

Price (Euro) **6,70**  
52 weeks range 12.92 / 6.51

### Key Data

ISIN DE000A1X3XX4  
Bloomberg DIC:GR  
Reporting standard IFRS  
Market Cap (Euro million) 560  
Number of shares (million) 83,6  
Free Float 45,4%  
Free Float Market Cap (Euro million) 254  
CAGR EBIT ('22 -'25e) 10,6%

Multiples	2022	2023e	2024e	2025e
Market Cap / Total revenues	3,2	3,0	3,1	2,9
PE-Ratio	17,9	26,8	15,2	14,8
Dividend Yield	11,2%	9,7%	9,7%	10,4%

Key Data per share (Euro)	2022	2023e	2024e	2025e
Earnings per share (EPS)	0,38	0,25	0,44	0,45
FFO per share	1,38	1,15	1,30	1,36
Dividend per share (DPS)	0,75	0,65	0,65	0,70

Financial Data (Euro '000)	2022	2023e	2024e	2025e
Gross rental income	175.956	189.206	181.268	195.368
<b>Net rental income</b>	<b>152.540</b>	<b>161.923</b>	<b>153.356</b>	<b>166.836</b>
Administrative expenses	-37.863	-27.924	-29.012	-30.100
Personnel expenses	-42.581	-43.247	-44.214	-47.781
Real estate management fees	88.375	73.693	116.512	122.928
Profit on disposal of investment property	12.697	21.761	14.210	6.659
<b>EBIT</b>	<b>101.575</b>	<b>107.663</b>	<b>131.705</b>	<b>137.469</b>
Net financial result	-60.582	-66.304	-62.100	-64.361
<b>EBT</b>	<b>59.911</b>	<b>47.228</b>	<b>75.282</b>	<b>78.593</b>
Taxation	-17.053	-34.577	-36.607	-38.637
<b>Net profit after minorities</b>	<b>31.024</b>	<b>20.878</b>	<b>36.940</b>	<b>38.478</b>
<b>FFO</b>	<b>114.200</b>	<b>95.749</b>	<b>108.795</b>	<b>115.296</b>

### Main Shareholders

Deutsche Immobilien Chancen-Gruppe 34,5%  
Yannick Patrick Heller 10,1%  
RAG-Stiftung 10,0%

### Financial calendar

1H 2023 report 3 August 2023  
SRC Forum Financials & Real Estate 12 September 2023  
9M 2023 report 8 November 2023

### Analyst

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## Good operating picture in 1Q and a clearly improved liquidity position, FFO guidance affirmed, the transaction markets are the big question mark to drive portfolio optimization and improve balance

Today DIC Asset released the 1Q 2023 report and invited for a conference call. The numbers were good in terms of operating performance as letting performance almost doubled from 65.5k sqm to 123.4k sqm (+88%). Even if you deduct VIB Vermögen which was acquired in 2Q 2022, there is a remarkable 20% hike in challenging times. The renewals for higher sqm prices as well as regular indexations also translated in a very decent hike in like for like-for-like rentals of 7.8%, even more in Institutional Business (+8.8%) than in the own book, as Commercial Portfolio was +4.7% 1-f-l. The Commercial portfolio almost doubled after the VIB takeover from Euro 2.2bn to now Euro 4.1bn, which is a very balanced mix of Euro 1.7bn logistics and Euro 1.5bn superior office (almost 80% of the total, with remaining 20% retail and mixed-use). **DIC is geared to further streamline their own book by selling non-core assets like retail properties, which is not very easy in a very sluggish transaction market. But the good rental success as recently announced for Kaufhof Leverkusen (soon an aachener fashion store) helps to come closer to future deals. DIC managed to reduce the EPRA vacancy from 7.0% to 4.9%. The WALT is still at a satisfying level of 5.1 years (5.8 years), a bit down after some successful sale transactions. The FFO from the Commercial portfolio was up 5%, from Euro 12.3m to Euro 12.9m. The FFO II of CP including the trading results even stronger increased +66% from Euro 12.3m to Euro 20.4m**

The Institutional business suffers more from the very sluggish transaction markets as there are at present no or just very little transaction activities. The assets under management in Institutional Business went up from Euro 9.4bn to Euro 10.0bn in one year, but there were no transactions in the VIB Institutional Business in the first three months. **The asset and property management fees were up from Euro 8.6 to Euro 10.5m (+22%), but with no transaction and performance fees, after Euro 16.8m in the year before, the FFO from IB came down from Euro 14.4m in the year before to now Zero. DIC expects a normalization of the transaction markets for the second half of the year that should help to boost numbers and income from the IB unit. A normalization in the second half of the year is a possible scenario but we would argue that there might be a later point in time for a significant recovery of the real estate investment markets, as in many cases financing issues are still quite difficult and challenging for most of the potential buyers.** It is worth to note, that in the business for third parties DIC still has about Euro 250m permitted equity to invest and to profit from market opportunities for their institutional clients. It is also worthy to note, that almost 60% of their clients have more than one fund from DIC, which underlines the great trust and the superior quality of work in this field of business. The firm has worked on his financing side and made a new huge credit contract for 45 logistics properties on the VIB side with a Euro 505m volume for seven years. The cash position steeply hiked from Euro 188m at year-end 2022 to Euro 498m end of March. The debt maturity profile is satisfying except for the Euro 400m VIB takeover bridge loan which is due in 1Q 2024. The LTV improved a little bit from 57.8% to 57.3% and the short-term target remains to come to 50% or below. The equity ratio was almost unchanged at 31.3%. The NAV per share incl. Inst. Business also still at 22 Euros. **The ongoing business is good despite a shaky economy but the recovery of transaction markets might be delayed beyond year-end, what would mean a FFO result below the targeted Euro 90m to Euro 97m range. We reduce our TP from € 16.00 to € 14.00.**

### DIC Asset AG

<b>Industry:</b>	Real Estate	<b>Management Board of DIC Asset</b>
<b>Sub-segment:</b>	Commercial property investor	Sonja Wärtges (CEO)
	Own book / Institutional Business / Managed Accounts (transaction, asset and property management)	Johannes von Mutius (CIO)
		Torsten Doyen (CIBO)
		Christian Fritzsche (COO)
<b>Region:</b>	Germany	<b>Supervisory Board of DIC Asset:</b>
<b>Headquarter:</b>	Frankfurt	Prof. Dr. Gerhard Schmidt
<b>Foundation</b>	1998	Michael Zahn
<b>Employees:</b>	341	Prof. Dr. Ulrich Reuter
		Eberhard Vetter
<b>IR Contact:</b>		Rene Zahnd
Dipl.-Kfm. Peer Schlinkmann, CIRO		Dr. Angela Geerling
P.Schlinkmann@dic-asset.de		

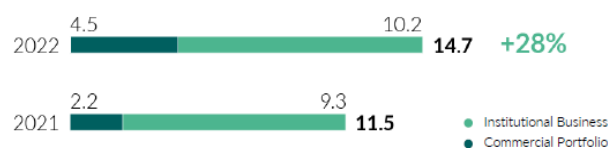
DIC Asset is a strong commercial properties player in the German market with two strong and more or less equally weighted pillars or businesses, which help for a very complementary income and investment structure.

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 and Euro 10.25bn in 2022. 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, Dusseldorf, Cologne, Hamburg, Munich, Berlin and Stuttgart. The institutional business offers a lucrative income stream of management fees as well as transaction-related fees and performance fees. 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.

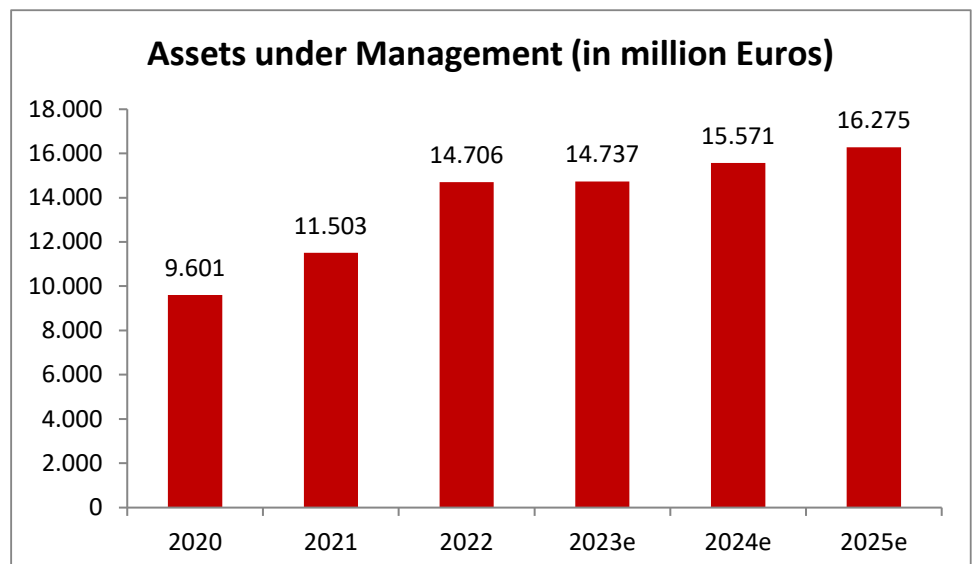
The FFO I result of 2022 reached a record level of Euro 114.2m and increased by almost 7% from Euro 107.2m in 2021. For 2023 DIC Asset guides a range of Euro 90m to Euro 97m for the FFO I result. This expected decline is mainly driven by the worse market conditions and the respective lower transaction volume in the institutional business segment.

#### Assets under Management in EUR billion



Source: Company Data, SRC Research

DIC Asset AG 31/12 IFRS ('000)	2020	2021	2022	2023e	2024e	2025e	CAGR '22 - '25e
Gross rental income	100,695	108,390	175,956	189,206	181,268	195,368	3.5%
Ground rents	-510	-523	-339	-1,045	-1,276	-1,498	
Service charge income on principal basis	22,135	23,211	31,269	39,417	41,548	43,679	
Service charge expenses on principal basis	-24,029	-26,415	-36,572	-47,214	-48,974	-50,734	
Other property-related expenses	-16,070	-13,447	-17,774	-18,441	-19,210	-19,979	
<b>Net rental income</b>	<b>82,221</b>	<b>91,216</b>	<b>152,540</b>	<b>161,923</b>	<b>153,356</b>	<b>166,836</b>	3.0%
Administrative expenses	-19,077	-21,518	-37,863	-27,924	-29,012	-30,100	
Personnel expenses	-30,280	-38,096	-42,581	-43,247	-44,214	-47,781	
Depreciation and amortization	-38,774	-42,986	-73,883	-77,412	-78,103	-80,116	
Real estate management fees	79,722	101,225	88,375	73,693	116,512	122,928	11.6%
Other operating income	2,222	3,815	5,699	3,255	3,180	3,105	
Other operating expenses	-1,852	-1,802	-3,409	-4,386	-4,224	-4,062	
Net proceeds from disposal of investment property	116,324	139,337	51,494	124,334	89,657	54,980	
Carrying amount of investment property disposed	-84,324	-115,572	-38,797	-102,573	-75,447	-48,321	
Profit on disposal of investment property	32,000	23,765	12,697	21,761	14,210	6,659	
<b>Net operating profit before financing activities (EBIT)</b>	<b>106,182</b>	<b>115,619</b>	<b>101,575</b>	<b>107,663</b>	<b>131,705</b>	<b>137,469</b>	10.6%
Share of the profit or loss of associates	11,370	6,524	18,918	5,869	5,677	5,485	
Interest income	8,670	9,550	10,635	7,243	6,247	5,251	
Interest expenses	-36,760	-59,257	-71,217	-73,547	-68,347	-69,612	
<b>Profit/loss before tax (EBT)</b>	<b>89,462</b>	<b>72,436</b>	<b>59,911</b>	<b>47,228</b>	<b>75,282</b>	<b>78,593</b>	9.5%
Tax	-16,350	-14,051	-17,053	-12,751	-18,821	-19,648	
<b>Net profit</b>	<b>73,112</b>	<b>58,385</b>	<b>42,858</b>	<b>34,476</b>	<b>56,462</b>	<b>58,945</b>	11.2%
Minorities	3,099	590	11,834	13,598	19,522	20,467	
<b>Net profit after minorities</b>	<b>70,013</b>	<b>57,795</b>	<b>31,024</b>	<b>20,878</b>	<b>36,940</b>	<b>38,478</b>	7.4%
<b>FFO</b>	<b>96.5</b>	<b>107.2</b>	<b>114.2</b>	<b>95.7</b>	<b>108.8</b>	<b>115.3</b>	0.3%
Number of shares ('000)	79,421	81,504	82,689	83,152	83,945	84,738	
<b>Earnings per share</b>	<b>0.88</b>	<b>0.71</b>	<b>0.38</b>	<b>0.25</b>	<b>0.44</b>	<b>0.45</b>	
<b>FFO per share</b>	<b>1.22</b>	<b>1.32</b>	<b>1.38</b>	<b>1.15</b>	<b>1.30</b>	<b>1.36</b>	
<b>Dividend per share</b>	<b>0.70</b>	<b>0.75</b>	<b>0.75</b>	<b>0.65</b>	<b>0.65</b>	<b>0.70</b>	
<b>Shareholders' Equity</b>	<b>1,108,421</b>	<b>1,133,969</b>	<b>1,664,101</b>	<b>1,762,962</b>	<b>1,745,853</b>	<b>1,869,933</b>	4.0%
<b>Equity Ratio</b>	<b>40.7%</b>	<b>32.5%</b>	<b>32.1%</b>	<b>32.1%</b>	<b>30.6%</b>	<b>31.2%</b>	



## 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	13.04.2023	Buy	6,71 €	16,00 €
DIC Asset AG	15.02.2023	Buy	8,85 €	16,00 €
DIC Asset AG	26.01.2023	Buy	8,74 €	16,00 €
DIC Asset AG	09.11.2022	Buy	7,30 €	17,00 €
DIC Asset AG	03.11.2022	Buy	7,03 €	17,00 €
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 €

### Please note:

The share price mentioned in this report is from 10 May 2023. DIC Asset AG mandated SRC Research for covering the share.

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