DIC ASSET

INTERIM REPORT
Q3 2012

Bienenkorbhaus, Frankfurt: sale after revitalising and increasing the occupancy rate

CONTENT

OVERVIEW

Key figures EUR million	**9M 2012**	9M 2011	Change	**Q3 2012**	Q2 2012	Change
Gross rental income	**94.3**	85.8	+10%	**31.8**	31.4	+1%
Net rental income	**84.4**	78.8	+7%	**28.3**	28.0	+1%
Fees from real estate management	**3.6**	3.6	0%	**1.3**	1.1	+18%
Property disposal proceeds	**5.8**	9.3	-38%	**2.9**	0.1	>+100%
Total revenues	**120.4**	111.1	+8%	**42.1**	38.8	+9%
Profits on property disposals	**0.7**	0.6	+17%	**0.2**	0.1	+100%
Share of the profit of associates	**1.7**	1.6	+6%	**0.5**	0.4	+25%
Funds from Operations (FFO)	**32.2**	29.8	+8%	**10.9**	10.8	+1%
FFO per share	**0.70**	0.68	+3%	**0.24**	0.24	0%
EBITDA	**73.7**	69.8	+6%	**24.5**	24.6	0%
EBIT	**49.4**	48.3	+2%	**16.3**	16.5	-1%
Cash flow from operating activities	**35.6**	32.1	+11%	**15.4**	10.0	+54%

Balance sheet data EUR million	**30.09. 2012**	31.12. 2011	Change	**30.09. 2012**	30.06. 2012	Change
Net debt equity ratio in %	**30.5**	31.7	-4%	**30.5**	31.4	-3%
Investment property	**1,864.3**	1,902.1	-2%	**1,864.3**	1,914.8	-3%
Debt	**1,645.6**	1,624.0	+1%	**1,645.6**	1,627.4	+1%
Total assets	**2,254.9**	2,248.1	0%	**2,254.9**	2,252.7	0%

Key facts letting	**9M 2012**	9M 2011	Change	**Q3 2012**	Q2 2012	Change
Letting result in sqm	**173,000**	201,800	-14%	**61,000**	60,000	+2%
Vacancy rate	**11.7%**	13.5%	-1.8 pp	**11.7%**	12.0%	-0.3 pp
Like-for-like rental income growth	**0.6%**	0.7%	-0.1 pp	**0.5%**	0.1%	+0.4 pp

▷ FOREWORD

The Management Board of DIC Asset AG (from left): Markus Koch, Ulrich Höller

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

Economic growth is continuing to prove robust in the third quarter of the current year, particularly when compared to the situation in other countries. Despite this, we have seen the first signs that Germany will not stay completely immune to the extremely weak, in some cases even negative, economic trends affecting many European countries. For the first half of 2013, we shall probably be facing a slowdown in economic activity at home. Despite these factors, a stable employment market should secure a level of growth set even to slightly exceed this year's figure.

The real estate sector has proved extremely stable this year. Profiting from this situation, the DIC Asset AG share has seen a steady upward trend since the summer and its potential has been highlighted by many specialist media and analysts. In this context, DIC Asset AG remains on a positive course, which makes us very confident that we shall also achieve our annual targets for 2012 by and large.

In this respect, the third quarter was again characterised by successes and good results. The key points are:

- By letting 61,000 sqm, we have exceeded the previous quarter's result and consequently have let 173,000 sqm in total so far in 2012.
- As a result, we have again improved the vacancy rate in our portfolio; it now stands at 11.7% and is consequently significantly better than in the previous year (13.5%).
- Finally, the profitability of our portfolio is increasing further, with FFO up 8% to EUR 32.2 million.

The positive trend has also continued into the fourth quarter. In October, we completed the final link in the sustainable value-creation chain at the Bienenkorbhaus with the successful sale of the property. We modernised the historic Bienenkorbhaus with a comprehensive refurbishment programme and created additional 1-A retail space via an extension on Germany's most heavily frequented shopping street. Rental to attractive retail clients added value to the entire surrounding area, meaning that we were gradually able to let the remaining space on very advantageous terms, virtually doubling rental income.

We are also pursuing value-creation strategies with the MainTor quarter in Frankfurt and with Opera Offices in Hamburg. We have made significant progress with both projects in recent months; marketing and construction are well underway in Frankfurt. In the fourth quarter, we shall start marketing some 100 condominiums at the MainTor site – at an ideal time, in a very dynamic residential market.

In addition to these major and highly visible projects, our success is characterised equally by considerable progress on smaller projects through ongoing property management, with which we are also gradually improving our portfolio. It is precisely the large number of smaller and medium-sized rentals that give our company stability and resilience because they allow us to avoid dependence on a small number of large deals and individual tenants.

We shall realise and secure the values generated in this way as soon as the time is right. We have now sold the Bienenkorbhaus with a 95% occupancy rate; the attractive price also reflects the transformation of the property that has been achieved. We shall use the inflow of funds to repay loans amounting to some EUR 60 million and thus optimise our financing profile. This release of equity is part of a raft of measures that have helped us bolster our financing structure significantly this year.

We firmly believe that we are well prepared with our company and its positioning to cope with the challenges to come. We should like to thank you, dear shareholders, for your continuing support in the development of DIC Asset AG.

Yours sincerely,

Ulrich Höller Markus Koch

▷ INTERIM GROUP MANAGEMENT REPORT

GENERAL ECONOMIC CONDITIONS

German economy trending cautiously upwards

The second half of the year started well for the German economy, primarily thanks to a somewhat more marked momentum in the industrial and construction sectors. However, the trend in leading indicators shows that prospects remain considerably uncertain. Companies view the future more pessimistically, which triggered the sixth fall in succession in the ifo index in October. The impact of the slowdown is also apparent on the employment market: the autumn revitalisation was not as strong as it was last year. The number of unemployed fell by approximately 35,000 to 2.8 million compared with the previous month. The number of people in gainful employment rose by 322,000 compared with the previous year to 41.85 million. As a result, the unemployment rate was stable compared with the previous year, at 6.5%, in October 2012.

High private consumption and residential construction activities continue to provide a sound basis for the German economy. By and large, the economy seems to have stuck to its cautiously positive course across the third quarter. In its autumn statement, the German government predicts GDP growth of 0.8% for 2012 as a whole.

Financial markets seem to have calmed down for the moment

The euro debt crisis eased somewhat at the beginning of autumn, and interest rates on bonds issued by the troubled countries are falling. Euro zone finance ministers have activated the permanent rescue fund, the ESM, whose funds are also designed to calm the markets. The financial market is gearing itself up for a bailout request from Spain and combined assistance from the ESM and the European Central Bank (ECB). These two institutions had already declared their willingness to buy up sovereign debt from the crisis-riven countries in unlimited quantities. Influenced by the key interest rate, which was cut to 0.75% last quarter, bank interest rates have now reached new lows. Nevertheless, no increase in lending can be expected. Instead, the financial institutions – which themselves are frequently beset by difficulties – are likely to cut back further on their activities or switch to supposedly lower-risk areas of business. For the real estate industry, this means that it will be a long time before obtaining financing gets any easier, with the current difficulties in securing loans set to remain part of general business situation for the foreseeable future.

Office letting market robust

Up to September 2012, approximately 2.2 million sqm was let in the seven major office locations. This equates to a fall of approximately -14% compared with the same period in the previous year, which is exactly the same as the midpoint of the year. In the smaller office locations, the trend was somewhat better, falling by only -11%. As a result, the letting market is still robust at present, with results remaining at average levels for the last ten years. However, market players have now lowered their expectations. Companies are taking longer to make decisions and deferring their relocation and expansion plans in some cases. The economy is also likely to provide less support over the next few months. However, letting activities are expected to remain stable until the year-end, meaning that total volume of approximately 3 million sqm is expected for 2012. This would see DIC achieve a result that, although below that of the previous year, exceeded the long-term average.

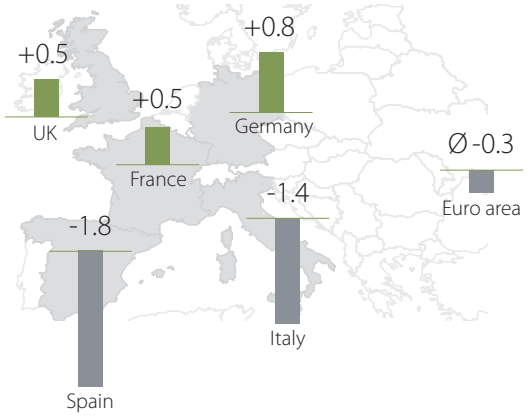
Fewer vacancies in cities

Despite a dip in letting activities, vacancies in the major office centres fell further to 9.0%, 0.2 percentage points less than at the end of June 2012. This is due in part to new building activity remaining moderate, rising by 13% to approximately 540,000 sqm in September 2012. Although a further 300,000 sqm is to come on the market in the last few months of 2012, even this total is not sufficient to catch up with the level of the previous year. According to current information, approximately 900,000 sqm will be completed in 2013, but thanks to good levels of pre-letting, this will not cause problems for the office market either. The limiting factor for developments is not demand at present but mainly obtaining finance from banks. The peak rentals demanded for top-quality, modern space in the best locations were stable in the third quarter thanks to strong demand. Compared with the previous year, they rose by 3% on average. Medium-range rents in city locations also enjoyed positive growth thanks to falling vacancies and rose by approximately 2%.

More vibrant transaction market in the third quarter

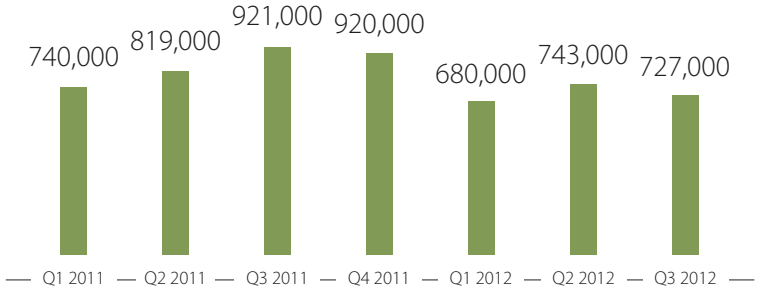
The transaction market has been quite animated recently. From July to September 2012, a total of EUR 5.5 billion was invested in commercial real estate. As a result, the third quarter is well up, with growth of approximately 31%, on the second quarter. Transaction volume totalled EUR 14.9 billion up to the end of September 2012. This figure remains below the previous year's performance, having fallen by 14%. Despite lower sales, the general conditions were also stable in the third quarter. Demand from international investors remains strong; they account for approximately 30% of transaction volume. Demand continues to be highest for top-quality properties, although, unlike last year, far more office properties than retail properties have changed hands. Office properties were traded for approximately EUR 6.6 billion,

EXPECTED GDP GROWTH IN EUROPE 2012
in %



Source: eurostat, German Federal Government

LETTING VOLUME IN MAJOR GERMAN OFFICE LOCATIONS
in sqm



Basis: figures for Berlin, Dusseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart from Jones Lang LaSalle/Savills

which equates to a share of 44%. The fall in retail transaction volume to EUR 4.5 billion (30%) is due above all to the lack of supply of core properties, particularly in the shopping centre segment.

Focus on core properties ensures higher volumes in cities

Transactions with a higher risk profile also remained far less frequent than acquisitions of core properties over the rest of the year. Purchasers' aversion to risk is being exacerbated by the safety-first financing policy being adopted by the banks. This means that there has been no end to surplus demand in the core segment. Against this backdrop, it is not surprising that approximately 60% of total transaction volume was handled in the seven major office centres. The focus on core properties and the substantial proportion of office properties are making cities more attractive, meaning that, by September, an increase of EUR 0.6 billion to EUR 9.1 billion in the aggregate transaction total was therefore reported across the seven major office centres. By contrast, transaction volumes in the other locations fell. Peak rentals for office properties were stable in the third quarter of 2012 and stand at 4.80% on average because of strong demand.

TRANSACTION VOLUME OF GERMAN COMMERCIAL REAL ESTATE
in EUR billion

Source: Jones Lang LaSalle

For 2012, market analysts consider a transaction volume of between EUR 21 billion and EUR 23 billion possible because of the continuing appeal of the German market and the lack of alternative investments, meaning that repeating the previous year's figure is a realistic prospect. However, a final spurt involving far higher volumes in the fourth quarter will be needed to achieve this.

Specific developments in the regions

Commercial investment market

- Total transactions across the major office centres rise by 7% – activity slows outside the major locations
- In Stuttgart, transaction volume has more than tripled, most notably as a result of the sale of the Milaneo shopping centre.
- Munich and Berlin are both approximately 40% up year-on-year
- Cologne, Düsseldorf and Frankfurt each report transactions falling by approximately -30%

Letting market of office properties

- In the seven medium-sized regional office centres, letting is slightly better than in the cities
- Peak rentals in the cities have risen by 3% on average in the last 12 months, with only Frankfurt seeing no increase in rentals
- Stable letting market in Berlin, moderate fall in Frankfurt
- In September, rentals in Düsseldorf, Hamburg, Cologne and Stuttgart were each more than 20% down on the previous year.
- Marked reductions in vacancies of over 10% in both Munich (-1.5 percentage points) and Stuttgart (-0.8 percentage points)

BUSINESS DEVELOPMENT

Highlights

- Vacancy rate reduced again to 11.7% (previous year: 13,5%)
- Operating earnings (FFO) increased by 8% to EUR 32.2 million
- Sales volume currently already at EUR 101 million

We let 173,000 sqm by September 2012 and exceeded the previous quarterly result in the third quarter. Our letting volume equates to annualised rental income of EUR 18.4 million. Thanks most notably to good figures for new rentals, we again improved the vacancy rate by 0.3 percentage points to 11.7% in the third quarter, bringing it below 12% for the first time for several years. The successful sale of the Bienenkorbhaus has increased our sales volume to EUR 101 million. As at September, rental income from our expanded portfolio increased by 10% to EUR 94.3 million. FFO rose by 8% to EUR 32.2 million. The profit for the period is slightly down on the previous year at EUR 7.6 million.

Portfolio with total value of EUR 3.3 billion

As at 30 September 2012, our real estate portfolio contained 270 properties in total, the same figure as at the end of June. The total rental area of the portfolio amounts to 1.9 million sqm and the total value remains at EUR 3.3 billion. The pro rata value of the properties amounted to EUR 2.2 billion for DIC Asset AG. Our properties generate annual rental income (pro rata, including our co-investments) of EUR 143.5 million (previous year: EUR 130.4 million). The gross rental yield stands at 6.7%.

Letting result: an increase in the third quarter

We again increased our letting result in the third quarter, this time to 61,000 sqm, 2% more than in the previous quarter (Q2 2012: 60,000 sqm). The letting result totalled 173,000 sqm up to September 2012. This means that, in area terms, we are 14% down on the previous year's figure (previous year: 201,800 sqm), mirroring our planning figures and the letting mandates in the portfolio. In comparison with the previous year, we were able to conclude contracts generating higher rents per square metre in 2012, meaning that the letting result in terms of annualised income only differs by 5% year-on-year. The total letting volume equates to annualised rental income of approximately EUR 18.4 million (previous year: EUR 19.5 million).

PORTFOLIO BY REGIONS*






30.09.2012	North	East	Central	West	South	**Total 30.09.2012**	Total 30.09.2011
Number of properties	47	34	58	61	70	**270**	281
Market value in EUR million **	232.7	284.0	684.3	640.8	405.0	**2,246.8**	2,069.9
Rental space in sqm	177,300	161,900	264,100	340,200	301,300	**1,244,800**	1,178,200
Portfolio proportion after rental space	14%	13%	21%	28%	24%	**100%**	
Annualised rental income in EUR million	15.2	21.0	36.6	41.2	29.5	**143.5**	130.4
Rental income per sqm in EUR	7.70	11.50	13.20	11.30	8.70	**10.60**	10.40
Lease maturity in years	6.5	4.2	6.0	5.3	3.9	**5.2**	5.4
Gross rental yield	6.6%	7.4%	6.2%	6.4%	7.3%	**6.7%**	6.6%
Vacancy rate	7.3%	8.2%	15.6%	13.5%	10.7%	**11.7%**	13.5%

* all figures pro rata, except number of properties; all figures without developments except number of properties and market values
** Market value as at 31.12.2011, later acquisitions considered at cost

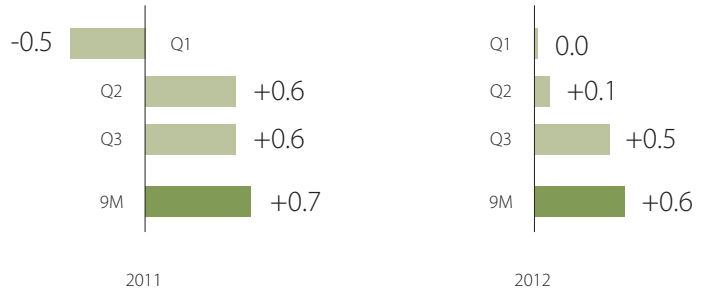
LETTING VOLUME

	9M 2012	9M 2011	9M 2012	9M 2011
	in sqm after signing		in EUR million	
Office	**120,100**	123,500	**13.8**	13.1
Retail	**14,800**	28,900	**2.3**	3.1
Other commercial	**34,700**	44,100	**2.0**	2.9
Residential	**3,400**	5,300	**0.3**	0.4
Total	**173,000**	201,800	**18.4**	19.5
Parking (units)	**1,620**	1,630	**0.8**	0.8

The result as at September 2012 comprises new lettings of 81,900 sqm (EUR 8.2 million) and renewals of 91,100 sqm (EUR 10.2 million). As usual, our letting result of over 250 deals is based on a large number of rentals of all sizes, which gives us stability. Approximately 28% of the total volume comes from letting space of less than 1,000 sqm and some 46% from letting between 1,000 and 5,000 sqm.

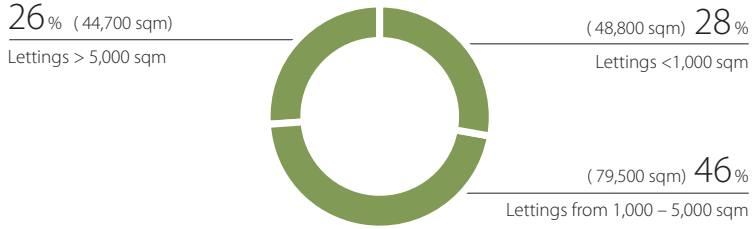
GROWTH IN RENTAL INCOME

like-for-like in %, excluding project developments



DISTRIBUTION OF LETTING VOLUME

volume of letting contracts

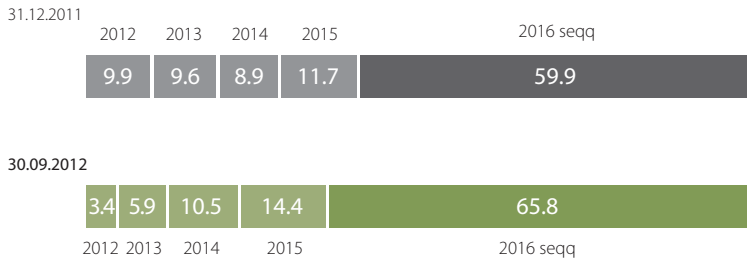


Improved term structure, higher like-for-like rental income

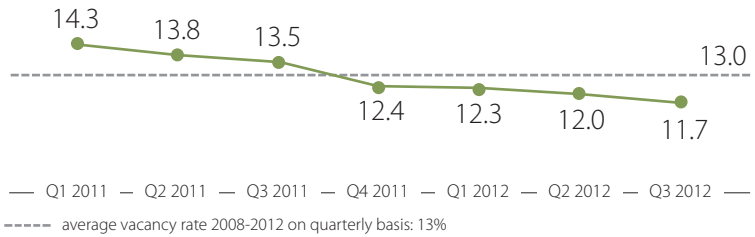
We have significantly improved the maturity of potentially expiring tenancies: as of September, 66% of our tenancy agreements now run until 2016 or longer. We increased this percentage by 6 percentage points from 60% at the end of 2011. For 2012, the volume of leases expiring was reduced by EUR 8.5 million from 9.9% to 3.4% of annualised rental income. For 2013, the reduction already amounts to EUR 4.7 million from 9.6% to 5.9%. Annualised rental income in a like-for-like comparison (excluding changes to the portfolio caused by acquisitions/disposals or developments) rose by 0.5% compared with the previous quarter. As a result, growth since the beginning of the year totals 0.6%, which means we virtually match the level of the previous year.

LEASE MATURITIES

Distribution of annual rental income by lease maturities, in %



VACANCY RATE
in % at the end of the quarter



Further reduction in the vacancy rate to 11.7%

As at 30 September 2012, we reduced the vacancy rate by 0.3 percentage points to 11.7% compared with the previous quarter. Therefore, it stands clearly below the 5-year-average of 13%. Marked improvements were achieved in North and West regions, which both achieved falls of 1.0 percentage points. The vacancy rate still stood at 13.5% 12 months ago. The average lease term fell by 0.1 years to 5.2 years compared with the previous quarter, mainly due to the trend towards shorter tenancies. The average monthly rental per sqm increased by EUR 0.10 to EUR 10.60. Additional portfolio data can be found in the overview on pages 52 and 53 at the end of the quarterly report.

THEODOR-HEUSS-ALLEE, FRANKFURT

Anchor tenant committed long-term

- Repositioning following technological and structural improvements
- Agreement with major tenant will reduce vacancy rate sharply

We acquired the office property, comprising 13,800 sqm, in Frankfurt in 2007 as part of a portfolio purchased via a 20% co-investment. Following the tenant's departure, the property in City West, close to the Frankfurter Messe trade fair centre, was empty. Firstly, we invested in preserving the value of the property with alterations to the building fabric and systems. We also worked intensively through various marketing measures to position the property on the market in such a way that it appealed. By letting it to a subsidiary of Mainova, we succeeded in finding an anchor tenant for the property and filling more than 60% of the space. This rental represented one of the largest deals in Frankfurt's City West in 2012. Approximately 300 employees of Hesse's largest energy supplier will work here over ten floors in future.

TOP LETTING DEALS
as at 30.09.2012

Top 5 New Lettings		in sqm	
BASF	Mannheim	9,400	Office
Sunways	Konstanz	5,300	Office
Mainova	Frankfurt	5,000	Office
Floor Direct	Mannheim	4,700	Office
Intern. textile retailer	Leipzig	3,600	Retail

Top 5 Renewals		in sqm	
State of Baden-Württemberg	Mannheim	9,200	Office
ver.di	East Germany	6,900	Commercial/Office
Siemens	Erlangen	6,500	Office
City of Hamburg	Hamburg	4,700	Office
Sirius	Düsseldorf	4,300	Office

VETTERS HOF, HAINSTRASSE, LEIPZIG

Modern retail space finds suitable tenants

- Property-related measures combined with location marketing
- Attractive rental to well-known retailers

The property from our commercial portfolio is a commercial building in Leipzig's pedestrian precinct. The appeal of Hainstraße as a retail location was impaired in recent years, due in part to frequent construction work and the opening of the new "Höfe am Brühl" shopping centre. Existing tenancy agreements were expiring and we exploited this to reposition the property. In the wake of the realignment, we gave the property a traditional name typical of the location (Vetters Hof). We worked with the neighbours to boost the appeal of our environment. We also merged the retail spaces to form a large, modern space and created additional practice and office space, which can be rapidly let. We were able to acquire an attractive main tenant, an international textile retailer, for approximately 4,300 sqm, which will revive the surrounding area. We succeeded in increasing rental income significantly with the long-term deal.

Fund business expanded

With a volume of around EUR 365 million, we already achieved more than half of our planned investment volume of around EUR 700 million in our fund business. We have expanded the "DIC Office Balance I" office property fund with the acquisitions of the "Loftwerk", a new office building in Eschborn, for some EUR 44 million. The office property, comprising 14,700 sqm, will be completed by the end of 2012 and will then be transferred to the fund. At the beginning of November, we also acquired another attractive office property in Duisburg's Inner Harbour for this fund with a volume of some EUR 27 million. The "Looper" property, comprising rental space of 10,000 sqm, is well and long-term let and occupied by many prime tenants from various sectors. The transfer of ownership will see our first fund, the "DIC Office Balance I", expand to a fund volume of EUR 340 million.

Two transfers of ownership took place for our "DIC HighStreet Balance" retail fund being established: a property in Dresden worth approximately EUR 17 million at the end of September and a property in Mannheim worth approximately EUR 8 million in October. Progress is also being made in attracting equity through intensive discussions and promising negotiations: we expect corresponding equity commitments soon enabling more investment in top-quality retail properties.

Acquisition volume increases to over EUR 110 million after end of the quarter

The transfer of title for an office property comprising 7,200 sqm at Frankfurt's main station took place at the beginning of July. This will increase the value of our commercial portfolio by some EUR 17 million. We did not carry out any acquisitions in the third quarter. With the acquisition of the fund property „Looper" in Duisburg with EUR 27 million investment volume, the acquisition volume totals EUR 113 million currently.

Sales volume already over EUR 100 million

As at 30 September 2012, we have sold four properties in total. The sales comprised a property from our commercial portfolio with sales revenues of approximately EUR 3 million as well as three properties from our co-investments for EUR 11.3 million. Together with three part-owned apartments, this results in a sales volume of EUR 14.4 million up to September 2012.

Following the end of the reporting period, we sold two properties from co-investments in Mörfelden-Walldorf (EUR 8 million) and Düsseldorf (EUR 6 million). We also sold the Bienenkorbhaus in Frankfurt from the commercial portfolio for some EUR 73 million, which boosted sales volume as at the end of October 2012 to approximately EUR 101 million. We have significantly exceeded the market and book values of our properties with these sales.

BIENENKORBHAUS FRANKFURT

Redevelopment successfully completed with sale

- Modernisation and addition of top-quality retail space
- Increase in the occupancy rate of approximately 20 percentage points following refurbishment
- Attractive sales profit and release of equity

In October 2012, we sold the historic Bienenkorbhaus on the Zeil in Frankfurt to the international investor RFR for approximately EUR 73 million. We were thus able once again to bring an extensive investment, which encompassed major redevelopment and intensive asset management, to a profitable conclusion.

In 2004, we acquired the Bienenkorbhaus as part of the Frankfurter Sparkasse's real estate portfolio of 57 properties through a 50/50 joint venture. We modernised the building with a comprehensive refurbishment, skilfully preserving the 1950s architecture and adding an extension comprising top-quality retail space. We expanded the rental area by 15% to 11,000 sqm.

At the same time, we were able to acquire the anchor tenants, the shoe retailer Görtz and the Frankfurter Sparkasse, as tenants for the new retail space. At the re-opening in 2009, the occupancy rate was 76%. With the new marketing programme and with the help of the increasing popularity of the location, which benefits from a high footfall, as a medical practice among other things, we had been able to increase the occupancy rate to over 95% by the date of the sale. As a result, we have virtually doubled rental income compared with the figure on acquisition.

Since re-opening in 2009, the Bienenkorbhaus has generated attractive rental income with more space and a significantly higher occupancy rate. DIC Asset AG became the sole owner of the property following the acquisition of all the joint venture shares in October 2011. With the sale, we shall achieve a profit of approximately EUR 3 million on transfer of title, which is likely to take place at the year-end. Approximately EUR 60 million will be used to replace a bank loan and a mezzanine loan and release equity. This will increase DIC Asset AG's reported net debt equity ratio by approximately one percentage point.

Progress with MainTor

As previously reported, the sale of MainTor Panorama and MainTor Patio to the Ärzteversorgung Westfalen-Lippe for a total investment of approximately EUR 150 million took place in the third quarter of 2012 before construction started. This means that some 50% of the MainTor project is already marketed, well ahead of schedule. This sale also reduced the project risk considerably yet again. Contracts have now been awarded for approximately 80% of the construction work on MainTor Primus and MainTor Porta, with the estimated costs entirely within budget. This has provided significantly more assurance regarding the construction costs for the site.

As planned, demolition above ground has now been completed across the entire site; this will be followed by some below-ground demolition of existing underground car parks. Our comprehensive logistics and communication programme has allowed us to achieve continuous progress in construction while maintaining good relations with those neighbours in the quarter affected by the project.

We have also marked the official start to the new buildings with the laying of the foundation stone for MainTor Porta and have also started preparations to begin construction of MainTor Patio and MainTor Panorama in 2013. The marketing of the condominiums to private investors for the MainTor Palazzi section will start in December. The start of construction work of this subproject with a volume of around EUR 75 million is planned for late summer 2013.

Frankfurt, MainTor district

Personnel changes: raising efficiency in real estate management

In the third quarter of 2012, we increased the DIC Onsite GmbH management team to three people to take account of the increased workload and the importance of real estate management. We have also made changes to how our employees are assigned. Among other things, the portfolio management team of DIC Asset AG was fully integrated into DIC Onsite GmbH's organisational structure as the "Portfolio Management" unit, which will shorten decision-making processes and increase efficiency even more. Headcount increased by 4 compared with the previous quarter to 141, mainly in the areas of asset and real estate management. This is 17 employees more than in the previous year, which is attributable to the expansion of our portfolio and our business activities, not least with our funds.

Introduction of the new IT platform progressing on schedule

We have been working for several months in a company-wide project involving the introduction of a new IT platform, with which we shall replace the isolated systems in real estate management and company accounting with integrated software. We shall make real estate management more efficient with this investment. We shall reduce the number of interfaces and make the entire system more transparent, including by increasing the opportunities for analysis and monitoring. We plan to use the new system from the beginning of 2013.

NUMBER OF EMPLOYEES

	30.09.12	30.06.12	30.09.11
Portfolio management, investment and fund	**13**	14	14
Asset and property management	**111**	105	94
Group management and administration	**17**	18	16
Total	**141**	137	124

REVENUES AND RESULTS

Rental income increases by EUR 8.5 million

Our rental income increased year-on-year, primarily as a result of the expansion in our portfolio, but also because of the improvement in the occupancy rate. Gross rental income rose by EUR 8.5 million (+10%) to EUR 94.3 million, while net rental income rose by EUR 5.7 million (+7%) to EUR 84.4 million. Growth in net rental income is below the trend in gross rental income because of higher costs incurred in active real estate management, which cannot be passed on to tenants. These include, in particular, maintenance and upkeep costs as well as vacancy costs and contractually agreed exceptions.

Income from real estate management matches previous year's level

At EUR 3.6 million, income from real estate management fees from co-investments precisely matched the previous year's figure at the end of September 2012. In this connection, the expansion in our fund business compensated as planned for the loss of income following the sale of properties from our other joint venture portfolios and the complete takeover of three joint venture investments in autumn 2011.

Total revenues of EUR 120.4 million

Property sales from our commercial portfolio led to revenues of EUR 5.8 million and a profit of EUR 0.7 million. The sales profit therefore increased by EUR 0.1 million compared with the previous year although far higher revenues were achieved in the same period in the previous year. Overall, total income rose by EUR 9.3 million (+8%) at the end of the third quarter to EUR 120.4 million, primarily thanks to the increase in rental income.

OVERVIEW OF REVENUES

EUR million	9M 2012	9M 2011	
Rental income	**94.3**	85.8	+10%
Fees from real estate management	**3.6**	3.6	0%
Proceeds from disposals of properties	**5.8**	9.3	-38%
Other	**16.7**	12.4	+35%
Total revenues	**120.4**	111.1	+8%

Increased portfolio volume leads to higher expenses

As expected, growth in our portfolio is affecting operating expenses: personnel expenses increased by EUR 1.9 million (+27%) compared with the previous year, because we need more employees for the work to be done in real estate management and fund business. The variable elements of the Management Board's remuneration also increased because of the positive trend in our share price. Administrative expenses increased slightly by EUR 0.2 million (+3%) to EUR 6.4 million. The operating cost ratio (the ratio of administrative and personnel expenses to gross rental income, adjusted for fees from real estate management) amounted to 12.5% (previous year: 11.4%). For the year as a whole, we still aim to achieve a target cost ratio of between 11% and 12%.

Interest result reflects expansion in the portfolio

The interest result for the months from January to September 2012 amounted to EUR -42.5 million in total. Thanks in particular to higher interest income and the fall in interest rates, it is only EUR 1.5 million (+4%) up on the figure for the previous year despite the significantly greater financing volume. Interest income rose by EUR 1.9 million (+34%) to EUR 7.5 million, mainly because of the loan granted to a MainTor project company. Interest expenses increased by EUR 3.4 million (+7%) to EUR -50.0 million, mainly because of the higher financing volume and the interest expense for the bond, which were not included completely in the same period in the previous year.

More fund income from co-investments

Income from associated companies (these are the results of the co-investments segment) increased by EUR 0.1 million (+6%) to EUR 1.7 million. This income, which is pro rata in each case, comes from real estate management, sales and fund income. Growth is mainly attributable to higher income from our expanded "DIC Office Balance I" special fund. Here, regular income from fund business increased to EUR 1.4 million, while income from other co-investments amounted to EUR 0.3 million.

FFO increases by 8% to EUR 32.2 million

FFO (funds from operations) rose by EUR 2.4 million or 8% to EUR 32.2 million, i.e. outstripping growth in net rental income. The improvement in FFO is attributable to the expanded portfolio with higher income and the relative improvement in the interest result. FFO per share amounted to EUR 0.70, 2 cents more than in the previous year.

The annualised FFO yield in relation to the quarterly closing price of EUR 7.35 on 30 September 2012 was 12.7% (9M 2011: 15,8%).

Profit for the period of EUR 7.6 million

As at 30 September 2012, the profit for the period was EUR 7.6 million, EUR 0.5 million (-6%) less than the previous year, which is mainly attributable to higher personnel expenses, interest expenses and depreciation and amortisation. However, the gap compared with the previous year's result was considerably reduced: at the end of the second half of the year, the difference was only EUR -1.1 million (-18%). Earnings per share stand at EUR 0.16 (previous year: EUR 0.18).

DERIVATION OF FFO

EUR million	9M 2012	9M 2011	
Net rental income	**84.4**	78.8	+7%
Administrative expenses	**-6.4**	-6.2	+3%
Personnel expenses	**-9.0**	-7.1	+27%
Result of other operating income/expenses	**0.4**	0.1	>+100%
Fees from real estate management	**3.6**	3.6	0%
Share of the profits from associates	**1.7**	1.6	+6%
Interest result	**-42.5**	-41.0	+3%
Funds from operations	**32.2**	29.8	+8%

NET ASSETS AND FINANCIAL POSITION

Financing volume of EUR 1,533 million

At the end of the third quarter, our debt totals EUR 1,533.0 million. This is EUR 11.1 million (+1%) more than at the end of the previous year. The majority of the debt (95%) consists of traditional loans with financial institutions, with the remaining 5% due to our bond. The 2011 Annual Report provides detailed information on our financial management.

Approximately EUR 50 million of acquisition financing arranged

In addition to the progress in optimising our financing profile reported in the last quarter, we have been able to arrange and conclude additional acquisition financing. As a result, the financing volume arranged for new and extended loans has increased by around EUR 50 million to over EUR 550 million in the current year. Of the new loans, EUR 14 million is attributable to the commercial portfolio. EUR 35 million relates to acquisition financing for the fund properties.

Financing terms

The average term of financial liabilities came to 2.7 years up to September 2012. Taking account of the refinancing of EUR 110 million arranged up to the reporting date as well as the repayments of EUR 60 million following the Bienenkorbhaus sale, increases the average residual term of financial debt to 3.3 years.

EARNINGS OVERVIEW

EUR million	9M 2012	9M 2011	
Operating cost ratio	**12.5%**	11.4%	+1.1 pp
FFO	**32.2**	29.8	+8%
Profit for the period	**7.6**	8.1	-6%
Earnings per share (EUR)	**0.16**	0.18	-11%
FFO per share (EUR)	**0.70**	0.68	+3%

Hedging against increases in interest rates

80% of financial debt (EUR 1,226 million) is hedged against increases in interest rates, partly through fixed interest rates or derivative interest-rate hedging instruments. As a result, we reduce the risk of extreme fluctuations in interest expenses and have more security in our planning. Approximately 20% (EUR 307 million) of the financial debt (mainly current liabilities) is agreed with variable interest rates.

Average interest rate decreases further

The average interest rate of our financial debt decreased again: at 4.10%, it is 25 basis points below the level at the end of 2011 and 35 basis points below the level of the previous year. Interest expense rose by EUR -3.4 million to EUR -50.0 million. Interest income increased by EUR 1.9 million to EUR 7.5 million, due in part to the short-term bridging loan granted to a MainTor project company. The interest result amounted to EUR -42.5 million (previous year: EUR -41.0 million).

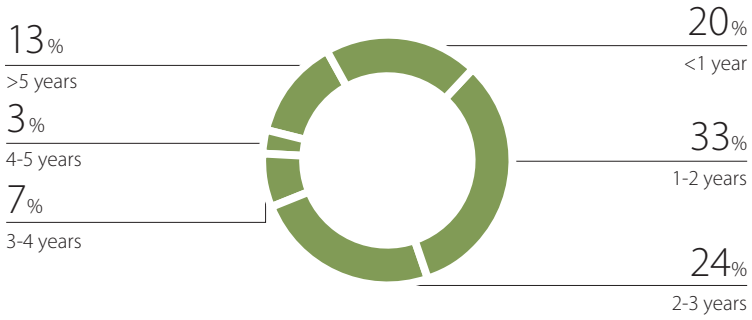
At 169%, the interest cover ratio (ICR), the ratio of net rental income to interest payments, is slightly higher than at the end of 2011 (167%).

Cash flow from ongoing business operations up 11%

From January to September 2012, cash flow was characterised by stronger operating activities based on the expanded portfolio and fewer acquisitions than in the previous year.

DEBT MATURITIES

as at 30.09.2012



Cash flow from ongoing business operations rose sharply by EUR 3.5 million (+11%) to EUR 35.6 million. Higher income from the expanded real estate portfolio exceeded the financing expenses required for this expansion.

Outflows for investment purposes totalled EUR -67.4 million. The majority of this figure related to the acquisition of three properties: the "Red Square" property close to Frankfurt airport (EUR 21 million), an office property at Frankfurt's main station (EUR 17 million) as well as a retail property in Dresden (EUR 18 million). The property in Dresden is to be part of our retail fund, which we are currently setting up. Investment in the portfolio increased by EUR 5.0 million to EUR 15.3 million; this increase was partly attributable to the expansion in the portfolio but also to the improvements in our properties associated with our more comprehensive letting service. In the previous year, investment activity was dominated by the purchase of the Kaufhof properties and a higher volume of sales.

Cash flow from financing activities totalled EUR -12.3 million up to September 2012. It consists largely of new borrowings as a result of acquisitions of EUR 31.8 million, repayments of EUR 22.9 million and the dividend payment of EUR 16.0 million. Deposits of EUR 5.1 million relate to hedging transactions after a fall in the general level of interest rates. In the previous year, we financed more acquisitions, using a capital increase and a bond issue for this purpose.

Compared with 30 June, cash and cash equivalents reduced by EUR 18.6 million to EUR 56.2 million on account of the dividend payment in particular. The fall amounts to EUR 44.1 million from EUR 100.2 million compared with the end of 2011.

OVERVIEW OF CASH FLOW

EUR million	9M 2012	H1 2012	9M 2011
Net profit for the period	**7.6**	5.1	8.1
Cash flow from operating activities	**35.6**	20.2	32.1
Cash flow from investing activities	**-67.4**	-40.8	-104.8
Cash flow from financing activities	**-12.3**	-4.8	73.2
Net changes in cash and cash equivalents	**-44.1**	-25.5	0.5
Cash and cash equivalents as at the end of the quarter	**56.2**	74.8	117.8

Total assets virtually unchanged

Total assets have increased by EUR 6.8 million (+0.3%) to EUR 2,254.9 million and are thus virtually unchanged on the level at the end of 2011. Balance sheet ratios have also remained virtually identical apart from some shifts between non-current and current liabilities.

Assets increased by the acquisition of real estate

Non-current assets fell by EUR -26.8 million (+1%) to EUR 1,970.5 million, which is primarily attributable to sales (EUR -72 million), partially offset by the acquisition of two properties (EUR +40 million). The item for loans relates to a loan to a joint venture. Current assets rose by EUR 33.6 million (13%) to EUR 284.4 million, most notably because the Bienenkorbhaus, which has been sold but not yet transferred, and the property in Dresden acquired for our new fund are reported as current asset items. Cash and cash equivalents also reduced as a result of the purchase price payments for the new properties and the dividend payment.

OVERVIEW OF BALANCE SHEET

EUR million	30.09.2012	31.12.2011
Total assets	**2,254.9**	2,248.1
Non-current assets	**1,970.5**	1,997.3
Current assets	**284.4**	250.8
Equity	**609.4**	624.2
Non-current debt	**1,304.6**	1,406.7
Current debt	**340.9**	217.3
Equity ratio in % (on balance sheet)	**27.0**	27.8
Debt ratio in % (on balance sheet)	**73.0**	72.2
Net debt equity ratio in %*	**30.5**	31.7

* based on net debt excluding effects from derivatives

Net debt equity ratio at approximately 31%

As at 30 September 2012, equity reduced by EUR 14.8 million (-2%) compared with the end of 2011 to EUR 609.4 million. The hedging reserve once again increased by EUR -6.4 million to EUR -66.5 million because of the fall in the level of interest rates, equity also decreased following payment of the dividend for the financial year (EUR -16.0 million). The current net profit for the period had a positive impact. The balance sheet equity ratio fell by 0.8 percentage points to 27.0%, while, the net debt equity ratio (on the basis of net liabilities and adjusted for the effects of derivatives) decreased by 1.2 percentage points to 30.5%.

Total debt virtually unchanged

At the end of September 2012, debt stood at EUR 1,645.6 million, which is only some EUR 21.6 million more than the figure at the end of 2011. Non-current debt decreased by EUR 102.0 million (-7%) to EUR 1,304.7 million. Current debt rose by EUR 123.6 million (+57%) to EUR 340.9 million. These changes are primarily the result of future repayments following sales and shifts between non-current and current borrowings occurring over time. By contrast, the on-going raising and repayment of liabilities had far less impact.

FORECAST

German economy: stable but lacks momentum

In the autumn statement for the German government issued in mid-October 2011, the economic institutes are forecasting increasing headwinds, which will also have an adverse impact on the German economy. In addition to the European debt crisis, which is damaging the internal market in Europe, the global economy is expected to weaken. Reporting recently on the third quarter, China, the world's second-largest economy, announced its seventh consecutive fall in economic growth. Despite negative external influences, the German economy is built on sound foundations. Low unemployment with a correspondingly positive domestic economy and favourable financing conditions combined with the popularity of the German economy among investors remain positive factors. An economic recovery is expected in the course of the coming year, providing financing conditions on financial markets allow the situation in the euro zone to ease and growth in the global economy picks up. As far as the forecast period is concerned, however, the research institutes are being swayed by the downside risks, suggesting that German could ultimately join other countries in a recession.

The German government is predicting growth of 0.8% for 2012. The forecast for 2013 has been halved to 1.0% because of the effects of the euro crisis and the softening in the global economy.

Mixed prospects on the real estate market

As of September 2012, both the rental market and the transaction market are down on their previous year's figures. As far as the forecast for the final three months is concerned, market experts are offering conflicting assessments. On the transaction market, the signs are pointing towards a catch-up spurt: there is considerable investment pressure and interest among foreign investors continues unabated. The intense focus of demand in the narrow premium property segment and the restrictions on lending are currently the greatest obstacles to achieving more substantial transaction volumes. Despite all this, it is possible that the previous year's result will be achieved. On the rental market, however, sentiment is less positive. Although the market is stable overall, the first signs of a slowdown in the economy are emerging, including the temporary suspension of planned relocations or transactions and the increasingly protracted nature of contract negotiations. Although a result below the previous year's figure is expected for the rental market for 2012, it is still expected to exceed the long-term average.

Operating targets until year-end

Three months before the year-end, we are very confident of achieving the goals set at the beginning of the year:

- As planned, we have let 173,000 sqm and expect a rental volume similar to that of the previous year in 2012.
- The vacancy rate was reduced to 11.7%. Taking account of expected lease expiries and letting contracts coming into effect, we expect a further reduction to around 11.5% at the end of the year.
- We have completed acquisitions amounting to EUR 113 million to date, of which, as planned, some EUR 95 million was for the expansion of fund business in the co-investments segment. The supply of attractive properties that could be added to our investment portfolio is currently limited, and sellers are generally exercising caution. Overall, we consider an acquisition volume of some EUR 150 million achievable for 2012.
- In the area of our project developments, we shall focus on additional marketing and the ongoing investment in the new segments under construction.
- We have already exceeded our planning figures with sales totalling EUR 101 million although a significant share is attributable to the sale of the Bienenkorbhaus. Further sales until year-end are possible.

FFO between EUR 43 and 45 million expected

We reiterate our profit forecast for the 2012 financial year. Based on the current portfolio and the planned reduction in the vacancy rate, we are expecting rental income of between EUR 124 and 126 million including planned acquisitions. On this basis, we are forecasting an operating profit (FFO) of between EUR 43 and 45 million (around EUR 1 per share) in 2012.

In view of the risks for economic growth in Germany, forecasts remain fraught with uncertainty. If general conditions or underlying assumptions change, our plans may differ from actual events.

EVENTS AFTER THE BALANCE SHEET DATE

Following the end of the reporting period, we sold two properties from the co-investments segment in Mörfelden-Walldorf (EUR 8 million) and Düsseldorf (EUR 6 million). We also sold the Bienenkorbhaus in Frankfurt from the commercial portfolio for some EUR 73 million.

We acquired the "Looper" office property in Duisburg's Inner Harbour at a cost of some EUR 27 million for our fund business. The property, which offers rental space of 10,000 sqm, is well and long-term let to a large number of prime tenants. We have therefore continued the growth in our fund business successfully: „DIC Office Balance I" is growing to a fund volume of some EUR 340 million towards the year-end.

The transfer of title to a property in Mannheim worth some EUR 8 million for our first retail fund "DIC HighStreet Balance" took place in October.

Looper, Duisburg

OPPORTUNITIES AND RISKS

The Annual Report for 2011 showed the opportunities and risks of our business activities in detail and provided information on the risk management system and the internal control system. There have been no material changes to DIC Asset AG's overall risk profile compared with the situation as at 31 December 2011.

TRANSACTIONS WITH RELATED PARTIES

In principle, the same conditions apply to transactions with related parties as to comparable transactions with third parties. In the current financial year, DIC Asset AG granted a mezzanine loan of EUR 11 million to DIC HH Portfolio GmbH (Primo portfolio) with a term of 3.5 years and an interest rate of 7.25% p.a. This loan replaced the mezzanine loan of EUR 8 million, which would have fallen due on 31 December 2012, before its maturity. At the end of September 2012, MainTor Porta GmbH repaid DIC Asset AG a total of EUR 10 million of the loans granted in 2011 and 2012.

No other material transactions were carried out with related parties.

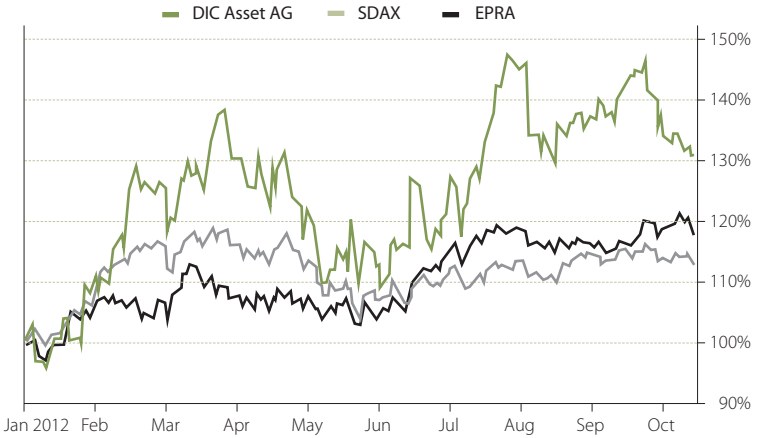
Rebound of DIC Asset share

Thanks to its good performance, the DIC Asset AG share maintained its clear lead on the relevant comparable indices in the third quarter of 2012.

Following a bumpy start to the year with the annual low of EUR 5.14 on 9 January 2012, our share started an upward trend which was also supported by the market in general and persisted until April. Subsequently growing uncertainty due to the European debt crisis sent market sentiment plunging, with an adverse impact on our share price until the end of the second quarter. Halfway through the year, our share then experienced a second upward surge, underpinned by good corporate reports, which was sustained until it reached the annual high of EUR 7.96 on 13 August 2012. The subsequent small correction was then virtually reversed in a benign environment by the end of September. The DIC Asset share closed the period at a closing price of EUR 7.35 on 30 September 2012. This is a gain of 37% in relation to the beginning of the year. By contrast, the EPRA Index Europe, which includes the largest listed joint-stock companies in Europe, only posted growth of 15% in the same period. The DAX rose by 22% and the SDAX by 13%.

As at 30 September 2012, the market capitalisation of DIC Asset AG stood at EUR 336 million.

SHARE PERFORMANCE



"Buy" recommendations from the vast majority of analysts

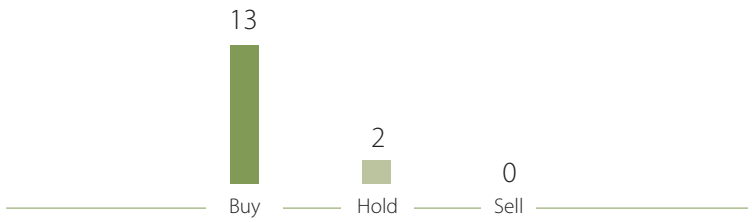
Currently, 15 financial institutions are monitoring our company's performance (as at October 2012). Of this figure, 13 (87%) are convinced that the share will perform well and recommend buying it. Two analysts (14%) recommend holding the share. Nobody recommends selling it. We provide an overview, which is constantly updated, on the Internet at www.dic-asset.de/ir.

Focus of IR activities

The Management Board and the IR team have again worked intensively in the third quarter on supplying the capital market with current information and keeping it updated about the course of business and the company's prospects. To this end, we have participated in conferences and roadshows in Berlin, Frankfurt, London, Munich and New York. Chairman of the Management Board Ulrich Höller has also been promoting the real estate sector as part of his work for the Board at the Real Estate Share Initiative conference and the annual EPRA conference.

ANALYSTS`COVERAGE

Coverage by 15 banks (as at November 2012)



KEY FIGURES

EUR [1]	9M 2012	9M 2011
Share capital in EUR/number of shares	**45,718,747**	45,718,747
Average number of shares	**45,718,747**	43,798,800
FFO per share	**0.70**	0.68
52-week high	**7.96**	10.88
52-week low	**4.71**	5.43
Closing price for quarter	**7.35**	5.75
Market capitalisation (in EUR million)	**336**	263
Price on 12.11.2012	**7.01**	

(1) closing prices in Xetra trading

IR CALENDAR 2012

13.11.2012	Publication of Interim Report Q3 2012	
14.11.2012	DZ Bank Equity Conference	Frankfurt
27.11.2012	UBS Global Real Estate Conference	London
11.12.2012	Close Brothers Seydler Conference	Geneva

CONSOLIDATED PROFIT AND LOSS ACCOUNT

TEUR	9M 2012	9M 2011	Q3 2012	Q3 2011
Total Revenues	120,382	111,138	42,147	35,094
Total Expenses	-70,960	-62,792	-25,850	-18,574
Gross rental income	94,339	85,766	31,807	29,234
Ground rents paid	-624	-580	-193	-184
Service charge income on principal basis	15,894	11,980	5,876	4,318
Service charge expenses on principal basis	-17,580	-12,860	-6,255	-4,669
Other real estate related operating expenses	-7,570	-5,548	-2,924	-2,125
Net rental income	84,459	78,758	28,311	26,574
Administrative expenses	-6,398	-6,224	-2,166	-2,042
Personnel expenses	-9,027	-7,146	-3,259	-2,256
Depreciation	-24,307	-21,548	-8,218	-7,427
Fees from real estate management	3,602	3,610	1,283	1,328
Other income	728	516	286	215
Other expenses	-377	-269	-98	128
Net other income	351	247	188	343
Investment property disposal proceeds	5,819	9,266	2,895	0
Carrying value of investment property disposals	-5,077	-8,617	-2,737	0
Profit on disposal of investment property	742	649	158	0
Net operating profit before financing activities	49,422	48,346	16,297	16,520
Share of the profit of associates	1,728	1,555	467	681
Interest income	7,469	5,616	2,540	2,064
Interest expense	-49,969	-46,612	-16,490	-16,948
Profit before tax	8,650	8,905	2,814	2,317
Income tax expense	-2,766	-1,590	-1,178	-775
Deferred income tax expense	1,685	792	827	354
Profit for the period	7,569	8,107	2,463	1,896
Attributable to equity holders of the parent	7,472	8,030	2,439	1,874
Attributable to minority interest	97	77	24	22
Basic (=diluted) earnings per share	0.16	0.18	0.05	0.04

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TEUR	9M 2012	9M 2011	Q3 2012	Q3 2011
Fair value of hedge instruments				
Cash flow hedges*	-5,876	-8,824	-1,931	-19,710
Cash flow hedges of associates*	-523	844	-453	-1,056
Gains and losses recorded directly in equity	-6,399	-7,980	-2,384	-20,766
Profit for the period	7,569	8,107	2,466	1,896
Comprehensive income	1,170	127	82	-18,870
Attributable to equity holders of the parent	1,073	50	58	-18,892
Attributable to minority interests	97	77	24	22

* after deferred taxes

CONSOLIDATED STATEMENT OF CASH FLOW

TEUR	9M 2012	9M 2011
Operating activities		
Net operating profit before interest and taxes paid	53,626	50,451
Realised gains on disposals	-742	-649
Depreciation and amortisation	24,307	21,548
Movements in receivables, payables and provisions	3,661	4,210
Other non-cash transactions	-1,516	-3,783
Cash generated from operations	79,336	71,776
Interest paid	-48,059	-43,554
Interest received	725	2,383
Income tax received	3,600	1,471
Cash flow from operating activities	35,603	32,075
Investing activities		
Proceeds from disposals of investment property	6,143	17,216
Acquisition of investment property	-55,422	-108,966
Capital expenditure on investment property	-15,274	-10,256
Repurchase/disposal of other investments	2,616	1,700
Loans to other entities	-5,339	-4,249
Acquisition of office furniture and equipment	-100	-228
Cash flow from investing activities	-67,376	-104,784
Financing activities		
Proceeds from the issue of share capital	0	52,250
Proceeds from the corporate bond issue	0	70,000
Proceeds from other non-current borrowings	31,838	42,726
Repayment of borrowings	-23,036	-72,631
Deposits	-5,100	0
Payment of transaction costs	0	-3,104
Dividends paid	-16,002	-16,002
Cash flow from financing activities	-12,300	73,239
Net change in cash and cash equivalents	-44,072	531
Cash and cash equivalents at 1 January	100,244	117,292
Cash and cash equivalents at 30 September	56,172	117,823

CONSOLIDATED BALANCE SHEET

ASSETS in TEUR	30.09.2012	31.12.2011
Investment property	1,864,321	1,902,129
Office furniture and equipment	497	538
Investments in associates	68,647	70,057
Loans to related parties	11,000	0
Intangible assets	208	152
Deferred tax assets	25,838	24,441
Total non-current assets	1,970,511	1,997,317
Receivables from the disposal of property	33	358
Trade receivables	2,319	2,692
Receivables due from related parties	122,090	128,058
Income tax receivables	2,697	7,837
Other receivables	5,832	4,390
Other current assets	10,570	4,950
Cash and cash equivalents	56,172	100,244
	199,713	248,529
Non-current assets held for sale	84,698	2,300
Total current assets	284,411	250,829
Total assets	2,254,922	2,248,146

EQUITY AND LIABILITIES in TEUR	30.09.2012	31.12.2011
Equity		
Issued capital	45,719	45,719
Share premium	614,312	614,312
Hedging reserve	-66,476	-60,077
Retained earnings	14,209	22,739
Total shareholders´equity	607,764	622,693
Minority interest	1,602	1,497
Total equity	609,366	624,190
Liabilities		
Corporate bond	68,927	68,589
Non-current interest-bearing loans and borrowings	1,147,848	1,256,165
Deferred tax liabilities	10,322	11,649
Derivatives	77,556	70,254
Total non-current liabilities	1,304,653	1,406,657
Current interest-bearing loans and borrowing	249,987	194,923
Trade payables	4,137	5,323
Liabilities to related parties	32	347
Provisions	864	33
Income tax payables	3,311	2,086
Other liabilities	16,300	12,356
	274,631	215,068
Liabilities directly associated with non-current assets held for sale	66,272	2,231
Total current liabilities	340,903	217,299
Total liabilities	1,645,556	1,623,956
Total equity and liabilities	2,254,922	2,248,146

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TEUR	Issued capital	Share premium	Hedging reserve	Retained earnings	Total shareholders' equity	Minority interest	**Total**
Status as of 31 December 2010	39,187	569,288	-51,112	28,243	585,607	1,473	**587,080**
Profit for the period				8,030	8,030	77	**8,107**
Gains/losses from cash flow hedges*			-8,824		-8,824		**-8,824**
Gains/losses from cash flow hedges of associates*			844		844		**844**
Comprehensive Income			-7,980	8,030	50	77	**127**
Dividends				-16,002	-16,002		**-16,002**
Capital increase	6,532	45,021			51,553		**51,553**
Repayment of minority interest					0	-49	**-49**
Status as of 30 September 2011	45,719	614,309	-59,091	20,272	621,209	1,501	**622,710**
Profit for the period				2,467	2,467	27	**2,494**
Gains/losses from cash flow hedges*			-917		-917		**-917**
Gains/losses from cash flow hedges of associates*			-68		-68		**-68**
Comprehensive Income			-986	2,467	1,481	27	**1,509**
Repayment of minority interest					0	-32	**-32**
Status as of 31 December 2011	45,719	614,312	-60,077	22,739	622,693	1,497	**624,190**
Profit for the period				7,472	7,472	97	**7,569**
Gains/losses from cash flow hedges*			-5,876		-5,876		**-5,876**
Gains/losses from cash flow hedges of associates*			-523		-523		**-523**
Comprehensive Income			-6,399	7,472	1,073	97	**1,170**
Dividends				-16,002	-16,002		**-16,002**
Repayment of minority interest					0	8	**8**
Status as of 30 September 2012	45,719	614,312	-66,476	14,209	607,764	1,602	**609,366**

* deferred taxes deducted

Segments in Q3 2012

EUR million	North	East	Central	West	South	**Total 9M 2012**	Total 9M 2011	Rental income in 9M 2012 (P&L)
Annualised rent as at 30.09.2012								
Commercial Portfolio	12,143	17,842	34,871	38,308	24,550	**127,714**	116,517	94,339
Co-Investments	3,048	3,189	1,714	2,854	4,939	**15,744**	13,847	
	15,191	21,031	36,585	41,162	29,490	**143,459**	130,364	94,339

EUR million	North	East	Central	West	South	**Total 30.09.2012**	Total 30.09.2011
Segment assets as at 30.09.2012							
Number of properties	47	34	58	61	70	**270**	281
Market value (in EUR million)	232.7	284.0	684.3	640.8	405.0	**2,246.8**	2,069.9
Lease maturity in years*	6.5	4.2	6.0	5.3	3.9	**5.2**	5.4
Gross rental yield*	6.6%	7.4%	6.2%	6.4%	7.3%	**6.7%**	6.6%
Vacancy rate*	7.3%	8.2%	15.6%	13.5%	10.7%	**11.7%**	13.4%

Segments in Q3 2011

EUR million	North	East	Central	West	South	**Total 9M 2011**	Total 9M 2010	Rental income in 9M 2011 (P&L)
Annualised rent as at 30.09.2011								
Commercial Portfolio	11,654	13,300	29,168	37,302	25,094	**116,517**	125,967	85,766
Co-Investments	3,185	1,763	1,618	2,701	4,580	**13,847**	15,181	
	14,839	15,063	30,786	40,002	29,674	**130,364**	141,148	

EUR million	North	East	Central	West	South	**Total 30.09.2011**	Total 30.09.2010
Segment assets as at 30.09.2011							
Number of properties	52	39	56	61	73	**281**	299
Market value (in EUR million)	231.7	209.7	604.5	620.7	403.3	**2,069.9**	2,169.4
Lease maturity in years*	7.0	5.2	6.3	5.5	3.9	**5.4**	5.3
Gross rental yield*	6.5%	7.2%	6.0%	6.5%	7.4%	**6.6%**	6.6%
Vacancy rate*	11.0%	9.5%	19.3%	15.1%	10.0%	**13.4%**	14.0%

* operating figures excluding project developments

▷ NOTES AS AT 30 SEPTEMBER 2012

General Information about Group Reporting

In accordance with § 37 x Para. 3 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), the quarterly financial statements comprise interim consolidated financial statements and an interim Group Management Report. The interim consolidated financial statements were compiled in accordance with the provisions of International Financial Reporting Standards (IFRS), as applicable in the EU, for interim financial reporting. The quarterly financial statements of the companies included are based on uniform accounting and measurement policies. The interim Group Management Report was compiled in compliance with the applicable provisions of the WpHG.

In line with IAS 34, a shorter report compared with the consolidated financial statements was chosen for the presentation of the consolidated interim financial report of DIC Asset AG as at 30 September 2012. The same methods of consolidation, currency translation, accounting and measurement are applied in the consolidated interim financial report as in the consolidated financial statements for the 2011 financial year. Income taxes were deferred on the basis of the tax rate anticipated for the entire year. Please refer to the consolidated financial statements as at 31 December 2011, which form the basis for the present interim financial statements, for more detailed information. We also refer to the interim management report in this document with regard to key changes and transactions up to 30 September 2012.

As was outlined in the 2011 consolidated financial statements, the Group is no longer managed in accordance with the potential added value of investments from which the division into the CorePlus and Value-Added segments emerged but on the basis of the operational business segments subdivided into regions. The portfolio properties are combined as the Commercial Portfolio and the investments as Co-Investments. The balance sheet and profit and loss account-related key indicators, which were originally defined and maintained on the basis of IAS 14, were gradually supplemented or replaced by operating key figures in internal company management. The segment reporting was presented in the amended form in the 2012 quarterly report. The comparative figures for 2011 were restated. For the annual rent, annualised rents are stated in each case, which by their nature differ from the rents stated in the income statement.

DIC Asset AG has implemented all accounting standards adopted by the EU and revised, application of which is compulsory from 1 January 2012. Application of the accounting standards to be applied for the first time can be found in the Notes for the financial year.

In preparing the financial statements, the management must make estimates and assumptions. These influence both the amount of the figures recognised for assets, liabilities and contingent liabilities on the balance sheet date and the amount of income and expenses recognised in the reporting period. Actual amounts accruing may deviate from these estimates. There were no adjustments on the basis of changes to estimates or assumptions up to September 2012.

Explanation to the consolidated financial statements

DIC Asset AG acquired a commercial property in Zeppelinheim from Red Square Zeppelinheim GmbH as at 31 March 2012. The investment volume amounts to around EUR 22 million. The property is let long-term and the annual rental income amounts to some EUR 1.6 million, which equates to a rental yield of around seven percent in relation to the property purchase price. The transfer of title, benefits and encumbrances for an office property in Frankfurt took place at the beginning of July 2012. This property has a purchase price of EUR 17.3 million, of which EUR 10 million was financed by borrowing. The initial rental yield for the property amounts to some seven percent. The transfer of title, benefits and encumbrances for a retail property in Dresden, which is earmarked for the "DIC HighStreet Balance" fund, took place at the end of September 2012. The purchase price amounted to EUR 18 million, of which EUR 8 million came from borrowed funds.

Up to September 2012, external loans amounting to some EUR 32 million had been taken up. These are to finance the real estate purchases detailed above. The loans are hedged through fixed interest agreements.

Other financial obligations

The purchase of a second retail property in Mannheim earmarked for the "DIC HighStreet Balance" fund will result in financial obligations for the fourth quarter of EUR 8 million.

Dividend

To allow shareholders to participate commensurately in the success and appreciation in value of DIC Asset AG, the Management Board proposed a dividend of EUR 0.35 per share for the financial year 2011 at the General Shareholders' Meeting on 3 July 2012. Following a resolution to this effect, the dividend amounting to EUR 16.0 million was paid on 4 July 2012.

Other disclosures

There were no changes to the composition of the Management Board or the Supervisory Board during the period under review. Please refer to the interim management report in this document with regard to the opportunities and risks and further disclosures on events after the balance sheet date.

The German Financial Reporting Enforcement Panel (FREP/DPR) examined the consolidated financial statements of DIC Asset AG as at 31 December 2010 as part of a random sampling in accordance with § 342b Para. 2 Sentence 3 No. 3 of the German Commercial Code (Handelsgesetzbuch – HGB). As a result of its examination, the DPR identified an error in the reporting of our "DIC Office Balance I" special fund. In the opinion of the DPR, the shares in associated companies and the annual result before taxes were both overstated by approximately EUR 3.7 million in the consolidated financial statements as at 31 December 2010, since additional benefits from the new business activity such as client and contractual relationships were capitalised in addition to the acquisition costs for the fund units themselves. For the financial statements as at 30 September 2012, this would result in a reduction of approximately EUR 2.7 million in equity and an increase of approximately EUR 0.3 million in the result before taxes. This would not have any effect on cash and cash equivalents, cash flow or our ability to pay a dividend.

We are currently reviewing whether we agree with this finding that there has been an error or whether we shall initiate appeal proceedings.

▷ REVIEW REPORT

TO DIC ASSET AG, FRANKFURT AM MAIN

We have reviewed the condensed interim consolidated financial statements – comprising the income statement, statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in equity and selected explanatory notes – together with the interim group management report of DIC Asset AG, Frankfurt am Main for the period from January 1 to September 30, 2012, which are part of the quarterly financial report according to § 37x (3) WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company´s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor´s report.

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

Nuremberg, November 12, 2012

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Hübschmann
Wirtschaftsprüfer

Danesitz
Wirtschaftsprüfer

QUARTERLY FINANCIAL DATA

EUR million	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	**Q3 2012**
Gross rental income	27.6	28.9	29.3	31.0	31.1	31.4	**31.8**
Net rental income	25.3	26.9	26.6	28.0	28.1	28.0	**28.3**
Fees from real estate management	1.1	1.2	1.3	1.7	1.2	1.1	**1.3**
Investment property disposal proceeds	0.0	9.3	0.0	8.4	2.8	0.1	**2.9**
Profits on investment property disposals	0.0	0.6	0.0	1.0	0.5	0.1	**0.2**
Share of the profits of associates	0.4	0.5	0.7	0.8	0.8	0.4	**0.5**
Funds from Operation (FFO)	10.0	10.1	9.7	10.8	10.5	10.8	**10.9**
EBITDA	22.0	23.9	23.9	26.1	24.6	24.6	**24.5**
EBIT	15.1	16.7	16.5	17.8	16.6	16.5	**16.3**
Profit for the period	2.8	3.4	1.9	2.5	2.5	2.6	**2.5**
Cash flow from operating activities	9.4	9.9	12.8	6.3	10.2	10.0	**15.4**
Market value of investment property *	2,083.3	2,071.0	2,069.9	2,202.3	2,218.1	2,216.5	**2.246,8**
Total assets	2,109.4	2,155.2	2,134.0	2,248.1	2,257.7	2,252.7	**2,254.9**
Equity	660.4	657.6	622.7	624.2	624.8	625.3	**609.4**
Equity ratio in % (on balance sheet)	31.3	30.5	29.2	27.8	27.7	27.8	**27.0**
Total liabilities	1,449.0	1,497.6	1,511.3	1,624.0	1,632.9	1,627.4	**1,645.6**
Debt ratio in %	68.7	69.5	70.8	72.2	72.3	72.2	**73.0**
Net debt equity ratio in %	34.3	34.4	33.6	31.7	31.5	31.4	**30.5**
FFO per share (in EUR)	0.25	0.22	0.21	0.24	0.23	0.24	**0.24**

* Acquisitions during the year are taken into account at the cost of acquisition

PORTFOLIO OVERVIEW*

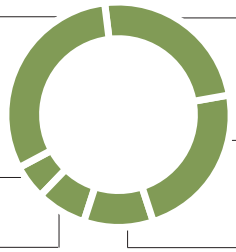
	Commercial Portfolio	Co-Investments	**Total Q3 2012**	Total Q3 2011
Number of properties	157	113	**270**	281
Market value in EUR million**	1,920.0	326.8	**2,246.8**	2,069.9
Rental space in sqm	1,089,100	155,700	**1,244,800**	1,179,800
Portfolio proportion after rental space	88%	12%	**100%**	
Annualised rental income in EUR million	127.7	15.8	**143.5**	130.4
Rental income per sqm in EUR	10.80	9.10	**10.60**	10.40
Lease maturity in years	5.2	4.8	**5.2**	5.4
Rental yield	6.7%	6.5%	**6.7%**	6.6%
Vacancy rate	11.7%	11.9%	**11.7%**	13.5%

* all figures pro rata, except number of properties; all figures without developments except number of properties and market values
** Market value as at 31.12.2011, later acquisitions considered at cost

TYPES OF USE
pro rata by rental income p.a. (as at 30 September 2012)

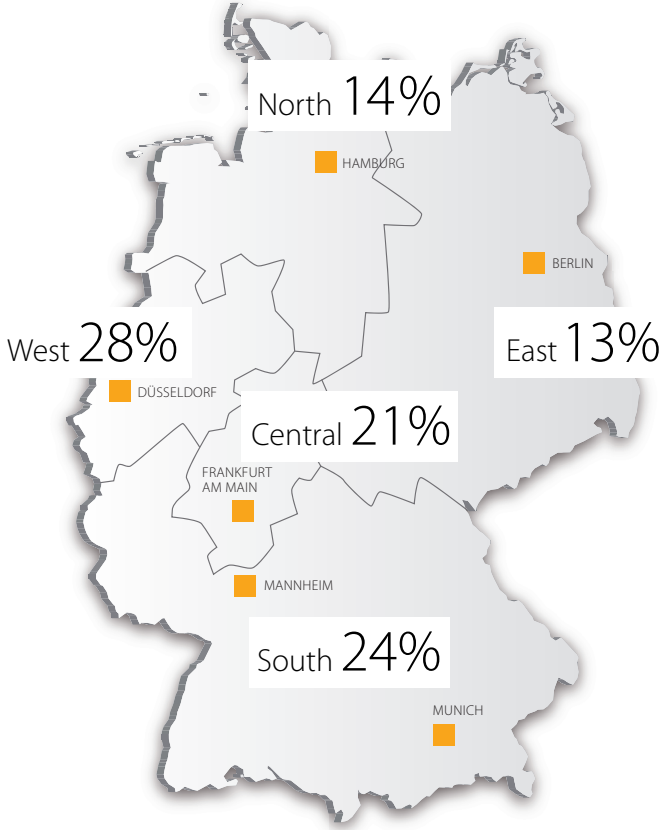
69% Office properties
20% Retail
10% Other business (e.g. logistics, industrial)
1% Residential

MAIN TENANTS
pro rata by rental income p.a. (as at 30 September 2012)



31% SME and others
24% Public sector
23% Retail
5% Insurance/Banking
7% Industry
10% Telco/IT/Multimedia

PORTFOLIO BY REGIONS
Basis: pro rata rental space in sqm



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