

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), the Boards hereby declare that Deutsche Konsum REIT-AG has complied and will in future comply with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated 16 December 2019, published in the official section of the Federal Gazette on 20 March 2020, with the following exceptions since the last Declaration of Compliance was issued on 15 September 2020 (updated on 23 March 2021):

- **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 employees of the Company currently have no management functions. Apart from the Management Board, there are no management positions to be filled in the Company, which is why the Company cannot follow this recommendation currently.
- **Recommendation A.2 GCGC – Compliance Management System:** The Company currently employs only 28 employees (incl. two members of the Management Board). For this reason, the Management Board sees no need to formulate and publish 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 meaningful in 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 professional aptitude and knowledge of the Company are crucial as prerequisites for the appointment, 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 (39 to 44 years), the Company does not currently consider long-term succession planning to be necessary.
- **Recommendations C.1 GCGC – Specification of objectives for the composition of the Supervisory Board, in particular consideration of diversity, and development of a competence profile:** The Supervisory Board has not set any specific targets for its composition or developed a competence profile for that function 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 professional aptitude and knowledge of the Company are crucial as prerequisites for the appointment, so that the above-mentioned requirements are not effective. By resolution of 15 September 2020, the Supervisory Board set 16.67% as the target for women's participation in the Supervisory Board for the period up to 30 September 2025.

- Recommendation C.5 GCGC – Supervisory board roles 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 roles in non-group listed companies or in comparable supervisory bodies (including as chairman of the supervisory board).
- Recommendations D.2 to D.5 GCGC – Supervisory Board committees:** The Supervisory Board had refrained from forming committees in view of its small number of members and therefore did not follow recommendations D.2, D.3, D.4 and D.5 GCGC. However, Deutsche Konsum REIT-AG will elect an audit committee by the end of the year, which will start its work at the beginning of the next calendar year (2022). The Company will therefore follow recommendations D.3 and D.4 in the future. Due to the continuing low complexity as well as the transparent business model of Deutsche Konsum REIT-AG, the Supervisory Board does not consider the formation of further committees to be necessary at present and will continue to cover all the pending topics.
- Recommendations on section G.I GCGC – Compensation of the Management Board:** In the past, the compensation model for the Management Board, which had developed over time and was implemented prior to the publication of the current German Corporate Governance Code, did not yet comply with recommendations G.1, G.3, G.4, G.6, G.7, G.8 and G.10 to G.13. As already communicated in the update of the Declaration of Compliance of 23 March 2021, the Company has now established a compensation system for the Management Board that complies with the DCGK with the exception of the points mentioned below.
- Recommendation G.10 GCGC – Compensation of the Management Board:** The compensation system of the Management Board approved by the Annual General Meeting of the Company on 11 March 2021 and determined by the Supervisory Board does not provide for variable compensation components granted to a member of the Management Board to be predominantly invested in shares of the Company or to be granted according to a share-based equivalent, in deviation from item G.10 of the GCGC. The Company is of the opinion that the creation of an incentive aimed at linking the value of the variable compensation to the long-term development of the share price of the Company is already sufficiently taken into account within the framework of the assessment of the variable compensation and the conditions for payment. Thus, the development of the share price (in addition to the financial performance and the net asset value of the Company) represents an essential basis for the assessment of the variable compensation. Furthermore, the majority of the variable compensation is only paid out if a minimum target is also achieved in the three financial years following a financial year. The Company is therefore of the opinion that an additional variable compensation in shares is not necessary in order to set corresponding incentives. Employment contracts already concluded in the past (which in part do not yet fully correspond to the compensation system now established) shall continue to apply for the time being in accordance with § 26j EGAktG (German Introductory Act to the Stock Corporation Act).
- Recommendation G.16 GCGC – Crediting of compensation when accepting non-group supervisory board roles:** The Supervisory Board does not follow the recommendation that, when members of the Management Board accept non-group supervisory board roles, it should decide whether and to what extent compensation from the respective supervisory board role should be taken into account. Based on previous experience with the members of the Management Board and their handling of non-group supervisory board roles, it is not expected that non-group supervisory board roles 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 taking into account compensation from non-group supervisory board roles is not necessary.

Broderstorf, 13 September 2021

For the Supervisory Board



Hans-Ulrich Sutter

Chairman of the Supervisory Board

For the Management Board



Rolf Elgeti

Chairman of the Management 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".