

Diok RealEstate AG Reports Substantial Rise in Net Income and NAV

- **EBIT rise to EUR 12.7 million by mid-year 2019, up from EUR 3.4 million at year-end 2018**
- **Acquisitions push NAV by 30 June 2019 up to EUR 19.0 million, up from EUR 9.5 million as of 31 December 2018**
- **Closing of latest acquisitions sends total value of portfolio of 13 office buildings up to about EUR 150 million**
- **Based on the positive developments, the Management Board is currently evaluating further financing options, including an increase in the 2018/2023 bond, in order to continue the company's profitable growth strategy.**

Cologne, 21 October 2019. Daniel Grosch, Member of the Board of Diok RealEstate AG, commented the company's 2019 mid-year figures, which were published today, as follows: "We continued to deliver excellent results during the first half-year of 2019. We have been implementing our growth strategy as planned, and are accepted as a reliable partner on the real estate and capital markets. Our strategy of acquiring exclusively office buildings outside the major metropolises has met with continuous success. As an investor focusing on financial opportunities, we remain committed to office markets in tier-two cities. With its wider risk diversification, lower volatility and substantially higher rates of return, our company offer a genuine alternative to investments in prime locations."

Positive Development of Operating Performance Indicators

The rental income (net passing rent) of the group during the first half-year of 2019 equalled EUR 2.9 million, at a 33% higher level compared to the second half of 2018 (EUR 2.2 million). Several assets were not transferred into Diok's possession until after the balance sheet date or will probably be transferred to the Diok soon and will be reflected in the operating results of the 2019 annual financial statements.

The annualised rental income (net passing rent) came to EUR 6.8 million by 30 June 2019, after EUR 3.8 million as of 31 December 2018. The net rental income rose to EUR 1.9 million by mid-year 2019, up from EUR 1.3 million at year-end 2018.

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In the wake of the positive operating performance and further acquisitions, the net asset value (NAV) of Diok rose to EUR 19.0 million by 30 June 2019, up from EUR 9.5 million by year-end 2018. This translates into a NAV growth by almost 100% during the first six months of 2019.

Acquisitions during the 2019 Financial Year to Date

Purchase agreements were signed for around 47,800 m² of office space with a total value of EUR 86.65 million and an initial gross interest rate of 5.85% between January and October 2019. The six properties are located in the German states of Bavaria, North Rhine-Westphalia and Saxony-Anhalt. The acquired properties show an average vacancy rate of around 2% and thus provide a stable source of income. The average rent equals EUR 8.62 per square metre. The company is aware of further rental upside potential in this context. For three properties, the closing took place before 30 June 2019. The remaining three acquisitions are expected to be closed by the end of this month. This is expected to increase the portfolio value to around EUR 150 million, with annualised rental income of around EUR 8.9 million.

Against the background of the rapid growth and the further potential in the market for office properties in secondary locations, the company's management board is checking whether it makes sense to increase the 2018/2023 corporate bond.

Markus Drews, Member of the Board of Diok RealEstate AG, commented: "We set ourselves a specific growth target, and intend to build up a portfolio in a volume of approximately one billion euros in the medium term. At the moment, we are conducting talks with a number of potential sellers of properties that are attractive for Diok."

For more details on the first half-year of 2019, please see the six-month report published on our homepage today.

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 of 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 more than EUR 1 billion.