

3 | November | 2022

■ **Price (Euro)** **7.03**
52 weeks range 16.19 / 6.51

■ **Key Data**

ISIN DE000A1X3XX4
Bloomberg DIC:GR
Reporting standard IFRS
Market Cap (Euro million) 575
Number of shares (million) 81.9
Free Float 45.5%
Free Float Market Cap (Euro million) 262
CAGR EBIT ('21 -'24e) 18.3%

■ **Multiples**

	2021	2022e	2023e	2024e
Market Cap / Total revenues	5.3	3.3	2.8	2.8
PE-Ratio	9.9	10.8	6.6	7.7
Dividend Yield	10.7%	10.7%	11.4%	12.0%

■ **Key Data per share (Euro)**

	2021	2022e	2023e	2024e
Earnings per share (EPS)	0.71	0.65	1.07	0.91
FFO per share	1.32	1.40	1.64	1.68
Dividend per share (DPS)	0.75	0.75	0.80	0.84

■ **Financial Data (Euro '000)**

	2021	2022e	2023e	2024e
Gross rental income	108,390	175,660	205,974	208,224
Net rental income	91,216	153,181	178,691	180,312
Administrative expenses	-21,518	-29,533	-27,924	-29,012
Personnel expenses	-38,096	-42,613	-43,955	-44,476
Real estate management fees	101,225	92,334	111,843	116,138
Profit on disposal of investment property	23,765	17,437	21,761	14,210
EBIT	115,619	147,867	195,001	191,281
Net financial result	-49,707	-57,863	-53,971	-59,166
EBT	72,436	96,259	146,899	137,792
Taxation	-14,051	-25,905	-34,577	-36,607
Net profit after minorities	57,795	53,618	88,675	76,072
FFO	107,200	115,437	136,476	139,759

■ **Main Shareholders**

Deutsche Immobilien Chancen-Gruppe 34.4%
Yannick Patrick Heller 10.1%
RAG-Stiftung 10.0%

■ **Financial calendar**

9M 2022 report 9 November 2022

■ **Analysts**

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FY 2022 guidance for the institutional business segment reduced due to delays and reschedules – Growth expectations for the coming years reduced – Target down to Euro 17.00, Buy affirmed

Yesterday evening, the company released an ad-hoc news stating that the full year guidance for 2022 was adjusted due to changed parameters in the real estate investment market. In particular, the company mentioned planned acquisitions and disposals that needed to be rescheduled or are delayed. Hence, the firm's guidance regarding transactions in the Institutional Business segment now is for acquisitions in the amount of Euro 650m to Euro 700m (old: Euro 0.9bn to Euro 1.0bn) and no further disposals (old: Euro 400m to Euro 600m). Thus, due to fewer transactions and lower property management revenues, the Institutional Business segment will record lower fee income. While the previous guidance for real estate management fees was in a range between Euro 105m to Euro 115m, the management now expects real estate management fees to be between Euro 90m and Euro 95m. This will also impact the FFO guidance for 2022. Here, the firm now expects the FFO to be between Euro 114m and Euro 117m instead of the previous range between Euro 130m to Euro 136m.

Regarding the commercial portfolio segment, the firm sticks to its previous guidance of gross rental income between Euro 170m and Euro 180m, acquisitions in the volume of Euro 2.3bn and disposals between Euro 400m to Euro 500m.

Following yesterday's news and the continued uncertainties in the markets, both regarding transactions and capital markets, we adjusted our P&L estimates for 2022 and also for the coming years. We now expect the portfolio of the company to stand at Euro 14.5bn at FY 2022, and for the moment assume a significantly slower growth in the coming years than previously expected, down from Euro 17.2bn to now Euro 15.8bn at FY 2024. For the current year, we now expect the FFO to be at Euro 115m instead of Euro 133m, while we expect the FFO for the coming years to increase to Euro 136m and Euro 140m respectively (old: Euro 164m and Euro 179m). In turn we also reduce our target price from Euro 22.00 to now Euro 17.00. We confirm our Buy rating. The company will publish the 9M numbers next week on 9 November.

DIC Asset AG

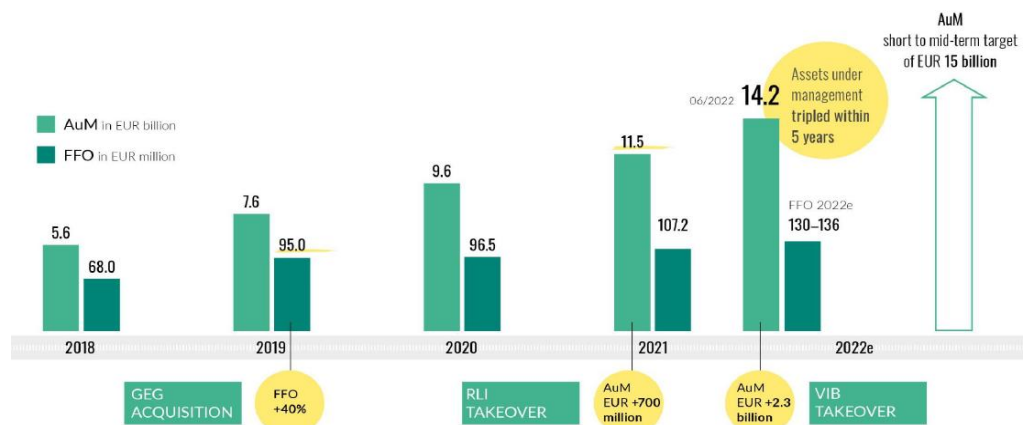
Industry:	Real Estate	Management Board of DIC Asset CEO Sonja Wärntges CIO Johannes von Mutius Patrick Weiden Christian Bock
Sub-segment:	Commercial property investor Own book / Institutional Business / Managed Accounts (transaction, asset and property management)	
Region:	Germany	Supervisory Board of DIC Asset: Prof. Dr. Gerhard Schmidt Michael Zahn Prof. Dr. Ulrich Reuter Eberhard Vetter Rene Zahnd Dr. Angela Geerling
Headquarter:	Frankfurt	
Foundation	1998	
Employees:	306	
IR Contact:	Dipl.-Kfm. Peer Schlinkmann, CIRO P.Schlinkmann@dic-asset.de	

DIC Asset is a strong commercial properties player in the German market with two strong and more or less equally weighted pillars or businesses, which help for a very complementary income and investment structure.

In the Commercial Portfolio DIC Asset does on balance sheet investment for their own books, in particular office properties that offer a stable cash income (core / core plus) as well as some value add properties which need more attention to reduce vacancy and increase the intrinsic cash flow in mid-term, in particular by repositioning or revitalization of some assets. This strategy is complemented by an intelligent cycle management to sell some properties at the right time for portfolio optimization and generating additional trading profits. The commercial portfolio has a size of about Euro 4.5bn at present. A bigger focus is now laid on logistics assets. Here, the successful partial takeover of VIB Vermögen is already a big milestone and lifts the share of logistics asset to almost 40% of the commercial portfolio.

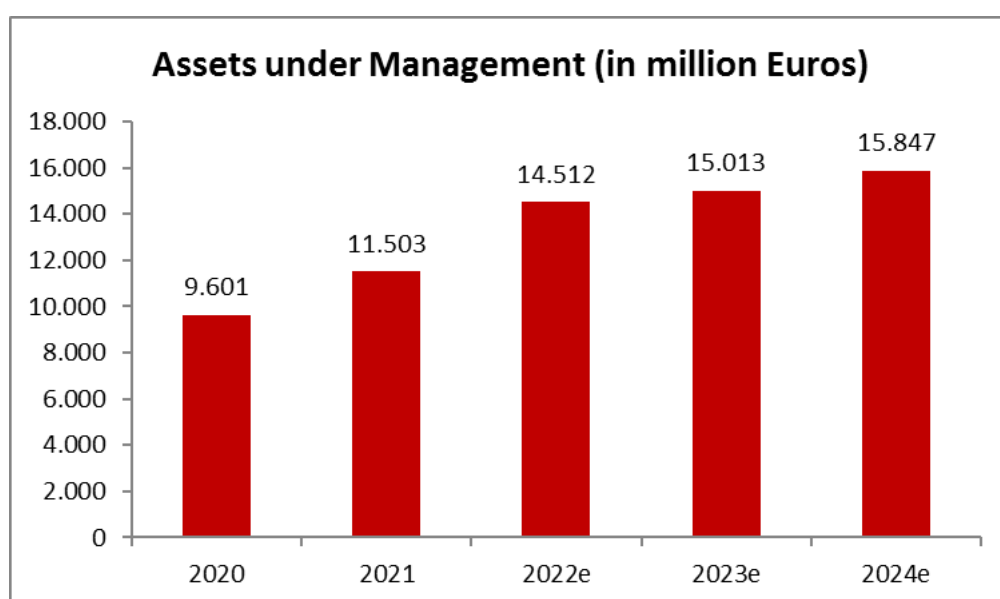
In the second pillar, the Institutional Business, the company launches diversified real estate funds for many years, as the DIC Office Balance I was initiated in 2010 and DIC Office Balance II in 2014 and DIC Office Balance III in 2015, all with targeted AuM between Euro 300m and Euro 450m. DIC also initiated funds outside the office topic, for instance with the DIC Retail Balance I fund, which came in September 2017 with a size of about Euro 250m or the new RLI-GEG Logistics & Light Industrial III fund with a volume of Euro 400m. The institutional business offers a great range of fees for set-up, transactions, asset and property management services for the funds, club deals and individual mandates. In addition to a broad income stream from servicing fees there are lucrative equity returns from the co-investment stakes. The assets under management in the Institutional Business steeply increased by almost 50% in 2019, from Euro 3.9bn to Euro 5.7bn, to Euro 7.6bn in 2020 and again steeply to Euro almost Euro 9.3bn in 2021. All activities in the field of fund business (third party mandates) have been bundled under the GEG roof. Both pillars, the Commercial Portfolio and the Institutional Business, are serviced from the group's own asset and property management platform, named DIC Onsite, with branches in Frankfurt, Mannheim, Düsseldorf, Cologne, Hamburg, Munich, Berlin and Stuttgart. The institutional business offers a very steady and lucrative income stream of management fees as well as transaction-related fees and performance fees. In 2020 the real estate management fees significantly hiked 27% to Euro 80m. Another milestone was the takeover of Munich based RLI investors in December 2020 (closing January 2021) with over Euro 700m Assets under Management. This helps to sharpen the profile of DIC in the field of logistics investments and helps to cross sell logistics assets to GEG clients and vice versa. The company aims to reach a Euro 15bn asset base in the short- to mid-term. We assume this is very realistic in 2023, as the VIB consolidation has already brought the portfolio a big step closer to that target, as can be seen in the graph below.

The FFO I result of 2021 crossed the Euro 100m mark for the first time and was at more than Euro 107m, up more than 11% from the Euro 96.5m in 2020. For 2022 DIC Asset guides a range of Euro 114m to Euro 117m for the FFO I result.



Source: Company Data, SRC Research

DIC Asset AG 31/12 IFRS ('000)	2019	2020	2021	2022e	2023e	2024e	CAGR '21 - '24e
Gross rental income	101,942	100,695	108,390	175,660	205,974	208,224	24.3%
Ground rents	-676	-510	-523	-814	-1,045	-1,276	
Service charge income on principal basis	20,836	22,135	23,211	33,053	39,417	41,548	
Service charge expenses on principal basis	-23,565	-24,029	-26,415	-39,167	-47,214	-48,974	
Other property-related expenses	-10,631	-16,070	-13,447	-15,552	-18,441	-19,210	
Net rental income	87,906	82,221	91,216	153,181	178,691	180,312	25.5%
Administrative expenses	-17,876	-19,077	-21,518	-29,533	-27,924	-29,012	
Personnel expenses	-27,918	-30,280	-38,096	-42,613	-43,955	-44,476	
Depreciation and amortization	-34,242	-38,774	-42,986	-43,941	-44,284	-44,847	
Real estate management fees	62,883	79,722	101,225	92,334	111,843	116,138	4.7%
Other operating income	2,616	2,222	3,815	3,146	3,255	3,180	
Other operating expenses	-1,979	-1,852	-1,802	-2,144	-4,386	-4,224	
Net proceeds from disposal of investment property	175,973	116,324	139,337	245,321	124,334	89,657	
Carrying amount of investment property disposed	-135,457	-84,324	-115,572	-227,884	-102,573	-75,447	
Profit on disposal of investment property	40,516	32,000	23,765	17,437	21,761	14,210	
Net operating profit before financing activities (EBIT)	111,906	106,182	115,619	147,867	195,001	191,281	18.3%
Share of the profit or loss of associates	18,321	11,370	6,524	6,255	5,869	5,677	
Interest income	10,296	8,670	9,550	8,235	7,243	6,247	
Interest expenses	-42,660	-36,760	-59,257	-66,098	-61,214	-65,413	
Profit/loss before tax (EBT)	97,863	89,462	72,436	96,259	146,899	137,792	23.9%
Current income tax expenses	-13,803	-14,128	-19,447	-17,758	-25,443	-26,874	
Deferred tax expenses	-3,371	-2,222	5,396	-8,147	-9,134	-9,733	
Tax	-17,174	-16,350	-14,051	-25,905	-34,577	-36,607	
Net profit	80,689	73,112	58,385	70,354	112,322	101,185	20.1%
Minorities	-222	3,099	590	16,736	23,647	25,113	
Net profit after minorities	80,911	70,013	57,795	53,618	88,675	76,072	9.6%
FFO	95.0	96.5	107.2	115.4	136.5	139.8	9.2%
Number of shares ('000)	71,713	79,421	81,504	82,347	83,152	83,152	
Earnings per share	1.13	0.88	0.71	0.65	1.07	0.91	
FFO per share	1.32	1.22	1.32	1.40	1.64	1.68	
Dividend per share	0.66	0.70	0.75	0.75	0.80	0.84	
Shareholders' Equity	968,778	1,108,421	1,133,969	1,699,459	1,866,374	1,875,924	18.3%
Equity Ratio	36.5%	40.7%	32.5%	30.8%	31.9%	30.8%	



SRC Research

- Der Spezialist für Finanz- und Immobilienaktien -

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Rating chronicle:

Company	Date	Rating	former share price	former target
DIC Asset AG	03/08/2022	Buy	10.34 €	22.00 €
DIC Asset AG	10/05/2022	Buy	12.04 €	26.00 €
DIC Asset AG	24/03/2022	Buy	15.48 €	26.00 €
DIC Asset AG	10/02/2022	Buy	15.46 €	24.00 €
DIC Asset AG	01/02/2022	Buy	15.24 €	24.00 €
DIC Asset AG	12/01/2022	Buy	15.18 €	24.00 €
DIC Asset AG	15/11/2021	Buy	15.44 €	22.00 €
DIC Asset AG	16/09/2021	Buy	15.30 €	22.00 €
DIC Asset AG	08/06/2021	Buy	15.03 €	22.00 €
DIC Asset AG	06/05/2021	Buy	14.67 €	22.00 €
DIC Asset AG	11/02/2021	Buy	15.56 €	22.00 €
DIC Asset AG	15/01/2021	Buy	14.24 €	22.00 €

Please note:

The share price mentioned in this report is from 2 November 2022. DIC Asset AG mandated SRC Research for covering the share.

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