Annual report

1 October 2016 to 30 September 2017

Deutsche Konsum REIT-AG

Highlights

	01/10/2016 – 30/09/2017	01/10/2015 – 30/09/2016	Difference	%
Income statement (in kEUR)				
Rental income	19.249	11.437	7.812	68,3
Net operating income	14.506	8.973	5.533	61,7
Financial result	–4.254	–3.437	–817	23,8
Net income	37.405	21.989	15.416	70,1
FFO I	10.260	5.630	4.629	82,2
FFO I per share (in EUR)	0,46	0,37	0,08	22,3
aFFO	7.972	4.659	3.313	71,1
aFFO per share (in EUR)	0,35	0,31	0,05	14,8
Earnings per share, undiluted (in EUR)	1,66	1,48	0,18	12,2
Earnings per share, diluted (in EUR)	1,06	0,82	0,24	29,1
Recurring costs ratio, %	6,1	9,1	–3,0	–33,2

	30/09/2017	30/09/2016	Difference	%
Balance sheet key figures (in kEUR)				
Investment properties	275.434	147.823	127.611	86,3
Total assets	280.675	174.459	106.215	60,9
Equity	154.736	79.031	75.705	95,8
Total debt	118.723	90.397	28.326	31,3
(net) Loan-to-Value (LTV), %	42,6	49,3	–6,7	–13,5
Average interest rate of loans, %	2,38	2,58	–0,20	–7,8
Average interest rate of loans and convertible bonds, %	2,99	3,34	–0,35	–10,5
Average remaining duration of loans, years	4,9	3,4	1,5	42,4
EPRA NAV	154.736	79.031	75.705	95,8
EPRA NAV per share (in EUR)	6,25	3,93	2,32	59,0
EPRA NNNAV per share (in EUR)	6,25	3,93	2,32	59,0
REIT metrics				
REIT equity ratio	56,2	53,5	2,7	5,1
Share information				
Shares issued	24.760.285	18.447.003	6.313.282	34,2
Market cap	249.088.467	170.450.308	78.638.159	46,1
Share price	10,06	9,24	0,82	8,9
Portfolio key figures				
Number of assets	62	40	22	55,0
Rental space (sqm)	330.123	189.463	140.660	74,2
Annualized rent, kEUR	24.832	14.382	10.450	72,7
Initial yield, %	12,1	10,0	2,1	21,0
Vacancy rate, %	14,6	12,0	2,6	21,7
WALT, years	4,6	4,5	0,1	2,2

Content

1. Letter to our shareholders

Dear Shareholders, Dear Sir or Madam,

the financial year 2016/2017 was very positive for Deutsche Konsum REIT-AG. Our company grew significantly in value-adding terms in all areas. The real estate portfolio accounted for, as of 30 September 2017, now comprises 62 retail properties with an annualised total rent of around EUR 24.8 million. At the end of the financial year, profits amounted to EUR 37.4 million, and rental income increased from EUR 11.4 million to EUR 19.2 million compared to the same period of the previous year. This is the basis for an FFO of EUR 10.3 million and an aFFO (after capital expenditures and maintenance) of EUR 8.0 million.

In addition to the strong operating performance, our successful capital increase increased equity at the end of February. As a result, EPRA NAV increased by around 60% to EUR 6.25 per share. Net LTV stood at 42.6% on 30 September 2017, well below the targeted 50%, giving DKR more scope for acquisitions.

The DKR share has developed very robustly and steadily in a volatile overall environment, which confirms the acceptance of our share and the potential of our business model. Meanwhile, the market capitalisation has risen to well over EUR 250 million, which means that the company is becoming increasingly interesting for institutional investors. The admission of the share to the Prime Standard segment of the Frankfurt Stock Exchange at the beginning of March 2017 also contributed to this, as a result of which DKR now meets the greatest possible transparency requirements and reports quarterly in German and English on the business development. In order to meet these requirements, DKR has been adequately strengthened by new employees and has further professionalised its internal structures.

DKR has already grown significantly in the new financial year. For example, the property portfolio grew by a further 12 retail properties with a volume of around EUR 25 million across Germany due to property transfers and notarised purchase agreements. The total portfolio currently comprises 74 properties and generates an annualised rent of around EUR 27.0 million.

In this respect, we are very confident about the new financial year 2017/2018 and expect an FFO between EUR 16 million and EUR 20 million or an FFO - Run Rate (annualised FFO based on the real estate portfolio as of 30 September 2018) of EUR 23 million.

On this basis, DKR will, for the first time, distribute a dividend of at least EUR 20 cents for the current financial year 2017/2018, which may increase significantly depending on further acquisitions.

We thank you for your confidence in our sustainable growth course and look forward to a successful future.

Best regards,

Rolf Elgeti
CEO

Alexander Kroth
CIO

Christian Hellmuth
CFO

Broderstorf, December 2017

2. The Share

The stock markets in 2016/2017 are friendly in the interplay between low interest rates and major political events

Numerous political events dominated the stock market in 2016. In June, above all, the surprising vote of the British for the Brexit which weighed on the stock exchanges and caused strong price fluctuations. At the end of 2016, the US presidential election was the dominant theme which initially made the markets react positively. The DAX and MDAX, thus, closed the stock market year 2016 with an increase of almost 7% each. Likewise, the SDAX recorded a gain of just under 5%.

The beginning of the year 2017 was marked by the election in France, to which the stock exchanges reacted positively. In addition, the monetary policy of the ECB, which from the stock exchange's point of view remained friendly, ensured a friendly mood on the stock markets. Driven by the low interest rate policy and a lack of investment alternatives, the German stock index DAX reached new highs several times and closed the month of September 2017 at 12,828 points. As a result, investors did overall better than expected in the first nine months of 2017.

DKR share stable in a volatile overall environment

The positive price development in a volatile overall environment as well as the increased market capitalisation and the increased trading volumes confirmed the acceptance of the DKR share on the capital market and the potential of the business model.

In a worldwide troubled political and economic environment, the share of DKR performed well. At the end of the reporting period on 29 September 2017, closing at EUR 10.06, it was 8.8% higher than at the beginning of the financial year (30 September 2016: EUR 9.25). Since the beginning of the listing on 15 December 2015, it even improved significantly by EUR 6.56 or 187.4%.

The market capitalisation increased due to the higher stock market price and due to successful capital increases to approx. EUR 250 million. The higher stock market value has led to a growing interest of both institutional investors and retail investors, which has led to a significant increase in trading volumes.

Share price performance Deutsche Konsum REIT-AG

Key figures of the DKR share

EUR	30/09/2017	30/09/2016
Number of shares issued in units	24,760,285	18,447,003
Closing price at the end of the financial year[1]	10.06	9.25
Market capitalisation in EUR million	approx. 250	approx. 170
Highest price during the financial year	10.14[2]	9.57[2]
Lowest rate during the financial year	6.99[2]	3.50[3]
Average Xetra daily volume in units	7,878[4]	4,242[4]

Successful share capital increase

Within the 2016/2017 financial year, the share capital and number of shares increased significantly as a result of a capital increase and the exercise of a mandatory convertible bond. At the beginning of October 2016, the number of shares or share capital was 18,447,003. Following the conversion of a bond into shares in December 2016 (+1,660,000 ordinary shares) and the successful placement of a capital increase (+4,653,282 ordinary shares) in February 2017, the number of shares or share capital currently amounts to 24,760,285 or EUR 24,760,285.00.

DKR share in the Prime Standard since March 2017

In order to do the increased size of the company justice, Deutsche Konsum REIT-AG applied for admission of all shares to the regulated market of the Frankfurt Stock Exchange (Prime Standard), and has been listed in this quality segment of Deutsche Börse since 3 March 2017. In Germany, the share is traded in the regulated market in Berlin and Frankfurt (Prime Standard) as well as in the over-the-counter trading in Dusseldorf, Stuttgart and Tradegate Exchange.

1 Xetra closing prices from 30/09/2016 and 29/09/2017
2 Variable price Xetra
3 Xetra opening price for the stock market launch on 15/12/2015
4 in the financial year 2015/2016 or 2016/2017
Source: ARIVA.DE AG / EQS Group AG

Shareholders

The shareholder structure is characterised by institutional national and international investors with a predominantly long-term investment strategy. The free float (as defined by Deutsche Börse AG) was approximately 43% as of the reporting date on 30 September 2017.

The Annual General Meeting of Deutsche Konsum REIT-AG took place in Berlin on 9 March 2017. More than 75% of the share capital was represented (share capital of the company at the time of convening the Annual General Meeting: 20,107,003 shares). All agenda items were resolved by a large majority.

Analyst coverages

Currently the DKR share is covered by Berenberg Bank and ODDO BHF. Analyst reports and updates can be downloaded under the following link www.deutsche-konsum.de/en/investor-relations/shares/analyst/. Both analyst recommendations are "buy" (as of: 16 October 2017).

Intensification of investor relations work

To drive a transparent and continuous dialogue with existing and potential investors, DKR intensified its investor relations activities in 2017. In doing so, it held more one-on-one talks and presented the company increasingly at roadshows.

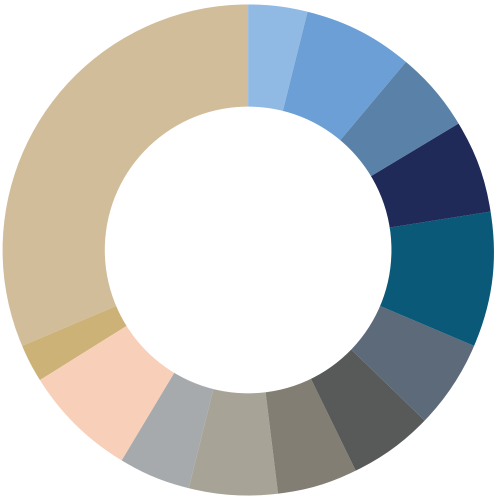
• **The share of DKR at a glance:**

As of	30/09/2017
ISIN	DE000A14KRD3
Security Identification Number	A14KRD3
Ticker Symbol	DKG
First day of trading	15/12/2015
Number of shares	24,760,285
Share capital	EUR 24,760,285.00
Trading venues	XETRA, Frankfurt and Berlin
Market segment	Regulated Market
Transparency level	Prime Standard

Furthermore, DKR was regularly present in major investor media for the first time in the 2016/2017 financial year and was, therefore, able to increase its perception on the capital markets.

On the investor relations pages of the homepage, interested people find inter alia capital market law mandatory announcements, such as Ad-hoc announcements as well as financial reports and investor presentations for download.

Shareholder Structure



3.92 %	Tiven GmbH
7.29 %	Lotus AG
5.20 %	Retail Real Estate Opportunity UG
6.29 %	Babelsberger Beteiligungs GmbH
8.95 %	Obotritia Capital KGaA
5.57 %	Hevella Captial GmbH & Co. KGaA
5.57 %	Försterweg Beteiliungs GmbH
5.53 %	Obotritia Alpha Invest GmbH
5.65 %	Zerena GmbH
4.91 %	9. Ostdeutschland Invest GmbH
7.25 %	Goebel Home Accessories
2.71 %	Carmignac
31.15 %	Streubesitz

As of: 30 September 2017

3. Corporate Governance Report

In accordance with section 3.10 of the German Corporate Governance Code (GCGC), the Management Board and Supervisory Board report on corporate governance at Deutsche Konsum REIT-AG (DKR).

3.1. Declaration of Conformity of Deutsche Konsum REIT-AG to the German Corporate Governance Code (GCGC)

The Management Board and Supervisory Board submitted the declaration of conformity pursuant to § 161 German Stock Corporation Act (AktG) regarding the recommendations of the German Corporate Governance Code on 5 December 2017. This has been made permanently available on the Company's website at www.deutsche-konsum.de/en/investor-relations/corporate-governance/declaration-of-conformity/.

3.2. Functioning of the Management Board and Supervisory Board

Management structure with three bodies

The Management Board and the Supervisory Board work together closely for the benefit of the Company to ensure responsible management and control of the Company through good corporate governance.

An essential element of corporate governance is the separation of corporate governance and corporate control. This is done through a clear division of tasks and responsibilities between the Management Board and the Supervisory Board. In addition, the Annual General Meeting is the third body. Through it, the shareholders are involved in fundamental decisions of the Company.

The Management Board

The Management Board manages the Company on its own responsibility and represents it in transactions with third parties. He is bound to the Company's interest with the goal of sustainable value creation. It develops the strategic direction of the Company, coordinates it with the Supervisory Board and ensures its implementation. The Management Board also ensures proper risk management and controlling in the Company.

The members of the Management Board, irrespective of their joint responsibility for the Group, are responsible for individual areas of responsibility. They cooperate collegially and keep each other informed about important processes and measures in their areas of responsibility. The board has adopted rules of procedure.

The Management Board of Deutsche Konsum REIT-AG is appointed by the Supervisory Board in accordance with § 6 no. 2 of the Articles of Association. The Supervisory Board also determines the total number of members of the Management Board and whether there should be a chairman or spokesman. The members of the Management Board are appointed for a maximum of five years. Reappointments are allowed. The Supervisory Board has set a target of 0 % for the proportion of women in the Management Board for the period up to 30 September 2020. The Company believes that the professional aptitude and knowledge of the Company are crucial for the appointment.

The Management Board of Deutsche Konsum REIT-AG currently consists of three persons, Mr. Rolf Elgeti, Mr. Alexander Kroth and Mr. Christian Hellmuth.

Mr. Rolf Elgeti (CEO) is responsible for Human Resources and Legal/Compliance and Strategy. The investment and finance divisions are headed by Messrs. Alexander Kroth (CIO) and Christian Hellmuth (CFO). The business segment of the CIO includes the areas of acquisition and sales as well as asset and property management. The CFO is responsible for Corporate Finance, Accounting/Controlling, Treasury, Investor Relations and Risk Management. The CEO, CIO and CFO also manage and control the external service providers for their areas.

The Supervisory Board, Management Board and executives agree on annual targets whose implementation is regularly reviewed.

Measures for further education or refresher training of abilities and knowledge lie in the self-responsibility of the Management Board and the executives.

D&O insurance was taken out for the members of the Management Board considering § 93 (2) German Stock Corporation Act (AktG).

Due to the size of the Company, the remuneration of the CEO currently consists of a fixed remuneration, which will be allocated to the Company through a distribution agreement with the former parent company Obotritia Capital KGaA. In the 2017/2018 financial year, it is planned to adjust the remuneration system for the Management Board members Alexander Kroth and Christian Hellmuth to short-term and long-term remuneration incentives in accordance with the recommendations of the German Corporate Governance Code. Detailed information on the remuneration of the Management Board can be found in the Remuneration Report of the 2016/2017 Management Report.

Consideration of women in filling leadership positions

The Management Board does not follow the recommendation of section 4.1.5 GCGC to pay attention to diversity when filling management positions in the Company and to strive for appropriate consideration of women. The Company has only six non-executive employees. Apart from the Management Board, there are no management positions in the Company. For this reason, the Company has set 0% as the target for women's participation in management positions for the period until 30 September 2020.

The Supervisory Board

The central tasks of the Supervisory Board are to advise and supervise the Management Board. The four-member Supervisory Board of Deutsche Konsum REIT-AG works based on rules of procedure, which it has imposed on itself. Overall, the members of the Supervisory Board have the necessary knowledge, skills and professional experience to perform their duties properly.

Requests for resolutions as well as information on items of discussion are made available to the members of the Supervisory Board in good time before the respective meeting. At the request of the Chairman of the Supervisory Board, resolutions may be taken in individual cases outside of meetings. This option is occasionally used in urgent cases. If there is a tie in resolutions, the vote of the chairman of the Supervisory Board decides.

All Supervisory Board members are elected by the shareholders at the Annual General Meeting. At present, no representatives of employees are represented on the Supervisory Board of Deutsche Konsum REIT-AG. The Supervisory Board does not intend to set concrete goals for its composition or to develop a competence profile for the entire Supervisory Board. Nor should diversity rules be set in the objectives for the composition of the Supervisory Board. The Supervisory Board has set a target of 0% for the proportion of women on the Supervisory Board for the period up to 30 September 2020. The Company believes the professional aptitude and the knowledge of the Company as prerequisites for the occupation of a position are crucial, so that the above-mentioned requirements are not expedient.

The Supervisory Board of Deutsche Konsum REIT-AG currently consists of four persons, Mr. Hans-Ulrich Sutter, Mr. Achim Betz, Mr. Johannes C.G. (Hank) Boot and Mr. Nicholas Cournoyer.

Mr. Hans-Ulrich Sutter is Chairman of the Supervisory Board and Mr. Achim Betz Vice Chairman. The term of office of all members of the Supervisory Board ends at the end of the Annual General Meeting, which resolves on the discharge of the members of the

Supervisory Board for the financial year ending on September 30, 2017.

So far, no committees have been formed due to the small number of members.

The determination of an age limit and a regular limit for affiliation to the Supervisory Board are waived. The Company believes the determination of an age limit and a regular limit on the length of service of the Supervisory Board is not relevant since the company should also have access to the knowledge and experience of older persons over a longer period within the scope of the Management and Supervisory Board activities.

In the opinion of the Supervisory Board, all current members of the Supervisory Board are to be regarded as independent within the meaning of Section 5.4.1 GCGC.

Each year, the Chairman of the Supervisory Board explains the activities of the Supervisory Board in its Supervisory Board Report and verbally at the Annual General Meeting.

No D&O insurance was taken out for the members of the Supervisory Board of DKR.

In accordance with the Articles of Association, the members of the Supervisory Board receive fixed compensation and reimbursements for out-of-pocket expenses. Detailed information on the remuneration of the Supervisory Board can be found in the Remuneration Report of the 2016/2017 Management Report.

Further details on the work of the Supervisory Board can be found in the Report of the Supervisory Board, which is part of the 2016/2017 Annual Report.

Cooperation between the Management Board and the Supervisory Board

The Supervisory Board appoints the members of the Management Board, determines their respective total compensation and oversees their management. It also advises the Management Board on the management of the Company. The Supervisory Board approves the annual financial statements. Significant decisions of the Management Board require the approval of the Supervisory Board.

The Management Board ensures regular, timely and comprehensive reporting to the Supervisory Board. In addition, the Chairman of the Supervisory Board is regularly and continuously informed about the business development. Intensive and continuous communication between the Management Board and the Supervisory Board is the basis for efficient corporate management.

The Management Board of Deutsche Konsum REIT-AG regularly participates in the meetings of the Supervisory Board. It reports in writing and orally on the individual agenda items and proposals for resolutions, and answers the questions of the members of the Supervisory Board.

Conflicts of interest
Conflicts of interest of members of the Management and Supervisory Boards must be disclosed to the Supervisory Board without delay. In the 2016/2017 financial year, no conflicts of interest occurred.

3.3. Essential corporate governance practices

Main features of compliance
Deutsche Konsum REIT-AG is committed to responsible and sustainable corporate management of the Company. This includes trusting cooperation between the Management Board and the Supervisory Board as well as the employees and a high level of transparency in reporting and corporate communications.

The essential basis of Deutsche Konsum REIT-AG's business is to create, maintain and strengthen the trust of tenants, business partners, shareholders and other capital market participants as well as employees. Thus, compliance at DKR not only means complying with the law and the statutes, but also adhering to internal instructions and self-commitments to implement the values, principles and rules of responsible corporate governance in daily actions.

Organisation and controlling
Deutsche Konsum REIT-AG is headquartered in Germany and is, therefore, subject to the provisions of German stock corporation and capital markets law as well as the provisions of the Articles of Association.

Essentially, Deutsche Konsum REIT-AG manages the Company using the following key figures: EBIT, FFO, LTV, EPRA NAV and cash flow. Sustainable economic, social and environmental aspects are considered.

Shareholders and Annual General Meeting
The shareholders of Deutsche Konsum REIT-AG exercise their rights before or during the Annual General Meetings within the scope of the legal and statutory provisions and hereby exercise their voting rights. Each share grants one vote.

The Chairman of the Supervisory Board chairs the Annual General Meetings. Each shareholder is entitled to attend the Annual General Meeting, to speak on the relevant agenda items and to request information on Company matters, insofar as this is necessary for the proper assessment of an item of the Annual General Meeting. The Annual General Meeting decides on all tasks assigned to it by law.

The agenda of the Annual General Meeting and the reports and documents required for the Annual General Meeting are published by Deutsche Konsum REIT-AG on its website at www.deutsche-konsum.de/en/investor-relations/annual-general-meeting/.

To make it easier for its shareholders to exercise their rights and to vote proxy, DKR appoints a representative for the proxy voting. He can also be contacted during the Annual General Meeting.

The Annual General Meeting takes place within the first eight months of each financial year. The Annual General Meeting of Deutsche Konsum REIT-AG, which resolved on the financial year ending on 30 September 2016, took place on 9 March 2017 in Berlin. More than 75 % of the share capital was represented (share capital of the Company at the time of convening the Annual General Meeting: 20,107,003 shares). All agenda items were resolved by a large majority.

Stock option plans

There are currently no stock option programs or similar incentive systems at Deutsche Konsum REIT-AG.

Transparent reporting

Through its website, Deutsche Konsum REIT-AG ensures consistent, comprehensive, timely and simultaneous information to shareholders and the interested public about the economic situation and new facts. This information can be accessed via the Investor Relations Section of the website at www.deutsche-konsum.de/en/investor-relations/.

Reporting on the business and earnings situation is currently carried out in annual reports, interim reports as well as in the semi-annual reports, which are available for download on the Company's homepage. Important up-to-date information is published via corporate news and ad hoc announcements and made accessible on the Company's website. In addition, pursuant to Art. 19 of the Market Abuse Regulation (MAR), transactions of managers and related parties are publicly disclosed as "Directors' Dealings" and are also available on the Company's website.

In accordance with Art. 18 MAR, mandatory insider lists are maintained, and the persons listed on insider lists have been and will be informed of the legal obligations and sanctions that result for them.

Significant events and publication dates are maintained and published in the financial calendar, which can be viewed on the Company's website at any time.

Accounting and auditing

The annual financial statements of Deutsche Konsum REIT-AG are prepared in accordance with IFRS, as adopted by the European Union. After preparation by the Management Board, the annual financial statements are audited and approved by the auditor and the Supervisory Board. The Company aims to publish the annual financial statements in accordance with the German Corporate Governance Code within 90 days of the end of the financial year. Interim reports and the half-yearly financial report are discussed between the Supervisory Board and the Management Board prior to publication.

The 2017 Annual General Meeting elected DOMUS AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft as the auditor for the financial year 2016/2017. DOMUS AG's audits following German auditing regulations laid down by the Institut der Wirtschaftsprüfer as well as the principles of proper auditing and the International Standards on Auditing. The Chairman of the Supervisory Board is immediately informed by the auditor of any grounds for exclusion or exemption as well as inaccuracies of the Declaration of Conformity that occurred during the audit. The auditor reports without delay to the Chairman of the Supervisory Board about all issues and events that arise during the audit of the Supervisory Board and is required to inform the Supervisory Board promptly of any possible grounds for exclusion or bias.

Opportunity and risk management

An essential element of corporate governance is risk management to adequately and systematically counter the risks that Deutsche Konsum REIT-AG is exposed to. A comprehensive process was introduced that enables management to identify, assess and manage risks and opportunities in a timely manner. As a result, unfavourable developments and events become transparent at an early stage and can be analysed and managed in a targeted manner. Further information on risk management is contained in the opportunity and risk report of the annual financial statements 2016/2017.

Corporate Governance Statement

The Corporate Governance Statement pursuant to § 289a German Commercial Code (HGB) (former version), which also includes the Declaration of Conformity pursuant to § 161 German Stock Corporation Act (AktG), and the Corporate Governance Report in accordance with Section 3.10 GCGC are publicly available on the Company's website at www.deutsche-konsum.de/en/investor-relations/corporate-governance/corporate-governance-statement/ or www.deutsche-konsum.de/en/investor-relations/corporate-governance/corporate-governance-report/.

Broderstorf, December 2017
The Management Board

4. Report of the Supervisory Board

Dear Shareholders,
In the 2016/2017 financial year, the Supervisory Board of Deutsche Konsum REIT-AG duly fulfilled the duties incumbent on it by law, the Articles of Association and the rules of procedure.

Cooperation between the Supervisory Board and the Management Board

The Supervisory Board continuously monitored and advised the Management Board on the management of the Company. The Supervisory Board was directly involved in all decisions of fundamental importance to the Company. The Management Board complied with its duties to provide information and regularly, promptly and comprehensively informed the Supervisory Board both in writing and orally about corporate planning, the course of business, the strategic development and the current situation of the Company and the current leases.

In addition, the Chairman of the Supervisory Board was regularly informed by the Management Board about current developments in the business situation and significant business events outside of Supervisory Board meetings. In addition, the Chairman of the Supervisory Board kept in regular contact with the Management Board and discussed issues of strategy, planning, business development, risk situation and risk management as well as compliance of the Company.

The members of the Supervisory Board always had ample opportunity to critically examine the resolutions proposed by the Management Board and to make their own suggestions. In particular, the members of the Supervisory Board discussed all significant business transactions for the Company on the basis of written and verbal reports prepared by the Management Board and checked them for plausibility. In several cases, the Supervisory Board dealt in detail with the risk situation of the Company, liquidity planning and the equity situation. In addition, the Management Board also reported to the Supervisory Board on the profitability of the Company, and in particular the profitability of its equity, at the balance sheet meeting. The Supervisory Board has given its approval for individual business transactions insofar as this was required by law, the Articles of Association or the rules of procedure for the Management Board.

In total, six meetings of the Supervisory Board were held during the reporting period. Where necessary, these meetings were conducted as telephone conferences and decisions were taken by written procedure. Approvals of draft resolutions of the Management Board were made after examination of extensive documents and intensive discussion with the Management Board. Committees of the Supervisory Board did not exist during the reporting period.

No member of the Supervisory Board attended fewer than half of the meetings. Conflicts of interest of members of the Management and Supervisory Boards that must be disclosed to the Supervisory Board without delay did not arise.

The members of the Supervisory Board have expertise and experience in the application of accounting principles. They are also familiar with the real estate sector. The Deputy Chairman of the Supervisory Board, Mr. Achim Betz, complies with all requirements in accordance § 100 (5) German Stock Corporation Act (AktG).

Focus of deliberations in the Supervisory Board

The deliberations of the Supervisory Board in the individual meetings focused on the following topics:

- In December 2016, the Supervisory Board unanimously approved the annual financial statements of the Company for the financial year 2015/2016, which was, thus, adopted.
- At its meetings on 1 February 2017 and 9 March 2017, the Supervisory Board dealt with the cash capital increase, in particular with the use of the issue proceeds.
- On 9 March 2017, the Supervisory Board primarily dealt with the inclusion of the Company in the Prime Standard of Deutsche Börse AG and the associated higher transparency and disclosure requirements as well as the results of the Annual General Meeting.
- On 3 May 2017, the Supervisory Board approved the acquisition of another portfolio with six retail properties for EUR 26.5 million.
- At the meeting on 30 May 2017, the appointment of Mr. Alexander Kroth and

Mr. Christian Hellmuth as additional members of the Management Board was approved.
- At its meeting on 29 September 2017, the Supervisory Board discussed the current status of planned property purchases with the Management Board and discussed financing projects and investor relations activities.

In addition, throughout the reporting period, the Supervisory Board supported the growth of the Company in close cooperation with the Management Board.

Corporate Governance

Regarding corporate governance at Deutsche Konsum REIT-AG, the Management Board reports at the same time for the Supervisory Board in the Corporate Governance Report, which is published on the Company's website at www.deutsche-konsum.de/en in connection with the Corporate Governance Declaration, in Investor Relations/Corporate Governance and in the 2016/2017 Annual Report. The Management Board and the Supervisory Board have repeatedly discussed the recommendations and suggestions of the German Corporate Governance Code and issued a Declaration of Conformity pursuant to § 161 German Stock Corporation Act (AktG) on 5 December 2017.

Annual Audit

The annual financial statements of Deutsche Konsum REIT-AG as of 30 September 2017, prepared by the Management Board, and the management report of the Company were audited by the auditor, appointed by the Annual General Meeting on 9 March 2017 and by the Supervisory Board, DOMUS AG Wirtschaftsprüfungsgesellschaft/Steuerberatungsgesellschaft, Berlin, and provided with an unqualified audit certificate.

The annual financial statements of Deutsche Konsum REIT-AG and the management report of the Company as well as the auditors' reports were made available to all members of the Supervisory Board in good time. The auditor attended the meeting of the Supervisory Board meeting on 15 December 2017 and reported on the key findings of his audit. This included his comments on the internal control system and risk management in relation to the accounting process. In addition, he was available to the members of the Supervisory Board for additional questions and information. The Supervisory Board approved the result of the audit of the annual financial statements and the management report of the Company after detailed discussion

The Supervisory Board carefully examined the annual financial statements and the management report of the Company, the proposal for the appropriation of profits and the auditors' reports. There were no objections. The Supervisory Board then approved the annual financial statements as of 30 September 2017 prepared by the Management Board. The annual financial statements are, thus, established.

The negative earnings carried forward from the previous year are only partially offset by the net income for the year. The remainder will be fully compensated by withdrawing from the capital reserve. Thus, the balance sheet profit as at 30 September 2017 is Euro 0.

Examination of the Report of the Management Board on Relationships with Affiliated Companies (dependent company report)

In accordance with § 312 German Stock Corporation Act (AktG), the Management Board prepared a report for the period from 1 October 2016 to 30 September 2017 on relations with affiliated companies and submitted it to the Supervisory Board in good time. The report of the Management Board on relations with affiliated companies was subject of the audit by the auditor. He has issued the following audit opinion on the result of his audit:

> *"After our dutiful examination and assessment, we confirm that*
> 1. *the actual details of the report are correct,*
> 2. *in the transactions listed in the report, the company's performance was not unduly high."*

The audit report was also available to the Supervisory Board in good time. The Supervisory Board examined both the dependency report of the Management Board and the audit report of the auditor, and the auditor participated in the Supervisory Board's hearing on the dependency report and reported on the key findings of his audit. Following the final result of the Supervisory Board's review, the Supervisory Board agrees with the dependency report of the Management Board and the auditors' report and raises no objections to the final declaration of the Management Board contained in the dependency report.

Changes in the Management Board

Effective 1 July 2017, the Supervisory Board appointed Mr. Alexander Kroth and Mr. Christian Hellmuth as additional members of the Management Board. Mr. Kroth (CIO) will be responsible for Investments / Asset Management and Mr. Hellmuth will be responsible for Corporate Finance/Accounting and Investor Relations. Rolf Elgeti continues to be the CEO.

The Supervisory Board would like to thank the Management Board and employees for their commitment in the 2016/2017 financial year.

Broderstorf, December 2017

For the Supervisory Board

Hans-Ulrich Sutter

5. Composition of the Management Board

Rolf Elgeti
CEO

- Rolf Elgeti, born 1976 in Rostock, graduated with a degree in Business Administration in 1999 after studying in Mannheim and Paris. He began his career as an Equity Strategist in London, with UBS Warburg (1999 to 2000), Commerzbank (2000 to 2004) and was then appointed Chief Equity Strategist with ABN AMRO (2004 to 2007).

- Alongside this, from 2003 he founded and managed various German real estate investment firms as an independent trader. Among other things, Mr Elgeti worked independently as a real estate fund manager and founder of Elgeti Ashdown Advisers Ltd. until taking up the position of CEO and Chairman of TAG Immobilien AG.

- During his time as Chairman of TAG Immobilien AG, he expanded the company to become one of Germany's biggest listed real estate companies, a member of the MDax.

- In November 2014, Mr Elgeti moved to the Supervisory Board of TAG, took over as Chairman of the Board and founded the investment company Obotritia Capital KGaA, which has its registered office in Potsdam. This was followed by the establishment of Deutsche Konsum REIT-AG.

- In addition to his position as CEO of DKR, Mr Elgeti also holds board and management positions and directorships in various other companies.

Alexander Kroth
CIO

- Alexander Kroth, born 1982 in Munich, studied Business Administration at the European Business School (ebs) in Oestrich-Winkel, majoring in Real Estate Economics and Finance & Banking. After obtaining his business administration degree (Dipl.Kfm.) in 2006, he began his career in management consultancy in the Corporate Finance – Real Estate division of KPMG in Frankfurt.

- When Obotritia Kapital KGaA was founded in July 2014, Mr Kroth was appointed Investment Director, with responsibility for developing the company's real estate portfolio and those of its subsidiaries, including the original Deutsche Konsum REIT-AG company.

- At the beginning of 2017, Mr Kroth moved full-time to Deutsche Konsum REIT-AG as Investment Director and was appointed CIO of the company on 1 July 2017.

Christian Hellmuth
CFO

- Christian Hellmuth, born 1979 in Berlin, is a trained real estate agent (1999), who went on to study business administration in Berlin, obtaining his degree in 2005. He subsequently began his career in the Audit division of PricewaterhouseCoopers, where he worked until 2011 as Audit Manager for various listed real estate companies.

- Mr Hellmuth then became a Management Consultant with Porsche Consulting and moved to GSW Immobilien AG at the end of 2011 as Consultant to the CFO. When the company was taken over by Deutsche Wohnen AG, Mr Hellmuth remained Consultant to the CFO. In spring 2016, Mr Hellmut moved to WCM Beteiligungs- und Grundbesitz AG as Finance Manager.

- At the beginning of 2017, Mr Hellmuth moved to Deutsche Konsum REIT-AG, where he assumed responsibility for the ongoing development of the Finance division. He was appointed CFO of the company on 1 July 2017.

6. The real estate portfolio

6.1. Investment strategy

The investment focus of DKR is on centers and metropolitan areas away from major cities, as higher initial yields can be achieved with lower investment costs and lower purchase prices due to lower investment costs. Furthermore, DKR acts as a professional investor in a niche, since the investment volume per property is generally up to EUR 25 million, which is too high for private investors and too low for institutional investors. The substantial rental income is also achieved by large German food retail companies, which are considered to be relatively non-cyclical and, therefore, resistant to economic activity.

The objective of DKR is to build up a high-performance real estate portfolio through the further acquisition of functioning retail locations with very high initial yields of at least 10 %, which regularly ensures an attractive and, due to the REIT status, tax exempt dividend distribution. Furthermore, strategic asset and portfolio management as well as targeted and value-adding investments in the real estate portfolio provide the basis for vacancy reductions and lease extensions, as a result of which real estate has increased in value. In this respect, consciously viable properties with higher vacancies and short rental contract maturities are deliberately bought, as DKR can exploit value-added opportunities here. Furthermore, through the targeted purchase of objects with shorter residual lease terms through the passage of time, each year objects fall automatically into the aquisition pattern of the Company and, thus, fill the purchasing pipeline result.

Key success criteria of the investment strategy are an exact analysis of the development possibilities and probabilities of success of each individual object as well as a high speed in the closing process. On the one hand, DKR ensures this through its experienced staff and its network. On the other hand, DKR initially acquires all properties completely in equity and refinances only after the acquisition with outside capital, which accelerates the acquisition process.

6.2. Development of the real estate portfolio in the financial year 2016/2017

DKR again grew strongly this financial year and, with the transfer of benefits and encumbrances, acquired 22 properties for around EUR 96m with a total rental area of around 133,000 sqm and an annualised rent of around EUR 10.4m as of the balance sheet date of 30 September 2017.

As of 30 September 2017, DKR's portfolio, thus, comprises a total of 62 retail properties with a total rental space of around 330,000 sqm and an annualised rent of around EUR 24.8m.

After the end of the 2016/2017 financial year, as of 1 November 2017, four more retail properties were added to the DKR portfolio.

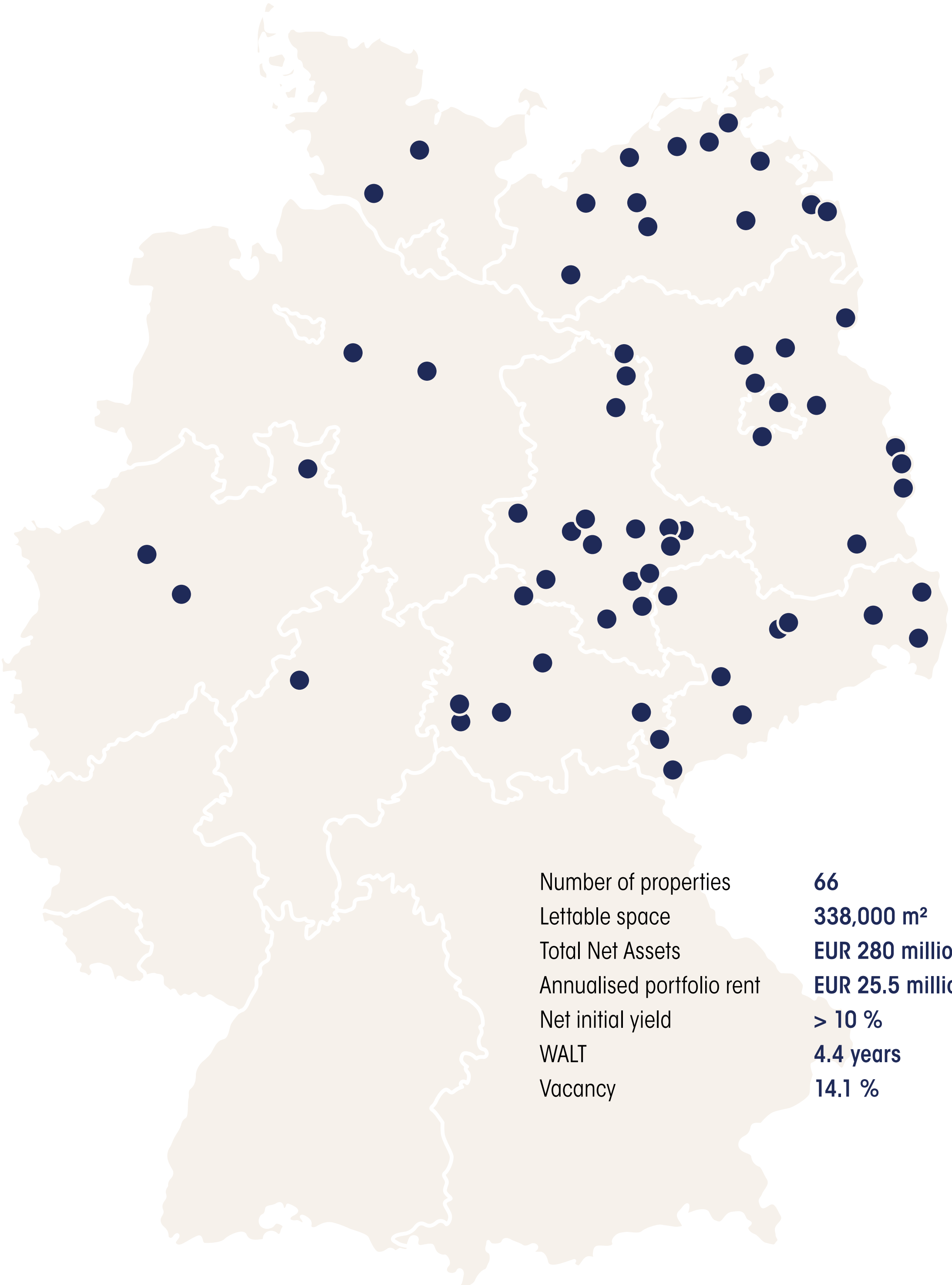
The objective of DKR is
to build up a high-performance real estate portfolio through functioning retail locations with very high initial yields of at least

10%

6.3. Structure of the DKR portfolio

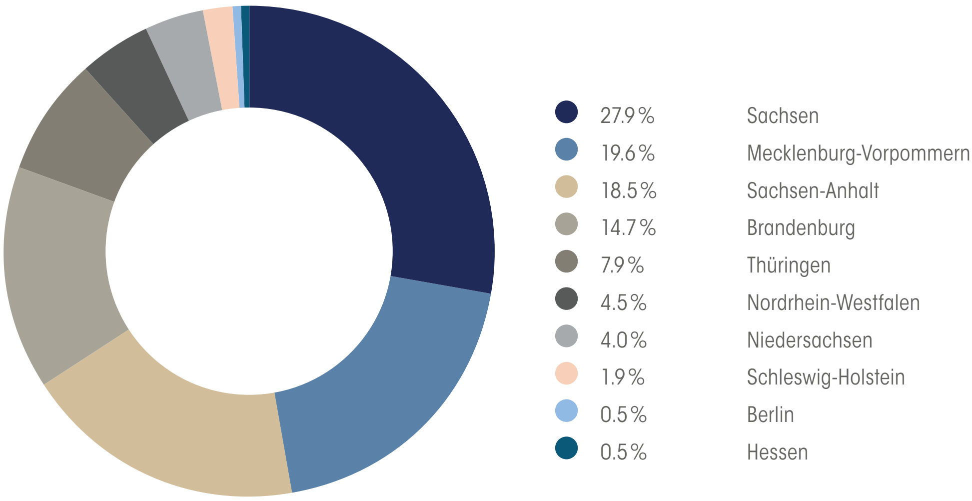
Geographical breakdown

The regional real estate portfolio of DKR as of 1 November 2017 is set as follows:



Number of properties	**66**
Lettable space	**338,000 m²**
Total Net Assets	**EUR 280 million**
Annualised portfolio rent	**EUR 25.5 million**
Net initial yield	**> 10 %**
WALT	**4.4 years**
Vacancy	**14.1 %**

Rental space allocation according to federal states



The investment approach of DKR basically covers all German federal states. At present, however, there is a clear preponderance of locations in the new federal states, as the real estate portfolio has been initially built up by the history of the DKR from the new federal states. In addition, real estate with good quality and attractive investment quality can be found in the new federal states at an attractive price.

In the past two financial years, however, the portfolio was also successively expanded to locations in northern and western Germany, which already contribute around 17 % of total rental income. Again and again, there are objects that meet the high return requirements of the DKR.

	Area (m²)	%	Annualised rent (kEUR)	%
Old federal states	38,568	11.4	4,239	16.6
New federal states	299,539	88.6	21,265	83.4
	338,106	**100.0**	**25,504**	**100.0**

Focus on retail and local supply centers

In principle, DKR invests in the following property categories, which are currently distributed as follows on 1 November 2017:

	Area (m²)	%	Annualised rent (kEUR)	%
Retail park	112,123	33.2	10,227	40.1
Shopping centre	109,427	32.4	7,465	29.3
Hypermarket	57,771	17.1	3,977	15.6
Discounter	41,175	12.2	3,032	11.9
DIY Stores	17,610	5.2	803	3.1
	338,106	**100.0**	**25,504**	**100.0**

DKR clearly focuses on retail parks and shopping centres or properties which have a function of supply for daily needed goods in its microlocations or regions. The range of properties therefore comprise neighborhood centres as well as hypermarkets and also discounter stores.

Revitalisation as an added value driver

In accordance with its investment approach, DKR deliberately acquires property in need of revitalisation, in some cases with significant vacancies and shorter remaining lease terms, since this offers substantial value creation potential.

In order to realise the added-value potential of the objects, DKR carries out revitalisation work on individual objects. As a rule, this includes redesigning space, changing the tenant structure and optimising the tenant situation within an object. Furthermore, a fresh and renewed look makes the appearance of real estate much more attractive. As a result, it is usually possible to significantly reduce vacancies and extend leases.

In the 2016/2017 financial year, DKR is working in particular on the revitalisation of the Domcenter Greifswald, Kirschbergcenter Hohenmölsen, BiTZ Bitterfeld and the former Hotel Stadt Güstrow. Furthermore, the revitalisation of the objects Kolumbuspassagen in Rostock as well as Lindencenter Stralsund and Haff-Center Ueckermünde has begun.

In total, DKR invested around EUR 2.3 million in revitalisation measures in the past financial year.

Geographical vacancy distribution and WALT

As of 30 September 2017, the vacancy rate of the real estate portfolio totaled around 14.6%. The main part of the vacant space is attributable to the revitalisation objects and the recently acquired properties and is as follows:

Object	Total area	Vacancy area	Vacancy rate
Güstrow Hotel Stadt Güstrow	6,285	5,245	83.5%
Bad Dürrenberg	3,384	2,088	61.7%
Ueckermünde Haff-Center	4,620	2,034	44.0%
Hohenmölsen Kirschbergcenter	7,554	2,703	35.8%
Greifswald Domcenter	17,137	5,990	35.0%
Plauen Hypermarkt	24,007	8,082	33.7%
Meißen Hypermarkt	24,209	7,480	30.9%
Bitterfeld BiTZ	19,541	5,745	29.4%
Stralsund Lindencenter	5,882	1,485	25.2%
Wernigerode Altstadtpassagen	11,133	2,430	21.8%
Others	83,731	4,437	5.3%
Total	**330,123**	**47,719**	**14.6%**

Due to the investment approach of DKR and the revolving purchase of properties with significant vacancies, there is a vacancy rate natural for the entire portfolio.

The average remaining lease term (WALT) of the portfolio as of 30 September 2017 is approximately 4.6 years. Despite new and prolonged long-term rental contracts the WALT will remain more or less at the same level due to the fact that DKR constantly acquire new properties with short-term leases.

6.4. Tenant mix

Focus on top-quality tenants with non-cyclical goods and services

Strongest tenant group in DKR's portfolio are food retailers like EDEKA, REWE, SCHWARZ, NORMA and ALDI with about 57 % contribution to the total rent. Beside them the most relevant non-cyclical tenants are non-food discounters, health sector tenants and other non-cyclical tenants with goods of daily needs.

Rent contribution by sector (mEUR)[1]:

- 14,6 Food retail
- 2,5 DIY-stores
- 2,1 Non-food discounters
- 2,1 Other non-cyclical uses[2]
- 3,5 Other cyclical uses
- 0,7 Health sector

Annualised rent contribution by major tenants[1]:

Tenant group	Brands	Rents (mEUR)	WALT in year
Edeka Group	Edeka, NP Discount, Netto Marken-Discount, Diska	4.2	4.0
Schwarz Group	Kaufland, Lidl	3.5	7.4
Metro Group	Real	2.6	3.2
Bartels-Langness Group	Famila	1.0	10.2
Rewe Group	Rewe, Penny, Nahkauf	1.7	7.2
Norma	Norma	0.4	3.1
ALDI	ALDI	0.4	5.0
Others	nah & frisch, Getränke Hoffmann, Tegut	0.8	3.4
Total food retail		**14.6**	**5.4**
Rewe Group	B1 Discount Baumarkt, toom Baumarkt	1.5	2.9
Tengelmann Group	OBI Baumarkt	0.3	7.8
Others	Hagebau, Hammer Fachmarkt	0.7	4.1
Total DIY-stores		**2.5**	**4.0**
Tengelmann Group	TEDI, KiK Textil-Discounter	0.6	3.3
Others	Thomas Philipps, AWG, Ernsting´s family, Takko Fashion, Deichmann, Action	1.5	3.0
Total non-food discounters		**2.1**	**3.1**

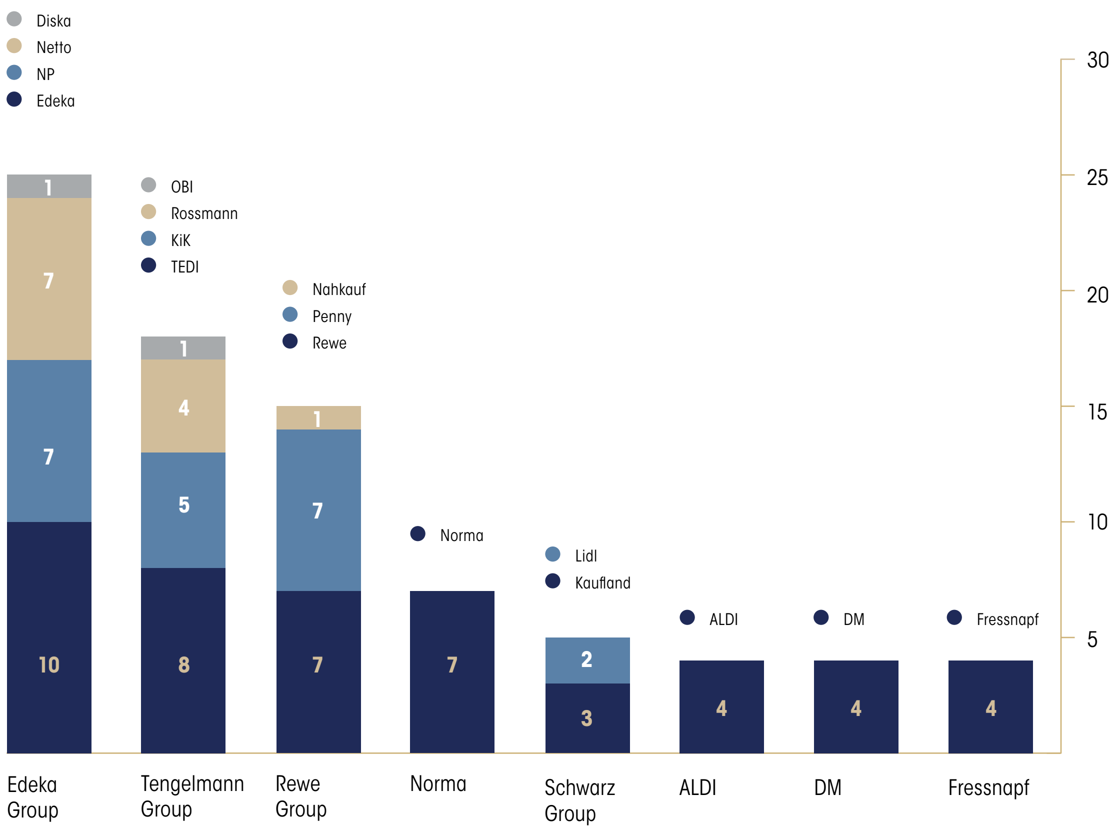
1 Annualised rent contribution of the pro forma portfolio (66 properties)as at 01/11/2017 (without asset)

2 Involves e.g. drug stores,stores, bakeries, banks and apartments

6.5. Tenant relationships

DKR considers a stable lease relationship as a fundament to get information, to improve the tenant mix of each property, informatio about potential acquisitions and to prolong rental contracts.

• **Multiple leases with the same tenants foster the relationship**
(No. of lease contracts as at 01/11/2017):



6.6. Property portfolio in detail as of 30 September 2017

	Address	City	Rental space m²	Vacancy %	Rent level EUR/m²
1	Platz der Befreiung 1	Schwedt	10,532	0.2 %	5.50
2	Brehnaer Straße 34	Bitterfeld	19,541	29.5 %	5.95
3	Anhaltstraße 70b/72	Bitterfeld-Wolfen	5,802	0.0 %	3.88
4	Gothaer Straße 22	Erfurt	19,750	0.0 %	11.95
5	Am Marstall 2	Ludwigslust	14,386	0.8 %	9.09
6	Rendsburger Straße 16	Neumünster	4,630	0.0 %	4.14
7	Carl-Cossow-Straße 64	Marlow	1,046	0.0 %	9.20
8	Fritz-Reuter-Straße 13	Altentreptow	4,293	5.3 %	9.00
9	Chausseestraße 41–43	Ueckermünde	1,589	0.0 %	6.75
10	Ostrauer Straße 5	Bad Dürrenberg	3,384	61.7 %	3.78
11	Berghausstraße 7	Meißen	6,227	0.0 %	3.97
12	B95	Ehrenfriedersdorf	5,500	0.0 %	3.27
13	Karlsgasse 28	Adorf	5,435	0.0 %	1.56
14	Bahnhofstraße 35–36	Wandlitz	1,608	0.0 %	9.20
15	Merseburger Straße/Marktbreite	Leipzig	23,385	7.6 %	6.26
16	Hermann-Heidel-Straße 11	Halle	1,072	18.7 %	4.59
17	R.-Luxemburg-Straße 47	Gräfenhainichen	1,087	0.0 %	6.72
18	B192	Warin	1,598	0.0 %	6.94
19	Dorfstraße 25	Schwante	1,046	0.0 %	8.95
20	Minderer Straße 67/Alter Rehmer Weg 22	Bad Oeynhausen	4,590	2.1 %	4.92
21	Neuenbrooker Straße 37	Krempe	1,758	0.0 %	7.38
22	Löbauer Straße 45	Herrnhut	1,334	0.0 %	7.57
23	Am Bahnhof 8	Niesky	1,352	0.0 %	5.18
24	Hoyerswerdaer Straße 136	Kleinwelka	1,132	0.0 %	11.44
25	Albert-Tanneur-Straße 25	Ludwigsfelde	3,902	0.0 %	6.93
26	Manteuffelstraße 71	Berlin-Tempelhof	1,133	0.0 %	5.57
27	Habichtstraße 16	Berlin-Konradshöhe	580	0.0 %	7.78
28	Gubener Straße 42	Eisenhüttenstadt	1,253	1.5 %	4.09
29	Brückenstraße 12a/b	Rüdersdorf	2,783	0.0 %	8.31
30	Karl-Marx-Straße 95	Guben	1,181	0.0 %	9.31
31	Pferdemarkt 58/Markt 2–3/Hageböcker Straße 108	Güstrow	6,285	83.5 %	10.83

	Monthly rent EUR	Annual rent EUR	WALT	Valuation 30/09/17 EUR	Valuation 30/09/16 EUR	Difference abs. EUR
	57,756	693,072	2.3	5,890,000	5,300,000	590,000
	81,959	983,508	3.2	13,100,000	11,000,000	2,100,000
	22,535	270,423	8.6	2,000,000	1,900,000	100,000
	236,013	2,832,150	1.5	30,000,000	23,200,000	6,800,000
	129,714	1,556,564	8.0	23,700,000	21,200,000	2,500,000
	19,167	230,004	9.3	3,000,000	2,800,000	200,000
	9,623	115,478	9.1	1,310,000	1,300,000	10,000
	36,603	439,237	5.5	4,160,000	4,000,000	160,000
	10,728	128,731	5.7	1,040,000	830,000	210,000
	4,900	58,800	3.3	158,000	158,000	—-
	24,734	296,808	7.3	2,900,000	2,800,000	100,000
	18,000	216,000	3.3	1,600,000	1,500,000	100,000
	8,500	102,000	3.0	650,000	640,000	10,000
	14,789	177,474	7.3	2,920,000	2,800,000	120,000
	135,350	1,624,200	4.0	26,000,000	17,700,000	8,300,000
	4,000	48,000	—	370,000	366,000	4,000
	7,299	87,589	3.3	830,000	800,000	30,000
	11,091	133,087	2.5	1,570,000	1,330,000	240,000
	9,362	112,340	7.8	1,550,000	1,500,000	50,000
	22,128	265,536	4.1	3,500,000	3,100,000	400,000
	12,980	155,758	2.8	1,670,000	1,600,000	70,000
	10,100	121,200	2.6	930,000	900,000	30,000
	7,000	84,000	2.9	560,000	540,000	20,000
	12,950	155,400	10.2	1,680,000	1,500,000	180,000
	27,047	324,561	2.4	4,100,000	3,800,000	300,000
	6,316	75,790	5.0	680,000	600,000	80,000
	4,513	54,160	9.1	650,000	620,000	30,000
	5,050	60,600	6.3	580,000	570,000	10,000
	23,118	277,417	1.3	2,860,000	2,750,000	110,000
	10,990	131,880	4.2	1,370,000	1,300,000	70,000
	11,259	135,107	3.3	1,820,000	2,110,000	–290,000

»

	Address	City	Rental space m²	Vacancy %	Rent level EUR/m²
32	Kolumbusring 58	Rostock	4,492	11.9%	4.75
33	Domcenter	Greifswald	17,136	36.5%	7.56
34	Ringstr. 31-37 Gustav-Petri-Straße	Wernigerode	11,133	17.9%	6.28
35	Am Stadtfeld 2	Laucha	1,110	0.0%	8.52
36	Lange Straße 3	Gröbers	986	0.0%	9.09
37	Edderitzer Straße 8	Köthen	685	0.0%	10.33
38	Neustadt 1a	Ermsleben	678	0.0%	9.30
39	Babener Straße 43	Goldbeck	982	0.0%	8.80
40	Nordwall 12b	Stendal	1,107	0.0%	10.67
41	Mühlstraße 52	Viernau	1,027	0.0%	4.30
42	Bergstraße 12	Kaltensundheim	916	0.0%	4.87
43	Gartenstraße 4	Kaltennordheim	927	0.0%	3.42
44	Gladenbacher Straße 43	Dautphe	1,600	0.0%	4.25
45	Rostocker Straße 1, 2, 3, 7, 8	Pritzwalk	15,157	0.0%	7.53
46	Holzmarkt 7, 9, 11, 13, 15	Verden	7,128	2.7%	13.96
47	Bahnhofsplatz 3	Krakow am See	3,474	5.3%	8.38
48	Magdeburger Straße 32	Aschersleben	1,009	0.0%	10.18
49	Abtshäger Straße 13	Franzburg	1,320	0.0%	6.82
50	Lindenallee 25	Stralsund	5,882	27.1%	4.46
51	Haffring 24	Ueckermünde	4,620	44.0%	5.25
52	Wilhelm-Külz-Straße 8	Hohenmölsen	7,553	38.3%	5.90
53	Harburgerstraße 30	Bergen	6,392	0.0%	11.16
54	Drebkauer Hauptstraße 5	Drebkau	965	0.0%	5.18
55	Karl-Marx-Str. 96	Guben	10,377	11.9%	7.88
56	Berliner Platz 14	Oer-Erkenschwick	9,555	0.0%	10.99
57	Schützenstraße 1	Meißen	24,209	30.9%	6.28
58	Morgenbergstraße 41	Plauen	24,007	33.7%	7.63
59	Neustädter Ring 78	Tangerhütte	2,574	0.0%	5.36
60	Beethovenstraße 9	Sondershausen	1,100	0.0%	6.72
61	Karl-Marx-Straße 33	Eisenhüttenstadt	965	0.0%	11.09
62	Frohnbachstraße 59	Limbach-Oberfrohna	1,862	0.0%	7.89
Portfolio in total as at 30/09/2017			**330,122**	**14.6%**	**7.34**

Monthly rent EUR	Annual rent EUR	WALT	Valuation 30/09/17 EUR	Valuation 30/09/16 EUR	Difference abs. EUR
18,786	225,428	1.4	3,180,000	2,800,000	380,000
82,258	987,096	0.2	10,000,000	8,600,000	1,400,000
57,432	689,180	0.9	8,500,000	7,300,000	1,200,000
9,455	113,457	4.5	1,060,000	1,000,000	60,000
8,966	107,597	4.5	940,000	920,000	20,000
7,075	84,896	4.5	620,000	600,000	20,000
6,308	75,697	4.5	540,000	530,000	10,000
8,640	103,676	4.4	1,100,000	1,000,000	100,000
11,813	141,750	4.6	1,160,000	1,100,000	60,000
4,420	53,040	5.4	350,000	—	—
4,458	53,500	5.9	330,000	—	—
3,171	38,052	4.3	210,000	—	—
6,800	81,600	3.4	720,000	—	—
114,143	1,369,716	5.5	15,400,000	—	—
96,837	1,162,041	2.2	13,300,000	—	—
27,594	331,126	3.8	3,130,000	—	—
10,273	123,270	3.3	1,100,000	—	—
9,006	108,072	4.3	1,090,000	—	—
19,148	229,774	1.0	1,200,000	—	—
13,575	162,900	9.3	900,000	—	—
27,498	329,972	4.2	2,170,000	—	—
71,307	855,684	2.4	7,500,000	—	—
5,000	60,000	5.4	400,000	—	—
72,020	864,240	4.6	7,800,000	—	—
105,000	1,260,000	12.5	16,200,000	—	—
105,001	1,260,015	3.5	11,100,000	—	—
121,435	1,457,218	3.7	12,200,000	—	—
13,800	165,600	5.3	1,650,000	—	—
7,392	88,704	9.3	1,200,000	—	—
10,700	128,400	2.7	1,140,000	—	—
14,702	176,424	5.6	2,000,000	—	—
2,069,583	**24,834,997**	**4.6**	**271,338,000**	**144,364,000**	**126,974,000**

Impressions on the individual objects can be found on the DKR website at:
www.deutsche-konsum.de/en/portfolio/properties/

7. Key figures according to EPRA

The European Public Real Estate Association EPRA

EPRA is a non-profit organisation based in Brussels that represents the interests of the European real estate industry and has developed standardised ratios that ensure a high level of comparability between real estate companies. Since October 2017, DKR has been a full member of EPRA and applies the EPRA Guidelines for the first time to the 2016/2017 Annual Report.

Accordingly, the EPRA KPIs of DKR are as follows:

EPRA Earnings

The EPRA Earnings represent the result from the ongoing property management. Valuation effects and proceeds from disposals are not considered.

kEUR	2016/2017	2015/2016
Period result	37,405.0	21,988.9
– Evaluation result	–28,403.8	–12,368.1
– Sale result	–4.3	–2.0
EPRA Earnings	**8,996.9**	**9,618.8**
EPRA Earnings per share, EUR	0.40	0.64

EPRA Initial Net Return

The EPRA Initial Net Return is the annualised annual rent less non-recoverable management costs in relation to the current portfolio value and, thus, represents the current portfolio return.

kEUR	2016/2017	2015/2016
Market value of investment properties	275,433.9	147,822.5
+ Transaction costs	21,109.7	12,224.7
Gross market value of investment properties	**296,543.7**	**160,047.2**
Annualised rental income	24,835.0	14,382.0
– non-recoverable management costs	–4,967.0	–2,876.4
Annualised net rental income	**19,868.0**	**11,505.6**
EPRA Initial Net Return	**6.7 %**	**7.2 %**

EPRA Cost Ratio

The EPRA cost ratios relate the current property-specific management expenses as well as the administrative and management expenses to the rental income and, therefore, show the cost burden of the management platform in relation to the rental income.

kEUR	2016/2017	2015/2016
Expenses from property management	4,743.2	2,464.4
+ Personnel expenses	194.2	50.5
+ Other recurring operating expenses	1,009.5	1,286.9
– Other company income	–96.3	—*
EPRA costs including direct vacancy costs	**5,850.5**	**3,801.8**
– direct vacancy costs	–1,771.6	–540.0
EPRA costs excl. direct vacancy costs	**4,078.9**	**3,261.8**
Rental income	19,248.9	11,437.4
EPRA cost ratio A, %	**30.4 %**	**33.2 %**
EPRA cost ratio B, %	**21.2 %**	**28.5 %**

* One off effect due to the derecognition of liabilities in the amount of kEUR 4,822 in the previous year excluded.

EPRA Vacancy Rate

In contrast to pure vacancy, the EPRA vacancy rate reflects the economic vacancy based on the market rent of the vacant space in relation to the total rent of the portfolio at the balance sheet date. The estimated underlying market rents result from the real estate appraisals of the external and independent appraiser JKT Immobilien GmbH, Berlin.

kEUR	30/09/2017	30/09/2016
Potential rent for vacant space	998.1	780.4
Annualised rental income	24,835.0	14,382.0
EPRA vacancy rate	**4.0 %**	**5.4 %**

EPRA NAV/EPRA NNNAV

The EPRA NAV represents the long-term value of the company as at the balance sheet date. In this respect, short-term valuation effects of financial instruments from hedging relationships or deferred tax effects are not taken into account and eliminated from equity.

The so-called EPRA NNNAV, on the other hand, depicts the short-term intrinsic value of the company by disclosing hidden reserves and burdens and includes the short-term valuation effects from interest hedges and deferred taxes.

Since DKR is exempt from VAT as a REIT and has not entered into any interest rate hedges, these adjustments need not be made. As a result, equity, EPRA NAV and EPRA NNNAV are currently identical.

The EPRA NAV per share (undiluted) as of 30 September 2017 is as follows:

kEUR	30/09/2017	30/09/2016[1]
Equity (kEUR)	154,736	79,031
Number of shares at the balance sheet date	24,760,285	18,447,003
EPRA NAV per share, EUR	**6.25**	**3.93**

[1] 30/09/2016: Equity contained a mandatory convertible bond in an amount of 14.4 mEUR. Therefore the NAV is divided by 20,107,003 total shares (additional 1,660,000 shares after conversion of mandatory bond).

Management Report

Deutsche Konsum REIT-AG

1. Basics of Deutsche Konsum REIT-AG

1.1. Business Model, Strategy and Structure

Deutsche Konsum REIT-AG (hereafter referred to as "DKR") is a portfolio holder specialising in retail real estate for items of daily use. The business activity essentially comprises the acquisition, leasing and management of domestic retail properties in functioning micro locations in central and regional centres of Germany. In individual cases, object sales can also be undertaken.

The listing of the DKR share (ISIN DE000A14KRD3) took place on 15 December 2015. Since then, the share has been tradable on all major stock exchanges and quoted in the Prime Standard of Deutsche Börse AG since 3 March 2017. As of 1 January 2016, the Company has the status of a REIT (Real Estate Investment Trust) and is, therefore, exempt from income tax at company level.

The investment focus of DKR is on centres and metropolitan areas away from major cities, as there, higher initial yields with simultaneously manageable investment risk due to lower competition and lower purchase prices can be achieved. Furthermore, DKR acts as a professional investor in a niche, since the investment volume per property is generally up to EUR 25 million, which is too high for private investors and too low for institutional investors. The substantial rental income is also achieved by large German food retail companies, which are considered to be relatively non-cyclical and, thus, resistant to general economic trends.

The aim of DKR is to build up a high-performance real estate portfolio through the further acquisition of functioning retail locations with high initial yields, which regularly ensures an attractive dividend distribution. Furthermore, strategic asset and portfolio management as well as targeted and value-adding investments in the real estate portfolio provide the basis for vacancy reductions and lease renewals, because of which the real estate has increased in value. In this respect, consciously viable properties with higher vacancies and short rental contract maturities are deliberately bought, as DKR can exploit value-added opportunities here.

As of 30 September 2017, the recognised real estate portfolio of the DKR includes 62 retail real estate with a leasable area of approximately 330,000 m² and a value of EUR 275 million

In terms of corporate law, DKR only consists of a corporation that holds and accounts for all real estate. This, as well as the REIT characteristics, enable the company to have particularly streamlined administrative structures. In addition, the existing network, the many years of experience of the management and the flat structures help to achieve a high purchase speed, which is advantageous in purchase processes.

The largest shareholder of DKR is currently Obotritia Capital KGaA ("Obocap") with its personally liable partner Rolf Elgeti, which together with its subsidiaries currently holds cirka 32 % of the shares. DKR uses the business premises and the IT infrastructure as well as partially the staff of Obocap, which is proportionally charged to the company through a group allocation. DKR is required to prepare a dependency report in accordance with § 312 AktG (Stock Corporation Act).

1.2. Structure and Control System

DKR is mainly controlled based on the financial ratios: initial yield, FFO (funds from operations), aFFO (adjusted funds from operations), LTV (loan to value) and EPRA NAV (EPRA net asset value). Furthermore, we consider the ratio of current administrative expenses to rental income to be an important performance indicator.

Non-financial performance indicators of DKR are vacancy rates as well as the average remaining term of the limited leases WALT (weighed average lease term) at the individual property level as well as at the overall portfolio level. Because of the acquisition of properties with higher vacancy rates and lower remaining lease contract terms, which are in line with the business model, these non-financial ratios are subject to significant fluctuations.

Furthermore, DKR has planning tools such as corporate planning as well as rolling liquidity planning, which are used to steer operational business development.

1.3. Research and Development

As part of its business purpose, DKR has no research and development activities and is not dependent on licenses and patents.

2. Economic Report

2.1. Macroeconomic development

Economic growth in Germany continues its moderate course of growth. In the fourth quarter of 2016, gross domestic product increased by 0.4%[1], and in the first two quarters of 2017 by 0.7% and 0.6% respectively, compared to the previous quarters[2]. According to the Bundesbank, gross domestic product could increase by 1.9% in 2017[3]. The interest rate level in the eurozone is currently at a historic low. On 16 March 2016, the European Central Bank (ECB) lowered the key interest rate by 5 basis points, so that the main refinancing rate was 0.00%. As a result, real estate companies such as Deutsche Konsum REIT-AG, which largely finance their holdings by borrowing, continue to find favourable conditions for financing their investments[4].

2.2. Development of the German commercial real estate market

According to a study by JLL, the German investment market for commercial real estate posted a transaction volume in Germany of EUR 38.6 billion for the period January to September 2017. Retail real estate occupies second place within the asset class with 19% of the transaction volume behind office real estate (45%) and before logistics real estate. It is still the case that more capital could be invested if there was an adequate supply in sufficient numbers[5].

Regarding rental and yield development, specialist retail and local supply properties have established themselves as asset classes in recent years due to the strong development of the purchase price in the premium segments. According to the Bulwiengesa market study 2016 on food retailing, the rental level in the segment of local supply for good properties has risen significantly both in western and eastern Germany since the year 2000. Furthermore, the yield level appears to be attractive, especially with regard to C and D cities. In addition, investments in modern local supply properties provide high stability and long-term security. The reasons for this are the generally long-term lease terms and the conventionally agreed index regulations in the leases of this asset class as well as the leases with tenants with excellent credit ratings[6].

1 Source: www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2017/02/PD17_050_811.html, last reviewed on 30 October 2017.

2 Source: www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2017/08/PD17_277_811.html, data from Destatis verified: www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2017/08/PD17_294_811.html, last reviewed on 30 October 2017.

In the third quarter of 2017, the retail rental market showed a mixed result, according to a JLL study. Although, the total letting volume of the first three quarters of 345,100 m² was almost on par with the previous year (348,800 m²), with about 98,000 m² in 235 deals, the mediated retail space, however, fell to a quarterly level of below 100,000 m² for the first time since 2013.[7]

2.3. Business Performance

Portfolio growth continued

In the financial year 2016/2017, DKR continued its portfolio growth and acquired 22 retail properties with a total area of 189,000 m² for around EUR 96 million. The reported real estate portfolio as at 30 September 2017 comprises 62 properties with a leasable area of around 330.000 m², where the transfer of benefits/encumbrances has already taken place.

Positive performance of the real estate portfolio

The regular real estate valuation by an independent and external valuation expert as of 30 June 2017 resulted in an appreciation of the reported real estate at date by a total of around EUR 28,4 million or around 12 %.

The main valuation gains are recorded by the existing properties Löwenpark Leipzig (+ 47 %), Erfurt (+ 29 %) as well as the revitalisation properties in Bitterfeld "BiTZ" (+ 19%), Wernigerode (+ 16 %) and Greifswald "Domcenter" (+ 15 %). On the one hand, the valuation gain, thus, reflects the increased overall market demand in the sought-after locations in eastern Germany and, on the other hand, clearly shows the increase in value of the revitalisation measures.

Overall, the real estate portfolio is, therefore, accounted for on the basis of 62 properties at kEUR 275,433 on 30 September 2017.

Successful capital measures and entry into the Prime Standard

As of December 27, 2016, the creditor of the mandatory convertible bond exercised his conversion right. This resulted in an increase in issued shares from 1,660,000 shares to 20,107,003. shares.

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3 Source: www.bundesbank.de/Redaktion/DE/Themen/2017/2017_06_09_prognose.html, last reviewed on 30 October 2017.

4 Source: www.finanzen.net/leitzins/, last reviewed on 30 October 2017.

5 Source: www.jll.de/germany/de-de/research/682/investmentmarktueberblick, p. 3, 5, last reviewed on 30 October 2017

6 bulwiengesa: MARKET STUDY. Food Retail in Germany - Market Structure Data 2016, 21 June 2017, p. 21.

7 Source: www.jll.de/germany/de-de/research/683/einzelhandelsmarktueberblick, p. 3, last reviewed on 30 October 2017

Furthermore, on 6 February 2017, Deutsche Konsum announced the implementation of a cash capital increase with subscription rights for EUR 8.50 per share and successfully completed it with the entry in the commercial register on 27 February 2017. As a result, the share capital of the company increased by EUR 4,653,282.00 to EUR 24,760,285.00. The outstanding number of no-par-value shares amounts to 24,760,285 shares. As a result of the cash capital increase, the company received net proceeds of EUR 38.3 million, which will be used to finance further purchases.

As part of the capital increase, the company was admitted to the Prime Standard of Deutsche Börse on March 3, 2017, and, thus, into the highest German stock exchange segment.

New loans financing

At the beginning of December 2016, three long-term loan agreements were signed with Berliner Sparkasse and Volksbank Mittweida for a total volume of kEUR 10,850. The interest rates are between 2.08 % and 2.65 % p.a. and the terms between seven and 20 years. The payment of kEUR 9,650 was made in January 2017 and the payment of the remaining kEUR 1,200 was made in July 2017. The loans serve to finance the existing properties in Berlin, Rüdersdorf, Ludwigsfelde, Warin and Wernigerode.

Furthermore, a loan agreement with Berliner Sparkasse for a total volume of kEUR 21,000 was signed on 29 March 2017. The loan comes with a fixed interest rate of 1.9 % p.a. and has a five-year term. As of 30 September 2017, two partial payments totalling kEUR 19,700 were made. The loan is used to finance the properties in Greifswald, Verden and Pritzwalk.

On 22 August 2017, another loan was taken out at the Ostseesparkasse Rostock for kEUR 2,650. The loan has an interest rate of 2.58 % and a loan term of 19 years. The loan is used to finance the object Krakow am See.

At present, the company is in the processes of taking out further loans and is also in prolongation processes. This is expected to result in a significant reduction in the average rate of interest while extending the term of the loan.

Annual General Meeting on 9 March 2017 approves all proposed resolutions

On 9 March 2017, the Annual General Meeting of DKR took place in Berlin. All proposed resolutions were adopted with the required majority. According to the resolutions, the available authorised capital now amounts to EUR 12,380,142.00 (Authorised Capital 2017). The authorised Capital 2016 has been cancelled.

Furthermore, a new conditional capital of up to EUR 10,000,000.00 (Conditional Capital I) was agreed upon for the issue of bonds with a total nominal value of up to EUR 150,000,000.00. In addition, the remaining conditional capital for the granting of shares from existing convertible bonds was increased to EUR 2,380,142.00 (Conditional Capital II).

2.4. Net assets, financial position and profit situation

Net assets

The balance sheet total increased by kEUR 106,216 to kEUR 280,675 (30/09/2016: kEUR 174,459). This resulted from the construction of the real estate portfolio as well as from the valuation gain on the basis of the current appraisal report. Accordingly, the investment properties are accounted for at kEUR 275,434 as of 30 September 2017 (30/09/2016: kEUR 147,823).

In the financial year, the Company's equity increased by kEUR 75,705 to kEUR 154,736 (30/09/2016: kEUR 79,031), which resulted mainly from the cash capital increase on 27 February 2017. As a result, Deutsche Konsum generated net proceeds of kEUR 38,300, which were reflected in equity. In addition, the positive result for the period including the valuation gain in the amount of kEUR 37,405 has the effect of increasing equity.

The EPRA NAV per share (basic) is as follows as of 30 September 2017:

kEUR	30/09/2017	30/09/2016 [8]
Equity (kEUR)	154,736	79,031
Number of shares at the balance sheet date[8]	24,760,285	18,447,003
EPRA NAV per share, EUR	**6.25**	**3.93**

[8] 30/09/2016: Equity contained a mandatory convertible bond in an amount of 14.4 mEUR. Therefore the NAV is divided by 20,107,003 total shares (additional 1,660,000 shares after conversion of mandatory bond).

Non-current and current financial liabilities to banks increased to EUR 72,363 (30/09/2016: kEUR 41,932) due to the taking out of loans. By contrast, financial liabilities to other lenders were fully repaid as of the balance sheet date (30/09/2016: kEUR 10,819). Overall, the total liabilities increased to kEUR 13,451 as of the balance sheet date. Overall the financial liabilities have increased at the report date to kEUR 118,723.

Accordingly, the net LTV is as follows as of 30 September 2017:

kEUR	30/09/2017	30/09/2016
Financial liabilities to banks	72,363	41,932
Convertible bonds	35,541	35,015
Financial liabilities to other lenders	10,819	13,451
Total liabilities	**118,723**	**90,398**
less cash and cash equivalents	–1,161	–10,335
less short-term loan	0	0
Net debt	**117,562**	**80,063**
Investment property	275,434	147,823
Advance payments for the acquisition of investment property	413	14,656
Total investment properties	**275,847**	**162,479**
Net-LTV	**42.6 %**	**49.3 %**

Financial position

The cash flow statement is as follows:

kEUR	2016/2017	2015/2016
Cash flow from operating activities	11,984	3,249
Cash flow from investing activities	–83,241	–62,676
Cash flow from financing activities	62,083	65,413
Cash changes in cash and cash equivalents	–9,174	5,987
Cash and cash equivalents at the beginning of the period	10,335	4,348
Cash and cash equivalents at the end of the period	**1,161**	**10,335**

The increase in cash flow from operating activities corresponds to the increase in operating income due to the growth of the real estate portfolio.

The cash flow from investing activities reflects the payments for purchase properties during the period under review.

The cash flow from financing activities essentially includes the net cash inflows from the cash capital increase in the amount of kEUR 38,300 in February 2017, and from taking out loans in the amount of kEUR 44,019. This is offset by repayments and interest of kEUR 19,784.

The company was always able to meet its payment obligations.

Profit situation

The profit situation of Deutsche Konsum developed as follows in 2016/2017:

kEUR	2016/2017	2015/2016
Rental income	14,506	8,973
Disposal result	4	2
Other operating income	96	4,831
Unrealised valuation result	28,404	12,368
Operating expenses	–1,333	–1,610
EBIT	**41,677**	**24,564**
Financial result	–4,254	–3,437
EBT	**37,423**	**21,127**
Income taxes and other taxes	–18	862
Profit for the period	**37,405**	**21,989**

The rental income increased significantly due to the acquisition-related significantly increased real estate portfolio. As a result, rental income increased to around kEUR 19,249 (2015/2016: kEUR 11,437). Correspondingly, the management expenses increased concurrently.

The prior years' other operating income was impacted by a one time effect regarding the dissolution of financial liabilities of a former sharedeal.

The unrealised valuation result as at 30 September 2017 results from the valuation report of the independent and external real estate appraiser. The valuation gain mainly reflects the value-added activities of DKR and the demand on the real estate market.

Operating expenses have decreased significantly but inherit one time or extraordinary expenses of kEUR 20 (2015/2016: kEUR 293). Adjusted by these effects the operating expenses remained stable. Higher personnel expenses which occured in the course of the growth of the company have been compensated by the drop of allowances.

The administrative expense ratio is as follows:

kEUR	2016/2017	2015/2016
Personnel expenses	–194	–51
Other operating expenses	–1,009	–1,287
Adjustment of one-off and special effects	20	293
Adjusted administrative expenses	**–1,183**	**–1,045**
Rental income	19,249	11,437
Administrative expense ratio	**6.1 %**	**9.1 %**

In summary, EBIT increased by kEUR 17,113 to kEUR 41,677.

The decrease in the financial result is mainly attributable to the increase in interest expenses due to the use of loans used for acquisition financing.

Income taxes do not accrue due to the tax exemption of REIT companies. In the previous year, income resulted from the non-cash release of deferred taxes, which were no longer to be formed due to the attainment of the REIT status at the beginning of 2016.

Overall, this results in a profit for the period of kEUR 37,405 (2015/2016: kEUR 21,989), from which FFO and aFFO derive as following:

kEUR	2016/2017	2015/2016
Profit for the period	37,405	21,989
Adjustment of income taxes	0	–862
Adjustment of depreciation	1	1
Adjustment of unrealised valuation result	–28,404	–12,368
Adjustment of the divestment result	–4	–2
Adjustment for non-cash expenses/income	526	494
Adjustment for one-time effects	736	–3,622
FFO	**10,260**	**5,630**
– Capex	–2,287	–972
aFFO	**7,973**	**4,658**

The non-cash income and expenses include the compounding of the convertible bonds and the loans using the effective interest method. The one-time effects include non-recurring expenses and income.

The capitalized repair costs mainly include value-adding construction and improvement measures in the Greifswald, Güstrow and Hohenmölsen revitalisation projects as well as building cost subsidies in the Meissen and Leipzig properties.

This results in an FFO per share of EUR 0.46 (2015/2016: EUR 0.37) and an aFFO of EUR 0.35 per share (2015/2016: EUR 0.31).

Overall statement on the economic situation of the company

The financial year 2016/2017 was extremely positive for DKR. In addition to the further portfolio construction, the significant increase in rental income and the valuation result as well as the successful capital increase and the inclusion in the Prime Standard, all of the key figures, as shown, improved significantly. Furthermore, DKR has purposefully built up and professionalised its internal structures. In this respect, the management of DKR sees the company well positioned for further successful development.

Other non-financial performance indicators

The vacancy rate as at the balance sheet date was 14.6% (30/09/2016: 12.0%) and has increased as a result of the acquisition of above-average leased properties. The WALT amounts to date to 4.6 years (30/09/2016: 4.5 years).

3. Opportunities and Risk Report and Forecast Report

3.1. Opportunity and risk report

Risk management system of the DKR
Risk management is designed to identify the value-added potential of the company's business activities and to enable them to be exploited in a manner that results in a sustainable increase in the value of the company. An integral part of this system is a structured, early examination of potentially unfavourable developments and events (risks), which enables the Management Board to take countermeasures in good time before significant damage occurs.

The risk management system of DKR comprises a systematic identification, analysis, assessment and monitoring of significant risks by the company's Management Board. Given the manageable business structures and business processes, the degree of formalisation of the risk management system is low, but effective and appropriate. Close involvement of the Management Board in key business transactions and projects ensures ongoing monitoring of the risks involved.

The risk management system used includes the following essential elements:

- a controlling and reporting system that is capable of identifying business failures at an early stage and communicating them to corporate governance;

- a regular or event-related risk inventory;

- the documentation of relevant risks for regular or event-related information of corporate governance;

- a periodic, regular evaluation of the identified risks and the decision on possible countermeasures or the deliberate acceptance of manageable risks by the Management Board,

- an internal control system (ICS), with elements such as the dual control principle and segregation of functions, which ensure correct and complete accounting and a secure invoice receipt and payment process.

In detail, the essential elements of the risk management system are reflected in the following risk management process:

- a Defining the requirements: The Management Board defines the methodological and substantive requirements for the risk management system, whereby the expectations of the company are determined, and the risk awareness is strengthened.
- b Risk identification and analysis: All business risks are fully captured, analysed for their causes and effects, assessed and divided into five risk categories. In addition, possible countermeasures are identified.
- c Reporting: The Management Board is informed regularly and at an early stage about all existing risks and possible countermeasures. As part of the reporting cycles, reporting is done on an ad hoc, weekly, monthly or quarterly basis depending on the circumstances and the risk assessment.
- d Risk management: Based on the decisions taken by the Management Board on the controlling measures, the identified, analysed and assessed risks are actively reacted at this stage.
- e Risk controlling: The subject of risk controlling is the methodical and content-related planning, monitoring and controlling of the risk management system by a qualified risk manager. Risk Controlling encompasses all phases of the risk management process and must be regularly adjusted by the Management Board in terms of methodology and content.

The risks are assessed on the basis of defined thresholds with regard to the amount of damage and the probability of occurrence:

Amount of damage	Million EUR			
high	> 2.0	medium	medium-high	high
medium	1.0 bis 2.0	medium-low	medium	medium-high
low	< 1.0	low	medium-low	medium
		< 10 %	10 % bis 50 %	> 50 %
		low	medium	high
		Probability of occurrence		

DKR is exposed to the following risk categories or individual risks that, individually or collectively, may adversely affect the net assets, financial position and profit situation and the further economic development of the Company:

1. General, strategic and market-specific risks

a Political, legal and social risks

As the business activities of DKR are regulated by legal framework conditions for real estate, this could be impaired by changes to national and/or European law standards as well as by a changed interpretation or application of existing legal norms. These include, inter alia, tenancy law, public construction law and tax law. Furthermore, political changes can also lead to changes in the legal framework and, thus, also have an indirect impact on the DKR.

b Economic risks

So far, DKR has achieved its sales exclusively in Germany. In particular, a deterioration in national economic conditions, coupled with an increase in the number of unemployed, may negatively impact rent and price levels and adversely affect the creditworthiness of potential tenants and purchasers of real estate. This can have different regional effects, so that DKR can be affected here. Furthermore, the national economic situation may also depend considerably on international developments.

c Industry risks in the retail sector

The real estate industry is characterised by intense competition from numerous providers. In this regard, there is a risk that the competition will lead to increased price pressure and lower margins. This may also adversely affect the situation of DKR's various retail locations by not renewing leases or reducing rents.

Furthermore, the stationary retail sector is subject to significant future changes due to digitisation. All major grocery retailers and online retailers are currently testing online models with delivery service in various major cities. If this trend also prevails in the regional DKR locations in the medium to long term, there is a risk that leases will not be extended there.

The Management Board currently rates these risks as overall low, as the German food industry is currently booming and expanding further, which is confirmed by our letting activity. Furthermore, we currently see no significant risk for the business activities of DKR through online delivery services, which are currently still in the origins of development and are neither profitable nor ecologically mature at this time. In addition, these services are not available in the regions of DKR and are unlikely to be in the foreseeable future.

d Changes in the financing environment/capital market

Of particular importance for the national demand for real estate is the development of interest rates in Germany. An increase in interest rates would make real estate investments more difficult due to growing interest charges. In addition, in this case, the borrowing costs of the loans taken out by the real estate companies would increase.

2. Company-specific risks

a Risks due to the use of IT

DKR uses all current and modern IT applications and is supported by an external system house. In this context, there is a risk of total default both at DKR and at the service provider, which could lead to significant disruptions of the business. Furthermore, there is a risk of attacks on the systems of DKR and, thus, the access of unauthorized persons to the data of DKR.

In order to counteract this, the service provider regularly carries out all necessary operational, administration and maintenance work and also assumes the contractual liability for this. All employees are also required to behave properly in the use of IT.

b Personnel risks

Due to the lean personnel and administrative structure of DKR, there is a risk that qualified and high-performing employees and knowledge carriers leave the company and cannot be replaced within a reasonable time.

c Financial risks

As part of its business activities, DKR is exposed to financing, liquidity and interest rate risks.

Financing risks exist to the extent that borrowing cannot be realised through changing company or market-related developments or only under unfavourable conditions, which could have a negative effect on further acquisition financing and the earnings position of DKR. Should this result in problems with the servicing of current loans, lenders could compel recovery of real estate collateral, and such distress sales could result in significant financial penalties for DKR.

To counter this risk, DKR works with various banks and closely monitors the development of the financing market. Short-term financing options are also used in order to secure attractive long-term financing options through planned lease extensions.

There are also various risks with regard to corporate liquidity. These can arise on the one hand as a result of possible rent losses. In addition, negative liquidity effects may arise in individual cases if leases cannot be extended and vacancy rates arise as a result. In addition, a breach of agreed ratios in loan agreements (covenants) may lead to a special termination of the lending bank and an unplanned outflow of liquidity from the loan repayment.

In order to avoid rent losses, the creditworthiness of the potential tenant is regularly checked in connection with the conclusion of rental agreements. Furthermore, liquidity risks are counteracted by extensive liquidity planning instruments, which reflect current business transactions with the planning data both in the short and in the medium term. There is regular liquidity reporting and a liquidity forecast to the Management Board. In addition, as part of a bank reporting, a looming breach of covenants is recognised as early as possible and prevented by suitable measures.

Interest risks exist with regard to liabilities due for prolongation or refinancing as well as planned loans to finance real estate portfolios. In order to hedge against adverse effects of changes in interest rates, DKR uses fixed interest rates for financing depending on the market situation and the assessment of market prospects. The direct impact of changes in the general interest rate level on the Company's performance on changes in cash flows is relatively small compared to the potential indirect effects of changes in the general interest rate level on real estate demand.

d Legal and litigation risks

As part of its business activities, DKR is exposed to the risk of legal disputes and (potential) warranty claims and claims for damages without being able to assert claims against third parties.

There are currently no other legal risks, in particular from legal disputes, which could have a significant impact on the economic position of the Company.

The Company has to implement the duties of the WpHG due to the IPO. This results in higher organisational and information tasks that are inevitably associated with higher costs. This risk is countered by hiring an experienced IR manager.

e Tax risks

To preserve the REIT characteristics, DKR must comply with the provisions of the REIT Act. Thus, the investment object, the investment volume as well as the business activity are restricted or influenced in particular by the following regulations:

- exclusion of the acquisition of domestic existing residential real estate,
- exclusion of the acquisition of shares in real estate corporations,
- exclusion of real estate trading;
- limitation of reserve formation;

- only minimal liquidity formation due to the minimum distribution of 90% of the annual net income according to commercial law,
- limitation of ancillary activities close to the property for third parties,
- minimum equity of 45% of immovable property.

If the legal requirements are not met, DKR is threatened with the loss of tax exemption. This can lead to certain back-dated taxation obligations.

Due to the restrictions of the REIT Act, certain chances or opportunities in the real estate and financing market cannot be exercised or only to a limited extent in individual cases.

Furthermore, the Company may be threatened by (criminal) payments from non-compliance with the provisions of the REIT Act. In addition, the Company is threatened with compensation claims by shareholders in the event of loss of the REIT status with at least 15% and/or a maximum participation rate of 10%. Eligible are shareholders who own less than 3% of the voting rights. The lack of practice in the application of the REIT Act by the relevant supervisory and tax authorities could lead to disadvantages, in particular of a tax nature, or force the company to adapt to the new legal situation. Due to the lack of experience of German tax authorities in the use of the German REIT act it seems possible that the company could experience disadvantageous decisions in controversial cases or may be impelled to adapt to new legal situations.

3. Property-specific risks

a Investment risk of the individual property

The economic success and further growth of the Company is decisively dependent on the selection and acquisition of suitable real estate. This involves the risk of incorrectly assessing or not recognising the structural, legal, economic and other encumbrances on the objects to be purchased. In addition, the assumptions made in relation to the earnings potential of the real estate may subsequently prove to be partially or fully inaccurate. In particular, false assessments about the attractiveness of the property location and other factors relevant to the tenants' or buyers' decisions could mean that the management of the property in question does not lead to the expected results.

These property-specific risks are counteracted by an in-depth review of the properties concerned. In the context of the object assessment, among other things, the anticipated redevelopment, maintenance and modernisation needs are determined, and the earnings value and the basic debt servicing capacity are examined according to bank-conforming standards.

b Inventory and valuation risks

The Company holds real estate holdings in order to achieve the most stable cash flows possible from the management of these holdings over a longer period of time. While the real estate is in the Company's portfolio, a variety of inventory and valuation risks that could cause the Company to lose value may manifest. For example, the social structures of a location may deteriorate after the acquisition of real estate by DKR and, as a result, adversely affect letting activities and the achievable rental income.

In addition, the property holdings held by the Company may experience excessive wear and tear requiring earlier or to a greater extent than originally planned maintenance and revitalisation measures. Furthermore, it may also turn out that the structures have an initially unexpected recovery requirement, which leads to additional costs for the Company without initially corresponding additional income.

In connection with these risks, but also due to other factors such as unexpected competitors in the immediate vicinity of the site, vacancies may increase and result in lower rental income coupled with higher leasing expenses. In addition to negative effects on current operating income and expenses of the Company, these risks may also have a negative impact on the valuation of the real estate held by DKR and, thus, on the result of the Company.

The further growth of the real estate portfolio and the resulting better location and tenant diversification will reduce these individual risks from the overall portfolio perspective. The real estate inventory and valuation risks for the respective locations are counteracted with the measures described under a).

In addition, as with all assets, there is basically the risk of destruction of individual objects due to force majeure or natural hazards. These risks are countered by adequate insurance cover with well-known and high-performance insurance companies.

c Letting risk

There is a risk that changes in supply and demand on the letting market and deterioration in the competitiveness of individual properties in their respective local market environment will have a direct negative impact on DKR's rental income and on the development of vacancies in the Company's real estate portfolio. Here, this can incur additional costs that cannot be allocated to the tenants.

These risks are countered by active asset and property management, which initially includes a permanent analysis of the letting market and tenant needs. Furthermore, this includes professional letting management as well as ongoing maintenance, refurbishment and modernisation measures, which ensure the attractiveness and, thus, the competitiveness of the locations.

d Construction risk

If structural measures are required on the properties, there is a risk that the construction costs considerably exceed the target values. This risk is countered by a detailed planning of the construction costs and tight monitoring of these costs.

Uncertainties may also contribute to the construction risks as to whether, when and under what conditions and/or secondary conditions the building permits for the projects are granted. For example, the Company sometimes relies on the discretion of individual authorities, and even disputes with residents and people living in the vicinity of the buildings can significantly delay or adversely affect the granting of permits. Any of these circumstances can lead to planned building work not being able to be carried out at the assumed costs, not within the planned timeframe or not at all. These risk factors are examined in detail in advance of individual construction measures.

Internal control system and risk management system with regard to the accounting process

The accounting-related internal control system at DKR was implemented with the aim of ensuring adequate assurance with respect to full and accurate annual financial statements by establishing appropriate control mechanisms within the internal and external accounting and reporting process.

At least once a quarter, the Company receives object and portfolio information from its affiliated service providers according to its specifications, informing it of important, contractually relevant and, if applicable, deviations from the planning. The evaluations are analysed and checked for plausibility and examined for identifiable risks. Recognised risks are assessed and included in the regular or ad hoc risk reporting to the Supervisory Board.

The accounting-related risk management system of DKR aims to reduce the risk of material errors or inappropriate presentation of the net assets, financial position and results of operations. For this purpose, the underlying data are regularly mirrored analytically on the basis of expected values. The service provider commissioned for significant parts of the accounting process of the Company is kept informed closely and continuously about the current business development. The services include the fulfilment of the accounting obligations in accordance with the German Commercial Code as well as the assumption of payment transactions, the preparation of profit and loss accounts, account analyses, monthly sales tax pre-notifications as well as business analyses and the quarterly preparation of interim financial statements according to HGB (German Commercial Code) and IFRS as well as object and portfolio information. The accounting process is monitored by both service providers and the Company through an effective internal control system that ensures the regularity of accounting and compliance with legal requirements. In particular, the clear allocation of responsibility and control in compliance with the dual control principle and the principle of separation of duties, appropriate access regulations in the financial statement-relevant EDP systems and consideration of recognised and assessed risks must be mentioned. For the determination of market values of real estate, the company invites external experts. DKR was convinced of the technical, qualitative and capacity-based suitability of the service providers and employees involved in the accounting process and the appraisal reports. In view of the still small size of the company, DKR has so far refrained from setting up an internal audit.

Other influences

In addition to the risks mentioned, there are general influences that are unpredictable and, thus, difficult to control. These include, for example, political changes, social influences and risk factors such as natural disasters or terrorist attacks. Such influences could have negative effects on the economic situation and indirectly affect the further economic development of DKR.

Assessment of the overall risk

The overall risk situation is rated as low by the Management Board and has not changed significantly compared to previous years. In the case of the individual risks mentioned above, we currently assess the competitive risk as well as the financing risks from rising key interest rates and risks from asset management as medium risks, with no material new events and associated risk increases in the year under review.

In our estimation, there are currently no concrete risks jeopardising the existence of the Company.

Chances of future development

In the year under review, DKR created a broader equity base through the two capital measures implemented, and invested the funds swiftly in high-yield retail properties. Furthermore, DKR was able to conclude long-term loans at favourable interest rates, given the favourable financing environment and the company's creditworthiness. This means that the Company has access to further investment funds while at the same time reducing the average interest on borrowed capital. As a result, the Company's cash flow strength will continue to rise, which will result in regular dividend payments from the coming fiscal year.

Furthermore, the Management Board assumes that DKR's increasing attention as a reliable real estate partner to retailers will lead to further acquisitions and the extension of rental agreements in the future. If implemented successfully, DKR will be able to record strong growth in both real estate assets and earnings.

3.2. Forecast Report

The following statements on the future business performance of DKR are based on the estimates of the Management Board. The assumptions made are currently considered to be realistic based on the information available. In principle, however, forward-looking statements involve a risk that developments will not actually occur in their tendency or magnitude.

Achievement of the previous year's forecasts 2016/2017

In the 2016/2017 financial year, as forecast, the focus of operating business was on portfolio management and the purchase of additional retail properties. As a result, a clearly positive annual result was achieved in the past financial year.

The key financial indicator FFO, corresponding to the forecast, has increased significantly, which resulted from a significant increase in purchasing.

As expected, liquidity was also guaranteed at all times. This was achieved through cash flows from ongoing management, as well as bank loans and a capital increase.

Forecast for the 2017/2018 financial year

In the 2017/2018 financial year, DKR's operational focus will continue to be on efficient inventory management, the revitalisation of properties and the further acquisition of retail properties in accordance with the investment criteria. On the financing side, investments should be underpinned by market-driven lending and moderate capital measures.

On the basis of current planning, the Management Board assumes that it will achieve the following key figures in the fiscal year 2017/2018:

- Increase in rental income to at least EUR 30 million
- FFO of at least EUR 16 million
- Net LTV of up to 55 %
- Dividend of at least EUR 0.20 per share (based on current number of shares)

4. Remuneration Report

Basic features of the remuneration system

Remuneration of the Management Board

There is no contract of employment between the Chairman of the Board of Directors and DKR, as he receives his remuneration as Obocap's Management Board member from this company. The Chairman of the Management Board receives a non-performance-related remuneration in the amount of kEUR 72, which is passed on to DKR by the shareholder Obotritia Capital KGaA. There are no additional grants or variable remuneration.

The other members of the Management Board began their management activities on 1 July 2017. Until the end of the 2016/2017 financial year, the remuneration consisted of a fixed annual salary of kEUR 120 and a variable remuneration component, which had still been determined in the context of the previously existing employment relationships. With the beginning of the 2017/2018 financial year, a new compensation system will be set up, which will be based on the recommendations of the DCGK and approved by the Supervisory Board. This will not result in any increases in Management Board remuneration. Furthermore, the members of the Management Board are entitled to private use of a company car.

The following Management Board remuneration was granted in the 2016/2017 financial year:

• **Granted remuneration:**

kEUR	Rolf Elgeti	Alexander Kroth since 1 July 2017	Christian Hellmuth since 1 July 2017
Fixed remuneration	72	30	30
Variable remuneration	0	12.5	12.5
Fringe benefits	0	0	0
Total	**72**	**42.5**	**42.5**

• **Related remuneration:**

kEUR	Rolf Elgeti	Alexander Kroth since 1 July 2017	Christian Hellmuth since 1 July 2017
Fixed remuneration	72	30	30
Variable remuneration	0	12.5	12.5
Fringe benefits	0	0	0
Total	**72**	**42.5**	**42.5**

Remuneration of the Supervisory Board

The members of the Supervisory Board receive EUR 5,000 per annum and pro rata temporis irrespective of success. The chairman receives twice and the deputy chairman one and a half times the fixed compensation of a member of the Supervisory Board.

5. Dependency Report and Overall Assessment

DKR is a company dependent on Obotritia Capital KGaA. In accordance with the statutory provisions, the Management Board of DKR has drawn up a report on relations with affiliated companies (dependent company report) for the past financial year and conclusively stated that:
"In accordance with Section 312 (3) AktG, we hereby declare that in the course of any legal transaction listed in the above report on relationships with affiliated companies under the circumstances known to us at the time the legal transactions were conducted, our Company received appropriate consideration. No action was taken or omitted at the initiative or in the interest of Obotritia Capital KGaA or its affiliates."

6. Other information in accordance with

§ 289 (4) HGB and corporate governance statement pursuant to § 289a HGB (former version)

Composition of the share capital, voting rights and special rights

The share capital of the Company is divided into 24,760,285 bearer shares of no-par-value. As of the balance sheet date, the Company holds no treasury shares. All shares have the same rights and obligations. Each share represents one vote in the Annual General Meeting. The shares may be freely transferred in accordance with the legal provisions applicable to bearer shares. No shares were issued with special rights conferring control powers. Insofar as employees are involved in the Company, they directly exercise their control right.

Shareholdings of 10 % or more of the voting rights

No shareholder may hold 10 % or more of the shares or voting rights directly in accordance with § 11 (4) REITG (maximum participation limit). In the event that the maximum participation limit is exceeded, the shareholder concerned must provide evidence of the reduction of his direct holding in an appropriate form within two months of the request of the Management Board. A continued breach of the maximum participation limit may, according to the Articles of Incorporation, result in the transfer of shares without compensation in excess of the maximum participation limit or in the compulsory collection of these shares without compensation. As of the balance sheet date, no shareholder holds 10 % or more of the voting rights.

Authorisation of the Management Board to acquire own shares and to issue new shares

Authorised capital

On 9 March 2017, the Management Board was authorised by the Annual General Meeting with the approval of the Supervisory Board to increase the share capital of the Company Board until 8 March 2022 by issuing new bearer shares of no-par-value against cash or non-cash contributions once or several times up to a total of EUR 12,380,142.00 (Authorised Capital 2017). The authorised capital 2016 has been repealed.

Conditional capital

On 9 March 2017, the Management Board was authorised by the Annual General Meeting with the approval of the Supervisory Board, to issue single or multiple bearer bonds with warrants or convertible bonds (together "bonds") with a total nominal value of up to EUR 150,000,000 with or without maturity restrictions until 8 March 2022, and to grant or impose to the holders of bonds with warrants option rights or obligations and the holders of convertible bonds conversion rights or obligations for bearer shares of the Company with a proportional amount of capital stock in the amount of EUR 1.00 each to the details set out in the respective conditions for the bonds.

For this, the share capital has been conditionally increased by up to EUR 10,000,000.00 through the issue of up to 10,000,000.00 new bearer shares (Conditional Capital I). The old Conditional Capital I of April 20, 2016 has been repealed.

Furthermore, by resolution of the shareholders' meeting on 9 March 2017, the Company's share capital was conditionally increased by up to EUR 2,380,142.00 by issuing up to 2,380,142 new bearer shares of no-par-value from the beginning of the financial year in which they were conditionally increased (Conditional Capital II). The conditional capital increase serves to grant shares to the holders of bonds issued on the basis of the authorisation resolution of the Annual General Meeting on 30 January 2015.

Repurchase of own shares

At the Annual General Meeting on 20 April 2016, the Company authorised the Management Board to acquire by 19 April 2021 treasury shares of up to 10 % of the share capital existing at the time of the resolution or, if this amount is lower, to acquire at the time of the respective utilisation of the authorisation existing share capital for any authorised purpose within the scope of the legal restrictions.

The treasury shares may be acquired at the discretion of the Management Board via the stock exchange or by means of a public purchase offer addressed to all shareholders. The equivalent consideration per share (excluding incidental acquisition costs) may not exceed or fall short of the average of the last share price (closing price) of the Company's stock in XETRA trading on the Frankfurt Stock Exchange on the last ten trading days prior to the date of the commitment to purchase or the date of publication of the offer by more than 10 %.

Amendment to the Articles of Association

Amendments to the Articles of Association require the majority of 75 % of the voting rights represented at the Annual General Meeting, as required by the German Stock Corporation Act.

Appointment and revocation of members of the Management Board

The determination of the number as well as the appointment of the ordinary members of the Management Board and Deputy Management Board members, the conclusion of the employment contracts and the revocation of the appointment are made by the Supervisory Board.

7. Corporate Governance Statement in accordance with § 289a HGB (former version)

On 5 December 2017, the Management Board of Deutsche Konsum EIT-AG issued a statement on corporate governance in accordance with Section § 289a HGB former version and made it available on the website www.deutsche-konsum.de/en in the Investor Relations section under Corporate Governance.

Broderstorf, 8 December 2017
Deutsche Konsum REIT-AG

Rolf Elgeti
CEO

Alexander Kroth
CIO

Christian Hellmuth
CFO

Financial Statements

Deutsche Konsum REIT-AG

Balance sheet

as at 30/09/2017

kEUR	Notes	30/09/17	30/09/16
Assets			
Non-current assets			
Investment properties	2.1	275,433.9	147,822.5
Intangible assets	2.2	2.9	3.8
Other non-current assets	2.5	413.1	14,656.3
		275,849.9	**162,482.6**
Current assets			
Trade and other receivables	2.4	222.6	233.7
Tax assets	2.3	113.4	115.4
Other current assets	2.5	3,328.1	1,292.9
Cash and cash equivalents	2.6	1,160.5	10,334.6
		4,824.6	**11,976.6**
Total assets		**280,674.5**	**174,459.2**
Equity and liabilities			
Equity	2.7		
Issued share capital		24,760.3	18,447.0
Capital reserve		72,533.0	45,786.9
Other reserves		855.7	855.7
Retained earnings		56,587.0	13,941.7
		154,736.0	**79,031.3**
Non-current liabilities			
Financial liabilities	2.8	40,891,3	22,645.1
Convertible bonds	2.9	35,541,0	35,015.1
Other provisions	2.11	3,5	3.5
Other non-current liabilities	2.12	4,166,0	3,472.2
		80,601,9	**61,135.9**
Current liabilities			
Financial liabilities	2.8	31,471.8	19,286.4
Liabilities to other creditors	2.10	10,819.1	13,450.8
Other provisions	2.11	1,655.5	829.7
Trade payables	2.13	1,117.3	436.1
Other current liabilities	2.12	273.0	289.0
		45,336.7	**34,292.0**
Total equity and liabilities		**280,674.5**	**174,459.2**

Statement of comprehensive income

kEUR	Notes	01/10/16 – 30/09/17	01/10/15 – 30/09/16
Rental income	3.1	19,248.9	11,437.4
Operating expenses	3.1	–4,743.2	–2,464.4
Net rental income		**14,505.8**	**8,973.0**
Proceeds from disposal of properties		8.3	55.0
Expenses on the sale of properties		–4.0	–53.0
Net proceeds from the disposal of properties		**4.3**	**2.0**
Other income	3.2	**96.3**	**4,831.1**
Unrealized gain/loss from the revaluation of investment properties		**28,403.8**	**12,368.1**
Subtotal		**43,010.2**	**26,174.2**
Personnel expenses	3.4	–194.2	–50.5
Amortisation of intangible assets, depreciation of property, plant and equipment		–0.9	–0.8
Impairment loss of inventories and receivables	3.5	–129.2	–271.8
Other operating expenses	3.6	–1,009.5	–1,286.9
Operating expenses		**–1,333.7**	**–1,610.0**
EBIT		**41,676.5**	**24,564.2**
Interest income	3.7	443.0	166.6
Interest expense	3.7	–4,696.8	–3,603.8
Net finance costs		**–4,253.8**	**–3,437.2**
EBT		**37,422.6**	**21,127.0**
Income tax	3.8	0.0	861.9
Other tax		–17.6	0.0
Net income		**37,405.0**	**21,988.9**
Total comprehensive income		**37,405.0**	**21,988.9**
Earnings per share (in EUR) [1]			
Undiluted result per share	3.9	1.66	1.48
Diluted result per share		1.06	0.82

1 Prior year adjusted

Cash flow statement

	kEUR	Notes	01/10/16 – 30/09/17	01/10/15 – 30/09/16
	Period result		37,405.0	21,988.9
+/–	Interest expense/interest income	3.7	4,253.8	3,437.2
+/–	Depreciation, amortisation and write-down/reversals of intangible assets, tangible assets and financial assets		0.9	0.8
+	Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	3.5	129.2	271.8
–/+	Gains/Losses from the revaluation of investment properties	3.3	–28,403.8	–12,368.1
–/+	Gain/Loss on disposal of investment properties		–4.3	–2.0
–/+	Gain/Loss on disposal of fixed assets		0.0	–5.7
+/–	Increase/decrease in provisions	2.11	825.7	–206.5
+/–	Income tax expense/-income effective	2.3	0.0	–1.4
+/–	Deferred tax expenses/income	2.3	0.0	–860.5
+	Income taxes received		2.0	39.7
–	Income taxes paid		0.0	0.0
–/+	Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	2.4, 2.5	–1,894.1	131.4
+/–	Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	2.12, 2.13	–330.7	–4,353.8
+/–	Other expense/income	3.2	0.0	–4,822.1
	Cash flow from operating activities		**11,983.8**	**3,249.7**
+	Cash receipts relating to disposals of investment properties		8.3	55.0
–	Cash payments related to property investments	2.1	–83,249.1	–63,357.3
–	Cash payments related to other investments in intangible and tangible assets		0.0	–4.5
+	Cash receipts from the investment of cash funds for short-term cash management		0.0	573.9
–	Cash payments related to short-term cash investments		0.0	0.0
+	Interest received		0.0	57.2
	Cash flow from investing activities		**–83,240.9**	**–62,675.7**
+	Cash proceeds from the issue of shares	2.7	39,552.9	19,840.4
–	Costs related to capital increases		–1,253.3	0.0
+	Cash proceeds realted to convertible bonds		0.0	14,110.0
–	Costs related to the isse of corporate bonds		0.0	–444.4
+	Proceeds from borrowings	2.8, 2.10	44,019.1	52,289.7
–	Cash payments related to the issue of borrowings		–451.6	–537.6

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	Notes		
– Amortization of loans	2.8, 2.10	–15,928.1	–17,102.8
– Interest paid		–3,856.1	–2,742.6
Cash flow from financing activities		**62,083.0**	**65,412.7**
Change in cash and cash equivalents		–9,174.1	5,986.7
Cash and cash equivalents at the beginning of the period	2.6	10,334.6	4,347.9
Cash and cash equivalents at the end of the period	**2.6**	**1,160.5**	**10,334.6**

Statement of changes in equity

kEUR	Notes	Issued share capital	Capital reserve	Other reserves	Retained earnings	Total equity
As at Oct 1, 2015		**110.2**	**29,806.7**	**855,7**	**–8,047.2**	**22,725.3**
Period result		0.00	—	—	21,988.92	21,988.9
Cash capital increase/-reduction		3,355.8	16,484.6	—	—	19,840.4
Contribution in kind		14,981.1	–14,981.1	—	—	0.0
Issuance of convertible bonds		—	14,476.7	—	—	14,476.7
As at Sep 30, 2016	2.7	**18,447.0**	**45,786.9**	**855.7**	**13,941.7**	**79,031.3**
As at Oct 1, 2016		**18,447.0**	**45,786.9**	**855.7**	**13,941.7**	**79,031.3**
Period result		0.0	—	—	37,405.0	37,405.0
Cash capital increase/-reduction		4,653.3	34,899.6	—	—	39,552.9
Issuing costs (after taxes)		—	–1,253.3	—	—	–1,253.3
Capital increase from conversion of mandatory bond		1,660.0	–1,660.0	—	—	0.0
Withdrawing from capital reserve		—	–5,240.3	—	5,240.3	0.0
As at Sep 30, 2017	2.7	**24,760.3**	**77,773.3**	**855.7**	**51,346.7**	**154,736.0**

Notes

Deutsche Konsum REIT-AG
Notes for the financial year from 1 October 2016 to 30 September 2017

1. General Information

1.1. Deutsche Konsum REIT-AG

Deutsche Konsum REIT-AG (hereinafter referred to as "DKR") is a portfolio company specialising in German retail real estate with headquarters in Broderstorf. The object of the Company is the purchase and long-term holding and leasing of retail real estate in Germany. In individual cases, a sale of an object can be made. DKR is registered in the commercial register of the Local Court of Rostock under HRB 13072. The registered office is at August-Bebel-Str. 68 in 14482 Potsdam.

The DKR share (ISIN DE000A14KRD3) has been listed since 15 December 2015 and quoted in the Prime Standard of Deutsche Börse AG on 3 March 2017. As of 1 January 2016, the Company has the status of a REIT (Real Estate Investment Trust) and is, therefore, exempt from income tax at company level.

The individual financial statement of DKR, as of 30 September 2017, were set up on 8 December 2017. The Supervisory Board is expected to approve this individual financial statement in its meeting on 15 December 2017.

The individual financial statement was prepared voluntarily based on the stock exchange listing.

Obotritia Capital KGaA, Potsdam, as parent company, provides consolidated financial statements as of 31 December, which is published in the Federal Gazette. Obotritia Capital KGaA, in which DKR is included, prepares the consolidated financial statements for the smallest and largest group.

1.2. Basics of the individual financial statement

The individual financial statements as of 30 September 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. In addition, the commercial law provisions of § 315a (1) HGB were applied.

All relevant and for the financial year mandatory standards and interpretations have been considered.

The individual financial statement comprises the components balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes and are prepared in EUROS. All amounts are shown in thousands of euros (“kEUR”) (exceptions are indicated), which may result in rounding differences.

The company is currently a one-segment company. Sales are generated exclusively with customers based in Germany in the area of commercial real estate and to a lesser extent with residential real estate. All properties are located in Germany, in the internal control is no distinction of the geographical areas; various services are not present. In the financial year, revenues amounted to kEUR 19,248.9 (2015/2016: kEUR 11,437.4). Revenues of kEUR 2,833.0 (2015/2016: kEUR 2,833.0) were attributable to the largest customer in 2016/2017. All income and expenses as well as all assets and liabilities can be found in the overall financial statements. The annual financial statements were prepared under the going concern assumption of the Company (going concern).

The statement of comprehensive income was prepared according to the total cost method.

1.3. Key discretionary decisions and estimates

In applying the accounting policies, the Board of Directors made the following discretionary decisions that materially affect the amounts in the separate financial statements:

- With regard to the real estate held by the Company, the Management Board must decide at each reporting date whether it will be held for long-term rental or for capital appreciation or sale. Depending on this decision, the real estate is accounted for in accordance with the principles of investment properties, properties held for sale with unfinished and finished buildings (inventories) or non-current assets held for sale and valued at (amortised) cost or at fair value in accordance with the classification.

- The rental agreements and leaseholds concluded by the Company are classed as finance leases or operating leases. Further details are included in Note 6.2.

The company makes estimates and assumptions concerning the future. The derived estimates may of course differ from the later actual conditions. The estimates and assumptions that involve significant risk in the form of a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- The market values of the investment properties are based on the results of independent experts appointed for this purpose. The valuation is based on the discounted cash flow method on the basis of expected future cash inflows. Accordingly, factors such as future rental income and applicable interest rates are estimated by the Company in collaboration with the assessor, which directly affect the fair value of the investment properties. The fair values of investment properties, including those reported under IFRS 5, amounted to kEUR 275,433.9 as of the balance sheet date (2015/2016: kEUR 147,822.5).

- As part of the review of financial assets, at the end of each financial year, the carrying amounts with which the other financial assets are recognised, are compared with the fair values. The appropriateness of the valuations is assessed on the basis of the information available to the borrowers. If there are foreseeable reductions in the fair values, appropriate impairments will be made to the carrying amounts. The gross book value of the financial assets, which is reported under trade receivables, amounts to kEUR 706.7 as of the reporting date (2015/2016: KEUR 588.6) and is regarding claims against tenants.

- For other provisions and contingent liabilities, different assumptions have to be made, e.g. about the probability of occurrence and the amount of the claim. All information available at the time the balance sheet was prepared was considered. The amount of other provisions amounts to kEUR 1,659.0 as at the reporting date (2015/2016: kEUR 833.2).

1.4. Application of IFRS in financial year 2016/2017

DKR continued to apply the accounting and valuation methods and disclosure requirements that were applied in the previous year as far as no new standards or interpretations were required to be applied.

Standards applied for the first time in the 2016/2017 financial year:

Standard	Content
Amendments to IFRS 11	Accounting for the acquisition of Interests in joint operations
Amendments to IAS 12	Notes
Amendments to IAS 16 and IAS 38	Clarification of permissible amortisation methods
Amendments to IAS 16 and IAS 41	Agriculture: Fruit bearing plants
Amendments to IAS 27	Equity method in separate financial statements
Improvements to IFRS 2012–2014	Amendments to IFRS 5, IFRS 7, IAS 19, IAS 34
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Application of exemption from consolidation requirement

The first-time application of the new accounting regulations had no material effects on the individual financial statements.

- **Published standards that are not yet mandatory in the 2016/2017 financial year:**

Standard	Content	Initial application mandatory for financial years starting from
EU Endorsement takes place		
Amendment to IAS 12	Income taxes: clarifications	01/01/2017
Amendment to IAS 7	Cash Flow Statements: Disclosure Initiative	01/0172017
IFRS 9 (2014)	Financial instruments	01/01/2018
IFRS 15	Revenue from Contracts with Customers	01/01/2018
Clarification to IFRS 15 (2016)	Revenue from Contracts with Customers. Clarification	01/01/2018
Amendment to IFRS 4	IFRS 4 Insurance Contracts: Application of IFRS 9 and IFRS 4	01/01/2018
IFRS 16	Leases	01/01/2018
EU Endorsement still pending		
Amendments to IFRS 2	Approach and valuation of share-based payments	01/01/2018
IFRIC 22	Transactions in foreign currency and compensatory measures paid in advance	01/01/2018
Amendments to IAS 40	Transfers of investment property	01/01/2018
Annual improvements to IFRSs 2014–2016		01/01/2018
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets to associates or joint ventures	01/01/2019
IFRIC 23	Uncertainty regarding income tax treatment	01/01/2019
Amendments to IFRS 9	Assets with prepayment arrangements	01/01/2019
Amendments to IAS 28	Long-term investments in associates and joint ventures	01/01/2019
IFRS 17	Insurance contracts	01/01/2021

DKR does not apply the new accounting rules ahead of time.

Significant accounting effects may arise from the newly applicable standards as follows:

This relates, on the one hand, to IFRS 9, which replaces IAS 39 and revises the previous classification of financial instruments. In future, the classification will be dependent on the business model. In addition, expected losses on certain assets are already accounted for. In addition, hedge accounting will result in changes to the previously rigid designation of financial instruments. However, due to the simple structure of DKR's financial instruments, this is not expected to have a material impact.

Furthermore, IFRS 15 restates the realisation of revenue and replaces the previous standards IAS 11 and IAS 18. According to this, revenue will already be realised in the future if the customer obtains power over goods or services. Due to the simple and explicit rental agreements between DKR and the tenants with regarding the rent maturities, no significant changes are expected.

IFRS 16 will reorganise the accounting for leases and replace the previous IAS 17 standard. The core of the new regulation is that in future all leases must be recognised in the balance sheet in the form of rights of use and leasing liabilities to be depreciated. After initial analysis, this can have a significant impact on the balance sheet accounting.

DKR will determine the individual effects in an analysis project in the following financial year.

Furthermore, DKR does not expect the new standards and interpretations to have a significant impact on the financial statements.

1.5. Accounting and valuation methods

Basics

The present financial statements are based on the assumption of going concern. The accounting and valuation is carried out at amortised cost. An exception to this are the investment properties at DKR, which are measured at fair value.

Changes in accounting and valuation methods were not made in the 2016/2017 financial year.

Investment property and real estate held for sale

Upon initial recognition, DKR classifies real estate regarding its intended use as either investment property (IAS 40), inventory properties (IAS 2) or property for own use in fixed assets (IAS 16). Real estate under operating leases with the Company as lessee is classified and accounted for as investment property. Real estate that is highly likely to be sold within twelve months is reported as real estate held for sale. As a rule, DKR has only investment property, as the long-term and sustainable leasing of the real estate takes place in accordance with the business model.

Investment property is initially recognised at acquisition or production costs, including ancillary costs. As part of the subsequent valuation, investment properties are recognised at their fair values, which reflect market conditions at the balance sheet date. Any gain or loss on the change in fair value is recognised in the income statement. Subsequent costs for the expansion and conversion of the property are considered, insofar as these contribute to an increase in the fair value of the property.

According to the provisions of IFRS 13, the valuation of investment properties is based on the best possible use of an object. Planned changes of use will, therefore, be considered in the evaluation, provided that the technical feasibility, the legal admissibility and the financial feasibility are given.

Every year on 30 June, the real estate is revalued. If significant changes in the input factors occur by the balance sheet date, appropriate adjustments are made. Valuation is performed by an independent external expert using recognised valuation techniques such as the discounted cash flow method. The experts have the appropriate professional qualifications and experience to carry out the assessment. The results of the appraisals are based on information provided by the Company. Thus, input factors such as the current tenant list, maintenance and administrative costs, vacancy data as well as the assessor's assumptions, which are based on market data and are assessed based on their professional qualifications, e.g. future market rents, typical maintenance and administrative costs, structural vacancy rates or discount and capitalisation rates, are used in determining the fair value.

The information provided to the appraiser and the assumptions made as well as the results of the real estate valuation are analysed by the Board of Management.

Investment properties are classified as held for sale if Deutsche Konsum decides to sell the properties in question, they are immediately available for sale and from then on, the realisation of the sale is expected within twelve months (IFRS 5). The valuation remains unchanged at the fair value.

Intangible Assets

Individually acquired intangible assets are initially valued at acquisition or production cost. After initial recognition, intangible assets are carried at their acquisition or production cost and amortised over their respective useful economic lives of generally three to eight years using the straight-line method.

Tangible Assets

Tangible assets are stated at acquisition or production cost less cumulative depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method with the estimated useful lives of generally 3 to 13 years (factory and office equipment) or 30 to 50 years (real estate). The carrying amounts of tangible assets are tested for impairment as soon as there are indications that the book value exceeds the recoverable amount. Currently, DKR has no tangible assets.

Financial assets

Non-derivative financial assets within the meaning of IAS 39 are classified as:

- Loans and receivables (LaR) or as
- available-for-sale financial assets (afs).

Deutsche Konsum does not hold any financial assets held for trading or held-to-maturity investments.

The Company determines the categorisation of its financial assets at initial recognition.

Spot transactions in non-derivative financial assets are recognised at the settlement date. Initial recognition is at fair value. The Company determines the categorisation of its financial assets at initial recognition. A financial asset is de-recognised when the power to dispose of contractual rights to cash flows from a financial asset no longer exists. The current trade receivables and other current assets as well as long-term receivables recognised in the Company's balance sheet are assigned to the loans and receivables category. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any depreciation. An allowance is made if there is an objective substantive indication that the Company will not be able to recover the claims. The basis of this analysis is essentially the age structure of the assets, financial difficulties of the debtor or bankruptcy as well as any concessions already required.

Available-for-sale financial assets basically include investments or short-term investments without fixed payments that have not been allocated to any other category. After initial recognition, the asset is measured at fair value, if reliably determinable, with gains and losses recognised directly in other comprehensive income and in equity in a separate reserve. If the fair value cannot be reliably determined, it is recognised at historical acquisition cost. Upon disposal of the asset or if an impairment is identified, the amount previously recognised in equity is recognised in the income statement. Write-ups of assets measured at fair value are made if the reasons for the impairment no longer exist.

Income taxes and deferred taxes

Tax refund claims and tax liabilities are measured at the amount expected to be refunded or paid to the tax authorities. This is based on the tax rates and tax laws that apply on the balance sheet date.

Since DKR has had the status of a REIT company since the beginning of 2016, it has since been exempt from income tax at company level if the criteria of the REIT Act are complied with. In this respect, no deferred taxes are to be recognised for the period of the tax exemption. For this reason, the existing deferred tax assets and liabilities were reversed through profit or loss in the previous financial year.

Liquid funds

Cash and cash equivalents include cash on hand as well as short-term and available bank balances. Cash and cash equivalents include deposits of kEUR 75.0 (previous year: kEUR 61.7), which are offset by corresponding liabilities.

Equity demarcation

Debt and equity instruments are classified as financial liabilities or equity in accordance with the substance of the contractual agreement. An equity instrument is a contract that establishes a residual claim on the assets of a company after deduction of all related debts. Equity instruments are recognised at the proceeds received less any directly attributable issue costs.

Issuing costs are those costs that would not have been incurred without the issue of the equity instrument. Such costs of an equity transaction (such as costs arising from capital increases), less any associated income tax benefits, are accounted for as a deduction from equity and offset against the capital reserve with no effect on income.

The components of a compound instrument issued by the Company (such as a convertible bond) are recognised separately as a financial liability and as an equity instrument in accordance with the substance of the agreement to the extent that the conditions for an equity component exist.

At the time of issue, the fair value of the liability component is determined using market interest rates applicable to comparable non-convertible instruments. This amount is accounted for as a financial liability based on amortised cost using the effective interest method until fulfillment of the instrument's conversion or maturity date. The determination of the equity component is made by subtracting the value of the liability component from the fair value of the entire instrument. The resulting value, less income tax effects, is recognised as part of equity and is not subsequently valued.

Financial liabilities

Upon initial recognition of liabilities, they are measured on the trade date at the fair value of the consideration received after deduction of transaction costs. After initial recognition, liabilities are measured at amortised cost using the effective interest method. Financial liabilities are de-recognised when the obligations underlying this liability are met, cancelled or extinguished.

Other provisions

A provision is recognised when the Company has a present legal or constructive obligation because of a past event, the outflow of economic benefits to settle the obligation is probable, and a reliable estimate of the amount of the obligation, despite uncertainties regarding the amount or temporal use, is possible. Other provisions are measured at the amount that would reasonably have to be paid to settle the obligation at the balance sheet date or when the obligation was transferred to a third party at the time of the transfer. Risks and uncertainties are considered by applying appropriate estimation methods, including probabilities of occurrence. Long-term provisions with a remaining term of more than one year are discounted if the interest effect is material.

Revenue recognition

Income is recognised when it is probable that the economic benefit will flow to the Company and the amount of the income can be reliably measured.

Proceeds from the sale of real estate are recognised when the risks and rewards of ownership of the property have been transferred to the buyer (transfer of ownership, benefits and encumbrances of the property).

Rental income from investment property and real estate held for sale is recognised on a straight-line basis over the term of the lease.

In addition, the rental result includes the effects of the utility bill with the tenants.

Interest income is realised pro rata temporis, considering the residual receivable and the effective interest.

Leases

Leases are classified as finance leases if the leasing agreement transfers all material risks and rewards of ownership to the lessee. This is the case for some leasehold contracts where DKR is a recipient of the ground lease and which qualify as a finance lease.

Due to the leasing activity, DKR has significant operating leases in which the company acts as a lessor. The economic ownership of the leased real estate and, thus, the capitalisation obligation lies with DKR. Income from leases corresponds to rental income.

In the case of finance leases, the leased asset (leasehold property) is recognised as an asset and the liability towards the lessor is recognised in the balance sheet as a liability to the Company in the same amount. It is recognised at the fair value of the leased asset at the inception of the lease or at the present value of the minimum lease payments, if lower. The payable lease instalments are split into an interest and a repayment instalment. The interest portion is recognised in interest expense, while the repayment portion leads to a reduction of the liability.

2. Notes to the Balance Sheet

2.1. Investment properties

In the 2016/2017 financial year, ownership was transferred from 22 acquired investment properties. As a result, the property assets of DKR accounted for, as of 30 September 2017, include 62 properties with a fair value of kEUR 271,338.0 plus the leasehold assets recognised as finance leases (kEUR 4,095.9).

The development of investment properties is as follows:

kEUR	30/09/2017	30/09/2016
Opening balance to 1/10/previous year	**147,822.5**	**83,150.6**
+ Property acquisitions	96,050.8	48,812.1
+ Activation of leased assets (finance leases)	717.9	1,984.4
+ New construction costs	0.0	268.6
+ Subsequent acquisition and production costs	2,438.9	1,078.7
+ Valuation result from fair value measurement	28,403.8	12,368.1
+ Reclassification of assets held for sale	0.0	160.0
– Reclassification of assets held for sale	0.0	0.0
Closing balance on the reporting date	**275,433.9**	**147,822.5**

Of the investment property, real estate with a book value of kEUR 175,434.9 (30/09/2016: kEUR 42,214.0) was secured by mortgages or by the assignment of rental income.

There are leasehold contracts in which the associated properties are built on with commercial real estate. The leasehold contracts are accounted as finance leases. The capitalised amount as at 30/09/2017 amounts to kEUR 4,095.9 (30/09/2016: kEUR 3,454.5).

The liability recognised as of 30 September 2017 amounts to kEUR 4,189.9 (30/09/2016: kEUR 3,501.6).

The income statement includes the following significant amounts for investment property:

kEUR	2016/2017	2015/2016
Valuation result investment properties	28,403.8	12,368.1
Rental income	19,248.9	11,437.4
Operating expenses (maintenance expenses, property management, property taxes, etc.)	–4,743.2	–2,464.4
Total	**42,909.5**	**21,341.1**

The valuation by an external expert is carried out on the valuation date 30 June based on the valuation parameters existing at that time. Acquired property with ownership transfers between 1 July and 30 September are initially recognised at acquisition cost and subsequently at the fair value determined as of 30 June (provided that the acquired properties have already been included in the valuation). Significant fluctuations in the value of the properties until September 30 are considered as far as signs of this become apparent.

As in the previous year, the fair value was determined based on internationally recognised valuation methods based on the discounted cash flow method.

In the discounted cash flow method, future expected cash surpluses of an object are discounted to the valuation date using a market-specific, object-specific discount rate. While the payments regularly include net rents, the payments relate to the management costs borne by the owner.

The underlying detailed planning period is ten years. For the end of this period, a potential discounted disposal value (terminal value) of the valuation object is forecasted. This reflects the most likely realisable selling price less costs of disposal. Methodically, the discounted deposit surpluses of the tenth year are capitalised with the so-called capitalisation interest rate as perpetuity. The sum of discounted cash flows and the discounted potential realisable value is the gross capital value of the valuation object, which, represents the fair value less transaction cost.

The following overview shows the fair value of the investment properties and the key assumptions used in the discounted cash flow process:

Valuation parameters	Financial Year	
	2016/2017	2015/2016
Market rent increase p. a. (in %)	0.0% to 1.0%	1.0%
Maintenance costs p. a. (EUR/m²)	5.25 to 11.20	5.67 to 11.20
Non-recoverable operating costs p. a. (EUR/m²)	0.00 to 18.00	2.40 to 18.00
Administrative costs p. a. (% of annual gross yield)	0.95 to 5.33	1.00 to 6.02
Discount rate (%)	1.35 to 9.25	2.75 to 8.50
Capitalisation rate (%)	5.00 to 17.00	5.00 to 12.00

All valuation parameters correspond to level 3 of the fair value hierarchy.

The assumptions used to value the real estate were made by the independent assessor based on his professional experience and are subject to uncertainty. If the discount and capitalisation rate are increased/decreased by 1.0%, the fair value is increased as follows:

Million EUR	30/09/2017		30/09/2016	
Change of discount and capitalisation rate	+1%	–1%	+1%	–1%
Change in fair value of investment properties	–33.3	+42.8	–10.1	+10.6

Corresponding effects result from changes in future rental income in dependency of rental income, vacancies and administrative and maintenance costs.

DKR is entitled to future minimum lease payments (operating leases) of kEUR 115,104.9 on 30/09/2017 (30 September 2016: kEUR 64,157.5) from its rental agreements with commercial tenants. These are distributed as follows:

kEUR	Total	Up to 1 year	1 to 5 years	Above 5 years
Minimum lease payments 30/09/2017	**115,104.9**	24,875.2	57,667.2	32,562.5
Minimum lease payments 30/09/2016	**64,157.5**	13,542.3	30,907.3	19,707.9

Tenant extension options are not included here. For apartments in the portfolio, there are usually rental agreements with a statutory notice period of three months.

Additional claims for minimum lease payments do not exist. The number of residential properties is of minor importance.

2.2. Intangible Assets

Intangible assets comprise capitalised expenses for the creation of the website, which are amortised on a straight-line basis over five years.

2.3. Taxes and Deferred Taxes

Since 1 January 2016, DKR has been granted the status of REIT and is, therefore, exempt from corporate and trade tax. Decisive for the tax exemption is compliance with the criteria of the REIT Act.

If the REIT criteria are adhered to, temporary differences between IFRS and the tax balance sheet due to the income tax exemption will not have any future tax effects. Therefore, no deferred taxes are currently recognised at DKR.

In the 2015/2016 financial year, the deferred taxes of previous years were reversed, resulting in non-recurrent tax income of kEUR 861.

Income taxes are composed in the income statement as follows:

kEUR	2016/2017	2015/2016
Actual taxes for previous years	0.0	–1.4
Deferred taxes	0.0	–860.5
Total	**0.0**	**–861.9**

Offsetting and reconciliation from the expected to the actual tax result is shown below:

kEUR	2016/2017	2015/2016
Earnings before taxes (EBT after other taxes)	37,422.6	21,127.0
Expected tax result (0.0%)	0.0	0.0
Offsetting and reconciliation through tax effects on:		
Revaluation of investment properties	0.0	0.0
Non-deductible expenses	0.0	0.0
Differing tax expense from previous years	0.0	–1.4
Others	0.0	0.0
Actual Tax Result	**0.0**	**–1.4**

The calculated tax rate for the financial year is 0.0% (previous year: 0.0%).

2.4. Receivables from deliveries and services

• **Trade receivables break down as follows:**

kEUR	30/09/2017	30/09/2016
Rental receivables	222.6	233.7
Receivables from other deliveries and services	0.0	0.0
Other	0.0	0.0
Total	**222.6**	**233.7**

• **The individual value adjustments on trade receivables developed as follows:**

kEUR	30/09/2017	30/09/2016
As of 01/10/ of the previous year	354.9	83.1
Consumption	—	—
Resolutions	—	—
Additions	129.2	271.8
Closing balance at closing date	**484.1**	**354.9**

Impairment losses (specific valuation allowances and bad debts) amounting to kEUR 129.2 were recognised in profit or loss in the financial year (2015/2016: kEUR 271.8). Impairment losses are included in the item “Impairment of inventories and receivables” in the profit and loss account, the reversals are recognised under other operating income.

There were no impairments on other financial assets.

2.5. Other non-current and current assets

Other non-current assets mainly include prepayments on acquired investment property in the amount of kEUR 413,1 (30/09/2016: kEUR 14,656.3) for which the transfer of benefits and encumbrances has not yet taken place.

Other current assets are made up as follows:

kEUR	30/09/2017	30/09/2016
Deposit balances	899.9	572.8
VAT receivables	845.9	355.3
Unfinished services after offsetting with advance payments received	767.6	0.0
Trust accounts	479.2	280.9
Claims against shareholders	290.1	0.0
Others	45.4	83.9
Total	**3,328.1**	**1,292.9**

2.6. Liquid Funds

Liquid funds include cash on hand and bank balances. Cash and cash equivalents include deposits in the amount of kEUR 75.0 (previous year: kEUR 61.7), which are offset by corresponding other liabilities.

The cash flow statement contains bank and cash accounts considering current account liabilities. In this respect, the cash and cash equivalents in the cash flow statement may differ from the cash and cash equivalents reported in the balance sheet

2.7. Equity

2.7.1. Subscribed Capital

The fully paid-in share capital of DKR as of 30 September 2017 amounts to kEUR 24,760.3 (30/09/2016: kEUR 18,447.0) and is divided into 24,760,285 bearer shares of no-par value with equal voting rights.

By exercising the mandatory convertible bond on 27 December 2016 through the bond creditors, the share capital of the company increased by kEUR 1,660.0 to kEUR 20,107.0.

Based on the authorisation of the Annual General Meeting on 20 April 2016 (Authorized Capital 2016/I), the share capital was increased by EUR 4,653,282 by issuing new bearer shares of no-par-value against cash contributions. By resolution of the Supervisory Board of 23 February 2017, the share capital in the Articles of Incorporation was increased to EUR 24,760,285.

Powers of the Management Board to issue new shares

Authorised Capital

The Management Board was authorised by the Annual General Meeting on 9 March 2017, to increase the share capital of the Company until 8 March 2022 with the approval of the Supervisory Board by issuing new bearer shares of no-par value against cash or contribution once or several times up to a total of EUR 12,380,142.0 (Authorised Capital 2017/I). The remaining authorised capital 2016/I has been repealed.

Conditional Capital

By resolution of the Annual General Meeting on 9 March 2017, the share capital of the Company was conditionally increased by up to EUR 10,000,000.00 through the issue of up to 10,000,000 new bearer shares of no-par value with profit entitlement from the beginning of the financial year in which they were issued (Conditional Capital I), The conditional capital increase serves to grant shares to the holders of bonds issued on the basis of the authorisation resolution of the Annual General Meeting on 9 March 2017. The old Conditional Capital I was repealed.

Furthermore, by resolution of the shareholders' meeting on 9 March 2017, the Company's share capital was conditionally increased by up to EUR 2,380,142.00 by issuing up to 2,380,142 new bearer shares of no-par-value from the beginning of the financial year in which they were issued (Conditional Capital II). The conditional capital increase serves to grant shares to the holders of bonds issued based on the authorisation resolution of the Annual General Meeting on 30 January 2015.

Authorisation to issue convertible bonds

The Management Board was authorized by the Annual General Meeting on 9 March 2017, with the approval of the Supervisory Board, to issue once or multiple times bearer bonds with warrants or convertible bonds (together "bonds") with a total nominal value of up to EUR 150,000,000.0 with or without maturity restrictions and to grant or impose to the holders of bonds with warrants option rights or obligations and to the holders of convertible bonds conversion rights or obligations for bearer shares of the Company with a proportional amount of capital stock in the amount of EUR 1.00 in each case according to the conditions of the bonds.

2.7.2. Capital Reserve

The capital reserve increased from kEUR 45,786.9 at the beginning of the financial year by kEUR 26,746.1 to kEUR 72,533.0 at the end of the financial year. The increase resulted from the cash capital increase in February 2017 of kEUR 33,646.4, which precludes the conversion of the mandatory converter of kEUR 1,660.0 and the withdrawal of kEUR 5,240.2.

2.7.3. Other reserves

• **The other reserves are composed as follows:**

kEUR	30/09/2017	30/09/2016
IFRS first adoption reserve	855.7	855.7
Total	**855.7**	**855.7**

2.7.4. Retained profit

The development of this item is shown in the statement of development in equity. The Management Board plans to propose a new-account presentation at the next Annual General Meeting. This proposal requires the approval of the Supervisory Board and the Annual General Meeting.

2.8. Liabilities to banks

• **Liabilities to banks are as follows:**

kEUR	30/09/2017	30/09/2016
Non-current	40,891.3	22,645.1
Current	31,471.8	19,286.4
Total	**72,363.1**	**41,931.5**
of which secured	72,363.1	41,931.5

Liabilities to banks have increased significantly because of new secured bank loans being used to build up the real estate portfolio. This was offset by current repayments.

As of the balance sheet date, most of the financial liabilities are interest bearing. The repayment rates are usually between 43.5 % and 8.64 % p. a. Liabilities to banks are fully secured. The collateral provided is essentially mortgages and guarantees from related parties agreement (for example, in the event of a breach of financial covenants). These collaterals can only be utilised by the banks after a material breach of the financing agreement (for example, in the event of a breach of financial covenants).

2.9. Liabilities from convertible bonds

The liabilities from convertible bonds, considering the issue costs, are composed as follows:

kEUR	30/09/2017	30/09/2016
Convertible bond I kEUR 30,000 (nominal), 5 % coupon p. a.	29,337.6	29,098.9
Convertible bond II kEUR 7,000 (nominal), 1 % coupon p. a.	6,203.4	5,916.2
Total	**35,541.0**	**35,015.1**

Both convertible bonds mature on 30 January 2020 and are, therefore, fully recognised as non-current.

2.10. Liabilities to other lenders

Liabilities to other lenders result from loans from shareholders Obotritia Capital KGaA and related parties with an agreed maximum basic term, which are subject to variable repayment and repayment at any time. There is only interest on outstanding amounts. There are shareholder loans in the amount of kEUR 10,819.1 (30/09/2016: kEUR 13,450.8).

2.11. Other Provisions

kEUR	As of 01/10/2016	Consumption	Release	Addition	As of 30/09/2017
Archiving	3.5	0.0	0.0	0.0	3.5
Legal, consulting and auditing costs	104.0	103.8	0.2	147.8	147.8
Outstanding invoices	725.8	129.6	25.4	937.0	1,507.7
Total	**833.3**	**233.4**	**25.6**	**1,084.8**	**1,659.0**

Since material provisions are utilised at short notice, discounting is waived for materiality reasons. There are also no significant uncertainties regarding the time or amount of the claim.

2.12. Other non-current and current liabilities

Other non-current liabilities include leasing liabilities for leaseholds for which DKR is the building lease holder and which are accounted for as finance leases. The corresponding assets are reported as investment properties.

The development of other non-current and current liabilities is as follows:

kEUR	30/09/2017	30/09/2016
Liabilities from finance leases	4,166.0	3,472.2
Total non-current other liabilities	**4,166.0**	**3,472.2**
Liabilities to tenants	160.1	161.4
Liabilities from finance leases	23.9	29.4
Services in progress after offsetting with advance payments received	0.0	23.5
Others	89.0	74.7
Total current other liabilities	**273.0**	**289.0**
Total	**4,439.0**	**3,761.2**

2.13. Liabilities from deliveries and services

Liabilities from deliveries and services amounted to kEUR 1,117.3 in the year under review (2015/2016: kEUR 436.2) and mainly include kEUR 603.5 (2015/2016: KEUR 0.0) of real estate transfer tax liabilities for the new real estate additions and with kEUR 397,9 (2015/2016: kEUR 0.0) liabilities from construction.

3. Notes to the statement of comprehensive income

3.1. Rental result

• **The rental result is calculated from the rental income less management expenses and is as follows:**

kEUR	2016/2017	2015/2016
Rental income	19,248.9	11,437.4
Total proceeds	**19,248.9**	**11.437.4**
Maintenance	–1,520.2	–482.1
Non-recoverable ancillary costs	–3,223.0	–1,982.3
Total management expenses	**–4.743,2**	**–2.464,4**
Rental income	**14,505.7**	**8,973.0**

The maintenance expenses relate to repairs and maintenance work. In 2016/2017, value-enhancing maintenance measures amounting to kEUR 2,287.1 were capitalised.

Non-recoverable ancillary costs include, among other things, property management expenses of kEUR 1,451.4 (2015/2016: kEUR 431.9).

The reimbursements of tenants for operating and ancillary costs were netted against the expenses.

3.2. Other company income

Other operating income in the financial year amounted to kEUR 96.4 (2015/2016 kEUR 4,831.1) and mainly includes income from insurance compensation in the amount of kEUR 67.5 (2015/2016: kEUR 0.5) as well as income from the release of provisions of kEUR 25.6 (2015/2016: kEUR 0.9). In the previous year, special items were included due to the derecognition of liabilities in the amount of kEUR 4,822.1.

3.3. Valuation result of investment properties

The valuation result includes the net valuation gains and losses from the fair value measurement of the investment properties as at the balance sheet date by an external and independent expert.

3.4. Personnel expenses

The personnel expenses of the company in the 2016/2017 financial year amounted to kEUR 194.2 (2015/2016: kEUR 50.5) and comprise two full-time employees and five marginally employed employees. Further services for the company are provided by employees of Obotritia KGaA. For this purpose, a cost allocation is levied, which is recognised in other operating expenses.

The increase in personnel expenses resulted from the hiring of new employees to reflect the growth of the Company. Of the personnel expenses, kEUR 22.8 (previous year: kEUR 9.5) relates to social security contributions and expenses for pensions and kEUR 0.4 (previous year: kEUR 0.5) to capital-building benefits.

As of 30 September 2017, nine employees (30/09/2016, three) were employed directly by the company. This included two Management Board members, one clerk, one technician and five marginally employed employees.

3.5. Impairment inventories and receivables

The impairments are composed as follows:

Impairments in kEUR	2016/2017	2015/2016
Impairments on rent receivables	129.2	271.8
Impairments of trade receivables	0.0	0.0
Total	**129.2**	**271.8**

3.6. Other operating expenses

• **Other operating expenses are as follows:**

kEUR	2016/2017	2015/2016
Legal, consulting and auditing costs	477.5	689.8
Agency fees	334.2	315.4
Others	197.8	281.7
Total	**1,009.5**	**1,286.9**
Of which one-off expenses	20.3	292.5
Adjusted	**989.2**	**994.4**

Adjusted of special effects and one-off expenses, there is a decrease in other operating expenses of kEUR 5.2.

3.7. Interest result

• **The interest result has the following structure:**

kEUR	2016/2017	2015/2016
Interest income from shareholder loans	442.9	160.2
Other interest income	0.1	6.4
Total interest income	**443.0**	**166.6**
thereof non-cash	**442.9**	**109.3**
Interest on bonds	–2,104.7	–2,064.3
Interest expense from shareholder loans	–566.2	–104.6
Other interest expenses for loans to banks	–1,836.2	–1,315.0
Ground rents	–189.7	–119.9
Total interest expenses	**–4,696.8**	**–3,603.8**
thereof non-cash effective	**–1,310.8**	**–863.2**
Total	**–4,253.8**	**–3,437.2**

The reduction in the interest result is mainly due to the higher loan portfolio, which corresponds to the growth in the real estate portfolio.

Regarding financial assets and liabilities recognised the total interest income amounts to kEUR 443.0 (2015/2016: kEUR 166.6) and the total interest expenses amount to kEUR 4,686.8 (2015/2016: kEUR 3,603.8).

3.8. Other taxes

Other taxes amount to kEUR 17.6 in the current financial year (previous year: kEUR 0.0). The real estate tax on investment properties is reported under rental expenses.

3.9. Earnings per share

Earnings per share are as follows:

kEUR	2016/2017	2015/2016
Result for the period (undiluted)	37,405.0	21,988.9
Interest expense on convertible bonds	2,104.7	2,064.3
Result for the period (diluted)	39,509.7	24,053.2
Average number of shares issued in the reporting period (undiluted)	22,516,050	14,904,795
Potential conversion shares	14,792,787	14,592,202
Average number of shares issued in the reporting period (diluted)	37,308,837	29,496,997
Results per share (EUR)		
undiluted	1.66	1.48
diluted	1.06	0.82

4. Notes to the cash flow statement

The cash flow statement has been prepared regarding the operating part using the indirect method. A distinction was made between current business, investment and financing activities. The cash and cash equivalents shown as of the balance sheet date include all credit balances and current account liabilities due within three months of the balance sheet date. The cash flow statement shows how payment instruments changed due to cash inflows and outflows during the financial year. In accordance with DRS 21/IAS 7 ("Cash Flow Statements"), a distinction is made between cash flows from operating and investing and financing activities.

Cash flow from operating activities amounted to kEUR 11,983.7 (previous year: kEUR 3,249.7) in the financial year. The positive cash flow from operating activities is directly related to the increase in the number of rental properties, which will continue to improve in the years to come. Cash flow from investing activities in the year under review amounted to kEUR –83,240.8 (previous year: kEUR –62,675.7). The main investing activities of the company in the year under review include payments for the various real estate acquisitions in the amount of kEUR 83,249.1 (previous year: kEUR 63,357.2). Cash flow from financing activities amounted to kEUR 62,083.0 in the year under review (previous year: kEUR 65,412.7). Significant items in the year under review were cash inflows from capital increases of kEUR 39,552.9 (previous year: kEUR 19,840.4) as well as from borrowings from various banks totaling kEUR 33,200.0 (previous year: kEUR 38,950.0) and the deposit from the utilization of the current account loan facility with Obotritia Capital KGaA with kEUR 10,819.1. These payments were essentially offset by payments for the repayment of loans amounting to kEUR 15,928.1 (previous year: kEUR 17,102.8).

5. Disclosures on financial instruments and fair value

5.1. Financial Risk Management

Through its business activities, DKR is exposed to various financial risks. These risks mainly include default, liquidity and market risk (interest rate risk). Accordingly, there is a policy-based risk management system, which is managed by the Corporate Finance department. The scope of the financial policy is determined by the Management Board and monitored by the Supervisory Board.

5.1.1. Default risks

Default risk is the risk of loss if a counterparty fails to meet its contractual payment obligations. These can be essentially tenants as well as banks. To counteract this risk, DKR basically only enters business relations with creditworthy contracting parties and obtains appropriate collateral. DKR uses available financial information to assess the creditworthiness of business partners. The risk exposure of the Company is monitored continuously.

There are also trade accounts receivable from a large number of customers, so that only a low risk concentration exists. Existing receivables are regularly tested for their recoverability. Valuation adjustments are generally made based on the age structure of the receivables.

The financial assets recognised in the financial statements, less any possible impairments, represent the maximum default risk of the Company. However, collateral received is not considered. There are no overdue non-impaired receivables.

The Company holds by third parties through fiduciary accounts collateral in the form of financial assets (guarantees and savings deposits) from tenants in the height of kEUR 75.0, which may not be sold or given as collateral without payment of default by its owner.

5.1.2. Liquidity and financing risk

Liquidity risk is the risk that DKR will be unable to meet its payment obligations at a contractually agreed date.

To ensure liquidity, liquidity planning is carried out, which continuously compares the expected liquidity requirements with the expected cash inflows. In doing so, DKR manages liquidity risks by holding appropriate reserves and credit lines as well as by continuous target/actual comparisons of the forecasted and actual cash flows, considering the maturity profiles of receivables and liabilities.

The following tables show the contractual and undiscounted disbursements of the recognised liabilities by residual maturity:

	Maturities			
Remaining term to 30 September 2017 in kEUR	**Book value**	**Up to 1 year**	**1 to 5 years**	**above 5 years**
Verbindlichkeiten gegenüber Kreditinstituten	72,825.6	31,578.9	26,002.7	15,244.0
Liabilities towards other lenders[2]	10,819.1	10,819.1	0.0	0.0
Liabilities from convertible bonds	37,261.7	261.7	37,000.0	0.0
Liabilities from leasing	4,189.9	23.9	109.3	4,056.7
Liabilities from services and deliveries	1,117.3	1,117.3	0.0	0.0
Other current liabilities	249.2	249.2	0.0	0.0

2 Claimed credit line repayable at any time

	Maturities			
Remaining term to 30 September 2016 in kEUR	**Book value**	**Maturity up to 1 year**	**1 to 5 years**	**above 5 years**
Liabilities to banks	42,213.9	19,489.8	17,160,5	5,563.6
Liabilities towards other lenders	13,450.7	13,450.7	0.0	0.0
Liabilities from convertible bonds	37,261.7	261.7	37,000.0	0.0
Liabilities from leasing	3,501.6	29.4	196.4	3,275.8
Liabilities from services and deliveries	436.1	436.1	0.0	0.0
Other current liabilities	234.9	234.9	0.0	0.0

The Company may use credit lines. The total amount not yet used amounts to approximately kEUR 15,480.9 as of the balance sheet data (previous year: kEUR 11,660.3). The Company expects to be able to meet its liabilities from operating cash flows, the inflow of maturing financial assets and capital measures as well as to meet existing credit lines at all times. In addition, there are estimated future cash outflows from interest on financial liabilities of around kEUR 2,531.7 (2015/2016: about kEUR 2,640.6), of more than one, but less than five years, of around kEUR 5,194.5 (2015/2016: about kEUR 5,200.6) and after more than five years of about kEUR 2,078.0 (2015/2016: about kEUR 856.5). The future interest payments for leasing are shown in 6.2.

The reported financial assets have no fixed maturities and are, therefore, classified as current.

Furthermore, DKR is fundamentally dependent on being able to obtain debt capital on reasonable terms for refinancing its current business activities or for acquisitions. For example, crises on the international financial markets can make debt financing more difficult and then lead to liquidity problems. If, as a result, the debt service should no longer be met, lenders could forcibly recover real estate assets, and distress sales could lead to significant financial penalties. In this respect, DKR continues to exploit favourable market conditions to make financing favourable and sustainable.

This also applies to the convertible bonds issued. In the case of 3 loan agreements for 7 properties, maintenance reserves amounting to kEUR 26.0 were agreed in accordance with loan agreements. The amount of savings is limited to kEUR 1,150.0. As of the balance sheet date, maintenance reserves of kEUR 487.9 (2015/2016: kEUR 173.5) were saved. An order for maintenance measures is possible against invoice.

Part of the loan agreements contain obligations to comply with certain financial covenants. These typically include standard codes such as DSCR; ICR and LTV or maintenance reserves to be met for certain objects. A breach of the agreed loan requirements could result in a premature repayment obligation, which in individual cases could severely impair liquidity. As of 30 September 2017, all loan and bond contracts were complied with.

5.1.3. Interest rate-change risk

Due to its business activity, DKR is exposed to interest-change risk. This applies to loans with variable interest rates and the reassessment of terms and conditions of fixed-rate loans after the end of the fixed-interest period, if the interest rate increases by the ECB result in higher interest payments.

If required, DKR uses for hedging derivative financial instruments such as interest rate swaps or caps, which minimise interest rate-change risk or interest rate sensitivity when interest rates rise. The Company currently only has one interest rate cap as an interest rate hedging instrument. The interest cap refers to a nominal amount of EUR 12,512,500.00, the cap rate is 1.0% in relation to the 3-month EURIBOR and has a term until 30 December 2017. The fair value is EUR 0.00. Derivatives are not used for speculative purposes.

In addition, DKR is in ongoing discussions with its banking partners to extend expiring fixed-interest periods in good time or to repay loans prematurely or to refinance them if necessary. Here, in principle, forward loans are also eligible.

There are currently predominantly loans with a fixed interest rate. Only individual loans have a variable interest rate, which is subject to fluctuations depending on market developments.

If interest rates had been 1% higher (lower) in the reporting period, the annual result would have been kEUR 414.4 lower (2015/2016: kEUR 399.7) or kEUR 417.2 higher (2015/2016: kEUR 400.6).

5.1.4. Net results from financial instruments

The net gains and losses from financial instruments are allocated to the respective IAS 39 valuation categories as follows:

30/09/2017	IAS 39 Category	Interest in kEUR	Allowances in kEUR	Derecognition of liabilities in kEUR
Loans and receivables	LaR	443.0	–129.2	0.0
Financial liabilities	FLaC	–4,696.8	0.0	0.0

30/09/2016	IAS 39 Category	Interest in kEUR	Allowances in kEUR	Derecognition of liabilities in kEUR
Loans and receivables	LaR	166.6	–271.8	0.0
Financial liabilities	FLaC	–3,603.8	0.0	4,822.1

5.1.5. Offsetting of financial assets and liabilities

Financial assets and liabilities are netted based on master netting agreements only if there is an enforceable right to set-off on the balance sheet date and it is intended to settle on a net basis. If a claim for netting is not enforceable in the ordinary course of business, the master netting agreement creates only a conditional right to set off. In this case, the financial assets and liabilities are shown on the balance sheet date with their gross amounts in the balance sheet.

In the balance sheet as of 30 September 2017, as it is customary, receivables from unbilled operating costs of kEUR 4,113.7 (30/09/2016: kEUR 2,392.6) were received with advance payments received from operating cost prepayments in the amount of kEUR 3,346.1 (30.09.2016: kEUR 2,416, 0).

5.2. Capital management

The objectives of capital management are to maintain a high credit rating and to maximise shareholder value by striving for an optimal equity/debt ratio (equity ratio) and to comply with the provisions of the REIT Act, which require a minimum equity ratio of 45 %.

• The equity ratio at the end of the year is as follows:

kEUR	30/09/2017	30/09/2016
Equity	154,736.0	79,031.3
Total assets	280,674.5	174,459.2
Equity ratio in %	**55.1**	**45.3**

• The equity ratio according to the REIT Act is as follows:

In kEUR	30/09/2017	30/09/2016
Equity	154,736.0	79,031.3
Investment property/immovable assets	275,433.9	147,822.5
Equity ratio in %	**56.2**	**53.5**

• **Another control parameter is the loan-to-value, which represents the ratio of net financial liabilities to the value of the real estate assets. DKR aims for an LTV between 50 to 55%:**

kEUR	30/09/2017	30/09/2016
Financial liabilities	118,723.2	90,397.4
less cash	–1,160.5	–10,334.6
Net financial liabilities	**117,562.7**	**80,062.8**
Investment properties	275,433.9	147,822.5
Advance payments on acquired investment properties	413.1	14,656.3
Total property assets	**275,847.0**	**162,478.8**
Loan-to-Value (LTV), %	**42.6%**	**49.3%**

5.3. Fair value of assets and liabilities

IFRS determine the fair value of various assets and liabilities.

The fair value is defined in IFRS 13 and is to be determined using the most near-to-market valuation methods and input parameters. A valuation hierarchy divides the input data according to their quality in three levels:

Level 1
Quoted (unadjusted) prices in active markets for identical assets or liabilities, such as stock market prices

Level 2
Input factors other than quoted prices included in Level 1 but which are observable for the asset or liability either directly or indirectly (i.e. derived from prices)

Level 3
Factors not based on observable market data for the valuation of the asset or liability

Insofar as input factors of different levels are used, the fair value is assigned to the respective lower hierarchy level. The Company recognises reclassifications between different levels as of the end of the reporting period in which the change occurred. In fiscal year 2016/2017, there were no reclassifications between the respective hierarchy levels.

The assets and liabilities measured at fair value in the balance sheet are as follows:

kEUR	Valuation Hierarchy	30/09/2017	30/09/2016
Investment properties	Level 3	275,433.9	147,822.5
Total assets		**275,433.9**	**147,822.5**

In addition, there are the following financial instruments that are set at amortised cost:

30/09/2017	IAS 39 Category[4]	Book Value in kEUR	Fair Value in kEUR	Valuation Hierarchy
Trade receivables	LaR	222.6	222.6	Level 2
Other current assets	LaR	1,668.7	1,668.7	Level 2
Liquid funds	LaR	1,160.5	1,160.5	Level 2
Total financial assets		**3,051.8**	**3,051.8**	
Liabilities to banks	FLaC	72,363.1	72,391.5	Level 2
Liabilities to other creditors	FLaC	10,819.1	10,819.1	Level 2
Liabilities from convertible bonds (FK component)	FLaC	35,541.0	144,763.3	Level 1
Liabilities from leasing	FLaC	4,189.9	4,189.9	Level 2
Trade payables	FLaC	1,117.3	1,117.3	Level 2
Other current liabilities	FLaC	244.7	244.7	Level 2
Total financial liabilities		**124,275.1**	**233,525.8**	

4 LaR: Loans and Receivables; FLaC: Financial Liabilities at Cost (financial liabilities, which are carried at amortized cost)

30/09/2016	IAS 39 Category	Book Value in kEUR	Fair Value in kEUR	Valuation Hierarchy
Trade receivables	LaR	233.7	233.7	Level 2
Other current assets	LaR	870.5	870.5	Level 2
Liquid funds	LaR	10,334.6	10.334.6	Level 2
Total financial assets		**11,505.9**	**11,505.9**	
Other current assets	FLaC	41,931.5	41,749.0	Level 2
Liquid funds	FLaC	13,450.8	13,450.8	Level 2
Total financial assets	FLaC	35,015.1	128,116.0	Level 1
Verbindlichkeiten aus Leasing	FLaC	3,501.6	3,501.6	Level 2
Verbindlichkeiten aus Lieferungen und Leistungen	FLaC	436.1	436.1	Level 2
Übrige kurzfristige Verbindlichkeiten	FLaC	234.9	234.9	Level 2
Summe finanzielle Verbindlichkeiten		**94,594.7**	**187,488.4**	

The fair value of non-current assets or liabilities corresponds to the present value of the expected payments, considering maturity and risk-adjusted market interest rates.

Short-term trade receivables and other assets and cash and cash equivalents, therefore, approximate their fair values.

6. Other information

6.1. Other financial obligations and contingent liabilities

The company has the following financial obligations from long-term contracts:

kEUR	30/09/2017	30/09/2016
Asset and Property Management Contracts	5,446.0	3,322.6
Management Fee Agreements	334.2	417.7
Total	**5,780.2**	**3,740.3**
thereof up to 1 year	2,166.8	1,394.6
thereof one year to five years (undiscounted)	3,613.3	2,345.7
thereof above five years (undiscounted)	0.0	0.0

As at the balance sheet date of 30 September 2017, the Company has made purchase price obligations from notarised purchase agreements for properties in Schwerte and Zeulenroda for which purchase price deposits on notarial accounts were made.

There are no other contingent liabilities.

6.2. Lease obligations

Finance leasing as lessee

As a lessee of leasehold agreements, there are long-term lease liabilities, which result in disbursements in subsequent years. These are distributed as follows:

kEUR	in kEUR	bis zu 1 Jahr	1 bis 5 Jahre	über 5 Jahre
Minimum lease payments 30/09/2017	**12,886.7**	**251.7**	**1,006.9**	**11,628.1**
of which interest payments	8,696.8	227.8	897.5	7,571.5
of which repayments	4,189.9	23.9	109.3	4,056.7
Minimum lease payments 30/09/2016	**9,315.5**	**194.4**	**777.5**	**8,343.6**
of which interest payments	5,813.9	165.0	581.1	5,067.8
of which repayments	3,501.6	29.4	196.4	3,275.8

The leasehold contracts have a remaining useful life of 38.4 years on average and are adjusted to agreed indexes by means of value assurance clauses. There were no index adjustments in the year under review. Furthermore, some extension options are available. There were also no contingent rents.

6.3. Disclosure of Related Party Transactions

The companies and persons affiliated to the company in accordance with IAS 24 comprise the following groups:

- parent company,
- other shareholders,
- other related parties – including subsidiaries, joint ventures and associates of the shareholders with at least significant influence and companies controlled by the management,
- members of the Management and Supervisory Boards of the Company as well as of the Management and Supervisory Boards of the parent company and their close family members.

The Company maintains business relationships with affiliated companies and persons. Essentially, these relationships include financial services through short-term provision of liquidity based on concluded master agreements and services.

The scope of transactions with affiliated parties is shown below:

Deutsche Konsum is an affiliate of Obotritia Capital KGaA, Potsdam. For the use of business premises, the provision of office equipment and administrative staff, including the activities of the Management Board, Obotritia Capital KGaA charged kEUR 334.2 (2015/2016: kEUR 315.4) in the reporting period under the concluded agency agreement. There are short-term receivables from Obotritia Capital KGaA in the amount of kEUR 290.1 (30/09/2016 kEUR 0.0), which are reported under other current assets.

With a contract dated 13 April 2013 and a supplement from 30 June 2016 and 01/12/2016, DKR was granted a credit line by Obotritia Capital KGaA within the framework of a current account loan facility of kEUR 25,000. The loan is paid out at the request of Deutsche Konsum REIT-AG and must be repaid at any time, but no later than the end of the contract period on 31/12/2023. Interest will be charged exclusively on the outstanding amount; provisioning fees will not be charged additionally.

In the 2016/2017 financial year, this amount was used up to kEUR 23,518.5 (2015/2016 kEUR 14,895.3) and partially repaid in a timely manner. As of 30 September 2017, there was a liability of kEUR 10,819.1 (30/09/2016: kEUR 13,450.7). Overpayments are subject to the same terms and conditions that apply to the claim. For these cases, a loan framework agreement was concluded on 30/04/2015. The interest rate is 8.0% p.a. The interest payments are deferred and are due at the latest upon termination of the loan. Interest income of kEUR 442.9 (2015/2016: kEUR 160.2) and interest expenses of kEUR 566.3 (2015/2016: kEUR 104.6) were generated for the 2016/2017 financial year.

There is a management agreement with GV Nordost Verwaltungsgesellschaft mbH, Rostock, on the property management of the main real estate portfolio. Depending on the object, the agreed remuneration amounts to between 2% and 3% of the net rental income received (plus value added tax) per month. In the reporting period, expenses of kEUR 593.8 (2015/2016: kEUR 187.9) were incurred.

There is also a management and consulting agreement with Elgeti Brothers GmbH, Berlin. The agreed remuneration amounts to 0.5% of the gross asset value of the real estate annually, calculated based on purchase prices and transaction costs, and is paid in quarterly discounts. In the reporting period, the expenses amounted to kEUR 667.8 (2015/2016: kEUR 199.8).

The following receivables and liabilities to related parties exist in the balance sheet as follows:

kEUR	30/09/2017	30/09/2016
Other current assets		
towards shareholder Obotritia Capital KGaA	290.1	0.0
other affiliated companies	5.0	0.0
Liabilities towards other lenders		
towards shareholder Obotritia Capital KGaA	10,819.1	13,450.7

No loans and advances were granted to related persons. Close family members of the Management Board and the Supervisory Board have no influence on the Company's business decisions.

6.4. Supervisory Board and Management

• **During the reporting period, the Supervisory Board consisted of the following people:**

Name	Occupation	Memberships in other bodies
Hans-Ulrich Sutter Chairman Düsseldorf	MA in Business Administration	• TAG Colonia-Immobilien AG, Hamburg (Deputy Chairman of the Supervisory Board)
Achim Betz (Deputy Chairman of the Supervisory Board) Nürtingen	Auditor, Tax Advisor, MA in Business Administration	• Deutsche Leibrenten Grundbesitz AG, Frankfurt am Main (Deputy Chairman of the Supervisory Board • Deutsche Industrie Grundbesitz AG, Rostock (Member of the Supervisory Board) • Best Audit GmbH Wirtschaftsprüfungsgesellschaft, Hannover (Managing Partner) • Hevella Capital GmbH & Co. KGaA, Potsdam, Chairman of the Supervisory Board (since 24 May 2017) • BSF Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Managing Partner
Johannes C. G. (Hank) Boot London	Fund Manager	• Berentzen AG, Haselünne (Member of the Supervisory Board)
Nicholas Cournoyer London	Fund Manager	• Managing Director and Shareholder Montpelier Capital Advisors

The remuneration of the Supervisory Board in the financial year amounted to kEUR 27.5 (2015/2016: kEUR 28.5) excluding sales tax. Members of the Supervisory Board were granted no loans and advances; Likewise, no contingent liabilities were made in favour of members of the Supervisory Board.

During the reporting period, the Management Board consisted of the following people:

Name	Occupation	Memberships in other bodies
Rolf Elgeti Chairman CEO Potsdam	MA in Business Administration	• TAG Immobilien AG, Hamburg • Fair Value REIT-AG, München (since 30/11/2017) • Deutsche Leibrenten AG, Köln • Staramba SE, Berlin • Laurus Property Partner, München
Alexander Kroth Member of the Management Board CIO (since 1 July 2017), Berlin	MA in Business Administration	None
Christian Hellmuth Member of the Management Board CFO (since 1 July 2017), Berlin	MA in Business Administration (FH)	None

The remuneration of the Chief Executive Officer amounts to kEUR 72.0 for the 2016/2017 financial year (2015/2016: kEUR 72.0). Remuneration is paid by the shareholder Obotritia Capital KGaA, as there are no employment contracts between the Company and the Management Board. There are no additional grants or variable compensation.

In the 2016/2017 financial year, the remuneration of the two other members of the Management Board was kEUR 42.5 pro rata temporis.

For details of Supervisory Board and Management Board remuneration, please refer to the compensation report in the DKR management report.

6.5. Consolidated Financial Statements

Obotritia Capital KGaA, Potsdam, as parent company, provides consolidated financial statements as of 31/12/. These will be published in the Federal Gazette. The consolidated financial statements for the smallest and largest group are published by Obotritia Capital KGaA.

6.6. Fee of the auditor

The fee for the auditor DOMUS AG of kEUR 203.6 (2015/2016: kEUR 125.1), calculated for the financial year 2016/2017, includes fees plus statutory sales tax exclusively for audit services in the amount of kEUR 121.6 (2015/2016: kEUR 40.0), other certification services amounting to kEUR 81.1 (2015/2016: kEUR 72.1) and other services amounting to kEUR 0.9 (2015/2016: kEUR 13.0). The other confirmation services relate to the granting of a comfort letter in accordance with IDW PS 910 (kEUR 69.8), the audit of the profit forecast in accordance with IDW PH 9.960.3 (kEUR 8.1) and the audit pursuant to § 1 (4) REIT Act as of 30/09/2016 (kEUR 3.2). Total audit fees comprise non-accrual expenses of kEUR 42 due to subsequent billings.

6.7. Significant events after the balance sheet date

With the transfer of benefits and encumbrances on 1 November 2017, the four properties acquired in Hettstedt, Kelbra, Zeulenroda (Langenwolschendorf) and Schwerte became the property of the Company. The investment volume for the portfolio amounted to around EUR 5.8 million, and generates an annualised rent of around EUR 0.7 million.

A hardware store in Finsterwalde (Brandenburg) was acquired by notarisation from 6 November. In addition, notarial certifications dated 30 November 2017 included seven additional retail properties. The investment volume amounts to around EUR 15 million, which exist as short-term purchase price payment obligations. The annualised rent of the portfolio is around EUR 1.5 million. The benefit and encumbrance transfer is expected to take place on 1 January 2018.

On the liabilities side, an open tranche of EUR 1.3 million was drawn and paid out for the expansion of the Domcenter Greifswald at Berliner Sparkasse on 30 November.

In addition, on 7 December 2017, DKR initiated the process of a cash capital increase without subscription rights, utilising the authorised capital by issuing up to 2,476,028 new bearer shares and has closed the transaction successfully on 8 December 2017. All new shares have been placed at a price of EUR 10 per share which resulted in gross cash inflows of around million EUR 24.8 to DKR.

6.8. Corporate Governance Code (Declaration on the German Corporate Governance Code pursuant to Section 161 AktG)

On 5 December 2017, the Management Board and the Supervisory Board of Deutsche Konsum REIT-AG issued the latest declaration of compliance with the German Corporate Governance Code pursuant to § 161 AktG. The declaration was made permanently available to shareholders at www.deutsche-konsum.de.

Potsdam, 8 December 2017

Rolf Elgeti
Chairman

Alexander Kroth
Member of the Board

Christian Hellmuth
Member of the Board

Statement from the company's legal representatives

"We assure to the best of our knowledge that, in accordance with the applicable accounting policies, the financial statements as of 30 September 2017 give a true and fair view of the financial position and performance of the Company and that in the management report, the business development including the business results and position of the Company provides a true and fair view and outlines the material opportunities and risks of the Company's expected development."

Potsdam, 17 December 2017

Rolf Elgeti
Chairman

Alexander Kroth
Member of the Board

Christian Hellmuth
Member of the Board

Audit Certificate of the independent auditor of the seperate financial statements

To Deutsche Konsum REIT-AG, Broderstorf

Audit Certificate for the Audit of the Separate Financial Statements and Management Report

Audit Opinions

We have audited the separate financial statements of Deutsche Konsum REIT-AG – consisting of the balance sheet to 30 September 2017, the profit and loss account, the cash flow statement and the statement of changes in equity for the 1 October 2016 to 30 September 2017 business year and the Appendix, including a summary of significant accounting methods. Also, we have audited the management report of Deutsche Konsum REIT-AG for the 1 October 2016 to 30 September 2017 business year.

In our assessment, on the strength of the findings gained as a result of the audit,

- the attached separate financial statements comply with the IFRS, as applicable in the EU, in all material aspects and with the German statutory regulations applicable in addition subject to §315a (1) German Commercial Code (HGB) (former version) and so presents, subject to these regulations, a picture of the company's asset and finance situation matching the actual circumstances obtaining at 30 September 2017 and matching the company's earnings position for the 1 October 2016 to 30 September 2017 business year and
- the attached management report presents overall an accurate picture of the company's situation. In all material aspects, this management report harmonises with the separate financial statements, complies with the German statutory regulations and accurately represents the opportunities and risks inherent in future developments.

Pursuant to §322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not produced any reservations about the correctness of the separate financial statements or the management report.

Basis for the Audit Opinions

We have conducted our audit of the separate financial statements and the management report in conformity with §317 German Commercial Code (HGB) and the EU Financial Statement Auditing Regulation (Abschlussprüferverordnung) (No. 537/2014; referred to below as "EU-APrVO") with reference to the German principles laid down by the Institute of Auditors (IDW) for the proper conduct of financial statement audits. Our responsibility under these regulations and principles is further described in the section 'Responsibility of the Auditor for Auditing the Separate financial statements and Management Report' in our audit certificate. We are independent of the company in conformity with the regulations under European law, German commercial law and the rules of professional conduct and have satisfied our other German professional obligations in conformity with these requirements. Further, we declare, pursuant to Article 10 (2f) EU-APrVO, that we have not rendered any prohibited non-auditing services under Article 5 (1) EU-APrVO. We are of the view that the evidence obtained by us is sufficient and suitable to serve as the basis of our audit opinions on the separate financial statements and management report.

Other Information

The legal representatives are responsible for the other information. The other information covers:

- the remaining parts of the annual report, with the exception of the audited separate financial statements and management report and our audit certificate;

- the corporate governance report under No. 3.10 of the German Corporate Governance Code;

- the assurance under § 264 (2) sentence 3 German Commercial Code (HGB) on the separate financial statements and the assurance under § 289 (1) sentence 5 HGB on the management report and

- the declaration on corporate governance under § 289a HGB (former version);

Our audit opinions on the separate financial statements and the management report do not cover the other information and correspondingly we give neither an audit opinion nor any other form of audit conclusion on this information.

In connection with our audit, we have the responsibility of reading the other information and thereby of judging whether the other information

- displays material discrepancies from the separate financial statements, the management report or our other findings gained through conducting the audit or

- in any other way appears to be presented falsely.

Responsibility of the Legal Representatives and of the Supervisory Board for the Annual Statement and the Management Report

The legal representatives are responsible for compiling the separate financial statements in compliance in all material aspects with the current German commercial law regulations for corporate enterprises and responsible for ensuring that the separate financial statements represent a picture of the asset, finance and earnings situation of the company corresponding to the actual circumstances in conformity with the German principles of proper accounting. Also, the legal representatives are responsible for the internal controls which they have determined to be necessary in order to facilitate compilation of the separate financial statements which are free of material – intended or unintended – false representations.

When compiling the separate financial statements, the legal representatives are responsible for assessing the ability of the company to continue the corporate activity. Furthermore, they are also responsible for supplying facts linked to the continuation of the corporate activity, where relevant. They are also responsible for drawing up their balance sheet on the basis of the accounting principle that the corporate activity will continue, unless it is intended to liquidate the company or to cease trading or unless there is no realistic alternative to it.

Also, the legal representatives are responsible for compiling the management report, which conveys overall an accurate picture of the company's situation and which harmonises in all material aspects with the separate financial statements, complies with the German statutory regulations and accurately represents the opportunities and risks inherent in future developments. Also, the legal representatives are responsible for the arrangements and measures (systems) which they have determined to be necessary in order to facilitate compilation of a management report harmonising with the applicable German statutory regulations and in order to be able to furnish sufficient and suitable evidence for the statements contained in the management report.

The Supervisory Board is responsible for monitoring the company's accounting process for compilation of the separate financial statements and the management report.

Responsibility of the Auditor for Auditing the Separate financial statements and Management Report

It is our aim to establish sufficient confidence over the question of whether the separate financial statements as a whole are free of material – intended or unintended – false representations and whether the management report conveys overall an accurate picture of the company's situation and which harmonises in all material aspects with the separate financial statements and with the findings gained during the auditing process, complies with the German statutory regulations and accurately represents the opportunities and risks inherent in future developments and to issue an audit certificate containing our audit opinions on the separate financial statements and the management report.

Sufficient confidence is a high level of confidence, but no guarantee that an audit of a financial statement conducted properly in conformity with § 317 German Commercial Code (HGB) and the EU Financial Statement Auditing Regulation and in compliance with the German principles laid down by the Institute of Auditors (IDW) will always reveal a material false representation. False representations may be the result of infringements or inaccuracies and are seen as material if it could be sensibly anticipated that they, either singly or taken together, will influence the commercial decisions taken by the intended recipients on the basis of these separate financial statements and management report.

During the audit, we exercise an obligatory level of discretion and maintain a critical basic attitude. Furthermore,

- we identify and assess the risks of material – intended or unintended – false representations in the separate financial statements and management report, plan and conduct audit actions as a response to these risks and obtain audit evidence, which is sufficient and suitable for serving as the basis of our audit opinions. The risk that material false representations will not be revealed is greater with infringements than with inaccuracies because infringements may involve fraudulent collusion, falsifications, intended incomplete statements, misleading representations or the setting aside of internal controls;

- we gain an understanding of the internal control system relevant for auditing the separate financial statements and of the relevant arrangements and measures for auditing the management report in order to plan auditing actions which are appropriate under the given circumstances, though not with the aim of issuing an audit opinion on the efficacy of these systems;

- we assess the appropriateness of the accounting methods used by the legal representatives and the acceptability of the estimated values presented by the legal representatives and the associated information;

- we draw conclusions on the appropriateness of the accounting principles applied by the legal representatives for continuation of the corporate activity and, on the basis of the auditing evidence obtained, whether there is material uncertainty in connection with events or circumstances which may throw significant doubt on the ability of the company to continue its corporate activity. If we come to the conclusion that there is material uncertainty, we will be obliged to draw attention in the audit certificate to the associated information in the separate financial statements and in the management report or, if such information is inappropriate, to modify our audit opinion. We draw our conclusions on the basis of the auditing evidence obtained up to the date of our audit certificate. Future events or circumstances may however cause the company to be unable to continue the corporate activity;

- we assess the overall presentation, the structure and the content of the separate financial statements including the information and whether the separate financial statements present the underlying business events and occurrences in such a way that the separate financial statements present a picture reflecting the actual circumstances of the asset, finance and earnings situation of the company in compliance with the IFRS, as applicable in the EU, and the German statutory regulations applicable in addition under § 315a (1) HGB (former version);

- we assess conformity of the management report with the separate financial statements, its compliance with the law and the picture conveyed by it of the company's situation;

- we conduct audit actions in accordance with the future-orientated information in the management report presented by the legal representatives; on the basis of sufficient and suitable audit evidence we reproduce the significant assumptions taken as their basis by the legal representatives for their future-orientated information and assess the proper derivation of the future-orientated information from these assumptions. We do not issue an independent audit opinion on either the future-orientated information or the underlying assumptions. There is a considerable unavoidable risk that future results will differ materially from the future-orientated information.

With those responsible for monitoring, we discuss, among other matters, the planned scope and scheduling of the audit and the significant audit observations including any defects in the internal control system which we note during our audit.

We give a declaration to those responsible for monitoring that we have maintained the relevant independence conditions and discuss with them all the relations and other facts about which it may be sensibly assumed that they have an effect on our independence and have taken precautionary measures in this respect.

Of the facts which we have discussed with those responsible for monitoring we determine which facts have the greatest significance for the current reporting period in the audit of the separate financial statements and which therefore are the most important auditing facts. We describe these facts in the audit certificate, unless laws or other legal regulations exclude the publication of the facts.

Other statutory and other legal requirements

Other information under Article 10 EU-APrVO

We were selected as auditors of the financial statements by the General Shareholders' Meeting on 9 March 2017. We were appointed by the Supervisory Board on 11 September 2017. We have been working without interruption since the 2013 business year as auditors of the financial statements of Deutsche Konsum REIT-AG.

We declare that the audit opinions contained in this audit certificate harmonise with the additional report to the audit committee under Article 11 EU-APrVO (audit report).

Responsible Auditor

The auditor responsible for the audit is Torsten Fechner.

Berlin, dated 11 December 2017

DOMUS AG
Auditing company
Tax consultancy company

Prof. Dr. Hillebrand	**Fechner**
Auditor	Auditor

Declaration of compliance with the requirements of the REITG

In connection with the annual financial statements the Management board issues the following declaration of compliance with the requirements of the German REIT act (REITG):

Section of German REIT act	Regulation	Date	DKR	REIT criteria fulfilled
§ 11 (1)	Freefloat of shares > 15 %	31/12/2016	28.3 %	Yes
§ 11 (2)	No investor holds > 10 % of the shares	30/09/2017	—	Yes
§ 12 (2a)	Immovable assets of at least 75 % of all assets	30/09/2017	98.1 %	Yes
§ 12 (3a)	At least 75 % of the income is generated by immovable assets	30/09/2017	100.0 %	Yes
§ 13	Dividend distribution of > 90% of year end result according to German GAAP	30/09/2017	n/a	Yes
§ 14	Exclusion of real estate trading	30/09/2017	< 0.1 %	Yes
§ 15	Equity of at least 45 %	30/09/2017	56.1 %	Yes
§ 19	Composition of income in terms of income subject to and not sucject to income tax	30/09/2017	n/a	Yes

Regarding the freefloat of shares as at 31 December 2016 we notified the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) of this by way of letter dated 27 Juni 2017. The declaration of the Management board is under reserve until approval by the auditor which will occur presumably in January 2018.

Deutsche Konsum REIT-AG
Potsdam, 8 Dezember 2017

Rolf Elgeti
CEO

Alexander Kroth
CIO

Christian Hellmuth
CFO

Financial calender

18/12/2017
Publication of the Annual Report 2016/2017

19/12/2017
Analyst call regarding final annual statements and latest developments

11/01/2018
Roadshow: Oddo BHF Forum, Lyon, France

14/02/2018
Publication of Q1 2017/2018 interim statement

21/02/2018
12th ODDO BHF German Conference, Frankfurt am Main

08/03/2018
Annual General Meeting, Berlin

15/05/2018
Publication of H1 2017/2018 interim financial report

14/08/2018
Publication of Q3 2017/2018 interim statement

18/12/2018
Publication of final annual statements/ annual financial report for the fiscal year 2017/2018

The financial calendar of Deutsche Konsum REIT-AG is updated regularly.

For detailed information please visit our website on www.deutsche-konsum.de/en/investor-relations/financial-calender/.

Publisher
The Board of Directors of Deutsche Konsum REIT-AG

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Editorial deadline
15 December 2017

Haftungsausschluss

This annual report contains future-oriented statements. These are based on current estimates and are therefore subject to risk and uncertainty. In this respect, events which actually occur may deviate from the statements formulated herein.

This report has been translated from the German version. In case of doubt the German version is decisively.

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