

1 October 2017 to 31 March 2018

Half-yearly financial report

of 2017/2018 financial year

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Letter to our shareholders

Dear Shareholders,

Dear Sir or Madam,

the first half of the current fiscal year 2017/2018 was again very positive for Deutsche Konsum REIT-AG. The real estate portfolio recognised as of 31 March 2018 comprises 70 retail properties with an annualised total rent of around EUR 25.6 million. Rental income increased from EUR 8.9 million to EUR 13.6 million. This results in an FFO of EUR 7.3 million. Also on the balance sheet side the LTV amounts to a very solid 39.3% and the EPRA NAV increased to EUR 6.80 per share.

In addition to the strong operating performance, our successful capital increase boosted equity at the beginning of December 2017. The market capitalisation is now almost EUR 300 million and the DKR share is, as it is typical for REIT, very stable in a volatile market environment worldwide. Numerous international road shows contributed to this, in which we introduced DKR to institutional investors and received very positive feed-back on our equity story throughout.

In the first half of the year, we were also able to invest around EUR 107 million in very high-yield real estate and have already met our investment target. At the end of the reporting period, we have a secured portfolio of 89 retail properties, around EUR 400 million in property book value (ahead of current real estate valuation) and an annualised annual rent of circa EUR 35 million. We intend to continue using this momentum and are still in the process of purchasing other objects.

We also operated successfully in the first half of the year. For example, we recently extended our largest ever real-estate rental agreement in Erfurt by 15 years, and have also made significant progress in our renovation properties by concluding new leases with attractive anchor tenants.

Regarding the debt side we have taken new loans at various savings and loans banks in the amount of total EUR 33.8 million. Moreover we stand just before the final closing of the refinancing of the short term loan with Münchener Hypothekenbank e.g. by a new EUR 37.0 million loan with Helaba for much more favourable conditions. This will result in a significant reduction of average loan costs to below 2.1% p.a. while the duration will increase to circa six years at the same time. Effectively, DKR will be financed very stable and advantageous by then.

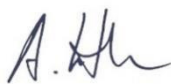
On the basis of very positive developments, we confirm our forecast and expect an FFO of between EUR 16 million and EUR 20 million in the 2017/2018 financial year, and a FFO run rate of EUR 23 million as of 30 September 2018.

We would like to thank you for your continued confidence in our sustainable growth and wish you lots of fun with the DKR share and further developments.

Best regards,



Rolf Elgeti
Chairman of the
Management Board – CEO



Alexander Kroth
CIO



Christian Hellmuth
CFO

Highlights

Deutsche Konsum REIT-AG, Broderstorf

Highlights

	1 October 2017 – 31 March 2018	1. Oktober 2016 – 31 March 2017	Difference	%
Income statement				
(kEUR)				
Rental income	13,550	8,861	4,690	52.9
Net operating income	9,884	6,857	3,027	44.2
Financial result	-2,398	-2,245	-153	6.8
Net income	6,364	5,576	788	14.1
FFO	7,263	4,474	2,789	62.3
FFO per share (in EUR)	0.28	0.22	0.06	25.2
aFFO	1,731	3,600	-1,869	-51.9
aFFO per share (in EUR)	0.07	0.18	-0.11	-62.9
Earnings per share, undiluted (in EUR)	0.24	0.28	-0.03	-11.9
Earnings per share diluted (in EUR)	0.18	0.19	-0.01	-4.4
Recurring costs ratio, %	6.1	6.3	-0.2	-3.5
	31 March 2018	30 September 2017	Difference	%
Balance sheet key figures				
(kEUR)				
Investment properties	297,645	275,434	22,211	8.1
Total assets	315,609	280,675	34,934	12.4
Equity	185,241	154,736	30,505	19.7
Total debt	122,939	118,723	4,216	3.6
(net) Loan-to-Value (LTV), %	39.3	42.6	-3.3	-7.9
Average interest rate of loans, %	2.37	2.38	-0.01	-0.4
Average interest rate of loans and convertible bonds, %	2.94	2.99	-0.05	-1.7
Average remaining duration of loans, years	4.7	4.9	-0.2	-4.1
EPRA NAV	185,240	154,736	30,505	19.7
EPRA NAV per share (in EUR)	6.80	6.25	0.55	8.8
EPRA NNNNAV per share (in EUR)	6.80	6.25	0.55	8.8

REIT metrics

REIT equity ratio	62.2	56.2	6.1	10.8
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Share information

Shares issued	27,236,313	24,760,285	2,476,028	10.0
Market cap, EUR	277,810,393	249,088,467	28,721,925	11.5
Share price, EUR	10.20	10.06	0.14	1.4

Portfolio key figures

Number of assets	70	62	8	12.9
Rental space (sqm)	368,715	330,123	38,592	11.7
Annualised rent, kEUR	25,603	24,832	771	3.1
Initial yield, %	12.1	12.1	0.0	-0.4
Vacancy rate, %	13.7	14.6	-0.9	-5.9
WALT, years	5.2	4.6	0.6	12.6

Interim management report for the first half of the 2017/2018 financial year

1. Deutsche Konsum REIT-AG

Deutsche Konsum REIT-AG based in Broderstorf and hereinafter referred to as "Deutsche Konsum" or "DKR" is a listed real estate company focusing on retail properties in Germany for goods required for daily use in established micro-locations. The focus of the company's activities is on the management and development of real estate with the aim of achieving a steady increase in value and the realisation of hidden reserves. The steadily increasing current property portfolio of Deutsche Konsum comprises of 89 retail properties with an annualised rent of EUR 34.8 million (as of 14 May 2018).

Due to its REIT status ('Real Estate Investment Trust'), the company is exempt from corporation and trade tax. The shares of the company are listed on the Prime Standard of the Deutsche Boerse (ISIN: DE 000A14KRD3).

2. Economic development and share

2.1. Economic development

Overall economic situation

At the beginning of 2018, the global economy was in a strong upswing. According to an economic forecast published by the Institute for World Economy (IfW) in Kiel in March 2018, global output is expected to increase by 4.0% respectively 3.8% in 2018 and 2019.¹

The economic situation in Germany in 2017 was characterised by strong economic growth. According to calculations by the Federal Statistical Office (Destatis), in 2017, the price-adjusted gross domestic product (GDP) was 2.2% higher than in the previous year. In 2017, growth stimuli came with increased private (+ 1.9%) and government (+ 1.6%) consumer spending primarily from the domestic market. German exports increased by 4.7%.²

In March 2018, the economic researchers of the IfW assumed that the gross domestic product would grow by 2.5% in 2018 and by 2.3% in 2019. The driving forces would be domestic and foreign trade. In view of the further improvement in the labour market situation and the tax reductions and expansion of benefits agreed in the coalition agreement, private consumption is expected to pick up again strongly (2018: +1.7%, 2019: + 2.2%). The IfW researchers also expect exports to increase by 6.2% (2018) and 4.8% (2019). The investments would also gain in growth. Construction investment would rise by 1.6% in 2018 and by 3.5% in 2019.³

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%.⁴ 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.

¹ Source: Kiel Economic Report No. 39 (2018 / Q1) of 20 March 2018: World economy in spring 2018, p. 2.

² Sources: Press release Destatis of 23 February 2017: Detailed results on economic performance in the 4th quarter of 2017.

³ Source: Media Information IfW of 21 March 2018: German economy closer to the limit.

⁴ Source: Handelsblatt, 16 March 2016: ECB decision: Today interest rates are falling to zero.

German real estate industry continues to focus on commercial properties

Germany remains attractive as a real estate location and investment market, both for residential and commercial real estate. In 2017, the total transaction volume of EUR 73 billion was still well above the average of the last ten years (EUR 44 billion). At EUR 57 billion in the commercial sector alone, the strong upward trend is unbroken.⁵

Also in the first quarter of 2018, high investments were made in German commercial real estate. The transaction volume was around EUR 12.3 billion in the first three months. Retail real estate took second place in this asset class with 14% of the transaction volume behind office real estate (53%) but ahead logistics real estate (12%). It is still the case that more capital could be invested if there was an adequate supply in sufficient numbers.⁶

Despite the very positive economic conditions, the final spurt on the retail letting market did not materialise in the last quarter of 2017. With a total result of 448,200 sqm for 1,055 lease agreements, JLL reported a 7% decline in volume of space compared to 2016.⁷

All brokerage houses (JLL, CBRE, BNPPRE and Colliers International) expect the strong demand for commercial real estate to continue throughout 2018. JLL expects Germany-wide transaction volume in the commercial real estate market in the amount of around EUR 55 billion for the total year of 2018.⁸ The share of international players in the transaction volume was approximately 47% on the purchasing side in 2017.⁹

2.2. Share

DKR share remains stable in the 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 continuing turbulent global political and economic environment, DKR shares continued to perform well. It was 1.4% higher at a price of EUR 10.20 at the end of the reporting period on 29 March 2018 (29 September 2017: EUR 10.06)¹⁰. Since the beginning of the listing on 15 December 2015, it has improved significantly by EUR 6.70 or 191.4%.

Market capitalisation increased to around EUR 280 million because of the higher market price as well as the successful capital increase. As a result of the higher stock market value, the company showed an increasing interest among institutional investors as well as retail investors, which also significantly increased trading volumes (average Xetra daily volume in share: Q1 2017/2018: 10,771; Q1 2016/2017: 7,298). During the reporting period, the highest price of the share was EUR 11.12¹¹ and the lowest price was EUR 9.66.¹²

⁵ Source: EY: Trend Barometer Real Estate Investment Market 2018, January 2018, p. 6.

⁶ Source: Study Jones Lang Lasalle SE (JLL): Investment Market Review. Germany. 1st Quarter 2018. Published in April 2018, p. 3, 5.

⁷ Source: Jones Lang Lasalle SE (JLL) study: Retail market overview. Germany. 4th quarter of 2017. Published in January 2018, p. 3.

⁸ Source: Study Jones Lang Lasalle SE (JLL): Investment Market Review. Germany. 1st Quarter 2018. Published in April 2018, p. 3.

⁹ Source: EY: Trend Barometer Real Estate Investment Market 2018, January 2018, p. 8.

¹⁰ Closing prices Xetra

¹¹ Variable Course Xetra on 2 October 2017.

¹² Variable Course Xetra on 11 October 2017.



Increased free float through capital increase

At the beginning of December 2017, DKR carried out a 10% capital increase with the exclusion of subscription rights. This was clearly oversubscribed. As a result of the capital increase, the free float (as defined by Deutsche Börse AG) increased significantly from 43% on 30 September 2017 to 53% on 31 March 2018, and the market capitalisation has risen to almost EUR 300 million. The investor base, which is characterised by institutional national and international investors with a predominantly long-term investment strategy, also expanded as a result.

Deutsche Konsum REIT in the RX REIT index of the German Stock Exchange

Since 20 November 2017, Deutsche Konsum has been included in the REIT segment of Deutsche Börse. Since then, the DKR share has been included in the RX REIT-indices.

Bankhaus Lampe launches coverage of the DKR share

In February 2018, Bankhaus Lampe started the commentary of the German consumer REIT-AG with analyst Dr Georg Kandlers. Thus, the research studies currently contain – together with the studies of Berenberg Bank and ODDO BHF – three analyst covers of the DKR share.

Bank	Price target in EUR	Rating	Analyst	Date
Bankhaus Lampe	12.00	Buy	Dr. Georg Kandlers	2 May 2018
Berenberg Bank	11.50	Buy	Kai Klose	26 April 2018
ODDO BHF	11.90	Buy	Thomas Effler	24 April 2018

Deutsche Konsum on international roadshows

The board members of DKR were on road shows in the first half of the current fiscal year, e.g. in London, Helsinki, Zurich, Brussels, Lyon and Baden-Baden, and met many investors there. The strategy and the growth story attracted great interest.

Annual General Meeting of Deutsche Konsum REIT elects the Supervisory Board and adopts all proposed resolutions

On 8 March 2018, the Annual General Meeting of DKR took place in Berlin. All proposed resolutions were adopted with the required majority. Information on the decisions on the Authorised and Conditional Capital is provided in the section "Capital resolutions at the Annual General Meeting on 8 March 2018". Information on the Supervisory Board elections can be found in section "4.4. Supervisory Board" in the abbreviated Appendix.

2.3. Business development

Portfolio has grown significantly

In the first half year of 2017/2018, the transfer of benefits and encumbrances of eight acquired retail properties took place. As a result, the real estate portfolio will be accounted for at TEUR 297,645 on 31 March 2018.

Furthermore, DKR recorded the purchase of another 19 retail properties, which transfer of benefits and encumbrances are expected in the following quarters. As a result, the total portfolio of DKR currently comprises (as a matter of form) 89 retail properties with book values of around EUR 400 million and an annualised rent of EUR 34.8 million (as of 14 May 2018).

Successful capital increase

On 7 December 2017, Deutsche Konsum announced the execution of a cash capital increase without subscription for EUR 10.00 per share and successfully completed it with entry in the commercial register on 8 December 2017. As a result, the share capital of the company has increased by EUR 2,476,028.00 to EUR 27,236,313.00. The outstanding number of no-par value shares, thus, amounts to 27,236,313 shares. As a result of the cash capital increase, the company received net proceeds of EUR 24.2 million, which serve to finance additional purchases.

Loan financing

In the first half of the 2017/2018 financial year, DKR has taken up the following new loans:

As of 30 November 2017, an open loan tranche was drawn up at Berliner Sparkasse of TEUR 1,300, which will be used to modernise the Domcenter Greifswald.

With payment on 8 February 2018, the company took up a loan at Sparkasse Spree-Neiße in the amount of TEUR 6,000. The loan is subject to interest at a rate of 2.25% p.a. and has a maturity of 6 years.

After the reporting date, DKR took up four additional loans with savings banks in the total volume of TEUR 33,800. The interest rates are between 1.85% p.a. and 2.07% p.a. and have running times between five and eight years. In addition, DKR is about to close the refinancing of short-term loans.

Capital resolutions at the Annual General Meeting on 8 March 2018

The Annual General Meeting resolved increases in the Authorized and Contingent Capital. Accordingly, the Management Board is authorised to increase new shares by cash or in-kind contributions by up to EUR 13,618,156.00, once or several times with the approval of the Supervisory Board, by 7 March 2018 (Authorised Capital 2018). The Authorised Capital 2017 has been canceled.

Contingent capital was conditionally increased by up to EUR 11,238,014.00 by issuing up to 11,238,014 new no-par-value bearer shares and serves to issue bonds with a total nominal value of up to EUR 150,000,000 (Contingent Capital I). At the Annual General Meeting on 9 March 2017, the remaining Contingent Capital for the granting of shares from existing convertible bonds had already been increased to EUR 2,380,142.00 (Contingent Capital II).

3. Development of net assets, financial position and results of operations

Net assets

The balance sheet total increased by TEUR 34,934 to TEUR 315,609 (30/09/2017: TEUR 280,675). This essentially resulted from the construction of the real estate portfolio through further acquisitions. The carrying amounts of the investment properties rose by TEUR 22,211 to TEUR 297,645 as of 31 March 2018 (30/09/2017: TEUR 275,434).

The Company's equity increased by TEUR 30,505 to TEUR 185,241 in H1 (30/09/2017: TEUR 154,736). This was largely attributable to the cash capital increase of TEUR 24,140 on 7 December 2017. In addition, the positive half-year result of TEUR 6,364 increased equity.

The increase in equity is also followed by an increase in EPRA NAV (undiluted):

TEUR	31/03/2018	30/09/2017
Equity (TEUR)	185,241	154,736
Number of shares on the balance sheet date	27,236,313	24,760,285
EPRA (NAV) per share, EUR	6.80	6.25

Non-current and current financial liabilities to banks have increased to TEUR 78,524 (30/09/2017: TEUR 72,363) due to taking up loans. For acquisition financing, a short-term credit line was utilised as of the balance sheet date. Overall, this resulted in an increase in net debt as at the balance sheet date, but this was offset by the higher level of access to unencumbered real estate on the reporting date.

Accordingly, the net LTV as of 31 March 2018 is as follows:

TEUR	31/03/2018	30/09/2017
Financial liabilities to banks	78,524	72,363
Convertible bonds	35,816	35,541
Financial liabilities to other lenders	8,600	10,819
Total liabilities	122,939	118,723
minus cash and cash equivalents	-1,151	-1,161
Net debt	121,788	117,562
Investment property	297,645	275,434
Advance payments for the acquisition of investment property	12,477	413
Total investment properties	310,122	275,847
Net-LTV	39.3%	42.6%

Financial position

The cash flow statement is as follows:

TEUR	H1 2017/2018	H1 2016/2017
Cash flow from operating activities	8,016	4,734
Cash flow from investing activities	-34,269	-31,037
Cash flow from financing activities	26,244	31,318
Cash changes in cash and cash equivalents	-10	5,015
Cash and cash equivalents at the beginning of the period	1,161	10,335
Cash and cash equivalents at the end of the period	1,151	15,350

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

Cash flow from investing activities reflects the cash outflows for the purchase of properties in the first half of the year.

The cash flow from financing activities mainly includes the net cash inflow from the cash capital increase in the amount of TEUR 24,140 in December 2017, and from borrowings in the amount of TEUR 7,300. This is offset by repayments and interest of TEUR 5,197.

The company was always able to meet its payment obligations.

Results of operation

The results of operation of Deutsche Konsum developed as follows in the first half of 2017/2018:

TEUR	H1 2017/2018	H1 2016/2017
Rental income	9,884	6,857
Net proceeds	0	0
Other operating income	18	47
Valuation result	0	1,475
Operating expenses	-1,130	-558
EBIT	8,773	7,821
Financial result	-2,398	-2,245
EBT	6,375	5,576
Income taxes	-11	0
Profit for the period	6,364	5,576

The rental income increased significantly due to the acquisition-related significantly increased real estate portfolio. As a result, rental income increased to around TEUR 13,550 (H1 2016/2017: TEUR 8,861). Correspondingly, the management expenses increased concurrently.

The valuation in the same period of the previous year only related to a sub-portfolio, as this was required for a securities prospectus. As a result, no valuation was made as of 31 March 2018. The next regular valuation of DKR's total portfolio will take place on 30 June 2018.

Overall, operating expenses increased significantly, but were burdened by one-time effects of TEUR 186 in the reporting period. Adjusted for special effects, operating expenses increased by approx. TEUR 265. This is mainly because of higher personnel expenses due to a higher number of employees and higher charges for business transactions.

The administrative expense ratio is as follows:

TEUR	H1 2017/2018	H1 2016/2017
Personnel expenses	-233	-66
Other operating expenses	-775	-491
Adjustment of one-time and special effects	186	0
Adjusted operating expenses	-822	-557
Rental income	13,550	8,861
Administrative expense ratio	6.1%	6.3%

In summary, EBIT increased by TEUR 952 to TEUR 8,773.

The decline in the financial result is mainly attributable to the increase in interest expenses due to the addition of new loans used for purchase financing.

Income taxes do not accrue due to the tax exemption of REIT companies. In the reporting period, however, a small portion of the recognised income tax refund claims from 2013/2014 had to be derecognised with the issue of the tax assessment in the amount of TEUR 11.

Overall, this results in a profit of TEUR 6,364 for the period (H1 2016/2017: TEUR 5,576), from which FFO and aFFO derive as follows:

TEUR	H1 2017/2018	H1 2016/2017
Profit for the period	6,364	5,576
Adjustment of income taxes	11	0
Adjustment of depreciation	1	0
Adjustment of valuation result	0	-1,475
Adjustment of the sale result	0	0
Adjustment for non-cash expenses/income	275	373
Adjustment for one-time effects	613	0
FFO	7,263	4,474
- Capex	-5,532	-874
aFFO	1,731	3,600

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. In H1 2017/2018, this primarily included off-period expenses and refinancing costs.

The capitalised repair costs mainly include value-adding construction and improvement measures at the Greifswald, Güstrow and Hohenmölsen refurbishment properties as well as the third conversion phase for the BiTZ Bitterfeld property.

This results in an FFO per share of EUR 0.28 (H1 2016/2017: EUR 0.22) and an aFFO of EUR 0.07 per share (H1 2016/2017: EUR 0.18).

Further details on the composition and amount of expenses and income are included in the appendix.

Overall statement on the economic situation of the Company

Business development in the first half of the 2017/2018 financial year was again very successful. This was due to the acquisitions and the resulting increase in rental income as well as the economies of scale resulting from the portfolio expansions.

Due to the high purchase performance and the acquired real estate that is still in the transfer of possession, there will once again be significant earnings growth in the second half of the year. Furthermore, DKR concludes refinancing at much better terms, which will also have a positive effect on the result.

4. Supplementary Report

As of the balance sheet date, the transfer of benefits and encumbrances of the properties acquired in Halberstadt, Dierdorf, Weilheim, Freiberg, Niesky, Seeberg, Berlin (Buddestrasse), Berlin (Blankenburger Strasse) and Waldbröl took place on 1 April 2018.

By notarised contracts in March and April 2018, the Company acquired the following properties which will be transferred to DKR after 31 March 2018:

- Retail park in Torgelow (Mecklenburg-Vorpommern) with tenants REWE, OBI and Dänisches Bettenlager, an annual rent of around EUR 0.8 million and a remaining term of the lease of approx. four years (transfer of benefits and encumbrances 1 May 2018),
- Hagebaumarkt in Sassnitz (Mecklenburg-Western Pomerania) with an annual rent of around EUR 0.2 million as well as a WALT of about two years (transfer of benefits and encumbrances 1 May 2018),
- Retail hyper market "Dong Xuan Markt" in Leipzig (Saxony) with various tenants and an annual rent of around EUR 0.8 million and long-term rental contracts (transfer of benefits and encumbrances 1 May 2018),
- Wholesale market in Pfullingen (Baden-Württemberg) with the anchor tenant EDEKA C+C, an annual rent of around EUR 0.2 million and a WALT of about five years,
- Local supply property "Anger Zentrum" in Angermünde (Brandenburg) with the anchor tenant Norma, a savings bank, doctors and a pharmacy with an annual rent of around EUR 0.4 million and mainly permanent leases (transfer of benefits and encumbrances probably 1 June 2018)
- Hypermarket "Pleissen Center" in Werdau near Zwickau (Saxony) with the main tenants Kaufland and Möbel Roller, an annual rent of EUR 2.3 million and a WALT of around five years (transfer of benefits and encumbrances probably 1 June 2018),
- DIY store in Unterwellenborn (Thuringia) with the tenant OBI and an annual rent of around EUR 0.5 million and a WALT of six years (transfer of benefits and encumbrances expected 1 June 2018),
- Local supply property "ALDI Passage" in Bad Sachsa (Lower Saxony) with main tenant ALDI and various doctors' practices, an annual rent of around EUR 0.2 million and a WALT of four years (transfer of benefits and encumbrances expected 1 June 2018),
- Retail park "Elster Center" in Elsterwerda (Brandenburg) with the main tenants REWE, ALDI, toom, Medimax, AWG Mode with an annual rent of around EUR 1.9 million and a WALT of around eight years (transfer of benefits and encumbrances expected 1 July 2018),
- Hypermarket "Südpassage" in Weißwasser (Saxony) with the main tenants Kaufland, Takko, Pfennigpfeiffer and others with an annual rent of around EUR 1.0 million and a WALT of four years (transfer of benefits and encumbrances expected 1 July 2018).
-

The total investment volume of these properties is around EUR 81 million with an annualised rent of around EUR 8.2 million. The company is in further concrete sale agreements negotiations.

On the financing side, DKR took up the following fixed-interest loans after the balance sheet date:

- With payout on 15 April 2018 at Sparkasse Spree-Neiße of TEUR 2,800 at 2.0% p.a. interest, full repayment and a term of 6 years,
- With payout on 23 April 2018 at Berliner Sparkasse of TEUR 3,000 at 1.85% p.a. interest, 5% annual repayment and a term of 5 years,
- With payout of 23 April 2018 at Stadtsparkasse Dusseldorf over TEUR 11,000 at 1.93% p.a. interest, 5% annual repayment and a maturity of 8 years,
- With payout of 27 April 2018 at the Ostsächsische Sparkasse Dresden over TEUR 17,000 at 2.07% p.a. interest, 5% annual repayment and a term of 5 years.

DKR is currently engaged in additional borrowings.

5. Risk position

Through its business activities, DKR is exposed to operational and economic opportunities and risks. Please refer to the detailed presentation in the Management Report of the Annual Report 2016/2017 in the section "Opportunity and risk report".

In the opinion of the Management Board, the risk position has not materially changed or worsened since 1 October 2017.

6. Outlook and forecast

Further value-adding portfolio growth and reduction of borrowing costs

In the first half of the financial year, DKR already exceeded the purchase volume of the entire previous financial year and continues to find attractive properties that meet the investment criteria. In this respect, the pace of growth should remain high and the portfolio should be increased in value.

In addition, the Company is working intensively on the revitalisation of individual properties acquired in order to realise hidden reserves. At the forefront is the achievement of sustainable, attractive returns.

For further development of the real estate portfolio, DKR will make moderate use of the capital decided on at the ordinary general meeting.

Furthermore, the Company will borrow up to the target LTV of around 50% to finance the growth. This will result in improved interest rates that will relieve the FFO.

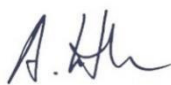
Earnings forecast confirmed

Based on the good half-year result as expected and the subsequent transfer of benefits and encumbrances following the second half of the year, we confirm our forecast and expect an FFO between EUR 16 million and EUR 20 million in the 2017/2018 financial year. Furthermore, we confirm our expectation to achieve a FFO run rate of EUR 23 million as of 30 September 2018.

Broderstorf, 14 May 2018



Rolf Elgeti
Chairman of the
Management Board – CEO



Alexander Kroth
CIO



Christian Hellmuth
CFO

**Condensed interim financial statements
of the 2017/2018 financial year
1 October 2017 to 31 March 2018**

Deutsche Konsum REIT-AG, Broderstorf
Balance sheet as at 31/03/2018

kEUR	Notes	31/03/2018	30/09/2017
Assets			
Non-current assets			
Investment properties	(2.1)	297,644.7	275,433.9
Intangible assets		2.4	2.9
Other non-current assets	(2.4)	12,476.8	413.1
		310,124.0	275,849.9
Current assets			
Trade and other receivables	(2.3)	378.1	222.6
Tax assets	(2.2)	0.1	113.4
Other current assets	(2.4)	3,955.7	3,328.1
Cash and cash equivalents		1,150.9	1,160.5
		5,484.8	4,824.6
TOTAL ASSETS		315,608.7	280,674.5
Equity and liabilities			
Equity			
Issued share capital	(2.5)	27,236.3	24,760.3
Capital reserve		94,197.2	72,533.0
Other reserves		855.7	855.7
Retained earnings		62,951.3	56,587.0
		185,240.5	154,736.0
Non-current liabilities			
Financial liabilities	(2.6)	46,113.9	40,891.3
Convertible bonds	(2.7)	35,815.9	35,541.0
Other provisions		3.5	3.5
Other non-current liabilities	(2.9)	4,166.0	4,166.0
		86,099.3	80,601.9
Current liabilities			
Financial liabilities	(2.6)	32,409.9	31,471.8
Liabilities to other creditors	(2.8)	8,599.7	10,819.1
Other provisions		717.3	1,655.5
Trade payables	(2.9)	1,962.8	1,117.3
Other current liabilities	(2.9)	579.3	273.0
		44,269.0	45,336.7
TOTAL EQUITY AND LIABILITIES		315,608.7	280,674.5

Deutsche Konsum REIT-AG, Broderstorf
Statement of comprehensive income

kEUR	Notes	01/10/2017- 31/03/2018	01/01/2018- 31/03/2018	01/10/2016- 31/03/2017	01/01/2017- 31/03/2017
Rental income	(3.1)	13,550.4	6,973.4	8,860.5	4,565.3
Operating expenses	(3.1)	-3,666.1	-1,931.8	-2,003.6	-1,209.9
Net rental income	(3.1)	9,884.3	5,041.6	6,856.9	3,355.4
Proceeds from disposal of properties		30.0	30.0	0.0	0.0
Expenses on the sale of properties		-30.0	-30.0	0.0	0.0
Net proceeds from the disposal of properties		0.0	0.0	0.0	0.0
Other income	(3.2)	18.1	15.3	47.1	16.8
Unrealised gain/loss from the revaluation of investment properties		0.0	0.0	1,474.6	0.0
Subtotal		9,902.4	5,056.8	8,378.6	3,372.2
Personnel expenses	(3.4)	-232.6	-99.2	-65.9	-49.3
Amortisation of intangible assets, depreciation of property, plant and equipment		-0.5	-0.2	-0.4	-0.2
Impairment loss of inventories and receivables		-121.1	103.0	0.0	77.3
Other operating expenses	(3.5)	-775.4	-503.8	-491.2	55.0
Operating expenses		-1,129.6	-500.2	-557.5	82.8
EBIT		8,772.8	4,556.6	7,821.1	3,455.0
Interest income	(3.6)	31.7	22.8	0.0	0.0
Interest expense	(3.6)	-2,429.6	-1,132.4	-2,245.2	-1,080.9
Net finance costs		-2,398.0	-1,109.6	-2,245.2	-1,080.9
EBT		6,374.8	3,447.0	5,575.9	2,374.1
Income tax		-10.5	-10.5	0.0	0.0
Other tax		0.0	0.0	0.0	0.0
Total comprehensive income		6,364.3	3,436.5	5,575.9	2,374.1
Earnings per share (in EUR)	(3.7)				
Undiluted result per share		0.24	0.13	0.28	0.12
Diluted result per share		0.18	0.09	0.19	0.08

Deutsche Konsum REIT-AG, Broderstorf
Statement of changes in equity

KEUR	Issued share capital	Capital reserve	Other reserves	Retained earnings	Total equity
As at 01/10/2016	18,447.0	45,786.9	855.7	13,941.7	79,031.3
Period result				5,575.9	5,575.9
Cash capital increase	4,653.3	34,899.6			39,552.9
Costs of capital measures		-1,244.8			-1,244.8
Capital increase from conversion of mandatory bond	1,660.0	-1,660.0			0.0
As at 31/03/2017	24,760.3	77,781.8	855.7	19,517.6	122,915.4
As at 01/10/2017	24,760.3	72,533.0	855.7	56,587.0	154,736.0
Period result				6,364.3	6,364.3
Cash capital increase/ - reduction	2,476.0	22,284.3			24,760.3
Costs of capital measures		-620.1			-620.1
As at 31/03/2018	27,236.3	94,197.2	855.7	62,951.3	185,240.5

Deutsche Konsum REIT-AG, Broderstorf

Cash flow statement

Information in kEUR	01/10/2017- 31/03/2018	01/10/2016- 31/03/2017
Period result	6,364.3	5,575.9
+/- Interest expense/interest income	2,398.0	2,245.2
+/- Depreciation, amortisation and write-down/ reversals of intangible assets, tangible as- sets and financial assets	0.5	0.5
+ Impairments on inventories and receivables	121.1	-5.0
-/+ Gains/Losses from the revaluation of investment properties	0.0	-1,474.6
+/- Increase/decrease in provisions	-938.2	-163.4
+/- Income tax expense/ -income effective	10.5	0.0
+ Income tax received	102.8	0.0
+/- Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	-1,195.8	-1,144.2
+/- Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	1,152.6	-300.1
Cash flow from operating activities	8,015.8	4,734.4
+ Cash receipts relating to disposals of investment properties (less disposal costs)	30.0	0.0
- Cash payments related to property investments	-34,304.5	-31,037.3
+ Interest received	5.6	0.0
Cash flow from investing activities	-34,269.0	-31,037.3
+ Cash proceeds from the issue of shares	2,476.0	4,653.3
+ Proceeds from capital increases	22,284.3	34,899.6
- Costs of capital measures	-620.1	-1,244.8
+ Proceeds from borrowings	7,300.0	9,650.0
- Cash payments related to the issue of borrowings	0,0	-132.8
- Amortisation of loans	-3,469.3	-14,523.4
- Interest paid	-1,727.3	-1,983.6
Cash flow from financing activities	26,243.6	31,318.3
Change in cash and cash equivalents	-9.6	5,015.4
Cash and cash equivalents at the beginning of the period	1,160.5	10,334.6
Cash and cash equivalents at the end of the period	1,150.9	15,350.0

Appendix

Selected explanatory notes to the condensed interim financial statements as of 31 March 2018

1. Accounting principles

1.1. General information

Deutsche Konsum REIT-AG is a Germany-based and nationally active real estate corporation headquartered in Broderstorf, registered in the commercial register of the Local Court of Rostock, HRB 13072. The business address is August-Bebel-Str. 68 in 14482 Potsdam. As of 1 January 2016, the Company has the status of a REIT ("Real Estate Investment Trust") and is, therefore, exempt from income tax. Main business field is the management of commercial real estate in Germany. The focus is on activities that are geared towards the long-term and sustained increase in the value of the real estate portfolio. In doing so, compliance with the REIT criteria must always be considered.

1.2. Fundamentals and methods of the interim financial statements

The present half-yearly financial report of Deutsche Konsum REIT-AG ("Deutsche Konsum" or "Gesellschaft") as of 31 March 2018 was prepared in accordance with the provisions of section 115 WpHG (new version).

The condensed interim financial statements have been prepared in accordance with IFRSs as applied in the EU and with the provisions of IAS 34 ("Interim Financial Reporting"). In addition, the provisions of German Accounting Standard 16 (DRS 16 - Interim Financial Reporting) have been considered.

The reporting period covers the first six months ("H1") of the 2017/2018 financial year. The balance sheet as of 30 September 2017 and the income statement for the period from 1 October 2016 to 31 March 2017 serve as comparative figures.

The accounting and valuation as well as the explanations and disclosures are based on the same accounting and valuation methods that were used in the separate financial statements as of 30 September 2017. Changes in accounting policies have not been made. New accounting standards to be applied as of 1 October 2017 have no material effect on the interim financial statements. These condensed interim financial statements do not include all the information required for annual financial statements and should, therefore, be read in conjunction with the separate financial statements as of 30 September 2017. The individual interim financial statements were prepared under the assumption of going concern and were neither audited nor subjected to an audit review.

These interim financial statements are prepared in Euros (EUR). Unless otherwise indicated, all values are presented in thousands of Euros (TEUR). This can result in rounding differences.

The profit and loss account is prepared according to the total cost method.

2. Selected notes to the balance sheet

2.1. Investment properties

An appraisal of real estate holdings is usually done annually by an external and independent expert on 30 June. Fair value is measured using internationally recognised valuation techniques and is based on information provided by the Company, e.g. current rentals, maintenance and administrative costs or the current vacancy, as well as assumptions of the appraiser based on market data and judged on the basis of their professional qualifications, e.g. future market rentals, typical maintenance and administration costs, structural vacancy rates or discount and capitalisation rates (level 3 of the fair value hierarchy). For the valuation as of 31 March 2018, the principles were applied as they were on 30 September 2017. In the valuation of the first-time recognition, the acquisition or production costs as well as the transaction costs are included. In the subsequent valuation, value-increasing measures are considered when measuring 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.

In the period from 1 October 2017 to 31 March 2018, the transfer of benefits and encumbrances in favour of the Company was carried out for eight properties with a volume of TEUR 16,678.6 (previous year: TEUR 38,227.4). Furthermore, value-enhancing measures amounting to TEUR 5,532.2 were made. In addition, purchase price deposits on notary accounts for several properties in the amount of TEUR 12,476.8 were made.

In the first half year of 2017/2018, a total of valuation results from investment properties in the amount of TEUR 0.0 (31/03/2017 TEUR 1,474.6) were recorded.

The following overview shows the development of investment properties:

TEUR	31/03/2018	30/09/2017
Opening balance at 1.10.PY	275,433.9	147,822.5
Property purchases	16,678.6	96,050.8
Activation of leasing object	0.0	717.9
Capex	5,532.2	2,438.9
Market value change	0.0	28,403.8
Closing balance on the reporting date	297,644.7	275,433.9

Of the investment property, real estate with a carrying amount of TEUR 181,434.9 (30/09/2017: TEUR 175,434.9) was secured by mortgages or by the assignment of rental income during the year under review.

There are leasehold contracts in which the associated properties are built on commercial real estate. The leasehold contracts are classified as finance leases. The capitalised amount as of 31/03/2018 amounts to TEUR 4,095.9 (30/09/2017: TEUR 4,095.9). The liability recognised as of 31/03/2018 amounts to TEUR 4,189.9 (30/09/2017: TEUR 4,189.9). A revaluation of the investment properties is carried out by an external real estate valuation as of 30/06/2018. Due to the insignificant effects of lease hold agreements during the year, no adjustments are made here.

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

TEUR	H1 2016/2017	H1 2015/2016
Rental income	13,550.4	8,860.5
Operating expenses (maintenance expenses, property management, property taxes, etc.)	3,666.1	2,003.6
Total	9,884.3	6,856.9

2.2. Deferred taxes

Deferred tax liabilities are formed on temporary differences between the valuations in the balance sheet and the tax balance sheet and the resulting future taxes. Due to the company's REIT status since 1 January 2016, the Company is exempt from both corporation tax and trade tax. In this respect, no deferred taxes are currently recognised.

2.3. Trade accounts receivable

The trade receivables consist exclusively of the leases and amount to TEUR 378.1 as of 31 March 2018 (30 September 2017: TEUR 222.6). This includes value adjustments of TEUR 605.2 (30 September 2017: TEUR 484.1).

There were no impairments on other financial assets.

2.4. Other non-current and current assets

Other noncurrent assets include payments on account of TEUR 12,476.8 (30/09/2017: TEUR 413.1) on investment properties.

Other current assets are made up as follows:

TEUR	31/03/2018	30/09/2017
Deposit balances/deposits	1,396.9	899.9
VAT receivables	893.9	845.9
Work in progress after offsetting with advance payments received	860.4	767.6
Trust accounts	430.7	479.2
Claims against shareholders	1.7	290.1
Others	372.1	45.4
Total	3,955.7	3,328.1

2.5. Equity

The first half year of the 2017/2018 financial year was characterised in particular by the cash capital increase on 8 December 2017. Overall, subscribed capital increased by TEUR 2,476.0 to TEUR 27,236.3.

Capital increase costs of TEUR 620.1 were offset against the capital reserves.

For the further development of equity, please refer to the statement of changes in equity.

2.6. Liabilities to banks

Liabilities to banks are as follows:

TEUR	31/03/2018	30/09/2017
Non-current	46,113.9	40,891.3
Current	32,409.9	31,471.8
Total	78,523.8	72,363.1
of which secured	78,523.8	72,363.1

Liabilities to banks have increased significantly due to the addition of new secured bank loans. This was offset by current repayments.

2.7. Liabilities from convertible bonds

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

TEUR	31/03/2018	30/09/2017
Convertible bond I TEUR 30,000 (nominal), 5% coupon p.a.	29,462.4	29,337.6
Convertible bond II TEUR 7,000 (nominal), 1% coupon p.a.	6,353.5	6,203.4
Total	35,815.9	35,541.0

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

2.8. Liabilities to other lenders

Liabilities to other lenders result from loans from associates and related parties with an agreed maximum basic term, which are subject to variable and permanent repayment. There is only interest on outstanding amounts.

There are shareholder loans in the amount of TEUR 8,599.7 (30/09/2017: TEUR 10,819.1).

2.9. Other non-current and current liabilities

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

TEUR	31/03/2018	30/09/2017
Liabilities from finance leases	4,166.0	4,166.0
Total non-current other liabilities	4,166.0	4,166.0
Liabilities to tenants	196.5	160.1
Liabilities from finance leases	23.9	23.9
Deposits	339.8	61.7
Others	19.1	27.3
Total short-term other liabilities	579.3	273.0
Total	4,745.3	4,439.0

3. Selected 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:

TEUR	H1 2017/2018	H1 2016/2017
Rental income	13,550.4	8,860.5
Total income	13,550.4	8,860.5
Maintenance	913.8	595.0
Non-recoverable operating costs	2,752.3	1,408.6
Total management expenses	3,666.1	2,003.6
Rental income	9,884.3	6,856.9

The maintenance expenses relate in particular to the properties in Greifswald and Hohenmölsen. In H1 2017/2018, value-enhancing maintenance measures in the amount of TEUR 5,532.2 were capitalised.

The non-recoverable operating costs include, among other things, property management expenses in the amount of TEUR 635.8 (H1 2016/2017: TEUR 443.8). Of this amount, around TEUR 427 are not related to the period.

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

3.2. Other operating income

Other operating income amounts to TEUR 18.1 in the reporting period (H1 2016/2017: TEUR 47.1).

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. The valuation result in H1 2017/2018 does not include any results from the valuation because the valuation is generally made annually on 30 June.

3.4. Personnel expenses

In H1 2017/2018, the personnel expenses of the Company amounted to approximately TEUR 232.6 (H1 2016/2017: TEUR 65.9) and comprises two members of the Executive Board and two salaried employees as well as five marginally employed employees. Further services for the Company are provided by employees of Obotritia Capital KGaA. Here, a cost allocation is levied, which is recognised in other operating expenses. The increase in personnel expenses resulted in particular from the full-time employment of new members of the Executive Board and the hiring of an IR manager.

3.5. Other operating expenses

Other operating expenses are as follows:

TEUR	H1 2017/2018	H1 2016/2017
Legal, consulting and auditing costs	515.4	251.3
Agency fees	193.8	167.1
Others	66.3	72.8
Total	775.4	491.2
of which one-time expenses	185.9	0.0
Adjusted	589.5	491.2

Adjusted for special effects and one-time expenses, other operating expenses rose by TEUR 98.3. These essentially result from higher business administration fees and higher fees.

3.6. Interest result

The interest result has the following structure:

TEUR	H1 2017/2018	H1 2016/2017
Interest income from shareholder loans	26.1	0.0
Other interest income	5.6	0.0
Total interest income	31.7	0.0
of which non-cash	0.0	0.0
Interest on bonds	-1,059.8	-1,052.9
Interest expense from shareholder loans	-314.5	-413.4
Other interest expenses	-950.3	-691.0
Ground rent	-105.0	-87.9
Total interest expenses	-2,429.6	-2,245.2
of which non-cash	274.8	372.6
Total	-2,398.0	-2,245.2

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

3.7. Earnings per share

Earnings per share are as follows:

TEUR	H1 2017/2018	H1 2016/2017
Result for the period (undiluted)	6,364.3	5,575.9
Interest expenses on convertible bonds	1,059.8	1,052.9
Result for the period (diluted)	7,424.1	6,628.8
Average number of shares issued in the reporting period (undiluted)	26,243,181	20,245,317
Potential conversion shares	14,792,787	14,792,787
Average number of shares issued in the reporting period (diluted)	41,035,968	35,038,104
Earnings per share (EUR)¹³		
undiluted	0.24	0.28
diluted	0.18	0.19

¹³ Previous year's earnings adjusted by share

4. Other information

4.1. Segment reporting

The company is currently a one-segment company. Sales are generated exclusively with retail real estate within Germany. In the first half year of 2017/2018, the largest tenant accounted for revenues of TEUR 1,416.5 (H1 2016/2017: TEUR 1,416.5).

4.2. Contingent liabilities and other financial obligations

There are no other contingent liabilities.

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

TEUR	31/03/2017	30/09/2016
Asset and property management agreements	5,151.1	3,970.2
Management fee agreements	330.7	250.6
Total	5,481.8	4,220.8
of which up to 1 year	2,155.1	1,573.4
of which one year to five years (undiscounted)	3,326.7	2,647.4
of which over five years (undiscounted)	0.0	0.0

As at the balance sheet date of 31 March 2018, the Company has purchase price obligations from notarised purchase agreements for ten properties. The total purchase price obligations amount to TEUR 85,670, of which TEUR 12,477 have already been deposited in a notary account.

4.3. Transactions with related companies and persons

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

The scope of transactions with related 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 Chairman of the Management Board (CEO), Obotritia Capital KGaA invoiced TEUR 193.8 (H1 2016/2017: TEUR 167.1) in the reporting period under the concluded agency agreement. There are short-term receivables to Obotritia Capital KGaA in the amount of TEUR 1.7 (30/09/2016: TEUR 49.9), which are reported under other current assets.

With a contract dated 13/04/2013 and a supplement from 30/06/2016 and 01/12/2016, DKR was granted a credit line from Obotritia Capital KGaA within the framework of a current account loan facility of TEUR 25,000. The loan is paid out at the request of Deutsche Konsum REIT-AG and must be repaid at any time, but at the latest by the end of the contract period on 31/12/2023. Interest will only be incurred on the outstanding amount, provisioning fees will not be charged additionally. As of 31/03/2018, there was a liability of TEUR 8,599.7 (30/09/2017: TEUR 10,819.1). 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 TEUR 26.1 (H1 2016/2017: TEUR 0.0) and interest expenses of TEUR 314.5 (H1 2016/2017: TEUR 413.4) were generated for the first half year of 2017/2018.

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) on a monthly basis. Expenses of TEUR 169.7 (H1 2016/2017: TEUR 212.4) were incurred in the reporting period.

There is also a management and consulting agreement with Elgeti Brothers GmbH, Berlin. The agreed remuneration amounts annually to 0.5% of the gross asset value of the real estate, calculated on the basis of the purchase prices and transaction costs and is paid in quarterly discounts. In the reporting period, expenses amounted to TEUR 763.0 (H1 2016/2017: TEUR 86.0).

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

TEUR	31/03/2018	30/09/2017
Other current assets		
against parent company	1.7	290.1
Other related parties	5.0	5.0
Liabilities to other lenders		
against parent company	8,599.7	10,819.1

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.

4.4. Supervisory Board

In the reporting period, the Supervisory Board consisted of the following persons:

Name	Occupation	Membership of other statutory boards as defined in § 125 (1) sentence 5 of the German Stock Corporation Act (AktG)
Hans-Ulrich Sutter Chairman of the Supervisory Board Dusseldorf, Germany	Former CFO of TAG Immobilien AG, Hamburg, Germany MA in Business Administration	<ul style="list-style-type: none"> TAG Colonia-Immobilien AG, Hamburg, Germany (Deputy Chairman of the Supervisory Board)
Achim Betz Deputy Chairman of the Supervisory Board, Neuffen, Germany	Auditor, Tax Advisor, Nürtingen, Germany MA in Business Administration	<ul style="list-style-type: none"> Hevella Capital GmbH & Co. KGaA, Potsdam, Germany (Chairman of the Supervisory Board since 24 May 2017) Deutsche Leibrenten Grundbesitz AG, Frankfurt am Main, Germany (Deputy Chairman of the Supervisory Board) Deutsche Industrie REIT-AG, Rostock, Germany (until 22 January 2018: Deutsche Industrie Grundbesitz AG) (Member of the Supervisory Board)
Johannes C.G. (Hank) Boot London, United Kingdom	Fund manager, London, United Kingdom	<ul style="list-style-type: none"> Berentzen AG, Haselünne, Germany (Member of the Supervisory Board)
Nicholas Cournoyer Monaco, Monaco	Fund manager, Monaco, Monaco	<ul style="list-style-type: none"> None
Kristian Schmidt-Garve Munich, Germany Member of the DKR Supervisory Board since 8 March 2018	Member of the Executive Board of MIG Verwaltungs AG, Munich, Germany	<ul style="list-style-type: none"> Advisory (Beirat) of Cynora GmbH, Munich, Germany (since 26 September 2017, Chairman) Nfon AG, Munich, Germany (Member of the Supervisory Board from 21 September 2009 to 9 April 2017; Chairman since 10 November 2017)

On 8 March 2018, the Annual General Meeting of DKR confirmed the previous four members of the Supervisory Board, Mr. Hans-Ulrich Sutter, Mr. Achim Betz, Mr. Nicholas Cournoyer and Mr. Johannes C. G. (Hank) Boot in their office. In addition, the shareholders elected Kristian Schmidt-Garve to the Supervisory Board as a new member. In the election of each member of the Supervisory Board, approval was 99.173%. Following the registration of the corresponding amendment to the Articles of Association in the commercial register, the Supervisory Board of Deutsche Konsum REIT-AG, thus, consists of five persons.

At the inaugural meeting of the Supervisory Board, which took place after the Annual General Meeting, Mr. Hans-Ulrich Sutter was confirmed as Chairman of the Supervisory Board. Mr. Achim Betz was again appointed Deputy Chairman.

4.5. Board

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

Name	Beruf	Mitgliedschaften in anderen Kontrollgremien
Rolf Elgeti Chairman, CEO Potsdam, Germany	MA in Business Administration	<ul style="list-style-type: none">• TAG Immobilien AG, Hamburg, Germany (Chairman of the Supervisory Board)• Deutsche Leibrenten Grundbesitz AG, Frankfurt am Main, Germany (Chairman of the Supervisory Board)• Staramba SE, Berlin, Germany (Member of the Administrative Board)• Laurus Property Partner, Munich, Germany (Member of the Advisory Board)• Fair Value REIT-AG, Munich, Germany (until 30 November 2017, Chairman of the Supervisory Board)
Alexander Kroth Member of the Management Board, CIO (since 1 July 2017) Berlin, Germany	MA in Business Administration	None
Christian Hellmuth Vorstandsmitglied CFO since 1 July 2017) Berlin, Germany	MA in Business Administration (FH)	None

4.6. Significant events after the balance sheet date

After the balance sheet date, the following material events occurred that were not considered in this financial statement as of 31 March 2018:

As of 1 April 2018, the transfers of burdens and encumbrances of the acquired properties in Halberstadt, Dierdorf, Weilheim, Freiberg, Niesky, Seeberg, Berlin (Buddestraße), Berlin (Blankenburger Strasse) and Waldbröl were made.

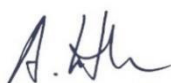
With notarised contracts in March and April 2018, the Company also acquired ten further properties in Torgelow, Sassnitz, Leipzig, Pfullingen, Angermünde, Werdau, Unterwellenborn, Bad Sachsa, Elsterwerda and Weisswasser, which will be transferred to DKR after 31 March 2018, The total investment volume of these properties is around EUR 81 million with an annualised rent of approximately EUR 8.2 million.

On the financing side, in April 2018, DKR took up new fixed-rate loans with a total of EUR 33.8 million from various savings banks. The loans have maturities between five and eight years and have between 1.85% and 2.07% p.a. interest rate.

Broderstorf, 14 May 2018



Rolf Elgeti
Chairman of the
Management Board – CEO



Alexander Kroth
CIO



Christian Hellmuth
CFO

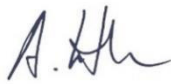
Testimony of legal representatives

"We assure to the best of our knowledge that the interim financial statements for the period ending 31 March 2018 give a true and fair view of the net assets, financial position and results of operations of Deutsche Konsum REIT-AG in accordance with the applicable accounting principles and, in the interim management report, the course of business including the results of operations and the position of the Company are presented in a way that gives a true and fair view and describes the material opportunities and risks of the expected development of the Company."

Broderstorf, 14 May 2018



Rolf Elgeti
Chairman of the
Management Board – CEO



Alexander Kroth
CIO



Christian Hellmuth
CFO

Financial calendar

14 August 2018	Publication of the quarterly statement for the third quarter of 2017/2018 financial year
29 August 2018	Berenberg Real Estate Helsinki Seminar, Helsinki
6 September 2018	EPRA Conference 2018, Berlin
24 to 26 September 2018	Berenberg and Goldman Sachs Seventh German Corporate Conference, Munich
24 to 27 September 2018	Baader Investment Conference, Munich
26 to 28 November 2018	Deutsches Eigenkapitalforum 2018, Frankfurt am Main
18 December 2018	Publication of the final annual statements/ annual financial report for the financial year 2017/2018

Publisher

The Management Board of Deutsche Konsum REIT-AG

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Disclaimer

This half-yearly financial report contains forward-looking statements. These are based on current estimates and are, therefore, subject to risks and uncertainties. In this respect, the events actually occurring may deviate from the statements formulated here.

The report is also available in English. In doubtful cases, the German version is authoritative.

Deutsche
Konsum
REIT-AG

