

4. Report of the Supervisory Board



Dear Shareholders,

In the 2016/2017 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 com-

plied 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.

In total, six meetings of the Supervisory Board were held during the reporting period. Where necessary, these meetings were conducted as telephone conferences and decisions were 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.

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 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

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

Focus of deliberations in the Supervisory Board

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

- In December 2016, the Supervisory Board unanimously approved the annual financial statements of the Company for the financial year 2015/2016, which was, thus, adopted.
- At its meetings on 1 February 2017 and 9 March 2017, the Supervisory Board dealt with the cash capital increase, in particular with the use of the issue proceeds.
- On 9 March 2017, the Supervisory Board primarily dealt with the inclusion of the Company in the Prime Standard of Deutsche Börse AG and the associated higher transparency and disclosure requirements as well as the results of the Annual General Meeting.
- On 3 May 2017, the Supervisory Board approved the acquisition of another portfolio with six retail properties for EUR 26.5 million.
- At the meeting on 30 May 2017, the appointment of Mr. Alexander Kroth and

Mr. Christian Hellmuth as additional members of the Management Board was approved.

- At its meeting on 29 September 2017, the Supervisory Board discussed the current status of planned property purchases with the Management Board and discussed financing projects and investor relations activities.

In addition, throughout the reporting period, the Supervisory Board supported the growth of the Company in close cooperation with the Management Board.

Corporate Governance

Regarding corporate governance at Deutsche Konsum REIT-AG, the Management Board reports at the same time for the Supervisory Board in the Corporate Governance Report, which is published on the Company's website at www.deutsche-konsum.de/en in connection with the Corporate Governance Declaration, in Investor Relations/Corporate Governance and in the 2016/2017 Annual Report. 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 pursuant to § 161 German Stock Corporation Act (AktG) on 5 December 2017.

Annual Audit

The annual financial statements of Deutsche Konsum REIT-AG as of 30 September 2017, prepared by the Management Board, and the

management report of the Company were audited by the auditor, appointed by the Annual General Meeting on 9 March 2017 and 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 15 December 2017 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 2017 prepared by the Management Board. The annual financial statements are, thus, established.

The negative earnings carried forward from the previous year are only partially offset by the net income for the year. The remainder will be fully compensated by withdrawing from the capital reserve. Thus, the balance sheet profit as at 30 September 2017 is Euro 0.

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 from 1 October 2016 to 30 September 2017 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.

Changes in the Management Board

Effective 1 July 2017, the Supervisory Board appointed Mr. Alexander Kroth and Mr. Christian Hellmuth as additional members of the Management Board. Mr. Kroth (CIO) will be responsible for Investments/Asset Management and Mr. Hellmuth will be responsible for Corporate Finance/Accounting and Investor Relations. Rolf Elgeti continues to be the CEO.

The Supervisory Board would like to thank the Management Board and employees for their commitment in the 2016/2017 financial year.

Broderstorf, December 2017

For the Supervisory Board



Hans-Ulrich Sutter