

PRESS RELEASE

DIOK RealEstate AG boosts half-year result again and optimises financing structure

- Half-year results improve again:
 - Portfolio value in H1 2020 rises to around EUR 210.8 million (31 December 2019: approx. EUR 205.6 million)
 - Operating cash flow up 286% at approximately EUR 2.9 million (H1 2019: around EUR 1.0 million)
- Improved financing structure – further savings potential to be tapped in the short-term
- Anchor tenant with around 7,800m² renews contract for over 10 years
- Tenants across entire portfolio are very loyal to locations, high demand for new leases
- Rent deferrals due to COVID-19 account for around 0.05% of total volume
- Investments in office buildings in secondary German locations proving resilient to the COVID-19 crisis.

Cologne, 25 August 2020 – DIOK RealEstate AG (DIOK), a company specialising in German office properties in secondary locations, released its interim financial statements today. One further property was acquired in the first half of 2020, bringing the total value of investment property as at 30 June 2020 to EUR 210.8 million (31 December 2019: EUR 205.6 million).

Key performance indicators reflect both the good operating performance of the portfolio and effects from initial refinancing. Operating cash flow, for example, climbed from EUR 1,012,220.69 in the first half of the previous year to EUR 2,894,082.58 – almost a threefold increase. Cash flow from operating activities also pulled out of negative territory, rising from EUR – 1,025,094.01 to EUR 107,984.65.

This chiefly reflects the positive result in property management, which was also far higher than in the same period in 2019 at EUR 4,935,971.96 (EUR 1,926,119.73). The primary reason for this considerable upturn is that assets gradually acquired in the DIOK portfolio have now been contributing to earnings for most of the entire period under review.

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In addition, DIOK continued to improve its financing structure and is planning to conduct additional, attractive financing transactions in the short term, thereby further reducing interest costs. Additional refinancing in the first six months of 2020 also resulted in higher cash flow and an improved long-term financing structure. Thanks to the successful refinancing, current liabilities decreased to EUR 6.9 million (31 December 2019: EUR 29.1 million). The final refinancing operation alone resulted in annual interest savings of around EUR 410,000.

DIOK is also planning additional, short-term refinancing operations and expects this to generate interest savings potential of about EUR 1.4 million each year.

Further rental success with anchor tenant

DIOK signed an agreement with a long-term tenant of a property in its portfolio to extend its lease by over 10 years, boosting the WALT in this property to 7.9 years (previously: 3.4 years). The anchor tenant leases around 7,800 m² and has been based in the building for over 10 years.

COVID-19 update

DIOK's portfolio continued to prove resilient in the face of the COVID-19 crisis at the end of the first half of 2020. Rent deferrals in connection with COVID-19 now represent only around 0.05% of the portfolio's total, annual net in-place rent. Thanks to broad risk diversification, the high number of different tenants from a variety of industries, distribution among different locations and a strong focus on office buildings, DIOK does not anticipate any negative effects. By contrast, GAV strengthened to about EUR 210.8 million in H1 2020, a period shaped by COVID-19. The portfolio grew to 16 properties with an area totalling more than 116,000 m².

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Daniel Grosch, CEO of Diok RealEstate AG said: "Our operational figures for the first half of the year show that we are generating positive cash flow and that we have more upward potential thanks to refinancing and portfolio growth. Given this, we are standing by our target of doubling DIOK's portfolio to EUR 400 million by the end of the year. The fact that our business model is both successful and resilient reinforces our commitment to further accelerating growth and becoming one of the leading market participants for offices in secondary locations.

Overall, the vast majority of existing tenants extend their leases if these come to an end. There is also still demand for new leases. Taking this into account, DIOK expects to be able to further reduce the number of vacant properties (currently around 5.2%). A large array of different refinancing operations are therefore still being conducted this year and result in further positive effects in addition to operating performance. We are close to finalising an option that promises seven-figure interest savings."

Further information: www.diok-realestate.de

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About Diok RealEstate AG

Diok RealEstate AG (DIOK) is a Cologne-based real estate company specialising in German office properties. The company focuses on the development of an attractive office property portfolio in good or very good micro-locations of secondary locations. All personnel-intensive activities have been fully assigned to third parties and are monitored and managed by DIOK. As an active portfolio and asset manager, DIOK thereby generates a steady increase in value and positive cash flow right from the very first day. By means of a well-filled acquisition pipeline, DIOK aims to develop a property portfolio of EUR 1 billion in the medium term. The property portfolio was worth around EUR 210.8 million in H1 2020. The corporate bond 2018/2023 (ISIN DE000A2NBY22) issued by DIOK RealEstate AG in September 2018 is traded on the Open Market of the Frankfurt Stock Exchange.