



**DIC Asset AG**

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

September 2, 2014

**Euro [●] [●] per cent. Notes due September 8, 2019 (the "Notes")**

Issue price: 100 per cent.

ISIN: DE000A12T648

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 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 the Frankfurt Stock Exchange for the Notes to be listed on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange (the "**Open Market**") and to be admitted for trading in the trading segment Prime Standard for Corporate Bonds (*Prime Standard für Unternehmensanleihen*). The Open Market is not a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments.

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

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## 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.

## NOTICE

No person is or has been authorised 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 authorised 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, 2013 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 consid-

ered 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 authorised 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, THERE IS NO ASSURANCE THAT CITIGROUP GLOBAL MARKETS LIMITED (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN AT ANY TIME AFTER THE ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES AND, IF BEGUN, 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 STABILISING SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, DIRECTIVES, REGULATIONS AND RULES OF ANY RELEVANT JURISDICTION.

## 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

Element	Description of Element	Disclosure requirement
A.1	Warning	<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 any translation thereof, 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>
A.2	Consent to the use of the prospectus	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 under the laws of the Federal Republic of Germany with business seat in Frankfurt am Main. The principal place of business and the business address of the Issuer is Neue Mainzer Straße 20 • Maintor 60311 Frankfurt am Main, Germany.
<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>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 2012 and 2013.
<b>B.12</b>	<b>Selected historical key financial information</b>	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, 2013 (including the comparable information as of December 31, 2012 contained therein) as well as the Issuer's unaudited interim consolidated financial statements as of June 30, 2014 (including the comparable information as of June 30, 2013 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.

<b>Consolidated income statement</b>				
<i>in € '000</i>	<b>Fiscal year</b>		<b>6-month period ended June 30,</b>	
	<b>2012</b>	<b>2013</b>	<b>2013</b>	<b>2014</b>
	<b>(audited)</b>		<b>(unaudited)</b>	
<b>Total income</b> .....	<b>229,088</b>	<b>236,091</b>	<b>111,929</b>	<b>114,355</b>
<b>Total expenses</b> .....	<b>-160,548</b>	<b>-166,703</b>	<b>-80,998</b>	<b>-77,470</b>
Gross rental income.....	126,528	125,224	61,047	73,601
Ground rents.....	-830	-851	-348	-637
Service charge income on principal basis.....	20,487	22,061	10,394	18,186
Service charge expenses on principal basis.....	-22,923	-23,970	-11,889	-17,833
Other property-related expenses.....	-10,066	-10,191	-5,904	-7,517
<b>Net rental income</b> .....	<b>113,196</b>	<b>112,273</b>	<b>53,300</b>	<b>65,800</b>
Administrative expenses.....	-8,847	-10,147	-4,968	-5,120
Personnel expenses.....	-12,123	-12,065	-6,257	-6,347
Depreciation and amortisation.....	-33,522	-35,378	-16,104	-20,963
Fees from real estate management.....	5,725	6,487	3,090	2,312
Other income.....	689	1,241	304	683
Other expenses.....	-343	-649	-102	-77
<b>Net other income</b> .....	<b>346</b>	<b>592</b>	<b>202</b>	<b>606</b>
Investment property disposal proceeds.....	75,658	81,078	37,093	19,573
Carrying amount of investment property disposals.....	-71,893	-73,451	-35,425	-18,975
<b>Profit on disposal of investment property</b> .....	<b>3,765</b>	<b>7,627</b>	<b>1,668</b>	<b>598</b>
<b>Net operating profit before financing activities (EBIT)</b> .....	<b>68,540</b>	<b>69,388</b>	<b>30,931</b>	<b>36,886</b>
Share of the profit of associates.....	1,781	1,560	1,211	1,455
Interest income.....	9,797	9,712	5,210	4,906
Interest expense.....	-65,974	-62,671	-29,972	-38,911
<b>Profit before tax</b> .....	<b>14,144</b>	<b>17,989</b>	<b>7,380</b>	<b>4,336</b>
Current income tax expense.....	-1,913	-2,142	-845	-1,948
Deferred income tax expense.....	-401	183	-78	1,588
<b>Profit for the period</b>	<b>11,830</b>	<b>16,030</b>	<b>6,457</b>	<b>3,976</b>
Attributable to equity holders of the parent.....	11,690	15,939	6,427	4,581
Attributable to non-controlling interests.....	140	91	30	-605
Basic (=diluted) earnings per share (in EUR).....	0.25	0.33	0.14	0.07



# **Consolidated balance sheet:**

<i>in € '000</i>	<b>December 31, 2012 (audited)</b>	<b>December 31, 2013 (audited)</b>	<b>June 30, 2014 (unaudited)</b>
<b>Assets</b>			
Investment properties .....	1,847,372	2,256,437	2,209,842
Office furniture and equip- ment.....	490	484	488
Investments in associates .....	75,730	89,866	69,436
Loans to related parties.....	10,910	114,324	120,268
Other investments .....	0	20,502	20,502
Derivatives .....	0	6	0
Intangible assets.....	185	1,688	1,523
Deferred tax assets.....	25,217	22,735	24,151
<b>Non-current assets.....</b>	<b>1,959,904</b>	<b>2,506,042</b>	<b>2,446,210</b>
Receivables from sale of property.....	0	425	69
Trade receivables .....	3,423	3,544	5,034
Receivables due from related parties .....	135,254	8,175	11,498
Income tax receivables .....	7,718	8,899	7,508
Other receivables .....	5,016	7,373	7,612
Other current assets .....	6,852	5,108	6,871
Cash and cash equivalents .....	56,698	56,418	92,396
Non-current assets held for sale.....	35,307	0	10,154
<b>Total current assets.....</b>	<b>250,268</b>	<b>89,942</b>	<b>141,142</b>
<b>Total assets.....</b>	<b>2,210,172</b>	<b>2,595,984</b>	<b>2,587,352</b>

<i>in € '000</i>	<b>December 31, 2012 (audited)</b>	<b>December 31, 2013 (audited)</b>	<b>June 30, 2014 (unaudited)</b>
<b>Equity and liabilities</b>			
Issued capital .....	45,719	68,578	68,578
Share premium .....	614,312	733,577	732,846
Hedging reserve .....	-62,761	-30,078	-36,197
Retained earnings .....	15,496	15,433	20,014
<b>Total shareholders' equity ...</b>	<b>612,766</b>	<b>787,510</b>	<b>785,241</b>
Non-controlling interests .....	1,556	5,544	4,890
<b>Total equity.....</b>	<b>614,322</b>	<b>793,054</b>	<b>790,131</b>
<b>Liabilities</b>			
Corporate bonds.....	85,195	171,087	196,119
Non-current interest-bearing loans and borrowings.....	1,229,893	1,382,056	1,101,352
Provisions .....	1,641	40	30
Deferred tax liabilities .....	11,649	13,774	12,473
Derivatives .....	73,654	41,360	46,705
<b>Total non-current liabilities..</b>	<b>1,402,032</b>	<b>1,608,317</b>	<b>1,356,679</b>
Current interest-bearing loans and borrowings .....	147,540	170,711	409,855
Trade payables.....	2,671	4,291	1,528
Liabilities to related parties.....	694	3,735	717
Provisions .....	11	608	496
Income tax liabilities.....	1,986	1,926	2,160
Other liabilities.....	13,616	13,342	17,069
Liabilities in connection with non-current assets held for sale .....	27,300	0	8,717
<b>Total current liabilities.....</b>	<b>193,818</b>	<b>194,613</b>	<b>440,542</b>
<b>Total liabilities.....</b>	<b>1,595,850</b>	<b>1,802,930</b>	<b>1,797,221</b>
<b>Total equity and liabilities ...</b>	<b>2,210,172</b>	<b>2,595,984</b>	<b>2,587,352</b>

		<b>Consolidated statements of cash flow</b>  <i>in € '000</i> <table><tr><th></th><th colspan="2">Fiscal year</th><th colspan="2">6-month period ended June 30,</th></tr><tr><th></th><th>2012</th><th>2013</th><th>2013</th><th>2014</th></tr><tr><th></th><th colspan="2">(audited)</th><th colspan="2">(unaudited)</th></tr><tr><td>Cash flow from operating activities .....</td><td>43,895</td><td>42,014</td><td>23,031</td><td>24,163</td></tr><tr><td>Cash flow from investing activities .....</td><td>-32,340</td><td>42,422</td><td>21,855</td><td>25,583</td></tr><tr><td>Cash flow from financing activities .....</td><td>-55,101</td><td>-91,896</td><td>-31,781</td><td>-13,768</td></tr><tr><td>Cash and cash equivalents at January 1 .....</td><td>100,244</td><td>56,698</td><td>56,698</td><td>56,418</td></tr><tr><td>Cash and cash equivalents at the end of the period .....</td><td>56,698</td><td>56,418</td><td>69,803</td><td>92,396</td></tr></table>		Fiscal year		6-month period ended June 30,			2012	2013	2013	2014		(audited)		(unaudited)		Cash flow from operating activities .....	43,895	42,014	23,031	24,163	Cash flow from investing activities .....	-32,340	42,422	21,855	25,583	Cash flow from financing activities .....	-55,101	-91,896	-31,781	-13,768	Cash and cash equivalents at January 1 .....	100,244	56,698	56,698	56,418	Cash and cash equivalents at the end of the period .....	56,698	56,418	69,803	92,396
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	<b>Prospects of the Issuer</b>	Not applicable. There have been no material adverse changes in the prospects of the Issuer since December 31, 2013.																																								
	<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 June 30, 2014.																																								
<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 real estate. It is a holding company which does not directly hold its real estate but exclusively holds it via affiliated and property companies. The Issuer centralises 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><tr><th colspan="2">Name of the shareholder</th><th>in %<sup>1)</sup></th></tr><tr><td colspan="2">Deutsche Immobilien Chancen Group</td><td>33.2</td></tr><tr><td colspan="2">Free Float</td><td>66.8</td></tr><tr><td colspan="3">thereof:</td></tr><tr><td colspan="2">solvia Vermögensverwaltungs GmbH</td><td>5.1</td></tr><tr><td colspan="2">RAG Foundation</td><td>4.8</td></tr><tr><td colspan="2">APG Asset Management N.V.</td><td>3.2</td></tr><tr><td colspan="2">total:</td><td>100.0</td></tr></table> <p><sup>1)</sup> with rounding differences.</p>	Name of the shareholder		in % <sup>1)</sup>	Deutsche Immobilien Chancen Group		33.2	Free Float		66.8	thereof:			solvia Vermögensverwaltungs GmbH		5.1	RAG Foundation		4.8	APG Asset Management N.V.		3.2	total:		100.0																
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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>	<p>The notes (the "<b>Notes</b>") bear a fixed rate of interest.</p> <p>ISIN: DE000A12T648; German Securities Code (WKN): A12T64.</p>
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><u><i>Rights attached to the Notes:</i></u></p> <p>The Holders of the Notes have the right to receive annual fixed-rate interest payments and the payment of the principal amount on the final maturity date.</p> <p><u><i>Status of the Notes:</i></u></p> <p>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.</p> <p><u><i>Negative Pledge:</i></u></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 recognised standing as being equivalent security. This applies subject to specific exceptions.</p> <p><u><i>Taxes:</i></u></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</p>

		<p>political subdivision or any tax authority thereof or therein including 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>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, AktG</i>).</li> </ul> <p><u><i>Early Redemption at the Option of the Issuer in case of minimal outstanding total principal amount (Clean-up Call):</i></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 ac-</p>
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		crued to but excluding the date of such redemption.
<b>C.9</b>	<b>Interest/ Due dates/ Yield/ Name of hold- ers' repre- sentative</b>	<p>see C.8</p> <p><u>Interest:</u></p> <p>The Notes will bear interest from (and including) September 8, 2014 to (but excluding) September 8, 2019 at a rate of [●] per cent. per annum. The interest is payable annually in arrears on September 8, in each year, commencing on September 8, 2015.</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 September 8, 2019.</p> <p><u>Indication of yield:</u></p> <p>At the issue date, September 8, 2014, 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>	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>	Not applicable. It is intended to apply for the inclusion of the Notes in the Entry Standard of the Open Market of Deutsche Börse AG (regulated unofficial market ( <i>Freiverkehr</i> ) of the Frankfurt Stock Exchange) as well as for inclusion in the Prime Standard segment for corporate bonds.

## Section D — Risks

Element	Description	Disclosure requirement
D.2	Information on the key risks of the Issuer	<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 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 substantial impact on the profitability of DIC Asset.</li> </ul> <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 companies;</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 Co-Investments segment, DIC Asset holds to a certain extent minority interests in properties with a heightened risk profile;</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</li> </ul>

		<p>financial statements could adversely affect the results of DIC Asset;</p> <ul style="list-style-type: none"> <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 Group'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>• the planned significant reduction in DIC Asset's loan-to-value ratio ("LTV") by the end of 2016 depends on the timely implementation of measures planned as part of the strategy, although there is no guarantee that these measures will be successful;</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</li> </ul>
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D.3	<b>Information on the key risks of the securities</b>	<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 every investor;</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 collateralisation 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 principal 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> <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>• 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 (<i>gemeinsamer Vertreter</i>) 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</li> </ul>
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		<p>Issuer may issue ranking equal to the obligations under or in connection with the Notes;</p> <ul style="list-style-type: none"> <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 rateable 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> <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; and</li> <li>payments, including principal, on the Notes to Holders and beneficial owners of interests in the Notes that fail to comply with the relevant requirements under the U.S. Foreign Account Tax Compliance Act or any analogous provisions of non-U.S. laws, including any voluntary agreements entered into with a taxing authority pursuant thereto, may be subject to a withholding tax of 30 percent. The Issuer will not be obligated to make any additional payments in respect of any such amounts withheld by the Issuer or an intermediary paying agent.</li> </ul> <p>The realisation 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
<b>E.2b</b>	<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 5.875 per cent bond (ISIN: DE000A1KQ1N3) in particular, which is expected to be repayed early as the Issuer intends to call this bond at the next possible call date.
<b>E.3</b>	<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 (the "<b>Private Placement</b>") in compliance with the applicable selling restrictions during an offer period from, and including, September 2, 2014 to, and including, September 3, 2014 (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. 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.</p> <p><b>Public offer</b></p> <p>The Notes will be offered by the Issuer to retail and institutional investors (the "<b>Public Offer</b>") in compliance with the restrictions applicable to an offer to the public during an offer period from, and including, September 2, 2014 to, and including, September 3, 2014 (the "<b>Offer Period</b>") subject to a shortening or extension of the offer period as determined by the Issuer. Should the Issuer determine 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 (<a href="http://www.dic-asset.de">www.dic-asset.de</a>).</p> <p>The Notes will be offered to the public in each of Luxembourg and 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.</p> <p>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.</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 September 2, 2014 (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 "<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>Subscription of the Notes</b></p> <p>The Joint Lead Managers have agreed, pursuant to a subscription agreement signed on September 2, 2014 (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 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 will agree 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</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>B.1</b>	<b>Gesetzliche und kommerzielle Bezeichnung</b>	DIC Asset AG
<b>B.2</b>	<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. Der Hauptort der Geschäftstätigkeit und die Geschäftsadresse der Emittentin ist Neue Mainzer Straße 20 • Maintor, 60311 Frankfurt am Main, Deutschland.
<b>B.4b</b>	<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>B.5</b>	<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>B.9</b>	<b>Gewinnprognosen oder -schätzungen</b>	Entfällt. Es wird keine Gewinnprognose oder -schätzung abgegeben.
<b>B.10</b>	<b>Beschränkungen im Bestätigungsvermerk</b>	Entfällt. Die Abschlussprüfer haben jeweils einen uneingeschränkten Bestätigungsvermerk zu den Konzernabschlüssen der Emittentin für die Geschäftsjahre 2012 und 2013 erteilt.
<b>B.12</b>	<b>Ausgewählte wesentliche historische Finanzinformationen</b>	Die folgenden Tabellen enthalten ausgewählte Finanzinformationen der Emittentin. Die Informationen entstammen dem geprüften Konzernabschluss der Emittentin zum 31. Dezember 2013 (mit Vorjahresvergleichszahlen zum 31. Dezember 2012) bzw. dem ungeprüften Konzernzwischenabschluss der Emittentin zum 30. Juni 2014 (mit Vorjahresvergleichszahlen in Bezug auf die Konzerngewinn- und Verlustrechnung und die Konzern-Kapitalflussrechnung zum 30. Juni 2013), die gemäß den in der Europäischen Union anzuwendenden International Financial Reporting Standards (IFRS) aufgestellt wurden.

## Konzern-Gewinn- und Verlustrechnung

### Konzern-Gewinn- und Verlustrechnung

in TEUR	Geschäftsjahr		6-Monats-Zeitraum zum 30. Juni	
	2012 (geprüft)	2013 (geprüft)	2013 (ungeprüft)	2014 (ungeprüft)
<b>Gesamterträge</b> .....	<b>229.088</b>	<b>236.091</b>	<b>111.929</b>	<b>114.355</b>
<b>Gesamtaufwendungen</b> .....	<b>-160.548</b>	<b>-166.703</b>	<b>-80.998</b>	<b>-77.470</b>
Bruttomieteinnahmen .....	126.528	125.224	61.047	73.601
Erbbauszinsen.....	-830	-851	-348	-637
Erträge aus Betriebs- und Nebenkosten .....	20.487	22.061	10.394	18.186
Aufwendungen für Betriebs- und Nebenkosten .....	-22.923	-23.970	-11.889	-17.833
Sonstige immobilienbezogene Aufwendungen.....	-10.066	-10.191	-5.904	-7.517
<b>Nettomieteinnahmen</b> .....	<b>113.196</b>	<b>112.273</b>	<b>53.300</b>	<b>65.800</b>
Verwaltungsaufwand .....	-8.847	-10.147	-4.968	-5.120
Personalaufwand .....	-12.123	-12.065	-6.257	-6.347
Abschreibungen .....	-33.522	-35.378	-16.104	-20.963
Erträge aus Immobilienverwaltungsgebühren .....	5.725	6.487	3.090	2.312
Sonstige betriebliche Erträge.....	689	1.241	304	683
Sonstige betriebliche Aufwendungen .....	-343	-649	-102	-77
<b>Ergebnis sonstiger betrieblicher Erträge und Aufwendungen</b> .....	<b>346</b>	<b>592</b>	<b>202</b>	<b>606</b>
Nettoerlös aus dem Verkauf von als Finanzinvestition gehaltenen Immobilien .....	75.658	81.078	37.093	19.573
Restbuchwert der verkauften als Finanzinvestition gehaltenen Immobilien .....	-71.893	-73.451	-35.425	-18.975
<b>Gewinn aus dem Verkauf von Immobilien</b> .....	<b>3.765</b>	<b>7.627</b>	<b>1.668</b>	<b>598</b>
<b>Ergebnis vor Zinsen und sonstigen Finanzierungstätigkeiten (EBIT)</b> .....	<b>68.540</b>	<b>69.388</b>	<b>30.931</b>	<b>36.886</b>
Ergebnis aus assoziierten Unternehmen .....	1.781	1.560	1.211	1.455
Zinserträge .....	9.797	9.712	5.210	4.906
Zinsaufwand .....	-65.974	-62.671	-29.972	-38.911
<b>Ergebnis der gewöhnlichen Geschäftstätigkeit</b> .....	<b>14.144</b>	<b>17.989</b>	<b>7.380</b>	<b>4.336</b>
Steuern vom Einkommen und vom Ertrag .....	-1.913	-2.142	-845	-1.948
Latente Steuern.....	-401	183	-78	1.588
<b>Konzernüberschuss</b> .....	<b>11.830</b>	<b>16.030</b>	<b>6.457</b>	<b>3.976</b>
Ergebnisanteil Konzernaktionäre .....	11.690	15.939	6.427	4.581
Ergebnisanteil Minderheitenanteile .....	140	91	30	-605
(Un)verwässertes Ergebnis je Aktie in Euro .....	0,25	0,33	0,14	0,07

## Konzernbilanz

in TEUR	31.°Dezember	31.°Dezember	30. Juni
	2012	2013	2014
	(geprüft)	(geprüft)	(ungeprüft)
<b>Aktiva</b>			
Als-Finanzinvestition-gehaltene-Immobilien .....	1.847.372	2.256.437	2.209.842
Betriebs-und-Geschäftsausstattung .....	490	484	488
Anteile-an-assozierten-Unternehmen .....	75.730	89.866	69.436
Ausleihungen-an-nahestehende-Unternehmen .....	10.910	114.324	120.268
Beteiligungen	0	20.502	20.502
Derivate	0	5	0
Immaterielle-Vermögenswerte .....	185	1.688	1.523
Aktive-latente-Steuern .....	25.217	22.735	24.151
<b>Langfristiges-Vermögen .....</b>	<b>1.959.904</b>	<b>2.506.042</b>	<b>2.446.210</b>
Forderungen-aus-dem-Verkauf-von-Immobilien .....	0	425	69
Forderungen-aus-Lieferungen-und-Leistungen .....	3.423	3.544	5.034
Forderungen-gegen-nahestehende-Unternehmen .....	135.254	8.175	11.498
Forderungen-aus-Steuern-vom-Einkommen-und-vom-Ertrag .....	7.718	8.899	7.508
Sonstige-Forderungen .....	5.016	7.373	7.612
Sonstige-Vermögenswerte .....	6.852	5.108	6.871
Guthaben-bei-Kreditinstituten-und-Kassenbestand .....	56.698	56.418	92.396
Zur-Veräußerung-gehaltene-langfristige-Vermögenswerte .....	35.307	0	10.154
<b>Kurzfristiges-Vermögen .....</b>	<b>250.268</b>	<b>89.942</b>	<b>141.142</b>
<b>Summe-Aktiva .....</b>	<b>2.210.172</b>	<b>2.595.984</b>	<b>2.587.352</b>

in TEUR	31.°Dezember	31.°Dezember	30. Juni
	2012	2013	2014
	(geprüft)	(geprüft)	(ungeprüft)
<b>Passiva</b>			
Gezeichnetes Kapital .....	45.719	68.578	68.578
Kapitalrücklage .....	614.312	733.577	732.846
Hedgingrücklage .....	-62.761	-30.078	-36.197
Bilanzgewinn .....	15.496	15.433	20.014
<b>Konzernaktionären-zustehendes-Eigenkapital .....</b>	<b>612.766</b>	<b>787.510</b>	<b>785.241</b>
Minderheitenanteile	1.556	5.544	4.890
<b>Summe-Eigenkapital .....</b>	<b>614.322</b>	<b>793.054</b>	<b>790.131</b>
<b>Schulden</b>			
Unternehmensanleihen .....	85.195	171.087	196.119
Langfristige-verzinsliche-Finanzschulden .....	1.229.893	1.382.056	1.101.352
Rückstellungen .....	1.641	40	30
Passive-latente-Steuern .....	11.649	13.774	12.473
Derivate .....	73.654	41.360	46.705
<b>Summe-langfristiger-Schulden .....</b>	<b>1.402.032</b>	<b>1.608.317</b>	<b>1.356.679</b>
Kurzfristige-verzinsliche-Finanzschulden .....	147.540	170.711	409.855
Verbindlichkeiten-aus-Lieferungen-und-Leistungen .....	2.671	4.291	1.528
Verbindlichkeiten-gegenüber-nahestehenden-Unternehmen .....	694	3.735	717
Rückstellungen .....	11	608	496
Verbindlichkeiten-aus-Steuern-vom-Einkommen-und-vom-Ertrag .....	1.986	1.926	2.160
Sonstige-Verbindlichkeiten .....	13.616	13.342	17.069
Verbindlichkeiten-im-Zusammenhang-mit-zur-Veräußerung-gehaltenen-langfristigen-Vermögenswerten .....	27.300	0	8.717
<b>Summe-kurzfristiger-Schulden .....</b>	<b>193.818</b>	<b>194.613</b>	<b>431.825</b>
<b>Summe-Schulden .....</b>	<b>1.595.850</b>	<b>1.802.930</b>	<b>1.797.221</b>
<b>Summe-Passiva .....</b>	<b>2.210.172</b>	<b>2.595.984</b>	<b>2.587.352</b>



		<div>Konzern-Kapitalflussrechnungen</div> <table><tr><th rowspan="2">in T€</th><th colspan="2">Geschäftsjahr</th><th colspan="2">6-Monats-Zeitraum zum 30. Juni</th></tr><tr><th>2012</th><th>2013</th><th>2013</th><th>2014</th></tr><tr><td></td><td colspan="2">(geprüft)</td><td colspan="2">(ungeprüft)</td></tr><tr><td>Cashflow aus laufender Geschäftstätigkeit.....</td><td>43.895</td><td>42.014</td><td>23.031</td><td>24.163</td></tr><tr><td>Cashflow aus Investitionstätigkeit.....</td><td>-32.340</td><td>42.422</td><td>21.855</td><td>25.583</td></tr><tr><td>Cashflow aus Finanzierungstätigkeit.....</td><td>-55.101</td><td>-91.896</td><td>-31.781</td><td>-13.768</td></tr><tr><td>Finanzmittelfonds zum</td><td></td><td></td><td></td><td></td></tr><tr><td>1. Januar .....</td><td>100.244</td><td>56.698</td><td>56.698</td><td>56.418</td></tr><tr><td>Finanzmittelfonds zum Periodenende.....</td><td>56.698</td><td>56.418</td><td>69.803</td><td>92.396</td></tr></table>	in T€	Geschäftsjahr		6-Monats-Zeitraum zum 30. Juni		2012	2013	2013	2014		(geprüft)		(ungeprüft)		Cashflow aus laufender Geschäftstätigkeit.....	43.895	42.014	23.031	24.163	Cashflow aus Investitionstätigkeit.....	-32.340	42.422	21.855	25.583	Cashflow aus Finanzierungstätigkeit.....	-55.101	-91.896	-31.781	-13.768	Finanzmittelfonds zum					1. Januar .....	100.244	56.698	56.698	56.418	Finanzmittelfonds zum Periodenende.....	56.698	56.418	69.803	92.396
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	Aussichten der Emittentin	Entfällt. Es gab seit dem 31. Dezember 2013 keine wesentlichen Änderungen in den Aussichten der Emittentin.																																												
	Wesentliche Veränderungen bei Finanzlage oder Handelsposition	Entfällt. Es gab seit dem 30. Juni 2014 keine wesentlichen nachteiligen Änderungen in der Finanzlage oder der Handelsposition der Emittentin.																																												
B.13	Letzte Entwicklungen	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.14	Abhängigkeit von anderen Unternehmen der Gruppe	Siehe B.5 Die Emittentin ist eine Holdinggesellschaft. Ihre Ertragslage wird daher maßgeblich durch Zins- und Beteiligungserträge der Beteiligungsgesellschaften geprägt.																																												
B.15	Haupttätigkeiten	Die Emittentin ist ein Immobilienholdingunternehmen mit ausschließlichem Anlagefokus auf Gewerbeimmobilien in Deutschland und mit Schwerpunkt im Bereich Büroimmobilien. Sie 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.16	Hauptanteileseigner	Die folgende Tabelle zeigt die Hauptaktionäre der Emittentin, die am Grundkapital der Gesellschaft unmittelbar beteiligt sind: <b>Name des Aktionärs</b> <table><tr><td></td><td>in %<sup>1)</sup></td></tr><tr><td>Deutsche Immobilien Chancen Gruppe</td><td>33,2</td></tr><tr><td>Free Float</td><td>66,8</td></tr><tr><td>davon:</td><td></td></tr><tr><td>solvia Vermögensverwaltungs GmbH</td><td>5,1</td></tr><tr><td>RAG Stiftung</td><td>4,8</td></tr><tr><td>APG Asset Management N.V.</td><td>3,2</td></tr><tr><td>Gesamt:</td><td>100,0</td></tr></table> <sup>1)</sup> Mit Rundungsdifferenzen		in % <sup>1)</sup>	Deutsche Immobilien Chancen Gruppe	33,2	Free Float	66,8	davon:		solvia Vermögensverwaltungs GmbH	5,1	RAG Stiftung	4,8	APG Asset Management N.V.	3,2	Gesamt:	100,0																												
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Gesamt:	100,0																																													
B.17	Kreditratings der Emittentin oder ihrer Schuldtitel	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: DE000A12T648; Wertpapierkennnummer (WKN): A12T64.
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><b>Steuern:</b></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><b>Kündigungsgrund:</b></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><b>Kontrollwechsel:</b></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 Nennbetrag 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</p>
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		<p>aufgrund eines Beherrschungsvertrags mit der Emittentin gemäß § 291 Aktiengesetz erworben hat.</p> <p><u>Vorzeitige Rückzahlung nach Wahl der Emittentin auf Grund Geringsfügigkeit 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>
<b>C.9</b>	<b>Zinssatz/ Fälligkeits- termine/ Rendite/ Name des Gläubigerver- treters</b>	<p>Siehe C.8</p> <p><u>Zinssatz:</u></p> <p>Die Schuldverschreibungen werden vom 8. September 2014 (einschließlich) bis zum 8. September 2019 (ausschließlich), mit einem jährlichen Zinssatz von [•] Prozent verzinst. Die Zinsen sind nachträglich am 8. September eines jeden Jahres, erstmals am 8. September 2015 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 8. September 2019 zurückgezahlt.</p> <p><u>Rendite:</u></p> <p>Die jährliche Emissionsrendite der Schuldverschreibungen beträgt zum Zeitpunkt der Emission am 8. September 2014 [•]% 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 Absatz 4 Satz 2 des Gesetzes über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz) geregelten Falles werden alle Abstimmungen ausschließlich im Wege der Abstimmung ohne Versammlung durchgeführt.</p>

<b>C.10</b>	<b>Derivative Komponente bei der Zinszahlung</b>	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>	Entfällt. Die Einbeziehung der Schuldverschreibungen in den Entry Standard des Open Market der Deutsche Börse AG (Freiverkehr der Frankfurter Wertpapierbörse) sowie die zeitgleiche Aufnahme in das Segment Prime Standard für Unternehmensanleihen soll beantragt werden.

## 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>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> <li>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.</li> </ul> <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 Beteiligungsgesellschaften 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>Die DIC Asset hält im Bereich der Co-Investments in bestimmtem Umfang Minderheitsbeteiligungen an Immobilien mit erhöhtem Risikoprofil.</li> <li>Die DIC Asset ist dem Risiko der Fehleinschätzung von Bewertungsmerkmalen bei Ankaufsentscheidungen von Immobilienobjekten ausgesetzt.</li> </ul>

		<ul style="list-style-type: none"> <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>• Die geplante signifikante Reduzierung des Fremdfinanzierungsanteils (Loan to Value, <b>LTV</b>) der DIC Asset bis zum Ende des Jahres 2016 setzt die zeitgerechte Umsetzung der im Rahmen der Strategie geplanten Maßnahmen voraus, für deren Erfolg es aber keine Gewähr gibt.</li> <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</li> </ul>
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		<p>Gewährleistungen sowohl bei der Vermietung und dem Verkauf von Immobilien als auch bei der Weiterentwicklung von Objekten ausgesetzt.</p> <ul style="list-style-type: none"> <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>• Die IT-Systeme der DIC Asset, die teilweise ausgelagert sind, werden von externen IT-Dienstleistern betreut. Die DIC Asset ist damit dem Risiko ausgesetzt, dass Daten verloren gehen können oder längere Zeit nicht genutzt werden können.</li> <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 DIC Asset steht in wechselseitigen</li> </ul>
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		<p>Leistungsbeziehungen mit der Deutsche Immobilien Chancen KGaA und ihr nahestehenden Unternehmen, deren Beendigung sich negativ auf die Geschäftstätigkeit auswirken könnte.</p> <ul style="list-style-type: none"> <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 sein, dass ein Anleger seine Schuldverschreibungen nicht jederzeit zu angemessenen Marktpreisen veräußern kann.</li> <li>• Die Schuldverschreibungen können vorzeitig zum Nennbetrag 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</li> </ul>

		<p>infolge von Änderungen des Marktzinses fallen oder steigen.</p> <ul style="list-style-type: none"> <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>• 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 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.</li> <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</li> </ul>
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		<p>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.</p> <ul style="list-style-type: none"> <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>• Zahlungen auf die Schuldverschreibungen an die Gläubiger und die an den Schuldverschreibungen wirtschaftlich Berechtigten, einschließlich Zahlungen von Kapital, können einer Quellensteuer in Höhe von 30 Prozent unterliegen, wenn sie die maßgeblichen Anforderungen des U. S. Foreign Account Tax Compliance Act (FATCA) oder der entsprechenden Bestimmungen von nichtamerikanischen Gesetzen, einschließlich etwaiger aufgrund von FATCA oder entsprechenden Bestimmungen von nichtamerikanischen Gesetzen mit einer Steuerbehörde auf freiwilliger Basis geschlossener Verträge, nicht erfüllen. Die Emittentin ist nicht verpflichtet, zusätzliche Zahlungen im Hinblick auf solche von der Emittentin oder einer zwischengeschalteten Zahlstelle einbehaltenen Beträge zu leisten.</li> </ul> <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 und voraussichtlich vorzeitig zurückzahlende EUR 100.000.000 5,875 % Schuldverschreibung (ISIN: DE000A1KQ1N3) zu verwenden, die die Emittentin beabsichtigt zum nächstmöglichen Kündigungstermin zu kündigen.
E.3	<b>Angebotskonditionen</b>	<p><b>Privatplatzierung</b></p> <p>Die Schuldverschreibungen werden deutschen und internationalen qualifizierten Anlegern sowie weniger als 150 nicht qualifizierten Anlegern pro Mitgliedstaat des Europäischen Wirtschaftsraums (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 2. September 2014 (einschließlich) bis 3. September 2014 (einschließlich) (der <b>Angebotszeitraum der Privatplatzierung</b>) unter Beachtung der geltenden Verkaufsbeschränkungen angeboten, vorbehaltlich einer zwischen der Emittentin und den Joint Lead Managern vereinbarten Verkürzung oder Verlängerung des Angebotszeitraums. Sollten die Emittentin und die Joint Lead Manager den Angebotszeitraum der Privatplatzierung (z.B. aufgrund veränderter Marktbedingungen) verkürzen oder verlängern, so werden die betreffenden Änderungen den Anlegern per E-Mail, Fax oder über allgemein verbreitete Informationssysteme mitgeteilt. Weder die Joint Lead Manager noch die Emittentin sind verpflichtet, im Rahmen der Privatplatzierung Anlegern Schuldverschreibungen zuzuteilen oder zu liefern, insbesondere, wenn das Emissionsvolumen zur Deckung der Zeichnungsanträge nicht ausreicht. Teilweise Zuteilungen sind ebenfalls möglich. Der Mindestzeichnungs- und Zuteilungsbetrag im Rahmen der Privatplatzierung beträgt EUR 100.000.</p> <p><b>Öffentliches Angebot</b></p> <p>Die Schuldverschreibungen werden von der Emittentin privaten und institutionellen Anlegern angeboten (das <b>Öffentliche Angebot</b>), während des Angebotszeitraums vom 2. September 2014 (einschließlich) bis 3. September 2014 (einschließlich) (der <b>Angebotszeitraum</b>), unter Beachtung der für öffentliche Angebote geltenden Beschränkungen und vorbehaltlich einer von der Emittentin festgesetzten Verkürzung oder Verlängerung des Angebotszeitraums. Sollte die Emittentin die Angebotsfrist (z.B. aufgrund veränderter Marktbedingungen) verkürzen oder verlängern, so werden die betreffenden Änderungen auf der Internetseite der Emittentin (<a href="http://www.dic-asset.de">www.dic-asset.de</a>) veröffentlicht.</p> <p>Die Schuldverschreibungen werden nach Wirksamwerden der Genehmigung der CSSF und Notifizierung dieses Prospekts durch die CSSF gemäß Artikel 18 der Prospektrichtlinie in Luxemburg und Deutschland öffentlich angeboten werden.</p> <p>Weder die Joint Lead Manager noch die Emittentin sind verpflicht-</p>

		<p>tet, im Rahmen des öffentlichen Angebots Anlegern Schuldverschreibungen zuzuteilen oder zu liefern, insbesondere, wenn das Emissionsvolumen zur Deckung der Zeichnungsanträge nicht ausreicht. Teilweise Zuteilungen sind ebenfalls möglich. Der Mindestzeichnungs- und Zuteilungsbetrag im Rahmen des Öffentlichen Angebots beträgt EUR 1.000.</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 2. September 2014 (der <b>Preisfestsetzungstag</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>Zeichnung der Schuldverschreibungen</b></p> <p>Die Joint Lead Manager haben sich nach Maßgabe eines Übernahme- und Zeichnungsvertrags, der am 2. September 2014 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 EUR 100.000.000 zu zeichnen. Die Joint Lead Manager sind berechtigt, den Übernahmevertrag mit der Emittentin in bestimmten Fällen zu kündigen. In einem solchen Fall werden keine Schuldverschreibungen an die Anleger ausgegeben. Des Weiteren wird sich die Emittentin verpflichten, 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</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 materialise, 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 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 along with the attractiveness of Germany as a business location in comparison with other countries and global markets. 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.

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 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, or an incorrect assessment of market requirements by DIC Asset 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 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 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. 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. Recently, changes to regulations concerning what are known as RETT-blocker structures have become effective. These changes severely limit the opportunities for real estate transfer tax-neutral transactions. 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 Germany. 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 deterio-



ration 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 companies.**

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, and real estate management only by these companies or through the sale of an investment company 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 companies 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 companies 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 Co-Investments segment, DIC Asset holds to a certain extent minority interests in properties with a heightened risk profile.**

In addition to the properties in the Commercial Portfolio segment, DIC Asset to a certain extent holds properties with a heightened risk/reward profile through minority interests in the area of joint venture portfolios, which aim to generate a considerable appreciation in value through additional development and other measures, including leasing to new tenants and changing utilization plans, on the one hand, and project developments, which comprise development of entire new properties, on the other.

Because such investments are mainly medium-to-long-term investments, there is a substantial risk with regard to the course of the real estate market cycle, which cannot be planned, and the lack of certainty in planning the future type and scope of building use permitted under building regulations. Accordingly, the risks are significantly greater than those of properties in the Issuer's Commercial Portfolio, depending on the scope of the relevant project or joint venture: firstly, larger investments in the properties are required, and secondly, under certain circumstances rental income may not be available until later, or may not definitely be available, or may not be available in the calculated amount.

DIC Asset has only a limited capacity to influence Co-Investments due to its minority interests. This applies both to planning and execution as well as the actual and legal conditions.

In the case of the development of new properties or further development of existing ones, DIC Asset must co-finance the costs of construction arising in the initial development phase as part of its investment. The period from the start of development to completion can extend over several years for complex projects. However, the income from a property to be developed can generally be obtained only after completion. Volatility in the markets or other unforeseeable circumstances, or circumstances not foreseen by the Issuer that occur or become known during the development phase can affect the expected return. These include in particular unknown environmental risks, soil discoveries of all types that delay construction progress or errors in planning. The risks associated with the further development of projects also 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 costs, or a resulting delay in initial leasing. In the case of construction activities that involve the design of a property, under certain circumstances architects could apply for injunctions against DIC Asset or commissioned third parties to assert their copyright and thereby hinder or prevent construction. This can lead to delays in the realization of projects or to their complete failure.

Regarding the Issuer's equity investment in the "MainTor" project in Frankfurt am Main, there is a risk, particularly in view of the project's volume, that the costs for construction phases currently underway will exceed the budgeted costs and that the remaining final construction phase will begin later than planned due to insufficient pre-letting and that DIC Asset will have to make interest payments on financing agreed.

The delayed completion, higher than anticipated costs, or the complete failure of Co-Investments 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 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 as at December 31, 2013 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 does 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 un-

winding 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 Group'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 Group'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, 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.**

The loan-to-value ratio ("LTV") of the portfolio properties in the Commercial Portfolio is between 51% and a maximum of 81%. For the equity investments in the Co-Investments segment, the loan-to-value ratio in the fund area on average is no more than 50% for the respective special funds (*Spezialfonds*) and no more than 84% for the joint venture portfolios or properties. This information concerning LTV in the Commercial Portfolio and Co-Investments segments is current as of June 30, 2014. For project developments, the loan-to-value ratio can be up to 90% in individual cases.

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 circumstances 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 subsidiaries and investment companies and could be subject to claims in this context.

In the 12 months following the date of this Prospectus more than EUR 547 million of loans will be maturing and will need to be refinanced including one portfolio loan in the amount of EUR 290 million falling due in June 2015. In the event of a pending extension of loans, the refinancing of property companies with a high LTV ratio and generally could prove difficult. Under certain circumstances, refinancing would also require a substantial injection of equity capital. 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.

**The planned significant reduction in DIC Asset's loan-to-value ratio ("LTV") by the end of 2016 depends on the timely implementation of measures planned as part of the strategy, although there is no guarantee that these measures will be successful.**

DIC Asset is pursuing a long-term strategy for its financing structure, which is based on diversified financing sources and on the targets which DIC Asset has set for its properties. As of June 30, 2014, DIC Asset's loan-to-value ratio amounted to 66.4%; it is expected to be reduced gradually to below 60% by the end of 2016. This reduction is planned to be realized in particular by disposal of investment properties of up to EUR 450 million from the Commercial Portfolio, the redemption of shareholder loans and the realization of project developments (primarily Main Tor). Furthermore, the reduction in the LTV is planned to be accomplished through the repayment of shareholder loans which DIC Asset had granted primarily in the Co-Investments segment, as well as through the continued optimization of the Issuer's portfolio yield potential. The implementation of these measures depends in particular also on external factors over which DIC Asset has no influence, such as the general situation on the market and the possibility of completing the relevant disposals. In the event it is not possible to implement the planned strategic measures on schedule or if the measures are not as successful or effective as envisaged, it may not be possible to fully realize the planned significant reduction in the loan-to-value ratio by end of 2016, if at all.

**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 June 30, 2014, the vacancy rate was 11.5 %. In the first six months 2014, around 35% of the annualized rental income was attributable to the ten largest tenants, with Metro and Deutsche Bahn each accounting for more than 5% of the total leasing volume based on a large number of leases at various locations. In the 2014, and 2015 fiscal years, leasing arrangements with annualized rental income of EUR 3.8 million and EUR 13.8 million could end according to schedule. In addition, numerous leases which generate annualized rental income of EUR 4.8 million (2014) and EUR 6.4 million (2015) annually without a fixed end date extend periodically (Commercial Portfolio as of June 30, 2014). 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 leaseings 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 subsidiaries and investment companies 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 contamination 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 companies and a credit default risk arising from loans to investment companies and certain other related parties.**

DIC Asset AG has assumed guarantees, co-liability, or the obligation to furnish letters of comfort for some of its minority interests. 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 June 30, 2014 amounted to EUR 16.8 million and as of the date of this prospectus amounted to EUR 20.6 Mio as a result of an additional surety in respect of a property company. DIC Asset AG 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.

DIC Asset also extends loans to its investment companies and certain other related companies. As of June 30, 2014, loans to related companies amounted to EUR 132 million, which led to interest



income of EUR 4.8 million in the six-month period ended June 30, 2014. Approximately 96% of the total receivables from related companies is attributable to five companies. Operating losses or other adverse developments experienced by the investment companies 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 49 million as of June 30, 2014, since its assets for the most part consist of approximately 7.7 million shares in the Issuer. Repayment to the Issuer of the amount outstanding under the shareholder loan is thus indirectly dependent on DIC Asset AG's share price performance. In some cases, the investment companies are also under the material control of the Issuer's Principal Shareholder, Deutsche Immobilien Chancen AG & Co. KGaA; see also the risk factors set out below under *"Risks arising from the Group structure"*.

Claims asserted against DIC Asset AG arising from these liability arrangements or from outstanding interest payments or repayments of the investment companies 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 2006 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 2007 to 2009. 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.

**Some of DIC Asset's IT systems are outsourced and are managed by external IT service providers. DIC Asset is therefore subject to the risk that data could be lost or may not be available for use for a longer time.**

Some of DIC Asset's IT systems are outsourced and are managed by external IT service providers. DIC Asset only has a certain degree of influence over the services of these IT service providers and can only supervise these to a limited extent. The loss or poor performance of one of these service providers could have material adverse effects on the net assets, financial condition and results of operations of DIC Asset.

In addition, the loss of data or an extended period during which the IT systems used by DIC Asset are unavailable could result in major disruptions in DIC Asset's business operations. In particular, the possibility that the functionality of DIC Asset's IT systems may be impaired as the result of the implementation of new software cannot be ruled out. The possibility that the security measures taken by DIC Asset may be breached cannot be ruled out either. Finally, a loss of data due to fire damage or similar damage cannot be ruled out entirely.

A loss of material data or extended disruption of the IT systems could have material adverse effects on the net assets, financial condition and results of operations of DIC Asset.

**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. A lawsuit was filed against one of the Issuer's minority interests regarding a subsequent purchase price increase in a property acquisition. If the opposing party prevails in full, the Issuer's future share of profits of this equity investment could decline. 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**") holds approximately 33.2% of the share capital of the Issuer. Depending on attendance at the Annual General Meeting, Deutsche Immobilien Chancen Group could there-

fore 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.

**DIC Asset engages in a reciprocal exchange of services with Deutsche Immobilien Chancen KGaA and its related companies; ending this arrangement could adversely affect business activities.**

DIC Asset obtains services important to its day-to-day business from Deutsche Immobilien Chancen KGaA and some of its related companies. These include some accounting and administrative services, management services, and skills and services required for the development of new projects and existing properties (structural engineering, planning). DIC Asset purchases these services at flat-rate, internal Group transfer prices. If DIC Asset were forced to procure these services from third parties, the result could be initial losses of efficiency during the transition and possibly financial disadvantages for DIC Asset as well as a considerable loss of knowledge. Conversely, the Issuer also performs real estate management services to a considerable extent for companies of Deutsche Immobilien Chancen Group and for joint co-investments.

Termination of the service relationships between companies of Deutsche Immobilien Chancen Group and the joint co-investments on the one hand and DIC Asset on the other hand could therefore have a material adverse effect on the net assets, financial condition and results of operations of the Issuer. DIC Asset's competitiveness could also suffer if these service relationships were to end.

**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 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 operated 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 Issuer's Management Board member, Ulrich Höller (CEO), simultaneously serves as Chairman of the Management Board of Deutsche Immobilien Chancen Beteiligungs AG, the sole general partner of Deutsche Immobilien Chancen KGaA and accordingly receives approximately half of his Management Board salary from DIC Asset AG and half from Deutsche Immobilien Chancen Beteiligungs AG. In addition, Ulrich Höller holds an economic investment totaling 0.9% in Deutsche Immobilien Chancen KGaA. DIC Asset AG is therefore subject to the risk that Ulrich Höller could have a conflict of interest between Deutsche Immobilien Chancen KGaA and DIC Asset AG and could make decisions to the detriment of DIC Asset AG. This could lead to shifting of profits or the loss of business opportunities.

Furthermore, overlaps in personnel also exist at the level of the Supervisory Board 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, Deutsche Immobilien Chancen Beteiligungs AG. Due to the various service relationships between the Issuer and companies of the Deutsche Immobilien Chancen Group, duplicate functions in the investment companies 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 companies.*). 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 collateralisation 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 favour 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 to the Frankfurt Stock Exchange for the Notes to be listed on the Open Market (*Freiverkehr*) of the Frankfurt Stock Exchange and to be admitted for trading in the trading segment Prime Standard for Corporate Bonds (*Prime Standard für Unternehmensanleihe*). 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. In the event that the Issuer exercises the option 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 unfavourable development of market prices of their Notes which materialises 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 materialisation 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 materialisation 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.

### **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 rateable 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 account 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.

### **Risks related to FATCA**

Sections 1471 through 1476 of the U.S. Foreign Account Tax Compliance Act, an agreement entered into with the U.S. Internal Revenue Service pursuant to Section 1471(b)(1) of the Code, or

an intergovernmental agreement in furtherance of such Sections of the Code, including any laws, regulations or guidance implementing such an intergovernmental agreement (collectively referred to as "**FATCA**") imposes a 30 % withholding tax on certain payments to non-U.S. financial institutions that fail to comply with information reporting requirements or certification requirements in respect of their direct and indirect United States shareholders and/or United States accountholders.

The United States and a number of other jurisdictions, including Germany, have negotiated intergovernmental agreements to facilitate the implementation of FATCA (each, an "IGA"). An FFI in an IGA signatory country could be treated as a Reporting FI not subject to withholding under FATCA on any payments it receives, provided that the FFI comply with certain reporting and withholding obligations delineated in the applicable IGA. A Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. However, Notes held through intermediary non-U.S. financial institutions may be subject to reporting and withholding requirements under FATCA.

Intermediary non-U.S. financial institutions (and under certain circumstances, the Issuer) may be required to report information to the U.S. Internal Revenue Service regarding the Noteholders and, in the case of Noteholders or beneficial owners who (i) fail to provide the relevant information, (ii) are non-U.S. financial institutions which have not agreed to comply with these information reporting requirements, or (iii) hold Notes directly or indirectly through such a non-compliant non-U.S. financial institution, an intermediary payor (or the Issuer) may be required to withhold on a portion of payments under the Notes. Such withholding, however, would not apply to payments on the Notes made before January 1, 2017. Moreover, these withholding requirements would only apply to Notes issued on or after July 1, 2014. The Issuer will not be required to gross-up for any such amounts withheld.

*Any U.S. federal tax advice contained herein is not intended or written to be used, and cannot be used by any taxpayer for the purpose of avoiding U.S. federal tax penalties that may be imposed on the taxpayer; any such advice is written in connection with the promotion or marketing of the transactions described herein; and each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.*



#### **IV. 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. 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 companies 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**

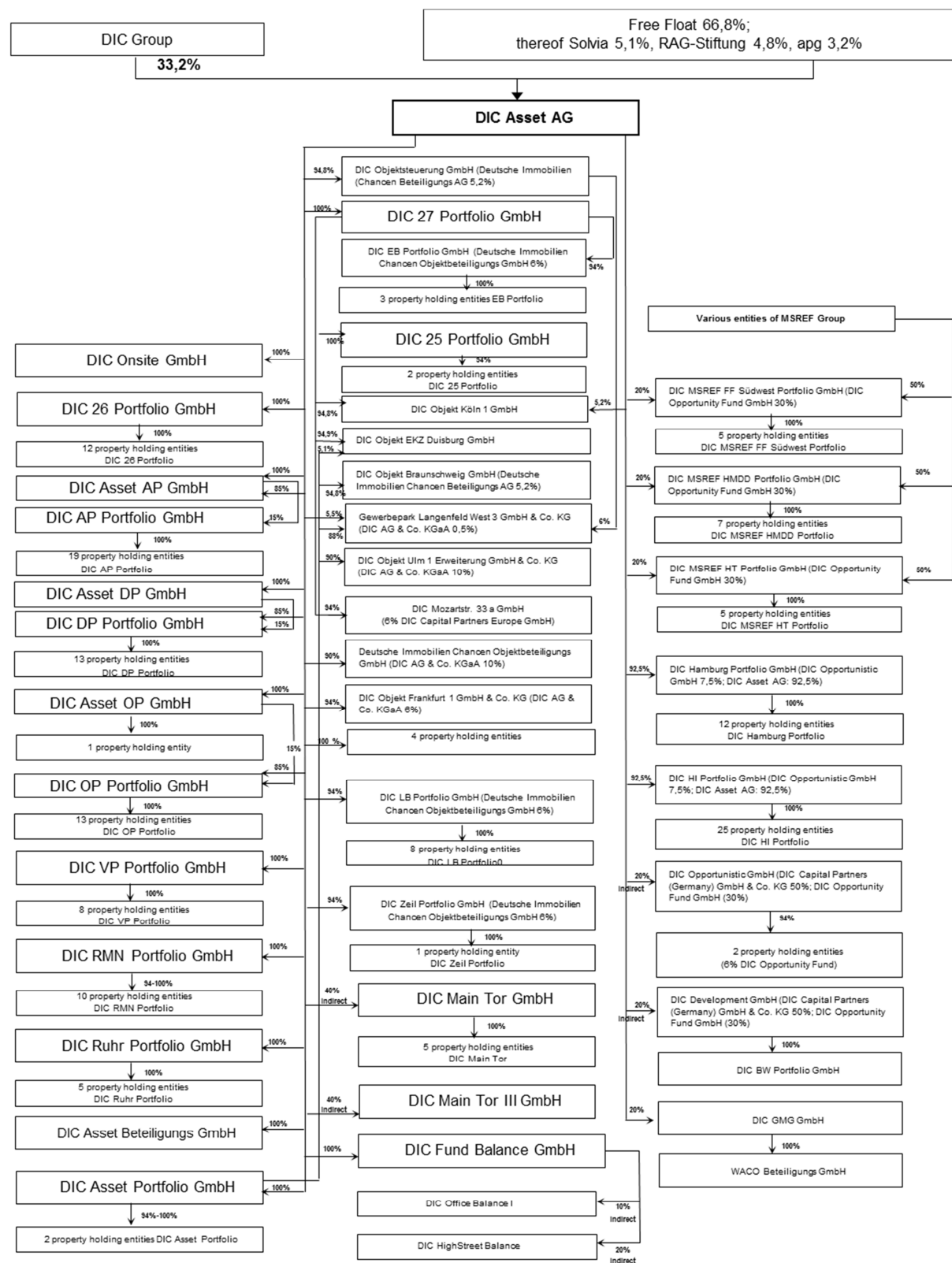
Pursuant to § 2 of the Issuer's Articles of Association, the company object is the construction, project development, acquisition, management and sale of real estate and lease thereof. The Issuer may form or take over companies of the same or a different kind or hold interests therein, and assume the 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 AND EQUITY INTERESTS (SCOPE OF CONSOLIDATION) OF DIC ASSET**

As the parent company, DIC Asset AG manages the Group. 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 sub-markets for which they are responsible.

In total, as of the date of the Prospectus, the Issuer holds indirect and direct equity interests in 144 fully consolidated entities as well as in 83 companies of 10% to 40%. 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 June 30, 2014.



## 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, 2012, and December 31, 2013, 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 0.8% in the first quarter of 2014 (source: German Federal Statistical Office, Press Release Dated May 23, 2014) with the unemployment rate declining to 6.5% as of June 30, 2014 (source: German Federal Employment Agency, Press Release Dated July 1, 2014).

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, Düsseldorf, Frankfurt am Main, Hamburg, Cologne, 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 2014, the cumulative vacancy level in the seven German urban centres fell to 8.1%, the lowest level since 2002 (source: Jones LangLaSalle, Office Market Overview Q1 2014). At the same time the transaction volume for commercial real estate increased by 41% from the first quarter of 2013 to EUR 10 billion in the first quarter of 2014 (source: Jones LangLaSalle, Office Market Overview Q1 2014).

### 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 3.4 billion as of June 30, 2014, of which DIC Asset holds around EUR 2.4 billion pro rata. DIC Asset is one of Germany's largest listed holders of commercial real estate portfolios with a focus on office 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 inhouse 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.

DIC Asset's real estate portfolio is divided into two business segments, which differ particularly with regard to the level of interest held by DIC Asset. The Commercial Portfolio comprises portfolio properties, generally with long-term leases and attractive rental yields, which are majority-owned by DIC Asset. The Co-Investments segment comprises minority interests, generally between 10% and 40%, in complementary real estate segments (funds, project developments and additional joint venture portfolios). As of June 30, 2014, the average lease term was 4.8 years and the gross rental yield stood at 6.6%.

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 (Frankfurt am Main, Hamburg, Berlin, Düsseldorf, Cologne, and Munich) and in economically powerful medium-sized regional centers. DIC Asset manages its activities through its network of 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 2,436.1 million as of June 30, 2014. As of June 30, 2014, DIC Asset's real estate portfolio comprised rental space of approximately 1,451,500 m<sup>2</sup> distributed among 246 properties with an average lease term of approximately 4.8 years.

DIC Asset generated gross rental income of EUR 125.2 million in fiscal year 2013 and EUR 73.6 million in the six-month period ended June 30, 2014. In fiscal year 2013, DIC Asset's operating income before depreciation, tax and profits from sales and development projects (*funds from operations* – "**FFO**") amounted to EUR 45.9 million and its consolidated net profit was EUR 16.0 million; the figures for the six-month period ended June 30, 2014 were EUR 23.6 million and EUR 4.0 million, respectively.

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 subsegment 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 June 30, 2014, the Commercial Portfolio consisted of 197 real estate properties with a market value of around EUR 2.2 billion and rental space of 1,388,400 m<sup>2</sup>. The pro rata rental space in the Commercial Portfolio accounted for 96% of the rental space in the total portfolio of DIC Asset as of June 30, 2014. In fiscal year 2013, the real estate properties generated annualized rental income of EUR 158.6 million (with EUR 148.3 million generated by the real estate properties in the Commercial Portfolio) and a gross rental yield of 6.6% (6.6% in the Commercial Portfolio). In the six-month period ended June 30, 2014, annualized rental income amounted to EUR 153.4 million (with EUR 146.1 million in the Commercial Portfolio), corresponding to a gross rental yield of 6.6% (6.6% in the Commercial Portfolio).

In November 2013 the Issuer substantially strengthened its Commercial Portfolio by contributing a portfolio of 54 office properties formerly held as Co-Investments by means of a capital increase against contributions in kind (the "**In-Kind Increase 2013**").

### Co-Investments

The Co-Investments segment is comprised of minority interests of generally between 10% and 40% in the areas of (i) special funds, (ii) project development and (iii) other joint venture portfolios whereby the focus of DIC Asset in the Co-Investment segment lies in the area of special funds and selective project developments.

As of June 30, 2014, the Co-Investments segment comprised 49 real estate properties and the market value attributable to DIC Asset was around EUR 205.4 million. The pro rata rental space of Co-Investments accounted for 4% of the rental space in the total portfolio of DIC Asset as of June 30, 2014. In the first six months 2014, the real estate properties (excluding project developments) generated annualized rental income of EUR 7.3 million and a gross rental yield of 6.6%. As a result of the In-Kind Increase 2013 the proportionate value of the Co-Investments declined significantly in line with the strategic objective of the Issuer.

### Funds

Since 2010, DIC Asset has also 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). As of June 30, 2014, DIC Asset participates in the funds as co-investor with a 10 to 20% interest and contributes its real estate and investment expertise as a service provider. In this context, DIC Asset carries out the purchase process, arranges the financial and legal structure, and performs the property management and the sale process of the properties among other things. The special funds (*Spezialfonds*) invest in top-quality real estate in metropolitan regions and in medium-sized and large regional centers in Germany. DIC Asset generates a steady stream of income from its investments and the services provided in the area of funds. 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 6.5 million in fiscal year 2013, of which around €3.1 million was attribut-

able to income from its investments and around EUR 3.4 million to management fees. In the six-month period ended June 30, 2014, the FFO contribution from the funds business amounted to around EUR 2.7 million.

The two special funds (*Spezialfonds*) still in the growth phase, "DIC Office Balance I" and "DIC HighStreet Balance," held assets under management worth around EUR 400 million and around EUR 120 million, respectively, as of June 30, 2014. The planned investment volume of "DIC Office Balance I" is around EUR 450 million. The planned investment volume of "DIC HighStreet Balance I" is around EUR 250 million. The investment focus of "DIC Office Balance I" is on office properties in German cities and regional economic centers. 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. DIC Asset plans to further expand the area of funds in order to generate increased income from investments and real estate management services. DIC Asset has launched its third special fund "DIC Office Balance II" in July 2014. The fund has individually been structured for two institutional investors and will focus on office properties in large German cities and regional economic centers. The target volume of "DIC Office Balance II" is around EUR 200 million in the first step and could be increased further at a later stage. The fund has already purchased the first property, an office building with partial retail use in Cologne. According to a target volume of EUR 200 millions DIC Asset participates as a co-investor with a target interest of around 5%.

### ***Project Developments***

Where DIC Asset has acquired an interest in project developments as a co-investor, it makes use of the know-how of the Deutsche Immobilien Chancen Group, which is an experienced developer. The objective is generally to sell the projects once additional value has been created. Since most project developments are medium- to long-term risks arise above all from potential deviations from the planned feasibility under construction law, planned construction costs and deadlines, as well as in relation to leases and sales. To minimize these risks, DIC Asset implements development projects in prime locations and generally only after a significant proportion has been leased or sold in advance. Normally, this is only done in regions where DIC Asset is represented by a branch office. In order to mitigate the risk of delays and rising costs, general contractors are engaged or individual trade contracts are combined into packages, projects are managed with professional and highly respected engineering firms, and mechanisms are put in place to spread the risk.

The currently largest project development, in which DIC Asset has an interest of 40% is the "MainTor" development in Frankfurt am Main with a planned project volume of around EUR 750 million. The "MainTor" project involves six separate sub-projects with planned rental space of around 90,000 m<sup>2</sup>. The "MainTor Primus" (office), "MainTor Panorama" (office), and "MainTor Patio" (residential) sub-projects have already been sold in advance. The "MainTor Porta" development, which has been under construction since 2012, has already been fully leased in advance and sold for EUR 155 million in December 2013. In the "MainTor Palazzi" development, over 95% of the planned condominiums have already been sold. In total, this means that currently around 60% of the project volume is already under implementation. Marketing of the last and most distinctive phase, the central office building "WinX – The Riverside Tower" has started in January 2014.

### ***Other Joint Venture Portfolios***

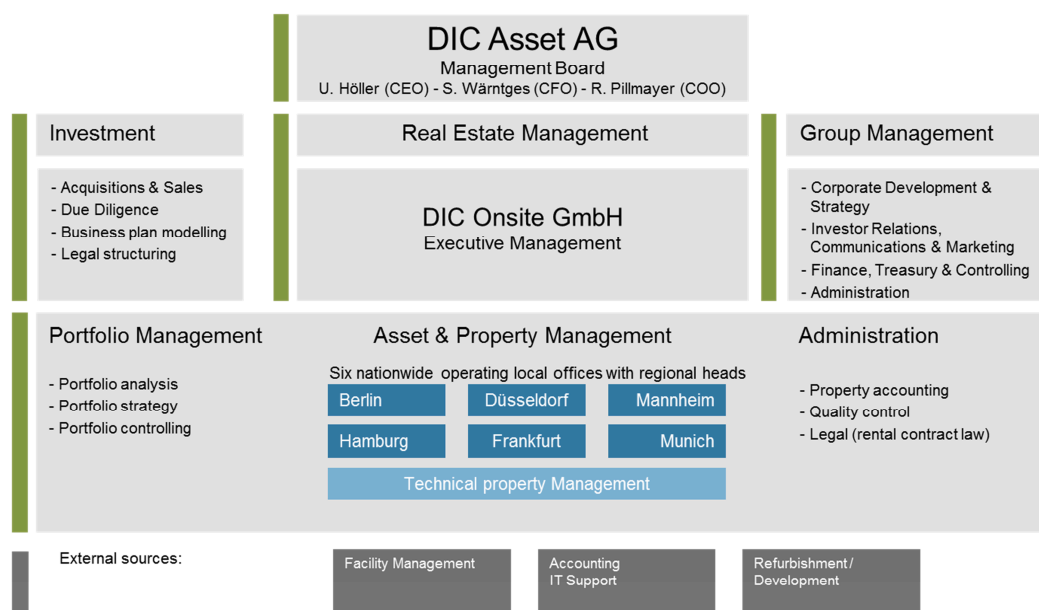
DIC Asset is to a lesser extent involved in certain real estate portfolios and properties as part of joint ventures with other financing partners. Not only does DIC Asset generate income from the invested capital via the interest held in the joint venture, but it also generates management fees from the asset and property management of the properties on which the joint ventures are based. This sub-segment has been significantly reduced, in particular as a result of the In-Kind Increase 2013. A further reduction of the joint venture portfolios is planned in the mid-term future.

## 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 three divisions: Group Management, Investment, 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 246 properties throughout Germany with around 1.8 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 management 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 the Issuer 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 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 JUNE 30, 2014

As of June 30, 2014, DIC Asset's real estate portfolio comprised a total of 246 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 June 30, 2014:

<b>Portfolio overview <sup>(1)</sup></b>	<b>Commercial Portfolio as of June 30, 2014</b>	<b>Co-Investments as of June 30, 2014 (pro rata)</b>	<b>Total as of June 30, 2014</b>
Number of properties	197	49	246
Market value in € million <sup>(2)</sup>	2,230.7	205.4	2,436.1
Rental space in m <sup>2</sup>	1,388,400	63,100	1,451,500
Share of portfolio by rental space	96%	4%	100%
Annualized rental income in € million <sup>(3)</sup>	146.1	7.3	153.4
Lease term in years	4.8	5.1	4.8
Gross rental yield <sup>(4)</sup>	6.6%	6.6%	6.6%
Vacancy rate <sup>(5)</sup>	11.6%	10.3%	11.5%

(1) All figures unaudited. All values pro rata, except number of properties. All values exclusive of project developments, except number of properties and market values.

(2) Market value as at December 31, 2013, later acquisitions considered at cost.

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

(4) 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.

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

#### 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 June 30, 2014:

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



	North	East	Central	West	South	Total
Number of properties	36	31	53	58	68	246
Market value in € million <sup>(2)</sup>	362.8	278.2	664.8	698.7	431.6	2,436.1
Rental space in m <sup>2</sup>	260,800	174,100	279,400	418,400	318,800	1,451,500
Share of portfolio by rental space in %	18%	12%	19%	29%	22%	100%
Annualized rental income in € million <sup>(3)</sup>	23.8	20.2	33.6	45.7	30.2	153.4
Lease term in years	6.0	4.9	5.0	4.5	3.9	4.8
Gross rental yield <sup>(4)</sup>	6.6%	7.3%	6.0%	6.5%	7.0%	6.6%
Vacancy rate <sup>(5)</sup>	6.2%	8.2%	21.5%	11.1%	9.4%	11.5%

(1) All figures unaudited. All values pro rata, except number of properties. All values exclusive of project developments, except number of properties and market values.

(2) Market value as at December 31, 2013, later acquisitions considered at cost.

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

(4) 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.

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

### 9.3 Types of use and tenant structure

In fiscal years 2012 and 2013, 37% and 39%, 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 Metro and Deutsche Bahn, no tenant accounted for more than 5% of the total leasing 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 June 30, 2014):

#### TYPES OF USE

pro rata by rental income p. a. (as at 30 June 2014)



## MAIN TENANTS

pro rata by rental income p. a. (as at 30 June 2014)



The tenant structure consists of around 1,400 commercial leases. As of June 30, 2014, around 35% of the annualized rental income was generated with the ten largest tenants and around 48% with the 20 largest tenants. 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 4.8 years as of June 30, 2014, i.e., the terms of leases accounting for around 50% of the rental income of DIC Asset end in 2018.

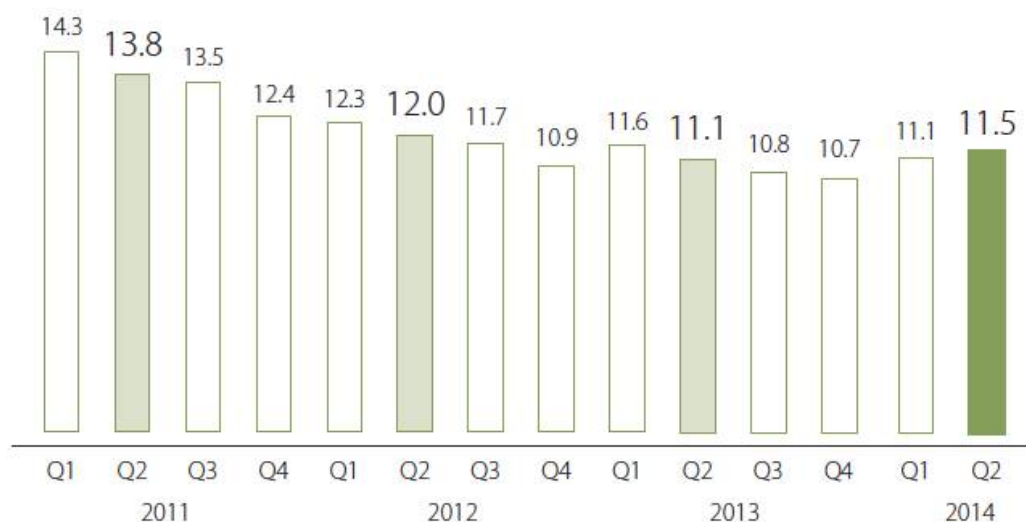
### 9.4 Vacancy rate

As of June 30, 2014, the vacancy rate was 11.5%, representing a total reduction of 2.8 percentage points in the period from fiscal year 2010 through the end of the six-month period ended June 30, 2014.

Changes in the vacancy rate in % as of the end of each quarter:

## VACANCY RATE

in % at the end of the quarter



### 9.5 Significant changes in the real estate portfolio of DIC Asset after June 30, 2014

The sale of one property located in Ludwigshafen from the Commercial Portfolio was notarised after the balance sheet date. The transfer of possession, rights and obligations is scheduled for the second half of 2014. The transaction volume amounts to approx. EUR 5 million.

Additionally DIC Asset entered into a forward deal in August 2014 relating to the sale of a subproject of one of its development projects ("**Opera Offices Neo**") before the start of construction. DIC Asset holds an interest of 20% in the project with an overall project volume of around €55 million. The volume of the subproject Opera Offices Neo amounts to approx. two third of the overall volume.

## 10. INVESTMENTS

### 10.1 Investments since December 31, 2013

Since December 31, 2013 DIC Asset completed the following principal investments:

In the area of funds in the Co-Investments segment the "DIC Office Balance II" fund, in which DIC Asset participates as co-investor according to a target volume of EUR 200 million with a target interest of approximately 5%, acquired the office property "Barbarossa Center" with retail units located in Cologne from an international institutional investor for approximately EUR 32 million in July 2014.

Additionally in July 2014 two retail properties located in Düren and Wuppertal for approximately EUR 27 million were acquired for "DIC HighStreet Balance" institutional fund, in which DIC Asset participates as co-investor with a 20% interest.

In the area of project developments DIC Asset completed the following principal investment since December 31, 2013: In the "MainTor" development in Frankfurt am Main, in which DIC Asset has an interest of 40%, approximately EUR 44.7 million were invested proportionally for the on-going realisation of separate sub-projects.

## 10.2 Future investments

DIC Asset is not planning any significant investments in the Commercial Portfolio in 2014. In the area of Funds investments of at least EUR 150 million are planned in 2014 with a total envisaged investment volume of around EUR 1 billion across all three special funds managed by DIC Asset.

## 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 companies, DIC Asset does not have any material property, plant and equipment. The Issuer's business premises in Frankfurt am Main are leased.

## 11. EMPLOYEES

As of June 30, 2014, DIC Asset employed 133 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 companies. 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.

## 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 commercial property, a tenant has filed an action to terminate the lease. The lease in question involves annualized gross rental income of approximately EUR 1 million.

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 200 million being outstanding as at the date of this Prospectus. The net debt equity ratio (on the basis of net liabilities and adjusted for effects from derivatives) was 33.3% as at June 30, 2014. The overall volume of the bank liabilities to be applied to DIC Asset was c. EUR 1,527 million as at June 30, 2014. 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 4.1%. The interest service coverage ratio i.e. the ratio of net rental income to interest payments was 169% as at June 30, 2014. The bank loans of the property companies contain essentially 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.

At the present time, all real estate loans have been concluded with German financing partners (mainly mortgage banks, regional banks, savings banks, and cooperative institutions). The distribution of the property companies' bank borrowings by individual category of bank as of June 30, 2014 was as follows:

	Balance outstanding in EUR m	Share in %
Mortgage banks	1,131	74%
Regional banks	174	12%
Savings banks	36	2%
Cooperative banks and others	186	12%
<b>Total</b>	<b>1,527</b>	<b>100.00%</b>

As at June 30, 2014 the average term of the financial liabilities of DIC Asset (including the outstanding bonds) was 4.0 years with the following debt maturities profile:

	in EUR m	Share in %
June 30, 2015	418.6	24%
June 30, 2016	176.8	10%
June 30, 2017	70.7	4%
June 30, 2018	130.3	8%
June 30, 2019	295.8	17%
> June 30, 2020	623.8	37%
	<b>1,716.0</b>	<b>100%</b>

## 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
Ulrich Höller	Chairman of the Management Board, real estate and business strategy (CEO)	October 18, 2002	December 31, 2015
Sonja Wärntges	Finance and controlling (CFO)	June 1, 2013	May 31, 2016
Rainer Pillmayer	Operations (COO)	June 1, 2013	May 31, 2016

**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:

Deutsche Immobilien Chancen Real Estate GmbH, Frankfurt am Main: managing director

DIC Beteiligungs AG, Frankfurt am Main: chairman of the Management Board

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

DIC Fund Balance GmbH, Frankfurt am Main: managing director

ZIA-Zentraler Immobilien Ausschuss e.V., Berlin: Vice Chairman and member of the management board

European Public Real Estate Association (EPRA), Brussels: member of the executive board

HVC Beteiligungs GmbH, Frankfurt am Main: managing director

DIC Objekt Coburg GmbH, Frankfurt am Main: managing director

DIC Services Beteiligungs GmbH, Frankfurt am Main: managing director

DIC Opportunity Fund GmbH, Frankfurt am Main: managing director

DIC Development GmbH, Frankfurt am Main: managing director

ARCA Siebte Vermögensverwaltungs- und Beteiligungs GmbH, Frankfurt am Main: managing director

WACO Projektmanagement A.G., Luxembourg, Luxembourg: managing director

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

Deutsche Immobilien Chancen Real Estate GmbH, Frankfurt am Main: managing director

DIC GMG GmbH, Frankfurt am Main: managing director

DIC MainTor GmbH, Frankfurt am Main: managing director

DIC MainTor Verwaltungs GmbH, Frankfurt am Main: managing director

DIC MainTor III GmbH, Frankfurt am Main: managing director

DIC Development GmbH, Frankfurt am Main: managing director

**Rainer Pillmayer** 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 Onsite GmbH, Frankfurt am Main: member of the supervisory board

DIC Fund Balance GmbH, Frankfurt am Main: managing director

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**

CEO Ulrich Höller holds an economic investment totaling 0.9% in Deutsche Immobilien Chancen KGaA. Mr. Höller is a member of the management board of Deutsche Immobilien Chancen Beteiligungs AG, the sole general partner of Deutsche Immobilien Chancen KGaA. Mr. Höller has had employment agreements with both Deutsche Immobilien Chancen Beteiligungs AG and the Issuer since March 2006. Under these employment agreements, Mr. Höller receives approximately half of his fixed remuneration from each of these companies.

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.



## 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
Russell Platt	November 8, 2005
Bernd Wegener	February 15, 2005
Dr. Michael Peter Solf	July 5, 2011

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:

Weil, Gotshal & Manges LLP: partner

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

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

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

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

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

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

DIC Capital Partners (Germany) III GmbH & Co. KGaA, Munich: chairman of the supervisory board

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

DIC Capital Partners OpCo (Germany) GmbH & Co. KGaA, Munich: chairman of the supervisory board

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

Grohe AG, Hemer: member of the supervisory board

Grohe Beteiligungs GmbH, Hemer: member of the supervisory board

TTL Information Technology AG, Munich: member of the supervisory board

DICP Capital SE, Munich: managing director

DICP Capital Beteiligungs GmbH, Munich: managing director

DICP Asset Management GmbH, Munich: managing director

DICP Erste Institutional Investors Verwaltungs GmbH, Munich: managing director

DIC Capital Partners (Europe) GmbH, Munich: managing partner

DIC Real Estate Beteiligungs GmbH, Frankfurt am Main: managing director

DIC Grund- und Beteiligungs GmbH, Erlangen: managing director

DIC Capital Partners GmbH, Erlangen: managing partner

GCS Verwaltungs GmbH, Glattbach: managing director

GSP Vermögensverwaltungs GmbH, Glattbach: managing director

**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:

sontowski & partner GmbH, Erlangen: managing partner

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

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

DIC Real Estate Beteiligungs GmbH, Frankfurt am Main: managing director

DIC Capital Partners GmbH, Erlangen: managing partner

DIC Grund und Beteiligungs GmbH, Erlangen: managing director

Zapf KG, Schwaig: 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:

REALKAPITAL Vermögensmanagement GmbH, Leverkusen: managing partner

KDV Kapitalbeteiligungsgesellschaft der Deutschen Versicherungswirtschaft AG i. L., Düsseldorf: deputy chairman of the supervisory board

DICP Capital SE, Munich: member of the supervisory board

MediClin Aktiengesellschaft, Offenburg: member of the supervisory board

IBA Beteiligungs GmbH, Munich: managing director

Abacus Finance GmbH, Frankfurt am Main: managing director

**Russell C. Platt** 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:

Forum Partners Investment Management LLC, USA: chief executive officer

DIC Capital Partners Beteiligungs GmbH, Munich: managing partner

DIC Capital Partners (Germany) Verwaltungs GmbH, Munich: managing partner

South Asian Asset Management Ltd., Mauritius: director

Duet India Hotels Asset Management Limited, Mauritius: director

Forum Partners Limited, United Kingdom: director

Forum Partners GP (Cayman) Limited, Cayman Islands: director

Forum Holdings Limited, Cayman Islands: director

Forum Advisors Management Limited, United Kingdom: director

Forum Advisors Limited, Cayman Islands: director

Bluestone Group Pty Limited, Australia: director

Forum Asian Realty Income GP Limited, Cayman Islands: director

Forum Asian Realty Income II GP Limited, Cayman Islands: director

Forum Asian Realty Income III GP Limited, Cayman Islands: director

Forum European Realty Income II GP Limited, Cayman Islands: director

Forum European Realty Income III GP Limited, Cayman Islands: director

Forum European Realty Income GP Limited, Cayman Islands: director

**Bernd Wegener** is not a shareholder, partner or member of any administrative, management or supervisory bodies or a member in comparable German or foreign supervisory bodies or a partner in companies other than DIC Asset.

**Dr. Michael Peter Solf** 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:

SV-LuxInvest S.à r.l., Luxembourg: managing director

## 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 Dr. Michael Peter Solf.

## 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.

In accordance with § 22 WpHG, around 33.2% of the voting rights in the Issuer that is held by Deutsche Immobilien Chancen Group are attributable to the Chairman of the Supervisory Board, Prof. Dr. Gerhard Schmidt.

The Deputy Chairman of the Supervisory Board, Klaus-Jürgen Sontowski holds an indirect equity interest of approximately 11.7% in Deutsche Immobilien Chancen Beteiligungs AG as well as an indirect and direct equity interest of 6.1% 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 December 11, 2013, 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 May 15, 2012 from the date of submission of its previous Declaration of Conformity on December 7, 2012 until the announcement of the new version of the Code in the Federal Gazette on June 10, 2013 and since then with the recommendations as published on May 13, 2013. The following exceptions applied or apply:

- In filling senior management positions and in the composition of the Management Board and the Supervisory Board of DIC Asset AG, the Management Board and the Supervisory Board have focused and will in the future continue to focus on the interests of the compa-

ny and the statutory provisions and in doing so will concentrate on the professional and personal qualifications of the candidate – irrespective of gender. In this respect, in deviation from clause 4.1.5 and clause 5.1.2 sentence 1 of the Code, priority was and is not given to achieving an appropriate participation of women in filling management positions and in the composition of the Management Board. Accordingly, in deviation from clause 5.4.1 of the Code, the specific targets for an appropriate participation of women in the Supervisory Board are not viewed as a priority and no such target was and is taken into account by the Supervisory Board when nominating candidates for election by the General Shareholders' Meeting.

- 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.
- In its version of May 13, 2013, 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 Management Board employment contracts for all current members of the Management Board were signed before the new version of the Code became effective. The amount of the variable performance-related payments (profit-sharing bonuses) of the members of the Management Board was and remains limited to 33% or 70%, respectively, of the fixed remuneration. 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 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 some of the variable remuneration components and on some of the ancillary benefits, there are also no caps on the total amount of remuneration for the members of the Management Boards.
- When concluding Management Board contracts, it should be ensured that payments to members of the Management Board upon the prior termination of their work for the Management Board not exceed two years' pay, 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 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 contract being terminated prematurely, we shall endeavour to take account of the underlying principle of the recommendation.

- 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 not set a specific target that takes into account the number of independent members of the Supervisory Board as defined in clause 5.4.2 of the Code, nor will it specify such a target. Although the Supervisory Board believes that it has an appropriate number of independent members at present, the Code does not regulate the term independence of members of the Supervisory Board conclusively but defines the term by a negative distinction with presumptive examples specifying in which cases "in particular" independence no longer exists. In addition, it is assumed that the independence is already jeopardised by the mere chance that material and permanent 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. For this reason, the Supervisory Board has chosen not to set any targets in this respect. In the absence of a corresponding target, 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.
- In deviation from clause 5.4.6 paragraph 1 of the Code, the position of Deputy Chairman of the Supervisory Board was so far not considered in the remuneration of the Supervisory Board, because representation by the Deputy Chairman was required on a very limited number of occasions. On 03 July 2013, the General Shareholders' Meeting resolved to amend the Articles of Association to adjust the Supervisory Board's remuneration so that the position of Deputy Chairman of the Supervisory Board is now taken into account through an appropriate increasing factor. The new remuneration rule has been applied since the start of the new 2013 financial year, so that since then the company complies with the recommendation in accordance with clause 5.4.6 paragraph 1 of the Code.
- According to the current Articles of Association, members of the Supervisory Board 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. In addition, no generally accepted model for implementing a variable remuneration for the Supervisory Board based on long-term business performance has yet been established on the capital market. The company will continue to monitor developments.

Frankfurt am Main, December 11, 2013

The 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 May 13, 2013 in accordance with the declaration by the Management Board and Supervisory Board of the Issuer, which is dated December 11, 2013 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 3% of the Issuer's shares:

### Name of the shareholder

	in % <sup>1)</sup>
Deutsche Immobilien Chancen Group	33.2
Free Float	66.8
thereof:	
solvia Vermögensverwaltungs GmbH	5.1
RAG Foundation	4.8
APG Asset Management N.V.	3.2
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, 2013.

## 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 (June 30, 2014).

## 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. KEY FINANCIAL INFORMATION

*Except where indicated otherwise, the financial information of DIC Asset for fiscal years 2012 and 2013 summarized below has been extracted and/or derived from the audited consolidated financial statements of DIC Asset AG as of December 31, 2013 (including prior-year comparative figures as of December 31, 2012), 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 six-month periods ended June 30, 2014 and June 30, 2013 summarized below has been extracted and/or derived from the unaudited condensed interim consolidated financial statements of DIC Asset AG as of June 30, 2014 with comparative figures as of June 30, 2013, 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, 2012 and December 31, 2013 and issued an unqualified auditors' report.*

*The condensed interim consolidated financial statements as of June 30, 2014 are unaudited. Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Nuremberg, conducted a review of the unaudited condensed interim consolidated financial statements of DIC Asset AG as of June 30, 2014 in accordance with the generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW) (IDW AuS 900) and issued a report which is incorporated by reference in this Prospectus.*

*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, 2013 (with prior-year comparative figures as of December 31, 2012). 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 six-month period ended June 30, 2014 (with comparative figures for the six-month period ended June 30, 2013) and the Issuer's accounting records or internal management reporting systems.*



## 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, 2013 (with prior-year comparative figures as of December 31, 2012) and the unaudited condensed interim consolidated financial statements as of June 30, 2014 (with prior-year comparative figures as of June 30, 2013).

<i>in € '000</i>	Fiscal year		6-month period ended June 30,	
	2012	2013	2013	2014
	(audited)		(unaudited)	
<b>Total income</b> .....	<b>229,088</b>	<b>236,091</b>	<b>111,929</b>	<b>114,355</b>
<b>Total expenses</b> .....	<b>-160,548</b>	<b>-166,703</b>	<b>-80,998</b>	<b>-77,470</b>
Gross rental income .....	126,528	125,224	61,047	73,601
Ground rents .....	-830	-851	-348	-637
Service charge income on principal basis .....	20,487	22,061	10,394	18,186
Service charge expenses on principal basis .....	-22,923	-23,970	-11,889	-17,833
Other property-related expenses .....	-10,066	-10,191	-5,904	-7,517
<b>Net rental income</b> .....	<b>113,196</b>	<b>112,273</b>	<b>53,300</b>	<b>65,800</b>
Administrative expenses .....	-8,847	-10,147	-4,968	-5,120
Personnel expenses .....	-12,123	-12,065	-6,257	-6,347
Depreciation and amortisation .....	-33,522	-35,378	-16,104	-20,963
Fees from real estate management .....	5,725	6,487	3,090	2,312
Other income .....	689	1,241	304	683
Other expenses .....	-343	-649	-102	-77
<b>Net other income</b> .....	<b>346</b>	<b>592</b>	<b>202</b>	<b>606</b>
Investment property disposal proceeds .....	75,658	81,078	37,093	19,573
Carrying amount of investment property disposals .....	-71,893	-73,451	-35,425	-18,975
<b>Profit on disposal of investment property</b> .....	<b>3,765</b>	<b>7,627</b>	<b>1,668</b>	<b>598</b>
<b>Net operating profit before financing activities (EBIT)</b> .....	<b>68,540</b>	<b>69,388</b>	<b>30,931</b>	<b>36,886</b>
Share of the profit of associates .....	1,781	1,560	1,211	1,455
Interest income .....	9,797	9,712	5,210	4,906
Interest expense .....	-65,974	-62,671	-29,972	-38,911
<b>Profit before tax</b> .....	<b>14,144</b>	<b>17,989</b>	<b>7,380</b>	<b>4,336</b>
Current income tax expense .....	-1,913	-2,142	-845	-1,948
Deferred income tax expense .....	-401	183	-78	1,588
<b>Profit for the period</b> .....	<b>11,830</b>	<b>16,030</b>	<b>6,457</b>	<b>3,976</b>
Attributable to equity holders of the parent .....	11,690	15,939	6,427	4,581
Attributable to non-controlling interests .....	140	91	30	-605
Basic (=diluted) earnings per share (in EUR) .....	0.25	0.33	0.14	0.07

## 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, 2013 (with prior-year comparative figures as of December 31, 2012) and the unaudited condensed interim consolidated financial statements as of June 30, 2014.

<i>in € '000</i>	<b>December 31, 2012 (audited)</b>	<b>December 31, 2013 (audited)</b>	<b>June 30, 2014 (unaudited)</b>
<b>Assets</b>			
Investment properties.....	1,847,372	2,256,437	2,209,842
Office furniture and equipment .....	490	484	488
Investments in associates .....	75,730	89,866	69,436
Loans to related parties.....	10,910	114,324	120,268
Other investments	0	20,502	20,502
Derivatives	0	6	0
Intangible assets .....	185	1,688	1,523
Deferred tax assets .....	25,217	22,735	24,151
<b>Non-current assets.....</b>	<b>1,959,904</b>	<b>2,506,042</b>	<b>2,446,210</b>
Receivables from sale of property .....	0	425	69
Trade receivables .....	3,423	3,544	5,034
Receivables due from related parties.....	135,254	8,175	11,498
Income tax receivables .....	7,718	8,899	7,508
Other receivables.....	5,016	7,373	7,612
Other current assets.....	6,852	5,108	6,871
Cash and cash equivalents .....	56,698	56,418	92,396
Non-current assets held for sale .....	35,307	0	10,154
<b>Total current assets.....</b>	<b>250,268</b>	<b>89,942</b>	<b>141,142</b>
<b>Total assets.....</b>	<b>2,210,172</b>	<b>2,595,984</b>	<b>2,587,352</b>

<i>in € '000</i>	December 31, 2012 (audited)	December 31, 2013 (audited)	June 30, 2014 (unaudited)
<b>Equity and liabilities</b>			
Issued capital .....	45,719	68,578	68,578
Share premium .....	614,312	733,577	732,846
Hedging reserve .....	-62,761	-30,078	-36,197
Retained earnings .....	15,496	15,433	20,014
<b>Total shareholders' equity ....</b>	<b>612,766</b>	<b>787,510</b>	<b>785,241</b>
Non-controlling interests	1,556	5,544	4,890
<b>Total equity .....</b>	<b>614,322</b>	<b>793,054</b>	<b>790,131</b>
<b>Liabilities</b>			
Corporate bonds .....	85,195	171,087	196,119
Non-current interest-bearing loans and borrowings .....	1,229,893	1,382,056	1,101,352
Provisions .....	1,641	40	30
Deferred tax liabilities .....	11,649	13,774	12,473
Derivatives .....	73,654	41,360	46,705
<b>Total non-current liabilities ..</b>	<b>1,402,032</b>	<b>1,608,317</b>	<b>1,356,679</b>
Current interest-bearing loans and borrowings .....	147,540	170,711	409,855
Trade payables .....	2,671	4,291	1,528
Liabilities to related parties .....	694	3,735	717
Provisions .....	11	608	496
Income tax liabilities .....	1,986	1,926	2,160
Other liabilities .....	13,616	13,342	17,069
Liabilities in connection with non-current assets held for sale .....	27,300	0	8,717
<b>Total current liabilities .....</b>	<b>193,818</b>	<b>194,613</b>	<b>440,542</b>
<b>Total liabilities .....</b>	<b>1,595,850</b>	<b>1,802,930</b>	<b>1,797,221</b>
<b>Total equity and liabilities ....</b>	<b>2,210,172</b>	<b>2,595,984</b>	<b>2,587,352</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, 2013 (with prior-year comparative figures as of December 31, 2012) and the unaudited condensed interim consolidated financial statements as of June 30, 2014 (with prior-year comparative figures as of June 30, 2013).

<i>in € '000</i>	Fiscal year		6-month period ended June 30,	
	2012	2013	2013	2014
	(audited)		(unaudited)	
Cash flow from operating activities .....	43,895	42,014	23,031	24,163
Cash flow from investing activities .....	-32,340	42,422	21,855	25,583
Cash flow from financing activities .....	-55,101	-91,896	-31,781	-13,768
Cash and cash equivalents at January 1 .....	100,244	56,698	56,698	56,418
Cash and cash equivalents at the end of the period .....	56,698	56,418	69,803	92,396

## **V. 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 (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, September 2, 2014 to, and including, September 3, 2014 (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 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 an offer period from, and including, September 2, 2014 to, and including, September 3, 2014 (the "**Offer Period**") subject to a shortening or extension of the offer period as determined by the Issuer. Should the Issuer determine 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)).

The Notes will be offered to the public in each of Luxembourg and 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.

#### **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 September 2, 2014 (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 Technical details of the offer

During the offer period investors may submit offers to purchase Notes to the Joint Lead Managers using commonly used information systems, such as, and in particular, the information system Bloomberg or place orders via their deposit banks. In the case of an order prior to the determination of the pricing details, the investors shall specify at which price (coupon) they would be prepared to purchase which amount of Notes. Following determination and notification of the pricing details the Issuer may or may not continue to offer the Notes in Luxembourg and Germany by way of the Public Offer.

### 1.6 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.

### 1.7 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 September 8, 2014. The Notes so purchased will be delivered via book-entry through the Clearing Systems (see the subsection entitled "*General Information – Clearing and Settlement*") and their depository banks against payment of the Issue Price.

### 1.8 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 5.875 per cent bond (ISIN: DE000A1KQ1N3) in particular, which is expected to be repayed early as the Issuer intends to call this bond at the next possible call date.

## 3. SUBSCRIPTION OF THE NOTES

The Joint Lead Managers have agreed, pursuant to a subscription agreement signed on September 2, 2014 (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 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 will agree 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 2.875 per cent. of the aggregate principal amount of the Notes.

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.

## **VI. 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 European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Joint Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at any time:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Joint Lead Manager nominated by the Issuer for any such offer; or
- (iii) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive;

provided that no such offer of Notes shall require the Issuer or the Joint Lead Managers 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 the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**PD Amending Directive**" means Directive 2010/73/EU.

## 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**"). 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 except 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 § 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 offeror or purchaser of a Note subject 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.

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

Each Joint Lead Manager has represented and agreed that,

- (i) 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
- (ii) 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.

## **Japan**

Each Joint Lead Manager has acknowledged that the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Joint Lead Manager has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.



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

### **1. AUTHORISATION**

The creation and issue of the Notes has been authorised by resolutions of the Executive Board of the Issuer dated September 2, 2014 and the Supervisory Board of the Issuer dated September 2, 2014.

### **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: DE000A12T648, German Securities Code (WKN): A12T64.

### **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 documents are incorporated by reference and form part of this Prospectus:

- (1) Annual Report 2012 (containing the audited consolidated financial statements of DIC Asset as of and for the fiscal year ended December 31, 2012 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 Profit and Loss Account (page 74 of the Annual Report 2012),
  - Statement of Comprehensive Income (page 75 of the Annual Report 2012),
  - Consolidated Balance Sheet (pages 76 to 77 of the Annual Report 2012),
  - Consolidated Statement of Cash Flow (page 78 of the Annual Report 2012),
  - Consolidated Statement of Changes in Equity (page 79 of the Annual Report 2012),
  - Notes to the 2012 Consolidated Financial Statements (pages 80 to 115 of the Annual Report 2012),
  - Auditor's report (page 116 of the Annual Report 2012).
- (2) Annual Report 2013 (containing the audited consolidated financial statements of DIC Asset as of and for the fiscal year ended December 31, 2013 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 Profit and Loss Account (page 68 of the Annual Report 2013),
  - Statement of Comprehensive Income (page 69 of the Annual Report 2013),

- Consolidated Balance Sheet (pages 70 to 71 of the Annual Report 2013),
  - Consolidated Statement of Cash Flow (page 72 of the Annual Report 2013),
  - Consolidated Statement of Changes in Equity (page 73 of the Annual Report 2013),
  - Notes to the 2013 Consolidated Financial Statements (pages 74 to 115 of the Annual Report 2013),
  - Auditor's Report (page 116 of the Annual Report 2013).
- (3) Interim Report on the First Six Months of 2014 (containing the unaudited condensed interim consolidated financial statements of DIC Asset as of and for the first six months ended June 30, 2014 (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 Profit and Loss Account (pages 22 and 23 of the Interim Report on the First Six Months of 2014),
  - Statement of Comprehensive Income (page 24 of the Interim Report on the First Six Months of 2014),
  - Consolidated Statement of Cash Flow (page 25 of the Interim Report on the First Six Months of 2014),
  - Consolidated Balance Sheet (pages 26 and 27 of the Interim Report on the First Six Months of 2014),
  - Consolidated Statement of Changes in Equity (pages 28 and 29 of the Interim Report on the First Six Months of 2014),
  - Notes (pages 32 to 36 of the Interim Report on the First Six Months of 2014) and
  - Review Report (pages 37 and 38 of the Interim Report on the First Six Months of 2014).

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.

## VIII. 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 authorised 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 verbriefte 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 recognised 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 securitisation 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 8. September 2014 (der **"Verzinsungsbeginn"**) (einschließlich) bis zum Endfälligkeitstag (wie in § 5 (1) definiert) (ausschließlich) mit [●]% per annum (der **"Zinssatz"**). Die Zinsen sind nachträglich am 8. September eines jeden Jahres (vorbehaltlich einer Anpassung gemäß § 4 (5)) (jeweils ein **"Zinszahlungstag"**) zahlbar. Die erste Zinszahlung erfolgt am 8. September 2015 (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"**) verzinst, es sei denn, der Zinssatz ist höher

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 recognised 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 September, 8 2014 (the **"Interest Commencement Date"**) (inclusive) to the maturity date (as defined in § 5 (1)) (exclusive). Interest is payable annually in arrears on September 8, of each year (subject to an adjustment, pursuant to § 4 (5)) (each an **"Interest Payment Date"**). The first interest payment shall be made on September, 8 2015 (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 Interest, in which event the Rate of Interest

<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 the Deutsche Bundesbank from time to time, sections 288 (1), 247 (1) of the German Civil Code.

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 Marktkonvention 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.

(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

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) *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 ac-

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 geltender steuerlicher und sonstiger gesetzlicher Regelungen und Vorschriften erfolgen auf die Schuldverschreibungen zu leistende Zahlungen 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 fiel, 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 Geschäftsbanken 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.

count 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 applicable fiscal and other laws and regulations, 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 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.



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 zurückerstattet oder angekauft und entwertet, werden die Schuldverschreibungen zu ihrem Rückzahlungsbetrag am 8. September 2019 (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 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.

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

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 September, 8 2019 (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 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.

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.

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 schriftlich zu erklären (die "**Ausübungserklärung**"). Die Ausübung des Wahlrechts kann nicht widerrufen werden.

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

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

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 writing (the "**Exercise Notice**"). No option so exercised may be revoked or withdrawn.

(3) *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 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 ac-

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 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 Zu-

crued 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 wilful default, bad faith or 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

sammenhang 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 betreffenden 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 ge-

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 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 no-

heilt 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 die Emittentin eine allgemeine Schuldenregelung zugunsten ihrer Gläubiger anbietet oder trifft; 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 derer 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) über-

tified 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 the Issuer offers or makes a general arrangement for the benefit of all of its creditors; 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 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).

steigt.

(2) *Benachrichtigung.* Eine Benachrichtigung, einschließlich einer Kündigung der Schuldverschreibungen gemäß Absatz (1), ist schriftlich 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 § 13 (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 der hierin festgelegten Währung zu zahlen, ohne verpflichtet zu sein, jeweils in dem Land, in dem die Nachfolgeschuldnerin oder die Emittentin ihren Sitz oder Steuersitz haben, erhobene Steuern o-

(2) *Notice.* Any notices, including a notice of redemption of the notes in accordance with para. 1 shall be given in writing 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 § 13 (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 authorisations 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 authorisations and may transfer to the Paying Agent any amounts payable to fulfil the payment obligations under the Notes in the currency specified therein and without 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

der andere Abgaben irgendeiner Art abzuziehen oder einzubehalten;

- (c) die Nachfolgeschuldnerin sich verpflichtet hat, jeden Gläubiger hinsichtlich solcher Steuern, Abgaben oder behördlichen Lasten freizustellen, die einem Gläubiger bezüglich der Ersetzung auferlegt werden;
- (d) die Emittentin unwiderruflich und unbedingt gegenüber den Gläubigern die Zahlung aller von der Nachfolgeschuldnerin auf die Schuldverschreibungen zahlbaren Beträge zu Bedingungen garantiert, die sicherstellen, dass jeder Gläubiger wirtschaftlich mindestens so gestellt wird, wie er ohne eine Ersetzung stehen würde; und
- (e) der Zahlstelle ein oder mehrere Rechtsgutachten von Rechtsanwälten von anerkanntem Ansehen vorgelegt werden, die bestätigen, dass die Bestimmungen in den vorstehenden Unterabsätzen (a), (b), (c) und (d) erfüllt wurden.

(2) *Bekanntmachung.* Jede Ersetzung ist gemäß § 12 bekannt zu machen.

(3) *Änderung 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 (zusätzlich zu der Bezugnahme nach Maßgabe 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 (zusätzlich zu der Bezugnahme nach Maßgabe des vorstehenden Satzes auf die Nachfolgeschuldnerin);

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

- (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 Gläubiger gemacht werden müssen schriftlich und, zusammen mit einem Nachweis in Form einer Bescheinigung der Depotbank oder einer anderen geeigneten Weise, dass der Mit-

- (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 be made to the Paying Agent in writing and together with evidence in the form of a certification from the Custodian or in any other appropriate manner stating that the notifying



teilende zum Zeitpunkt der Mitteilung Gläubiger der betreffenden Schuldverschreibung(en) ist, an die Zahlstelle erfolgen.

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

(1) *Berichtigung offensichtlicher Fehler ohne Zustimmung der Gläubiger.* Die Emittentin ist in Übereinstimmung mit den nachfolgenden Bestimmungen berechtigt, in diesen Bedingungen ohne Zustimmung der Gläubiger

- (a) Bezeichnungsfehler, offensichtliche Schreib- oder Rechenfehler oder ähnliche Unrichtigkeiten im Zusammenhang mit
  - (i) der unzutreffenden Angabe von bzw. der unzutreffenden Bestimmung von kalendermäßig zu bestimmenden Terminen, Zeiträumen und Zeitpunkten,
  - (ii) der unzutreffenden Bezeichnung bzw. Angabe von geschützten, eingetragenen oder auf sonstige Weise vom Rechtsverkehr anerkannten Begriffen, oder
  - (iii) einer in diesen Bedingungen offengelegten unzutreffenden Berechnung

zu berichtigen bzw. klarzustellen; sowie

- (b) Bezeichnungsfehler, offensichtliche Schreib- oder Rechenfehler oder ähnliche Unrichtigkeiten in Bezug auf die in diesen Bedingungen verbrieften Nebenleistungspflichten der Emittentin zu berichtigen bzw. klarzustellen; sowie
- (c) widersprüchliche oder lückenhafte Bestimmungen zu ändern bzw. zu ergänzen.

Berichtigungen, Änderungen bzw. Ergänzungen und Klarstellungen dieser Bedingungen sind nur zulässig, soweit diese unter Berücksichtigung der Interessen der Emittentin und der Inhaber der Schuldverschreibungen für beide zumutbar sind (insbesondere unter Annahme der Gleichwertigkeit von Leistung des Inhabers der Schuldverschreibung als Erwerber der Schuldverschreibungen und Gegenleistung der Emittentin unter diesen Bedingungen).

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) *Correction of Manifest Errors Without Consent of the Holders.* The Issuer may, in these Conditions, without the consent of the Holders and in accordance with the below provisions, correct or clarify

- (a) any formal notation errors, manifest typographical or calculation errors or similar incorrectnesses in relation to
  - (i) an incorrect notation of or inapplicable determination, as the case may be, of dates, time periods and times that are to be determined according to the calendar,
  - (ii) an inapplicable term or notation, as the case may be, of trademarked, registered or otherwise legally recognised terms, or
  - (iii) an incorrect calculation disclosed in these Terms and Conditions

and

- (b) correct or clarify, as the case may be, any formal notation errors, manifest typographical or calculation errors or similar incorrectnesses in relation to any ancillary obligations of the Issuer arising from these Terms and Conditions, and
- (c) modify or amend, as the case may be, any inconsistent or incomplete provisions.

Any such corrections, modifications or amendments and clarifications of these Terms and Conditions shall only be permitted, if they take the interest of both, the Issuer and the Holders of the Notes into considerations and are reasonable for both the Issuer and the Holders (in particular, in respect of the equivalence of the performance of the Holders as the purchasers of the Notes and any consideration of the Issuer pursuant to these

Terms and Conditions).

(2) *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 (3) 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.

(3) *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.

(4) *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.

(5) *Leitung der Abstimmung.* Die Abstimmung wird von einem von der Emittentin beauftragten Notar oder, falls der gemeinsame Vertreter zur Abstimmung aufgefordert hat, vom gemeinsamen Vertreter (wie nachfolgend definiert) geleitet.

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

(2) *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 (3) 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.

(3) *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.

(4) *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.

(5) *Chair of the Vote.* The vote will be chaired by a notary appointed by the Issuer or, if the Joint Representative (as defined below) has convened the vote, by the Joint Representative.

(6) *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.

(7) *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-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.

(7) *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 authorised 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 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) *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 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

(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 authorised officer of the Clearing System or a depositary 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 recognised standing authorised 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 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

ist bindend und maßgeblich. Die beigefügte englische Übersetzung ist unverbindlich.

be prevailing and binding. The English language translation is provided for convenience only.

## IX. 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 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 administrated 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 October 9, 2012 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. The same rules should be applicable according to the said tax decree, if the Notes expire worthless so

that losses may not be tax-deductible at all. A disposal of the Notes will only be recognised according to the view of the tax authorities, if the received proceeds exceed the respective transaction costs.

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 married couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing a joint tax return).

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 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 favourableness 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 favourableness 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 recognise 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 and the Noteholder informs the German Disbursing Agent of this fact, church tax will be withheld additionally. For income from capital investments paid after December 31, 2014, 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*). 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 with the same 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 current German Disbursing Agent has been notified of the actual acquisition costs of the Notes by a certificate of the previous German Disbursing Agent 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 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. Currently, net assets tax (*Vermögenssteuer*) is not levied in Germany.

### 3. LUXEMBOURG

The following information of certain material Luxembourg tax consequences 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. It is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis.

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 tax, duty, levy, impost or other charge or withholding of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*) as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge (together referred to as Luxembourg corporate taxes) invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

#### 3.1 Withholding tax

##### **Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005, as amended (the **Savings Laws**), 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.

Under the Savings Laws implementing the European Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**Savings Directive**") and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a Luxembourg paying agent, such Luxembourg based paying agent to or for the immediate benefit of

an individual beneficial owner or a residual entity (within the meaning of the Savings Laws) resident in, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the competent Luxembourg fiscal authority in order for such information to be communicated to the competent tax authorities of the beneficiary's country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. 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 June 2005 Laws will be subject to a withholding tax at a rate of 35% (the "**Savings WHT**").

On March 24, 2014, the Council of the European Union adopted an EU Council Directive 2014/48/EU amending and broadening the scope of the Savings Directive. In particular, the changes expand the range of payments covered by the Savings Directive in order to include additional types of income and widen the range of recipients payments to whom are covered by the Directive, to include certain other types of entities and legal arrangements. Member States are required to implement national legislation giving effect to these changes by January 1, 2016 (national legislation must apply from January 1, 2017).

On March 18, 2014, a draft law amending the June 2005 Laws has however been submitted to the Luxembourg parliament (the "**Draft Law**"). The Draft Law provides for the abolishment of the Savings WHT. As from January 1, 2015, provided the Draft Law has entered into force, the automatic exchange of information should apply to payments of interest or similar income made or ascribed by a Luxembourg paying agent to or for the immediate benefit of an individual beneficial owner or a residual entity which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories.

### ***Resident holders of Notes***

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 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 paid or ascribed by a paying agent established in Luxembourg to a Luxembourg resident individual beneficial owner or a residual entity (within the meaning of the Savings Laws) established in a EU Member State (other than Luxembourg) or in one of the Territories and securing such payments for the benefit of such individual beneficial owner will be subject to a withholding tax of 10%. This withholding tax also applies on accrued or capitalized interest received or deemed received upon the exchange of the Notes. 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. The responsibility for the withholding of such 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 10 %.

### 3.2 Income taxation

#### ***Taxation of interest income received on the Notes by the Noteholders***

##### **(i) Resident holders of Notes**

A Luxembourg tax resident corporate Noteholder must include any interest accrued or received, any redemption premium or issue discount of the Notes, in its taxable income for Luxembourg income tax assessment purposes. The same inclusion applies to an individual Noteholder, acting in the course of the management of a professional or business undertaking.

A Luxembourg resident corporate Noteholder which is governed by the law of December 17, 2010 on undertakings for collective investment, as amended, by the law of February, 13 2007 on specialized investment funds, as amended, by the law of May 11, 2007 on family estate management company, as amended, or by the law of June 15, 2004 on venture capital vehicles, as amended, is not subject to Luxembourg income tax in respect of interest accrued or received, any redemption premium or issue discount, under the Notes.

A Luxembourg tax resident individual Noteholder, acting in the course of the management of his / her private wealth, is subject to Luxembourg income tax in respect of interest received, redemption premiums or issue discounts, under the Notes, except if (i) withholding tax has been levied on such payments in accordance with the Relibi Law or (ii) the individual holder of the Notes has opted for the application of a 10% tax in full discharge of income tax in accordance with the Relibi Law, which applies if a payment of interest has been made or ascribed by a paying agent established in a EU Member State (other than Luxembourg), or in a Member State of the European Economic Area (other than a EU Member State), or in a state that has entered into a treaty with Luxembourg relating to the Savings Directive. A gain realised by an individual holder of Notes, acting in the course of the management of his/her private wealth, upon the sale or disposal, in any form whatsoever, of Notes is not subject to Luxembourg income tax, provided this sale or disposal took place more than six months after the Notes were acquired. However, any portion of such gain corresponding to accrued but unpaid interest income is subject to Luxembourg income tax, except if tax has been levied on such interest in accordance with the Relibi Law.

An individual holder of Notes acting in the course of the management of a professional or business undertaking must include this interest in its taxable basis. If applicable, the tax levied in accordance with the Relibi Law will be credited against his/her final tax liability.

##### **(ii) Non-resident holders of Notes**

Non-Luxembourg tax resident Noteholders, not having a permanent establishment or permanent representative in Luxembourg to which the Notes are attributable, are not subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts, under the Notes. A gain realised by such non-resident holder of Notes on the sale or disposal, in any form whatsoever, of the Notes is further not subject to Luxembourg income tax.

Non-Luxembourg tax resident corporate Noteholders or a non-Luxembourg tax resident individual Noteholders acting in the course of the management of a professional or business undertaking, who have a permanent establishment or permanent representative in Luxembourg to which the Notes are attributable, will be subject to Luxembourg income tax on interest accrued or received, redemption premiums or issue discounts and on any gain realized upon the sale or disposal, in any form whatsoever, of the Notes.

### 3.3 Net wealth taxation

A corporate Noteholder, whether it is resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment, permanent representative or fixed place of business in Luxembourg through which/whom the Notes are held, is subject to Luxembourg net wealth tax on such notes, except if such Noteholder is governed by the law of May 11, 2007 on family estate management companies, as amended, by the law of December 17, 2010 on undertakings for collective investment, as amended, by the law of February, 13 2007 on specialised investment funds, as amended, or is a securitisation company governed by the law of March 22, 2004 on securitisation, as amended, or is a capital company governed by the law of June 15, 2004 on venture capital vehicles, as amended.

An individual Noteholder, whether he/she is resident of Luxembourg or not, is not subject to Luxembourg net wealth tax on the Notes.

### 3.4 Other taxes

Under current Luxembourg tax laws, no registration tax or similar tax is in principle payable upon the exchange, acquisition, holding or disposal of the Notes.

However, a fixed or ad valorem registration duty may be due upon the registration of the Notes in Luxembourg in the case of legal proceedings before Luxembourg courts or in case the Notes must be produced before an official Luxembourg authority, or in the case of a registration of the Notes on a voluntary basis.

When the Noteholder is a Luxembourg individual resident for inheritance tax assessment purposes at the time of his/her death, the Notes are included in his/her taxable estate for Luxembourg inheritance tax assessment purposes. Luxembourg gift tax may be due on a gift or donation of such notes if embodied in a notarial deed signed before a Luxembourg notary or recorded in Luxembourg.

## 4. EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On March 24, 2014 the Council of the European Union adopted amendments to the EU Savings Directive. The amendments enlarge the scope of the EU Savings Directive, now covering also new

types of savings income and products that generate interest or equivalent income, in particular to include additional types of income payable on securities.

In order to prevent tax circumvention schemes, a "look-through" approach shall be applied and tax authorities will be required to take steps to identify the ultimate beneficiary of interest payments. This approach may apply to payments made to or by, or secured for or by, persons, entities or legal arrangements (including trusts), where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.. Member States have until January 1, 2016 to implement the amended EU Savings Directive. The new rules will have to be applied as of January 1, 2017.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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