

DIOK RealEstate AG registers high stability of office markets in secondary locations

- Almost no enquiries about rent deferrals or rent losses due to the Corona crisis
- Lower volatility of office markets of secondary locations is also evident in the current market phase
- Positive outlook for German office locations in secondary locations due to trend towards relocation of operational processes back to Germany

Cologne, 20 April 2020 – DIOK RealEstate AG, a company specialising in German office properties in secondary locations, is currently registering a remarkably high resilience of the office markets in selected German secondary locations. This assessment is based both on the evaluation of the recent development of its own office real estate portfolio and on discussions with tenants and other market participants in the respective local markets.

DIOK's portfolio, which currently comprises 15 office properties at various secondary locations in Germany, had a value-based volume of around 205.6 million euros as of the balance sheet date on 31 December 2019 and generates annualised net rental income of around 11.5 million euros p.a. To date, none of the more than 40 office tenants has asked for deferral of rent payments, nor have there been any rent losses. Corresponding requests were only received from four tenants in smaller practice areas or one retail tenant and one catering facility, which together represent a monthly rental volume of less than EUR 20,000 net cold rent, which would correspond to a share of around 0.17 percent of the total annual net cold rent of the portfolio.

Daniel L. Grosch, Member of the Board of Diok: "The current corona crisis once again shows that the office markets of certain German secondary locations are much more resilient than other real estate market segments. As a rule, these are so-called secondary cities with more than 100,000 inhabitants or in the immediate vicinity of large metropolitan areas, which have a favourable risk-return profile. As in earlier phases of the crisis, and particularly during the international financial crisis of 2008/09, volatility in these locations is significantly lower than in the prime locations of the top 7 office markets. Based on the developments in our own portfolio and the discussions we have held with tenants and other market participants, we continue to expect a comparatively stable development here. This is due not least to the above-average proportion of successful medium-sized companies that have traditionally been loyal to their locations and should be additionally supported in the future by the fact that, under the impression of the global corona pandemic, many

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companies are considering relocating operational processes back to the domestic market or shortening the respective supply chains, as well as individual office solutions instead of open-plan offices. We therefore expect demand in our market segment to increase.

More details: www.diok-realestate.de

Press Contact:

Diok RealEstate AG
c/o RUECKERCONSULT
Peter Dietze-Felberg
T +49 (30) 28 44 987 62
E dietze@rueckerconsult.de

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 1 billion euros. As at the balance sheet date of 31 December 2019, the value of the real estate portfolio totalled c. 205.6 million euros. The 2018/2023 corporate bond with the ISIN [DE000A2NBY22](https://www.isin.org/en/search/?isin=DE000A2NBY22) that DIOK RealEstate AG issued in September 2018 is traded on the regulated unofficial market (Open Market) of the Frankfurt Stock Exchange.