

Compensation Report for financial year 2021/2022

Report on the principles of the Company's Compensation System (Compensation Report under stock corporation law pursuant to § 162 AktG)

Definition of "granted and owed" within the meaning of § 162 (1) AktG

For the purposes of the following Compensation Report, benefits granted are defined as having been received in the financial year. Compensation is owed if the Company has a legally existing obligation to the board member which is due but not yet fulfilled. In financial years 2020/2021 as well as 2021/2022, DKR settled all obligations to its board members when due at the end of the month, so that the compensation "granted" in each of the financial years 2020/2021 and 2021/2022 is identical in amount to the compensation "owed" in each case, according to the definition chosen for the purposes of this Compensation Report

In addition, the compensation earned by the Management Board members in the respective financial year is also presented. This comprises the fixed compensation agreed for the respective financial year, including fringe benefits, and the variable compensation calculated on the basis of target achievement, the short-term component (STI) of which is paid out

in the following financial year and the long-term component (LTI) of which is only paid out after three subsequent years.

Compensation System for the Supervisory Board

The members of the Supervisory Board receive a fixed cash compensation of TEUR 5 for each full financial year of service on the Supervisory Board. Deutsche Konsum takes out appropriate directors' and officers' liability insurance (D&O insurance) for the members of the Supervisory Board and pays the premium. The Deputy Chairmen receive 1.5 times this basic compensation, the Chairman of the Supervisory Board receives 2 times.

The members of the Audit Committee do not receive any separate compensation for their additional work on the Audit Committee. No other committees have been established and no attendance fees are granted. Variable compensation based on the performance of the Company or other criteria is not granted.

The compensation of the Supervisory Board (by definition, benefits granted and thus received) in financial year 2021/2022 amounted to TEUR 40.0 (2020/2021: TEUR 40.0) plus expenses and VAT. Supervisory Board compensation is distributed as follows:

Supervisory Board	2021/2022 (TEUR)	2020/2021 (TEUR)
Hans-Ulrich Sutter (Chairman)	10.0	10.0
Achim Betz (First Deputy Chairman)	7.5	7.5
Kristian Schmidt-Garve (Second Deputy Chairman)	7.5	7.5
Johannes C. G. (Hank) Boot	5.0	5.0
Nicholas Cournoyer	5.0	5.0
Cathy Bell-Walker	5.0	5.0
Total	40.0	40.0

In accordance with the recommendations of the German Corporate Governance Code, the compensation of the members of the Supervisory Board consists exclusively of fixed components plus reimbursement of expenses and insurance coverage, and not of variable components. The fixed compensation strengthens the independence of the Supervisory Board members and thus makes an indirect contribution to the long-term development of the Company.

Compensation System for the Management Board

Basic Compensation System

The members of DKR's Management Board receive a non-performance-related basic compensation as well as a performance-related variable compensation based on short-term and long-term targets. The Chairman of the Management Board, Rolf Elgeti, is excluded from this Compensation System and receives a lump-sum annual compensation of approximately TEUR 71.4. The compensation is paid by Obotritia Capital KGaA by way of cost allocation, as there is no employment contract between the Company and the Chairman of the Management Board.

The non-performance-related basic compensation consists of the fixed annual salary, which is paid in twelve monthly installments. In some cases, the Management Board members use company cars, which are taxed as non-cash benefits. In addition, allowances are paid for pension insurance. No other benefits are granted as other compensation. The Management Board contracts do not establish pension entitlements.

For the variable compensation, there is a Compensation System which is based on operational targets and which is fundamentally based on a fixed calculation scheme that includes short-term and long-term components. Only in exceptional cases, the Supervisory Board can resolve something different with regard to special situations and/or special performance of the individual Management Board member. The Supervisory Board may also change the weighting of individual criteria in the event of exceptional developments. In the event of the regular departure of a Manage-

ment Board member, he or she is entitled to payment of the variable compensation components to which he or she is entitled but which have not yet been paid out. There are no further claims in the event of regular departure.

In the event of other early termination of employment, the contracts of the members of the Management Board contain the provision that payments may not exceed the value of two years' compensation (with a target achievement level of 100% for the variable compensation components) (severance cap). In the event of a change of control, i.e. if a shareholder or several shareholders acting jointly acquire at least 30% of the voting rights in DKR, the members of the Management Board have the right to terminate their employment contracts with two months' notice (special termination right). If this special termination right is exercised, the Company shall pay a gross severance payment due at the time of departure in the amount of the compensation outstanding under the service agreement, but not exceeding 150% of the severance cap.

Variable compensation for financial year 2021/2022

Against the background of the 2017 update of the German Corporate Governance Code ("GCGC"), which recommends a multi-year, forward-looking assessment basis with regard to variable compensation, the Supervisory Board addressed an update of the variable compensation of the Management Board in October 2017 and resolved a new arrangement at its meeting on 8 March 2018, which has been valid since the 2017/2018 financial year.

By resolution of the Supervisory Board of 16 December 2020, the target weighting of the variable compensation of the Management Board was aligned to the focus on FFO growth and the achievable variable compensation was increased due to the growth in the size of the Company. Furthermore, the Compensation System was adjusted with regard to the long-term variable compensation component in line with the current recommendations of the GCGC, which make the variable compensation of the Management Board even more long-term. By further resolution of the Supervisory Board on 13 December 2021, a minor modification was made to a target indicator: Due to a

redefinition by EPRA, instead of an increase in EPRA NAV per share, the focus is now on an increase in EPRA NTA per share. The Annual General Meeting on 10 March 2022 approved this amendment to the Management Board Compensation System proposed by the Supervisory Board. In its meeting on 11 March 2022, the Supervisory Board adopted the Management Board Compensation System approved by the Annual General Meeting in accordance with § 87a (2) AktG.

Accordingly, the following equally weighted targets were used as the basis for variable Management Board compensation in the past financial year 2021/2022:

- Increase in share price by 20% in the financial year (after elimination of the dividend paid in the financial year),
- Increase in EPRA NTA¹ per share (previous year: EPRA NAV² per share) by 20% in the financial year (after elimination of the dividend paid in the financial year),
- Increase in FFO per share (excluding sales) by 20% in the financial year (previous year: 25% in the financial year).

In the event of full target achievement (100%), the Supervisory Board has set variable compensation of TEUR 125 (previous year: TEUR 125) per Management Board member for financial year 2021/2022. If this target is exceeded, the variable compensation increases in proportion to the degree of target achievement, but amounts to a maximum of TEUR 187.5 ("cap").

The resulting variable compensation is subsequently divided

- 45% into a short-term incentive (STI) component, which becomes payable immediately upon adoption of the annual financial statements by the Supervisory Board, and
- 55% into a long-term incentive (LTI) component, which is only paid out after three further financial years, provided that a minimum target achievement of 30% is reached in each of the financial years up to the regular payment of the LTI. Otherwise, the claim for payment lapses.

The following are used as a starting point for the development comparison of the corresponding financial year:

- the volume-weighted average price of the DKR share in the month of September,
- the EPRA NTA per share (previous year: EPRA NAV per share) as of September 30,
- FFO per share in the reporting period.

The latter two figures are based on the IFRS financial statements for the underlying financial year. The values determined are then set as a percentage in relation to the respective prior-year figures determined using the same procedure.

The Supervisory Board reserves the right to pay out the LTI in the form of DKR shares in the event that an employee share program is introduced. However, there are currently no plans to introduce such a program.

¹ The EPRA NTA is a standardized indicator defined by EPRA (European Public Real Estate Association) that represents the long-term net asset value of a real estate company as of a specific date. The EPRA NTA must always be calculated on a fully diluted basis, i.e., in the case of DKR, taking into account the dilutive effect of the convertible bonds. As the EPRA NTA relates to a larger number of shares, the growth target of 20% must be adjusted accordingly with a conversion factor reflecting the ratio between shares outstanding (35.2 million) and the number of shares on a fully diluted basis (50.2 million). To this extent, the target growth for EPRA NTA is effectively 14.0%.

² Prior to the redefinition by EPRA, EPRA NAV was the key figure used by DKR. The main difference is that the EPRA NAV was calculated on an undiluted basis – regarding Deutsche Konsum, i.e. without the dilutive effect of the convertible bonds.

Compensation earned by the Management Board in financial year 2021/2022

The compensation of the Management Board earned in the past financial year amounts to TEUR 434.3 (2020/2021: TEUR 485.3).

Individual Management Board compensation was as follows based on target achievement in financial year 2021/2022:

in TEUR	Rolf Elgeti CEO		Alexander Kroth CIO				Christian Hellmuth CFO			
	2021/2022 (Actual)	2020/2021 (Actual)	2021/2022 (Actual)	2021/2022 (Min.)	2021/2022 (Max.)	2020/2021 (Actual)	2021/2022 (Actual)	2021/2022 (Min.)	2021/2022 (Max.)	2020/2021 (Actual)
Earned compensation										
Fixed compensation	71.4	85.5	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Fringe benefits	0	0	19.0	19.0	19.0	18.6	12.7	12.7	12.7	9.0
Total	71.4	85.5	139.0	139.0	139.0	138.6	132.7	132.7	132.7	129.0
STI	0	0	20.5	0	84.4	29.7	20.5	0	84.4	29.7
LTI	0	0	25.1	0	103.1	36.4	25.1	0	103.1	36.4
Total	0	0	45.6	0	187.5	66.1	45.6	0	187.5	66.1
Total compensation	71.4	85.5	184.6	139.0	326.5	204.7	178.3	132.7	320.2	195.1

Provisions of TEUR 34.6 were recognized for the above-mentioned variable compensation components with a long-term incentive effect, distributed among the members of the Management Board as follows:

Mr. Rolf Elgeti TEUR 0.0

Mr. Alexander Kroth TEUR 17.3

Mr. Christian Hellmuth TEUR 17.3

Compensation granted and owed to the Management Board in financial year 2021/2022

In accordance with the statutory provisions of § 162 (1) sentence 1 AktG, the compensation granted and owed for the financial year must be disclosed. As already described above, DKR has opted for an interpretation in accordance with the inflow principle.

Accordingly, following the aforementioned definition of “granted” and “owed,” the following compensation components result for the financial year 2021/2022:

in TEUR	Rolf Elgeti CEO		Alexander Kroth CIO		Christian Hellmuth CFO	
	2021/2022 (Actual)	2020/2021 (Actual)	2021/2022 (Actual)	2020/2021 (Actual)	2021/2022 (Actual)	2020/2021 (Actual)
Compensation granted and owed						
Fixed compensation	71.4	85.5	120.0	120.0	120.0	120.0
Fringe benefits	0	0	19.0	18.6	12.7	9.0
Total	71.4	85.5	139.0	138.6	132.7	129.0
Payment of STI for financial years 2019/2020 and 2020/2021, respectively	0	0	30.1	35.9	30.1	35.9
Payment of LTI for financial years 2017/2018 and 2018/2019, respectively	0	0	75.0	54.1	75.0	54.1
Total	0	0	105.1	90.0	105.1	90.0
Total compensation	71.4	85.5	244.1	228.6	237.8	219.0

The performance criteria were applied in financial year 2021/2022 as follows:

STI

For the presentation of the performance criteria for the variable compensation components received in financial year 2021/2022, the key figures for financial year 2020/2021 apply to the STI. For full achievement of the performance criteria, an increase in FFO per share from EUR 1.06 to EUR 1.32 (actually achieved: EUR 1.17 per share/target achievement 43.6%), an increase in the share price after dividend adjustment from EUR 16.12 to EUR 19.35 (actually achieved: EUR 14.25/target achievement 0.0%) and an increase in the EPRA NAV per share after dividend adjustment

from EUR 11.11 to EUR 13.33 (actually achieved: EUR 13.71 per share/target achievement 116.9%) was required. The overall target achievement was thus 53.5% across all targets.

LTI

In financial year 2021/2022, the LTI for financial year 2018/2019 was paid out after a 2-year vesting period. In the financial years 2019/2020 and 2020/2021, the minimum overall target achievement rate of 30% was met, fulfilling the requirement for payment of the LTI calculated for 2018/2019. The LTI from financial year

2018/2019 is based on significant overachievement of all key performance indicators, which is why the maximum compensation (cap) of 150% of target compensation was achieved for the variable component of Management Board compensation.

The relevant Compensation System was therefore complied with in fiscal year 2021/2022. No variable compensation components were clawed back.

For the development of Management Board compensation, the amounts received (granted) in the financial year have been stated.

EPRA NAV per share was calculated for the last time for financial year 2020/2021 for the purposes of Management Board compensation. EPRA NAV per share was replaced by EPRA NTA per share in financial year 2021/2022.

Comparative presentation pursuant to § 162 (1) Sentence 2 No. 2 AktG

For the purpose of comparing the compensation of the Management Board and the Supervisory Board with the average compensation of employees, two comparison groups were formed: All permanent commercial employees working at DKR's headquarters (excluding temporary interns) and the janitors or property managers working at various property locations.

Comparative presentation	2021/2022	2020/2021
Earnings performance		
Net income Deutsche Konsum REIT-AG according to IFRS financial statements in TEUR	60,386.7	91,373.2
<i>Change in %</i>	-33.9	-
FFO per share in EUR	1.17	1.17
<i>Change in %</i>	0.0	-
EPRA NAV per share in EUR	n/a	13.31
<i>Change in %</i>	n/a	-
EPRA NTA per share in EUR	10.98	10.10
<i>Change in %</i>	8.7	n/a
Average employee compensation		
Average value commercial employees	58.5	52.8
<i>Change in %</i>	10.8	-
Average value property manager	32.9	29.7
<i>Change in %</i>	11.0	-
Development of Management Board compensation granted		
Rolf Elgeti (compensation granted in TEUR)	71.4	85.5
<i>Change in %</i>	-16.5	-
<i>Factor for Management Board compensation based on average salary of a commercial employee</i>	1.22	1.62

<i>Factor for Management Board compensation based on average salary of a property manager</i>	2.17	2.88
Alexander Kroth (compensation granted in TEUR)	244.1	228.6
<i>Change in %</i>	6.8	–
<i>Factor for Management Board compensation based on average salary of a commercial employee</i>	4.17	4.33
<i>Factor for Management Board compensation based on average salary of a property manager</i>	7.41	7.71
Christian Hellmuth (compensation granted in TEUR)	237.8	219.0
<i>Change in %</i>	8.6	–
<i>Factor for Management Board compensation based on average salary of a commercial employee</i>	4.07	4.15
<i>Factor for Management Board compensation based on average salary of a property manager</i>	7.22	7.38
Development of compensation granted to the Supervisory Board		
Hans-Ulrich Sutter (Compensation granted in TEUR)	10.0	10.0
<i>Change in %</i>	0.0	–
Achim Betz (Compensation granted in TEUR)	7.5	7.5
<i>Change in %</i>	0.0	–
Kristian Schmidt-Garve (Compensation granted in TEUR)	7.5	7.5
<i>Change in %</i>	0.0	–
Cathy Bell-Walker (Compensation granted in TEUR)	5.0	5.0
<i>Change in %</i>	0.0	–
Johannes C.G. (Hank) Boot (Compensation granted in TEUR)	5.0	5.0
<i>Change in %</i>	0.0	–
Nicholas Cournoyer (Compensation granted in TEUR)	5.0	5.0
<i>Change in %</i>	0.0	–

Contribution of compensation to the promotion of the business strategy and the long-term development of the Company

Fixed basic compensation and respective fringe benefits are in line with labor market practices and are thus in many cases a condition for concluding new and renewing existing Management Board contracts. The members of the Management Board thus receive a basic income that appropriately reflects the duties and responsibilities associated with the respective position and prevents inappropriate risks from being taken. The basic income as a non-performance-related compensation component is also intended to ensure that the Management Board members devote their full efforts to the Company even if the targets agreed as part of the variable compensation cannot be

achieved or can only be achieved to an insignificant extent.

The variable compensation components are intended to provide incentives for the long-term and sustainable development of DKR. The aim is to create long-term corporate value along the entire value chain of the Company. The variable compensation helps to further harmonize the interests of shareholders with those of the Management Board. Furthermore, it contributes to the long-term commitment of the members of the Management Board.

The long-term portions of the variable Management Board compensation exceed the short-term portions and reflect the Company's performance over a short-

term period based on the respective financial year and a long-term three-year period.

Maximum compensation

The current gross annual fixed salary for the members of the Management Board is TEUR 120.0 p.a. An exception is the Chairman of the Management Board, who receives a fixed salary of TEUR 71.4 and to whom no variable compensation components are paid.

A cap on fringe benefits (such as the use of a company car) has not yet been resolved. However, the fringe benefits claimed by the Management Board members are within the usual range.

Under the STI, the target com

pensation per Management Board member is TEUR 56.3 and the maximum compensation (cap) TEUR 84.4. Under the LTI, the target compensation per Management Board member is TEUR 68.8 and the maximum compensation is TEUR 103.1.

The maximum compensation (excluding fringe benefits) for the members of the Management Board – with the exception of the Chairman of the Management Board – is therefore as follows:

In EUR Mio.	2022/2023	2021/2022	2020/2021
Fixed compensation	120.0	120.0	120.0
STI	84.4	84.4	84.4
LTI	103.1	103.1	103.1
Total	307.5	307.5	307.5

The defined maximum compensation was complied within in the financial year.



Photo: Discounter
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Report of the independent auditor on the audit of the Compensation Report pursuant to § 162 (3) of the German Stock Corporation Act (AktG)

To Deutsche Konsum REIT-AG, Broderstorf

Audit opinion

We have formally audited the Compensation Report of Deutsche Konsum REIT-AG for the financial year from 1 October 2021 to 30 September 2022 to determine whether the disclosures pursuant to § 162 (1) and (2) of the German Stock Corporation Act (AktG) have been made in the Compensation Report. In accordance with § 162 (3) of the German Stock Corporation Act (AktG), we have not audited the content of the Compensation Report.

In our opinion, the accompanying Compensation Report includes, in all material respects, the disclosures required by § 162 (1) and (2) of the German Stock Corporation Act (AktG). Our audit opinion does not cover the content of the Compensation Report.

Basis for the audit opinion

We conducted our audit of the Compensation Report in accordance with § 162 (3) of the German Stock Corporation Act (AktG) and in compliance with the *IDW Auditing Standard: The Audit of the Compensation Report in accordance with § 162 (3) AktG (IDW PS 870 (08.2021))*. Our responsibility under that provision and standard is further described in section “Responsibility of the auditor” of our report. As an auditing practice, we have applied the requirements of the *IDW Quality Assurance Standard: Requirements for Quality Assurance in Auditing Practice (IDW QS 1)*. We have complied with the professional duties pursuant to the Auditors’ Code and the Professional Statutes for Auditors/Sworn Auditors including the requirements for independence.

Responsibility of the Management Board and Supervisory Board

The Management Board and Supervisory Board are responsible for the preparation of the Compensation Report, including the related disclosures, which complies with the requirements of § 162 German Stock Corporation Act (AktG). They are also responsible for such internal control as they determine is necessary to enable the preparation of a Compensation Report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Responsibility of the auditor

Our objective is to obtain reasonable assurance about whether the disclosures pursuant to § 162 (1) and (2) AktG have been made in all material respects in the Compensation Report and to express an audit opinion thereon in a report.

We planned and performed our audit to obtain evidence about the formal completeness of the Compensation Report by comparing the disclosures made in the Compensation Report with the disclosures required by § 162 (1) and (2) of the German Stock Corporation Act (AktG). In accordance with § 162 (3) of the German Stock Corporation Act (AktG), we have not audited the accuracy of the content of the disclosures, the completeness of the content of the individual disclosures or the fair presentation of the Compensation Report.

Berlin, dated 19 December 2022

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Steuerberatungsgesellschaft

Prof. Dr. Hillebrand	Kalbow
Auditor	Auditor