

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

The Management Board and the Supervisory Board of Deutsche Konsum REIT-AG welcome and support the German Corporate Governance Code (GCGC) and its objectives.

In accordance with § 161 (1) German Stock Corporation Act (AktG), they hereby declare that Deutsche Konsum REIT-AG complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version of the Code of 7 February 2017, published in the Federal Gazette on 24 April 2017, with the following exceptions since the last Declaration of Compliance was issued on 12 September 2019:

- **Section 3.8 (3) GCGC – Deductible in D&O insurance for the Supervisory Board:** Section 3.8 (3) GCGC previously provided that a deductible should be agreed in a D&O insurance policy for the Supervisory Board. The D&O insurance policy of Deutsche Konsum REIT-AG did not provide for a deductible for the Supervisory Board. The Company was of the opinion that agreeing a deductible would not affect the sense of responsibility and conscientiousness of its Supervisory Board members. In addition, the Company was of the opinion that a mandatory, uniform deductible could possibly affect the members of the Supervisory Board differently due to different income and asset situations (also against the background of the rather low Supervisory Board remuneration for a listed stock corporation). As the GCGC in the version dated 16 December 2019 dispenses with this recommendation, the Company will not comment on this point in future.
- **Section 4.1.3 GCGC – Compliance Management System:** The Company has not employed more than twenty employees since the last Declaration of Compliance was issued. For this reason, the Management Board saw no need to formulate and disclose formalised measures for compliance management and a so-called “whistleblowing”. The effort involved in setting up, implementing and maintaining formalised action systems was, in view of the size of the Company, not in any meaningful relation to the potential benefit gained.
- **Section 4.1.5 GCGC – Consideration of women in the appointment for management functions:** The Management Board did not follow the recommendation to pay attention to diversity when filling management positions within the Company, and in particular to aim for an appropriate consideration of women. The Company had and currently has only employees without management functions. Apart from the Management Board, there were no management positions to be filled in the Company, which is why the Company could not follow this recommendation for formal reasons. For this reason, the Company had set 0% as the target for women's participation in management positions for the period ending 30 September 2020. For the period until 30 September 2025, the Company nevertheless sets 30% as a target figure for the participation of women in the event that – contrary to the current opinion of the Company – management positions below the Management Board are to be filled. In the case of Deutsche Konsum REIT-AG, however, the decisive criterion when filling management positions is gender-independent the qualification and aptitude.
- **Section 5.1.2 (1) sentences 2 and 3; (2) sentence 3 GCGC – Consideration of diversity, determination of targets for the proportion of women in the Management Board and determination of an age limit:** The Supervisory Board did not follow the recommendation that diversity should be taken into account when appointing members of the Management Board, and in particular that women should be given appropriate consideration. The Company was of the opinion that the professional aptitude and the knowledge of the Company as prerequisites for the appointment are crucial, so that the above-mentioned specifications were not expedient. For this reason, the Company had set 0% as the target for women's participation in the Management Board for the period until 30 September 2020. For the same reasons, no age limit

was set for members of the Management Board. By resolution of 15 September 2020, the Supervisory Board has now decided on an age limit for the Management Board of 80 years.

- **Section 5.3 GCGC – Formation of committees:** The Supervisory Board had refrained from forming committees in view of its small number of members. Due to the continuing low complexity as well as the transparent business model of Deutsche Konsum REIT-AG he considered the formation of committees not necessary and dedicated himself furthermore in its entirety of the pending topics.
- **Section 5.4.1 (2), (3), (4) GCGC – Appointment of objectives for the composition of the Supervisory Board, in particular consideration of diversity, and development of a competence profile as well as an age limit and a limit for membership of the Supervisory Board:** The Supervisory Board has not set any specific targets for its composition or developed a competence profile for the entire body. Similarly, diversity rules have not been set in the objectives for the composition of the Supervisory Board. The Company was of the opinion that the professional aptitude and the knowledge of the Company as prerequisites for the appointment are crucial, so that the above-mentioned requirements were not effective. For this reason, the Company has set 0% as target for women's participation in the Supervisory Board for the period until 30 September 2020. For these reasons, the determination of an age limit and a standard limit for membership of the Supervisory Board was waived so far. By resolution of 15 September 2020, the Supervisory Board has now set a target of 16.67% for the period up to 30 September 2025 as the target figure for women's participation in the Supervisory Board and an age limit of 80 years. As the GCGC in the version dated 16 December 2019 does not recommend a standard limit for membership of the Supervisory Board, the Company will not comment on this point in future.

The Management Board and Supervisory Board of Deutsche Konsum REIT-AG further declare in accordance with § 161 (1) German Stock Corporation Act that Deutsche Konsum REIT-AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated 16 December 2019, published in the Federal Gazette on 20 March 2020, since the announcement with the following exceptions and will comply with the recommendations in future with the following exceptions:

- **Recommendation A.1 GCGC – Consideration of diversity in the filling of management positions:** The Management Board does not currently follow the recommendation to take diversity into account when filling management positions in the Company. The Company currently only has employees without management functions. Apart from the Management Board, there are no management positions to be filled in the Company, which is why the Company cannot currently follow this recommendation for formal reasons.
- **Recommendation A.2 GCGC – Compliance Management System:** The Company currently employs only twenty employees. For this reason, the Management Board sees no need to formulate and disclose formalised measures for compliance management and a so-called “whistleblowing”. The effort involved in setting up, implementing and maintaining formalised action systems was, in view of the size of the Company, not in any meaningful relation to the potential benefit gained.
- **Recommendation B.1 GCGC – Consideration of diversity in the composition of the Management Board:** At present, the Supervisory Board does not follow the recommendation that diversity has be taken into account when appointing members of the Management Board. The Company is of the opinion that the professional aptitude and the knowledge of the Company as prerequisites for the appointment are crucial, so that the above-mentioned specifications are not expedient.
- **Recommendation B.2 GCGC – Long-term succession planning by the Supervisory Board:** In view of the current age of the members of the Management Board (38 to 43 years), the Company does not currently consider long-term succession planning to be necessary.
- **Recommendations C.1 and C.2 GCGC – Appointment of objectives for the composition of the Supervisory Board, in particular consideration of diversity, and development of a competence profile as well as an age limit for Supervisory Board members:** The Supervisory Board has not set any specific targets for its composition or developed a competence profile for the entire body and does not intend to set such targets or develop a competence profile in the future. Similarly, diversity rules have not been set in the objectives for the composition of the Supervisory Board or are to be set in the future. The Company is of the opinion that the professional aptitude and the knowledge of the Company as prerequisites for the appointment are crucial, so that the above-mentioned requirements were not effective. For this reason, the Company has set 0% as target for women's participation in the Supervisory Board for the period until 30 September 2020, and has dispensed with setting an age limit for members of the Supervisory Board. By resolution of 15 September 2020, the Supervisory Board has now set a target of 16.67% for the period up to 30 September 2025 as the target figure for women's participation in the Supervisory Board, as well as an age limit of 80 years.

- **Recommendation C.5 GCGC – Supervisory Board mandates in non-group listed companies:** While the Company believes that Recommendation C.5 of the GCGC provides guidance for the Company's Supervisory Board members (and not for its Management Board), in view of the ambiguous wording, it is noted that Management Board member Rolf Elgeti holds more than two supervisory board mandates in non-group listed companies or in comparable supervisory bodies (including as Chairman of the Supervisory Board).
- **Recommendation on section D.II.2 GCGC – Supervisory Board committees:** The Supervisory Board had refrained from forming committees in view of its small number of members and therefore does not follow recommendations D.2, D.3, D.4 and D.5 GCGC. Due to the continuing low complexity as well as the transparent business model of Deutsche Konsum REIT-AG he considers the formation of committees will not be necessary in the future either and dedicates himself furthermore in its entirety of the pending topics.
- **Recommendation D.13 GCGC – Self-assessment by the Supervisory Board:** In view of the low level of complexity of the Company and its business model, the legally required interval between Supervisory Board meetings and the regular meetings held without the participation of the Management Board, the Supervisory Board assumed that this was adequate for effective performance of its duties. To this extent, a formalised self-assessment system was dispensed with. By resolution dated 15 September 2020, the Supervisory Board has now introduced a formalised self-assessment system and will follow the recommendation in future.
- **Recommendation on section G.I GCGC – Compensation of the Management Board:** Section G.I. of the GCGC contains new recommendations on the compensation of the Management Board, to which the current compensation model of Deutsche Konsum REIT-AG does not fully comply, as it has grown historically and dates from before the announcement of the Government Commission on the German Corporate Governance Code in the version dated 16 December 2019. This applies to the recommendations on the determination of the remuneration system (G.1), on the determination of the amount of the variable remuneration components (G.6, G.7, G.8, G.10 and G.11) and on benefits upon termination of contract (G.12 and G.13). The Supervisory Board and Management Board intend to make the recommendations the subject of the revision of the 2020/2021 compensation system.
- **Recommendation G.3 GCGC – Usuality of the specific total remuneration:** The Supervisory Board is currently not carrying out a peer group comparison to assess the usuality of the remuneration of the Management Board, as there is currently no sufficiently representative and therefore suitable selection of comparable companies/REITs in Germany. Nevertheless, the Supervisory Board monitors that the remuneration of the Management Board is appropriate and customary by comparing it with national and international listed real estate companies in the broader sense.
- **Recommendation G.4 GCGC – Assessment of the usuality of Management Board compensation within the Company:** At present, the Supervisory Board does not determine the usuality of Management Board compensation by establishing a relationship with senior management and the workforce, since firstly, due to the small size and complexity of the Company, there is currently no senior management level and, secondly, the number of employees is too small to allow meaningful conclusions to be drawn.

- **Recommendation G.16 GCGC – Crediting of remuneration when accepting non-group Supervisory Board mandates:** The Supervisory Board does not follow the recommendation that, when members of the Management Board accept non-group Supervisory Board mandates, it should decide whether and to what extent remuneration from the respective Supervisory Board mandate should be credited. Based on previous experience with the members of the Management Board and their handling of non-group Supervisory Board mandates, it is not to be expected that non-group Supervisory Board mandates will have a negative impact on the future activities of the members of the Management Board for the Company. Given the Supervisory Board's ability to exercise control, which also exists independently of the recommendation, a decision on the crediting of remuneration from non-group Supervisory Board mandates is not necessary.

Broderstorf, 15 September 2020

For the Supervisory Board

For the Management Board

Hans-Ulrich Sutter

Rolf Elgeti

Chairman of the Supervisory Board

Chairman of the Supervisory Board

The current Declarations of Compliance are published on our website <https://www.deutschemkonsum.de/en/>, in the "Investor Relations" section under the menu items "Corporate Governance" and "Declaration of Compliance".