

PRESS RELEASE**Diok RealEstate AG Successfully Places Second Tranche of its Corporate Bond**

- Another EUR 20 million of the 2018/2023 corporate bond placed
- Portfolio grows to approximately EUR 150 million
- On-demand strategy to be continued, next acquisitions already in the pipeline

Cologne, 29 July 2019 – Today, Diok RealEstate AG (Diok) successfully completed the placement of the second tranche of its 2018/2023 corporate bond. Within the framework of a private placement, the full amount of the planned EUR 20 million was placed among institutional investors inside and outside Germany. The bond, which pays 6% in annual interest, has been tradeable on the stock exchange since its initial placement in 2018 (EUR 25 million at the time).

The funds collected through the second tranche will be used to finance further growth. According to information made public on 23 July 2019, Diok already signed sale and purchase agreements for three office buildings in Cologne, Gelsenkirchen and Magdeburg. This continues the dynamic growth of the portfolio, bringing its volume up to c. EUR 150 million. Placing the bond of up to EUR 250 million “on demand” reflects the company’s strategy not to raise funds that cannot be invested on short notice.

With a view to the well-filled deal pipeline and advanced negotiations concerning additional properties, the senior management expects to announce the signings of its next sale and purchase agreements in the weeks to come.

“Placement in pin-point tranches that match the specific assets we acquired is a great way to inspire confidence on the capital and transactions market. We just demonstrated once again that we provide transaction security and that we are a reliable partner for sellers of office properties in secondary locations. The decision to place it “on demand” instead of raising more funds than can be invested short-term has also met with wide-spread consent among our bond investors. The combination of mortgage, bond and equity capital enables us to keep bringing down the cost of debt, which in turn will enhance profitability,” said Markus Drews, Member of the Board of Diok, as he commented the transaction.

Once the funds from the second tranche have been fully committed, yet another portfolio is to be assembled before the next fundraising is launched.

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“We see high-quality properties on a scale of EUR 5 million to EUR 25 million in secondary locations as a great chance to shop for risk-diversified high-yield assets. Combined with our bond, this presents an excellent opportunity for investors, and many of them took advantage of it. We are very pleased about their response and appreciate the faith vested in our business model and in the entire team of Diok,” said Daniel L. Grosch, Member of the Board of Diok.

The placement was handled by Swiss Merchant Group AG, by Renell Bank AG and by BankM, representing flatex Bank AG. Taylor Wessing provided legal advice.

More details: www.diok-realestate.de

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About Diok RealEstate AG

Diok RealEstate AG (Diok) is a property company based in Cologne that specialises in German office real estate. The company’s business focuses on setting up an attractive portfolio of office properties in good to excellent micro-environments in tier two cities. Labour-intensive activities have been outsourced in their entirety to third parties while remaining subject to Diok’s supervision and control. As an active portfolio and asset manager, Diok thus achieves a steady capital growth and a positive cash flow from day one. In the medium term, Diok intends to use its well-filled acquisition pipeline to build up a real estate portfolio worth EUR 1 billion.