

## 4. Report of the Supervisory Board



### Dear Shareholders,

In the 2019/2020 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.

The Company provides appropriate support to the members of the Supervisory Board in their inauguration and in the training and further training measures. All members of the Supervisory Board are given access to specialist literature and are reimbursed for the costs of attending seminars and webinars whose topics are relevant to the work of the Supervisory Board.

### Session attendance of the Supervisory Board

A total of six meetings of the Supervisory Board were held in the reporting period, two of which were face-to-face meetings and three of which were conducted as conference calls. One meeting was also held virtually (online with video and audio transmission). If necessary, decisions were also 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. If necessary, the Supervisory Board meets without the Management Board.

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 following overview shows the attendance of the members of the Supervisory Board in the financial year 2019/2020:

Name	17/12/2019 Presence meeting	05/03/2020 Presence meeting	09/04/2020 Telephone conference	13/05/2020 Telephone conference	25/05/2020 Telephone conference	15/09/2020 Virtual meeting
Hans-Ulrich Sutter	x	x	x	x	x	x
Achim Betz	x	x	x	x	x	x
Kristian Schmidt-Garve	x (by telephone)	x	x	x	x	x
Cathy Bell-Walker	n/a	x (by telephone)	x	x	x	x
Johannes C. G. (Hank) Boot	x (by telephone)	x	x	x	–*	x
Nicholas Cournoyer	x (by telephone)	x (by telephone)	x	–*	x	–*

\* Mr. Boot and Mr. Cournoyer had previously given voting messages to Mr. Sutter.

### Focus of deliberations in the Supervisory Board

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

At the meeting on 17 December 2019, during which the auditors were also present in person, the Supervisory Board unanimously approved the annual financial statements of the Company for the 2018/2019 financial year, which were thus adopted. In addition, the variable Management Board compensation for the year 2018/2019 was determined and set for the year 2019/2020. The Management Board and Supervisory Board also discussed the current status of the purchase pipeline, liquidity planning and other economic developments in the Company.

In addition to dealing with the results of the Annual General Meeting, the Supervisory Board reconstituted itself at its meeting on 5 March 2020 following its

election. Ms. Cathy Bell-Walker was elected to the Supervisory Board and Mr. Hans-Ulrich Sutter was re-elected Chairman. The Supervisory Board elected Achim Betz as its First Deputy and Kristian Schmidt-Garve as its Second Deputy. At this meeting the Supervisory Board also discussed and approved current purchasing and financing projects. For example, it approved the financing pipeline and resolved to issue the unsecured stepped interest bond in the amount of EUR 40 million.

On 9 April 2020, the Management Board and Supervisory Board discussed the effects of the COVID 19 pandemic. The Management Board also provided an overview of the April rents not yet received at that time.

On 13 May 2020, the Management Board presented the Supervisory Board with the half-year results and liquidity planning and reported on the current status

of incoming rent. The Management Board and Supervisory Board also discussed the current acquisition and financing pipeline and the Supervisory Board approved the acquisition of the properties in Stendal and Rövershagen. The current impact of the Corona crisis on the property transaction market was also discussed.

At its meeting on 25 May 2020, the Supervisory Board resolved to extend the Management Board contracts of Mr. Alexander Kroth (CIO) and Mr. Christian Hellmuth (CFO) for a further three years until 30 June 2023.

At the meeting on 15 September 2020, the current purchase pipeline, other refinancing issues and expectations regarding the development of the financial year results were discussed. In addition, the Supervisory Board adopted revised and updated rules of procedure, resolved to set targets for the proportion of women on the Supervisory Board and Management Board and set a standard age limit of 80 years for members of the Management Board and Supervisory Board. The Management Board and Supervisory Board also jointly adopted the Declaration of Compliance for 2020 after discussing individual corporate governance issues.

In addition, during the entire reporting period, the Supervisory Board accompanied the growth of the Company in close cooperation with the Management Board and passed further resolutions by way of circulation, which among other things concerned the agenda items of the Annual General Meeting on 5 March 2020 and the capital increase in May 2020.

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 First Deputy Chairman of the Supervisory Board, Mr Achim Betz, complies with all requirements in accordance with § 100(5) German Stock Corporation Act (AktG).

### **Corporate Governance and Declaration of Conformity**

The Management Board also reports on corporate governance at Deutsche Konsum REIT-AG and at

the same time on behalf of the Supervisory Board in the Corporate Governance Statement on the Company's website at <https://www.deutsche-konsum.de/en/> in the Investor Relations/Corporate Governance section as well as in the Annual Report 2019/2020. 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 on 15 September 2020 in accordance with § 161 German Stock Corporation Act (AktG).

### **Annual audit**

The annual financial statements of Deutsche Konsum REIT-AG as of 30 September 2020, prepared by the Management Board, and the management report of the Company were audited by the auditor, appointed by the Annual General Meeting on 5 March 2020 and assigned 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 16 December 2020 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 2020 prepared by the Management Board. The annual financial statements are, thus, established. The Supervisory Board approved the

Management Board's proposal for the appropriation of profits after its own review and taking into account the development of earnings, the financial position and the requirements of the REIT Act. Together with the Management Board, the Supervisory Board proposes to the Annual General Meeting that a dividend of EUR 0.40 per share be distributed for the 2019/2020 financial year. This corresponds to a distribution of 100% of the net income of kEUR 13,850 under commercial law. The remaining net income is to be carried forward to new account.

#### **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 of control 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.

#### **Personnel changes in the Management Board and Supervisory Board**

There were no personnel changes in the Management Board in the reporting period. The Management Board contracts of Mr. Alexander Kroth (CIO) and Mr. Christian Hellmuth (CFO) were extended for a further three years until 30 June 2023.

At the Annual General Meeting on 5 March 2020, Ms. Cathy Bell-Walker was elected as a new member of the Supervisory Board. Since the corresponding amendment to the Articles of Association was entered in the Commercial Register, the Supervisory Board of Deutsche Konsum REIT-AG thus consists of six persons. At the constituent 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 appointed as First Deputy Chairman and Mr. Kristian Schmidt-Garve as Second Deputy 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 30 September 2021.

The Supervisory Board would like to thank the Management Board and employees for their commitment in the 2019/2020 financial year.

Broderstorf, December 2020

For the Supervisory Board



Hans-Ulrich Sutter  
Chairman of the Supervisory Board