

# Deutsche Konsum REIT-AG (DKR)

## 9M Results 2017/2018

14-August-2018

# Agenda

Summary of the 9M 2017/2018

Real Estate Portfolio – Key figures, recent developments, tenancy and valuation potential

Financial structure

Financials 9M 2017/2018

DKR shares, analysts, guidance and dividend policy

Finance calendar FY 2017/2018

Appendices

- Strategy

- Management

- External partners

- Case studies revitalisation / Value add

- Property overview as at 30 June 2018

- Glossary

# Summary of the 9M 2017/2018



# Summary

## DKR's major achievements in 9M 2017/2018

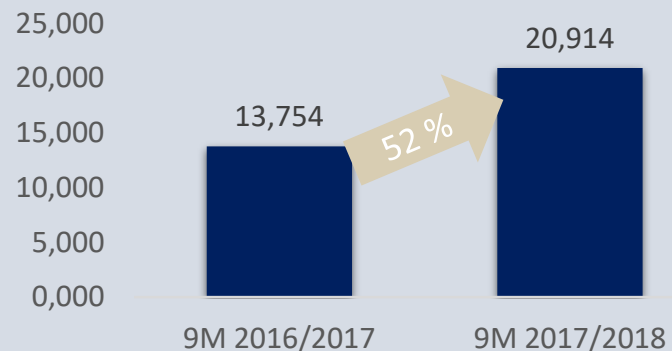
### >> Steady growth and constant KPI improvements:

- Acquisition of 32 new properties with a total volume of circa 112 mEUR within the first nine months of the FY 2017/2018
- Proforma portfolio now consists of 94 properties with a book value of circa 415 mEUR generating annualised rents > 36.0 mEUR
- 25 mEUR firepower still available for further property investments
- Prolongation of major lease contract with real,- in Erfurt increases WALT significantly to 5.2 years
- Revitalisation works well - new major leases with attractive tenants in Greifswald, Rostock, Bitterfeld and Hohenmölsen
- 10% capital increase with net cash proceeds of 24.1 mEUR in December 2017
- Exploitation of LTV headroom by taking 68 mEUR new loans with attractive conditions which reduced the average loan interest to 2.0% p.a.
- Issue of 40 mEUR corporate bond with duration of 6 years and coupon of 1.8% p.a. in May 2018
- “BBB” - Scope rating of secured debt (Investment grade)
- Refinancing of short term loans successfully done

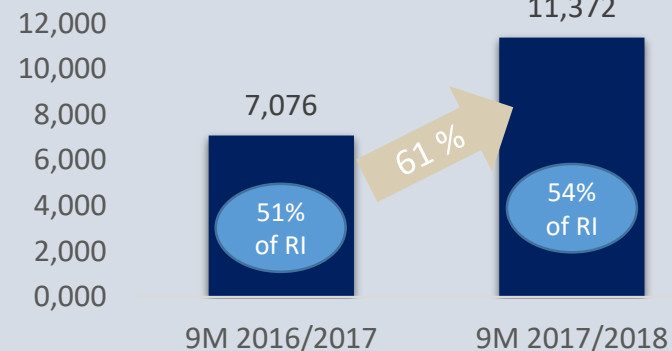
# Financial key figures

## Continuous and solid growth of financial figures in 9M 2017/2018

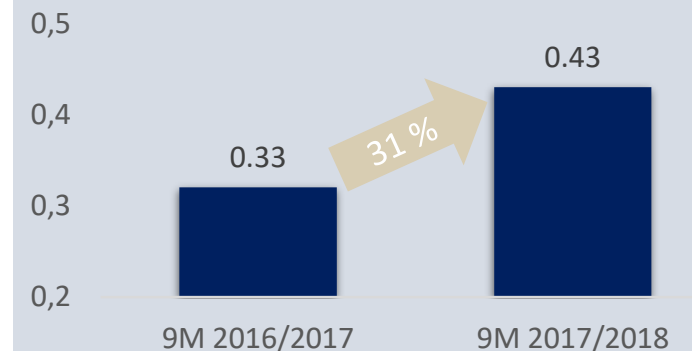
Rental income (kEUR)



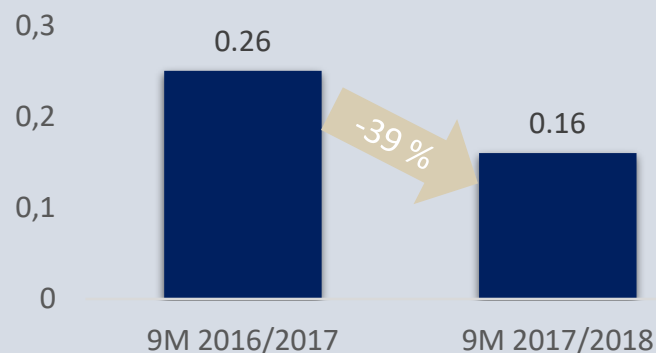
FFO (kEUR)



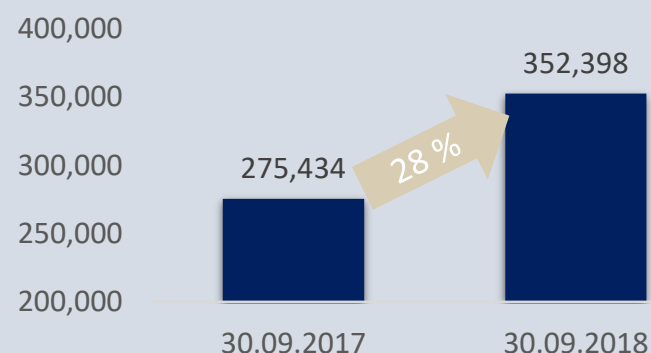
FFO per share (EUR)



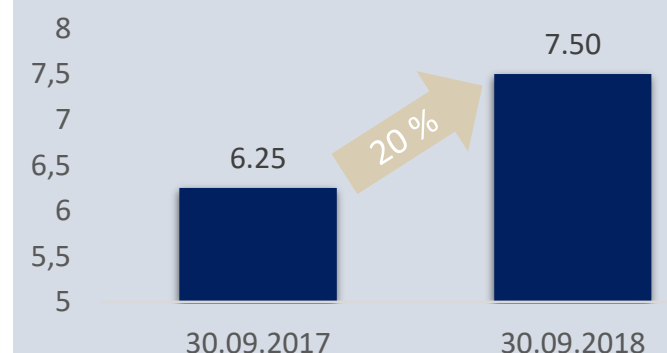
aFFO per share (EUR)



Investment properties (kEUR)



EPRA NAV per share (EUR)

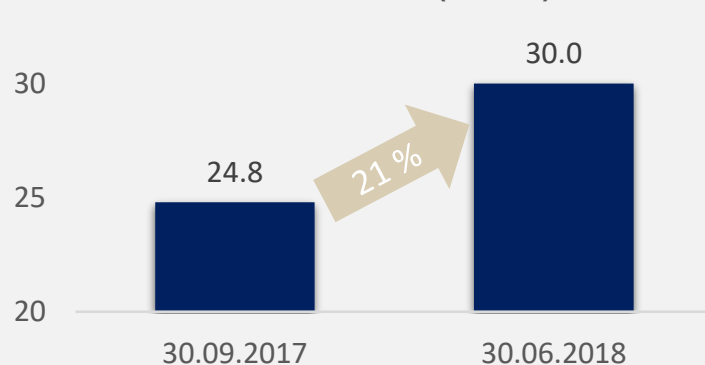


# Retail property portfolio

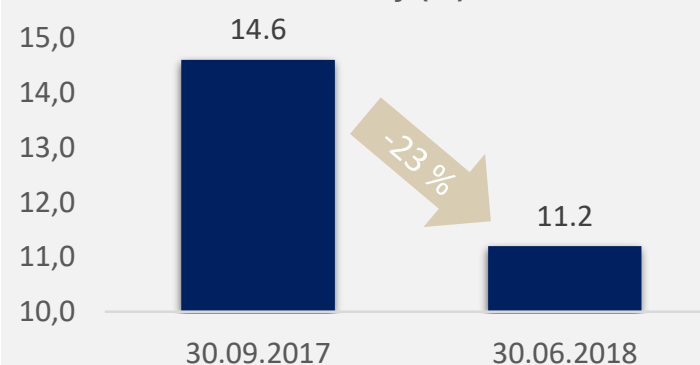
# Property portfolio

## Key portfolio figures as at 30 June 2018

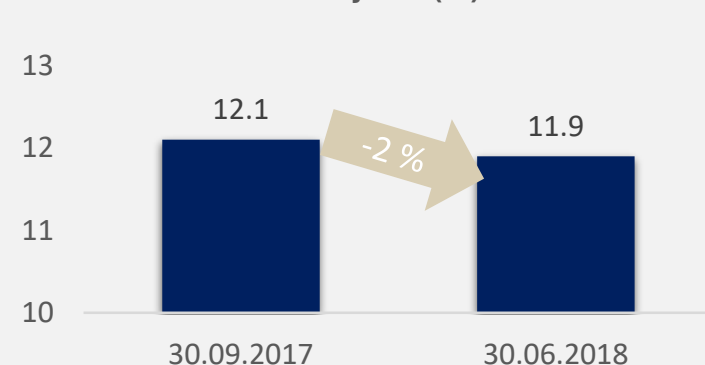
Annualised rent (mEUR)



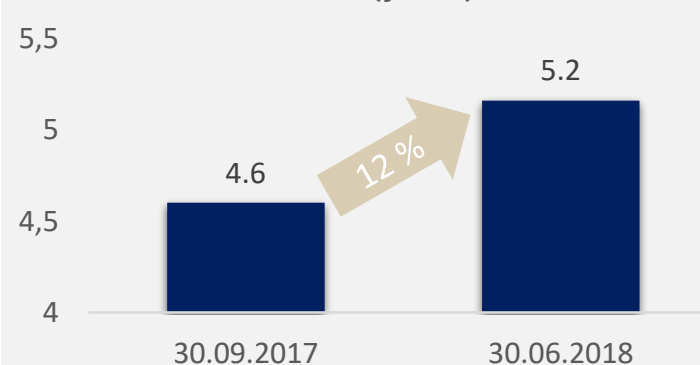
Vacancy (%)



Initial yield (%)



WALT (years)



### >> Portfolio snapshot

- Key figures based on 84 properties accounted as at 30.06.2018
- Portfolio GAV of about 352 mEUR
- Vacancy level dropped due to the latest addition of assets with high occupancy as well as vacancy reduction in Greifswald
- WALT increased mainly because of the prolongation of the real,- lease contract in Erfurt by 15 years



# Property map

94 properties with > 525,000 sqm lettable space and 415 mEUR GAV

>> DKR's top assets > 10 mEUR asset fair value as at 30.06.2018:

	City	Lettable space (sqm)	Acquisition by DKR	Annual rent (mEUR)	Fair value (mEUR)	Valuation gain since acquisition (%)
1	Erfurt	16,920	2015	2.2	31.0	+44
2	Leipzig	22,400	2015	1.6	26.5	+77
3	Elsterwerda	34,435	2018	1.8	25.3	+10
4	Ludwigslust	14,386	2015	1.6	24.0	+85
5	Werdau	39,390	2018	2.3	21.4	+11
6	Greifswald	9,410	2016	1.5	19.1	+36
7	Oer-Erkenschwick	9,555	2017	1.3	16.7	+24
8	Pritzwalk	15,157	2016	1.4	16.6	+23
9	Bitterfeld	19,682	2015	1.1	13.7	+47
10	Verden	7,128	2017	1.0	13.6	+33
11	Plauen	24,115	2017	1.4	12.3	+16
12	Weißwasser	13,228	2018	1.0	12.0	+10
13	Meißen	24,475	2017	1.3	11.4	+33
		<b>245,653</b>		<b>19.3</b>	<b>243.6</b>	







Oer-Erkenschwick



Bitterfeld „BiTZ“



Erfurt



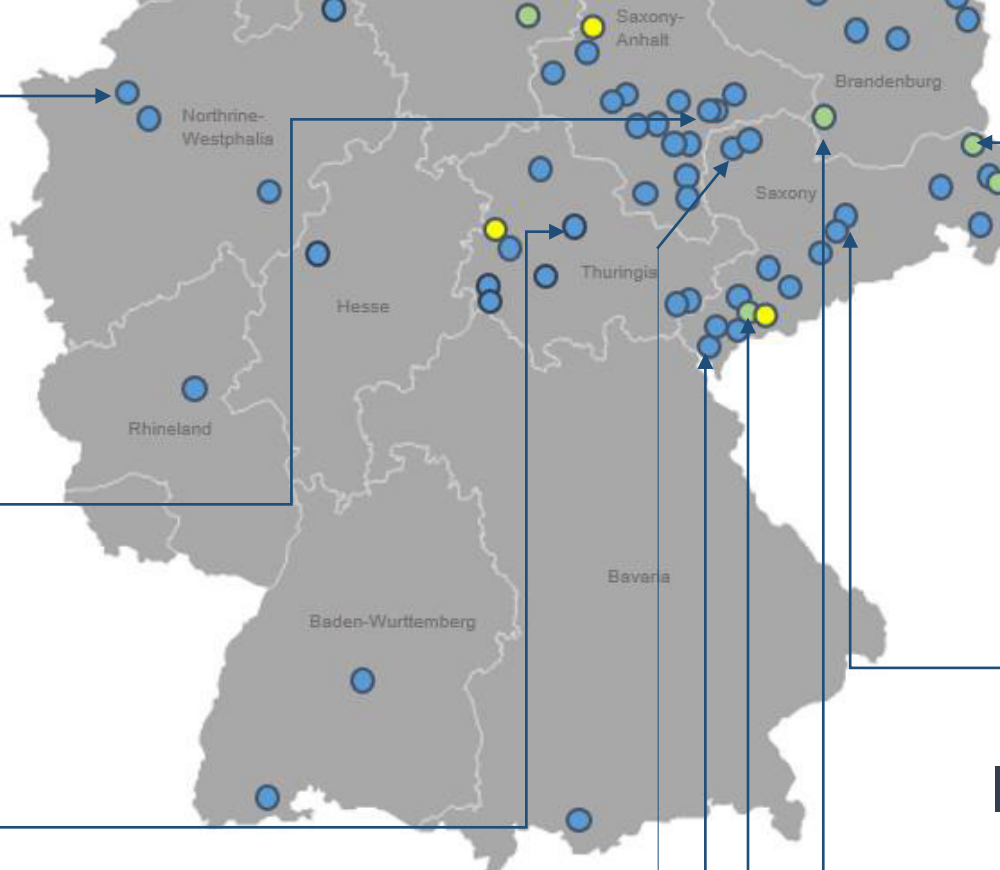
Leipzig „Löwenpark“



Plauen



Werdau „Pleissen-Center“



Weißwasser „Südpassage“



Meißen



Elsterwerda „Elster Center“

- Portfolio as at 30.06.2018 (84 properties)
- Transfer of ownership occurred after June 2018 (5 properties)
- Acquired notarised assets (5 properties)

# Portfolio

## Total investments in FY 2017/2018 already above plan

### >> Major FFO contribution in Q4 2017/2018:

#	Location	Main tenants	Transfer of ownership	Annualised rent (mEUR)	Investment (mEUR)	Details
<b>Transfer of ownerships occurred in Q1 and Q2</b>				<b>1.7</b>	<b>15.8</b>	
71	Dierdorf	Fressnapf, Kik	April 18	0.1		
72	Weilheim	Netto (EDEKA)	April 18	0.1		
73	Berlin Buddestraße	Netto (EDEKA)	April 18	0.2		
74	Berlin Blankenburger Straße	Netto (EDEKA)	April 18	0.2		
75	Seebach	Nahkauf (REWE)	April 18	0.1		
76	Halberstadt	TEDi	April 18	0.1		
77	Freiberg	Netto (EDEKA)	April 18	0.1		
78	Waldbröl	Rossmann	May 18	0.1		
79	Sassnitz	Hagebaumarkt	May 18	0.2		
80	Torgelow	REWE, OBI	May 18	0.8		
81	Leipzig	Dong Xuan Market	May 18	0.8		
82	Pfullingen	EDEKA C+C	May 18	0.2		
83	Angermünde	Norma, doctor	June 18	0.3		
84	Unterwellenborn	OBI	June 18	0.5		
<b>Transfer of ownerships occurred in Q3</b>				<b>3.8</b>	<b>35.3</b>	
85	Elsterwerda Elster Center	REWE, ALDI, toom, Medimax	July 18	1.8		
86	Bad Sachsa	ALDI	July 18	0.2		
87	Niesky	Penny (REWE)	July 18	0.1		
88	Weißwasser Südpassage	Kaufland	Aug 18	1.1		
89	Werdau Pleissen Center	Kaufland	Sep 18	2.3		
90	Rudolstadt	METRO GASTRO	Sep 18 exp.	0.1		(1)
91	Salzwedel	METRO GASTRO	Sep 18 exp.	0.2		(2)
92	Uelzen	METRO GASTRO	Sep 18 exp.	0.1		(3)
93	Wolgast	METRO GASTRO	Sep 18 exp.	0.1		(4)
94	Reinsdorf	Nahkauf (REWE), Sparkasse	Sep 18 exp.	0.1		(5)
<b>Transfer of ownerships occurred and expected in Q4</b>				<b>6.0</b>	<b>60.9</b>	
<b>Total investments FY 2017/2018</b>				<b>11.6</b>	<b>111.9</b>	

# Portfolio

## Latest acquisitions

>> FFO contribution in Q4 2017/2018 expected:



Location 1	Rudolstadt
Space (sqm)	2,900
Annualised rent (kEUR)	130
Major tenant	Metro Gastro
WALT	~ 1.7 years



Location 2	Salzwedel
Space (sqm)	5,300
Annualised rent (kEUR)	180
Major tenant	Metro Gastro
WALT	~ 3.8 years



Location 3	Uelzen
Space (sqm)	3,300
Annualised rent (kEUR)	100
Major tenant	Metro Gastro
WALT	~ 3.8 years



Location 4	Wolgast
Space (sqm)	2,900
Annualised rent (kEUR)	120
Major tenant	Metro Gastro
WALT	~ 1.7 years

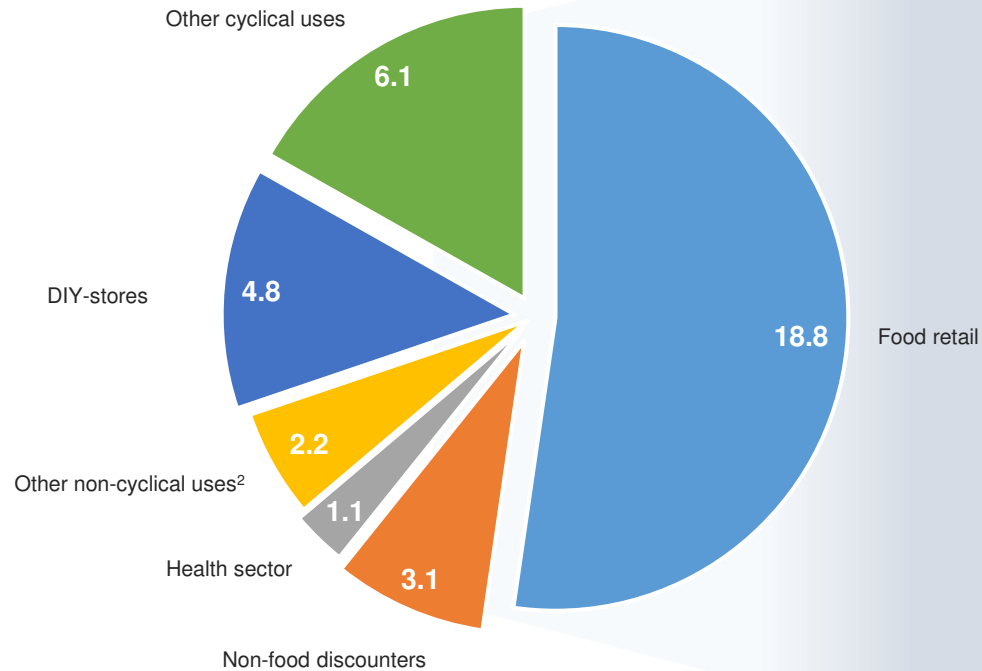


Location 5	Reinsdorf
Space (sqm)	1,400
Annualised rent (kEUR)	91
Major tenant	Nah & gut (EDEKA), Sparkasse
WALT	~ 6.9 years





























# Tenant mix

## High quality tenants and 70% non-cyclical rents

### >> Rent contribution by sector (mEUR)<sup>1</sup>:



### >> Annualised rent contribution by major tenants<sup>1</sup>:

Tenant group	Brands	Rents (mEUR)	WALT in years
Edeka Group	  	5.5	3.4
Schwarz Group	 	5.6	6.1
Metro Group	 	2.5	10.0
Bartels-Langness Group		1.0	9.4
Rewe Group	  	2.7	7.4
Norma		0.5	2.7
ALDI		0.6	4.6
Others	  	0.6	4.1
<b>Total food retail</b>		<b>18.8</b>	<b>6.0</b>
Rewe Group	 	1.8	3.4
Tengelmann Group		1.7	5.8
Others		1.3	3.6
<b>Total DIY stores</b>		<b>4.8</b>	<b>4.3</b>
Tengelmann Group	 	1.1	4.2
Others	     	2.0	3.9
<b>Total non-food discounters</b>		<b>3.1</b>	<b>4.1</b>

<sup>1</sup> Annualised rent contribution of the pro forma portfolio (94 properties) as at 13 August 2018

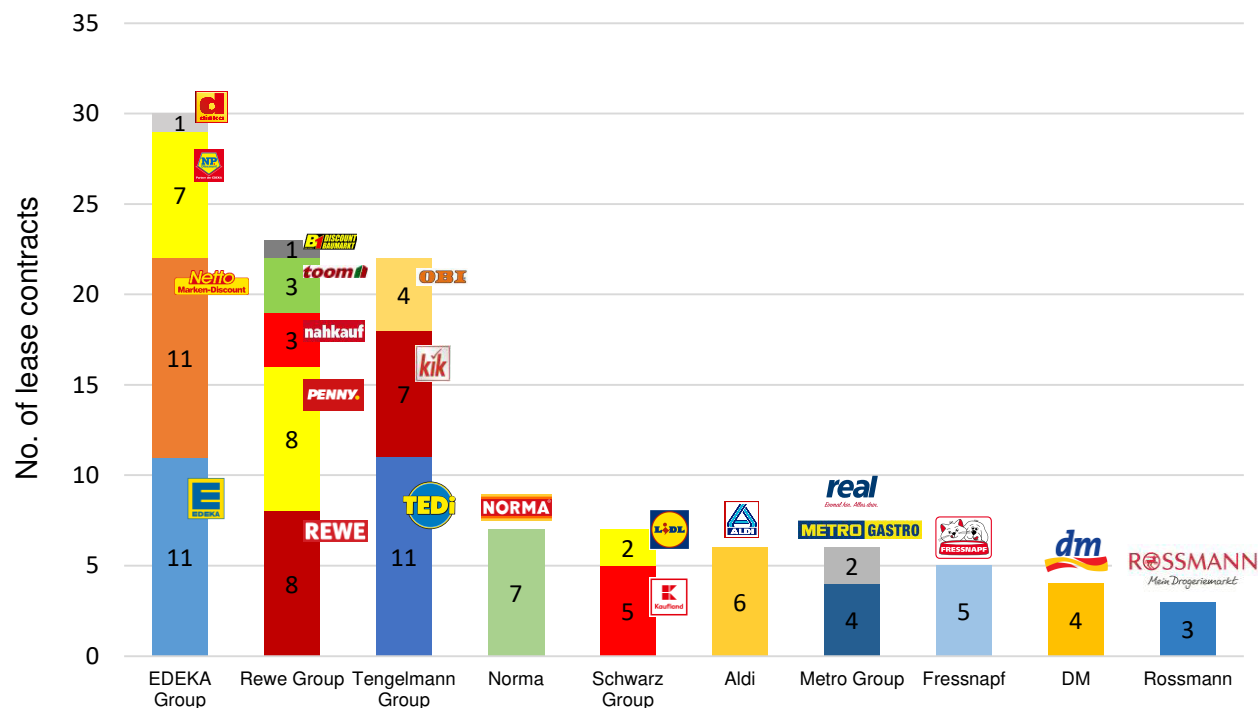
<sup>2</sup> Involves e.g. drug stores, bakeries, banks and apartments



# Leases

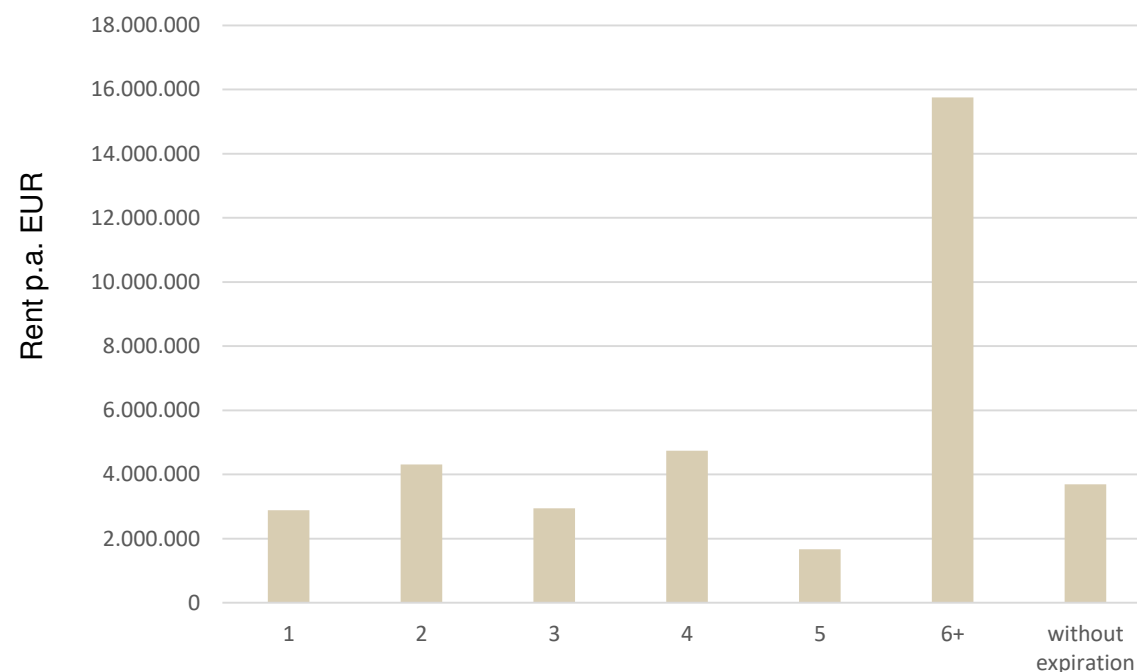
## DKR as a reliable partner for long-lasting tenancies

### >> Multiple leases with the same tenants foster the relationship<sup>1</sup>:



> Multiple leases with the same tenant strengthens DKRs position as a partner with the aim to establish stable lease relationships and to prolong rental contracts etc.

### >> Annualised rents allocated to years of lease contract maturities of the portfolio<sup>1</sup>:



> WALT as at 30 June 2018: 5.1 years

<sup>1</sup> Based on the pro forma portfolio (94 properties) as at 14 August 2018

# Valuation potential

Share price currently trades at attractive 7.4% yield

>> NAV impact derived from factor increases (c.p.) leads to upside potential:

	Annualised total portfolio rent (mEUR)	Hypothetical valuation multiple	Yield	Portfolio value (mEUR)	Net LTV	Net debt outstanding	NAV (mEUR)	Number of shares m	Hypothetical NAV per share (EUR)
Current portfolio as at 30.06.2018	30.0	11.7	8.5%	352.4	47%	184.2	204.3	27,236	7.50
Assumptions (Pro forma portfolio) <sup>1</sup>	36.0	12.0	8.3%	432.0	47%	204.3	227.7	27,236	8.36
	36.0	12.5	8.0%	450.0	45%	204.3	245.7	27,236	9.02
	36.0	13.0	7.7%	468.0	44%	204.3	263.7	27,236	9.68
	36.0	13.5	7.4%	486.0	42%	204.3	281.7	27,236	10.34
	36.0	14.0	7.1%	504.0	41%	204.3	299.7	27,236	11.00
	36.0	14.5	6.9%	522.0	39%	204.3	317.7	27,236	11.66
	36.0	15.0	6.7%	540.0	38%	204.3	335.7	27,236	12.32

Current trading level of DKR shares

- We believe that there is high potential for value increases in the future
- Compared to the peer group DKRs external portfolio valuation (book value) is still at fairly conservative ~ 8.5% yield which implies hidden reserves

<sup>1</sup> Assumptions are based on the current pro forma portfolio of 94 assets and GAV of 415 mEUR with an annualised rent of 36.0 mEUR



# Financial structure

# Financial structure

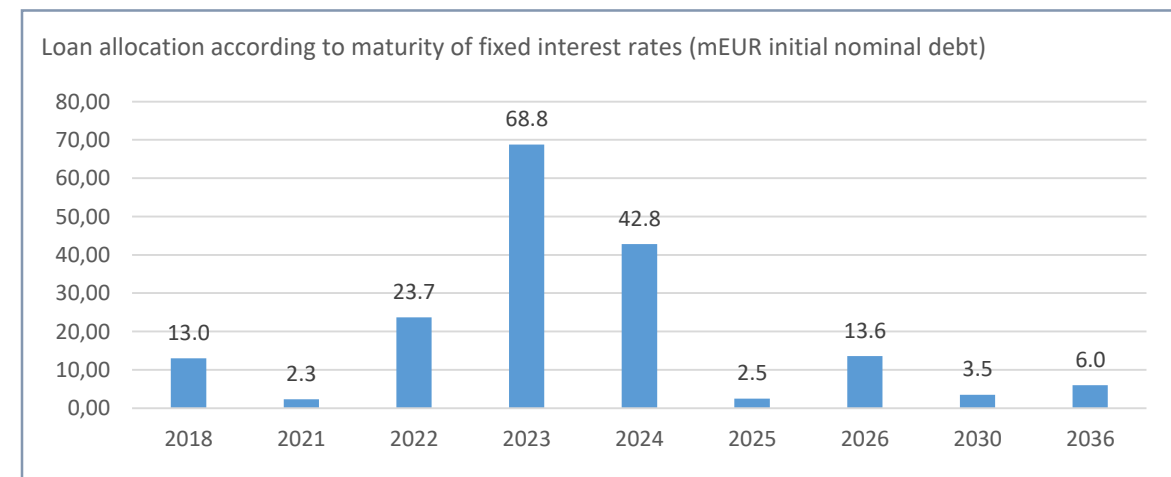
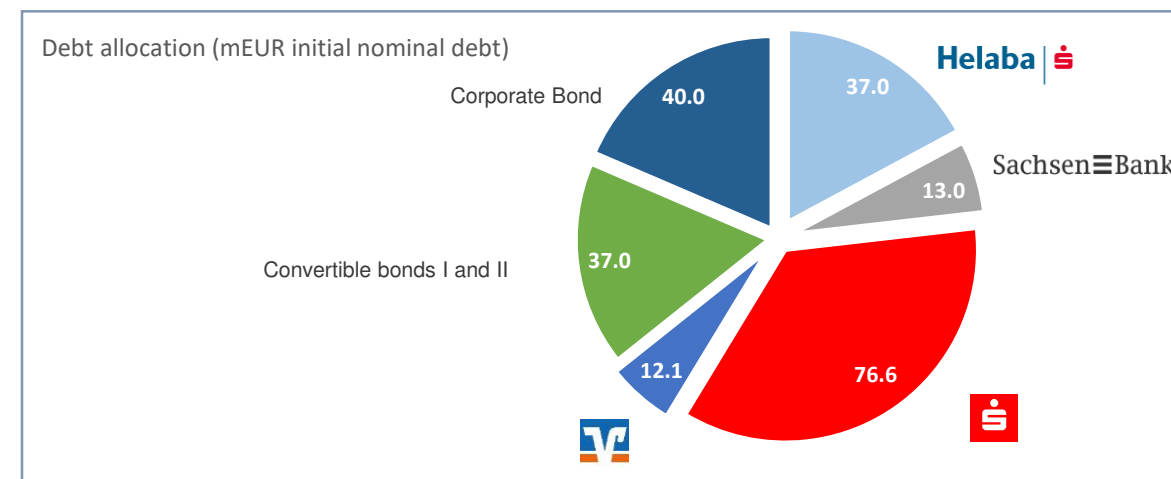
## Solid and efficient debt structure

### >> Debt structure of DKR:

	30.06.2018	30.09.2017
Debt from loans and convertible bonds (IFRS), mEUR	209.3	118.9
Average nominal interest of loans, % p.a.	2.01	2.38
Average nominal interest of loans & convertible bonds, % p.a.	2.39	2.99
(Net-) LTV (%) <sup>1</sup>	47.3	42.6
Average loan maturity (years)	5.6	4.9
ICR (EBITDA excl. valuation / interest results)	3.8x	3.1x

- DKR has issued a secured 40 mn corporate bond at the end of May 2018 with a duration of 6 years and a coupon of 1.8% p.a.
- Moreover DKR has drawn new loans in a net amount of 68 mn EUR by the end of June 2018
- Refinancing of 13 mn EUR short-term loan with Sachsenbank has been finalised at mid August 2018 with LBBW
- As a result average interest of debt have dropped to competitive 2 % p.a.

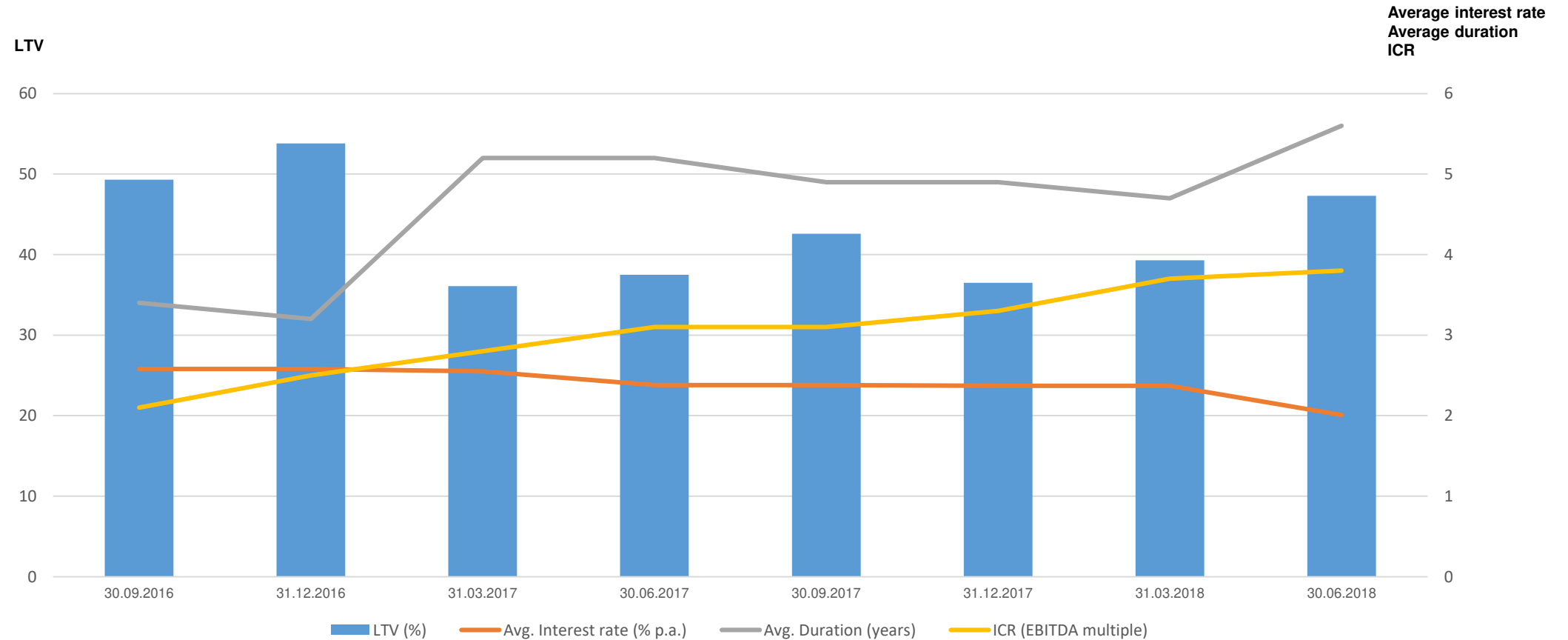
<sup>1</sup> Comprises of all financial liabilities as well as advanced payments for purchased investment properties



# Financial structure

## Debt metrics have significantly improved

>> Development of debt metrics over the last 21 months:



# Scope Rating


## Senior secured debt „BBB“ (Investment grade)

>> Scope initial rating as of 31 May 2018 (extract of rating report):

31 May 2018

**Deutsche Konsum REIT-AG**  
Germany, Real Estate

Corporates



**BB** STABLE

### Corporate profile

Deutsche Konsum REIT-AG started operations in 2014 and received the REIT status ("real estate investment trust") in 2016 and is therefore exempted from the income-based tax. The objective of the company is to acquire and manage a retail portfolio focused on regional areas and medium sized cities across Germany.

### Key metrics

			Scope estimates

### Ratings & Outlook

Corporate rating	BB/Stable
Senior secured rating	BBB
Senior unsec. rating	BB+

Analysts

# Financials 9M 2017/2018

# Financials 9M 2017/2018

## Condensed IFRS balance sheet

	kEUR	30.06.2018	30.09.2017		kEUR	30.06.2018	30.09.2017
<b>Assets</b>				<b>Equity and liabilities</b>			
Investment properties		352,398.5	275,443.9	Subscribed capital		27,236.3	24,760.3
Other non-current assets		37,021.5	416.0	Capital reserves		94,164.9	72,553.0
Deferred tax assets		0.0	0.0	Other reserves		855.7	855.7
<b>Total non-current assets</b>		<b>389,420.0</b>	<b>275,849.9</b>	Retained earnings		82,012.5	56,587.0
Other current assets		31,112.6	3,664.1	<b>Total equity</b>		<b>204,269.3</b>	<b>154,736.0</b>
Cash position		471.5	1,160.5	Bank liabilities		115,727.1	40,891.3
<b>Total current assets</b>		<b>31,584.1</b>	<b>4,824.6</b>	Convertible bonds		35,956.3	35,541.0
				Corporate bond		39,977.5	0.0
				Other liabilities		4,170.2	4,169.5
				Deferred tax liabilities		0.0	0.0
				<b>Total long-term liabilities</b>		<b>195,831.1</b>	<b>80,601.9</b>
				Bank liabilities		17,602.3	31,471.8
				Other financial liabilities		0.0	10,819.1
				Other short-term liabilities		3,301.4	3,045.8
				<b>Total short-term liabilities</b>		<b>20,903.7</b>	<b>45,336.7</b>
<b>Total assets</b>		<b>421,004.1</b>	<b>280,674.5</b>	<b>Total equity and liabilities</b>		<b>421,004.1</b>	<b>280,674.5</b>

Pro forma portfolio of mEUR 415 including the latest notarised acquisitions

Comprises advanced payments for acquisitions

Contains VAT receivables and tenant receivables as well as short-term cash investment

Increased equity due to 10% Capital increase on 8 Dec 2017 with cash contribution of mEUR 24.1

Increased liabilities due to new loans

Corporate bond issue



# Financials 9M 2017/2018

## Condensed IFRS income statement

	kEUR	01.10.2017 – 30.06.2018	01.10.2016 – 30.06.2017
	Rental income	20,914.4	13,753.7
	Operating expenses	-5,501.4	-3,304.9
Rent increases due to various acquisitions	<b>Net rental income</b>	<b>15,413.0</b>	<b>10,448.8</b>
	Income from property disposal	30.0	8.3
	Expenses from property disposal	-30.0	-4.0
	<b>Net result from property disposal</b>	<b>0.0</b>	<b>4.3</b>
	Gain/loss from fair value measurement of investment properties	15,390.6	26,403.2
	Other operating income	37.9	64.3
	Personnel expenses	-371.9	-116.6
	Depreciation of assets	-0.7	-0.7
	Impairment of receivables	-117.9	0.0
	Other operating expenses	-1,303.9	-963.3
	<b>EBIT</b>	<b>29,047.1</b>	<b>35,839.9</b>
Increase of interest expenses due to higher bank debt referring to property acquisitions	Interest income	243.6	213.9
	Interest expenses	-3,854.7	-3,281.4
	<b>EBT</b>	<b>25,436.0</b>	<b>32,772.4</b>
	Income taxes	-10.5	0.0
	Other taxes	0.0	-17.5
	<b>Total period income</b>	<b>25,425.5</b>	<b>32,754.9</b>

Opportunistic sale of an unused land part  
of the acquired property in Schwerte

Increase of personnel expenses due to  
increased number of staff in course of the  
growth of the company

Increase includes one-offs of circa 423  
kEUR - remaining slight increase due to  
higher group charges

# Financials 9M 2017/2018

## FFO and EPRA NAV reconciliation

### >> FFO/aFFO:

kEUR	01.10.2017 – 30.06.2018	01.10.2016 – 30.06.2017
<b>Total period income</b>	<b>25,425.5</b>	<b>32,754.9</b>
+/- Income taxes	10.5	0.0
+ Depreciation of assets	0.7	0.7
+/- Gain/loss from fair value measurement of investment properties	-15,390.6	-26,403.2
Net result from property disposal	0.0	0.0
Other non-current / non-cash expenses/income	1,325.9	727.6
<b>FFO</b>	<b>11,371.9</b>	<b>7,075.7</b>
- Capex	-7,221.9	-1,475.9
<b>aFFO</b>	<b>4,150.0</b>	<b>5,599.8</b>
<i>FFO per share (EUR), undiluted<sup>1</sup></i>	<i>0.43</i>	<i>0.33</i>
<i>aFFO per share (EUR), undiluted<sup>1</sup></i>	<i>0.16</i>	<i>0.26</i>

### >> EPRA NAV:

kEUR	30.06.2018	30.09.2017
Total equity	204,269.3	154,736.0
Conversion of convertible bonds	0.0	0.0
<b>NAV</b>	<b>204,269.3</b>	<b>154,736.0</b>
Fair value of derivative instruments	0.0	0.0
Deferred taxes	0.0	0.0
<b>EPRA NAV</b>	<b>204,269.3</b>	<b>154,736.0</b>
Number of shares	27,236,313	24,760,285
<b>EPRA NAV per share (EUR), undiluted</b>	<b>7.50</b>	<b>6.25</b>

<sup>1</sup> On the basis of average number of shares within the period

# DKR shares, analysts, guidance and dividend policy

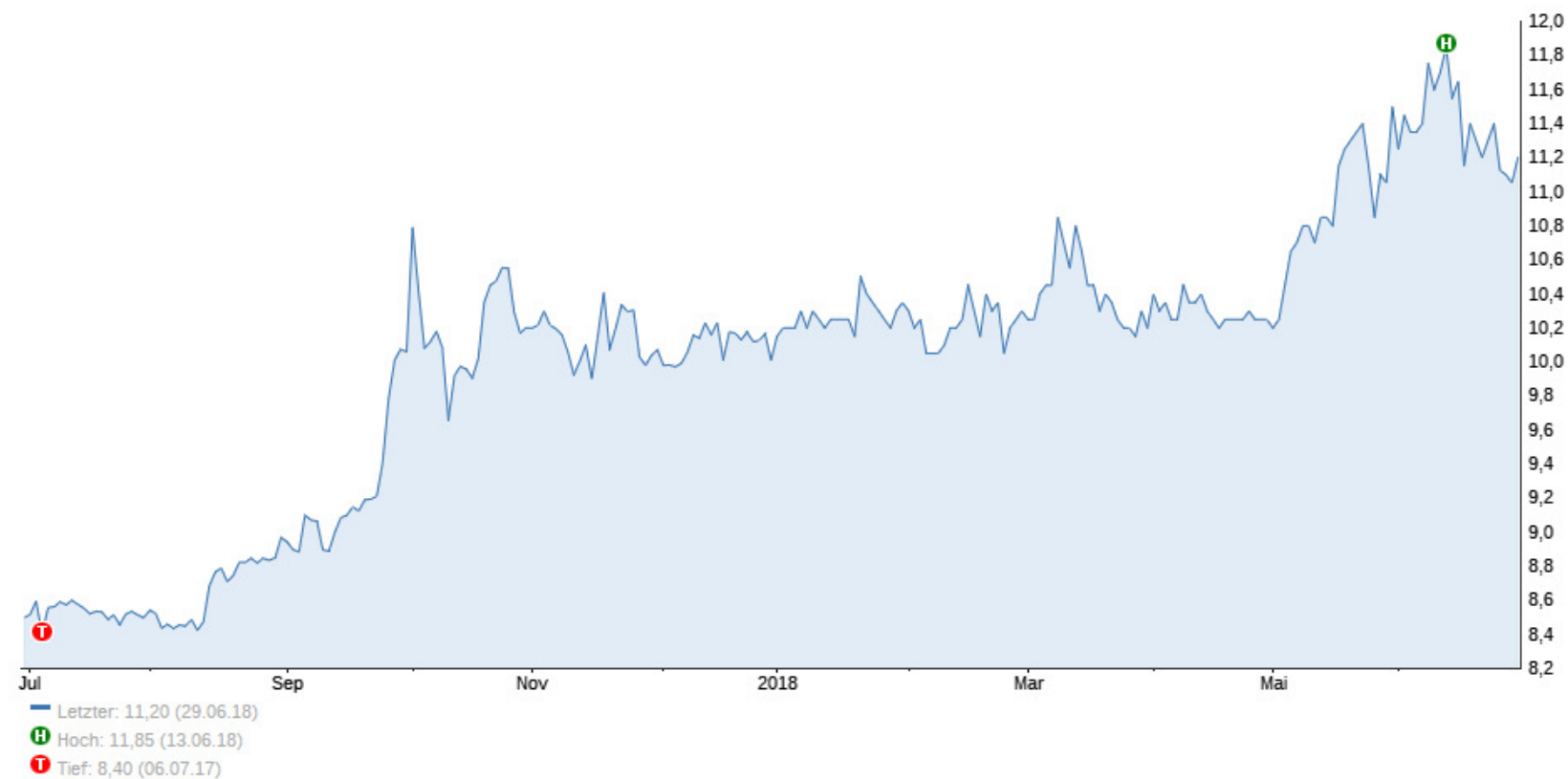
# DKR Shares

Share price reflects the steady and accretive growth of DKR



## >> DKR share:

	14.05.2018
ISIN	DE000A14KRD3
WKN	A14KRD3
Symbol	DKG
Number of shares	27,236,313
Nominal capital (kEUR)	27,236
Share class	Bearer shares
Stock exchanges	XETRA, Frankfurt, Berlin
Segment	Prime Standard
Indizes	Prime all share, CDAX, DIMAX, RX REIT
52w high/low (EUR)	11.20 / 8.40
Market Cap (mEUR)	~ 300



>> Analyst coverage:

Publication date	Bank	Analyst	Recommendation	Price target
2 July 2018	 ODDO BHF	Thomas Effler	„Buy“	EUR 12.80
12 June 2018	 BERENBERG PRIVATBANKIERS SEIT 1590	Kai Klose	„Buy“	EUR 12.50
16 Mai 2018	 Bankhaus Lampe	Dr. Georg Kanders	„Buy“	EUR 12.00

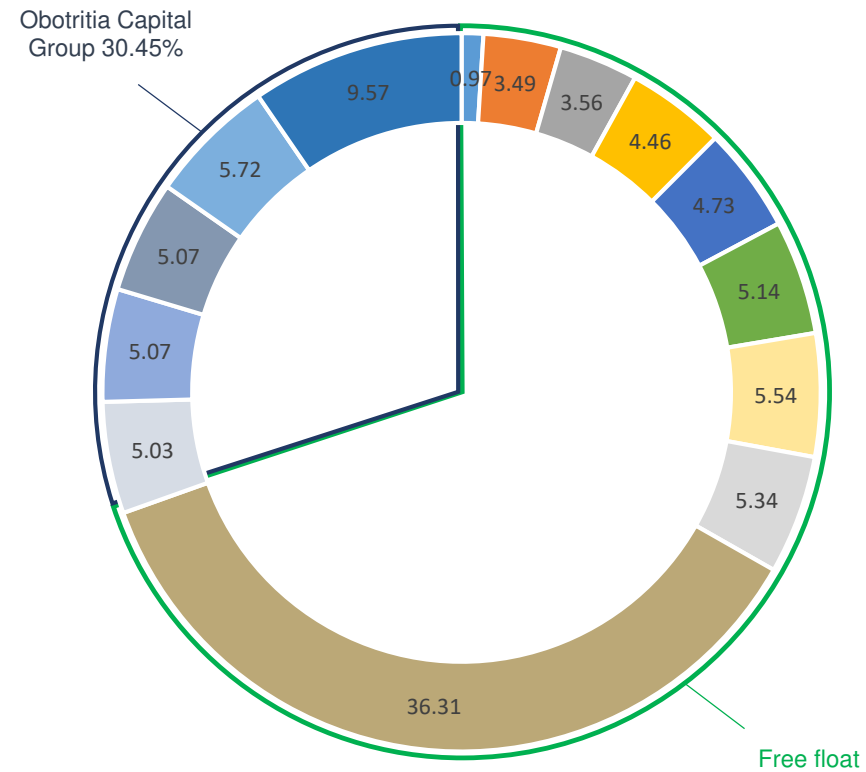
# DKR Shares

## Stable shareholder structure

### >> DKR share developments in FY 2017/2018:

- Successful 10% share capital increase closed on 8 Dec 2017
- Issuance of 2,476,028 new shares at a share price of 10 EUR
- Increased free float
- DKR aims to step into SDAX and EPRA indices

### >> Current shareholder structure (30.06.2018) :



■ Carmignac Gestion
■ Aramis Holding GmbH
■ Tiven GmbH
■ 9. Ostdeutschland Invest GmbH
■ Retail Real Estate Opportunity UG
■ Zerena GmbH
■ Goebel Home Accessories AG
■ Lotus AG
■ Other free float
■ Obotritia Alpha Invest GmbH
■ Försterweg Beteiligungs GmbH
■ Hevella Capital GmbH & Co. KGaA
■ Babelsberger Beteiligungs GmbH
■ Obotritia Capital KGaA



### >> FFO-Guidance for FY 2017/2018:

- Strong 4<sup>th</sup> quarter expected due to transfer of ownership of big hypermarkets
- **DKR expects FFO between 16.0 mEUR and 18.0 mEUR**
- **FFO run rate at 23.0 mEUR by the end of FY 2017/2018**

### >> Dividend policy for FY 2017/2018:

- **Based on current projections we expect a dividend of at least 0.20 EUR per share**

### >> FFO-Outlook for FY 2018/2019:

- **Due to current projection DKR expects FFO between 25.0 mEUR and 28.0 mEUR**
- **FFO run rate at 33.0 mEUR by the end of FY 2018/2019**

# Finance calendar

## >> Finance calendar:

Date	
14.08.2018	Publication of Q3 2017/2018 quarterly statement
15.11.2018	Publication of preliminary FY 2017/2018 figures
18.12.2018	Publication of final annual report FY 2017/2018

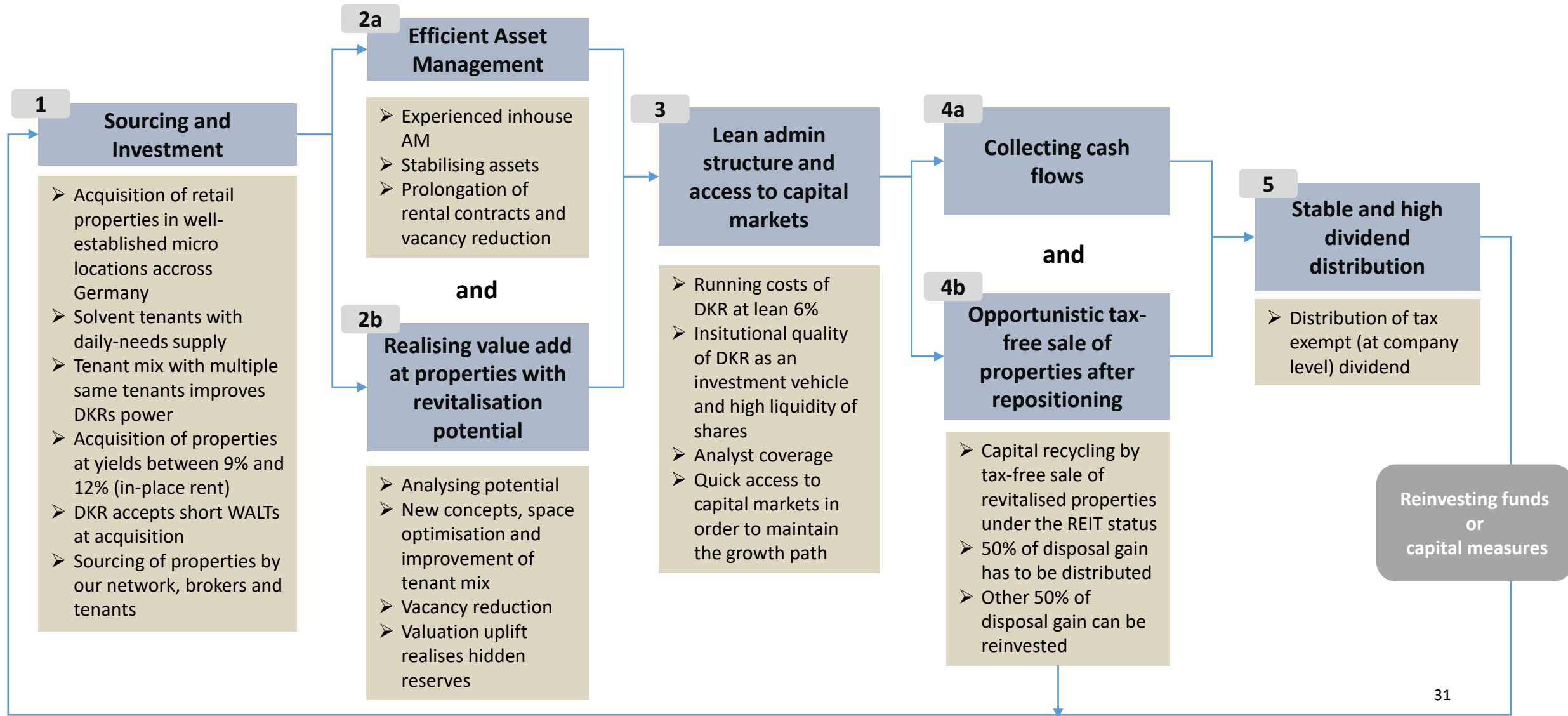
## >> Upcoming events:

Date	
29.08.2018	Berenberg Real Estate Helsinki Seminar, Helsinki
06.09.2018	EPRA Conference 2018, Berlin
19.09.2018	Roadshow, Madrid
20.09.2018	Roadshow, Barcelona
24.09.2018	Berenberg and Goldman Sachs Seventh German Corporate Conference, Munich
25.09.2018	Baader Investment Conference, Munich
20.11.2018	Roadshow, London
26.11.2018	Eigenkapitalforum, Frankfurt

# Appendices

# Appendix I

## DKR Strategy at a Glance (1) - Focussing on high cashflows

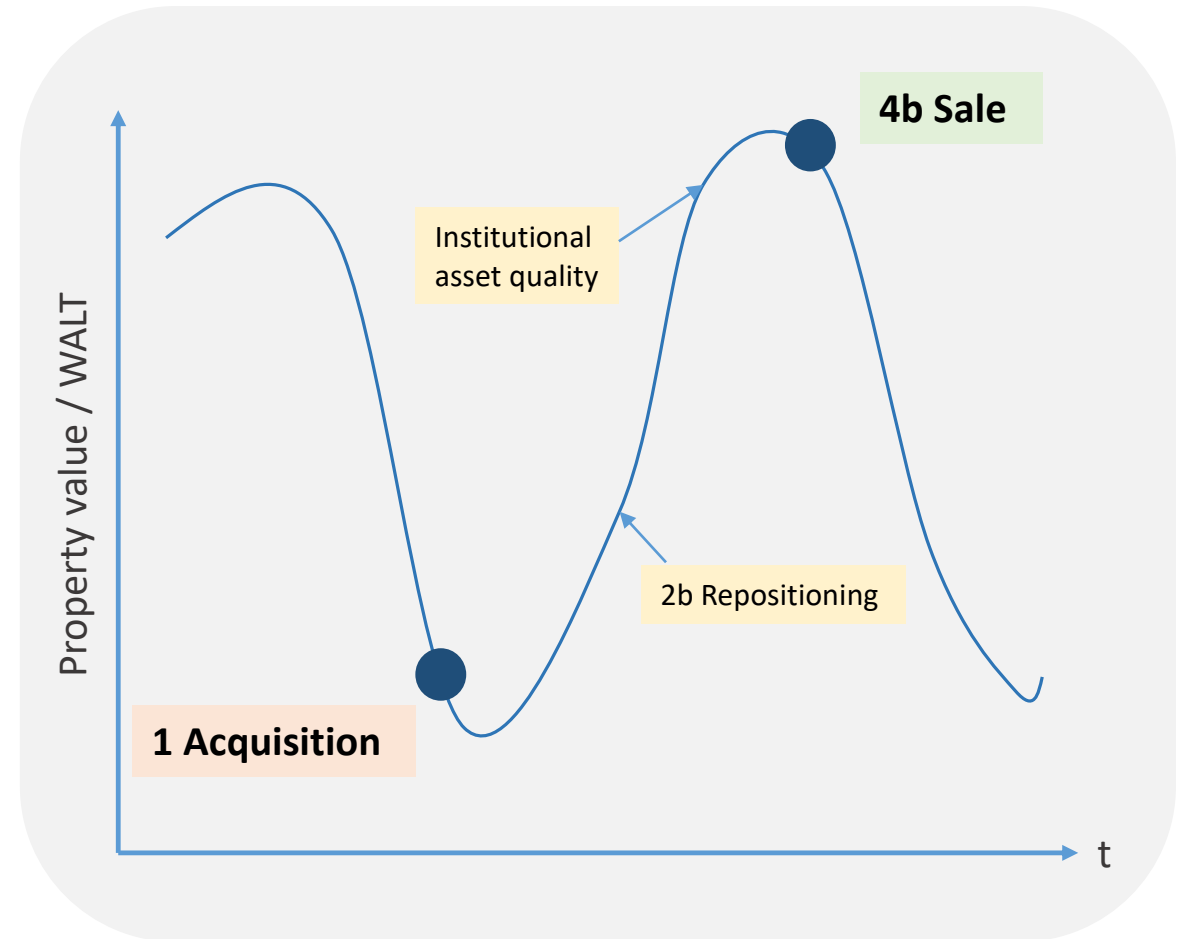


# Appendix I

## DKR Strategy at a Glance (2) - Opportunities and capital recycling

### >> Value add strategy:

- DKR invests in properties in stable and established micro locations at a low level of the value cycle (1)
- In many cases these properties are slightly undermanaged or need new concepts or refurbishment
- By accepting short WALTs DKR can invest at high yields of ~ 10%
- DKR also accepts vacancies as long as the existing tenant mix generates a yield of ~ 10%
- Actually vacancy often is a clear value add potential which gives high flexibility to improve use and space concepts or allow tenants to expand their space
- DKR analyses the property potential and starts revitalising projects (2b)
- In course of the revitalisation and improvement of the property DKR is able to extend lease contracts and to reduce vacancy
- As a result the asset achieves a very stable asset quality with a high WALT and low vacancies as well as a state-of-the-art concept and the fair value is at the top
- Afterwards DKR intends to sell opportunistically at this valuation level





# Appendix II

## Experienced and committed management



### **Rolf Elgeti (CEO)**

Rolf has been the founder of Deutsche Konsum REIT-AG, which is a spin-off of his investment company Obotritia Capital. Before he was the CEO of TAG Immobilien AG, Hamburg, which experienced an enormous growth under his leadership and stepped into German Mid-Cap Index (MDAX).

Before Rolf worked many years as an equity strategist at ABN Amro, Commerzbank and UBS in London. He has excellent banking and real estate knowledge. Rolf is personally and financially committed to DKR.



### **Alexander Kroth (CIO)**

Alexander joined DKR in January 2017 and initially set up the company together with Rolf. He is in charge of DKRs investment strategy and the asset management. Before he worked at Obotritia Capital and KPMG. Alexander has real estate experience of more than 10 years.

In July 2017 Alexander has been appointed to CIO.



### **Christian Hellmuth (CFO)**

Christian joined DKR in January 2017 and is responsible for Finance, Accounting and IR. Before he worked many years in leading positions at WCM, Deutsche Wohnen, GSW, Porsche Consulting and PricewaterhouseCoopers. Christian has real estate experience of more than 15 years.

In July 2017 Christian has been appointed to CFO.

# Appendix III

## Strong external partners

>> DKRs external management partners:



*Elgeti  
Brothers*



# Appendix IV

## Value add by extensive property redevelopments

### >> Current major revitalisation projects:



Location	Domcenter Greifswald
Space (sqm)	9,410
Vacancy	~ 37%
Project description	Fresh appearance by new facade, new space utilisation, new tenants and expansion of existing tenants
Investment volume	5 mEUR
Expected finalisation	Autumn 2018



Location	Kirschbergcenter Hohenmölsen
Space (sqm)	7,797
Vacancy	~ 38%
Project description	Fresh appearance by new facade, new space utilisation, new tenants and expansion of existing tenants
Investment volume	3 mEUR
Expected finalisation	Summer 2019



Location	Kolumbuspassage Rostock
Space (sqm)	4,492
Vacancy	~ 12%
Project description	New concept and new grocery anchor tenant which improves the tenant mix
Investment volume	~ 1 mEUR
Expected finalisation	Summer 2019



Location	Lindencenter Stralsund
Space (sqm)	5,775
Vacancy	~ 27%
Project description	New space utilisation and improvement of tenant mix
Investment volume	~ 1 mEUR
Expected finalisation	Autumn 2019

# Appendix IV

## Case 1: Bitterfeld - Revitalisation of „BiTZ“ retail store

### At purchase



Total rentable space (sqm)	16,466
Vacant space (sqm)	4,815 (29%)
Annualised rent (mEUR)	0.6
Major tenants	OBI, ALDI, DEICHMANN
WALT	4.5 years
Purchase price (mEUR)	4.5

progress

### Revitalisation process:

1

**New utilisation** concept by DKR's AM and activation of unused land by **new construction** of REWE and DM store

### Results:

New attractive tenants REWE (15 years contract) and DM (12 years contract) and increased rental space. Investment of roughly 5.5m EUR.

2

**Prolongation** of rental contracts with remaining tenants after successful raising of the locations' attractiveness

OBI signed new 10 years contract and 15% rent increase, ALDI remains at the location, TEDI exercised prolongation option.

3

Refurbishing old building and **increase of usability by implementing state-of-the-art rental areas** adapted to tenants needs

Major decrease of vacant space expected due to current positive negotiations with potential tenants. Annualised rent increase of 0,2m EUR expected (conservative calculation).

### Now



Total rentable space (sqm)	19,515
Vacant Space (sqm)	5,745 (29%), Increase due terminated lease contract with a night club
Annualised rent (mEUR)	1.0
Major tenants	OBI, ALDI, REWE, DM, DEICHMANN
WALT	7.8 years
Fair value (mEUR) 30 Jun 2018	13.7 36

# Appendix IV

## Case 2: Ludwigslust - Extending the anchor of „Lindencenter“

### At purchase



Total rentable space (sqm)	14,386
Vacant space (sqm)	930 (6.5%)
Annualized rent (mEUR)	1.5
Major tenants	SKY, INJOY, DEICHMANN, KIK
WALT	5.1 years
Purchase price (mEUR)	13.0

progress

### Value-add measures:

1

At purchase through DKR the anchor tenant was about to leave the asset. Started **negotiations with anchor tenants** quickly.

2

**Vacancy almost completely reduced** by using the experience and the network of our asset management.

### Results:

Prolongation of food retail anchor by 10 years with same conditions which increased the WALT significantly.

Almost 0% vacancy and increased rent income.

### Now



Total rentable space (sqm)	14,386
Vacant Space (sqm)	117 (0.1%)
Annualized rent (mEUR)	1.6
Major tenants	FAMILA, INJOY, DEICHMANN, KIK
WALT	7.5 years
Fair value (mEUR) 30 Jun 2018	24.0



# Appendix IV

## Case 3: Greifswald - Vacancy reduction through new attractive concept

### At purchase



Total rentable space (sqm)	17,136
Vacant space (sqm)	5,998 (35%)
Annualised rent (mEUR)	0.9
Major tenants	Fashion Store, Grocery, Cinema, Apartments, Others
WALT	< 3 years
Purchase price (mEUR)	8.5

progress

### Revitalisation process:

1

At purchase the retail centre had an uncertain future sticking in a liquidation for years. Developed **new space concept** and **started negotiations** with anchor tenants quickly.

2

Pro-active search and presentation of **new attractive tenants**. Initiation of refurbishments and modernization of appearance and technical issues like fire protection.

3

Start of **refurbishment and modernisation** and ongoing **attraction of new tenants**.

### Results:

Space expansion of food retail anchor and fashion store accompanied with lease expiries.

New leases have reduced the vacancy < 10% and increased annualised rent to 1.4m EUR. Duration of all new leases over 10 years.

New and attractive appearance of the centre. Vacancy almost completely reduced.

### After rebuilding



Total rentable space (sqm)	17,136
Vacant Space (sqm)	<10%
Annualised rent (mEUR)	1.2
Major tenants	JESKE / MANGO, HOEPPNER (Shoes), NAH & FRISCH (Grocery), Cinema, Others
WALT	> 10 years
Fair value (mEUR) 30 Jun 2018	19.1

# Appendix V

## DKRs current property portfolio

Please find DKR's current portfolio overview online under the following link:

[DKR property portfolio overview as at 30th June 2018](#)

## >> Calculation of financial figures:

Financial KPI	Calculation
Average debt interest rate	Weighed average interest rates of financial instruments divided by nominal financial debt
EPRA NAV per share	Total equity modified according to EPRA guidelines divided by number of shares
FFO	Funds From Operations – Recurring and oneoff adjusted fund from the operation of the property portfolio
GAV	Gross Asset Value – Value of investment properties in the balance sheet
Initial yield	Annualised rental income divided by purchase price
Net-LTV	Net Loan-to-value - debt (financial liabilities minus cash) divided by GAV
Valuation multiple	Gross asset value divided by rental income
WALT	Weighed average lease terms of the portfolio remaining



# IR contact

## Get in touch with us

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Unless otherwise specified all information is for the quarter ended 30 June 2018.