

PRESS RELEASE

Diok RealEstate AG Closes Acquisitions in Magdeburg and Cologne, Successfully Signs New Leases

- Diok RealEstate AG just successfully concluded transactions in Magdeburg and Cologne by paying the acquisition prices for the properties bought; payment of the acquisition price for the property in Gelsenkirchen is expected to go ahead soon.
- This brings the portfolio of Diok RealEstate AG up to c. EUR 150 million.
- Even prior to the closing, it proved possible to reduce the vacancy rates at the properties in Magdeburg and Gelsenkirchen considerably and to extend the WALT.
- Given the stable market environment and positive structural trends, the planning efforts for further short-term acquisitions have been intensified.

Cologne, 01 November 2019 – Diok RealEstate AG (“Diok”) just fulfilled the purchase agreements it signed in June and July for properties in Cologne and Magdeburg, respectively, and thus successfully completed the transactions. Diok moreover expects the sale and purchase agreement for a property in Gelsenkirchen, which was also signed in July, to be closed in the near future because the only thing holding things up is a prerequisite for payment that is not subject to Diok’s control.

The acquisitions, including the property in Gelsenkirchen, bring the portfolio of Diok RealEstate AG up to a combined floor area of around 89,000 sqm and an annual basic rent net of service charges of c. EUR 8.9 million. The fair market value of the entire portfolio was appraised by c. EUR 150 million, assuming a 6% rate of return before leverage.

While still in the closing phase, our management of the new properties moreover achieved significant lettings already. In the case of the property in Magdeburg, a prospective tenant was identified that will lower the vacancy rate from around 22% to 4%. On top of that, the lease with the main tenant of the property in Gelsenkirchen was extended for another term of more than six years.

Markus Drews, Member of the Board of Diok, commented: “With the transactions now concluded we implemented the next steps of our growth trajectory as announced and planned. At the moment, we are in the process of examining and acquiring additional properties of interest to us. The market for office properties in secondary locations offers us a wide variety of options for a broadly diversified and therefore risk-reduced inventory that gathers individual assets together in a portfolio and thereby turns them into an institutional product.

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We are particularly proud of achievements we accomplished before actually taking full possession. Our active management approach, paired with excellent service providers, enables us to reposition properties on short notice and thus to boost our rate of return. This makes our properties a compelling proposition not just for investors and banks but—and this matter most to us—even and especially for our tenants.”

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 1 billion euros.