetrag**" in Bezug auf jede Schuldverschreibung entspricht dem Nennbetrag der Schuldverschreibung.

(2) *Vorzeitige Rückzahlung nach Wahl der Emittentin (Call).*

(a) Die Emittentin kann die Schuldverschreibungen (ausgenommen Schuldverschreibungen, deren Rückzahlung der Gläubiger bereits in Ausübung seines Wahlrechts nach Absatz (3) verlangt hat) ins-

which commercial banks and foreign exchange markets settle payments in the relevant place of presentation (if any) and in Frankfurt am Main and are open for general business (including dealing in foreign exchange and foreign currency deposits), (ii) on which the Clearing System is open and (iii) the Trans-European Automated Real-Time Gross Settlement Express Transfer System 2 (TARGET 2) ("**TARGET**") is open.

If the due date for payment of interest (as described above) is postponed, the interest amount will not be adjusted accordingly.

If the due date for the redemption of the Principal Amount of the Notes is postponed, the Holder shall not be entitled to further interest or other payments in respect of such postponement.

(6) *Deposit of Principal and Interest.* The Issuer may deposit with the Local Court of Frankfurt am Main principal or interest not claimed by Holders within twelve months after the relevant due date, even though such Holders may not be in default of acceptance of payment. If and to the extent that the deposit is effected and the right of withdrawal is waived, the respective claims of such Holders against the Issuer shall cease.

## § 5 REDEMPTION

(1) *Redemption at Maturity.* Unless previously redeemed in whole or in part or purchased and cancelled, the Notes shall be redeemed at their Final Redemption Amount on July, 11 2022 (subject to adjustment, pursuant to the provisions set out in § 4 (5)) (the "**Maturity Date**"). The "**Final Redemption Amount**" in respect of each Note shall be the Principal Amount per Note.

(2) *Early Redemption at the Option of the Issuer (Call).*

(a) The Issuer may, upon prior notice of redemption given to the Paying Agent and, in accordance with § 12, to the Holders, redeem, at its option, the Notes (except for any Note which is the subject of the

gesamt oder teilweise, nach ihrer Wahl durch Erklärung gegenüber der Zahlstelle und gemäß § 12 gegenüber den Gläubigern kündigen und

(i) innerhalb des Zeitraums vom 11. Juli 2020 (einschließlich) bis zum 11. Juli 2021 (ausschließlich) zu 102 % des Rückzahlungsbetrags; oder

(ii) innerhalb des Zeitraums vom 11. Juli 2021 (einschließlich) bis zum Endfälligkeitstag (ausschließlich) zu 101 % des Rückzahlungsbetrags

zusammen mit allen nicht gezahlten Zinsen, die bis zum für die Rückzahlung festgesetzten Tag (ausschließlich) aufgelaufen sind, zurückzahlen.

(b) Eine solche Kündigungserklärung ist unwiderruflich und muss die folgenden Angaben beinhalten: (i) die Erklärung, ob die Schuldverschreibungen ganz oder teilweise zurückgezahlt werden und im letzteren Fall den Gesamtnennbetrag der zurückzuzahlenden Schuldverschreibungen, und (ii) den für die Rückzahlung festgesetzten Tag, mindestens 30 und nicht mehr als 60 Tage nach dem Tag der Kündigung durch die Emittentin gegenüber den Gläubigern liegen darf.

(c) Werden die Schuldverschreibungen nur teilweise zurückgezahlt, werden die zurückzuzahlenden Schuldverschreibungen in Übereinstimmung mit den üblichen Verfahren des betreffenden Clearingsystems ausgewählt. Die teilweise Rückzahlung wird in den Registern des Clearingsystems nach dessen Ermessen entweder als Pool-Faktor oder als Reduzierung des Nennbetrags wiedergegeben.

*(3) Vorzeitige Rückzahlung nach Wahl des Gläubigers bei einem Kontrollwechsel (Put).*

(a) Wenn ein Kontrollwechsel (wie nachfolgend definiert) eintritt, hat jeder Gläubiger das Recht, aber nicht die Verpflichtung, von der Emittentin die Rückzahlung oder, nach Wahl der Emittentin, den Ankauf seiner Schuldverschreibungen durch die Emittentin (oder auf ihre Veranlassung durch einen Dritten) insgesamt oder teilweise zu verlangen.

prior exercise by the Holder thereof of the option to require the redemption of such Note under paragraph (3)) in whole or in part

(i) within the period from and including July 11, 2020 to but excluding July 11, 2021 at 102 per cent of their Final Redemption Amount; or

(ii) within the period from and including July 11, 2021 to but excluding the Maturity Date at 101 per cent of their Final Redemption Amount

together with any unpaid interest to (but excluding) the date fixed for redemption.

(b) Such notice shall be irrevocable and must specify (i) whether the Notes are to be redeemed in whole or in part and, if in part, the aggregate principal amount of the Notes which are to be redeemed, and (ii) the date fixed for redemption, which shall be not less than 30 nor more than 60 days after the date on which notice is given by the Issuer to the Holders.

(c) In the case of a partial redemption of Notes, Notes to be redeemed shall be selected in accordance with the customary proceedings of the relevant Clearing System. Such partial redemption shall be reflected in the records of the Clearing System as either a pool factor or a reduction in principal amount, at the discretion of the Clearing System.

*(3) Early Redemption at the Option of the Holder upon a Change of Control (Put).*

(a) If a Change of Control (as defined below) occurs, each Holder shall have the right, but not the obligation, to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase by a third party of) his Notes in whole or in part.

Eine Ausübung des Wahlrechts durch einen Gläubiger wird jedoch nur dann wirksam, wenn Gläubiger von mindestens 20% des Gesamtnennbetrages der zu diesem Zeitpunkt noch ausstehenden Schuldverschreibungen die Ausübung des Wahlrechts erklärt haben.

Die Emittentin hat eine Schuldverschreibung im Falle einer wirksamen Ausübung des Wahlrechts am 60. Tag (vorbehaltlich einer Anpassung gemäß § 4 (5)) nach der Mitteilung des Kontrollwechsels (der "**Wahl-Rückzahlungstag (Put)**") zum Nennbetrag nebst etwaigen bis zum Wahl-Rückzahlungstag (Put) (ausschließlich) aufgelaufenen Zinsen zurückzuzahlen bzw. anzukaufen.

(b) Ein Kontrollwechsel tritt ein, wenn die Emittentin davon Kenntnis erlangt, dass

(i) eine Person oder gemeinsam handelnde Gruppe von Personen im Sinne von § 2 Abs. 5 Wertpapiererwerbs- und Übernahmegesetz (jeweils ein "**Erwerber**") der rechtliche oder wirtschaftliche Eigentümer von mehr als 50% der Stimmrechte der Emittentin geworden ist; oder

(ii) eine Person die tatsächliche Kontrolle über die Emittentin aufgrund eines Beherrschungsvertrags mit der Emittentin gemäß § 291 Aktiengesetz erworben hat.

(c) Die Emittentin hat den Gläubigern den Eintritt eines Kontrollwechsels unverzüglich gemäß § 12 unter Angabe der Umstände des Kontrollwechsels mitzuteilen.

(d) Die Ausübung des Wahlrechts hat der Gläubiger innerhalb von 30 Tagen nach Mitteilung des Kontrollwechsels gegenüber der bezeichneten Geschäftsstelle der Zahlstelle und der Emittentin in Textform zu erklären (die "**Ausübungserklärung**"). Die Ausübung des Wahlrechts kann nicht widerrufen werden.

(4) *Vorzeitige Rückzahlung nach Wahl der Emittentin bei geringfügigen ausstehenden Gesamtnennbetrag (Clean-up Call).*

Wenn 80 % oder mehr des Nennbetrags der dann ausstehenden Schuldverschrei-

An exercise of the option by a Holder shall only become valid, if Holders of at least 20 % of the aggregate Principal Amount of the Notes then outstanding have exercised the option.

The Issuer must redeem or purchase a Note in case of an effective exercise of the option on the 60th day (subject to an adjustment, pursuant § 4 (5)) following notification of a Change of Control (the "**Call Redemption Date (Put)**") at the Principal Amount plus possible interest accrued by the Call Redemption Date (Put) (exclusive).

(b) A Change of Control occurs, if the Issuer becomes aware that

(i) a person or a group of persons acting in concert within the meaning of § 2 (5) of the German Securities and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*) (each an "**Acquirer**") has become the legal or beneficial owner of more than 50% of the voting rights of the Issuer; or

(ii) a person has acquired actual control over the Issuer due to a domination agreement with the Issuer, pursuant to § 291 of the German Stock Corporation Act.

(c) The Issuer must without undue delay give notice to the Holders of the Change of Control, pursuant to § 12, specifying the nature of the Change of Control.

(d) The exercise of the option must be declared by the Holder within 30 days after a notice of the Change of Control has been published to the specified office of the Paying Agent and the Issuer in text form (the "**Exercise Notice**"). No option so exercised may be revoked or withdrawn.

(4) *Early Redemption at the Option of the Issuer in case of minimal outstanding total principal amount (Clean-up Call).*

If 80 % or more in principal amount of the Notes then outstanding have been



bungen zurückgezahlt oder zurückerworben wurde, ist die Emittentin berechtigt, nach vorheriger Bekanntmachung gegenüber den Gläubigern mit einer Frist von mindestens 30 und nicht mehr als 60 Tagen nach ihrer Wahl alle ausstehenden Schuldverschreibungen zum Nennbetrag zuzüglich bis zum Rückzahlungstag (ausschließlich) aufgelaufenen Zinsen zurück zu zahlen.

## § 6 ZAHLSTELLE

(1) *Bestellung; bezeichnete Geschäftsstelle.* Die anfänglich bestellte Zahlstelle und ihre anfänglich bezeichnete Geschäftsstelle lauten wie folgt:

### **Citibank, N.A. London Branch**

25-33 Canada Square  
London E14 5LB  
Vereinigtes Königreich

Die Zahlstelle behält sich das Recht vor, jederzeit ihre bezeichnete Geschäftsstelle durch eine andere bezeichnete Geschäftsstelle in derselben Stadt zu ersetzen.

(2) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit die Bestellung der Zahlstelle zu ändern oder zu beenden und eine andere Zahlstelle (falls einschlägig) zu bestellen. Die Emittentin wird jedoch jederzeit eine Zahlstelle unterhalten. Eine Änderung, Abberufung, Bestellung oder ein sonstiger Wechsel wird nur wirksam (außer im Insolvenzfall, in dem eine solche Änderung sofort wirksam wird), sofern die Gläubiger hierüber gemäß § 12 vorab unter Einhaltung einer Frist von mindestens 30 und nicht mehr als 45 Tagen informiert wurden.

(3) *Beauftragte der Emittentin.* Die Zahlstelle handelt ausschließlich als Beauftragte der Emittentin und übernimmt keinerlei Verpflichtungen gegenüber den Gläubigern; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihr und den Gläubigern begründet.

(4) *Verbindlichkeit der Festsetzungen.* Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Zahlstelle für die Zwecke dieser Emissionsbedingungen gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern keine vorsätzliche

redeemed or purchased, the Issuer may, on not less than 30 or more than 60 days' notice to the Holders, redeem, at its option, the remaining Notes as a whole at a redemption price of the principal amount thereof plus interest accrued to but excluding the date of such redemption.

## § 6 PAYING AGENT

(1) *Appointment; Specified Office.* The initially appointed Paying Agent and its initially specified office are as follows:

### **Citibank, N.A. London Branch**

25-33 Canada Square  
London E14 5LB  
United Kingdom

The Paying Agent reserves the right at any time to change its respective specified office to some other specified office in the same city.

(2) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to vary or terminate the appointment of the Paying Agent and to appoint another paying agent (if any). The Issuer shall, however, at all times maintain a paying agent. Any variation, termination, appointment or other change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Holders in accordance with § 12.

(3) *Agents of the Issuer.* The Paying Agent acts solely as agent of the Issuer and does not have any obligations towards or does not establish any relationship of agency or trust with any Holder.

(4) *Determinations Binding.* All certifications, communications, opinions, determinations, calculations, quotations and decisions made, given, expressed or obtained for the purposes of the provisions of these Terms and Conditions by the Paying Agent shall (in the absence of willful default, bad faith or

Pflichtverletzung, kein böser Glaube und kein offensichtlicher Irrtum vorliegt) für die Emittentin und die Gläubiger bindend, und, sofern keiner der vorstehend genannten Umstände vorliegt, haftet die Zahlstelle nicht gegenüber der Emittentin oder den Gläubigern im Zusammenhang mit der Ausübung oder Nichtausübung ihrer Rechte und Pflichten und ihres Ermessens gemäß solchen Bestimmungen.

## **§ 7 STEUERN**

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge erfolgen gegebenenfalls unter Einbehalt oder Abzug an der Quelle von oder aufgrund von irgendwelchen gegenwärtigen oder zukünftigen Steuern, sonstigen Abgaben, Veranlagungen oder staatlichen Gebühren gleich welcher Art, die von oder in der Bundesrepublik Deutschland oder für deren Rechnung oder von oder für Rechnung einer politischen Untergliederung oder Steuerbehörde einschließlich Körperschaften des öffentlichen Rechts (wie z.B. bestimmte Kirchen oder Religionsgemeinschaften) derselben an der Quelle auferlegt, erhoben, eingezogen, einbehalten oder veranlagt werden. Die Emittentin ist nicht verpflichtet, den Gläubigern zusätzliche Beträge als Ausgleich für auf diese Weise abgezogene oder einbehaltene Beträge zu zahlen.

## **§ 8 VORLEGUNGSFRIST, VERJÄHRUNG**

Die in § 801 Abs. 1 S. 1 BGB bestimmte Vorlegungsfrist wird für die Schuldverschreibungen auf zehn Jahre abgekürzt. Die Verjährungsfrist für Ansprüche aus Schuldverschreibungen, die innerhalb der Vorlegungsfrist zur Zahlung vorgelegt werden, beträgt zwei Jahre vom Ende der betreffenden Vorlegungsfrist an.

## **§ 9 KÜNDIGUNG**

(1) *Kündigungsgründe.* Jeder Gläubiger ist berechtigt, seine Schuldverschreibungen gemäß Absatz (2) zu kündigen und deren sofortige Rückzahlung zu ihrem Nennbetrag zuzüglich etwaiger bis zum Tage der Rückzahlung aufgelaufener Zinsen zu verlangen, falls:

- (a) die Emittentin Kapital oder Zinsen nicht innerhalb von 30 Tagen nach dem be-

manifest error) be binding on the Issuer and the Holders and, in the absence of the aforesaid, no liability to the Issuer or the Holders shall attach to the Paying Agent in connection with the exercise or non-exercise by it of its rights and duties and discretions pursuant to such provisions.

## **§ 7 TAXES**

All amounts payable under the Notes shall be made by withholding or deducting, if applicable, at source for or on account of any present or future taxes, other duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by way of withholding or deduction at source in, by or within the Federal Republic of Germany or any political subdivision or any tax authority thereof or therein including bodies incorporated under public law (*öffentlichrechtliche Körperschaften*) (e.g. certain churches or religious communities). The Issuer shall not be required to make any additional payments to the Holders as compensation for the amounts deducted or withheld in this manner.

## **§ 8 PRESENTATION PERIOD, PRESCRIPTION**

The presentation period provided in § 801 (1) sentence 1 of the German Civil Code (*BGB*) is reduced to ten years for the Notes. The period of limitation for claims under the Notes which are presented for payment within the presentation period shall be two years from the end of the relevant presentation period.

## **§ 9 TERMINATION**

(1) *Events of Default.* Each Holder shall be entitled to give notice of redemption of its Notes in accordance with paragraph (2) and demand immediate redemption thereof at their Principal Amount together with accrued interest (if any) up to the date of repayment, in the event that:

- (a) the Issuer fails to pay principal or interest within 30 days from the relevant due

treffenden Fälligkeitstag zahlt; oder

- (b) die Emittentin die ordnungsgemäße Erfüllung irgendeiner anderen Verpflichtung aus den Schuldverschreibungen unterlässt, und diese Unterlassung nicht geheilt werden kann oder, falls sie geheilt werden kann, länger als 60 Tage fort dauert, nachdem die Zahlstelle hierüber eine Benachrichtigung von einem Gläubiger erhalten hat; oder
- (c) die Emittentin ihre Zahlungsunfähigkeit bekannt gibt oder ihre Zahlungen einstellt; oder
- (d) ein Gericht ein Insolvenzverfahren gegen die Emittentin eröffnet, das nicht innerhalb von 60 Tagen nach dessen Eröffnung aufgehoben oder ausgesetzt wird, oder die Emittentin oder eine Aufsichts- oder sonstige Behörde, deren Zuständigkeit die Emittentin unterliegt, ein solches Verfahren einleitet oder beantragt; oder
- (e) die Emittentin aufgelöst oder liquidiert wird, es sei denn, dass die Auflösung oder Liquidation im Zusammenhang mit einer Verschmelzung oder einem sonstigen Zusammenschluss mit einem anderen Rechtsgebilde erfolgt, sofern dieses andere Rechtsgebilde alle Verbindlichkeiten der Emittentin aus den Schuldverschreibungen übernimmt; oder
- (f) die Emittentin ihren derzeitigen Geschäftsbetrieb einstellt.

Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde.

- (g) die Emittentin eine Zahlungsverpflichtung aus einer Kapitalmarktverbindlichkeit oder aufgrund einer Bürgschaft, Garantie oder anderweitigen Sicherheit (nachfolgend "**Sicherheit**"), die für eine solche Kapitalmarktverbindlichkeit gewährt wurde, bei (ggf. vorzeitiger) Fälligkeit oder nach Ablauf einer etwaigen Nachfrist bzw. im Falle einer Sicherheit nicht innerhalb von 30 Tagen nach Inanspruchnahme aus dieser erfüllt. Dieser § 9(1)(g) ist jedoch nur anwendbar, sofern der Gesamtbetrag der fälligen Kapitalmarktverbindlichkeiten, bezüglich de-

date; or

- (b) the Issuer fails to duly fulfil any other obligation under the Notes and such failure cannot be remedied or, if it can be remedied, continues for more than 60 days after the Paying Agent was notified thereof by the Holder; or
- (c) the Issuer announces that it is unable to pay or ceases its payments; or
- (d) insolvency proceedings are commenced before a court against the Issuer and have not been dismissed or stayed within 60 days after the commencement thereof, or the Issuer or any supervisory or other authority, which is competent for the Issuer, institutes or applies for such proceedings; or
- (e) the Issuer is wound-up or liquidated, unless the winding-up or liquidation took place in connection with a merger or other consolidation with another legal entity, provided that this legal entity has assumed all obligations of the Issuer under the Notes; or
- (f) the Issuer ceases its current business operations.

The right to give notice of redemption shall terminate if the situation giving rise to it has been cured before the right is exercised.

- (g) the Issuer does not fulfil a payment obligation under a Capital Market Indebtedness or in relation to a surety (*Bürgschaft*), guarantee or other security (hereinafter the "**Collateral**") provided for such Capital Market Indebtedness on the (accelerated, if applicable) due date or upon expiry of any grace period (if any) or, in the event of a Collateral, within 30 days upon enforcement of such Collateral. This section 9(1)(g), however, shall only apply if the aggregate amount of the Capital Market Indebtedness falling due with respect to

rer eines oder mehrere der in diesem Absatz (g) genannten Ereignisse eintritt, den Betrag von EUR 25.000.000,00 (oder dessen Gegenwert in einer oder mehreren anderen Währungen) übersteigt.

(2) *Benachrichtigung.* Eine Benachrichtigung, einschließlich einer Kündigung der Schuldverschreibungen gemäß Absatz (1), ist in Textform in deutscher oder englischer Sprache gegenüber der Zahlstelle zu erklären und persönlich oder per Einschreiben an deren bezeichnete Geschäftsstelle zu übermitteln. Der Benachrichtigung ist ein Nachweis beizufügen, aus dem sich ergibt, dass der betreffende Gläubiger zum Zeitpunkt der Abgabe der Benachrichtigung Inhaber der betreffenden Schuldverschreibung ist. Der Nachweis kann durch eine Bescheinigung der Depotbank (wie in § 14 (4) definiert) oder auf andere geeignete Weise erbracht werden.

#### § 10 ERSETZUNG

(1) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, sofern sie sich nicht mit einer Zahlung von Kapital oder Zinsen auf die Schuldverschreibungen in Verzug befindet, ohne Zustimmung der Gläubiger an ihrer Stelle eine andere Gesellschaft (deren stimmberechtigtes Kapital mehrheitlich unmittelbar oder mittelbar von der Emittentin gehalten wird, vorausgesetzt, dass es der Emittentin nach ihrer wohlbegründeten Einschätzung gestattet ist, (i) eine solche Gesellschaft zu errichten und fortzuführen und (ii) dass sie mit der Erteilung der hierfür nach ihrer wohlbegründeten Einschätzung erforderlichen Genehmigungen rechnen kann; andernfalls kann diese Gesellschaft eine nicht mit der Emittentin verbundene Gesellschaft sein) als Hauptschuldnerin (die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit diesen Schuldverschreibungen einzusetzen, vorausgesetzt, dass:

- (a) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin in Bezug auf die Schuldverschreibungen übernimmt;
- (b) die Emittentin und die Nachfolgeschuldnerin alle erforderlichen Genehmigungen erhalten haben und berechtigt sind, an die Zahlstelle die zur Erfüllung der Zahlungsverpflichtungen aus den Schuldverschreibungen zahlbaren Beträge in

which one or several of the events stated in this paragraph (g) exceeds an amount of EUR 25,000,000.00 (or is equivalent in any or several other currencies).

(2) *Notice.* Any notices, including a notice of redemption of the notes in accordance with para. 1 shall be given in text form in English or in German to the Paying Agent and be delivered personally or per registered letter to its specified office. The notice must include evidence stating that the relevant Holder is a Holder of the relevant Note at the time the notice is given. The evidence may be furnished by way of a certificate from the Custodian (as defined in § 14 (4)) or in any other appropriate manner.

#### § 10 SUBSTITUTION

(1) *Substitution.* The Issuer may at any time without the consent of the Holders, unless it is in default of payment of principal or interest on the Notes, appoint any other company (the majority of the voting capital of which is directly or indirectly held by the Issuer; provided that the Issuer based on its well-founded estimates is permitted (i) to establish and continue such a company and (ii) that it can expect to be issued the authorizations necessary for this based on its well-founded estimates; this company may otherwise be a company not affiliated with the Issuer) to take its place as main debtor (the "**Substitute Debtor**") for all obligations under and in connection with these Notes, provided that:

- (a) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes;
- (b) the Issuer and the Substitute Debtor have obtained all necessary authorizations and may transfer to the Paying Agent any amounts payable to fulfil the payment obligations under the Notes in the currency specified therein and with-

der hierin festgelegten Wahrung zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern oder andere Abgaben irgendeiner Art abzuziehen oder einzubehalten;

- (c) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Glaubiger hinsichtlich solcher Steuern, Abgaben oder behordlichen Lasten freizustellen, die einem Glaubiger bezuglich der Ersetzung auferlegt werden;
- (d) die Emittentin unwiderruflich und unbedingt gegenuber den Glaubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Betrage zu Bedingungen garantiert, die sicherstellen, dass jeder Glaubiger wirtschaftlich mindestens so gestellt wird, wie er ohne eine Ersetzung stehen wurde; und
- (e) der Zahlstelle ein oder mehrere Rechtsgutachten von Rechtsanwaltten von anerkanntem Ansehen vorgelegt werden, die bestatigen, dass die Bestimmungen in den vorstehenden Unterabsatzen (a), (b), (c) und (d) erfullt wurden.

(2) *Bekanntmachung.* Jede Ersetzung ist gema § 12 bekannt zu machen.

(3) *anderung von Bezugnahmen.* Im Falle einer Ersetzung gilt jede Bezugnahme auf die Emittentin in diesen Emissionsbedingungen ab dem Zeitpunkt der Ersetzung als Bezugnahme auf die Nachfolgeschuldnerin und jede Bezugnahme auf das Land, in dem die Emittentin ihren Sitz oder Steuersitz hat, ab diesem Zeitpunkt als Bezugnahme auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat. Des Weiteren gilt im Falle einer Ersetzung Folgendes:

- (a) in § 7 gilt eine alternative Bezugnahme auf die Bundesrepublik Deutschland als aufgenommen (zusatzlich zu der Bezugnahme nach Magabe des vorstehenden Satzes auf das Land, in dem die Nachfolgeschuldnerin ihren Sitz oder Steuersitz hat);
- (b) in § 9 (1) (c) bis (f) gilt eine alternative Bezugnahme auf die Emittentin in ihrer Eigenschaft als Garantin als aufgenommen

out being obliged to deduct or withhold any amount of taxes or other duties of whatever nature levied by the respective country in which the Substitute Debtor or the Issuer has its domicile or tax residence;

- (c) the Substitute Debtor has undertaken to release any Holder from such taxes, duties or official charges levied upon a Holder with regard to the substitution;
- (d) the Issuer irrevocably and unconditionally guarantees in favor of the Holders the payment of all sums payable by the Substitute Debtor in respect of the Notes on terms which ensure that each Holder will be put in an economic position that is at least as favorable as that which would have existed if the substitution had not taken place; and
- (e) there shall have been delivered to the Paying Agent an opinion or several opinions of lawyers of recognized standing to the effect that the conditions in subparagraphs (a), (b), (c) and (d) above have been satisfied.

(2) *Publication.* Any such substitution shall be published in accordance with § 12.

(3) *Change of References.* In the event of any such substitution, any reference in these Terms and Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the country of domicile or residence for taxation purposes of the Substitute Debtor. Furthermore, the following shall apply in the event of substitution:

- (a) in § 7 an alternative reference to the Federal Republic of Germany shall be deemed to have been included (in addition to the reference according to the above sentence to the country of domicile or residence for taxation purposes of the Substitute Debtor);
- (b) in § 9 (1) (c) to (f) an alternative reference to the Issuer in its capacity as guarantor shall be deemed to have been

men (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf die Nachfolgeschuldnerin);

- (c) in § 9 (1) gilt ein weiterer Kündigungsgrund als aufgenommen, der dann besteht, wenn die Garantie gemäß Absatz (1) (d) aus irgendeinem Grund nicht mehr rechtswirksam ist.

### **§ 11 BEGEBUNG WEITERER SCHULDVERSCHREIBUNGEN, ANKAUF UND ENTWERTUNG**

(1) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tags der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) in der Weise zu begeben, dass sie mit diesen Schuldverschreibungen eine einheitliche Serie bilden. Zur Klarstellung: Die Emittentin ist darüber hinaus berechtigt ohne Zustimmung der Gläubiger weitere Schuldverschreibungen mit anderer Ausstattung als diese Schuldverschreibungen zu begeben.

(2) *Ankauf.* Die Emittentin ist berechtigt, jederzeit Schuldverschreibungen im Markt oder anderweitig zu jedem beliebigen Preis zu kaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Zahlstelle zwecks Entwertung eingereicht werden. Sofern diese Käufe durch öffentliches Angebot erfolgen, muss dieses Angebot allen Gläubigern gemacht werden.

### **§ 12 MITTEILUNGEN**

(1) *Mitteilungen an das Clearingsystem.* Die Emittentin wird alle die Schuldverschreibungen betreffenden Mitteilungen entweder (i) auf ihrer Internetseite [www.dic-asset.de](http://www.dic-asset.de) oder (ii) an das Clearingsystem zur Weiterleitung durch das Clearingsystem an die Gläubiger übermitteln. Jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Veröffentlichung bzw. nach dem Tag der Mitteilung an das Clearingsystem als den Gläubigern mitgeteilt.

(2) *Form der von Gläubigern zu machenden Mitteilungen.* Mitteilungen, die von einem

included (in addition to the reference according to the above sentence to the Substitute Debtor);

- (c) in § 9 (1) a further event of default shall be deemed to have been included; such event of default shall exist in the case that the guarantee pursuant to paragraph (1) (d) is or becomes ineffective for any reasons.

### **§ 11 FURTHER ISSUES OF NOTES, PURCHASES AND CANCELLATION**

(1) *Further Issues of Notes.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms as the Notes in all respects (or in all respects except for the issue date, Interest Commencement Date and/or issue price) so as to form a single series with the Notes. For clarification: In addition, the Issuer may, without the consent of the Holders, issue further Notes having other terms than those of the Notes.

(2) *Purchases.* The Issuer may at any time purchase Notes in the open market or otherwise at any price. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered by the Issuer to the Paying Agent for cancellation. If purchases are made by way of tender offer, such tenders offers for the Notes must be made available to all Holders of such Notes alike.

### **§ 12 NOTICES**

(1) *Notice to Clearing System.* The Issuer shall deliver all notices concerning the Notes either (i) on its website [www.dic-asset.de](http://www.dic-asset.de) or (ii) to the Clearing System for communication by the Clearing System to the Holders. Any such notice shall be deemed to have been given to the Holders on the fifth day after the day of publication or after the day on which said notice was given to the Clearing System.

(2) *Form of Notice to be Given by any Holder.* Notices to be given by any Holder shall

Gläubiger gemacht werden müssen in Textform und, zusammen mit einem Nachweis in Form einer Bescheinigung der Depotbank (wie in § 14 (4) definiert) oder einer anderen geeigneten Weise, dass der Mitteilende zum Zeitpunkt der Mitteilung Gläubiger der betreffenden Schuldverschreibung(en) ist, an die Zahlstelle erfolgen.

### **§ 13 ÄNDERUNG DER EMISSIONSBEDINGUNGEN, GEMEINSAMER VERTRETER**

(1) *Änderung der Emissionsbedingungen mit Zustimmung der Gläubiger.* Die Gläubiger können gemäß den Bestimmungen des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (das "**Schuldverschreibungsgesetz**") durch einen Beschluss mit der im nachstehenden Absatz (2) bestimmten Mehrheit über einen im Schuldverschreibungsgesetz zugelassenen Gegenstand eine Änderung der Emissionsbedingungen mit der Emittentin vereinbaren. Die Mehrheitsbeschlüsse der Gläubiger sind für alle Gläubiger gleichermaßen verbindlich. Ein Mehrheitsbeschluss der Gläubiger, der nicht gleiche Bedingungen für alle Gläubiger vorsieht, ist unwirksam, es sei denn, die benachteiligten Gläubiger stimmen ihrer Benachteiligung ausdrücklich zu.

(2) *Mehrheitserfordernisse.* Die Gläubiger entscheiden mit einer Mehrheit von 75% (qualifizierte Mehrheit) der an der Abstimmung teilnehmenden Stimmrechte über wesentliche Änderungen der Emissionsbedingungen, insbesondere über die in § 5 Abs. 3 des Schuldverschreibungsgesetzes aufgeführten Maßnahmen. Beschlüsse, durch die der wesentliche Inhalt der Emissionsbedingungen nicht geändert wird, bedürfen zu ihrer Wirksamkeit einer einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte.

(3) *Abstimmung ohne Versammlung.* Alle Abstimmungen werden ausschließlich im Wege der Abstimmung ohne Versammlung durchgeführt. Eine Gläubigerversammlung und eine Übernahme der Kosten für eine solche Versammlung durch die Emittentin findet ausschließlich im Fall des § 18 Abs. 4 Satz 2 Schuldverschreibungsgesetz statt.

(4) *Leitung der Abstimmung.* Die Abstimmung wird von einem von der Emittentin be-

be made to the Paying Agent in text form and together with evidence in the form of a certification from the Custodian (as defined in § 14 (4)) or in any other appropriate manner stating that the notifying party is a Holder of the relevant Note(s) at the time notice is given.

### **§ 13 AMENDMENT OF THE TERMS AND CONDITIONS, JOINT REPRESENTATIVE**

(1) *Amendments of Terms and Conditions With the Consent of the Holders.* In accordance with the provisions of the German Act on Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen, SchVG*; "**Act on Debt Securities**") the Holders may agree with the Issuer on amendments of the Terms and Conditions with regard to matters permitted by the Act on Debt Securities by resolution with the majority specified in paragraph (2) below. Majority resolutions of the Holders shall be binding on all Holders alike. A majority resolution of the Holders which does not provide for identical conditions for all Holders is void, unless Holders who are disadvantaged have expressly consented to their being treated disadvantageously.

(2) *Majority Requirements.* Resolutions relating to material amendments of these Terms and Conditions, in particular consents to the measures set out in § 5 (3) of the Act on Debt Securities shall be passed by a majority of not less than 75 % (Qualified Majority) of the votes cast. Resolutions relating to amendments of the Terms and Conditions which are not material require a simple majority of the votes cast to be effective.

(3) *Vote Without a Meeting.* All votes will be taken exclusively by vote taken without a meeting. A meeting of Holders and the assumption of the fees by the Issuer for such a meeting will only take place in the circumstances set out in § 18 (4) sentence 2 of the Act on Debt Securities.

(4) *Chair of the Vote.* The vote will be chaired by a notary appointed by the Issuer

auftragten Notar oder, falls der gemeinsame Vertreter zur Abstimmung aufgefordert hat, vom gemeinsamen Vertreter (wie nachfolgend definiert) geleitet.

(5) *Stimmrecht.* Jeder Gläubiger nimmt an Abstimmungen nach Maßgabe des Nennbetrags oder des rechnerischen Anteils seiner Berechtigung an den ausstehenden Schuldverschreibungen teil.

(6) *Gemeinsamer Vertreter.* Die Gläubiger können durch Mehrheitsbeschluss zur Wahrnehmung ihrer Rechte einen gemeinsamen Vertreter (der "**gemeinsame Vertreter**") für alle Gläubiger bestellen.

Der gemeinsame Vertreter hat die Aufgaben und Befugnisse, welche ihm durch Gesetz oder von den Gläubigern durch Mehrheitsbeschluss eingeräumt werden. Er hat die Weisungen der Gläubiger zu befolgen. Soweit er zur Geltendmachung von Rechten der Gläubiger ermächtigt ist, sind die einzelnen Gläubiger zur selbständigen Geltendmachung dieser Rechte nicht befugt, es sei denn der Mehrheitsbeschluss sieht dies ausdrücklich vor. Über seine Tätigkeit hat der gemeinsame Vertreter den Gläubigern zu berichten. Für die Abberufung und die sonstigen Rechte und Pflichten des gemeinsamen Vertreters gelten die Vorschriften des Schuldverschreibungsgesetzes.

#### **§ 14 ANWENDBARES RECHT, ERFÜLLUNGORT, GERICHTSSTAND UND GERICHTLICHE GELTENDMACHUNG**

(1) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Gläubiger und der Emittentin bestimmen sich in jeder Hinsicht nach deutschem Recht und sollen ausschließlich nach deutschem Recht ausgelegt werden.

(2) *Erfüllungsort.* Erfüllungsort ist Frankfurt am Main.

(3) *Gerichtsstand.* Nicht ausschließlich zuständig für sämtliche im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder sonstige Verfahren ("**Rechtsstreitigkeiten**") ist das Landgericht Frankfurt am Main. Die Zuständigkeit des Landgerichts Frankfurt am Main ist ausschließlich, soweit es sich um Rechtsstreitigkeiten handelt, die von Kaufleuten, juristischen Personen des öffentlichen Rechts, öffentlich-

or, if the Joint Representative (as defined below) has convened the vote, by the Joint Representative.

(5) *Voting Right.* Each Holder participating in any vote shall cast its vote in accordance with the Principal Amount or the notional share of its entitlement to the outstanding Notes.

(6) *Joint Representative.* The Holders may by majority resolution appoint a joint representative (the "**Joint Representative**") to exercise the Holders' rights on behalf of each Holder.

The Joint Representative shall have the duties and powers provided by law or granted by majority resolution of the Holders. The Joint Representative shall comply with the instructions of the Holders. To the extent that the Joint Representative has been authorized to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The Joint Representative shall provide reports to the Holders on his activities. The regulations of the Act on Debt Securities apply with regard to the removal and the other rights and obligations of the Joint Representative.

#### **§ 14 APPLICABLE LAW, PLACE OF JURISDICTION AND ENFORCEMENT**

(1) *Applicable Law.* The Notes, as to form and content, and all rights and obligations of the Holders and the Issuer, shall be governed by, and shall be construed exclusively in accordance with, German law.

(2) *Place of Performance.* The place of performance shall be Frankfurt am Main.

(3) *Jurisdiction.* The Regional Court (*Landgericht*) of Frankfurt am Main shall have non-exclusive jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Notes. The jurisdiction of the Regional Court of Frankfurt am Main shall be exclusive if Proceedings are brought by merchants (*Kaufleute*), legal entities under public law (*juristische Personen des öffentlichen*



rechtlichen Sondervermögen oder von Personen ohne allgemeinen Gerichtsstand in der Bundesrepublik Deutschland angestrengt werden. Die deutschen Gerichte sind ausschließlich zuständig für die Kraftloserklärung abhanden gekommener oder vernichteter Schuldverschreibungen.

(4) *Gerichtliche Geltendmachung.* Jeder Gläubiger von Schuldverschreibungen, der diese über ein Clearingsystem hält, ist berechtigt, in jeder Rechtsstreitigkeit gegen die Emittentin oder in jeder Rechtsstreitigkeit, in dem der Gläubiger und die Emittentin Partei sind, seine Rechte aus diesen Schuldverschreibungen im eigenen Namen auf der folgenden Grundlage zu schützen oder geltend zu machen: (i) er bringt eine Bescheinigung der Depotbank bei, bei der er für die Schuldverschreibungen ein Wertpapierdepot unterhält, welche (a) den vollständigen Namen und die vollständige Adresse des Gläubigers enthält, (b) den Gesamtnennbetrag der Schuldverschreibungen bezeichnet, die unter dem Datum der Bestätigung auf dem Wertpapierdepot verbucht sind und (c) bestätigt, dass die Depotbank gegenüber dem Clearingsystem eine schriftliche Erklärung abgegeben hat, die die vorstehend unter (a) und (b) bezeichneten Informationen enthält, und (ii) er legt eine Kopie der die betreffenden Schuldverschreibungen verbriefenden Globalurkunde vor, deren Übereinstimmung mit dem Original eine vertretungsberechtigte Person des Clearingsystems oder des Verwahrers des Clearingsystems bestätigt hat, ohne dass eine Vorlage der Originalbelege oder der die Schuldverschreibungen verbriefenden Globalurkunde in einem solchen Verfahren erforderlich wäre, oder (iii) auf jede andere Weise, die im Lande der Geltendmachung zur Beweiserbringung prozessual zulässig ist. Für die Zwecke des Vorstehenden bezeichnet "**Depotbank**" jede Bank oder ein sonstiges anerkanntes Finanzinstitut, die/das berechtigt ist, das Wertpapierverwahrungsgeschäft zu betreiben und bei der/dem der Gläubiger ein Wertpapierdepot für die Schuldverschreibungen unterhält, einschließlich des Clearingsystems.

#### § 15 SALVATORISCHE KLAUSEL

Sollte eine Bestimmung dieser Emissionsbedingungen ganz oder teilweise rechtsunwirksam sein oder werden, so bleiben die übrigen

*Rechts*), special assets under public law (*öffentlich-rechtliche Sondervermögen*) or persons not subject to the general jurisdiction of the courts of the Federal Republic of Germany (*Personen ohne allgemeinen Gerichtsstand in der Bundesrepublik Deutschland*). The German courts shall have exclusive jurisdiction over the annulment of lost or destroyed Notes.

(4) *Enforcement.* Any Holder of Notes held through a Clearing System may in any Proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect or enforce in its own name its rights arising under such Notes by way of submitting (i) a statement issued by the Custodian with whom such Holder maintains a securities account in respect of the Notes (a) stating the full name and address of the Holder, (b) specifying the aggregate principal amount of the Notes credited to such securities account on the date of such statement and (c) confirming that the Custodian has given written notice to the Clearing System containing the information pursuant to (a) and (b), and (ii) a copy of the Global Note representing the relevant Notes and certified as being a true copy by a duly authorized officer of the Clearing System or a depository of the Clearing System, without the need for production in such Proceedings of the original records or the Global Note representing the Notes or (iii) any other means of proof permitted in legal proceedings in the country of enforcement. For purposes of the foregoing, "**Custodian**" means any bank or other financial institution of recognized standing authorized to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System.

#### § 15 SEVERABILITY

Should any provision of these Terms and Conditions be or become invalid in whole or in part, the other provisions shall remain in

Bestimmungen wirksam. Anstelle der rechtsunwirksamen Bestimmung gilt eine wirksame Regelung, die den wirtschaftlichen Zwecken der rechtsunwirksamen Bestimmung, soweit gesetzlich möglich, Rechnung trägt.

#### **§ 16 SPRACHE**

Diese Emissionsbedingungen sind in deutscher Sprache abgefasst. Der deutsche Text ist bindend und maßgeblich. Die beigefügte englische Übersetzung ist unverbindlich.

force. The invalid provision shall be deemed substituted by a valid provision which accomplishes as far as legally possible the economic purposes of the invalid provision.

#### **§ 16 LANGUAGE**

These Terms and Conditions are written in the German language. The German text shall be prevailing and binding. The English language translation is provided for convenience only.

## **X. TAXATION**

*The following is a general description of certain tax considerations relating to the Notes in Germany and Luxembourg. It does not purport to be a complete analysis of all tax considerations relating to the Notes. In particular, this description does not consider any specific facts or circumstances that may apply to a particular purchaser. This description is based on the laws of Germany and Luxembourg currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive effect.*

**PROSPECTIVE PURCHASERS OF NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS AS TO THE CONSEQUENCES UNDER THE TAX LAWS OF THE COUNTRY IN WHICH THEY ARE RESIDENT FOR TAX PURPOSES AND UNDER THE TAX LAWS OF GERMANY AND LUXEMBOURG OF ACQUIRING, HOLDING AND DISPOSING OF NOTES AND RECEIVING PAYMENTS OF PRINCIPAL, INTEREST AND OTHER AMOUNTS UNDER THE NOTES. THE INFORMATION CONTAINED WITHIN THIS SECTION IS LIMITED TO TAXATION ISSUES AND PROSPECTIVE INVESTORS SHOULD NOT APPLY ANY INFORMATION SET OUT BELOW TO OTHER AREAS, INCLUDING (BUT NOT LIMITED TO) THE LEGALITY OF TRANSACTIONS INVOLVING THE NOTES.**

### **1. RESPONSIBILITY OF THE ISSUER FOR THE WITHHOLDING OF TAXES AT SOURCE**

The Issuer does not assume any responsibility for the withholding of taxes at source.

### **2. FEDERAL REPUBLIC OF GERMANY**

#### **2.1 Income Taxation of German Tax Residents**

The following paragraphs apply to persons resident in Germany, i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany.

#### ***Taxation of Interest Income and Capital Gains***

##### *Notes held as private assets*

Private income derived from capital investments (*Einkünfte aus Kapitalvermögen*) is generally subject to the flat tax regime (*Abgeltungsteuer*). Such income from capital investments includes, inter alia, any interest received including interest having accrued up to the disposition of Notes and credited separately (the "**Accrued Interest**"; *Stückzinsen*) and capital gains from the disposal, redemption, repayment or assignment of Notes held as non-business assets irrespective of a holding period. The taxable capital gain is the difference between the proceeds from the disposition, redemption, repayment or assignment on one hand and the acquisition costs plus transaction costs on the other hand. Lump sum fees payable to banks for the administration of a depository account or of assets may be deductible as disposal costs, provided they are documented as covering transaction cost and not current management fees and subject to further requirements. Where Notes are acquired and/or sold in a currency other than Euro, the disposal proceeds and the acquisition costs each will be converted into Euro using the exchange rates as at the relevant dates, so that currency gains and losses will also be taken into account in determining taxable income. If Notes held or administered in the same custodial account were acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purposes of determining the capital gains. If interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are recognized as income from capital investments. The same applies to proceeds from the payment of interest claims, if the Notes have been disposed of separately.

Pursuant to a tax decree issued by the German Federal Ministry of Finance dated January 18, 2016 a bad debt loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden capital contribution, shall not be treated as disposal. Accordingly, losses suffered upon such bad debt loss or waiver shall not be tax-deductible. With respect to a bad debt loss a German lower fiscal court has recently confirmed the view of the Ger-

man tax authorities in a non-final decision. With respect to a (voluntary) waiver of receivable a German lower fiscal court has recently confirmed the view of the German tax authorities in a final decision. Furthermore, capital losses might not be recognized by the German tax authorities if the Notes are sold at a market price, which is lower than the transaction costs or if the level of transaction costs is restricted because of a mutual agreement that the transaction costs are calculated by subtracting a certain amount from the sales price or no (or only *de minimis*) payments are made to the individual investors on the maturity or redemption date of the Notes. This view has however been challenged in 2014 by a final judgment of a German lower fiscal court.

The deduction of expenses (other than transaction costs) on an itemized basis is not permitted. However, an annual tax allowance (*Sparer-Pauschbetrag*) of up to Euro 801 may be deductible in relation to all income from capital investments (up to Euro 1,602 for jointly assessed married couples and for jointly assessed partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*)).

Accrued Interest paid separately upon the acquisition of privately held Notes may give rise to negative income from capital investments. Such negative income and losses from capital investments can only be set off with income from capital investments. Any losses not offset in a given year may be carried forward to future years and there be deducted from income from capital investments.

Income from capital investments is generally subject to German income tax (*Einkommensteuer*) at a special tax rate of 25% (plus a solidarity surcharge (*Solidaritätszuschlag*) thereon at a rate of 5.5%), arriving at a total tax rate of 26.375% plus, as the case may be, church tax (*Kirchensteuer*) at a rate of either 8% or 9% on the income tax. However, the church tax accrued on income from capital investments reduces the applicable income tax rate on a pro rata basis.

As a rule, the tax is imposed by way of withholding (*Kapitalertragsteuer*). The withheld tax amounts generally settle the personal income tax liability. However, in the event that no or not sufficient withholding tax has been withheld (for example if the Notes were kept in custody abroad), the relevant income has to be declared in the personal tax return and income tax is generally assessed at the special tax rate of 26.375% (plus church tax, if applicable). An assessment may also be applied for in order to credit foreign withholding taxes, to set off losses or to take advantage of the tax allowance if this was not done within the withholding process. An assessment may further be applied for if taxation at the personal progressive rates applicable for the relevant Noteholder would lead to a lower tax burden (so-called favorableness test – *Günstigerprüfung*). A deduction of related costs exceeding the lump sum deduction (please see above for more details) is not permitted in the assessment procedure. For the favorableness test this is, however, not undisputed.

Where the income from the Notes qualifies as income from letting and leasing of property (*Vermietung und Verpachtung*), the flat tax regime is not applicable. The Noteholder will have to recognize income and related expenses in his annual tax return and the balance will be taxed at the Noteholder's applicable personal progressive income tax rate of up to 45% plus solidarity surcharge of 5.5% thereon and, if applicable, church tax. Subject to sufficient documentation withholding tax withheld is credited against the personal income tax liability.

#### *Notes held as business assets*

Where Notes are held as business assets, any income derived therefrom is taxed as income from agriculture or forestry (*Land- und Forstwirtschaft*), business income (*Gewerbebetrieb*) or as income from a self-employed activity (*selbständige Arbeit*), as the case may be. The flat tax regime is not applicable in these cases.

In the event that Notes are held by an individual, the income from the Notes is subject to income tax at the personal progressive tax rates of up to 45% (plus solidarity surcharge of 5.5% thereon and plus, as the case may be, church tax at a rate of either 8% or 9% on the income tax, subject to applicable capping). In addition, the income – to the extent it is income from a trade or business – is subject to trade tax (trade tax rates ranging from 7 to approx. 17% depending on the

trade tax multiplier of the municipality concerned). Trade tax may in principle be (partially) credited against the income tax of the Noteholder by way of a lump sum procedure.

If the Noteholder is a corporation, the income from the Notes is subject to corporate income tax of 15% plus solidarity surcharge of 5.5% thereon and trade tax at the above mentioned rates.

If the Notes are held by a partnership, the income derived therefrom is allocated to the partners. Depending on if they are individuals or corporations, the income is subject to income tax or to corporate income tax at the level of the partners. The income – to the extent it is income from a trade or business – is further subject to trade tax at the above rates at the level of the partnership. In case of a partner who is an individual, the trade tax may in principle (partially) be credited against the income tax by way of a lump sum procedure.

### **Withholding Tax**

Withholding tax is levied at a uniform rate of 25% (in all cases plus solidarity surcharge of 5.5% thereon), if the Notes are kept or administrated in a custodial account with a German branch of a German or non-German bank or financial services institution, a German securities trading company or a German securities trading bank (each, a "**German Disbursing Agent**", *auszahlende Stelle*). If the Noteholder is a member of a congregation that levies church tax, church tax will be withheld additionally by the German Disbursing Agent will be informed about the membership in a congregation that levies church tax by the Federal Tax Agency (*Bundeszentralamt für Steuern*), unless the Noteholder files a blocking notice (*Sperrvermerk*) with the Federal Tax Agency (*Bundeszentralamt für Steuern*). In this case the Noteholder will have to include the income from capital investments in the annual tax return and church tax will be levied by way of assessment.

The Issuer may be obliged to deduct and withhold withholding tax where (i) no German bank or German financial services institution is interposed in the payment proceedings as disbursing agent and where additionally (ii) the Issuer holds Notes in custody, administers them or effects a sale of the Notes and pays or credits the relevant amounts of interest or sales proceeds.

Where Notes are held in a custodial account that the Noteholder maintains with a German Disbursing Agent, withholding tax will be levied on the interest payments. In the event that the disposition, redemption, repayment or assignment of Notes is made or commissioned through a German Disbursing Agent effecting such disposition, redemption, repayment or assignment commission, withholding tax is levied on the capital gains from the transaction. To the extent the Notes have not been kept in a custodial account a German Disbursing Agent since the time of acquisition, upon the disposal, redemption, repayment or assignment, the withholding tax is applied to 30% of the disposal proceeds plus interest accrued on the Notes (substitute assessment base – *Ersatzbemessungsgrundlage*), unless the German Disbursing Agent has been notified of the actual acquisition costs of the Notes by a certificate of the previous depository bank or by a statement of a foreign credit or financial services institution within the European Economic Area or certain other countries in accordance with art. 17 para. 2 of the Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**") (e.g. Switzerland or Andorra).

In computing the withholding tax base, the German Disbursing Agent will take into account (the following each derived from private capital investments) Accrued Interest paid separately upon the acquisition of the Notes and, according to a specific procedure, settle losses from the disposal of capital investments (other than stocks (*Aktien*) or similar instruments) from other transactions entered into through or with the same German Disbursing Agent. In addition, subject to certain requirements and restrictions the German Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the individual Noteholder in the custodial account with the German Disbursing Agent. If losses cannot be offset in full against positive income from capital investments, the German Disbursing Agent, will upon, request issue a certificate stating the remaining losses in order for them to be offset or carried forward in the assessment procedure. The request must reach the German Disbursing Agent by December 15 of the current year and is irrevocable.

In general, no withholding tax will be levied if the Noteholder is an individual (i) whose Notes are held as private assets and are not allocated to income from leasing and letting of certain property, and (ii) who files an exemption certificate (*Freistellungsauftrag*) with the German Disbursing Agent, but only to the extent the income derived from the Notes together with the other income from capital investments does not exceed the exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the Noteholder has submitted to the German Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

If Notes are held as private assets and the income derived therefrom is not allocable to income from the letting and leasing of certain property, the personal income tax liability is, in principle, settled by the tax withheld. However, a tax assessment may be applied for in the cases outlined above. Furthermore, if the withholding tax on a disposal, redemption, repayment or assignment has been calculated from 30% of the disposal proceeds (rather than from the actual gain), an individual Noteholder may and in case the actual gain is higher than 30% of the disposal proceeds must also apply for an assessment on the basis of his or her actual acquisition costs. In assessment cases and in cases where the Notes are held as business assets or are allocable to other types of income, the withholding tax is credited against the income tax or corporate income tax liability of the Noteholder; exceeding amounts will be refunded.

Withholding tax, as a rule, does not have to be deducted or withheld if the Noteholder is a German branch of a German or non-German bank or of a German or non-German financial services institution.

Taxes on capital gains from the disposal of Notes derived by a private law corporation that is subject to German residents taxation and which is not exempt from corporate income tax, and that is neither a German branch of a German or non-German bank or of a German or non-German financial services institution nor a German capital investment company, are not collected in the form of withholding tax. In the case of certain specific kinds of corporations, this applies only if they provide evidence of falling under this group of taxpayers by a certificate from their competent tax office.

To the extent that the capital gains represent business income of a domestic business and the sole proprietor declares this to be so to the German Disbursing Agent on the officially required standard form, the German Disbursing Agent must not deduct an amount as withholding tax.

## 2.2 Income Taxation of non-German tax residents

### ***Taxation of Interest Income and Capital Gains***

Income from capital investments (including Accrued Interest and capital gains) is not subject to German taxation, unless (i) the Notes form part of the business assets of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Noteholder; or (ii) the income otherwise constitutes German-source income. In cases (i) and (ii) a regime similar to that explained above in the section entitled "Tax Residents" applies.

### ***Withholding Tax***

Non-residents are, in general, not subject to German withholding tax on income derived from capital instruments (including interest and capital gains) and the solidarity surcharge thereon. However, where the income is subject to German taxation as set forth in the preceding paragraph and Notes are held in a custodial account with a German Disbursing Agent, withholding tax is levied as described above in the section entitled "Tax Residents". The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

#### a. Inheritance and Gift Tax

No inheritance or gift taxes with respect to Notes will generally arise under the laws of Germany, if, in the case of an inheritance *mortis causa*, neither the decedent nor the beneficiary, or, in the case of an endowment *intra vivos*, neither the donor nor the donee, has its residence or habitual abode or, as the case may be, its place of management or seat in Germany and the Notes are not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply, for example to certain German citizens who previously maintained a residence in Germany. Otherwise, inheritance and gift tax may apply.

Inheritance or gift tax may apply inter alia – without any transfer – in intervals of 30 years, if the Notes are held by a qualifying family foundation (*Stiftung*) or a family association (*Verein*) having its statutory seat or place of management in Germany.

b. Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. However, under certain circumstances entrepreneurs may choose liability to value added tax with regard to the sale of Notes to other entrepreneurs which would otherwise be tax exempt. Currently, net assets tax (*Vermögenssteuer*) is not levied in Germany.

### 3. LUXEMBOURG

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues, and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

#### 3.1 Non-resident holders of Notes

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

#### 3.2 Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of December 23, 2005, as amended (the "**Relibi Law**", there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20%.

Under the Relibi Law, Luxembourg resident individuals, acting in the course of their private wealth who are the beneficial owners of interest payments, can opt to self-declare and pay a 20% levy on interest payments made after December 31, 2007 by paying agents located in a EU Member State other than Luxembourg or in a member state of the European Economic Area other than a EU Member State. In such case, the 20% levy is calculated on the same amounts as for the payments made by Luxembourg paying agents. The Luxembourg resident individual who is the beneficial

owner of interest is responsible for the declaration and the payment of the 20% final levy. The option for the 20% levy must cover all interest payments made by paying agents to the beneficial owner during the entire civil year.

#### **4. FOREIGN ACCOUNT TAX COMPLIANCE ACT**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthrough payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Germany) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, the Issuer will not pay any additional amounts as a result of the withholding.

#### **5. FINANCIAL TRANSACTION TAX**

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the "**Draft Directive**") on a common financial transaction tax ("**FTT**"). According to the Draft Directive, the FTT shall be implemented in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia; the "**Participating Member States**"). Estonia stated that it will not participate.

Pursuant to the original proposal under the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction, or is acting in the name of a party to the transaction. The FTT shall, however, not apply to (inter alia) primary market transactions referred to in Article 5 (c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue. Thus, the issuance of the Notes should not be subject to the FTT.

***The FTT remains subject to negotiation between certain EU Member States and was (and most probably will be) the subject of legal challenge. It may still be adopted and be altered prior to its adoption, the timing of which still remains unclear. Moreover, once any directive has been adopted (the "Directive"), it will need to be implemented into the respective domestic laws of the participating Member States and the domestic provisions implementing the Directive might deviate from the Directive itself. Finally, additional EU Member States may decide to participate. Prospective holders of the Notes should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.***



**XI. NAMES AND ADDRESSES**

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