



# Earnings Presentation H1 2018/2019

1 October 2018 to 31 March 2019

15 May 2019

Deutsche  
Konsum  
REIT-AG



Summary of the H1 2018/2019

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

Financial structure

Financials H1 2018/2019

DKR shares, analysts, guidance and dividend policy

Financial calendar FY 2018/2019

Appendices

- Strategy

- Management

- External partners

- Revitalisation / Value add

- Property overview as at 31 March 2019

- Glossary

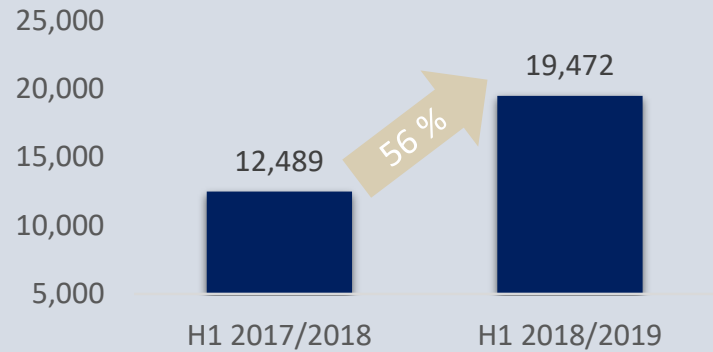
# H1 2018/2019 results at a glance

# Financial key figures

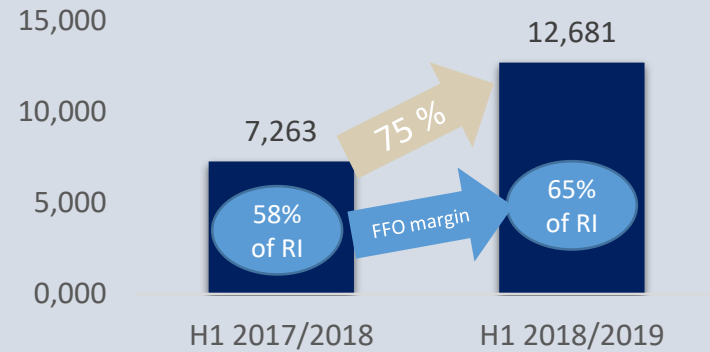
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## H1 financial figures show strong and steady growth

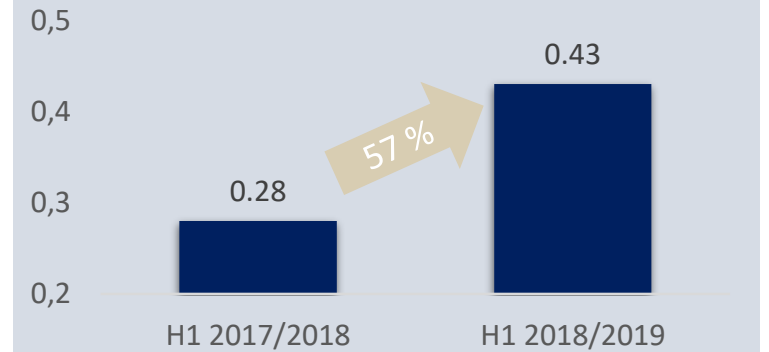
Rental income (kEUR)



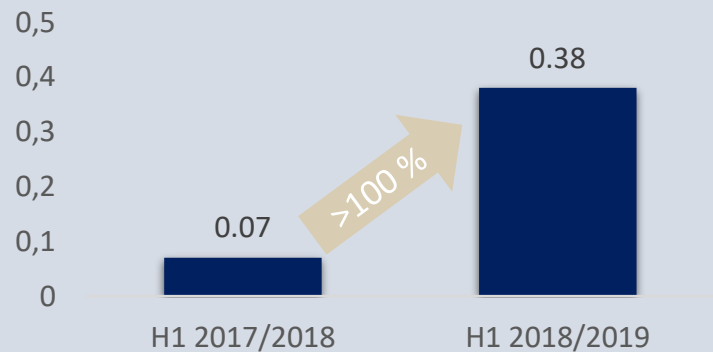
FFO (kEUR)



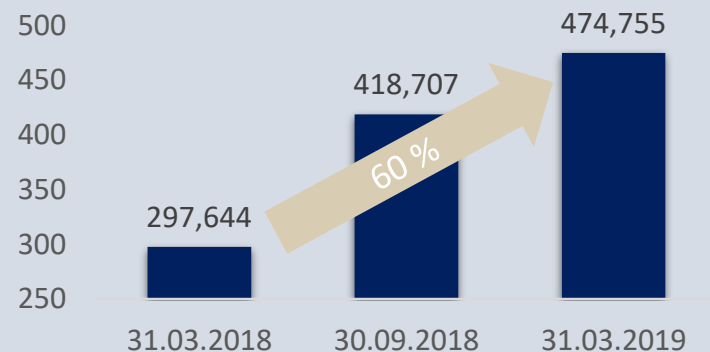
FFO per share (EUR)



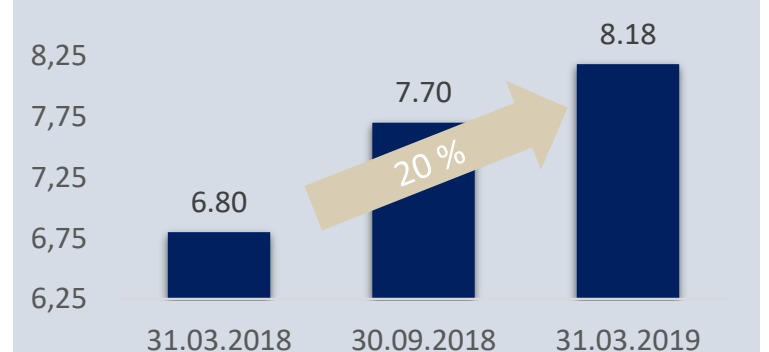
aFFO per share (EUR)



Investment properties (kEUR)



EPRA NAV per share (EUR)



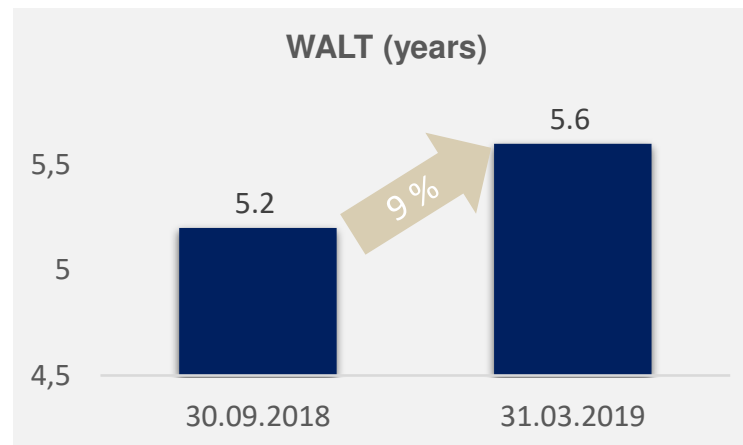
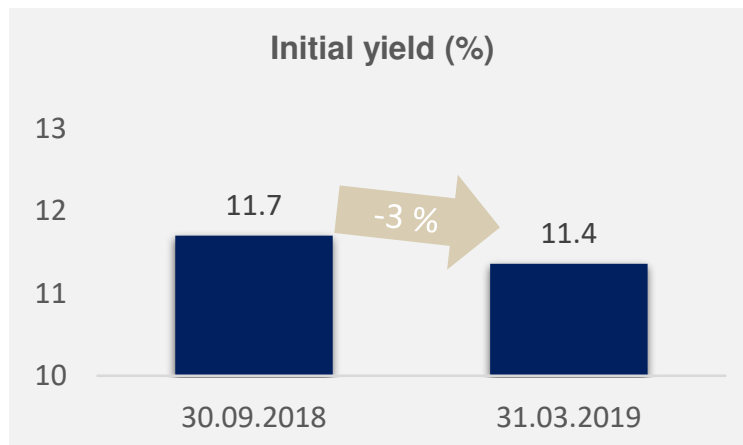
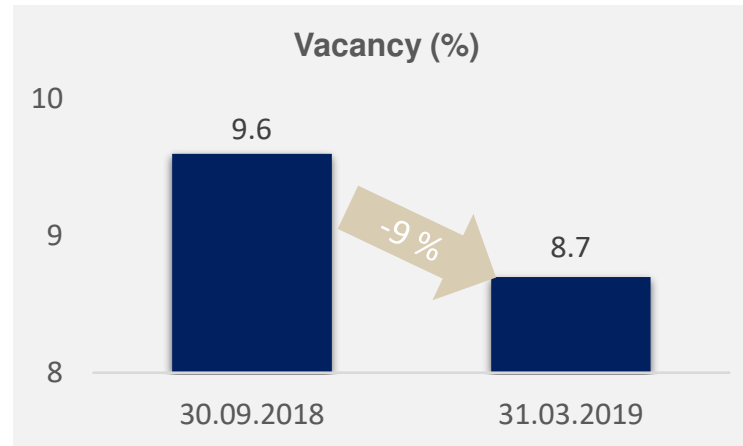
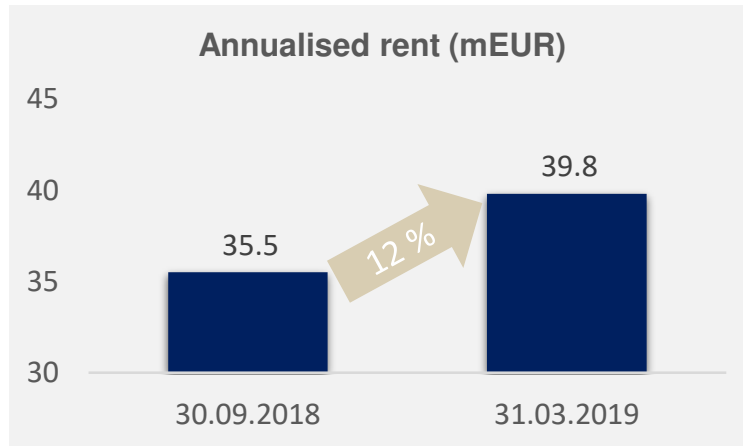
# Retail property portfolio



# Property portfolio

Key portfolio figures as at 31 March 2019

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## >> Portfolio snapshot

- Key portfolio figures based on 106 properties accounted as at 31.03.2019
- Portfolio GAV of about 475 mEUR
- Vacancy level mainly dropped due to the latest addition of assets with high occupancy rates
- Increase of WALT mainly due to long lease extensions by 15 and 10 years in Verden and Bergen

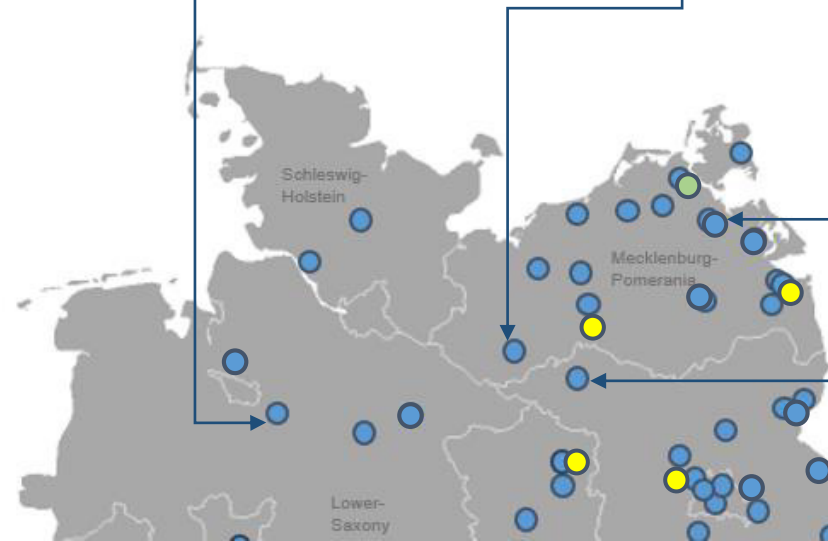


# Property map

121 properties with 683k sqm lettable space and 540m EUR GAV

>> DKR's top assets > 10 mEUR asset fair value as at 31.03.2019:

	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“

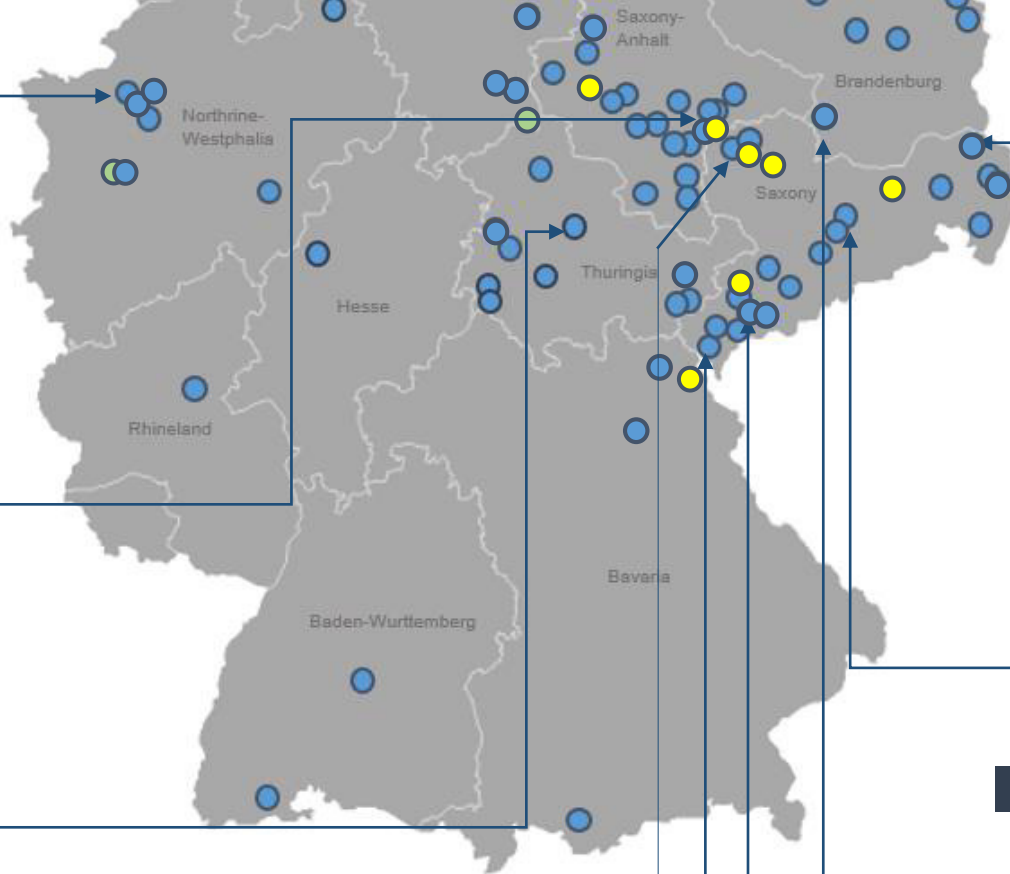
Status as at 15.05.2019



Plauen



Werdau „Pleissen-Center“



Weißwasser „Südpassage“



Meißen



Elsterwerda „Elster Center“

- Portfolio as at 31.03.2019 (106 properties)
- Transfers of ownership occurred after 31.03.2019 (3 properties)
- Acquired assets with outstanding transfer of ownership (12 properties)



# Property portfolio

## Selection of latest property acquisitions (1)

>> H1 2018/2019 total investment volume amounts to 122 mEUR:



Location	Grevenbroich II – Montanushof (Northrhine-Westphalia)	Stendal – Altmarkt Forum (Lower Saxony)	Leipzig Portitz-Treff (Saxony)
Space (sqm)	28,238	12,115	7,417
Annualised rent (kEUR)	2,209	933	526
Main tenants	Kaufland, Rossmann, Deichmann and others	Kaufland, Woolworth, TEDI	TS Markt, Thomas Philipps, KiK, TEDI
WALT	~ 7 years	~ 6.6 years	~ 2.6 years
Announced	11 April 2019	11 April 2019	11 April 2019
Transfer of ownership	Exp. June 2019	Exp. June 2019	Exp. June 2019

# Property portfolio

## Selection of latest property acquisitions (2)

>> H1 2018/2019 total investment volume amounts to 122 mEUR:

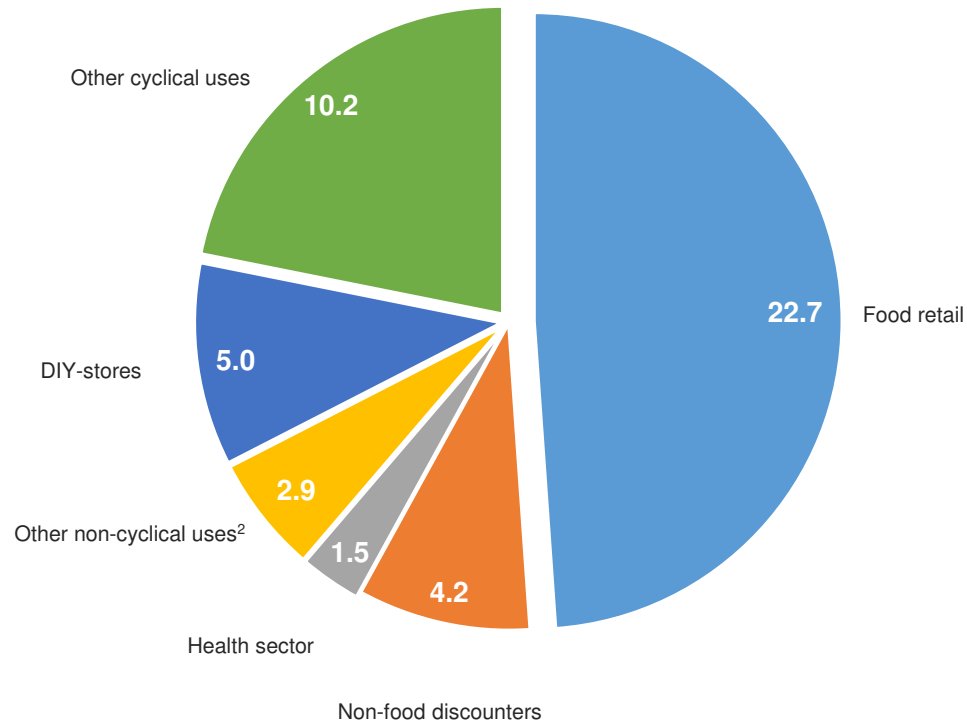


Location	Wunsiedel (Bavaria)	Wurzen (Saxony)	Mülsen St. Jacob (Saxony)
Space (sqm)	2,493	1,210	1,196
Annualised rent (kEUR)	234	138	145
Main tenants	Norma, K+K Schuhe	Diska	Netto
WALT	~ 7.8 years	~ 8.6 years	~ 7.1 years
Announced	11 April 2019	11 April 2019	11 April 2019
Transfer of ownership	Exp. June 2019	Exp. June 2019	Exp. June 2019

# Tenant mix

High quality tenants and circa 67% non-cyclical rents



















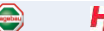








## >> Rent contribution by sector (mEUR)<sup>1</sup>:



<sup>1</sup> Annualised rent contribution of the pro forma portfolio (121 properties) as at 31 March 2019

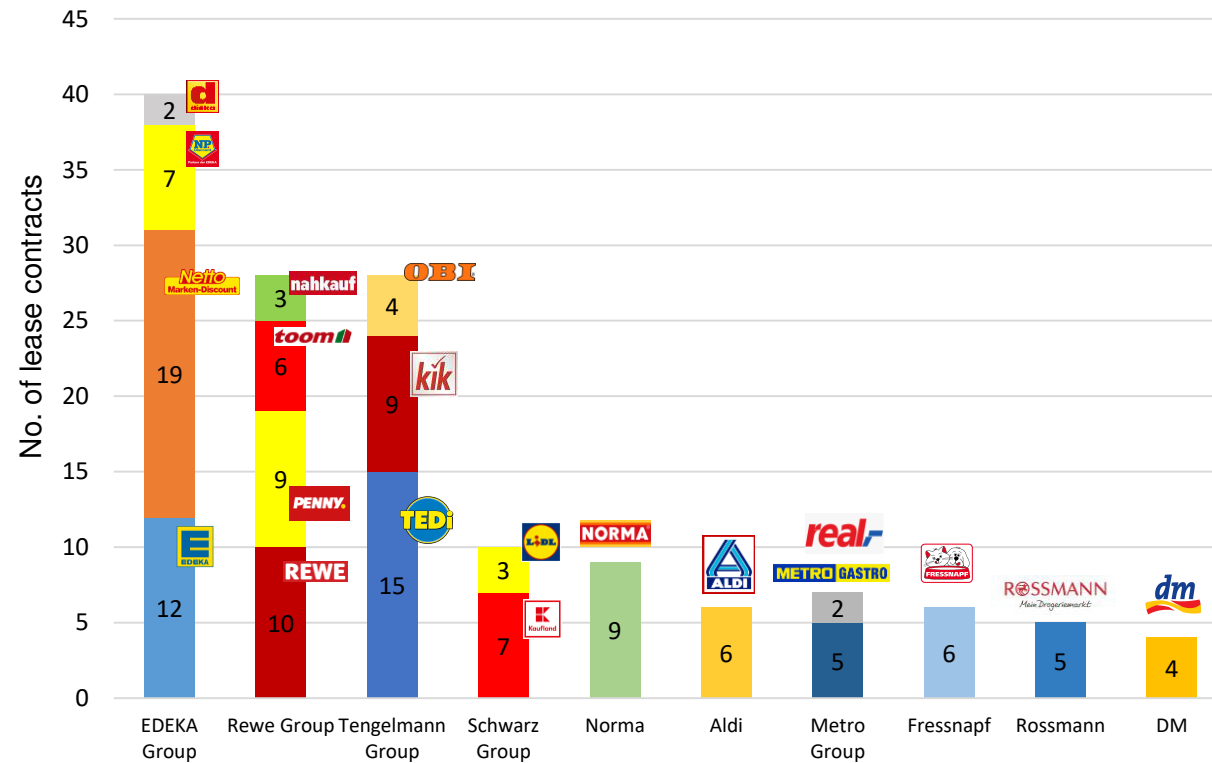
<sup>2</sup> Involves e.g. drug stores, bakeries, banks and apartments

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

Tenant group	Brands	Rents (mEUR)	WALT in years
Edeka Group	  	6.7	7.0
Schwarz Group	 	6.9	5.8
Metro Group	 	3.2	7.5
Bartels-Langness Group		1.0	8.7
Rewe Group	  	3.0	6.3
Norma		0.6	2.5
ALDI		0.6	3.9
Others	  	0.7	5.6
<b>Total food retail</b>		<b>22.7</b>	<b>6.6</b>
Rewe Group		2.0	6.4
Tengelmann Group		1.8	5.1
Others		1.2	6.1
<b>Total DIY stores</b>		<b>5.0</b>	<b>5.9</b>
Tengelmann Group	 	1.3	4.3
Others	     	2.9	4.8
<b>Total non-food discounters</b>		<b>4.2</b>	<b>4.7</b>

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

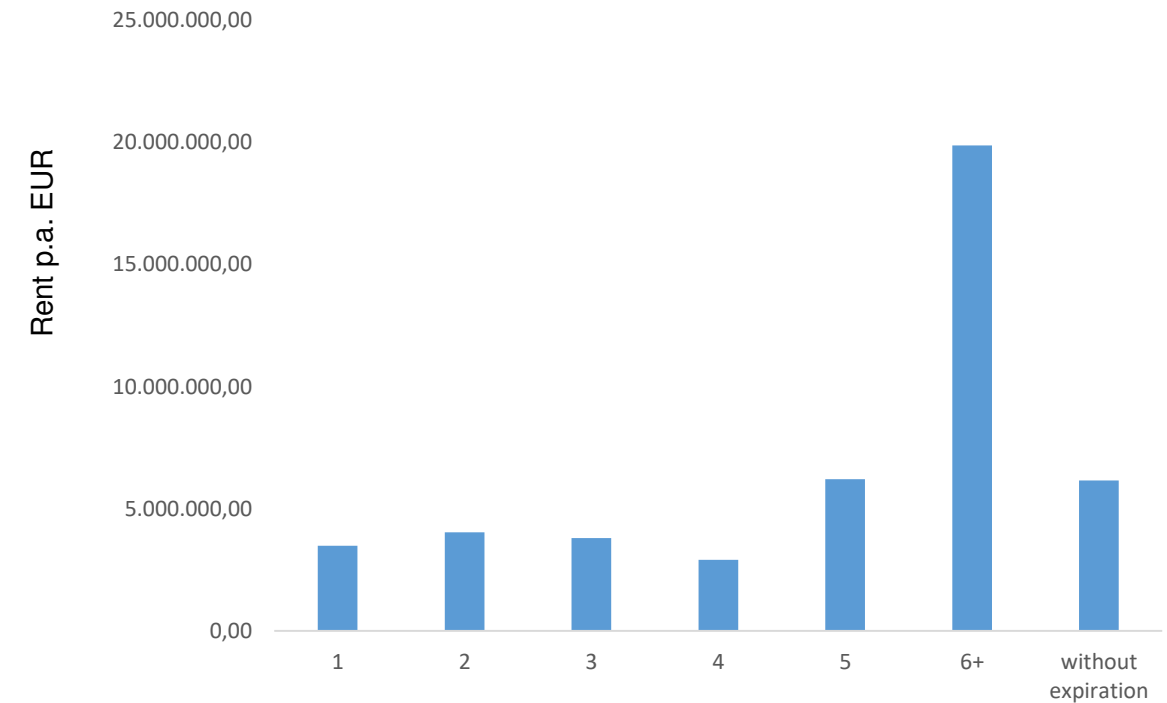
### >> Multiple leases with the same tenants<sup>1</sup>:



### > Multiple leases with the same tenant strengthens DKRs position towards the tenants

<sup>1</sup> Based on the pro portfolio as at 31 March 2019

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



### > WALT as at 31 March 2019: 5.6 years

# Valuation potential

Share price currently trades at a 7.1% 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 31.03.2019	39.8	11.9	8.4%	474.8	49,1%	241.2	244.5	29,960	8.16
Assumptions (Pro forma portfolio)	46.5	13.0	7.7%	604.5	40%	241.2	363.3	29,960	12.13
	46.5	13.5	7.4%	627.8	38%	241.2	386.5	29,960	12.90
	46.5	14.0	7.1%	651.0	37%	241.2	409.8	29,960	13.68
	46.5	14.5	6.9%	674.3	36%	241.2	433.0	29,960	14.45
	46.5	15.0	6.7%	697.5	35%	241.2	456.3	29,960	15.23
	46.5	15.5	6.5%	720.8	33%	241.2	479.5	29,960	16.01
	46.5	16.0	6.3%	744.0	32%	241.2	502.8	29,960	16.78

Current trading level of DKR shares

- We believe that there is a 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 consisting of 121 assets and GAV of 540 mEUR with an annualised rent of 46.0 mEUR



# Financial structure



# Financial structure

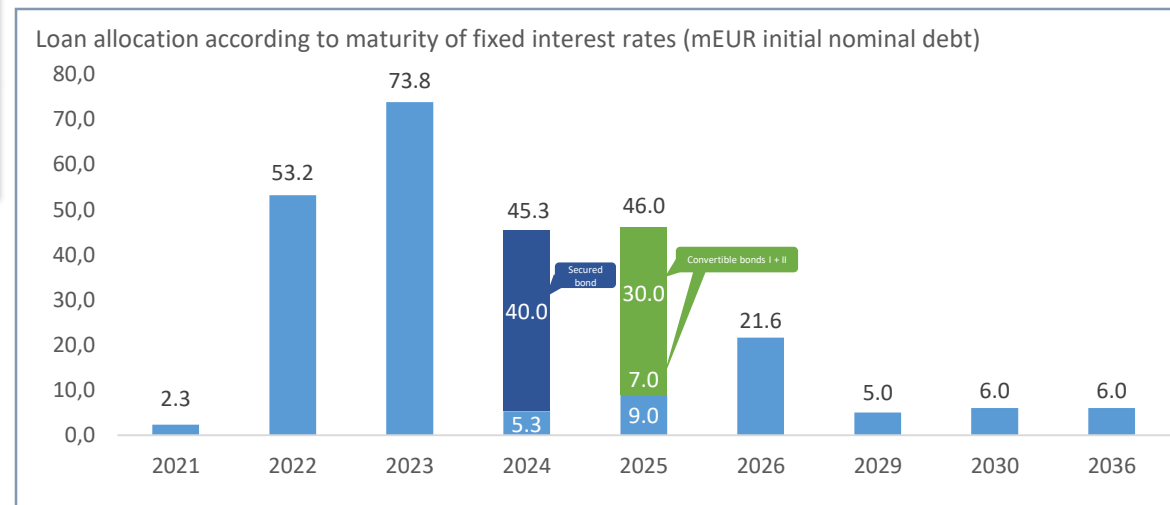
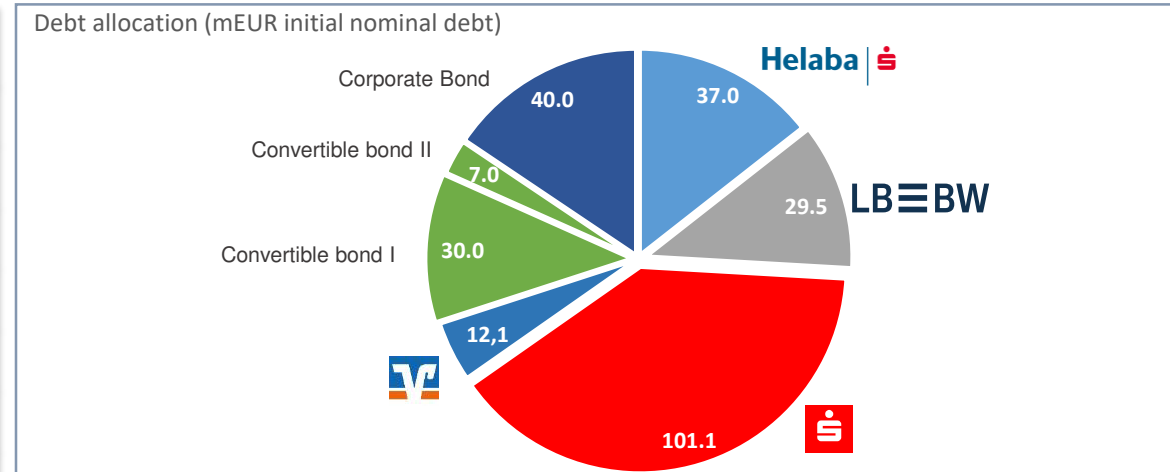
## Solid and efficient debt structure

### >> Financial KPIs:

	31.03.2019	30.09.2018	%
Total financial debt (loans / bonds / convertible bonds), mEUR	254.6	231.6	+10
Average nominal interest of loans, % p.a.	2.02	1.98	+2
Average nominal debt, % p.a.	1.88	1.87	+1
(Net-) LTV (%) <sup>1</sup>	49.1	51.2	-4
Average loan maturity (years)	5.3	5.5	-4
ICR (EBITDA excl. valuation / interest results)	5.0x	3.9x	+28
Rating Secured senior debt (Scope), 29 February 2019	„BBB“ (Investment grade)	„BBB“ (Investment grade)	-
Rating Unsecured senior debt (Scope), 29 February 2019	„BBB-“ (Investment grade)	„BB+“ (Non-Investment grade)	-

- Significant increase of ICR to 5.0x due to successful refinancing with lower rates while portfolio has grown further
- Debt costs of DKR still has potential for further decreases

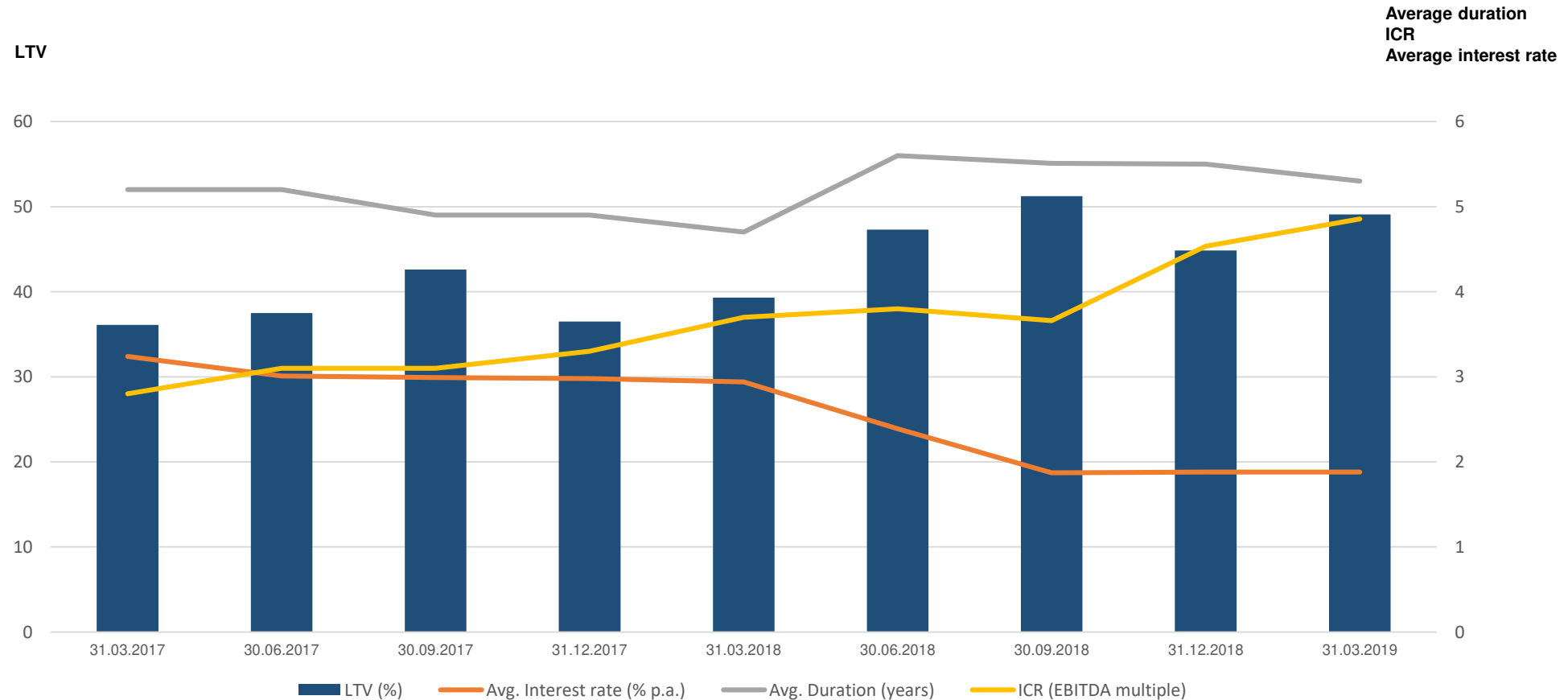
<sup>1</sup> Includes all financial liabilities as well as advanced payments for purchased investment properties



# Financial structure

Reduced interest costs while solvency has strongly increased

>> Development of debt metrics over the last 24 months:



# Financials H1 2018/2019

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# Financials H1 2018/2019

## Condensed IFRS balance sheet

	kEUR	31.03.2019	30.09.2018		kEUR	31.03.2019	30.09.2018
<b>Assets</b>				<b>Equity and liabilities</b>			
Investment properties		474,755.4	418,707.3	Subscribed capital		29,959.9	27,236.3
Other non-current assets		16,593.6	18,524.3	Capital reserves		121,463.5	94,164.9
Deferred tax assets		0.0	0.0	Other reserves		855.7	855.7
<b>Total non-current assets</b>		<b>491,348.9</b>	<b>437,231.6</b>	OCI		-286.4	0.0
Other current assets		16,772.2	15,560.8	Retained earnings		92,998.2	87,505.5
Cash position		2,611.5	140.5	<b>Total equity</b>		<b>244,990.9</b>	<b>209,762.4</b>
<b>Total current assets</b>		<b>19,383.7</b>	<b>15,701.3</b>	Bank liabilities		159,914.8	146,709.3
				Convertible bonds		35,907.2	36,098.9
				Corporate bond		40,520.1	40,158.4
				Other liabilities		7,866.5	7,866.6
				Deferred tax liabilities		0.0	0.0
				<b>Total long-term liabilities</b>		<b>244,208.7</b>	<b>230,833.1</b>
				Bank liabilities		9,927.5	8,513.7
				Other financial liabilities		8,293.2	116.2
				Other short-term liabilities		3,312.3	3,707.6
				<b>Total short-term liabilities</b>		<b>21,533.0</b>	<b>12,337.5</b>
<b>Total assets</b>		<b>510,732.6</b>	<b>452,932.9</b>	<b>Total equity and liabilities</b>		<b>510,732.6</b>	<b>452,932.9</b>

Pro forma portfolio currently mEUR 540 (including the latest notarised acquisitions)

Purchase prices paid into escrows

Contains VAT receivables and cash escrows as well as interest bearing short-term cash investments

Increased equity due to 10% Capital increase on 22 Nov 2018 with cash contribution of mEUR 29.3

Increased bank liabilities due to new loans withdrawn and refinancing of short term loans



# Financials H1 2018/2019

## LTV and EPRA NAV

### >> LTV (loan-to-value):

kEUR	31.03.2019	30.09.2018
Bank loans	169,842.3	155,223.0
Convertible bonds	35,871.3	36,098.9
Corporate bond	40,520.2	40,158.4
Other short term borrowings	8,293.2	116.2
<b>Total financial liabilities</b>	<b>241,224.9</b>	<b>231,596.4</b>
- Cash position	-2,611.5	-140.5
- Property management accounts <sup>1</sup>	-3,998.9	-
- Short term interest bearing lendings	-6,727.6	-7,425.6
<b>Net debt</b>	<b>205,797.8</b>	<b>224,030.4</b>
Investment properties	474,755.4	418,707.3
Purchase prices paid into escrow	16,588.3	18,518.5
<b>Properties</b>	<b>491,343.7</b>	<b>437,225.8</b>
<b>Net LTV</b>	<b>49,1%</b>	<b>51,2%</b>

<sup>1</sup> Included since Q1 2018/2019

### >> EPRA NAV:

kEUR	31.03.2019	30.09.2018
Total equity	244,990.9	209,762.4
Conversion of convertible bonds	0.0	0.0
<b>NAV</b>	<b>244,990.9</b>	<b>209,762.4</b>
Fair value of derivative instruments	-	-
Deferred taxes	-	-
<b>EPRA NAV</b>	<b>245,990.9</b>	<b>209,762.4</b>
Number of shares	29,960,944	27,236,313
<b>EPRA NAV per share (EUR), undiluted</b>	<b>8.18</b>	<b>7.70</b>

- Dividends payment of 5.99m EUR or 0.20 EUR per share in March 2019 has impacted the actual NAV (without dividends payment EPRA NAV would have increased to 8.38 EUR per share)

# Financials H1 2018/2019

## Condensed IFRS income statement

Rental income has mainly increased in the course of the property portfolio growth

Interest expenses resulting from interest bearing short-term lendings of unused cash amounts

Contains a non-cash valuation effect of 700 kEUR from the revaluation of convertible bonds after the amendments of bond conditions effective Nov 2018

<sup>1</sup> Presentation changed according to new IFRS 15 accounting rules obligatory since the beginning of the financial year; therefore prior year figures were adjusted

kEUR	01.10.2018 31.03.2019	01.10.2017 31.03.2018	%
Rental income	19,471.9	12,489.5	55.9
Income from recharged operating costs <sup>1</sup>	3,405.7	1,060.9	>100.0
Operating expenses	-7,424.4	-3,666.1	>-100.0
<b>Net rental income</b>	<b>15,453.2</b>	<b>9,884.3</b>	<b>56.3</b>
Income from property disposal	975.0	30.0	>-100.0
Expenses from property disposal	-602.3	-30.0	>-100.0
<b>Net result from property disposal</b>	<b>372.7</b>	<b>0.0</b>	<b>&gt;100.0</b>
Other operating income	104.3	18.1	>100.0
Personnel expenses	-357.6	-232.6	-53.7
Depreciation of other assets	-0.6	-0.5	-20.0
Impairment of receivables	-189.8	-121.1	-56.7
Other operating expenses	-1,048.2	-775.4	-35.2
<b>EBIT</b>	<b>14,334.0</b>	<b>8,772.8</b>	<b>63.7</b>
Interest income	813.1	31.7	>100.0
Interest expenses	-3,662.4	-2,429.6	-50.7
<b>EBT</b>	<b>11,484.7</b>	<b>6,374.8</b>	<b>80.2</b>
Taxes	0.0	-10.5	>-100.0
<b>Total period income</b>	<b>11,484.7</b>	<b>6,364.3</b>	<b>80.5</b>
Earnings per share (undiluted), EUR	0.39	0.24	62.5
Earnings per share (diluted), EUR	0.29	0.18	61.1

Opportunistic sale of a supermarket in Berlin-Konradshöhe for a 18x annual rent multiple

Statistical increase of impairments based on a higher receivables portfolio due to higher stock of tenants

Contains one-offs of 170 kEUR. Remaining increase results from higher general expenses for IR work, appraisers fees and others in course of the company's growth

## FFO reconciliation

>> FFO/aFFO:

kEUR	01.10.2018 31.03.2019	01.10.2017 31.03.2018	%
<b>Total period income</b>	<b>11,484.7</b>	<b>6,364.3</b>	<b>80.5</b>
+/- Income taxes	0.0	10.5	0.0
+ Depreciation of other assets	0.6	0.5	20.0
+/- Gain/loss from remeasurement of investment properties	0.0	0.0	0.0
Net result from property disposal	-372.7	0.0	>100.0
Non-cash expenses / income	700.2	274.4	55.2
Other non-recurring expenses	868.3	613.3	41.6
<b>FFO</b>	<b>12,681.0</b>	<b>7,263.4</b>	<b>74.6</b>
- Capex	-1,524.8	-5,532.2	-54.6
<b>aFFO</b>	<b>11,156.2</b>	<b>1,731.2</b>	<b>&gt;100.0</b>
<b>FFO per share (EUR), undiluted<sup>1</sup></b>	<b>0.43</b>	<b>0.28</b>	<b>57.4</b>
<b>aFFO per share (EUR), undiluted<sup>1</sup></b>	<b>0.38</b>	<b>0.07</b>	<b>&gt;100.0</b>

Contains non-cash items due to IFRS revaluation of convertible bonds

Contains non-periodic items of 480 kEUR as well as non-recurring expenses of 387 kEUR (e.g. consultancy fees due to new IFRS standards, implementation of a new software etc.)

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

DKR shares

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# DKR shares

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## DKR shares reflect the scalability of the business model

### >> DKR shares:

	14.05.2019
ISIN	DE000A14KRD3
WKN	A14KRD3
Symbol	DKG
Number of shares	29,959,944
Nominal capital (kEUR)	29,959
Share class	Bearer shares
Stock exchanges	XETRA, Frankfurt, Berlin
Segment	Prime Standard
Indizes	Prime all share, CDAX, DIMAX, RX REIT
52w high/low (EUR)	14.75 / 9.64
Market Cap (EUR)	circa 420.000.000



- DKR shares trade at a 7.9% FFO-yield (referring to the expected running rate of 33.0 mEUR at 30 Sep 2019)
- Dividend yield is circa 3.0% (referring to the dividend forecast of 0.40 EUR for the FY 2018/2019)



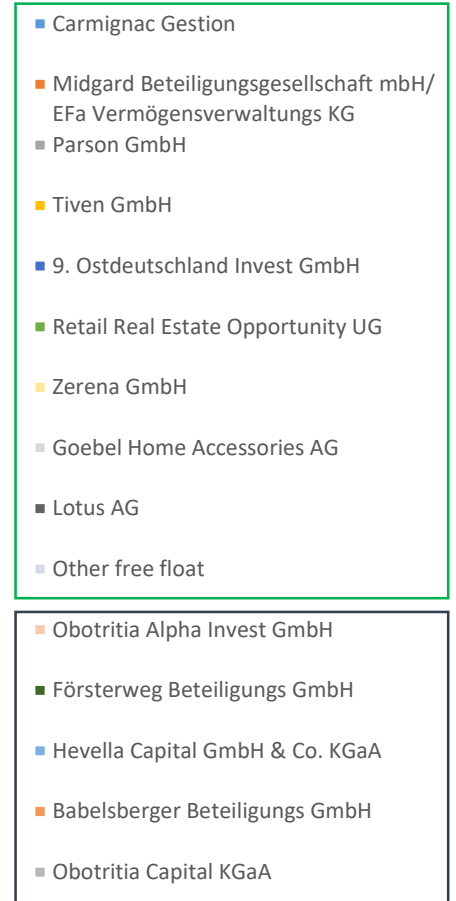
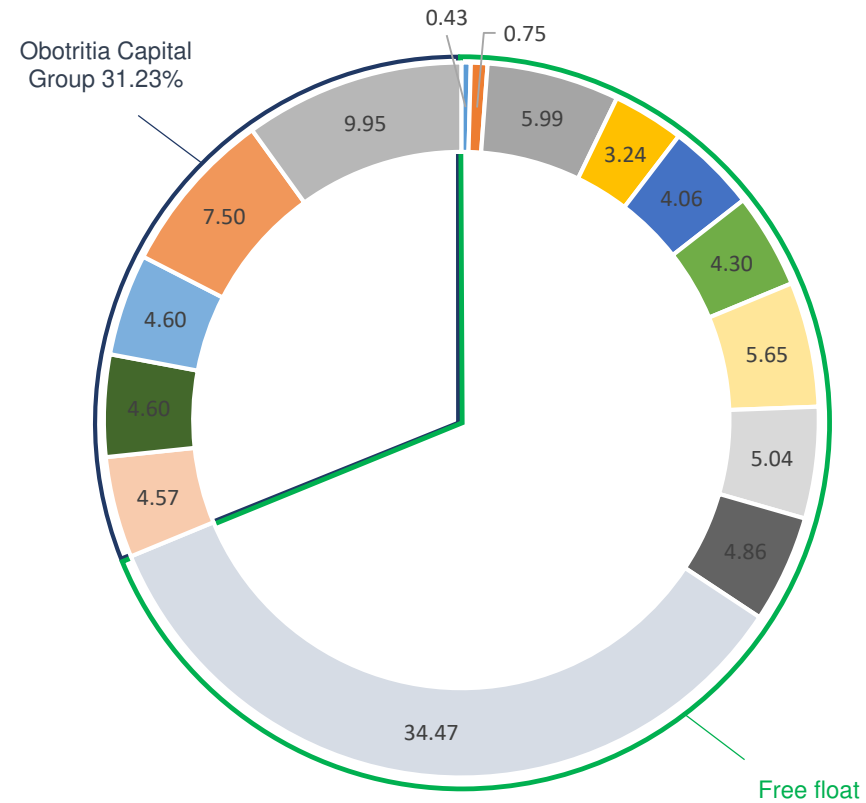
### >> Analyst coverage:

Publication date	Bank	Analyst	Recommendation	Price target
30 April 2019	 <b>BERENBERG</b> <small>PRIVATBANKIERS SEIT 1590</small>	Kai Klose	„Buy“	EUR 13.70
11 April 2019	 <b>Bankhaus Lampe</b>	Dr. Georg Kanders	„Buy“	EUR 12.50
21 February 2019	 <b>ODDO BHF</b>	Thomas Effler	„Buy“	EUR 12.80

### >> DKR share developments in H1 2018/2019:

- Successful 10% share capital increase closed on 22 Nov 2018
- Issuance of 2.7 million new shares at a share price of 11 EUR
- Increased free float
- DKR aims to step into EPRA indices and SDAX

### >> Current shareholder structure (31 Mar 2019):



# Guidance and dividend outlook



# Outlook and guidance

## Outlook to Fiscal Year 2018/2019

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

- DKR expects FFO between 26.0 mEUR and 29.0 mEUR
- FFO run rate of 33.0 mEUR by the end of FY 2018/2019

### >> Dividend outlook for FY 2018/2019:

- Based on current projections we expect a dividend of 0.40 EUR per share

# Financial calendar


















# Financial calendar

## DKR has intensified its roadshow presence in H1 2018/2019

### >> Financial calendar:

Date	
15.05.2019	<b>Publication of the half-yearly financial report of 2018/2019 financial year</b>
14.08.2019	Publication of the quarterly statement for the third quarter of 2018/2019 financial year
18.12.2019	Publication of the final annual statements/annual financial report for the financial year 2018/2019

### >> Upcoming events:

Date		Country
26.03.2019	Roadshow, Dublin	
27.03.2019	Roadshow, Munich	
28.03.2019	Roadshow, London	
02. - 04.04.2019	Roadshow, New York, Boston and Chicago	
03.04.2019	Bankhaus Lampe Deutschlandkonferenz, Baden-Baden	
08. - 10.04.2019	Roadshow, Capetown and Johannesburg	
11.04.2019	Solventis Aktienforum 2019, Frankfurt am Main	
25.04.2019	Family Office Day, Vienna	
29.04.2019	Capital Markets Day, Düsseldorf	
15.05.2019	<b>Commerzbank Northern European Conference 2019, New York</b>	
Aug 2019	Berenberg Real Estate Helsinki Seminar, Helsinki	
23.-25.09.2019	Berenberg and Goldman Sachs Eighth German Corporate Conference, München	
23.-26.09.2019	Baader Investment Conference, München	

# Appendices



# DKR at a glance

## What is DKR about

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>> Growing BASIC RETAIL investor – biggest niche player in Germany:



### Retail property portfolio in established micro locations

- 121 retail properties
- > 0.5bn EUR GAV and 46mEUR annualised rents
- Initial yields > 10%
- Best local micro locations all over Germany



### Defensive and solvent tenant mix

- Food-anchored and non-cyclical tenants for daily needs supply (BASIC RETAIL)
- Very solvent tenants
- Less negative impact by E-commerce
- Multiple leases with the same tenants are game changers and strengthen DKRs bargaining power



### Stock exchange listed investor

- Prime Standard listing
- Significantly increased market cap
- High cashflows
- Mandatory dividend distribution
- Highest transparency standards



### Solid and efficient funding

- Company and trade tax exemption due to REIT status
- 55% maximum LTV leverage
- Average costs of debt < 1.9% per annum
- Very lean admin structure

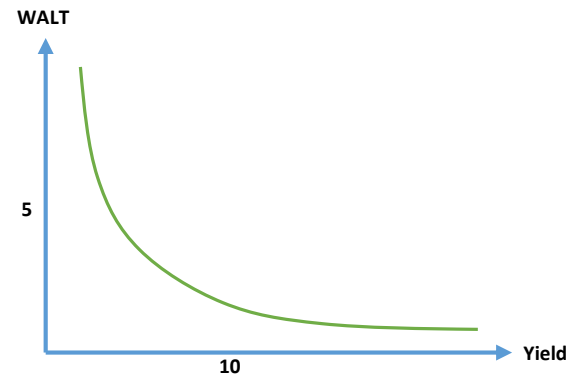
## Investment approach

>> Growing BASIC RETAIL investor – biggest niche player in Germany:



### Highly fragmented niche to be consolidated

- Niche of properties in a range between 1 mEUR and 25 mEUR too big for private investors and too small for institutional investors
- Semi-professional market niche which DKR runs professionally
- Asset-wise acquisitions cheaper than portfolio deals



### Accepting short WALTs

- We make use of the disproportionate decline of property prices compared to the decline of the WALT on the market
- Deep property analysis before acquisition



### High-speed acquisition process

- DKR buys out of equity which is advantageous in the acquisition process
- Debt refinancing after acquisition

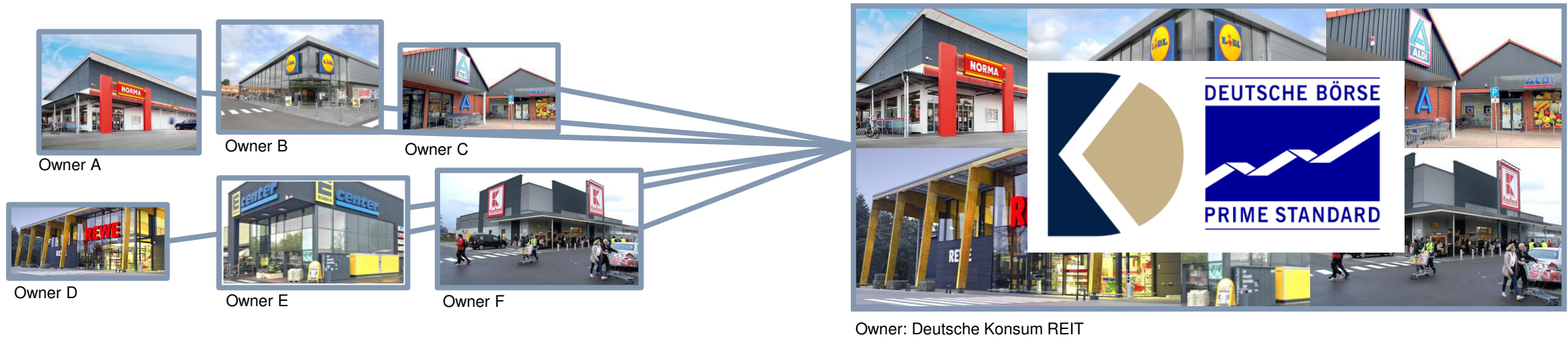


### Value enhancing asset management

- Investing in properties if value enhancing
- DKR as a reliable partner of the tenant
- Vacancy reduction and rental contract prolongations
- Multiple leases with the same tenant increase DKR's power

# Business Model & Strategy

## Bundling single properties into an institutional asset class



- Strong and effective **risk diversification** of single properties by bundling them into a portfolio
- **Synergies and stronger position** towards tenants
- Significant funding advantages on a portfolios basis
- **Tax exemption** due to REIT-Status
- **Institutional** quality of the DKR share due to Prime Standard listing, dividend obligation and full transparency

# Business Model & Strategy

## Basic retail sector remains stable with best outlook

>> Main statistical data according to latest sector analysis 2017<sup>1</sup>:

4.2 %

Growth of the  
stationery retail  
in 2017

124m  
sqm

Total retail lease  
area in Germany

- Strong German economy and increasing consumption in the private sector underscores this growth

- Market share of DKR of 0.5% (620k sqm)
- „E-commerce remains as a platform for the non-food-sector<sup>1</sup>“

Company	Sales Channel (selection)	Stores		Sales Area		Space Productivity (gross)		Turnover	
		No.	Change since 2016	Ave. per store in sq m	Change since 2016	€/sq m	Change since 2016	€ million	Change since 2016
EDEKA	NETTO	4,188	1.0 %	780	0.6 %	4,250	0.2 %	13,910	1.8 %
	EDEKA	3,708	-0.7 %	1,230	6.8 %	4,480	-0.3 %	20,375	5.7 %
	E-Center	437	4.0 %	3,190	0.2 %	4,510	-0.6 %	6,291	3.7 %
	MARKTKAUF	128	-4.5 %	5,660	0.5 %	4,170	1.0 %	3,019	-3.0 %
METRO Group	real	284	-0.4 %	6,930	-0.7 %	4,240	-0.2 %	8,350	-1.3 %
REWE Group	PENNY	2,188	1.4 %	720	0.5 %	5,090	1.0 %	7,972	2.9 %
	REWE	3,445	2.1 %	1,490	0.8 %	4,010	-0.3 %	20,555	2.5 %
	REWE Center*	36	-2.7 %	6,400	-0.1 %	4,020	1.4 %	927	-1.3 %
Schwarz Group	Lidl	3,178	-0.2 %	870	1.4 %	7,400	-0.1 %	20,432	1.1 %
	Kaufland	658	0.3 %	4,340	0.2 %	4,940	0.2 %	14,116	0.7 %

- Expansion of stationary food retail goes on
- DKRs main food retail tenants keep on growing

<sup>1</sup> [https://www.bulwiengesa.de/sites/default/files/hahn\\_retail\\_real\\_estate\\_report\\_2018\\_2019.pdf](https://www.bulwiengesa.de/sites/default/files/hahn_retail_real_estate_report_2018_2019.pdf)



## Basic retail threatened less by E-Commerce (1)

>> Market research according to 13. Retail Real Estate Report Germany 2018/2019 by bulwiengesa / Hahn<sup>1</sup>:



fig. 3

10. Top 5 Food Retailers in Germany 2017

	Turnover in € billion	Turnover growth since 2016 in %
EDEKA	57,16	4,4
Schwarz Group	38,61	4,5
REWE Group	34,84	3,2
ALDI	29,55	4,2
METRO Group incl. C&C	13,62	-2,6

Source: bulwiengesa, Tradedimensions

fig. 4

### Results of the statistical data:

- Food sector and other goods of daily needs (basic retail) are hardly impacted by E-Commerce which has a market share of < 2 % (fig. 3)
- German station grocery chains continue a very robust growth despite E-Commerce (fig. 4)

<sup>1</sup> [https://www.bulwiengesa.de/sites/default/files/hahn\\_retail\\_real\\_estate\\_report\\_2018\\_2019.pdf](https://www.bulwiengesa.de/sites/default/files/hahn_retail_real_estate_report_2018_2019.pdf)



# Business Model & Strategy

## Basic retail threatened less by E-Commerce (2)

>> Market research according to 13. Retail Real Estate Report Germany 2018/2019 by bulwiengesa / Hahn<sup>1</sup>:

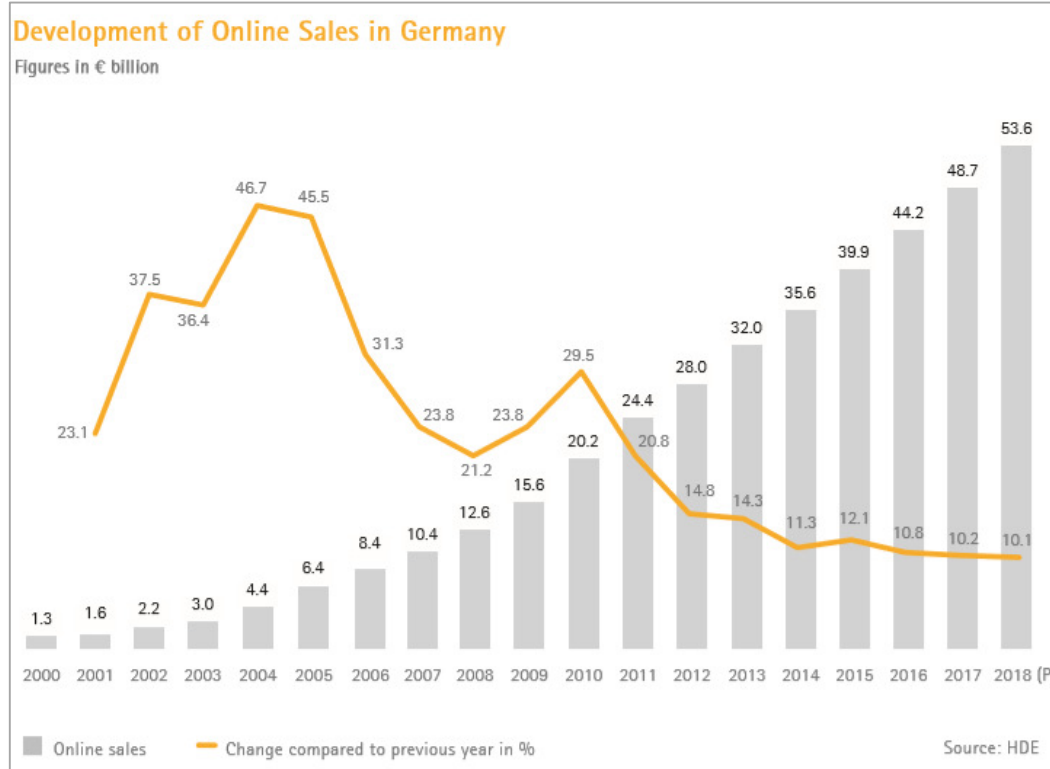


fig. 1

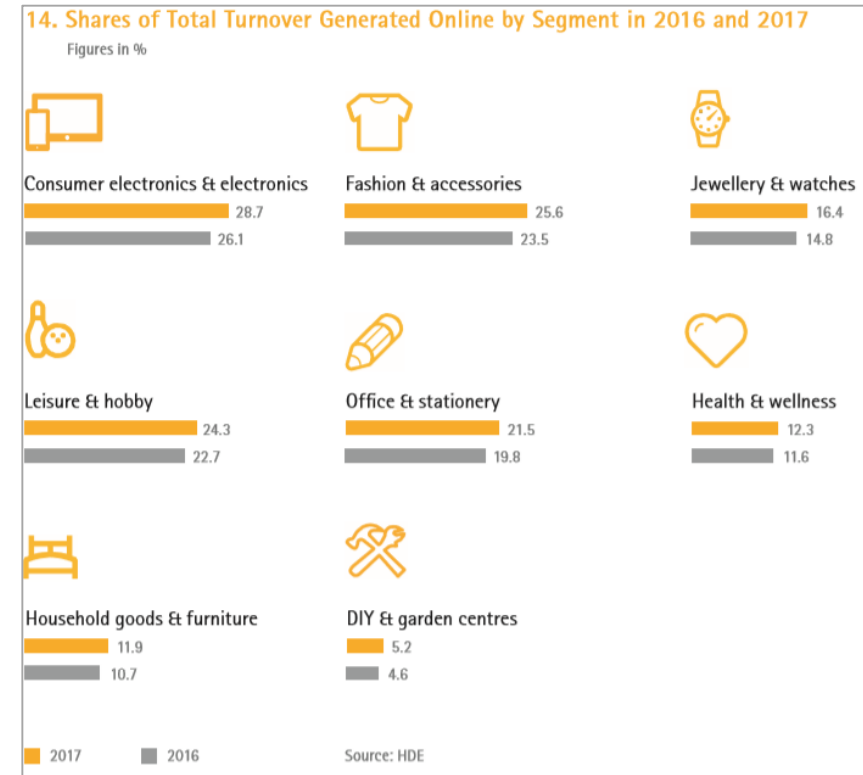


fig. 2

### Results of the statistical data:

- Yearly growth rate of general E-Commerce swings around 10% and grows especially in the non-food sector (see fig. 1 & 2)

<sup>1</sup> [https://www.bulwiengesa.de/sites/default/files/hahn\\_retail\\_real\\_estate\\_report\\_2018\\_2019.pdf](https://www.bulwiengesa.de/sites/default/files/hahn_retail_real_estate_report_2018_2019.pdf)

## Basic retail threatened less by E-Commerce (3)

### >> Biggest grocery delivery services compared to DKR property portfolio

- DKR portfolio with low overlapping with regions serviced by fresh food deliverers
- In 2017 E-Commerce in the grocery business remained at a very slight proportion of < 1% of gross sales
- Remaining strong growth of the stationary grocery retail sector
- Threat by E-Commerce mainly affect for electronic goods, fashion and leisure retailers which often are situated in big innercity malls or highstreet locations without grocery anchors



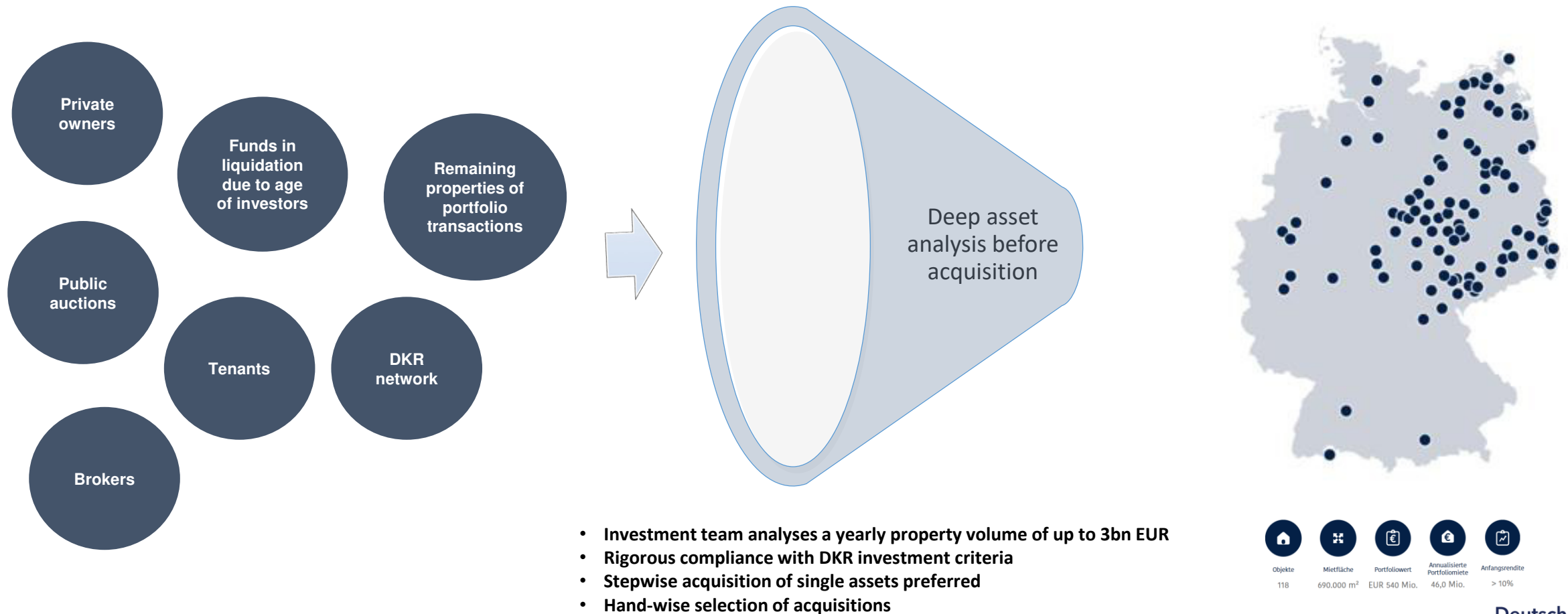
● Areas with high density of online fresh food deliverers

<sup>1</sup> [https://www.bulwiengesa.de/sites/default/files/hahn\\_retail\\_real\\_estate\\_report\\_2018\\_2019.pdf](https://www.bulwiengesa.de/sites/default/files/hahn_retail_real_estate_report_2018_2019.pdf)



# Acquisition process

## Sourcing process for retail properties



# Management

## Experienced and committed management



### Alexander Kroth (CIO)

Alexander joined DKR in January 2017 and initially set up the company together with Rolf. He is in charge of DKR's 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. Alexander is personally and financially committed to DKR.

### 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.

### 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. Christian is personally and financially committed to DKR.

# Partners

## Strong external property partners

>> DKRs main external management partners:

Asset Managers	<i>Elgeti Brothers</i>
Property Managers	 GV Nordost Verwaltungsgesellschaft mbH  ARNOLD HERTZ
Technical Property Developer	
IT and Management Software Providers	 

# Revitalisation

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## Value add by extensive property redevelopments

>> Current major revitalisation projects:



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



Location	Kirschbergcenter Hohenmölsen
Space (sqm)	7,797
Vacancy at start	~ 38%
Project description	Fresh appearance by new facade, new space utilisation, new tenants and expansion of existing tenants
Investment volume	3 mEUR
Expected finalisation	Spring 2020



Location	Kolumbuspassage Rostock
Space (sqm)	4,492
Vacancy at start	~ 12%
Project description	New concept and new grocery anchor tenant which improves the tenant mix
Investment volume	~ 1.5 mEUR
Expected finalisation	Spring 2020



Location	Lindencenter Stralsund
Space (sqm)	5,775
Vacancy at start	~ 27%
Project description	New space utilisation and improvement of tenant mix
Investment volume	~ 2 mEUR
Expected finalisation	Spring 2020



# Portfolio overview

## DKRs detailed property portfolio



### DKRs portfolio as at 31 March 2019

#	Address	Use	Tenant	Rental space sqm	Vacancy %	Rent level €/sqm	Monthly rent € p.m.	Annual rent € p.a.	WALT years
1	Bad Oeynhausen, Mindener Straße 67/Alter Rehmer Weg 22	Local retail centre	NP, TEDI	4.590	22,2%	5,91	21.099	253.183	1,6
2	Bitterfeld, Brehmer Straße 34	Local retail centre	OBI, REWE Markt, DM	19.707	25,8%	6,09	89.010	1.068.123	7,9
3	Erlurt, Gothaer Straße 22	Hypermarket	Real, toom	19.750	0,0%	7,72	152.490	1.829.874	12,7
4	Ludwigslust, Am Marstall 2	Shopping Centre	Familia, KIK	14.386	0,8%	9,09	129.730	1.556.755	6,8

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

[DKR property portfolio overview as at 31 March 2019](#)



## >> 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

Please get in touch

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